

Mission Statement:

The UTC protects consumers by ensuring that utility and transportation services are fairly priced, available, reliable, and safe.



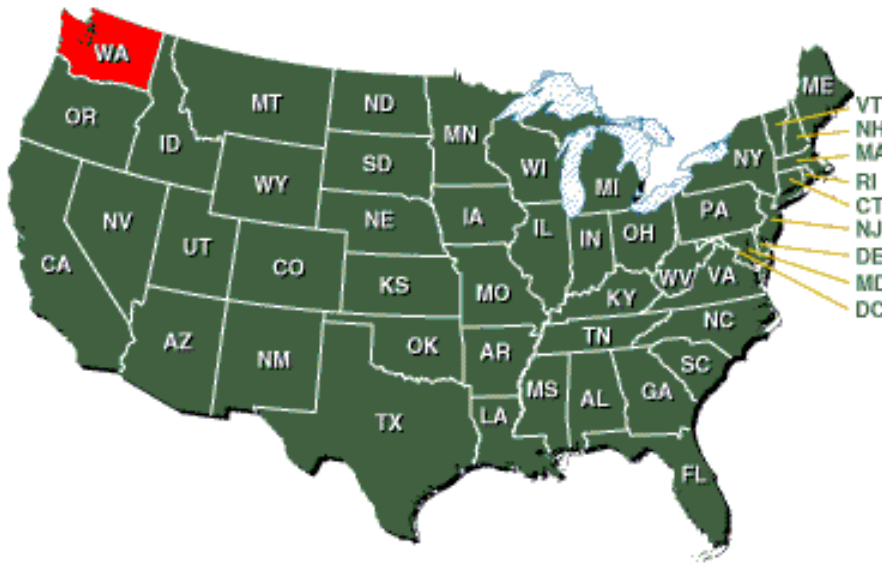
Washington Utilities and Transportation Commission

Commission Introduction

Prepared for: The Kyrgyz Republic SEA

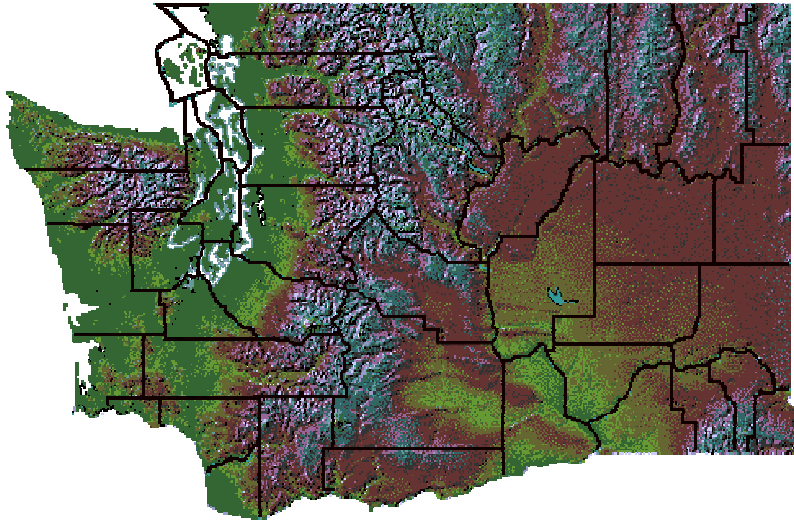
Richard Hemstad, WUTC Commissioner
August, 2003

Washington State Location



- Northwest corner of the United States
- Pacific Ocean to the west
- Canada to the north
- Oregon to the south, and Idaho to the east
- Contains several Indian reservations within its borders

Washington State Geography



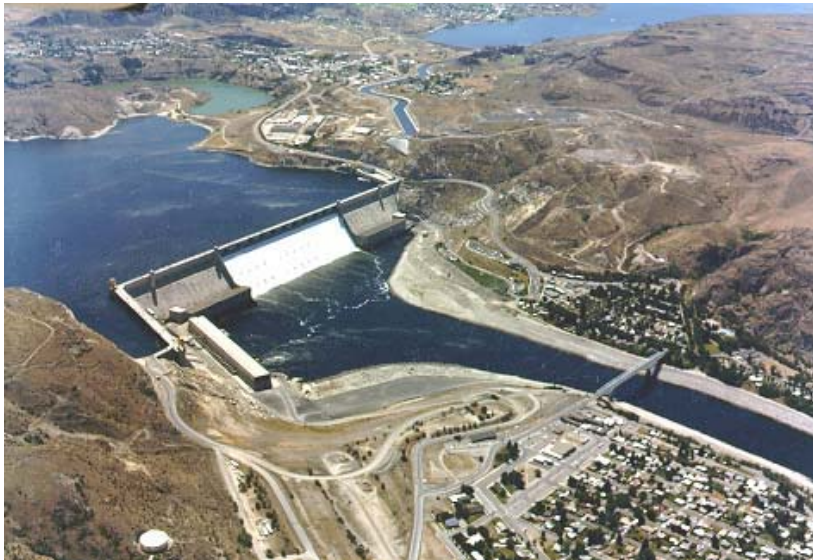
- 6 Million people
- 66,582 Square miles
- Two mountain ranges are the Olympics and the Cascades
- Major rivers are the Columbia and its tributary, the Snake
- Large state and national parks

Washington State Mountains



- The Cascades include Mount Ranier (14,410 ft.) and the active volcano Mount St. Helens.

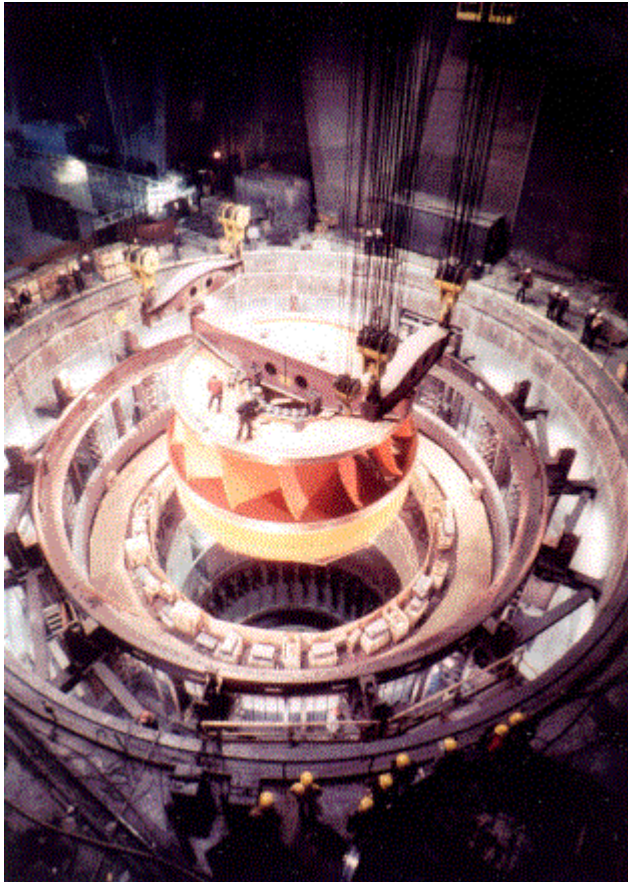
Washington State Rivers



Aerial view of Grand Coulee Dam
with Franklin D. Roosevelt Lake

- The Columbia River is the largest river in the western U.S.
- The Columbia River hydroelectric system includes 6 major dams, (Grand Coulee - 6465 MW, John Day - 2160 MW, Chief Joseph - 2069 MW, The Dalles - 1780 MW, Bonneville – 1050 MW and McNary – 980 MW), on the Columbia River, four on the Snake River and others on lesser rivers.
- Large artificial lakes behind Columbia River dams include Franklin D. Roosevelt Lake (Grand Coulee Dam) and Banks Lake (Dry Falls Dam).

Washington State Energy



Installation of Turbine at Grand Coulee
Third Power Plant

- Washington State leads the nation in both installed capacity (24.2 million kW) and annual production of hydroelectricity (100.5 billion kWh).
- Washington State is a net exporter of electricity.
- Approximately 83 percent of the annual output of electricity is produced by hydroelectric facilities, about 11 percent by conventional thermal installations, and about 5 percent by nuclear power plants.

Seattle



- Washington State's largest city.
- Most famous architectural landmark is the Space Needle.
- Mount Rainier is visible to the right of the photo.
- The Seattle-area is headquarters to Microsoft, Amazon.com, Boeing Commercial Airplanes, Starbucks and Nordstrom.

Tacoma



- Second largest city is Tacoma, located 35 miles south of Seattle.
- Tacoma is home to famed glass artist Dale Chihuly.

Other Cities



- Most of Washington's residents live near Puget Sound, an inlet of the Pacific Ocean.
- Third largest city, Spokane, is east of the Cascades.
- The WUTC is located in Olympia, the state capitol.

What is the WUTC?



- In 1905 the Legislature set up a railroad commission.
- Various jurisdiction and name changes resulted in the Washington Utilities and Transportation Commission.



Harry A. Fairchild

First Chairman, 1905-1911



John S. McMillin

Commissioner, 1905-1907



John C. Lawrence

Commissioner, 1905-1911

What is the WUTC?



- The WUTC is primarily an economic regulator, with some public safety responsibilities for intrastate pipelines and railroads.
- Our current responsibilities include regulation of:
 - Electric companies
 - Natural gas distribution companies
 - Telephone companies
 - Private water companies
 - Solid waste collection companies
 - Commercial ferries
 - Household goods movers
 - Low level radioactive waste disposal

Who is the WUTC?



- Three commissioners
 - Make decisions
 - Staggered 6-year terms
 - Law requires political balance

- Appointed by Governor
- Confirmed by Senate
- Governor appoints Chair



Chairwoman
Marilyn Showalter



Commissioner
Richard Hemstad



Commissioner
Patrick Oshie

Commissioner Appointments



Laws require:

- 1) Staggered terms
- 2) No more than two commissioners from the same party
- 3) Gubernatorial appointment of commissioners, subject to Senate confirmation for 6 year terms
- 4) Governor appoints the Chair
- 5) Commissioners serve unless removed by a special tribunal for inefficiency, malfeasance or misfeasance in office.

Commissioner Duties



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- Take an oath to uphold the law
 - Post a bond
 - Follow a code of conduct and ethics that requires commissioners to
 - Avoid the appearance of impropriety
 - Have no financial interest in regulated entities
 - Accept no gifts or payments from regulated entities
 - Limit outside activities
 - Limit employment by regulated entities following term

Who else is the WUTC?



165 Fulltime-equivalent staff who assist commissioners

- Accountants
- Economists
- Engineers
- Investigators
- Auditors
- Attorneys
- Administrative Law Judges
- Media Specialists
- Support and Clerical Staff

The “U” in UTC



- 500+ Telecommunications companies
 - 23 “traditional” telephone companies
- 3 Electricity companies
- 4 Natural gas companies
- 68 Water companies

The “T” in UTC

-
- 79 Solid & medical waste collectors
 - 224 Moving companies
 - 23 Bus and airporter operations
 - 17 Commercial ferries
 - 77 Non-profit bus companies for the elderly and disabled
 - 171 Charter & excursion bus companies
 - 7,789 Trucking firms
 - 21 Railroads

Role of Commission



Economic regulation

- Entry to industry
- Rates, terms & conditions
- Competitive rules

Consumer protection

- Service standards
- Notice & disclosure
- Complaint mediation

Public safety

- Hiring & training standards
- Design standards
- Minimum equipment standards
- Maintenance & insurance

How we regulate

- Quasi-legislative decision-making
 - Open Meetings
 - Public presentation on decision items
 - Commission deliberation
 - Opportunity for public comment
 - Items may be decided at the Open Meeting or suspended for hearing
 - Rulemaking
 - Process specified by the state Administrative Procedures Act

Rulemakings (Quasi-legislative)

- Guidelines of more general applicability than orders
- Limited to the area of the agency's expertise

How we regulate, continued



- Quasi-judicial decision making
 - Commissioners sit as a tribunal.
 - Administrative Law Judge presides or makes initial determination in minor cases.
 - Regulatory staff act as an independent party before the Commission.
 - Interveners may include Attorney General's Public Counsel, customer groups, competitor companies.
 - Ex Parte rules dictate no contact between Commissioners and interveners or staff.

Rights of Parties in Quasi-Judicial Proceedings



- Notice of proceeding
- The right to be heard
- An impartial adjudicator
- The right to present evidence
- The right to cross-examine evidence

Commission Orders



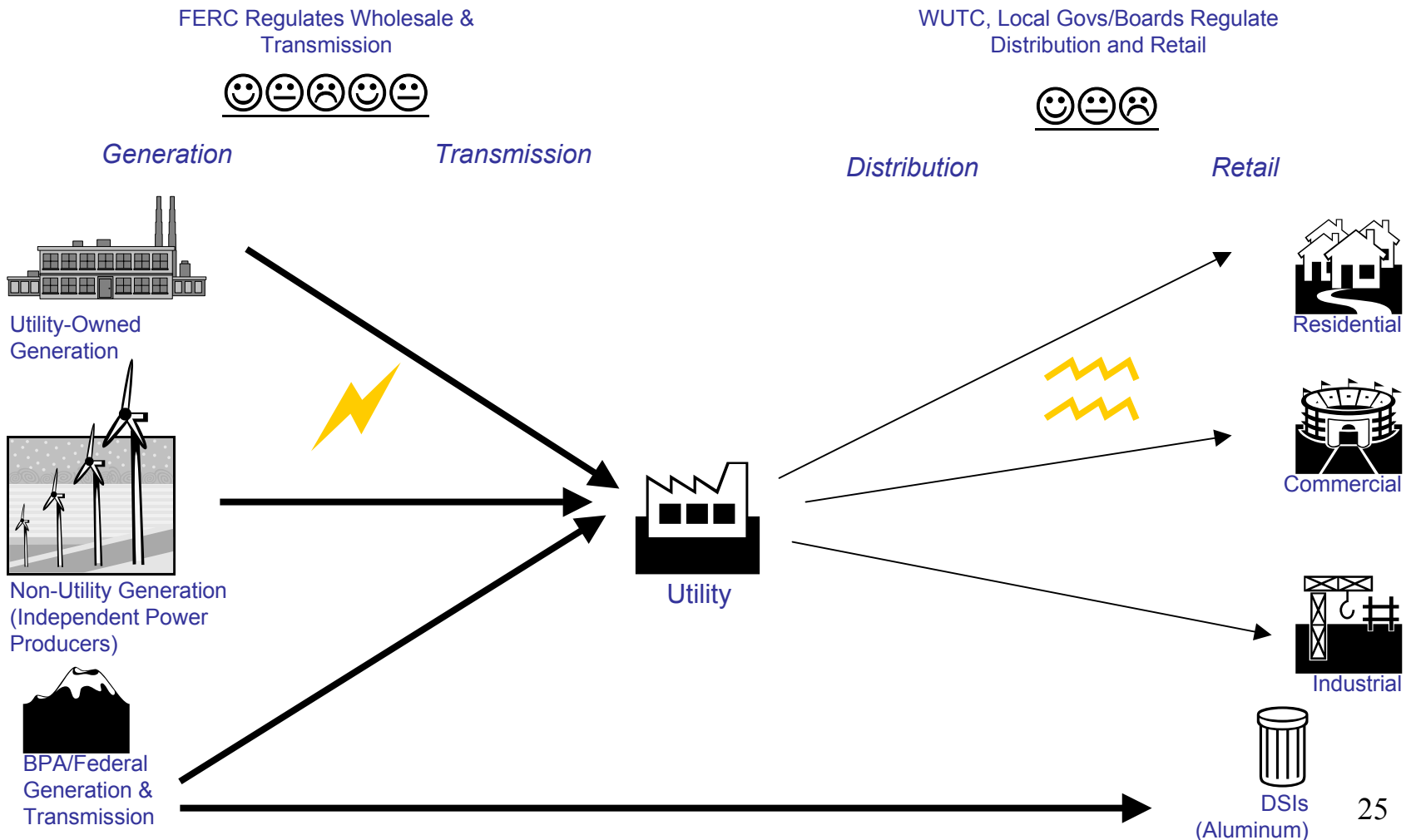
- Must give reasoned decisions
- Rely upon established precedent
- Signal Commission policy
- Subject to appeal to the court

Electricity Jurisdiction



- Federal government has jurisdiction over wholesale and transmission.
- State governments have jurisdiction over retail sales, distribution, and power produced by a utility for its own retail customers.

Electricity Jurisdiction



Washington is Unique



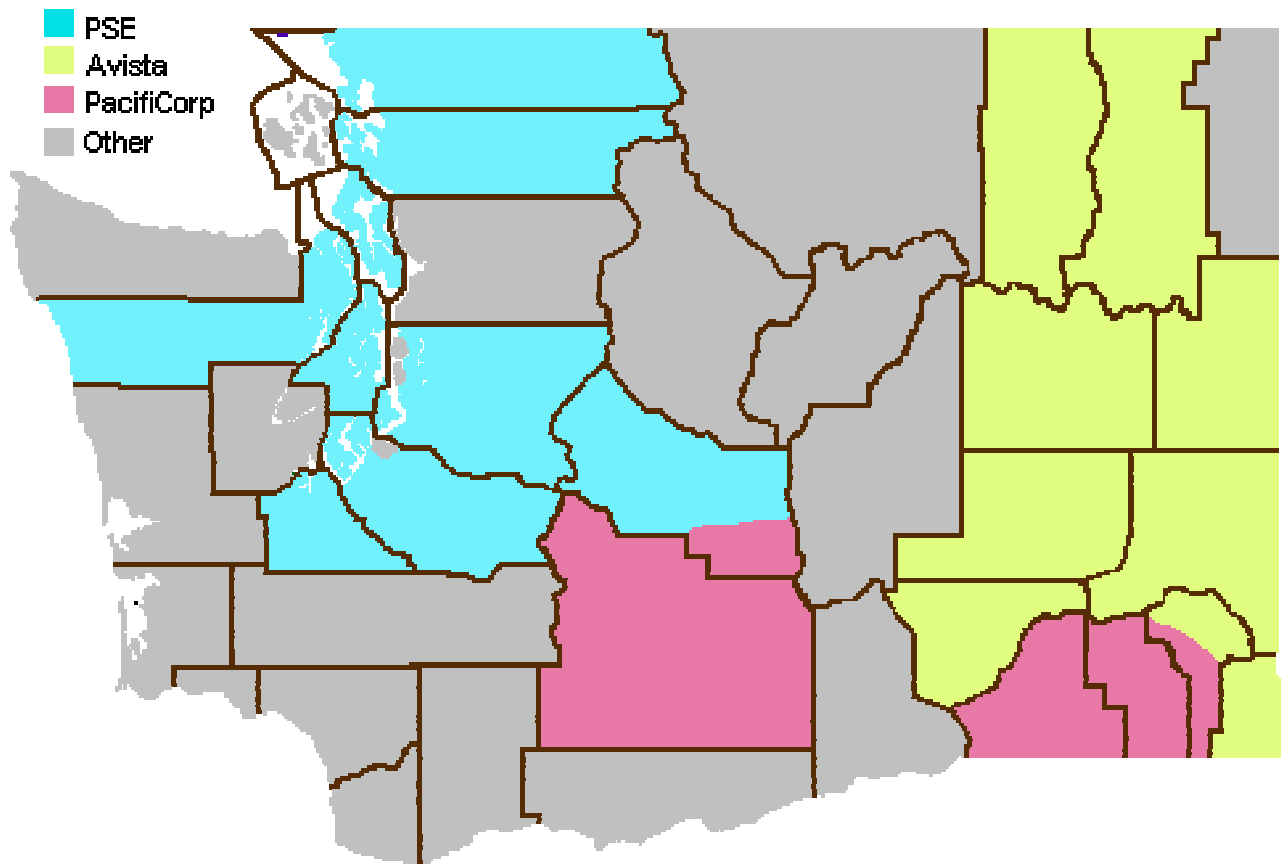
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- Local governments and consumers own the utilities that serve about 56% of Washington State electricity customers.
 - In most other states, there is less local government and consumer ownership of electric utilities.

WUTC Regulates



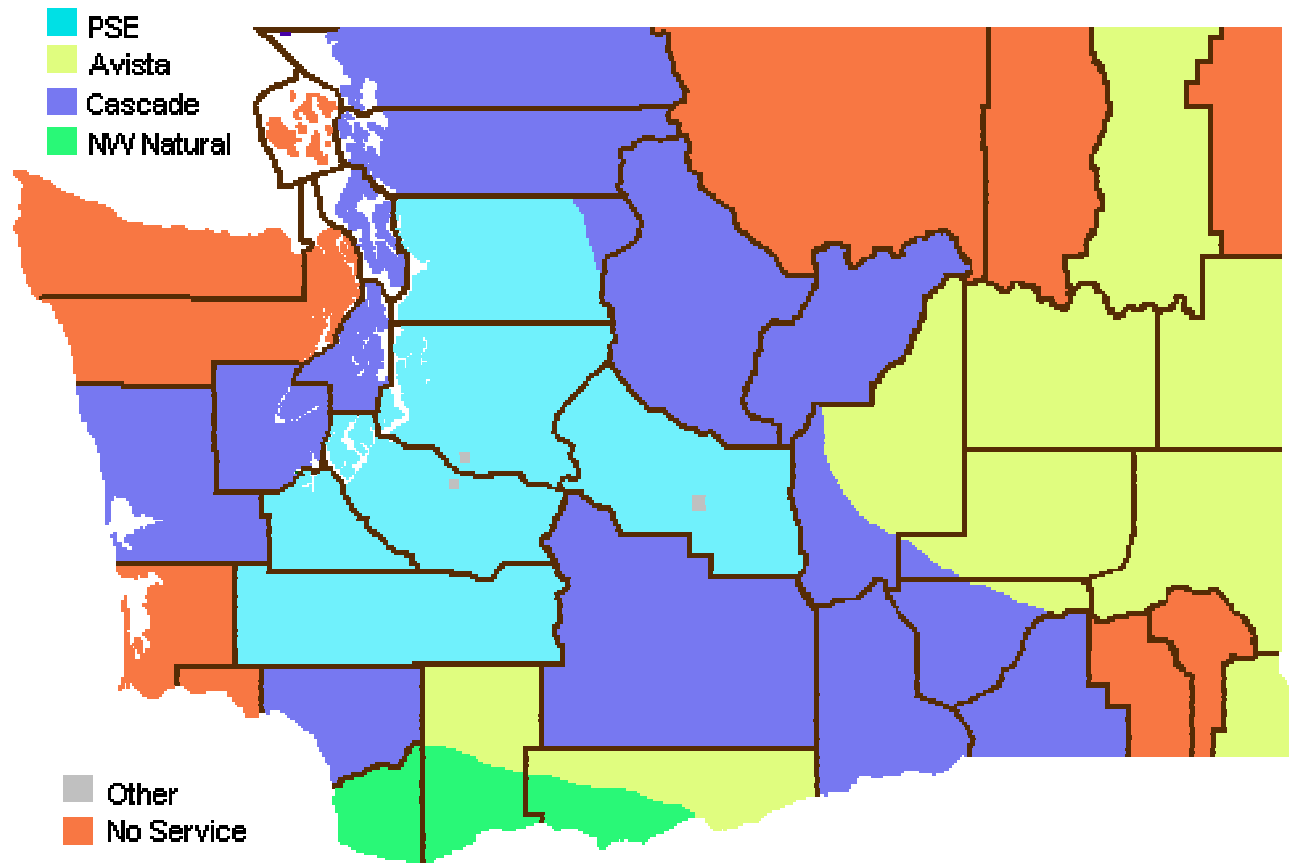
- The WUTC regulates investor-owned utilities.
- This includes electric utilities serving ~44% of Washington State electricity customers.
 - Puget Sound Energy (western Washington)
 - Avista Corporation (eastern Washington)
 - PacifiCorp d.b.a. Pacific Power and Light (southeastern Washington)

Electric Utility Service Territories



Note: Areas in gray are served by electric utilities that are not regulated by the WUTC, such as municipals, public utility districts and cooperatives.

Gas Utility Service Territories



WUTC does NOT Regulate:



- The WUTC does NOT regulate utilities owned by local governments or consumers, including:
 - Municipalities, e.g.
 - Seattle City Light
 - Tacoma Power
 - Public Utilities, e.g.
 - Snohomish PUD
 - Grays Harbor PUD
 - Cooperatives, e.g.
 - Benton REA
 - Tanner Electric

WUTC Authority



-
- Hire a secretary and staff
 - Monitor utilities
 - Audits (access to all utility books and records)
 - Reporting requirements
 - Review tariffs
 - Review securities
 - Approve property transfers and mergers
 - Issue of Certificates of Convenience and Public Necessity
 - Enforce statutes and rules, assess penalties

Franchises

- Washington State does not grant exclusive service territory franchises for electric service.
 - Most other states do grant exclusive franchises for regulated services.
 - State statute discourages redundant utility facilities.
 - In practice, few actively competitive areas for energy utilities.
- Washington State requires gas utilities to obtain Certificates of Convenience and Necessity.
 - Usually results in exclusive service territories.
 - Redundant gas services are a safety hazard.

WUTC Accountability



- Public participation and transparency
- Accountability to 3 branches of government
 - Legislature reviews statutes and budget.
 - Governor appoints commissioners and designates Chair, who is a member of the Governor's cabinet.
 - Courts review appealed decisions.
- Code of ethics