

2023-2025 Strategic Business Plan

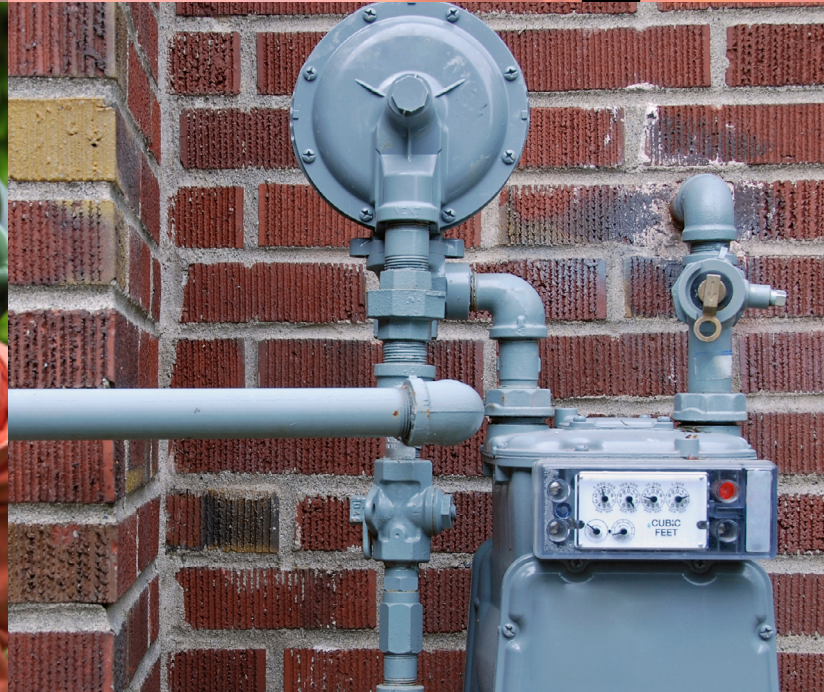


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About the UTC

Overview

The Washington State Legislature established the Washington Utilities and Transportation Commission in 1905.

Now, the UTC regulates the rates and services of the state's investor-owned electric and natural gas utilities, landline telephone companies, solid waste haulers, private water systems, marine pilotage, and residential movers, among other industries. The agency also manages the state's pipeline, railroad, and intrastate bus and trucking safety programs.

The UTC's regulation varies by industry, typically focused on rates, service quality, consumer protection, and safety measures.

The Legislature gave the UTC a two-part charge: to balance the needs of its regulated companies with the needs of Washington consumers, making sure that vital services are safe, equitable, available, reliable, and fairly priced.



UTC Funding and Staff

\$76.8
million

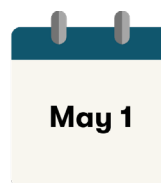
Anticipated Budget

The commission's anticipated budget for the 2023-25 biennium is \$76.8 million.

192.1
FTE

Employees

The agency has 192.1 full-time equivalent positions, across eight divisions.



May 1

UTC Funding

The UTC funds general operations with fees paid by regulated companies each May. The UTC also receives funding through federal grants for specific pipeline, rail, and motor carrier safety activities.

\$19
billion

Regulated Companies

In the 2021-2023 biennium, the UTC regulated the activities of 928 companies, which generate a combined annual revenue of approximately \$19 billion.

Mission, Vision, and Values

Mission

The Washington Utilities and Transportation Commission protects the people of Washington by ensuring investor-owned utility and transportation services are safe, equitable, available, reliable, and fairly priced.

Vision

The UTC strives to achieve equitable and fair outcomes as a regulator of utility and transportation services and prioritizes inclusion and belonging in the workplace.

Values



Respect

We treat every person and interaction with consideration and goodwill.



Integrity

We do the right things for the right reasons, trusting others to do the same.



Professionalism

We are committed to excellence in our work and conduct.



Accountability

With courage, we hold ourselves and each other accountable for exhibiting these values.

2021-2023 Goal Review

Goal 1: Protect Consumers

Goal 2: Advance Public Safety

Goal 3: Adapt Regulation to Evolving Conditions

Goal 4: Improve Business Performance

Review: Goal 1 and 2

Goal 1: Protect Consumers

Evaluate and address impacts from the COVID-19 pandemic on Washington consumers

- Established a COVID-19 work group to assess pandemic impacts and agree on consumer protections including a temporary fee and disconnection moratorium.
- Increased utility assistance funds, collected and analyzed overdue bill data, and contacted more than 25,000 energy customers scheduled for disconnection.
- Opened a rulemaking to investigate existing credit and collection rules (U-210800).

Develop robust online learning system for regulated industries

- Launched online Household Goods Industry training.

Modernize customer notice rules

- Opened two rulemakings to address customer notice rules: electric and natural gas rules (Docket U-210800), and solid waste rules (Docket TG-220140).



Washington Operation Lifesaver volunteer teaching kids in Centralia, WA about rail safety.

Goal 2: Advance Public Safety

Increase regulatory consistency between the UTC and Washington State Patrol

- Identified rule inconsistencies.
- Opened rulemaking to update rules (expected July 2023 completion).

Protect underground utilities

- Enforced Washington's Dig Law (RCW 19.122) by completing 120 investigations and assessing \$150,000 in penalties.

Implement innovative strategies in rail safety education

- Supported Washington Operation Lifesaver: WAOL spent \$20,000 in grants in 2021 and 2022 on targeted media campaigns, and UTC staff managed paid social media campaigns for WAOL from July to September in 2021 and 2022.

Improve safety along oil train routes at under-protected railroad crossings

- Promoted Highway Safety Improvement Program funding (Federal Section 130).

Review: Goal 3 and 4

Goal 3: Adapt Regulation to Evolving Conditions

Implement Washington's transition to clean energy while maximizing regulatory efficiencies

Adopted/amended the following rules to implement the Clean Energy Transformation Act:

- Integrated Resource Plans (UE-191023)
- Clean Energy Implementation Plans (UE-190698)
- Energy Independence Act (UE-190652)
- Purchases of Electricity (UE-190837)
- Carbon and electricity markets (UE-210183)

Expand development of rural broadband services

- Designated nine eligible telecommunication companies who will be eligible for up to \$222.7 million in federal funding to bring high-speed broadband to rural Washington over the next 10 years.



Commissioner Rendahl attending a live-streamed Open Meeting.

Goal 4: Improve Business Performance

Ensure the long-term financial health of the commission

- Received approval from 2022 Legislature to raise regulatory fees for utilities.

Cultivate the employee experience

- Established a Black, Indigenous, People of Color Council to review UTC policies, processes, and recruitments.
- Required all staff to take an anti-racism Courageous Conversation® course.
- Required additional equity-focused training, reading, and discussion groups for agency leaders.
- Established Pro-Equity Anti-Racism team, UTC PEAR statement, and UTC PEAR Strategic Action Plan.

Enhance online access to commission services for the public and UTC staff

- Implemented Microsoft Teams, Zoom, and live streaming for UTC meetings.
- Continued mobile and flexible work options for employees based on essential work duties.

2023-2025 Strategic Goals

Incorporate Pro-Equity Anti-Racism PEAR Principles
Transform Agency Culture
Protect Consumers
Advance Public Safety
Guide Market and Regulatory Transformation



2023-2025 Incorporate Pro-Equity Anti-Racism (PEAR) Principles

Merritt Long and Lt. Gov. Denny Heck give a talk at the UTC.

Governor's priorities:



We are committed to becoming an organization where all can flourish and achieve their full potential, and where there is equity and justice for all. We recognize that we are at the beginning of this journey, and while we don't have all the answers, we will take responsibility for the impact of our actions and legacy.

Objectives

- Implement the Office of Equity's Pro-Equity Anti-Racism (PEAR) framework and create a PEAR plan to remove barriers and improve equitable outcomes (Executive Order 22-04) and update agency values to reflect PEAR principles and prioritize inclusion and belonging.
- Reduce financial barriers for public participation in UTC proceedings to support equitable and sustainable policies and build trust by fostering relationships with organizations that represent highly impacted and vulnerable communities.
- Increase the percentage of agency diverse spending and reduce barriers to Office of Minority and Women's Business Enterprise (OMWBE)-certified businesses for procurement and contracting (Executive Orders 22-01 and 22-02).
- Increase diversity among UTC leadership and workforce.
- Empower all staff to actively identify and reduce equity gaps at the UTC by tying work outcomes to PEAR principles at all levels — individual, team, section, division, and agency.





2023-2025

UTC staff at a recognition event.

Transform Agency Culture

Governor’s priorities:



Efficient, Effective, and Accountable Government

We are committed to intentionally creating an agency culture that supports our staff and allows them to bring their whole selves to work without judgment or bias. We will create a culture that weighs the needs of our teams equally with the needs of our mission, because we can’t fulfill one without the other.

Objectives

- Build a culture that attracts, retains, and develops employees, focusing on inclusion and belonging, making us the employer of choice.
- Cultivate a customer-centered culture where we embed equity and customer service in all that we do.
- Evaluate business and facility needs to transition to new hybrid work environment.
- Cultivate a customer-centered culture where we embed equity and customer service in all that we do.
- Build trust with staff through increased transparency, easier access to data, and continued communication.
- Ensure that agency communications, proceedings, and technology are accessible to all.
- Incorporate strategic plan goals in all business processes to help employees connect their work to agency priorities and how we measure our success.



2023-2025

Protect Consumers

Governor's priorities:



Efficient, Effective, and Accountable Government



Prosperous Economy



Healthy and Safe Communities

We are committed to making sure that the people of Washington receive safe, equitable, available, reliable, and fairly priced services. We recognize that the coronavirus pandemic has disproportionately impacted vulnerable communities.

Objectives

- Ensure utility customers receive equitable access to services and information, focusing on highly impacted and vulnerable customers.
- Improve the public's understanding of the UTC's role and increase public participation in our regulatory process.
- Develop and implement a language access plan to reduce barriers to engagement for non-English speaking or limited English proficiency consumers.
- Educate regulated companies about consumer protection rights and responsibilities to improve compliance with state and federal laws and rules.
- Review customer fees and credit rules to remove practices that disproportionately impact highly impacted and vulnerable customers.



UTC Rail Safety staff handing out Washington Operation Lifesaver Coin.

2023-2025 Advance Public Safety

Governor's priorities:



Healthy and Safe Communities



Efficient, Effective, and Accountable Government

We are committed to increasing safety through education, inspections, and investigations. Our transportation infrastructure is a critical component of keeping customers connected to vital services, and we know that proactive safety regulation saves lives and protects Washington's resources.

Objectives

- Improve safety along oil train routes at under-protected railroad crossings.
- Reduce rail crossing fatalities by educating drivers and pedestrians about the dangers at higher-risk rail crossings and known trespass areas across the state.
- Increase passenger transportation industry knowledge of safety rules and regulations by creating online virtual training.
- Protect the public and underground utilities through targeted education and enforcement of Washington's Call Before You Dig Law.
- Conduct equity evaluation of enforcement actions to see if actions disproportionately impact small businesses, or businesses serving highly impacted and vulnerable communities.



2023-2025

Guide Market and Regulatory Transformation

Governor's priorities:



Sustainable Energy and Clean Environment



Prosperous Economy



Efficient, Effective, and Accountable Government

We are committed to transforming our regulation to adapt to changing industry needs. We are addressing the long-term impacts of climate change by implementing the laws that mandate clean energy and identifying and removing processes that create and reinforce systemic inequities. We are at the forefront of the state's transition to clean energy and are providing models for regulatory transformation beyond Washington state.

Objectives

- Apply an equity lens to our regulatory processes and decisions.
- Lead the state's clean energy transition for investor-owned utilities by implementing the Clean Energy Transformation Act and fulfill our requirements under the Climate Commitment Act.
- Implement multiyear rate plans for energy utilities to increase rate stability for customers and reduce regulatory lag for utilities.
- Review the Participatory Funding program to evaluate successes and opportunities for improvements to support equitable and accessible participation.
- Develop guidance for performance-based energy regulation.
- Support the state Broadband Office and the development of a state digital equity plan to increase broadband access to rural Washington.

Strategic Assessment

External Capacity
Internal Capacity
Financial Health
Performance Assessment
Information Technology Strategic Plan
UTC Authority

External Capacity

Our regulatory workload continues to grow at a tremendous rate, but despite that pressure we are committed to implementing the transition to clean energy and prioritizing public engagement and equity.

External Impacts

The Clean Energy Transformation Act of 2019 requires the state's electric utilities to be carbon-free by 2045. Implementing CETA remains a major work priority for the UTC through the next biennium and beyond, requiring sophisticated analysis and significant staff resources.

In 2021, the Legislature passed a new law requiring the UTC to develop guidance for multiyear rate plans and performance-based regulation. Multiyear rate plans require utilities to submit rate requests for multiple years, keeping rates more consistent for customers and reducing regulatory lag for utilities. Performance-based regulation changes how the commission reviews company rate requests by establishing performance metrics for utilities, allowing the UTC to issue incentives or penalties when reviewing company rate requests based on utility performance. The law also allows the UTC to consider equity when determining the public interest while evaluating company requests (RCW 80.28.425).

The UTC's portfolio of work has increased significantly over the last 10 years, without proportionately increased revenue or staff increases. Additionally, many factors including the coronavirus pandemic and vaccine mandate have led to significant staff turnover in the last two years.

External Opportunities

We are leading regulatory transformation in Washington and nationwide. Similar work is happening across the country, and other states are looking to us for guidance on how to transform regulation through the transition to a clean energy economy, apply performance-based regulation, and embed equity into our regulation as we adapt to the changing energy landscape.

We will be evaluating our public engagement approach, using data from the COVID-19 customer assistance workshops, Washington State Department of Health Health Disparities Map, PEAR Equity Impact Review and equity listening sessions, and other public input to identify and remove barriers to access to the commission and our services.

We are developing a Tribal Consultation policy to ensure consideration of tribal interests in issues under the UTC's authority.

We are examining utility company deposits, fees, and credit practices to make sure that rules are not disproportionately harming or creating additional barriers for customers who already face the largest financial barriers.

Internal Capacity

Like all state agencies, the constantly evolving public health crisis and state's response combined with a volatile political climate have impacted the UTC's staffing levels, workload, engagement, and morale.

Increasing workloads, constant workforce changes, and high salaries in the private sector continue to impact UTC workforce retention and development. Our positions often require candidates with highly specialized backgrounds and our budget constraints often limit growth and development opportunities, making both recruitment and retention difficult.

We are focusing on addressing systemic barriers and inequities within our workforce and recruitment processes and working to foster an organizational culture that values our employees' needs as highly as the needs of our regulatory outcomes.

We are transforming our culture to create an environment that is PEAR-focused and attracts, retains, and develops employees.

We recognize this starts with our leadership team and have been working with professionals in the equity, diversity, and inclusion space to help explore our own anti-racist journeys and educate ourselves on bringing an equity perspective to our work. We are extending these learning opportunities to staff and working to support a trauma-informed, inclusive work environment.

We are focusing on rebuilding our workforce, offering additional and necessary training opportunities, and expanding our recruitment efforts into underserved and underrepresented communities. We are actively working to improve our recruitment and retention processes and decisions.



Consumer Protection and Communications Division staff at a retreat.

Internal Impacts

Coronavirus-related changes in the workplace, including remote work, and concerns over health and safety, continue to impact staff morale and retention. This, in turn, has displaced routine work for agency leadership and Human Resources, creating a back-up that is itself complicating recruitment, retention, and strategic organizational efforts.

Coupling general workload increases with pandemic-related workforce turnover, our remaining staff are experiencing significant burnout which is leading to a self-perpetuating cycle of staff turnover. While we can work on agency culture, without additional staffing resources and workload consistency, this cycle will be difficult to break.

We are intentionally examining and adjusting our organizational structure and leadership development priorities to improve communication and collaboration across the commission.

Internal Opportunities

As we transform our work culture, we are refocusing and reevaluating our mission and purpose. UTC leadership is working to ensure that all lines of business tie directly and transparently to the agency mission, so all employees understand how we measure our success.

The UTC is committed to creating a pro-equity anti-racist (PEAR) organization. The commission is prioritizing and planning to implement the governor's executive orders and directives on PEAR, public contracting, and workforce equity. We expect our staff, managers, and executive leadership to understand and champion PEAR and EDI principles and embed them in all areas of our work.

Our staff provided clear feedback that remote work and flexible scheduling is important to them. We have committed to a hybrid work environment, honoring the needs of our teams' work-life balance and focusing on business needs in a results-oriented performance environment.



Employees at a Public Service Recognition Week event in 2022.

Financial Health

The commission funds the majority of its operations through regulatory fees paid by regulated companies to the UTC each May. State law determines fees for most industries, calculated as a percentage of the company's intrastate operations revenue.

In addition to regulatory fees, the UTC receives federal grant money from the U.S. Department of Transportation for pipeline safety and motor carrier safety programs. This funding is conditional on the commission meeting program standards.

Building Financial Sustainability

Under the UTC's funding model, revenues are not consistently sufficient to meet the agency's needs. We are continuing to focus on how to create and maintain financial stability.

Flat revenues and increasing costs

Revenue from regulatory fees remained flat during the 2021-2023 biennium. While the pandemic did not significantly impact overall revenue, certain industries, such as the transportation sector, experienced revenue decreases.

We anticipate that revenue will remain flat over the coming years due to the continued impacts of the pandemic on small utility and transportation companies, the effect of energy conservation on utility loads, and the continued migration of landline telecommunications customers to non-UTC-regulated cellular, satellite, and cable-based services.

Costs to fulfill our regulatory, public safety, and consumer protection roles also continue to increase due to historically high inflation rates, increases in central service costs, increased employee compensation costs, and the need to offer competitive employment offers to attract candidates and fill staffing shortages.

Addressing regulatory fees

During the 2022 legislative session, the Washington State Legislature approved an increase to regulatory fees for commission-regulated utilities. This was an important first step in securing financial security

for the agency but will not completely solve the commission's funding concerns. The UTC won't receive the increased revenues until May 2023 due to the timing of the legislation and regulatory fee deadline and will operate on a limited budget for part of 2023. During the 2023-2025 biennium, however, the commission will be able to use the increased revenue to better match staffing levels to existing workloads.

To continue building financial stability and address the gap between flat or declining fees and increasing costs, the commission will work to request an increase in regulatory fees during the 2023 legislative session to support the transportation safety and regulatory programs that were not addressed in the 2022 bill.

Other cost savings

We continue to evaluate spending to see how we can most efficiently meet our mandates from the Legislature and state law to protect the people of Washington state. Due to the permanent switch to a hybrid workforce, among other cost saving measures, we are working to reduce the commission's footprint within its office building and seek other state agencies to collocate and sublease space.

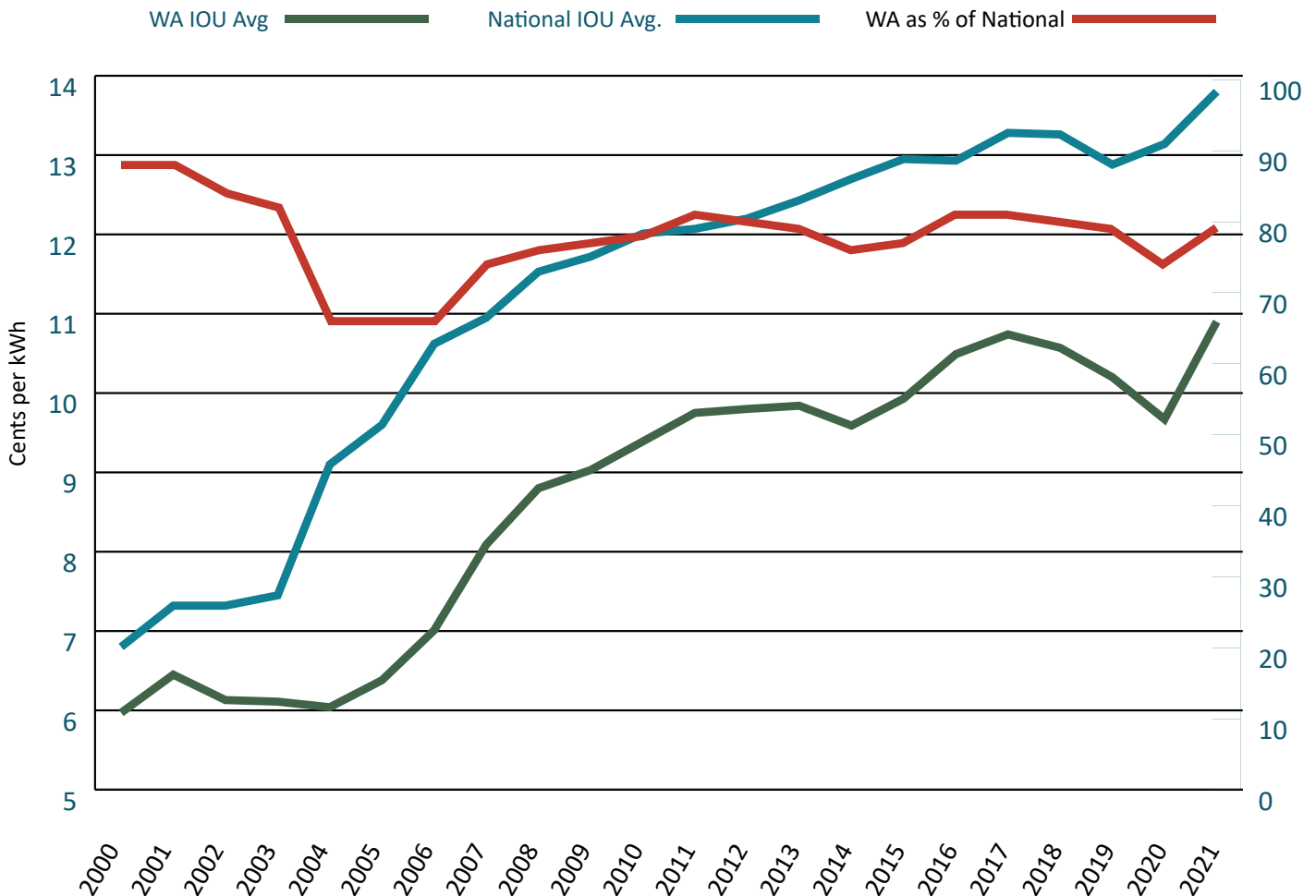
Performance Assessment

The UTC uses the following measures to assess performance.

Regulatory Services

Washington Investor-Owned Utility Residential Rates vs. National Average

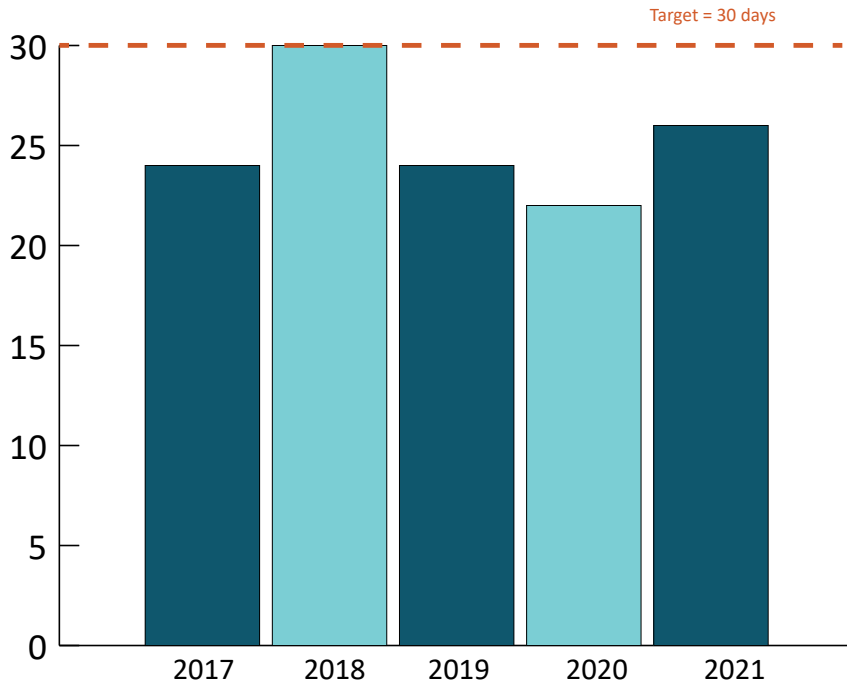
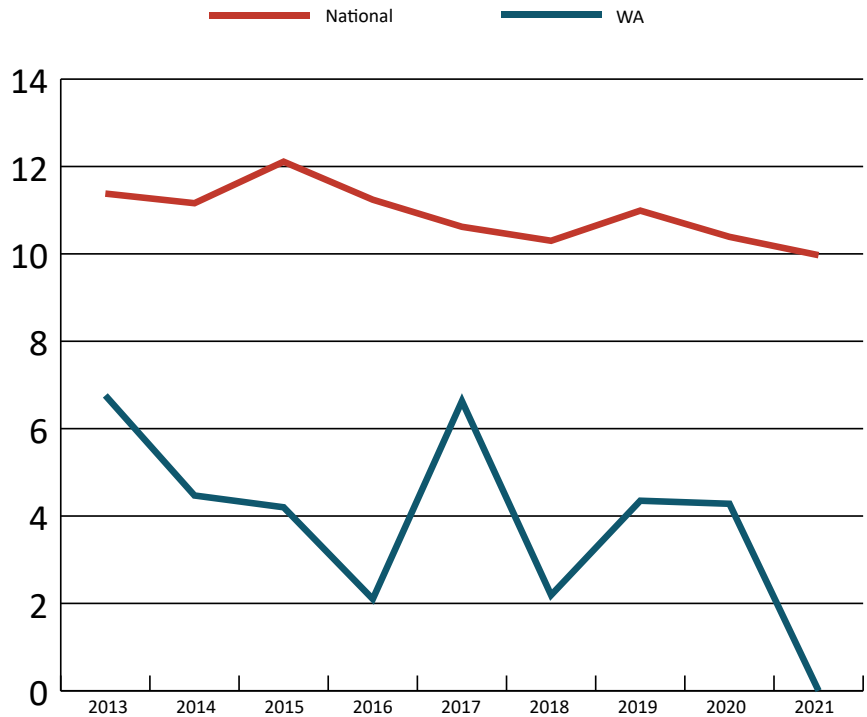
Energy cost drivers in Washington are significantly related to investments to replace aging generation facilities or improve safety and resilience of existing utility infrastructure. While the commission exerts substantial authority over prices charged to customers, many variables outside the UTC's control also influence rate levels. These include the state of the economy, population changes, and weather, all of which influence load growth, investments, and expenses.



Pipeline Safety

Significant Incidents per 100,000 Pipeline Miles

The UTC’s Pipeline Safety Division analyzes state and national incident data and investigation reports to identify trends and causal factors. This analysis drives focused inspection planning and informs technical assistance to pipeline operators on emerging incident trends. Significant pipeline incidents are those involving death, hospitalization, explosions or fire, release of volatile liquid, or costly property damage. Significant incidents in Washington continue to trend well below national averages.



Consumer Protection

Average Days to Close Consumer Complaints

The average number of days to resolve consumer complaints received by the commission’s Consumer Protection team is an indication of how much time it takes the commission to address consumers’ concerns.

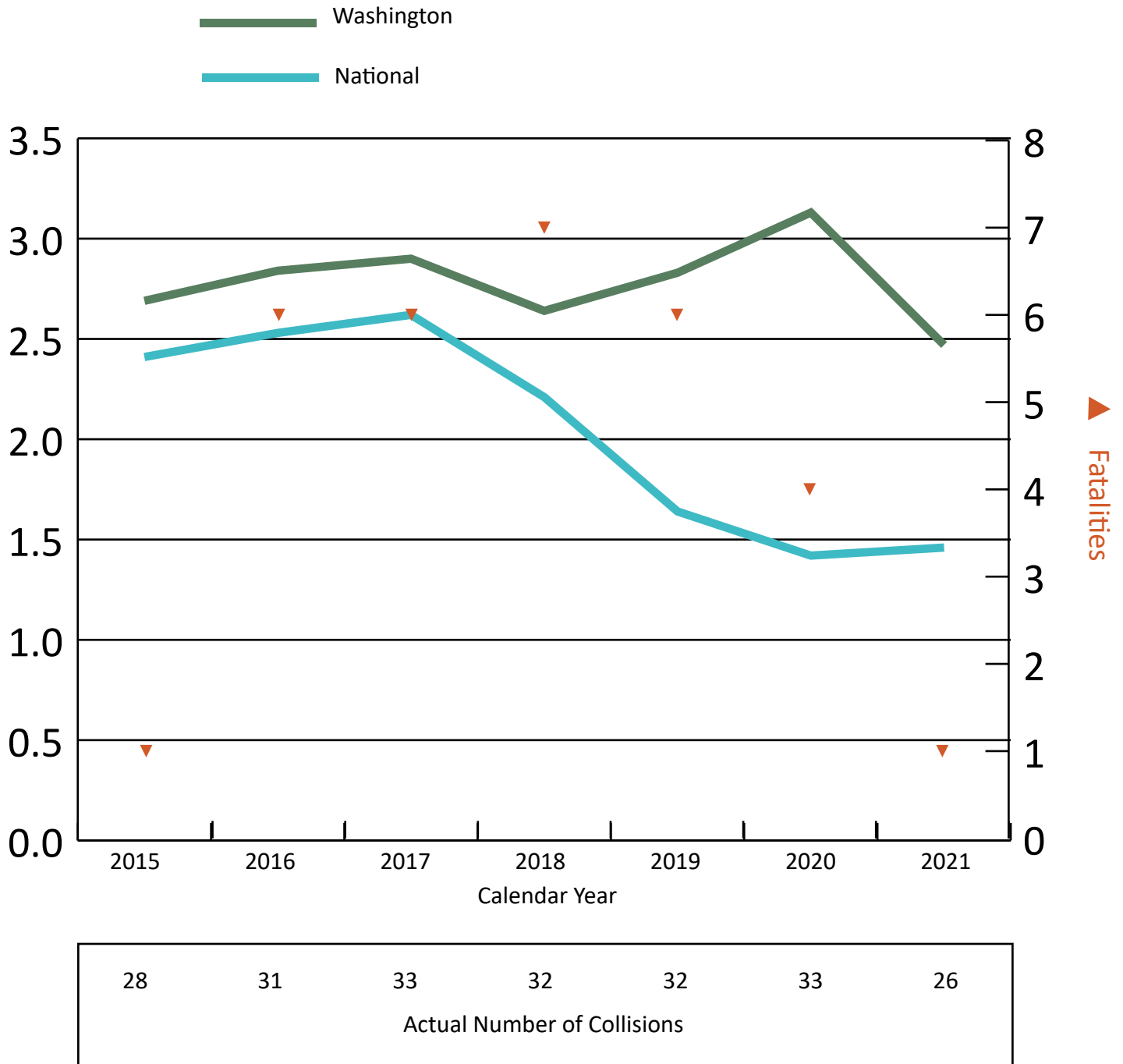
For the past five years, complaints are closing under the 30 day target.

Rail Safety

Train – Vehicle Collisions

One measure the UTC uses to monitor rail crossing safety is the rate of crossing collisions per million train miles. This allows the UTC to control for changing volumes of train traffic in Washington over time. It also allows the UTC to compare Washington’s experience to national rates.

Collision rates have remained steady for the past six years, with a slight decrease in 2021. UTC rail safety staff continue to work with railroads and road authorities to identify and implement strategies to improve safety at crossings with multiple collisions.



Information Technology Strategic Plan

IT Vision and Mission

Be a valued partner and asset that agency staff rely on to get their work done through quality IT tools, services, and collaboration.

The IT Team serves commission staff, stakeholders, and the public by being responsible stewards of the commission's data and resources and providing the tools and services they need to conduct business.

IT Strategic Goals

Information Services has established the following strategic goals and objectives for the 2023-2025 biennium, driven by the UTC's IT Steering Committee and supporting the UTC's goals to Advance Public Safety, Protect Consumers, and Redefine Agency Culture.

Support the transition to One Washington

- Redevelop financial applications to integrate with WorkDay Enterprise Resource Planning (ERP) system.
- Incorporate the new WorkDay Financial Data Model (FDM) into our applications.

Enhance mobility

- Implement the Teams, SharePoint, and OneDrive mobile apps, and transition to Intune for managing our mobile devices.
- Provide mobile Geographic Information System (GIS) resources and applications for field staff.
- Support the UTC's hybrid work environment with IT resources.

Move to the Cloud

- Continue migration to WaTech's Microsoft Office 365 platform.
- Upgrade and move our Contacts and Public Involvement Dynamics CRM applications to Microsoft's Dynamics 365 platform.
- Complete Azure infrastructure development and begin migrating applications to Azure.

Provide a secure, stable computing environment

- Transition our IT Security Program to the NIST Cybersecurity Framework.
- Keep platforms up-to-date to ensure they remain on supported versions.
- Enable encryption at rest for remaining applications.

Evolve our services, improve our processes, and reduce technical debt

- Improve enhancement and maintenance of internal applications using Sprint/Agile development process.
- Integrate testing in application development culture.
- Improve IT Service Management process and software and develop service catalog to improve internal customer service.

UTC's Statutory Authority

The commission regulates private electric, gas, telecommunications, and water utilities under authority granted in Title 80 and private transportation companies under Title 81 of the Revised Code of Washington (RCW). The commission's rules are in Title 480 of the Washington Administrative Code.

Transportation and safety programs

- 81.04 Regulations—general
- 81.08 Securities
- 81.12 Transfers of property
- 81.16 Affiliated interests
- 81.20 Investigation of public service companies
- 81.24 Regulatory fees
- 81.28 Common carriers in general
- 81.44 Common carriers—equipment
- 81.48 Railroads—operating requirements and regulations
- 81.52 Railroads—rights of way—spurs—fences
- 81.53 Railroads—crossings
- 81.54 Railroads—inspection of industrial Crossings
- 81.60 Railroads — Railroad police and regulations
- 81.61 Railroads — Railroad crew transportation
- 81.64 Street railways
- 81.66 Transportation for persons with special needs
- 81.68 Auto transportation companies
- 81.70 Passenger charter carriers
- 81.77 Solid waste collection companies
- 81.80 Motor freight carriers (trucking and household goods movers)
- 81.84 Commercial ferries
- 81.88 Gas and hazardous liquid pipelines
- 81.108 Low level radioactive waste disposal sites
- 81.116 Marine pilotage rate-setting
- 19.122 Underground utilities

Utility regulation

- 80.01 Utilities and Transportation Commission
- 80.04 Regulations—general, including hearing procedures, annual reports, etc.
- 80.08 Securities
- 80.12 Transfers of property
- 80.16 Affiliated interests
- 80.20 Investigation of public service companies
- 80.24 Regulatory fees
- 80.28 Gas, electrical, and water companies and community solar projects
- 80.36 Telecommunications
- 80.50 Energy Facilities—site locations
- 80.54 Attachments to transmission facilities
- 80.60 Net metering of electricity
- 80.66 Radio communication service companies
- 80.80 Greenhouse gases emissions—baseload



Contact Us

Consumer Complaints and Public Comments

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