



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION
1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250
(360) 664-1160 • www.utc.wa.gov

June 17, 2013

David Schumacher
Director, Office of Financial Management
P. O. Box 43113
Olympia, Washington 98504-3113

Re: Commission's Categorized List of Services

Dear Mr. Schumacher: *David*

The Washington Utilities and Transportation Commission (commission) has no services or activities that fit within the categories listed in your June 12, 2013, memo. Consequently, if the Legislature fails to pass an operating budget by July 1, the commission will cease operations completely until a budget passes.

You asked us to identify services funded in the transportation budget. ESSB 5024 authorized \$504,000 for the commission's Grade Crossing Protective Account, which assists local governments with rail safety programs. However, staffing and administrative costs for that program are funded through the appropriated Public Service Revolving Fund. For that reason, we will postpone that program during any shutdown.

You also asked that we identify services necessary for the immediate response to issues of public safety. I want to highlight the commission's agreement with the federal Pipeline and Hazardous Materials Safety Administration (PHMSA) to serve as their interstate agent in Washington. This agreement allows the commission's pipeline safety engineers to act for PHMSA with respect to all interstate natural gas and petroleum pipelines operating in Washington.

One of our responsibilities under this agreement is to receive accident reports from pipeline operators and, depending on the seriousness of the accident, dispatch an investigator to coordinate the accident investigation. We have a pipeline engineer on call at all times to handle such reports.

David Schumacher
June 17, 2013
Page 2

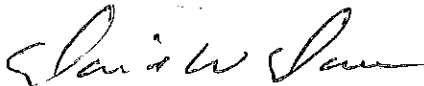
If we cease operations due to the lack of an appropriation and there is a reportable pipeline accident involving an interstate pipeline, our failure to act could result in PHMSA rescinding our interstate agent status. Washington is only one of 11 states with such status, which was granted at Senator Patty Murray's request after the explosion of the Olympic Pipeline in Bellingham in 1999. The rescission of this agreement would result in less frequent and less thorough inspections, and the permanent loss of two commission positions.

While we are concerned about the risk posed to Washington's interstate agent status we do not believe this service can be characterized as a federal mandate per your June 12 memo. The Attorney General's Office has reviewed this matter and agrees with our conclusion.

The commission has begun preparations to cease all operations should that prove necessary. We are identifying which rules we will need to suspend and the scheduled proceedings we will need to postpone or cancel. We are also working closely with the central service agencies on the various operational issues we need to address before closing our doors.

Steven King, the commission's acting Executive Director, will be the Office of Financial Management's point of contact on these issues. You may reach him at 360-664-1115 or sking@utc.wa.gov.

Sincerely



David W. Danner,
Chairman