

# Wyoming Public Service Commission (WPSC)

## 2011-2012 Biennium Strategic Plan

### Results Statement

- Wyoming state government is a responsible steward of State assets and effectively responds to the needs of residents and guests.
- Wyoming has a diverse economy that provides a livable income and ensures wage equality.
- Wyoming natural resources are managed to maximize the economic, environmental and social prosperity of current and future generations.
- Advanced technologies and a quality workforce allow Wyoming business and communities to adapt and thrive.

### Our Contribution to Wyoming Quality of Life

- All residents have access to safe, reliable and adequate utility services at just and reasonable prices.
- Utilities have the opportunity to recover prudent expenses and earn a fair return on investment so they remain capable of providing adequate, safe, reliable utility service to residential, commercial and industrial consumers; thereby promoting economic stability and development.
- Facilitate advanced, economic and prudent utility infrastructure investment consistent with environmentally, technologically and economically sound practices for the benefit of Wyoming citizens and businesses.

### Basic Facts:

**Statutory Authority:** Wyoming Statutes, Title 37, Chapters 1, 2, 3, 6, 12, 15, 16, and 17

**Funding:** The WPSC 2011-2012 Biennium Budget appropriation request is approximately \$15,954,715, which provides for the operation of the agency and funding and administration of the Wyoming universal service fund. \$8,559,005 comes from an assessment (limited to 3 mills) on gross intrastate retail revenues of utility service and commodity providers; \$7,070,710 from the Wyoming universal service assessment on retail sales of telecommunications services; and \$324,000 from federal grants.

The WPSC's divisions are Administration (PSC), Office of Consumer Advocate (OCA), and Wyoming Universal Service Fund (WUSF). It is authorized, 36 full time positions, six of which are assigned to the OCA with the WUSF having the equivalent of one full time position.

### Primary Functions:

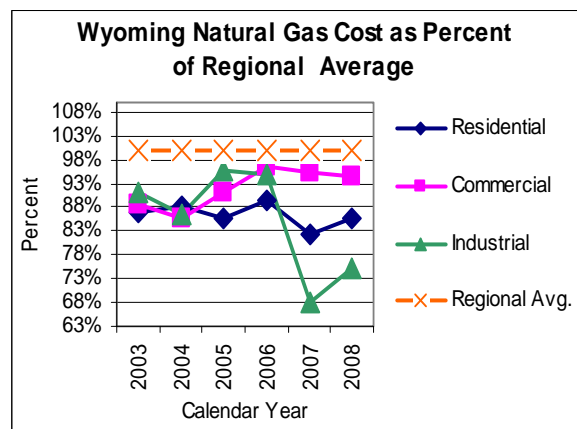
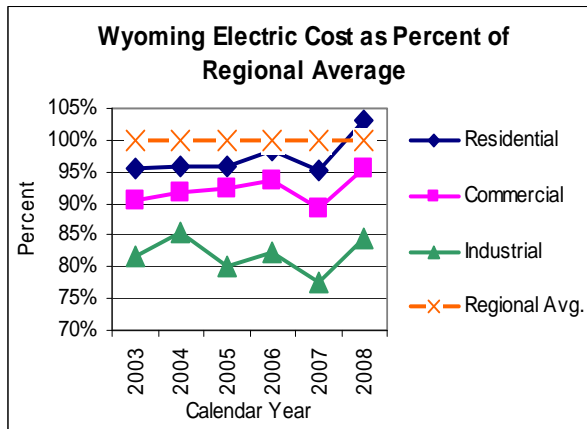
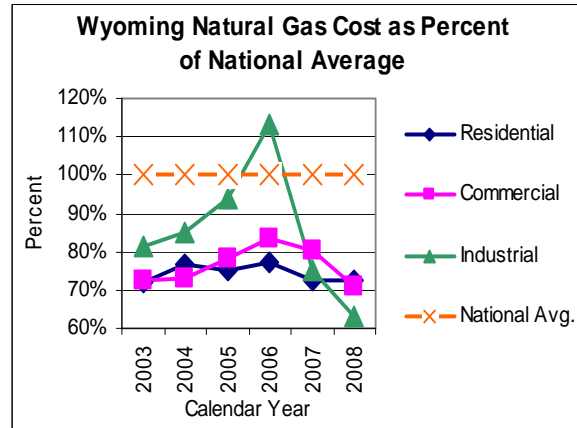
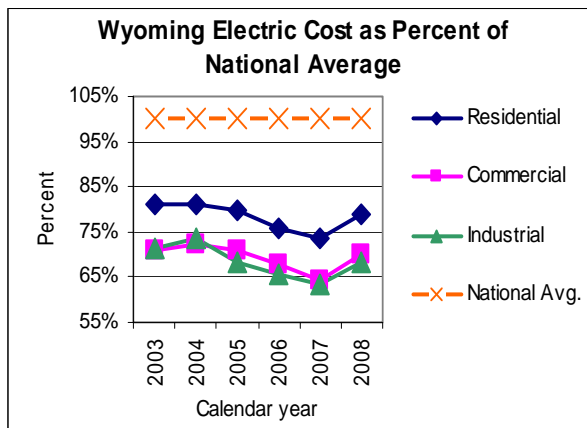
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| Regulation      | Jurisdictional utility rates and services; safety, reliability, service territories, and quality of service.   |
| Public Outreach | To provide opportunities for consumers to participate in utility hearings, understand utility regulation, changes in legislation, and regulatory policies and for the commission to understand and engage in utility issues confronting citizens throughout the State. |

Administration	Management of Wyoming Universal Service Fund.
Advocacy	Representing Wyoming and its citizens at the regional and national levels.
Inspection	Safety aspects of Wyoming intrastate natural gas pipelines and electrical facilities.

The WPSC serves all residential, commercial and industrial consumers of jurisdictional natural gas, electric, telecommunications, water, and pipeline services in Wyoming.

### Performance Measurements:

#### Performance Measurement # 1 - The average cost Wyoming consumers pay for natural gas and electric service as a percentage of regional and national averages.



Wyoming data from utility annual reports submitted to WPSC. National and regional utility data from United States DOE Energy Information Administration historical data charts. Regional survey includes Wyoming, North and South Dakota, Nebraska, Montana, Idaho, Utah, Colorado, Arizona and New Mexico.

#### Story Behind the Performance

Over the last several years, Wyoming consumers have obtained natural gas and electric service at average rates lower than consumers elsewhere in the region or the nation. During 2008, residential consumers paid an average of 8.26¢/kWh for electricity and \$9.91/Dth for natural gas. This is less than the national average of 10.49¢/kWh and \$13.68/Dth and the regional average of \$11.58/Dth, but more than the regional average of 8.03¢ per kWh. Wyoming commercial and industrial customers' utility costs have continued to average less than the national and regional rates.

Reasonably priced utility services contribute to the quality of life and economic health in Wyoming. Utility costs are influenced by federal and state policy decisions; allocation of multi-state utility costs; regulatory processes; population density; adequacy and cost of utility infrastructure; fluctuations in wholesale natural gas and electricity markets; economic conditions; weather; and the level of energy efficiency in commercial and residential construction. The PSC regulates retail rates, service rules and regulations, service territories, safety, and quality of service of natural gas, electric and water utilities. It regulates securities and debt issuances of natural gas and electric utilities. The PSC also regulates intrastate electrical transmission and natural gas and liquid pipeline transportation. Telecommunications regulation is limited but includes quality of service, safety, certain prices, Universal Service Fund assistance and other activities.

The WPSC must allow a utility the opportunity to recover prudent costs and earn a fair return on investment to provide the resources to maintain and upgrade its system. Reliable utility systems require dependable supplies, capacity, and sufficient transmission and distribution systems.

### **Proposal to Improve Performance over the Next Two Years**

- Continue work on rulemaking stating Commission policy on Integrated Resource Planning (IRPs). An IRP is a recurring planning process undertaken by a public utility to identify the preferred mix of supply and demand-side resources to meet projected customer demand and provide resource reliability and diversity at the least possible cost and overall risk.  
Budget Impact: No/low impact to existing budget.
- Proactively address emerging utility industry issues that have the potential to affect consumer pricing in the areas of energy efficiency, demand side management, revenue decoupling, and carbon constraints.  
Budget Impact: No/low impact to existing budget.
- Collaborate with stakeholders and other state utility commissions to ensure Wyoming residents pay only their fair share of costs for utility service provided by multi-state utilities.  
Budget Impact: No/low impact to current budget.

**Performance Measurement # 2 – Continue participation in regional and national organizations and forums on issues of importance to Wyoming consumers concerning utility regulation, electricity generation, transmission and distribution, and natural gas transmission and distribution. Develop programs to proactively inform Wyoming consumers of emerging issues affecting utility operations such as energy efficiency, demand management, carbon constraints, and climate change policy developments.**

### **Story Behind the Performance**

The WPSC has been an active participant in regional and national organizations and forums on utility issues impacting Wyoming utilities and consumers. The WPSC has active membership and participation in the National Association of Regulatory Utility Commissioners (NARUC), the Western Conference of Public Service Commissioners (WCPSC), the North American Electric Reliability Corporation (NERC), the Northern Tier Transmission Group (NTTG), the Committee on Regional Electric Power Cooperation (CREPC), Qwest Regional Oversight

Committee (ROC), Wyoming Association of Natural Gas Utilities (WANGU), and other regional and national associations where emerging utility issues and initiatives to address these issues are formulated. The Commission has undertaken initiatives to educate the consuming public about commodity pricing events that could have significant effect on their utility bills.

### **Proposal to Improve Performance over the Next Two Years**

- Continue participation in regional issues affecting Wyoming that concern utility regulation, electricity distribution, generation and transmission, and natural gas transmission and distribution. Participate actively in national and regional organizations that develop regulatory policy.  
Budget Impact: No/low impact to current budget.
- The WPSC will take a more active role in regional and national actions that strengthen Wyoming's utility infrastructure reliability and capabilities, add value to Wyoming's natural energy resources and also take a visible and productive leadership role in utility related infrastructure and climate change issues.  
Budget Impact: No/low impact to current budget.
- Collaborate with other state utility commissions and stakeholders to ensure Wyoming residents pay only their fair share of costs for utility service provided by multi-state utilities.  
Budget Impact: No/low impact to current budget.
- Continue efforts to proactively undertake opportunities to provide education and information to Wyoming consumers on utility operations and developments that could affect their utility usage.  
Budget Impact: No/Low impact to current budget.

### **Performance Measurement # 3 – Earlier than historical average completion of hearings in cases requiring them.**

#### **Story Behind the Performance**

To take formal action, the WPSC must review and analyze all applications and tariffs filed by jurisdictional utilities. These include applications to commence or discontinue utility operations; construct facilities; establish or revise rates; to implement or revise service offerings and operating rules; revise or enlarge service territories; and to issue securities or incur new debt (electric and natural gas utilities).

Each WPSC decision requires a written order applying utility law to the facts of the case. All WPSC decisions are subject to appeal to the appropriate state or federal court. Decisions in cases actually contested by intervening parties typically require public hearings and an opportunity for public comment. The overwhelming majority of these cases are subject to a 10-month statutory time constraint.

Upon examining its traditional management of case schedules, the WPSC realized that significant benefits would be realized by expedited issuance of public notice and by holding scheduling conferences immediately after the end of the intervention period to establish an

aggressive but reasonable schedule for all necessary proceedings, including a pre-hearing conference, where issues can be narrowed and routine procedural matters addressed in advance, and the hearing itself. Additional anticipated benefits include increased time available for review of the hearing record by Commissioners and staff prior to deliberations, and for drafting final orders. More expeditious completion of the entire process would ultimately reduce the time between the filing of a case and its final disposition.

The WPSC also handles consumer complaints, some of which require public hearings. During FY 2003 through FY 2006, our complaint staff processed 3,537 complaints, resolving over 99.89% each year without formal hearings.

**Proposal to Improve Performance over the Next Two Years**

- Establish and regularize internal processes to issue public notices promptly, allowing a scheduling conference within 45 days of the initial application. Schedule and conduct all procedures, including the pre-hearing conference and public hearing within eight months.

Budget Impact: No/low impact to existing budget.

- Improve processing of complaints to resolve 95% of informal complaints within 30 days of receipt.

Budget Impact: No/low impact to existing budget.

**Performance Measurement # 4 – All eligible local telephone customers will receive support payments from the WUSF to obtain telecommunications services at a reasonable price.**



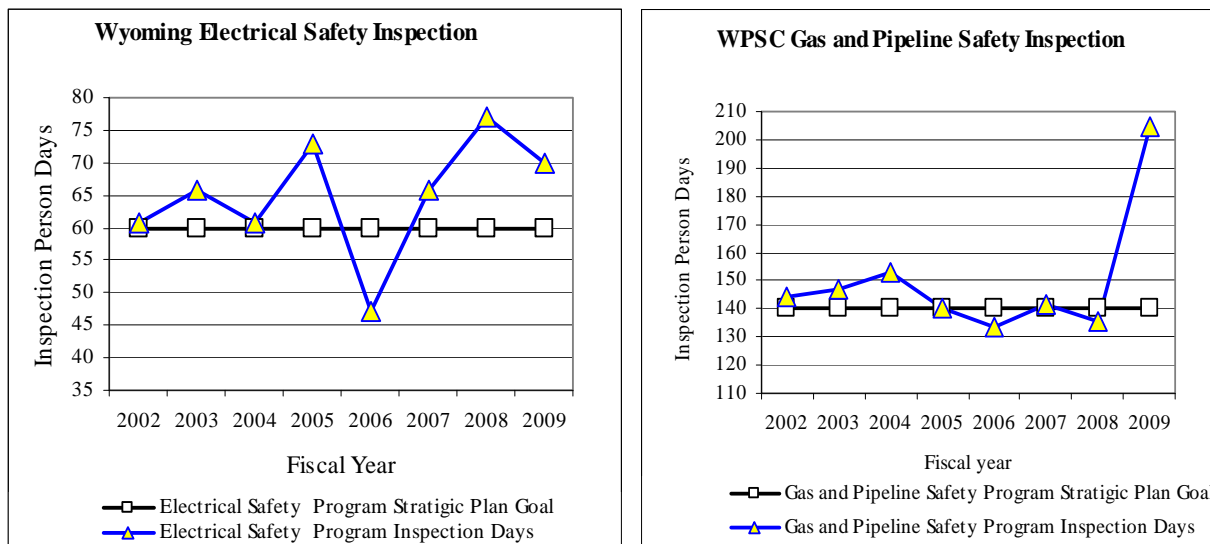
The Wyoming Universal Service Fund (WUSF) was created in 1995 by the Wyoming Legislature to assist customers with high rates for basic local exchange service. Telecommunications companies receive payments from the WUSF, after any contributions from the federal Universal Service Fund (FUSF), to insure that customers pay no more than 130% of the statewide average basic local exchange rate. WUSF appears as a monthly credit on customer bills. 100% of the eligible lines in Wyoming receive WUSF support.

The overall number of lines eligible for WUSF support fluctuates with changes in FUSF support levels. Program administration has also been affected by improvements in technology. Companies now commonly provide services and service “bundles” which are substantially more diverse than the “essential telecommunications services” defined by statute 1995. As a result, it has become more difficult to judge what lines are eligible for support and to determine what service offerings qualify as essential. Audits of the WUSF and of one company’s handling of FUSF have raised additional issues.

**Proposal to Improve Performance over the Next Two Years**

- Resolve issues regarding the content of eligible service offerings, the accuracy of line counts submitted by service providers, and other lesser issues identified in recent audits. Continue monitoring the federal universal service support each Wyoming company receives so that federal support is properly accounted for in determining any necessary WUSF support. Budget Impact: No/low impact to existing budget.

**Performance Measurement #5 - Federal Pipeline Safety Program [annually audited performance] and Electrical Utility Inspection Activity.**



State fiscal years ending 6/30

**Story Behind the Performance**

The WPS conducts natural gas pipeline safety inspections as an agent of the US Department of Transportation’s Pipeline and Hazardous Material Safety Administration, Office of Pipeline Safety (PHMSA) under a Grant-in-Aid program. Under state law, the WPS inspects electric utility facilities in Wyoming. Our inspection programs aid in ensuring Wyoming consumers of natural gas and electric services have access to safe, adequate and reliable service. Citations for noncompliance with the applicable laws, rules, codes and standards are issued to utilities and intrastate pipeline operators. The WPS works with the utilities and pipeline operators to ensure prompt correction of violations.

**Natural Gas:**

In its pipeline safety program, the WPS inspects facilities, operator qualification, substance abuse prevention programs, integrity management and conducts public awareness audits. In turn, PHMSA conducts annual audits and certification procedures to ensure our inspection

program meets its requirements for the number of inspection days, the regular inspection of all utilities and pipeline operators, the timeliness and accuracy of information provided to PHMSA and the number and type of specialized inspections conducted. The audit score and the annual PHMSA certification scores combine to produce a total program score which determines the amount of federal Grant-in-Aid funding the WPSC receives to offset costs of our natural gas pipeline safety program. PHMSA has informed us (and other state inspection programs) that future audits and certifications will look deeper into the Pipeline Safety Program, making it more difficult to achieve a perfect score of 100. PHMSA will implement this heightened level of scrutiny because it is now possible to receive a higher percentage of federal funding for state programs under the Pipeline Inspection, Protection, Enforcement, and Safety Act of 2006 (PIPES Act). In three of the four most recent fiscal years, the WPSC received perfect scores (100) on its PHMSA audit, and it received 99 of 100 points in 2006.

### **Electric:**

Our electric utility inspection program is undertaken pursuant to Wyoming law. The program plans for a minimum of 60 days per year in the field inspecting jurisdictional utilities, including the examination of outdoor facilities. Our inspections focus on safety and reliability in compliance with the National Electrical Safety Code, American National Standards Institute and Institute of Electrical and Electronics Engineers standards, WPSC rules, and good utility practice. (The WPSC is the official interpreting authority for the National Electrical Safety Code in Wyoming.) Given the substantial size and scope of electric utility facilities in Wyoming and even considering the continued growth Wyoming is experiencing, all areas are still inspected on a three year rotational schedule.

### **Proposal to Improve Performance over the Next Two Years**

- Meet or exceed minimum inspection requirement of the Gas and Pipeline Safety Program 153 person days of inspection per year and the WPSC goal of 60 person days per year of electrical safety inspection. A person day is defined as eight hours of inspection-related activity, including physical inspections of utility or pipeline facilities, records reviews, operator and utility operational procedure reviews, incident investigation and related activities.

Budget Impact: No/Low impact to existing budget.

- Institute Distribution Integrity Management inspections for local natural gas distribution utilities. In the second half of Calendar Year 2009, PHMSA is expected to finalize new integrity management rules addressing the reliability and safety aspects of natural gas distribution systems, as required by the PIPES Act. Because these rules impose new requirements on jurisdiction natural gas public utilities in Wyoming, the WPSC has been working with distribution utilities to prepare for the new rules.

Budget Impact: No/Low impact to existing budget.

Refine Pipeline Safety Inspection Tracking Matrix to account for the number of specialized inspections and the number of specialized inspection days. These inspections cover PHMSA requirements not included in normal standardized inspections, including Operator Qualification, Drug and Alcohol Programs, Integrity Management Programs and any additional requirements added by PHMSA.

Budget Impact: No/Low impact to existing budget.