

# Wyoming Public Service Commission

## FY2019-2022 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 businesses and communities to adapt and thrive.

### Wyoming Public Service Commission (WPSC) 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:** The general statutory authority for the WPSC is found in Wyoming Statutes, Title 37, Chapters 1, 2, 3, 6, 12, 15, 16, & 17. The WPSC has the following three budgetary divisions to accomplish its statutory responsibilities:

[1] “Administration Division” includes the core of the WPSC office that is authorized to regulate monopoly utility rates, services, geographic territory, safety, reliability, quality of service and financing. The purpose of the Administration Division is to ensure Wyoming utility customers have safe, adequate and reliable utility service at reasonable prices and Wyoming utility companies are provided the opportunity to recover prudently incurred expenses and earn a fair return on investment. The WPSC serves residential, commercial and industrial customers of jurisdictional natural gas, electric, telecommunications, water, and pipeline companies in Wyoming.

[2] The Office of Consumer Advocate (OCA) is authorized by Wyo. Stat. §37-2-401 through 404. The OCA is required to represent the interests of Wyoming citizens and all classes of utility customers in matters involving public utilities. In the exercise of its powers, the OCA is required to consider all relevant factors, including, but not limited to, the provision of safe, efficient and reliable utility services at just and reasonable prices.

[3] The Wyoming Universal Service Fund (WUSF) and its administration and management is authorized by Wyo. Stat. § 37-15-501 through 502. All telecommunications companies must contribute to the WUSF and are entitled to receive distributions from the fund (to be credited to customers) to the extent local exchange service prices, after consideration of any contributions from the federal Universal Service Fund (FUSF), exceed the \$30 imputed price benchmark or an

optional method of fund disbursements whereby a company can elect to receive WUSF support to the extent that its loop costs exceed the company's FUSF funds receipts and annual local revenues .

**Funding:**

The WPSC's 2017-2018 Biennium Budget appropriation is \$16,782,983, which provides for the operation of the agency. The proposed budget for FY2019-2020 is anticipated to be \$16,612,361 (Administration - \$7,929,023 and Office of Consumer Advocate - \$2,010,266) and funding and administration of the Wyoming Universal Service Fund (\$6,673,072). Almost 95%, or \$6,323,780, of the WUSF budget are funds received by the fund manager and redistributed to the telecommunications carriers who provide service in high cost areas. Of the total agency appropriation, \$9,579,289 comes from an assessment (limited to 3 mills) on gross intrastate retail revenues from utility service and commodity providers; \$6,652,072 from the Wyoming Universal Service Fund assessment on retail sales of intrastate telecommunications services; \$21,000 from interest earned on the universal service account average balance; and \$360,000 from federal grants to support the pipeline safety program and One Call of Wyoming.

The WPSC is authorized 37 full time positions, six of which are OCA positions with the WUSF having the equivalent of one full time position.

**Primary Functions:**

Regulation	Exercise general and exclusive jurisdiction over public utilities, including oversight of rates and services; safety, reliability, service territories, and quality of service.
Public Outreach	Facilitate consumer participation and maximize transparency in utility hearings, promote understanding of utility regulation, regulatory policies and maintain Commission awareness and understanding of utility issues confronting citizens throughout the State.
Administration	Management of Agency & Wyoming Universal Service Fund.
Advocacy	Represent Wyoming and its citizens at the regional and national levels.
Inspection	Safety aspects of Wyoming intrastate natural gas pipelines, gas distribution facilities and electrical facilities.

**Performance Objectives for FY2017-2020:**

**Objective 1: Major Case Administration**

**Story Behind the Objective**

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; implement or revise service offerings and operating rules; revise or enlarge service territories; and issue securities or incur new debt (electric and natural gas utilities).

These actions are accomplished primarily through staff analysis and presentations by utilities at open meetings or in trial-type contested case proceedings. During these proceedings, the

Commission considers and rules on each application to ensure Wyoming ratepayers receive safe, adequate and reliable utility service at just, reasonable and nondiscriminatory rates while allowing the utilities to recover prudently incurred expenses, provide and maintain a safe, adequate and reliable system and have a reasonable -- but not guaranteed -- opportunity to earn a fair return on its infrastructure investment.

Each WPSC decision requires a written order applying utility law to the facts of the case. All WPSC decisions are subject to review by the courts. Decisions in contested cases with intervening parties normally require public hearings and an opportunity for public comment. Many of the matters that proceed to a full contested case hearing must be completed and the order issued within a 10-month statutory time constraint.

### **Performance Proposal for the Next Two Years**

- Continue to maintain and improve regular internal processes with respect to complex utility applications, allowing the WPSC to issue public notices promptly, hold a scheduling conference within 45 days of the initial application, and ultimately, schedule and conduct all matters, including the pre-hearing conference and public hearings, within eight months.
- Maintain the ability to provide cost-effective continuing education and training for agency professional staff on topics of regulatory concern to ensure their ability to conduct thorough and timely analysis of all utility applications that come before the WPSC.

### **Objective 2: Electric Utility Issues**

#### **a. Story Behind the Objective**

Monitor and analyze Regional Transmission Organizations (RTO) and Independent System Operators (ISO) to increase the level of understanding and expertise in anticipation of utility applications related to joining an RTO or ISO. These include the California Independent System Operator (CAISO), and Mountain West Transmission Group's (MWTG) interest in joining the Southwest Power Pool (SPP). Primarily, the analysis will pertain to resource adequacy, reliability assurances, transmission planning, governance and market operation in addition to investigating how a jurisdictional utility's joining an RTO could potentially affect Wyoming consumers.

#### **Performance Proposal for the Next Two Years**

- Conduct analysis on the potential effects of specific RTO and ISO operations on Wyoming ratepayers prior to and in conjunction with utility applications.
- Increase the WPSC knowledge and expertise in the operation of RTOs and ISOs.

#### **b. Story Behind the Objective**

Rocky Mountain Power's (RMP) jurisdictional cost allocation project includes discussions and negotiations between RMP, and the states of Wyoming, Idaho, Washington, Utah and Oregon for a new interjurisdictional allocation methodology. WPSC staff will meet with these stakeholders to discuss and negotiate possible solutions to the interjurisdictional cost allocation methodology after 2019. WPSC staff will represent the interests of Wyoming, and its ratepayers during these negotiations.

### **Performance Proposal for the Next Two Years**

- Participate and take an active role in stakeholder negotiations regarding the interjurisdictional allocation methodology post 2019.
- Provide proposals to stakeholders and conduct analyses of various proposals by stakeholders to ensure the negotiations and resulting agreements are in Wyoming ratepayers' best interests.

### **Objective 3: Telecommunications**

#### **Story Behind the Objective**

Wyoming Statutes, Title 37, Chapter 15 is known as the “Wyoming Telecommunications Act.” The Legislature enacted the Wyoming Telecommunications Act (Act) in 1995 to assist Wyoming telecommunications customers. The Act preceded the federal Telecommunications Act of 1996, establishing Wyoming as a leader in Telecommunications regulation reform. The 1995 Act established cost based pricing<sup>1</sup> of telecommunications services, the Wyoming Universal Service Fund (WUSF), definitions for competitive and noncompetitive services, criteria for competitive designations, and prohibitions against cross subsidies between services. As specifically stated in the Act, its intent is to ensure that essential telecommunications services are universally available, encourage new infrastructure, facilities, products and services, recognize the increasing competitiveness of the telecommunications industry and the benefits of competition, provide a transition from rate of return to competitive markets, and to maintain affordable and essential telecommunications services. The sunset date of the Act has been extended several times since its inception in 1995, and is set to sunset again on June 30, 2019, unless the Legislature again extends the sunset date.

### **Performance Proposal for the Next Two Years**

- Monitor carrier compliance with Commission Orders as a result of the quality of service investigations in rural areas.
- Monitor the Joint Corporations Committee meetings regarding the sunset of the Act and provide the Committee any requested information.

### **Objective 4: Pipeline Safety Program & Utility Inspection Program**

#### **Story Behind the Objective**

Wyo. Stat. § 37-3-114 provides the WPSC authority to inspect electric utility facilities in Wyoming. Pursuant to Wyo. Stat. § 37-2-131, the WPSC has safety jurisdiction over certain transmission lines associated with wind generation facilities located in Wyoming. The WPSC also conducts natural gas safety inspections pursuant to Wyo. Stat. § 37-2-128 and § 37-2-131 as an agent of the U.S. Department of Transportation’s Pipeline and Hazardous Material Safety Administration (PHMSA) under a Grant-in-Aid program. The inspection programs ensure that Wyoming consumers of natural gas and electricity have access to safe, adequate and reliable service. Citations for noncompliance with the applicable laws, rules, codes and standards are

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<sup>1</sup> Cost based pricing as mandated by the 1995 Act meant prices that recover total service long-run incremental cost (TSLRIC). TSLRIC approximates the long-run marginal cost of providing service. TSLRIC is the total forward-looking marginal cost of providing a service, using least cost technology, divided by the number of units of production.

issued to utilities and intrastate pipeline operators. The WPSC works with the utilities and pipeline operators to ensure prompt correction of violations.

### **Performance Proposal for the Next Two Years**

- Address PHMSA’s Inadequacy Determination for Wyoming’s Excavation Damage Prevention Law Enforcement Program issued in December 2016.
  - Work with the Attorney General’s Office, Office of Homeland Security and One Call of Wyoming to address excavator damage enforcement issues.
  - Work with One Call of Wyoming, Attorney General’s Office, and other affected stakeholders to identify any changes needed to the current excavator damage enforcement statutes. If necessary, discuss potential statutory amendments for legislative consideration.
- Meet or exceed PHMSA’s minimum inspection day requirement for the Gas and Pipeline Safety Program each year (currently at 242 inspection days) and the WPSC goal of 70 days per year of electric utility safety inspection.
- Score 95 or better on the annual PHMSA pipeline program audits.
- Utilize the Commission’s Service Interruption Data Base to focus inspection activity more efficiently on areas where reliability or safety issues need prompt attention.

### **Objective 5: Cybersecurity & Critical Infrastructure Protection**

#### **Story Behind the Objective**

Survey regulated utilities to update the WPSC on their activities to address cybersecurity threats and improve grid reliability. Reports of cyber-attacks are becoming more common in the news. Attacks against the energy sector represent a significant portion of the total number of reported attacks, more than any other industry. How serious are the cyber threats to our country’s essential utility infrastructure, such as electricity, natural gas, water and telecommunications? The WPSC began an effort to inform itself on the cybersecurity policies, procedures and programs of the utilities it regulates in 2013. The WPSC needed to develop a knowledge and understanding of cybersecurity issues and what utilities are doing to stay current in their cyber abilities. This in an ever-evolving area with new threats constantly arising. Protecting the utility critical infrastructure from cyber or physical attacks is of vital importance to ensure the energy sector’s ability to continue to provide utility services in the event of such an attack, or to prevent such an attack from occurring.

### **Performance Proposal for the Next Two Years**

- Conduct a follow-up survey of regulated utilities, obtaining updated information on their cybersecurity policies, procedures, and programs.
- Actively participate in a working group to promote grid security and develop contingency plans to mitigate the impact of a prolonged grid failure.

### **Objective 6: WPSC Participation in Organizations Affecting Consumers & Utility Customer Outreach**

### **Story Behind the Objective**

The WPSC actively participates in national and regional discussions of issues affecting Wyoming public utilities and their customers. Wyoming Commissioners serve on the National Association of Regulatory Utility Commissioners (NARUC) Electricity Committee, the NARUC Gas Committee, the NARUC Subcommittee on Pipeline Safety, the NARUC Subcommittee on Clean Coal and Carbon Management, the NARUC Energy Resources and the Environment Committee, and as the Wyoming representative to the Western Electricity Coordinating Council (WECC). Commissioners and staff also participate in CREPC (Committee for Regional Electric Power Cooperation), NTTG (Northern Tier Transmission Group), and WIEB (Western Interstate Energy Board). Staff members serve on several NARUC subcommittees. One staff engineer is on the WECC Council Standards Committee. The WPSC's Engineering Supervisor serves on the National Association of Pipeline Safety Representatives (NAPSR) Board of Directors and NAPSR's Legislative and Gathering Lines Committees, and its Control Room Management Task Group.

The WPSC assists consumers with complaints against utilities, some of which require public hearings. Over the past five fiscal years (FY2013 through 2017), the PSC processed an annual average of 271 complaints against utility companies, resolving over 99% each year through mediation without formal hearings. WPSC efforts resulted in consumers receiving credits and refunds of over \$2,700 during FY2015.

### **Performance Proposal for the Next Two Years**

- Continue processing of complaints with the goal of resolving 95% of informal complaints within 30 days of receipt.
- Ensure WPSC participation in regional and national forums on issues affecting Wyoming that concern utility regulation (electricity and natural gas) is done in a cost effective manner and is beneficial to Wyoming consumers. Actively participate in national and regional organizations that develop regulatory policy.
- The WPSC will take an active role in regional and national actions that strengthen Wyoming's utility infrastructure reliability and capabilities and add value to Wyoming's natural energy resources.
- Complete modernization of the Commission Hearing Room with its transition to an electronic, paperless environment. Enhance the agency's existing Docket Management System (DMS) to include hearing documents for electronic display in the hearing room and increase agency capability to use electronic documents during hearings and other proceedings through use of tablets, a projector and electronic display technology for concurrent display of exhibits. These modifications and additions will improve efficiency and benefit ratepayers through increased opportunities for participation and transparency in Commission hearings and ultimately lower overall cost of Commission proceedings.