

Wyoming Public Service Commission (WPSC)
Fiscal Year 2011 Annual Report
November 30, 2011

General Information:

Commissioners: Chairman Al Minier
Deputy Chairman Steve Oxley
Commissioner Kathleen “Cindy” Lewis

Agency Contact: Darrell Zlomke, Commission Administrator

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Cheyenne, WY 82002

Web Address: <http://psc.state.wy.us>

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

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

Budget Information: Expenditures for FY11 –	Administration:	\$3,129,250
	*ARRA DOE Grant:	\$224,919
	Office of Consumer Advocate:	\$778,074
	Wyoming Universal Service Fund:	<u>\$3,479,045</u>
	Total:	\$7,611,288

* The WPSC received a grant from DOE under the ARRA to supplement PSC efforts in the area of electricity-related dockets and planning. This grant was awarded in October 2009; WPSC work under this grant began in February 2010.

Meeting Frequency: The WPSC holds open meetings approximately twice a week and conducts public hearings as needed.

Name of Department: Wyoming Public Service Commission

Reporting Period: FY 2011 (July 1, 2010, through June 30, 2011)

Wyoming Quality of Life Result:

- 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.

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.
- The Commission facilitates 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:

Divisions: The WPSC's divisions are Administration (PSC), Office of Consumer Advocate (OCA), and Wyoming Universal Service Fund (WUSF). It is authorized 38 full time positions, two of which are ARRA DOE grant funded positions, while six positions are assigned to the OCA.

Budget Information: Amount Appropriated for FY11

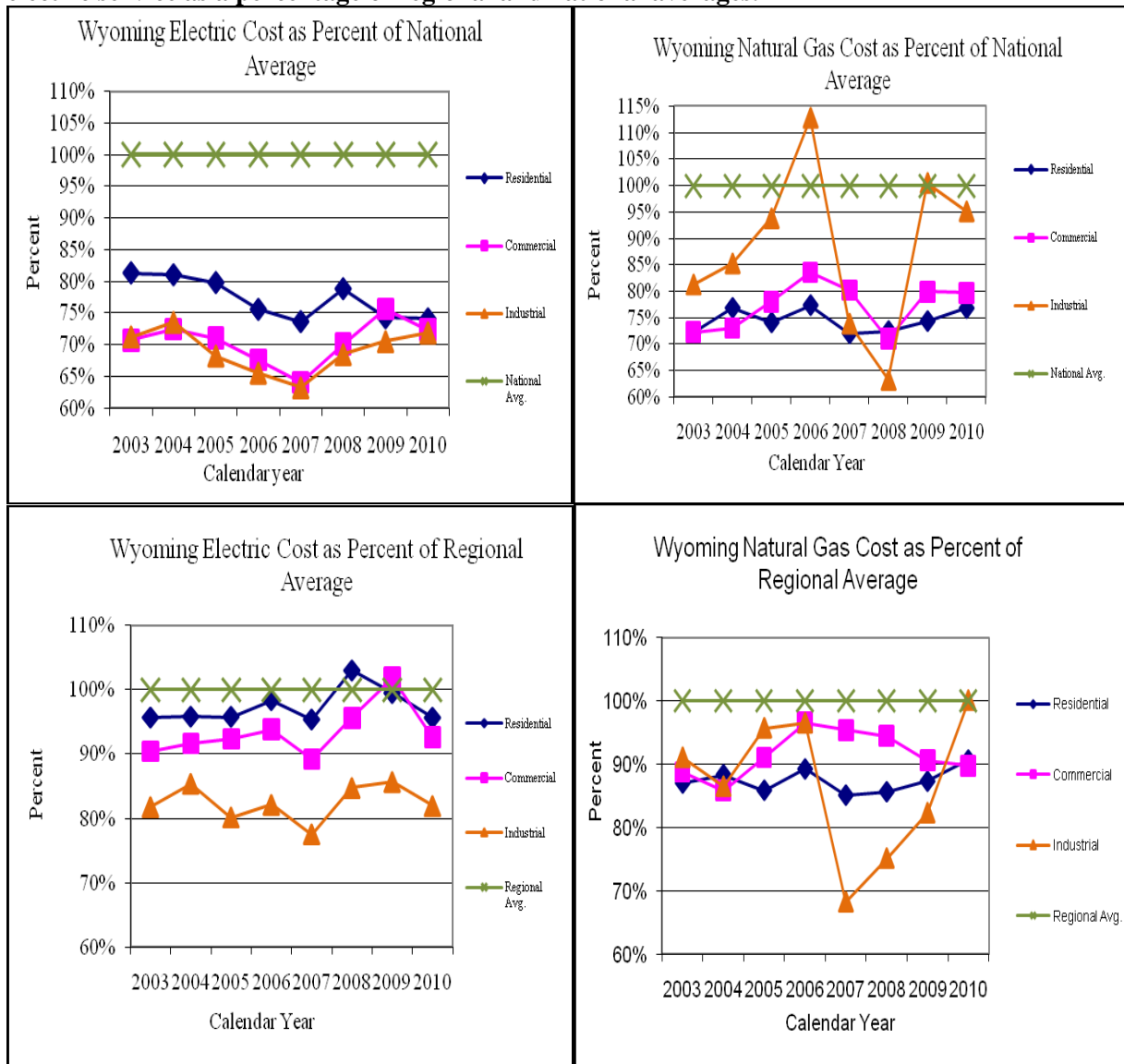
Administration:	\$3,430,032
ARRA DOE Grant:	\$245,000
Office of Consumer Advocate:	\$911,983
Wyoming Universal Service Fund:	<u>\$3,534,907</u>
Total:	\$8,121,922

Primary Functions:

- 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 citizen viewpoints and engage with them on utility issues confronting consumers throughout Wyoming.
- 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, natural gas distribution facilities and electrical facilities.

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 Last Year's Performance:

Over the last year, Wyoming consumers paid for natural gas and electric service at average rates lower than those paid by consumers elsewhere in the region and the nation. The exception is Wyoming natural gas industrial customers paid \$0.01/Dth (Decatherm) more than the DOE Energy Information Administration (EIA) sample of industrial customers nationally. During 2010, residential consumers paid an average of 8.62¢/kWh for electricity and \$8.60/Dth for natural gas. This is less than the national average of 11.64¢/kWh and \$11.20/Dth and the regional average of 9.02¢/kWh and \$9.49/Dth. Wyoming commercial and industrial customers' utility costs have generally continued to average less than national and regional rates. The WPSA does not regulate the metered energy and demand rates of rural electric cooperatives which have opted out of this facet of regulation. All cooperatives eligible to opt out under 2010's Title 37, Chapter 17, have done so.

What Has Been Accomplished:

The Commission reviewed numerous natural gas and electric commodity cost applications in FY11 to ensure requested cost changes reflect the most reasonable option practically available to the utility for safe, adequate and reliable service to Wyoming customers. During FY11, Commission staff analyzed, in depth, 48 commodity cost pass-on applications, 5 general rate case applications, 75 applications for certificate authority, 94 tariff filings and 101 other cases. The Commission, through applicant presentations and staff analyses at open meetings or in contested case proceedings, reviewed the reasonableness of each application to ensure Wyoming ratepayers receive utility service at fair and nondiscriminatory rates which allow the utility to cover its prudent expenses, maintain a safe, adequate and reliable system and have a reasonable -- but not guaranteed -- opportunity to earn a fair return on its infrastructure investment.

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 Last Year's 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 Western Electricity Coordinating Council (WECC), the State/Provincial Steering Committee, 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), the National Association of Pipeline Safety Representatives (NAPSR) and other regional and national associations where emerging utility issues and initiatives to address these issues are formulated. The WPSC undertakes initiatives to educate the consuming public about commodity pricing, energy conservation and other issues that could have significant effect on their utility bills.

What Has Been Accomplished:

The WPSC has actively participated in regional issues affecting Wyoming that concern utility regulation. Commissioners and staff have been actively involved in the PacifiCorp (Rocky Mountain Power) Multi-State Process, the collaboration among four of the states where the company operates, to ensure inter-jurisdictional cost allocation assigns to Wyoming ratepayers only their fair share of costs for utility service. An application to amend the protocol that dictates how costs will be allocated among the states was heard by the Commission and approved; this amended protocol will guide cost allocation for the next five years. One Commissioner is chair of the Grid Utilization Work Group within the State/Provincial Steering Committee involved with new technology, renewable resource integration and transmission planning in the Western Interconnection and is the incoming regulatory Chair of the NTTG Steering Committee that is working on transmission planning in Wyoming and the surrounding states. In addition, Commissioners have regularly attended NARUC meetings and one Commissioner along with four staff members attended the WCPSC annual conference in Colorado.

The WPSC has continued to focus on increasing outreach opportunities throughout Wyoming communities to educate utility consumers regarding energy conservation, weatherization and energy assistance programs and to solicit public input on telecommunication service quality and reliability issues. One Commissioner made a presentation at the AARP sponsored Energy Saver Workshop in the fall of 2010 and discussed heating cost predictions for the upcoming winter season. In FY11, the WPSC initiated gathering data on the three telecommunications dockets that were opened during FY10. The

agency collected service quality data specific to location and customer. The WPSC continued to update and analyze the data to include service quality information and bill credits to customers.

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

Story Behind Last Year's Performance:

Of the general rate applications filed and processed in FY11 that were contested and required public hearings, the public hearings and issuance of final decisions were rendered by the statutory ten month deadline. The number of general rate applications filed in FY11 (5) was greater in FY10 (4). Four of the five general rate applications in FY11 were contested and proceeded to public hearing, whereas three of the four FY10 general rate applications required public hearing. The average time from the filing of the application to the date of the public hearing for FY11 general rate filings was 216.5 calendar days (7.2 months) as compared to 198 calendar days (6.6 months) for FY10 general rate filings. In FY11, the WPSC processed 48 pass-on applications requesting increases or decreases in rates to reflect the recovery of actual cost incurred by the utility in obtaining the wholesale commodity supply necessary to serve its customers. These applications, which are more limited in scope than general rate applications, were processed and brought before the Commission for final action at open meeting within an average of 16.9 business days of filing. In FY10, the WPSC reviewed 45 pass-on applications and took final action at open meeting within an average of 18 business days after filing. The average time for review and final action on 57 pass-on applications in FY09 was 17.1 business days.

What Has Been Accomplished:

The WPSC has implemented internal processes for expedited noticing of utility filings, setting scheduling and prehearing conferences, and holding public hearings in contested cases to allow adequate time for Commission deliberation and issuance of final orders. Public notices for general rate applications filed in FY11 were issued, on average, within 14.6 calendar days of the filing of the application. Scheduling conferences were held, on average, within 99.3 calendar days of the application filing; and prehearing conferences were held, on average, within 187 calendar days (6.2 months) of the application filing. In FY11, the average time from the date of the filing of the application to the date of the public hearing was 216.5 calendar days (7.2 months). This 7.2 month average performance bettered the target time of eight months, allowing the WPSC additional time to prepare for public deliberations and issuance of final orders.

During FY11, the WPSC complaint staff closed 504 complaints and requests for information, 94% of which were resolved within 60 days and 89% of which were resolved within 30 days. Of the 522 matters the WPSC received in FY11, 83 were information requests. At the end of FY11, only 18 matters, all complaints, were still pending. Complaints concerned mainly natural gas, electric and telephone utilities; and a majority related to billing matters or utility rates, tariffs and procedures.

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



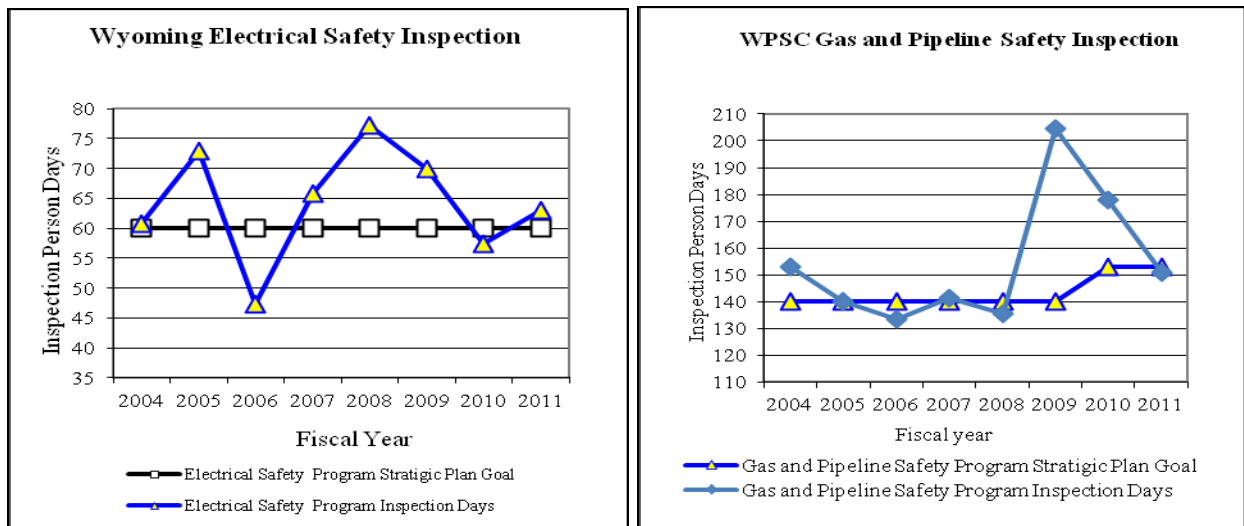
Story Behind Last Year’s Performance:

The WUSF assists customers with high rates for basic local exchange service. Telecommunications companies receive payments from the WUSF, after considering any contributions of federal universal service support, to ensure customers pay no more than 130% of the statewide average monthly basic local exchange rate. By law, the WUSF is funded through an assessment on all retail intrastate telecommunications service revenues of wireline and wireless service providers. The WUSF Fund Manager evaluated the rules governing the fund and calculated the fund for this fiscal year equitably across all eligible carriers. The fund manager continues to assess the accuracy of the data submitted by the companies in calculating the statewide average and 130% benchmark.

What Has Been Accomplished:

One hundred percent of the eligible lines in Wyoming receive WUSF support. The chart above shows the number of access lines eligible for support has remained constant over the past couple of years. The assessment rate of 1.2% on intrastate telecommunications service has remained constant. No telecommunications customer in Wyoming pays more than 130% of the statewide average for essential voice services.

Performance Measurement #5 - Annual Federal Pipeline Safety Program audit performance and electric utility inspection performance.



Story Behind the Performance

The Wpsc 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 Wpsc 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 Wpsc works with the utilities and pipeline operators to ensure prompt correction of violations.

In its pipeline safety program, the Wpsc 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, regular inspection of all utilities and pipeline operators, 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 the natural gas pipeline safety program. The Pipeline Inspection, Protection, Enforcement, and Safety Act of 2006 authorized PHMSA to reimburse states for up to 80% of pipeline safety program expenses. With the additional funding, there is also more scrutiny of the program results and achieving a perfect score of 100 will be more difficult. The Engineering Section is changing its procedures and practices to meet the increased expectations from PHMSA.

Our electric utility inspection program is undertaken pursuant to Wyoming law. The program plan calls for a minimum of 60 days per year of field inspection of jurisdictional utilities, including the examination of outdoor facilities. Inspections focus on safety and reliability, 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 considering the continued growth Wyoming is experiencing, all areas are still inspected on a three year rotational schedule, with more frequent inspections when problems are identified.

What Has Been Accomplished:

In FY11 the Commission’s Facility Engineering Section conducted 150.75 days of natural gas inspection activity or 98.5% of the 153 inspection day goal. The Section inspected all jurisdictional natural gas pipeline operators, natural gas utilities, liquid natural gas operators and liquid propane gas systems. Some

inspections previously scheduled for the second half FY10 were moved to the first part of FY11 due to increased staff involvement in assisting PHMSA with Control Room Management Rule implementation. The section will more than meet the 153 inspection day goal for FY12 due to increased inspection activity for pipeline control rooms and Distribution Integrity Management Program inspections. These new rules became effective in August 2011 and will require additional inspection activity.

During the annual audit and certification process, the Natural Gas Pipeline Safety Program achieved a score of 100%; the PSC has been awarded a Grant-in-Aid of 80% of approved expenses for the Calendar Year 2011.

In FY11, the Facility Engineering Section conducted 63.1 days of electrical utility inspections or 105% of the 60 day goal. Additionally, we were able to provide six days of additional training for the Commission's new Electrical Engineer.

Performance Measurement #6 - Use the ARRA DOE grant to increase WPSC capabilities in electricity initiatives and issues such as energy efficiency, smart grid applications, and infrastructure development through development of new staff members and enhanced training of existing staff.

Story Behind Last Year's Performance:

The WPSC received a grant from the U.S. Department of Energy (DOE) under ARRA in late October 2009. The objectives of the grant are to increase the capacity of the WPSC to manage an increase in dockets and other regulatory actions resulting from ARRA electricity-related issues, facilitate timely consideration by the WPSC of regulatory actions pertaining to ARRA electricity-related topics and to create jobs. The grant provides funds for three years for two additional WPSC staff members as well as training in electrical matters for all staff members. Electricity-related ARRA topical areas include energy efficiency, electricity-based renewable energy, smart grid, energy storage, demand response, coal with carbon capture and storage, and transmission and emerging transmission technologies.

What Has Been Accomplished:

In FY11, the WPSC has sent 11 staff members to electricity-related training and had one or more Commissioners and nine staff members attend conferences where electricity-related matters were a significant part of the agenda. All of this continuing education was funded by the ARRA grant. The two staff technical staff members hired under the ARRA grant were involved in eighteen separate electric utility filings during FY11; these cases included certificate applications to build electric transmission substations, energy efficiency/demand side management applications, and general rate case applications. In addition, these individuals continue their work on the three WPSC planning dockets in which it will conduct investigations of several electric topics: [i] to investigate the development of transmission infrastructure including an analysis of congestion issues, cost allocation for multi-state projects, and integration of renewable resources into the grid; [ii] to study the accounting practices and protocols for energy efficiency programs used by regulated utilities; and [iii] to investigate the cost effects on ratepayers of federally-imposed reliability standards that mandate how electric utility transmission systems are operated.

Wyoming Public Service Commission (Dept. 023)

