

**Wyoming Public Service Commission (WPSC)**  
**Fiscal Year 2008 Annual Report**  
**August 26, 2008**

**General Information:**

**Commissioners:** Chairman Kathleen “Cindy” Lewis  
Deputy Chairman Steve Oxley  
Commissioner Mary Byrnes

**Agency Contact:** Harry Ivey, Commission Administrator

**Telephone No.:** (307) 777-7427

**Address:** 2515 Warren Ave., Suite 300  
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:** All Wyoming residential, commercial and industrial consumers of jurisdictional electric, natural gas, telecommunications, water and intrastate pipeline services are served by the Wyoming Public Service Commission.

<b>Budget Information:</b> Expenditures for FY08 –	Administration:	\$2,908,053
	Office of Consumer Advocate:	\$758,764
	Wyoming Universal Service Fund:	<u>\$2,790,792</u>
	Total:	\$6,457,609

**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 2008 (July 1, 2007, through June 30, 2008)

**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 36 full time positions, six of which are assigned to the OCA.

<b>Budget Information:</b> Amount Appropriated for FY08 –	Administration:	\$2,983,035
	Office of Consumer Advocate:	\$831,841
	Wyoming Universal Service Fund:	<u>\$2,790,792</u>
	Total:	\$6,605,668

**Primary Functions:**

Regulation: Rates, services; safety, reliability, service territories, securities and quality of service of jurisdictional utilities,

Public Outreach: 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.

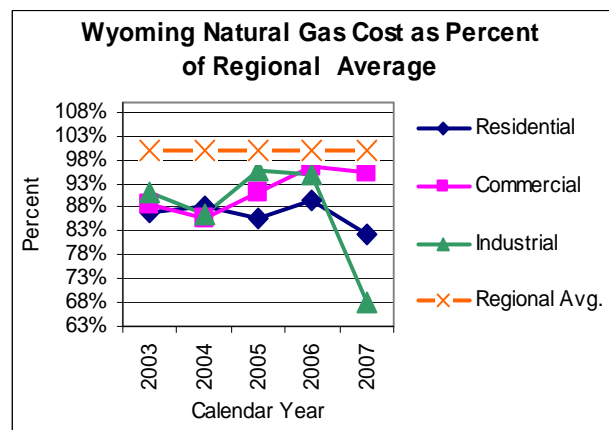
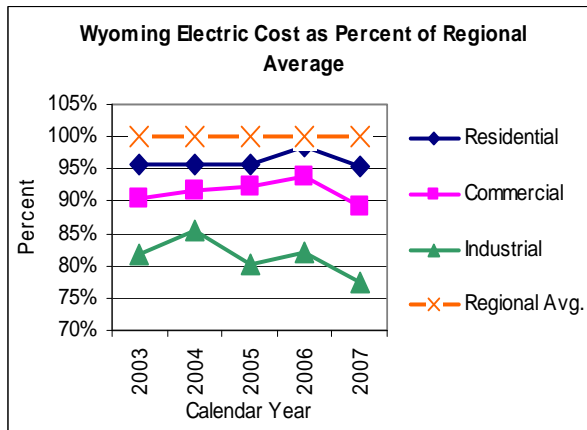
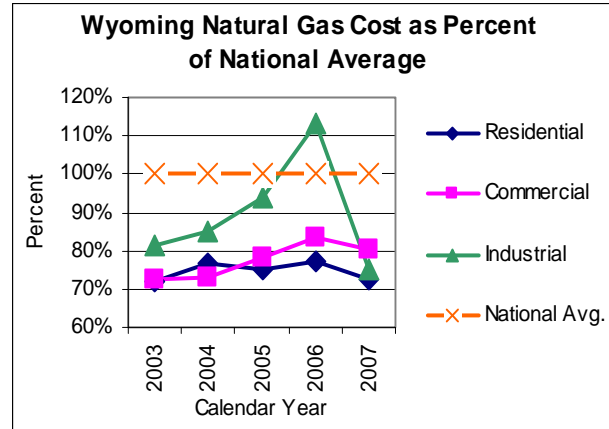
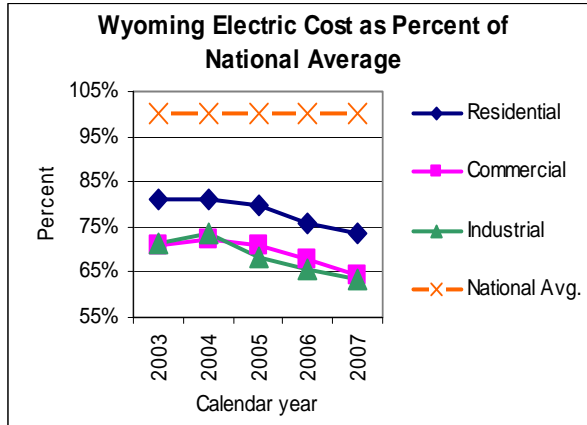
Administration: Management of Wyoming Universal Service Fund.

Advocacy: Representing Wyoming and its citizens at the regional and national levels.

Inspection: Safety aspects of Wyoming intrastate natural gas pipelines and electrical facilities.

## 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 North and South Dakota, Nebraska, Montana, Idaho, Utah, Colorado, Arizona and New Mexico.

### Story Behind Last Year's Performance:

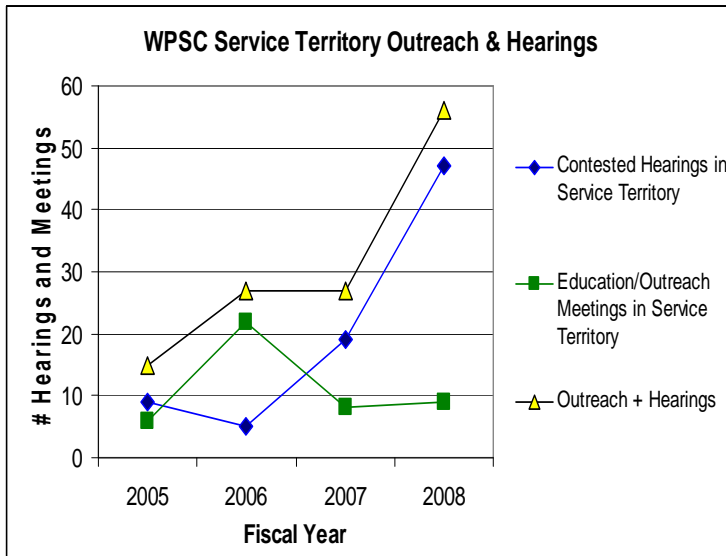
Over the last several years, Wyoming consumers paid for natural gas and electric service at average rates lower than those paid by consumers elsewhere in the region and the nation. During 2007, residential consumers paid an average of 7.83¢/kWh for electricity and \$9.42/Dth for natural gas. This is less than the national average of 10.63¢/kWh and \$13.01/Dth and the regional average of 8.21¢/kWh and \$11.43/Dth. (These national and regional 2007 statistics are preliminary and will not be finalized until October 2007.) Commercial and industrial customers' utility costs are normally less than the national and regional averages.

### What Has Been Accomplished:

The Commission reviewed numerous natural gas and electric commodity cost applications in FY08 to ensure requested cost changes include the most reasonable option practically available to the utility for safe, adequate and reliable service to Wyoming customers. During FY 2008, Commission staff analyzed, in depth, 57 commodity cost pass-on applications and 2 general rate case applications. The Commission, through applicant presentations and staff analyses at open meetings or in contested cases, reviewed the reasonableness of the proposed rates in each application to ensure Wyoming ratepayers receive utility

service at fair and nondiscriminatory rates representative of market prices which still allow the utility to cover its prudent expenses, maintain a safe, adequate and reliable system and have a reasonable opportunity to earn a fair return on its infrastructure investment. Based on recently-enacted legislation, Rural Electric Associations (REAs) may opt out of retail rate regulation by complying with the statutory mandatory opt-out procedures. Sixteen REAs operate in Wyoming. Ten have elected to opt out. Of the remaining six, five are not Wyoming-based, and the final one has not elected to opt out.

**Performance Measurement # 2(a) – Increase opportunities for public participation in contested hearings and greater public understanding of utility consumer issues.**



Source: WPSC docket files and reports, open meeting agendas, and docketing calendars for hearing locations and WPSC reports and open meeting agendas on Commission education and outreach meetings.

**Story Behind Last Year’s Performance:**

An increase in contested case hearings held in the service territories of utilities occurred in FY08 in comparison to prior years consistent with WPSC’s initiative to increase public education and participation in proceedings impacting customer rates and quality and availability of utility service. The opportunities for public participation in contested hearings in a utility’s service area are primarily influenced by the number and nature of the applications filed. The significant increase in the number of contested hearings in the respective utilities’ service areas in FY08 was accomplished through agency utilization of the State’s compressed video network system. Historically, public participation and attendance at hearings held in the service territories of utilities have been minimal. In an effort to encourage participation by members of the public in contested cases and reach a large number of communities, the WPSC utilized the compressed video network hosted out of a Cheyenne site, and expanded its use of radio and newspaper notification. The education/outreach meetings in FY08 focused on quality of service issues and increasing awareness of the WPSC’s statutory obligations.

**What Has Been Accomplished:**

The WPSC has proactively scheduled more contested public hearings in utility service areas where rate increases and other topics of consumer interest are at issue. Twenty-six of the total of forty-seven contested hearings related to the general rate increase and demand-side management filings of Rocky Mountain Power, the largest investor-owned electric utility in the state. Public participation and attendance at the multiple remote video sites for the referenced Rocky Mountain Power filings was minimal. The WPSC also utilized the State’s compressed video network in connecting five communities in SourceGas’ service territory to solicit public comment as part of its investigation into the company’s billing practices. Public participation was nominal but informative and beneficial.

In FY07, (September 1, 2006) the WPSC held public hearings on the Wind River Indian Reservation which had significant public turnout and participation regarding the desire for natural gas service as an alternative to other forms of heating fuel. At the Commission's direction, SourceGas, f/k/a Kinder Morgan, has been providing periodic reports on the feasibility and opportunity of expanding natural gas utility service in the Reservation. In FY08, the WPSC approved a SourceGas filing which provided customer incentives to mitigate the high initial costs of constructing new gas mains and service extension lines to provide utility service in SourceGas' Wyoming service areas.

In FY08, the Commission continued its statewide investigation initiated in FY07 into telecommunications service quality and reliability issues. Public comment hearings were held in Lusk and Wheatland and further public comment hearings throughout the state are scheduled in FY09. Telecommunications customers identified numerous service quality problems and lack of adequate facilities necessary to provide internet and enhanced service offerings. This built on the service quality investigation involving the Wind River Indian Reservation and the Lander/Riverton area.

In FY07, the WPSC opened an investigation on the August 1, 2006, Qwest fiber cut which interrupted "911" service throughout the State for customers of Qwest and other telephone companies relying on Qwest. In FY08, as a result of the investigation, deficiencies in the 911 infrastructure were corrected. The WPSC ordered Qwest to create a "911 Task Force" consisting of interested entities, including, but not limited to, other local exchange carriers, wireless providers and local law enforcement agencies. The initial purpose of the Task Force is to develop a clear and detailed schedule of notification procedures for the Wyoming Office of Homeland Security, Public Safety Answering Points (PSAPs), and local authorities in the event of a disruption of service to an entire or a major portion of a telephone exchange. The Task Force will file its first report to the WPSC in early FY09.

The WPSC hosted educational meetings, technical conferences, seminars and public hearings on utility and energy topics of consumer interest. The WPSC hosted conferences and seminars regarding telecommunications issues with respect to the Wyoming Universal Service Fund (WUSF), and integrated resource planning (IRP) for electric and natural gas utilities.

**Performance Measurement # 2(b) – Increase involvement and participation in regional and national organizations and forums on issues of importance to Wyoming consumers concerning utility regulation, electricity generation and transmission, natural gas transmission and distribution and relevant 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 affecting Wyoming utilities and consumers. The WPSC is an active member of 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), New Mexico State University Center for Public Utilities Advisory Committee and other regional and national associations where emerging utility issues important to Wyoming and ways to address them are formulated.

**What Has Been Accomplished:**

Commissioner and staff participation in NARUC and WCPSC conferences has expanded their knowledge and understanding of energy efficiency issues affecting Wyoming and the west, telecommunications carrier compensation, and new technologies, including telecommunications broadband deployment,

interstate natural gas pipeline and interstate electric transmission construction projects. Commission work in these forums has ensured that Wyoming's positions are represented and Wyoming needs are incorporated into solutions.

WPSC commissioners and staff members serve in national and regional organizations and have made presentations at national and regional conferences on various regulatory issues. A commissioner currently serves as a member of the ROC QPAP audit executive committee and was elected by the Western Conference of Public Service Commissioners to chair the Gas Committee. Another commissioner serves on the NTTG Steering Committee, comprised of Wyoming, Idaho, Montana, Oregon and Utah commissioners and representatives of the major utilities serving in these states. He was elected as the utility commissioner member of the NERC Member Representative Committee and is liaison between the NARUC Electricity Committee and Critical Infrastructure Committee. He also serves as Wyoming's voting representative to NERC. Staff members serve on the NTTG Cost Allocation and Transmission Planning Committees and on the Rocky Mountain Power/PacifiCorp Multi-State Process (MSP) Standing Committee on interjurisdictional cost allocation. Commissioners and staff have attended meetings of NTTG, the Rocky Mountain Power/PacifiCorp MSP Committee, and the Committee on Regional Electric Power Cooperation (CREPC). A staff member is also on the NARUC Subcommittee on Accounting and Finance. WPSC Commissioners made presentations at various forums on topics such as transmission cost allocation and integrated gasification combined cycle (IGCC) technology, including Federal Energy Regulatory Commission workshops on demand response, competitive resource procurement, regulatory process and issues at the Tribal Energy Summit, resource generation confined by CO2 constraints at the Current Issues Conference of the New Mexico State University Center for Public Utilities, open access electric transmission, and climate change symposium held at the University of Wyoming, and the status of Wyoming telecommunications regulation.

**Performance Measurement # 3 - Percentage of written WPSC decisions which were either not appealed or, if appealed, were affirmed by state or federal courts.**

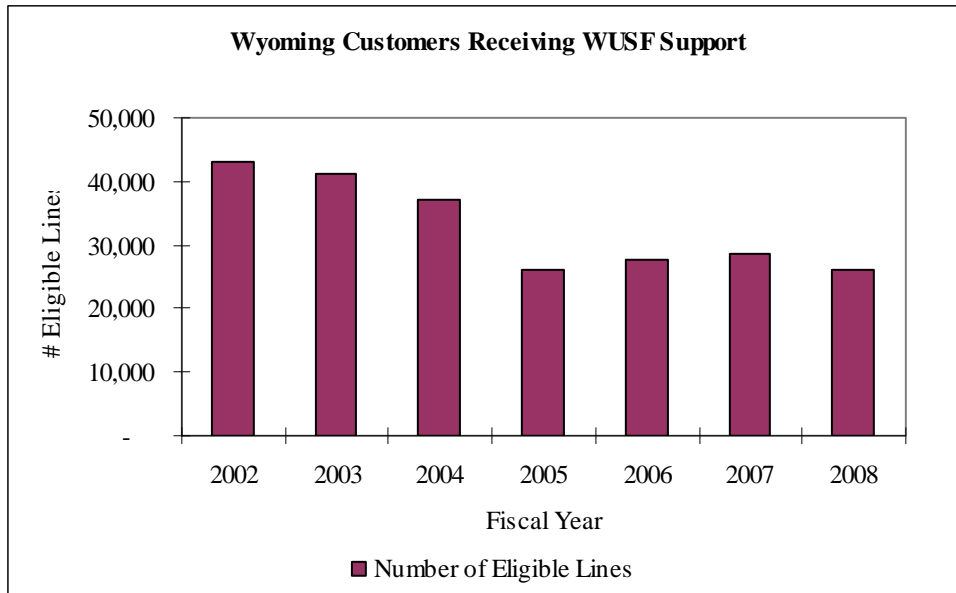
**Story Behind Last Year's Performance:**

The WPSC issued written decisions in FY08 on all cases requiring such disposition. The number of decisions appealed continues to be minimal, with no written decision being overturned by the courts in FY08. One FY07 decision appealed to the Federal District Court is still pending. Two FY08 Commission decisions have been appealed to a Wyoming district court and are pending decision.

**What Has Been Accomplished:**

The WPSC commissioners and commission staff members have attended and have actively participated in administrative law, utility regulation and professional development courses. Commissioners and commission staff have attended and presented at National Association of Regulatory Utility Commissioners (NARUC) and the Western Conference of Public Service Commissioners (WCPSC) annual conferences. Commission staff members have attended the National Conference of Utility Attorneys annual conference, the Wyoming State Bar Annual Meeting and NARUC Subcommittee on Finance & Accounting Standards meetings. Four new staff members attended a professional training seminar on utility regulation over the course of the last year.

**Performance Measurement # 4 - The percentage of eligible local telephone customers (based upon line count) who will receive support payments from the Wyoming Universal Service Fund (WUSF) to obtain telecommunications services at a reasonable price.**



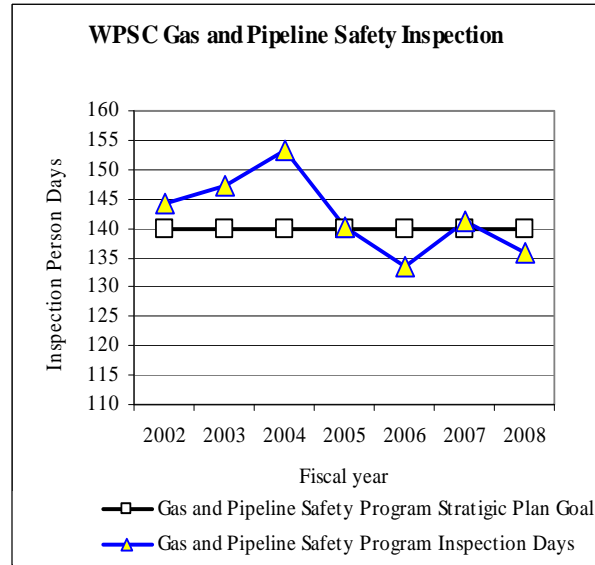
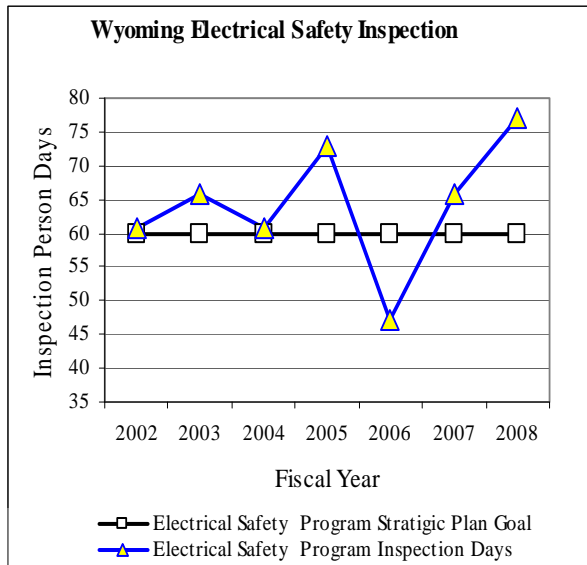
**Story Behind Last Year's Performance:**

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 insure customers pay no more than 130% of the statewide average basic monthly local exchange rate. By law, the WUSF is funded through an assessment on all retail intrastate telecommunications service revenues of wireless and wireline service providers. In February 2008, the management was assumed by a new supervisor. The manager evaluated the rules governing the fund and calculated the fund for this fiscal year equitably across all eligible carriers. Last fiscal year, (FY07), the benchmark was \$32.47. This fiscal year, (FY08), the calculated benchmark is \$33.61. This is an equitable calculation of the benchmark, change in line count and federal universal service support.

**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 which is 26,096. On July 1, 2008, the assessment was set at 1.0% of gross intrastate retail telecommunications revenues for the July 1, 2008/June 30, 2009, fiscal year.

**Performance Measurement #5 - Annual Federal Pipeline Safety Program audit performance.**



**Story Behind Last Year's Performance:**

The Wpsc conducts pipeline safety inspections under a Grant-in-Aid program as an agent of the US Department of Transportation, Pipeline and Hazardous Materials Safety Administration, Office of Pipeline Safety (PHMSA). The Wpsc also regularly inspects electric utility physical plant in the state. Inspections help to keep utility service safe, adequate and reliable for all consumers of natural gas and electric services. In FY08 the division inspected electric lines on the Wind River Indian Reservation and it is believed this was the first ever Wpsc inspection of electric lines on the Reservation.

PHMSA conducts annual audits to ensure the Wpsc's Gas and Pipeline Safety (GPLS) program meets requirements for the number of inspection days, regular inspection of all utilities and pipeline operators, and for the timeliness and accuracy of information provided for the previous calendar year. This audit produces a score which determines the amount of federal Grant-in-Aid funding the Wpsc receives to offset costs of the GPLS program.

**What Has Been Accomplished:**

In FY08, the safety inspection engineers exceeded their goal for electric utility safety inspections but fell short of their inspection day goal for Gas and Pipeline Safety. This last fiscal year the facility engineering section faced changes in the inspection personnel with the resignation of the Electrical Engineer in October and the retirement of the Gas Engineer in February. Both positions have been filled with one position reclassified from an Engineer to an Engineering Technician. The section ended the fiscal year fully staffed but was unable to meet its inspection goal for the fiscal year. The lost inspections will be made up in the current fiscal year. In three of the most recent four fiscal years, the Wpsc has scored 100 out of 100 on its PHMSA audit (the score in 2006 was a 99). The Wpsc's score for CY08 will not be known until the second quarter of the CY09.

# Wyoming Public Service Commission (Dept. 023)

