

Regulatory Assistance Project Electric Resource Long-range Planning Survey¹

State: **Wyoming** Date: 9/9/03
Name of Agency: Wyoming Public Service Commission (“PSC”)
Source: Telephone interview, web research
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Background: Engineering
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Policies

1. Is any form of long-range electrical resource and/or investment planning required?

There are no statutes or rules requiring long-range resource planning. The prudence of investment and the public interest are considered during cost recovery or rate-making cases.

However, recently the PSC approved a stipulation and agreement that Xcel Energy/Cheyenne Light Fuel and Power (“Cheyenne Light”) will file a resource plan each year. In addition, electrical utilities sometimes voluntarily file resource plans with the PSC, particularly PacifiCorp, which prepares a multi-state Least Cost Plan for the other states it serves. The governor is also pursuing transmission planning processes with Utah and other western states.

2. What is it called?

The voluntary and stipulated plans are called Resource Plans in Wyoming.

3. What is the process?

Resource plans filed by utilities are publicly “noticed” by the PSC. The plans are docketed, but since every correspondence with the PSC is docketed, this does not give them special significance. The PSC can consider and grant interventions. If a person/party objects to a filed plan, they can ask the PSC to hold proceedings and consider other facts. The PSC may conduct formal hearings or informal discussions. Informal discussions in response to PacifiCorp’s most recent resource plan resulted in a decision to consider all issues in the next general rate case. Informal discussions in response to Cheyenne Light’s 2001 Resource Plan resulted in a more detailed Stipulation and Agreement.

¹ All responses written from notes compiled and edited by Cathie Murray for RAP. Any corrections to the draft document, suggested by the contact person, have been incorporated.

Some of the usual intervenors/parties include the Consumer Advocate Staff of the PSC, the LAW fund, Wyoming Industrial Energy Consumers, public utilities and cooperatives.

4. Describe the analysis required by the regulatory body.

No analysis of resource plans is required. Planning issues are generally considered in the context of cost recovery. The PSC has wide latitude to inquire into the facts surrounding rate determination to ensure that rates are just and reasonable.

5. Is it statewide or utility-specific planning? What types of entities are required to participate?

Cheyenne Light is the only utility required to file an annual resource plan due to a stipulated agreement, and Cheyenne Light's market share represents less than 10% of the state electricity load.

6. This form of planning has been required since what date?

Cheyenne Light has been required to file its resource plan since 8/23/01 when a settlement agreement was reached in dockets 20003-EP-01-59 and 20003 ES-01-58.

Required Elements:

This discussion is only about Cheyenne Light's Resource Plans, since there are no requirements for other resource plans.

7. Which of the following resources must be evaluated/included:

Generation	Yes
Transmission	No
Distribution	No
Energy efficiency	The utility must include a discussion of
Load Management	DSM feasibility in its plan
Other	Plans with other Xcel members

8. Is a comparison of supply and demand side options/resources required? No

9. The plans' objectives, from the regulatory perspective:

For several decades, Cheyenne Light had a single, low-cost, long-term contract for power supply with PacifiCorp, which expired in the middle of the West's energy crisis, revealing vulnerability. This plan requirement is meant to assist the utility in providing electricity at the lowest possible cost consistent with safe and reliable service.

10. The plans' objectives, from the utility perspective:

The plan will assist the utility in justifying costs.

11. Are alternative scenarios analyzed as part of the plan? No

12. Are externalities considered? Economic No
Environmental No

13. What is the planning horizon? Up to fifteen years
Length of Energy and Demand forecasts five years
Length of Short-term Action Plan one year

14. How often do utilities have to file plans? Update plans? What actually happens?

Cheyenne Light has to file its plan every year at the same time as its annual Electricity Cost Adjustment filing.

15. What monitoring or other processes are used to determine consistency of investments with plans?

The prudence of investments is considered in rate-making cases.

16. Are environmental issues considered in the planning process? No

Agency Process

17. Agency holds public hearings on utility plans

Yes, if the PSC deems it necessary or upon a supportable request by an interested party.

18. Other ways public participates and comments on plans are:

Informal discussions with the utilities. PacifiCorp holds public hearings in Utah and Oregon with options for long-distance participation.

19. What action does the Commission take on the plan(s)?

The PSC publicly "notices" the plans initially, but may take other action based upon the evidence and the PSC's statutory authority in the public interest.

20. Have resource acquisition decisions changed as a result of the planning process?

No, but utilities have been denied cost-recovery after the fact (e.g. the WPPSS nuclear power plant).

21. Are competitive processes used to acquire new resources? Yes

Cheyenne Light agreed to issue “Request for Power Supply Proposals” to meet capacity, energy and load requirements. PacifiCorp uses competitive bidding due to requirements in other states. Montana-Dakota Utilities uses a competitive bidding process for acquiring power supply to serve its isolated Wyoming service territory.

22. Do utilities file an energy efficiency or DSM plan? They are not required to.

23. Is competitive bidding used to acquire EE resources? Not necessarily

24. Does the regulatory agency have open dockets, or is it considering opening a docket investigating any long-range electrical investments? Yes

25. Citation and description:

Docket 20003 EA-02-67: Cheyenne Light’s 2002 Resource Plan.

Relevant PSC documents may be viewed at:

<http://psc.state.wy.us/htdocs/asp/docketdetail.asp?Target=20003-EA-2-67>

26. Are filed plans available on-line?

The PSC does not post the plans on-line. However, some utilities do. PacifiCorp’s most recent plan can be seen at

<http://www.pacificorp.com/Navigation/Navigation23807.html>

27. Citation and description of State policies (legislation, rules/regs, PUC orders) governing planning:

Order Approving Stipulation for Use in Docket 20003 EI-02-67 and Later Resource Filings (re Cheyenne Light’s Resource Plans)

See: <http://psc.state.wy.us/htdocs/orders/20003-67-10544.htm>

Executive Order 2003-4 Implementing the Protocol Governing Siting and Permitting of Interstate Electric Transmission Lines

See: <http://psc.state.wy.us/htdocs/subregional/exec.pdf>

Protocol Among the Members of the Western Governors Association et al.

See: <http://www.westgov.org/wieb/electric/Transmission%20Protocol/9-5wtp.pdf>

28. Do you anticipate any changes to this process in the near future? Yes

PacifiCorp may change its method of cost-recovery in Wyoming to “pass-on rate adjustment,” which would bring it under the purview of Section 249(f) (see below).

The Subregional Transmission planning process may create a context for planning different than the PSC’s usual cost-recovery context.

The Executive Order implementing the Western Governor’s protocol on transmission siting may broaden the discussion, for example it mentions “pro-active regional transmission planning considering both transmission and non-transmission alternatives.”

29. Does your state do performance-based regulation? No

State Energy Plan

30. Is there a State Energy Plan? Yes, of a sort.

Under the last governor, a State Energy Plan was being developed by an energy commission. This effort was disbanded by the new governor, Governor Freudenthal. He has focused on the Sub Regional Transmission Planning process that can be viewed at <http://psc.state.wy.us/htdocs/subregional/home.htm>, and other energy policy initiatives.

31. Is it connected to the planning described above?

Yes, it will impact and be impacted by the utility resource plans.

32. If yes, who is responsible for the Plan?

Steve Waddington, an employee of PacifiCorp, is on loan to the Governor as an energy policy advisor. Mr. Waddington is coordinating this effort.

33. What is included in the Plan, apropos of long-range electrical planning?

The Sub Regional Transmission Planning process seeks to identify in an open and public process the most critical electric generation, transmission and distribution projects needed in Wyoming and Utah, i.e. “do-able projects” to meet the West’s electricity needs.

Notes

In Wyoming the utility facility siting process includes some aspects of planning. Chapter II, Section 205 of the Wyoming Rules describes the information requirements for the Certificate of Public Need and Necessity application process

when “major utility construction” is involved. This includes any electric generation plant utilizing any source of energy, and/or certain elements of the transmission or distribution system designed to operate at or above 69 kV. The applicant must submit a statement “setting forth the need for the project in meeting present and future demands for service, in Wyoming or other states...” The applicant must also provide a statement on the effect of the project on the applicant’s and other systems’ stability and reliability, if applicable. Mr. Mosier could not recall a time when a Certificate application was denied.

When a utility agrees to cost-recovery using a “pass-on rate adjustment,” it is subject to Chapter II, Section 249 of the Wyoming Rules. According to Section 249(f), “documentation [for cost-recovery] should demonstrate all efforts and options available to the utility to serve its customers at the lowest possible cost consistent with safe and reliable service.” Cheyenne Light and Montana Dakota Utilities fall under 249(f). However, PacifiCorp, with a market share of over 60% of the Wyoming electric load, does not. PacifiCorp chose a ratemaking system that allowed it to make a profit on commodity costs during years when the spot market costs were less than rates. Utilities using the “pass-on rate adjustment” recovered unexpected commodity costs due to the recent Western energy crisis. PacifiCorp did not. Now PacifiCorp may be interested in switching to the “pass-on rate adjustment” mechanism. This change in cost-recovery could change the level of scrutiny that PacifiCorp’s plans receive.

The following rules can be seen at <http://soswy.state.wy.us/RULES/1201.pdf>:

Section 204 re: Applications for Certificate of Public Convenience and Necessity

Section 205 re: Major Utility Facility Construction

Section 249(f) re: lowest-cost documentation for pass-on rate adjustment