

PSC BUDGET HEARING

APPROPRIATIONS SUBCOMMITTEE D

1-13-23

(revised 1/17/23)



Montana Public Service Commission

1701 Prospect Avenue - P.O. Box 202601
Helena, MT 59620-2601

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psc.mt.gov



WHAT WE DO FOR MONTANA

The Montana Public Service Commission (PSC) regulates the rates and service quality of investor owned electric, natural gas, water, waste-water, and legacy telecommunication companies. In this respect it's the PSC's job to balance the interests of ratepayers who are concerned about rate increases and service quality, with the need to maintain financially sound companies capable of providing reliable service.

The PSC also oversees licensing of garbage haulers and plays a vital role in protecting public safety by inspecting railroads and ensuring the integrity of intra-state natural gas pipelines. In addition, our dedicated Consumer Assistance Program fields service complaints from utility customers and helps resolve related problems.

Though they differ in form and function, companies regulated by the PSC tend to have one thing in common: they are monopolies with a captive set of customers.



Energy



Telecom



Transportation



Water & Sewer



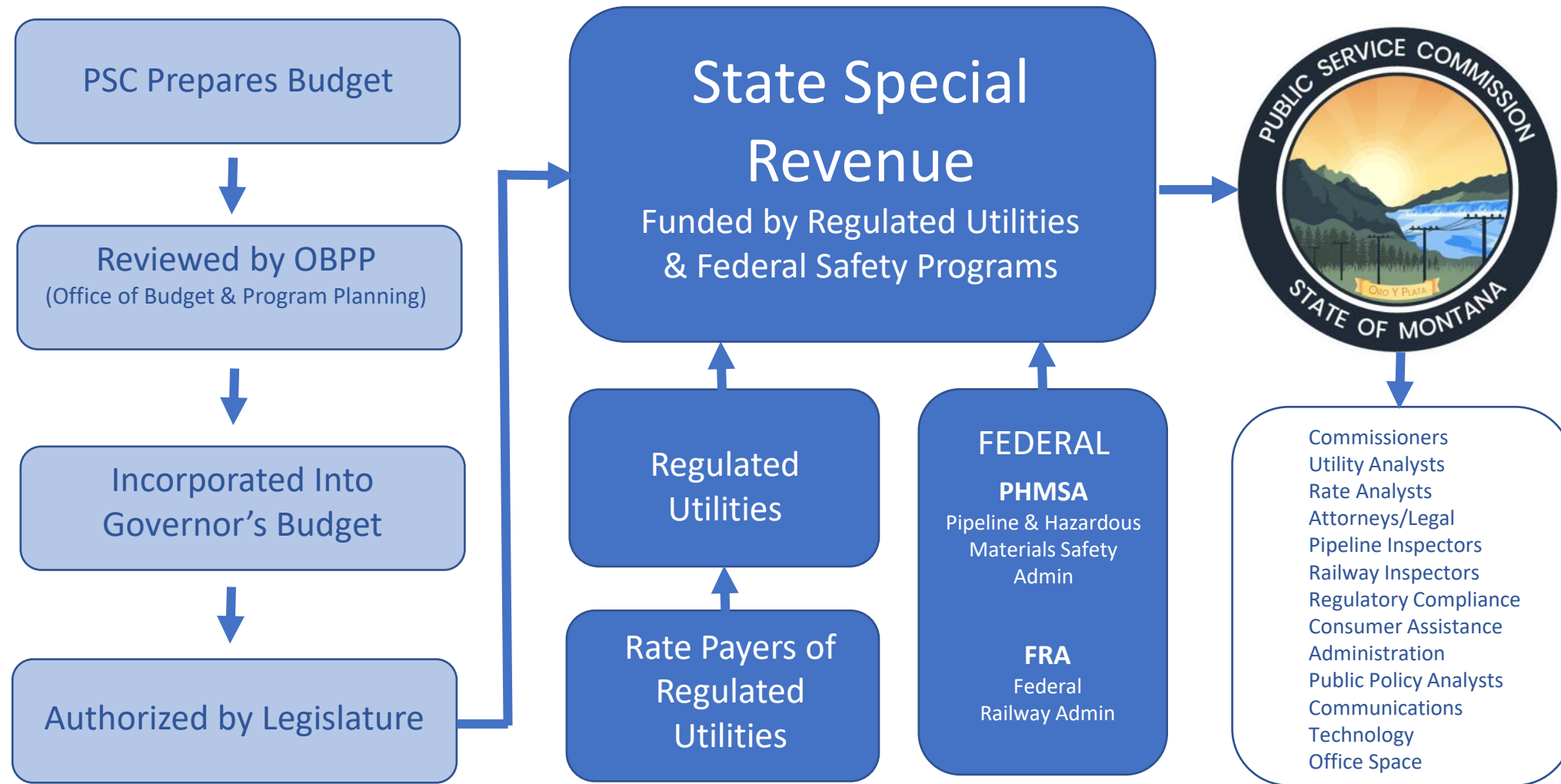
Pipeline Safety



Railway Safety

Montana Public Service Commission

BUDGET PROCESS, REVENUE SOURCES, PRIMARY EXPENSES



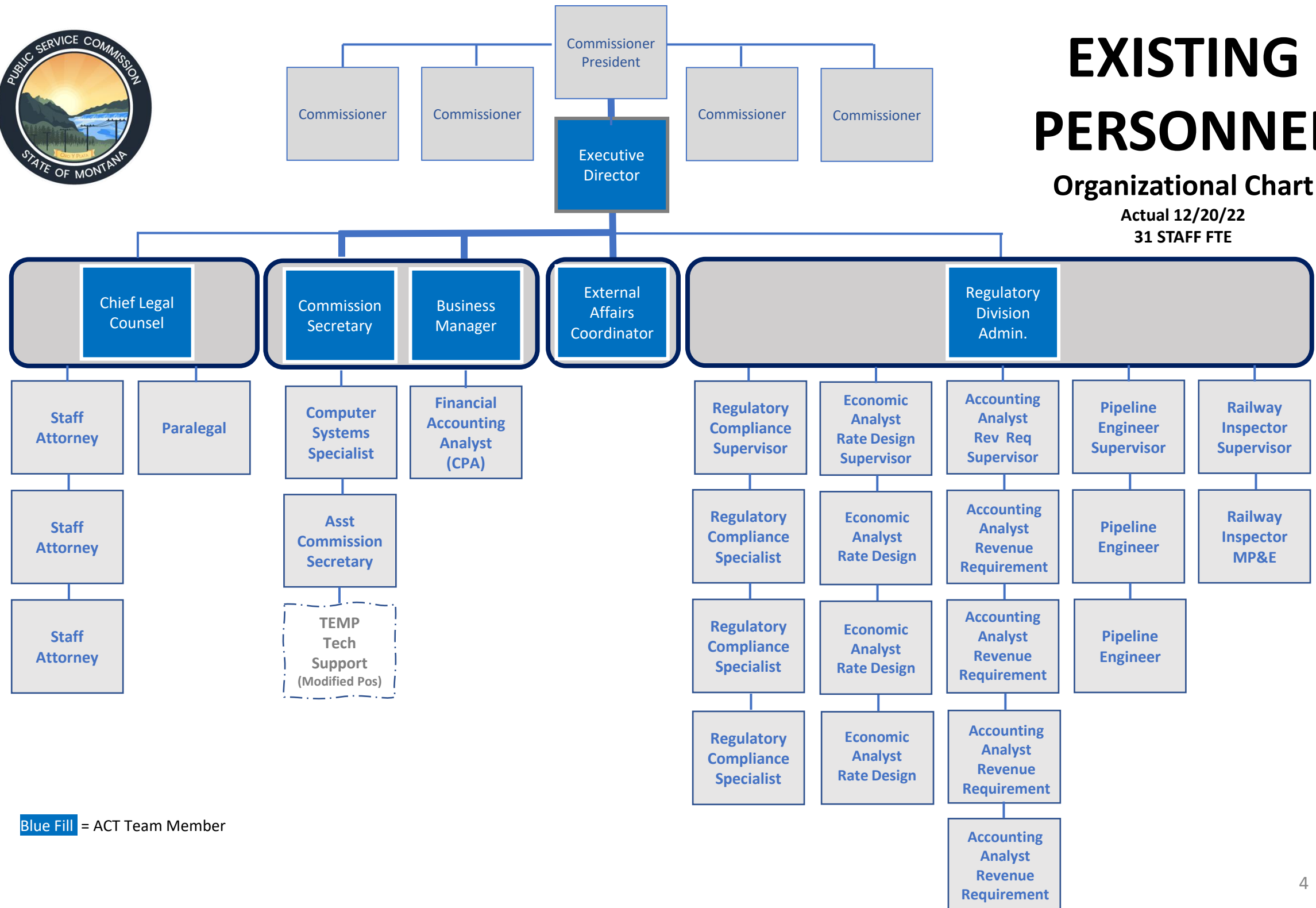


EXISTING PERSONNEL

Organizational Chart

Actual 12/20/22

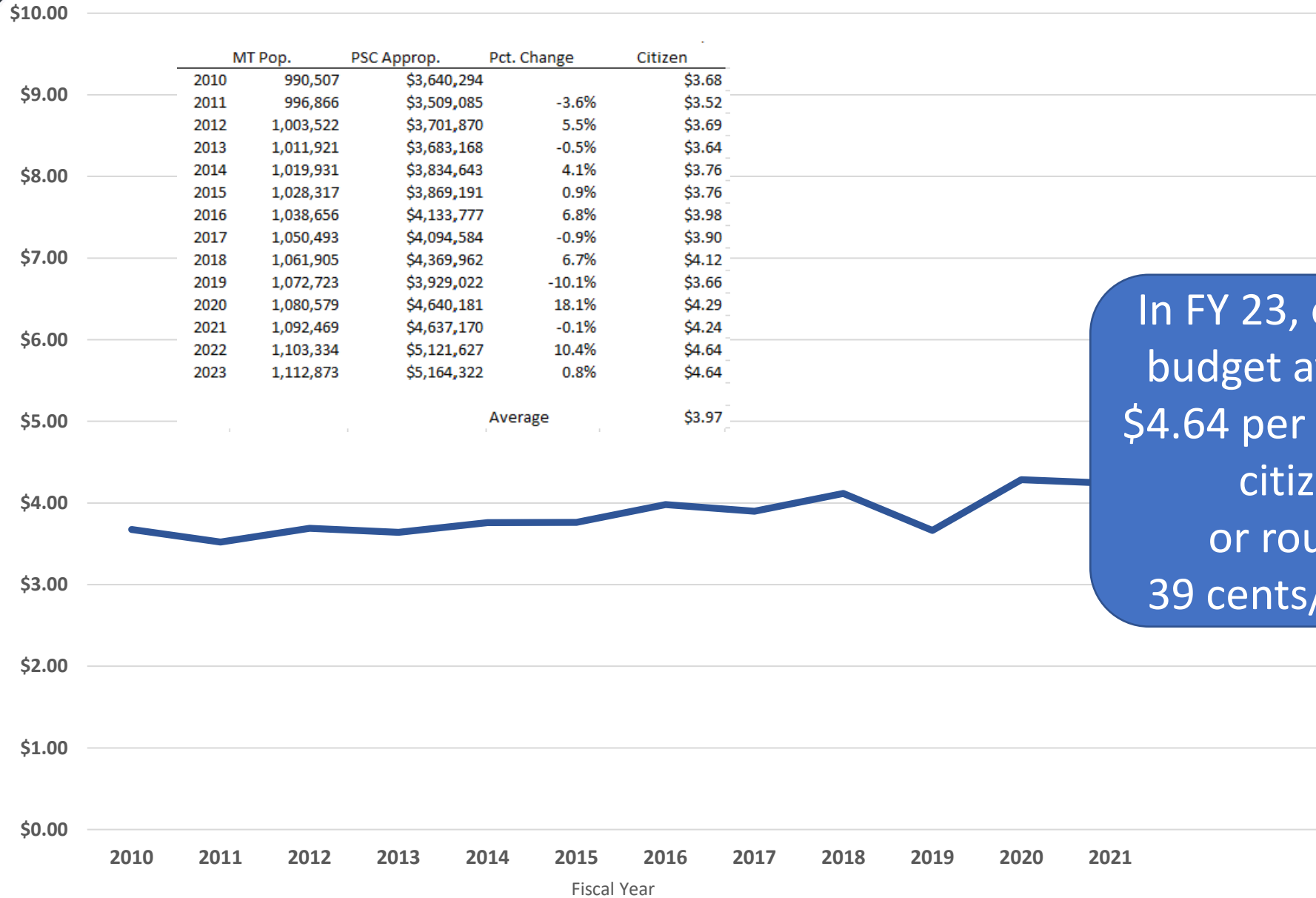
31 STAFF FTE





Montana Public Service Commission

ANNUAL AVERAGE COST PER CITIZEN



In FY 23, our total budget averaged \$4.64 per Montana citizen; or roughly 39 cents/month.



Montana Public Service Commission

SAVINGS TO RATEPAYERS

PSC saved ratepayers \$73 million in unfair rate increases during the most recent 4-year snapshot of completed rate cases.

Examples of Customer Benefits from the Regulatory Process PSC Oversees

Year	Docket No.	Utility	Customer Savings vs Utility Request
2016	2016.12.103	MTSUN (after MSC decision)	\$31 Million (25 yr NPV)
2017	2017.09.079	Montana-Dakota - Gas	\$1 Million
2017	2017.09.080	Energy West - Gas	\$1 Million
2018	2018.02.012	NorthWestern - Electric	\$28 Million
2018	2018.09.060	Montana-Dakota -Gas	\$3 Million
2019	2019.09.058	NorthWestern - Electric	\$9 Million
Total			\$73 Million

**The savings to rate payers averaged over \$18 million/year.
The PSC budget averaged less than \$5 million/year.**



PSC PREVENTS TRAIN DERAILMENTS IN MONTANA & NATIONWIDE



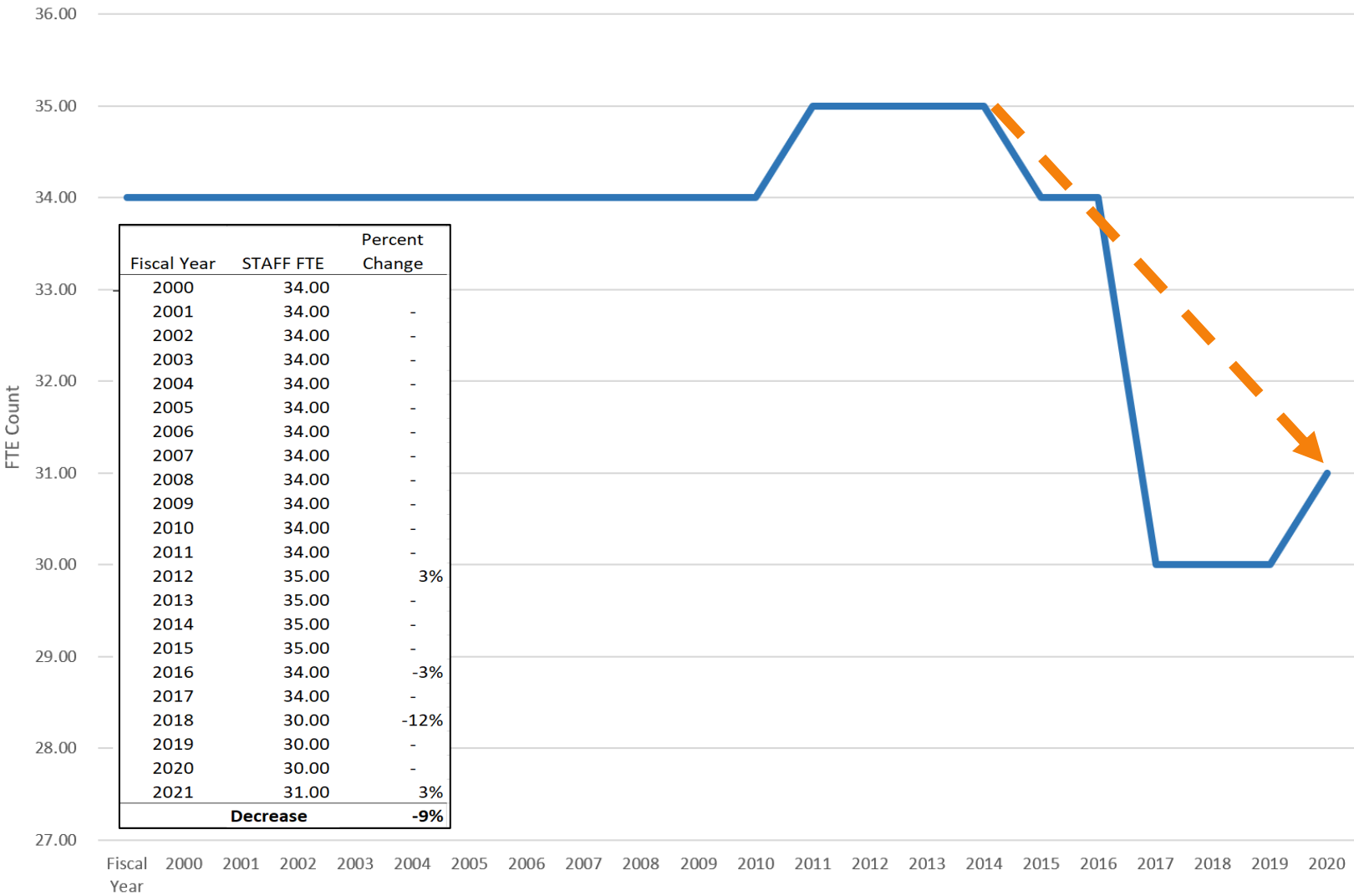
- Montana PSC Railway Inspector discovered cracked roller bearing adapters on locomotive wheels.
- The failures occurred frequently enough to be identified as a systemic mechanical issue.
- As a result, the FRA alerted inspectors nationwide.



STAFF FTE CHART

2000 – 2023

PSC Permanent FTE Count



PSC staffing levels have sharply declined since 2014 while workload has sharply increased.



VACANCY SAVINGS

4% Vacancy Savings at PSC = \$133k/year

This is the Approximate Equivalent of:

- **100% of Agency Accounting Staff, or**
- **50% of Railway Safety Program, or**
- **25% of Staff Attorneys, or**
- **25% of Utility Accounting Analysts, or**
- **25% of Utility Rate Analysts.**



ANNUAL REPORT





STRATEGIC PLAN

STRATEGIC PLAN 2021-24



Department of Public Service Regulation

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ADOPTED
8/30/22

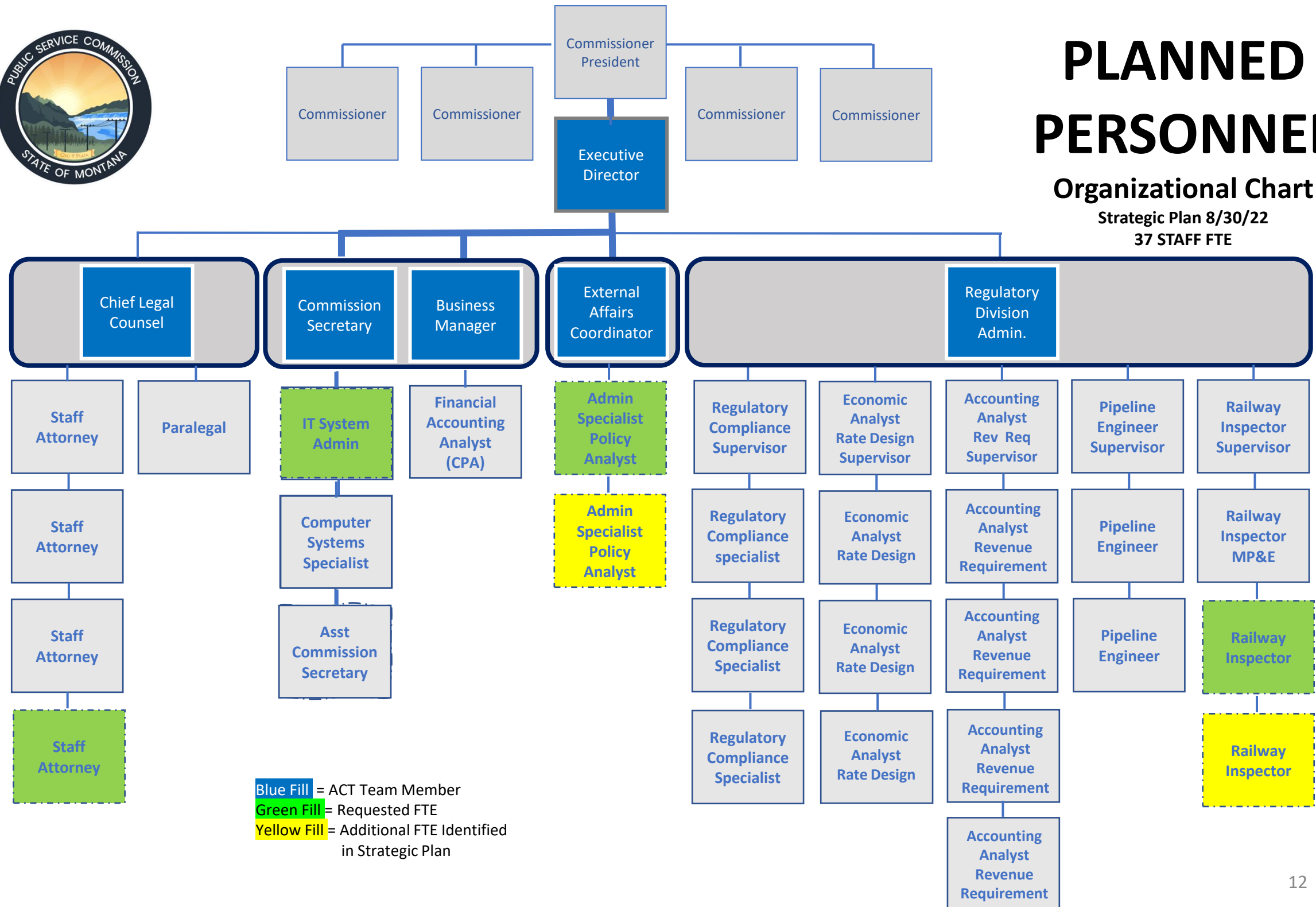


PLANNED PERSONNEL

Organizational Chart

Strategic Plan 8/30/22

37 STAFF FTE



REDDI UPDATE

PSC Software Modernization Project





Overall Project Phases & Schedule

**FULLY FUNDED
& COMPLETED**



PHASE 1 (2021)

- ✓ **A) Contract a Project Manager Software Analyst (PMSA)**
- ✓ **B) Evaluate EDDI Functionality & Repair/Replace Feasibility**

**FULLY FUNDED
& COMPLETED**



PHASE 2 (2022)

- ✓ **A) Create System Requirements**
- ✓ **B) Select & Procure a Solution (Product & Services)**

**PARTIALLY
FUNDED
& W.I.P.
(HB 10)**



PHASE 3 (2022-24)

- **A) Construct Minimum Viable Product (MVP)**
- **B) Complete Most Valuable Functionality (MVF)**

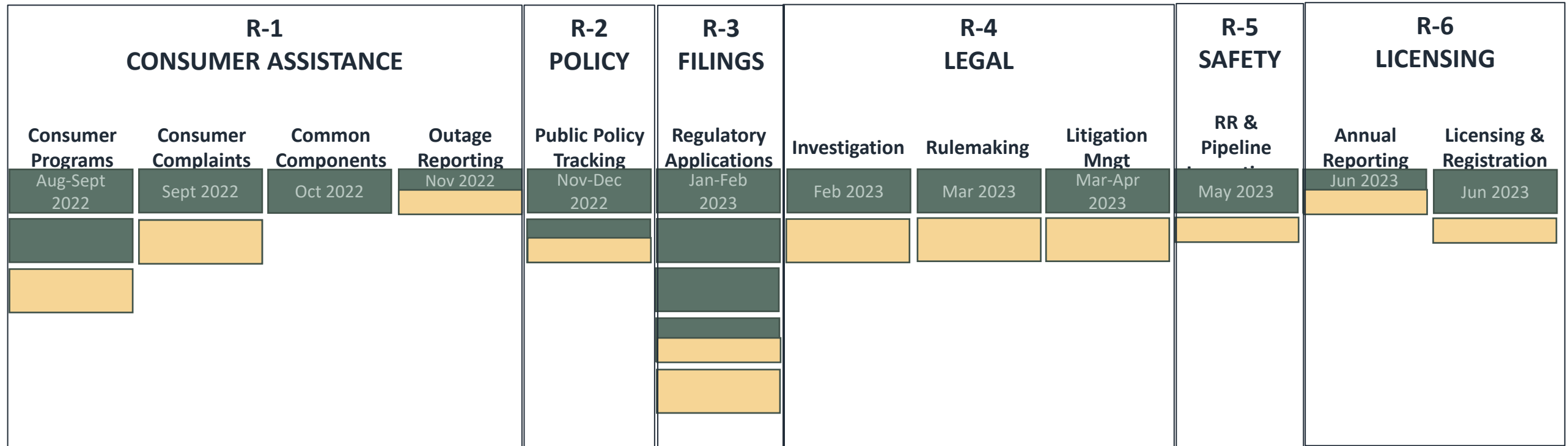
**FY 24-25
(HB 2)**



ANNUAL LICENSE (2022-25)

- **License to use PEGA Systems platform**

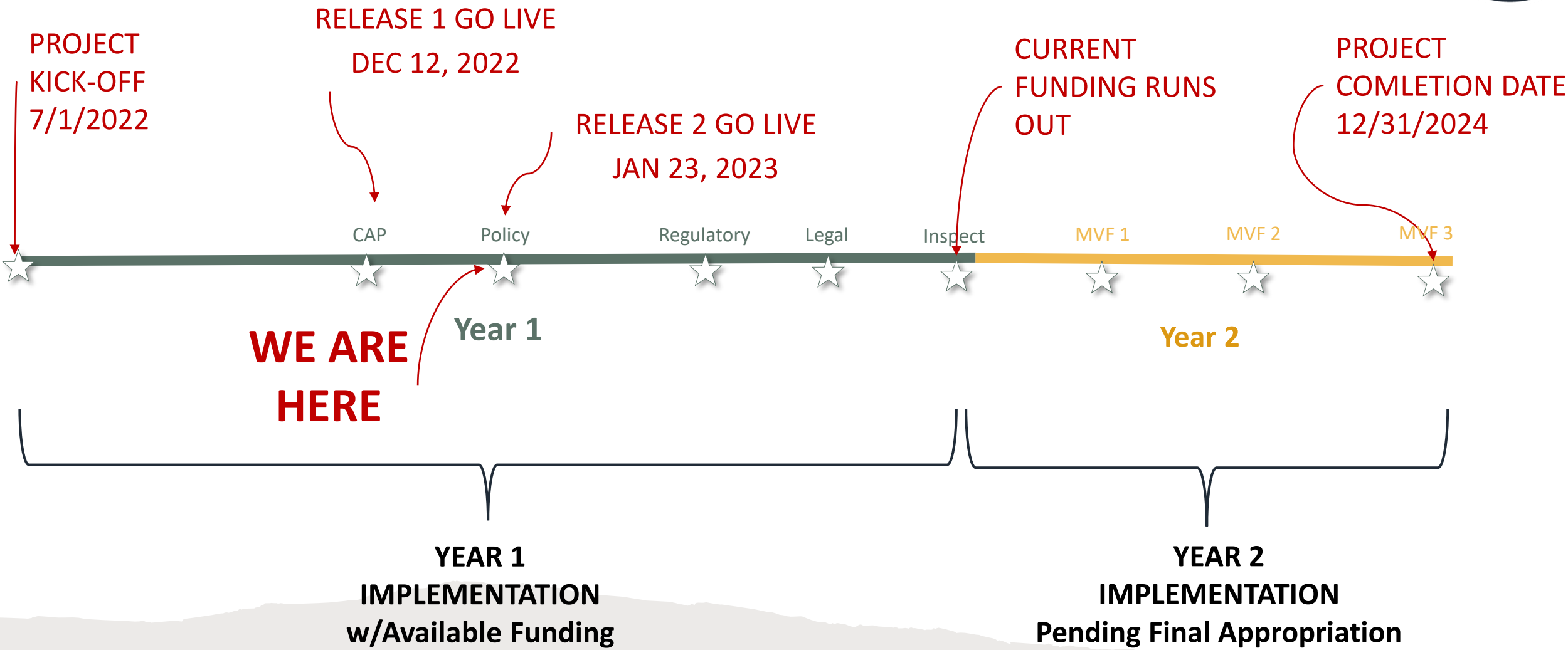
Release Schedule & Resource Allocation



Green Fill = Units of Development Work in Current Biennium

Tan Fill = Units of Development Work in Next Biennium

Implementation Timeline



PSC REDDI Project

Quantified Comparison (Estimate): EDDI v. REDDI



	<u>EDDI</u>	<u>REDDI</u>	<u>TIME SAVINGS VALUE</u>
PAGE LOAD TIME:	75 seconds	5 seconds	70 seconds/click
UPLOAD ERRORS:	20/year	0	
MANUAL UPLOADS:	174/year	0	
CONSUMER ASSISTANCE:	120 hrs/week	96 hrs/week	24 hours/week @ \$27.50*/hr = \$34k/year
DOCUMENT PROCESSING:	90 minutes/day	10 minutes/day	7 hours/week @ \$22.50*/hr = \$8k/year

By automating PSC processes with REDDI, employee time can be focused on more valuable critical-thinking tasks. For example, after Release 1 the Consumer Assistance Team was repurposed into a Regulatory Compliance Unit which includes Consumer Assistance duties as well as additional duties in management of water, sewer, transportation, and telecommunications cases. *The average cost of the Consumer Assistance staff is \$27.50 per hour and the hourly rate for the paralegal who performs document processing is \$22.50 per hour.



Save Time



Improve consumer &
utility satisfaction



Employees focus on
more high value tasks



Improve data integrity
and security



Provide more self-service
options to Regulated
Entities



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