



Department of Public Service Regulation Montana Public Service Commission

ANNUAL PLAN FOR THE DEPARTMENT OF PUBLIC SERVICE REGULATION (DPSR)

As required by the terms of HB 190, now a state law, the Montana Department of Public Service Regulation (DPSR) provides this Annual Report. As specified in Section 4 of HB 190, the DPSR Annual Report provides:

1. A description of the functions and divisions of the department, including a discussion of the department's initiatives;
2. initiatives of the department that reflect the benefits and outcomes the department expects to achieve on behalf of the public or specific groups through its divisions;
3. specific and measurable performance procedures for initiatives of each division, including the preferred outcomes and outputs with respect to each initiative.

The ultimate initiative of the Public Service Commission to fairly balance the interests of regulated companies and the public they serve. Further, it is the mission of the staff of each division of the Department of Public Service Regulation to provide competent, professional support to the Commission in pursuit of this objective.

Listed below are the 6 divisions/subdivisions within the DPSR: Regulatory; Regulatory Compliance/Consumer Services; Railroad Safety; Pipeline Safety; Legal; Centralized Services.

REGULATORY DIVISION (RD)

The Regulatory Division conducts financial, economic, and technical analyses of the operations of regulated public utilities and common carriers; administers tariffs; performs railroad and pipeline safety inspections; monitors compliance; manages enforcement; drafts and implements commission rules, orders, and other directives; administers applications for operation authority; participates in regional transmission forums; assists with developing and modifying regulations and policies and; advises the commission regarding all of these matters. The division is comprised of the following work groups:

1. Economic Analysts. This sector assists in interpretation and application of public policy and develops rate design recommendations.
2. Accounting Analysts. This group analyzes operating costs, revenue requirements, and performance of regulated entities.
3. Pipeline Inspectors. This set of staff performs safety inspections on intrastate natural gas lines.
4. Railroad Inspectors. These specialists perform safety inspections on locomotives, freight cars, and railway fencing.
5. Regulatory Compliance Specialists. This group provides consumer assistance and public outreach functions, administers applications from regulated motor carriers, telecommunications carriers and water and sewer companies, and assists the railroad safety program with risk assessment and reporting.

In addition to the day-to-day work described above, the Regulatory Division is involved in the REDDI initiative, which aims to modernize and improve the agency's docket management system. When completed, the REDDI system is intended to be a faster, more organized method of filing and accessing records in Commission dockets.

REGULATORY COMPLIANCE / CONSUMER SERVICES DIVISION (RC/CSD)

While a sector of the Regulatory Division, the RC/CSD is a quasi-freestanding division responsible for:

1. Administering the agency's Consumer Assistance Program;
2. Facilitating and responding to public comments, and access to Commission proceedings;
3. Processing and evaluating applications and other filings from regulated motor carriers, telecommunications providers, and water and sewer companies;
4. Evaluating conformity with state and federal laws, administrative rules and agency regulations;
5. Recommending corrective actions for violations of laws, rules, tariffs and policies, and;
6. Assisting with the department's public information, public policy, document processing, reception, and other administrative support functions.

RC/CSD priorities include: Maximum 5-day response times to public commentators or inquirers; timely evaluating and processing applications.

Measurable performance outcomes for the Regulatory Compliance/Consumer Services Division include making initial contact on consumer assistance requests in a timely manner and performing regular follow-up with companies and customers. The REDDI system will provide analysis of the follow-up timeline, but initial contact would be tracked through another means yet to be determined. Telecommunications registrations need to be processed within a set time period. Again, the REDDI system will report when a registration was submitted versus when staff processed the registration. Applications from regulated motor carriers, telecommunications providers, and water/sewer companies must be completed within the mandated timelines. Checklists are available and each step must be followed and documented. Those checklists are used to measure performance outcomes.

Performance Metrics (2022):

- a. Calls, e-mails, and letters/postcards requesting consumer assistance are acknowledged within a 24-hour period
- b. Follow-up with both consumers and utility companies on open requests for consumer assistance are performed at least once every 8 business days.
- c. Public comments are processed within 5 business days
- d. Telecommunications registrations are processed within 3 business days
- e. For 2023, applications from telecommunications, water/sewer and motor carriers are being processed in accordance with checklists, but that duty wasn't assigned to the RC/CSD team in 2022, or prior.

RAILROAD SAFETY DIVISION (RSD)

Another member of the Regulatory Division, the Railroad Safety Division ensures safe railroad operations by applying existing regulations to all types of locomotives and freight cars operating in Montana. The primary responsibility of the division is to protect the public from the hazards related to railroad derailments and accidents. Compliance is regulated through inspections, complaint investigations and accident analysis. Inspections of rolling stock and service and maintenances logs are essential as new technologies, such as electronic braking systems, are applied to locomotives and cars. In addition to future challenges, our program must remain diligent in such areas as crashworthiness, pneumatic braking systems, fire safety, glazing, draft systems and wheel metallurgy. Existing inspection skills are also critical to address the safe movement of damaged or otherwise noncompliant equipment, and all other aspects of inspection, testing, maintenance, operation, and design of locomotives and cars used for freight and passenger railroad service.

Safety inspections are conducted on railroad property, ensuring compliance with state and federal safety regulations found in Title 49 Code of Federal Regulations (CFR) and Titles 69-79 of Montana Code Annotated (MCA). These inspections are performed at railroad locomotive and carshop facilities, as well as yards, sidings and industry tracks. 2 Motive Power & Equipment (MP&E) inspectors within this division inspect equipment across the entire state.

Measurable performance outcomes for the Railroad Safety program include the number of inspection days and variety of numerous CFR parts within the Motive Power and Equipment jurisdiction. The program creates annual inspection plans, targeting the highest risk locations based on previous derailment and accident data. In addition, inspections are performed with special attention given to CFR parts that directly relate to derailment factors such as wheels, draft gears, power brake equipment, etc. (CFR parts 215, 229, 232 and 238). The PSC Railroad program is evaluated annually by the Federal Railroad Administration Regional Specialist for compliance with inspection days, defect summaries and inspection report error synopsis.

The goal of the RSD is to administer an effective safety program and to achieve safe operating and mechanical practices in the rail industry, through compliance with all State and Federal laws that are designed to promote railroad safety as it relates to employees, passengers and the general public. The Montana Rail Safety program is primarily responsible for monitoring compliance for the following railroad safety regulations, again found in Title 49 Code of Federal Regulations (CFR) and Titles 69-79 of Montana Code Annotated (MCA).

Objectives and Priorities:

1. Perform inspections in accordance with the annual safety inspection plan.
2. Target the most frequent, highest risk causes of train accidents.
3. Focus oversight and inspection resources on areas of greatest concern.
4. Allocate finite resources for enforcement efforts primarily on the types of defects/violations most likely to cause a train accident or injury.
5. Utilize direct observations and experience in coordination with data driven annual safety inspection plans.
6. Collaborate monthly with FRA and Montana DES coordinators to identify safety risks/trends.
7. Participate in Local Emergency Planning Committee meetings.

In 2022, our RSD inspectors:

1. Conducted 182 inspections
2. Identified 847 Non-compliant Defects
3. Reported 53 Accidents / Incidents, compared to 79 Accidents / Incidents in 2021

The Railroad Safety Division's strategy includes ongoing analysis of railroad operational and accident data to focus inspections and audits on high-risk areas and industry non-compliance.

PIPELINE SAFETY DIVISION (PSD)

Another member of the Regulatory Division, the Pipeline Safety Division ensures the safe construction, operation, and maintenance of intrastate gas pipelines in Montana. This is accomplished through inspection, enforcement, education, and accident investigation. The primary responsibility of the program is protecting the public from the potential dangers of transporting gas by pipeline. Facilities inspected include gas transmission pipelines that move gas cross-country to our cities and towns, gas distribution mains under our streets, natural gas storage facilities, and service lines that deliver gas to businesses and homes. In addition, the "pipeline network" comprises above ground facilities including compressor stations, pressure regulating stations, and control rooms where utilities remotely monitor and operate their systems.

Safety inspections are conducted in the field when pipeline operators are constructing and repairing pipelines and in the file rooms and offices of pipeline operators. Every operations and maintenance task a utility employee performs on the pipeline system has a corresponding written procedure and a record that documents the task. These procedures and records are routinely reviewed by PSC inspectors to ensure compliance with the regulations.

Measurable performance outcomes for the Pipeline Safety program include the number of inspection days and the inspection of the various operators according to planned rotation. The program already has a database and spreadsheet for tracking days and inspections. In addition, as part of the certification process with the US DOT/PHMSA, the PSC's program is evaluated annually by PHMSA using certain metrics and performance measures to ensure the program is

meeting its requirements and goals. This evaluation includes in-office evaluations of goals, objectives, compliance and training. It also includes a field portion to observe PSC engineers conducting proper field inspections.

The PSC participates in the Federal Pipeline Safety Program, with three inspectors responsible for enforcing federal and state pipeline safety regulations.

In 2022, this division:

1. Spent 194 days in the field and conducted 62 inspections
2. Issued 22 violations
3. Have overseen the correction of 11 violations, to date
4. Report NO accidents or incidents for the year

LEGAL DIVISION (LD)

The Legal Division provides competent legal representation to the Public Service Commission. The Legal Division facilitates the commission's legal and quasi-judicial proceedings and provides legal counsel to the commission, and divisions, in matters requiring legal representation, interpretation, or opinion. The Legal Division represents the agency, and the commission, in court; issues legal opinions; analyzes contracts and; advises the commission on interpretations of law on matters within the scope of the department's jurisdiction and responsibility. Its activities include managing dockets before the commission and related document intake and distribution; drafting commission notices, orders, and decisions; drafting, revising, and managing administrative rules; conducting legal research; and acting as hearing officers for the agency.

In addition to the day-to-day work described above, the Legal Division is actively involved in the REDDI initiative, which aims to modernize and improve the agency's docket management system. When completed, the REDDI system will be a faster, more organized method of filing and accessing records in Commission dockets.

Commission staff recently completed a review of all of the agency's substantive regulations, many of which have not been revised in over 40 years. Staff has identified a variety of regulations that can be updated, simplified or repealed. As part of this rule review initiative, the Legal Division has, and will continue to, prepare and process rule amendments to improve the agency's regulations.

The most meaningful performance metric, identifying the successes of the legal division, is the time to process certain steps within a docket. For example:

1. Receiving a filing and issuing an initial notice;
2. Receiving complete briefing on a motion and issuing a ruling;
3. Receiving full, final briefing and issuing a final order.

CENTRALIZED SERVICES DIVISION (CSD)

The Centralized Services Division (CSD) is currently comprised of six positions: two Information Technology (IT) staff, two Administrative Support staff, an HR Supervisor and a Fiscal Analyst.

The Information Technology staff is dedicated to facilitating the functionality of the agency and its ability to serve the public. The PSC IT staff purchases and services computer, communication, asset inventory and security products to promote completion of agency objectives. It also assists PSC Commissioners, staff, and the public in utilizing agency hardware and software resources.

The Administrative Support staff manages the Commission calendars, agendas, meetings, reception area, mail processing services, and records management, and provides administrative support to Commissioners and PSC staff.

The PSC IT staff work to improve the agency's ability to store, search, and share information securely, both within the agency and with the public. To this end, the agency is finalizing the implementation of the REDDI system, an electronic

document management system designed to enhance productivity, improve system performance, and promote public satisfaction. In addition, the PSC IT team aims to best serve staff using the "ServiceNow" case management system.

The Administrative Support staff work to manage agency records in conjunction with the new REDDI application, consistent with the Secretary of State's guidelines. Administrative Support staff oversee the following areas:

1. Human Resources
2. Fiscal Activities
3. Payroll and Procurement
4. Facilities Furnishing and Inventory
5. Administrative Support
6. Reception
7. Office Equipment and Inventory
8. Records Retention
9. Office Safety and Security

CSD - MEASURABLE PERFORMANCE METRICS:

1. Given the administrative functions of this division, performance metrics are somewhat subjective.
2. IT - REDDI will be judged a success if: system load times are improved, SITSD security audits are passed, and public participation is increased.
3. Administrative Support - A desk reference guide, documented workflow processes, checklists, bi-weekly staff meetings, and performance reviews are used to measure performance.