APPROPRIATIONS SUBCOMMITTEES D & F
LONG RANGE IT PROJECT
1-31-23

Montana Public Service Commission

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WHAT PSC DOES 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. It's the PSC's job to balance the interests of ratepayers who are concerned about rate increases and/or service quality, with the need to maintain financially sound companies capable of providing reliable service.

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

The PSC also oversees licensing of garbage haulers and manages intra-state railway and natural gas pipeline safety programs. In addition, our Consumer Assistance Program fields questions and helps the Commission resolve problems that arise between members of the public and regulated entities.

Energy

Telecom

Transportation

Water & Sewer

Pipeline Safety

Railway Safety

PSC 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.
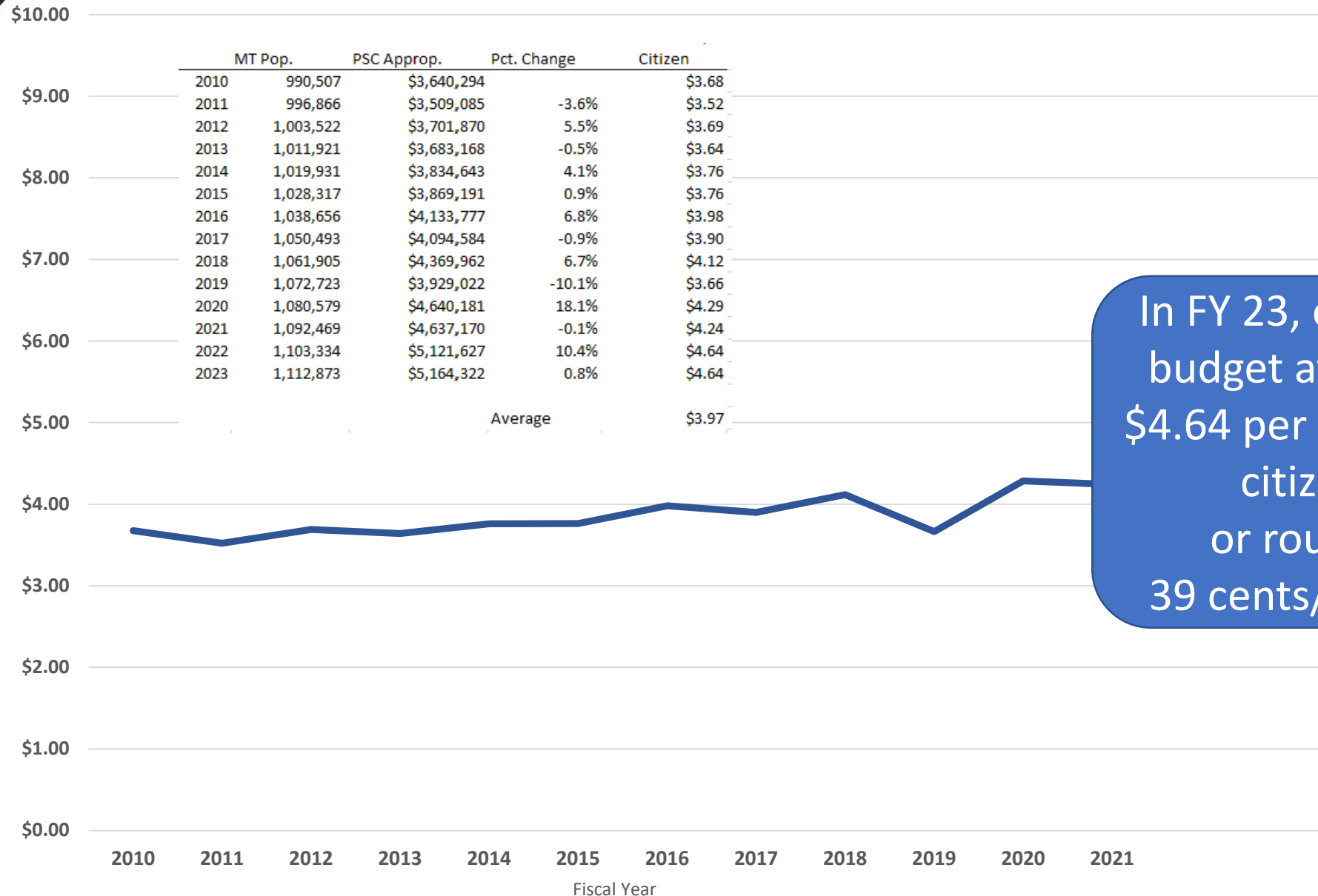**The PSC budget averaged less than $5 million/year.**

PSC RAILWAY SAFETY

- 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 railways nationwide.

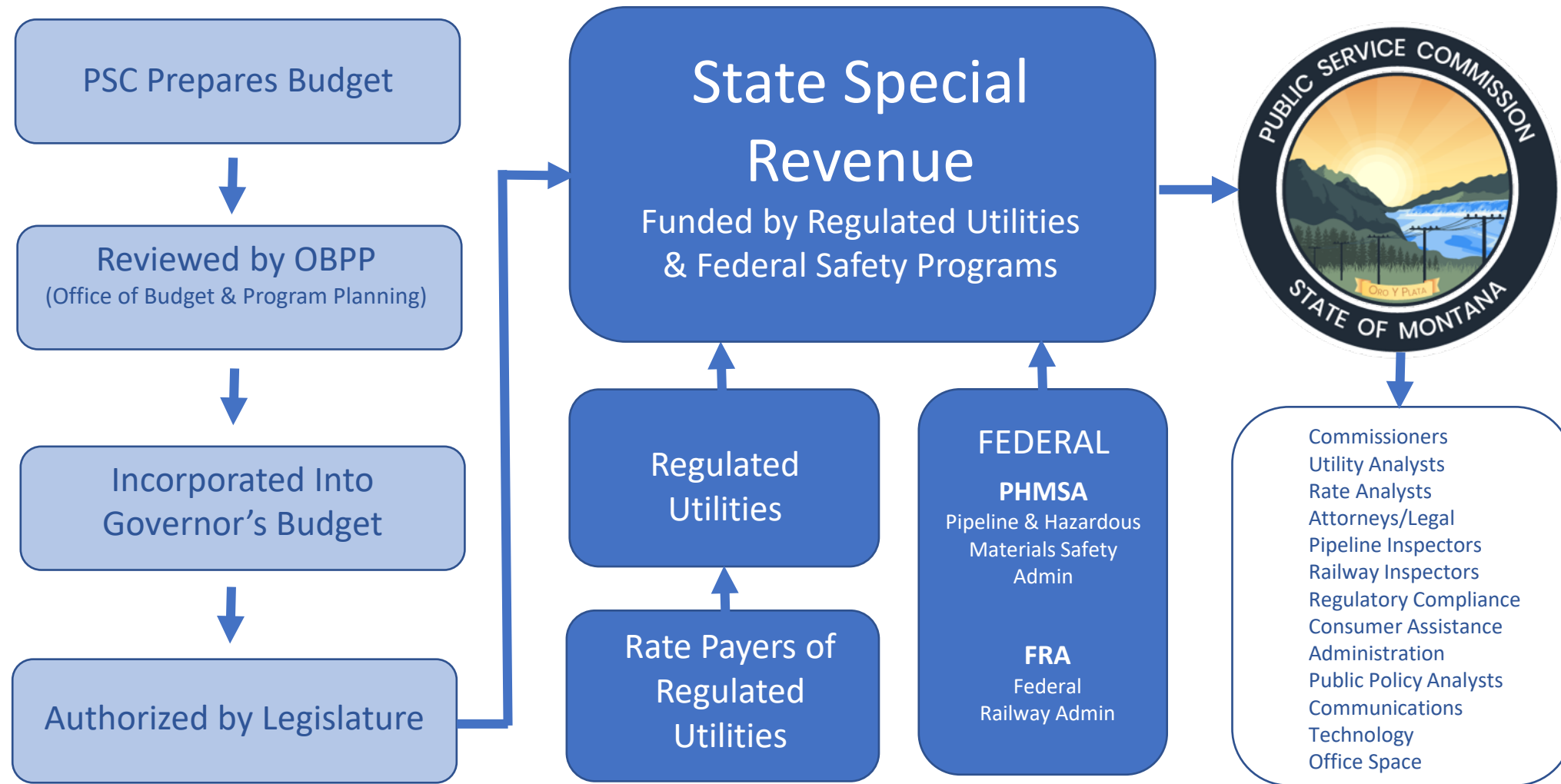- PSC prevented untold number of derailments.

PSC AVERAGE COST PER CAPITA

	MT Pop.	PSC Approp.	Pct. Change	Citizen
2010	990,507	$3,640,294		$3.68
2011	996,866	$3,509,085	-3.6%	$3.52
2012	1,003,522	$3,701,870	5.5%	$3.69
2013	1,011,921	$3,683,168	-0.5%	$3.64
2014	1,019,931	$3,834,643	4.1%	$3.76
2015	1,028,317	$3,869,191	0.9%	$3.76
2016	1,038,656	$4,133,777	6.8%	$3.98
2017	1,050,493	$4,094,584	-0.9%	$3.90
2018	1,061,905	$4,369,962	6.7%	$4.12
2019	1,072,723	$3,929,022	-10.1%	$3.66
2020	1,080,579	$4,640,181	18.1%	$4.29
2021	1,092,469	$4,637,170	-0.1%	$4.24
2022	1,103,334	$5,121,627	10.4%	$4.64
2023	1,112,873	$5,164,322	0.8%	$4.64
			Average	$3.97

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

Fiscal Year

PSC IS FUNDED BY STATE SPECIAL REVENUE

PSC Prepares Budget

↓

Reviewed by OBPP
(Office of Budget & Program Planning)

↓

Incorporated Into
Governor's Budget

↓

Authorized by Legislature

State Special Revenue
Funded by Regulated Utilities
& Federal Safety Programs

Regulated Utilities

↑

Rate Payers of
Regulated Utilities

FEDERAL

PHMSA
Pipeline & Hazardous
Materials Safety
Admin

FRA
Federal
Railway Admin

Commissioners
Utility Analysts
Rate Analysts
Attorneys/Legal
Pipeline Inspectors
Railway Inspectors
Regulatory Compliance
Consumer Assistance
Administration
Public Policy Analysts
Communications
Technology
Office Space

Project Description:

REDDI is a highly configurable case management system that efficiently and securely aids in Tracking, Organization, and Automation of data, documents, workflows, reports, and communications.

The platform will improve the department's ability to investigate and resolve conflicts between consumers and regulated companies; perform railway and pipeline safety inspections; administer rule making and public policy; and manage a myriad of complex responsibilities associated with the licensure, rates, service quality, and conduct of regulated companies.
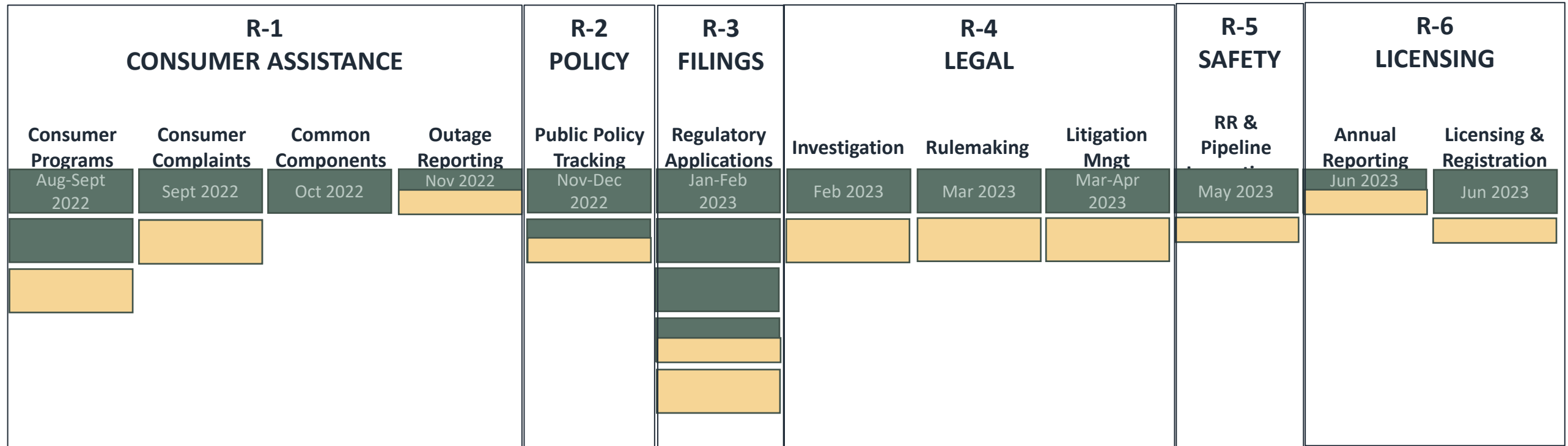
REDDI includes a reliable online customer portal capable of handling routine filings as well as the massive data uploads associated with major rate cases and other contested matters which can exceed 10,000 pages.

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. ➡️ ## PHASE 3 (2022-23)
- ➢ **A) Construct Minimum Viable Product (MVP)**
- ➢ **B) Complete Most Valuable Functionality (MVF)**

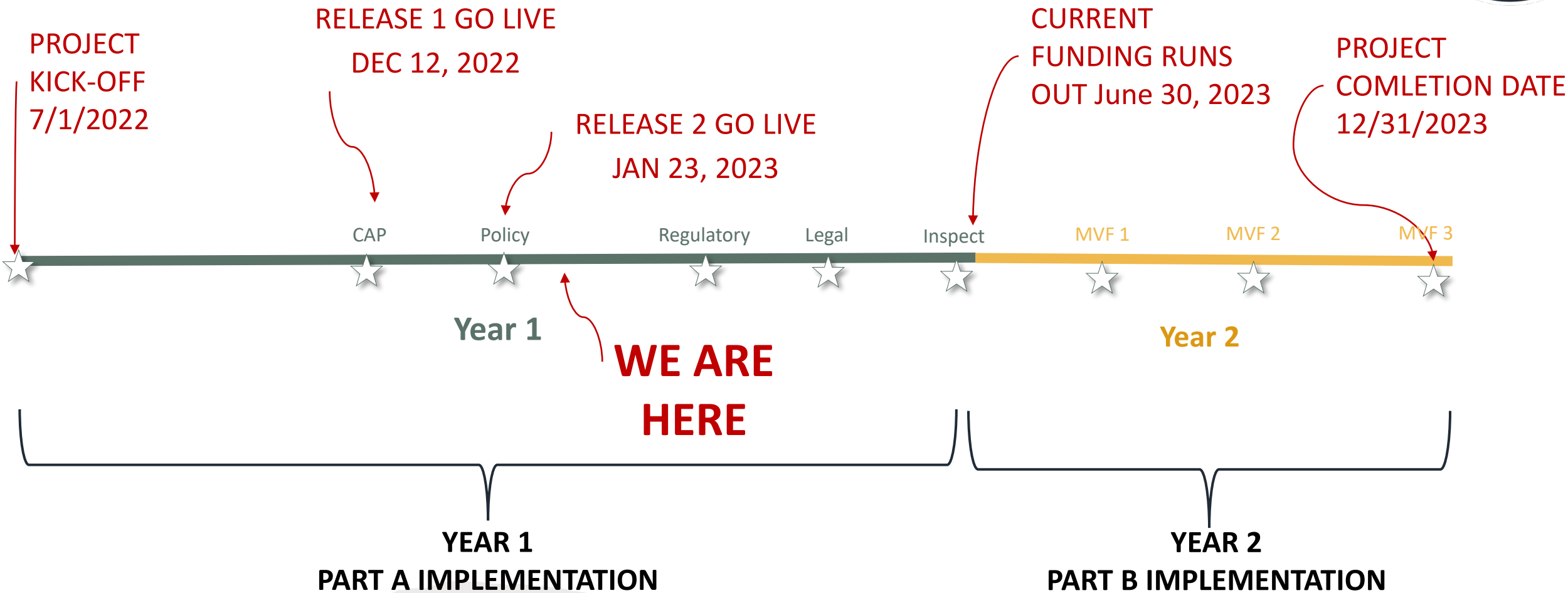**ONGOING** ➡️ ## ANNUAL LICENSE
License to use PEGA Systems platform

Release Schedule & Resource Allocation

PSC REDDI Project

R-1 CONSUMER ASSISTANCE				R-2 POLICY	R-3 FILINGS	R-4 LEGAL			R-5 SAFETY	R-6 LICENSING	
Consumer Programs	Consumer Complaints	Common Components	Outage Reporting	Public Policy Tracking	Regulatory Applications	Investigation	Rulemaking	Litigation Mngt	RR & Pipeline	Annual Reporting	Licensing & Registration
Aug-Sept 2022	Sept 2022	Oct 2022	Nov 2022	Nov-Dec 2022	Jan-Feb 2023	Feb 2023	Mar 2023	Mar-Apr 2023	May 2023	Jun 2023	Jun 2023

KEY: Each colored rectangle above represents approximately 15 days of development team effort

Green Fill = Units of Development Work in Current Biennium

Tan Fill = Units of Development Work in Next Biennium

10

Implementation Timeline

PROJECT
KICK-OFF
7/1/2022

RELEASE 1 GO LIVE
DEC 12, 2022

RELEASE 2 GO LIVE
JAN 23, 2023

CURRENT
FUNDING RUNS
OUT June 30, 2023

PROJECT
COMLETION DATE
12/31/2023

CAP Policy Regulatory Legal Inspect MVF 1 MVF 2 MVF 3

Year 1

**WE ARE
HERE**

Year 2

**YEAR 1
PART A IMPLEMENTATION**

**YEAR 2
PART B IMPLEMENTATION**

NOTE: The PSC's Project Manager Software Analyst began his portion of the REDDI Project on Nov 1, 2021. The Development Team began Implementation on July 1, 2022. Project completion is expected to occur on or before December 31, 2023.

Quantified Comparison To Date (Estimate): EDDI v. REDDI

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 time savings experienced to date are as follows:

	EDDI	REDDI	TIME SAVINGS VALUE
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

Save Time

Improve consumer & utility satisfaction

Employees focus on more high value tasks

Improve data integrity and security

Provide easy, secure, & reliable self-service options to external users

*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.

REDDI Budget Tracker

Montana Department of Public Service Regulation
updated 1/26/23

	FY 22 BUDGETED	FY 23 BUDGETED	22-23 BIENNIUM BUDGETED	FY 24 REQUESTED APPRORIATION	FY 25 PENDING APPROPRIATION	24-25 BIENNIUM PENDING APPROPRIATION	TOTAL PROJECT COSTS including project management (FY 22, 23, 24), configuartion (FY 23-24), 3 years annual software licensing (FY 23,24,25), SITSD fees (FY 22-23), and contingency.
PROJECTED COSTS:							
1. REDDI PROJECT MANAGER COSTS (Reunion Consulting Group)	$ 85,840.00	$ 128,637.00	$ 214,477.00	$ 75,000.00	$ -	$ 75,000.00	$ 289,477.00
2. REDDI SYSTEM IMPLEMENTAION COSTS (Stratosphere Consulting)	$ 687,743.00	$ 540,103.00	$ 1,227,846.00	$ 939,468.00	$ -	$ 939,468.00	$ 2,167,314.00
3. REDDI ANNUAL SOFTWARE LICENSE COSTS (Pega Systems)	$ -	$ 138,000.00	$ 138,000.00	$ 138,000.00	$ 138,000.00	$ 276,000.00	$ 414,000.00
4. SITSD COSTS (Extra EDDI costs above budgeted)	$ 24,523.00	$ 23,000.00	$ 47,523.00	$ -	$ -	$ -	$ 47,523.00
5. CONTINGENCY PLANNING (see note below)	$ -	$ -	$ -	$ 348,968.00	$ -	$ 348,968.00	$ 348,968.00
TOTAL PROJECTED COSTS:	$ 798,106.00	$ 829,740.00	$ 1,627,846.00	$ 1,501,436.00	$ 138,000.00	$ 1,639,436.00	$ 3,267,282.00
FUNDING SOURCES:							
1. 2021 HB 2 PSC - Initial Costs Phases 1-2 (OTO)	$ 251,701.00	$ 251,701.00	$ 503,402.00	$ -	$ -	$ -	$ 503,402.00
2. 2021 HB 2 PSC - Fixed Costs (OTO)	$ 165,000.00	$ 255,680.00	$ 420,680.00	$ -	$ -	$ -	$ 420,680.00
3. 2021 SB 191/OBPP - Supplemental Phases 1-2 (Biennial)	$ 378,882.00	$ 324,882.00	$ 703,764.00	$ -	$ -	$ -	$ 703,764.00
4. 2023 HB 10 - Phase 3B Project Manager (OTO)	$ -	$ -	$ -	$ 75,000.00	$ -	$ 75,000.00	$ 75,000.00
5. 2023 HB 10 - Phase 3B Final System Implementation (OTO)	$ -	$ -	$ -	$ 939,468.00	$ -	$ 939,468.00	$ 939,468.00
6. 2023 HB 2 - Fixed Costs - Annual Software License	$ -	$ -	$ -	$ 138,000.00	$ 138,000.00	$ 276,000.00	$ 276,000.00
7. 2023 HB 10 - Phase 3 Implementation Contingency (Restricted)	$ -	$ -	$ -	$ 316,968.00	$ -	$ 316,968.00	$ 316,968.00
8. 2023 HB 2 - Licensing Contingency (Restricted)	$ -	$ -	$ -	$ 32,000.00	$ -	$ 32,000.00	$ 32,000.00
TOTAL PROJECTED FUNDS:	$ 795,583.00	$ 832,263.00	$ 1,627,846.00	$ 1,501,436.00	$ 138,000.00	$ 1,639,436.00	$ 3,267,282.00

NOTE: Total known costs are $2,918,314. Restricted contingency funds totaling $348,968 (11% of total project cost) are listed to cover potential/unplanned cost increases within the next 2 years. Such costs may occur due to increased annual license fees if the number of users increase, contracted outside technical support if IT Analyst FTE is not provided, unknown/unplanned SITSD costs, possible additional platform integrations, data migration, security measures, project management, or other post Minimum Viable Product (MVP) components found necessary for project completion.

REDDI HB 10 Correction

HB 10 incorrectly shows the REDDI appropriation amount of $1,496,436. The actual amount should be $1,331,436.

2024-25 BIENNIUM:	As Drafted:	Correct:
HB 10:	~~$1,496,436~~	$1,331,436
HB 2:	$ 308,000	$ 308,000
Sub Total:	~~$1,804,436~~	$1,639,436

The $165,000 difference is due to the following factors:

- When our requested appropriation amount was input, a number was transposed. $1,496,436 was input and the correct amount is $1,469,436. This resulted in a $27,000 overage which should be removed from HB 10.

- The final Phase 3B Implementation cost plus a 1 year annual licensing fee of $138,000 is included in HB 10. However, all annual licensing fees for the biennium are included in HB 2 so $138,000 should be removed from HB 10.

REDDI FTE Requirement

IT System Analyst:

- Emphasis on REDDI configuration management, risk management, and security.
- Serve s as PSC's Information Systems Security Officer (ISSO)
- Provide highly skilled technology management, maintenance, oversight, and support
- Back-Up the PSC's lone IT staff member (Computer Systems Specialist)

HB 2 BUDGET REQUEST: IT SYSTEMS ADMINISTRATOR	
TOTAL NUMBER OF FTE REQUESTED FOR THIS POSITION:	**1**
TOTAL NUMBER OF FTE CURRENTLY SERVING IN THIS POSITION:	0
BUDGETED 85% MID POINT SALARY (per DOA instructions):	$82,888/YEAR
TOTAL SALARY + BENEFITS:	$107,564/YEAR

HANDOUT: DPSR STRATEGIC PLAN

Energy

Telecom

Transportation

Water & Sewer

Pipeline Safety

Railway Safety

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