

WYOMING · GAS UTILITIES · CAPITAL BRIEFING

In a top gas-producing state, the hard part is funding the pipe under the towns.

Wyoming sits on abundant gas and a politics that wants to keep it, so stranded-asset fear is low. But a small, spread-out, cold-climate customer base still has to pay for federal safety mandates, winter capacity, and aging main — and every dollar is earned back one full rate case at a time. Invizion helps gas utilities re-sequence a capital portfolio in a click, and defend every decision to the PSC.

174,634¹	1.05 Tcf²	133,000³	9.85%³
Residential natural gas customers across Wyoming (2024) — a small, spread-out, cold-climate base.	Wyoming's marketed natural gas production in 2024 — among the nation's largest, so supply is local and politics are pro-gas.	Customers served by Black Hills Wyoming Gas, the state's largest gas LDC.	Authorized return on equity in Black Hills' 2023 Wyoming rate settlement — recovery runs through full rate cases, not a standing surcharge.

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THE WYOMING LANDSCAPE

Four forces are moving your capital plan at once

Wyoming's gas story is the mirror image of the coasts: no gas-ban fight, plenty of supply. The pressure on your plan comes from safety mandates, winter design days, and a recovery process with no shortcuts.

SAFETY — AGING PIPE & INTEGRITY

Federal safety mandates set the pace of spending

PHMSA's distribution integrity management rules require operators to find and mitigate leak-prone pipe on a continuing basis,⁴ and unprotected bare-steel and cast-iron main remain a national replacement priority PHMSA tracks state by state⁵

Black Hills built its most recent Wyoming case squarely on "systemwide updates and safety improvements to meet federal regulations."³ In a low-density state, a mile of replaced main serves far fewer customers than in a city — so the cost-per-customer of compliance is high.

POLICY — DECARBONIZATION, IN REVERSE

The pressure here runs toward gas, not away from it

Unlike coastal "future of gas" dockets, Wyoming has no building-electrification or gas-ban debate. The Wyoming Energy Authority pursues an all-of-the-above strategy anchored in oil, natural gas, and carbon capture (CCUS)⁶

That removes near-term stranded-asset risk — but not the long game. A flat, modest customer base (174,634 residential¹) and weather-driven throughput swings mean capital sunk into pipe has to earn back over decades of uncertain volumes.

SUPPLY — LOCAL GAS, GLOBAL PRICES

Abundant supply doesn't cap winter price risk

Wyoming produces roughly 1.05 Tcf a year² yet residential prices still swing — \$13.72 per Mcf in 2023 to \$12.39 in 2024⁷ Winter Storm Uri showed how fast regional supply can vanish: Texas output fell about 45%, from 21.3 to 11.8 Bcf/d in a single week in February 2021.⁸

Through the Choice Gas program, Black Hills and MDU customers carry commodity swings directly³ and a cold-climate design day still has to be met with firm capacity — a capacity commitment that competes for the same capital.

RECOVERY — ONE RATE CASE AT A TIME

No standing surcharge — you earn it back the hard way

Wyoming has no ISRS- or GSEP-style infrastructure-replacement surcharge; the Public Service Commission recovers capital through full general rate cases⁹

Black Hills asked for \$19.3 million, settled near \$14 million at a 9.85% ROE, and added roughly \$7.25 to the average monthly residential bill — and the PSC still delayed a final ruling to press on customer notice and Choice Gas marketing³ Every deferral, acceleration, or re-scope has to survive that scrutiny, and affordability pushback lands hard in a small-population state.

WHO DELIVERS WYOMING'S GAS

Three investor-owned LDCs, one wide and empty map

Wyoming's gas distribution is almost entirely investor-owned and PSC-regulated. Three companies split a low-density state, and each answers the same question at a rate case: why this project, why now, why at this cost?

Investor-owned gas LDCs

Rates & capital recovery regulated by the Wyoming PSC

Black Hills Wyoming Gas	~133,000 customers · largest gas LDC, incl. Cheyenne ³
Enbridge Gas (fmr. Dominion Energy Wyoming / Questar)	Southwest Wyoming · part of a 1.2M-customer UT/WY/ID system ¹⁰
Montana-Dakota Utilities	Wyoming communities · part of 435,350 four-state customers ¹¹

Enbridge closed its \$4.3 billion purchase of the Questar / Dominion Energy Wyoming system in June 2024.¹² Black Hills Wyoming Gas is part of parent Black Hills Corp's 1.37 million-customer, eight-state utility footprint.¹³

Supply, choice & municipal gas

Wyoming's distribution market is almost entirely investor-owned

Choice Gas program	Black Hills & MDU customers pick their own commodity suppliers ³
In-state production	~1.05 Tcf produced in Wyoming in 2024 backs local supply ²
Municipal & cooperative gas	Minimal — no significant muni or coop gas distribution

Every gas dollar is recovered in the open

There is no automatic pass-through for pipe. Capital enters rates only when the PSC agrees it was prudent — which makes the sequencing and the record behind each project decisive.

Wyoming Public Service Commission (PSC) regulates rates and capital recovery for the state's investor-owned gas LDCs⁹

No standing infrastructure surcharge. Unlike Missouri's ISRS or Massachusetts' GSEP, Wyoming utilities recover integrity and replacement capital through general rate cases — not a tracker between cases.⁹

Black Hills Wyoming Gas 2023 case: a \$19.3M request settled near \$14M at a 9.85% ROE, about \$7.25/month for the average residential customer; the PSC delayed the final ruling over customer-notice and Choice Gas marketing questions³

Enbridge Gas (Dominion Energy Wyoming / Questar) files its Wyoming rates with the PSC as part of a 1.2M-customer UT/WY/ID system¹⁰ now under Enbridge ownership after a \$4.3B deal¹²

The recovery mechanism is the rate case

Little dedicated federal money flows to Wyoming gas distribution. The capital is driven by federal safety mandates and earned back through PSC-approved rates — so readiness and prioritization are the whole game.

Federal safety mandates set the floor. PHMSA distribution integrity management and leak-prone-pipe replacement expectations³⁴ — including bare-steel and cast-iron mains⁵ — are non-discretionary spend.

Recovery is the general rate case. With no standing surcharge, capital enters rates case by case — e.g., Black Hills' ~\$14M 2023 settlement at a 9.85% ROE.³⁹

Commodity is separate. Gas cost is passed through via the Choice Gas program, so base-rate cases focus on the capital and O&M the utility actually controls.³

Abundant supply is not funding. Roughly 1.05 Tcf of in-state production in 2024 keeps gas local² but distribution pipe still competes for the same rate-base dollars.

WYOMING'S GAS, IN BRIEF

Questions Wyoming gas utility leaders are asking

Short, sourced answers — the same facts we dig into with utilities looking at their capital programs.

Who are Wyoming's natural gas utilities?

Black Hills Wyoming Gas is the largest with about 133,000 customers³ Enbridge Gas — formerly Dominion Energy Wyoming / Questar — serves the southwest as part of a 1.2 million-customer UT/WY/ID system¹⁰ and Montana-Dakota Utilities serves Wyoming communities within its four-state footprint¹¹ All are regulated by the Wyoming PSC⁹

How does Wyoming recover gas infrastructure investment?

Through full rate cases at the PSC; there is no ISRS- or GSEP-style infrastructure surcharge that recovers pipe between cases⁹ Black Hills' 2023 case settled near \$14 million at a 9.85% ROE³

Is Wyoming going to ban natural gas?

No. Wyoming is one of the nation's largest gas producers — about 1.05 Tcf in 2024⁴ — and its energy strategy centers on oil, gas, and carbon captures⁶ The pressure runs toward keeping gas, not phasing it out.

Why is safety spending unavoidable?

PHMSA's distribution integrity rules require operators to identify and mitigate leak-prone pipes⁴ including bare-steel and cast-iron mains⁵ and Black Hills' recent Wyoming case was built explicitly on federal safety compliances³

What drives winter cost risk if the gas is local?

Commodity prices still swing — residential gas ran \$13.72 per Mcf in 2023 and \$12.39 in 2024⁷ — and events like Winter Storm Uri cut regional supply sharply (Texas output fell about 45% in a week)⁸ The Choice Gas program passes those swings through to customers³

How does Invizion help Wyoming gas utilities plan capital?

Invizion is scenario-based capital portfolio optimization for utilities. It lets you model how a safety mandate, a rate-case outcome, or a cold-snap capacity need reshuffles your whole project list, re-sequence the portfolio automatically against your constraints, and keep a defensible record of every trade-off for the PSC — so when you're asked why this project and why now, the answer is documented, not reconstructed.

REFERENCES

Sources

Every figure in this briefing is tied to a primary or authoritative source.

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12. Wikipedia — Questar Gas: Enbridge completed its \$4.3 billion purchase of Questar Gas (Utah/Wyoming/Idaho) from Dominion in June 2024. en.wikipedia.org
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ABOUT INVIZION

Capital program optimization for utilities

Invizion is a purpose-built capital lifecycle management platform for utilities. It integrates budgeting, CIP, scenario analysis, and funding-source tracking in one system — so utilities can re-sequence a capital portfolio in a click and demonstrate audit-ready, defensible decisions to regulators, boards, and rating agencies.

See how utilities keep capital plans current and defensible with Invizion.

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