



MONTANA LEGISLATIVE AUDIT DIVISION

FINANCIAL-COMPLIANCE AUDIT

Department of Public Service Regulation

For the Two Fiscal Years Ended June 30, 2014

OCTOBER 2014

14-26

REPORT SUMMARY

Under the direction of the Public Service Commission, the Department of Public Service Regulation is responsible for assuring the public receives safe, adequate, and economical utility and transportation services at just and reasonable rates.

Context

In addition to assuring safe, adequate, and economical utility and transportation services, the Department of Public Service Regulation (department) regulates certain public utilities, motor carriers, railroads, and pipelines within the state, and performs safety inspections of regulated activities under the direction of the Public Service Commission. The department's operating activity is subject to state regulation and grants received are subject to federal regulation.

The department is comprised of the Regulatory Division, Centralized Services Division, and Legal and Consumer Division. The department has 43 full-time equivalent (FTE) positions that include the five Commissioners and a Communications and Research Director. Commissioners are elected by district to serve four-year terms.

Most department funding comes from a tax on the gross operating revenue of regulated companies collected by the Department of Revenue. In fiscal years 2012-13 and 2013-14, this tax generated \$2.5 million and \$4.3 million

in revenue, respectively. The department also received federal grant funding for the National Gas Pipeline Safety Program of \$105,113 and \$162,302 in fiscal years 2012-13 and 2013-14, respectively.

Results

We audited the fiscal years 2012-13 and 2013-14 financial schedules and tested compliance with state laws and federal regulations. We reviewed federal transactions, revenues received for charges for services, and expenditures disbursed for personal services. We evaluated expenditures and revenues for the State Special Revenue Funds and the Federal Special Revenue Funds to determine whether activity was recorded in the proper fund. No findings resulted from our audit, and we make no recommendations to the department. The previous three audits also resulted in no recommendations to the department.

For a complete copy of the report (14-26) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the web site at

<http://leg.mt.gov/audit>

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