

Agency Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	40.00	40.00	38.44	38.44	40.00	38.44	(1.56)	(3.90)%
Personal Services	3,011,152	3,211,070	3,529,678	3,328,639	6,222,222	6,858,317	636,095	10.22 %
Operating Expenses	593,146	652,041	761,214	757,975	1,245,187	1,519,189	274,002	22.00 %
Equipment & Intangible Assets	0	0	0	0	0	0	0	0.00 %
Debt Service	6,075	6,080	6,075	6,075	12,155	12,150	(5)	(0.04)%
Total Costs	\$3,610,373	\$3,869,191	\$4,296,967	\$4,092,689	\$7,479,564	\$8,389,656	\$910,092	12.17 %
State/Other Special Rev. Funds	3,537,037	3,786,168	4,223,631	4,019,353	7,323,205	8,242,984	919,779	12.56 %
Federal Spec. Rev. Funds	73,336	83,023	73,336	73,336	156,359	146,672	(9,687)	(6.20)%
Total Funds	\$3,610,373	\$3,869,191	\$4,296,967	\$4,092,689	\$7,479,564	\$8,389,656	\$910,092	12.17 %

Mission Statement

To fairly balance the long-term interests of Montana utility and transportation companies and the customers they serve.

There is additional, more detailed information about the department in the agency profile. The profile may be viewed at:

<http://leg.mt.gov/fbp-2017.asp>

Agency Highlights

Public Service Regulation Major Budget Highlights
<ul style="list-style-type: none"> • The growth from the FY 2015 legislative budget are due to: <ul style="list-style-type: none"> ◦ A request to fund anticipated retirement payouts ◦ Funding for computer equipment above the base ◦ Funding for miscellaneous present law adjustments ◦ Funding to annualize the legislative pay plan ◦ Funding to annualize pay increases given at the discretion of the agency

Agency Discussion

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

5% Plans

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2017 biennium 5% Plan submitted for this agency is in the appendix. The agency has no funding from the general fund. The 5% plan reduction in state special revenue is \$176,399 per year.

Agency Personal Services

Personal services comprises 83.0% of the FY 2015 legislative budget, while the Governor proposes 82.1% in FY 2016 and 81.3% in FY 2017. Compared to the FY 2015 funding, personal services would grow by 9.9% in FY 2016 and by 3.7% in FY 2017.

The personal services budget for the 2017 biennium would increase over the FY 2015 funding level due to the following factors:

- A request for funding for retirement payouts
- Restoration of the 2% additional vacancy savings applied by the 2013 Legislature
- Funding to annualize pay increases funded in the 2013 legislative pay plan, HB 13
- Funding to annualize pay increases made at the agency’s discretion over the funding provided in the 2013 legislative pay plan (HB 13) \$13,400 per year

In addition to pay increases for the elected commissioners and those funded in the pay plan of the 2013 Legislature in HB 13, 3 career ladder increases were given to one lawyer and two utility rate analysts. These additional increases averaged 8.3% and adds \$13,400 to funding requirements for subsequent years.

About 28.5% of this agency’s FTE is eligible for full or early retirement in the 2017 biennium. Retirements are anticipated to be the largest driver of turnover in the 2017 biennium. The executive has requested funding for these payouts. Refer to the PSPL section for further discussion.

Comparison of FY 2015 Legislative Base to FY 2015 Appropriation

The following highlights the differences between the FY 2015 appropriations as shown in the main table to the FY 2015 legislative appropriations used for purposes of the budget base, by program.

FY 2015 Appropriation Transactions - Public Service Commission		
Program	Legislative Appropriation	Total Executive Implementation
01 Public Service Regulation Prog	\$3,869,191	\$3,869,191
Personal Services	\$3,211,070	\$3,211,070
Operating Expenses	\$652,041	\$652,041
Debt Service	\$6,080	\$6,080

The executive made no changes to the FY 2015 legislative budget for this agency.

Funding

The following table shows proposed program funding by source from all sources of authority.

Public Service Commission, 01-Public Service Regulation Prog Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02281 Public Service Commission	8,242,984	0	0	8,242,984	100.00 %	
State Special Total	\$8,242,984	\$0	\$0	\$8,242,984	98.25 %	
03011 Natural Gas Safety Pgm	146,672	0	0	146,672	100.00 %	
03374 NGPSP One Call	0	0	0	0	0.00 %	
03958 PSC ARRA Electricity Reg	0	0	0	0	0.00 %	
Federal Special Total	\$146,672	\$0	\$0	\$146,672	1.75 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$8,389,656	\$0	\$0	\$8,389,656		

Public Service Regulation (PSR) is funded primarily by a fee that is levied on regulated companies, based on funding appropriated by the legislature for a specific fiscal year. Fees are deposited directly into a state special revenue account and are based upon a percentage of the gross operating revenue from all activities regulated by the commission for the calendar quarter of operation (69-1-402, MCA). The department also administers a small amount of federal pipeline safety grant funds.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	3,869,191	3,869,191	7,738,382	0.00 %
PL Adjustments	0	0	0	0.00 %	427,776	223,498	651,274	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$4,296,967	\$4,092,689	\$8,389,656	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments	Fiscal 2016					Fiscal 2017				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law	0.00	0	325,823	(7,215)	318,608	0.00	0	122,665	(5,096)	117,569
DP 99 - LEG. Present Law	0.00	0	111,640	(2,472)	109,168	0.00	0	110,520	(4,591)	105,929
Grand Total All Present Law Adjustments	0.00	\$0	\$437,463	(\$9,687)	\$427,776	0.00	\$0	\$233,185	(\$9,687)	\$223,498

DP 98 - LEG. Personal Services Present Law -

The following table outlines various components of the changes included in the PS PL adjustments.

Personal Services Present Law Adjustments					
	FY 2016				
	FTE	General Fund	State Special	Federal Special	Total Funds
CP 98 PSPL Item					
State Share Health Insurance	38.44	\$0	\$18,682	\$0	\$18,682
Executive Implementation of 2015 Pay Increase		-	58,496	-	58,496
Fully Fund 2015 Legislatively Authorized FTE		-	49,950	-	49,950
Other					
Retirement Payouts	0.00	-	200,412	-	200,412
Remainder of Other	0.00	-	(1,717)	(7,215)	(8,932)
Total Other	0.00	-	198,695	(7,215)	191,480
Personal Services Present Law Adjustments	38.44	\$0	\$325,823	(\$7,215)	\$318,608
FY 2017					
	FTE	General Fund	State Special	Federal Special	Total Funds
CP 98 PSPL Item					
State Share Health Insurance	38.44	\$0	\$18,682	\$0	\$18,682
Executive Implementation of 2015 Pay Increase		-	58,496	-	58,496
Fully Fund 2015 Legislatively Authorized FTE		-	49,950	-	49,950
Other					
Retirement Payouts	0.00	-	-	-	-
Remainder of Other	0.00	-	(4,463)	(5,096)	(9,559)
Total Other	0.00	-	(4,463)	(5,096)	(9,559)
Personal Services Present Law Adjustments	38.44	\$0	\$122,665	(\$5,096)	\$117,569

The executive has proposed to increase funding for personal services by 9.9% in FY 2016 and by 3.7% in FY 2017 compared to the FY 2015 legislative budget.

Retirement Payouts - The executive requests \$200,412 in biennium funding to pay for staff retirement payouts. The executive recommends designating funding for retirement payouts as biennial and restricted only to be used to fund retirement payouts.

LFD COMMENT	<p><u>2015 Biennium Funding for Retirement Payouts</u></p> <p>The 2013 Legislature funded retirement payouts as a restricted and biennial appropriation but placed all funding in FY 2014. This request is for \$200,412 for the biennium, or \$107,612 over the 2015 biennium</p>
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funding. The entire amount is over the FY 2015 funding level. Of the 40.00 FTE in this agency, 6.00 FTE, or 28.5% of staff, will be eligible for full retirement in the 2017 biennium. In FY 2014, 1.00 FTE retired and \$4,101 in payouts were made.

Remainder of Other - Changes that make up the remainder of the other adjustments are primarily due to pay increases funded out of the agency's base budget.

DP 99 - LEG. Present Law -

The following table outlines various components of the changes included in the LGPL adjustments.

Legislative Present Law Adjustments				
CP 99 Item	General Fund	State Special	Federal Special	Total Funds
Contracted Services, Training, and Travel	\$0	\$46,401	\$0	\$46,401
Computer and Equipment Replacement	-	7,012	-	7,012
Other	111,640	(55,885)	-	55,755
Legislative Present Law Adjustments	\$111,640	(\$2,472)	\$0	\$109,168

CP 99 Item	General Fund	State Special	Federal Special	Total Funds
Contracted Services, Training, and Travel	\$0	\$46,401	\$0	\$46,401
Computer and Equipment Replacement	-	25,287	-	25,287
Other	110,520	(76,279)	-	34,241
Legislative Present Law Adjustments	\$110,520	(\$4,591)	\$0	\$105,929

The executive has proposed to increase funding for all other expenditure categories excluding personal services by 16.6% in FY 2016 and by 16.1% in FY 2017 compared to the FY 2015 legislative budget. Changes that make up the other category include the following, while individually listed adjustments are described separately:

- Legislative audit fees in FY 2016 that were all budgeted in FY 2014
- An increase for network services purchased from the Department of Administration

Contracted Services, Training, and Travel - The executive requests funding various present law expenditures such as consulting and professional, education and training, out-of-state travel, and printing the agency anticipates incurring.

Computer and Equipment Replacement - The executive requests one-time-only funding for replacement of the following computer equipment under a five-year replacement cycle:

- Five printers
- Nine licenses
- Four servers
- Nine storage and backup systems
- Two power connection switches
- Two desktop computers