

**Agency Budget Comparison**

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	40.00	40.00	40.00	40.00	40.00	40.00	0.00	0.00%
Estimated Impact of HB 2*			(1.29)	(1.29)		(1.29)	(1.29)	
<b>Net Estimated FTE*</b>			<b>38.71</b>	<b>38.71</b>		<b>38.71</b>	<b>(1.29)</b>	
Personal Services	2,755,472	3,056,595	3,092,634	3,002,847	5,812,067	6,095,481	283,414	4.88%
Operating Expenses	612,409	633,847	637,818	652,041	1,246,256	1,289,859	43,603	3.50%
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Debt Service	6,080	6,080	6,080	6,080	12,160	12,160	0	0.00%
<b>Total Costs</b>	<b>\$3,373,961</b>	<b>\$3,696,522</b>	<b>\$3,736,532</b>	<b>\$3,660,968</b>	<b>\$7,070,483</b>	<b>\$7,397,500</b>	<b>\$327,017</b>	<b>4.63%</b>
State Special	3,308,354	3,591,088	3,670,925	3,595,361	6,899,442	7,266,286	366,844	5.32%
Federal Special	65,607	105,434	65,607	65,607	171,041	131,214	(39,827)	(23.29%)
<b>Total Funds</b>	<b>\$3,373,961</b>	<b>\$3,696,522</b>	<b>\$3,736,532</b>	<b>\$3,660,968</b>	<b>\$7,070,483</b>	<b>\$7,397,500</b>	<b>\$327,017</b>	<b>4.63%</b>

\*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

**Agency Description**

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

The Department of Public Service Regulation (PSR) regulates the operations of public utility and transportation industries that operate in the state. Five commissioners, elected from districts throughout Montana, form the Montana Public Service Commission (PSC) that oversees the Public Service Regulation Program (PSR). Each commissioner serves a four-year term.

**Agency Highlights**

<b>Public Service Regulation Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The legislature approved a present law budget</li> <li>◆ Vacancy savings was applied at 4%</li> <li>◆ Funding was approved for anticipated retirement payouts</li> </ul>

**Summary of Legislative Action**

The legislature approved a present law budget and funds personal services with a 4% vacancy savings applied and funding approved for anticipated retirement payouts.

*Boilerplate*

The boilerplate section in HB 2 includes the following language:

“It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium.”

The LFD has calculated that this intent language would reduce the current biennium base FTE by 440 statewide and by 1.29 for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

**Executive Budget Comparison**

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg - Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	40.00	40.00	40.00	0.00	40.00	40.00	0.00	
Estimated Impact of HB 2*			(1.29)	(1.29)		(1.29)	(1.29)	
<b>Net Estimated FTE*</b>			<b>38.71</b>	<b>(1.29)</b>		<b>38.71</b>	<b>(1.29)</b>	
Personal Services	2,755,472	3,092,634	3,092,634	0	3,002,847	3,002,847	0	0
Operating Expenses	612,409	637,087	637,818	731	651,310	652,041	731	1,462
Equipment & Intangible Assets	0	0	0	0	0	0	0	0
Debt Service	6,080	6,080	6,080	0	6,080	6,080	0	0
<b>Total Costs</b>	<b>\$3,373,961</b>	<b>\$3,735,801</b>	<b>\$3,736,532</b>	<b>\$731</b>	<b>\$3,660,237</b>	<b>\$3,660,968</b>	<b>\$731</b>	<b>\$1,462</b>
State/Other Special	3,308,354	3,670,194	3,670,925	731	3,594,630	3,595,361	731	1,462
Federal Special	65,607	65,607	65,607	0	65,607	65,607	0	0
<b>Total Funds</b>	<b>\$3,373,961</b>	<b>\$3,735,801</b>	<b>\$3,736,532</b>	<b>\$731</b>	<b>\$3,660,237</b>	<b>\$3,660,968</b>	<b>\$731</b>	<b>\$1,462</b>

\*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The legislative budget is \$1,462 higher than the executive request because the legislature changed fixed costs associated with insurance and the State Accounting, Budgeting, and Human Resources System (SABHRS).

**Funding**

The following table shows funding, by source for the 2015 biennium as approved by the legislature.

Total Public Service Regulation Funding by Source of Authority 2015 Biennium Budget - Public Service Regulation Prog							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$7,266,286	\$0	\$0	\$7,266,286	98.2%		
02281 Public Service Commission	\$7,266,286	\$0	\$0	\$7,266,286	98.2%		
Federal Special Total	\$131,214	\$0	\$0	\$131,214	1.8%		
03011 Natural Gas Safety Pgm	\$131,214	\$0	\$0	\$131,214	1.8%		
Total All Funds	\$7,397,500	\$0	\$0	\$7,397,500	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

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 by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	3,373,961	3,373,961	6,747,922	91.22%
Statewide PL Adjustments	0	0	0	0.00%	258,368	241,004	499,372	6.75%
Other PL Adjustments	0	0	0	0.00%	154,091	95,953	250,044	3.38%
New Proposals	0	0	0	0.00%	(49,888)	(49,950)	(99,838)	(1.35%)
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$3,736,532</b>	<b>\$3,660,968</b>	<b>\$7,397,500</b>	

**Other Legislation**

HB 13 – The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches and the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					344,138					347,274
Vacancy Savings					(99,776)					(99,899)
Inflation/Deflation					(516)					(154)
Fixed Costs					14,522					(6,217)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$258,368</b>	<b>\$0</b>	<b>\$258,368</b>		<b>\$0</b>	<b>\$241,004</b>	<b>\$0</b>	<b>\$241,004</b>
DP 1 - Retirement Payouts (Restricted/Biennial)	0.00	0	92,800	0	92,800	0.00	0	0	0	0
DP 2 - Computer Replacement	0.00	0	8,150	0	8,150	0.00	0	42,750	0	42,750
DP 3 - Building Rent	0.00	0	2,715	0	2,715	0.00	0	2,715	0	2,715
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(258,368)	0	(258,368)	0.00	0	(241,004)	0	(241,004)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	294,250	0	294,250	0.00	0	297,325	0	297,325
DP 52 - Adjustment for Statewide Operations	0.00	0	14,544	0	14,544	0.00	0	(5,833)	0	(5,833)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$154,091</b>	<b>\$0</b>	<b>\$154,091</b>	<b>0.00</b>	<b>\$0</b>	<b>\$95,953</b>	<b>\$0</b>	<b>\$95,953</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$412,459</b>	<b>\$0</b>	<b>\$412,459</b>	<b>0.00</b>	<b>\$0</b>	<b>\$336,957</b>	<b>\$0</b>	<b>\$336,957</b>

DP 1 - Retirement Payouts (Restricted/Biennial) - The legislature approved state special revenue to fund costs to pay for staff retirement payouts. The legislature designated this funding as biennial and restricted only for this purpose.

DP 2 - Computer Replacement - The legislature approved state special revenue to fund replacement of the following computer equipment under a five-year replacement cycle:

FY 2014

2 servers (\$9,800)

FY 2015

25 desktop computers (\$30,000)

5 laptop computers with monitors (\$9,500)

1 server (\$4,900)

DP 3 - Building Rent - The legislature approved state special revenue to fund the difference between the base of \$222,705 and the total of \$225,420, which is the annual fixed cost contractual rent for the office space occupied by the agency.

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings at 2%.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

**New Proposals**

New Proposals										
Program	FTE	-----Fiscal 2014-----				-----Fiscal 2015-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 54 - Additional Vacancy Savings										
01	0.00	0	(49,888)	0	(49,888)	0.00	0	(49,950)	0	(49,950)
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$49,888)</b>	<b>\$0</b>	<b>(\$49,888)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$49,950)</b>	<b>\$0</b>	<b>(\$49,950)</b>

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7.