

Agency Budget Comparison

The following table summarizes the total executive 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%
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	637,087	651,310	1,246,256	1,288,397	42,141	3.38%
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%
Total Costs	\$3,373,961	\$3,696,522	\$3,735,801	\$3,660,237	\$7,070,483	\$7,396,038	\$325,555	4.60%
State Special	3,308,354	3,591,088	3,670,194	3,594,630	6,899,442	7,264,824	365,382	5.30%
Federal Special	65,607	105,434	65,607	65,607	171,041	131,214	(39,827)	(23.29%)
Total Funds	\$3,373,961	\$3,696,522	\$3,735,801	\$3,660,237	\$7,070,483	\$7,396,038	\$325,555	4.60%

Mission Statement

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

For additional information, please refer to the agency profile.

Agency Highlights

Public Service Regulation Major Budget Highlights
<ul style="list-style-type: none"> ◆ Nearly half of the employees of this agency will qualify for either early or full retirement in the 2015 biennium ◆ The increase in the 2015 biennium is due primarily to: <ul style="list-style-type: none"> • Statewide present law adjustments for personal services to: 1) annualize pay increases that largely occurred three quarters into the base year and were therefore not fully represented in the FY 2012 expenditures; and 2) replace funding due to higher than anticipated vacancy savings in the base • Operating expense increases requested for computer equipment replacement and building rent

Agency Discussion

Agency Personal Services

Personal Services Growth

- The personal services budget for the 2015 biennium would increase over the base primarily due to the following factors:
- o The agency experienced an 8% vacancy savings when 2% was applied for the 2013 biennium
 - o The agency awarded pay increases that cost \$81,000 in FY 2012 to most agency staff in the form of: 1) elected official increases for commissioners per state law; 2) career ladder increases for lawyers and utility analysts; and 3) fixed \$1.00 per hour amounts for retention purposes

This agency had positions that have turned over more in FY 2012 than they did historically, including utility engineers and rate analysts and lawyers. According to the agency these positions with high levels of experience were hired by the private sector and utilities for higher pay. In addition, about 53% of this agency's FTE is eligible for full or early retirement in the 2015 biennium. The agency expects that up to 20% of its staff will retire in the 2015 biennium at an approximated cost of \$92,800. The executive has requested funding for these payouts. Refer to decision package DP 1 for further discussion.

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 2015 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 nearly \$165,000.

IT Systems

State agencies have identified information technology (IT) systems that are critical to the state as a whole or to the agency. Further, state agencies have assessed the age of the systems to establish whether the system is:

- o New
- o Emerging
- o Mature
- o Declining
- o Obsolete

The Legislative Finance Committee recommended that House Appropriations and Senate Finance and Claims Committee leadership direct the Long Range Planning Subcommittee to meet jointly with each of the appropriate joint appropriations subcommittees to discuss priorities related to critical IT systems, and that state agencies be prepared to discuss:

- o Current plans to address obsolescence
- o Costs to replace the system
- o Costs of maintaining the current system
- o Risks associated with both retaining the current system and replacing the system

LFD staff will be prepared to discuss issues related to those systems that have been determined to be either critical to the state as a whole or to the agency and either declining or obsolete. Issues include security, continuity of operations, and funding.

Agency Goals and Objectives

Goals and Objectives for the agency can be found in the appendix.

Funding

The following table shows agency funding by source of authority.

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	\$7,264,824	\$0	\$0	\$7,264,824	98.2%		
02281 Public Service Commission	\$7,264,824	\$0	\$0	\$7,264,824	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	\$7,396,038	\$0	\$0	\$7,396,038	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

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	91.24%
Statewide PL Adjustments	0	0	0	0.00%	258,368	241,004	499,372	6.75%
Other PL Adjustments	0	0	0	0.00%	103,665	45,465	149,130	2.02%
New Proposals	0	0	0	0.00%	(193)	(193)	(386)	(0.01%)
Total Budget	\$0	\$0	\$0		\$3,735,801	\$3,660,237	\$7,396,038	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

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)
Total Statewide Present Law Adjustments		\$0	\$258,368	\$0	\$258,368		\$0	\$241,004	\$0	\$241,004
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
Total Other Present Law Adjustments	0.00	\$0	\$103,665	\$0	\$103,665	0.00	\$0	\$45,465	\$0	\$45,465
Grand Total All Present Law Adjustments	0.00	\$0	\$362,033	\$0	\$362,033	0.00	\$0	\$286,469	\$0	\$286,469

DP 1 - Retirement Payouts (Restricted/Biennial) - The executive requests state special revenue to fund costs to pay for staff retirement payouts. The executive recommends that this funding be designated as biennial and restricted only for funding retirement payouts.

LFD COMMENT	<p><u>High Level of Employees Eligible for Retirements</u></p> <p>The legislature does not generally specifically fund retirement payout costs. Instead, agencies must fund these costs within their regular budget. The employees of this agency are covered under the Public Employees Retirement System (PERS). Of the total 40 employees, 21 or 53% will be eligible for either early or full retirement in the 2015 biennium. If just the ten employees who are or will be eligible for full retirement were to retire, the payouts for their current balances of sick and annual leave would be nearly \$120,000. The agency anticipates that up to 20% of its staff will retire in the next biennium. Base year termination payouts totaled about \$17,000.</p> <p>A number of agencies have a high percentage of its employees eligible to retire in the 2015 biennium. For a further discussion, see Volume 1 of the 2015 Biennium Budget Analysis.</p>
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DP 2 - Computer Replacement - The executive requests 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)

LFD COMMENT	<p><u>Base for Computers</u></p> <p>The base expenditure for computer equipment purchase is \$1,650 and the amounts included in parenthesis are the full amounts applied statewide within the executive budget. This decision package requests the difference between full costs and the base.</p>
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DP 3 - Building Rent - The executive requests 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.

New Proposals

New Proposals										
		-----Fiscal 2014-----				-----Fiscal 2015-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6101 - Professional Development Center Fee Allocation										
01	0.00	0	(193)	0	(193)	0.00	0	(193)	0	(193)
Total	0.00	\$0	(\$193)	\$0	(\$193)	0.00	\$0	(\$193)	\$0	(\$193)

DP 6101 - Professional Development Center Fee Allocation - The executive requests an increase for training services purchased from the Professional Development Center (PDC) of the Department of Administration. This request reflects the difference between the amount paid in the base for PDC services and a fixed cost allocation based on agency FTE counts. Starting in the 2015 biennium and beyond, the executive recommends funding the PDC as a fixed cost item. For a further discussion, see the narrative for the Department of Administration.