

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Exec. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Exec. Budget Fiscal 2003	Total Exec. Budget Fiscal 02-03
FTE	39.50	0.00	0.00	39.50	0.00	0.00	39.50	39.50
Personal Services	1,877,177	81,379	0	1,958,556	96,170	0	1,973,347	3,931,903
Operating Expenses	439,015	852,786	0	1,291,801	18,565	0	457,580	1,749,381
Equipment	0	0	0	0	0	0	0	0
Total Costs	\$2,316,192	\$934,165	\$0	\$3,250,357	\$114,735	\$0	\$2,430,927	\$5,681,284
State/Other Special	2,300,576	936,018	0	3,236,594	116,588	0	2,417,164	5,653,758
Federal Special	15,616	(1,853)	0	13,763	(1,853)	0	13,763	27,526
Total Funds	\$2,316,192	\$934,165	\$0	\$3,250,357	\$114,735	\$0	\$2,430,927	\$5,681,284

Agency Description

The Department of Public Service Regulation (PSR) regulates the public utility and railroad industries. Five commissioners elected from districts throughout Montana oversee this program.

Biennium Budget Comparison								
Budget Item	Present Law Fiscal 2002	New Proposals Fiscal 2002	Total Exec. Budget Fiscal 2002	Present Law Fiscal 2003	New Proposals Fiscal 2003	Total Exec. Budget Fiscal 2003	Total Biennium Fiscal 00-01	Total Exec. Budget Fiscal 02-03
FTE	39.50	0.00	39.50	39.50	0.00	39.50	0.00	39.50
Personal Services	1,958,556	0	1,958,556	1,973,347	0	1,973,347	3,774,366	3,931,903
Operating Expenses	1,291,801	0	1,291,801	457,580	0	457,580	1,038,587	1,749,381
Equipment	0	0	0	0	0	0	15,000	0
Total Costs	\$3,250,357	\$0	\$3,250,357	\$2,430,927	\$0	\$2,430,927	\$4,827,953	\$5,681,284
State/Other Special	3,236,594	0	3,236,594	2,417,164	0	2,417,164	4,792,238	5,653,758
Federal Special	13,763	0	13,763	13,763	0	13,763	35,715	27,526
Total Funds	\$3,250,357	\$0	\$3,250,357	\$2,430,927	\$0	\$2,430,927	\$4,827,953	\$5,681,284

Funding

The Public Service Regulation Program is funded primarily by a fee that is levied quarterly on regulated companies. The amount raised by the fees must equal the amount appropriated to the commission by the legislature for a particular year; fees are deposited directly into a state special revenue account (Section 69-1-402, MCA). Fees are based upon a percentage of the gross operating revenue from all activities regulated by the commission within the state for the calendar quarter of operation. Federal funds come from the U.S. Department of Transportation and support the Natural Gas Pipeline Safety Program.

Funding for the Universal Access Program was collected from a surcharge applied to all private corporations involved in the telecommunications industry in Montana. The authority to collect revenue for the Universal Access Program was limited by statute to the 1999 biennium.

Present Law Adjustments	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					125,543					140,742
Vacancy Savings					(44,164)					(44,572)
Inflation/Deflation					515					1,725
Fixed Costs					26,582					11,925
Total Statewide Present Law Adjustments					\$108,476					\$109,820
DP 1 - Consultants	0.00	0	99,038	0	99,038	0.00	0	(962)	0	(962)
DP 2 - Rent/ Computer Replacement/ Printer/Copier Lease	0.00	0	43,197	0	43,197	0.00	0	5,877	0	5,877
DP 3 - Pipeline Safety Funding	0.00	0	0	0	0	0.00	0	0	0	0
DP 4 - Universal Access Program	0.00	0	683,454	0	683,454	0.00	0	0	0	0
Total Other Present Law Adjustments	0.00	\$0	\$825,689	\$0	\$825,689	0.00	\$0	\$4,915	\$0	\$4,915
Grand Total All Present Law Adjustments					\$934,165					\$114,735

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget included in the executive present law. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items will be applied globally to all agencies. A description of each item is included in the "Agency Budget Analysis Roadmap" section that begins this volume. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Consultants - The Public Service Commission (PSC) requests state special revenue funds of \$100,000 for the 2003 biennium, which will be used to hire consultants. This is the same amount appropriated by the 1999 legislature. These funds will be used if PSC staff is unable to handle the additional workload or for special projects.

LFD COMMENT	Since 1996, the greatest amount expended for consultants has been \$20,000. Historically, funding to hire consultants has been a biennial appropriation in HB 2. Because the funds are intended for a specific purpose, the legislature may want to restrict the use of the funds for the intended purpose only.
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DP 2 - Rent/ Computer Replacement/ Printer/Copier Lease - The department requests state special revenue funds for the following: 1) \$6,521 in fiscal 2002 and \$9,201 in fiscal 2003 for an increase in the rent contract negotiated by the Department of Administration; 2) \$31,776 in fiscal 2002 and a reduction of \$8,224 from the base budget (\$22,224 in the base) in fiscal 2003 to replace 27 computers in fiscal 2002 and 7 computers in fiscal year 2003; and 3) \$4,900 each fiscal year to lease 2 digital printer/copiers (\$5,006 in the base).

LFD ISSUE	Because the PSR does not replace an equal number of computers each year, the legislature may wish to designate the \$31,776 present law adjustment for replacement computers in fiscal 2002 and the \$8,224 reduction in fiscal 2003 as one-time-only appropriations. The approximately \$22,000 in the base would replace 11 computers per year, which would allow replacement of all 40 computers during a four-year replacement cycle.
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DP 3 - Pipeline Safety Funding - In past years, Pipeline Safety Program funding has been derived on a 50/50 basis from state and federal sources. The federal share is being reduced to 40 percent. As a result, this funding change requires an additional \$1,853 from the state special account with a like reduction in federal funds.

DP 4 - Universal Access Program - The Executive Budget requests a biennial appropriation of state special revenue funds of \$683,454 in order to continue allocation of the universal access funds based on guidelines passed by the 1997

legislature. The funds to support this program were collected in the 1999 biennium; all collections ended at the close of fiscal 1999.

**LFD
ISSUE**

The 1999 legislature approved language in HB 2 that appropriated the remaining funds (amounting to approximately \$650,000) collected for the Montana Universal Access Program (MUAP) for MUAP. Only \$12,620 was expended in fiscal 2000.

When the 1997 legislature passed SB 89, which established the Universal Access Program, the bill stated that:

"The purpose of the interim universal access program is to further the goal of universal access to advanced telecommunications services in Montana by: 1) increasing safety net coverage through which advanced telecommunications services would, at a minimum, be available through a library, school, or other specified type of public institution in every community in the state; 2) encouraging innovation in communities to bring advanced services to Montana's rural areas; and 3) assisting communities that have already succeeded in obtaining services when ongoing transport costs threaten the continued availability of these services."

The 1997 legislature was aware that some federal funding would be available to help schools, libraries, and health care facilities with their telecommunication costs, but the details were not available until after the legislature adjourned. SB 89 was passed in an attempt to fill any gaps in services or funding that would not be covered under the federal program. The federal program (termed the E-rate Program) was slow in getting off the ground, but since that time, Montana schools, libraries, and health care facilities received discounts on telecommunication services in excess of \$3.6 million during the first year of the program and over \$3.7 million during the second year.

Because of the amount of the discount that most schools, libraries, and health care facilities received under the federal program, they are not eligible for state MUAP funds. This means that MUAP funds have not been utilized to the degree envisioned. The majority of entities benefiting from MUAP funds have been schools, libraries, and health care facilities that did not qualify for the federal funds, but did qualify for MUAP funds. Additionally, because tribal colleges are not eligible for E-rate Program funds, two tribal colleges are receiving MUAP funds. Since the establishment of the MUAP, \$60,165 has been expended. The following table details the entities that have received funds since the program's inception.

Options

The legislature may want to consider legislation that would:

- 1) expand the use of the funds, e.g., allowing funds to be used to upgrade the basic infrastructure; and/or
- 2) provide a higher discount amount to users. Additionally, the legislature may want to instruct the PSC to make rule changes that would expand the eligibility of applicants.

Applicant	Location	Applicant	Location
Fiscal 1998			
Fallon County Library	Baker	Ruby Valley Hospital	Sheridan
Plains District Library	Plains	Dixon School District 9	Dixon
Little Big Horn College	Crow Agency	Cayuse Prairie School	Kalispell
Ennis High School	Ennis	Lincoln County Technology Group	Libby
Philipsburg School	Philipsburg	Little Big Horn College	Crow Agency
Columbus Elementary School	Columbus	West Yellowstone Schools	West Yellowstone
Columbus High School	Columbus	Troy High School	Troy
St. Ignatius Schools	St. Ignatius		
Salish Kootenai College		Fiscal 2000	
Frances Mahon Hospital	Glasgow	Troy School District 1	Troy
Community Mental Health Center	Miles City	Fort Peck Community College	Poplar
Colstrip Medical Center	Colstrip	Lincoln County Technology Group	Libby
Glendive Medical Center	Glendive		
Fallon Medical Complex	Baker		
Sidney Health Center	Sidney		
Roosevelt Memorial Hospital	Culbertson		
Lincoln County Technology Group	Libby		