

| Program Proposed Budget | | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|-------------------------------|--------------------------------|---------------------------|-------------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 1998 | PL Base Adjustment Fiscal 2000 | New Proposals Fiscal 2000 | Total Leg. Budget Fiscal 2000 | PL Base Adjustment Fiscal 2001 | New Proposals Fiscal 2001 | Total Leg. Budget Fiscal 2001 | Total Leg. Budget Fiscal 00-01 |
| FTE | 39.50 | .00 | .00 | 39.50 | .00 | .00 | 39.50 | 39.50 |
| Personal Services | 1,736,277 | 89,566 | 0 | 1,825,843 | 76,897 | 0 | 1,813,174 | 3,639,017 |
| Operating Expenses | 499,197 | 110,429 | 0 | 609,626 | (13,127) | 0 | 486,070 | 1,095,696 |
| Equipment | (4,313) | 39,313 | 0 | 35,000 | 19,313 | 0 | 15,000 | 50,000 |
| Debt Service | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Costs | \$2,231,161 | \$239,308 | \$0 | \$2,470,469 | \$83,083 | \$0 | \$2,314,244 | \$4,784,713 |
| State/Other Special | 2,212,496 | 239,326 | 0 | 2,451,822 | 82,355 | 0 | 2,294,851 | 4,746,673 |
| Federal Special | 18,665 | (18) | 0 | 18,647 | 728 | 0 | 19,393 | 38,040 |
| Total Funds | \$2,231,161 | \$239,308 | \$0 | \$2,470,469 | \$83,083 | \$0 | \$2,314,244 | \$4,784,713 |

Agency Description

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

Summary of Legislative Action

The legislature approved a fiscal 2000 budget of \$2.5 million, an increase over the fiscal 1998 base budget of \$239,308; and a fiscal 2001 budget of \$2.3 million, an increase of \$83,083 over the base budget. Significant increases include: 1) \$89,566 in fiscal 2000 and \$76,897 in fiscal 2001 for personal services to continue the 1999 pay plan; 2) an increase in fiscal 2000 of \$98,891 for consultants, bringing the total to \$100,000 for the biennium; 3) \$39,313 in fiscal 2000 and \$19,313 in fiscal 2001 for office equipment, computers and a server; and 5) \$13,069 in fiscal 2000 and \$6,061 in fiscal 2001 for various operating expenses. A reduction to the base budget of \$37,122 per year was adopted to remove the operating expenses for the Universal Access program from the budget. This program is funded in the 2001 biennium from the balance in the account at the end of the 1999 biennium, which is appropriated by language (see actual language under "Language" below).

| Agency Budget Comparison | | | | | | | | |
|--------------------------|-------------------------|------------------------------|--------------------------------|------------------------------------|------------------------------|--------------------------------|------------------------------------|----------------------------------|
| Budget Item | Base Budget Fiscal 1998 | Executive Budget Fiscal 2000 | Legislative Budget Fiscal 2000 | Leg - Exec. Difference Fiscal 2000 | Executive Budget Fiscal 2001 | Legislative Budget Fiscal 2001 | Leg - Exec. Difference Fiscal 2001 | Biennium Difference Fiscal 00-01 |
| FTE | 39.50 | 39.50 | 39.50 | | 39.50 | 39.50 | | |
| Personal Services | 1,736,277 | 1,825,843 | 1,825,843 | 0 | 1,813,174 | 1,813,174 | 0 | 0 |
| Operating Expenses | 499,197 | 613,748 | 609,626 | (4,122) | 491,588 | 486,070 | (5,518) | (9,640) |
| Equipment | (4,313) | 35,000 | 35,000 | 0 | 15,000 | 15,000 | 0 | 0 |
| Debt Service | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Costs | \$2,231,161 | \$2,474,591 | \$2,470,469 | (\$4,122) | \$2,319,762 | \$2,314,244 | (\$5,518) | (\$9,640) |
| State/Other Special | 2,212,496 | 2,455,944 | 2,451,822 | (4,122) | 2,300,369 | 2,294,851 | (5,518) | (9,640) |
| Federal Special | 18,665 | 18,647 | 18,647 | 0 | 19,393 | 19,393 | 0 | 0 |
| Total Funds | \$2,231,161 | \$2,474,591 | \$2,470,469 | (\$4,122) | \$2,319,762 | \$2,314,244 | (\$5,518) | (\$9,640) |

Executive Budget Comparison

The legislature reduced the budget of the Public Service Regulation by \$4,122 in fiscal 2000 and \$5,518 in fiscal 2001. These reductions are the result of the following legislative adjustments: 1) rent was reduced by \$2,481 in fiscal 2000 and \$3,877 in fiscal 2001; and 2) fixed costs were reduced by \$1,641 per year to reflect a reduction in computer network fees.

Funding

The Public Service Regulation Program is funded primarily by a fee levied quarterly on regulated companies. The total fees must equal the amount appropriated to the commission by the legislature for a particular year and be deposited

directly into a state special revenue account (Section 69-1-402, MCA). The 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 of \$20,130 in fiscal 2000 and \$19,959 in fiscal 2001 are from the U.S. Department of Transportation and support the Natural Gas Pipeline Safety Program.

Funding for the Universal Access program is 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 only.

| Present Law Adjustments | | Fiscal 2000 | Fiscal 2000 | Fiscal 2000 | Fiscal 2001 | Fiscal 2001 | Fiscal 2001 |
|------------------------------------|-----|--------------|-------------|-------------|--------------|-------------|-------------|
| Present Law Description | FTE | General Fund | Total Funds | FTE | General Fund | Total Funds | |
| Statewide Present Law | | | | | | | |
| Personal Services | | | 89,566 | | | | 76,897 |
| Inflation/Deflation | | | 6,839 | | | | 5,707 |
| Fixed Costs | | | 30,393 | | | | 14,977 |
| Total Statewide Adjustments | | | \$126,798 | | | | \$97,581 |
| Present Law Adjustments | | | | | | | |
| 2 Rent/Lease/Maintenance/Equipment | .00 | 0 | 52,382 | .00 | 0 | | 25,374 |
| 3 Consultants | .00 | 0 | 98,891 | .00 | 0 | | (1,109) |
| 4 Montana Universal Access Program | .00 | 0 | (37,122) | .00 | 0 | | (37,122) |
| 1001 Fixed Costs Reduction | .00 | 0 | (1,641) | .00 | 0 | | (1,641) |
| Total PL Adjustments | .00 | \$0 | \$112,510 | .00 | \$0 | | (\$14,498) |
| Present Law Adjustments Total | | | \$239,308 | | | | \$83,083 |

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 2 - Rent/Lease/Maintenance/Equipment - This increase consists of several adjustments: 1) office rent increases totaling \$3,723 in fiscal 2000 and \$7,256 in fiscal 2001, which are based on 80 percent of the consumer price index-urban (CPI-U) increase (it is assumed that the CPI-U will increase 1.5 percent each year of the biennium); 2) annualization of leased vehicles from the State Motor Pool totaling \$10,103 for fiscal 2000 and \$9,518 for fiscal 2001; 3) purchase of service warranties for computers totaling \$4,439 in fiscal 2000 and \$4,282 in fiscal 2001; 4) installation of an additional 800 number and the upgrade of some PSR telephone equipment totaling \$694 each fiscal year of the 2001 biennium; 5) replacement of three desktop and seven laptop computers, one laser printer, and memory upgrades for the existing desktops totaling \$39,313 in fiscal 2000, and a Novel Server, network interface cards, color printer, and laser printer totaling \$19,313 in fiscal 2001; and 6) purchase of a desktop operating system and desktop database upgrades totaling \$7,399 in fiscal 2000.

DP 3 - Consultants - The legislature added \$97,782 consultant funds for the 2001 biennium to bring the total to \$100,000 for the biennium (the amount approved for the 1999 biennium). These funds are used only if PSR staff is unable to handle the additional workload or for special projects. This was identified as a biennial appropriation in the 2001 biennium as it was in the 1999 biennium.

DP 4 - Montana Universal Access Program - Because the legislature provided a language appropriation for the Universal Access program, this adjustment reduces the fiscal 1998 base expenditures incurred by the program to zero so that the base amount of \$37,122 is not appropriated.

DP 1001 - Fixed Costs Reduction - The legislature reduced the fixed costs charged for rent of state owned buildings and network computer fees.

Language

"It is the intent of the legislature that remaining funds up to \$650,000 collected for the Montana Universal Access Program in fiscal year 1998 and fiscal year 1999 be carried forward into the 2001 biennium, to be used only for the functions of that program."