

### 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 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	39.00	39.00	39.00	39.00	39.00	39.00	0.00	0.00%
Personal Services	2,629,550	2,814,050	3,003,237	3,026,021	5,443,600	6,029,258	585,658	10.76%
Operating Expenses	550,637	561,882	632,057	586,006	1,112,519	1,218,063	105,544	9.49%
Equipment & Intangible Assets	0	0	5,000	0	0	5,000	5,000	n/a
<b>Total Costs</b>	<b>\$3,180,187</b>	<b>\$3,375,932</b>	<b>\$3,640,294</b>	<b>\$3,612,027</b>	<b>\$6,556,119</b>	<b>\$7,252,321</b>	<b>\$696,202</b>	<b>10.62%</b>
State Special	3,159,782	3,354,897	3,614,782	3,586,384	6,514,679	7,201,166	686,487	10.54%
Federal Special	20,405	21,035	25,512	25,643	41,440	51,155	9,715	23.44%
<b>Total Funds</b>	<b>\$3,180,187</b>	<b>\$3,375,932</b>	<b>\$3,640,294</b>	<b>\$3,612,027</b>	<b>\$6,556,119</b>	<b>\$7,252,321</b>	<b>\$696,202</b>	<b>10.62%</b>

### 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 PSR. Each commissioner serves a four-year term.

### Agency Highlights

<b>Public Service Regulation HB 2 Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ 2011 biennium funding is 10.6 percent (\$696,000) greater than 2009 biennium funding largely due to increases in personal services costs</li> <li>◆ Budget increases are funded primarily from state special revenue derived from a tax on regulated utilities</li> </ul>
<b>HB 645 Highlights</b>
<ul style="list-style-type: none"> <li>◆ HB 645 has no impact on this agency</li> </ul>

### Summary of Legislative Action

The legislature provided funding for the 2011 biennium that is \$696,202 greater than 2009 biennium funding. Funding increases primarily due to statewide present law adjustments and the provision of funding for anticipated retirement costs.

### Executive Budget Comparison

The following table compares the legislative budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg - Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg - Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	39.00	41.00	39.00	(2.00)	41.00	39.00	(2.00)	
Personal Services	2,629,550	3,083,550	3,003,237	(80,313)	2,884,620	3,026,021	141,401	61,088
Operating Expenses	550,637	679,463	632,057	(47,406)	598,412	586,006	(12,406)	(59,812)
Equipment & Intangible Assets	0	5,000	5,000	0	0	0	0	0
<b>Total Costs</b>	<b>\$3,180,187</b>	<b>\$3,768,013</b>	<b>\$3,640,294</b>	<b>(\$127,719)</b>	<b>\$3,483,032</b>	<b>\$3,612,027</b>	<b>\$128,995</b>	<b>\$1,276</b>
State/Other Special	3,159,782	3,743,070	3,614,782	(128,288)	3,458,124	3,586,384	128,260	(28)
Federal Special	20,405	24,943	25,512	569	24,908	25,643	735	1,304
<b>Total Funds</b>	<b>\$3,180,187</b>	<b>\$3,768,013</b>	<b>\$3,640,294</b>	<b>(\$127,719)</b>	<b>\$3,483,032</b>	<b>\$3,612,027</b>	<b>\$128,995</b>	<b>\$1,276</b>

The legislature provided funding that is \$1,276 greater than the executive request. This is the net impact of legislative action to provide funding to exempt the agency from applied vacancy savings (\$325,176) while not providing funding for executive requests such as additional staffing (\$340,675) and broadcasting of Public Service Commission hearings (\$35,000). Additionally, funding for the 2011 biennium pay plan is included (\$35,361) in this comparison.

**Funding**

The following table shows funding for the agency, by program and source, for the 2011 biennium as adopted by the legislature.

Program Funding Table Public Service Regulation Prog							
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011	
02000 Total State Special Funds	\$ 3,159,782	99.4%	\$ 3,614,782	99.3%	\$ 3,586,384	99.3%	
02281 Public Service Commission	3,159,782	99.4%	3,614,782	99.3%	3,586,384	99.3%	
03000 Total Federal Special Funds	20,405	0.6%	25,512	0.7%	25,643	0.7%	
03011 Natural Gas Safety Pgm	20,405	0.6%	25,512	0.7%	25,643	0.7%	
<b>Grand Total</b>	<b>\$ 3,180,187</b>	<b>100.0%</b>	<b>\$ 3,640,294</b>	<b>100.0%</b>	<b>\$ 3,612,027</b>	<b>100.0%</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 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 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	3,180,187	3,180,187	6,360,374	87.70%
Statewide PL Adjustments	0	0	0	0.00%	177,489	159,643	337,132	4.65%
Other PL Adjustments	0	0	0	0.00%	170,575	144,683	315,258	4.35%
New Proposals	0	0	0	0.00%	112,043	127,514	239,557	3.30%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$3,640,294</b>	<b>\$3,612,027</b>	<b>\$7,252,321</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget made by the legislature. "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 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					244,512	0.00				251,947
Vacancy Savings					(93,035)	0.00				(93,328)
Inflation/Deflation					4,864	0.00				5,610
Fixed Costs					21,148	0.00				(4,586)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$177,489</b>	<b>\$0</b>	<b>\$177,489</b>	<b>0.00</b>	<b>\$0</b>	<b>\$159,643</b>	<b>\$0</b>	<b>\$159,643</b>
					0	0.00				0
DP 1 - Pay Retirement Benefits - Bien	0.00	0	102,941	0	102,941	0.00	0	102,942	0	102,942
DP 5 - Match Pipeline Safety Federal Award	0.00	0	7,500	5,000	12,500	0.00	0	7,500	5,000	12,500
DP 6 - Building Rent/Maintain NRRI Membership	0.00	0	13,714	0	13,714	0.00	0	19,776	0	19,776
DP 7 - Computer Replacement	0.00	0	31,955	0	31,955	0.00	0	0	0	0
DP 9 - Travel	0.00	0	9,465	0	9,465	0.00	0	9,465	0	9,465
					0	0.00				0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$165,575</b>	<b>\$5,000</b>	<b>\$170,575</b>	<b>0.00</b>	<b>\$0</b>	<b>\$139,683</b>	<b>\$5,000</b>	<b>\$144,683</b>
					0	0.00				0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$343,064</b>	<b>\$5,000</b>	<b>\$348,064</b>	<b>0.00</b>	<b>\$0</b>	<b>\$299,326</b>	<b>\$5,000</b>	<b>\$304,326</b>

DP 1 - Pay Retirement Benefits - Bien - The legislature provided \$205,883 state special revenue as a biennial appropriation for personal services costs of staff retirement payouts. The PSC anticipates up to 21 percent of the staff will retire in the next biennium resulting in leave payouts above normal personal services costs.

DP 5 - Match Pipeline Safety Federal Award - The legislature provided \$15,000 state special revenue and \$10,000 federal funds for the biennium for the federal Pipeline Safety grant and the required 60 percent match. The grant award is expected to increase \$5,000 a year over previous awards due to recent law changes requiring the PSC to conduct additional inspections.

DP 6 - Building Rent/Maintain NRRI Membership - The legislature provided \$33,490 state special revenue for the biennium for office space rental costs increases (3 percent per year) and an increase in membership dues for the National Regulatory Research Institute (NRRI). NRRI serves as the National Association of Regulatory Utility Commissioners research resource. Membership dues will increase 20 percent in the next biennium.

DP 7 - Computer Replacement - The legislature provided a one-time-only appropriation of \$31,955 state special revenue in FY 2010 for replacement of 22 desktop computers (\$28,006), 7 notebook computers (\$10,500), and 1 server (\$5,000). The agency computer replacement request is based on a four-year replacement cycle as recommended by Information Technology Services Division, Department of Administration. The total costs are anticipated to be \$43,506 and the base budget for this category is \$11,755.

DP 9 - Travel - The legislature provided funding of \$9,465 state special revenue in each year of the biennium for new commissioner training and increased in-state travel to coordinate and attend statewide PSC hearings.

## New Proposals

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 700 - Exempt Agency from Vacancy Savings											
01	0.00	0	93,035	0	93,035	0.00	0	93,328	0	93,328	
DP 6013 - 2011 Biennium Pay Plan - HB 13											
01	0.00	0	10,880	68	10,948	0.00	0	32,844	238	33,082	
DP 6014 - Pay Plan Lump Sum Payment OTO											
01	0.00	0	6,747	39	6,786	0.00	0	0	0	0	
DP 6101 - Fixed Cost Workers Comp Mgmt Program Allocation											
01	0.00	0	1,274	0	1,274	0.00	0	1,104	0	1,104	
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$111,936</b>	<b>\$107</b>	<b>\$112,043</b>	<b>0.00</b>	<b>\$0</b>	<b>\$127,276</b>	<b>\$238</b>	<b>\$127,514</b>	

DP 700 - Exempt Agency from Vacancy Savings - The legislature provided funding to exempt this agency from vacancy savings. This decision package adds back the 4 percent vacancy savings included in statewide present law adjustments. A new proposal to increase vacancy savings to 7 percent was included in the executive budget but not adopted by the legislature for this agency.

DP 6013 - 2011 Biennium Pay Plan - HB 13 - The legislature passed a pay plan that provides an additional \$53 per month in health insurance contribution for CY 2010 and an additional \$54 per month for CY 2011. These amounts represent this program's allocation of costs to fund this pay plan. In addition, the legislature provided a one-time-only payment of \$450 for all employees earning less than \$45,000 annually. These costs are included in DP 6014.

DP 6014 - Pay Plan Lump Sum Payment OTO - This DP funds this program's cost of providing a one-time-only payment of \$450 to each full-time employee making less than \$45,000 annually and \$225 for half-time employees making \$21.635 per hour or less.

DP 6101 - Fixed Cost Workers Comp Mgmt Program Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.