

Agency Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding. Also included in the table is HB 447 pay plan allocation.

| Agency Legislative Budget | | | | | | | | |
|---------------------------|----------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Leg. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Leg. Budget Fiscal 2007 | Total Leg. Budget Fiscal 06-07 |
| FTE | 39.00 | 0.00 | 0.00 | 39.00 | 0.00 | 0.00 | 39.00 | 39.00 |
| Personal Services | 2,192,162 | 87,689 | 66,633 | 2,346,484 | 86,517 | 171,991 | 2,450,670 | 4,797,154 |
| Operating Expenses | 491,108 | 117,017 | 0 | 608,125 | 57,375 | 0 | 548,483 | 1,156,608 |
| Total Costs | \$2,683,270 | \$204,706 | \$66,633 | \$2,954,609 | \$143,892 | \$171,991 | \$2,999,153 | \$5,953,762 |
| General Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| State/Other Special | 2,669,538 | 204,706 | 65,965 | 2,940,209 | 143,892 | 170,277 | 2,983,707 | 5,923,916 |
| Federal Special | 13,732 | 0 | 668 | 14,400 | 0 | 1,714 | 15,446 | 29,846 |
| Total Funds | \$2,683,270 | \$204,706 | \$66,633 | \$2,954,609 | \$143,892 | \$171,991 | \$2,999,153 | \$5,953,762 |

Agency Description

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

| Public Service Regulation Major Budget Highlights |
|---|
| <ul style="list-style-type: none"> ◆ Total funding increases by \$587,000 over the base budget due primarily to: <ul style="list-style-type: none"> ● HB 447 pay plan increase of \$238,000 ● \$69,000 contingency to fund consultants in case of increased workload ● Computer replacement of \$52,000 ● Statewide present law adjustments |

Summary of Legislative Action

The legislature added present law adjustments of \$204,706 in FY 2006 and \$143,892 in FY 2007, mostly due to statewide present law adjustments, increases for replacement computers, rent, travel and training, and consultant funding. The legislature added \$238,000 in new proposals in the 2007 biennium due to pay plan increases as provided by HB 447.

Executive Budget Comparison

The following table compares the legislative budget for the 2007 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

| Executive Budget Comparison | | | | | | | | |
|-----------------------------|-------------------------|------------------------------|--------------------------------|------------------------------------|------------------------------|--------------------------------|------------------------------------|----------------------------------|
| Budget Item | Base Budget Fiscal 2004 | Executive Budget Fiscal 2006 | Legislative Budget Fiscal 2006 | Leg - Exec. Difference Fiscal 2006 | Executive Budget Fiscal 2007 | Legislative Budget Fiscal 2007 | Leg - Exec. Difference Fiscal 2007 | Biennium Difference Fiscal 06-07 |
| FTE | 39.00 | 39.00 | 39.00 | 0.00 | 39.00 | 39.00 | 0.00 | |
| Personal Services | 2,192,162 | 2,279,851 | 2,346,484 | 66,633 | 2,278,679 | 2,450,670 | 171,991 | 238,624 |
| Operating Expenses | 491,108 | 658,125 | 608,125 | (50,000) | 498,483 | 548,483 | 50,000 | 0 |
| Total Costs | \$2,683,270 | \$2,937,976 | \$2,954,609 | \$16,633 | \$2,777,162 | \$2,999,153 | \$221,991 | \$238,624 |
| General Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| State/Other Special | 2,669,538 | 2,924,244 | 2,940,209 | 15,965 | 2,763,430 | 2,983,707 | 220,277 | 236,242 |
| Federal Special | 13,732 | 13,732 | 14,400 | 668 | 13,732 | 15,446 | 1,714 | 2,382 |
| Total Funds | \$2,683,270 | \$2,937,976 | \$2,954,609 | \$16,633 | \$2,777,162 | \$2,999,153 | \$221,991 | \$238,624 |

The legislature added \$238,000 in new proposals in the 2007 biennium due to pay plan increases as provided by HB 447.

Funding

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

| Program Funding Table | | | | | | | |
|--------------------------|---------------------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Public Service Regulatio | | | | | | | |
| Program Funding | | Base FY 2004 | % of Base FY 2004 | Budget FY 2006 | % of Budget FY 2006 | Budget FY 2007 | % of Budget FY 2007 |
| 02000 | Total State Special Funds | 2,669,538 | 99.5% | 2,940,209 | 99.5% | 2,983,707 | 99.5% |
| | 02281 Public Service Commission | 2,669,538 | 99.5% | 2,940,209 | 99.5% | 2,983,707 | 99.5% |
| 03000 | Total Federal Special Funds | 13,732 | 0.5% | 14,400 | 0.5% | 15,446 | 0.5% |
| | 03011 Natural Gas Safety Pgm | 13,732 | 0.5% | 14,400 | 0.5% | 15,446 | 0.5% |
| Grand Total | | <u>\$ 2,683,270</u> | <u>100.0%</u> | <u>\$ 2,954,609</u> | <u>100.0%</u> | <u>\$ 2,999,153</u> | <u>100.0%</u> |

The Public Service Regulation program is funded primarily by state special revenue that consists of a constitutionally earmarked fee levied on all regulated entities under its jurisdiction. This fee is levied quarterly. The amount raised by the fee 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. Sections 69-1-401 through 403, MCA discuss how the fee is calculated, applied, and collected. Fees are based upon a percentage of the gross revenues from all entities regulated by the Public Service Commission for a calendar quarter of operation. Minor amounts of funding are from federal funds that come from the U.S. Department of Transportation. This funding source supports the Natural Gas Pipeline Safety program.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

| | -----Fiscal 2006----- | | | | | -----Fiscal 2007----- | | | | |
|--|-----------------------|--------------|------------------|-----------------|------------------|-----------------------|--------------|-----------------|-----------------|------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| Present Law Adjustments | | | | | | | | | | |
| Personal Services | | | | | 162,708 | | | | | 161,548 |
| Vacancy Savings | | | | | (75,019) | | | | | (75,031) |
| Inflation/Deflation | | | | | (5,031) | | | | | (4,958) |
| Fixed Costs | | | | | 21,469 | | | | | 548 |
| Total Statewide Present Law Adjustments | | | | | \$104,127 | | | | | \$82,107 |
| DP 1 - Computer Replacement | 0.00 | 0 | 48,274 | 0 | 48,274 | 0.00 | 0 | 4,095 | 0 | 4,095 |
| DP 2 - Travel/Training | 0.00 | 0 | 7,500 | 0 | 7,500 | 0.00 | 0 | 7,500 | 0 | 7,500 |
| DP 3 - Consultant Funds | 0.00 | 0 | 34,500 | 0 | 34,500 | 0.00 | 0 | 34,500 | 0 | 34,500 |
| DP 4 - Building Rent | 0.00 | 0 | 10,305 | 0 | 10,305 | 0.00 | 0 | 15,690 | 0 | 15,690 |
| Total Other Present Law Adjustments | 0.00 | \$0 | \$100,579 | \$0 | \$100,579 | 0.00 | \$0 | \$61,785 | \$0 | \$61,785 |
| Grand Total All Present Law Adjustments | | | | | \$204,706 | | | | | \$143,892 |

DP 1 - Computer Replacement - The legislature approved state special revenue to fund the replacement of 26 desktop and 6 laptop computers and 1 server in FY 2006 and 7 desktop computers and 1 laptop computer in FY 2007. These computer replacements are based on a four-year replacement cycle. The legislature approved this authority as restricted and one-time-only.

DP 2 - Travel/Training - The legislature approved an increase in the department's travel and training budget of \$7,500 in each year of the biennium. This increase would be used to fund two items. First, it would fund travel and training for three new commissioners who came on board on January 1, 2005. Commissioners without a regulatory background usually attend training, which is not available in Montana. This travel and training is in addition to their normal travel and training. The amount related to this budget item is \$4,000 in each fiscal year and was identified by the legislature as one-time-only authority. Secondly, this decision package would fund travel by the commission to fulfill its responsibility to monitor and participate in the Regional Transmission Organization (RTO). The RTO is a regional organization that is studying ways to effectively combine transmission facilities that are currently managed by many entities in various states into one entity that is managed by the region. The amount of this budget item is \$3,500 in each fiscal year.

DP 3 - Consultant Funds - The legislature approved a contingency fund to be established with state special revenue used to hire consultants only if the need arises. The legislature made this authority biennial. The amount of funding was approved at \$69,000 for the biennium. These funds would be used to contract with consultants during times when workload requirements are in excess of staff capacity or when a special project arises that requires expertise that is not available in-house.

DP 4 - Building Rent - The legislature approved state special revenue to cover increases in office rent of \$10,305 in FY 2006 and \$15,690 in FY 2007. These increases are based upon a provision in a long-term contract negotiated by the Department of Administration that inflates the rent cost by 3 percent each year. The rental agreement began in 1991 and terminates in 2011.

New Proposals

| New Proposals | | | | | | | | | | | |
|---|-------------|-----------------------|-----------------|-----------------|-----------------|-----------------------|--------------|------------------|-----------------|------------------|--|
| Program | FTE | -----Fiscal 2006----- | | | | -----Fiscal 2007----- | | | | | |
| | | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds | |
| DP 6010 - 2007 Biennium Pay Plan - HB 477 | | | | | | | | | | | |
| 01 | 0.00 | 0 | 65,965 | 668 | 66,633 | 0.00 | 0 | 170,277 | 1,714 | 171,991 | |
| Total | 0.00 | \$0 | \$65,965 | \$668 | \$66,633 | 0.00 | \$0 | \$170,277 | \$1,714 | \$171,991 | |

DP 6010 - 2007 Biennium Pay Plan - HB 477 - The legislature passed a pay plan in HB 447 that provides an additional 3.5 percent (or \$1,005, whichever is greater) in FY 2006 and an additional 4.0 percent (or \$1,188, whichever is greater) in FY 2007, as well as \$46 per month in insurance contributions in calendar 2006 and an additional \$51 per month in calendar 2007. These amounts represent the program's allocation of costs to fund this pay plan.