



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2021 Biennium

Bill # HB0597

Title: Generally revise utility regulation

Primary Sponsor: Zolnikov, Daniel

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2020 Difference</u>	<u>FY 2021 Difference</u>	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$2,167,082	\$2,121,471	\$2,122,190	\$2,122,190
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$2,167,082	\$2,121,471	\$2,122,190	\$2,122,190
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: The Public Service Commission anticipates that this bill would generate roughly 80 contested cases per year that will require the hearings examiner process. The commission will require 14.00 FTE to meet the new requirements in HB 597.

FISCAL ANALYSIS

Assumptions:

Public Service Commission (PSC)

- Section 4 requires the PSC to appoint independent hearings examiners for proceedings under Title 69. The hearings examiners must be assigned "with regard to the expertise required for the particular matter."
- In order to ensure the independence of hearings examiners, the PSC assumes the hearings examiners must be separate from the staff that would advise the PSC when processing objections to proposed findings of fact and conclusions of law that result from the hearings examiner process, as provided in Section 4, paragraph 5.
- The new hearings examiner feature will require additional 4.00 FTE attorneys (\$464,356 salary and benefits each year, \$11,200 for office packages and computers in FY 2020, and \$11,408 for phones, office supplies, and office space in each year of the biennium) to perform hearings examiner functions.

4. The PSC estimates that an additional 4.00 FTE rate analysts with technical expertise in accounting, finance, economics, and/or engineering will be needed to assist the hearings examiners in preparing proposed findings of fact and conclusions of law (\$346,568 salary and benefits each year, \$11,200 for office packages and computers in FY 2020, and \$11,408 for phones, office supplies, and office space in each year of the biennium).
5. Section 4, paragraph 4(b), indicates that PSC staff may conduct discovery and be a party to the hearings examiner process. In order to be fair to all parties, the PSC assumes that staff participating as a party to the hearings examiner process will need to be separate from staff advising the PSC on the hearings examiners' proposed findings of fact and conclusions of law. Using the Montana Consumer Counsel (MCC) as a model, the PSC estimates it will need to hire additional 2.00 FTE attorneys (\$232,178 salary and benefits each year, \$5,600 for office packages and computers in FY 2020, and \$5,704 for phones, office supplies, and office space in each year of the biennium) and 2.00 FTE rate analyst (\$173,284 salary and benefits each year, \$5,600 for office packages and computers in FY 2020, and \$5,704 for phones, office supplies, and office space in each year of the biennium) to perform this function.
6. Specialized training will cost approximately \$2,000 per FTE in each year of the biennium.
7. In addition, the PSC assumes it will require a consulting budget of \$750,000.
8. In addition to the FTE positions identified above, the PSC estimates that these new functions will require additional 2.00 FTE administrative assistants (\$102,765 salary and benefits each year, \$5,600 for office packages and computers in FY 2020, and \$5,704 for phones, office supplies, and office space in each year of the biennium).
9. The PSC estimates that at least 50 pages of rules will need to be developed, adopted, and filed. Rulemaking costs are estimated at \$3,000 (50 total pages at \$60 per page) in FY 2020.
10. If HB 597 passes, the current leased space for the PSC does not have the space available that. Therefore, the PSC would need to split up between multiple leased spaces or the PSC would need to move to a different location, which would create an additional expense.

	<u>FY 2020</u> <u>Difference</u>	<u>FY 2021</u> <u>Difference</u>	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	14.00	14.00	14.00	14.00
<u>Expenditures:</u>				
Personal Services	\$1,326,953	\$1,323,542	\$1,323,542	\$1,323,542
Operating Expenses	\$840,129	\$797,929	\$798,648	\$798,648
TOTAL Expenditures	<u>\$2,167,082</u>	<u>\$2,121,471</u>	<u>\$2,122,190</u>	<u>\$2,122,190</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$2,167,082	\$2,121,471	\$2,122,190	\$2,122,190
TOTAL Funding of Exp.	<u>\$2,167,082</u>	<u>\$2,121,471</u>	<u>\$2,122,190</u>	<u>\$2,122,190</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$2,167,082	\$2,121,471	\$2,122,190	\$2,122,190
TOTAL Revenues	<u>\$2,167,082</u>	<u>\$2,121,471</u>	<u>\$2,122,190</u>	<u>\$2,122,190</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0

Sponsor's Initials

Date

TL

Budget Director's Initials

2/26/19

Date