

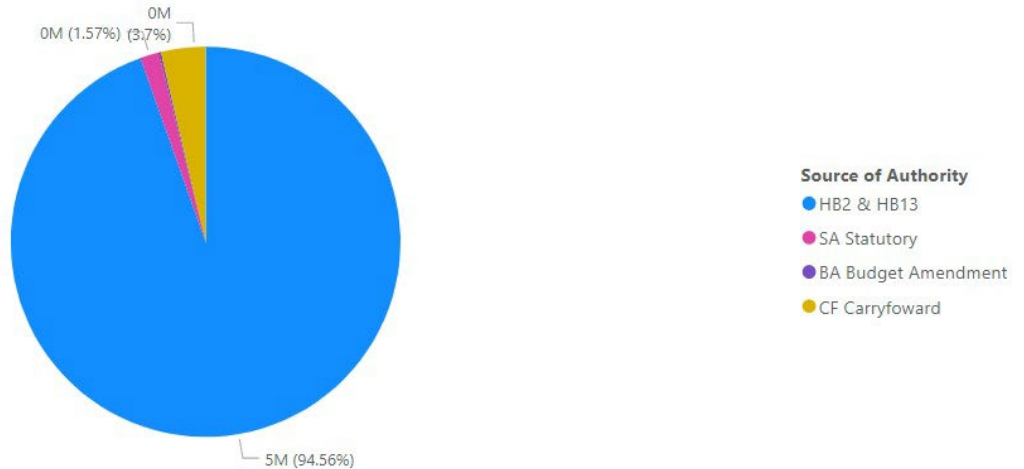
PUBLIC SERVICE COMMISSION

(Spending report July 1, 2021 through February 28, 2022)

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 94.6% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	Percent Expended
HB2 & HB13	4,743,774	2,488,510	52.5%
BA Budget Amendment	8,174		
CF Carryforward	185,548	20,818	11.2%
SA Statutory	79,000	3,699	4.7%
Total	5,016,496	2,513,027	50.1%

Report Period

- Jul
- Aug
- Sep
- Oct
- Nov
- Dec
- Jan
- Feb
- Mar
- Apr
- May
- Jun

Budget Amendments

The Public Service Commission (PSC) continued \$8,174 in federal budget authority for the inspection of underground natural gas storage facilities from FY 2021. Through the end of February, the PSC had not expended any of this authority. According to the PSC, costs that are made on a reimbursement basis are charged to the appropriation twice a year following a reconciliation of the costs. The first half of the FY 2022 costs will be charged soon.

Carryforward

The PSC has \$185,548 of carryforward authority in FY 2022. The carryforward authority, which is equal to 30.0% of the qualifying unexpended balances from prior years, includes \$70,196 from FY 2020 and \$115,352 from FY 2021 (added to the FY 2022 budget in December). The authority is funded at 55.2% state special revenue and 44.8% federal special revenue. The agency has expended \$20,818 in state special revenue through

February to update the wiring and technology in the PSC public hearing room. The PSC has not expended any of the federal special revenue authority carried forward from the natural gas safety program.

Statutory Appropriations

The statutory appropriation from the performance assurance account, as provided in 69-3-870, MCA, is expended by the PSC in carrying out its responsibilities to administer, audit, and oversee the performance assurance of Qwest. In FY 2022, the budget was established at \$79,000 and through February the agency expended \$3,699, or 4.7%, of the appropriation on work related to changes in agreements requested by the relevant company, Qwest.

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget through February 28, 2022. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	December Modified Budget	March Modified Budget	Net Modifications
<input type="checkbox"/> Public Service Regulation	4,743,774	4,743,774	
PUBLIC SERVICE REGULATION PROG	4,743,774	4,743,774	
Total	4,743,774	4,743,774	

Acct & Lvl 1 DESC	December Modified Budget	March Modified Budget	Net Modifications
<input type="checkbox"/> 61000 Personal Services	3,485,749	3,485,749	
<input type="checkbox"/> 62000 Operating Expenses	1,251,945	1,251,945	
<input type="checkbox"/> 69000 Debt Service	6,080	6,080	

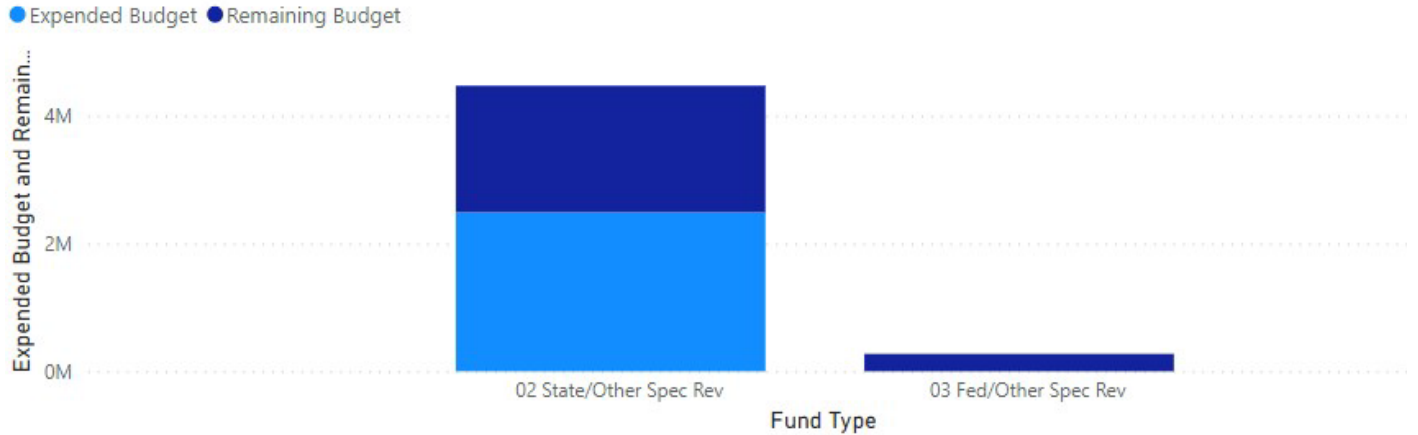
Fund Type	December Modified Budget	March Modified Budget	Net Modifications
<input type="checkbox"/> 02 State/Other Spec Rev	4,470,083	4,470,083	
<input type="checkbox"/> 03 Fed/Other Spec Rev	273,691	273,691	

The figure above highlights modifications to the HB 2 budget that have occurred between December 2021 and February 2022. These modifications are then added to the modified budget that was presented at the December Interim Budget Committee (IBC) meeting. Between December and February, the PSC did not make any modifications to the HB 2 budget.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through February 28, 2022.

Expended Budget and Remaining Budget by Fund Type - HB 2 Only



acclv1_descr	Modified Budget	Expended Budget	Percent Expended
Personal Services	3,485,749	1,977,393	56.7%
Operating Expenses	1,251,945	509,627	40.7%
Debt Service	6,080	1,490	24.5%

Program Name	Modified Budget	Expended Budget	Percent Expended
PUBLIC SERVICE REGULATION PROG	4,743,774	2,488,510	52.5%
Total	4,743,774	2,488,510	52.5%

Through February, the PSC expended \$2.5 million, or 52.5%, of the modified HB 2 budget. The figure at the top of this page explains the HB 2 funding. In FY 2022, the PSC budget is funded with 94.2% state special revenues and expenditures through February were 100.0% state special funds. State special revenues in the PSC budget are generated through utility fees deposited in the PSC account. Federal funding in the PSC HB 2 budget supports the natural gas pipeline safety program. Costs are charged to the federal grant twice a year after an internal reconciliation. The charges for the second half of calendar year 2021 are pending federal reimbursement.

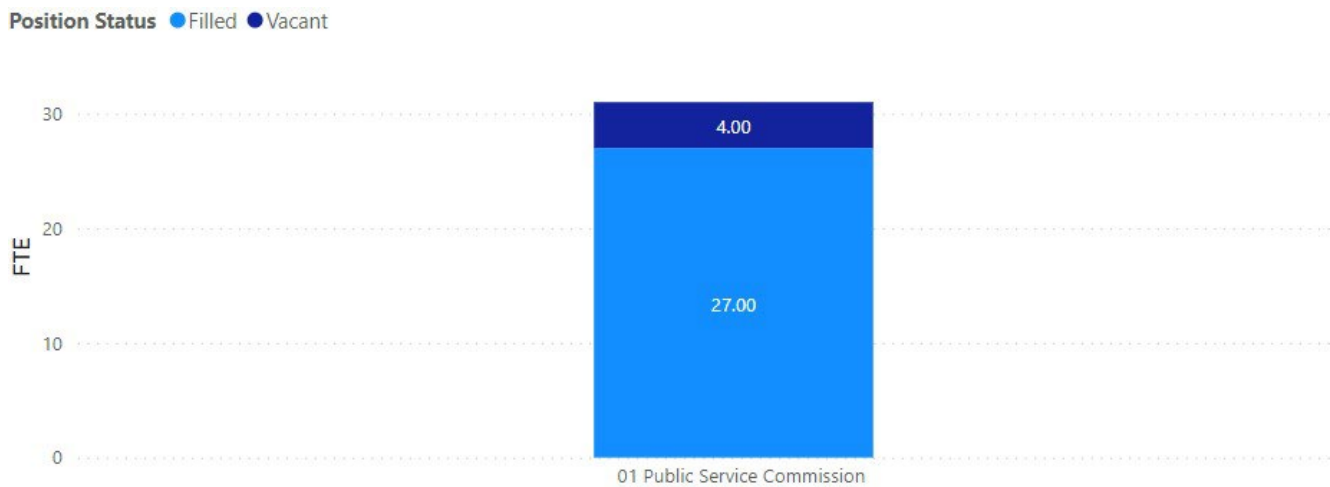
HB 2 spending in the agency, at 52.5% of the modified budget, is lower than the 60.4% average of the previous five years of and is 5.0% lower in FY 2022 than FY 2021 (through February). In a comparison to FY 2021, there has been a nominal decline of \$158,374, or 7.4%, in personal service costs. This decline was offset by higher operating expenses in FY 2022.

Some specific details of FY 2022 PSC expenditures include:

- \$1,716 from the one-time-only (OTO) appropriation of \$100,000 for a hearing examiner which was restricted to be contracted with the Department of Justice
 - The PSC has referred one case to the Department of Justice (DOJ) and the case was assigned in September 2021 and completed in February 2022.
- \$30,450 of expenditures from the OTO appropriations totaling \$416,701 for software initial and fixed costs
 - The PSC contracted with a project manager/software analyst (PMSA) at the beginning of November and have completed phase 1 of the project
 - For more information see the Information Technology Project Expenditures section on page 5 of this report

Personal Services

The following chart shows the filled and vacant FTE within the agency as of February 1, 2022.



In FY 2022, the PSC is budgeted for 36.00 FTE, an increase of 1.00 FTE over the budgeted FTE in FY 2021. Total positions include the 5.00 FTE for the public service commissioners that are excluded from the figure above. Of the 31.00 FTE shown in the figure above, the PSC had 27.00 FTE positions filled with 4.00 positions vacant on February 1, 2022. The vacancies at the PSC represent 11.1% of the budgeted FTE and two of the vacant positions are utility rate analysts.

Since the December report, the PSC hired the Assistant Commission Secretary (2/23/22). A Rate Analyst position has interviewed and the hiring process is underway. The position is anticipated to be filled mid-March. While there are four vacancies, one of the positions is temporarily occupied by the student intern.

Next Steps for Personal Services Reporting

In upcoming Quarterly Financial Reports, the LFD will begin the process of a more comprehensive look at personal services. The LFD will compare two executive “snapshots” -- July 2020 and July 2022. The analysis will identify adjustments adopted by the legislature in 2021 and modifications made by the agencies, within the confines of budget law.

The September Quarterly Financial Report will provide the complete comparison from July 2020 to July 2022. Ultimately, the analysis will result in a description of all the components that will be part of the executive's decision package one (DP 1) 2025 biennium budget request. This work will prepare legislators for budget deliberations in the 2023 session. For a review of how DP 1 works and snapshot components, please read this [short brochure](#) from 2019.

OTHER ISSUES

Information Technology Project Expenditures

HB 2 provided two line-item appropriations in the PSC budget for the replacement of the electronic database for docket information (REDDI) project. The appropriations were designated as one-time-only. Total authority in FY 2022 for the items is as follows:

- \$251,701 - software modernization system initial costs
- \$165,000 - software modernization system fixed costs

As mentioned in the HB 2 expenditures section of this report, there has been \$30,450 of expenditures through February from the system initial costs appropriation. The expenditures do not include project costs of \$12,470 incurred in February. The PSC contracted with a project manager/software analyst (PMSA), and the costs to date are related to the PMSA services. The PMSA has completed Phase 1, the discovery phase, which assessed the existing system and created recommendations. Phase 2 of the project will include creating system requirements, obtaining cost estimates, and evaluating appropriate software and integration options.