

PUBLIC SERVICE COMMISSION (PSC)

TOTAL APPROPRIATION AUTHORITY

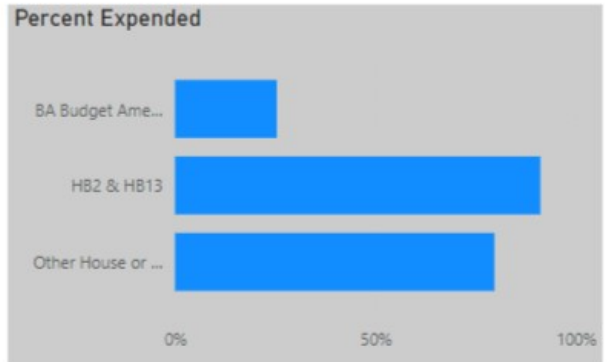
The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 92.5% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Public Service Regulation

Total Appropriation Authority



| Fiscal Year | 2021 | | |
|----------------------------|------------------|------------------|------------------|
| LFD_src_auth_descr | Budget | FYE Expended | Percent Expended |
| BA Budget Amendment | 16,479 | 4,187 | 25.4% |
| CF Carryforward | 70,196 | | |
| HB2 & HB13 | 4,389,863 | 4,002,681 | 91.2% |
| Other House or Senate Bill | 270,000 | 215,223 | 79.7% |
| Unclassified | 0 | | |
| Total | 4,746,538 | 4,222,091 | 89.0% |



Budget Amendments

The Public Service Commission amended its budget to include federal authority of \$12,361 for the U.S. Department of Transportation underground natural gas storage grant. PSC uses the funds to carry out inspection and enforcement activities of natural gas underground storage facilities to ensure compliance with safety regulations and standards. The PSC expended \$4,187 of the funds: \$4,018 for personal services and \$169 in operating expenses.

In addition, the PSC had continuing authority for federal funds for railroad safety of \$4,118 in FY 2021. In FY 2021 the PSC did not expend any of these funds.

Carryforward and/or Continuing Authority

The PSC had carryforward appropriation authority of \$70,196 for FY 2020 included in the FY 2021 appropriation authority. In FY 2021, the PSC did not expend any of the funds. Carryforward includes:

- \$30,000 in state special revenue
- \$40,196 in federal special revenue

The PSC anticipates using the state special revenue to pay for upgrades to various areas including the printer room, an audio visual system and inventory, storage, and information technology labs. PSC anticipates using all of the state special revenue funding in FY 2022.

Federal special revenue is for pipeline safety. Travel restrictions due to the Covid 10 pandemic has limited the travel expenditures of the pipeline inspectors. PSC does not anticipate needing the carryforward appropriations in FY 2022 as a result.

Other Bills

The 2019 Legislature enacted HB 715 and included \$270,000 in state special revenue appropriations for the PSC for costs associated with HB 597 to generally revise utility regulation. The PSC allocated \$255,000 to personal services for an additional 2.50 FTE and \$15,000 to operating expenses in FY 2021 for costs associated with an increase of 40 contested cases.

The PSC has not utilized 0.50 FTE, instead the PSC hired an attorney (1.00 FTE) to serve as the agency hearings examiner and hired a regulatory positions (1.00 FTE) to assist with administrative hearings. A small amount of the personal services funding supported other employees who worked on the HB 597 process.

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the ending FYE modified budget. 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.

HB 2 Modifications Public Service Regulation

| Agency Program | HB2 Budget | FYE Modified Budget | Net Modifications | |
|-----------------------------------|------------------|---------------------|-------------------|------------------|
| 01 PUBLIC SERVICE REGULATION PROG | 4,367,170 | 4,389,863 | 22,693 | |
| Total | 4,367,170 | 4,389,863 | 22,693 | 22,692.60 |

| Expenditure Account | HB2 Budget | FYE Modified Budget | Net Modifications | |
|--------------------------|------------|---------------------|-------------------|--|
| 61000 Personal Services | 3,522,888 | 3,522,888 | 0 | |
| 62000 Operating Expenses | 838,202 | 860,895 | 22,693 | |
| 69000 Debt Service | 6,080 | 6,080 | 0 | |

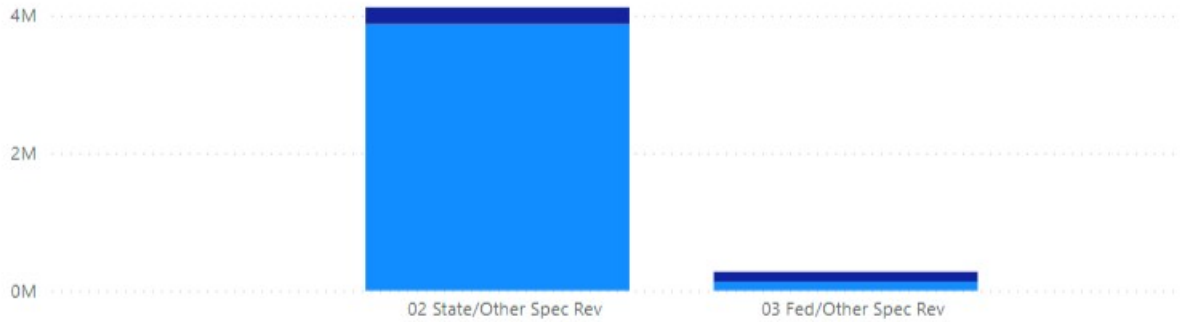
| Fund Type | HB2 Budget | FYE Modified Budget | Net Modifications | |
|-------------------------|------------|---------------------|-------------------|--|
| 02 State/Other Spec Rev | 4,093,479 | 4,116,172 | 22,693 | |
| 03 Fed/Other Spec Rev | 273,691 | 273,691 | 0 | |

The PSC 's FY 2020 budget included a biennial appropriation of \$23,838 for legislative audit. In FY 2021 \$22,693 of the authority for the audit was included in the budget as it was not required in FY 2020.

HB 2 APPROPRIATION AUTHORITY

HB 2 Expenditures

● FYE Expended ● Remaining Budget



| Expenditure Account | FYE Modified Budget | FYE Expended | Percent Expended |
|-----------------------------------|---------------------|------------------|------------------|
| 61000 Personal Services | 3,522,888 | 3,360,331 | 95.4% |
| 62000 Operating Expenses | 860,895 | 638,941 | 74.2% |
| 69000 Debt Service | 6,080 | 3,409 | 56.1% |
| | | | |
| Agency Program | FYE Modified Budget | FYE Expended | Percent Expended |
| 01 PUBLIC SERVICE REGULATION PROG | 4,389,863 | 4,002,681 | 91.2% |
| Total | 4,389,863 | 4,002,681 | 91.2% |

The PSC is funded by a combination of state and federal special revenue. State special revenue comprises 93.8% of the PSC funding in FY 2021. The majority of the state special revenue is derived from a fee that is levied on regulated companies. The amount of the fee is based on the level of funding appropriated by the legislature for a specific fiscal year and the percentage of the gross operating revenue from all activities regulated by the PSC for the calendar quarter of operation as outlined in 69-1-402, MCA.

The following figure shows the beginning and ending fund balance, revenues, and expenditures for the state special revenue fund.

| Public Service Commission Public Service Commission State Special FY 2018 - FY 2021 | | | | |
|---|------------------|------------------|------------------|------------------|
| | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
| Beginning Fund Balance | \$2,214,796 | \$1,941,103 | \$472,049 | \$1,778,712 |
| Revenues | | | | |
| Charges for Services | 22,348 | 19,092 | 30,109 | 27,475 |
| Grants/Tranfers/Misc | 0 | 0 | 9,870 | 0 |
| Licenses & Permits | 17,205 | 6,075 | 11,610 | 9,740 |
| Taxes | <u>3,993,536</u> | <u>2,295,668</u> | <u>5,249,566</u> | <u>5,355,872</u> |
| Total Revenues | 4,033,089 | 2,320,835 | 5,301,155 | 5,393,087 |
| Expenditures | | | | |
| Personal Services | 2,964,281 | 3,088,985 | 3,239,164 | 3,445,566 |
| Operating Expenses | 1,065,536 | 700,721 | 747,628 | 125,450 |
| Equipment & Intangible Assets | 0 | 0 | 5,143 | 527,085 |
| Transfers | 276,964 | 0 | 0 | 0 |
| Debt Service | <u>0</u> | <u>0</u> | <u>2,557</u> | <u>3,409</u> |
| Total Expenditures | 4,306,781 | 3,789,706 | 3,994,492 | 4,101,510 |
| Adjustments | (1) | (183) | | |
| Ending Fund Balance | \$1,941,103 | \$472,049 | \$1,778,712 | \$3,070,289 |

As shown, at the end of FY 2021 the PSC had a fund balance of \$3.1 million in its state special revenue fund. According to statute, the Department of Revenue should adjust the assessment to utilities to incorporate the fund balance. The Department of Revenue does adjust the collections for unspent appropriations. For example, for FY 2022 the calculation of revenue that needed to be generated was reduced by \$1,456,979.

The assets and liabilities underlying the fund balance include \$2.1 million in cash, \$1.2 million in receivables, and \$265,741 of other accounts. HB 2 included language authorizing the PSC to spend \$1.0 million of its fund balance for a software modernization project.

Personal services were 80.2% of the FY 2021 budgeted appropriations. PSC expended 95.4% of the appropriations in FY 2021, lower than anticipated spending was due to turnover in the staff.

Operating expenses made up 19.6% of the FY 2021 budget for the PSC and were 74.2% expended in FY 2021. The legislature provided a \$100,000 restricted appropriation for consulting services associated with litigation expenses. The PSC expended \$9,843 or 9.8% of the funds in FY 2021, driving the lower expenditure of operating expenses.

Required Reports

The PSC did not have any budget amendments, operating plan changes or program transfers that require reporting to the Legislative Finance Committee.