

PUBLIC SERVICE COMMISSION

An Agency Profile Prepared by the
Legislative Fiscal Division

November 2018



INTRODUCTION

The mission of the Public Service Commission is to fairly balance the long-term interests of Montana utility and transportation companies and their customers.

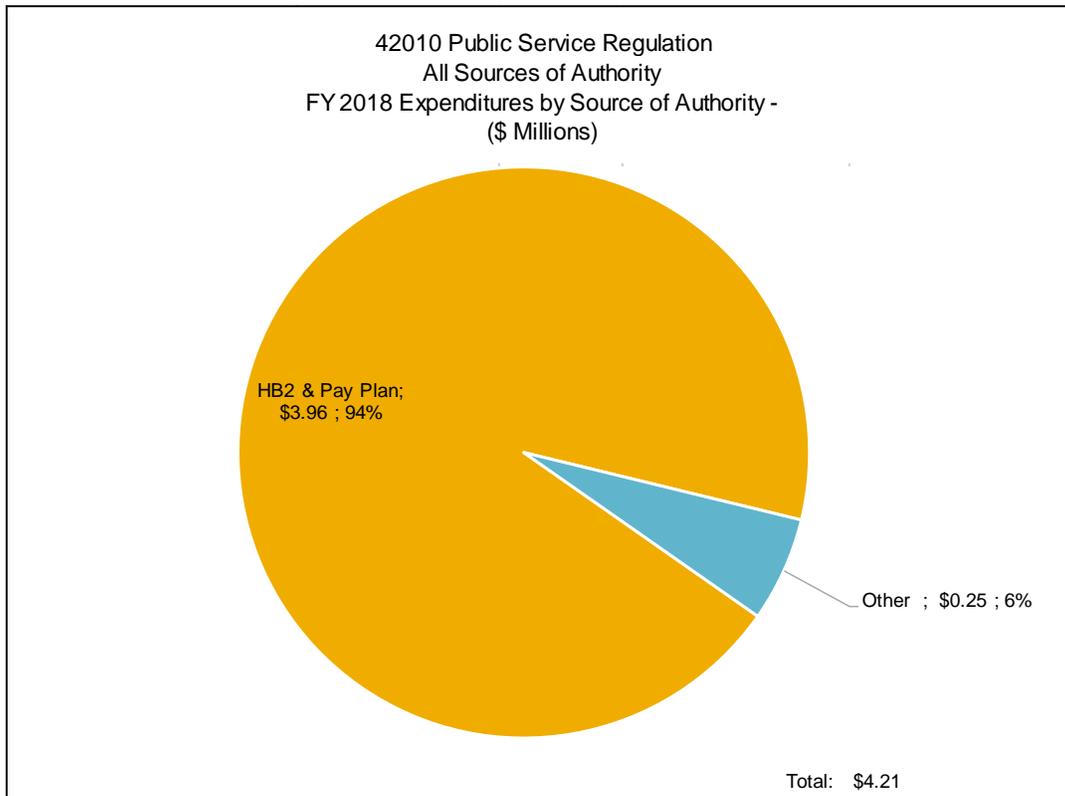
HOW SERVICES ARE PROVIDED

The Public Service Commission (PSC) 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 that oversees the Public Service Regulation Program. Each commissioner serves a four-year term.

The PSC provides services primarily through the employment of state employees, who perform rate and economic analysis relative to the entities regulated by the commission, and other technical and administrative duties.

SOURCES OF SPENDING AUTHORITY

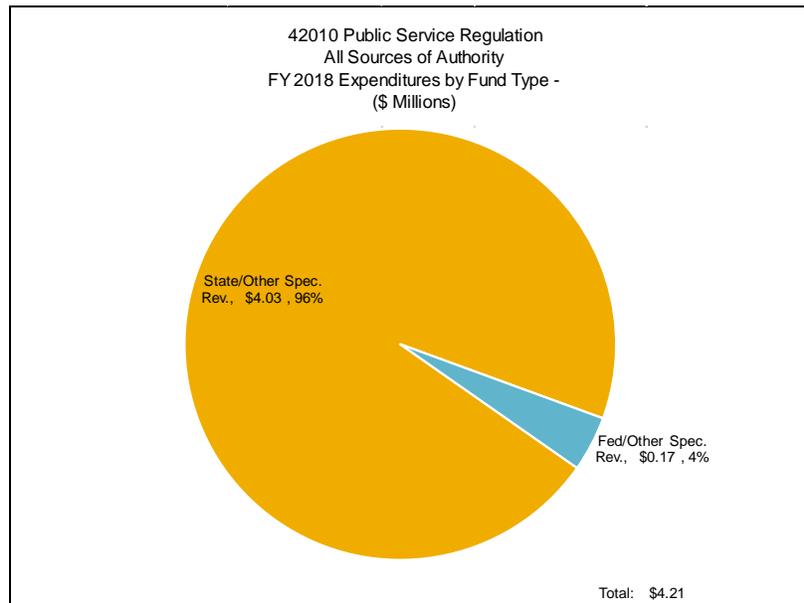
The following chart shows the sources of authority for the Public Service Commission. The majority of the funding comes from HB 2.



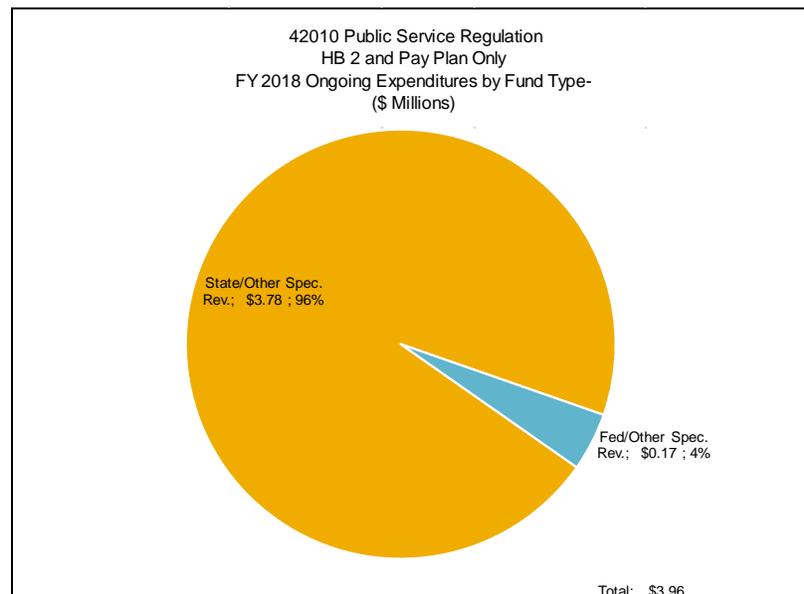
Other is made up of carry forward authority, \$248,160 in state special revenue and \$1,010 in federal special revenue, that supported operating expenses.

FUNDING

The PSC is funded primarily with state special revenue. The main source of revenue is 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 (Section 69-1-402, MCA). Fees are based upon a percentage of the gross operating revenue from all activities regulated by the commission for the calendar quarter of operation. Federal funds support the Natural Gas Safety Program. The following chart shows how the PSC expenditures were funded in FY 2018 from all sources of authority by fund type.



The chart below shows how PSC expenditures were funded in FY 2018 from HB2 and pay plan by fund type.

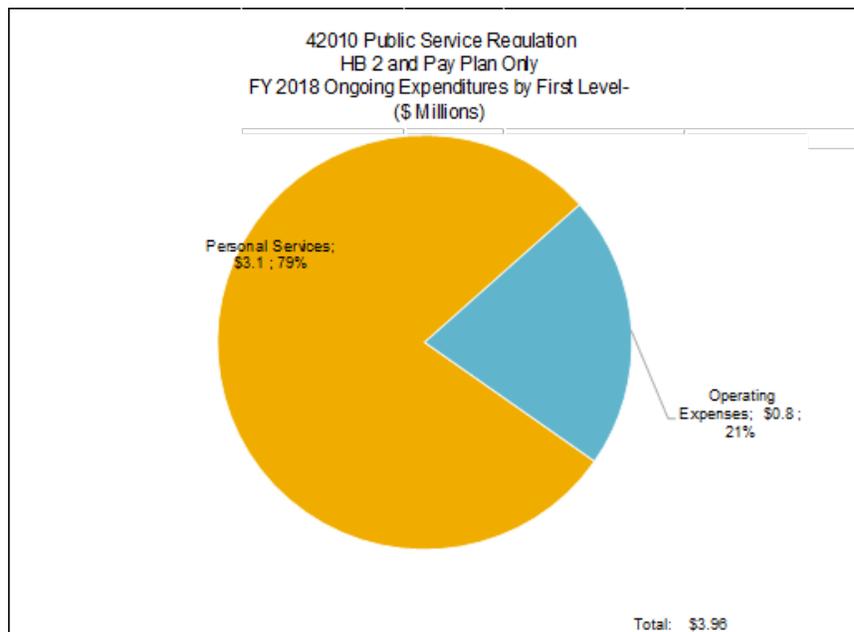


State special revenues comprise the majority of the HB 2 funding for PSC. As discussed above, the funding is generated from a fee that is levied on regulated companies. Federal pipeline safety grant funds provide for

a partnership with the federal Department of Transportation for inspection of natural gas pipelines including construction, transmission integrity management, and operator qualification.

EXPENDITURES

The next chart explains how the HB2 and pay plan authority was spent in FY 2018.



In FY 2018 HB 2 included salaries and benefits for staff within the PSC. The staff includes commissioners, utility rate analysts, attorneys, and support staff. Operating expenses include information technology services and hardware, building rent, and some travel.

HOW THE 2019 LEGISLATURE CAN EFFECT CHANGE

In order to change expenditure levels and/or agency activity, the legislature must address one or more of the basic elements that drive costs in the next section.

PSCR costs are mainly driven by personal services and related operating costs. Without major adjustments to PSC duties, future growth can be expected to loosely follow that of legislatively approved increases for the employee pay plan and inflationary costs. PSC costs may also be impacted by changes in the statutory duties or the types of entities designated by the legislature for regulation by the commission.

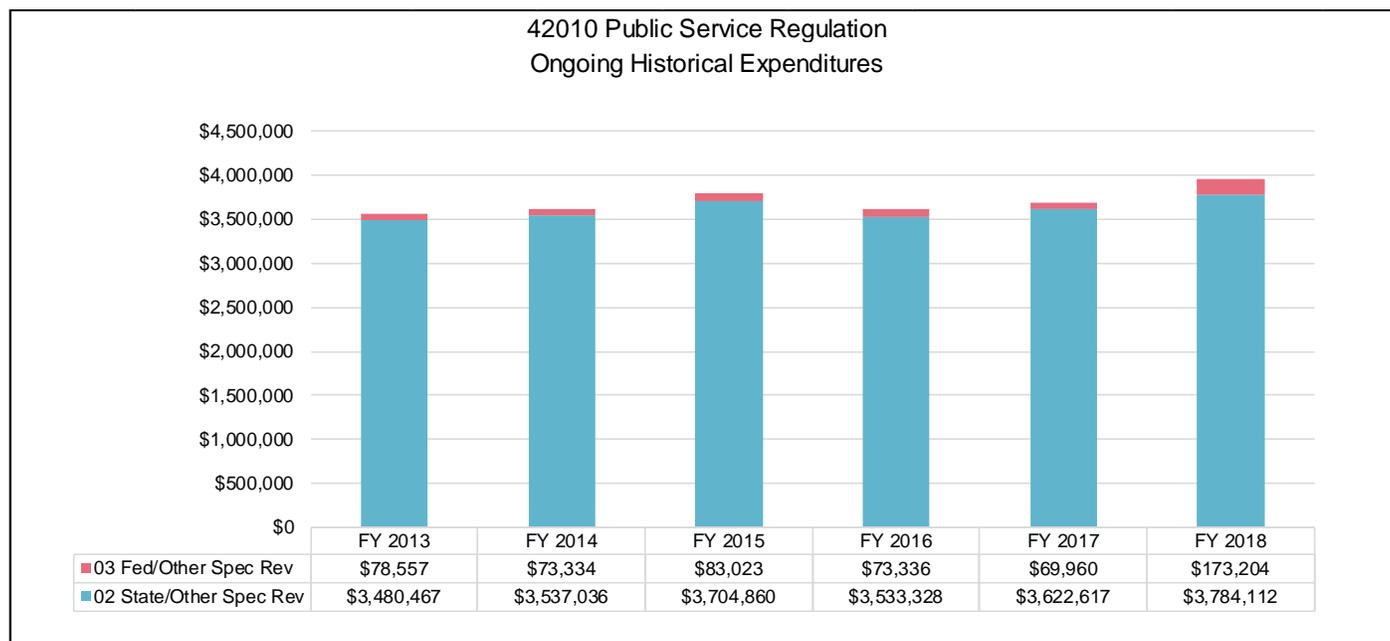
MAJOR COST DRIVERS

The major PSC cost drivers are shown on the following table.

Driver	FY 2008	FY 2018	Significance of Data
Number of utility dockets:			
Docket opened	151	81	caseload impact
Docket closed	144	43	caseload impact
Number of transportation dockets open:			
Docketed	44	40	caseload impact
Non-docketes	43	34	caseload impact
Number of complaints entered	875	1,558	consumer satisfaction
Number of calls received on toll-free line	8,018	3,127	consumer satisfaction

FUNDING/EXPENDITURE HISTORY, AUTHORITY USED TO ESTABLISH THE BUDGET BASE

The following table shows historical changes in the agency's base budget authority. Major changes are related to the level of state special revenue funded by the legislature to support PSC operations. State special revenue increased in FY 2015 to fund retirement payouts of senior staff.



MAJOR LEGISLATIVE CHANGES IN THE LAST TEN YEARS

During the November 2017 Special Session operating expenses were reduced by \$248,000. This reduction resulted in a double impact as a transfer was also approved, which was not intended to impact the overall appropriation. In most agency budgets, in order to recognize other savings due to a transfer, appropriations are also reduced. However, due to the nature of the state special revenue fund in PSC this reduction further impacted the agency budget. The PSC has indicated that instead a transfer of \$248,000 in fund balance from the PSC account in the state special revenue fund should have occurred

For more information please visit the agency website here: <http://www.psc.mt.gov/>.