

**Department 408 - Public Service Commission
 Senate Bill No. 2008**

Executive Budget Comparison to Prior Biennium Appropriations

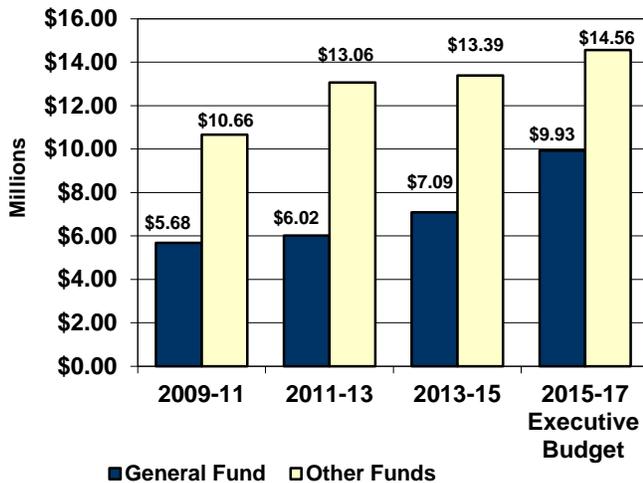
	FTE Positions	General Fund	Other Funds	Total
2015-17 Executive Budget	53.00	\$9,932,210	\$14,560,438	\$24,492,648
2013-15 Legislative Appropriations	44.00	7,091,740	13,387,469	20,479,209
Increase (Decrease)	9.00	\$2,840,470	\$1,172,969	\$4,013,439

Ongoing and One-Time General Fund Appropriations

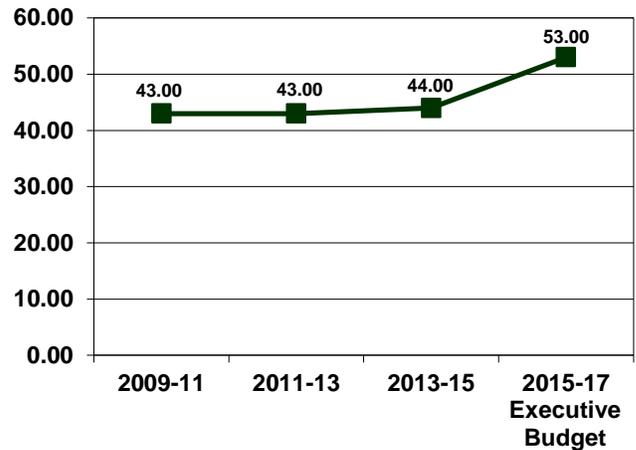
	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2015-17 Executive Budget	\$9,418,210	\$514,000 ¹	\$9,932,210
2013-15 Legislative Appropriations	6,667,660	424,080	7,091,740
Increase (Decrease)	\$2,750,550	\$89,902	\$2,840,470

¹Senate Bill No. 2008 reflects a difference in the funding source for accrued leave payouts of \$493 in one-time general fund from the executive budget recommendation. The executive budget recommends \$99,507 from the general fund and \$44,707 from other funds for a total of \$144,214. See details in executive budget highlights section.

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2015-17 Executive Budget	\$9,932,210	\$14,560,438	\$24,492,648
2015-17 Base Level	6,667,660	13,033,549	19,701,209
Increase (Decrease)	\$3,264,550	\$1,526,889	\$4,791,439

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases, of which \$581,795 relates to performance increases, \$29,395 is for market equity adjustments, \$233,153 is for health insurance increases, and \$59,891 is for retirement contribution increases	\$573,310	\$330,924	\$904,234
2. Adds 1.00 FTE weights and measures inspector position (\$196,803) and relating operating expenses (\$116,232)	\$313,035	\$0	\$313,035
3. Adds 1.00 FTE natural gas pipeline inspector position (\$254,359) and relating operating expenses (\$82,616)	\$168,487	\$168,488	\$336,975

4. Adds 1.00 FTE natural gas pipeline and hazardous liquids inspector position (\$271,297) and relating operating expenses (\$82,616)	\$176,956	\$176,957	\$353,913
5. Adds 3.00 FTE hazardous liquids inspector positions (\$763,078) and relating operating expenses (\$247,848)	\$505,463	\$505,463	\$1,010,926
6. Adds 3.00 FTE rail road safety inspector positions (\$719,910) and relating operating expenses (\$210,000)	\$929,910	\$0	\$929,910
7. Increases travel expenses	\$70,000	\$20,000	\$90,000
8. Provides one-time funding for accrued leave payouts (executive budget recommendation of \$144,214 reflects \$99,507 from general fund and \$44,707 from other funds)	\$100,000	\$44,214	\$144,214
9. Provides one-time funding for additional reclamation and grain litigation funding	\$414,000	\$336,000	\$750,000

Other Sections in Bill

Public Service Commissioners' salaries - Section 3 provides for the statutory changes necessary to increase the Public Service Commissioners' salary as follows:

Annual salary authorized by the 2013 Legislative Assembly:

July 1, 2013	\$99,435
July 1, 2014	\$102,418

Proposed annual salary recommended in the 2015-17 executive budget:

July 1, 2015	\$106,515
July 1, 2016	\$110,775

The executive budget includes funding for elected officials' salary increases of 4 percent effective July 1, 2015, and 4 percent effective July 1, 2016.

Beginning farmer revolving loan fund - Section 4 provides for a \$900,000 transfer from the beginning farmer revolving loan fund to the Public Service Commission to pay for costs associated with a rail rate complaint case. The Public Service Commission shall reimburse the beginning farmer revolving loan fund using amounts available from damages or proceeds, net of legal fees.

Continuing Appropriations

Siting process expense recovery fund - North Dakota Century Code Section 49-22-22 - Siting process application fees received are deposited in the siting process expense recovery fund to pay expenses incurred in the siting process.

Credit-sale contract indemnity fund - Sections 60-10-02 and 60-02-19.1 - An assessment is placed on the value of all grain sold in this state under a credit-sale contract, which is submitted by the licensee purchasing the grain to the Public Service Commission for reimbursement to any person who sold grain under a credit-sale contract and who was not fully compensated in accordance with the contract and associated administration costs.

Performance assurance fund - Section 49-21-31 - The performance assurance plan is a component of Qwest's performance assurance plan to provide long-distance service. Money received by the Public Service Commission under the performance assurance plan is to be deposited in the performance assurance fund until the balance equals \$100,000. The money in the fund may be used by the Public Service Commission to monitor the operation and effect of the performance assurance plan.

Utility valuation expense recovery - Section 49-05-04 - Any public utility requesting an increase in its rates above the maximum approved or prescribed by the commission shall furnish the commission the required documents and an application fee in the amount of \$175,000. Upon request of the commission and with the approval of the emergency commission, the applicant shall pay such additional fees as are reasonably necessary for completion of the application process by the commission. The commission shall pay the expenses of investigating a rate increase application under this section from the application fee paid by the public utility in accordance with Section 49-02-02. The commission may waive or reduce the fee.

Significant Audit Findings

The operational audit of the Public Service Commission conducted by the State Auditor's office for the biennium ended June 30, 2013, included significant audit findings related to the following:

Significant audit findings related to grain sellers not being adequately protected include the following:

- The Commission has not initiated an increase to the grain buyer bonds required, or developed some other type of protection for noncredit-sales such as an insolvency fund to adequately limit the grain sellers' risk.

Significant audit findings related to insolvency proceeds being returned to grain buyers include the following:

- Century Code does not currently allow credit-sale receiptholders to be reimbursed more than the lesser of 80 percent or \$280,000, even if money is available after the claims of noncredit sale receiptholders have been satisfied.

Significant audit findings related to the Commission's Grain Licensing Division include the following:

- Inadequate grain buyer inspection and enforcement process, the Grain Licensing Division does not have policies and procedures in place to ensure the inspection process is handled appropriately and enforcement actions are followed up on in a timely manner.
- Inadequate grain buyer licensing process, the Grain Licensing Division does not have written policies and procedures in place to ensure all areas of the grain buyer licensing process are adequate.
- Inadequate grain buyer consumer complaint handling process, the Grain Licensing Division does not have written policies and procedures in place to ensure all areas of the complaint handling process are adequate.

Major Related Legislation

Senate Bill No. 2051 - Removes the Office of Management and Budget's authority to exempt agencies from the use of electronic mail, file and print server administration, database administration, application server, and hosting services.

Senate Bill No. 2120 - Changes the energy conversion and transmission facility siting minimum application fee from \$5,000 to \$25,000.

Senate Bill No. 2123 - Provides authority to the commission to impose an application fee of up to \$175,000 with Emergency Commission approval for an application for a certificate of public convenience and necessity.

Senate Bill No. 2167 - Provides a \$2,000,000 appropriation for a pilot grant program to reimburse the cost of one-call locates as a result of oil and gas development. The commission may use up to 5 percent of the funding for administration of the program.

Public Service Commission - Budget No. 408
Senate Bill No. 2008
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2015-17 Biennium Base Level	44.00	\$6,667,660	\$13,033,549	\$19,701,209
2015-17 Ongoing Funding Changes				
Base payroll changes		\$48,147	(\$55,650)	(\$7,503)
Salary increase - Performance		371,381	210,414	581,795
Salary increase - Market equity		16,131	13,264	29,395
Retirement contribution increase		37,973	21,918	59,891
Health insurance increase		147,826	85,327	233,153
New FTE - Weights and measures inspector	1.00	313,035		313,035
New FTE - Natural gas pipeline and hazardous liquids safety inspectors	5.00	850,906	850,908	1,701,814
New FTE - Railroad safety program	3.00	929,910		929,910
Travel expense increase		70,000	20,000	90,000
IT equipment replacement and upgrades		26,400		26,400
Remove capital assets		(60,665)		(60,665)
Total ongoing funding changes	9.00	\$2,751,043	\$1,146,182	\$3,897,225
One-time funding items				
Accrued leave payout		\$100,000	\$44,214	\$144,214
Reclamation and grain litigation funding		414,000	336,000	750,000
Total one-time funding changes	0.00	\$514,000	\$380,214	\$894,214
Total Changes to Base Level Funding	9.00	\$3,265,043	\$1,526,396	\$4,791,439
2015-17 Total Funding	53.00	\$9,932,703	\$14,559,945	\$24,492,648

Other Sections in Senate Bill No. 2008

Public Service Commissioners' salaries

Executive Budget Recommendation

Section 3 provides for the statutory changes necessary to increase the salary of a Commissioner from \$102,418 in state fiscal year 2015 to \$106,515 (4 percent) in state fiscal year 2016 and to \$110,775 (4 percent) in state fiscal year 2017.

Beginning farmer revolving loan fund

Section 4 provides for a \$900,000 transfer from the beginning farmer revolving loan fund to the Public Service Commission to pay for costs associated with a rail rate complaint case. The Public Service Commission shall reimburse the beginning farmer revolving loan fund using amounts available from damages or proceeds, net of legal fees.