

**Department 408 - Public Service Commission  
House Bill No. 1008**

**Dalrymple Executive Budget Comparison to Prior Biennium Appropriations**

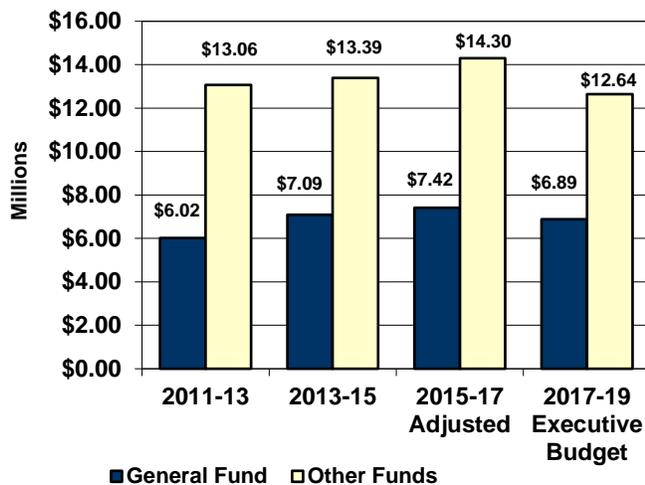
	FTE Positions	General Fund	Other Funds	Total
2017-19 Dalrymple Executive Budget	45.00	\$6,891,777	\$12,642,263	\$19,534,040
2015-17 Adjusted Legislative Appropriations <sup>1</sup>	46.00	7,415,451	14,300,575	21,716,026
Increase (Decrease)	(1.00)	(\$523,674)	(\$1,658,312)	(\$2,181,986)

<sup>1</sup>The 2015-17 biennium agency appropriation amounts reflect general fund budget reductions made in August 2016.

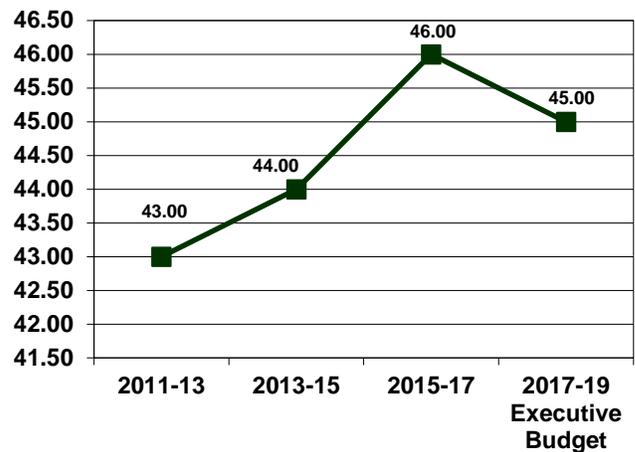
**Ongoing and One-Time General Fund Appropriations**

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 Dalrymple Executive Budget	\$6,891,777	\$0	\$6,891,777
2015-17 Adjusted Legislative Appropriations	7,175,827	239,624	7,415,451
Increase (Decrease)	(\$284,050)	(\$239,624)	(\$523,674)

**Agency Funding**



**FTE Positions**



**Dalrymple Executive Budget Comparison to Base Level**

	General Fund	Other Funds	Total
2017-19 Dalrymple Executive Budget	\$6,891,777	\$12,642,263	\$19,534,040
2017-19 Base Level	7,175,827	13,964,575	21,140,402
Increase (Decrease)	(\$284,050)	(\$1,322,312)	(\$1,606,362)

**First House Action**

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

**Dalrymple and Burgum Executive Budget Highlights  
(With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$45,065 is for salary increases and \$125,934 is for health insurance increases. (The Burgum budget removed funding for salary increases and provided for employees to pay for a portion of health insurance.) <b>The House removed funding for the salary increases.</b>	\$103,858	\$67,141	\$170,999
2. Removes 2 FTE positions.	(\$286,240)	\$0	(\$286,240)
3. Underfunds salaries and wages from the general fund. (The Burgum budget underfunded salaries and wages by \$87,486 from the general fund.) <b>The House underfunded salaries and wages by \$475,000 from the general fund.</b>	(\$60,170)	\$0	(\$60,170)

4. Increases funding from the state rail fund to convert a temporary railroad inspection employee into a FTE position	\$0	\$35,966	\$35,966
5. Reduces federal spending authority	\$0	(\$2,000,000)	(\$2,000,000)
6. Reduces funding for operating expenses. (The Burgum budget reduced operating expenses by an additional \$21,872.)	(\$25,864)	\$0	(\$25,864)
7. Reduces funding for specialized legal services	(\$56,000)	\$0	(\$56,000)
8. The Burgum budget removed funding for capital assets to provide a total of \$0	(\$26,400)	\$0	(\$26,400)
9. Adds <b>one-time funding</b> for specialized legal services	\$0	\$636,000	\$636,000

### Other Sections in House Bill No. 1008

**Health insurance increase** - Section 2 identifies the amount included in the agency appropriations relating to increases in employee health insurance premiums from \$1,130 to \$1,249 per month.

**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.

**Special funds transfer - Strategic investment and improvements fund** - Section 5 provides that \$300,000 from the strategic investment and improvements fund may be used for specialized legal services.

**Legislative Management study - Impact of wind energy** - Section 6 provides for a Legislative Management study of the impact of wind energy development on the environment, addressing and researching issues common to North Dakota landowners, and identifying potential issues for legislation.

### 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 60-02-19.1 and 60-10-02 - 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 for the Public Service Commission conducted by the State Auditor's office during the 2015-16 interim identified no significant audit findings.

### Major Related Legislation

**House Bill No. 1125** - Repeals Chapter 60-03 relating to licensing of hay buyers and declares an emergency.

**House Bill No. 1126** - Amends several sections in Title 60 relating to public warehouse and grain buyer licensing, conditions and attributes of licensure and accepting delivery of grain when a licensee is insolvent, the insolvency process, the credit-sale contract indemnity fund and the grain indemnity fund. The bill also repeals several sections in Title 60 relating to duties of the commission, receiptholders' lien, warehouse closure, grain of insolvent warehouseman as trust asset, and suspension of indemnity fund assessments; and provides that the State Treasurer transfer the balance of the credit-sale contract indemnity fund to the grain indemnity fund.

**House Bill No. 1162** - Provides for the Legislative Management to consider studying competition between government and private industry.

**Senate Bill No. 2313** - Creates a new section in Chapter 4-01 relating to the Agricultural Commissioner establishing a wind energy restoration and reclamation oversight program.

**Senate Bill No. 2314** - Provides for the Legislative Management to consider studying the long-term energy plan for the state.

**Public Service Commission - Budget No. 408**  
**House Bill No. 1008**  
**Base Level Funding Changes**

	<b>Burgum Executive Budget Recommendation (Changes to Dalrymple Budget in Bold)</b>				<b>House Version</b>			
	<b>FTE Position</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>	<b>FTE Position</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2017-19 Biennium Base Level</b>	46.00	\$7,175,827	\$13,964,575	\$21,140,402	46.00	\$7,175,827	\$13,964,575	\$21,140,402
<b>2017-19 Ongoing Funding Changes</b>								
Base payroll changes		\$40,366	(\$61,419)	(\$21,053)		\$40,366	(\$61,419)	(\$21,053)
<b>Salary increase</b>				<b>0</b>				<b>0</b>
Health insurance increase		76,487	49,447	125,934		76,487	49,447	125,934
<b>Employee portion of health insurance</b>		<b>(40,068)</b>	<b>(25,903)</b>	<b>(65,971)</b>				<b>0</b>
Underfunds salaries and wages		(60,170)		(60,170)		(475,000)		(475,000)
<b>Additional underfunding of salaries and wages</b>		<b>(87,486)</b>		<b>(87,486)</b>				<b>0</b>
Removes 2 FTE positions	(2.00)	(286,240)		(286,240)	(2.00)	(286,240)		(286,240)
Adds funding to convert temp railroad inspector to FTE	1.00		35,966	35,966				0
Adjusts federal grant funding			(2,000,000)	(2,000,000)			(2,000,000)	(2,000,000)
Reduces funding for operating expenses		(25,864)		(25,864)		(25,864)		(25,864)
<b>Additional reduction for operating expenses</b>		<b>(21,872)</b>		<b>(21,872)</b>		<b>(21,872)</b>		<b>(21,872)</b>
Reduces funding for specialized legal services		(56,000)		(56,000)		(56,000)		(56,000)
<b>Reduces funding for capital assets</b>		<b>(26,400)</b>		<b>(26,400)</b>		<b>(26,400)</b>		<b>(26,400)</b>
Total ongoing funding changes	(1.00)	(\$487,247)	(\$2,001,909)	(\$2,489,156)	(2.00)	(\$774,523)	(\$2,011,972)	(\$2,786,495)
<b>One-time funding items</b>								
Adds funding for specialized legal services			\$636,000	\$636,000			\$636,000	\$636,000
Total one-time funding changes	0.00	\$0	\$636,000	\$636,000	0.00	\$0	\$636,000	\$636,000
<b>Total Changes to Base Level Funding</b>	(1.00)	(\$487,247)	(\$1,365,909)	(\$1,853,156)	(2.00)	(\$774,523)	(\$1,375,972)	(\$2,150,495)
<b>2017-19 Total Funding</b>	45.00	\$6,688,580	\$12,598,666	\$19,287,246	44.00	\$6,401,304	\$12,588,603	\$18,989,907

**Other Sections in Public Service Commission - Budget No. 408**

	<b>Burgum Executive Budget Recommendation (Changes to Dalrymple Budget in Bold)</b>				<b>House Version</b>			
Health insurance increase								
								Section 2 identifies the funding increase for health insurance premium increases included in the agency's appropriation.

**Other Sections in Public Service Commission - Budget No. 408**

**Burgum Executive Budget Recommendation  
(Changes to Dalrymple Budget in Bold)**

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**House Version**

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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.

Special funds transfer - Strategic investment and improvements fund

Section 3 provides that \$300,000 from the strategic investment and improvements fund may be used for specialized legal services.

Section 5 provides that \$300,000 from the strategic investment and improvements fund may be used for specialized legal services.

Legislative Management study - Wind energy development impact

Section 6 provides for Legislative Management to consider studying the impact of wind energy development on the environment, addressing and researching issues common to North Dakota landowners, and identifying potential issues for legislation.

Public Service Commissioners' salaries

Section 4 provides for the statutory changes to increase the Public Service Commissioners' salaries by 1 percent in the 2nd year from \$108,656 to \$109,743. **(The Burgum budget recommendation removes this section.)**

Railroad safety pilot program

Section 5 amends Section 57-43.2-19 to change the amount of special fuels taxes deposited into the rail safety fund from \$275,000 per year to \$285,000 per year through June 30, 2019.

## Department 408 - Public Service Commission

**Reductions to 2015-17 Biennium General Fund Appropriations  
(As a result of the August 2016 General Fund Budget Reductions)**

	Ongoing	One-Time	Total
2015-17 original general fund appropriations	\$7,521,207	\$414,000	\$7,935,207
General fund reductions	(345,380)	(174,376)	(519,756)
Adjusted 2015-17 appropriations	\$7,175,827	\$239,624	\$7,415,451
Dalrymple Executive Budget changes	(284,050)	(239,624)	(523,674)
2017-19 Dalrymple Executive Budget	\$6,891,777	\$0	\$6,891,777

**Summary of August 2016 General Fund Budget Reductions**

	Ongoing	One-Time	Total
Reduced funding for salaries and wages	(\$47,380)	\$0	(\$47,380)
Reduced funding for operating expenses	(98,000)	0	(98,000)
Removed funding for a temporary weights and measures inspection position	(200,000)	0	(200,000)
Reduced <b>one-time funding</b> provided for specialized legal services	0	(174,376)	(174,376)
Total reductions	(\$345,380)	(\$174,376)	(\$519,756)
Percentage reduction to ongoing and one-time general fund appropriations	4.59%	42.12%	6.55%

**2017-19 Dalrymple Executive Budget Changes to the Original and Adjusted Base Budgets**

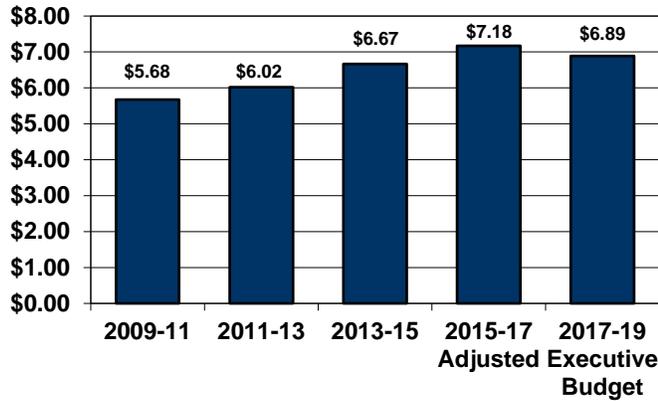
	Changes to Original Budget	Budget Reduction Adjustments	Changes to Adjusted Budget
Adds funding for recommended salary and benefit increases	\$103,858	\$0	\$103,858
Reduces funding for salaries and wages	(19,804)	0	(19,804)
Removes 2 FTE positions	(333,620)	47,380	(286,240)
Reduces funding for operating expenses	(123,864)	98,000	(25,864)
Reduces funding for specialized legal services	(56,000)	0	(56,000)
Removes weights and measures temporary position	(200,000)	200,000	0
Total	(\$629,430)	\$345,380	(\$284,050)

Department 408 - Public Service Commission

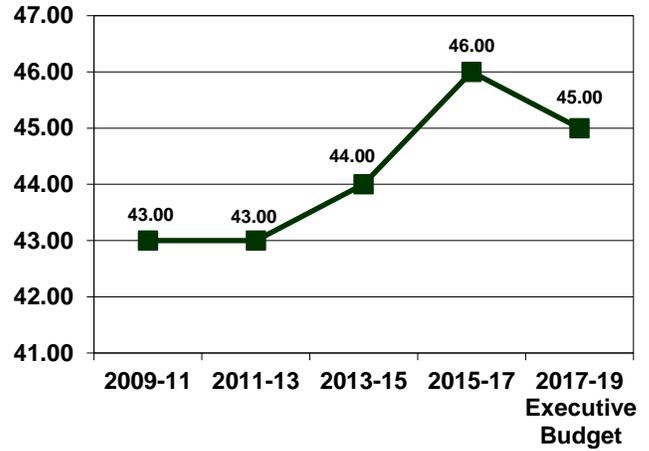
# Historical Appropriations Information

## Ongoing General Fund Appropriations Since 2009-11

Agency Funding (in Millions)



FTE Positions



■ Ongoing General Fund Appropriations

Ongoing General Fund Appropriations					
	2009-11	2011-13	2013-15	2015-17 Adjusted	2017-19 Dalrymple Executive Budget
Ongoing general fund appropriations	\$5,676,165	\$6,020,215	\$6,667,660	\$7,175,827	\$6,891,777
Increase (decrease) from previous biennium	N/A	\$344,050	\$647,445	\$508,167	(\$284,050)
Percentage increase (decrease) from previous biennium	N/A	6.06%	10.75%	7.62%	(3.96%)
Cumulative percentage increase (decrease) from 2009-11 biennium	N/A	6.06%	17.47%	26.42%	21.42%

### Major Increases (Decreases) in Ongoing General Fund Appropriations

#### 2011-13 Biennium

1. No major increases or decreases

#### 2013-15 Biennium

- |  |           |
|--|-----------|
| 1. Added 1 FTE weights and measures position and related operating expenses  | \$203,828 |
| 2. Added 1 FTE gas pipeline inspector position   | \$113,201 |
| 3. Added 1 FTE public utility analyst III position   | \$199,345 |
| 4. Increased funding for travel costs  | \$54,956  |
| 5. Added funding for legal fees relating to grain elevator insolvency cases and reclamation/abandoned mined lands lawsuits | \$500,000 |

#### 2015-17 Biennium (Original)

- |  |           |
|--|-----------|
| 1. Added 1 FTE public utility analyst position (\$257,747) and relating operating expenses (\$40,000)                | \$297,747 |
| 2. Added funding for temporary weights and measures inspector. (This item was affected by agency budget reductions.) | \$200,000 |

#### 2017-19 Biennium (Dalrymple and Burgum Executive Budget Recommendations)

- |  |             |
|--|-------------|
| 1. Removes 2 FTE positions   | (\$286,240) |
| 2. Underfunds salaries and wages from the general fund. (The Burgum budget underfunded salaries and wages by \$87,486 from the general fund.) (The House underfunded salaries and wages by \$475,000 from the general fund.) | (\$60,170)  |

- |  |            |
|--|------------|
| 3. Reduces funding for operating expenses. (The Burgum budget reduced operating expenses by an additional \$21,872.) | (\$25,864) |
| 4. Reduces funding for specialized legal services  | (\$56,000) |
| 5. The Burgum budget removed funding for capital assets to provide a total of \$0                                    | (\$26,400) |