

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

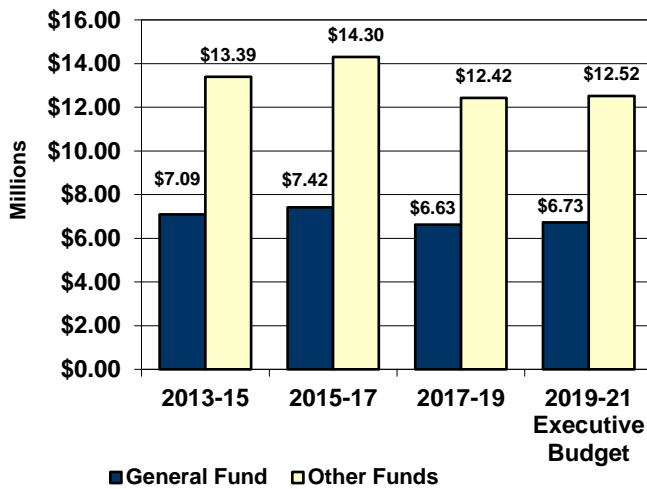
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	44.00	\$6,734,836	\$12,515,165	\$19,250,001
2017-19 Legislative Appropriations	45.00	6,630,762	12,421,016	19,051,778
Increase (Decrease)	(1.00)	\$104,074	\$94,149	\$198,223

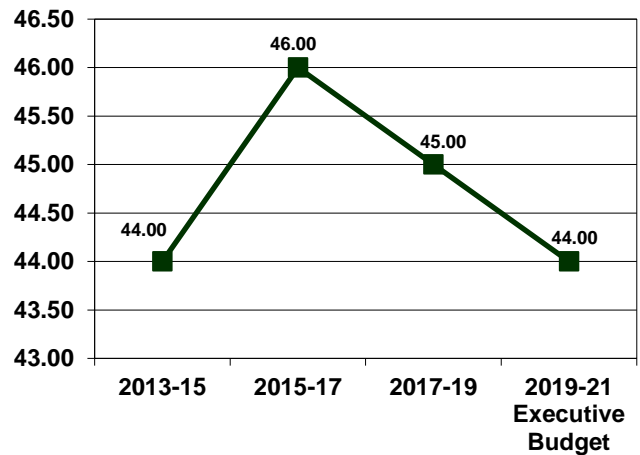
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	\$6,734,836	\$0	\$6,734,836
2017-19 Legislative Appropriations	6,630,762	0	6,630,762
Increase (Decrease)	\$104,074	\$0	\$104,074

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	\$6,734,836	\$12,515,165	\$19,250,001
2019-21 Base Level	6,630,762	11,985,016	18,615,778
Increase (Decrease)	\$104,074	\$530,149	\$634,223

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. Adds funding for state employee salary and benefit increases, of which \$424,421 is for salary increases, \$162,503 is for health insurance increases, and \$53,784 is for retirement contribution increases	\$385,594	\$255,114	\$640,708
2. Adds funding for a natural gas pipeline inspector (\$260,604) and related operating expenses (\$70,000)	\$165,301	\$165,303	\$330,604
3. Removes 1 FTE grain warehouse inspector position	(\$133,259)	\$0	(\$133,259)
4. Underfunds salaries and wages	(\$291,674)	\$0	(\$291,674)
5. Adjusts funding for operating expenses	(\$143,653)	\$13,000	(\$130,653)
6. Reduces funding for rail rate complaint cases to provide a total of \$790,954 from the beginning farmer revolving loan fund	\$0	(\$109,046)	(\$109,046)
7. Adds one-time funding from federal funds for specialized legal services	\$0	\$336,000	\$336,000

Other Sections Recommended to be Added in the Executive Budget (As Detailed in the Attached Appendix)

Beginning farmer revolving loan fund - Section 3 would authorize a \$790,954 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 would reimburse the beginning farmer revolving loan fund using amounts available from damages or proceeds, net of legal fees.

Salary of commissioners - Section 4 would provide the statutory changes increasing the Public Service Commissioners' salary. The Public Service Commissioners' annual salary would increase from the current level of \$108,656 to \$113,002, effective July 1, 2019, and to \$115,262, effective July 1, 2020, to reflect the 4 percent and 2 percent recommended salary increase.

Railroad safety pilot program - Section 5 would amend North Dakota Century Code Section 57-43.2-19 to continue to deposit \$285,000 per year from special fuels taxes into the rail safety fund through June 30, 2021.

Continuing Appropriations

Siting process expense recovery fund - 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 - Money received by the Public Service Commission under a 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.

Deficiency Appropriation

There are no deficiency appropriations for this agency.

Significant Audit Findings

There are no significant audit findings for this agency.

Major Related Legislation

Senate Bill No. 2100 - Amends Section 49-02-27 to authorize the Public Service Commission to adopt rules governing the decommissioning of commercial solar energy conversion facilities.

Senate Bill No. 2122 - Creates a new section to Chapter 49-02 to require applicants who file under a title for which there is no application fee, to pay the cost of publishing any notice issued by the Public Service Commission for the application.

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

	<u>Executive Budget Recommendation</u>			
	<u>FTE Position</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
2019-21 Biennium Base Level	45.00	\$6,630,762	\$11,985,016	\$18,615,778
2019-21 Ongoing Funding Changes				
Base payroll changes		\$121,765	(\$130,222)	(\$8,457)
Salary increase		255,235	169,186	424,421
Health insurance increase		98,067	64,436	162,503
Retirement contribution increase		32,292	21,492	53,784
Adds natural gas pipeline inspector		165,301	165,303	330,604
Removes 1 FTE grain warehouse inspector	(1.00)	(133,259)		(133,259)
Underfunds salaries and wages		(291,674)		(291,674)
Adjusts operating expenses		(143,653)	13,000	(130,653)
Reduces funding for rail rate complaint case			(109,046)	(109,046)
Total ongoing funding changes	(1.00)	\$104,074	\$194,149	\$298,223
One-time funding items				
Adds specialized legal services			\$336,000	\$336,000
Total one-time funding changes	0.00	\$0	\$336,000	\$336,000
Total Changes to Base Level Funding	(1.00)	\$104,074	\$530,149	\$634,223
2019-21 Total Funding	44.00	\$6,734,836	\$12,515,165	\$19,250,001

Other Sections for Public Service Commission - Budget No. 408

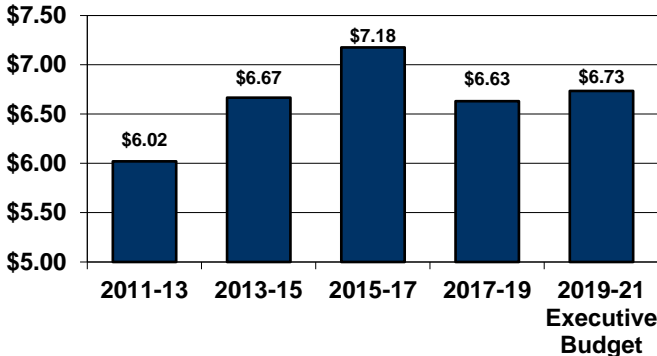
	<u>Executive Budget Recommendation</u>
Beginning farmer revolving loan fund	Section 3 would authorize a \$790,954 transfer from the beginning farmer revolving loan fund to the Public Service Commission to pay for costs associated with a rail rate complaint case. The Public Service Commission would reimburse the beginning farmer revolving loan fund using amounts available from damages or proceeds, net of legal fees.
Salary of commissioners	Section 4 would provide the statutory changes increasing the Public Service Commissioners' salary. The Public Service Commissioners' annual salary would increase from the current level of \$108,656 to \$113,002, effective July 1, 2019, and to \$115,262, effective July 1, 2020, to reflect the 4 percent and 2 percent recommended salary increase.
Railroad safety pilot program	Section 5 would amend North Dakota Century Code Section 57-43.2-19 to continue to deposit \$285,000 per year from special fuels taxes into the rail safety fund through June 30, 2021.

Department 408 - Public Service Commission

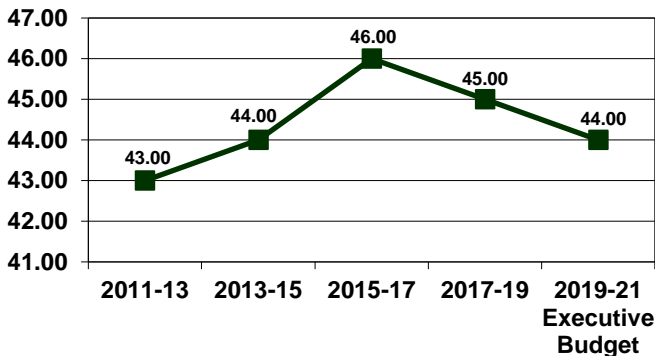
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2011-13

Ongoing General Fund Appropriations (in Millions)



FTE Positions



Ongoing General Fund Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing general fund appropriations	\$6,020,215	\$6,667,660	\$7,175,827	\$6,630,762	\$6,734,836
Increase (decrease) from previous biennium	N/A	\$647,445	\$508,167	(\$545,065)	\$104,074
Percentage increase (decrease) from previous biennium	N/A	10.75%	7.62%	(7.60%)	1.6%
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	10.75%	19.20%	10.14%	11.9%

Major Increases (Decreases) in Ongoing General Fund Appropriations

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

- 1. Added 1 FTE public utility analyst position (\$257,747) and relating operating expenses (\$40,000) \$297,747
- 2. Added funding for a temporary weights and measures inspector (this item was affected by the August 2016 budget reductions) \$200,000

2017-19 Biennium

- 1. Removed 2 FTE undesignated positions (\$286,240)
- 2. Reduced salaries and wages in anticipation of savings from vacant positions and employee turnover (\$250,000)
- 3. Reduced funding for operating expenses (\$47,736)
- 4. Reduced funding for capital assets to provide a total of \$10,000 (\$16,400)
- 5. Removed funding from the general fund for specialized legal services (\$56,000)

2019-21 Biennium (Executive Budget Recommendation)

- 1. Adds funding for a natural gas pipeline inspector (\$130,301) and related operating expenses (\$35,000) \$165,301
- 2. Removes 1 FTE grain warehouse inspector position (\$133,259)
- 3. Underfunds salaries and wages (\$291,674)
- 4. Reduces funding from the general fund for operating expenses (\$143,653)

**GOVERNOR'S RECOMMENDATION FOR THE
PUBLIC SERVICE COMMISSION AS SUBMITTED
BY THE OFFICE OF MANAGEMENT AND BUDGET**

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the public service commission for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$9,197,284	\$405,104	\$9,602,388
Operating expenses	1,829,826	(60,653)	1,769,173
Capital assets	10,000	0	10,000
Grants	20,000	0	20,000
Abandoned mined lands contractual	6,000,000	0	6,000,000
Rail rate complaint case	900,000	(109,046)	790,954
Railroad safety program	564,668	62,818	627,486
Specialized legal services	<u>94,000</u>	<u>336,000</u>	<u>430,000</u>
Total all funds	\$18,615,778	\$634,223	\$19,250,001
Less estimated income	<u>11,985,016</u>	<u>530,149</u>	<u>12,515,165</u>
Total general fund	\$6,630,762	\$104,074	\$6,734,836
Full-time equivalent positions	45.00	(1.00)	44.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-SIXTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the 2019-21 one-time funding items included in the appropriation in section 1 of this Act:

<u>One Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
Specialized legal services	<u>\$436,000</u>	<u>\$336,000</u>
Total all funds	\$436,000	\$336,000
Total special funds	<u>436,000</u>	<u>336,000</u>
Total general fund	\$0	\$ 0

The 2019-21 one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The public service commission shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 3. TRANSFER AND REPAYMENT - BEGINNING FARMER REVOLVING LOAN FUND. The Bank of North Dakota shall transfer from the beginning farmer revolving loan fund to the public service commission the sum of \$790,954, or so much of the sum as may be necessary, included in the estimated income line item in section 1 of this Act to pay for costs associated with a rail rate complaint case. Transfers must be made during the biennium beginning July 1, 2019, and ending June 30, 2021, upon order of the commission. If any amounts are spent pursuant to this section, the public service commission shall reimburse the beginning farmer revolving loan fund

using amounts available from damages or proceeds received, net of legal fees, from a successful outcome of a rail complaint case.

SECTION 4. AMENDMENT. Section 49-01-05 of the North Dakota Century Code is amended and reenacted as follows:

49-01-05. Salary of commissioners.

The annual salary of a commissioner is ~~one hundred eight thousand six hundred fifty-six dollars through June 30, 2018, one hundred thirteen thousand two dollars through June 30, 2020 and one hundred fifteen thousand two hundred sixty two dollars,~~ thereafter. All fees received or charged by any commissioner for any act or service rendered in any official capacity must be accounted for and paid over by the commissioner monthly to the state treasurer and must be credited to the general fund of the state.

SECTION 5. AMENDMENT. Section 57-43.2-19 of the North Dakota Century Code is amended and reenacted as follows:

57-43.2-19 (Effective July 1, 2019 through June 30, 2021) Transfer, deposit, and distribution of funds. All taxes, license fees, penalties, and interest collected under this chapter must be transferred to the state treasurer who shall deposit moneys in the highway tax distribution fund, except fuels excise taxes, collected on sales of diesel fuels to a railroad under section 57-43.2-03 of up to two hundred eighty-five thousand dollars per year must be transferred to the state treasurer who shall deposit the moneys in the rail safety fund. The highway tax distribution fund must be distributed in the manner as prescribed by section 54-27-19.