

**Public Service Commission
Budget 408
Senate Bill No. 2008; House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 legislative appropriation	41.00	\$4,890,887	\$8,012,817	\$12,903,704
2005-07 legislative appropriation	<u>41.00</u>	<u>4,362,837</u>	<u>6,937,151</u>	<u>11,299,988</u>
2007-09 appropriation increase (decrease) to 2005-07 appropriation	0.00	\$528,050	\$1,075,666	\$1,603,716

¹This amount includes \$89,484 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$4,801,403.

NOTE: The 2007-09 legislative appropriation amounts include \$26,936, of which \$17,428 is from the general fund, for the agency's share of the \$10 million funding pool appropriated to the Office of Management and Budget for special market equity adjustments for classified employees.

Item Description

One-time funding - The Legislative Assembly identified \$89,484 from the general fund for weights and measures equipment (\$39,000), videoconferencing equipment (\$20,000), and a prover (\$30,484) as one-time funding items. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget, and the Public Service Commission is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

Rail rate complaint case - Section 4 of Senate Bill No. 2008 authorizes \$800,000 from the beginning farmer revolving loan fund for a rail rate complaint case and provides that the funding may be carried forward from the 2005-07 biennium. The total funding for the rail rate complaint case is \$900,000, of which \$800,000 is from the beginning farmer revolving loan fund and \$100,000 from other funds.

Metrology program - The Legislative Assembly provided funding of \$94,600 from the general fund for costs necessary to maintain the state metrology program, including \$20,000 in the capital assets line for a small mass laboratory balance.

The Legislative Assembly also provided that the Public Service Commission and the Facility Management Division of the Office of Management and Budget develop a schedule for the use of the metrology laboratory building for the 2007-09 biennium. The Public Service Commission is to present a report to the Budget Section and the Office of Management and Budget by July 1, 2008, regarding the facility use agreement and future plans for a metrology laboratory.

Status/Result

The Public Service Commission anticipates using \$12,000 of the funding provided for weights and measures equipment for a vehicle scale test cart. The commission anticipates spending all the funding provided for videoconferencing equipment but will not spend any of the funds provided for the purchase of a prover.

A rail rate complaint case has not been filed primarily because state activity associated with the rail rate case and readily accessible funds to pursue regulatory relief against the railroad industry has guarded against abusive rail industry practices.

To date the Public Service Commission has purchased the small mass laboratory balance for \$13,500 and has spent approximately \$13,000 of the \$74,600 appropriated for renovations for the metrology laboratory. The commission anticipates using the remaining \$61,600 of funding to maintain the metrology program during the 2007-09 biennium.

Public Service Commission staff has met with the Facilities Management Division staff to obtain advance approval for all renovations to the metrology laboratory and anticipates continuing to work with the division on future renovations.

Credit-sale contract indemnity fund - House Bill No. 1360 authorizes the State Treasurer to invest the credit-sale contract indemnity fund's money using the prudent investor rule. The credit-sale contract indemnity fund receives funding from assessments 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. The funds are currently deposited at the Bank of North Dakota and earn interest at the Bank's money market rate via the state's interest allocation process. General fund revenues were estimated to be reduced by \$80,000 per biennium due to the funding being removed from the state's current interest allocation process. It was anticipated that the return on the indemnity fund will increase by \$196,000 a biennium based on the State Treasurer's use of a more diversified investment strategy.

The investment strategy change for the credit-sale contract indemnity fund has resulted in higher rates of return and more investment income. The fund reached its \$6 million maximum balance in the second quarter of 2008, and therefore in accordance with North Dakota Century Code Section 60-10-03, the Public Service Commission will suspend the collection of assessments effective July 1, 2008, until the balance in the fund falls below \$3 million.