

Office of the  
Legislative Fiscal Analyst

## **FY 2005 Budget Recommendations**

Joint Appropriations Subcommittee for  
Commerce and Revenue

**Public Service Commission**

Contents:

- 1.0 Summary
- 2.0 Issues
- 3.0 Programs
- 4.0 Additional Information



**1.0 Public Service Commission**

**Purpose**

The Commission ensures safe, reliable and adequate utility service. It conducts hearings and investigations of utility company operations in order to determine just and reasonable rates for service. The Commission’s goals for regulation are efficient, reliable, reasonably-priced utility service for customers, and maintenance of financially healthy utility companies. These goals are generally attained through the regulatory decisions the Commission makes in each formal case.

Funding for the operation of the Commission comes from the Public Utility Regulatory Fee (PURF). The fee is adjusted each year depending on the funding requirements. No major building blocks or adjustments have been made to the budget for the last several years

	<b>Analyst FY 2005 Base</b>	<b>Analyst FY 2005 Changes</b>	<b>Analyst FY 2005 Total</b>
<b>Financing</b>			
General Fund	1,515,900	(1,515,900)	
General Fund Restricted		1,515,900	1,515,900
Dedicated Credits	1,367,700		1,367,700
Trust and Agency Funds	9,048,900		9,048,900
Beginning Balance	8,429,400		8,429,400
<b>Total</b>	<u>\$12,178,800</u>	<u>\$0</u>	<u>\$12,178,800</u>
<b>Programs</b>			
Public Service Commission	1,577,100		1,577,100
Research and Analysis	60,000		60,000
Speech and Hearing Impaired	1,662,900		1,662,900
Universal Telecommunications Supp	8,878,800		8,878,800
<b>Total</b>	<u>\$12,178,800</u>	<u>\$0</u>	<u>\$12,178,800</u>
<b>FTE/Other</b>			
Total FTE	17		17

**Department Mission Statement**

While managing the transition from regulation to competition, the Commission’s goal is to ensure efficient, reliable, high quality, reasonably priced utility service.

## **2.0 Budget Highlights: Public Service Commission**

### **2.1 Change the name of the source of funding.**

Funding for the Commission has been from the Public Utility Regulatory Fund (PURF). Utilities pay an assessment to cover the costs of regulation. These funds have been deposited in the Commerce Service Fund then transferred to the General Fund for appropriation to the Public Service Commission. PURF also funds the Division of Public Utilities and the Committee of Consumer Services in the Commerce Department but there the funds are called “Commerce Service Funds.” Calling PURF “General Fund” has caused confusion and problems in the past. The Analyst’s recommendation is to call these Public Utility Regulatory Funds “GFR-CSF-PURF” which stands for General Fund Restricted – Commerce Service Fund – Public Utility Regulatory Funds. This gives the Department of Finance the necessary information: Category and type of fund, Name of the fund, and that it is a special account within the fund.

**3.1 Programs: Public Service Commission-Administration**

**Recommendation**      The Analyst recommends Administration funding of \$1,552,100.

	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>Est/Analyst</b>
	<b>Actual</b>	<b>Estimated*</b>	<b>Analyst</b>	<b>Difference</b>
<b>Financing</b>				
General Fund	1,401,100	1,492,200		(1,492,200)
General Fund, One-time		4,400		(4,400)
Dedicated Credits Revenue	1,200	61,200	61,200	
GFR - CSF - PURF			1,490,900	1,490,900
Beginning Nonlapsing	163,500	174,700		(174,700)
Closing Nonlapsing	(174,700)			
Lapsing Balance	(7,000)			
<b>Total</b>	<u>\$1,384,100</u>	<u>\$1,732,500</u>	<u>\$1,552,100</u>	<u>(\$180,400)</u>
<b>Expenditures</b>				
Personal Services	1,247,100	1,377,900	1,373,200	(4,700)
In-State Travel	800	8,000	1,300	(6,700)
Out of State Travel	26,500	38,900	36,900	(2,000)
Current Expense	85,600	150,600	88,500	(62,100)
DP Current Expense	24,100	97,200	52,200	(45,000)
<b>Total</b>	<u>\$1,384,100</u>	<u>\$1,732,500</u>	<u>\$1,552,100</u>	<u>(\$180,400)</u>
<b>FTE/Other</b>				
Total FTE	17	17	17	0

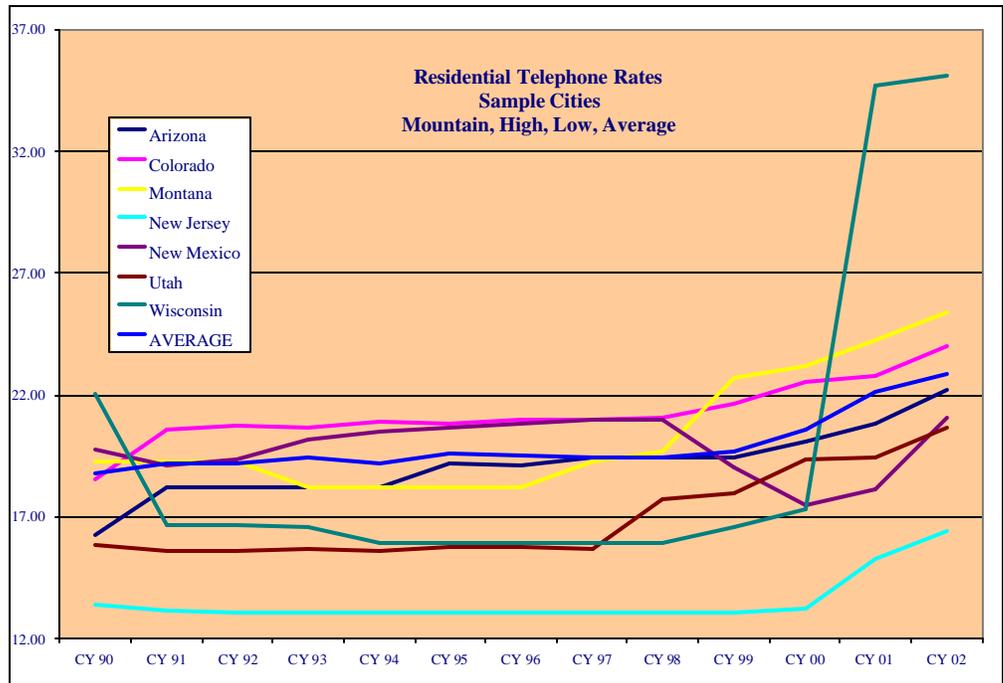
\*Non-state funds as estimated by agency

**Purpose**

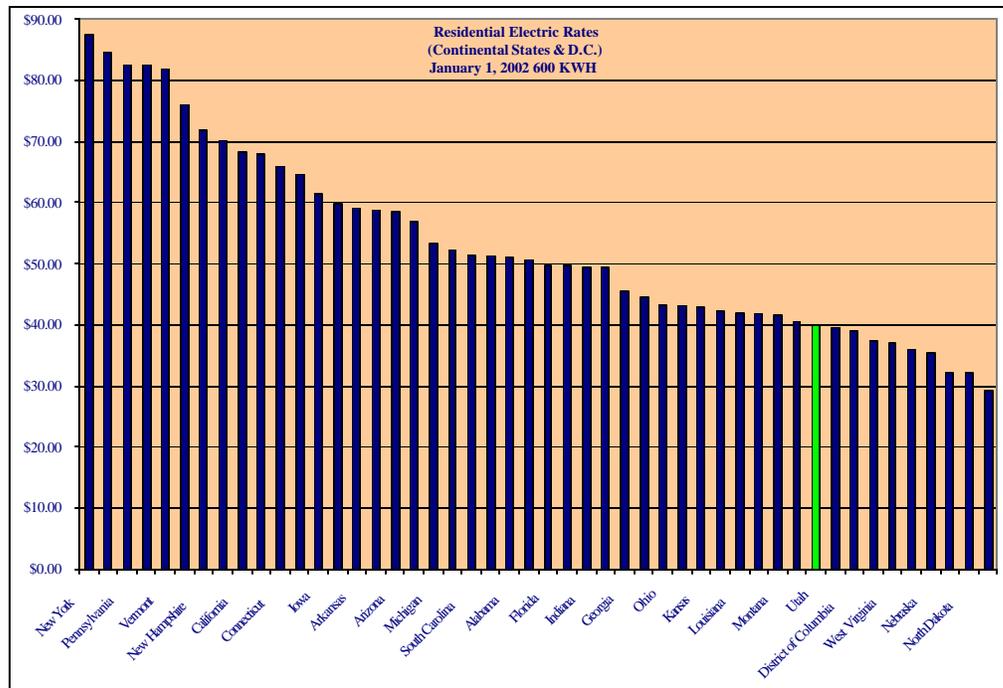
The Public Service Commission is a quasi-judicial body that regulates all privately owned electricity, natural gas, telecommunications, and water public utilities. The Commission works to insure that rates, terms, and conditions of utility service are “just and reasonable,” to meet the public interest defined by statute and case law. Recent changes in State and federal law recognize the influence of competition on these industries, which have traditionally been regulated monopolies. The transition from monopoly to competition must be done fairly to protect the public interest to assure that services remain reliable, and reasonably priced. Although many aspects of traditional regulation are still an important part of the Commission’s workload, the transition to competition is significant.

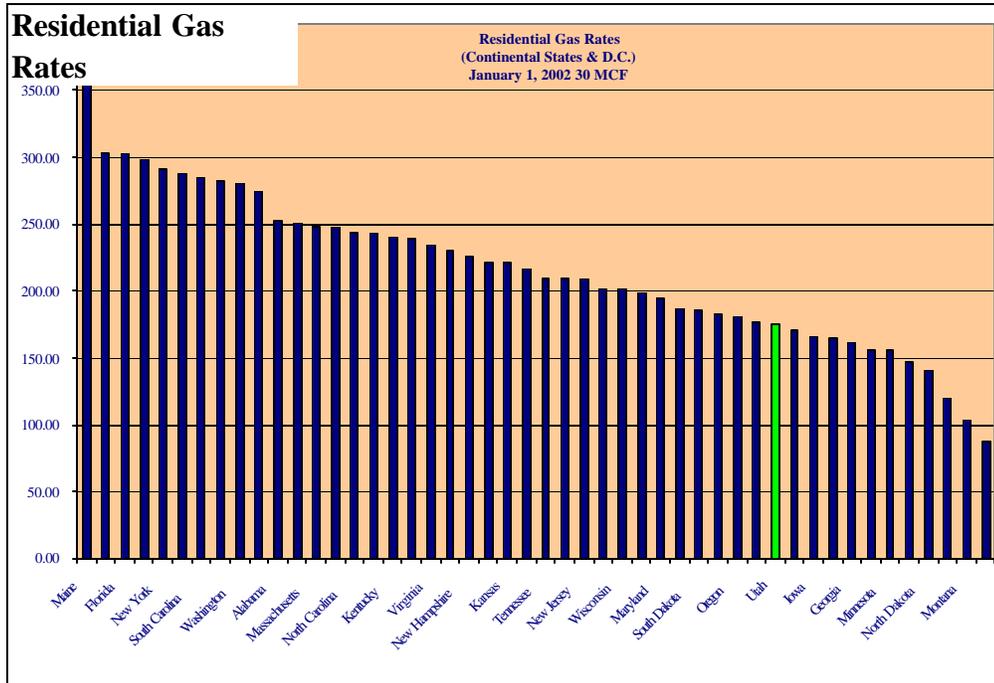
With the Division of Public Utilities (Department of Commerce), the Commission initiates investigations into situations where utilities may be in violation of the law or are not operating in the public interest.

### Residential Telephone Rates



### Residential Electric Rates





**3.2 Programs: Public Service Commission - Building Operation and Maintenance**

**Recommendation**      The Analyst recommends funding of \$25,000.

	2003	2004	2005	Est/Analyst
<b>Financing</b>	<b>Actual</b>	<b>Estimated*</b>	<b>Analyst</b>	<b>Difference</b>
General Fund	26,300	23,700		(23,700)
GFR - CSF - PURF			25,000	25,000
Beginning Nonlapsing		1,300		(1,300)
Closing Nonlapsing	(1,300)			
<b>Total</b>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$0</u>
<b>Expenditures</b>				
Current Expense	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	
<b>Total</b>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$0</u>

\*Non-state funds as estimated by agency

**Purpose**      The Public Service Commission is located at the Heber M. Wells Building off of Third South and First East in Salt Lake City. The building is owned and operated by the Division of Facilities and Construction Management (DFCM) of the State Department of Administrative Services.

**3.3 Programs: Public Service Commission-Research and Analysis**

**Recommendation**      The Analyst recommends funding of \$60,000 from Dedicated Credit Revenue. Research and Analysis is a separate line item.

	2003	2004	2005	Est/Analyst
	Actual	Estimated*	Analyst	Difference
<b>Financing</b>				
Dedicated Credits Revenue	59,300	60,000	60,000	
<b>Total</b>	<u>\$59,300</u>	<u>\$60,000</u>	<u>\$60,000</u>	<u>\$0</u>
<b>Expenditures</b>				
Current Expense	59,300	60,000	60,000	
<b>Total</b>	<u>\$59,300</u>	<u>\$60,000</u>	<u>\$60,000</u>	<u>\$0</u>

\*Non-state funds as estimated by agency

**Purpose**      The funds collected and distributed are part of the Wexpro Agreement. The agreement between the State and Wexpro is for third parties to monitor Wexpro’s compliance with the agreement. Questar Gas Company’s customers pay this money in their rates. These funds are for accounting fees and contracted services of a hydrocarbon specialist. When services have been provided, a bill is sent to Wexpro who then sends the funds to the Commission.

**3.4 Programs: Public Service Commission-Speech and Hearing Impaired**

**Recommendation** The Analyst recommends funding of \$1,662,900. Funding is from Dedicated Credits and Non-lapsing balances. Speech and hearing Impaired is a separate line item.

	2003	2004	2005	Est/Analyst
	Actual	Estimated*	Analyst	Difference
<b>Financing</b>				
Dedicated Credits Revenue	1,344,900	1,248,900	1,246,500	(2,400)
Beginning Nonlapsing	4,249,800	4,227,900	4,003,800	(224,100)
Closing Nonlapsing	(4,227,900)	(4,003,800)	(3,587,400)	416,400
<b>Total</b>	<u>\$1,366,800</u>	<u>\$1,473,000</u>	<u>\$1,662,900</u>	<u>\$189,900</u>
<b>Expenditures</b>				
In-State Travel	400	3,500	3,500	
Out of State Travel	100	3,200	3,200	
Current Expense	1,353,100	1,453,100	1,643,000	189,900
Other Charges/Pass Thru	13,200	13,200	13,200	
<b>Total</b>	<u>\$1,366,800</u>	<u>\$1,473,000</u>	<u>\$1,662,900</u>	<u>\$189,900</u>

\*Non-state funds as estimated by agency

**Purpose** The Speech and Hearing Impaired Program provides telecommunication access twenty-four hours a day between hearing or speech impaired persons through Relay Utah. The services are now contracted through SPRINT. SPRINT employs people who use a computer to receive text telephone messages from a TDD or TTY (text telephone) and relay the information to the called party.

The Commission loans specialized telecommunications equipment to individuals who have hearing or speech barriers. The Commission has an advertising campaign to educate not only the deaf and the hearing public about 7-1-1 and the telecommunication relay service.

Funds collected and carried over from the previous year will be used to fund the complete program.

The major activity of this budget is telephone calls and demand is increasing. With the implementation of two-way pagers, there is a shift nationally in the way deaf people communicate. The FCC is encouraging states to implement Video Relay Service which would complement the services already provided by Relay Utah.

**3.5 Programs: PSC - Universal Public Telecommunications Service Support Fund**

**Recommendation** The Analyst recommends funding of \$8,878,800 from the Universal Public Telecommunications Service Support Fund and Non-lapsing balances. Revenue generated is dedicated to this program. This is a separate line item.

	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>Est/Analyst</b>
	<b>Actual</b>	<b>Estimated*</b>	<b>Analyst</b>	<b>Difference</b>
<b>Financing</b>				
Universal Public Telecom Service Fund	4,476,700	8,517,500	9,048,900	531,400
Beginning Nonlapsing	8,894,800	4,786,900	4,425,600	(361,300)
Closing Nonlapsing	(4,786,900)	(4,425,600)	(4,595,700)	(170,100)
<b>Total</b>	<u>\$8,584,600</u>	<u>\$8,878,800</u>	<u>\$8,878,800</u>	<u>\$0</u>
<b>Expenditures</b>				
Current Expense	6,100	6,400	6,400	
Other Charges/Pass Thru	8,322,200	8,322,200	8,322,200	
Trust & Agency Disbursements	256,300	550,200	550,200	
<b>Total</b>	<u>\$8,584,600</u>	<u>\$8,878,800</u>	<u>\$8,878,800</u>	<u>\$0</u>

\*Non-state funds as estimated by agency

**Purpose** The funding mechanism for the Universal Public Telecommunications Service Support Fund (previously the Universal Service Trust Fund) account is a 1/3 percent surcharge on intra-state retail revenue. The fund is intended to subsidize eligible telephone exchange customers whose costs are much higher to operate than the state-wide average for providing local exchange and switched access service.

**Success** According to serving companies' data and statistics obtained by the Federal Communications Commission, the telephone subscribership in Utah rural areas remains nearly equal to the Wasatch Front.

**4.0 Additional Information: Public Service Commission**

**4.1 Funding History: Public Service Commission - Administration**

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Financing</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated*</b>	<b>Analyst</b>
General Fund	1,492,300	1,462,600	1,427,400	1,515,900	
General Fund, One-time				4,400	
General Fund Restricted					1,515,900
Dedicated Credits	1,475,600	1,288,300	1,405,400	1,370,100	1,367,700
Trust and Agency Funds	7,590,500	5,163,600	4,476,700	8,517,500	9,048,900
Beginning Balance	14,264,700	15,116,500	13,308,100	9,190,800	8,429,400
Closing Balance	(15,116,500)	(13,308,100)	(9,190,800)	(8,429,400)	(8,183,100)
<b>Total</b>	<b>\$9,706,600</b>	<b>\$9,722,700</b>	<b>\$11,419,800</b>	<b>\$12,169,300</b>	<b>\$12,178,800</b>
<b>Programs</b>					
Public Service Commission	1,481,500	1,315,000	1,409,100	1,757,500	1,577,100
Research and Analysis	31,800	34,400	59,300	60,000	60,000
Speech and Hearing Impaired	1,641,900	1,631,000	1,366,800	1,473,000	1,662,900
Universal Telecommunications Support I	6,551,400	6,742,300	8,584,600	8,878,800	8,878,800
<b>Total</b>	<b>\$9,706,600</b>	<b>\$9,722,700</b>	<b>\$11,419,800</b>	<b>\$12,169,300</b>	<b>\$12,178,800</b>
<b>Expenditures</b>					
Personal Services	1,201,300	1,158,100	1,247,100	1,377,900	1,373,200
In-State Travel	200	1,800	1,200	11,500	4,800
Out of State Travel	22,000	26,700	26,600	42,100	40,100
Current Expense	1,861,400	1,759,400	1,529,100	1,695,100	1,822,900
DP Current Expense	64,500	34,400	24,100	97,200	52,200
Capital Outlay	5,800			59,900	
Other Charges/Pass Thru	6,522,200	6,635,700	8,335,400	8,335,400	8,335,400
Trust & Agency Disbursements	29,200	106,600	256,300	550,200	550,200
<b>Total</b>	<b>\$9,706,600</b>	<b>\$9,722,700</b>	<b>\$11,419,800</b>	<b>\$12,169,300</b>	<b>\$12,178,800</b>
<b>FTE/Other</b>					
Total FTE	14	17	17	17	17

\*Non-state funds as estimated by agency.

### 3.7 Programs: Public Service Commission-Fees

The Commission has a fee that must be approved and included into the Appropriations Act. The following fee is recommended for FY 2004.

<b>Fee Title</b>	<b>FY 2004 Current Rate</b>	<b>FY 2005 Proposed Rate</b>	<b><u>Difference</u></b>	<b>FY 2004 <u>Units</u></b>	<b>Projected Revenue <u>Change</u></b>
<b><u>Global license fees for admitted insurers</u></b>					
Local Exchange Carrier Application Fee	\$100	\$100		15	