

PUBLIC SERVICE COMMISSION

BUSINESS, ECONOMIC DEVELOPMENT & LABOR APPROPRIATIONS SUBCOMMITTEE
STAFF: ZACKERY KING

BUDGET BRIEF

SUMMARY

The Public Service 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 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.

The Public Service Commission line item has three programs:

1. Administration
2. Building Operations and Maintenance
3. Energy Independent Evaluator

Public Utilities Regulation Fee – A major revenue contributor to the Public Service Commission's budget. It is a special fee to defray the cost of regulation and imposed upon all public utilities. The fee is assessed as a uniform percentage of the gross operating revenue from the preceding calendar year derived from each public utility's business and operations during that period.

Additional detail can be found at

http://le.utah.gov/lfa/reports/cobi2013/LI_VCA.htm

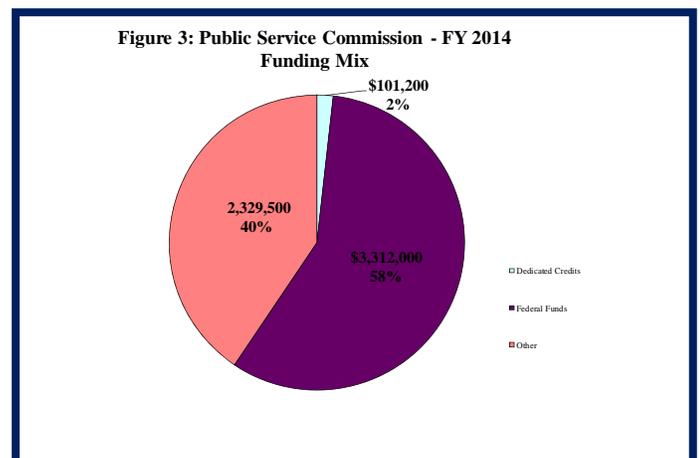
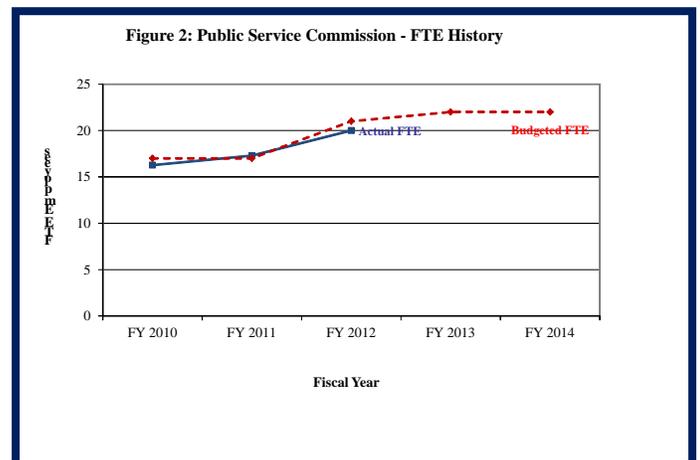
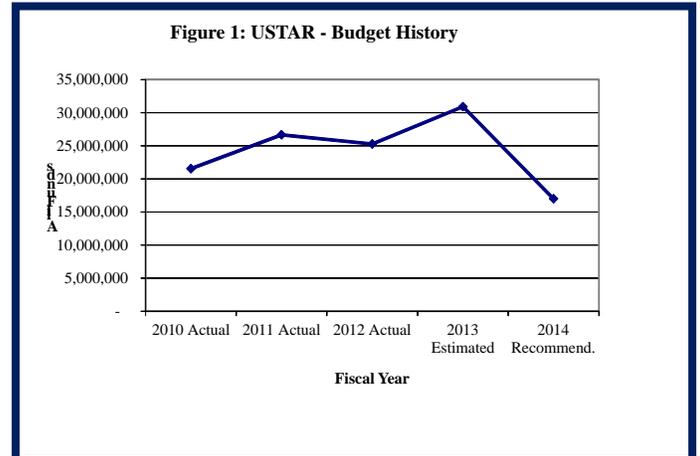
ISSUES AND RECOMMENDATIONS

Budget Adoption

For the Public Service Commission line item, the Fiscal Analyst recommends a FY 2014 budget of \$5,742,700.

Administration Building Block Request

The Fiscal Analyst recommends the subcommittee forward to the Executive Appropriations Committee for further consideration, an ongoing increase of \$159,200 from the Commerce Service Fund – Public Utilities Regulation Fee.



This increase is included in the FY 2014 recommended budget total. It would allow the Public Service Commission to fill one vacant position and to increase one part-time employee to full-time hours in its Administration Program to meet increasing workload demands; the Public Service Commission has 22 authorized FTE positions, 20 FTE positions currently filled. This increase also would provide a small portion of funding, \$500, for the Building Operations and Maintenance Program to meet utility needs.

Funding for this increase would be provided from the Public Utilities Regulation Fee (PURF). Utilities that are subject to the jurisdiction of the Public Service Commission are subject to a fee not to exceed .3% of the public utility's gross operating revenue for the proceeding calendar year. Based upon last year's gross revenue figures as reported by the utilities companies, the increase of \$159,200 would increase the fee from .261% to .265%.

This number is based on revenue from 202 companies reporting. It is anticipated that PURF revenues will remain constant due to the .004% increase in the surcharge.

Intent Language

A report on intent language passed by the Legislature during the 2012 General Session for the Public Service Commission is included in the issue brief entitled *Public Service Commission Follow-up on Previous Intent Language*.

The Fiscal Analyst recommends the following intent language to make the Public Service Commission line item's FY 2013 unexpended appropriations nonlapsing at the end of FY 2013:

Under Section 63J-1-603 of the Utah Code, the Legislature intends that appropriations provided for the Public Service Commission Administration in Item 37, Chapter 10, Laws of Utah 2012, shall not lapse at the close of FY 2013. The use of any nonlapsing funds is limited to maintenance, upgrades, and licensing for the Public Service Commission's document management system, computer equipment and software upgrades, employee training and incentives, and special projects/studies.

Federal Funds

After review and adjustment, the Fiscal Analyst recommends the subcommittee approve federal funds for the Public Service Commission as shown in the 2013 General Session issue brief titled *Business, Economic Development, and Labor: Federal Funds*.

This approval increases federal fund authorization by \$112,000 in FY 2013 as a supplemental increase and ongoing beginning FY 2014. The National Deaf-Blind Equipment Distribution Program (NDBEDP) grant provides communication equipment and devices for individuals who are legally blind and hard of hearing or deaf. This grant is used to assist individuals with their integration into society with job skills training; improvement in this area increases the likelihood of obtaining employment. The Public Service Commission (PSC) was awarded the grant by the Federal Communications Commission (FCC). Effective on July 2, 2012, the grant runs for two years. With notice, the FCC may extend the grant for one additional year. The annual amount of the grant is \$112,000. Expenditures are reimbursed to the PSC within 60 days after submitting reimbursement requests to the FCC.

The subcommittee's approval also includes an \$870,000 increase to American Recovery and Reinvestment Act (ARRA) funding. The ARRA increase does not authorize new grants but increases spending authority on the *State Broadband Data and Development Program Grant and the Regulatory Assistance for PSC Grant*; both currently in use by the PSC. Furthermore, both grants are reimbursed to the PSC dollar for dollar. Reimbursements are submitted through the ASAP program of the Federal Government and the funds are reimbursed to the Commission within three business days. This request is the remaining amount authorized for both grants combined, they both conclude in FY 2014.

Governor's Recommendations

- 1. Federal Funds Increase - \$112,000; FY 2013 supplemental and FY 2014 ongoing**

BUDGET DETAIL TABLE

| Financial Institutions - Financial Institutions Administration | | | | | | |
|--|--------------------|-------------------------|------------|--------------------|--------------------|-------------------------|
| Sources of Finance | FY 2012 Actual | FY 2013 Appropriated | Changes | FY 2013 Revised | Changes | FY 2014* Recommended |
| GFR - Financial Institutions | 5,994,700 | 6,384,500 | 157,600 | 6,542,100 | (157,600) | 6,384,500 |
| GFR - Financial Institutions, One-time | 0 | 157,600 | (157,600) | 0 | 0 | 0 |
| Lapsing Balance | (279,300) | 0 | 0 | 0 | 0 | 0 |
| Total | \$5,715,400 | \$6,542,100 | \$0 | \$6,542,100 | (\$157,600) | \$6,384,500 |
| Programs | | | | | | |
| Administration | 5,501,400 | 6,322,100 | 0 | 6,322,100 | (157,600) | 6,164,500 |
| Total | \$5,715,400 | \$6,542,100 | \$0 | \$6,542,100 | (\$157,600) | \$6,384,500 |
| Categories of Expenditure | | | | | | |
| Personnel Services | 4,829,300 | 5,476,600 | (290,600) | 5,186,000 | 92,200 | 5,278,200 |
| In-state Travel | 117,700 | 147,900 | 37,300 | 185,200 | (12,500) | 172,700 |
| Out-of-state Travel | 166,500 | 140,500 | 81,600 | 222,100 | (24,900) | 197,200 |
| Current Expense | 475,300 | 501,300 | 111,500 | 612,800 | (43,900) | 568,900 |
| DP Current Expense | 126,600 | 118,200 | 217,800 | 336,000 | (168,500) | 167,500 |
| Total | \$5,715,400 | \$6,384,500 | \$0 | \$6,542,100 | (\$157,600) | \$6,384,500 |
| Other Data | | | | | | |
| Budgeted FTE | 55 | 53 | 0 | 53 | 0 | 53 |
| Actual FTE | 48 | 0 | 0 | 0 | 0 | 0 |

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

SUMMARY OF RECOMMENDATIONS

The Fiscal Analyst recommends the Legislature:

1. Approve a FY 2014 recommended budget of \$5,742,700 as shown in the budget detail table.
2. After review and adjustment, approve intent language authorizing nonlapsing authority to the Public Service Commission line item as shown on page 2.
3. After review and adjustment, authorize the Public Service Commission to accept federal funds as described on page 2 and contained in the issue brief titled "Business, Economic Development, and Labor: Federal Funds." As described on page two, this includes a \$112,000 supplemental increase in FY 2013, and ongoing in FY 2014, as well as an \$870,000 ongoing increase in ARRA funding.
4. Forward to the Executive Appropriations Committee for further consideration, a \$159,200 ongoing increase to the Commerce Service Fund – Public Utility Regulation Fee for those reasons discussed on pages 1 and 2.