

Budget Brief - Public Service Commission

2007 GENERAL SESSION, PSC-01

SUMMARY

The goal of the Public Service Commission is to ensure safe, reliable, adequate and reasonably priced utility service. This provides an attractive environment for businesses, strengthens the free enterprise system and enhances the quality of life for Utah citizens.

In 2005, the legislature effectively deregulated much of the telecommunication industry except for limited, continuing oversight.

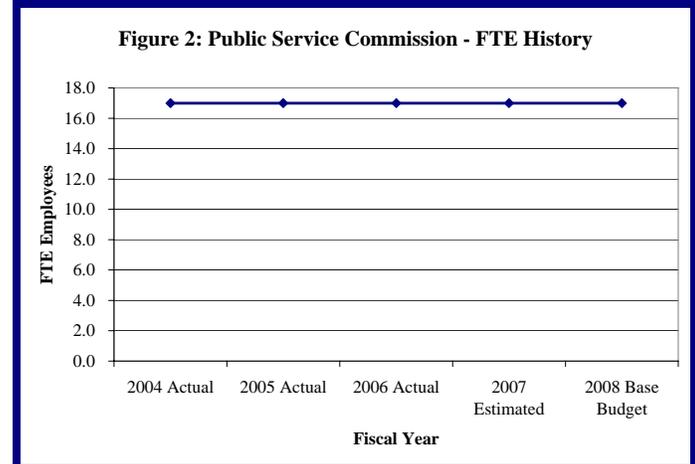
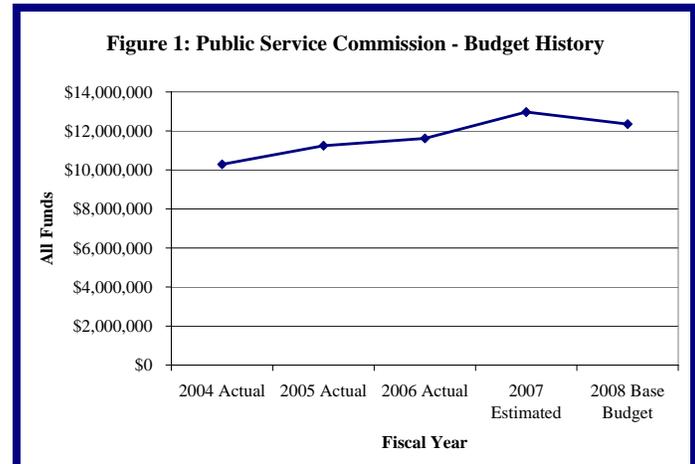
ISSUES

Fees

The Commission only has one fee, a \$100 Application Fee collected from new local exchange carrier applicants. It has not changed in ten years and they are not proposing to change it now. The number of annual applicants varies from 15 to 20. They are estimating 18 in FY 08.

Move the Wexpro agreement from PSC to Commerce. The Wexpro Stipulation and Agreement was approved by the Public Service Commission in 1981 and affirmed by the Utah Supreme Court in 1983. Under the agreement, Wexpro operates the natural gas and oil properties for the benefit of Wexpro Gas Company customers, (formerly Mountain Fuel Supply). The agreement calls for Wexpro to pay up to \$60,000 annually for outside consultants to monitor operations to make sure activities conform to the agreement. The monitors operate under direction of the Division Public Utilities (DPU). The Analyst recommends transferring this part of the budget to the Division of Public Utilities in the Department of Commerce. The Department of Commerce agrees with this action.

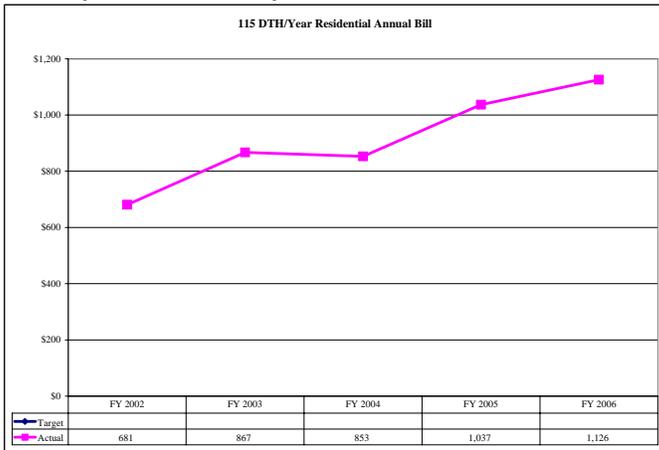
BUDGET AT A GLANCE



ACCOUNTABILITY DETAIL

The Public Service Commission is one of the most difficult to measure. This is because they are not trying to maximize profits for the producers or minimize prices for consumers but find the best compromise that will keep the regulated companies healthy providers of high quality service yet keep prices low. While their impact on the following measures is marginal, it is still a factor.

This measure shows the cost of natural gas to an ordinary home over a year.



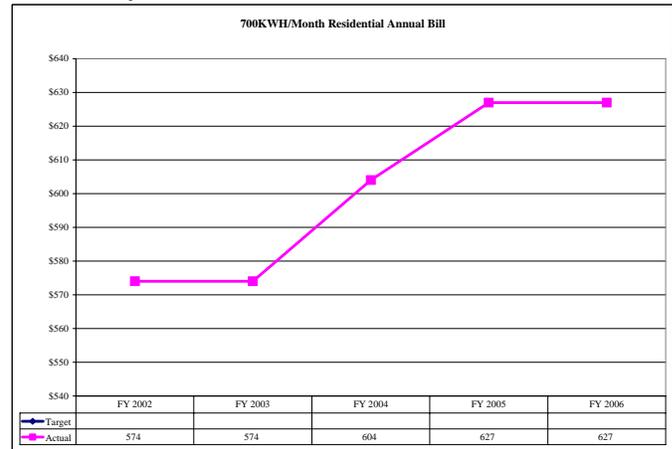
Measure: 115 decatherm per year residential gas bill.

Goal: Issue rulings that keep natural gas cost low and insure healthy markets for providers.

Methodology: This graph shows the cost for an average (115 DTH/year) household of natural gas as determined by the first ruling of the year.

Measure Type: Outcome.

This graph shows the monthly cost of electricity to an ordinary home.



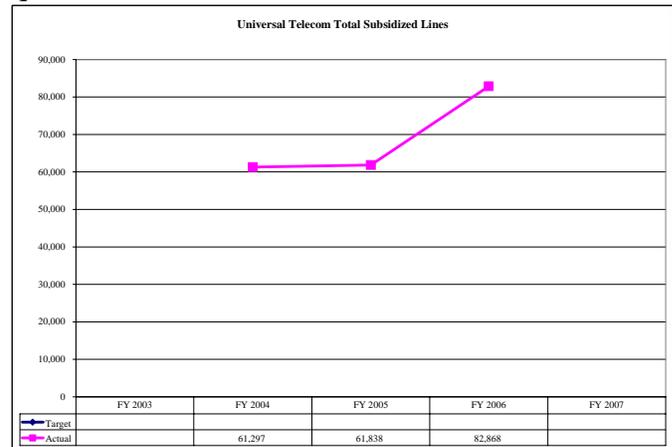
Measure: 700 kilowatt per month residential annual electric bill.

Goal: Issue rulings that keep electrical cost low and insure healthy markets for providers.

Methodology: Cost for an average (700 kilowatt hours per month) household annual electric bill.

Measure Type: Outcome.

According to statistics from serving companies and the Federal Communications Commission, the telephone subscribership rates in rural Utah is nearly equal to the Wasatch Front.



Measure: Total independent subsidized lines

Goal: Ensure that Utah citizens have access to affordable telecommunications services.

Methodology: Count the number of subsidized lines.

Measure Type: Output

BUDGET DETAIL

The Analyst recommends the FY 2007 base budget shown below.

Public Service Commission						
	FY 2006	FY 2007		FY 2007		FY 2008*
Sources of Finance	Actual	Appropriated	Changes	Revised	Changes	Base Budget
Dedicated Credits Revenue	1,510,900	1,857,700	(301,200)	1,556,500	121,800	1,678,300
GFR - CSF - PURF	1,608,700	1,709,000	0	1,709,000	4,700	1,713,700
Trust and Agency Funds	10,489,600	0	7,906,300	7,906,300	(7,906,300)	0
Universal Public Telecom Service Fund	0	8,100,900	(8,100,900)	0	8,100,900	8,100,900
Beginning Nonlapsing	9,173,800	8,218,800	2,944,000	11,162,800	(1,794,500)	9,368,300
Closing Nonlapsing	(11,162,800)	(7,070,200)	(2,298,100)	(9,368,300)	857,300	(8,511,000)
Total	\$11,620,200	\$12,816,200	\$150,100	\$12,966,300	(\$616,100)	\$12,350,200
Line Items						
Public Service Commission	1,618,900	2,220,800	93,400	2,314,200	(188,700)	2,125,500
Research and Analysis	78,100	60,000	0	60,000	0	60,000
Speech and Hearing Impaired	1,476,500	2,266,900	(121,500)	2,145,400	(106,300)	2,039,100
Universal Telecommunications Support Fund	8,446,700	8,268,500	178,200	8,446,700	(321,100)	8,125,600
Total	\$11,620,200	\$12,816,200	\$150,100	\$12,966,300	(\$616,100)	\$12,350,200
Categories of Expenditure						
Personal Services	1,335,900	1,574,800	(58,900)	1,515,900	10,200	1,526,100
In-State Travel	10,000	9,800	10,600	20,400	(9,300)	11,100
Out of State Travel	35,900	35,100	13,600	48,700	(6,500)	42,200
Current Expense	1,506,600	1,910,200	(45,000)	1,865,200	(136,900)	1,728,300
DP Current Expense	22,900	20,100	77,900	98,000	(42,800)	55,200
DP Capital Outlay	0	0	75,500	75,500	(73,500)	2,000
Other Charges/Pass Thru	8,708,900	9,127,600	215,000	9,342,600	(357,300)	8,985,300
Trust & Agency Disbursements	0	138,600	(138,600)	0	0	0
Total	\$11,620,200	\$12,816,200	\$150,100	\$12,966,300	(\$616,100)	\$12,350,200
Other Data						
Budgeted FTE	17.0	17.0	0.0	17.0	0.0	17.0

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