

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

**Executive Budget Comparison to Prior Biennium Appropriations**

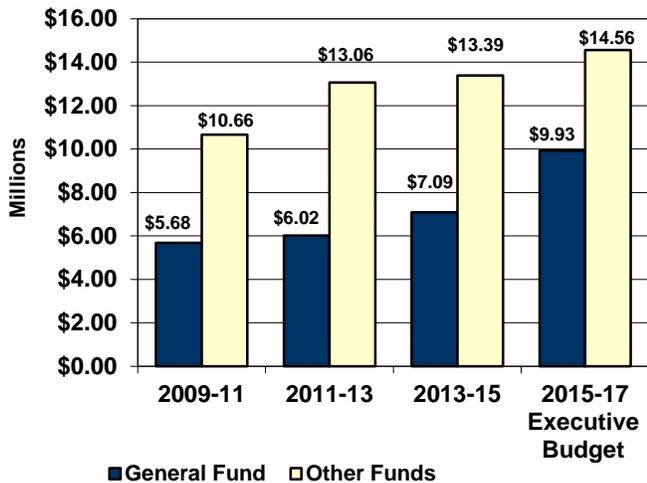
|                                    | FTE Positions | General Fund | Other Funds  | Total        |
|------------------------------------|---------------|--------------|--------------|--------------|
| 2015-17 Executive Budget           | 53.00         | \$9,932,210  | \$14,560,438 | \$24,492,648 |
| 2013-15 Legislative Appropriations | 44.00         | 7,091,740    | 13,387,469   | 20,479,209   |
| Increase (Decrease)                | 9.00          | \$2,840,470  | \$1,172,969  | \$4,013,439  |

**Ongoing and One-Time General Fund Appropriations**

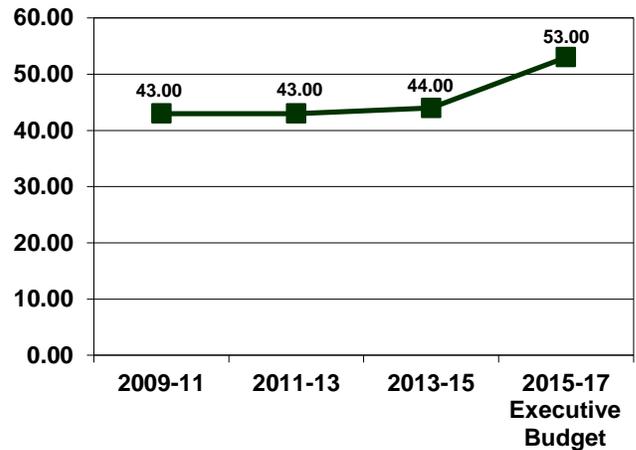
|                                    | Ongoing General Fund Appropriation | One-Time General Fund Appropriation | Total General Fund Appropriation |
|------------------------------------|------------------------------------|-------------------------------------|----------------------------------|
| 2015-17 Executive Budget           | \$9,418,210                        | \$514,000 <sup>1</sup>              | \$9,932,210                      |
| 2013-15 Legislative Appropriations | 6,667,660                          | 424,080                             | 7,091,740                        |
| Increase (Decrease)                | \$2,750,550                        | \$89,902                            | \$2,840,470                      |

<sup>1</sup>Senate Bill No. 2008 reflects a difference in the funding source for accrued leave payouts of \$493 in one-time general fund from the executive budget recommendation. The executive budget recommends \$99,507 from the general fund and \$44,707 from other funds for a total of \$144,214. See details in executive budget highlights section.

**Agency Funding**



**FTE Positions**



**Executive Budget Comparison to Base Level**

|                          | General Fund | Other Funds  | Total        |
|--------------------------|--------------|--------------|--------------|
| 2015-17 Executive Budget | \$9,932,210  | \$14,560,438 | \$24,492,648 |
| 2015-17 Base Level       | 6,667,660    | 13,033,549   | 19,701,209   |
| Increase (Decrease)      | \$3,264,550  | \$1,526,889  | \$4,791,439  |

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. Provides funding for state employee salary and benefit increases, of which \$581,795 relates to performance increases, \$29,395 is for market equity adjustments, \$233,153 is for health insurance increases, and \$59,891 is for retirement contribution increases | \$573,310    | \$330,924   | \$904,234 |
| 2. Adds 1.00 FTE weights and measures inspector position (\$196,803) and relating operating expenses (\$116,232)  | \$313,035    | \$0         | \$313,035 |
| 3. Adds 1.00 FTE natural gas pipeline inspector position (\$254,359) and relating operating expenses (\$82,616)   | \$168,487    | \$168,488   | \$336,975 |

|  |           |           |             |
|--|-----------|-----------|-------------|
| 4. Adds 1.00 FTE natural gas pipeline and hazardous liquids inspector position (\$271,297) and relating operating expenses (\$82,616)  | \$176,956 | \$176,957 | \$353,913   |
| 5. Adds 3.00 FTE hazardous liquids inspector positions (\$763,078) and relating operating expenses (\$247,848)   | \$505,463 | \$505,463 | \$1,010,926 |
| 6. Adds 3.00 FTE rail road safety inspector positions (\$719,910) and relating operating expenses (\$210,000)  | \$929,910 | \$0       | \$929,910   |
| 7. Increases travel expenses   | \$70,000  | \$20,000  | \$90,000    |
| 8. Provides <b>one-time funding</b> for accrued leave payouts (executive budget recommendation of \$144,214 reflects \$99,507 from general fund and \$44,707 from other funds) | \$100,000 | \$44,214  | \$144,214   |
| 9. Provides <b>one-time funding</b> for additional reclamation and grain litigation funding  | \$414,000 | \$336,000 | \$750,000   |

### Other Sections in Bill

**Public Service Commissioners' salaries** - Section 3 provides for the statutory changes necessary to increase the Public Service Commissioners' salary as follows:

Annual salary authorized by the 2013 Legislative Assembly:

|              |           |
|--------------|-----------|
| July 1, 2013 | \$99,435  |
| July 1, 2014 | \$102,418 |

Proposed annual salary recommended in the 2015-17 executive budget:

|              |           |
|--------------|-----------|
| July 1, 2015 | \$106,515 |
| July 1, 2016 | \$110,775 |

The executive budget includes funding for elected officials' salary increases of 4 percent effective July 1, 2015, and 4 percent effective July 1, 2016.

**Beginning farmer revolving loan fund** - Section 4 provides for a \$900,000 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 shall reimburse the beginning farmer revolving loan fund using amounts available from damages or proceeds, net of legal fees.

### Continuing Appropriations

**Siting process expense recovery fund** - North Dakota Century Code 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 60-10-02 and 60-02-19.1 - 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 - The performance assurance plan is a component of Qwest's performance assurance plan to provide long-distance service. Money received by the Public Service Commission under the 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.

### Significant Audit Findings

The operational audit of the Public Service Commission conducted by the State Auditor's office for the biennium ended June 30, 2013, included significant audit findings related to the following:

Significant audit findings related to grain sellers not being adequately protected include the following:

- The Commission has not initiated an increase to the grain buyer bonds required, or developed some other type of protection for noncredit-sales such as an insolvency fund to adequately limit the grain sellers' risk.

Significant audit findings related to insolvency proceeds being returned to grain buyers include the following:

- Century Code does not currently allow credit-sale receiptholders to be reimbursed more than the lesser of 80 percent or \$280,000, even if money is available after the claims of noncredit sale receiptholders have been satisfied.

Significant audit findings related to the Commission's Grain Licensing Division include the following:

- Inadequate grain buyer inspection and enforcement process, the Grain Licensing Division does not have policies and procedures in place to ensure the inspection process is handled appropriately and enforcement actions are followed up on in a timely manner.
- Inadequate grain buyer licensing process, the Grain Licensing Division does not have written policies and procedures in place to ensure all areas of the grain buyer licensing process are adequate.
- Inadequate grain buyer consumer complaint handling process, the Grain Licensing Division does not have written policies and procedures in place to ensure all areas of the complaint handling process are adequate.

### **Major Related Legislation**

**Senate Bill No. 2051** - Removes the Office of Management and Budget's authority to exempt agencies from the use of electronic mail, file and print server administration, database administration, application server, and hosting services.

**Senate Bill No. 2120** - Changes the energy conversion and transmission facility siting minimum application fee from \$5,000 to \$25,000.

**Senate Bill No. 2123** - Provides authority to the commission to impose an application fee of up to \$175,000 with Emergency Commission approval for an application for a certificate of public convenience and necessity.

**Senate Bill No. 2167** - Provides a \$2,000,000 appropriation for a pilot grant program to reimburse the cost of one-call locates as a result of oil and gas development. The commission may use up to 5 percent of the funding for administration of the program.

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

|  | <b>Executive Budget Recommendation</b> |                    |                     |                     |
|--|--|--------------------|---------------------|---------------------|
|  | <b>FTE</b>                             | <b>General</b>     |                     |                     |
|  | <b>Positions</b>                       | <b>Fund</b>        | <b>Other Funds</b>  |                     |
|  |  | <b>Total</b>       |                     |                     |
| <b>2015-17 Biennium Base Level</b>                                     | 44.00                                  | \$6,667,660        | \$13,033,549        | \$19,701,209        |
| <b>2015-17 Ongoing Funding Changes</b>                                 |  |                    |                     |                     |
| Base payroll changes   |  | \$48,147           | (\$55,650)          | (\$7,503)           |
| Salary increase - Performance  |  | 371,381            | 210,414             | 581,795             |
| Salary increase - Market equity  |  | 16,131             | 13,264              | 29,395              |
| Retirement contribution increase                                       |  | 37,973             | 21,918              | 59,891              |
| Health insurance increase  |  | 147,826            | 85,327              | 233,153             |
| New FTE - Weights and measures inspector                               | 1.00                                   | 313,035            |                     | 313,035             |
| New FTE - Natural gas pipeline and hazardous liquids safety inspectors | 5.00                                   | 850,906            | 850,908             | 1,701,814           |
| New FTE - Railroad safety program                                      | 3.00                                   | 929,910            |                     | 929,910             |
| Travel expense increase  |  | 70,000             | 20,000              | 90,000              |
| IT equipment replacement and upgrades                                  |  | 26,400             |                     | 26,400              |
| Remove capital assets  |  | (60,665)           |                     | (60,665)            |
| <b>Total ongoing funding changes</b>                                   | <b>9.00</b>                            | <b>\$2,751,043</b> | <b>\$1,146,182</b>  | <b>\$3,897,225</b>  |
| <b>One-time funding items</b>  |  |                    |                     |                     |
| Accrued leave payout   |  | \$100,000          | \$44,214            | \$144,214           |
| Reclamation and grain litigation funding                               |  | 414,000            | 336,000             | 750,000             |
| <b>Total one-time funding changes</b>                                  | <b>0.00</b>                            | <b>\$514,000</b>   | <b>\$380,214</b>    | <b>\$894,214</b>    |
| <b>Total Changes to Base Level Funding</b>                             | <b>9.00</b>                            | <b>\$3,265,043</b> | <b>\$1,526,396</b>  | <b>\$4,791,439</b>  |
| <b>2015-17 Total Funding</b>   | <b>53.00</b>                           | <b>\$9,932,703</b> | <b>\$14,559,945</b> | <b>\$24,492,648</b> |

**Other Sections in Senate Bill No. 2008**

Public Service Commissioners' salaries

**Executive Budget Recommendation**

Section 3 provides for the statutory changes necessary to increase the salary of a Commissioner from \$102,418 in state fiscal year 2015 to \$106,515 (4 percent) in state fiscal year 2016 and to \$110,775 (4 percent) in state fiscal year 2017.

Beginning farmer revolving loan fund

Section 4 provides for a \$900,000 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 shall reimburse the beginning farmer revolving loan fund using amounts available from damages or proceeds, net of legal fees.