

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

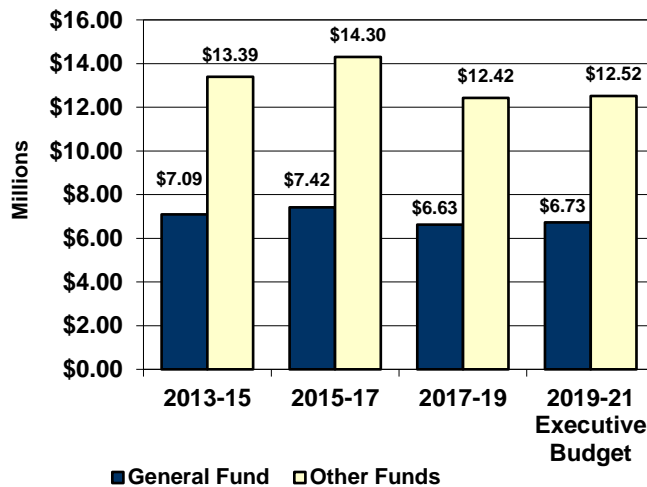
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	44.00	\$6,734,836	\$12,515,165	\$19,250,001
2017-19 Legislative Appropriations	45.00	6,630,762	12,421,016	19,051,778
Increase (Decrease)	(1.00)	\$104,074	\$94,149	\$198,223

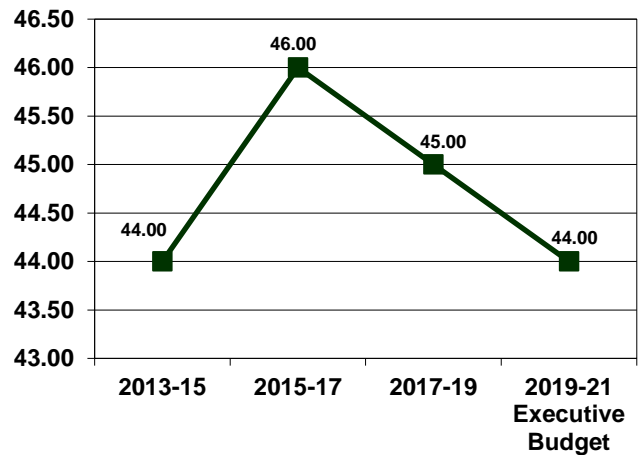
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	\$6,734,836	\$0	\$6,734,836
2017-19 Legislative Appropriations	6,630,762	0	6,630,762
Increase (Decrease)	\$104,074	\$0	\$104,074

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	\$6,734,836	\$12,515,165	\$19,250,001
2019-21 Base Level	6,630,762	11,985,016	18,615,778
Increase (Decrease)	\$104,074	\$530,149	\$634,223

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

**Executive Budget Highlights
(With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$424,421 is for salary increases, \$162,503 is for health insurance increases, and \$53,784 is for retirement contribution increases. The Senate added funding for salary adjustments of 2 percent for the 1st year and 3 percent for the 2nd year and increases in health insurance premiums from \$1,241 to \$1,427 per month. The Senate did not add funding for retirement contribution increases.	\$385,594	\$255,114	\$640,708
2. Adds funding for a natural gas pipeline inspector (\$260,604) and related operating expenses (\$70,000). The Senate did not add a natural gas pipeline inspector and related funding.	\$165,301	\$165,303	\$330,604

3. Removes 1 FTE grain warehouse inspector position. The Senate added 1 grain warehouse inspector position and increased funding for an existing grain warehouse inspector position.	(\$133,259)	\$0	(\$133,259)
4. Underfunds salaries and wages. The Senate increased funding for salaries and wages for the reclassification of an existing underfunded FTE position as an accounting budget specialist position.	(\$291,674)	\$0	(\$291,674)
5. Adjusts funding for operating expenses. The Senate did not adjust operating expenses.	(\$143,653)	\$13,000	(\$130,653)
6. Reduces funding for rail rate complaint cases to provide a total of \$790,954 from the beginning farmer revolving loan fund. The Senate did not reduce funding for rail rate complaint cases.	\$0	(\$109,046)	(\$109,046)
7. Adds one-time funding from federal funds for specialized legal services	\$0	\$336,000	\$336,000

Other Sections in Senate Bill No. 2008

Beginning farmer revolving loan fund - Section 3 authorizes 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 would reimburse the beginning farmer revolving loan fund using amounts available from damages or proceeds, net of legal fees.

Salary of commissioners - Section 4 provides the statutory changes increasing the Public Service Commissioners' salary. The Public Service Commissioners' annual salary would increase from the current level of \$108,656 to \$110,829, effective July 1, 2019, and to \$114,154, effective July 1, 2020, to reflect the 2 percent and 3 percent salary increase.

Railroad safety pilot program - Section 5 amends North Dakota Century Code Section 57-43.2-19 to continue the deposit of special fuels taxes into the rail safety fund and increases the amount from \$285,000 per year to \$294,655 per year.

Continuing Appropriations

Siting process expense recovery fund - 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 60-02-19.1 and 60-10-02 - 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 - Money received by the Public Service Commission under a 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.

Deficiency Appropriation

There are no deficiency appropriations for this agency.

Significant Audit Findings

There are no significant audit findings for this agency.

Major Related Legislation

House Bill No. 1362 - Creates Chapter 49-09.1 relating to the right of utilities to cross over or under a railroad right of way and places restrictions on crossing fees.

House Bill No. 1383 - Amends Section 49-22-05.1 to restrict the Public Service Commission from identifying prime farmland, unique farmland, or irrigated land as exclusion or avoidance areas when evaluating and designating geographical areas for site, corridor, or route suitability. This bill also amends Section 49-22-09 to remove "indirect" environmental effects as a consideration in evaluation and designation of sites, corridors, and routes and prohibits the commission from requiring payment for mitigation of indirect effects or impacts or payment to a third-party nongovernmental organization for any assessed adverse direct or indirect environmental effects or impacts.

House Bill No. 1467 - Changes the regulation authority of warehouse companies engaged in the marketing, storage, or handling of agricultural products from the Public Service Commission to the Agriculture Commissioner.

Senate Bill No. 2100 - Amends Section 49-02-27 to authorize the Public Service Commission to adopt rules governing the decommissioning of commercial solar energy conversion facilities.

Senate Bill No. 2122 - Creates a new section to Chapter 49-02 to require applicants who file under a title for which there is no application fee, to pay the cost of publishing any notice issued by the Public Service Commission for the application.

Senate Bill No. 2346 - Makes changes to warehouse and grain buyer licensing, scale ticket conversions, claims distributions, assessments and refunds, subrogation, and unlicensed grain buyers.

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

	Executive Budget Recommendation				Senate Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total
2019-21 Biennium Base Level	45.00	\$6,630,762	\$11,985,016	\$18,615,778	45.00	\$6,630,762	\$11,985,016	\$18,615,778
2019-21 Ongoing Funding Changes								
Base payroll changes		\$121,765	(\$130,222)	(\$8,457)				\$0
Salary increase		255,235	169,186	424,421		\$169,759	\$118,779	288,538
Health insurance increase		98,067	64,436	162,503		116,992	74,879	191,871
Retirement contribution increase		32,292	21,492	53,784				0
Adds natural gas pipeline inspector		165,301	165,303	330,604				0
Removes 1 FTE grain warehouse inspector	(1.00)	(133,259)		(133,259)				0
Underfunds salaries and wages		(291,674)		(291,674)				0
Adds 1 FTE grain warehouse inspector and funding for existing inspector				0	1.00	294,281		294,281
Adds funding for an accounting budget specialist				0		170,493		170,493
Adjusts operating expenses		(143,653)	13,000	(130,653)				0
Reduces funding for rail rate complaint case			(109,046)	(109,046)				0
Adds funding for capital assets				0		15,000		15,000
Total ongoing funding changes	(1.00)	\$104,074	\$194,149	\$298,223	1.00	\$766,525	\$193,658	\$960,183
One-time funding items								
Adds specialized legal services - federal funds			\$336,000	\$336,000			\$336,000	\$336,000
Total one-time funding changes	0.00	\$0	\$336,000	\$336,000	0.00	\$0	\$336,000	\$336,000
Total Changes to Base Level Funding	(1.00)	\$104,074	\$530,149	\$634,223	1.00	\$766,525	\$529,658	\$1,296,183
2019-21 Total Funding	44.00	\$6,734,836	\$12,515,165	\$19,250,001	46.00	\$7,397,287	\$12,514,674	\$19,911,961

Other Sections for Public Service Commission - Budget No. 408

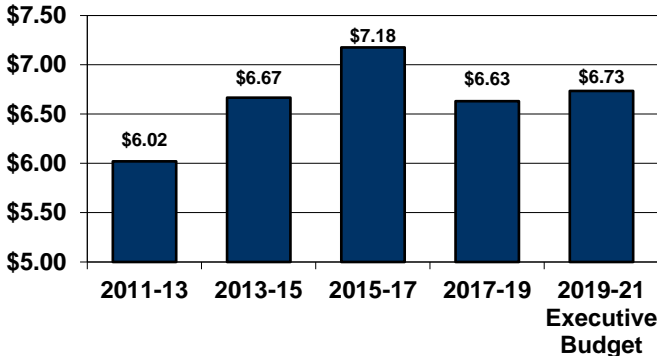
	Executive Budget Recommendation	Senate Version
Beginning farmer revolving loan fund	Section 3 would authorize a \$790,954 transfer from the beginning farmer revolving loan fund to the Public Service Commission to pay for costs associated with a rail rate complaint case. The Public Service Commission would reimburse the beginning farmer revolving loan fund using amounts available from damages or proceeds, net of legal fees.	Section 3 authorizes 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 would reimburse the beginning farmer revolving loan fund using amounts available from damages or proceeds, net of legal fees.
Salary of commissioners	Section 4 would provide the statutory changes increasing the Public Service Commissioners' salary. The Public Service Commissioners' annual salary would increase from the current level of \$108,656 to \$113,002, effective July 1, 2019, and to \$115,262, effective July 1, 2020, to reflect the 4 percent and 2 percent recommended salary increase.	Section 4 provides the statutory changes increasing the Public Service Commissioners' salary. The Public Service Commissioners' annual salary would increase from the current level of \$108,656 to \$110,829, effective July 1, 2019, and to \$114,154, effective July 1, 2020, to reflect the 2 percent and 3 percent salary increase.
Railroad safety pilot program	Section 5 would amend North Dakota Century Code Section 57-43.2-19 to continue to deposit \$285,000 per year from special fuels taxes into the rail safety fund through June 30, 2021.	Section 5 amends Section 57-43.2-19 to continue the deposit of special fuels taxes into the rail safety fund and changes the amount from \$285,000 per year to \$294,655 per year.

Department 408 - Public Service Commission

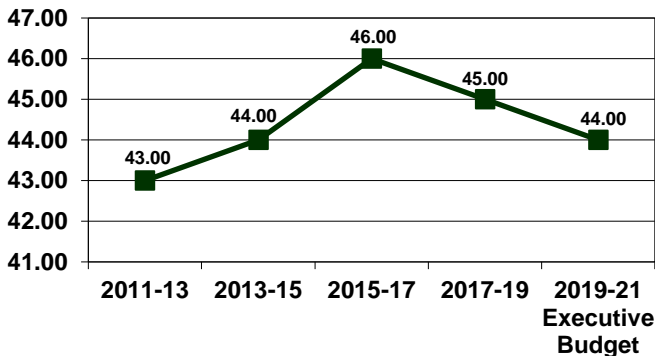
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2011-13

Ongoing General Fund Appropriations (in Millions)



FTE Positions



Ongoing General Fund Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing general fund appropriations	\$6,020,215	\$6,667,660	\$7,175,827	\$6,630,762	\$6,734,836
Increase (decrease) from previous biennium	N/A	\$647,445	\$508,167	(\$545,065)	\$104,074
Percentage increase (decrease) from previous biennium	N/A	10.75%	7.62%	(7.60%)	1.6%
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	10.75%	19.20%	10.14%	11.9%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2013-15 Biennium

- 1. Added 1 FTE weights and measures position and related operating expenses \$203,828
- 2. Added 1 FTE gas pipeline inspector position \$113,201
- 3. Added 1 FTE public utility analyst III position \$199,345
- 4. Increased funding for travel costs \$54,956
- 5. Added funding for legal fees relating to grain elevator insolvency cases and reclamation/abandoned mined lands lawsuits \$500,000

2015-17 Biennium

- 1. Added 1 FTE public utility analyst position (\$257,747) and relating operating expenses (\$40,000) \$297,747
- 2. Added funding for a temporary weights and measures inspector (this item was affected by the August 2016 budget reductions) \$200,000

2017-19 Biennium

- 1. Removed 2 FTE undesignated positions (\$286,240)
- 2. Reduced salaries and wages in anticipation of savings from vacant positions and employee turnover (\$250,000)
- 3. Reduced funding for operating expenses (\$47,736)
- 4. Reduced funding for capital assets to provide a total of \$10,000 (\$16,400)
- 5. Removed funding from the general fund for specialized legal services (\$56,000)

2019-21 Biennium (Executive Budget Recommendation)

- 1. Adds funding for a natural gas pipeline inspector (\$130,301) and related operating expenses (\$35,000). **The Senate did not add a natural gas pipeline inspector and related funding.** \$165,301
- 2. Removes 1 FTE grain warehouse inspector position. **The Senate added 1 grain warehouse inspector position and increased funding for an existing grain warehouse inspector position.** (\$133,259)

3. Underfunds salaries and wages. **The Senate increased funding for salaries and wages for the reclassification of an existing underfunded FTE position as an accounting budget specialist position.** (\$291,674)
4. Reduces funding from the general fund for operating expenses. **The Senate did not adjust operating expenses.** (\$143,653)

**GOVERNOR'S RECOMMENDATION FOR THE
PUBLIC SERVICE COMMISSION AS SUBMITTED
BY THE OFFICE OF MANAGEMENT AND BUDGET**

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the public service commission for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$9,197,284	\$405,104	\$9,602,388
Operating expenses	1,829,826	(60,653)	1,769,173
Capital assets	10,000	0	10,000
Grants	20,000	0	20,000
Abandoned mined lands contractual	6,000,000	0	6,000,000
Rail rate complaint case	900,000	(109,046)	790,954
Railroad safety program	564,668	62,818	627,486
Specialized legal services	<u>94,000</u>	<u>336,000</u>	<u>430,000</u>
Total all funds	\$18,615,778	\$634,223	\$19,250,001
Less estimated income	<u>11,985,016</u>	<u>530,149</u>	<u>12,515,165</u>
Total general fund	\$6,630,762	\$104,074	\$6,734,836
Full-time equivalent positions	45.00	(1.00)	44.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-SIXTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the 2019-21 one-time funding items included in the appropriation in section 1 of this Act:

<u>One Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
Specialized legal services	<u>\$436,000</u>	<u>\$336,000</u>
Total all funds	\$436,000	\$336,000
Total special funds	<u>436,000</u>	<u>336,000</u>
Total general fund	\$0	\$ 0

The 2019-21 one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The public service commission shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 3. TRANSFER AND REPAYMENT - BEGINNING FARMER REVOLVING LOAN FUND. The Bank of North Dakota shall transfer from the beginning farmer revolving loan fund to the public service commission the sum of \$790,954, or so much of the sum as may be necessary, included in the estimated income line item in section 1 of this Act to pay for costs associated with a rail rate complaint case. Transfers must be made during the biennium beginning July 1, 2019, and ending June 30, 2021, upon order of the commission. If any amounts are spent pursuant to this section, the public service commission shall reimburse the beginning farmer revolving loan fund

using amounts available from damages or proceeds received, net of legal fees, from a successful outcome of a rail complaint case.

SECTION 4. AMENDMENT. Section 49-01-05 of the North Dakota Century Code is amended and reenacted as follows:

49-01-05. Salary of commissioners.

The annual salary of a commissioner is ~~one hundred eight thousand six hundred fifty-six dollars through June 30, 2018, one hundred thirteen thousand two dollars through June 30, 2020 and one hundred fifteen thousand two hundred sixty two dollars,~~ thereafter. All fees received or charged by any commissioner for any act or service rendered in any official capacity must be accounted for and paid over by the commissioner monthly to the state treasurer and must be credited to the general fund of the state.

SECTION 5. AMENDMENT. Section 57-43.2-19 of the North Dakota Century Code is amended and reenacted as follows:

57-43.2-19 (Effective July 1, 2019 through June 30, 2021) Transfer, deposit, and distribution of funds. All taxes, license fees, penalties, and interest collected under this chapter must be transferred to the state treasurer who shall deposit moneys in the highway tax distribution fund, except fuels excise taxes, collected on sales of diesel fuels to a railroad under section 57-43.2-03 of up to two hundred eighty-five thousand dollars per year must be transferred to the state treasurer who shall deposit the moneys in the rail safety fund. The highway tax distribution fund must be distributed in the manner as prescribed by section 54-27-19.