

MINUTES OF THE MEETING

of

AGENCY 1

February 7, 1977
8:00 a.m.
Room 225
State Capitol Bldg.

PUBLIC SERVICE COMMISSION

The meeting was called to order by Chairman Bradley. Roll was taken with all present except Senator Story.

Les Simpkins presented the executive budget proposal. He said they applied a percentage of what they expended in fiscal 76. No inflation factors allowed. He said the Public Service Commission had presented a modification last Friday but had not had time to analyze it.

Bob Robinson, the LFA gave his recommendations (recommendations attached). He said they had 33 full time FTE's - 1 position funded by CETA. He said when the department submitted their request they asked for 33 state funded positions and 1 CETA funded. There is no assurance these funds will be available so we allowed 32. He said they took salaries at the proper step and grade and applied proper benefit rates to determine the current level. The LFA and the executive are about \$2500 apart in the first year, resulting from different benefit rates applied. He said they are about \$1,500 apart in the 2nd year.

In Contracted Services in fiscal 76 they had \$167,000. The department was granted 2 line item appropriations last biennium. One for \$50,000 for a Great Plains Transportation Study and the other for a \$25,000 appropriation for contracted services. They received a budget amendment approval to carry back some of the fiscal 77 line item contract services to spend in 1976. That is why the actual expenditures were so high. The department requested \$30,000 each year. The LFA recommends an additional \$10,000. Also \$1,000 increase for insurance.

Supplies - The same as fiscal 76 with inflation factor increase - \$13,787 in FH 78 and \$14,201 in FH 79.

Communication - 5% inflation factor and 15% on postage.

Travel - Applied 5% inflation factor.

Rent - They spent \$25,000 in fiscal 76. We gave them 10% increase each year. They are presently in two buildings and have a communication problem. We recommend going along for \$34,780 - current level rent plus extra in case they can be brought together.

Utilities - Same as fiscal 76 with inflation factor increase.

Repairs - We took most of what they wanted with the exception of auto accident repairs. They had no expenses in fiscal 76 in this area.

Other items - Same as fiscal 76 with inflation factors applied.

Equipment - The department wants 1 vehicle in fiscal 78 and 2 in 1979. We recommend 1 each year.

Grants - The department wants \$16,000 each year. This is federal money that has been made available to do inspections.

Senator Story wanted to know why they were doing inspections instead of someone in the Labor Department. Mr. Bollinger said they work with the Federal Government. Senator Story wanted to know what would happen if the state did not fund this. Mr. Bollinger said the Federal Government would probably do it. The law states they must make these inspections.

The LFA said the department included in their request \$7,395 in FY 78 and \$7,500 in FY 79 in anticipation of CETA funds, but we don't know if CETA will be available so we do not recommend this.

He said the department submitted a modified request on Friday for \$558,000 in FY 78 and \$532,161 in FY 79 at which time they asked for 29 additional employees. This was brought about, I understand, by the study done for the Department of Commerce by a Massachusetts firm. He said he had read the report but had not had time to study this modified request.

Gordon Bollinger, Chairman of the Commission, said he has been aware of this department for 10 years. He said they are not large enough or do not have enough staff to deal with all of the problems of today, such as conservation. He said they had used the consultant money they received 2 years ago mainly for staff additions. The auditors have told us we can not use this money for staff, only for consultants. We must have more staff, especially for utility cases.

He said in the Transportation Department we had 2 long time employees retire. We haven't had any replacements. He said they do generate money from the field people in the Transportation Department. We could make enough from the entire department, from filing fees, etc, to pay salaries if we could have the additional staff.

He said the department has 33 full time employees. Not enough. He said they need more money for court reporters. He talked about the rent problem and hopes for getting into the Highway Department building in two or three years and need the rent allowance for this. He also said they want to replace 3 cars right now. They have high mileage on them and are unsafe for high speed driving, which is required at times.

Chairman Bradley called for questions from the committee.

Senator Story asked if they were in charge of safety? Mr. Rick said yes, such as pipelines for natural gas. Also railroad safety, electricity. He said 1 staff member works on pipeline safety. This is his prime responsibility.

Senator Story asked how many people are assigned to work with safety. Mr. Rick said only 1. Senator Story then asked what would happen if we don't fund you a safety inspector. Mr. Rick said he didn't want to speculate on what would happen.

Representative Gunderson asked about the postage, is this postage stamps, rates or what? The LFA said this is a 15% increase on rates, not a significant amount. They spent \$7,485 in fiscal 76. We recommend \$8,608.

Senator Stephens asked if they thought it was wise to move into the new area of sewage, with all they have right now. Mr. Bollinger said we feel if we are going to have the water, we should also have the sewage part. We should either have both or none.

Senator Stephens asked why both water and sewage couldn't be left to the local government. Mr. Bollinger said they are not in opposition to this if the local government want to do this.

Representative Gunderson asked if he was aware of the bill now in the House where local communities could set their own rates.

Mr. Bollinger said that in the Utility Division of the Department from 70 to 80% of our cases are being handled on a proposed notice of hearing. They are advertised in the local newspapers. If no one objects the new rates go through in two months. The contested cases are the ones that take the time and causes the work in our department.

Representative Gunderson then asked if the bill wouldn't cut down on their paperwork? Mr. Bollinger said it is possible but it would be difficult to coordinate. He said we are still responsible for private water companies. We have one person responsible for our water cases.

There was open discussion about the bill in the House.

Senator Stephens asked what was his definition of public utility. Mr. Bollinger said it is a utility that sells some service to the public.

Representative Bradley asked why they waited until two days ago to give us this extended modification.

Mr. Bollinger said it took us this long to get it all together. We have been tied up by our work, such as hearings, etc., when we should have been working with your committee.

Representative Bradley asked about what seems to be a duplication between the Gross Vehicle Division in the Highway Department?

Mr. Bollinger said the GVW Department and the Highway Patrol could do what our field man is doing now. The reason we have problems with this is we are charged with certain things to

do in transportation and in order to enforce it we have to ask another state department to enforce our regulations.

Mr. Rick said we do work in weight stations. We do different things, it is not duplication. He said it takes about 5 minutes for the GVW man to handle his part of the job. It takes us from 10 minutes to 3 days, depending on the problem. It would be impossible for 1 man to do both jobs.

Representative Bradley asked what they did. Mr. Rick said we control on the highway. We have 4 field men and 1 safety man. He said they control interstate shipping also, depending on the violation.

Senator Stephens asked what the freight rate analyst does.

Mr. Bollinger said we have interstate freight responsibility. He talked about their responsibility with rail safety. They regulate 6 railroads, charged with safety for the railroads. Also need a consumer response person. Last year about \$35,000 in complaints was saved by the consumer agent.

Representative Marks asked if you get your staff coordinators, would you regard your office as strictly a jury or what?

Mr. Bollinger said yes, but we will also investigate. Right now, we don't have the time or staff to do this.

Representative Bradley asked about the additional people requested.

Mr. Opitz said he had asked for 11 additional people. A Communication Engineer we have needed for 2 years to regulate the telephone. The Rate Analyst should evaluate the problem, write recommendations. An economist we need because Montana Power has been ordered to do a load study.

Representative Marks asked about an Energy Planner. Mr. Opitz said we are charged with the responsibility to coordinate the Department of Natural Resources, etc. We need someone to find out what arrangements are being made. Mr. Opitz said they have never audited any utility books in the state. Since 1974 the price of natural gas has gone up so high but we have never been able to audit the increases in cost to the people in the state.

Representative Bradley asked if they have looked over the recommendations made by the audit. Are they needed? Mr. Bollinger said they were of little value and they have not followed the recommendations.

Representative Marks asked Mr. Bollinger about the legislative committee he said he was on in 1969-1970. Are the conclusions from the report and the one we have today in agreement?

Mr. Bollinger said on some matters they are. This consulting firm was more detailed and broad based. Our subcommittee was local.

He went on with some of the problems such as Montana Power wants another rate increase. Mt. Bell is going to want another increase. All of the utility companies are coming in almost every year asking for a rate increase. He said it takes much more time today to make the decisions than it did in the past partially due to the fact that everything today is legal.

After some more give and take from the committee, the meeting was concluded at 9:30.

Dorothy Bradley
Dorothy Bradley, Chairman

Nina Kosmas, Sec.