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MINUTES OF THE METRIC
AGENCIES II SUBCOMMITTEE

January 17, 1979
9:00 A.M.
Room 343
State Capitol Building

Subject: Central Service Regulation
Hearing
Executive Session

Tape 1; Side 1, Track 3 (1235)

The meeting was called to order by Chairman Rex Manuel. All members were present with the exception of Sen. Stimatz, who was excused. Also present were Bob Robinson, LFA and Les Simkins, OSPP.

It was explained that Sen. Smith would be attending the SRS hearing tomorrow, as a former member of that subcommittee.

Central Service Regulation (1240)

Les Simkins was asked to explain the Executive recommendations for the Public Service Regulation budget. He said there were a few reductions from the department requests. All salaries were kept at the 1979 level. He took a vacancy savings of \$28,000. They reduced travel to 85% of fiscal 1978. And, they took one car out of the department request for equipment along with one calculator.

Also, in other expenses, the department has an item for printing costs for legal fees. In the past the utilities have been billed for the cost and then were abating the expenditures.

The Public Service Commission has stated that they will introduce a bill to either have the utilities pay for the notification or request to have the money put into the budget. There would be a fiscal note attached to this and that would amount to \$15,720 and \$16,663 in the next fiscal year. This would be in other expenses.

The Executive added the accounting and payroll services in their budget. This amounted to \$1533.

This generally makes up for the differences in the two recommendations. The other difference is the department request for a hearings officer included by the Executive. If this hearings officer is used properly, the commissioners will not be traveling to all the hearings. The hearings officer and the commissioner responsible for a particular area will go to a hearing in that area. Therefore, making it unnecessary for all the commissioners to attend a hearing.

The department requested another 24 FTEs to do environmental impact studies, rate auditing and railroad safety inspectors. At this time the department is not filing impact statements.

Salaries for these 24 people would amount to over \$500,000 in 1980 and \$530,000 in 1981.

The Analyst found it hard to understand why the department should be going out to do these environmental impact studies. It seems they are panicing because the Public Service Commission in Wisconsin got charged with some responsibilities and their law could be different than Montana's.

Rep. Hurwitz was concerned about where these people get their expertise to sit in judgement of these rate increases.

Last year the department spent \$43,000 for contracted services. Much of this was for court reporters. Approx. \$30,000 went to test gas lines to make sure there was no leakage, etc. (cathodic protection).

Side 2, Track 2 (000)

A break down of contracted service recommendations show: \$23,899 to Thomas, Dean and Hoskins. (The Federal Energy Office paid \$16,000 of that, so the state paid about \$8,000. The state contribution in 1980 and 1981 will be about \$8,000.) The remainder, \$3,306 is for printing and court reporters.

The Executive gave them a little more in contracted services and a hearings officer as well.

The LFA operating expenses are about \$30,000 lower than the Executive. However, if you took \$28,000 in vacancy savings from personal services and added it to operating expenses, the recommendations would be pretty close. The LFA suggested that in fiscal 1978 this department generated vacancy savings, took that money and paid for a System 6, which is about \$800 a month. This purchase of equipment was never authorized by the legislature. Now they are committed to an ongoing cost of \$800 a month. If they could generate vacancy savings to buy it in the first place, then let them do that in the future. The LFA did not build the System 6 into operating costs and then replace vacancy savings amount.

Under printing expense the department showed about \$2,000 in expenses. Infact, they spent closer to \$10,000. This resulted from abating expenditures. The LFA went off their actual, to put it before the department that they are not showing what their actual costs are. This subcommittee may have to make an adjustment here because \$2,000 is not what they actually spent.

Another area was the copier expense. Refer to January 16 minutes.

The department has an administrative assistant who is in charge of this operation. He also has an accounting technician. He has not watched very closely in the day to day accounting. So, it came as a surprise to him that this procedure was illegal.

The Legislative Auditor is currently conducting a study of this department. The report should be out soon.

Sen. Smith asked that a list be made available to the subcommittee members of all the new positions requested by the department.

The LFA recommendation on travel was \$26,214 and \$27,608 and that is what the department requested. They spent \$29,000 in 1978 and only requested \$26,000 this year.

For three months this department had no travel expenses. There was no modification

or increase for their travel this year. So, they will probably have to curtail travel in the future.

There may be \$800,000 in federal money made available to administer the Federal Energy Act that was just passed by Congress. Mr. Simkins stated that he would rather have this appropriated by the legislature than a budget amendment, if at all possible.

For equipment, the LFA recommended replacing two cars with over 100,000 miles, two typewriters and a calculator. In 1981 he recommended replacing another car as well.

Department of Business Regulation (151)

Rep. Hurwitz asked for a feeling among the members about raising the examination fees for bank examiners. The Analyst felt that this would not be a significant increase to the banks because they are going to get a reduction in property taxes. The additional \$40,000 would help sustain that program.

A ten minute break was taken here.

EXECUTIVE SESSION - DEPARTMENT OF BUSINESS REGULATION

Financial (186)

Chairman Manuel entertained the motion that the committee raise examination fees for banks. Rep. Hurwitz added to this motion, recommending that bank examiner fees be advanced by 20% to include not only banks but the other institutions as well. Rep. Manning seconded the motion. Motion was passed unanimously, Sen. Boylan was not present for this vote.

Arrangements were made to draw up this bill with the IFA.

Financial, Personal Services (201)

Question is whether the department can operate with a cut of three FTEs recommended by the Executive. Sen. Smith made the motion that the committee recommend the IFA request, for the two years, adding 3 FTEs. Rep. Manning seconded the motion. Rep. Hurwitz, Rep. Manning and Sen. Smith voted in favor, Sen. Boylan was opposed to the recommendation. Motion passed three to one.

Financial, Operating Expenses (215)

Major difference here was the request for \$15,000 for training in the Electronic Fund Transfer. It was explained that the balance of training was for existing supervisors who would then be able to train new employees. This would not be a continuing expense.

Rep. Manning made the motion to accept the Executive recommendation including the training for 1980 and the LFA recommendation in 1981. Rep. Hurwitz seconded the motion. Vote was taken and the motion passed unanimously.

Financial, Equipment (285)

There was an error in the LFA recommendation, he made no provision for additional

additional equipment. The Executive recommended what the department requested. Sen. Smith asked if \$832 and \$600 would handle equipment expenses for the department.

Linda Gamble explained that the Executive recommendation included two calculators, and portable typewriters with cases. The Executive office felt that this would take care of the department adequately.

Sen. Smith made the motion that they accept the Executive budget for the equipment both years. Rep. Manning seconded the motion. Motion passed unanimously by the subcommittee.

Centralized Services (306)

Budgets for this program would have to be reduced should the Milk Control Board be abolished.

Discussion turned to question of phone hookups. The members felt they were a little strong in their request. The LFA added 5.5% each year and the department requested 30%. This, along with the revolving account with the Department of Administration make up the major differences.

Difference in personal services was in benefits, \$407 in 1980 and \$545 in 1981. The department requested a much too high benefit rate. They also added another step in 1981. Both recommendations kept them at the 1979 level.

For contracted services the department requested \$1,000, but they only spent \$162 in 1978. The Executive added to that request the revolving account transfers.

Rep. Hurwitz made the motion that the subcommittee accept the LFA recommendations in total for both years. Sen. Boylan seconded the motion. Motion passed unanimously.

Weights and Measures (350)

Differences here were in travel budgets. Mr. Delano stated that he needed \$3,000 more for travel, making the amount \$27,000 which was the Executive recommendation.

This department reverted \$8,000 last year, mainly through vacancy savings.

Weights and Measures, Personal Services (388)

Sen. Smith made the motion to accept the LFA recommendation for both years. Rep. Hurwitz seconded the motion. Motion passed unanimously in favor.

Weights and Measures, Operating Expenses (392)

Rep. Manning made the motion to use the LFA recommendation, but raise it by \$2,000. This would be \$69,699 in 1980 and \$71,985 in 1981. Sen. Smith seconded the motion. All members were in favor with the exception of Sen. Boylan who opposed.

Weights and Measures, Equipment (421)

Executive recommendation includes the purchase of a 2 1/2 ton pick up truck in 1980

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and a 3 1/2 ton truck plus a 2 ton electric hoist in 1931. The LFA recommendation is what the department requested, less \$1,000 for the trade in of the old truck.

Sen. Smith made the motion to accept the department's request of \$26,000, which would include the truck and pick up and \$29,000 that would include the big truck and the hoist. Rep. Manning seconded the motion.

Vote showed a tie, Rep. Manning and Sen. Smith in favor of the motion and Sen. Boylan and Rep. Hurwitz opposed. Chairman Manuel broke the tie, voting in favor of the motion. Motion passed two to three.

Meeting was adjourned at 11:00 A.M. until tomorrow morning at 8:15, at which time the subcommittee will hear testimony from the Public Service Commission.



PER REX MANUEL, Chairman

Henry Hanan
Secretary