

THE MINUTES OF THE MEETING OF THE JOINT APPROPRIATIONS
SUBCOMMITTEE ON NATURAL RESOURCES
February 11, 1981

The Natural Resources subcommittee for appropriations convened at 8:00 a.m. on February 11, 1981, in Room 431 of the Capitol Building with CHAIRMAN STOBIE presiding.

Roll call was taken and all subcommittee members were present except SENATOR STIMATZ who was excused.

BOB ROBINSON, Legislative Fiscal Analyst office, presented EXHIBIT A relating to the Public Service Regulation Program. The FTEs presented by the LFA and the Executive (Office of Budget and Program Planning) turned out the same in the recommendation. The department has 39 FTEs and requested 13 more. They are asking for a communication engineer, railroad inspectors, clerical and secretarial staff. MR. ROBINSON contacted all of the western states with Public Service Commissions (PSC) to check on their staffs. Each state handles telephone companies, power companies, and motor carriers. Montana also has the local utilities of each municipality. They said they were understaffed compared to the other areas.

SENATOR BOYLAN said part of the difference is that we have a Consumer Council. The PSC is more the judge with the utilities and the Consumer Council each doing its own work. The Consumer Council budget for the current year is \$452,000.

MR. ROBINSON said the budget included \$7,500 in contracted services in 1982 for automating motor carrier financial requests. They had to regulate all trucks for interstate travel. Now they have to do all of the work by hand for the rate increases and the procedure needs to be automated. They get a financial report every quarter and they need to enter the data on a computer. When a company comes in, they can compare it to other companies in other similar areas.

There is adequate rental space for the five additional people above current level. One concern is the \$200,000 request to hire a private analyst to do a study of the rate base. The rate base is too high. They have spent \$30,000 of the \$200,000 and would like to have the remainder of \$170,000 carried over into the next biennium. What is not used will revert to the general fund.

REPRESENTATIVE MANUEL asked if the truck deregulation will happen soon. No one knew when.

JIM WILLIAMS, Office of Budget and Program Planning, said the Executive budget recommended specific types of employees: two auditors, a communication rate analyst, one person in general services, one legal intern, someone for data processing and a

receptionist. The department is currently trying to eliminate the garbage haulers and the taxi cabs.

DEPARTMENT OF FISH, WILDLIFE, AND PARKS

Enforcement Division (EXHIBIT B)

The 1980 figures are not realistic because the airplane was in the pool. In 1979 there were 900 hours logged with 450 per pilot. If even 500 hours are logged for each pilot, that is only 25% of his time. The LFA would like to see the pilots assume some enforcement duties with the time remaining.

REPRESENTATIVE MANUEL asked if the department is going to have to buy the planes back and how much it will cost. He was told they would buy them back at a cost of \$54,210. The planes will have to be maintained also.

REPRESENTATIVE STOBIE asked MR. ROBINSON to explain the conservation officer concept. MR. ROBINSON explained it would get the department to start using general services instead of specializing.

REPRESENTATIVE STOBIE said if this concept is adopted, it would lower the number of FTEs necessary.

It was mentioned that the office people do use time in the winter season to compute the data that they collect during the hunting and fishing seasons. One complaint heard is that the department is long on specialists and short on law enforcement personnel.

MR. ROBINSON further stated that the LFA recommendation is to eliminate the two warden trainee positions and the .49 game herder position. They have a .5 FTE that will be transferred to Wildlife.

REPRESENTATIVE MANUEL said the request for more wardens in the field comes from the sportsmen themselves. They are asking for better management.

Administration

MR. ROBINSON said the budget is a combination of the old administration and the old staff program. They are seeking to have an executive director, an associate director, a secretary for those two, a commission secretary, a land agent, two attorneys, and another secretary. The Executive budget would eliminate the associate director, special project coordinator, planning coordinator, one secretary, and a .44 miscellaneous position.

SENATOR BOYLAN MOVED that the committee accept the LFA personal services recommendation of 8 FTEs which eliminates the associate director. MOTION PASSED unanimously.

MR. ROBINSON said, included in the Contracted Services are some provisions for legal services and miscellaneous work. The Executive operating figures are more realistic than the LFA. The department probably does need the attorney fees for the services on the dispute on the Big Horn River. MR. WILLIAMS said several items were not included such as the Indian game warden. MR. ROBINSON explained the grizzly bear study, which is an ongoing program. That program needs \$25,000 which comes from hunting licenses. Livestock and predatory control is not included. They need an additional \$80,000 for these items.

SENATOR SMITH MOVED to include \$80,000 in the budget as a line item appropriation to cover predatory and rabies and rodent control per year. The MOTION PASSED unanimously.


MR. ROBINSON explained the \$25,000 for the grizzly bear study is the state's part of the funding and that the rest comes from the federal government.

REPRESENTATIVE COZZENS MOVED that the committee adopt \$45,000 per year for contracted services. MOTION PASSED unanimously.

REPRESENTATIVE MANUEL MOVED to accept the LFA budget for 1982 and 1983 spending level including lines 2200 through 2900, and to include increasing lines 2800 and 3500 for each year. MOTION PASSED unanimously.

ERWIN KENT, Administrator of Law Enforcement Division, came in to explain to the committee how the state is divided and how many people are in each area. There are seven districts with one captain in each one and in five districts there are sergeants. He felt the department had outstanding results with the warden trainee program. Also felt that the conservation officer program should be used but not as a substitute for law enforcement program. They are hiring more people who have diverse training and not as specialized as before.

The meeting adjourned at 11:00 a.m.



CHRIS STOBIE, CHAIRMAN

AGENCY : 4201 DEPT PUBLIC SERVICE REGULATION
PROGRAM : 01 PUBLIC SERVICE REGULATION PRGG

| AE/OE | DESCRIPTION | ACTUAL 80 | BUDGET 81 | LFA 82 | OBPP 82 | SUB-CMTT | LFA 83 | OBPP 83 | SUB-CMTT |
|-------|--------------------------------|-----------|-----------|-----------|-----------|----------|-----------|-----------|----------|
| | FULL TIME EQUIVALENT EMPLOYEES | 44.00 | 39.00 | 44.00 | 44.00 | | 44.00 | 44.00 | |
| 1000 | PERSONAL SERVICES | | | 976,090 | | | 1,066,118 | | |
| 1100 | SALARIES | 660,327 | 707,875 | | 774,651 | | 775,068 | | |
| 1400 | EMPLOYEE BENEFITS | 110,893 | 123,215 | | 139,108 | | 139,108 | | |
| | TOTAL FIRST LEVEL | 771,220 | 831,090 | 978,090 | 913,759 | | 1,066,118 | 914,176 | |
| 2100 | CONTRACTED SERVICES | 72,831 | 46,430 | 57,510 | 57,675 | | 53,416 | 58,763 | |
| 2200 | SUPPLIES & MATERIALS | 17,641 | 16,750 | 20,188 | 24,334 | | 21,904 | 27,511 | |
| 2300 | COMMUNICATIONS | 30,828 | 42,000 | 57,741 | 74,448 | | 62,973 | 87,120 | |
| 2400 | TRAVEL | 36,868 | 26,752 | 33,206 | 40,551 | | 35,862 | 46,396 | |
| 2500 | RENT | 41,649 | 38,000 | 54,024 | 48,178 | | 54,208 | 53,055 | |
| 2600 | UTILITIES | 3,138 | 4,460 | 4,647 | 4,721 | | 5,204 | 5,395 | |
| 2700 | REPAIR & MAINTENANCE | 5,921 | 4,000 | 7,294 | 8,047 | | 7,913 | 9,071 | |
| 2800 | OTHER EXPENSES | 22,516 | 3,700 | 27,630 | 4,627 | | 30,678 | 4,627 | |
| | TOTAL FIRST LEVEL | 231,452 | 184,092 | 262,240 | 262,581 | | 272,158 | 291,938 | |
| 3100 | EQUIPMENT | 35,239 | 6,240 | 14,820 | 14,045 | | 9,172 | 9,790 | |
| | TOTAL FIRST LEVEL | 35,239 | 6,240 | 14,820 | 14,045 | | 9,172 | 9,790 | |
| | TOTAL PROGRAM COSTS | 1,037,911 | 1,021,422 | 1,255,150 | 1,190,385 | | 1,347,448 | 1,215,904 | |
| 01100 | GENERAL FUND ACCOUNT | 965,480 | 1,002,112 | 1,235,840 | 1,171,075 | | 1,328,138 | 1,196,594 | |
| 04900 | NATURAL GAS SAFETY PGM FPRA | 72,431 | 19,310 | 19,310 | 19,310 | | 19,310 | 19,310 | |
| | TOTAL FUNDING | 1,037,911 | 1,021,422 | 1,255,150 | 1,190,385 | | 1,347,448 | 1,215,904 | |

PILOT FLYING TIME
Department of Fish, Wildlife and Parks
(Source: Data Provided by Dept. of F.W.&P.)

FY 1980

| <u>Pilot</u> | <u>Flight Hours Logged</u> |
|--------------|----------------------------|
| Getz | 544 |
| Higgins | 145 |

Higgins' hours logged were lower than normal because he was on leave for several months due to a back injury. Getz' hours were probably higher than normal due to Higgins' incapacitation.

Department officials state that 1980 is an inappropriate base to project the future flight time as an executive order of Governor Judge prohibited department pilots from piloting for passenger service. The abandonment of the air pool will allow department pilots to again fly department passenger service.

The Helena based planes showed approximately 900 hours logged in fiscal 1979, the year before the executive order took effect. I think it is reasonable to assume that the two department pilots located in Helena could be flying approximately 500 hours per year in the future.

One FTE is the equivalent to 2,080 hours or 260 work days. Both pilots would be flying no more than 25 percent of the time. Approximately 75 percent of the two employees or the equivalent of 1.5 FTE could be directed toward other enforcement responsibilities.

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PUBLIC SERVICE COMMISSION

| | 1983 | 1983 Biennium | |
|----------------------------|--------------|------------------|------------------|
| | <u>FTE</u> | General | Total |
| | | <u>Fund</u> | <u>Funds</u> |
| Executive Budget | 44.00 | \$2,367,669 | \$2,406,289 |
| <u>LFA Recommendation</u> | <u>44.00</u> | <u>2,563,978</u> | <u>2,602,598</u> |
| Executive over (under) LFA | -- | (\$196,309) | (\$196,309) |
| | | ===== | ===== |

Both the LFA recommendation and the executive budget would increase the public service commission staff by five FTE. The primary difference between the recommendations occurs in personal services where the LFA recommendation is \$216,273 higher over the biennium. Included in the legislative recommendation is \$253,348 for anticipated pay increases.

The executive budget anticipates \$20,121 more in operating expenses over the biennium than the legislative recommendation.

PUBLIC SERVICE COMMISSION

| | Actual Fiscal <u>1980</u> | Appropriated Fiscal <u>1981</u> | LFA Recommended Fiscal <u>1982</u> | Recommended Fiscal <u>1983</u> | % Change Biennium <u>1981-83</u> |
|-------------------------------|---------------------------------|---------------------------------------|--|--------------------------------------|--|
| FTE | 39.00 | 39.00 | 44.00 | 44.00 | 12.8 |
| <u>Fund Source</u> | | | | | |
| General Fund Approp. | \$ 965,479 | \$1,002,112 | \$1,235,840 | \$1,328,138 | 30.3 |
| Other Funds Approp. | <u>72,429</u> | <u>19,310</u> | <u>19,310</u> | <u>19,310</u> | <u>(57.9)</u> |
| Total Funds | <u>\$1,037,908</u> | <u>\$1,021,422</u> | <u>\$1,255,150</u> | <u>\$1,347,448</u> | <u>26.3</u> |
| <u>Expenditures by Object</u> | | | | | |
| Personal Services | \$ 771,218 | \$ 831,090 | \$ 978,090 | \$1,066,118 | 27.5 |
| Operating Expenses | 231,451 | 184,092 | 262,240 | 272,158 | 28.6 |
| Capital | <u>35,239</u> | <u>6,240</u> | <u>14,820</u> | <u>9,172</u> | <u>(42.1)</u> |
| Total Operating Costs | <u>\$1,037,908</u> | <u>\$1,021,422</u> | <u>\$1,255,150</u> | <u>\$1,347,448</u> | <u>26.3</u> |

The public service commission is responsible for regulating prices and service of public utilities, intrastate freight haulers and municipal water and sewer systems.

The recommended budget includes additional funds for automating financial data relating to common carriers, additional rent funds for increased lease payments plus additional space and five new positions.

The commission requested thirteen additional staff positions for auditing, legal services, communications, railroad inspection and clerical duties. The recommendation adds four additional professional staff and one clerical support position.

A review of regulatory commissions in the mountain and western states indicates that Montana has a considerably smaller rate analysis staff than in the other states. For utility analysis Montana has five professional staff and an engineer. The professional staff in other states is as follows:

PUBLIC SERVICE COMMISSION

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| | |
|--------------|---|
| Arizona | 6 engineers, 6 auditors, and 3 financial analysts |
| Colorado | 21 rate analysts |
| Nevada | 6 engineers, 9 accountants, 1 economist, 1 analyst and 2 attorneys |
| North Dakota | 1 engineer, 2 accountants (hire consultants to review rate requests, \$7,000 to \$10,000 per case). |
| South Dakota | 6 accountants, 2 rate analysts, 2 attorneys. |
| Utah | 6 commission staff (\$250,000 to \$300,000 per year to hire consultant analysts). |
| Washington | 40 professional staff to review both utility and motor carrier rate requests. |
| Wyoming | 20 professional staff to review both utility and carrier rate requests. |

In addition, Montana is the only western state whose commission has rate setting authority for municipal water and sewer charges.

The additional staff will allow rate requests to be analyzed in greater detail and provide more timely review of rate increase requests. The requested legal intern, rail inspectors and additional clerical positions do not seem critical. The recommended professional positions are budgeted at grade 13 which will allow the commission flexibility to fill positions they see as highest priority. The recommendation also includes funds for a clerk-typist to support the professional staff.

For automating common carrier financial reports \$7,500 is recommended for fiscal 1982 and \$2,500 in fiscal 1983. The system will cost \$2,500 per year to operate and \$5,000 for computer software development by the department of administration. The automation system will speed up rate review analysis and provide better audit data.

The commission has been presented with a new three-year lease renewal for \$5.75 per square foot for three years. Presently, the rate is \$4.70 and has been in effect for five years. Both rates include janitorial service. In addition, the commission has decided to rent 1,200 more square feet to relieve overcrowding that presently exists without any additional staff. Utilities are increased in proportion to the space increase.

The 1979 legislature authorized \$200,000 to the commission to hire consultants to review the Montana Power rate base. The consultants have concluded that the base is \$15.8 million too high. Montana power company officials initially agreed to amortize the base reduction over ten years. The MPC board of directors later turned down the agreement and plan to fight any rate base reduction. It is unknown what the litigation will cost the commission at this time. The commission should have some estimates during the 1981 legislative session.

DEPARTMENT OF PUBLIC SERVICE REGULATION

SUMMARY

| | Actual FY 1980 | Estimated FY 1981 | Recommended FY 1982 | | | Recommended FY 1983 | | |
|----------------------|-------------------|----------------------|---------------------------|----------------------|-------|---------------------------|----------------------|-------|
| | | | Current Level Services | Modified Services | Total | Current Level Services | Modified Services | Total |
| FULL TIME EQUIVALENT | 44.00 | 39.00 | 39.00 | 5.00 | 44.00 | 39.00 | 5.00 | 44.00 |

PROGRAM SUMMARY :

| | | | | | | | | |
|---------------------|--------------------|--------------------|--------------------|------------------|--------------------|--------------------|------------------|--------------------|
| Public Service Reg. | <u>1,037,911</u> | <u>1,021,422</u> | <u>1,088,238</u> | <u>102,147</u> | <u>1,190,385</u> | <u>1,114,831</u> | <u>101,073</u> | <u>1,215,904</u> |
| TOTAL BY PROGRAM | <u>\$1,037,911</u> | <u>\$1,021,422</u> | <u>\$1,088,238</u> | <u>\$102,147</u> | <u>\$1,190,385</u> | <u>\$1,114,831</u> | <u>\$101,073</u> | <u>\$1,215,904</u> |

CATEGORY SUMMARY :

| | | | | | | | | |
|--------------------|--------------------|--------------------|--------------------|------------------|--------------------|--------------------|------------------|--------------------|
| Personal Services | 771,220 | 831,090 | 835,412 | 78,347 | 913,759 | 835,829 | 78,347 | 914,176 |
| Operating Expenses | 231,452 | 184,092 | 242,281 | 20,300 | 262,581 | 269,212 | 22,726 | 291,938 |
| Equipment | <u>35,239</u> | <u>6,240</u> | <u>10,545</u> | <u>3,500</u> | <u>14,045</u> | <u>9,790</u> | <u>0</u> | <u>9,790</u> |
| TOTAL BY CATEGORY | <u>\$1,037,911</u> | <u>\$1,021,422</u> | <u>\$1,088,238</u> | <u>\$102,147</u> | <u>\$1,190,385</u> | <u>\$1,114,831</u> | <u>\$101,073</u> | <u>\$1,215,904</u> |

FUNDING SUMMARY :

| | | | | | | | | |
|-----------------------|--------------------|--------------------|--------------------|------------------|--------------------|--------------------|------------------|--------------------|
| General Fund | 965,480 | 1,002,112 | 1,068,928 | 102,147 | 1,171,075 | 1,095,521 | 101,073 | 1,196,594 |
| Fed & Private Revenue | <u>72,431</u> | <u>19,310</u> | <u>19,310</u> | <u>0</u> | <u>19,310</u> | <u>19,310</u> | <u>0</u> | <u>19,310</u> |
| TOTAL BY FUND | <u>\$1,037,911</u> | <u>\$1,021,422</u> | <u>\$1,088,238</u> | <u>\$102,147</u> | <u>\$1,190,385</u> | <u>\$1,114,831</u> | <u>\$101,073</u> | <u>\$1,215,904</u> |

PROGRAM MODIFICATIONS:

AUDIT PROGRAM EXPANSION - Provides for audits of utility companies. Biennium cost of \$98,290 in general fund, 2.00 FTE.

COMMUNICATIONS SPECIALIST RATE ANALYST - Provides funding to establish service and technical standards of performance for the telecommunications industry. Biennium cost of \$50,382 in general fund, 1.00 FTE.

LEGAL INTERN - Provides additional legal research capability. Biennium cost of \$24,074 in general fund, 1.00 FTE.

DATA PROCESSING DEVELOPMENT AND CLERICAL SUPPORT - Provides funding for data processing development to assist in rate analysis of the utility and transportation industries, and clerical support for the Commission. Biennium cost of \$30,474

DEPARTMENT OF PUBLIC SERVICE REGULATION

The Department of Public Service Regulation's purpose is the responsible regulation of the public utility, motor carrier, and railroad industries to provide safe, reliable, and adequate services at the lowest achievable cost to the consumers while concurrently providing the regulated industries with a fair and reasonable return on their investment for the services rendered. It is provided for in 2-15-2102 and 69-1-103, MCA. The Department operates under one program - Public Service Commission.

EXEC. BUDGET