

MINUTES OF THE MEETING OF THE APPROPRIATIONS SUBCOMMITTEE
ON NATURAL RESOURCES AND BUSINESS REGULATION
January 10, 1983

The meeting was called to order by CHAIRMAN MANUEL at 9:00 a.m. in Room 132 of the Capitol Building in Helena, Montana on January 10, 1983. Roll call was taken and all members were present. Also present were DICK GILBERT, LFA; CAROLYN DOERING, OBPP; AND PATTI SCOTT, SECRETARY. SENATOR JOHN MOHAR was present to listen.

SUPPLEMENTAL - STATE LANDS FIRE SUPPRESSION (Tape #1 Side A-009)

WITNESSES for the Department of State Lands were introduced: DENNIS HEMMER, GARY G. BROWN, JIM WILLIAMS AND DON UNDERWOOD.

DENNIS HEMMER, the new Director for State Lands began explaining the Departments supplemental request for FIRE SUPPRESSION funding totaling \$797,354 (EXHIBIT A) for 1982-83. MR. HEMMER pointed out that the 1983 season had been good in that there were very little major fires. The highest supplement the Department had ever requested was \$1.5 million. GARY BROWN pointed out that the State does cooperate with the Federal Government in fighting fires. REPRESENTATIVE STOBIE asked for clarification on the duties of the "stand-by crews." MR. BROWN explained that these crews are utilized for general forest maintenance once their equipment and training is done. The Committee thanked the guests and took the information under advisement.

SUPPLEMENTAL - PUBLIC SERVICE COMMISSION (Tape #1 Side A-333)

WITNESSES for the Public Service Commission were TOM SCHNEIDER, BILL OPITZ, AND MADELINE COTTRILL. Present from OBPP was JANDEE MAY.

TOM SCHNEIDER, Chairman of the Public Service Commission, introduced BILL OPITZ, Executive Director. MR. OPITZ requested the Committee consider two supplementals from the PSC.

MR. OPITZ presented a letter he wrote to DAVE LEWIS, OBPP, (EXHIBIT B) explaining the first request for \$30,000. HB84 contains the request for the supplemental (EXHIBIT C). The PSC had received five new FTE's during the last session. The PSC postponed hiring these new FTE's in order to accrue vacancy savings and then allocate this money to 1983 to cover the pay plan shortfall. OBPP could legally transfer only \$5,950 from FY82 to FY83. This left the PSC \$30,000 short of meeting a full payroll for FY83. MR. OPITZ also pointed out that the PSC had stayed within its budget and had reverted a total of \$109,000 back to the general fund at the end of FY82.

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JAN DEE (Tape #1 Side A-505) from OBPP explained that her figures differed from MR. OPITZ in that PSC would only need \$12,500. The overrun will occur because of the PSC "career ladder," i.e. some employees will be receiving upgrades and longevity, which the PSC has the discretion of granting.

CHAIRMAN MANUEL commented that the PSC is in a unique position because of the five additional positions. JAN DEE said OBPP would not oppose the supplemental, as it is the PSC's only alternative, but still disagrees on the exact amount needed.

SUPPLEMENTAL REQUEST FOR \$20,000 FOR THE PUBLIC SERVICE COMMISSION (Tape #1 Side B-188)

BILL OPITZ explained that \$10,000 (EXHIBIT B) was to be used for attorney and economist costs to represent Montana in an anti-trust lawsuit, along with eight other states against AT&T. AT&T is planning to divide Montana, and as a result, those revenues collected by AT&T from Montana would go out-of-state.

TOM SCHNEIDER pointed out that the critical thing in who gets what revenues, is the company that happens to provide the local long distance service (which will be the local Bell Company) will be split from AT&T. Right now, we can use those long distance revenues (an estimated \$12 million) to make sure that our phones and basic access to telephone service is available. As soon as that revenue is transferred to AT&T and out-of-state, that luxury is not there anymore. The PSC is most concerned with the local operating company and the local monopoly rate payer. SENATOR LANE pointed out that by joining in this suit, this representation may result in millions of dollars of savings to future telephone ratepayers in Montana. SENATOR SMITH commented on the bad effect this would have on Rural Telephone Associations.

THE OTHER \$10,000 (EXHIBIT B) is for the State of Montana to be represented before the Federal Energy Regulatory Commission in a docket involving a proposed reorganization of Montana-Dakota Utilities. MDU is proposing to make its natural gas transmission system a wholly-owned subsidiary of MDU. This subsidiary would then be subject to FERC regulation, thus escaping the State's jurisdiction. Several other states are also joining together in this representation. People would be hired in Washington D.C., as it is not feasible to spend large amounts of money on travel.

CHAIRMAN MANUEL asked that the PSC work with JAN DEE, OBPP, to resolve the difference in figures. CHAIRMAN MANUEL thanked the PSC for their presentation.

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CAROLYN DOERING, OBPP, reviewed how the executive budget was assembled. CHAIRMAN MANUEL said REPRESENTATIVE BARDANOUVE, Chairman of the House Appropriations Committee, requested that subcommittees not act on modifications, and to keep anything "additional" separate. DICK GILBERT LFA, stated that REPRESENTATIVE BARDANOUVE would also like a recommendation on vacancy savings for each program.

DICK then discussed the meeting for tomorrow with Livestock and highlighted some of the important items that the Committee will be considering.

CAROLYN stated that last session, the pay plan was underfunded. This time, the budget reflects funding at 100% and any increases to come from vacancy savings. She also pointed out that OBPP has stayed within the General Fund, and anything granted over what she has stated would exceed the General Fund.

SENATOR SMITH pointed out that there is still a discrepancy between the OBPP and LFA budgets that needs to be resolved before this Committee can have a good idea of how much room there is to move on budgets.

CHAIRMAN MANUEL adjourned the meeting at 11:35 a.m.

Rex Manuel

REX MANUEL, CHAIRMAN

DEPARTMENT OF STATE LANDS FIRE SUPPRESSION
SUPPLEMENTAL - 1982/1983 BIENNIA

The following summary represents unbudgeted expenses incurred by the Department of State Lands for fire suppression during the 1982/1983 biennium. A change of procedure has been adopted in documenting fire expenditures as compared to previous years. The Statewide Budgeting and Accounting System (SBAS) has been utilized to record suppression expenditures as they occur during the fire season. The following information is taken from SBAS and reflects expenses incurred for pickup firefighters, overtime, contracting manpower and equipment (to include those from the U. S. Forest Service), supplies, aircraft rent and other operating type costs attributable to suppressing fire. This system not only provides accurate data for supplemental purposes, but provides documentation for billable fires. So far this biennium, the Department has recovered \$87,185 through billing those negligent for fires. These dollars have already been deposited directly to the General Fund.

Fiscal Year 1982

	<u>SBAS FYE Fire Supp. Expense</u>	<u>Budgeted Expense</u>	<u>May & June Expense **</u>	<u>FY 1982 Supplemental Request</u>
Sal. & Wages	* 176,671	(79,405)	(4,603)	92,663
Overtime	175,509	(30,000)	(6,582)	138,927
Benefits	<u>44,705</u>	<u>(15,323)</u>	<u>(2,028)</u>	<u>27,353</u>
Sub-Total	396,885	(124,728)	(13,213)	258,944
Cont. Services	454,290	(30,000)	(1,196)	423,094
Supp. & Materials	53,257		(127)	53,130
Comm. & Trans.	1,144		(1)	1,143
Travel	1,844		(280)	1,564
Rent	15,112			15,112
Utilities	547			547
Repair & Maint.	21,632		(125)	21,507
Other, Expense	<u>100</u>	<u> </u>	<u> </u>	<u>100</u>
Sub-Total	547,926	(30,000)	(1,729)	516,197
TOTAL	944,811	(154,728)	(14,942)	775,141

* Includes \$48,575 extending seasonal employees at the end of fire season because of extreme fire conditions.

** Forestry Program had sufficient General Fund reversion to pay May and June fire expenses and these amounts are not requested for this year.

Fiscal Year 1983

	<u>SBAS Fire Supp. Expense thru Nov. 82</u>	<u>Budgeted Expense</u>	<u>Outstanding *Obligations</u>	<u>FY 1983 Supplemental Request</u>
Sal. & Wages	3,766	3,766		
Overtime	39,751	39,751		
Benefits	<u>6,346</u>	<u>6,346</u>		
Sub-Total	49,863	(49,863)		
Cont. Services	1,207	(10,137)	11,325	2,395
Supp. & Materials	5,543		293	5,836
Comm. & Trans.				
Travel	52			52
Rent	13,041			13,041
Utilities	6			6
Repair & Maint.	<u>884</u>	<u> </u>	<u> </u>	<u>884</u>
Sub-Total	20,732	(10,137)	11,618	22,213
TOTAL	70,595	(60,000)	11,618	22,213

* Outstanding obligations include a U. S. Forest Service bill paid in December and Journal Voucher corrections to gasoline not yet posted in SBAS.

Total Biennium Supplemental Request - \$797,354

Exhibit B

PUBLIC SERVICE COMMISSION 1227 11th Avenue • Helena, Montana 59620
Telephone: (406) 449-3097 or 449-3963

December 9, 1982

Robert E. Potts, Jr., Chairman
John B. Dillman
Howard L. Ellis
Slyde Jardis
Thomas J. Schneidler

Mr. Dave Lewis, Director
Office of Budget & Program Planning
State Capitol
Helena, Montana, 59620

Dear Dave:

As you are aware, the PSC plans to approach the forty-eighth session of the Legislature for a supplemental appropriation for FY83. The amount of the request will be in the area of \$50,000. Three events have necessitated this unavoidable course of action, namely, a shortfall in money for salaries and benefits, the divestiture of the Bell Operating Companies (BOC's) from American Telephone and Telegraph (AT&T) and a potentially expensive (to ratepayers) reorganization of the Montana Dakota Utilities' (MDU) natural gas operations.

Shortly after the 47th session adjourned, Troy McGee held a meeting to explain your office's approach to the pay plan allocation under House Bill 840 for the fiscal years 1982 and 1983. At that time, we expressed our concern that the proposed allocation would place a serious burden on our 1983 budget, unless money saved from vacancy savings in 1982 were transferred to the 1983 budget at the outset of the allocation of pay plan increases.

The Commission was in the unique situation of having received five new FTE's during the session. It appeared to us the only reasonable solution (to make ends meet for both years) was to postpone the hiring of the new FTE's until the needed vacancy savings for the biennium was accrued, and then allocate the pay plan shortfall for the 1983 year from the 1982 budget. I personally discussed this option with members of your staff as well as Judy Rippingsale. It was suggested to them that if they had a different solution that we would welcome their input. None was forthcoming.

Since the pay plan increases were not allocated as we suggested on the day after the session adjourned, each the legislature for a supplemental appropriation to help cover the wage increases experienced by this agency. At the time of payment out that we reverted over

Mr. Dave Lewis

-2-

December 9, 1982

\$59,000 to the general fund at the end of FY82. Your office has approved a transfer of \$5,950 of this amount to our FY83 budget, and we understand how this amount was calculated. Had this methodology been utilized to make up our 83 shortfall, we would have had to keep one-third of our staff off the payroll for the entire 1982 fiscal year! Hardly a reasonable approach for an agency which had been evaluated as understaffed by the Legislature. Our estimate is that we will be \$30,000 short of meeting a full payroll for 1983, after taking into consideration the transfer of the \$5,950 from FY82 into FY83.

The Commission has entered into a contract with other Western states to have our interests represented before Judge Green in the AT&T-Justice Department anti-trust lawsuit. The cost has been projected to be \$10,000 and the Commission feels the potential benefits of this representation may result in millions of dollars of savings to future telephone ratepayers in Montana.

Finally, the Commission has also determined that the State must be represented before the Federal Energy Regulatory Commission (FERC) in a docket involving a proposed reorganization of MDU. In this case, MDU is proposing to make its natural gas transmission system a wholly-owned subsidiary of MDU. This subsidiary would then be subject to FERC regulation, thus escaping the historical regulatory scheme of things where these facilities were under the State's jurisdiction. Appropriate backup materials have been provided to our budget analyst for these latter two contracts, but we stand ready to provide any additional documentation that might be needed.

Dave, we realize that for uniformity's sake, your office dealt with all agencies on an equal basis. We only hope you can appreciate the dilemma with which we find ourselves confronted, and can now lend your support to our request for a supplemental appropriation.

Sincerely,

William J. Opitz,
Executive Director

WJO:imb

1 House Bill No. 84
2 INTRODUCED BY Tom O'Malley

4 A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY TO
5 THE PUBLIC SERVICE COMMISSION FOR THE FISCAL YEAR ENDING
6 JUNE 30, 1983; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

9 Section 1. **Time limit.** The appropriation contained in
10 this act is intended to provide only necessary and ordinary
11 expenditures for the year for which the appropriation is
12 made. The unspent balance of this appropriation shall
13 revert to the general fund.

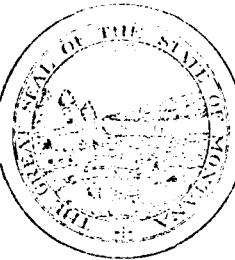
19 Section 3. Effective date. This act is effective on
20 passage and approval.

-End-

Exhibit C

OFFICE OF THE GOVERNOR
BUDGET AND PROGRAM PLANNING

Exhibit D



TEOSCHWINDEN, GOVERNOR

CAPITOL BUILDING

STATE OF MONTANA

(406) 449-3816

HELENA, MONTANA 59620

RECEIVED
DEC 15 1982

December 14, 1982

MONT. P. S. COMMISSION

Mr. William J. Opitz, Director
Department of Public Service Regulation
Public Service Commission
1227 Eleventh Avenue
Helena, Montana 59620

Dear Bill:

We have no problem with you pursuing a supplemental appropriation from the Legislature. It is clear that this is your only alternative. We do not have the authority to transfer vacancy savings from FY 82 to FY 83. Only the Legislature can increase your base FY 83 appropriation. I assume you intend to take your case directly to the appropriations committee. We will not appear in opposition to your request.

Sincerely,


DAVE LEWIS
Budget Director

DAVEJ:S/1

AN ACT TO APPROPRIATE MONEY TO VARIOUS STATE AGENCIES FOR THE FISCAL YEAR ENDING JUNE 30, 1983; PROVIDING FOR OTHER MATTERS RELATING TO THE APPROPRIATIONS; AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Time Limit. The appropriations contained in this act are intended to provide only necessary and ordinary expenditures for the year for which the appropriations are made. The unspent balance of any appropriation shall revert to the fund from which it was appropriated.

Section 2. Governor's power to reduce appropriations. In the event of a short-fall in revenue the governor may reduce any appropriation in this act by not more than 15%.

Section 3. Other appropriated funds. Unless otherwise indicated herein, the appropriations made under the column heading "Other Appropriated Funds" are from funds within the earmarked revenue fund, the federal and private revenue fund, and the revolving fund that accrue under provisions of law to the spending agency.

Section 4. Totals not appropriations. The totals shown in this act are for informational purposes only and are not appropriations.

Section 5. Appropriations. The following money is appropriated subject to the terms and conditions of this act for the fiscal year ending June 30, 1983:

SUPPLEMENTS FISCAL YEAR 1983

	<u>General Fund</u>	<u>Other Appropriated Funds</u>
CONSUMER COUNSEL Major Cases	\$	\$ 100,000
PUBLIC SERVICE COMMISSION A.T. & T. Antitrust Lawsuit	10,000	
MT - Dakota Reorganization Contest	10,000	
OFFICE OF PUBLIC INSTRUCTION Transportation	350,000	
SCHOOL FOR DEAF AND BLIND Utility Costs	30,000	
COMMISSIONER OF HIGHER EDUCATION Enrollment Increases	1,172,696	
Millage Shortfall	726,056	
DEPARTMENT OF JUSTICE County Attorney Payroll Program	52,000	
Transportation of Prisoners Program	16,000	
DEPARTMENT OF STATE LANDS Fire Suppression	797,355	
DEPARTMENT OF REVENUE Motor Vehicle Fee Reimbursement	350,000 \$3,514,107	\$ 100,000

Section 6. Effective Date. This act is effective on its passage and approval.

VISITORS' REGISTER

HOUSE APPROPRIATIONS SUB-COMM.

COMMITTEE

NATURAL RESOURCES

BILL NINETY-THREE

Date 11-10-83

SPONSOR

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.