

JOINT HOUSE-SENATE APPROPRIATIONS SUBCOMMITTEE ON NATURAL  
RESOURCES AND BUSINESS REGULATION - MINUTES  
February 28, 1983

The meeting was called to order by VICE-CHAIRMAN SMITH at 8:20 a.m.  
in Room 132 of the Capitol Building, Helena, Montana.

ROLL CALL: HEMSTAD, BOYLAN, LANE, SMITH - Present  
MANUEL, STOBIE - Excused  
Staff Present: DICK GILBERT, LFA; TERESA COHEA, OBPP;  
and PATTI SCOTT, SECRETARY

PUBLIC SERVICE COMMISSION (Tape #67 Side B-001)

BILL OPITZ, Executive Director of the Public Service Commission  
was present. Before beginning the budget presentation, there were  
several proponents to the Commission's budget:

JAMES MULAR, Brotherhood of Railway, Airline and Steamship Clerks,  
Freight Handlers, Express and Station Employees. MR. MULAR presented  
written testimony (EXHIBIT D). In summary, they are requesting  
that the Committee approve the appropriation sought by the PSC  
for a Rail Safety Inspector. The combined unions have a tremendous  
amount of employees who are exposed to safety hazards and have not  
been able to get the safety inspections. They feel the cost for  
a State Track and Safety Inspector is a mere pittance, when it  
comes to saving injuries and lives.

JOHN ALKE, Attorney for Montana-Dakota Utilities. MDU feels setting  
rates is becoming such a science. It is essential the Public Service  
Commission have the appropriation they need to operate with.

WALTER HYER, Attorney for Mountain Bell. He presented written  
testimony in Exhibit A. Mountain Bell feels that additional funding  
is necessary, but that it must carry with it commission responsi-  
bility and accountability to significantly reduce or eliminate  
the major regulatory problems identified by the Legislative Audit  
Committee. Mountain Bell believes it would be in the best interest  
for the Legislature to create a mechanism whereby the PSC must  
track and account for the effectiveness of its utilization of  
these resources in alleviating the very real and practical concerns  
identified by the Audit Report. Mountain Bell suggests the appoint-  
ment of a special legislative task force to review, on a yearly  
basis, the specifics of how the PSC has utilized its additional  
resource capabilities to improve the regulatory process. Formal  
reporting should be required with an opportunity for input by  
consumers as well as by regulated utilities.

MR. HAMERMAN, Montana Power Company. MPC feels the requested  
appropriation is essential for proper regulation.

RENEE BRETON, representing Tom Ryan for the Montana Senior Citizens  
Association. Exhibit B written testimony was provided. The Senior

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Citizens support the expenditure of sufficient funds to enable the Public Service Commission to expand its auditing and data-processing (computer) capabilities. Consumer protection resulting from closer day-to-day scrutiny will assure greater economic justice to all consumers.

TOM SCHNEIDER, Chairman of the Public Service Commission. He hopes the Committee would consider the Sunset Review and Legislative Audit Report, and would adopt the proposed budget.

BILL OPITZ and MADELINE COTTRILL, Administrator of Centralized Services presented a revised copy of the budget. (EXHIBIT C)

Contracted Services (tape #67 Side B-101)

The original request was for \$101,164-FY84 and \$93,446-FY85. The LFA difference was \$33,017-FY84 and \$16,364-FY85. The difference is OBPP includes \$11,000 for the Legislative Audit and \$7,724-FY84 for a Legal Intern. MR. OPITZ stated he subtracted \$11,000 and \$7,724 from the OBPP figure to reach \$82,440-FY84. There were still some other items the OBPP and LFA could not agree on, including transcripts, safety act, and fees belong to the National Association of Regulatory Commissions. The dues are \$1,034 per year. \$1,029 difference in inflation, and other miscellaneous differences. The PSC was spending some Federal monies under the Public Utilities Regulatory Policies Act (PERPA) and saving the General Fund money. This amounted to \$908 that was used for printing, and the PSC wants this included in FY84 and FY85, since the Federal Monies are no longer available.

TERESA COHEA, OBPP, stated there was still an \$1,100 difference between the LFA and OBPP that had not been accounted for. They assumed it was the inflation factors applied. MS. COHEA understands that Mr. Opitz has taken a number between the LFA and OBPP. DICK GILBERT, LFA, was not convinced that inflation factors were the difference, and agreed to work this out with MS. COHEA.

MR. OPITZ stated the new request of \$96,259-FY85 includes the \$11,000 for the Legislative Audit and reflects the elimination of the Legal Intern \$8,187-FY85. The LFA had allowed only \$7,000 for the Legislative Audit, but their latest report showed that would be \$11,000. The audit occurs every two years under statute. The Legislative Audit is a financial audit. The Sunset Audit is a program audit.

DICK GILBERT, LFA, asked in cases where Federal Funds were used, were the General Funds reverted for those expenditures. If General Fund was not reverted on those expenditure items paid with Federal money, then replacing the Federal money now would just augment the General Fund further. MR. OPITZ stated they had reverted back \$59,000 in FY82. They do not line-item, so it is difficult to

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identify. The reversion would have been smaller, had they not spent the Federal dollars from PERPA. MR. OPITZ stated they make an adjustment by looking at the expenditures from PERPA and putting this into a base year. MS. COHEA stated PSC did spend less in Contracted Service, but because the expenditures are not line-itemed, it is difficult to track the actual reversion. The FY82 appropriation was \$60,642, and they spent \$42,668.

MR. OPITZ stated they also reverted approximately \$140,000 of Federal monies because of all the "strings" attached to the expenditures.

SENATOR BOYLAN asked if the PERPA monies were ongoing and what the status is. MR. OPITZ said the PSC must report to the Federal government for ten years after the National Energy Act was passed. The grant monies from the Act lasted for two years. The States are supposed to pick up this cost for the remaining eight years. The State is still required to evaluate the rate standards that are contained in the Federal Law.

SENATOR SMITH asked what if the State refuses to pick up this cost. MR. OPITZ replied rate structure is a very important part of the total picture. Basically, PERPA wants the States to focus on who pays what, in addition to looking at how many dollars a utility should have.

SENATOR LANE asked if any of the Contracted Services are for legal fees. MR. OPITZ stated there were some for the AT&T Dives-titure, which was covered by modification at the beginning of this Session. The other attorneys are all in-house.

(Tape #67 Side B-352)

SENATOR LANE asked how rate figures are arrived at. MR. OPITZ stated expenditures of the utility are considered, to determine what kinds and how much cost is associated with the different functions. The PSC also considers what is being used, and assigns users to "classes." The PSC then designs rates or kilowatt hours to generate revenues to cover costs in each one of the classes.

SENATOR SMITH asked if this is designed by methodology, or pressure from the consumer. MR. OPITZ stated the PSC had adopted a "Marginal Cost" methodology, which he feels is fair to all classes. It has made a difference as far as a restructuring of rates from one class to another. The worst disparity occurred this past year. A Montana Power study showed that the industrial revenues only contributed 25% compared to 50% of usage. Specifically, the irrigators were not picking up any costs associated with generation because they were an off-peak load. Montana Power had a winter peaking load, but the irrigators used their energy in the summer-time, and had not been assigned any generating capacity.

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SENATOR BOYLAN stated the Montana Power Company had sold the irrigators hydro-power. This was an excess power in the summer they needed to get rid of. By good faith, the farmers installed irrigation equipment. Then PERPA stated the power rates should be split up differently, and hurt the farmer. He feels Montana Power should have backed up their verbal agreements with the farmers. Now the farmer must pay much more than they ever intended. The farmer also paid for the power lines to come into their place. Residential did not have to pay for that cost. SENATOR BOYLAN feels this will have one of the heaviest impacts of farming.

MR. OPITZ stated Montana Power was asking for a 400% increase to the irrigators. The PSC staff felt the increase should have been 125%. The PSC felt that was too much and agreed to a 52.5% increase. The Consumer Council had recognized a 57% increase.

Supplies and Materials (Tape #67 Side A-575)

The request includes winter jackets for five field men. The other differences are administrative rules and repairs to vehicles.

Communications

When the PSC advertises a legal proceeding, the charge goes to the utility, and the money then goes back to the General Fund - a "wash."

Rent (Tape #68 Side A-024)

PSC currently pays \$53,750. The owners are asking for a \$4,500 increase. MR. OPITZ stated the PSC is at capacity in their present location. If this Subcommittee approves the modifications, which asks for more FTE's, the PSC will look for other space to lease. They are currently reviewing the old IBM building here in Helena. The rent on it would be \$58,942, compared to the present location of \$58,792-FY84. The present rent is \$5.75 per sq. ft., and includes janitorial. MS. COHEA stated that State-owned buildings rent for about \$3.17 per sq. ft.

Other Expenses (Tape #68 Side A-074)

This includes dues to the national association, subscriptions, registration fees for training conferences, and for taxes. The taxes are on the building. There is a base year to compute the taxes over and above the rent figure, and this is built-in. In the past, the building owners have tried to protest, but the PSC will have to pay \$2,100 this year.

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Equipment

This includes a new car, typewriters, dictaphones, and chairs.

General Fund Request (Tape #68 Side A-114)

The FY84 request is \$1,430,731; FY85-1,459,578. FY83-\$1,439,921.

Natural Gas Safety Program

The FY82 expenditure was \$18,145. The Federal monies were reduced and the State in turn reduced their contribution by reducing the program. They no longer do Master Metering Inspections.

MODIFICATIONS (Tape #68 Side A-175)

MR. OPITZ introduced a letter from Senator Matt Hims1, Chairman of the Legislature Audit Committee. (EXHIBIT E) The Audit Committee, in unprecedented action, urged this Committee to consider the Audit Committee's findings, specifically the need for the PSC capability to verify and more thoroughly analyze the information provided by the regulated utilities and carriers, through increased audit and data processing capabilities.

SENATOR BOYLAN stated he is not always happy with the Legislative Audit findings. He feels the Consumer Council and the Utilities should present their sides, and then the PSC make up their minds. Now the Audit recommends to put more people on to do what is already being done.

STEVE BROWN, ex-Senator and ex-member of the Audit Committee was present. He stated the Audit Committee reviewed in detail the way the PSC operates and how rates are set. The PSC does hear the utilities' side, and they the consumers' side. Somewhere in-between lies the truth. It is the function of the PSC to determine what is the correct data base.

This is the reason for the Legislative Audit recommendation. The PSC must have a data base to work from. When the PSC gets these two sides, they need proper information to determine what is right. The heart of the matter is that the PSC deals in very complex information. They must have the capability to make decisions on these complex rate case issues. The Audit Committee feels the PSC staff is over-extended, and need more staff and capabilities to do even the mandated functions.

SENATOR BOYLAN stated his concern is duplication of efforts between the Consumer Council and the PSC. MR. BROWN feels that the Consumer Council comes in from the perspective as an adversary to what the Utilities are requesting. With accountants, attorneys, etc.,

Page Six

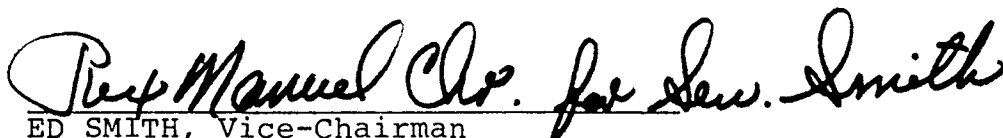
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giving information from both sides, it is hard to operate on neutral ground. SENATOR BOYLAN stated a judge does not have these increased capabilities, and yet he must make decisions. MR. BROWN stated this is the reason for the Audit recommendations - because of the need for technical information in order to make the decisions. By the time it gets to a judge, the technical aspects have been covered, and his decisions are usually based on procedure and legality.

MR. OPITZ introduced EXHIBIT F, a list of the thirteen MODIFICATIONS.  
COST: FY94-\$684,000 - General Fund; FY85-\$652,000 General Fund  
\$ 24,026 - Other ; \$ 19,000 Other

Comments on Modifications: #10 - Clerk Typest. MR. OPITZ testified he would accept .5 FTE. #11 - National Regulatory Research Institute. TOM SCHNEIDER stated this Institute used to be funded by Federal dollars. The Institute lost that funding and is now asking the States for support. MR. SCHNEIDER feels the smaller populated states get the most benefit because the contributions are based on population. All states plan to participate. MR. SCHNEIDER stated he is on the Board of Directors. #13 - Toll Free Number. REPRESENTATIVE HEMSTAD asked why not utilize the Citizen's Advocate more. MR. OPITZ stated they have tried, but this has not worked out. He also stated he may be opening "Pandora's Box."

The meeting adjourned at 10:30 a.m. (Tape #68 Side B-226)

  
ED SMITH, Vice-Chairman

## VISITOR'S REGISTER

HOUSE \_\_\_\_\_

COMMITTEE \_\_\_\_\_

BILL PSC Budget 84985DATE 2/28/83

SPONSOR \_\_\_\_\_

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
Bill (Gitz)	Helena	MPSC	X	
WALTER HYER	Helena	MT Bell	X	
JAMES T. Mular	Butte	BRAC	X	
John Alb	Helena	MDU	X	
Jim Hughes	HELENA	MTN. BELL	X	
Howard Ellis	-	M. P. S. C.	X	
Eileen Shore	Helena	MPSC	X	
Madeline Catron	Helena	MPSC	X	
Tom Schneider	Helena	MPSC Chairman	X	
Renee Bruner	Helena	Montana Senior Atypol Division	X	
Steve Brown	Helena	Self	X	
Tere England	Helena	MEIC	X	

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

2-28-83

WRITTEN TESTIMONYTHE MOUNTAIN STATES TELEPHONE AND TELEGRAPH COMPANYLegislative Appropriation for the  
Montana Public Service Commission

Mountain Bell, as a regulated public utility and as an active participant in the Legislative Audit Committee proceedings relative to the Sunset Review of the Montana Public Service Commission, supports in concept the Legislative Audit Committee recommendations that the Public Service Commission capabilities be expanded through the establishment of:

- 1) capability to audit the finances of regulated utilities and carriers;
- 2) data processing capability; and
- 3) capability for an ongoing financial review of regulated utility and carrier earnings.

It was Mountain Bell's firm conviction during the Legislative Audit Review process that the regulator must have the information that it requires in order to effectively regulate and balance the interests between utility shareowners and consumers. In order to achieve this appropriate balance



and cast aside the perception of the regulator being a consumer advocate, it is essential that the Commission have the resources and tools to carry out its mandate.

Mountain Bell would support the funding of these newly established capabilities; however, it is imperative that this recommendation of the Legislative Audit Committee not be viewed in a vacuum. The Legislative Audit Report concluded that there were, indeed, problems in the current regulatory process and the major items of concern included regulatory lag and attrition being experienced by the utilities. Issues such as attrition or phenomenon that the utilities are not afforded the opportunity to earn the authorized rate of return, must not go unnoticed in additional funding for the Commission.

It is the position of Mountain Bell that additional funding must carry with it Commission responsibility and accountability to significantly reduce or eliminate these major regulatory problems identified by the Legislative Audit Committee.

There is no question that the Public Service Commission must have the resources in which to effectively regulate. However, it is the belief of Mountain Bell that it would be in the taxpayers' best interest for the Legislature to create a mechanism whereby the Public Service Commission

must track and account for the effectiveness of its utilization of these resources in alleviating the very real and practical concerns identified by the Audit Review Team.

It is suggested that a reasonable mechanism would include the appointment of a special legislative task force to review, on a yearly basis, the specifics of how the Montana Public Service Commission has utilized its additional resource capabilities to improve the regulatory process. Formal reporting should be required with an opportunity for input by consumers as well as by regulated utilities.

Mountain Bell fervently hopes that the establishment of additional resource capabilities for the Public Service Commission will indeed sophisticate the Commission process in order that it may more effectively pursue its overall regulatory purpose. It is in the best interest of the taxpayer, the utility consumer, the utility, and most importantly the Public Service Commission that the Legislature provide such a reasonable tracking mechanism in order that the people of the State of Montana can be assured that their dollars are being invested toward a return measured in effective and improved regulation.

Exhibit B

2-28-83

**Montana Senior Citizens Assn., Inc.**  
WITH AFFILIATED CHAPTERS THROUGHOUT THE STATE  
P.O. BOX 423 - HELENA, MONTANA 59624

(406) 443-5341

28 February 1983

TESTIMONY OF TOM RYAN, OF THE MONTANA SENIOR CITIZENS ASSOCIATION

As a private, non-profit advocacy association, The Montana Senior Citizens Association had advocated for consumer justice in every rate setting case to come before the Public Service Commission in 1982. It has been the mission of MSCA to advocate economic justice in the areas of medical costs, transportation, communication and energy.

Much to our chagrin, we have advocated greater support for the Public Service Commission in what has appeared to be futile attempts to combat the continuous onslaught by utility companies to satisfy stockholders regardless of the effects on the lines of people on fixed low incomes.

We have observed utility companies' use of seemingly unlimited resources to plead their cases before an under-financed regulatory body.

The utility industry is undergoing expensive changes. They are able to cope with technological advances with automation and sophisticated methods.

As poor planning by the utility companies continues, their prognostications have forced higher electrical and natural gas raises to be granted by the commission.

Poor planning has caused a shift from renewable energy sources to expensive, non-renewable resources. This has allowed for rationalizations of the pass-through of high cost natural gas.

Utility companies, both the energy providers and the communications systems, are able to impliment technological changes needing training and retraining of staff. Costs of this training is rolled into the rate base paid for by consumers.

The Montana Senior Citizens Association supports the expenditure of sufficient funds to enable the Public Service Commission to expand its auditing and data-processing (computer) abilities. Consumer protection resulting from closer day-to-day scrutiny will assure greater economic justice to all consumers.

EXHIBIT 2 28-83

AGENCY : 4201 PUBLIC SERVICE REGULATION  
PROGRAM : 01 PUBLIC SERVICE REGULATION PROG  
CONTROL : 00000

CURRENT LEVEL SERVICES ONLY

AE/OE	DESCRIPTION	OBPP FY 84	LFA FY 84	DIFF. FY 84	SUB-CMT. FY 84	OBPP FY 85	LFA FY 85	DIFF. FY 85	SUB-CMT. FY 85
0000	FULL TIME EQUIVALENT (FTE)	44.00	44.00			44.00	44.00		
1100	SALARIES	958,753	962,661	3,908		955,104	958,998	3,894	
1400	EMPLOYEE BENEFITS	137,677	138,123	451		138,872	140,117	1,245	
1500	HEALTH INSURANCE	42,240	42,240			42,240	42,240		
	TOTAL LEVEL	1,138,670	1,143,029	4,359		1,136,216	1,141,355	5,139	
		82,440				96,259			
2100	CONTRACTED SERVICES	101,164	68,147	-33,017		93,446	77,082	-16,364	
2200	SUPPLIES & MATERIALS	25,797	23,467	-2,330		27,171	25,277	-1,894	
2300	COMMUNICATIONS	60,250	58,788	-1,462		67,822	66,129	-1,693	
2400	TRAVEL	42,668	42,656	-12		43,652	43,633	-19	
2500	RENT	58,792	55,750	-3,042		62,320	58,932	-3,388	
2600	UTILITIES	7,189	6,928	-261		8,939	8,612	-327	
2700	REPAIR & MAINTENANCE	9,080	9,082	2		9,625	9,623	-2	
2800	OTHER EXPENSES	8,267	8,219	-48		8,763	8,710	-53	
	TOTAL LEVEL	313,207	273,037	-40,170		321,738	297,998	-23,740	
		294,212				324,203			
3100	EQUIPMENT	12,490	9,190	-3,300		13,020	9,063	-3,957	
	TOTAL LEVEL	12,490	9,190	-3,300		13,020	9,063	-3,957	
4200	BUILDINGS		315	315			333	333	
	TOTAL LEVEL		315	315			333	333	
	TOTAL PROGRAM	1,464,367	1,425,571	-38,796		1,470,974	1,448,749	-22,225	
		1,449,731				1,478,578			
01100	GENERAL FUND	1,445,367	1,412,018	-33,349		1,451,974	1,435,196	-16,778	
03011	NATURAL GAS SAFETY PCM	19,000	13,553	-5,447		19,000	13,553	-5,447	
	TOTAL PROGRAM	1,464,367	1,425,571	-38,796		1,470,974	1,448,749	-22,225	
		1,449,731				1,478,578			

ISSUES:

1) Contracted Services - Remove legal intern (7724) -84 (8187) -85; Remove Legis. Audit (11,000) -84, Add legis audit 11,000 -85 (2)Supplies and Materials - Clothing, adm. rules and repairs to vehicles, stay with BPP; (3) Equipment - Stay with OBPP -This amount is less than we originally requested; (4) Comparison 083 -1984-1985 general fund. 83-\$1,439 921; 84-\$1,430,731; 85-1,459,578



Exhibit D  
2-28-83

# BROTHERHOOD OF RAILWAY, AIRLINE AND STEAMSHIP CLERKS, FREIGHT HANDLERS, EXPRESS AND STATION EMPLOYES

AFL-CIO-CLC

440 Roosevelt Drive R.R. #1  
28th February-1983

JAMES T. MULAR  
State Director  
Butte, MT 59701  
Phone 406-494-2316

TO: Honorable Rex Manuel Chairman, Appropriations,  
Sub-Committee on Natural Resources and Business  
Regulation:  
Members: Representatives: Hemstad, Stobie, Senators:  
Boylan, Smith and Stimatz.

Re: Montana Public Service Commissions' Budget, page  
146 of the Executive Budget, Specifically Montana  
State Rail & Safety Inspector. ( 1 FTE- \$49,358  
Fiscal 1984 and \$39576 for 1985. 50/50 State and  
Federal funding. Training costs paid by Feds.)

Greetings:

The above captioned organization (BRAC) along with the United Transportation Union (UTU) Brotherhood of Maintenance of Way Employees (BMWE) and the Brotherhood of Locomotive Engineers, (BLE) respectfully request that the Committee appropriate the amount submitted by the Public Service Commission regarding a Rail Track and Safety Inspector.

## BACKGROUND

Sections 69-14-115 and 69-14-116 MCA were enacted by the Montana Legislature in 1971 ( Sec. 1 Chapter 124 L. 1971) pursuant to the National Rail Safety Act of 1970. This legislation authorized the Public Service Commission to enter into a federal state rail safety program. (re: HB 508 Montana Legislature 1971 ) Section 69-14-115 of the Act provides for investigatory authority concerning railroad safety laws. Section 69-14-116 MCA enumerates fixed plant facility and rail right of ways, rolling stock, and locomotive power. The Commission must enforce employee safety and public safety relating to Warehouses, Platforms, Docks, Public Team Tracks, Stockyards, Repair Shops, Store Rooms, Terminal Facilities wayside appuntenances, rolling stock, etc.

Presently the Federal Railroad Administration, department of Safety has limited jurisdiction over fixed plant facilities. There are 4 F.R.A. inspectors. Thier function covers a four state Area: Montana, Wyoming, Idaho, and Eastern N.D.&S.D. Limiting thier inspections to Main Line Trackage.

OSHA attempted to secure jurisdiction over the fixed plant facilities of railroads such as repair shops, terminal plant, station and warehouses, Tie Plants. Burlington Northern was successfull in Federal Court enjoining OSHA from this jurisdiction. Thereby leaving Montanas Rail plant with only one remedy. A STATE RAIL & TRACK SAFETY INSPECTOR, who would be vested by statutory authority to safeguard the public and the employees.

## FIXED RAILROAD PLANT FACILITIES IN MONTANA

### Operating Crew Terminals

-----

GLENDIVE, FORSYTH, LAUREL, LIVINGSTON, BUTTE, HELENA, MISSOULA, GREAT FALLS, SHELBY, GLASGOW, HAVRE, WHITEFISH, (Located on the B.N.) BUTTE, ANACONDA, (Located on the BAP) DILLON and SILVER BOW, (Located on the Union Pacific) a total of 18 Train Crew Terminals, consisting of Switching personell, who have health and sanitation facilities both in equipment and fixed plant.

### REPAIR SHOPS

-----

LAUREL, LIVINGSTON AND HAVRE, situated on the B.N. Consisting of Car Shops, Locomotive Repair Shops, and General Storerooms. Having showers, Toilets, Lunch Rooms, and general safety devices.

STATION FACILITIES, Consisting of Depots, Warehouses, Platforms and Public Team Tracks.

\*\*\* \*\*\*\*\*

#### BURLINGTON NORTHERN STATIONS:

DARBY, HAMILTON, TOMPSON FALLS, RONAN, POLSON, MISSOULA, DRUMMOND, PHILPSBURG, HARRISON, DEER LODGE, WHITEHALL, THREE FORKS, TOSTON, TRIDENT, TOWNSEND, EAST HELENA, HELENA, MANHATTAN, BELGRADE, BOZEMAN, LIVINGSTON, BIG TIMBER, COLUMBUS, LAUREL, BRIDGER, LONG CREEK, HARDING, HUNTLEY, FROMBERG, HYSHAM, FORSYTH, MILES CITY, TERRY, GLENDIVE, WIBAUX, CIRCLE, SIDNEY, FAIRVIEW, BAINVILLE, CHUBERTSON, MEDICINE LAKE, FOUR BUTTES, LAXVILLER, SCOBIEY, OPIUM, PLENTYWOOD, WOLFPOINT, GLASGOW, MALTA, CHINOOK, HARLEM, GERALDINE, DENTON, LEWISTOWN, STANFORD, BELT, PORT BENTON, CARTER, CHAPPEL, BIG SANDY, VALIER, MINSTER, HINGHAM, INVERNESS, SHELBY, CONRAD, BRADY, DUTTON, POWER, CHOATEAU, SUNBURST, CUTBANK, BROWNING, COLUMBIA FALLS, WHITEFISH, EUREKA, LIBBY, TROY, GREAT FALLS, BILLINGS, SUPERIOR, POWER, DODSON, ALDER, PARADISE, PLAINS, SUPERIOR, BONNER, KALISPELL, ROGELAND AND TURNER, approxiamately 85 B.N. Station facilities.

UNION PACIFIC: DILLON AND SILVER BOW. BUTTE ANACONDA PACIFIC  
ROCKER AND ANACONDA. a total of 90 stations @ located in Mont.

### RAILROAD TIE PLANTS

There are two Railroad Tie Plants in Montana. One is located at Paradise and the Other at Somers, Montana.

### BRANCH LINES EST MILES

Burlington Northern approximately 945 miles. Union Pacific has None. BAP None. Soo Line approx 60 miles.

SUMMARYZ

THIRTY (30) STATES HAVE RAIL SAFETY INSPECTORS.....

Railroad plant facility both fixed and rolling stock, encompasses a network exceeding the plant operations of the Anaconda Company, Montana Power, Montana Dakota Utilities, and the Lumber and saw mill industry.

There are approximately 4,000 railroad employees who rely on safety and sanitation enforcements. Approximately 900 of these employees are engaged in locomotive and train operations; which is a hazardous occupation. Track Maintenance employees are exposed to hazardous conditions. Especially while working on Tressles and Bridges.

Shop employees are exposed to hazards in machinery, welding, and electrical occupations.

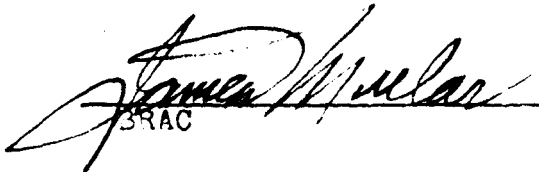
Sixteen standard railroad Unions needed safety and sanitation facilities.

There were over 40 major railroad derailments in Montana; which exceed \$3700 to rolling stock and right of way. Costing shippers and the railroads over 6 million dollars. ( note any de-railment causing in excess of \$3700 to equipment or rightofway is reportable to the ICC. The figures shown here are for the year 1981)

CONCLUSION

We respectfully urge the Committees passage of the appropriation sought by the public Service Commission. The cost for a State Track and Safety Inspector is a mere pittance, when it comes to saving injuries and lives.

Respectfully submitted,

  
SRAC

  
UTU

  
BMWE

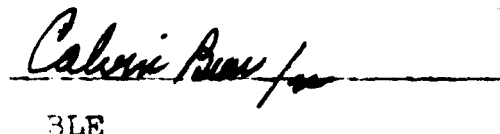
  
BLE

Exhibit E  
2-28-83  
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January 4, 1983

Francis Bardanouve, Chairman  
House Appropriations Committee  
Capitol Station  
Helena, Montana 59620

RECEIVED  
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MONT. P. & COMMISSION

Dear Representative Bardanouve:

As chairman of the Legislative Audit Committee, I am asking the House Appropriations Committee and the Senate Finance and Claims Committee to consider the following audit committee motion made at its November 8, 1982 meeting. The action was taken during a hearing of the enclosed sunset audit of the Montana Public Service Commission.


"The Legislative Audit Committee supports the establishment of the following Public Service Commission capabilities:

1. Capability to audit regulated utilities and carriers;
2. Data processing capability; and
3. Capability for an on-going financial review of regulated utility and carrier earnings.

Audit and data processing capabilities would allow the commission and its staff to verify and more thoroughly analyze, on a timely basis, the information provided by the regulated utilities and carriers. The on-going review capability would ensure that the commission and its staff are better informed about the financial condition and operations of the regulated utilities and carriers between rates cases."

Thank you for your consideration. If you have any questions, please contact me or the Legislative Auditor.

Sincerely,

  
Matt Himel, Chairman  
Legislative Audit Committee

Mount  
House Appropriations Committee members  
Senate Finance and Claims Committee members  
Enclosure

Mont. Comm. 12-21-82  
4-83  
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DEPARTMENT OF PUBLIC SERVICE REGULATION  
PUBLIC SERVICE COMMISSION

EXEMPT EMPLOYEES  
1985 Biennium

Personal Services:	<u>FY84</u>	<u>FY85</u>
Salaries	\$20,000	\$20,000
Employee Benefits	5,560	5,560
Total	<u>\$25,560</u>	<u>\$25,560</u>

Narrative:

The Commission introduced legislation (HB-627) which will provide it with ten exempt staff positions, bringing the number of exemptions in line with all other elected officials. The Commission requests funds to increase salaries in order to attract and retain competent professional staff. In the past, the Commission has lost such people to outside industries and to the Legislative branch of government.

DEPARTMENT OF PUBLIC SERVICE REGULATION  
PUBLIC SERVICE COMMISSION

AUDIT FUNCTION  
 Budget Modification  
 1985 Biennium

	<u>FY84</u>	<u>FY85</u>
FTE	4.00	4.00
<u>Personal Services:</u>		
Salaries	\$ 80,465	\$ 80,156
Employee Benefits	16,093	16,031
Total	<u>\$ 96,558</u>	<u>\$ 96,187</u>
<u>Operating Expenses:</u>		
Supplies and Materials	\$ 1,200	\$ 1,272
Communications	4,800	5,088
Travel	10,000	10,600
Rent	2,300	2,438
Utilities	636	800
Repairs and Maintenance	260	275
Total	<u>\$ 19,196</u>	<u>\$ 20,473</u>
<u>Equipment:</u>	\$ 6,036	-0-
Total Program	\$121,790	\$116,660
<u>Funding:</u>		
General Fund	\$121,790	\$116,660

Narrative:

While 39 other states perform audits of utilities, the Commission does not have an audit capability. The PSC is not adequately verifying the supporting figures provided by the utilities to justify rate requests and, as a result, is dependent on information provided by utilities. The present department staff spends a majority of its time analyzing rate requests. Little time is available to verify provided information or to review the actual records of the utilities. While many utilities undergo financial audits through retained CPA firms, and some maintain an internal audit staff, there is still a need for independent financial data verification which meet the needs of the Commission.

DEPARTMENT OF PUBLIC SERVICE REGULATION  
PUBLIC SERVICE COMMISSION

LAWYER  
Budget Modification  
1985 Biennium

	<u>FY84</u>	<u>FY85</u>
FTE	1.00	1.00
<u>Personal Services:</u>		
Salaries	\$21,872	\$21,795
Employee Benefits	4,376	4,359
Total	\$26,248	\$26,154
<u>Operating Expenses:</u>		
Supplies and Materials	600	660
Communications	1,200	1,272
Travel/Registration Fees	2,500	2,515
Rent	575	610
Utilities	159	200
Total Operating Expenses	\$ 5,034	\$ 5,257
<u>Equipment:</u>	\$ 1,559	\$ 1,559
Total Program	\$32,841	\$32,970
<u>Funding:</u>		
General Fund	\$32,841	\$32,970

Narrative:

The Commission holds hearings fifteen to twenty days per month. An attorney must attend each hearing. In the past two years, in addition to these day-to-day requirements which have increased substantially, the Legal Division has been required to handle a larger number of lawsuits, which are increasingly complex and time consuming. In addition, because of the activities associated with the AT&T divestiture, one attorney has devoted most of his time to telephone matters. The position is needed to adequately represent the Commission in its administrative hearings and in Court.

DEPARTMENT OF PUBLIC SERVICE REGULATION  
PUBLIC SERVICE COMMISSION

ONGOING REVIEW  
 Budget Modifications  
 1985 Biennium

	<u>FY84</u>	<u>FY85</u>
FTE	3.00	3.00
<u>Personal Services:</u>		
Salaries	\$54,669	\$54,415
Employee Benefits	10,934	10,883
Total	<u>\$65,603</u>	<u>\$65,298</u>
<u>Operating Expenses:</u>		
Supplies and Materials	\$ 1,200	\$ 1,272
Communications	4,800	5,088
Travel	7,500	7,950
Rent	1,725	1,828
Utilities	636	800
Repairs and Maintenance	230	243
Total Operating Expenses	<u>\$16,091</u>	<u>\$17,181</u>
<u>Equipment:</u>	\$ 4,718	-0-
Total Program	\$86,412	\$82,479
<u>Funding:</u>		
General Fund	\$86,412	\$82,479

Narrative:

One of the major responsibilities of the Public Service Commission is to assure the public of adequate utility service at just and reasonable rates. At present, the Commission is not meeting this responsibility because it is not monitoring the financial activity of regulated utilities on a continuing basis. The only time a utility's financial condition is evaluated is when the utility submits a rate change request. As a result, the Commission and its staff are not adequately informed about the utilities' interim financial status between rate cases.

DEPARTMENT OF PUBLIC SERVICE REGULATION  
PUBLIC SERVICE COMMISSION

RAILROAD INSPECTOR  
Budget Modification  
 1985 Biennium

FTE	<u>FY84</u> 1.00	<u>FY85</u> 1.00
<u>Personal Services:</u>		
Salaries	\$21,872	\$21,795
Employee Benefits	4,376	4,359
Total	<u>\$26,248</u>	<u>\$26,154</u>
<u>Operating Expenses:</u>		
Contracted Services	-0-	-0-
Supplies and Materials	2,500	2,650
Communications	1,200	1,272
Travel	5,626	5,964
Rent	575	610
Utilities	159	200
Repairs and Maintenance	1,100	1,166
Other Expense	-0-	-0-
Total Operating Expenses	<u>\$11,160</u>	<u>\$11,862</u>
<u>Equipment:</u>	\$10,644	-0-
<u>Total Program:</u>	\$48,052	\$38,016
<u>Funding:</u>		
General Fund	\$24,026	\$19,008
Other Funds	\$24,026	\$19,008

Narrative:

Railroad Inspector - The Commission is responsible for enforcing railroad safety statutes. This modification would provide for the funding of one track/rail inspector, with the program receiving 50% of the money from the Federal Railroad Administration and 50% from the State's general fund.

DEPARTMENT OF PUBLIC SERVICE REGULATION  
PUBLIC SERVICE COMMISSION

TRAINING  
1985 Biennium

<u>Operating Expense:</u>	<u>FY84</u>	<u>FY85</u>
Other Expenses	\$22,472	\$23,820
Total	\$22,472	\$23,820

Narrative:

Training - Commissioners and staff require periodic training and up-grading in their profession. Specialized schools outside Montana offer many courses which are necessary and valuable in an ever-changing regulatory environment. The Supreme Court has recently ordered that all attorneys in the State obtain continuing legal education credits on a yearly basis.

DEPARTMENT OF PUBLIC SERVICE REGULATION  
PUBLIC SERVICE COMMISSION

EXPERT WITNESSES  
Budget Modification  
1985 Biennium

<u>Operating Expense:</u>	<u>FY84</u>	<u>FY85</u>
Contracted Services	\$50,000	\$50,000
Total	\$50,000	\$50,000

Narrative:

Expert Witnesses - This modification would provide funds to hire consultants in rate proceedings before this Commission and other Federal regulatory agencies. When an issue arises in a proceeding that the Consumer Counsel or other parties cannot address adequately, the Commission must hire expert witnesses to develop a complete evidentiary record. Commission representation is becoming more important as the Federal presence in the State regulatory arena expands. Montana interests could have been better represented in recent hearings before the National Energy Board of Canada, the Interstate Commerce Commission, the Federal Communications Commission, and the Federal Energy Regulatory Commission, had such funds been available to the Commission.

DEPARTMENT OF PUBLIC SERVICE REGULATION  
PUBLIC SERVICE COMMISSION

RADIOS  
Budget Modification  
1985 Biennium

<u>Operating Expenses:</u>	<u>FY 84</u>	<u>FY85</u>
Equipment	\$7,500	
Total	\$7,500	
<u>Funding:</u>		
General Fund	\$7,500	

Narrative:

Radios - This modification would provide funds to purchase new highband radios for the cars of the motor carrier enforcement staff once a state-wide communication system is established. This sytem will be designed to facilitate communications between all enforcement personnel by State, County or City.



DEPARTMENT OF PUBLIC SERVICE REGULATION  
PUBLIC SERVICE COMMISSION

CLERK TYPIST  
 Budget Modification  
 1985 Biennium

	<u>FY84</u>	<u>FY85</u>
FTE	1.00	1.00
 <u>Personal Services:</u>		
Salaries	\$10,925	\$10,883
Employee Benefits	2,185	2,177
Total	<u>\$13,110</u>	<u>\$13,060</u>
 <u>Operating Expenses:</u>		
Supplies and Materials	600	660
Communications	1,200	1,272
Rent	575	610
Utilities	159	200
Repairs and Maintenance	100	106
Total	<u>\$ 2,634</u>	<u>\$2,848</u>
 <u>Equipment:</u>	 \$ 1,572	 -0-
Total	\$17,316	\$15,908
 <u>Funding:</u>		
General Fund	\$17,316	\$15,908

Narrative:

Clerk Typist (1.00 FTE) - The Commission is inundated with studies, periodicals and literature of all kinds relevant to the industries it regulates. A secretary is needed to file and index this material so that it can be used by the Commission, its staff and the public for basic research.

DEPARTMENT OF PUBLIC SERVICE REGULATION  
PUBLIC SERVICE COMMISSION

NATIONAL REGULATORY RESEARCH INSTITUTE  
Budget Modification  
1985 Biennium

<u>Operating Expenses:</u>	<u>FY 84</u>	<u>FY85</u>
Contracted Services	\$ 5,100	\$ 5,100
Total	\$ 5,100	\$ 5,100
 <u>Funding:</u>		
General Fund	\$ 5,100	\$ 5,100

Narrative:

The National Regulatory Research Institute (NRRI) is an organization established at Ohio State University to do basic research for State regulatory commissions. The \$5,100 represents Montana's share of the Institute's budget. Research has been done in the past on matters affecting the electric, natural gas and telecommunications industries.

DEPARTMENT OF PUBLIC SERVICE REGULATION  
PUBLIC SERVICE COMMISSION

COMMERCIAL ADVERTISEMENTS

Budget Modification  
1985 Biennium

<u>Operating Expense:</u>	<u>FY84</u>	<u>FY85</u>
Communications	\$11,236	\$11,910
Total	\$11,236	\$11,910

Narrative:

Commercial Advertisements - The Commission frequently receives complaints from consumers that they were unaware of the time and place of public hearings. Legal notices do not adequately alert the public to the Commission proceedings. Commercial advertisements are necessary to raise the public awareness of these matters which so critically affect the lives of the general populace.

DEPARTMENT OF PUBLIC SERVICE REGULATION  
PUBLIC SERVICE COMMISSION

TOLL FREE NUMBER  
Budget Modification  
1985 Biennium

<u>Operating Expenses:</u>	<u>FY84</u>	<u>FY85</u>
Communications	\$8,280	\$9,688
Total	\$8,280	\$9,688

Funding:

General Fund	\$8,280	\$9,688
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Narrative:

Toll Free Number - A large portion of the 1,000 consumer complaints the Commission received each year are from people residing in or near Helena. The Commission requests funds for a toll-free number. Assistance to consumers should be uniformly available to all citizens of Montana, not just those located in the Helena area.