

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION**

#### **JOINT SUBCOMMITTEE ON NATURAL RESOURCES**

**Call to Order:** By CHAIRMAN ROGER DEBRUYCKER, on January 4, 1995,  
at 8:00 a.m. in Room 402 of the State Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Roger Debruycker, Chairman (R)  
Sen. Thomas F. Keating, Vice Chairman (R)  
Sen. Judy H. Jacobson (D)  
Sen. Loren Jenkins (R)  
Rep. William R. Wiseman (R)

**Members Excused:** Rep. John Johnson (D)

**Members Absent:** N/A

**Staff Present:** Mark Lee, Legislative Fiscal Analyst  
Roger Lloyd, Legislative Fiscal Analyst  
Florine Smith, Office of Budget & Program  
Planning  
Debbie Rostocki, Committee Secretary

**Please Note:** These are summary minutes. Testimony and  
discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing: Supplementals, Public Service Regulation  
Executive Action: None

#### **ORIENTATION**

**Tape No. 1:A**

**Informational Testimony:** Roger Lloyd, Legislative Fiscal Analyst  
committee staffperson, gave an overview of the subcommittee's  
business: **EXHIBITS 1 AND 2.** Due to budgeting changes in HB 7,  
he explained that there was no longer an LFA "current level," and  
he recommended that the committee use the executive budget as a  
starting point, making adjustments from that level. He announced  
that a discussion on how best to use the LFA analysis book would  
be given at 4 p.m. Jan. 4 in Room 312, in addition to the  
presentation at this meeting.

**Questions, Responses, and Discussion:** Discussion took place  
regarding which part of the executive budget would be used as a  
starting point in the committee's decisions, the 1994 base or the  
"present law" level. **SEN. GARY AKLESTAD** informed the committee

that a decision about this which would apply to all the subcommittees would be made in the near future. **CHAIRMAN DEBRUYCKER** announced that no executive action would be taken until the following week.

HEARING ON DEPARTMENT OF STATE LANDS SUPPLEMENTALS

Tape No. 1:B:531

Informational Testimony: Mr. Lloyd presented the wildfire supplemental requested by the Department of State Lands (DSL), contained in HB 3; see EXHIBIT 3. He added that HB 14 was another supplemental bill for wildfires, which appropriated an additional \$5 million to DSL to cover the cost of some of the fires of the last season. HB 14 is on the "fast track," so there will be money in the department until HB 3 can be acted on. \$7.7 million is recommended in the executive budget for the supplemental in HB 3. An informational sheet about the fire supplemental process was distributed; see EXHIBIT 4. As additional, more accurate information is received by the department, the figures will be revised.

Mr. Bob Kuchenbrod, Central Management Division Administrator for DSL, explained that the U.S. Forest Service, Bureau of Land Management, and the Bureau of Indian Affairs were still putting their costs together and would be submitting bills to DSL; HB 3 will pick up those costs in the meantime so the department will have operating money. A 100% billing of what the Forest Service owes DSL and what DSL owes the Forest Service will be completed by the end of March 1995. At that time HB 3 will be adjusted to meet those costs.

Mr. Lloyd explained that the Legislature did not directly appropriate monies for fighting fires. The department expends their own money and is reimbursed via the supplemental process. Spending authority from FY 95 was transferred into FY 94 to pay for fighting fires last spring; see line 1 of Table 1, EXHIBIT 4. Part of the supplemental request is therefore to make the FY 95 appropriation whole again. The remaining figures are actual costs or estimates of actual costs. Military Affairs has already paid their \$1.4 million through the Governor's emergency appropriation. DSL has also charged \$7.4 million of their costs to this emergency appropriation. DSL will back out any appropriated funding that was used on a fire, usually personal services money. Employees who spend time associated with a fire but are salaried through another budget have their time charged to the fire, but there will be a corresponding reduction due to budgeted personal services that were spent on fires.

SEN. KEATING wanted to know if anyone was being double-paid. Mr. Lloyd said this would be the case if those personal services were paid with this supplemental. Mr. Kuchenbrod explained that there were instances when someone would be working off of state special

funds and their time would be charged to the fire and the money would remain in the fund. **Mr. Don Artley, Administrator of the Forestry Division**, stated that many of their foresters were funded with federal or state special revenue, and the auditors would consider it inappropriate for this money to be spent on fire suppression. Any employees already budgeted with general fund dollars for fire purposes would have this money backed out of the supplemental request. But for state and federal special revenues, the money does stay in the budget, as what could be called vacancy savings; the cash from these special accounts can be carried over. They try to make up the work of the foresters not doing their normal jobs through contracting and extending other seasonal employees for longer periods. If all of their federal grant money is not spent, the Forest Service asks for it back, so they have to be careful of the funding source. He explained that DSL cannot carry over the appropriation to spend on the special accounts but have to get spending authority from the Legislature in order to catch up. About \$438,000 of \$600,000 will be subtracted from the supplemental because funding for time appropriately budgeted for fire fighting had been backed out of the request. The regional managers have been asked to specify what kinds of expenditures they would like to make to carry out the work originally intended for the money. The money would then be spent as vacancy savings or in other appropriate ways. **SEN. KEATING** suggested that there may be some residue after this process which the Legislature could use to reduce new appropriations.

In response to a question from **SEN. JENKINS**, **Mr. Artley** spoke to the subject of delayed billings from federal agencies, in particular the fire season last summer. All bills have to be audited by both sides. The estimates from state agencies are probably fairly accurate, however.

**Tape No. 2:A:000**

**Mr. Lloyd** pointed out that if money is over-appropriated, it reverts within FY 1995. He then asked the DSL representatives how they were going to handle the situation regarding the Little Wolf fire, in which the **Federal Emergency Management Agency (FEMA)** paid DSL more than the actual costs proved to be. **Mr. Artley** said that the State may have to reimburse FEMA, and this would add to the amount of the supplemental request. The FEMA money went into the Governor's emergency fund, which DSL has been using to pay their bills.

**Mr. Lloyd** explained that the Governor's emergency fund was not separate from the general fund; rather it is an authority to spend monies from the general fund in cases of emergency. There is a \$2 million appropriation for all emergencies and a \$3 million appropriation just for emergency fire. The \$3 million has been spent, and the spending authority for the \$2 million can be made whole again via reimbursements.

Mr. Lloyd wanted to know if DSL would be relying on emergency appropriations to pay for spring 1995 fires. Mr. Artley said that there was agreement that there would be enough spending authority in the Governor's emergency fund. Mr. Lloyd added that HB 18 would increase the emergency fire appropriation from \$3 million to \$10 million.

HEARING ON PUBLIC SERVICE REGULATION

Tape No. 2:A:257

Informational Testimony: Mr. Lloyd gave a summary of the budget.

Questions From Subcommittee Members and Responses: SEN. KEATING wanted to know if the rate of 4.2% for vacancy savings was going to be the working number throughout the committee's hearings. Mr. Lloyd said the rate varied considerably among the programs.

Florine Smith, Office of Budget and Program Planning, explained that the purpose of the vacancy savings in this budget was part of OBPP'S "negative modifications." It is an option for the agencies to give part of the vacant positions they had and the remainder in vacancy savings. This agency's target for vacant positions was two. In negotiations with OBPP it was agreed to retain the positions and take a full vacancy savings. The amount has been adjusted below 5% to take into account the fact that they have five elected officials. She added that they had given the agencies the option to take their reductions in the programs they wished to, but in the case of this budget there was only one program. Regarding the Master Meters, the language in the bill that began this program (HB 2), also contained specific language for ending the program; therefore the new proposal was necessary to cover phase 2 of the program.

Mr. Lloyd explained that the Public Utility Tax will be reduced to correspond with the reduction in personal services; therefore there will be no savings to fund the pay plan.

The following persons were introduced: Public Service Commissioners Danny Oberg, Dave Fisher, Nancy McCaffree, Bob Rowe and Bob Anderson; Transportation and Centralized Services Administrator Wayne Budt; Utilities Administrator Dan Elliott, and Legal Division Administrator Robin McHugh.

Ms. McCaffree gave a brief statement; see written testimony EXHIBIT 5.

Dan Elliott addressed the Master Meter Program, an offshoot of the Pipeline Safety Program, which the PSC has administered since 1968. In addition to the major utilities there are a number of small operators that have pipeline systems on the other side of the utility meter. In the previous legislative session \$5,000 was appropriated to look at who these operators were. Many of

them were ticking time bombs in the PSR's mind. Fifty-seven master meter operators have been identified in the state; see map **EXHIBIT 6**. The PSR proposes to assist these people to come into compliance. Once this is done quite often the major utilities will take over the systems. The proposal is to continue to use the consultant to go into the field and help the operators. All of the operators are private parties. Northern Montana College is a striking example of a master meter operator that the PSR has worked with; they are currently operating under the Montana Power Company since they have come into compliance.

In response to a question from **REP. WISEMAN, Mr. Elliott** explained the pipeline safety program. It does essentially the same thing as the master meter program except on a bigger scale. Half of approximately 85 days per year are spent inspecting a utility's records of safety measures and the other half is physical plant inspection.

**REP. JOE QUILICI, HB 36, BUTTE, and Chairman of the Montana Consumer Council**, spoke in support of the Public Service Commission, pointing out that the PSC's budget had dropped from the 1995 biennium to the 1997 biennium.

**REP. WISEMAN** wanted to know how much longer the PSR wished to continue the master meter program, and **Mr. Elliott** said this would be the last time.

**Commissioner Oberg** then spoke. The bigger utilities can afford to do what the master meter program is going to do to help the smaller operators, and hopefully the bigger utilities will then take these systems over. The alternative is to have the federal government become involved in enforcement and the industry has resisted this. After the master meter program has been completed there will be a continuing responsibility to oversee but he felt there was enough money in the present budget to do this.

Discussion took place regarding the least cost plan issue. **SEN. KEATING** expressed concern that going with the least cost option might cost the State of Montana in ways that the PSC might not consider, such as lost jobs due to the importing of out-of-state oil vs. retrofitting a plant. **Commissioner Anderson** explained that least cost plans were not law. Several years ago the PSC began requiring the utilities to file these plans. These are guidelines for decision making for the utilities about supplying new resources. Nothing in the rules implies that there will be cost recovery. The PSC decides whether the company has made a reasonable decision and whether or not they should have cost recovery. Recovery is based on the decision the PSC makes at the time, which is traditional rate-making, which keeps the risk of decision-making on the company itself. The rules help the companies lower their risk, but do not transfer it. **SEN. KEATING** wanted to know if it was possible for the company to go before the PSC and negotiate the economic benefits of spending

money to retrofit a plant rather than burning Wyoming coal. **Mr. Anderson** replied that the short answer was no, because the PSC is not in the business of running the company, they are making decisions based on what is in the best interests of their shareholders and their customers. Negotiating would be like giving pre-approval; the business itself is responsible for the risk of its own business decisions. As long as a utility is privately owned and has a rate of return on their capital then they are being compensated for their business risk; a company doesn't always recover all of their costs; they have to make a case before the PSC that the costs are reasonable for providing service. He added that the commission didn't necessarily disallow all of a company's costs if it felt they had made an imprudent decision, just the amount over and above what it determined they should have spent. What they should have spent is developed in the rate case. In response to **SEN. KEATING, Mr. Rowe** spoke to the question of whether the PSC takes into consideration the environmental costs and the economic benefits to the state as a part of the least cost rate allowance decision. The advisory committee to Montana Power is addressing the question. The outcome of this will be in the reports they file with the PSC, conceivably as part of a rate case. **Mr. Anderson** added that the commission can, under the present rules, consider these factors.

**SEN. JENKINS** wanted to know why there was a change in building rent. **Mr. Budt** explained that in 1991 and 1992 the PSR was required to pay 12 months' rent in advance. Beginning 9/1/93 they began paying on a monthly basis. The base amount shown for FY 94 is actually only for 10 months' rent. Also, the Department of Administration negotiated the criteria for a rent increase.

In response to another question from **SEN. JENKINS, Mr. Budt** said that federal law had preempted the PSC from enforcing intrastate regulations on a number of commodities. The transportation of household goods and passengers were two items left under the control of the PSC.

(Note: tape machine malfunction. Lost 1 - 2 min.)  
Tape No. 2:B:000

The number of carriers the PSC is responsible for regulating has gone from 604 to about 300. There are 5 enforcement officers in the field and seven FTE in the office.

In response to **REP. WISEMAN, Mr. Anderson** said that electrical wholesale wheeling is presently regulated by the Federal Energy Regulatory Commission, although imperfectly. The two problems are access and price. The goal is for any producer or customer of electricity to have nondiscriminatory access to this transmission system, and at a price that reflects the real cost, and that anyone else would pay. Traditionally Montana co-ops have complained about getting access to Montana Power's system. If this can be resolved by the FERC, then they should have improved

access and prices. Montana Power, being a low-cost producer, is in a good position to sell electricity out-of-state, so if the situation is fixed they will have better access to markets. **REP. WISEMAN** was concerned that if Montana Power could get a better price out of state that they might force Montana to pay more as well. **Mr. Anderson** said regulation of a monopoly is based on the cost of production, not market value. Cost of production plus what the utility considers a reasonable profit needs to be justified in a rate case, not what can be earned on the market. Montana Power is obligated by law to sell power in Montana. Only the surplus can be wheeled out. The rate payers benefit when the utility gets a good price on the open market.

**REP. WISEMAN** wanted to know what effect the competition in the communications industry was having on the PSC's rate-making capability. **Mr. Oberg** said that in the next 1 - 2 years there will be some big cases as the PSC tries to define the rules to create an even playing field, as regarded the anticipated workload for the department. **Mr. Rowe** added that under Montana law there is no barrier to phone companies competing even to provide local service. Despite the fact that Montana does not franchise local services, the benefits of competition are not being seen at the local level yet. One concern was that because it is more lucrative to upgrade service in a more populated area, a multi-state competitive market may hurt service in rural areas. The PSC's challenge is to go after customer service aggressively and try to figure out ways to increase competition at the local level. **Ms. McCaffree** pointed out that cellular phone service was not regulated by the states.

**CHAIRMAN DEBRUYCKER** asked if there had been any progress made regarding prison phones. **Mr. Anderson** said there was not much they could do about this. **Mr. Oberg** said this was one of the competitive areas in phone service. The problem is the contract that is negotiated between the county or city and the companies providing the services. Often a local fund gains profits from the service. This is one case of competition not working as it should. The solution to the problem is at the local level.

**REP. WISEMAN** wanted to know at what percentage level cities were required to come before the PSC regarding utility rate increases, and how many cities were going more than 12%. **Ms. McCaffree** said that because of new federal regulations concerning the Safe Water Drinking Act many small municipal companies have had to do a lot of work on their systems and have had to raise their rates much more than 12%. In the past year there have been five or six hearings on this.

**SEN. JENKINS** wanted to know the extent of Montana Power's responsibility to provide service as regarded the situation in Big Sandy. **Mr. Oberg** said the PSC couldn't micromanage the utility, they can only require them to provide adequate service. If the community can show there has been a significant


degradation in service then the PSC may be able to respond. At present the commission is looking at further defining adequate service.

The hearing on the budget for the Department of Public Service Regulation was then closed.



ADJOURNMENT

Adjournment: 11:20 a.m.

  
ROGER DEBRUYCKER, Chair

  
DEBBIE ROSTOCKI, Secretary

RD/dr

This meeting was recorded on three 90-minute audiotapes.

## NATURAL RESOURCES

### Joint Appropriations Subcommittee

ROLL CALL

DATE 1/4

NAME	PRESENT	ABSENT	EXCUSED
Rep. Roger DeBruycker, Chairman	✓		
Rep. John Johnson			✓
Rep. Bill Wiseman	✓		
Sen. Judy Jacobson	✓		
Sen. Loren Jenkins	✓		
Sen. Tom Keating, Vice Chairman	✓		

# Natural Resources and Commerce Subcommittee Orientation - 1995 Session

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## Workings of the Subcommittee

- ◆ The order of the eight agencies is listed on the schedule, subject to change by Chairman DeBruycker
- ◆ Agencies will be heard at the program level and each agency will be given opportunity to present and explain program budgets
- ◆ Each program will be closed when all discussion, public testimony, questions, and presentations have been completed
- ◆ Executive action will be taken following the close of each program
- ◆ It is recommended that the subcommittee start with the executive budget and make adjustments to it
- ◆ The LFA Budget Analysis 1997 Biennium book is designed to be used by the subcommittee in making decisions on present law adjustments and new proposals
- ◆ Only the environmental portion of the Department of Health and Environmental Sciences' budget will be heard in this subcommittee
- ◆ The first hearing of the Department of Commerce will be the Montana Science and Technology Alliance in conjunction with the Education Subcommittee

## Explanation of LFA Budget Analysis Book

- ◆ Sample agency on page C-75
  - ◆ Sample program on page C-82
1. LFA Issues - If a requested increase to present law needs further explanation or requires additional legislative consideration, it will be followed by "*LFA Issue*". In some cases, "OPTIONS" are given for the legislature to consider. An option always available to the legislature is to appropriate funding for the same level of services provided by base expenditures in fiscal 1994.  
  
The LFA has not developed its own budget and has not "approved" or "disapproved" any of the base changes. Just because an increase to the base has no "*LFA Issue*", does not mean that it is "approved" by the LFA.
  2. Personal Services Differences
    - ◆ See the attached for factors causing differences
    - ◆ FTE - Agencies may transfer personal services authority and FTE between programs at any time during fiscal 1994 or fiscal 1995. Fiscal 1995 transfers or transfer desired for the 1997 biennium are reflected in the executive budget.
    - ◆ Changes from the number of FTE funded out of the November 1994 Special Session are discussed in present law "Personal Services"

## FTE

- ◆ Instruct the LFA to increase or decrease FTE and let the Legislative Budgeting System determine the money based on complex formulas
- ◆ Changes to FTE will cause permanent changes to personal services appropriations (i.e. will be continue/reflected in the 1999 biennium budget request), while direct changes only to personal services appropriations will be one-time in nature
- ◆ The legislature does not "appropriate" FTE. The legislature appropriates funding for personal services expenditures. FTE are used to assist in the process of determining the amount of money

needed to fund personal services. Agencies may use the funds to hire more FTE at lower grades or less FTE at higher grades.

- ◆ Agencies may use authority appropriated for operations, equipment, grants, benefits, etc. to hire additional FTE
- ◆ Contract FTE - In some cases, the executive has requested additional authority to contract for additional personal services rather than requesting additional FTE. If the position will perform duties similar to and under similar conditions as state employees, it should be budgeted through the FTE process. Through the FTE process, personal services are made on-going, which is not necessarily the case with contracted services.

### New Proposals

1. "Personal Services Reductions" - The legislature should keep a number of things in mind when considering "Personal Services Reductions" new proposals:
  - ◆ The executive did not provide information on the services the positions are currently providing
  - ◆ A number of seemingly conflicting policies are raised:
    - Although reduced personal services funding is being requested, in a number of cases additional overtime is requested in the base
    - Other new proposals or present law increases ask for increases in same function/duty
  - ◆ Proprietary funds saved by the reductions may not be available to spend on the pay plan
  - ◆ Other reductions may not result in funding available for the pay plan. For example, the reduction also reduces the amount of revenue received.
  - ◆ Vacancy savings requested are one-time in nature and will not be available to continue funding any pay plan increase because the FTE will again be fully funded in the 1999 biennium request. If permanent reductions are desired, FTE should be reduced.
  - ◆ Since there can be no negative appropriations in the general appropriations act, any subcommittee adoption of the "Personal Services Reductions" new proposals will be reflected as changes in present law appropriations in the general line appropriation in the bill for the program
2. "Equipment" - Under executive directive, agencies were to submit their budget requests for equipment as present law if existing equipment were being replaced, and as a new proposal if the request were for new equipment.

### House Bill 2 Language

- ◆ Try to limit the use of language in the general appropriations act to fiscal matters
- ◆ Language in an appropriations act cannot override substantive law
- ◆ If the legislature wishes for an appropriation to be one-time only, then direct the LFA to restrict the line-item
- ◆ If the legislature wishes for an appropriation to be limited only for the stated purpose, then direct the LFA to restrict the line-item
- ◆ Biennial appropriations will be restricted and separate line-items
- ◆ Contingency language to coordinate with other bills (such as LC0200) if they are passed, is usually done with language in the general appropriations act

### Statutory Appropriations

- ◆ LC0200, at the request of the Legislative Finance Committee, amends statute to eliminate 14 statutory appropriations. The legislature may wish to include contingency language in the general appropriations act to appropriate funding necessary for the affected programs if this bill passes or

appears it will pass.

- ◆ In some cases, the executive requests appropriations in the general appropriations act for programs that already have a statutory appropriation. A danger of appropriating the funds twice (in addition to increasing the state's budget) is that program funding can be obtained and increased through the statutory appropriation and the amount appropriated in the general appropriations act could be transferred to another program and used for a purpose not intended by the legislature.

#### Contingency Appropriations (excess authority)

Requests for "contingency" appropriations occur when an agency wants the authority just in case an event (of which the agency is unsure) happens which requires the expenditure of funds.

- ◆ In general, the legislature may wish to limit "contingency" type additional authority because: 1) authority may be transferred to other programs where excess cash is available and increase expenditures for an activity not specifically approved by the legislature; 2) authority may be transferred to other agencies where excess cash is available if the purpose of the original appropriation is maintained; 3) excess authority may be used to spend funds that might be used to offset other funding sources, such as general fund; and 4) other mechanisms exist to provide funding in unanticipated circumstances such as budget amendments, appropriation transfers, and appropriations in the budget amendment and supplemental bills.
- ◆ The legislature may wish to restrict such appropriations to only the stated purpose so it would not be used for some other purpose.

#### General Funds Transfers to Proprietary Accounts

The Legislative Auditor requires that general fund which supports part of a proprietary funded operation be budgeted as a transfer expenditure for deposit into the proprietary fund. The amount budgeted from the proprietary account is then increased by the amount of general fund support. In effect, the general fund amount is appropriated twice: 1) to fund the transfer to the proprietary account; and 2) to fund the expenditure from the proprietary account.

#### Funding of Early Retirements in Present Law

- ◆ In a number of programs, the executive is requesting increases in present law and new proposals to replace operational funding that was used by the agency in fiscal 1994 to fund termination costs associated with retirements.

Adopting an executive recommendation, the 1993 legislature enacted HB 517, which provided for payment of fiscal incentives during a specified period to encourage eligible state employees to retire. The executive estimated that the legislation would produce savings through: a) delays in refilling or eliminating vacated positions; b) filling the vacated positions at a lower salary; and c) elimination of some vacated positions. Since the department chose to fund retirement costs with authority from operations and is requesting that authority be restored, the legislature is being asked to fund costs associated with HB 517.

# Factors Causing the Difference in Personal Services

Fiscal 1994 Expenditures	Fiscal Years 1996 & 1997 Request
<b>Increases to Difference</b>	
Vacancy savings (reversions) Downgrades mid fiscal 1994 Hiring of new FTE mid fiscal 1994 Transfer in of FTE from another program mid year	Pay plan increase mid fiscal 1995 Benefit increase mid fiscal 1995 Change in workers compensation code Expected upgrades Per diem – more meetings, more members Additional overtime Longevity Health insurance \$20 Differential pay – more holidays to be worked
<b>Decreases to Difference</b>	
Transfer out of FTE to another program mid year Upgrades mid fiscal 1994 Unfunded termination payouts Unfunded retirement buyouts Nov. Special Session elimination of FTE	Change in workers compensation code Removal of overtime spent in fiscal 1994 Not including benefits for overtime

12/20/94

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## 54rd LEGISLATIVE SESSION - 1995

## NATURAL RESOURCES APPROPRIATIONS SUBCOMMITTEE

## Tentative Schedule

Chairman: Roger DeBruycker

Meeting Room 402

Secretary: Debbie Rostocki (4887)

8:00 AM - 12:00 Noon

LFA Staff: Roger Lloyd (5385)

Mark Lee (4581)

## ♦ Agency Order - Executive Action Following Each Program ♦

- |                              |                                       |
|------------------------------|---------------------------------------|
| 1. Public Service Regulation | 5. DHES (Environmental Sciences)      |
| 2. Livestock                 | 6. Fish, Wildlife and Parks           |
| 3. Agriculture               | 7. Commerce                           |
| 4. State Lands               | 8. Natural Resources and Conservation |

<u>Legislative Day</u>	<u>Weekday</u>	<u>Date</u>	<u>Topic/Agency</u>	<u>LFA Analyst</u>
3	Wednesday	1-4-95	Orientation Supplementals PSR	Roger Lloyd
4	Thursday	1-5-95	Livestock	Roger Lloyd
5	Friday	1-6-95	Livestock	Roger Lloyd
7	Monday	1-9-95 (8:00)	RIT Explanation	Ray Beck (DNRC)
		1-9-95 (9:00)	Agriculture	Roger Lloyd
8	Tuesday	1-10-95	Agriculture	Roger Lloyd
9	Wednesday	1-11-95	Agriculture	Roger Lloyd
10	Thursday	1-12-95	Agriculture	Roger Lloyd
11	Friday	1-13-95	State Lands	Roger Lloyd
13	Monday	1-16-95	State Lands	Roger Lloyd
14	Tuesday	1-17-95	State Lands	Roger Lloyd
15	Wednesday	1-18-95	State Lands	Roger Lloyd
16	Thursday	1-19-95	State Lands	Roger Lloyd
17	Friday	1-20-95	DHES (Envir.)	Mark Lee
19	Monday	1-23-95	DHES (Envir.)	Mark Lee
20	Tuesday	1-24-95	DHES (Envir.)	Mark Lee
21	Wednesday	1-25-95	DHES (Envir.)	Mark Lee
22	Thursday	1-26-95	FWP	Roger Lloyd
23	Friday	1-27-95	FWP	Roger Lloyd
25	Monday	1-30-95	FWP	Roger Lloyd
26	Tuesday	1-31-95	FWP	Roger Lloyd
27	Wednesday	2-1-95	FWP	Roger Lloyd
28	Thursday	2-2-95	FWP	Roger Lloyd
29	Friday	2-3-95	Commerce *	Roger Lloyd
31	Monday	2-6-95	Commerce	Roger Lloyd
32	Tuesday	2-7-95	Commerce	Roger Lloyd
33	Wednesday	2-8-95	Commerce	Roger Lloyd
34	Thursday	2-9-95	Commerce	Roger Lloyd
35	Friday	2-10-95	Commerce	Roger Lloyd
37	Monday	2-13-95	Commerce	Roger Lloyd
38	Tuesday	2-14-95	DNRC	Mark Lee
39	Wednesday	2-15-95	DNRC	Mark Lee
40	Thursday	2-16-95	DNRC	Mark Lee
41	Friday	2-17-95	DNRC	Mark Lee
43	Monday	2-20-95	DNRC	Mark Lee
44	Tuesday	2-21-95	Wrap-up	Roger & Mark
45	Wednesday	2-22-95	Wrap-up	Roger & Mark

\* Montana Science and Technology Alliance first for a joint meeting with Education.  
 NOTES: Saturday left open for catch-up. Transmittal break traditionally occurs after the 45th day

## HOUSE BILL NO. 3

INTRODUCED BY ZOOK

BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY TO VARIOUS STATE AGENCIES FOR THE FISCAL YEAR ENDING JUNE 30, 1995; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

**NEW SECTION. Section 1. Time limits.** The appropriations contained in [section 4] are intended to provide only necessary and ordinary expenditures for the fiscal year ending June 30, 1995. The unspent balance of any appropriation must revert to the fund from which it was appropriated, unless the appropriation is continued by [section 4].

**NEW SECTION. Section 2. Governor's power to reduce appropriations.** In the event of a shortfall in revenue, the governor may reduce any appropriation in [section 4] by not more than 10%.

**NEW SECTION. Section 3. Totals not appropriations.** The totals shown in [section 4] are for informational purposes only and are not appropriations.

**NEW SECTION. Section 4. Appropriations.** The following money is appropriated, subject to the terms and conditions of [sections 1 through 3]:

<u>Agency and Program</u>	<u>FY</u>	<u>Amount</u>	<u>Fund</u>
SECRETARY OF STATE			
Business & Govt. Services	1995	\$92,000	Proprietary
COMMISSIONER OF POLITICAL PRACTICES			
Initiative No. 118	1995	98,329	General Fund
Legal Expenses	1995	18,000	General Fund
DEPARTMENT OF TRANSPORTATION			
McCarty Farms Litigation	1995	586,375	General Fund



## 1 DEPARTMENT OF STATE LANDS

2	Forest-Fire Suppression	1995	7,700,000	General Fund
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## 3 DEPARTMENT OF JUSTICE

4	Highway Patrol	1995	436,000	State Special
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5	Legal Services	1995	400,000	General Fund
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## 6 OFFICE OF PUBLIC INSTRUCTION

7	Transportation Aid	1995	1,720,000	General Fund
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## 8 STATEWIDE TOTALS

9	<u>Fund</u>	<u>FY</u>	<u>Amount</u>
10	General Fund	1995	\$10,522,704
11	State Special Revenue	1995	436,000
12	Federal Special Revenue	1995	0
13	Proprietary and Other	1995	92,000
14	Total	1995	\$11,001,275

15

16 NEW SECTION. Section 5. Effective date. [This act] is effective on passage and approval.

17

-END-

## Supplementals House Bills 3 and 14

### Department of State Lands

(Note: The Executive Budget and introduced copy of HB 3 requests \$7,700,000 general fund as a supplemental appropriation for wildfire. However, recent information supplied by the department indicates that the amount may be \$10,875,614. This figure will be revised as exact costs become known.)

The Executive Budget requests two supplemental appropriations for the Department of State Land to: 1) replace fiscal 1995 actual fire suppression costs paid out of the department's general fund operating appropriation - \$5.0 million general fund in House Bill 14; and 2) replace fiscal 1995 general fund authority transferred to and spent in fiscal 1994 and pay fire suppression bills not yet paid or received from federal and state agencies and private entities - \$7,700,000 general fund in House Bill 3.

The legislature usually does not appropriate any funds to suppress fires (other than personal services appropriated for other purposes but spent on fire suppression), but approves a supplemental to reimburse the department for appropriation transfers and actual and expected fire suppression costs.

The "actual costs" in the table below reflect the state's cost of fighting fires in both state and federal jurisdictions. State and federal agencies assist each other in their fire-fighting efforts and then bill for the costs. Any reimbursements from federal agencies and private/corporate entities (responsible for starting a fire) are deposited in the general fund. The department estimates these reimbursements will be \$3,658,058. Since fiscal 1989, the legislature has appropriated some of these reimbursements to the department to fund additional administrative assistance when administrative personnel are doing work associated with fire suppression.

The amount of fire suppression supplemental budget authority approved by the legislature has varied widely. If the fiscal 1995 supplemental request is approved, the total fire suppression costs for the 1995 biennium will be the highest ever. Reimbursements from the federal government for money the state spent in assisting with fire suppression on land under federal fire suppression jurisdiction is usually deposited in the general fund.

Table 1 shows the derivation of the supplemental request:

Table 1  
Department of State Lands  
Wildfire Supplemental - Fiscal 1995

Projected Costs

Fiscal 1995 Appropriation Transfer	\$373,874
Actual FY 1994 Costs - Forestry Div. (Nov. 31, 1994)	9,831,160
Actual FY 1994 Costs - Lands and CMD (Nov. 31, 1994)	600,000
Actual FY 1994 Military Affairs Costs	1,427,658
U.S. Forest Service Bill Estimate	11,182,561
Montana National Guard Estimate	557,325
Montana State Prison Estimate	39,928
Department of Justice Estimate	108,203
Bureau of Land Management Bill Estimate	500,000
Unpaid Bills Estimate	<u>98,563</u>
Total Estimated Costs	<u>\$24,719,272</u>

Less

Military Affairs Emergency Appropriation	\$1,427,658
State Lands Emergency Appropriation	7,416,000
State Lands Budgeted Personal Services	Unknown
Department of Justice Budgeted Personal Services	<u>Unknown</u>
Total Adjustments	<u>\$8,843,658</u>
Total Supplemental Estimate	<u>\$15,875,614</u>

Supplemental Requests

House Bill 3	\$7,700,000
House Bill 14	<u>5,000,000</u>
Total Request	<u>\$12,700,000</u>

McCaffree - Public Service Commission  
4 January 1995

Good Morning Mr. Chairman and Members of the Committee

Introduction of Commissioners - Staff

We know you have a big task ahead of you. Your constituents are also ours and the Commission shares your mandate to make government responsive and lean. We will work with you to achieve that goal. Personally, I am determined that we will do our job with the resources we have and do it in a timely manner. In this light, at the end of 1993, some of our staff took advantage of the early retirement offer. At that time the Commission chose to restructure and combine the division administrator positions of Transportation and Centralized Services. The Commission is now at its lowest staffing level since the late 1970's.

The utility industry, as a whole is in a period of transition. In the next biennium there will be major reviews of how regulation fits into the new world. Congress will probably consider changes in telecommunication law, and there are continuing pressures to restructure the electric industry.

The court decision upholding Congressional action regarding the pre-emption of the trucking industry was delivered late Friday, December 30. We have not had time to evaluate exactly what that will mean in our work load. "Trucking pre-emption" is a broad term -- there is still full regulation in the moving of household goods, persons and solid waste. Congress left the states with authority

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McCaffree - PSC  
4 January 1995

over insurance, safety and certain other matters. All new carriers must file proof of insurance. We don't know what additional work this may create; however, interest appears high with intrastate entrants.

There are bill draft requests that could change our work load. It is our plan to make appropriate reduction of our staff if necessary.

Our base budget from 1994-95 as compared to the proposed law base adjustment for fiscal 1996-97 has decreased. We support the present law base budget as proposed by the Governor.

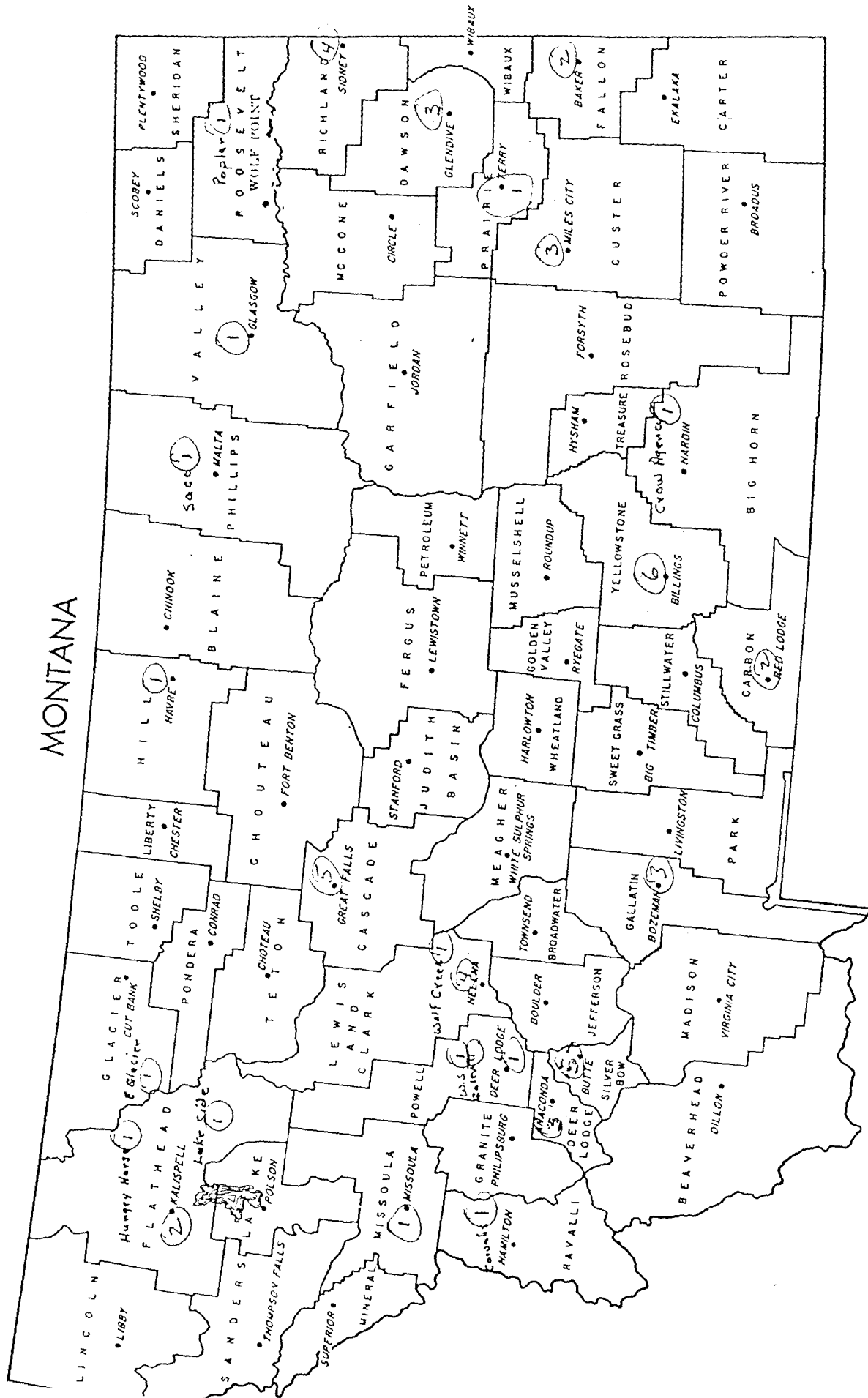
The Commissioners and I are available for any policy questions you may have. I will now turn our presentation over to our budget person, Wayne Budt, to answer any questions on the specifics of the budget. Dan Elliott and Robin McHugh will also assist in answering any questions you may have.

We appreciate the time and cooperation of Roger Lloyd from the LFA and Flo Smith from the Office of Budget and Program Planning in working with our staff.

Thank you for your time.

1/4/95

EXH 6





HOUSE OF REPRESENTATIVES  
VISITORS REGISTER

NATURAL RESOURCES SUB-COMMITTEE

DATE 1/4/95

BILL NO. H 3

SPONSOR(S) \_\_\_\_\_

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NAME AND ADDRESS	REPRESENTING	Support	Oppose
Tim Murphy	DSL	✓	
Bud Clinch	DSL	✓	
Bob Kuchembach	DSL	✓	
DAVE FISHER	PSC		
Larry Oberg	PSC		
Bob Rowe	PSC		
Wayne Bude	PSC		
Don Elliott	PSC		
Robin McHugh	PSC		

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS  
ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

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CS-14