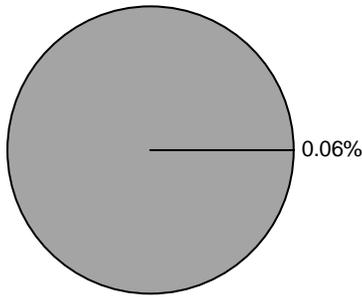


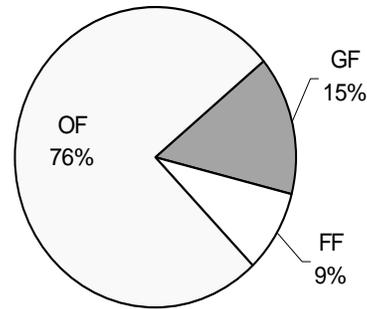
# FY2007 Budget Briefing

# Public Utilities Commission

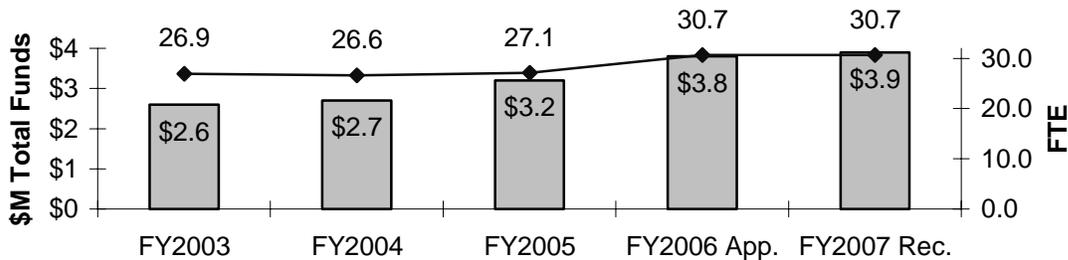
**Agency's Share of Total  
Recommended General Fund Budget  
FY2007**



**Agency's Funding Source Split FY2007  
Recommended Budget**



**Budget History**



## Key Responsibilities

The Public Utilities Commission is given quasi-legislative and quasi-judicial authority under Title 49 of the South Dakota Code; and is responsible, upon a utility company rate filing, for developing reasonable rates for natural gas, electric, and telephone service for customers of the investor-owned utilities. Assignment of territories and quality of service issues for all natural gas, electric, and telephone utilities are within the Commission's jurisdiction. The Commission also is responsible for motor carrier registration, inspection, and investigation of public warehouses in the state.

## Key Personnel

- Gary Hanson, Chair; Bob Sahr and Dustin Johnson, Commissioners
- Patricia Van Gerpen, Executive Director
- Heather Forney, Deputy Executive Director

## Public Utilities Commission

The mission of the Public Utilities Commission is to serve and protect the public by ensuring safe, reliable, and high quality utility services at rates reflecting either a competitive market in areas where competition develops, or fair regulation in areas where competition does not exist; to keep the public informed so they can make wise choices; to promote their interests through public policy; to resolve disputes between customers and their utilities and between competing utilities; to regulate electric, natural gas, telecommunications companies, interstate motor carriers, grain warehouses, grain dealers, public storage warehouses, intrastate pipeline safety, and excavation activities; and to represent the state at large.

The Legislature appropriates from the State General Fund, federal and other funds and FTEs for the Public Utilities Commission; and the entire office appears in the General Appropriation Act as one program. For FY2007, the Governor recommends an appropriation of \$586,374 from the General Fund, \$348,558 from federal funds, \$2,988,687 from other funds, and 30.7 FTEs. The following pages show the activities which added together compose the Commission's budget.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Personal Services	1,845,242	2,028,974	2,180,279	2,267,813	238,839	11.8%
Travel	142,387	160,136	168,293	168,293	8,157	5.1%
Contractual Services	1,133,675	1,536,587	1,380,309	1,368,309	-168,278	(0.1)
Supplies and Materials	73,247	74,208	79,408	79,408	5,200	7.0%
Capital Outlay	23,504	39,796	39,796	39,796	0	0.0%
Other	0	0	0	0	0	n/a
<b>TOTAL</b>	<b>3,218,056</b>	<b>3,839,701</b>	<b>3,848,085</b>	<b>3,923,619</b>	<b>83,918</b>	<b>2.2%</b>
<b>Funding Sources:</b>						
General Funds	518,287	567,041	579,041	586,374	19,333	3.4%
Federal Funds	27,043	346,065	346,065	348,558	2,493	0.7%
Other Funds	2,672,725	2,926,595	2,922,979	2,988,687	62,092	2.1%
<b>TOTAL</b>	<b>3,218,056</b>	<b>3,839,701</b>	<b>3,848,085</b>	<b>3,923,619</b>	<b>83,918</b>	<b>2.2%</b>
<b>FTE</b>	<b>27.1</b>	<b>30.7</b>	<b>30.7</b>	<b>30.7</b>	<b>0.0</b>	<b>0.0%</b>

The Governor's recommendation throughout this analysis also includes funding for Performance And Compensation Equity (PACE) movement of 2.5% for those employees who are paid under the job-worth of their pay range, a 3% across-the-board increase for all permanent employees, and an increase in the employer paid portion of the state health insurance plan. The recommended amounts for each segment of the compensation package are as follows:

	General Funds	Federal Funds	Other Funds	Total
2.5% PACE Movement	4,051	542	13,790	18,383
3% Across-the-Board	13,164	1,824	45,351	60,339
Health Insurance	2,118	127	6,567	8,812
<b>Total</b>	<b>19,333</b>	<b>2,493</b>	<b>65,708</b>	<b>87,534</b>

## Major Expansions and Reductions

Budget Item	Agency Request			Governor's Recommendation		
	State General Fund	All Funds	FTE	State General Fund	All Funds	FTE
A. Salary Policy and Internal Allotments	-	151,305	-	19,333	238,839	-
B. Contractual Services in Fixed Utilities	-	26,222	-	-	26,222	-
C. Savings in Do Not Call List	-	(194,500)	-	-	(194,500)	-
<b>Total</b>	-	<b>(16,973)</b>	-	<b>19,333</b>	<b>70,561</b>	-

- A. The Governor recommends increases in the appropriation for personal services of \$238,839 from all funds primarily to reflect FY2007 salary policy but also to reflect shifting of other funds internally between Full-Time Salaries and Part-Time Salaries. This latter is because of the return of an employee to full-time and the full funding of the 2 FTEs the Legislature added last year.
- B. The Governor recommends an increased appropriation of \$26,222 from other funds for operating expenses in Fixed Utilities.
- C. For the Do Not Call List activity, the Governor recommends a decreased appropriation from other funds to reflect savings in the agency's use of the federal database and its management.

## Administration

This portion of the Public Utilities Commission's program represents the appropriation from the General Fund for the commissioners' salaries, as well as the 3.0 FTEs. Operating expenses are assessed to the other functional areas of the Commission's budget. The Governor recommends an increased appropriation of \$12,218 from the State General Fund, bringing the total to \$323,974 from the State General Fund for FY2007.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Personal Services	257,661	311,756	311,756	323,974	12,218	3.9%
<b>TOTAL</b>	<b>257,661</b>	<b>311,756</b>	<b>311,756</b>	<b>323,974</b>	<b>12,218</b>	<b>3.9%</b>
<b>Funding Sources:</b>						
General Funds	257,661	311,756	311,756	323,974	12,218	3.9%
Federal Funds	0	0	0	0	0	n/a
Other Funds	0	0	0	0	0	n/a
<b>TOTAL</b>	<b>257,661</b>	<b>311,756</b>	<b>311,756</b>	<b>323,974</b>	<b>12,218</b>	<b>3.9%</b>
<b>FTE</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>0.0</b>	<b>0.0%</b>

## Revenues

	<u>Actual</u> <u>FY2004</u>	<u>Actual</u> <u>FY2005</u>	<u>FY2006</u> <u>Estm.</u>	<u>FY2007</u> <u>Estm.</u>	<u>% Change</u> <u>From FY2003</u>
Motor Carrier Permits	\$812,118	\$836,453	\$820,000	\$830,000	2.2%
XICC Permits	5,125	4,500	6,000	5,000	(2.4%)
ID Stamps	11,000	9,330	12,000	10,000	(9.1%)
Bus/Sngl. Trip Permits (Law Change FY2000)	39,720	35,360	45,000	35,000	(11.9%)
Warehouse and Grain Dealer Permits	55,646	52,320	55,000	55,000	(1.2%)
Check-Off Inspections	2,768	3,552	3,000	3,000	8.4%
Warehouse Interest	4,213	2,000	3,000	0	(100.0%)
Gross Receipts Tax	644,990	1,227,371	1,200,000	1,200,000	86.0%
Telecommunications Application Fees	5,750	4,500	6,000	5,000	(13.0%)
Refunds for Federal Proceedings (WBIP)	0	0	95,000	0	n/a
Gross Receipts Tax Interest Earned	96,362	67,839	70,000	70,000	(27.4%)
Filing Fees	145,188	165,500	100,000	150,000	3.3%
Pipeline Safety--Federal Reimbursements	62,028	36,903	50,000	40,000	(35.5%)
Pipeline Safety Interest	3,404	2,408	3,500	2,500	(26.6%)
Pipeline Safety--Direct & General Reimbursements	37,820	45,089	37,000	45,000	19.0%
One-Call Location Service Fees	651,529	822,998	650,000	800,000	22.8%
One-Call Interest Earned	7,389	5,538	9,000	6,000	(18.8%)
Do Not Call Revenue	27,700	37,750	25,000	30,000	n/a
<b>Total</b>	<b>\$2,612,750</b>	<b>\$3,359,411</b>	<b>\$3,189,500</b>	<b>\$3,286,500</b>	<b>25.8%</b>

## **Selected Performance Indicators for All Commission Programs**

	<b>Actual FY2004</b>	<b>Estimated FY2005</b>	<b>Estimated FY2006</b>	<b>Estimated FY2007</b>
XICC Permits/SSRS Registrations	1,634/1,321	1,523/1,365	1,525/1,400	1,525/1,400
Identification Stamps	3,910	3,490	3,500	3,500
Bus Permits/Single Trip Permits	947	884	850	850
Grain Warehouse/Dealer License	114/318	112/303	112/305	112/305
Nonstorage Grain Dealers	28	27	27	27
Federal Grain Storage Dealers	109	112	112	112
Public Warehouse Storage	20	19	19	19
Grain Dealers Truck Decals	444	448	445	445
Dockets Opened	435	306	300	300
Dollars Recovered for SD Consumers	\$97,202	\$50,127	\$50,000	\$50,000
On-Site Pipeline Safety Inspections	101	73.5	90	90
Operators	18	18	18	18
Incoming/Outgoing Notifications Processed	124,034/679,575	127,189/701,452	126,000/680,000	126,000/680,000

## Transportation/Warehouse Division

The Transportation/Warehouse division licenses and monitors grain dealers and warehouses consisting of grain storage facilities, non-storage facilities, truck grain dealers, and grain brokers. It also approves licenses and necessary bonding or insurance coverage for general storage facilities. In addition, the division registers and issues permits to single state SSRS Federal Highway Authority (previously known as ICC) truckers and exempt commodity haulers. The division has one part-time and two full-time inspectors who annually perform 300-400 general and special inspections on the grain warehouses and grain dealers. The inspectors also perform grain check-off inspections for the SD Wheat Commission and the SD Soybean Council. These inspectors additionally work with the motor carrier division of the SD Highway Patrol to examine truckers passing through the ports and weigh stations for proper authority and grain license truck decals.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Personal Services	196,718	275,644	275,644	287,056	11,412	4.1%
Travel	20,854	23,231	23,231	23,231	0	0.0%
Contractual Services	34,383	41,393	53,393	41,393	0	0.0%
Supplies and Materials	7,023	8,000	8,000	8,000	0	0.0%
Capital Outlay	1,919	10,496	10,496	10,496	0	0.0%
<b>TOTAL</b>	<b>260,897</b>	<b>358,764</b>	<b>370,764</b>	<b>370,176</b>	<b>11,412</b>	<b>3.2%</b>
<b>Funding Sources:</b>						
General Funds	260,626	255,285	267,285	262,400	7,115	2.8%
Federal Funds	0	0	0	0	0	0.0%
Other Funds	271	103,479	103,479	107,776	4,297	4.2%
<b>TOTAL</b>	<b>260,897</b>	<b>358,764</b>	<b>370,764</b>	<b>370,176</b>	<b>11,412</b>	<b>3.2%</b>
<b>FTE</b>	<b>4.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>0.0</b>	<b>0.0%</b>

## **Fixed Utilities--Informational**

The Commission has jurisdiction over the territory, complaints, and quality of service of all natural gas, electric, and telecommunication utilities operating within South Dakota; though certain utilities are exempt from the Commission's rate regulation. Those include municipal, rural electric cooperatives and small, independent, and cooperative telephone companies. The Commission has jurisdiction over switched access rates for all telecommunications companies providing local service including small, independent, and cooperative companies.

Funding for this activity comes from the South Dakota Public Utilities Commission Gross Receipts Tax Fund. This fund is financed by assessing a tax of up to .0015, or 1.5%, on the annual intrastate gross receipts received by a utility. The fund is used by the Commission to defray regulatory expenses related to the regulation of telecommunications, electricity, and natural gas.

The total recommended budget for this activity is \$1,962,846 from other funds and 19.4 FTEs. The dollar amount is \$249,844 more than the FY2006 budget.

<b>Item</b>	<b>Actual FY2005</b>	<b>Approved FY2006</b>	<b>Agency Req. FY2007</b>	<b>Gov. Rec. FY2007</b>	<b>Change from FY2006</b>	<b>% Change from FY2006</b>
Personal Services	1,305,118	1,323,229	1,474,534	1,533,494	210,265	15.9%
Travel	90,160	85,297	93,454	93,454	8,157	9.6%
Contractual Services	363,911	240,476	266,698	266,698	26,222	10.9%
Supplies and Materials	41,765	37,000	42,200	42,200	5,200	14.1%
Capital Outlay	21,585	27,000	27,000	27,000	0	0.0%
<b>TOTAL</b>	<b>1,822,540</b>	<b>1,713,002</b>	<b>1,903,886</b>	<b>1,962,846</b>	<b>249,844</b>	<b>14.6%</b>
<b>Funding Sources:</b>						
General Funds	0	0	0	0	0	n/a
Federal Funds	0	0	0	0	0	n/a
Other Funds	1,822,540	1,713,002	1,903,886	1,962,846	249,844	14.6%
<b>TOTAL</b>	<b>1,822,540</b>	<b>1,713,002</b>	<b>1,903,886</b>	<b>1,962,846</b>	<b>249,844</b>	<b>14.6%</b>
<b>FTE</b>	<b>18.2</b>	<b>19.4</b>	<b>19.4</b>	<b>19.4</b>	<b>0.0</b>	<b>0.0%</b>

- For the informational Fixed Utilities, the Governor recommends an increased appropriation of \$210,265 from other funds for personal services to address FY2007 salary policy and the salaries of 2 FTEs added during FY2006, as well as a change of another FTE from part-time to full-time two years ago.
- The Governor recommends an increased appropriation of \$26,222 from other funds for contractual services, primarily for increased space costs due to moving employees back into state facilities.

## Rate Case/Utility Investment Fund--Informational

This Division is charged with carrying out the South Dakota Codified Laws found in Chapter 49-34A. Two specific laws follow:

**SDCL 49-34A-6. Rates to be reasonable and just – Regulation by commission.** Every rate made, demanded or received by any public utility shall be just and reasonable. Every unjust or unreasonable rate shall be prohibited. The Public Utilities Commission is hereby authorized, empowered, and directed to regulate all rates, fees and charges for the public utility service of all public utilities, including penalty for late payments, to the end that the public shall pay only just and reasonable rates for service rendered.

**SDCL 49-34A-8. Criteria for determination of rates by commission.** The Public Utilities Commission, in the exercise of its power under this chapter to determine just and reasonable rates for public utilities, shall give due consideration to the public need for adequate, efficient, and reasonable service, and to the need of the public utility for revenues sufficient to enable it to meet its total current cost of furnishing such service, including taxes and interest, and including adequate provision for depreciation of its utility property used and necessary in rendering service to the public, and to earn a fair and reasonable return upon the value of its property.

The recommendation for this informational item is \$259,991 from other funds, the same as FY 2006. There are no FTEs budgeted.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Personal Services	28,087	0	0	0	0	n/a
Travel	0	400	400	400	0	0.0%
Contractual Services	352	258,591	258,591	258,591	0	0.0%
Supplies and Materials	0	1,000	1,000	1,000	0	0.0%
Other	0	0	0	0	0	n/a
<b>TOTAL</b>	<b>28,438</b>	<b>259,991</b>	<b>259,991</b>	<b>259,991</b>	<b>0</b>	<b>0.0%</b>
<b>Funding Sources:</b>						
General Funds	0	0	0	0	0	n/a
Federal Funds	0	0	0	0	0	n/a
Other Funds	28,438	259,991	259,991	259,991	0	0.0%
<b>TOTAL</b>	<b>28,438</b>	<b>259,991</b>	<b>259,991</b>	<b>259,991</b>	<b>0</b>	<b>0.0%</b>
<b>FTE</b>	<b>0.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>n/a</b>

## **Pipeline Safety--Informational**

The U.S. Department of Transportation's Research and Special Programs Administration (RSPA), acting through the Office of Pipeline Safety (OPS), administers the national regulatory program to assure safe transportation of natural gas, petroleum, and other hazardous materials by pipeline. The federal/state partnership is the cornerstone for assuring uniform implementation of the pipeline safety program nationwide.

The federal pipeline safety regulations (1) assure safety in design, construction, inspection, testing, operation, and maintenance of pipeline facilities and in the siting, construction, operation, and maintenance of LNG facilities; (2) set out parameters for administering the pipeline safety program; and (3) delineate requirements for onshore oil pipeline response plans. The regulations are written as minimum performance standards.

The total recommended budget for this informational activity is \$164,432 from other funds for FY2007.

<b>Item</b>	<b>Actual FY2005</b>	<b>Approved FY2006</b>	<b>Agency Req. FY2007</b>	<b>Gov. Rec. FY2007</b>	<b>Change from FY2006</b>	<b>% Change from FY2006</b>
Personal Services	54,085	118,345	118,345	123,289	4,944	4.2%
Travel	12,537	26,170	26,170	26,170	0	0.0%
Contractual Services	7,388	8,673	8,673	8,673	0	0.0%
Supplies and Materials	990	4,000	4,000	4,000	0	0.0%
Capital Outlay	0	2,300	2,300	2,300	0	0.0%
<b>TOTAL</b>	<b>75,001</b>	<b>159,488</b>	<b>159,488</b>	<b>164,432</b>	<b>4,944</b>	<b>3.1%</b>
<b>Funding Sources:</b>						
General Funds	0	0	0	0	0	n/a
Federal Funds	27,043	82,065	82,065	84,558	2,493	3.0%
Other Funds	47,958	77,423	77,423	79,874	2,451	3.2%
<b>TOTAL</b>	<b>75,001</b>	<b>159,488</b>	<b>159,488</b>	<b>164,432</b>	<b>4,944</b>	<b>3.1%</b>
<b>FTE</b>	<b>0.8</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>	<b>0.0</b>	<b>n/a</b>

## One Call Notification Board--Informational

The mission of the One Call Notification Board is to establish the procedures to operate a nonprofit one-call notification center; establish the procedures that regulate the notification process and marking of underground facilities to prevent damage to underground facilities; establish the procedures for gathering information from facility operators that could further improve the ability to reduce damage to underground facilities; establish a competitive bidding procedure to select a vendor to provide the notification service; and establish a procedure whereby members of the one-call notification center share in the costs of the one-call notification center.

<b>Item</b>	<b>Actual FY2005</b>	<b>Approved FY2006</b>	<b>Agency Req. FY2007</b>	<b>Gov. Rec. FY2007</b>	<b>Change from FY2006</b>	<b>% Change from FY2006</b>
Personal Services	3,573	0	0	0	0	n/a
Travel	18,836	25,038	25,038	25,038	0	0.0%
Contractual Services	727,508	787,454	787,454	787,454	0	0.0%
Supplies and Materials	23,054	24,208	24,208	24,208	0	0.0%
<b>TOTAL</b>	<b>772,969</b>	<b>836,700</b>	<b>836,700</b>	<b>836,700</b>	<b>0</b>	<b>0.0%</b>
<b>Funding Sources:</b>						
General Funds	0	0	0	0	0	n/a
Federal Funds	0	264,000	264,000	264,000	0	0.0%
Other Funds	772,969	572,700	572,700	572,700	0	0.0%
<b>TOTAL</b>	<b>772,969</b>	<b>836,700</b>	<b>836,700</b>	<b>836,700</b>	<b>0</b>	<b>0.0%</b>
<b>FTE</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>n/a</b>

## Do Not Call List--Informational

Created by the Legislature and begun on July 1, 2003, this activity is intended to eliminate many unwanted telemarketing phone calls by requiring the Public Utilities Commission to establish a statewide "Do Not Call" Registry. The recommended budget for this informational item is \$194,500 less than the FY2006 budget.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Contractual Services	133					
Supplies and Materials	415	200,000	5,500	5,500	-194,500	-97.3%
<b>TOTAL</b>	<b>549</b>	<b>200,000</b>	<b>5,500</b>	<b>5,500</b>	<b>-194,500</b>	<b>-97.3%</b>
<b>Funding Sources:</b>						
General Funds	0	0	0	0	0	n/a
Federal Funds	0	0	0	0	0	n/a
Other Funds	549	200,000	5,500	5,500	-194,500	-97.3%
<b>TOTAL</b>	<b>549</b>	<b>200,000</b>	<b>5,500</b>	<b>5,500</b>	<b>-194,500</b>	<b>-97.3%</b>

- The Commission will be able to continue to use the federal government's database for this activity; the funding has been reduced accordingly.

## **Other Departmental Issues**

### **Interim Appropriation Actions**

No Interim Appropriation actions were taken.