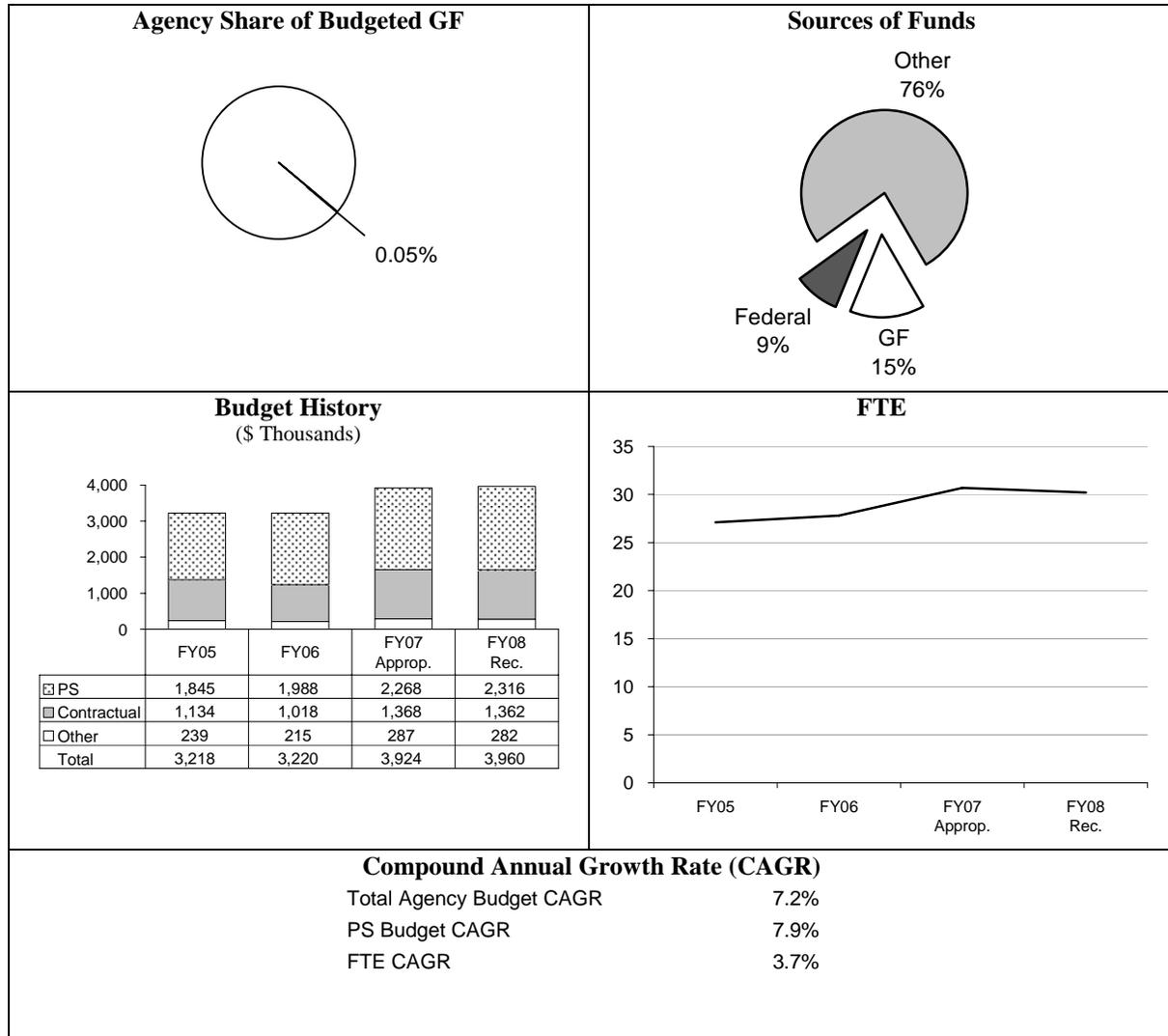


FY2008 Budget Briefing

Public Utilities Commission



Key Responsibilities

The Public Utilities Commission regulates electric, natural gas, telecommunications, interstate motor carriers, grain warehouses, grain dealers, public storage warehouses, intrastate pipeline safety, and excavation activities. .

Key Personnel

- Dustin Johnson, Chair; Gary Hanson, Steve Kolbeck, Commissioners
- Patricia Van Gerpen, Executive Director; Heather Forney, Deputy Executive Director

Public Utilities Commission

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 FY2008, the Governor recommends an appropriation of \$577,302 from the General Fund, \$350,544 from federal funds, \$3,031,926 from other funds, and 30.2 FTEs. The following pages show the activities which added together compose the Commission's budget.

Items	Actual <u>FY06</u>	Budgeted <u>FY07</u>	Agency Req. <u>FY08</u>	Gov Rec. <u>FY08</u>	Inc/Dec <u>FY08</u>	% Change <u>From FY07</u>
Personal Services	1,987,908	2,267,813	2,245,160	2,315,586	47,773	2.1%
Travel	147,649	168,293	168,293	168,293	0	0.0%
Contractual Services	1,017,794	1,368,309	1,356,809	1,362,139	(6,170)	(0.5%)
Supplies & Materials	50,283	79,408	73,958	73,958	(5,450)	(6.9%)
Capital Outlay	16,709	39,796	39,796	39,796	0	0.0%
Total	3,220,343	3,923,619	3,884,016	3,959,772	36,153	0.9%
Funding Types						
General	546,060	586,374	573,588	577,302	(9,072)	(1.5%)
Federal	24,837	348,558	348,558	350,544	1,986	0.6%
Other	2,649,448	2,988,687	2,961,870	3,031,926	43,239	1.4%
Total	3,220,344	3,923,619	3,884,016	3,959,772	36,153	0.9%
FTE	27.8	30.7	30.2	30.2	(0.5)	(1.6%)

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:

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total</u>
2.5% PACE Movement	249	32	882	1,163
3% Across-the-Board	13,304	1,859	47,635	62,798
Health Insurance	1,470	95	4,900	6,465
Total	15,023	1,986	53,417	70,426

Major Expansions and Reductions

Budget Item	Agency Request			Governor's Recommendation		
	State General Fund	All Funds	FTE	State General Fund	All Funds	FTE
A. Single State Registration System	(12,786)	(24,103)	(0.5)	(12,786)	(24,103)	(0.5)
Total	(12,786)	(24,103)	(0.5)	(12,786)	(24,103)	(0.5)

A. During the 2006 Legislative Session, the PUC transferred authority of the Single State Registration System (SSRS) to the Department of Revenue effective July 1, 2006. As part of that transfer, .5 FTE and the associated salary and benefit of \$22,653 were to be eliminated from the PUC budget. In addition to the personal services, there is also a decrease of \$1,450 operating expenses. Total decrease of \$24,103: \$12,786 general, \$11,317 other.

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 \$10,011 from the State General Fund, bringing the total to \$333,958 from the State General Fund for FY2008.

Item	Actual	Budgeted	Agency Req.	Gov Rec.	Inc/Dec	% Change
	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2008</u>	<u>FY2008</u>	<u>From FY07</u>
Personal Services	299,330	323,974	323,974	333,958	9,984	3.1%
Total	299,330	323,974	323,974	333,958	9,984	3.1%
Funding Types						
General	299,330	323,974	323,974	333,958	9,984	3.1%
Federal	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0.0%
Total	299,330	323,974	323,974	333,958	9,984	3.1%
FTE	3.0	3.0	3.0	3.0	0.0	0.0%

Revenues for All Commission Programs

	FY06			FY07			FY08
	Original Estimate	Actual	Difference Over (Under) Estm.	Original Estimate	Revised Estimate	Change in Estimate	Estimate
Motor Carrier Permits (Law Change FY07)	820,000	849,179	29,179	830,000			
XICC Permits (Law Change FY07)	6,000	3,925	(2,075)	5,000			
ID Stamps (Law Change FY07)	12,000	79,199	67,199	10,000			
Bus/Sngl. Trip Permits (Law Change FY2000)	45,000	29,040	(15,960)	35,000			
Warehouse and Grain Dealer Permits	55,000	48,386	(6,614)	55,000	50,000	(5,000)	50,000
Check-Off Inspections	3,000	2,224	(776)	3,000	3,000	0	3,000
Warehouse Interest	3,000	1,344	(1,656)		2,000	2,000	2,000
Gross Receipts Tax	1,200,000	1,266,724	66,724	1,200,000	1,200,000	0	1,200,000
Telecommunications Application Fees	6,000	4,500	(1,500)	5,000	4,500	(500)	4,500
Refunds for Federal Proceedings (WBIP)		95,072					
Gross Receipts Tax Interest Earned	100,000	57,204	(42,796)	70,000	55,000	(15,000)	55,000
Filing Fees	100,000	65,000	(35,000)	150,000	75,000	(75,000)	75,000
Pipeline Safety--Federal Reimbursements	50,000			40,000	90,000	50,000	50,000
Pipeline Safety Interest	3,500	1,333	(2,167)	2,500	1,500	(1,000)	1,500
Pipeline Safety--Direct & General Reimburse	37,000	33,928	(3,072)	45,000	34,000	(11,000)	35,000
One-Call Location Service Fees	350,000	708,226	358,226	800,000	700,000	(100,000)	700,000
One-Call Interest Earned	9,000	5,086	(3,914)	6,000	5,000	(1,000)	5,000
Do Not Call Revenue	25,000	38,850	13,850	30,000	36,000	6,000	36,000
Total	3,124,500	3,289,220	164,720	3,286,500	2,256,000	(1,030,500)	2,217,000

Selected Performance Indicators for All Commission Programs

	FY06			FY07			FY08
	Original Estimate	Actual	Difference Over (Under) Estm.	Original Estimate	Revised Estimate	Change in Estimate	Estimate
XICC Permits/SSRS Registrations	1,625/1,375	1,525/1,400	(100)/25	1,525/1,400	0	(1,525)/(1,400)	0
Identification Stamps	4,000	3,500	(500)	3,500	0	(3,500)	0
Bus Permits/Single Trip Permits	950	850	(100)	850	0	(850)	0
Grain Warehouse/Dealer License	0	112/303	0	112/305	112/303	0/(2)	112/305
Nonstorage Grain Dealers	28	27	(1)	27	27	0	27
Federal Grain Storage Dealers	109	112	3	112	112	0	112
Public Warehouse Storage	20	19	(1)	19	19	0	19
Grain Dealers Truck Decals	440	445	5	445	0	(445)	0
Dockets Opened	350	258	(92)	300	300	0	300
Dollars Recovered for SD Consumers	\$98,000	\$59,719	(\$38,281)	\$50,000	\$55,000	\$5,000	\$55,000
On-Site Pipeline Safety Inspections	90	90	0	90	90	0	90
Miles of Distribution Pipeline	4,100	4,175	75	4,175	4,175	0	4,175
Operators	18	18	0	18	18	0	18
Incoming Notifications Processed	125,000	151,058	26,058	126,000	126,000	0	126,000
Outgoing Notifications Processed	650,000	727,458	77,458	680,000	680,000	0	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.

The total recommended budget for this activity is \$243,344 from general funds and \$111,252 from other funds and 5.5 FTEs. The dollar amount is \$15,580 less than the FY2007 budget.

Item	<u>Actual</u> <u>FY2006</u>	<u>Budgeted</u> <u>FY2007</u>	<u>Agency Req.</u> <u>FY2008</u>	<u>Gov Rec.</u> <u>FY2008</u>	<u>Inc/Dec</u> <u>FY2008</u>	<u>% Change</u> <u>From FY07</u>
Personal Services	182,113	287,056	264,403	272,918	(14,138)	(4.9%)
Travel	22,773	23,231	23,231	23,231	0	0.0%
Contractual Services	35,272	41,393	41,393	41,401	8	0.0%
Supplies & Materials	6,139	8,000	6,550	6,550	(1,450)	(18.1%)
Capital Outlay	433	10,496	10,496	10,496	0	0.0%
Total	246,730	370,176	346,073	354,596	(15,580)	(4.2%)
Funding Types						
General	246,730	262,400	249,614	243,344	(19,056)	(7.3%)
Federal	0	0	0	0	0	0.0%
Other	0	107,776	96,459	111,252	3,476	3.2%
Total	246,730	370,176	346,073	354,596	(15,580)	(4.2%)
FTE	3.9	6.0	5.5	5.5	(0.5)	(8.3%)

➤ During the 2006 Legislative Session, the PUC transferred authority of the Single State Registration System (SSRS) to the Department of Revenue effective July 1, 2006. As part of that transfer, .5 FTE and the associated salary and benefit of \$22,653 were to be eliminated from the PUC budget. In addition to the personal services, there is also a decrease of \$1,450 operating expenses. Total decrease of \$24,103: \$12,786 general, \$11,317 other.

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 \$2,002,589 from other funds and 19.4 FTEs. The dollar amount is \$39,743 more than the FY2007 budget.

Item	Actual	Budgeted	Agency Req.	Gov Rec.	Inc/Dec	% Change
	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2008</u>	<u>FY2008</u>	<u>From FY07</u>
Personal Services	1,433,958	1,533,494	1,533,494	1,581,447	47,953	3.1%
Travel	89,499	93,454	93,454	93,454	0	0.0%
Contractual Services	197,117	266,698	256,698	261,488	(5,210)	(2.0%)
Supplies & Materials	32,218	42,200	39,200	39,200	(3,000)	(7.1%)
Capital Outlay	16,276	27,000	27,000	27,000	0	0.0%
Total	1,769,068	1,962,846	1,949,846	2,002,589	39,743	2.0%
Funding Types						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	1,769,067	1,962,846	1,949,846	2,002,589	39,743	2.0%
Total	1,769,067	1,962,846	1,949,846	2,002,589	39,743	2.0%
FTE	20.0	19.4	19.4	19.4	0.0	0.0%

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 2007. There are no FTEs budgeted.

Item	Actual	Budgeted	Agency Req.	Gov Rec.	Inc/Dec	% Change
	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2008</u>	<u>FY2008</u>	<u>From FY07</u>
Personal Services	14,705	0	0	0	0	0.0%
Travel	0	400	400	400	0	0.0%
Contractual Services	141,136	258,591	258,591	258,591	0	0.0%
Supplies & Materials	0	1,000	1,000	1,000	0	0.0%
Total	155,841	259,991	259,991	259,991	0	0.0%
Funding Types						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	155,840	259,991	259,991	259,991	0	0.0%
Total	155,840	259,991	259,991	259,991	0	0.0%
FTE	0.2	0.0	0.0	0.0	0.0	0.0%

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 \$168,938 from federal funds and other funds for FY2008.

Item	Actual	Budgeted	Agency Req.	Gov Rec.	Inc/Dec	% Change
	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2008</u>	<u>FY2008</u>	<u>From FY07</u>
Personal Services	49,672	123,289	123,289	127,263	3,974	3.2%
Travel	16,938	26,170	26,170	26,170	0	0.0%
Contractual Services	9,923	8,673	9,673	10,205	1,532	17.7%
Supplies & Materials	450	4,000	3,000	3,000	(1,000)	(25.0%)
Capital Outlay	0	2,300	2,300	2,300	0	0.0%
Total	27,311	41,143	41,143	41,675	532	1.3%
Funding Types						
General	0	0	0	0	0	0.0%
Federal	24,837	84,558	84,558	86,544	1,986	2.3%
Other	52,146	79,874	79,874	82,394	2,520	3.2%
Total	76,982	164,432	164,432	168,938	4,506	2.7%
FTE	0.6	2.3	2.3	2.3	0.0	0.0%

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.

Item	<u>Actual</u> FY2006	<u>Budgeted</u> FY2007	<u>Agency Req.</u> FY2008	<u>Gov Rec.</u> FY2008	<u>Inc/Dec</u> FY2008	<u>% Change</u> From FY07
Personal Services	8,131	0	0	0	0	0.0%
Travel	18,440	25,038	25,038	25,038	0	0.0%
Contractual Services	634,269	787,454	787,454	787,454	0	0.0%
Supplies & Materials	11,476	24,208	24,208	24,208	0	0.0%
Total	672,316	836,700	836,700	836,700	0	0.0%
Funding Types						
General	0	0	0	0	0	0.0%
Federal	0	264,000	264,000	264,000	0	0.0%
Other	672,316	572,700	572,700	572,700	0	0.0%
Total	672,316	836,700	836,700	836,700	0	0.0%
FTE	0.1	0.0	0.0	0.0	0.0	0.0%

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 \$2,500 less than the FY2007 budget.

	Actual	Budgeted	Agency Req.	Gov Rec.	Inc/Dec	% Change
	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2008</u>	<u>FY2008</u>	<u>From FY07</u>
Contractual Services	78	5,500	3,000	3,000	(2,500)	(45.5%)
Supplies & Materials	0	0	0	0	0	0.0%
Total	78	5,500	3,000	3,000	(2,500)	(45.5%)
Funding Types						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	78	5,500	3,000	3,000	(2,500)	(45.5%)
Total	78	5,500	3,000	3,000	(2,500)	(45.5%)

Other Departmental Issues

Interim Appropriation Actions

No Interim Appropriation actions were taken.