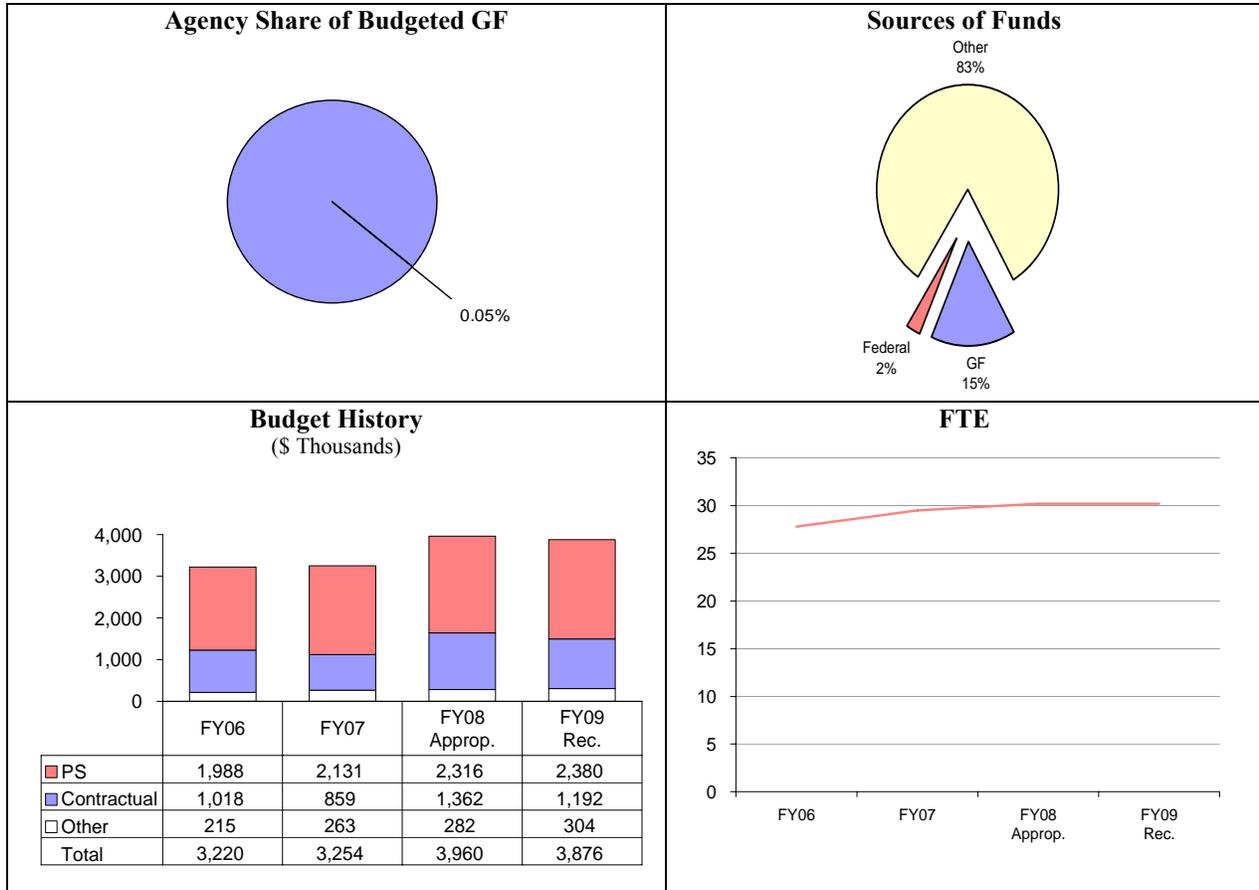


FY09 Budget Briefing

Public Utilities Commission



Key Responsibilities

The Public Utilities Commission is responsible 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, grain warehouses, grain dealers, public storage warehouses, intrastate pipeline safety, and excavation activities; and to represent the State at large.

Key Personnel

- **Gary Hanson**, Chair; **Dustin Johnson**, Vice Chair; **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 funds and other funds, as well as FTEs for the Public Utilities Commission; and the entire office appears in the General Appropriation Act as one program. All other fund authority within the Public Utilities Commission, is considered informational budgets. However, they are not labeled as such in the General Appropriation Act.

The Governor recommends a total appropriation of \$3,876,330 and 30.2 FTEs for the Public Utilities Commission for FY 2009. This dollar amount consists of \$586,214 from the State general fund, \$87,076 in federal funds, and \$3,203,040 in other funds. The Governor's recommendation is an increase over FY 2008 in State general funds of \$8,912 (1.5%), a decrease in federal funds of \$263,468 (75.2%) and an increase in other funds of \$171,114 (5.6%).

Item	Actual FY07	Budgeted FY08	Agency Req. FY09	Gov Rec. FY09	Inc/Dec FY09	% Change From FY08
Personal Services	2,131,348	2,315,586	2,318,201	2,379,883	64,297	2.8%
Travel	148,856	168,293	182,004	182,004	13,711	8.1%
Contractual Services	859,221	1,362,139	1,192,262	1,192,262	(169,877)	(12.5%)
Supplies & Materials	50,910	73,958	74,185	74,185	227	0.3%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	30,337	39,796	47,996	47,996	8,200	20.6%
Other	33,118	-	-	-	-	0.0%
Total	3,253,790	3,959,772	3,814,648	3,876,330	(83,442)	(2.1%)
Funding Types						
General	565,078	577,302	572,088	586,214	8,912	1.5%
Federal	39,438	350,544	85,884	87,076	(263,468)	(75.2%)
Other	2,649,275	3,031,926	3,156,676	3,203,040	171,114	5.6%
Total	3,253,791	3,959,772	3,814,648	3,876,330	(83,442)	(2.1%)
FTE	29.5	30.2	30.2	30.2	-	0.0%

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 2.5% 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	0	0	0	0
2.5% Across-the-Board	12,494	1,057	40,634	54,185
Health Insurance	1,632	135	5,730	7,497
	14,126	1,192	46,364	61,682

Major Expansions and Reductions

Program	Agency Request			Governor's Recommendation		
	State General Fund	All Funds	FTE	State General Fund	All Funds	FTE
A. Grain/Warehouse Div.						
-Personal Services	(2,294)	(3,071)		(2,294)	(3,071)	
-Operating Expenses	(2,920)	898		(2,920)	898	
B. Fixed Utilities Division						
-Personal Services		(23,478)	(0.5)		(23,478)	(0.5)
-Operating Expenses		(850)			(850)	
C. Pipeline Safety Division						
-Personal Services		(5,314)			(5,314)	
-Operating Expenses		4,278			4,278	
D. One Call Notification Board						
-Personal Services		11,000	0.1		11,000	0.1
-Operating Expenses		(179,165)			(179,165)	
E. Do Not Call Registry						
-Personal Services		23,478	0.4		23,478	0.4
-Operating Expenses		27,100			27,100	
Governor's Salary Policy				14,126	61,682	
Total	(5,214)	(145,124)	(0.0)	8,912	(83,442)	(0.0)

- A. The PUC is streamlining the way they do business in the Grain/Warehouse Division, and is requesting a decrease in budget authority. The Governor concurs with the agency in recommending a reduction in general funds of \$5,214 and an increase in other fund authority of \$3,041. The net result is a decrease of \$2,173 in the Grain/Warehouse Division's FY 2009 budget.
- B. The PUC is also streamlining the way they do business in the Fixed Utilities Division, and is requesting a decrease in budget authority. The Governor concurs with the agency in recommending a reduction in other fund authority of \$24,328. The PUC is also transferring 0.53 FTE to other divisions due to a shift in duties.
- C. The PUC is also streamlining the way they do business in the Pipeline Safety Division, and is requesting a decrease in budget authority. The Governor concurs with the agency in recommending a reduction in federal fund authority of \$660 and other fund authority of \$376. The total decrease is \$1,036 in the Pipeline Safety Division's FY 2009 budget.
- D. The PUC received a one time federal grant to pay for mapping all underground utilities in the State. That grant has been completed. As a result, the Governor concurs with the agency in requesting a reduction in federal fund authority of \$264,000. Now all underground mapping is simply an update that is paid for through fees paid by contractors. The Governor also concurs with the agency in requesting an increase in other fund authority of \$95,835 and transferring in 0.13 FTE from other divisions.
- E. The five year renewal of the Do Not Call registry is in 2008. The PUC is planning an informational campaign in FY 2009 to remind consumers. The Governor concurs with the agency in requesting an increase in other fund authority of \$50,578 and transferring in 0.4 FTE from other divisions.
- F. In all, the Governor concurs with the PUC in recommending an increase in personal services, excluding the Governor's salary policy, of \$2,615 and a decrease in operating expenses of 147,739.

Administration

This program in the Public Utilities Commission represents the appropriation from the general fund for the commissioners' salaries, as well as the 3.0 FTEs. Operating expenses are assessed to other program areas within the Commission's budget. The Governor recommends an increased appropriation for the PUC Administration of \$9,373 (2.8%) from the State general fund, bringing the total to \$343,331 in general fund authority for FY 2009.

Item	Actual FY07	Budgeted FY08	Agency Req. FY09	Gov Rec. FY09	Inc/Dec FY09	% Change From FY08
Personal Services	299,330	333,958	333,958	343,331	9,373	2.8%
Travel	-	-	-	-	-	0.0%
Contractual Services	-	-	-	-	-	0.0%
Supplies & Materials	-	-	-	-	-	0.0%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	-	-	-	-	-	0.0%
Other	-	-	-	-	-	0.0%
Total	299,330	333,958	333,958	343,331	9,373	2.8%
Funding Types						
General	305,094	333,958	333,958	343,331	9,373	2.8%
Federal	-	-	-	-	-	0.0%
Other	-	-	-	-	-	0.0%
Total	305,094	333,958	333,958	343,331	9,373	2.8%
FTE	3.0	3.0	3.0	3.0	-	0.0%

- The Governor's recommended salary policy for Administration is \$9,373 in general fund authority. This is the only change in this division.

Revenues for All Commission Programs

	FY07			FY08			FY09
	Original Estimate	Actual	Difference Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
Warehouse and Grain Dealer Permits	55,000	54,221	(779)	50,000	50,000	-	50,000
Check-Off Inspections	3,000	4,717	1,717	3,000	3,500	500	3,500
Warehouse Interest	-	2,748	2,748	2,000	2,000	-	2,000
Gross Receipts Tax	1,200,000	1,485,906	285,906	1,200,000	1,300,000	100,000	1,300,000
Telecommunications Application Fees	5,000	3,750	(1,250)	4,500	3,500	(1,000)	3,500
Gross Receipts Tax Interest Earned	70,000	65,696	(4,304)	55,000	60,000	5,000	60,000
Filing Fees	150,000	426,413	276,413	75,000	125,000	50,000	125,000
Pipeline Safety--Federal Reimbursements	40,000	49,111	9,111	50,000	40,000	(10,000)	40,000
Pipeline Safety Interest	2,500	2,445	(55)	1,500	1,000	(500)	1,000
Pipeline Safety--Direct & General Reimburse	45,000	38,383	(6,617)	35,000	35,000	-	35,000
One-Call Location Service Fees	800,000	694,385	(105,615)	700,000	700,000	-	700,000
One-Call Interest Earned	6,000	8,338	2,338	5,000	7,000	2,000	7,000
Do Not Call Revenue	30,000	48,400	18,400	36,000	42,000	6,000	42,000
Do Not Call Interest Earned	-	2,539	2,539	-	2,000	2,000	2,000
Total	2,406,500	2,887,052	480,552	2,217,000	2,371,000	154,000	2,371,000

Selected Performance Indicators for All Commission Programs

	FY07			FY08			FY09
	Original Estimate	Actual	Difference Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
Grain Warehouse/Dealer License	112/305	112/303	0/(2)	112/305	112/305	0/0	112/305
Nonstorage Grain Dealers	27	27	-	27	27	-	28
Federal Grain Storage Dealers	112	112	-	112	112	-	112
Public Warehouse Storage	19	19	-	19	19	-	19
Dockets Opened	300	306	6	300	300	-	300
Dollars Recovered for SD Consumers	\$ 50,000	\$ 74,451	\$ 24,451	\$ 55,000	\$ 65,000	\$ 10,000	\$ 65,000
On-Site Pipeline Safety Inspections	90.0	112.5	22.5	90.0	100.0	10.0	100.0
Miles of Distribution Pipeline	4,175	4,327	152	4,175	4,327	152	4,327
Operators	18	16	(2)	18	16	(2)	16
Incoming Notifications Processed	126,000	125,601	(399)	126,000	126,000	-	126,000
Outgoing Notifications Processed	680,000	673,045	(6,955)	680,000	680,000	-	680,000

Grain/Warehouse Division

The Grain/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. 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, SD Corn Utilization Council, and the SD Soybean Council.

The Grain and Warehouse other fund is considered an information fund. However, the general funds are not considered informational.

The Governor recommends a total appropriation for the Grain/Warehouse Division of \$360,160 for FY 2009. This dollar amount consists of \$242,883 in general funds and \$117,277 in other funds. The Governor also recommends 5.5 FTEs. The Governor's recommendation is a decrease of \$461 (0.2%) in general funds and an increase of \$6,025 (5.4%) in other funds.

Item	Actual FY07	Budgeted FY08	Agency Req. FY09	Gov Rec. FY09	Inc/Dec FY09	% Change From FY08
Personal Services	199,439	272,918	269,847	277,584	4,666	1.7%
Travel	19,162	23,231	24,150	24,150	919	4.0%
Contractual Services	37,995	41,401	42,330	42,330	929	2.2%
Supplies & Materials	2,486	6,550	5,600	5,600	(950)	(14.5%)
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	5,938	10,496	10,496	10,496	-	0.0%
Other	-	-	-	-	-	0.0%
Total	265,020	354,596	352,423	360,160	5,564	1.6%
Funding Types	259,984	243,344	238,130	242,883	(461)	(0.2%)
General	-	-	-	-	-	0.0%
Federal	5,036	111,252	114,293	117,277	6,025	5.4%
Other	265,020	354,596	352,423	360,160	5,564	1.6%
Total	3.9	5.5	5.5	5.5	-	0.0%

- The Governor's recommended salary policy for the Grain/Warehouse division is \$4,753 in general fund authority, and \$2,984 in other fund authority.
- The Governor concurs with the PUC in recommending a reduction in general fund authority of \$2,294 and in other fund authority of \$777 for personal services to more accurately reflect expenditures in this division.
- The Governor also concurs with the PUC in recommending a reduction in general fund authority of \$2,920 and an increase in other fund authority of \$3,818 for operating expenses due to changes in travel, contractual services and supplies.

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 .15%, 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 Governor's recommended budget for the Fixed Utilities Division, which is an informational item, is \$2,019,200 from other funds, and 18.9 FTEs. This dollar amount is \$16,611 (0.8%) more than the FY 2008 budget. The FTEs are decreasing by 0.5 from FY 2008.

Item	Actual FY07	Budgeted FY08	Agency Req. FY09	Gov Rec. FY09	Inc/Dec FY09	% Change From FY08
Personal Services	1,368,996	1,581,447	1,557,969	1,598,908	17,461	1.1%
Travel	67,412	93,454	90,204	90,204	(3,250)	(3.5%)
Contractual Services	222,013	261,488	259,888	259,888	(1,600)	(0.6%)
Supplies & Materials	15,698	39,200	36,200	36,200	(3,000)	(7.7%)
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	19,788	27,000	34,000	34,000	7,000	25.9%
Other	-	-	-	-	-	0.0%
Total	1,693,907	2,002,589	1,978,261	2,019,200	16,611	0.8%
Funding Types						
General	-	-	-	-	-	0.0%
Federal	-	-	-	-	-	0.0%
Other	1,693,907	2,002,589	1,978,261	2,019,200	16,611	0.8%
Total	1,693,907	2,002,589	1,978,261	2,019,200	16,611	0.8%
FTE	19.3	19.4	18.9	18.9	(0.5)	(2.6%)

- The Governor's recommended salary policy for the Fixed Utilities Division is \$40,939 in other fund authority.
- The Governor concurs with the PUC in recommending a reduction in other fund authority of \$23,478 for personal services and a reduction of 0.5 FTE. The PUC is allocating 0.2 FTE for consumer affairs staff and 0.2 FTE for legal staff to the Do Not Call Registry. The PUC is also allocating 0.05 FTE for the Deputy Executive Director's time and 0.05 FTE for legal staff to the One Call Notification Board.
- The Governor also concurs with the PUC in recommending a reduction in other fund authority of \$850 for operating expenses. This is primarily the result of changes in inter-department travel policies, decreases in contractual services and supply usage totaling \$7,850 in less appropriation needs. However, capital outlay is increasing by \$7,000 due to computer replacement and memory upgrades needed prior to the State's conversion to the Vista operating system.

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 Governor’s recommended budget for the Rate Case/Utility Investment Fund, which is an informational item, is \$259,991 from other funds. This is same amount as appropriated in the FY 2008 budget. There are no FTEs budgeted.

Item	Actual FY07	Budgeted FY08	Agency Req. FY09	Gov Rec. FY09	Inc/Dec FY09	% Change From FY08
Personal Services	168,317	-	-	-	-	0.0%
Travel	863	400	400	400	-	0.0%
Contractual Services	74,728	258,591	258,591	258,591	-	0.0%
Supplies & Materials	273	1,000	1,000	1,000	-	0.0%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	-	-	-	-	-	0.0%
Other	33,118	-	-	-	-	0.0%
Total	277,299	259,991	259,991	259,991	-	0.0%
Funding Types						
General	-	-	-	-	-	0.0%
Federal	-	-	-	-	-	0.0%
Other	277,299	259,991	259,991	259,991	-	0.0%
Total	277,299	259,991	259,991	259,991	-	0.0%
FTE	2.1	-	-	-	-	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 Governor's recommended FY 2009 appropriation for the Pipeline Safety Division, which is an informational item, is \$170,666. This dollar amount consists of \$87,076 from federal funds and \$83,590 from other funds. This is an increase of \$532 (0.6%) in federal funds and \$1,196 (1.5%) in other funds. FTEs remain the same as FY 2008 at 2.3.

Item	Actual FY07	Budgeted FY08	Agency Req. FY09	Gov Rec. FY09	Inc/Dec FY09	% Change From FY08
Personal Services	78,877	127,263	121,949	124,713	(2,550)	(2.0%)
Travel	25,405	26,170	27,750	27,750	1,580	6.0%
Contractual Services	12,134	10,205	14,103	14,103	3,898	38.2%
Supplies & Materials	749	3,000	1,800	1,800	(1,200)	(40.0%)
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	1,326	2,300	2,300	2,300	-	0.0%
Other	-	-	-	-	-	0.0%
Total	118,491	168,938	167,902	170,666	1,728	1.0%
Funding Types						
General	-	-	-	-	-	0.0%
Federal	39,438	86,544	85,884	87,076	532	0.6%
Other	79,053	82,394	82,018	83,590	1,196	1.5%
Total	118,491	168,938	167,902	170,666	1,728	1.0%
FTE	1.0	2.3	2.3	2.3	-	0.0%

- The Governor's recommended salary policy for the Pipeline Safety Division is \$1,192 in federal fund authority and \$1,572 in other fund authority.
- The Governor concurs with the PUC in recommending a reduction of \$2,657 in federal fund authority and \$2,657 in other fund authority for personal services to more accurately reflect expenditures in this division.
- The Governor also concurs with the PUC in recommending an increase of \$1,997 in federal fund authority and \$2,281 in other fund authority for operating expenses. This is primarily the result of increased travel for two inspectors as opposed to one, as well as increased contractual services for dues to the National Association of Regulatory Commission, computer support needs, and increased space billings, totaling \$5,478 in increased appropriation. However, supplies and material needs are decreasing by \$1,200, due to an effort by PUC to reduce the amount of paper being generated.

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.

The Governor's recommended FY 2009 appropriation for the One Call Notification Board, which is an informational item, is \$668,828 in other funds, which is an increase of \$96,128 (16.8%) from FY 2008. Federal fund authority of \$264,000 that was budgeted in FY 2008 is being eliminated in FY 2009. The Governor is also recommending an increase of 0.1 FTE.

Item	Actual FY07	Budgeted FY08	Agency Req. FY09	Gov Rec. FY09	Inc/Dec FY09	% Change From FY08
Personal Services	10,625	-	11,000	11,293	11,293	100.0%
Travel	36,014	25,038	37,000	37,000	11,962	47.8%
Contractual Services	512,093	787,454	595,350	595,350	(192,104)	(24.4%)
Supplies & Materials	31,078	24,208	23,985	23,985	(223)	(0.9%)
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	3,286	-	1,200	1,200	1,200	100.0%
Other	-	-	-	-	-	0.0%
Total	593,096	836,700	668,535	668,828	(167,872)	(20.1%)
Funding Types						
General	-	-	-	-	-	0.0%
Federal	-	264,000	-	-	(264,000)	(100.0%)
Other	593,096	572,700	668,535	668,828	96,128	16.8%
Total	593,096	836,700	668,535	668,828	(167,872)	(20.1%)
FTE	0.2	-	0.1	0.1	0.1	100.0%

- The Governor's recommended salary policy for the One Call Notification Board is \$293 in other fund authority.
- The Governor concurs with the PUC in recommending an increase of \$11,000 in other fund authority for personal services and 0.1 FTE. The increase in authority and FTE will more accurately reflect the Deputy Executive Director's time for accounting services, and preparing monthly financial statements for the One Call Notification Board. It also reflects time spent by a staff attorney, who provides legal advice to the One Call Notification Board, which includes traveling to board meetings and site visits.
- The Governor also concurs with the PUC in recommending an increase of \$84,835 in other fund authority for operating expenses primarily for travel and contractual services. Travel costs are increasing due to decreased travel costs paid by companies who employ board members, and the board's executive director has been named chairman of the One Call Systems International, which will require more out-of-state travel. Contractual service costs are increasing primarily due to a planned overlap period of the current executive director, who plans to retire in FY 2009, and the new executive director. Also based on a contract with an outside CPA firm for a SAS 70 audit, and other contractual services.
- The PUC received a one time federal grant to pay for mapping all underground utilities in the State. That grant has been completed. As a result the Governor concurs with the agency in requesting a reduction in federal fund authority of \$264,000. Now all underground mapping is simply an update that is paid for through fees paid by contractors

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 Governor's recommended FY 2009 appropriation for the Do Not Call List Division, which is an informational item, is \$54,154 in other funds, which is an increase of \$51,154 from FY 2008. The Governor is also recommending an increase of 0.4 FTE

Item	Actual FY07	Budgeted FY08	Agency Req. FY09	Gov Rec. FY09	Inc/Dec FY09	% Change From FY08
Personal Services	-	-	23,478	24,054	24,054	100.0%
Travel	-	-	2,500	2,500	2,500	100.0%
Contractual Services	258	3,000	22,000	22,000	19,000	633.3%
Supplies & Materials	627	-	5,600	5,600	5,600	100.0%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	-	-	-	-	-	0.0%
Other	-	-	-	-	-	0.0%
Total	885	3,000	53,578	54,154	51,154	1705.1%
Funding Types						
General	-	-	-	-	-	0.0%
Federal	-	-	-	-	-	0.0%
Other	885	3,000	53,578	54,154	51,154	1705.1%
Total	885	3,000	53,578	54,154	51,154	1705.1%
FTE	0.0	0.0	0.4	0.4	0.4	100.0%

- The Governor's recommended salary policy for the Do Not Call List Division is \$576 in other fund authority.
- The Governor concurs with the PUC in recommending the addition of \$23,478 in other fund authority for personal services and 0.4 FTE. The addition of personal services authority and FTE is for staff time of the Director of Consumer Affairs and one staff attorney to educate the public and enforce the Do Not Call rules.
- The Governor also concurs with the PUC in recommending an increase of \$27,100 in other fund authority for operating expenses. The five year anniversary of the implementation of the Do Not Call program is in 2008. Most people will be required to re-register their phone numbers in order to stay on the DO Not Call list. Therefore, PUC is planning an information campaign to start in the fall of 2008 (FY 2009) to remind consumers to re-register their numbers. PUC plans to run a similar campaign every five years.

Other Departmental Issues

A. Budget Transfers (FY07 and FY08 year-to-date)

There were no budget transfers in FY 2007 or FY 2008 year-to-date.

B. Audit Findings

Currently no audit findings.

C. Letters of Intent

There were no letters of intent for FY 2008.

D. General Fund Reversions

The Public Utilities Commission reverted \$21,296 in general funds at the end of FY 2007. Of this amount, \$3,975 was for personal services and \$17,321 was for operating expenditures.

PUBLIC UTILITIES COMMISSION GROSS RECEIPTS TAX FUND



South Dakota Legislative Research Council

Frequently Asked Questions

The purpose of this FAQ sheet is to provide information to the Joint Committee on Appropriations regarding *informational budgets* in the South Dakota budgetary system. The information was compiled by the Legislative Research Council with assistance from the Department of Legislative Audit and the Government Operations and Audit Committee.

When and why was this fund created?

The South Dakota Public Utilities Commission (PUC) Gross Receipts Tax Fund was created by the 1975 Legislature through SB216 (SDCL 49-1A); however, the original name of this fund was the “Special Hearing Fund”. The original purpose for the fund was to permit full and adequate hearings of controversies to be heard before the PUC involving public utilities. The fund was financed by assessing a tax on the total gross receipts received from retail customers within the state of South Dakota by these public utilities. The tax collected was to be used to defray the expense of hearings involving matters relating to telephones, electricity or natural gas. The original tax rate was levied on each public utility subject to the regulation of the PUC and was a direct rate of .001 to be levied upon the annual gross receipts derived by its customers within the state of South Dakota during the preceding calendar year. Each utility company was required to file with PUC by July 1st, information regarding the amount of its gross receipts derived from customers the preceding calendar year. The tax levied was required to be paid by August 1st. Late penalties were assessed at 5% per month on the amount of tax due to the PUC. If still not paid PUC was allowed the sale of personal property of the company owing the tax. Amounts deposited in the fund were appropriated to the use of the PUC and expenses were hereby authorized to be expended, making this fund continuously appropriated.

Has the original purpose of the fund changed?

The original purpose of the fund was changed by the 1991 Legislature through SB238. The use of the fund was expanded in order to permit full and adequate regulation of public utilities as defined in SDCL chapter 49-34A and telephone companies was changed to telecommunications companies as defined by SDCL 49-31-1(28). The name of the fund was changed to the South Dakota Public Utilities Commission Gross Receipts Tax Fund and was made participating in the state’s interest proration. The penalty for late payments was also increase to 10% of the amount of the tax due. Over the years changes have been made for the tax rate levied on each public utility as defined in SDCL 49-34A-1(12), which is subject to the rate regulation of PUC and all telecommunications companies as defined in SDCL 49-31-1(26). Currently SDCL 49-

1A-3 allows PUC to levy a tax of not more than .0015 (or .15%) or two hundred fifty dollars, whichever is greater upon the annual intrastate gross receipts derived by the public utility or telecommunications company from its customers within the State of South Dakota during the preceding calendar year. The 2003 Legislature through HB1231 changed the filing date for the annual reports of gross receipts to April 1st. The bill also added a date of May 1st for PUC to establish a rate and assess the tax to fund the commission's budget for the next fiscal year and provide a contingency reserve in an amount not to exceed the prior year's budget. The date of collection of this tax was also changed to July 15th. HB1231 added language that these funds may not be expended for any other operation of state government.

Where does the revenue come from?

As stated, SDCL 49-1A-3 allows PUC to levy a tax of not more than .0015 (or .15%) or two hundred fifty dollars, whichever is greater upon the annual intrastate gross receipts derived by a public utility (as defined in SDCL 49-34A-1(12)) or telecommunications company (as defined by SDCL 49-31-1(26)), from its customers within the State of South Dakota during the preceding calendar year.

What spending restrictions exist on the fund?

Per SDCL 49-1A-7 all amounts deposited in this fund are appropriated to the use of the PUC for its expenses in regulating public utilities as defined in SDCL chapter 49-34A and telecommunications companies as defined in SDCL 49-31-1(26). Expenses may be paid out of the fund on warrants drawn by the state auditor upon duly itemized vouchers. Expenses are authorized to be expended and funds may not be expended for any other operations of state government.

The 2001 Legislature through HB 1297 transferred \$500,000 out of the PUC Gross Receipts Tax Fund to the public welfare assistance fund administered by the Department of Social Services to provide grants to qualifying individuals for home heating assistance pursuant to the low income energy assistance program. This transfer was prior to the passage of HB1231 in the 2003 Legislature, which added restrictive language in statute regarding the use of funds in the PUC Gross Receipts Tax Fund.

Also, the 2003 Legislature through SB41 allowed PUC to use money from the Gross Receipts Tax Fund to implement the no solicitation calls list (register). This money was required to be returned to the Gross Receipts Tax Fund within three years of implementation of the register. PUC did not use money from the Gross Receipts Tax Fund for the creation of the register. According to PUC they were able to piggy back with the feds instead of developing their own.

It should also be noted that the cash balance of this fund has consistently declined over the past 4 fiscal years, from \$2,070,222.18 in FY 2004 to \$1,374,811.20 in FY 2007. This is based on expenditures being higher than revenues. Also, the FY 2008 cash balance is projected to

decrease again to \$1,307,108.18. According to PUC the maximum rate allowed by statute has been billed and the fund balance has always been well below the max allowed by statute.

The cash balance at June 30, 2007 is also less than the amount budgeted for FY 2008 which is \$2,002,580. Since the Gross Receipts Tax Fund is billed to utilities and telecommunication companies once a year, by May 1st, and receipts are due by July 15th, it appears this cash balance is needed to fund expenditures budgeted in FY 2008.

Is the fund on the state accounting system? What is the timing of the Fiscal Year?

The fund is on the state accounting system along with all revenues and expenditures. The fiscal year runs the same as the state fiscal year which is from July 1 to June 30.

What Oversight Exists?

The South Dakota Department of Legislative Audit has audited the financial statements of the South Dakota Public Utilities Commission (PUC) Gross Receipts Tax Fund as of June 30, 2001. At that time no written audit findings were issued.

Also, it should be noted that the Appropriations committee has an annual budget hearing for the PUC including the Gross Receipts Tax Fund. The Informational budget of the Gross Receipts Tax Fund is also in the Governor's budget request and the General Appropriations Bill is acted on by the Legislative body.

2007 Government Operations and Audit Committee "Blue Book"

Other Fund Information

Public Utilities Commission
State Accounting System - Other Fund Balances
Company 3128 - Gross Receipts Tax Fund

	FY2004	FY2005	FY2006	FY2007
1 Cash Pooled with State Treasurer	2,070,222.18	1,745,552.49	1,502,212.61	1,374,811.20
2 Total Assets	2,070,222.18	1,745,552.49	1,502,212.61	1,374,811.20
3				
4 Accounts Payable	-	-	-	-
5 Total Liabilities	-	-	-	-
6				
7 Reserve for Encumbrances	-	-	-	11,154.00
8 Unreserved Fund Balance	2,070,222.18	1,745,552.49	1,502,212.61	1,363,657.20
9 Total Fund Equity	2,070,222.18	1,745,552.49	1,502,212.61	1,374,811.20
10 Total Liabilities and Fund Equity	2,070,222.18	1,745,552.49	1,502,212.61	1,374,811.20
11				
12				
13 Taxes	644,990.81	1,227,371.01	1,266,723.89	1,485,906.01
14 Licenses, Permits and Fees	5,750.00	4,500.00	99,572.09	3,750.00
15 Use of Money and Property	96,361.74	67,838.64	57,203.68	65,695.76
16 Other Revenue	50.00	10,870.05	130.00	-
17 Total Operating Revenue	747,152.55	1,310,579.70	1,423,629.66	1,555,351.77
18				
19 Personal Services and Benefits	1,171,680.58	1,237,067.64	1,333,586.83	1,368,996.18
20 Travel	80,324.47	90,160.27	87,814.45	67,412.09
21 Contractual Services	196,669.08	244,676.63	197,074.77	222,013.12
22 Supplies and Materials	29,790.57	41,759.90	32,217.53	15,697.63
23 Capital Outlay	25,561.91	21,584.95	16,275.96	8,634.16
24 Total Operating Expenditures/Expenses	1,504,026.61	1,635,249.39	1,666,969.54	1,682,753.18
25				
26 Transfers In	-	-	-	-
27 Transfers Out	-	-	-	-
28 Net Transfers In (Out)	-	-	-	-
29				
30 Net Change	(756,874.06)	(324,669.69)	(243,339.88)	(127,401.41)
31				
32 Beginning Fund Equity	2,827,096.24	2,070,222.18	1,745,552.49	1,502,212.61
33 Ending Equity	2,070,222.18	1,745,552.49	1,502,212.61	1,374,811.20

Company: 3128

Company Name: PUC Other Funds - Informational

Fund Name: PUC Gross Receipts Tax Fund

Fund Type: Special Revenue

Purpose: SDCL 49-1A-2 created the PUC Gross Receipts Tax Fund. Source: Gross receipts tax on all telecommunications companies, interest earned on fund. Use: Regulation of public utilities.

Budget Information: Included in the General Appropriations Bill.

**PUBLIC UTILITIES COMMISSION
GROSS RECEIPTS TAX FUND
CONDITION STATEMENT 109033**

	ACTUAL FY2006	ACTUAL FY2007	PROJECTED FY2008
TOTAL RECEIPTS	\$1,423,629.66	\$1,555,351.77	\$1,639,731.64
TOTAL DISBURSEMENTS	\$1,666,969.54	\$1,682,753.18	\$1,707,434.66
NET (Receipts less Disbursements)	(\$243,339.88)	(\$127,401.41)	(\$67,703.02)
BEGINNING CASH BALANCE	\$1,745,552.49	\$1,502,212.61	\$1,374,811.20
ENDING CASH BALANCE	\$1,502,212.61	\$1,374,811.20	\$1,307,108.18

**PUBLIC UTILITIES COMMISSION
GROSS RECEIPTS TAX FUND
CONDITION STATEMENT (3128)**

	ACTUAL FY2006	ACTUAL FY2007	PROJECTED FY2008	PROJECTED FY2009
TOTAL RECEIPTS	\$1,423,630	\$1,555,352	\$1,639,732	\$1,640,291
TOTAL DISBURSEMENTS	\$1,666,970	\$1,682,753	\$1,707,435	\$1,707,953
NET (Receipts less Disbursements)	(\$243,340)	(\$127,401)	(\$67,703)	(\$67,662)
BEGINNING CASH BALANCE	\$1,745,552	\$1,502,213	\$1,374,811	\$1,307,108
ENDING CASH BALANCE	\$1,502,213	\$1,374,811	\$1,307,108	\$1,239,446