

Hamre, John G.

From: Gallion, Joshua C.
Sent: Monday, April 14, 2014 12:25 PM
To: Cronquist, Alex J.
Cc: Hamre, John G.; Schmidt, Krista M.
Subject: RE: Agency Budget Visitation
Attachments: 2014 Agency Budget Visitation Form Final Draft.doc

Alex,

Here's the completed questionnaire for our meeting on April 22nd at 1:30pm. Please let me know if you have any questions prior to the meeting.

Thanks,
Josh

Josh Gallion
701-328-4020

From: Cronquist, Alex J.
Sent: Tuesday, March 25, 2014 9:26 AM
To: Gallion, Joshua C.
Subject: RE: Agency Budget Visitation

Hi Josh, I just wanted to update you on what my schedule is looking like for setting up a budget visit. I will not be available on April 2, 9, 10, 16, and 17.

Alex Cronquist

From: Cronquist, Alex J.
Sent: Monday, March 03, 2014 3:42 PM
To: Gallion, Joshua C.
Subject: Agency Budget Visitation

Mr. Gallion,

As the Legislative Council staff does each interim, we are scheduling state agency budget visits. The purpose of the visit is to gather information relating to the status of state agency and institution appropriations for the 2013-15 biennium, agency compliance with legislative intent, use of 2013-15 one-time funding, and major budget issues for the 2015-17 biennium. Therefore, I would like to meet in your office to discuss your agency's 2013-15 budget, legislative intent issues, major plant improvement needs, and budget issues for the 2015-17 biennium.

To facilitate the meeting, please complete and return the attached questionnaire to me prior to our meeting. I will be calling in the next few weeks to arrange for a meeting in late March or early April. Please contact me if you have any questions.

Thank you for your assistance with this project.

Alex Cronquist
Fiscal Analyst

North Dakota Legislative Council
(701)328-4238
ajcronquist@nd.gov

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Agency name: Public Service Commission

Agency personnel: Joshua C. Gallion

Date of visit: April 22, 2014; 1:30 PM

LEGISLATIVE COUNCIL FISCAL STAFF 2014 AGENCY BUDGET VISITATIONS

2013-15 BIENNIUM

1. Describe the status of your agency's efforts to implement 2013-15 legislative intent items. List major items of legislative intent (i.e., sections of legislative intent in 2013 appropriation Acts or other 2013 legislation) and the status of implementation.

HB 1008, SECTION 8. LEGISLATIVE INTENT - GAS PIPELINE SAFETY INSPECTOR AND PUBLIC UTILITY ANALYST. It is the intent of the legislative assembly that the public service commission proceed in the hiring process of the gas pipeline safety inspector and public utility analyst positions that have been repurposed in the commission's 2013-15 biennium budget from the weights and measures program prior to June 30, 2013.

- Gas Pipeline Safety Inspector – Hired as of August 5, 2013
- Public Utility Analyst – Hired as of October 14, 2013

Other Legislative intent items:

Legislative changes affecting The Energy Conversion and Transmission Facility Siting Act, penalties for violation of requirements under the Gas Pipeline Safety Program, standards and penalties under the One-Call Damage Prevention Program, and higher application fees for some regulated public utility applications have been implemented without need for rulemaking.

2. Describe the status of your agency's 2013-15 one-time funding items. List the items and the status of the use of the funding.

Reclamation and grain licensing litigation

One-time funding	Status	Budget	Expenses
Federal stimulus funds	Grant Expired	\$0	\$0
Reclamation and grain licensing litigation	As of 3/20/2014	750,000	83,244.42
Hydraulic Soil Probe	Acquired 1/27/14	<u>28,000</u>	<u>23,857.68</u>
Total one-time funding		778,000	107,102.10
Funding			
General Funds		424,080	44,457.55
Federal Funds		<u>353,920</u>	<u>62,644.55</u>
Total Funds		778,000	107,102.10

3. Describe major changes made or contemplated to be made by your agency during the 2013-15 Biennium which were not anticipated by the Legislative Assembly in 2013, including any budget reallocations or repriorities.

None.

4. If applicable for your agency, provide the most recent comparison of number of clients, students, or residents served to budget estimates (attach applicable documentation or reports).

N/A.

5. Provide a comparison of actual agency/institution collections to budget estimates. Include projected collections for the remainder of the biennium and the impact on agency operations of any anticipated surplus or shortfall (attach applicable documentation):

General fund:

The Public Service Commission does not rely on fees collected and deposited into the general fund to support direct or indirect business functions. See attached spreadsheet for revenue forecasts.

Federal funds:

Federal grant programs rely on federal funds for salaries and operating expenses. See attached spreadsheet

Other funds:

See attached spreadsheet

7. Identify salary or personnel administration issues, including salary increases, staff turnover, vacant FTE positions and related savings, major staffing changes, and reclassifications.

The FTE levels for the 2013-2015 Biennium increased by 1 from the previous period. There have been staff turnover since July 1, 2013 including 1 Retirement and 2 Resignations.

New Positions

1. Gas Pipeline Safety Inspector, Position Number 28866. The position was filled with a start date of August 5, 2013.
2. Public Utility Analyst II, Position Number 5009. The position was filled with a start date of October 14, 2013.

Vacancies

1. Weights and Measurer Inspector, Position Number 5007, Retirement November 30, 2013. The position has been advertised for the second time with a closing date of March 14, 2014.
2. Public Information Specialist II, Administration, Position Number 4993, Resignation January 3, 2014. The position was filled with a start date of February 18, 2014. (NOTE: The former employee was at the salary of \$4255.33. The current employee started at \$4000 to be increased to \$4200 after 6-month probation.)
3. Public Utility Analyst II, Position Number 27148, Resignation February 28, 2014. The position has been advertised with a closing date of March 21, 2014.
4. GIS Specialist III, Position Number 5025, Vacant as of July 1, 2013. This position was filled on August 26, 2013.

Probationary Increases

1. Attorney II, Position Number 5029, 6-month probationary increase, October 2013.
2. Environmental Scientist III, Position Number 5026, 12-month probationary increase, November 2013.
3. GIS Specialist III, Position Number 5025, 6-month probationary increase, February 2014.

Reclassifications

None

8. List amounts charged to date to the accrued leave payments line item and the purpose of the expenditure. Does your agency anticipate needing to transfer funds from the accrued leave payments line item to the salaries and wages line item this biennium? If so, how much?

1. Weights and Measurer Inspector, Position Number 5007, Retirement November 30, 2013. Annual leave payout \$4744.20, Sick leave payout \$1153.89.
2. Public Information Specialist II, Administration, Position Number 4993, Resignation January 3, 2014. The position was filled with a start date of February 18, 2014. Annual leave payout \$304.91.
3. Public Utility Analyst II, Position Number 27148, Resignation February 28, 2014. Annual leave payout \$829.39.

9. List all major Emergency Commission requests approved to date or contemplated for the remainder of the biennium.

No requests submitted to date or currently being considered.

10. Describe any deficiency or emergency appropriations to be requested of the Legislative Assembly in 2015.

None at this time

11. Describe any other significant budget issues or concerns.

None at this time for the 2013-2015 Biennium

2015-17 BIENNIUM

1. Identify any major program changes or significant budget changes that may be included in your agency's 2015-17 biennium budget request.

Addition of Hazardous Liquids Program: The commission is currently considering the addition of a state Hazardous Liquids Program. Details such as program requirements, number of inspectors, and costs will be compiled and evaluated over the next couple of months.

From U.S. Dept. of Transportation's PHMSA website:

Two statutes provide the framework for the Federal pipeline safety program. The Natural Gas Pipeline Safety Act of 1968 as amended (NGPSA) authorizes the Department to regulate pipeline transportation of natural (flammable, toxic, or corrosive) gas and other gases as well as the transportation and storage of liquefied natural gas (LNG). Similarly, the Hazardous Liquid Pipeline Safety Act of 1979 as amended (HLPSA) authorizes the Department to regulate pipeline transportation of hazardous liquids (crude oil, petroleum products, anhydrous ammonia, and carbon dioxide). Both of these Acts have been recodified as 49 U.S.C. Chapter 601.

<http://www.phmsa.dot.gov/pipeline/state-programs>

Abandoned Mine Land (AML) Program Funding: Federal funding for the AML program will drop from about \$3.5 million per year during the 2013-15 Biennium to \$3 million per year for the 2015-17 Biennium. This reduction is in accordance with the 2006 AML amendments to the federal Surface Mining Control and Reclamation Act that resulted in a substantial increase to our annual funding that had been approximately \$1.6 million per year. Therefore the budget for "Abandoned mined land contractual" will be reduced to \$5 million compared to the \$8 million that was appropriated for the 2013-15 biennium.

2. Describe activities or programs begun in the 2013-15 Biennium that will be fully implemented in the 2015-17 Biennium and the related additional fiscal impact.

None

3. List any new or possible federal mandates, programs, or funding that will affect your agency during the 2015-17 Biennium and the related fiscal impact.

The Commission is concerned that funding for the federal share (64%) of the coal regulatory program costs will drop during the 2015-17 Biennium. The Obama Administration recently announced its budget proposal for federal FY2015 and it proposes nearly a 20% reduction in federal funds for all state and tribal regulatory programs from that approved by Congress for FY2014. The Administration is encouraging states to offset the shortfall of federal funds by collecting more permit or user fees from the coal industry. The Commission does not have the authority to increase permit fees or impose user fees as the fees collected by the Commission are set in the reclamation law. Another option to make up any reduction in federal funds is to increase the state share of funding for the program. To offset a 20% reduction in federal funds for both years of the 2015-17 Biennium, the general fund appropriation for the Reclamation Division would have to be increased by about \$300,000. It should be noted that similar reductions have been proposed by the Obama Administration for the past three years, but the reduced levels for state and tribal programs were not enacted by Congress. It is uncertain what will happen this year or in future years. However, it seems likely that the current Administration will be proposing further reductions in funding for the federal share of state and tribal programs in the future.

4. Identify any one-time funding items your agency may request.

Reclamation and Insolvency Litigation Fund - \$900,000

5. Comment on the adequacy of your agency's space and facilities and describe any proposed plans for relocation, including any related costs.

Space is adequate. See space survey for details.

6. Describe major plant improvement needs, including major renovation or new buildings that may be requested for the 2015-17 biennium.

None

7. Describe any statutory changes that may be requested from the Legislative Assembly in 2015.

No changes identified at this time

OTHER COMMENTS

None