

**PUBLIC SERVICE COMMISSION
(Agency #450) 2009-11 BIENNIUM**

I) AGENCY SUMMARY & REVENUE SOURCES

MISSION

The Public Service Commission (PSC), through its Utilities Division, has general regulatory authority over public utilities that provide electric, gas, telecommunications, water, and sewer services to State consumers (no authority over municipals), and also monitors and inspects pipeline transmissions. Through its Tax Division, the PSC annually assesses the property of public utilities and carriers operating in the State for property taxation purposes. The Public Service Commission (PSC) has 3 gubernatorially appointed Commissioners who serve six-year overlapping terms.

TOTAL BIENNIAL BUDGET

The total appropriation for the PSC is \$13,306,154 for FY2010 and \$13,458,692 for FY2011 which includes an increase of \$102,803 for FY2010 and \$103,825 for FY2011. This total increase in appropriation is offset by the redistribution of \$163,176 in appropriation from FY2010 to FY2011 due to the dividing in half of 2 biennial line item appropriations, Special Maintenance and Data Processing Services. These appropriations have been divided equally with one-half to be provided for FY2010 and one-half for FY2011, as a result of the passage of the Constitutional Amendment requiring fiscal sessions and limiting appropriations to one year.

FUNDING SOURCE

The PSC is funded by Fund Balances (26% in FY2010 & 17% in FY2011) Special Revenues (67% in FY2010 & 75% in FY2011), Federal Funds (2% in FY2010 & 3% in FY2011 as cost reimbursement to the Pipeline Safety Program), Ad Valorem taxes (5% each year) and General Revenues if needed (for the Tax Division). General Revenues are not projected to be needed for the 2009-2011 Biennium.

II) SIGNIFICANT CHANGES

UTILITIES DIVISION - OPERATIONS (APPROPRIATION 255)

This appropriation is funded by special revenues generated by assessments paid by the utility companies under its jurisdiction as authorized by ACA § 19-6-406. The total appropriation is \$9,836,480 for FY2010 and \$9,964,776 for FY2011. The appropriation includes the following changes:

Extra Help & Matching - An increase of \$8,286 each year for temporary employees to assist with utility rate case preparation.

Operating Expenses/Data Processing - A reallocation of \$15,000 from Data Processing to Operating Expenses for assistance and support provided by the Department of Information Systems as instructed by the DFA - Office of Accounting.

Capital Outlay - An increase of \$21,000 each year for replacement of vehicles.

Building Repairs/Special Maintenance - Provides an appropriation of \$24,319 for each year of the biennium instead of a biennial appropriation of \$48,638 as a result of the passage of the Constitutional Amendment requiring fiscal sessions and limiting appropriations to one year.

Data Processing Services - Provides an appropriation of \$138,856 each year of the biennium instead of a biennial appropriation of \$277,713 as a result of the passage of the Constitutional Amendment requiring fiscal sessions and limiting appropriations to one year.

PIPELINE SAFETY PROGRAM (APPROPRIATION 256)

This appropriation is funded by special revenue inspection fees charged

annually to each company according to its pipeline mileage in Arkansas as authorized by ACA §25-15-214 et seq. and by federal reimbursements for up to 50% of its expenditures. This program maintains safety jurisdiction and monitors the transmission by pipeline of hazardous materials, such as gasoline, oil, and natural gas.

The total appropriation is \$892,226 in FY2010 and \$901,215 in FY2011, with the following changes:

Salaries & Matching - An increase of \$49,517 in FY2010 and \$50,539 in FY2011 for an additional Pipeline Safety Specialist (Grade C120) due to increased workload anticipated with exploration and development of the Fayetteville Shale area.

Capital Outlay - An increase of \$24,000 each year for replacement of a four-wheel drive vehicle.

III) ADDITIONAL POSITIONS

Total Positions for 2009-11 Biennium: 114

Total Positions for 2007-09 Biennium: 115

Increase / (Decrease): 1 Pipeline Safety Specialist Grade C120

IV) SPECIAL LANGUAGE

CONTINGENCY RESTRICTION. UTILITIES DIVISION: Authorizes the Director to request a transfer from the Department's Contingency appropriation to the Utilities Division Operations appropriation in the event of an unforeseen emergency and upon approval of the Governor, Chief Fiscal Officer of the State and prior review and approval of the Arkansas Legislative Council/Joint Budget Committee. Classifies the legislative prior review and approval language as non-severable language, and if the prior review and approval is ruled unconstitutional then the entire section is void.

DELETES THE SPECIAL RATES OF PAY LANGUAGE (AS DESCRIBED BELOW) DUE TO THE RESULTS OF THE PAY PLAN STUDY: Currently the PSC is authorized to use Special Rates of Pay up to the maximum amount authorized for the grade for current and new employees in 19 specified classifications with a range from Grade 26 to Grade 17. The PSC shall report monthly to the Arkansas Legislative Council on their use of this provision. Labor market rates will be established as needed for classifications not covered by the provisions of this section, and a current plan of progression should be filed with the Office of Personnel Management on a biennial basis.

DELETES THE FOLLOWING SECTIONS OF CARRY FORWARD LANGUAGE DUE TO PASSAGE OF CONSTITUTIONAL AMENDMENT REQUIRING FISCAL SESSIONS AND LIMITING APPROPRIATIONS TO ONE YEAR CARRY FORWARD FOR DATA PROCESSING SERVICES & BUILDING REPAIRS/MAINTENANCE:

Authorizes the agency to carry forward the unexpended balance of appropriation authorized for the Data Processing Services and Building Repairs/Maintenance line items of the Utilities Division - Operations Appropriation from the first to the second year of the biennium for the same purpose. Requires prior statement of need for the carry forward to DFA - Office of Budget, report to ALC or Joint Budget Committee (JBC) of all carried forward amounts, report of status of funds carried forward to ALC/JBC, and finally include all of the above information in the biennial budget manuals or a statement of non-compliance.

CONTINGENCY RESTRICTION. TAX DIVISION: Authorizes the transfer of appropriation from the Contingency Line Item in the Tax Division Operations Appropriation to other line items in the same appropriation upon approval of the Governor, Chief Fiscal Officer of the State and prior review and approval of the Arkansas Legislative Council/Joint Budget Committee. Classifies the legislative prior review and approval language as non-severable language, and if the prior review and approval is ruled

unconstitutional then the entire section is void.

REVISE THE FOLLOWING LANGUAGE TO CHANGE NAME OF ARKANSAS UNIVERSAL SERVICE FUND TO ARKANSAS HIGH COST FUND (AHCF): Requires the Public Service Commission to insure that telecommunication rates are reasonable and affordable, by taking all steps necessary to reduce the Arkansas High Cost Fund (AHCF) and avoid mandating any additional charges or expenses for telecommunications services which can lead to increases in AHCF assessments which result in higher AHCF surcharges being passed on to customers.

Revised April 2009