

PUBLIC SERVICE COMMISSION (0450)
2011-13 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 APPROPRIATION

The total appropriation for the PSC is \$14,414,336 for FY2011-12 and \$14,560,253 for FY2012-13.

FUNDING SOURCES

The appropriations for the PSC are funded by fund balances (25%-FY12 & 22%-FY13) special revenues (65%-FY12 & 68%-FY13), federal funds (2% as cost reimbursement to the Pipeline Safety Program), Ad Valorem taxes (3%), federal ARRA funding (5%) and general revenues if needed (for the Tax Division). General revenues are not projected to be needed for the 2011-13 biennium.

II) SIGNIFICANT CHANGES

UTILITIES DIVISION - OPERATIONS (APPROPRIATION 255)

This appropriation is funded by special revenue derived from assessments paid by the utility companies under its jurisdiction, and provides for the operating expenses of the PSCs Utilities Division which is charged with the duty of insuring that Arkansas customers do not pay more than necessary and to insure public utility rates provide a fair rate of return. Provides a total appropriation of \$9,968,260 for FY2012 and \$10,081,016 for FY2013 which is an increase of \$258,369 and \$371,125, respectively, and includes the following increases:

Salaries and Matching - Provides an increase of \$237,369 for FY2012 and \$350,125 for FY2013 for a cost of living increase.

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

TAX DIVISION (APPROPRIATION 257)

This appropriation is funded by special revenue transferred from the Public Service Commission Fund and the Division's share of ad valorem taxes. The total appropriation is \$1,692,438 for FY2012 and \$1,711,090 for FY2013 and includes the following increase:

Regular Salaries and Matching - Provides an increase of \$34,739 for FY2012 and \$53,391 for FY2013 for a cost of living increase.

PIPELINE SAFETY PROGRAM (APPROPRIATION 256)

This appropriation is funded by special revenue derived from inspection fees charged annually to each company according to its pipeline mileage in Arkansas, and by federal reimbursements for up to 50% of the program's 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 \$930,859 for FY2012 and \$945,368 for FY2013 and includes the following increases:

Regular Salaries and Matching - Provides an increase of \$32,943 for FY2012

and \$47,452 for FY2013 for a cost of living increase.

Capital Outlay - Provides \$24,000 each year for replacement of vehicles.

ARRA FEDERAL (APPROPRIATION 82X)

This appropriation and 3 positions were authorized by the Arkansas Legislative Council and the PEER Subcommittee as a Miscellaneous Federal Grant appropriation in January 2010 to allow the PSC to hire and train electricity specialists with a variety of skills to enable PSC to manage the additional workload due to increased federal and private investment in a variety of electricity areas such as conservation and energy efficiency. Provides \$822,779 in appropriation each year of the biennium and will be funded by American Recovery and Reinvestment Act (ARRA) funding.

III) ADDITIONAL POSITIONS

Total Positions for 2011-13 Biennium: 118

Total Budgeted Positions for FY2010-11: 118

Increase/(Decrease): 0

Note: Three (3) positions were approved for FY2010-11 as Miscellaneous Federal Grant Positions and are continued in FY2011-12. These positions are funded by the American Recovery and Reinvestment Act (ARRA) and include, 1 Agency Controller II Grade C128, 1 Attorney Specialist Grade C126, and 1 PSC Senior Rate Case Analyst Grade C124.

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 approval is ruled unconstitutional then the entire section is void.

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.

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.

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