

**PUBLIC SERVICE COMMISSION (0450)**  
**2011-13 BIENNIUM - ALC/JBC RECOMMENDATION**

**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 recommended appropriation for the PSC is \$14,109,285 each year of the 2011-13 biennium.

**FUNDING SOURCES**

The appropriations for the PSC are funded by fund balances (25%-FY12 & 22%-FY13) special revenues (65%-FY12 & 67%-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.

The Executive Recommendation provides for continuation of base level for all line items **except** Capital Outlay, and provides for two position title changes.

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

**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 Executive Recommendation provides for continuation of the base level for all line items **except** Capital Outlay.

**Capital Outlay** - Recommends \$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. The Executive Recommendation 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 FY 2010-11: 118

Increase/(Decrease): 0

Note: 3 positions were approved during the interim through a MFG request 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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