

PUBLIC SERVICE COMMISSION

Section D

JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

-----Agencies-----

Judicial Branch
Dept. of Justice
Public Service Commission

Office of Public Defender
Dept. of Corrections

-----Committee Members-----

House

Representative Fiona Nave (Chair)
Representative Thedis Crowe
Representative Donavon Hawk
Representative Anthony Nicastrò

Senate

Senator Shelley Vance (Vice Chair)
Senator Tom McGillvray
Senator Shane Morigeau

-----Fiscal Division Staff-----

Walker Hopkins
Barb Wagner

Agency Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Agency Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	38.00	40.50	40.50	2.50	3.3%
State/Other Special Rev. Funds	5,302,697	5,948,511	5,693,838	1,036,955	9.8%
Federal Spec. Rev. Funds	273,760	273,760	273,760		0.0%
Total Funds	5,576,457	6,222,271	5,967,598	1,036,955	9.3%
Personal Services	4,231,891	4,551,679	4,557,058	644,955	7.6%
Operating Expenses	1,017,668	1,343,694	1,083,642	392,000	19.3%
Debt Service	326,898	326,898	326,898		0.0%
Total Expenditures	5,576,457	6,222,271	5,967,598	1,036,955	9.3%
Total Ongoing	5,576,457	6,222,271	5,967,598	1,036,955	9.3%
Total One-Time-Only					0.0%

Agency Highlights

Public Service Commission Major Budget Highlights
<p>The 2027 biennium budget request for the Public Service Commission is just over \$1.0 million or 9.3% greater than FY 2025 base appropriations. Significant changes include:</p> <ul style="list-style-type: none"> • Almost \$523,000 in statewide present law adjustments to personal services and fixed costs • \$316,000 state special revenue to support 2.50 new PB including 1.00 accounting technician and 1.50 administrative assistants • \$200,000 in one-time-only state special for the review of an upcoming and expected integrated resource plan

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Public Service Commission 2027 Biennium Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	0	5,302,697	273,760	5,576,457	89.6%	0	5,302,697	273,760	5,576,457	93.4%
Statewide PL										
Personal Services	0	169,251	0	169,251	2.7%	0	174,629	0	174,629	2.9%
Fixed Costs	0	115,194	0	115,194	1.9%	0	63,484	0	63,484	1.1%
Inflation Deflation	0	(1,109)	0	(1,109)	(0.0%)	0	(750)	0	(750)	(0.0%)
Total Statewide PL	0	283,336	0	283,336	4.6%	0	237,363	0	237,363	4.0%
Present Law (PL)	0	200,000	0	200,000	3.2%	0	0	0	0	0.0%
New Proposals	0	162,478	0	162,478	2.6%	0	153,778	0	153,778	2.6%
Total HB 2 Adjustments	0	645,814	0	645,814	10.4%	0	391,141	0	391,141	6.6%
Total Requested Budget	0	5,948,511	273,760	6,222,271		0	5,693,838	273,760	5,967,598	

Statewide Present Law Adjustment for Personal Services

In order to explain the factors influencing personal services changes, the proposed statewide personal services present law adjustment (DP1) has been broken down into three categories, as follows:

- Legislative changes - This category includes adjustments explicitly approved by the legislature, such as, changes to benefit rates, longevity adjustments required by statute, and changes in rates for workers' compensation and unemployment insurance
- Management changes - This category includes agency management decisions that adjust personal services related to changes in pay. This includes changes such as hiring positions budgeted (PB) at a lower rate to replace senior staff and broadband pay adjustments for recruitment and retention
- Budget modifications - This category includes other modifications to the FY 2025 personal services base budget such as management decisions to transfer personal services funding between programs within an agency or movement of personal services funding to or from another expenditure category (e.g. moving funding from operating expenses to personal services)

The figure below shows the analysis of the executive budget for personal services for each program.

Public Service Commission FY 2026 Statewide Present Law Adjustment for Personal Services - DP1				
Program	Legislative Changes	Management Decisions	Budget Modifications	Total DP1
01 Public Service Regulation	154,932	14,319	-	169,251
Total	\$154,932	\$14,319	-	\$169,251

Statewide present law adjustments to personal services are primarily comprised of legislative changes and some smaller management changes. Legislative changes are primarily due to increased retirement and social security benefits, as well as an elected position pay adjustment. Management changes are due to increased pay for adjustments such as retention, market, etc.

Funding

The following table shows proposed agency funding for all sources of authority.

Total Public Service Commission Funding by Source of Authority 2027 Biennium Budget Request						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
02281 Public Service Commission	11,642,349				11,642,349	95.5%
State Special Revenue Total	11,642,349	-	-	-	11,642,349	95.5%
03011 Natural Gas Safety Pgm	547,520				547,520	4.5%
Federal Special Revenue Total	547,520	-	-	-	547,520	4.5%
Proprietary Fund Total	-	-	-	-	-	0.0%
Total of All Funds	12,189,869	-	-	-	12,189,869	
Percent of All Sources of Authority	100.0%	0.0%	0.0%	0.0%		

The PSC is funded with a combination of state and federal special revenue. State special revenue comprises 95.4% of the PSC HB 2 request for the 2027 biennium. The figure below shows the fund balance for the PSC state special revenue account. The revenue in the PSC account is derived from a fee levied on regulated companies.

Public Service Commission Account (02281) 2027 Biennium Fund Balance Projection				
	Actual FY 2024	Appropriated FY 2025	Proposed FY 2026	Proposed FY 2027
Beginning Fund Balance	\$2,914,871	\$3,437,750	\$2,847,580	\$1,836,669
Revenues	6,369,694	4,936,100	4,937,600	4,938,100
Expenditures	5,860,066	5,526,270	5,948,511	5,693,838
Prior Period Adjustments	13,251	0	0	0
Ending Fund Balance	\$3,437,750	\$2,847,580	\$1,836,669	\$1,080,931

The amount of the fee is calculated by the Department of Revenue and is based on the annual level of appropriation, which is adjusted for the ending fund balance. The fee is charged as a percentage of the gross operating revenue from all activities in companies regulated by the PSC for the calendar quarter of operation, as outlined in 69-1-402, MCA.

Proposed expenditures for the 2027 biennium total \$11.6 million. Expected revenues for the biennium total nearly \$9.9 million. The ending fund balance is expected to decrease over the next few fiscal years and is projected to end the 2027 biennium with a balance of approximately \$1.1 million.

Agency Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	38.00	38.00	40.50	40.50
Personal Services	3,885,902	4,156,998	4,231,891	4,551,679	4,557,058
Operating Expenses	550,925	1,079,994	1,017,668	1,343,694	1,083,642
Debt Service	285,415	304,376	326,898	326,898	326,898
Total Expenditures	\$4,722,242	\$5,541,368	\$5,576,457	\$6,222,271	\$5,967,598
State/Other Special Rev. Funds	4,576,454	5,267,608	5,302,697	5,948,511	5,693,838
Federal Spec. Rev. Funds	145,788	273,760	273,760	273,760	273,760
Total Funds	\$4,722,242	\$5,541,368	\$5,576,457	\$6,222,271	\$5,967,598
Total Ongoing	\$4,721,996	\$5,461,143	\$5,576,457	\$6,222,271	\$5,967,598
Total OTO	\$246	\$80,225	\$0	\$0	\$0

Agency Description

The Public Service Commission (PSC) is comprised of a 5-member elected Public Service Commission supported by a professional staff that provide expert legal, regulatory, public policy, consumer relations, and operational support.

The mission of the agency is to ensure that ratepayers have continued access to utility services that are affordable, reliable, and sustainable for the long-term. It is the duty of the PSC to supervise and regulate the operations of public utilities, common carriers, railroads, and other regulated industries listed in Title 69 (MCA). Such regulation and supervision is limited by, and shall be in conformance, with Title 69.

Please refer to the agency profile at [Public Service Commission - Montana Legislature](#) for additional information about the agency’s organization structure, historical expenditures, goals and objectives, and recent studies and audits.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The PSC expended 85.2% of its modified HB 2 budget in FY 2024. Personal service authority was 93.5% expended, and operating expenses were 51.0% expended. Operating expenses in FY 2024 included \$170,000 for licensing fees for the replacement of the electronic database for docket information (REDDI), which saw about \$144,000 in expenditures. Unexpended personal service authority primarily relates to anticipated retirement payouts totaling just over \$80,000. This authority was not expended but was made biennial and is available in FY 2025.

FY 2024 Appropriations Compared to FY 2025 Appropriations

When compared to FY 2024 appropriations, amounts in FY 2025 increase by just over \$35,000 or 0.6%. Additional personal service authority is attributable to additional HB 13 pay plan funding in FY 2025, and a small decrease in operating expenses is primarily the result of fixed costs adjustments being higher for the first year of the 2027 biennium.

Agency Personal Services

Total personal services requested for the 2027 biennium total \$9.1 million which reflects an increase of 645,000 or 7.6% when compared to the FY 2025 base budget. Increases are related to statewide present law adjustments to personal services for reasons discussed prior. These increases total nearly \$340,000. The additional increase is attributed to requests for 2.50 new PB.

Comparison of FY 2025 Legislative Budget to FY 2025 Base

The figure below illustrates the beginning FY 2025 budget as adopted by the 2023 Legislature compared to the FY 2025 base budget, which includes modifications as approved by the approving authority (as authorized in statute) during the interim. The FY 2025 base budget was agreed upon by the Office of Budget and Program Planning and the Fiscal Division to be the point from which any changes would be recorded for the 2027 biennium budgeting process.

Public Service Commission				
Comparison of the FY 2025 Legislative Budget to the FY 2025 Base Budget				
	Legislative Budget	Executive Modifications	Base Budget	% Change
01 PUBLIC SERVICE REGULATION PROG				
61000 Personal Services	4,231,891		4,231,891	0.0%
62000 Operating Expenses	1,017,668		1,017,668	0.0%
69000 Debt Service	326,898		326,898	0.0%
Total	5,576,457		5,576,457	0.0%
Agency Total	5,576,457		5,576,457	0.0%

As seen in the table above, the executive did not make modifications to the legislative budget from the 2023 Session.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	Fiscal 2026					Fiscal 2027				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	169,251	0	169,251	0.00	0	174,629	0	174,629
DP 2 - Fixed Costs	0.00	0	115,194	0	115,194	0.00	0	63,484	0	63,484
DP 3 - Inflation Deflation	0.00	0	(1,109)	0	(1,109)	0.00	0	(750)	0	(750)
DP 4 - IRP Contract (OTO)	0.00	0	200,000	0	200,000	0.00	0	0	0	0
Grand Total All Present Law Adjustments	0.00	\$0	\$483,336	\$0	\$483,336	0.00	\$0	\$237,363	\$0	\$237,363

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include in-state state motor pool and motor pool leased vehicles.

DP 4 - IRP Contract (OTO) -

The executive requests one-time-only state special revenue for consulting services in connection with the review of an expected integrated resource plan (IRP) expected to be submitted sometime in FY 2026.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 100 - 1.00 PB Accounting Technician 2	1.00	0	60,174	0	60,174	1.00	0	57,275	0	57,275
DP 200 - 1.00 PB Administrative Assistant 3	1.00	0	67,518	0	67,518	1.00	0	64,617	0	64,617
DP 300 - 0.50 PB Administrative Assistant 1	0.50	0	34,786	0	34,786	0.50	0	31,886	0	31,886
Total	2.50	\$0	\$162,478	\$0	\$162,478	2.50	\$0	\$153,778	\$0	\$153,778

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 100 - 1.00 PB Accounting Technician 2 -

The executive requests 1.00 PB for an additional accounting technician to support accounts payable, accounts receivable, payroll, travel, and fiscal year end functions.

DP 200 - 1.00 PB Administrative Assistant 3 -

The executive requests 1.00 PB for an additional administrative assistant position to cover document processing for the entire agency such as research, formulating responses, and entry into a database which is currently being performed by a paralegal position.

DP 300 - 0.50 PB Administrative Assistant 1 -

The executive requests an additional 0.50 PB for an administrative assistant position to assist with the increased public comments received.