

ARKANSAS PUBLIC SERVICE COMMISSION

Enabling Laws

Act 111 of 2016

A.C.A., Title 23, Arkansas Public Service Commission

A.C.A. §23-15-101 to 217, Pipeline Safety Program

A.C.A. §26-24-101 to 123, 26-26-1601 to 1616, 26-26-1701-1707, and 26-26-1801-1803,

Tax Division

History and Organization

Utilities Division of the Public Service Commission

The Arkansas Public Service Commission (Commission or APSC) has general regulatory authority over electric, gas, telecommunications, water and sewer services which are provided to the public for compensation. The Commission does not have regulatory authority over municipally-owned or operated utilities. Additionally, the Commission has limited jurisdiction over small water and sewer utilities and most telecommunications utilities. More specifically, small water and sewer utilities are not subject to Commission jurisdiction unless either the utility or its customers petition the Commission to exercise its regulatory jurisdiction over that utility.

The Commission is charged with the duty of ensuring that a public utility's authorized rates will allow it the opportunity to earn a fair return on invested capital and that the customer does not pay more than necessary to produce a fair return to the utility for its service. In addition, the Commission has the responsibility to ensure that utility service is provided in a safe and adequate manner consistent with the Commission's rules and regulations.

The utilities under the Commission's jurisdiction are listed below:

Investor-Owned Electric Utilities	4
Electric Cooperatives	18
Investor-Owned Gas Utilities	4
Natural Gas Operators	21
Master Meter Gas Operators	126
Water and Sewer Utilities	1
Incumbent Local Exchange Carriers	32

Regional Transmission Organization	2
Private Pay Telephone Providers	13
Competitive Local Exchange Carriers	93
Interexchange Carriers and Private Pay Telephone Providers	<u>112</u>
TOTAL	426

These utilities generate annual revenues in Arkansas of approximately \$5.7 billion, of which \$4.6 billion are jurisdictional revenues.

The APSC consists of three Commissioners appointed by the Governor for overlapping six-year terms. The agency has 114 regular staff positions divided into two Divisions: The Utilities Division and the Tax Division.

The Commissioners have oversight responsibility for both Divisions.

The Utilities Division, including the partially federally reimbursed Pipeline Safety Office, has 99 authorized regular positions. This total includes the Commissioners and their immediate staff, which encompasses their Administrative Law Judges and Legal Section, Research and Policy Development Section, the Office of the Secretary of the Commission, the Administrative Services Section, the Information Technology Section, and the Executive Director including the nine General Staff Sections.

Tax Division of the Public Service Commission

The Tax Division of the Arkansas Public Service Commission is responsible for performing all functions and duties regarding the annual assessment, for property taxation purposes, of utilities and carriers operating in Arkansas.

The Tax Division was created by the General Assembly as part of the Board of Railroad Commissioners in 1883. Under the authority of the Arkansas Constitution, Article 16, § 5, the General Assembly vested the Board with the power of original assessment of certain railroad property for the purpose of taxation. Through the years, the Tax Division's responsibilities have broadened to include assessment of utility property and the administration and enforcement of the tax laws related to utilities and carriers. The Tax Division is now under the direction and supervision of the Arkansas Public Service Commission.

For the purpose of assessment, the Tax Division determines the fair market value of the property of all utilities and carriers doing business in Arkansas. Once the Tax Division determines the fair market value, it calculates an assessed value which is distributed to the counties where the utility and railroad property is located for the calculation of property taxes due. The property tax revenue which results from the assessments made by the Division is a significant source of monetary support for the schools, cities, and counties of Arkansas.

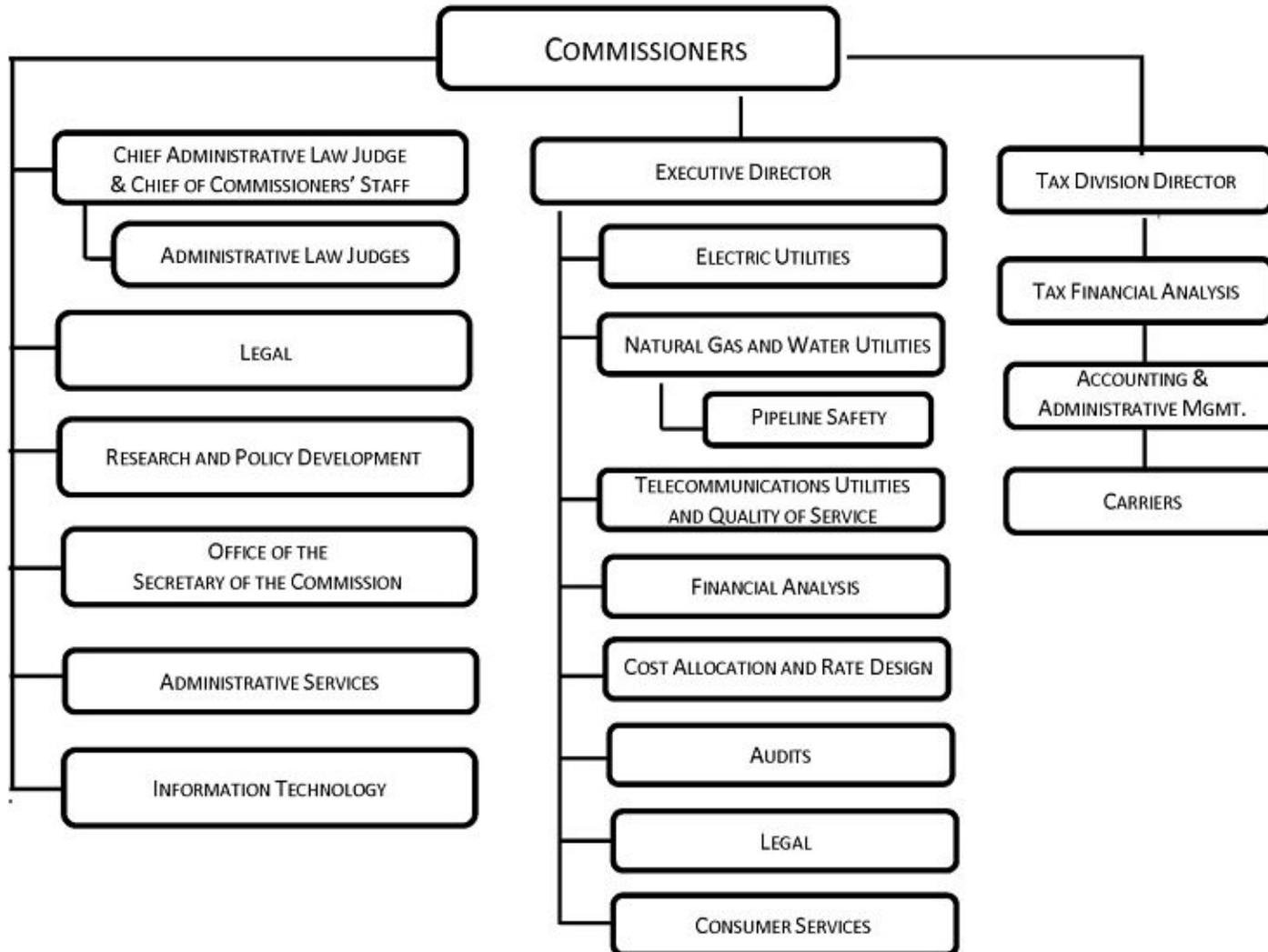
Annually, the Tax Division determines the property tax assessments for utilities and carriers in accordance with Title 26 of Arkansas Code Annotated (2012). Once determined, the assessments placed on the property of utilities are approved by the Arkansas Public Service

Commission. The assessments placed on the property of carriers are approved by the Arkansas Highway Commission.

With certain exceptions, the Tax Division certifies the approved assessments on utility and carrier property to the counties in which the property is located by the fifteenth of July each year. The various county assessors then place these assessment amounts on the property tax rolls. The exceptions are the assessments on the personal property of bus lines, motor carriers, airlines, barge lines, and private car companies, which are certified to the Department of Finance and Administration after the average state millage rate has been determined and applied to the assessments.

In 2015, the Tax Division assessed over 31,400 companies, with assessments rendered by the Tax Division totaling \$4,335,459,325. Revenue generated from these assessments provides approximately \$180,249,000 annually for the support of schools, cities, and counties. Annual tax revenue of approximately \$23,518,000 resulting from these assessments is used to partially fund the Tax Division, the Assessment Coordination Department, and the Division of Local Affairs and Audits of the Division of Legislative Audit.

The Tax Division has an authorized staff of 15 full-time positions and five Extra Help positions. The Division, for functional purposes, is organized into three smaller sections: the Tax Financial Analysis Section, which determines assessments for utilities and carriers and determines financial inputs necessary for such assessments; the Motor Carrier Section, which determines assessments for all motor carrier companies and certain other types of carriers; and the Accounting & Administrative Management Section, which distributes and prepares the certification of the assessments, assists the other sections in determining utility and carrier assessments, and assists in Division administration.



Agency Commentary

Utilities Division of the Public Service Commission

The Arkansas Public Service Commission (Commission or APSC) has general regulatory authority over electric, gas, telecommunications, water and sewer services which are provided to the public for compensation. The Commission is charged with the duty of ensuring that a public utility charges rates that will allow it the opportunity to earn a fair rate of return on invested capital and that the customer does not pay more than necessary to produce a fair return to the utility for its service.

Funding for the Arkansas Public Service Commission - Utilities Division comes from special revenues derived from assessments on jurisdictional utility companies' revenues.

Base Level for the Utilities Division is \$9,919,681 in FY18 and \$9,923,734 in FY19, with 89 full-time positions and 6 extra help positions authorized for each fiscal year. The Contingency appropriation has a Total Base Level of \$1,000,000 for each fiscal year. Utilization of the Contingency appropriation is only in the case of unforeseen events with the approval of the Governor and review by the Arkansas Legislative Council. Change level requests for the Utilities Division include Capital Outlay in the amount of \$21,000 for the replacement of one state vehicle for each year of the biennium.

The Pipeline Safety Office (PSO) of the Arkansas Public Service Commission has primary safety jurisdiction and authority to ensure that natural gas operators are in compliance with the *Arkansas Gas Pipeline Code*. Compliance is determined through periodic inspections of safety, corrosion, and leakage control which are performed on 30 intra-state natural gas operators and 181 operators covering 331 master-metered gas systems. Funding for the Pipeline Safety Office comes from special revenues derived from assessments on jurisdictional natural gas operators. In addition, the Pipeline Safety Office receives a partial federal reimbursement. The federal Department of Transportation - Office of Pipeline Safety provides reimbursement funding up to fifty percent of actual expenditures for salaries, equipment and related pipeline safety expenses.

The Pipeline Safety Office Total Base Level is \$950,539 for both years of the biennium, with ten positions authorized for each fiscal year. Change level requests for the Pipeline Safety Office include capital outlay for the replacement of state vehicles. This request includes the replacement of a four wheel drive vehicle each fiscal year. Total state vehicle replacement for the Pipeline Safety Program totals \$25,000 for each year of the biennium.

Tax Division of the Public Service Commission

The Tax Division of the Arkansas Public Service Commission is responsible for performing all functions and duties regarding the annual

assessment, for property taxation purposes, of utilities and carriers operating in Arkansas. The property tax revenue which results from the assessments made by the Tax Division is a significant source of monetary support for the schools, titles, and counties of Arkansas.

The base level for the Tax Division is \$1,328,201 for FY18 and \$1,328,692 for FY19. The Tax Division is requesting base level only. The agency requests that special language provisions be continued.

The Arkansas Public Service Commission demonstrates the efficient and productive use of its current level of appropriation and funding as follows:

The Commission has jurisdiction over 426 utilities and operators. The Commission has jurisdiction over 4 investor owned electric utilities; 18 electric cooperatives; 2 regional transmission organizations; 4 investor owned natural gas distribution companies; 21 natural gas operators; 126 natural gas master meter operators; 1 water utility; 32 incumbent local exchange carriers; 93 competitive local exchange carriers; 112 interexchange carriers; and 13 private pay telephone providers. The Commission has oversight over the rates, terms, and conditions of service for the electric and natural gas utilities. The Commission has pipeline safety jurisdiction over the 4 natural gas distribution companies, 21 natural gas operators, and the 126 natural gas master meter operators.

The Utilities Division which is responsible for these activities has 99 authorized positions. In 1997, the Agency had 117 authorized positions. That number was reduced to 99 in 1998, but the number of utilities subject to the Commission's authority and the Commission's area of responsibility did not decline. Since that time, the Commission's responsibilities have expanded, but the numbers of employees have not. There are additional requirements and expectations for the Agency's professional staff that will add responsibilities and require the knowledge and skills of an additional Attorney. Act 725 of 2015 established the opportunity for utilities to request a formula rate plan mechanism. This rate making mechanism will require Staff to review annual rate adjustment filings for the participating utilities. Currently, one utility has an approved mechanism in place, and another utility has a pending request to establish a mechanism. I anticipate that all seven of the investor owned electric and natural gas utilities will establish a formula rate plan which will require the annual review of seven filings annually which will require the Agency to maintain a professional staff with a thorough knowledge of rate making and utility operational issues. Additionally, Act 827 established additional requirements for net metering customers, and that development, coupled with the continuing development of renewable generating technologies, will require the Agency to maintain a professional staff with knowledge of those fields and the rate making and operational implications of distributed generation facilities. Pursuant to Act 740 of 2007, the Commission has jurisdiction over pole attachments, and the Commission is currently engaged in modifying its Pole Attachment Rules. As a result, it is likely that the Commission will be engaged in resolving issues between the pole owners and attaching entities. This will require Agency staff with knowledge and expertise in the field. Acts 1050 and 1267 of 2015 gave the Commission jurisdiction to certify transportation network companies such as Uber and Lyft. As a result, the Agency must ensure that it retains staff with knowledge in the transportation network field.

to verify continued compliance with the statutory requirements. The Environmental Protection Agency has issued a number of regulations that affect electric generating facilities. It is critical that the Agency maintain professional Staff members with familiarity with the effects of those environmental regulations on the operation and assessment of the continued cost effectiveness of those facilities. Further, as additional opportunities to obtain electric capacity and energy to serve electric utility customers grows, it will be critical to maintain experienced professional staff members to examine and assess resource planning options in the future. The United States Department of Transportation's Pipeline and Hazardous Materials Safety Administration continues to add regulations to the federal pipeline safety code. The Commission's Pipeline Safety Office is required by state law to maintain the Arkansas Natural Gas Pipeline Code at equal or greater standards than the federal code. Consequently, as the federal requirements increase, the state requirements must also increase. As a result, it is essential that the Agency retain individuals in the Pipeline Safety Office that are well versed in those requirements. These are examples of the expanding requirements for specialized utility knowledge among the Agency's professional staff. The requested revisions to the Agency's Special Pay Plan Grid are critical to attracting and retaining individuals with the knowledge, skills, and abilities to meet these growing regulatory responsibilities. This is not an exhaustive list of the increasing issues and responsibilities confronting the Agency. As noted above, the level of responsibilities have expanded, but the staffing to address those responsibilities has not expanded. The Commission has efficiently and effectively applied the resources provided to accomplish its statutory obligations. The requested level of appropriation continues to be required to enable efficient and effective operations in the performance of the Agency's statutory obligations.

The Commission's Tax Division is responsible for the annual valuation and ad valorem assessment of public utilities and carriers operating in Arkansas. During 2014, the Tax Division valued and assessed the real and personal property of 311 telecommunications companies and their operating subsidiaries; 29 cable television companies and their operating subsidiaries; 31 electric companies and cooperatives; 16 gas companies; 9 pipeline companies; 2 water companies; 25 railroads; 369 private car companies; 18 airlines, 51 barge lines; and 34,363 motor carriers. The market value of the utilities and carriers evaluated by the Tax Division in 2014 was approximately \$21,030,000,000, which represents approximately \$4,206,000,000 and an estimated property tax of \$196,840,800. The Tax Division conducts its operations with a staff of 15 authorized positions. The property tax revenue resulting from the assessments by the Tax Division is a significant monetary support for the schools, cities, and counties in Arkansas. The tax revenues resulting from the Tax Division's assessments on carriers also supports the Counties and Municipalities Section of Legislative Audit and the Assessment Coordination Department. The Commission's Tax Division has efficiently and effectively applied the resources provided to accomplish its statutory obligations. The requested level of appropriation continues to be required to enable efficient and effective operations in the performance of the Agency's Tax Division's statutory obligations.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS PUBLIC SERVICE COMMISSION
FOR THE YEAR ENDED JUNE 30, 2014

Findings

Recommendations

None

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016

None

Employment Summary

	Male	Female	Total	%
White Employees	46	36	82	77 %
Black Employees	6	17	23	21 %
Other Racial Minorities	1	1	2	2 %
Total Minorities			25	23 %
Total Employees			107	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
PSC Annual Report	A.C.A. 23-2-315 and A.C.A. 13-2-212	Y	N	31	Required by Statute. One copy provided to the Governor and 30 copies to the State Library	0	0.00
Tax Division Biennial Report	A.C.A. 26-24-121 and A.C.A. 13-2-212	Y	N	31	Required by Statute. One copy provided to the Governor and 30 copies to the State Library.	0	0.00
Utility Rate Case Report	A.C.A. 23-4-420 and A.C.A. 13-2-212	Y	Y	668	Required by Statute. One copy provided to the Governor, 136 copies to the General Assembly, and 30 copies to the State Library.	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018						2018-2019					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
255 Utilities Division-Operations	8,375,276	88	9,959,025	89	9,955,274	89	9,919,681	89	9,940,681	89	9,940,681	89	9,923,734	89	9,944,734	89	9,944,734	89
256 Pipeline Safety Program	905,709	10	972,106	10	942,610	10	950,539	10	975,539	10	975,539	10	950,539	10	975,539	10	975,539	10
257 Tax Division-Operations	1,076,132	15	1,336,634	15	1,736,361	15	1,728,201	15	1,728,201	15	1,728,201	15	1,728,692	15	1,728,692	15	1,728,692	15
2KA Contingency	0	0	0	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000	0
Total	10,357,117	113	12,267,765	114	13,634,245	114	13,598,421	114	13,644,421	114	13,644,421	114	13,602,965	114	13,648,965	114	13,648,965	114

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	7,066,478	41.8	6,547,670	38.6		4,678,541	28.6	4,678,541	28.6	4,678,541	28.6	2,767,310	18.7	2,721,310	18.5	2,721,310	18.5
Federal Revenue	4000020	362,708	2.1	486,053	2.9		465,932	2.8	465,932	2.8	465,932	2.8	465,932	3.2	465,932	3.2	465,932	3.2
Special Revenue	4000030	8,480,844	50.2	9,312,259	55.0		10,600,835	64.8	10,600,835	64.8	10,600,835	64.8	10,926,632	73.9	10,926,632	74.2	10,926,632	74.2
Ad Valorem Tax	4000060	994,757	5.9	600,324	3.5		620,423	3.8	620,423	3.8	620,423	3.8	620,423	4.2	620,423	4.2	620,423	4.2
Total Funds		16,904,787	100.0	16,946,306	100.0		16,365,731	100.0	16,365,731	100.0	16,365,731	100.0	14,780,297	100.0	14,734,297	100.0	14,734,297	100.0
Excess Appropriation/(Funding)		(6,547,670)		(4,678,541)			(2,767,310)		(2,721,310)		(2,721,310)		(1,177,332)		(1,085,332)		(1,085,332)	
Grand Total		10,357,117		12,267,765			13,598,421		13,644,421		13,644,421		13,602,965		13,648,965		13,648,965	

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
115	104	10	114	1	9.57 %	114	105	9	114	0	7.89 %	114	106	8	114	0	7.02 %

Analysis of Budget Request

Appropriation: 255 - Utilities Division-Operations

Funding Sources: SJP - Public Service Commission Fund

The Public Service Commission - Utilities Division is funded entirely by special revenues derived from assessments paid by the utility companies under its jurisdiction, as authorized in A.C.A. § 19-6-406.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY17 line item maximum plus the previously authorized 2016 1% Cost of Living Adjustment authorized by Act 1007 (3 (B)) of 2015.

Base Level for the Division is \$9,919,681 in FY18 and \$9,923,734 in FY19.

The Agency's Change Level Request is \$21,000 each year in Capital Outlay to replace one vehicle each year of the Biennium.

The Executive Recommendation provides for the Agency Request for Capital Outlay to replace aging, high mileage vehicles in accordance with A.C.A. §22-8-201 et seq., Automobile and Pickup Truck Acquisition Act, which establishes guidelines for automobile replacement.

Appropriation Summary

Appropriation: 255 - Utilities Division-Operations

Funding Sources: SJP - Public Service Commission Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	5,437,372	5,601,898	5,584,248	5,562,486	5,562,486	5,562,486	5,565,686	5,565,686	5,565,686
#Positions		88	89	89	89	89	89	89	89	89
Extra Help	5010001	0	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
#Extra Help		0	6	6	6	6	6	6	6	6
Personal Services Matching	5010003	1,653,995	1,695,858	1,709,757	1,716,926	1,716,926	1,716,926	1,717,779	1,717,779	1,717,779
Overtime	5010006	0	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Operating Expenses	5020002	927,577	1,070,597	1,070,597	1,070,597	1,070,597	1,070,597	1,070,597	1,070,597	1,070,597
Conference & Travel Expenses	5050009	48,396	68,922	68,922	68,922	68,922	68,922	68,922	68,922	68,922
Professional Fees	5060010	0	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	21,000	21,000	0	21,000	21,000	0	21,000	21,000
Special Maintenance	5120032	0	24,319	24,319	24,319	24,319	24,319	24,319	24,319	24,319
Fed Regulatory Services	5900040	214,029	290,575	290,575	290,575	290,575	290,575	290,575	290,575	290,575
Professional Services	5900043	56,680	998,000	998,000	998,000	998,000	998,000	998,000	998,000	998,000
Data Processing Services	5900044	37,227	138,856	138,856	138,856	138,856	138,856	138,856	138,856	138,856
Total		8,375,276	9,959,025	9,955,274	9,919,681	9,940,681	9,940,681	9,923,734	9,944,734	9,944,734
Funding Sources										
Fund Balance	4000005	3,650,233	3,504,212		2,479,032	2,479,032	2,479,032	1,597,972	1,576,972	1,576,972
Special Revenue	4000030	8,229,255	8,933,845		9,038,621	9,038,621	9,038,621	9,362,418	9,362,418	9,362,418
Total Funding		11,879,488	12,438,057		11,517,653	11,517,653	11,517,653	10,960,390	10,939,390	10,939,390
Excess Appropriation/(Funding)		(3,504,212)	(2,479,032)		(1,597,972)	(1,576,972)	(1,576,972)	(1,036,656)	(994,656)	(994,656)
Grand Total		8,375,276	9,959,025		9,919,681	9,940,681	9,940,681	9,923,734	9,944,734	9,944,734

FY17 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2015-2017 Biennium.

Change Level by Appropriation

Appropriation: 255 - Utilities Division-Operations
Funding Sources: SJP - Public Service Commission Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	9,919,681	89	9,919,681	100.0	9,923,734	89	9,923,734	100.0
C01	Existing Program	21,000	0	9,940,681	100.2	21,000	0	9,944,734	100.2

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	9,919,681	89	9,919,681	100.0	9,923,734	89	9,923,734	100.0
C01	Existing Program	21,000	0	9,940,681	100.2	21,000	0	9,944,734	100.2

Justification

C01	Capital Outlay request in the amount of \$21,000 for the replacement of one vehicle for each year.
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Analysis of Budget Request

Appropriation: 256 - Pipeline Safety Program

Funding Sources: SAD - Public Service Utility Safety Fund

The Public Service Commission's Pipeline Safety Program is funded by special revenue inspection fees charged annually to each company according to its pipeline mileage in Arkansas, as authorized in Arkansas Code § 23-15-214 et seq. The Program is also eligible for federal reimbursement for up to 50% of its expenditures. Under this program, the Commission maintains safety jurisdiction and monitors the transmission by pipeline of hazardous materials, such as gasoline, oil, and natural gas.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level for this appropriation is \$950,539 each year of the 2017-2019 Biennium.

The Agency's Change Level Request is \$25,000 each year in Capital Outlay to replace one vehicle each year of the Biennium.

The Executive Recommendation provides for the Agency Request for Capital Outlay to replace aging, high mileage vehicles in accordance with A.C.A. §22-8-201 et seq., Automobile and Pickup Truck Acquisition Act, which establishes guidelines for automobile replacement.

Appropriation Summary

Appropriation: 256 - Pipeline Safety Program
Funding Sources: SAD - Public Service Utility Safety Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	588,265	624,708	599,043	624,808	624,808	624,808	624,808	624,808	624,808
#Positions		10	10	10	10	10	10	10	10	10
Personal Services Matching	5010003	178,685	188,835	185,004	192,168	192,168	192,168	192,168	192,168	192,168
Operating Expenses	5020002	94,128	105,714	105,714	105,714	105,714	105,714	105,714	105,714	105,714
Conference & Travel Expenses	5050009	20,041	25,620	25,620	25,620	25,620	25,620	25,620	25,620	25,620
Professional Fees	5060010	0	2,229	2,229	2,229	2,229	2,229	2,229	2,229	2,229
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	24,590	25,000	25,000	0	25,000	25,000	0	25,000	25,000
Total		905,709	972,106	942,610	950,539	975,539	975,539	950,539	975,539	975,539
Funding Sources										
Fund Balance	4000005	1,540,858	1,249,399		1,049,399	1,049,399	1,049,399	1,030,724	1,005,724	1,005,724
Federal Revenue	4000020	362,708	486,053		465,932	465,932	465,932	465,932	465,932	465,932
Special Revenue	4000030	251,542	286,053		465,932	465,932	465,932	465,932	465,932	465,932
Total Funding		2,155,108	2,021,505		1,981,263	1,981,263	1,981,263	1,962,588	1,937,588	1,937,588
Excess Appropriation/(Funding)		(1,249,399)	(1,049,399)		(1,030,724)	(1,005,724)	(1,005,724)	(1,012,049)	(962,049)	(962,049)
Grand Total		905,709	972,106		950,539	975,539	975,539	950,539	975,539	975,539

FY17 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2015-2017 Biennium.

Change Level by Appropriation

Appropriation: 256 - Pipeline Safety Program
Funding Sources: SAD - Public Service Utility Safety Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	950,539	10	950,539	100.0	950,539	10	950,539	100.0
C01	Existing Program	25,000	0	975,539	102.6	25,000	0	975,539	102.6

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	950,539	10	950,539	100.0	950,539	10	950,539	100.0
C01	Existing Program	25,000	0	975,539	102.6	25,000	0	975,539	102.6

Justification

C01	Capital Outlay request in the amount of \$25,000 for the replacement of one vehicle for each year.
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Analysis of Budget Request

Appropriation: 257 - Tax Division-Operations

Funding Sources: HTD - Tax Division Fund

The Public Service Commission - Tax Division's appropriation is funded by special revenues transferred from the Public Service Commission Fund, the Division's share of ad valorem taxes, as authorized in Arkansas Code §19-5-1024, and general revenues, if needed.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Base Level request for the Division is \$1,728,201 in FY18 and \$1,728,692 in FY19.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 257 - Tax Division-Operations

Funding Sources: HTD - Tax Division Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	661,417	735,746	733,632	725,663	725,663	725,663	726,063	726,063	726,063
#Positions	15	15	15	15	15	15	15	15	15
Extra Help 5010001	0	38,238	38,238	38,238	38,238	38,238	38,238	38,238	38,238
#Extra Help	0	5	5	5	5	5	5	5	5
Personal Services Matching 5010003	222,938	242,678	244,519	244,328	244,328	244,328	244,419	244,419	244,419
Overtime 5010006	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Operating Expenses 5020002	175,832	202,472	202,472	202,472	202,472	202,472	202,472	202,472	202,472
Conference & Travel Expenses 5050009	6,787	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
Professional Fees 5060010	9,158	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Contingency 5130018	0	0	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Total	1,076,132	1,336,634	1,736,361	1,728,201	1,728,201	1,728,201	1,728,692	1,728,692	1,728,692
Funding Sources									
Fund Balance 4000005	1,875,387	1,794,059		1,150,110	1,150,110	1,150,110	138,614	138,614	138,614
Special Revenue 4000030	47	92,361		96,282	96,282	96,282	98,282	98,282	98,282
Ad Valorem Tax 4000060	994,757	600,324		620,423	620,423	620,423	620,423	620,423	620,423
Total Funding	2,870,191	2,486,744		1,866,815	1,866,815	1,866,815	857,319	857,319	857,319
Excess Appropriation/(Funding)	(1,794,059)	(1,150,110)		(138,614)	(138,614)	(138,614)	871,373	871,373	871,373
Grand Total	1,076,132	1,336,634		1,728,201	1,728,201	1,728,201	1,728,692	1,728,692	1,728,692

FY17 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2015-2017 Biennium.

Analysis of Budget Request

Appropriation: 2KA - Contingency

Funding Sources: SJP - Public Service Commission Fund

The Public Service Commission - Utilities Division's Contingency appropriation provides additional spending authority that may be transferred to the Division's operating line items in emergency situations that would require additional resources. Funding for this appropriation is from Special Revenue balances held in the Public Service Commission Fund to support any transfers that may be made.

The Agency Request provides for Base Level of \$1,000,000 each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2KA - Contingency
Funding Sources: SJP - Public Service Commission Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Overtime Salaries 5130018	0	0	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total	0	0	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Funding Sources									
Special Revenue 4000030	0	0		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total Funding	0	0		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000