

ARKANSAS PUBLIC SERVICE COMMISSION

Enabling Laws

Act 220 of 2014

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, and 26-26-1601 to 1616, 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	136
Water and Sewer Utilities	2
Incumbent Local Exchange Carriers	32
Regional Transmission Organization	2

Private Pay Telephone Providers	12
Competitive Local Exchange Carriers	96
Interexchange Carriers and Private Pay Telephone Providers	<u>126</u>
TOTAL	453

These utilities generate annual revenues in Arkansas of approximately \$5.8 billion, of which \$4.5 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.

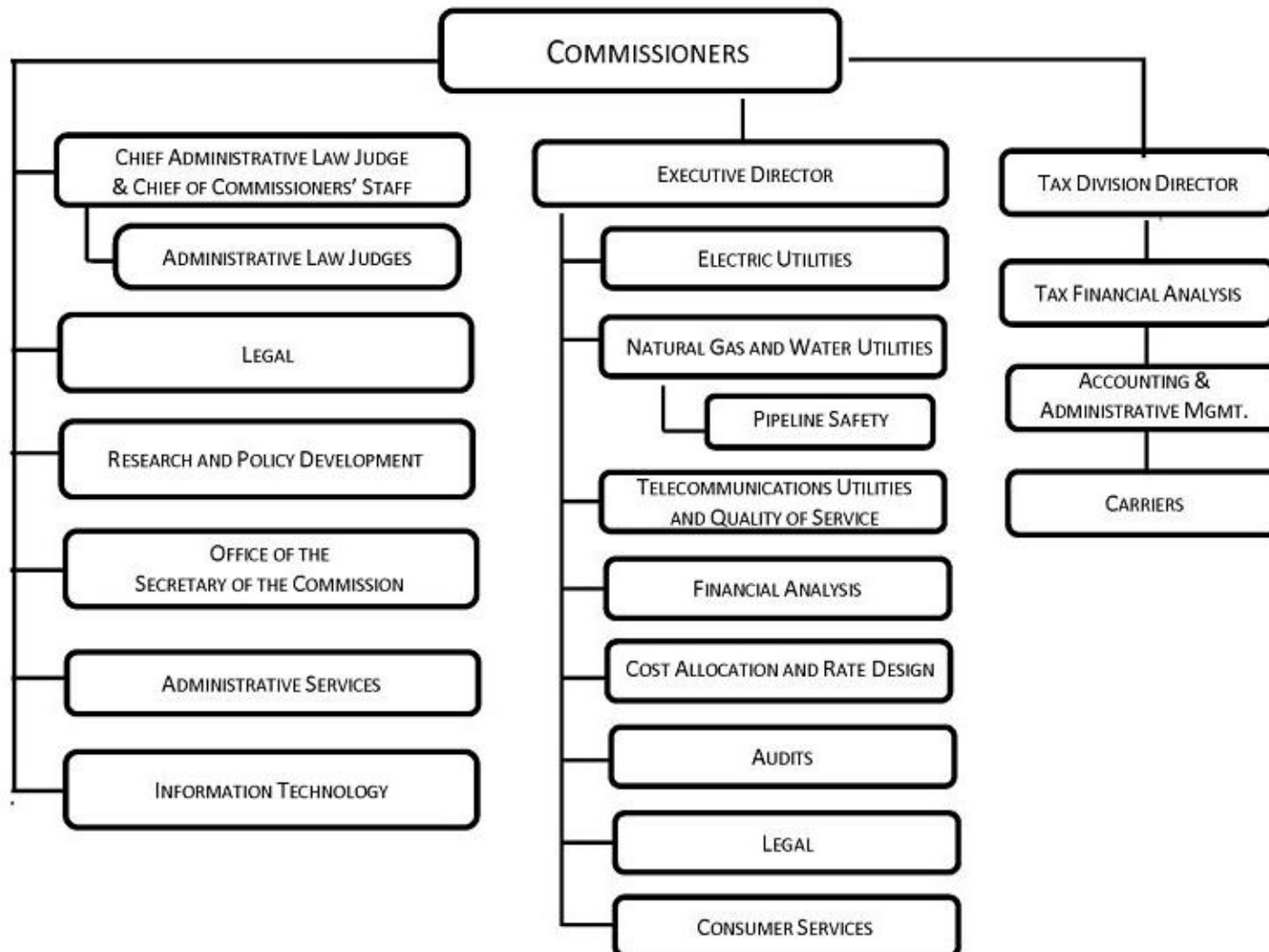
For the purpose of assessment, the Tax Division determines the fair market value of the property of all utilities and carriers doing business in Arkansas. Once the Tax Division determines the fair market value, it calculates an assessed value which is distributed to the counties where the utility and 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 (1997). 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 2013, the Tax Division assessed over 38,000 companies, with assessments rendered by the Tax Division totaling \$3,998,000,000. Revenue generated from these assessments provides approximately \$186,946,000 annually for the support of schools, cities, and counties. Annual tax revenue of approximately \$21,259,000 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 \$9,909,785 for FY16 and \$9,911,200 for FY17, 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 Levels for the Utilities Division totaling \$35,600 are requested each year of the 2015-2017 Biennium for Capital Outlay and Operating Expenses. Capital Outlay requests are for the replacement of one state vehicle in each fiscal year. Operating Expense request is due to the increase in facilities rent by Arkansas Building Authority. The agency also requests the reclassification of three positions, and the title change only of one position.

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 25 intra-state natural gas operators and 136 operators covering 166 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 Base Level is \$906,265 for FY16 and \$907,000 for FY17, with ten positions authorized for each fiscal year.

Change Level requests for the Pipeline Safety Office totaling \$25,714 for each year of the biennium for Operating Expenses and Capital Outlay. Capital Outlay requests are for the purchase of one vehicle each fiscal year. Operating Expense request is due to the increase in building rent from Arkansas Building Authority. The Pipeline Safety Section also requests the reclassification of three positions.

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, cities, and counties of Arkansas.

The Base Level for the Tax Division is \$1,734,514 for FY16 and \$1,735,248 for FY17.

Change Level request for the Tax Division totaling \$1,113 for each year of the biennium for Operating Expenses due to the building rent increase by Arkansas Building Authority.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS PUBLIC SERVICE COMMISSION
FOR THE YEAR ENDED JUNE 30, 2012

Findings	Recommendations
None	None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	48	34	82	80 %
Black Employees	2	18	20	19 %
Other Racial Minorities	1	0	1	1 %
Total Minorities			21	20 %
Total Employees			103	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.	62	197.63
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.	62	23.25
Utility Rate Case Report	A.C.A. 23-4-420 and A.C.A. 13-2-212	Y	Y	1	Required by Statute and provided electronically.	0	0.00

Department Appropriation Summary

Historical Data								Agency Request and Executive Recommendation											
Appropriation		2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
		Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
255	Utilities Division-Operations	8,149,781	87	9,916,559	89	9,955,569	89	9,909,785	89	9,965,778	89	9,953,859	89	9,911,200	89	9,967,193	89	9,955,274	89
256	Pipeline Safety Program	875,098	10	936,442	10	881,316	10	906,265	10	941,875	10	941,875	10	907,000	10	942,610	10	942,610	10
257	Tax Division-Operations	1,063,834	15	1,323,118	15	1,742,268	15	1,734,514	15	1,735,627	15	1,735,627	15	1,735,248	15	1,736,361	15	1,736,361	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		10,088,713	112	12,176,119	114	13,579,153	114	13,550,564	114	13,643,280	114	13,631,361	114	13,553,448	114	13,646,164	114	13,634,245	114

Funding Sources			%		%			%		%		%		%		%		%
Fund Balance	4000005	6,123,371	36.9	6,485,567	37.4		5,169,390	30.3	5,169,390	30.3	5,169,390	30.3	3,483,120	22.7	3,390,404	22.2	3,402,333	22.3
Federal Revenue	4000020	421,372	2.5	468,221	2.7		470,397	2.8	470,397	2.8	470,397	2.8	470,397	3.1	470,397	3.1	470,397	3.1
Special Revenue	4000030	9,246,057	55.8	9,461,221	54.5		10,463,397	61.4	10,463,397	61.4	10,463,397	61.4	10,463,397	68.2	10,463,397	68.6	10,463,397	68.5
Ad Valorem Tax	4000060	783,480	4.7	930,500	5.4		930,500	5.5	930,500	5.5	930,500	5.5	930,500	6.1	930,500	6.1	930,500	6.1
Total Funds		16,574,280	100.0	17,345,509	100.0		17,033,684	100.0	17,033,684	100.0	17,033,684	100.0	15,347,414	100.0	15,254,698	100.0	15,266,627	100.0
Excess Appropriation/(Funding)		(6,485,567)		(5,169,390)			(3,483,120)		(3,390,404)		(3,402,323)		(1,793,966)		(1,608,534)		(1,632,382)	
Grand Total		10,088,713		12,176,119		13,550,564		13,643,280		13,631,361		13,553,448		13,646,164		13,634,245		

FY15 Budget amount exceeds the authorized amount in (256) Pipeline Safety Program due to salary and matching rate adjustments during the 2013-2015 Biennium.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
118	102	15	117	1	13.56 %	118	103	15	118	0	12.71 %	115	104	10	114	1	9.57 %

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 continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in 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 Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY2015 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

Base Level for the Division totals \$9,909,785 for FY2016 and \$9,911,200 for FY2017.

Change Level requests total \$55,993 each year and are listed as follows:

- Regular Salaries and Personal Service Matching of \$20,393 each year of the biennium for the Reclassification of three (3) positions and a Title Change of one (1) position. The reclassified positions requested include: Fiscal Division Manager C127 to PSC Chief Fiscal Officer C128, Legal Support Specialist C113 to PSC Rate Case Analyst C121, and Administrative Specialist III C112 to Administrative Analyst C115. The Title Change requested is PSC Administrative Law Judge N906 to PSC Litigation Specialist N906.
- Operating Expense of \$14,600 each year of the biennium to cover the 3% Arkansas Building Authority rent increase.
- Capital Outlay of \$21,000 each year of the biennium to replace one vehicle each fiscal year.

The Executive Recommendation provides for the Agency Request with the exception of the reclassification of Fiscal Division Manager C127 to PSC Chief Fiscal Officer C128, and Administrative Specialist III C112 to Administrative Analyst C115. The Executive Recommendation also makes a modification to the Title Change Request, recommending the position title for PSC Administrative Law Judge N906, be changed to Managing Attorney N906 instead of PSC Litigation Specialist N906.

Appropriation Summary

Appropriation: 255 - Utilities Division-Operations

Funding Sources: SJP - Public Service Commission Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	5,234,107	5,577,496	5,629,091	5,576,575	5,593,226	5,583,348	5,577,475	5,594,126	5,584,248
#Positions		87	89	89	89	89	89	89	89	89
Extra Help	5010001	1,562	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
#Extra Help		2	6	6	6	6	6	6	6	6
Personal Services Matching	5010003	1,616,697	1,692,394	1,679,809	1,707,541	1,711,283	1,709,242	1,708,056	1,711,798	1,709,757
Overtime	5010006	35	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Operating Expenses	5020002	881,958	1,055,997	1,055,997	1,055,997	1,070,597	1,070,597	1,055,997	1,070,597	1,070,597
Conference & Travel Expenses	5050009	49,306	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	17,062	21,000	21,000	0	21,000	21,000	0	21,000	21,000
Special Maintenance	5120032	559	24,319	24,319	24,319	24,319	24,319	24,319	24,319	24,319
Fed Regulatory Services	5900040	236,470	290,575	290,575	290,575	290,575	290,575	290,575	290,575	290,575
Professional Services	5900043	58,440	998,000	998,000	998,000	998,000	998,000	998,000	998,000	998,000
Data Processing Services	5900044	53,585	138,856	138,856	138,856	138,856	138,856	138,856	138,856	138,856
Total		8,149,781	9,916,559	9,955,569	9,909,785	9,965,778	9,953,859	9,911,200	9,967,193	9,955,274
Funding Sources										
Fund Balance	4000005	3,353,849	3,705,577		2,709,018	2,709,018	2,709,018	1,719,233	1,663,240	1,675,169
Special Revenue	4000030	8,501,509	8,920,000		8,920,000	8,920,000	8,920,000	8,920,000	8,920,000	8,920,000
Total Funding		11,855,358	12,625,577		11,629,018	11,629,018	11,629,018	10,639,233	10,583,240	10,595,169
Excess Appropriation/(Funding)		(3,705,577)	(2,709,018)		(1,719,233)	(1,663,240)	(1,675,159)	(728,033)	(616,047)	(639,895)
Grand Total		8,149,781	9,916,559		9,909,785	9,965,778	9,953,859	9,911,200	9,967,193	9,955,274

FY15 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

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

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	9,909,785	89	9,909,785	100.0	9,911,200	89	9,911,200	100.0
C01	Existing Program	35,600	0	9,945,385	100.4	35,600	0	9,946,800	100.4
C10	Reclass	20,393	0	9,965,778	100.6	20,393	0	9,967,193	100.6

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	9,909,785	89	9,909,785	100.0	9,911,200	89	9,911,200	100.0
C01	Existing Program	35,600	0	9,945,385	100.4	35,600	0	9,946,800	100.4
C10	Reclass	8,474	0	9,953,859	100.4	8,474	0	9,955,274	100.4

Justification

C01	Capital Outlay request in the amount of \$21,000 for the replacement of one vehicle for each year and Operating Expense request in the amount of \$14,600 for each year due to facilities rent increase by Arkansas Building Authority.
C10	This request is for the reclassification of a Legal Support Specialist position, grade C113 to a PSC Rate Case Analyst position, grade C121. The reclassification is needed to provide assistance in the Cost Allocation and Rate Design Section to address the various issues before the Commission. Reclassification of an Administrative Specialist III position, grade C112, to an Administrative Analyst, grade C115, is needed to provide assistance in the Research and Policy Section due to the numerous issues requiring specialized research and data analysis in the utility industry. Also, requested is the reclassification of a Fiscal Division Manager, grade C127, position to a PSC Chief Fiscal Officer, grade C128, position which will better match the duties the position is required to perform. A title change only of PSC Administrative Law Judge, grade N906, position to PSC Litigation Specialist, grade N906, position is requested due to the change of duties this position performs.

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 continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in 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 Merit Pay Increases.

Base Level Request for the program is \$906,265 in FY2016 and \$907,000 in FY2017.

Change Level Requests total \$35,610 each year of the biennium and include the following:

- Regular Salaries and Personal Service Matching of \$9,896 each year of the biennium for the reclassification of three (3) Corrosion Inspectors C115 to PSC Pipeline Safety Specialists C120.
- Operating Expense of \$714 each year of the biennium to cover the 3% Arkansas Building Authority rent increase.
- Capital Outlay of 25,000 each year of the biennium to replace one vehicle each fiscal year.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	564,865	595,861	552,904	590,362	598,443	598,443	590,962	599,043	599,043
#Positions		10	10	10	10	10	10	10	10	10
Personal Services Matching	5010003	176,406	182,732	170,563	183,054	184,869	184,869	183,189	185,004	185,004
Operating Expenses	5020002	92,214	105,000	105,000	105,000	105,714	105,714	105,000	105,714	105,714
Conference & Travel Expenses	5050009	21,977	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	19,636	25,000	25,000	0	25,000	25,000	0	25,000	25,000
Total		875,098	936,442	881,316	906,265	941,875	941,875	907,000	942,610	942,610

Funding Sources										
Fund Balance	4000005	1,167,728	1,379,353		1,379,353	1,379,353	1,379,353	1,413,882	1,378,272	1,378,272
Federal Revenue	4000020	421,372	468,221		470,397	470,397	470,397	470,397	470,397	470,397
Special Revenue	4000030	665,351	468,221		470,397	470,397	470,397	470,397	470,397	470,397
Total Funding		2,254,451	2,315,795		2,320,147	2,320,147	2,320,147	2,354,676	2,319,066	2,319,066
Excess Appropriation/(Funding)		(1,379,353)	(1,379,353)		(1,413,882)	(1,378,272)	(1,378,272)	(1,447,676)	(1,376,456)	(1,376,456)
Grand Total		875,098	936,442		906,265	941,875	941,875	907,000	942,610	942,610

FY15 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

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

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	906,265	10	906,265	100.0	907,000	10	907,000	100.0
C01	Existing Program	25,714	0	931,979	102.8	25,714	0	932,714	102.8
C10	Reclass	9,896	0	941,875	103.9	9,896	0	942,610	103.9

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	906,265	10	906,265	100.0	907,000	10	907,000	100.0
C01	Existing Program	25,714	0	931,979	102.8	25,714	0	932,714	102.8
C10	Reclass	9,896	0	941,875	103.9	9,896	0	942,610	103.9

Justification

C01	Capital Outlay request in the amount of \$25,000 for the replacement of one vehicle for each year. Operating expense request in the amount of \$714 for rent of facilities due to an increase by Arkansas Building Authority.
C10	This request is for the reclassification of three Corrosion Inspector, grade C115, positions to PSC Pipeline Safety Specialist, grade C120, positions. The reclassifications are needed due to the expanded duties of the positions and to attract and retain the personnel with the necessary experience, education and qualifications.

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 continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in 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 Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY2015 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

Base Level request for the Division is \$1,734,514 in FY2016 and \$1,735,248 in FY2017.

The Commission's Change Level request is for \$1,113 in Operating Expenses each year of the biennium to cover the 3% Arkansas Building Authority rent increase.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: 257 - Tax Division-Operations

Funding Sources: HTD - Tax Division Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	686,598	725,574	744,014	733,032	733,032	733,032	733,632	733,632	733,632
#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	228,927	240,447	241,157	244,385	244,385	244,385	244,519	244,519	244,519
Overtime	5010006	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Operating Expenses	5020002	141,188	201,359	201,359	201,359	202,472	202,472	201,359	202,472	202,472
Conference & Travel Expenses	5050009	7,121	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
Professional Fees	5060010	0	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		1,063,834	1,323,118	1,742,268	1,734,514	1,735,627	1,735,627	1,735,248	1,736,361	1,736,361
Funding Sources										
Fund Balance	4000005	1,601,794	1,400,637		1,081,019	1,081,019	1,081,019	350,005	348,892	348,892
Special Revenue	4000030	79,197	73,000		73,000	73,000	73,000	73,000	73,000	73,000
Ad Valorem Tax	4000060	783,480	930,500		930,500	930,500	930,500	930,500	930,500	930,500
Total Funding		2,464,471	2,404,137		2,084,519	2,084,519	2,084,519	1,353,505	1,352,392	1,352,392
Excess Appropriation/(Funding)		(1,400,637)	(1,081,019)		(350,005)	(348,892)	(348,892)	381,743	383,969	383,969
Grand Total		1,063,834	1,323,118		1,734,514	1,735,627	1,735,627	1,735,248	1,736,361	1,736,361

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: 257 - Tax Division-Operations
Funding Sources: HTD - Tax Division Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	1,734,514	15	1,734,514	100.0	1,735,248	15	1,735,248	100.0
C01	Existing Program	1,113	0	1,735,627	100.1	1,113	0	1,736,361	100.1

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	1,734,514	15	1,734,514	100.0	1,735,248	15	1,735,248	100.0
C01	Existing Program	1,113	0	1,735,627	100.1	1,113	0	1,736,361	100.1

Justification

C01	Operating Expense request in the amount of \$1,113 for rent of facilities due to the increase by Arkansas Building Authority.
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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 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	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	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