

# ARKANSAS PUBLIC SERVICE COMMISSION

## Enabling Laws

Act 785 of 2007

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	22
Master Meter Gas Operators	171
Water and Sewer Utilities	4
Incumbent Local Exchange Carriers	30
Regional Transmission Organization	1
Competitive Local Exchange Carriers	102
Interexchange Carriers and Private Pay Telephone Providers	<u>200</u>
TOTAL	556

These utilities generate annual revenues in Arkansas of approximately \$5.8 billion, of which \$4.7 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 Tax Division submits a separate budget request.

The Utilities Division, including the 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 public utilities and carriers operating in Arkansas.

The Tax Division had its beginning in the creation, by the General Assembly, 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 been broadened to include assessment of public utility property and the administration and enforcement of the tax laws related to public utilities and carriers. The Tax Division has been placed under the direction and supervision of the Arkansas Public Service Commission.

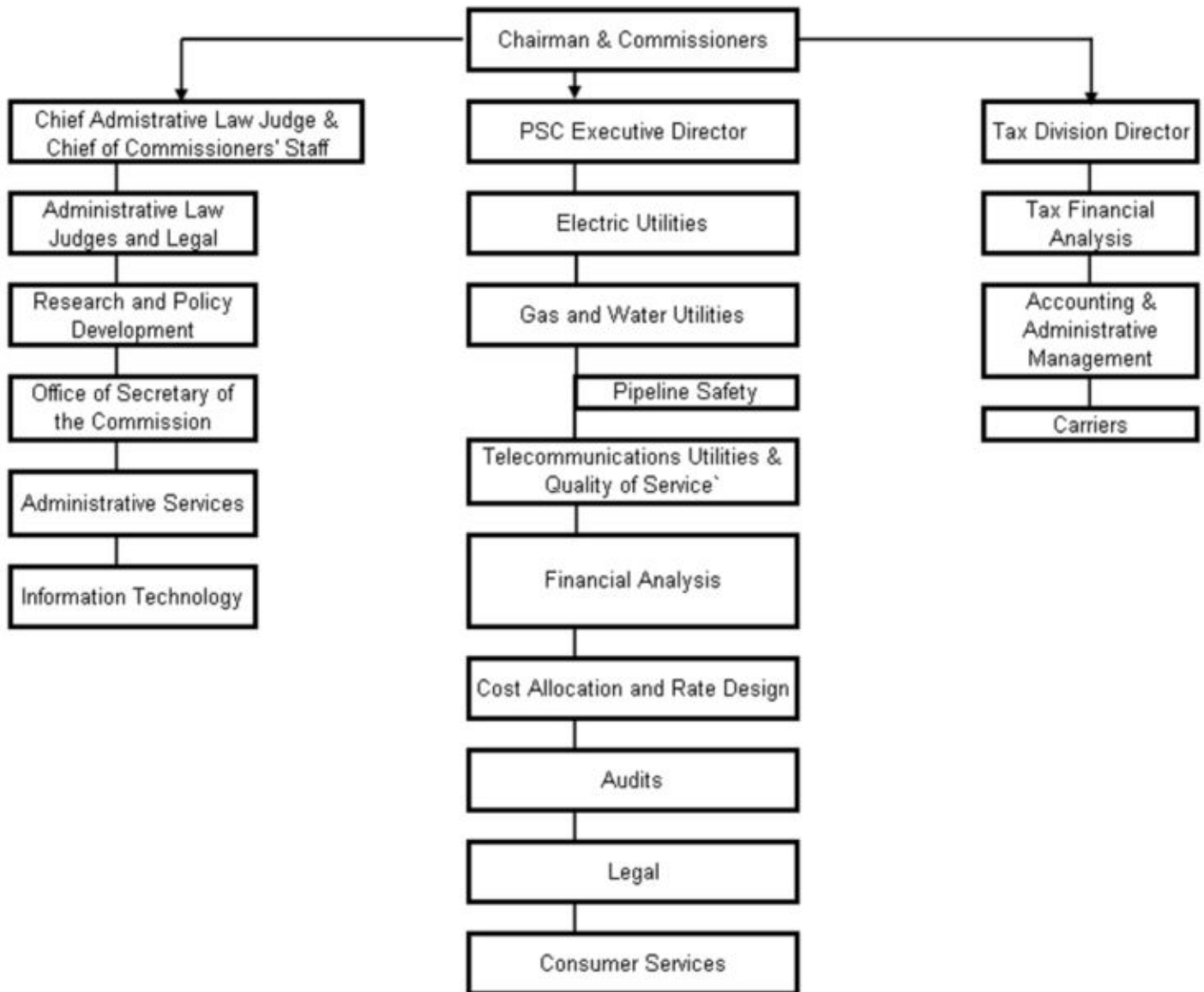
For the purpose of assessment, the Tax Division determines the fair market value of the property of all public utilities and carriers doing business in Arkansas. Once the Tax Division determines the fair market value, it calculates an assessed value which is distributed to the counties where the utility 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 public utilities and carriers in accordance with Title 26 of Arkansas Code Annotated (1997). Once determined, the assessments placed on the property of public 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 2007, the Tax Division assessed over 57,000 companies, with assessments rendered by the Tax Division totaling \$2,916,000,000. Revenue generated from these assessments provides approximately \$113,600,000 annually for the support of schools, cities, and counties. Annual tax revenue of approximately \$16,000,000 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 is one of the two divisions of the Arkansas Public Service Commission, the other being the Utilities Division. 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 public 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 \$9,970,369 in FY10 and \$9,772,315 in FY11 with 90 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 \$8,286 and \$21,000, respectively, are requested each year of the 2009-2011 Biennium for Extra Help and Capital Outlay. The Extra Help request will enable the Commission to hire temporary employees, as needed, to assist with utility rate case preparation. Capital Outlay requests are for the replacement of one state vehicle in each year. The Agency requests the addition of one position title in Special Language and deletion of one title and that all special language provisions be continued. As recommended by the Office of Accounting, the Division is also requesting the reallocation of \$15,000 each year from the Data Processing line item to Operating Expenses so that payments to the Department of Information Systems for support and assistance can be made from the proper line item.

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 34 intra-state natural gas operators and 174 operators covering 311 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 \$818,709 for FY10 and \$826,676 for FY11, with nine positions authorized for each fiscal year.

Change level requests for the Pipeline Safety Office include one new position, with associated Personal Services Matching, and Capital Outlay of \$24,000 each year for replacement of a four wheel drive vehicle in each fiscal year.

### **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 public 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. In 2007, the Tax Division assessed over 57,000 companies. Revenue generated from these assessments provides approximately \$113,600,000 annually for the support of schools, cities, and counties. In addition, a portion of ad valorem revenues is used to partially fund the Tax Division, the Assessment Coordinaton Department and the Division of Legislative Audit.

For the 2009-2011 Biennium, the Tax Division is requesting Base Level as an operating budget.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS PUBLIC SERVICE COMMISSION

FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
None	None

## Employment Summary

	Male	Female	Total	%
White Employees	37	46	83	81 %
Black Employees	3	16	19	18 %
Other Racial Minorities	1	0	1	1 %
Total Minorities			20	19 %
Total Employees			103	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		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.
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.
Utility Rate Case Report	A.C.A. 23-4-420 and A.C.A. 13-2-212	Y	Y	167	Required by Statute. One copy provided to the Governor, 136 copies to the General Assembly, and 30 copies to the State Library.

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
255 Utilities Division-Operations	8,059,576	90	9,650,588	90	9,532,857	90	9,970,369	90	9,999,655	90	9,999,655	90	9,772,315	90	9,801,601	90	9,801,601	90
256 Pipeline Safety Program	676,681	9	844,654	9	839,735	9	818,709	9	892,226	10	892,226	10	826,676	9	901,215	10	901,215	10
257 Tax Division-Operations	865,857	14	1,494,757	15	1,502,063	15	1,577,448	15	1,577,448	15	1,577,448	15	1,592,701	15	1,592,701	15	1,592,701	15
2KA Contingency	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	1,000,000	0
<b>NOT REQUESTED FOR THE BIENNIUM</b>																		
38Z AR One Call Program	40,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>9,642,614</b>	<b>113</b>	<b>12,989,999</b>	<b>114</b>	<b>12,874,655</b>	<b>114</b>	<b>13,366,526</b>	<b>114</b>	<b>13,469,329</b>	<b>115</b>	<b>13,469,329</b>	<b>115</b>	<b>13,191,692</b>	<b>114</b>	<b>13,295,517</b>	<b>115</b>	<b>13,295,517</b>	<b>115</b>

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	5,981,566	37.0	6,508,477	37.8	4,231,843	26.4	4,231,843	26.3	4,231,843	26.3	2,650,398	17.3	2,650,398	17.2	2,650,398	17.2
Federal Revenue	4000020	368,377	2.3	420,077	2.4	260,184	1.6	296,942	1.8	296,942	1.8	387,644	2.5	424,913	2.8	424,913	2.8
Special Revenue	4000030	8,983,350	55.6	9,493,288	55.1	10,724,897	67.0	10,790,942	66.9	10,790,942	66.9	11,462,469	74.9	11,529,025	74.8	11,529,025	74.8
Ad Valorem Tax	4000060	817,798	5.1	800,000	4.6	800,000	5.0	800,000	5.0	800,000	5.0	800,000	5.2	800,000	5.2	800,000	5.2
Total Funds		16,151,091	100.0	17,221,842	100.0	16,016,924	100.0	16,119,727	100.0	16,119,727	100.0	15,300,511	100.0	15,404,336	100.0	15,404,336	100.0
Excess Appropriation/(Funding)		(6,508,477)		(4,231,843)		(2,650,398)		(2,650,398)		(2,650,398)		(2,108,819)		(2,108,819)		(2,108,819)	
Grand Total		9,642,614		12,989,999		13,366,526		13,469,329		13,469,329		13,191,692		13,295,517		13,295,517	

Budget for the Utilities Division-Operations Program (255) exceeds Authorized due to special language carry forward provisions.  
 Budget for the Pipeline Safety Program (256) exceeds Authorized due to salary adjustments made during the 2007-2009 Biennium.

## Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	
114	106	8	114	0	7.02 %	114	104	10	114	0	8.77 %	114	103	11	114	0	9.65 %

## **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 for the Division totals \$9,970,369 for FY10 and \$9,772,315 for FY11, with 90 budgeted positions. The second year Base Level is less than the first year because current special language for the Data Processing Services and Special Maintenance line items provide for the entire appropriations to be placed in the first year and their balances to be carried forward into the second year of the biennium.

Seven Base Level positions were changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Requested changes include Extra Help totaling \$8,286 each year in salaries and matching, Capital Outlay of \$21,000 each year for replacement of vehicles, along with continuation of special language that provides special pay rates for professional employees, contingency transfers, and carry forward of first year balances for the Data Processing Services and Special Maintenance line items, and reallocation of \$15,000 each year from the Data Processing line item to Operating Expenses so that payments for support and assistance from the Department of Information Systems can be made in the proper line item.

The Executive Recommendation provides for the Agency Request.



## 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	5,077,493	5,595,852	5,550,192	5,653,312	5,653,312	5,653,312	5,760,596	5,760,596	5,760,596
<b>#Positions</b>		<b>90</b>	<b>90</b>	<b>90</b>	<b>90</b>	<b>90</b>	<b>90</b>	<b>90</b>	<b>90</b>	<b>90</b>
Extra Help	5010001	0	1,325	1,325	1,325	9,000	9,000	1,325	9,000	9,000
<b>#Extra Help</b>		<b>0</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Personal Services Matching	5010003	1,355,277	1,422,895	1,506,846	1,535,887	1,536,498	1,536,498	1,556,900	1,557,511	1,557,511
Overtime	5010006	0	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Operating Expenses	5020002	1,026,875	1,040,997	1,040,997	1,040,997	1,055,997	1,055,997	1,040,997	1,055,997	1,055,997
Conference & Travel Expenses	5050009	51,303	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	15,000	15,000	15,000	0	0	15,000	0	0
Capital Outlay	5120011	14,889	21,000	21,000	0	21,000	21,000	0	21,000	21,000
Special Maintenance	5120032	47,815	823	0	48,638	48,638	48,638	0	0	0
Fed Regulatory Services	5900040	210,443	290,575	290,575	290,575	290,575	290,575	290,575	290,575	290,575
Professional Services	5900043	152,967	998,000	998,000	998,000	998,000	998,000	998,000	998,000	998,000
Data Processing Services	5900044	122,514	155,199	0	277,713	277,713	277,713	0	0	0
<b>Total</b>		<b>8,059,576</b>	<b>9,650,588</b>	<b>9,532,857</b>	<b>9,970,369</b>	<b>9,999,655</b>	<b>9,999,655</b>	<b>9,772,315</b>	<b>9,801,601</b>	<b>9,801,601</b>
<b>Funding Sources</b>										
Fund Balance	4000005	2,448,511	2,933,314		1,283,302	1,283,302	1,283,302	425,256	425,256	425,256
Special Revenue	4000030	8,544,379	8,000,576		9,112,323	9,141,609	9,141,609	9,612,558	9,641,844	9,641,844
<b>Total Funding</b>		<b>10,992,890</b>	<b>10,933,890</b>		<b>10,395,625</b>	<b>10,424,911</b>	<b>10,424,911</b>	<b>10,037,814</b>	<b>10,067,100</b>	<b>10,067,100</b>
Excess Appropriation/(Funding)		(2,933,314)	(1,283,302)		(425,256)	(425,256)	(425,256)	(265,499)	(265,499)	(265,499)
<b>Grand Total</b>		<b>8,059,576</b>	<b>9,650,588</b>		<b>9,970,369</b>	<b>9,999,655</b>	<b>9,999,655</b>	<b>9,772,315</b>	<b>9,801,601</b>	<b>9,801,601</b>

Budget for Regular Salaries exceeds Authorized due to salary adjustments made during the 2007-2009 Biennium.

Carry Forward amounts for FY09: Special Maintenance, \$823, and Data Processing Services, \$155,199.

## Change Level by Appropriation

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>9,970,369</b>	<b>90</b>	<b>9,970,369</b>	<b>100.0</b>	<b>9,772,315</b>	<b>90</b>	<b>9,772,315</b>	<b>100.0</b>
C01	Existing Program	29,286	0	9,999,655	100.3	29,286	0	9,801,601	100.3
C04	Reallocation	0	0	9,999,655	100.3	0	0	9,801,601	100.3

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>9,970,369</b>	<b>90</b>	<b>9,970,369</b>	<b>100.0</b>	<b>9,772,315</b>	<b>90</b>	<b>9,772,315</b>	<b>100.0</b>
C01	Existing Program	29,286	0	9,999,655	100.3	29,286	0	9,801,601	100.3
C04	Reallocation	0	0	9,999,655	100.3	0	0	9,801,601	100.3

### Justification

C01	Change levels totaling \$8,286 and \$21,000, respectively, are requested each year of the 2009-2011 biennium for Extra Help and Capital Outlay. The Extra Help request will enable the Commission to hire temporary employees, as needed, to assist with utility rate case preparation. Capital Outlay requests are for the replacement of one state vehicle in each year.
C04	Resources are budgeted in the Data Processing line item for assistance and support by the Department of Information Systems. The Office of Accounting has determined that this appropriation should be reallocated for expenditure in the Operating Expenses line item, not Data Processing.

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Public Service Commission

Program: Utilities Division-Operations

Act #: 785 of 2007 Section(s) #: 3,12 & 13

Estimated Carry Forward Amount \$ 162,575.00 Appropriation  Funds

Funding Source: Special

**Accounting Information:**

Business Area: 0450 Funds Center: 255 Fund: SJP Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Special Maintenance	5120032	500.00	822.67
Data Processing Services	5900044	162,075.00	155,281.26
<b>Total</b>		<b>\$ 162,575.00</b>	<b>\$ 156,103.93</b>

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

To ensure the agency has sufficient appropriation to meet necessary technology needs and building maintenance.

Actual Funding Carry Forward Amount \$ 0.00

**Current status of carry forward appropriation/funding:**

Special Maintenance appropriation is available for application toward the cost of any building repair project in Fiscal Year 2009. Data Processing Services appropriation is available to be applied toward replacement of IT supplies and equipment and upgrading of IT hardware.

Paul Suskie  
Chairman

08-12-2008  
Date

## **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 A.C.A. § 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.

One Base Level position was changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425. The following additions to Base Level are requested:

One additional position of Pipeline Safety Specialist is requested due to the increase in workload anticipated with exploration and development in the Fayetteville Shale area. Costs total \$49,517 for FY10 and \$50,539 for FY11.

Capital Outlay of \$24,000 each year is requested for replacement of a four-wheel drive vehicle in each 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		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	441,391	558,527	548,398	549,943	587,275	587,275	556,640	594,830	594,830
<b>#Positions</b>		<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>9</b>	<b>10</b>	<b>10</b>
Personal Services Matching	5010003	127,832	143,641	148,851	150,280	162,465	162,465	151,550	163,899	163,899
Operating Expenses	5020002	82,397	97,637	97,637	97,637	97,637	97,637	97,637	97,637	97,637
Conference & Travel Expenses	5050009	3,388	12,620	12,620	12,620	12,620	12,620	12,620	12,620	12,620
Professional Fees	5060010	1,123	8,229	8,229	8,229	8,229	8,229	8,229	8,229	8,229
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	20,550	24,000	24,000	0	24,000	24,000	0	24,000	24,000
<b>Total</b>		<b>676,681</b>	<b>844,654</b>	<b>839,735</b>	<b>818,709</b>	<b>892,226</b>	<b>892,226</b>	<b>826,676</b>	<b>901,215</b>	<b>901,215</b>
<b>Funding Sources</b>										
Fund Balance	4000005	1,189,784	1,168,858		1,164,358	1,164,358	1,164,358	866,016	866,016	866,016
Federal Revenue	4000020	327,877	420,077		260,184	296,942	296,942	387,644	424,913	424,913
Special Revenue	4000030	327,878	420,077		260,183	296,942	296,942	387,643	424,913	424,913
<b>Total Funding</b>		<b>1,845,539</b>	<b>2,009,012</b>		<b>1,684,725</b>	<b>1,758,242</b>	<b>1,758,242</b>	<b>1,641,303</b>	<b>1,715,842</b>	<b>1,715,842</b>
Excess Appropriation/(Funding)		(1,168,858)	(1,164,358)		(866,016)	(866,016)	(866,016)	(814,627)	(814,627)	(814,627)
<b>Grand Total</b>		<b>676,681</b>	<b>844,654</b>		<b>818,709</b>	<b>892,226</b>	<b>892,226</b>	<b>826,676</b>	<b>901,215</b>	<b>901,215</b>

Budget for Regular Salaries exceeds Authorized due to salary adjustments made during the 2007-2009 Biennium.

## Change Level by Appropriation

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>818,709</b>	<b>9</b>	<b>818,709</b>	<b>100.0</b>	<b>826,676</b>	<b>9</b>	<b>826,676</b>	<b>100.0</b>
C01	Existing Program	73,517	1	892,226	109.0	74,539	1	901,215	109.0

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>818,709</b>	<b>9</b>	<b>818,709</b>	<b>100.0</b>	<b>826,676</b>	<b>9</b>	<b>826,676</b>	<b>100.0</b>
C01	Existing Program	73,517	1	892,226	109.0	74,539	1	901,215	109.0

### Justification

C01	Change level requests include \$24,000 each year of the 2009-2011 biennium for the replacement one four wheel drive vehicle each fiscal year and one new position. The new position is requested for the Office of Pipeline Safety due to the increase in jurisdictional facilities in Arkansas, particularly in the area of the Fayetteville Shale, and the related additional work required. Total salary and matching costs are \$49,517 for the first year and \$50,539 for the second 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 A.C.A. §19-5-1024, and general revenues, if needed. Base Level is \$1,577,448 for FY10 and \$1,592,701 for FY11, with 15 positions authorized and budgeted.

One Base Level position was changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Division is requesting continuation of Base Level and special language that governs transfers from the Contingency line item.

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			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010 Base Level	2009-2010 Agency	2009-2010 Executive	2010-2011 Base Level	2010-2011 Agency	2010-2011 Executive
Regular Salaries	5010000	507,930	563,830	563,830	621,830	621,830	621,830	634,650	634,650	634,650
<b>#Positions</b>		<b>14</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
Extra Help	5010001	11,508	38,238	38,238	38,238	38,238	38,238	38,238	38,238	38,238
<b>#Extra Help</b>		<b>3</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Personal Services Matching	5010003	167,526	173,830	181,136	198,521	198,521	198,521	200,954	200,954	200,954
Overtime	5010006	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Operating Expenses	5020002	138,377	201,359	201,359	201,359	201,359	201,359	201,359	201,359	201,359
Conference & Travel Expenses	5050009	12,210	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
Professional Fees	5060010	15,190	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	13,116	0	0	0	0	0	0	0	0
Contingency	5130018	0	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
<b>Total</b>		<b>865,857</b>	<b>1,494,757</b>	<b>1,502,063</b>	<b>1,577,448</b>	<b>1,577,448</b>	<b>1,577,448</b>	<b>1,592,701</b>	<b>1,592,701</b>	<b>1,592,701</b>
<b>Funding Sources</b>										
Fund Balance	4000005	1,343,271	1,406,305		784,183	784,183	784,183	359,126	359,126	359,126
Special Revenue	4000030	111,093	72,635		352,391	352,391	352,391	462,268	462,268	462,268
Ad Valorem Tax	4000060	817,798	800,000		800,000	800,000	800,000	800,000	800,000	800,000
<b>Total Funding</b>		<b>2,272,162</b>	<b>2,278,940</b>		<b>1,936,574</b>	<b>1,936,574</b>	<b>1,936,574</b>	<b>1,621,394</b>	<b>1,621,394</b>	<b>1,621,394</b>
Excess Appropriation/(Funding)		(1,406,305)	(784,183)		(359,126)	(359,126)	(359,126)	(28,693)	(28,693)	(28,693)
<b>Grand Total</b>		<b>865,857</b>	<b>1,494,757</b>		<b>1,577,448</b>	<b>1,577,448</b>	<b>1,577,448</b>	<b>1,592,701</b>	<b>1,592,701</b>	<b>1,592,701</b>

Actual exceeds Authorized in Capital Outlay by authority of a Budget Classification Transfer.



## **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 requests that this appropriation be continued at its current authorized level of \$1,000,000 each year and that special language governing transfers during emergencies and unforeseen circumstances also be continued for the 2009-2011 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	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Contingency 5130018	0	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total</b>	<b>0</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	1,000,000	1,000,000		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Special Revenue 4000030	0	1,000,000		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total Funding</b>	<b>1,000,000</b>	<b>2,000,000</b>		<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>
Excess Appropriation/(Funding)	(1,000,000)	(1,000,000)		(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
<b>Grand Total</b>	<b>0</b>	<b>1,000,000</b>		<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>

**Appropriation Summary**

**Appropriation:** 38Z - AR One Call Program  
**Funding Sources:** FPS - Public Service Commission - Federal

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	40,500	0	0	0	0	0	0	0	0
Total	40,500	0	0	0	0	0	0	0	0
<b>Funding Sources</b>									
Federal Revenue 4000020	40,500	0		0	0	0	0	0	0
Total Funding	40,500	0		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	40,500	0		0	0	0	0	0	0

THIS APPROPRIATION IS NOT BEING REQUESTED FOR THE 2009-2011 BIENNIUM.