

PUBLIC SERVICE COMMISSION

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY05 Adjusted Base	FY06 Recommended	% Change Over FY05	FY07 Recommended	% Change Over FY06
PR-F	169,200	200,500	18.5	200,500	0.0
PR-O	17,292,900	16,466,300	-4.8	16,363,600	-0.6
SEG-O	9,026,400	9,026,400	0.0	9,026,400	0.0
TOTAL	26,488,500	25,693,200	-3.0	25,590,500	-0.4

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY05 Adjusted Base	FY06 Recommended	FTE Change From FY05	FY07 Recommended	FTE Change From FY06
PR-F	1.00	1.00	0.00	1.00	0.00
PR-O	179.50	162.50	-17.00	157.00	-5.50
TOTAL	180.50	163.50	-17.00	158.00	-5.50

AGENCY DESCRIPTION

The commission is an independent utility regulatory agency dedicated to serving the public interest. The commission regulates electric, natural gas, telephone, water, and combined water and sewer utilities. More than 1,200 utilities are under the agency's jurisdiction. Most of these must obtain commission approval before instituting new rates, issuing stocks or bonds, or undertaking major construction projects such as power plants, water wells and transmission lines. In keeping with its commitment to quality management principles, the commission is organized along industry and administrative lines into four operating divisions.

The commission also provides administrative support for the Office of the Commissioner of Railroads, an independent railroad regulatory agency dedicated to promoting the public interest in a variety of matters involving railroads. The office also regulates the service and economic activity of intrastate water carriers. Before a highway authority can construct a new highway/rail crossing or substantially alter or close an existing highway/rail crossing, the office must issue an order approving the action, after a review, to ensure the action serves the public safety and convenience. The office also reviews the adequacy of protection of the public at highway/rail crossings and issues orders setting forth the needed protection. The office regulates railroads to ensure compliance with other statutory duties, such as crossing maintenance, right-of-way fencing and proper drainage.

MISSION

The mission of the commission is to oversee, facilitate and foster the efficient and fair provision of quality utility services by meeting consumers' changing needs in Wisconsin's dynamic and competitive utility industry environment.

The primary mission of the Office of the Commissioner of Railroads is to promote public safety and convenience in matters involving railroads, especially at highway/rail crossings. To fulfill its mission, the office investigates petitions, conducts hearings and issues orders regarding some 5,400 highway/rail crossings

located throughout the state. The office also oversees a signal maintenance program which funds 50 percent of the cost of maintaining signal equipment at about 2,500 highway/rail crossings.

PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

Program 1: Regulation of Public Utilities

Goal: Assist disabled customers in obtaining affordable access to a basic set of essential telecommunications services.

Objective/Activity: Maintain participation in the Telecommunications Equipment Purchase Program (TEPP) from previous biennium levels; maintain the expenditures for TEPP at levels that approximate an annual budget of \$2 million; and determine what program changes are needed to maintain TEPP activity levels.

Goal: Ensure that the Medical Telecommunications Equipment Program (MTEP) provides medical clinics and health agencies with the funding to provide technologically advanced medical services as passed by the Legislature in 1999 Wisconsin Act 9.

Objective/Activity: Ensure MTEP has sufficient applicants and that grants are awarded on a competitive basis; and ensure the annual budget is expended to meet the stated goals of MTEP and continuing education is provided to potential future grant applicants.

Goal: Provide utility consumers with assistance to resolve complaints.

Objective/Activity: Provide utility consumers with a process for mediating disputes regarding utility service.

Goal: Ensure the provision of safe gas pipeline services.

Objective/Activity: Reduce the risk of loss of life or property due to pipeline operator error or negligence and maintain compliance with state and federal rules and laws associated with pipeline safety.

PERFORMANCE MEASURES

HISTORICAL DATA

Prog. No.	Performance Measure	Actual 2000	Actual 2001	Actual 2002
1.	Increase participation in TEPP.	1,123	3,917	4,440
1.	Increase TEPP expenditures to \$1.5 million.	\$1.076 million	\$1.674 million	\$1.576 million
1.	Assess the cost-effectiveness of TEPP by looking at vouchers issued against vouchers not used within 90 days.	1,398 vouchers issued; 275 vouchers not used	4,999 vouchers issued; 1,082 vouchers not used	5,406 vouchers issued; 968 vouchers not used
1.	Survey to determine social service agencies' program knowledge of TEPP.	N/A	N/A	N/A
1.	Market the telemedicine program to encourage participation.	No program	13 applied	25 applied
1.	Maximize number of MTEP applications.	No grants	13 grants	10 grants
1.	Meet MTEP expenditure goals of \$500,000.	No program	\$500,000	\$500,000
1.	Increase the percentage of complaints resolved to customers' satisfaction. ¹	83%	85%	83%
1.	Increase the amount of money recovered for customers. ¹	\$730,000	\$1.194 million	\$1.1 million
1.	Number of incidents resulting in loss of life or property. ¹	0	1	0
1.	Number of miles of substandard piping replaced or rehabilitated each year. ¹	23	8	8
1.	Percentage of pipeline safety units in compliance within 45 days. ¹	75%	97%	75%
1.	Number of violations found per year. ¹	139	128	139

Note: Based on fiscal year.

¹Based on calendar year.

2003 AND 2004 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2003	Actual 2003	Goal 2004	Actual 2004
1.	Increase participation in TEPP. ²	20% over actual prior year	4,293	20% over actual prior year	6,424
1.	Increase TEPP expenditures to \$1.5 million. ²	\$1.5 million	\$1.444 million	\$1.5 million	\$1.646 million
1.	Assess the cost-effectiveness of TEPP by looking at vouchers issued against vouchers not used within 90 days. This measure is being dropped. ²	Actuals	5,158 vouchers issued; 865 vouchers not used	Actuals	10,463 vouchers issued; 4,039 vouchers not used
1.	Survey to determine social service agencies' program knowledge of TEPP. ²	Involve county aging units in outreach	Annual mailing sent	Include independent living centers in outreach	Included in TEPP committee and grants
1.	Market the telemedicine program to encourage participation. ³	25 entities	18 applied	25 entities	19 applied
1.	Maximize number of MTEP applications. ³	10 grants	11 granted	10 grants	11 granted
1.	Meet MTEP expenditure goals of \$500,000. ³	\$500,000	\$500,000	\$500,000	\$500,000
1.	Increase the percentage of complaints resolved to customers' satisfaction. ^{1,4}	75%	85%	80%	N/A
1.	Increase the amount of money recovered for customers. ^{1,4}	\$400,000	\$1.194 million	\$1 million	N/A
1.	Number of incidents resulting in loss of life or property. ^{1,5}	0	1	0	N/A
1.	Number of miles of substandard piping replaced or rehabilitated each year. This measure is being dropped. ^{1,5}	50	3	6	N/A
1.	Percentage of pipeline safety units in compliance within 45 days. ^{1,5}	80%	91%	80%	N/A
1.	Number of violations found per year. ^{1,5}	104	138	100	N/A

Note: Based on fiscal year.

¹Based on calendar year. Data for actual 2004 is not available.

²Participation rates continue to increase significantly from receiving a total of 1,136 TEPP applications in 1998, to receiving 5,506 applications in fiscal year 2001-02 (a 484 percent increase) and 10,630 in fiscal year 2003-04 (a 107 percent increase).

Expenditures for used TEPP vouchers have also increased dramatically over the past seven years. There was significant growth in expenditures from \$386,938 in 1998 to \$1,635,804 in fiscal year 2001-02 and \$1,935,188 in fiscal year 2003-04.

As part of the efforts to improve TEPP, staff continued to work with a committee of vendors, telecommunications providers, users of TEPP vouchers and the Bureau of Deaf and Hard of Hearing in the Department of Health and Family Services. This committee provided a significant amount of input on improvements made, including proposed changes to Administrative Rule, PSC 160 and developing an electronic application system and vendor guidelines. The committee is working with vendors to improve the exchange of information with the Universal Service Fund administrator, state agencies and vendors regarding equipment list updates, increasing levels of usage of vouchers by recipients and clarifying the voucher process. In addition, the commission provided an information packet to all W-2 agencies, county aging units and independent living centers with information about Universal Service Fund programs and sample packages of pamphlets for the programs. Finally, eight of the Universal Service Fund Nonprofit Access grants awarded by the commission in fiscal year 2001-02 were to social service agencies or organizations that work with recipients of TEPP vouchers. The intent of these grants was for TEPP outreach, including working with clients that had difficulty installing and understanding how to use the equipment they received.

³Five rounds of MTEP grant announcements have been conducted. The following results occurred:

Fiscal Year	Applications Received	Grant Dollars Requested	Applications Approved	Grant Dollars Approved
2001 (round 1)	6	\$ 559,402	5	\$340,363
2001 (round 2)	7	\$ 290,529	5	\$159,637
2002	25	\$2,029,951	13	\$500,000
2003	18	\$1,409,450	11	\$500,000
2004	19	\$1,398,993	11	\$500,000

The MTEP for fiscal year 2004-05 will be announced later this year. The future goals for this program should focus on improved diversity of location and types of grants rather than increasing the number of applications since there is a budget cap on the dollars that can be granted for this program.

⁴Approximately 85 percent of the complaints were resolved to the customer's satisfaction in 2003. A total of \$1.194 million was recovered for customers in 2003 and \$964,474 to date in 2004.

⁵In 2003, commission staff spent 416 days in the field doing inspections. This was a five percent increase over the previous year. During 2003, there was one incident as a result of a gas explosion.

In 2003, approximately three miles of bare steel pipeline were replaced. Bare steel piping represents the greatest potential for leaks in the state. At the end of the year, there were approximately eight miles left in the state.

In 2003, approximately 91 percent of the violations found by the inspection team were corrected within 45 days or were incapable of being corrected. The other nine percent were violations that required the utility to perform considerable work to correct or were a result of weather dependent work being scheduled.

For 2003, commission staff found 138 probable violations. This is well within the federal guidelines which call for a minimum of 13 probable violations during that time period.

2005, 2006 AND 2007 GOALS

Prog. No.	Performance Measure	Goal 2005	Goal 2006	Goal 2007
1.	Maintain participation levels in TEPP. ²	10,000 vouchers issued	10,000 vouchers issued	10,000 vouchers issued
1.	Maintain TEPP expenditures at about \$2 million. ²	\$2 million	\$2 million	\$2 million
1.	Work with social service agencies and organizations to improve their program knowledge of TEPP. ²	TEPP committee meets 2-3 times	TEPP committee meets 2-3 times	TEPP committee meets 2-3 times
1.	Market the telemedicine program to encourage participation.	20 entities	20 entities	20 entities
1.	Diversify location and type of MTEP applications. ³	Statewide	5 different types	Statewide and 5 different types
1.	Meet MTEP expenditure goals of \$500,000.	\$500,000	\$500,000	\$500,000
1.	Increase the percentage of complaints resolved to customers' satisfaction. ¹	80%	85%	85%
1.	Increase the amount of money recovered for customers. ¹	\$1 million	\$1 million	\$1 million
1.	Number of incidents resulting in loss of life or property. ¹	0	0	0
1.	Percentage of pipeline safety units in compliance within 45 days. ¹	85%	85%	85%
1.	Number of violations found per year. ¹	100	100	100

Note: Based on fiscal year.

¹Based on calendar year.

²These performance measures are being modified. The goals are to maintain participation levels and stay within the budget constraints of the universal service fund appropriation.

³This performance measure has been modified to focus on diversity in types of recipients and statewide diversity for the upcoming biennium.

PUBLIC SERVICE COMMISSION

GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. Budget Efficiency Measures
2. Streamlining Administrative Services
3. Regulatory Modeling Software
4. Intern Funding
5. Telecommunications Late Fees
6. Federal Indirect Cost Reestimate
7. Standard Budget Adjustments

Table 1
Department Budget Summary by Funding Source (in thousands of dollars)

	ACTUAL FY04	ADJUSTED	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		BASE FY05	FY06	FY07	FY06	FY07
FEDERAL REVENUE (1)	\$262.2	\$169.2	\$200.5	\$200.5	\$200.5	\$200.5
State Operations	262.2	169.2	200.5	200.5	200.5	200.5
PROGRAM REVENUE (2)	15,826.5	17,292.9	17,438.6	17,335.6	16,466.3	16,363.6
State Operations	15,216.8	16,542.9	16,688.6	16,585.6	15,716.3	15,613.6
Aids to Ind. & Org.	609.7	750.0	750.0	750.0	750.0	750.0
SEGREGATED REVENUE (3)	4,836.7	9,026.4	9,026.4	9,026.4	9,026.4	9,026.4
State Operations		3,026.4	3,026.4	3,026.4	3,026.4	3,026.4
Aids to Ind. & Org.	4,836.7	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0
TOTALS-ANNUAL	20,925.4	26,488.5	26,665.5	26,562.5	25,693.2	25,590.5
State Operations	15,479.0	19,738.5	19,915.5	19,812.5	18,943.2	18,840.5
Aids to Ind. & Org.	5,446.4	6,750.0	6,750.0	6,750.0	6,750.0	6,750.0

(1) Includes Program Revenue-Federal and Segregated Revenue-Federal

(2) Includes Program Revenue-Service and Program Revenue-Other

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

Table 2
Department Position Summary by Funding Source (in FTE positions) (4)

	ADJUSTED	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
	BASE FY05	FY06	FY07	FY06	FY07
FEDERAL REVENUE (1)	1.00	1.00	1.00	1.00	1.00
PROGRAM REVENUE (2)	179.50	178.50	178.50	162.50	157.00
TOTALS-ANNUAL	180.50	179.50	179.50	163.50	158.00

(1) Includes Program Revenue-Federal and Segregated Revenue-Federal

(2) Includes Program Revenue-Service and Program Revenue-Other

(4) All positions are State Operations unless otherwise specified

Table 3
Department Budget Summary by Program (in thousands of dollars)

	ACTUAL FY04	ADJUSTED BASE FY05	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY06	FY07	FY06	FY07
1. Regulation of public utilities	\$20,374.5	\$22,855.2	\$23,060.4	\$23,051.5	\$22,088.0	\$22,079.1
2. Office of the commissioner of railroads	550.9	606.9	578.7	484.6	578.8	485.0
3. Wireless 911 grants		3,026.4	3,026.4	3,026.4	3,026.4	3,026.4
TOTALS	20,925.4	26,488.5	26,665.5	26,562.5	25,693.2	25,590.5

Table 4
Department Position Summary by Program (in FTE positions)

	ADJUSTED BASE FY05	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY06	FY07	FY06	FY07
1. Regulation of public utilities	173.50	173.50	173.50	157.50	152.00
2. Office of the commissioner of railroads	7.00	6.00	6.00	6.00	6.00
TOTALS	180.50	179.50	179.50	163.50	158.00

1. Budget Efficiency Measures

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	-973,400	-16.00	-973,400	-16.00
TOTAL	0	0.00	0	0.00	-973,400	-16.00	-973,400	-16.00

The Governor recommends reducing expenditure and position authority in the department's state operations appropriations in the amounts shown to create additional operational efficiencies by: (a) reducing administrative support staff; (b) streamlining water utility rate regulation; and (c) eliminating vacant positions.

2. Streamlining Administrative Services

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	0	0.00	0	-5.50
TOTAL	0	0.00	0	0.00	0	0.00	0	-5.50

The Governor recommends consolidating server and network support, certain procurement and purchasing functions, and human resources and payroll benefit services in the Department of Administration beginning in FY07 to create administrative efficiencies. To achieve this, the Governor recommends reducing the department's position authority by: (a) 2.5 FTE positions related to server and network consolidation; and (b) 3.0 FTE positions related to human resources and payroll benefit services consolidation. The Governor further recommends retaining the funding associated with these positions in the department to cover chargebacks for these services from the Department of Administration. See Department of Administration, Item #1.

3. Regulatory Modeling Software

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	50,600	0.00	41,700	0.00	50,600	0.00	41,700	0.00
TOTAL	50,600	0.00	41,700	0.00	50,600	0.00	41,700	0.00

The Governor recommends providing funding for regulatory modeling software to improve estimates of electricity generation and transmission requirements, and electricity and natural gas cost of service.

4. Intern Funding

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	79,500	0.00	79,500	0.00	79,500	0.00	79,500	0.00
TOTAL	79,500	0.00	79,500	0.00	79,500	0.00	79,500	0.00

The Governor recommends providing funding to hire additional interns from the Summer Affirmative Action Intern Program and University of Wisconsin School of Engineering and Department of Economics.

5. Telecommunications Late Fees

The Governor recommends allowing telecommunications utilities to charge late fees of up to 1.5 percent of the late balance per month to retail customers. The commission could authorize higher late fees in certain circumstances but would be prohibited from regulating late fees generally. In addition, telecommunications utilities would be required to provide five percent of late fees collected to the commission for use in consumer education.

6. Federal Indirect Cost Reestimate

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-F	25,000	0.00	25,000	0.00	25,000	0.00	25,000	0.00
TOTAL	25,000	0.00	25,000	0.00	25,000	0.00	25,000	0.00

The Governor recommends adjusting the commission's base budget to reflect a reestimate of federal indirect payments for the gas pipeline safety program.

7. Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-F	6,300	0.00	6,300	0.00	6,300	0.00	6,300	0.00
PR-O	15,600	-1.00	-78,500	-1.00	16,700	-1.00	-77,100	-1.00
TOTAL	21,900	-1.00	-72,200	-1.00	23,000	-1.00	-70,800	-1.00

The Governor recommends adjusting the commission's base budget for: (a) turnover reduction (-\$280,700 in each year); (b) removal of noncontinuing elements from the base (-\$31,300 in FY06, -\$125,100 in FY07 and -1.0 FTE position in each year); (c) full funding of continuing position salaries and fringe benefits (\$335,000 in each year); and (d) minor transfers within the same alpha appropriation.