

**Form Number 500**

**Agency Adjustment Summary**

State of Nebraska - Administrative Services - Budget Division

	PAGE NUMBER
	CODE & DESCRIPTION
AGENCY	074 Nebraska Power Review Board

EXPENDITURE ACCOUNT	ADJUSTMENTS	
	2007-2008	2008-2009
Permanent F.T.E. Positions		
511100 Permanent Salaries - Wages	5,346	10,692
511200 Temporary Salaries - Wages		
511600 Per Diem Payments		
511900 Supplemental (One-time payments)		
All Other Salaries		
<b>Sub-Total Salaries</b>	5,346	10,692
515100 Retirement Plans Expense	401	802
515200 OASDI Expense	409	818
515400 Life and Accident Insurance Expense		
515500 Health Insurance Expense		
All Other Personal Services		
<b>Sub-Total Benefits</b>	810	1,620
510000 Personal Services	6,156	12,312
520000 Operating Expenses		
570000 Travel Expenses		
580000 Capital Outlay		
590000 Government Aid		
<b>Total Expense</b>	6,156	12,312
Means of Financing		
General Fund		
Cash Fund	6,156	12,312
Federal Fund		
Revolving Fund		
PSL	5,346	10,692
<b>Total Funding</b>	6,156	12,312

Note: In the blank lines under Operating Expenses, itemize individual line items that comprise a significant portion of the Total Operating Expenses.

# Program Adjustment Narrative

		Page Number
	CODE	DESCRIPTION
AGENCY	074	Nebraska Power Review Board
PROGRAM	72	
REQUEST	1	

State of Nebraska – Administrative Services – Budget Division

Provide the following information: A) Description of Request; B) Rationale for Request; C) Impact of Request; and, D) Statutory Change if Required.

**A)** After considerable discussion on the topic, the Nebraska Power Review Board has determined that the salary of its executive director and general counsel (Tim Texel) is not at the level the Board believes to be appropriate. Although the Board is responsible for establishing the salary for its director, the Board is also fully aware that it needs to make sure adequate funding in the agency’s personal services limitation category is available prior to increasing Mr. Texel’s salary. At its public meeting held October 26, 2007, the Board voted unanimously to increase Mr. Texel’s salary by fifteen percent. In deference to the Governor and Legislature, the Board made implementation of the raise contingent on the approval of the budget adjustment request.

Mr. Texel’s current salary is \$71,280. The fifteen percent increase would constitute a salary increase of \$10,692. When incidental increases for retirement and OASDI are included, the total increase to the agency budget would amount to \$12,311.84. The Board operates exclusively on a cash funded basis, and thus receives no general fund appropriations. The Board would not need to conduct a special assessment to fund the salary increase. The agency’s current reserves are at a sufficient level to cover the budget adjustment. Even after approval of the budget adjustment, the Board would still have over \$47,000 in unappropriated reserve funds available should emergency spending needs arise.

**B)** The Board believes the salary increase is warranted for several reasons. One of the primary reasons the Board believes the increase is justified is that Mr. Texel’s duties have increased considerably subsequent to joining the Power Review Board. Since Mr. Texel was hired, there have been many changes in the electric industry. One of the changes has been the formation of regional entities representing the interests of state regulatory agencies. One of these is the Organization of MISO States (OMS), which is comprised of fourteen state regulatory agencies and the Canadian Province of Manitoba. This organization provides advice to the Midwest Independent System Operator (MISO) and the Federal Energy Regulatory Commission (FERC) on issues such as reliability and market functions. The OMS Board meets by conference call usually twice each month, with several face-to-face meetings each year. There is often a good deal of background information to review in preparation for these meetings. A related organization is the Western Interconnect Regional Advisory Group (WIRAB). WIRAB was formed by the Western Governor’s Association to provide advice to the Western Electricity Coordinating Council and the FERC. Like OMS, WIRAB meets by conference calls at least once each month, and there are often materials to be reviewed beforehand. Governor Heineman designated Mr. Texel to be Nebraska’s representative on WIRAB. After Mr. Texel was hired as the Board’s executive director and general counsel, the Board became an associate member of the National Association of Regulatory Utility Commissioners (NARUC), an organization comprised of state regulatory agencies from all 50 states. Mr. Texel attends NARUC meetings two or three times each year. He is a member of the NARUC electricity staff subcommittee and participates in the subcommittee’s conference calls, usually once a month. In addition to the conference calls and meetings, members of these organizations send out surveys and requests for information. Mr. Texel is responsible for preparing a response for the Board or the State of Nebraska.

Another of the Board’s functions added since Mr. Texel was hired was the enactment of Neb. Rev. Stat. section 70-1003(6), which requires the preparation of an annual report for the Governor and Legislature examining the factors that indicate whether retail competition in the electric industry would benefit Nebraska’s electric ratepayers. A consultant is responsible for coordinating the efforts of the technical experts preparing the

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report, but Mr. Texel prepares the requests for proposal to hire the consultant, sits on the Review Group responsible for providing a general overview and advice on the report, Mr. Texel proofreads the report, and he oversees its printing and distribution.

When Mr. Texel was hired by the Board, it had no website. Mr. Texel was responsible for creating the Board's website and regularly updates the materials on the website. He has also taken the initiative to improve the Board's efficiency and record-keeping process through projects such as the creation of a restatement of each public power district's charter (somewhat similar to the articles of incorporation for a private corporation) and a project to create electronic maps of each public power district's entire retail service area. Neither of these types of documents previously existed.

The Board points out that Mr. Texel has over 16 years of legal experience, including trial and administrative law experience while serving as a U.S. Army Judge Advocate and as an Assistant Attorney General with the Nebraska Department of Justice. He has been with the Board since August 1998. The Power Review Board is a small agency with only three full-time employees and five part-time Board members. In any small agency, institutional knowledge is invaluable, and the Board wants to do what it can to protect the State's best interests by retaining Mr. Texel. The Board is concerned that Mr. Texel's salary is not commensurate with an attorney having his experience and length of service. The Board also points out that Mr. Texel serves the Board in two capacities – in both the executive director's position and as the Board's general counsel. By serving in these dual capacities, Mr. Texel saves the Board and the State both time and expense. The Board does not often need to use the Attorney General's resources for legal issues, and saves the expense of outside legal counsel that other agencies require in order to perform the functions of hearing officer to perform legal research.

When the Board hired Mr. Texel, he started at a salary considerably less than his predecessor. The salary for the previous executive director and general counsel was approximately \$64,000 when he retired. Mr. Texel was hired at \$45,000 – almost \$20,000 less than his predecessor's salary. At that time the Board indicated it intended to raise Mr. Texel's salary to be more commensurate with his predecessors' after the Board had the opportunity to observe Mr. Texel for a year or two. Although the Board has provided Mr. Texel with yearly cost-of-living raises, it never gave him the one-time increase that was originally intended. The Board strongly believes it is time to do so.

Finally, the Board wishes to draw attention to the fact that according to the State Personnel Division, out of 64 agency directors Mr. Texel's salary is 50<sup>th</sup> (State of Nebraska Personnel Almanac, 23<sup>rd</sup> Edition, July 2007, page 23), which puts his salary in the bottom 25 percent for all agency directors. This is despite the fact that he also serves as the agency's general counsel. Even with this budget adjustment included, Mr. Texel's salary would be 44<sup>th</sup> out of 64, still in the bottom one-third of agency director salaries. The Board believes this demonstrates that Mr. Texel's current salary is comparatively low, and the requested budget adjustment is needed to bring his salary more in line with where the Board believes it should be in comparison to the State's other agency directors.

**C)** In terms of delivery of service to those normally affected by the Board, the budget adjustment would not have a direct qualitative or quantitative impact. The Board's concern is the negative impacts that would occur if Mr. Texel were to leave his position as executive director and general

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counsel in order to take a position in the private sector or even an agency with another State for what the Board believes would likely involve a substantial salary increase. The loss of Mr. Texel's knowledge of the Board, its history, the laws relating to the Board and Nebraska's power industry, would pose a significant problem for an agency as small as the Board. While the Board acknowledges that eventual turnover in any position is a fact of life, the Board believes in this case that the chances of premature turnover can be greatly reduced by this budget adjustment. The Board firmly believes that Mr. Texel's work performance, institutional knowledge and legal skills warrant approval of the budget adjustment. Although the amount involved is not large when taken in context of the State's or even the Power Review Board's budget, the Board believes the requested salary increase is significant to an individual and would go far in achieving the Board's objective of rewarding work product and ensuring continuity in its executive director and general counsel's position.

**D)** No statutory change is required.

**Form Number 520**

**Program Adjustment Request**

State of Nebraska - Administrative Services - Budget Division

PAGE NUMBER

CODE & DESCRIPTION

AGENCY 074 Nebraska Power Review Board

PROGRAM 72

REQUEST 1

EXPENDITURE ACCOUNT	APPROPRIATIONS		ADJUSTMENTS	
	2007-2008	2008-2009	2007-2008	2008-2009
Permanent F.T.E. Positions				
511100 Permanent Salaries - Wages	145,096	145,096	5,346	10,692
511200 Temporary Salaries - Wages				
511600 Per Diem Payments	19,984	24,060		
511900 Supplemental (One-time payments)				
All Other Salaries				
<b>Sub-Total Salaries</b>	<b>165,080</b>	<b>169,156</b>	<b>5,346</b>	<b>10,692</b>
515100 Retirement Plans Expense	10,882	10,882	401	802
515200 OASDI Expense	12,628	12,940	409	818
515400 Life and Accident Insurance Expense	68	68		
515500 Health Insurance Expense	41,099	41,099		
All Other Personal Services	1,536	1,536		
<b>Sub-Total Benefits</b>	<b>66,214</b>	<b>66,525</b>	<b>810</b>	<b>1,620</b>
510000 Personal Services	231,294	235,681	6,156	12,312
520000 Operating Expenses	113,995	121,546		
570000 Travel Expenses	32,820	34,049		
580000 Capital Outlay				
590000 Government Aid				
<b>Total Expense</b>	<b>378,109</b>	<b>391,276</b>	<b>6,156</b>	<b>12,312</b>
Means of Financing				
General Fund				
Cash Fund	378,109	391,276	6,156	12,312
Federal Fund				
Revolving Fund				
PSL	165,080	169,156	5,346	10,692
<b>Total Funding</b>	<b>378,109</b>	<b>391,276</b>	<b>6,156</b>	<b>12,312</b>

Note: In the blank lines under Operating Expenses, itemize individual line items that comprise a significant portion of the Total Operating Expenses.