

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission,) APPLICATION NO. RVF-1
on its own motion, seeking to)
determine the seal fee amount) ORDER SETTING FEE
for the Recreational Vehicle)
Program.) ENTERED: NOVEMBER 6, 2007

BY THE COMMISSION:

Pursuant to Neb. Rev. Stat. 71-4604.01(2) (2006 Cum. Supp.), the Commission is to hold an annual hearing to determine the seal fees for the Recreational Vehicle Program. The fees are subject to a statutory minimum of \$10 and a maximum of \$50 per vehicle.

On September 11, 2007, the Commission ordered that a hearing on this matter be held on October 17, 2007. Notice of the October 17, 2007, hearing was sent to all interested parties on September 11, 2007.

On October 17, 2007, the Commission held a hearing to receive evidence in its determination of the seal fee for the Recreational Vehicle program. At the time the hearing was scheduled to begin, no interested members of the general public or the industry were present in the hearing room. The hearing was thus begun at 1:30 p.m. in the Commission Hearing Room.

EVIDENCE

One witness was heard by the Commission. He was Mark Luttich, Director of the Housing and Recreational Vehicle Department. Mr. Luttich presented to the Commission that it has the responsibility to set fees in the Recreational Vehicle Department on an annual basis.

Mr. Luttich reviewed the cost structure of the department. His figures indicate that the department costs were \$180,753 for the last year. The department realizes income of \$44,850 from seal fees and \$79,272 for plan review fees. The total amount of income is \$124,122, resulting in a deficit of \$56,631.

Mr. Luttich stated that the fees were set in 1994 and have not been adjusted since then. Mr. Luttich stated that the program created a large cash reserve over the first few years of its existence, but that it has operated at a deficit for some time. The large cash reserve surplus was the cause of no adjustment being made in the fees since 1994, but the deficit has created a situation where the reserve will be depleted in less than two years if no action is taken.

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Mr. Luttich proposed that the seal fee be raised from the current \$23 to the statutorily mandated maximum of \$50 per seal. This would generate \$52,650 in income over the next year presuming that the number of seals issued remains the same. This amount almost offsets the predicted deficit of \$56,631 that has been projected over the next year. It is Mr. Luttich's goal to also pursue a statutory change to allow for the plan review fee to be adjusted without the necessity of going through a Rule and Regulation process.

Mr. Luttich also presented evidence regarding the comparative costs of the Nebraska program to that of Washington State, the only other state to have a program such as this one. His analysis showed that, while the Washington seal fee was less than Nebraska's, the plan review fee was considerably higher. The result is that even if the Nebraska seal fee is raised to \$50, the end amount charges in Nebraska is still considerably less than that charged by Washington State.

On examination by Commissioner Landis, Mr. Luttich stated that the cash fund available to the Recreational Vehicle program would be about half of the total cash reserve of \$150,000. He also stated that the deficit has resulted not from a decrease in seal fee income but in the increase of the costs of the program such as salaries and rent.

Upon questioning by Commissioner Johnson, Mr. Luttich said that the industry appears to be neutral regarding his proposed increase. He also reiterated that the plan review fee should be reviewed but that it had to be adjusted through a Rule and Regulation procedure prior to any change in statutes regarding the setting of those fees.

On examination by Commissioner Boyle, Mr. Luttich stated that the next year will have the reserve decrease from \$75,000 to around \$11,000 if no action is taken. The request for an increase in the seal fee is to keep the reserve fund from being too low in the immediate future.

O P I N I O N A N D F I N D I N G S

The matter under consideration is determining the fee for seals in the Recreational Vehicle Department. The Commission is aware of the situation involving the department and the declining cash balance and is concerned that the cash reserve balance does not get too low. It appears that a recommended amount is a six-month reserve, and that the cash reserve balance is now and will continue to reduce to an amount smaller than this figure.

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However, the Commission finds that the proposed increase of is not at a level that should be approved, even though the total amount of the fee compared to the transaction price is negligible. The Commission has stated that a reasonable increase would be considered, but that the program needed to be more closely monitored in the future to prevent the necessity of requesting such a large increase.

After a review and consideration of the evidence provided and being duly advised in the premises, the Commission finds that the seal fee should be increased to \$31. This amount is reasonable in light of the fact that the fee has not been raised since 1994, a period of thirteen years. This will raise some revenue for the department while having a reasonable impact on the industry. The department will monitor its situation more carefully in the future, and also will pursue a change in the plan review fee as necessary, reasonable and able in the immediate future.

O R D E R

IT IS, THEREFORE, ORDERED by the Nebraska Public Service Commission that a seal fee as charged by the Recreational Vehicle Department of the Nebraska Public Service Commission shall be, and it hereby is, increased to \$31 per seal effective December 1, 2007.

MADE AND ENTERED at Lincoln, Nebraska, this 6th day of November, 2007.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Gerald T. Vap

Anne C. Boyle

Tim Johnson

//s// Rod Johnson

Chairman

Rod Johnson

ATTEST:

Theresa H. H. P.

Executive Director