

2011 SENATE APPROPRIATIONS

SB 2008

2011 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee Harvest Room, State Capitol

SB 2008
January 12, 2011
12836

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A Bill for an Act to provide an appropriation for defraying the expenses of the public service commission.

Minutes:

See attached testimony - #1.

Chairman Holmberg called the committee hearing to order on SB 2008.
Sara Chamberlin - Legislative Council; Tad H. Torgerson - OMB

Tony Clark, Public Service Commissioner, Public Service Commission, State of North Dakota

Testimony attached - # 1. Testified in favor of SB 2008.

He introduced fellow **Commissioners Kevin Cramer** and **Brian P. Kalk**. He requested support of the budget that is before the committee and proceeded giving an agency overview and stated that they are not requesting any FTEs.

Chairman Holmberg asked if the rail rate fund supported in the Governor's Executive Budget was for litigation. **Tony Clark** said that was correct. If there was a rate complaint case before the Surface Transportation Board, these funds would be available.

(Continuing) **Tony Clark** said the commission's overall budget, about 58% comes from federal sources, 36% is general fund money and 6% is special funds. The commission recorded 1183 complaints and inquiries in the current biennium.

Senator Wanzek asked about the use of indemnity funds in elevator insolvency cases. **Tony Clark** replied that they have used the indemnity funds in some cases, but there has not been a major drain on that account. They have a balance of \$ 6.8M but one huge insolvency could take it down.

Senator Warner asked him to elaborate on the duties of the temporary employee in the public utility division under the stimulus money?

Tony Clark: It flows through the Department of Energy and then to public utility commissions across the country. There was a certain amount of money that was pegged

specifically for public utility commissions. It has to be with regard to electricity work. With this particular position, the commission has received emergency approval to do so, designated as a temporary full time employee, is to do work specifically with citing. We have significant workload in citing electric projects, such as wind farms and transmission lines. This Commission wanted actual deliverables at the end of the day. This position is specifically tasked with working with local officials, subdivisions and county officials to help streamline the citing process. We get a lot of questions from county officials, township officials when a new wind farm is going to be permitted or when a transmission line is going through. This person works with education effort with local officials about what the PSC does and what questions they may need to be asking of utility companies and wind developers when they come to their county. Developing a set of model citing ordinances that local officials might look at when they permit some of these projects. The person would be tasked with education, outreach, streamlining our commission rules as well as local zoning rules to insure that all the things that have to be done with this development are done so it's as thorough as possible.

Senator Warner asked if the commission would be hindered if the money goes away. **Tony Clark** said they designed the position very specifically so that one's the ARRA money runs out we're not going to be back asking for this particular position.

Senator Bowman: With the demand that we're seeing with all the oil activity on our electric needs, do we have long range plans anywhere in our system to address that? I bring this up because, in our county, they unitized the field and put in a couple big compressors in and then a gas plant. Some people could hardly get their lights to come on. They had to put a big transmission line in to take care of the need. Are we prepared to handle the volume of electricity that will be needed to keep all of these wells pumping?

Tony Clark: It's a big concern in the oil patch. Ultimately, the responsibility for retail customer service is the responsibility of the utility company itself. If it's investor owned utilities, it's us on the commission who are asking if they have the resources to make sure the lights stay on throughout your service territory. Nature of oil development is quite often in co-op territory and we don't have regulatory authority over the co-ops. There are also standards that the individual utility companies need to meet, even beyond the commission. They have reliability standards that are set by NERC (North American Energy Reliability Council). And NERC is ultimately the national body that sets standards for how electric transmission is to be provided. There is a hierarchy that demands that the reliability be maintained.

Senator Christmann commented that with the complexity of regulatory world and the importance of the relationships between the states and the federal government, it's important to commend the commissioner on being elected to lead the national regulatory commissioner's organization. It's a big honor for North Dakota and a good thing for the country to have him in charge of that.

Senator Robinson asked about wind energy development. What can you tell us about future expansion?

Tony Clark: We can provide the committee with a list of projects that we've both cited and those we've received letters of intent. There are a couple steps that wind developers need to go through before they cite a project. They're supposed to submit a letter of intent, in theory, a year before the formal application arrives. We've got about \$13 billion of proposed wind farms that we know about – that we've received letters of intent. There are many other projects that are still in the early development stage. If we're going to have huge scale development, we have to have more transmission lines.

Chairman Holmberg closed the hearing on SB 2008.

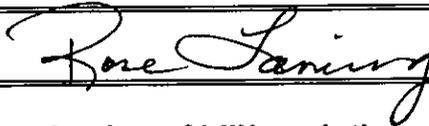
2011 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee
Harvest Room, State Capitol

SB 2008
February 15, 2011
Job # 14584

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

The committee met to vote on the Public Service Commissioner's budget.

Minutes:

You may make reference to "attached testimony."

Chairman Holmberg called the committee hearing to order on SB 2008.
Becky J. Keller – Legislative Council; Tad H. Torgerson – OMB.

Senator Christmann recommended do pass as is – no real significant changes.

Senator Christmann moved Do Pass on SB 2008.

Senator Wardner seconded.

A Roll Call vote was taken. Yea: 12 Nay: 0 Absent: 1

Senator Christmann will carry the bill.

Date: 2-15-11
Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2008

Senate _____ Appropriations _____ Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Sen Christmann Seconded By Sen Wardner

| Senators | Yes | No | Senators | Yes | No |
|--------------------|-----|----|-------------------|-----|----|
| Chairman Holmberg | ✓ | | Senator Warner | ✓ | |
| Senator Bowman | ✓ | | Senator O'Connell | ✓ | |
| Senator Grindberg | | | Senator Robinson | ✓ | |
| Senator Christmann | ✓ | | | | |
| Senator Wardner | ✓ | | | | |
| Senator Kilzer | ✓ | | | | |
| Senator Fischer | ✓ | | | | |
| Senator Krebsbach | ✓ | | | | |
| Senator Erbele | ✓ | | | | |
| Senator Wanzek | ✓ | | | | |
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Total (Yes) 12 No 0

Absent 1

Floor Assignment Christmann

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2008: Appropriations Committee (Sen. Holmberg, Chairman) recommends **DO PASS** (12 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2008 was placed on the Eleventh order on the calendar.

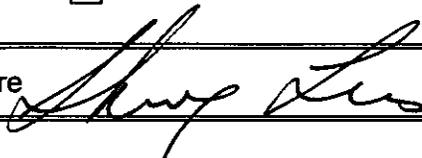
2011 HOUSE APPROPRIATIONS

SB 2008

2011 HOUSE STANDING COMMITTEE MINUTES
House Appropriations Government Operations Division
Medora Room, State Capitol
SB2008
March 11, 2011
Recorder Job# 15302

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A Bill for an Act to provide an appropriation for defraying the expenses of the public service commission; to amend and reenact section 49-01-05 of the North Dakota Century Code, relating to the salary of public service commissioners; and to authorize a transfer.

Minutes:

Chairman Thoreson: Opened the hearing on SB2008. It was noted that all members were present.

Tony Clark, Chairman, North Dakota Public Service Commission: See attached testimony 2008.3.11.11A.

Chairman Thoreson: When you talk about the widespread policy from Washing, D. C., could you give a couple of examples? I'm assuming one of those is the national broadband plan and some other things that are going on?

Tony Clark: The national broadband plan is something that state utility commissioners are very involved with and engaged with. The biggest impact it has on us with regard to universal service funding for rural telecommunications companies. That plan could have a major impact on especially RTC's and is one that may mean legislation coming before you in the next session as well. Things that are happening with EPA right now that will directly impact our coal fleet will have major impacts on consumers or utilities. We're having a workshop on April 14 on EPA regulations.

Representative Kempenich: Is anyone following on what going on with natural gas? We've been hearing instances of backhoes hitting lines. Is there an overall map of where these underground structures are?

Tony Clark: Yes and no. The lines that are fairly well mapped are the ones that are sited. On the natural gas sight, interstate natural gas pipelines are regulated by the Federal Energy Regulatory Commission and there would be pretty good maps of those available. Intrastate natural gas pipelines are sighted by the commission and there would be maps of those. Oil pipelines are sited by the commission and there would be maps of those. Where it gets a little bit more difficult to find some of these maps and we can say everything is mapped out is in those gathering lines; those aren't sited at the state level. It's a growing concern.

Representative Klein: Is this in relation similar to what went on about a year ago when a gathering line up in the Northwest part of the state where some people wanted it to be run through the public service commission and get it sited and another group wanted it to go the other way? Is the issue you're referring to?

Tony Clark: Basically. There were a number of determinations that had to be made whether it would be sited or not. The federal energy regulatory commission needed to determine whether it was an interstate natural gas pipeline; they determined it was not. We had to look at our own statutes and determine whether it was a jurisdictional line for state purposes; after our process we determined it wasn't jurisdictional to our process. They still had to meet whatever laws they needed to but it was not sited from an environmental standpoint.

Representative Klein: Shouldn't there be somewhere where you force the companies to report to you so that we have an overall map somewhere of all these gathering lines? You're talking about miles of lines out there that nobody other than the company itself; and some maybe abandoned as mentioned earlier. Shouldn't there be a spot where all this information is kept?

Tony Clark: I don't disagree with you at all. The challenge would be that I don't know how many thousands of miles of gathering pipeline that are out there already. A database might give people a false sense of security. That if they look at that they're going to know where every single line is out there.

Representative Klein: Don't the companies themselves have maps showing that?

Tony Clark: Of their gathering lines?

Representative Klein: Yes

Tony Clark: I believe so.

Representative Klein: You don't have access to the company's data or maps of lines do you?

Tony Clark: Only if they are a jurisdictional company. Most of these smaller oil exploration companies wouldn't necessarily be jurisdictional to the commission.

Representative Klein: Nowhere in the counties or townships is there a central location for where things are?

Tony Clark: My experience is it varies from to county. My experience with most of our western counties is that they tend to shy away from zoning.

Representative Glassheim: Could you talk a little about the changing role of regulation. How do you lessen regulatory burden on companies while strengthening and preserving consumer protection?

Tony Clark: I think this is probably language that has been in here for 15 or 20 years in our annual budgets. I think the answer is it depends on the industry. We regulate different industries very differently. For example, on the telecommunications side, the commission's regulatory authority now for the most part is carrier to carrier. Through statute over the years the legislature has told us that it's more deregulated on the carrier to customer relationship; and that's in recognition of the fact that telecommunications is much more competitive than some of the other industries we deal with. In that role, the commission has stepped back from some regulation. In other areas, we're still very much a regulated state. On the electric utility side, we continue to be one of the more regulated states in the country; we have vertically integrated monopoly utility companies and so in those areas when we talk about strengthening regulation it's things like attempting to insure that we're processing our rate cases in the best manner that we possibly can. That is very much a regulated activity. We do quite a bit more environmental siting than some other states. For example, in the wind business; Texas, Oklahoma, Kansas, Nebraska are all states that don't even site wind at all.

Testimony continued.

Chairman Thoreson: What type of facilities are those?

Tony Clark: The bulk are probably wind farms; but, they include some other conversion facilities. For example, South Heart application, which is a synthetic fuel plant.

Chairman Thoreson: Have we had anyone talking about doing a storage with wind?

Tony Clark: Yes. Folks are talking about it and the EERC, I believe, is doing a fair amount of work with just that. One of the key limiting factors of the electricity grid is that demand and regeneration resources always have to be balanced. So if there's a way you can store energy; air compression is one way of storing the energy then you can help balance some of that out.

Testimony continued.

Representative Kroeber: The metrology lab that some people thought to get rid of for years and finally accomplished. How has that been going?

Tony Clark: The lab is still certified to certify our own state standards and so they're completing that process. At some point they'll lose their certification to do that. They're no longer certifying the weights and measures of the certified scale companies in the state; that is directed under the previous statute as that deadline has come and gone. The equipment that's in there the commission and the department of commerce were directed to talk to private vendors who might be willing to operate a program such as this. The commission has been active in looking to see if there is someone who is willing to make that private case. We've had a good deal of interest from a private company, Minnesota Valley Labs, whose constructing a new facility in Bismarck and is exploring the idea of what they may be able to do with the program.

Representative Kroeber: So the people that needed that service, where are they going?

Tony Clark: The people who needed the services are to registered service providers who are able to provide it; either private companies or they can go to other states.

Representative Kroeber: Do we have any in the state?

Tony Clark: St Paul would be closest state facility. Rice Lake, Wisconsin is the closest private facility.

Representative Kroeber: Has the commission had any backlash or any communications from people that had to leave the state for services?

Tony Clark: I have taken one call on it personally. I don't think we've had a great backlash.

Representative Glassheim: When I see the amount your workload has increased, I'm wondering why you don't need additional help?

Tony Clark: In previous years when a company came in to develop a project there's a statutory fee that's set in the law; and usually with any project of any size it maxes out at \$150.00 and they just write a check to the state. In previous years that fee would go to the general fund. The change that was made in statute a few years ago, was a fund was set up at the commission so that those siting fees went in to that fund specifically designated to processing those siting cases. With that money, we hire consultants, the commissions own expenses for posting notices, travel expenses, etc, all of that is paid for out of that siting fee fund. It's that fund that has given us the ability to contract with engineers and even law firms as our own attorney's get swamped with these cases we're able to go to the private sector and get a special attorney general hired on to be our attorney for the cases to be processed.

Representative Glassheim: You don't need permanent staff, you have variable staff as you need them?

Tony Clark: That's correct.

Chairman Thoreson: When you talk about getting a special assistant attorney general and going to the private sector for legal assistance, are you having any issues due to the increased workload for attorneys with the energy industry in this part of the state? Do you have someone you work with on a regular basis?

Tony Clark: In theory we could go out to lots of different firms. We've developed a small stable of attorneys who have worked with us.

Chairman Thoreson: Do they work through the Attorney General's office or how does that work?

Tony Clark: With procurement of attorneys it's not a typical RFP type process. The staff finds the attorney that you're looking for and you go back to the same people. They're hired on at the negotiated rate, we send a letter to the Attorney General's office.

Chairman Thoreson: So they sign off on them?

Tony Clark: Before they can do any work for the state they have to be signed off on.

Testimony continued.

Representative Klein: Specifically, what do you do to check on this?

Tony Clark: When we're talking about the lines that these inspectors are looking at; it's distribution companies. A distribution utility is within the town borders. It's also looking at transmission lines which are the bigger ones that get the gas from market to the town border. The program that states run is a paper program or audit program. It's where the utilities and the pipeline are ultimately responsible for caring out the safety program, conducting the inspections, running the picks; all of that's done by the operator itself. They have protocols for integrity management that they have to follow. Our inspectors are going in and in a paper record search are auditing the program they're running to insure that they're doing all of those things that they're supposed to be doing.

Representative Klein: Is there a system that every so often you have to run a camera through the pipeline to check for leaks? Is there any kind of system that the companies have in place?

Tony Clark: To the best of my knowledge, the technology that they're using is these picks. Some of them are fairly advanced where they put the pick into the line; as it runs down the line it will detect if there's breakdowns in the cathartic protection, if there's any sort of variance in the pipeline wall itself, there could be shifting to it. All of this information would be picked up by these picks and transmitted back on the other end.

Testimony continued.

Representative Kempenich: Where's that South Heart mine at in the process?

Tony Clark: We have an application at the commission and the way the coal mines are permitted is a little bit different than how we do the rest of the laws. What happens is first it goes to an administrative law judge to hold a mega bid. We're in the period where it's still in the open request phase where it's available for comment and parties can request that. By statute it's open for some period; that will close, then there will be an administrative law judge who holds a conference for parties who are allowed to come in and speak to it, the ALJ will make a recommendation after that, the recommendation comes to the commission, the commission can approve, reject, modify, and there are opportunities for hearings all along the way.

Representative Kempenich: What kind of timeline are you looking at?

Tony Clark: The earliest that the ALJ would get to hearing is still several weeks away.

Testimony continued.

Chairman Thoreson: Any idea how many dollars are in the federal fund right now?

Tony Clark: I don't know. We can get that information for you.

Chairman Thoreson: Where do we rank compared to other states in what we get out of that fund? It's just coal states I'd guess that get it.

Tony Clark: It is just coal states. We're considered a minimum program state; so we would be on the lower end of it.

Representative Dahl: What is the standard by which something falls into that abandoned category? What's the definition?

Tony Clark: If there is actually coal mining activity that took place under that. One of our projects is to make through GIS all of the known coal mines in the state. So when developers go into an area they know if there's voids underneath.

Representative Dahl: How long do they have to be unoccupied; is there a timeframe that there has to have been no activity?

Tony Clark: Any mines in recent history say the 1970's would have fallen under our reclamation program. Those mines are ones that have been bonded, licensed, have had permitting activities and oversight. Any of those are legal obligation to reclaim their mining activities.

Representative Dahl: Any mines after that time frame the company is legally on the hook to reclaim that?

Tony Clark: They're legally on the hook to reclaim it until the commission says they're no longer on the hook because we've determined that they're fully reclaimed.

Representative Klein: That area up around Columbus in that area where some old coal mines existed; are you still doing some reclamation work up there? I believe they were using that a garbage dump area for many years. Is that still going on?

Tony Clark: Off the top of my head if in this upcoming year we're going to be in the Columbus area. That has been one of our more active areas where they have dangerous high walls. They've been regrading that and smoothing them out. The Columbus area has been one that we've devoted significant resources to.

Representative Klein: That area right of Highway 83 to the west; which was planted with trees. Is there ever an effort going to made to level it out and do some work in that area?

Tony Clark: I don't believe so. I think that was one of the early projects that the commission worked on.

Testimony continued.

Representative Kroeber: This is the bonding of the elevator; have we made any decent on our statutes so there are more dollars when elevators go under, such as what occurred just north of Jamestown in Wimbledon.

Tony Clark: Wimbledon was the reason for significant changes that the legislature made a few years ago in our licensing laws. It had to do with the credit sale contracts. There are 2 types of transactions at an elevator; cash sales and storage. There's either selling to the elevator and within 30 days having the farmer being paid. Credit sale contracts are different arrangements that producers will get into with their elevator. The defining characteristic is that if they're owed the payment more than 30 days from the date giving up physical control of the grain; under previous law those weren't covered, afforded protection. It was extending credit to the elevator. Under the existing law we have an indemnity fund which was set up by the legislature and funded by producers themselves. That fee assessment has been kept and is now about a \$6 million fund that's available to pay out credit sale contracts in the event of an insolvency. The cash sale and warehouse side, if there's an insolvency would be paid for through the bond and any available grain assets the commission would have as trustee of an insolvent elevator.

Testimony continued.

Representative Dahl: Just looking at some of your budget detail it looks like with regard to salaries and permanent employees there's a decrease of about \$2,075.00. But then your temporary salaries are increasing quite a bit. Is that because of some of the contracting with private industry?

Tony Clark: I believe the change for that line is the ARRA position. Through the department of energy each state regulatory commission granted a certain amount of money to work on electric deliverability issues. We did not want to add a position that going to have us come to you and ask to keep the position. We created one very specific position which is going to offer deliverables. As soon as the money runs out the position will be done and doesn't accrue benefits.

Chairman Thoreson: So the position will go away as the dollars do. What about the duties of that person?

Tony Clark: That's why we structured it that way so that there are deliverables that will be provided; once the job goes away, it's one that's additional to what we're doing already. It's not something that we're going to need to continue.

Representative Kempenich: It looks like you spent \$108,000.00 out of what you got and you have \$658,000.00 left; so typically this position could last for a couple of years yet? You can keep carrying it forward until the monies run out?

Tony Clark: There's a time frame that is specific to the grant that state commission's received and it's no more than 4 years. Once you start drawing funds you have 3 years to expend them. My guess is that we'll have a balance that we'll be returning back to the federal government.

Representative Dahl: Could you also address the overtime increase? The percentage change is right around 1400%; it's not a huge number but it was very low to begin with.

Tony Clark: I believe what you're referring to is our temporary employees in the abandoned mine lands division. The work of that particular division is basically working with contractors. During the construction season we have a few seasonal employees who through that federal fund go out and checking the work and monitoring the construction activities. They're only out when the contractors are; so they tend to have no expenses in these and we run overtime expenses in the summer months.

Representative Klein: Where are we at with Spirit Wood and Minnesota? I understand that Minnesota is looking at doing away with that requirement on coal generated energy. It's sort of tied in with Spirit Wood's operation. What's the latest word on that?

Tony Clark: Spirit Wood is not one that was sited by the commission. It's my understanding that both house and senate of Minnesota now; it's moved through one chamber and that law was approved to repeal. It has moved through the other chamber's relevant committee and passed overwhelmingly.

Representative Klein: In relation to that as we upgrade some of our plants and get more generation out of them; because those were existing that doesn't affect Minnesota's law?

Tony Clark: I honestly don't know how that works with the Minnesota law.

Tony Clark: As I understand it there are several statutes as to how Minnesota operates; how utility companies in Minnesota operate. The one that's most troublesome to North Dakota is which clearly targets coal in North Dakota and is an interstate commerce issue. Minnesota has a very aggressive renewable portfolio standard and that's unlikely to be challenged in courts.

Representative Klein: On wind siting you had some changes that you wanted made. Are you satisfied where you're at so that you control wind siting at the smaller generators?

Tony Clark: I believe it does give us the ability to address the concern that we had. I would anticipate and the commission has discussed having a more streamlined process set up in rules for the truly small wind farms and having a full siting hearing for the larger wind farms.

Representative Klein: You're relationship to the pipeline authority that we've set up; which is supposed some of the things in relation to keeping track of some of these various pipelines. What kind of relationship do you have with them.

Tony Clark: We have a good relationship with the pipeline authority. To a degree that there is a need for new pipelines; we're seeing that they're getting built.

Representative Klein: We've done that with electric.

Tony Clark: I would agree with the electric side.

Representative Klein: In relation to these gathering pipelines that are spread throughout; is there any discussion at your national gatherings to set up some kind of system to locate and control them? Is there any discussion going on?

Tony Clark: That has not been a huge discussion for utility commissions so much because the gathering pipeline system is under the control and authority of the regulators who deal with the permitting of and gas itself. There aren't a lot of states where that resides with the public utility commission; it tends to be under a division of mineral resources or oil and gas division.

Representative Klein: You don't have any ideas of where it should be or how it should go about?

Tony Clark: It would seem to make sense that if there's going to be a state role for keeping track of the gathering pipeline facilities; it would seem to make sense to house that with the agency that is dealing directly with the extraction and production of oil and gas. Once it leaves that system; I think it's appropriate to be under the commission

Representative Kroeber: How many of our states have 3 commissioners?

Tony Clark: I'm not aware of any commissions that deal with energy that have less than 3 commissioners. There's one state that handles things a little differently than the others which is Massachusetts. They have one administrator for telecommunications. Every state has least 3 for the degree that electricity and natural gas is regulated.

Representative Kroeber: We're about the only one that's not a totally special funded agency all of the rest are. Have our 3 commissioners ever talked about how this should really be a special funded agency?

Tony Clark: We brought that up maybe 8 years ago.

Representative Brandenburg: What's happening as far as transmission to the load centers?

Tony Clark: Transmission planning and cost allocation work continues to go on throughout the region. I would say states in the upper Midwest have worked fairly well together and there are some positive developments that are occurring with regard to transmission development in North Dakota, South Dakota, Iowa, Wisconsin, and Minnesota. The further away you get, the more difficult that planning gets.

Representative Brandenburg: As I noticed we have over \$13 billion of projects sited right now; so I'd have to think there's some bigger players in that field of energy to make that happen.

Tony Clark: I don't know if we're past talking; but it's part of the necessary process to get to the end. One of the states that really doesn't like what they came up with was Michigan. A peninsula in Michigan tried to insure that they would only accept renewables from the state of Michigan. That makes it political because Michigan has some key legislators in Washington including the chairman of the energy and commerce committee on the house side who want to bring as an issue.

Representative Dahl: When you do have cases; you noted in your testimony territorial disputes between the investor owned electric companies and the rural co-ops. Is there any sort of mediation process? Is there any mechanism in place for that?

Tony Clark: Those cases have been increasingly rare. There's not a required mediation that the commission would force 2 companies into. A law that the legislature passed a few sessions ago has alleviated the need for some of those cases. It was a provision that encourages investor owned and REC's to come to service territory agreements around towns; that's subject to approval by the commission. We've approved a number of those; and have helped rationalize the way the system works.

Chairman Thoreson: Looking at your employees do you have vacancies in any of the positions in your department?

Tony Clark: The one vacancy that comes to mind is in the reclamation division. That's one that we have struggled to fill for some time. We've opened it several times and either had someone we were looking forward with and they were offered another job; or we didn't feel the applicant pool met the basic qualifications.

Chairman Thoreson: How long has that been open?

Tony Clark: One of the reasons it's been open is the federal funding. The federal government has been very inconsistent in the signals that it's sent the states on whether the funding is actually going to come through or not. It's been open 6 months.

Chairman Thoreson: So it's only been within the last year.

Tony Clark: It ties back to the beginning of the last fiscal year which is when the funds became available.

Chairman Thoreson: It is something you're looking at filling if the right applicant were to come along?

Tony Clark: It is. If we find the right applicant we're going to fill it but we're going to tell the person that there's a chance coming July 1 that if the money isn't available it won't last.

Chairman Thoreson: Is it fully funded by federal dollars?

Tony Clark: No, it's the match, roughly 65%/35%.

Representative Brandenburg: Has any discussion been done with the efficiency on the energy coming out of the Midwest compared to the efficiency of the energy of those states that are at 30% at best?

Tony Clark: A state commission on the east coast has just approved a purchase power agreement on an offshore wind farm with 24 senate kilowatt rates. There is a strong political push in some parts of the country to develop their own resources and they seem to be willing to pay a lot of money for that.

Brian Kalk, Commissioner: North Dakota Public Service Commission: I just wanted to add a little bit about the pipeline safety if I could. I spent a lot of time with the other commissioners on pipeline safety over the last 2 years and as we go to our hearings some of the things we're struggling with on pipeline safety is the department of homeland security has been very reluctant to give us the ability to put all these pipelines in a GIS database. So we said we're just going to do it. Some of the direction we'd like to go to as a commission is to have all the pipelines that we have jurisdiction available for folks to know where they're at, continue the enforcement of our 811. One of the things we talked about was having an additional pipeline safety inspector. If we did have another position of pipeline safety we could do a lot more of the things I'm hearing from this committee to help keep our infrastructure safer.

Representative Klein: If you were to apply for another pipeline safety inspector, would part of that also possibly be covered by the federal government as the present one is?

Brian Kalk: I think that's something that remains to be seen but we'd certainly try to structure things that way.

Representative Klein: It seems to me that you have one man checking thousands of miles of pipeline paperwork and I don't feel very comfortable with that.

Brian Kalk: We're meeting all the requirements of the law but we could do more with more people.

Representative Kroeber: How did we allow that to happen to start with and are we going to allow anymore pipelines to cross the state and not have an inlet for any of our own oil?

Brian Kalk: The federal and state law require that if they have capacity our folks get to enter the pipeline; we just have to have companies justify their ability to deliver a certain amount. In conversation with Alliance Pipeline they would like to grow their ability to get more North Dakota gas. I think with the increase in natural gas in North Dakota I think there may be some opportunity to do some things in the past that we haven't been able to do.

Tony Clark: I just wanted to respond to Representative Klein's question. With regard to DOT reimbursement of our expenses, it's a grant program. We apply for a grant and they

reimburse state expenses. Historically they reimburse up to 80% of state costs; depending on how your program is evaluated each year. Our program is always evaluated very well. We receive close to the top marks that you can; which allow them to reimburse up to the 80%. Historically they have never reimbursed the 80% and this year I think it's moving close to 60%. State commissioners have encouraged them to move to the full 80%; it's something that isn't funded by tax payers; it's funded by assessments on industry. It's basically a special fund basically. I think they may be willing to do this.

Chairman Thoreson: Closed the hearing.

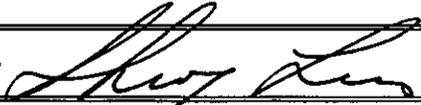
2011 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Government Operations Division
Medora Room, State Capitol

SB2008
March 24, 2011
Recorder Job# 15917

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A Bill for an Act to provide an appropriation for defraying the expenses of the public service commission; to amend and reenact section 49-01-05 of the North Dakota Century Code, relating to the salary of public service commissioners; and to authorize a transfer.

Minutes:

Chairman Thoreson: Opened the discussion on SB2008. It was noted that all members were present.

Tony Clark, Commissioner, North Dakota Office of Public Service Commission: See attached testimony 2008.3.24.11A.

Chairman Thoreson: On that \$46.2 million; over what period of time are we expected to receive those dollars?

Tony Clark: It's through 2022. That's dependent on congressional authorization and what comes through the office of surface mines.

Chairman Thoreson: This is the payment schedule broken down by year?

Tony Clark: That's correct. We've had a substantial increase in federal funding over the last few years. This is just based on the best ball park guess on what congress may authorize over the next several years.

Chairman Thoreson: This document is something which congress produced?

Tony Clark: I think it's the IMCC, the Interstate Mining Compact Commission, who produced it. It was Office of Surface Mining within the Department of the Interior.

Representative Klein: This is a federal tax on coal mining or what's the source of the funds?

Tony Clark: That's correct. It's a dedicated fund; the federal government assesses a per ton tax on active coal mines to remediate abandoned coal mines in the past. This doesn't affect North Dakota so much where we anticipate we'll get most of the money back that we

paid in and should just about cover our AML inventory. But a state like Wyoming where they only have about \$32 million of projects; but they're anticipated to receive distributions of \$1.4 billion. Pennsylvania has \$1.6 billion of projects that need to be done and they'll be nearly \$500 million short.

Chairman Thoreson: Why is Wyoming so upside down on that?

Tony Clark: It's because it's assessed on active mining and Wyoming produces a lot of coal. There's not a large legacy network of coal mining that's been done. Almost all the mining that's been done has been under modern methods; strip mining and then reclaimed. A state like Pennsylvania where production has actually declined in recent years; but, they have a long legacy of mountain top mining, etc and it's very expensive to remediate.

Testimony continued.

Representative Glassheim: All these are cataloged and you know what's wrong with them, your just waiting and as the money comes in you're going to do projects?

Tony Clark: That's correct. These are the sites we know about and should be reclaimed in one way or another.

Representative Glassheim: Is this in addition to our own reclamation laws. We have some funds set aside for reclamation don't we?

Tony Clark: Reclamation is a 2 tier program. One is the abandoned mine lands which are old sites; no longer actively mined. That's 100% federally funded and it's funded through that tax on active coal mining. The second program, which is the larger program in terms of dollars, is the active coal mine reclamation program; which is the 30 million tons of coal that are mined each year in the state. We have a team of mainly biologists, scientists, etc who insure that the land that's actively mined is brought back to the condition it was originally in. That's 2/3 federal funding and 1/3 state funding.

Representative Klein: Some time ago there was a lot of concern with lands taking too much time being turned back. Has some of those problems been resolved or are we still holding that too long before it's turned back to the farmer for crop land?

Tony Clark: That's an issue that the commission, as well as the legislature, have taken a look at. We try to release it as quickly as possible; but, the mines start at the center and as they mine they're geographically growing out from the center; even though you may have a permitted area that's closer to the power plant, there may still be a haul road through this reclaimed area. We're not going to release a company's obligation if they have a haul road moving through. The other thing we look for is as these tracts are sold off, we want them to be sold in continuous type tracts.

Representative Klein: Would a fair guess be that they take 8 years to turn over? You'd want to turnover in quarters or 80 acre stretches, not little pieces?

Tony Clark: Sometimes the delay is related to just that. It may take 5 to 10 years to prove that the land is still just as productive as it was prior to mining. That's an obligation we take very seriously. We don't want them to return bonded land before it's been proven for over a significant amount of time. Then it's a matter of patching together enough blocks of land to make sense from a land owner perspective. There's been significant land returned in the last few years.

Representative Kempenich: Temporary salaries. Why was that increasing again?

Tony Clark: The salary line item overall is correct. We found a coding error where that should be reversed.

Josh Gallion, North Dakota Office of Public Service Commission: What happened in that situation was that some of our temporary salaries got rolled into the permanent line. What we sent down was a corrected number to show a better reflection of how it should have been allocated in the budget.

Representative Kempenich: From past bienniums it was getting rolled into the wrong line?

Josh Gallion: Correct. This current biennium in our PeopleSoft we didn't allocate out the temporaries. When we took a closer look at it, we realized we should have rolled some of these permanent salaries into the temporary and overtime.

Chairman Thoreson: Do you have any idea of how long that had been occurring?

Josh Gallion: I do not.

Chairman Thoreson: We have the \$658,000.00; that's just a one time federal thing if I recall correctly.

Tony Clark: That's correct. That is the ARRA money that we allocated to state commissions.

Representative Kroeber: On your stimulus funding that you received, what did you use those dollars for?

Tony Clark: That particular grant is very specifically designated that it can only go toward electric delivery issues. When we decided what we would do with the money, we wanted a project where there was a deliverable produced but it was one that once the money runs out we're not going to be coming back to the legislature and asking to continue to fund the positions. What the position we've hired is doing is working with our local officials; counties, townships, etc, developing model rules and presentations with those people.

Representative Klein: You're continuing that program? You have how many people working that?

Tony Clark: There's just one. When we went to the emergency commission it was designated as a full time temporary employee. There's a 4 year window, once you start drawing then you can spend it over 2 years. You can apply for an additional year and there's a chance that we may be turning some of that money back.

Representative Klein: That siting process expense recovery fund. That's where you charge the companies on the front end and process the application. That's a revolving fund and how much money is in that fund right now?

Tony Clark: I don't know if they call it a revolving fund. The siting fee for each application goes into a fund and typically on any project we're talking \$100,000.00 or more. The commission has available to it those resources to process the case, if there are consultants that need to be hired on, travel, posting notices, etc are charged to that account. Once the case is closed and the commission has done all of it's work, any unspent money is returned to the project developer and that account is closed out.

Representative Klein: Talk to me about the performance assurance fund and that goes way back to when Qwest was involved?

Tony Clark: The performance assurance fund as you may recall Qwest is the regional Bell operating company and was unable to compete in the long distance business; that was under federal law. They could provide local phone service but not long distance service. All of the Bell companies in the 1996 Telecom Act were given the opportunity to get into the long distance business and the price they had to pay was to open their local networks to competition. That process was known as the Section 271 Process; by which they could get into the long distance business. The waiver was technically granted by the FCC but it was done in consultation with a state investigation that happened with regard as to whether they had opened their network to competition. One of the things that the FCC required in order to get approval to get into the long distance business was a performance assurance fund. Where Qwest through contract agreed to pay penalties to both the state and to other carriers. They had all these performance metrics that they continued to need to meet. It's how quickly do they provision orders if someone's looking to switch, how quickly does technically get switched over when a competitor wants to grab a customer, etc. All these things are tracked, if they fail to meet the standards that have been set, they have to pay a penalty to the competitor and then they pay a penalty to the state; which goes into this performance assurance fund. It's capped at \$100,000.00; once it hits that cap, any money over that goes to the general fund. The roughly \$90,000.00 to \$100,000.00 that's in there is provided to the commission to do ongoing upkeep of that fund; which involves audits. The North Dakota commission works with 13 other state commissions in the region contracts with auditors who audit the fund.

Representative Klein: So eventually this will go away?

Tony Clark: In theory maybe. A lot of its going to be dependent on what the FCC decides; if they continue to need to do that to keep those performance measures or not.

Representative Kempenich: Do you have any ARRA money that you're carrying over?

Tony Clark: Yes, there is some ARRA money. It's related to that one grant and once that's been spent down then no.

Representative Kempenich: There's no FTE associated with it?

Tony Clark: There is an FTE right now that's associated that will still continue after the new biennium; but, probably only 1 year into it. When that FTE is done, the money will be turned back to the federal government.

Chairman Thoreson: Before we were talking about performance. Has the commission done any investigation or are you aware of any issues with what's known in the telecom industry as "traffic pumping" in North Dakota?

Tony Clark: We haven't done an investigation of it and if it's happening I haven't heard of it in large scale fashion which has happened in Iowa.

Chairman Thoreson: I just didn't know if we'd seen anything like that or any attempts of these companies to set up shop in North Dakota.

Tony Clark: Not that I'm aware of.

Chairman Thoreson: On the \$900,000.00 on the rail rate case; has there been any activity whatsoever? I'm just looking for an update.

Tony Clark: I don't know if anything will happen with it either. The money is available and exists in the beginning farmer loan fund.

Chairman Thoreson: But the surface transportation board has changed some of that.

Tony Clark: It has changed it; we don't know if it's exactly right or not. It has had some benefit in that when we were looking at bring the case and filing one, the railroad enacted significant rate cuts at the most vulnerable locations and routes.

Representative Dahl: So this money is just available and never has really been accessed. It's only accessed if it's needed so it's not otherwise transferred?

Tony Clark: That's correct. It just exists there in the fund. It's basically the interest money in the beginning farmer fund. There has money expended; not out of this fund, but the 2003-2005 biennium the legislature made \$250,000.00 available to the commission to do the initial base case study. It was through that process of exploring our legal options in developing some base case studies that we found those vulnerable routes and the railroad then responded to through rate cuts.

Representative Kroeber: Wasn't there a railroad fund at some time that we took some money for a few bienniums for?

Tony Clark: I don't remember where the original seed money came from. For several bienniums there were odd thresholds that were built into this where the state would commit

a certain amount of money if the commission could raise private money from grain dealers, farm bureau, wheat commission, etc if they did that the legislature's theory was it shows a commitment from the producer groups and the state also kicked in some money. I think maybe \$50,000.00 was provided by private groups with the state funding the remainder.

Representative Brandenburg: I'm glad we haven't had to use it. They did the right thing they cleaned it up and I think it had an impact with just those decisions.

Tony Clark: I think the reason we've had a relatively good success with the railroads in the last few years was there was this threat and they knew where they were vulnerable.

Representative Brandenburg: I think to just to add for that for railroads if they have a change in their leadership position and different people are assigned to the regions. I've seen changes there.

Chairman Thoreson: As you know I have a different opinion on this and I don't think it should be right to hold money and say we will sue you.

Representative Klein: Going back to what we had discussed previously in regard to gathering pipeline safety. I also realize the concern for FTE's; though here it looks like we have one where ½ of the funding would come from federal systems. Do you have any additional information or comments; you've talked to some of the PHMSA.

Tony Clark: Pipeline and hazardous safety materials administration.

Representative Klein: Have you also had the chance to visit with the minerals people on that side to see if there's any action going on to do some monitoring? Does anyone look at this from the state level?

Tony Clark: We haven't had any that I know of discussion with the division of mineral resources. The division of duties on the gathering side is under jurisdiction of the exploration, production, regulators which is oil and gas division. Once it gets to the intra or interstate pipelines or distribution lines within cities, then it's the jurisdiction of the public service commission. That person would be working on the things that are jurisdictional to the commission; which isn't going to cover those small gathering lines in the exploration and production side of things.

Representative Klein: You're looking at the addition of major pipeline transmission that's being added throughout the system; your one person who's doing that is getting to the point of being overloaded.

Tony Clark: It's a combination of a couple of factors. Yes, there are more jurisdictional lines that are being put in and there are going to be stricter regulations coming out from the federal government.

Representative Klein: The big pipeline from Canada all the way to the coast; they hope to have permission and now it's going to be delayed another year while they're looking at

some of these safety areas. They had hoped to start at \$7 billion to run that pipeline from Canada to the coast is being delayed another year as I understand it.

Tony Clark: Is this the Trans-Canada Excel pipeline? That's correct. I don't know how long the delay is going to be but I believe there's going to be a full environmental impact statement that's now required. A lot of the concern that has been raised about that particular line has been in the state of Nebraska. This line doesn't touch North Dakota. The proposed project is slated to go right through the sand hills which is of significant concern to officials in Nebraska.

Representative Klein: I don't know whether at this time we need to think about adding this to the system or it's a little late. I don't think it's going to go away.

Tony Clark: Perhaps I should just note the figures that we've made available. See attached testimony 2008.3.24.11A.

Representative Klein: This would be basically the same ratio that your present guy is getting reimbursed to the fed system.

Tony Clark: That's correct. We would have to amend our grant application that we put in every year. The one that we just recently put in was based on 1 inspector; but we would update that and then to the degree that funds were available at the end of the year.

Representative Klein: I think at this stage we'll probably let this boil unless we're at a point where we need to get things going.

Chairman Thoreson: Are there any private sector companies that provide this service that can be contracted with to do this? Rather than adding an additional person, would there be a way to bring in some additional inspection on that route?

Tony Clark: I don't believe so. This is primarily an audit function as opposed to someone out there running the picks themselves. My guess is that the companies that are doing this hire those private people to do the technical pipeline inspections. This is one of those functions that probably only be done by government because it is our auditor going in to the company headquarters unannounced and sifting through their paperwork.

Representative Klein: There's no tie in to our One Call system with these pipelines that are existing out there?

Tony Clark: To the degree that there's a tie in between what the public service commission does and One Call does is; One Call is separate money that comes from the federal government to the commission and we expend it on behalf of One Call. That's what the federal grant requires. They run their own system as far as mapping, etc. If someone fails to make a One Call and there's excavation damage or third party damage, the commission has ability to enforce that through civil fines and penalties. We're the enforcement arm for that and it's our pipeline inspectors who would be the lead on that type of investigation.

Representative Klein: How much money does PSC put into One Call?

Tony Clark: It's basically a pass through program. We can look it up. We purchase their media buys for them.

Chairman Thoreson: You purchase advertising through a private add agency?

Tony Clark: Correct.

Representative Kempenich: I'm guess there weren't any increases?

Tony Clark: That's correct.

Representative Kempenich: Where's that run out of; it isn't local is it where the call goes to?

Tony Clark: Technically I don't know where the call center is. One Call is based out of Bismarck; and I think the director is from Washburn.

Tony Caulk: Since we submitted this budget and right now in another bill they're adding gathering lines and CO2 lines to the jurisdiction of One Call. So I would anticipate much more work coming through the commission on not only the inspection of the pipelines but the enforcement of those people that violate One Call.

Representative Kempenich: We've done this in the past in oil and gas on perceived increased traffic. We could put some language in it if it does happen in the interim.

Tony Clark: The only thing that occurs to me is one thing to consider is if the federal government decides to ramp up it's funding level for the position. For example, if in the next few years they go to 80% federal funding and then state funding dollars wouldn't be that much of an additional cost.

Representative Klein: I don't think this problem is going to go away. It's going to become more and more so. Even some of the old abandoned ones as erosion shifts it's going to become more of a problem.

Tony Clark: If we were building this budget today, we might very well include the FTE; but things have been changing rapidly on the national scene. We've been dealing with 30% federal reimbursement for years; it's now ramped up a bit.

Chairman Thoreson: Closed the discussion.

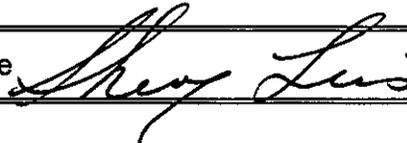
2011 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Government Operations Division
Medora Room, State Capitol

SB2008
March 31, 2011
Recorder Job# 16229

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A Bill for an Act to provide an appropriation for defraying the expenses of the public service commission; to amend and reenact section 49-01-05 of the North Dakota Century Code, relating to the salary of public service commissioners; and to authorize a transfer.

Minutes:

Chairman Thoreson: Opened the discussion on SB2008.

Representative Klein: Explained the amendment. See attached 2008.3.31.11A.

Representative Klein: Made a motion to move the amendment as a "Do Pass".

Representative Kempenich: Seconded the motion.

Representative Klein: As you know there is a person up with the PSC, but, he only deals with the major pipelines and it's more of checking company's safety procedures; he doesn't actually go out and do the actual inspections. He just checks their paperwork.

A voice vote was made and carried.

Representative Klein: Continued with explanation of amendment.

Representative Klein: Made a motion to move the amendment as a "Do Pass".

Representative Dahl: Seconded the motion.

Representative Glassheim: How much is in there now and how much goes out? Is this money tied up that could be used or would it just be sitting there anyway?

Representative Klein: To the best of my knowledge, it's never been used. It was put there strictly to alert the railroads that we may be coming to them with legal action. Previous us there was a smaller amount in there; I don't believe that was used either.

Representative Glasheim: How much is in the revolving loan fund.

Chairman Thoreson: The total amount?

Representative Glasheim: The total amount now.

Representative Brandenburg: I believe it's \$2.4 million in the beginning farmer loan fund.

Representative Kempenich: What it looks like now is \$1.762 million is the cash balance.

Representative Brandenburg: That's because we did something with the industrial commission to change that balance and move some out of the Ag PACE and beginning farmer to adjust all those figures.

Tad Torgerson, North Dakota Office of Management and Budget: We have in the Bank of North Dakota appropriation bill, there is \$1.4 million of general fund going into the beginning farmer revolving loan fund. I don't have my material with me so I'm not sure what the balance is in there.

Representative Kempenich: As of December 31, 2010 there was about \$1.7 million in cash available.

Representative Glasheim: Do we have any idea of what kind demands are made on it; what's going out or how much went out last year?

Representative Kempenich: In 2009-2011 the beginning farmer buy down; total cash available balance was \$4.4 million. The buy down fund on RE committed loans was \$2.3 million and then funded loans was \$800,000.00; so it looks like \$3 million. In 2003 we had the agriculture groups come in and match money, etc. We took that out and then we went this route in case there was a suit brought in the interim. Basin did get a favorable settlement here a year ago; there's been a lot of progress in the courts and with the surface transportation board and railroads. I think there's been a good faith effort to try to alleviate a lot of this. I'm going to support taking this out right now.

Representative Brandenburg: As a member of the grain dealers and I remember back when we were having all the problems with the rail rates and fuel and they have made changes and adjusted the fuel charges. The beginning farmers program is not in trouble and the money is there to be appropriated if needed. I'm not going to support this.

Representative Glasheim: If we put this back in the revolving loan fund; rather than having it sit there. Is there an opportunity to decrease the appropriation of the general fund?

Representative Kroeber: We might want to think about that from the standpoint that the money was put in for the railroad. My opinion would be that it should be returned to the beginning farmer loan fund.

Representative Glassheim: I hate to be appearing to disagree. The point is \$1.4 million was put in the governor's budget under the assumption that the \$900,000.00 was off limits. If \$1.4 million is needed why wouldn't you take, maybe not all but \$500,000.00 and return it to the general fund?

Representative Klein: The way I understand it, if it stays in the Bank of North Dakota they would be able to put it to better use. Right now it's kind of set aside out of that fund and since we took it out of there I think we should put it back in.

Representative Kempenich: We can always make sure we get better information and if that's where the committee wants to go with that we can.

A voice vote was made on the amendment and carried.

Representative Klein: Made a motion for a "Do Pass as Amended".

Representative Dahl: Seconded the motion.

A roll call vote was made for a "Do Pass as Amended".

Chairmen Thoreson: Closed the hearing.

2011 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee
Roughrider Room, State Capitol

SB 2008
4/5/11
16347

Conference Committee

Committee Clerk Signature

Julia Feigle

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the public service commission; to amend and reenact section 49-01-05 of the North Dakota Century Code, relating to the salary of public service commissioners; and to authorize a transfer.

Minutes:

Chairman Delzer: opened hearing on SB 2008. Vice Chairman Kempenich carried bill from Govt Ops division to full appropriations, thus was called on to discuss bill.

Vice Chairman Kempenich: I move amendment .01001

Representative Thoreson: Second.

Vice Chairman Kempenich: (described amendment .01001). This budget didn't have a lot of increase in it besides the 3/3 and the salary line. There is \$900,000 from the rail rate complaint case and language states that the \$900,000 resides in the beginning farm and loan program. The funds stay in this program, so we will have to amend this a little bit on that because it basically takes a spending authority away from the public service commission (PSC) on the rail rate, not the funds. We also added a section about legislative management studying gas pipelines in the state focusing on safety concerns of gas utility distribution and transmission. The reason is that there have been several cases in which people in the western part of the state have been hitting gas lines. PSC tracks distribution lines, but they don't track these gathering lines. Companies know where their gas lines are, but they don't have maps specifying where other companies' gas lines are. The general fund is \$5.6M and there is a \$344,000 increase, most of which is salaries. There's a \$1.6M increase on abandoned mines cleanup and \$658,000 of ARRA money that they are carrying over.

Chairman Delzer: Do you have the language?

Vice Chairman Kempenich: (referred pg 2 of amendment .01001- the funding provided by the beginning farmer loan program relating to costs associated with any potential rail rate complaint case is removed) Basically, we need to remove the spending authority from the PSC. We don't want to remove the funds. We started that fund out with general fund money (back in the 80s).

Chairman Delzer: We're also putting general fund money into the beginning farmer loan program, are we not?

Vice Chairman Kempenich: We haven't for a couple biennia now, but yeah, we have in the past. \$450,000 did get put in there.

Chairman Delzer: that will basically be an increase of \$1.3M

Vice Chairman Kempenich: Yes, \$1.4M, but they indicated that money would be committed.

Representative Nelson: On that rail case, did they give you a status of what was done with that in the last biennium? Is there no longer a need for that money?

Vice Chairman Kempenich: There have been some cases; right now there are no actions going on with it. One of the biggest things when we were dealing with this 3-4 sessions ago is it wasn't just the fuel surcharges, but it was car access (raising rates and not getting any service on it). That has gone away. One of the things that was talked about in committee is it was becoming an idle threat. If there are problems that show up again, as a legislator, I would just as soon be a participant in that, instead of the PSC being the sole source of that. We aren't pulling this out and saying everything is fine, but we'd address it when and if issues were brought forward by PSC or the industry.

Representative Nelson: This money never did result in more than the funding. We never did file a suit to my knowledge. Did this come with the blessing of the PSC?

Vice Chairman Kempenich: No. There's nothing being done. That's the whole point of removing it. It doesn't mean anything, so why keep the language in there? Burlington Northern didn't change their practices because we had language of a rail rate case.

Representative Nelson: why did they change it?

Vice Chairman Kempenich: because it was in their best interest to satisfy their customers and that's one of the things that got brought to light is when you get the Fort Worth attorneys start showing up, then we are getting some people up the food chain a little bit within that organization listening to us instead of the lobbyists.

Representative Pollert: I see nothing wrong with an idle threat. There was talk of a rate case back in 2006 and because of this funding that was in the PSC budget, who knows? Did that have an effect or not? There is always going to be an issue with a fuel surcharges and the availability of cars. The only reason why you don't hear about it as much anymore because you have \$6 corn so when people are making money, they don't complain as much. You are still going to have the issue out there.

Representative Thoreson: I recall this being an issue for several biennia. One of the arguments made a long while ago was that the cost to file a case with the surface transportation board would be in the several hundred thousand range and that's why some

of the interested parties (the ag groups) originally put money into this. Then we found this funding mechanism. There was a significant change in 2007 in how the STB did their rail rate complaint cases. They have a simplified system now that costs about \$100 to file rather than the more extravagant case. The decision by the surface transportation board was challenged in 2009 by the shippers, however their claims were rejected. It's now much easier and cheaper to file a case which is what we weighed into our decision.

Representative Pollert: If it's cheaper to file a case, then the more reason to keep \$900,000 in there.

Representative Brandenburg: As we discussed this in division, this money is in the beginning farmer program with authority to be given to use it only if there was a case. Over the years, with negotiations, adjustments have been made in the rate charges. There's a portion in law where it allows for a small shipper to be used as an example case and they were setting up to use that. The \$900,000 was a part of it, that made those appropriations available.

Chairman Delzer: If the motion passes and we take it out, it does make more money available for biggest farmer loans. If we don't, it sits there and cannot be used for beginning farmer loans, correct?

Vice Chairman Kempenich: They're using it now as beginning farmer loan money, which is where this gets a little convoluted. It's sitting there and being used as beginning loan money now.

Chairman Delzer: So if there was a rate case that came up, they would have a hard time coming up with the money?

Vice Chairman Kempenich: The Bank would have to do something internally or we would have to do something. They had \$1.4 million they were using, and this was part of it.

Chairman Delzer: It seems to me we expanded the beginning farmer loan program on the floor this year too.

Vice Chairman Kempenich: General fund money (another fund) would have to be used to move it...

Representative Brandenburg: We didn't expand the beginning farmer program; we took money from the PACE program which wasn't being used as much and transferred it to the beginning farmer program to balance out the programs.

Chairman Delzer: I don't mean expanded money-wise, but changing the criteria of qualifications for beginning farmer loan.

Representative Brandenburg: I am not sure. It happened in policy committee.

Chairman Delzer: Further discussion?

Representative Skarphol: On section 4 and the pipeline issue, who brought that forward?

Vice Chairman Kempenich: The PSC did start the discussion, and it got expanded to what you see here. They felt there was a need to look into this a little more because of some of the issues that happened here in the past year. We didn't know what angle to take on this pipeline issue because PSC really isn't gathering any information other than the mainline (Williston Basin). They were just controlling the commercial aspect of it; not the sighting of it.

Representative Skarphol: What is the purpose behind this? We don't need to make things more onerous. If there are problems with knowing where the lines are, we should put penalties in place for not notifying one call as to the location of your property.

Vice Chairman Kempenich: Right now, the PSC isn't doing any gathering of information.

Representative Klein: This has mostly to do with gathering lines which are not listed under any system and people don't seem to know where they are. There is a problem out there, many have even been abandoned, but there's no record of their location. This was just an idea to take a look at this and see from a safety viewpoint. This was a study to see where they are and get somebody on top of this problem.

Representative Skarphol: I understand the issue. My point is I don't want this to be burdensome. One call should suffice. If a company lays a line, they should be surveying it and making one call as to the location of it. If they are owners of a line, they should be at least informing one call of the approximate areas within which it's located. Our local rural telephone gets 1,000 calls a week for locations. There needs to be penalties in place on one call for not initiating the types of information that needs to be out there. It's not going to help to study it for those abandoned lines because nobody is going to know where they're at. You need a equipment to go out and locate them.

Chairman Delzer: Further discussion on the motion to amend?

Representative Nelson: We have two different issues here in this amendment. I was considering making a substitute motion on the rail rate case and handle the study in a different motion. How would you prefer that this go forward?

Chairman Delzer: I'm not sure how that works. We can take a substitute motion.

Representative Nelson: I make a substitute motion that we remove the elimination of the rail rate complaint case. It's a division of the existing amendment.

Representative Pollert: Second - we will be voting on Section 4.

Representative Monson: I would hope we take both out.

Representative Thoreson: I would hope that we would uphold the work of the committee (GO division). We had much discussion on both issues. A lot of concerns came up so it will

be continue to be an issue. Legislative management can decide not to study it of course too.

Voice vote on adopting section 4 of amendment .01001 was unclear thus roll call vote done, resulting in 12 yes, 9 no, 0 absent, thus motion carried.

Representative Thoreson: I make a motion to further amend SB 2008 with what's included in the remainder of amendment .01001 (remove authority for the \$900,000)

Representative Dahl: Second

Representative Brandenburg: with the motion, can we have language in there that the money would stay with the beginning farmer program?

Chairman Delzer: You wouldn't need that.

Representative Nelson: with the discussion that's taken place here, it's like buying a risk management tool without having to pay for it because the money that's appropriation appears to be being used for the beginning farmer program so I don't understand why we wouldn't leave this in there. Even if it's an idle threat, it's a threat and it shows some support for not only agriculture, but there is a lot of shipping that takes place in and out of this state and I don't think it would preclude a rail case for other products as well. I think this is something that we need to keep in statute.

Chairman Delzer: One consideration I have is whether or not the PSC decides to go forward with a rail rate case or if the whole legislature should make that decision from the states standpoint and to me that is part of the difference. When they have it, they make that decision instead of the current sitting legislators.

Representative Nelson: I don't think having this money in there would preclude the legislature from reinforcing that, but the fact that we are a biennial session makes the timing somewhat inconsistent with when a case may need to be filed. We could do that as well if the PSC didn't want to join us.

Chairman Delzer: We could certainly do it, but with this and the authority to use it, they can start a case without approval of the legislature. I don't know if that is major deal or not. Further discussion on the motion to further amend?

Representative Pollert: The motion is to take out authority to the PSC for the \$900,000 for the rail rate complaint case. The \$900,000 still remains in the Bank of ND in the beginning farmer loan program.

Chairman Delzer: It is the original amendment but changes in the way that it is removal of the authority for the PSC, while amendment .01001 didn't take the \$900,000 authority away from the PSC.

Roll call vote on motion, resulting in 12 yes, 9 no, 0 absent, thus motion carried

Vice Chairman Kempenich: I move Do Pass on SB 2008 as Amended.

Representative Thoreson: Second.

Representative Wieland: On the abandoned mines reclamation, what are the other funds?

Vice Chairman Kempenich: They are federal funds.

Representative Thoreson: We have a breakdown of that by state if anyone is interested in where those funds are going.

Chairman Delzer: Further questions or comments about the Do Pass as Amended motion? Seeing none, roll call will be called.

Roll call vote motion on **Do Pass as Amended on SB 2008**, resulting in 15 yes, 6 no, 0 absent, thus **motion carried**. **Vice Chairman Kempenich** was assigned as carrier of the bill. Hearing closed.

March 31, 2011

PROPOSED AMENDMENTS TO SENATE BILL NO. 2008

Page 1, line 3, replace "to authorize a transfer" with "to provide for a legislative management study"

Page 1, replace line 17 with:

| | | | |
|---------------------------|---------|-----------|----|
| "Rail rate complaint case | 900,000 | (900,000) | 0" |
|---------------------------|---------|-----------|----|

Page 1, replace lines 19 and 20 with:

| | | | |
|-----------------------|-------------------|------------------|--------------------|
| "Total all funds | \$16,230,407 | \$1,951,456 | \$18,181,863 |
| Less estimated income | <u>10,627,242</u> | <u>1,534,406</u> | <u>12,161,648"</u> |

Page 2, after line 18, insert:

"SECTION 4. LEGISLATIVE MANAGEMENT STUDY - PIPELINE SAFETY STUDY. During the 2011-13 biennium, the legislative management shall consider studying gas pipelines in the state focusing on safety concerns of gas utility distribution and transmission. The study must include all pipeline activity and address the jurisdiction of pipelines in the state in consultation with the public service commission, industrial commission, and North Dakota one call. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-third legislative assembly."

Page 2, remove lines 19 through 27

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2008 - Public Service Commission - House Action

| | Executive Budget | Senate Version | House Changes | House Version |
|--------------------------------------|---------------------|-------------------|------------------|-------------------|
| Salaries and wages | \$7,482,074 | \$7,482,074 | | \$7,482,074 |
| Operating expenses | 1,972,572 | 1,972,572 | | 1,972,572 |
| Capital assets | 53,000 | 53,000 | | 53,000 |
| Grants | 16,000 | 16,000 | | 16,000 |
| Abandoned mined lands contractual | 8,000,000 | 8,000,000 | | 8,000,000 |
| Rail rate complaint case | 900,000 | 900,000 | (900,000) | |
| Federal stimulus funds | <u>658,217</u> | <u>658,217</u> | | <u>658,217</u> |
| Total all funds | \$19,081,863 | \$19,081,863 | (\$900,000) | \$18,181,863 |
| Less estimated income | <u>13,061,648</u> | <u>13,061,648</u> | (900,000) | <u>12,161,648</u> |
| General fund | \$6,020,215 | \$6,020,215 | \$0 | \$6,020,215 |
| FTE | 43.00 | 43.00 | 0.00 | 43.00 |

Department No. 408 - Public Service Commission - Detail of House Changes

| | |
|---|------------------------|
| Removes Funding for Rail Rate Complaint | Total House Changes |
|---|------------------------|

| | Case ¹ | |
|-----------------------------------|--------------------|--------------------|
| Salaries and wages | | |
| Operating expenses | | |
| Capital assets | | |
| Grants | | |
| Abandoned mined lands contractual | | |
| Rail rate complaint case | (900,000) | (900,000) |
| Federal stimulus funds | | |
| Total all funds | (\$900,000) | (\$900,000) |
| Less estimated income | (900,000) | (900,000) |
| General fund | \$0 | \$0 |
| FTE | 0.00 | 0.00 |

¹ Funding provided from the beginning farmer revolving loan fund relating to costs associated with any potential rail rate complaint case is removed.

A section is added providing for a Legislative Management study relating to gas pipelines in the state, focusing on safety concerns of gas utility distribution and transmission, in consultation with the Public Service Commission, Industrial Commission, and North Dakota One Call.

Date: 4/5
Roll Call Vote #: 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2008

House Appropriations Committee

Legislative Council Amendment Number 01001

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Rep. Kempenich Seconded By Rep. Thoreson

| Representatives | Yes | No | Representatives | Yes | No |
|----------------------------|-----|----|--------------------------|-----|----|
| Chairman Delzer | | | Representative Nelson | | |
| Vice Chairman Kempenich | | | Representative Wieland | | |
| Representative Pollert | | | | | |
| Representative Skarphol | | | | | |
| Representative Thoreson | | | Representative Glassheim | | |
| Representative Bellew | | | Representative Kaldor | | |
| Representative Brandenburg | | | Representative Kroeber | | |
| Representative Dahl | | | Representative Metcalf | | |
| Representative Dosch | | | Representative Williams | | |
| Representative Hawken | | | | | |
| Representative Klein | | | | | |
| Representative Kreidt | | | | | |
| Representative Martinson | | | | | |
| Representative Monson | | | | | |

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Substitute motion

Date: 4/5
 Roll Call Vote #: 2

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2008

House Appropriations Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Rep. Nelson Seconded By Rep. Pollert

| Representatives | Yes | No | Representatives | Yes | No |
|----------------------------|-----|----|-------------------------|-----|----|
| Chairman Delzer | X | | Representative Nelson | | X |
| Vice Chairman Kempenich | X | | Representative Wieland | | X |
| Representative Pollert | | X | | | |
| Representative Skarphol | | X | | | |
| Representative Thoreson | X | | Representative Glasheim | X | |
| Representative Bellew | X | | Representative Kaldor | X | |
| Representative Brandenburg | | X | Representative Kroeber | X | |
| Representative Dahl | X | | Representative Metcalf | X | |
| Representative Dosch | X | | Representative Williams | | X |
| Representative Hawken | | X | | | |
| Representative Klein | X | | | | |
| Representative Kreidt | X | | | | |
| Representative Martinson | | X | | | |
| Representative Monson | | X | | | |

Total (Yes) 12 No 9

Absent 0

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

division of existing amendment .01001
 this vote: section 4 only - pipeline study

Date: 4/5
 Roll Call Vote #: 3

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2008

House Appropriations Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Rep. Thoreson Seconded By Rep. Dahl

| Representatives | Yes | No | Representatives | Yes | No |
|----------------------------|-----|----|--------------------------|-----|----|
| Chairman Delzer | X | | Representative Nelson | | X |
| Vice Chairman Kempenich | X | | Representative Wieland | | X |
| Representative Pollert | | X | | | |
| Representative Skarphol | | X | | | |
| Representative Thoreson | X | | Representative Glassheim | X | |
| Representative Bellew | X | | Representative Kaldor | | X |
| Representative Brandenburg | | X | Representative Kroeber | X | |
| Representative Dahl | X | | Representative Metcalf | X | |
| Representative Dosch | X | | Representative Williams | | X |
| Representative Hawken | | X | | | |
| Representative Klein | X | | | | |
| Representative Kreidt | X | | | | |
| Representative Martinson | X | | | | |
| Representative Monson | | X | | | |

Total (Yes) 12 No 9

Absent 0

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

rest of amendment .01001
 remove authority for \$900,000

April 5, 2011

VK
 4/7/11
 W82

PROPOSED AMENDMENTS TO SENATE BILL NO. 2008

Page 1, line 3, replace "to authorize a transfer" with "to provide for a legislative management study"

Page 1, replace line 17 with:

| | | | |
|---------------------------|---------|-----------|----|
| "Rail rate complaint case | 900,000 | (900,000) | 0" |
|---------------------------|---------|-----------|----|

Page 1, replace lines 19 and 20 with:

| | | | |
|-----------------------|-------------------|------------------|--------------------|
| "Total all funds | \$16,230,407 | \$1,951,456 | \$18,181,863 |
| Less estimated income | <u>10,627,242</u> | <u>1,534,406</u> | <u>12,161,648"</u> |

Page 2, replace lines 19 through 27 with:

"SECTION 4. LEGISLATIVE MANAGEMENT STUDY - PIPELINE SAFETY STUDY. During the 2011-12 interim, the legislative management shall consider studying gas pipelines in the state focusing on safety concerns of gas utility distribution and transmission. The study must include all pipeline activity and address the jurisdiction of pipelines in the state in consultation with the public service commission, industrial commission, and North Dakota one call. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-third legislative assembly."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2008 - Public Service Commission - House Action

| | Executive Budget | Senate Version | House Changes | House Version |
|--------------------------------------|---------------------|---------------------|------------------|---------------------|
| Salaries and wages | \$7,482,074 | \$7,482,074 | | \$7,482,074 |
| Operating expenses | 1,972,572 | 1,972,572 | | 1,972,572 |
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| Grants | 16,000 | 16,000 | | 16,000 |
| Abandoned mined lands contractual | 8,000,000 | 8,000,000 | | 8,000,000 |
| Rail rate complaint case | 900,000 | 900,000 | (900,000) | |
| Federal stimulus funds | <u>658,217</u> | <u>658,217</u> | | <u>658,217</u> |
| Total all funds | \$19,081,863 | \$19,081,863 | (\$900,000) | \$18,181,863 |
| Less estimated income | <u>13,061,648</u> | <u>13,061,648</u> | (900,000) | <u>12,161,648</u> |
| General fund | \$6,020,215 | \$6,020,215 | \$0 | \$6,020,215 |
| FTE | 43.00 | 43.00 | 0.00 | 43.00 |

Department No. 408 - Public Service Commission - Detail of House Changes

| | | |
|--------------------|--|------------------------|
| | Removes Funding for Rail Rate Complaint Case ¹ | Total House Changes |
| Salaries and wages | | |

2 of 2

| | | |
|-----------------------------------|-------------|-------------|
| Operating expenses | | |
| Capital assets | | |
| Grants | | |
| Abandoned mined lands contractual | | |
| Rail rate complaint case | (900,000) | (900,000) |
| Federal stimulus funds | | |
| Total all funds | (\$900,000) | (\$900,000) |
| Less estimated income | (900,000) | (900,000) |
| General fund | \$0 | \$0 |
| FTE | 0.00 | 0.00 |

¹ Funding authority provided relating to costs associated with any potential rail rate complaint case is removed.

A section is added providing for a Legislative Management study relating to gas pipelines in the state, focusing on safety concerns of gas utility distribution and transmission, in consultation with the Public Service Commission, Industrial Commission, and North Dakota One Call.

Date: 4/5
 Roll Call Vote #: 4

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2008

House Appropriations Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Rep. Kempenich Seconded By Rep. Thoreson

| Representatives | Yes | No | Representatives | Yes | No |
|----------------------------|-----|----|--------------------------|-----|----|
| Chairman Delzer | X | | Representative Nelson | | X |
| Vice Chairman Kempenich | X | | Representative Wieland | | X |
| Representative Pollert | | X | | | |
| Representative Skarphol | X | | | | |
| Representative Thoreson | X | | Representative Glassheim | X | |
| Representative Bellew | X | | Representative Kaldor | | X |
| Representative Brandenburg | | X | Representative Kroeber | X | |
| Representative Dahl | X | | Representative Metcalf | X | |
| Representative Dosch | X | | Representative Williams | X | |
| Representative Hawken | X | | | | |
| Representative Klein | X | | | | |
| Representative Kreidt | X | | | | |
| Representative Martinson | X | | | | |
| Representative Monson | | X | | | |

Total (Yes) 15 No 6

Absent 0

Floor Assignment Rep. Kempenich

If the vote is on an amendment, briefly indicate intent:

| | | |
|--------------------------|-------------|-------------|
| contractual | | |
| Rail rate complaint case | (900,000) | (900,000) |
| Federal stimulus funds | | |
| Total all funds | (\$900,000) | (\$900,000) |
| Less estimated income | (900,000) | (900,000) |
| General fund | \$0 | \$0 |
| FTE | 0.00 | 0.00 |

¹ Funding authority provided relating to costs associated with any potential rail rate complaint case is removed.

A section is added providing for a Legislative Management study relating to gas pipelines in the state, focusing on safety concerns of gas utility distribution and transmission, in consultation with the Public Service Commission, Industrial Commission, and North Dakota One Call.

2011 SENATE APPROPRIATIONS

CONFERENCE COMMITTEE

SB 2008

2011 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee Harvest Room, State Capitol

SB 2008 conference committee
April 13, 2011
Job # 16578

Conference Committee

Committee Clerk Signature

Rose Lening

Explanation or reason for introduction of bill/resolution:

A Bill for an Act to provide an appropriation for defraying the expenses of the public service commission.

Minutes:

You may make reference to "attached testimony."

Conferees:

Senators Christmann, Wanzek and O'Connell
Representatives Brandenburg, Klein and Kroeber

Sara Chamberlin - Legislative Council; **Tad H. Torgerson** - OMB

Chairman Christmann called the conference committee hearing on SB 2008. He asked the clerk to note that **Senator Wanzek** was absent and then asked House to explain their changes to the bill .

(**Senator Wanzek** walked in)

Rep. Klein: The House made two changes. The Senate had not made any changes to the Executive Recommendation. The one change where we were going to take the \$900,000 that was in the Bank of ND to use as a possible legal case against BN got defeated on the floor so the only change was to recommend a study on the gathering lines and over the years they were abandoned. We're quite concerned about the safety on it and we had quite a discussion. We also had the Public Service Commission do a little looking into this. Right now their safety inspector, the one person they have, he is 50% federally funded. The information they had gathered for us was that more than likely, if they would proceed with another one to look at the overall system, including the gathering lines, a portion of his salary would also be federally funded. We think there is a tremendous safety problem with all these gathering lines. Some of the companies know approx. where they are, but there is no one system – even 911 does not have that information available. It was rather late in the game and we didn't have time to do much but we thought we'd at least put in a study. That's the only change we made. There was quite a bit of discussion with the PSC with the people in the oil area and mineral dept. and there is a problem out there.

Senator Christmann: What was their response to study? Were they agreeable to it? Did they look at it as being a burden?

Rep. Klein: Yes they realize there isn't anybody who has it. The mineral people keep saying that it should be over at the PSC, and the PSC says we regulate the major pipelines. We control those because they have to come through us, but we don't have anything to do with the gathering lines where they feed into the major ones. There are miles of pipelines out there, many of them abandoned. As soil erodes, there could be some major problems.

Rep. Brandenburg: This problem is getting more and more serious. With the oil development that is going on out there and the lines that are being put in, there really is no control. The bigger lines are recorded but the smaller lines aren't. There's a concern about that discussion. They really don't know what to do at this point, but that's why this study was brought forward.

Senator Christmann: When you say bigger lines and smaller lines, what defines what things they regulate and what things they don't?

Rep. Klein: The major transmission lines are regulated by the bigger companies, like Enbridge and so on, but the companies that do the gathering, the smaller oil companies that gather it and run it to one location whether it's picked up by vehicle or whether it's fed into a major line. Those are not regulated. The Public Service Commission does not know where those are.

Senator Christmann: Is the differentiation based on the diameter of the pipe or what determines? Anytime there's more than two things that are merged together, they start regulating it?

Rep. Klein: I don't have a specific answer, but the major pipelines, like Enbridge and TransCanada, those are regulated both federal and state. The gathering lines, where they gather from two or three wells into another area are not regulated. Their location is not – they don't have to go to the Public Service Commission.

Senator Christmann: I don't see anything on here dealing with the cost of a study.

Rep. Klein: It would be a legislative study. It would involve the PSC. It would involve the mineral department. It would involve all of these oil companies and 911. I'm sure up in your area, some of the older gathering lines have probably been abandoned.

Senator O'Connell: Then you have your salt water to disposal wells. It isn't just gas and oil. There are all kinds of different and probably include high line wires and voltage wires because I know they're all abandoned. Would they be included in the study?

Rep. Klein: No, those are pretty well controlled by companies and 911 has those. It's the gathering pipelines that the companies put in themselves. They have some records, but over the years, as some of the wells went dry, they probably abandoned them in place.

Senator Wanzek: What we're talking about are gathering pipelines not the main pipelines? You talk about the danger out in a rural area, I think of a field where we have a ditch. I was out to pick rocks and I thought it was a rock and there's a pipe. The one that has a dome pipeline and part of it was exposed from washing and erosion.

Rep. Klein: That is a possibility, but those pipelines are usually surveyed and inspected.

Rep. Brandenburg: The thing we discussed as a concern is that right now when you go out and do digging, electrical lines are recorded. Telephone wires are recorded and you can locate them. I can't remember the locate number, the Call Before You Dig. The same thing here if you want to do some digging with these pipelines, nobody knows where they are at. One could be accidentally hit. So we don't know if it's the right thing to do, but it might be a study because if somebody wants to do some digging somewhere, there's a pipeline recorded there. Then you could call the number and it's there and can be located.

Rep. Kroeber: Obviously, this needs to be a legislative study and legislative management would have to choose whether they are going to take and study it or not. As indicated before, it isn't anything where we're going to put any big dollars into it. It would just be an interim legislative study if they chose to study it.

(Recess for a few minutes)

Senator Christmann: From our side, we would be fine with that study as it's written and want to correct that to get the language back in on that rail money. In talking with Sara, I think the correct amendment would be that the House recede and further amend by adding the study back on.

Rep. Brandenburg: We were discussing that too with Joe is that when we split that out on the floor, this language to give the authority back for the use of the money was taken out of the House version so we agreed that we need to get that language back in there. If they need to use that \$900,000, the language is there to do that.

Senator Wanzek moved that the House recede from the House amendments and we amend as follows which would be to put study back in as you had it presented here and to also put back in what I would refer to as section 4 from version 1000 which was the original bill.

Senator Christmann: When the House recedes, that would be back in then.

Senator Wanzek: So if we recede, that would be back in and then we would amend.

Re. Klein: So the motion would be that the House recedes from its amendment and then we further amend. **I second the motion.**

Senator Christmann asked if everyone understood the motion.

A Roll Call vote was taken. Yea: 6 Nay: 0

Senator Christmann will carry the bill in the Senate and Rep. Brandenburg will carry it in the House.

2011 SENATE CONFERENCE COMMITTEE ROLL CALL VOTES

Committee: Senate Appropriations

Bill/Resolution No. SB 2008 as (re) engrossed

Date: 4-13-11

Roll Call Vote #: 1

- Action Taken**
- SENATE accede to House amendments
 - SENATE accede to House amendments and further amend
 - HOUSE recede from House amendments
 - HOUSE recede from House amendments and amend as follows:

Senate/House Amendments on SJ/HJ page(s) 1363 - 1364

- Unable to agree, recommends that the committee be discharged and a new committee be appointed

((Re) Engrossed) _____ was placed on the Seventh order of business on the calendar

Motion Made by: Wanzek Seconded by: Klein

| Senators | | | Yes | No | | Representatives | | | Yes | No |
|--------------------|---|--|-----|----|--|------------------|---|--|-----|----|
| Senator Christmann | ✓ | | ✓ | | | Rep. Brandenburg | ✓ | | ✓ | |
| Senator Wanzek | ✓ | | ✓ | | | Rep. Klein | ✓ | | ✓ | |
| Senator O'Connell | ✓ | | ✓ | | | Rep. Kroeber | ✓ | | ✓ | |
| | | | | | | | | | | |
| | | | | | | | | | | |

Vote Count: Yes 6 No 0 Absent 0

Senate Carrier Wanzek House Carrier Brandenburg

LC Number _____ of amendment

LC Number _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

REPORT OF CONFERENCE COMMITTEE

SB 2008: Your conference committee (Sens. Christmann, Wanzek, O'Connell and Reps. Brandenburg, Klein, Kroeber) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1363-1364, adopt amendments as follows, and place SB 2008 on the Seventh order:

That the House recede from its amendments as printed on pages 1363 and 1364 of the Senate Journal and pages 1521 and 1522 and pages 1530 and 1531 of the House Journal and that Senate Bill No. 2008 be amended as follows:

Page 1, line 3, after the semicolon insert "to provide for a legislative management study;"

Page 2, after line 27, insert:

"SECTION 5. LEGISLATIVE MANAGEMENT STUDY - PIPELINE SAFETY STUDY. During the 2011-12 interim, the legislative management shall consider studying gas pipelines in the state focusing on safety concerns of gas utility distribution and transmission. The study must include all pipeline activity and address the jurisdiction of pipelines in the state in consultation with the public service commission, industrial commission, and North Dakota one call. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-third legislative assembly."

ReNUMBER accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2008 - Public Service Commission - Conference Committee Action

The House removed Section 4 relating to use of the beginning farmer revolving loan fund for costs associated with the rail rate complaint case, by reverting to the Senate version of the bill this language is restored.

The conference committee further amended the bill to include a section added by the House to provide for a Legislative Management study relating to gas pipelines in the state, focusing on safety concerns of gas utility distribution and transmission, in consultation with the Public Service Commission, Industrial Commission, and North Dakota One Call.

SB 2008 was placed on the Seventh order of business on the calendar.

2011 TESTIMONY

SB 2008

1

Senate Bill 2008

Presented by: Tony Clark, Chairman
Public Service Commission

Before: Senate Appropriations
Honorable Ray Holmberg, Chairman

Date: January 12, 2011

TESTIMONY

Mister Chairman and committee members, I am Tony Clark Chairman of the Public Service Commission. I am here to testify in support of the Public Service Commission's budget. With me are my fellow Commissioners Kevin Cramer and Brian P. Kalk, as well as some of the division directors and support staff. I want to thank you for the opportunity to discuss our operations, statutory mandates, and resource needs.

The Governor's executive budget recommendation provides the commission with the resources to continue providing a high level of service to the people of North Dakota. We request your favorable support of the budget that is before you.

The Public Service Commission is proud to report that, despite the central role played by the commission in the state's booming energy industry, we are requesting no new full time employees. We have been able to achieve this by proactively addressing agency needs over the past several legislative sessions. Foremost has been the flexibility the legislature granted the commission with regard to how we process cases. By using resources and expertise in the private

sector on an as needed basis, we have been able to carry out our statutory duties, protect the public interest, and not grow the size of government.

The commission's main areas of responsibility, which are well known to you, include the following:

- Regulation of electric, natural gas, and telephone utilities
- Pipeline safety
- Licensing and inspecting grain elevators and grain buyers
- Licensing auctioneers and auction clerks
- Testing and certifying weighing and measuring devices
- Overseeing coal mining and reclamation
- Eliminating hazards at abandoned mine sites
- Siting oil and gas processing plants, power plants, power lines, and transmission pipelines
- Representing state rail interests in federal proceedings
- Railroad crossings

During the 2009 Legislative Session House Bill 1342 amended the North Dakota Century Code Section 49-11-22 giving the Public Service Commission jurisdiction to hear and decide petitions requesting that a horn be sounded at a private railroad crossing based on safety concerns of the public. To date during the 2009-2011 biennium the commission heard three such requests involving ten railroad crossings. A request regarding one crossing was withdrawn. For eight of the crossings the commission ordered audible warnings to continue and for one crossing, the commission ordered the audible warnings to cease.

Public Utilities

Public utility efforts are undertaken with a staff that is by far the smallest staff of any public utility commission in the nation. The public utility efforts engage 5.84 full-time employees.

The commission protects the public interest by implementing policy and regulating electric, natural gas, telecommunication, and pipeline companies in a fair, efficient, and cooperative manner. The commission helps promote the provision of safe, reliable, and high quality utility services through its work with utility companies, rulemaking, educating consumers and resolving customer disputes.

The following illustrates some of the important work carried out by the Public Utilities Division:

- Track, comment on, and participate in the continued development of the regional wholesale electric market through the operator of the transmission system, the Midwest Independent System Operator. The regional wholesale market is important not only for efficiency and reliability but also for the future exportation of electricity from North Dakota.
- Investigate, analyze, advocate, provide testimony, and implement rate and rate design changes through the regulation of retail electric and gas service provided by investor owned utilities. The staff conducts annual reviews of earnings levels and processes rate increase applications. The commission issued an order in Otter Tail Power Company's electric rate increase application in this biennium. Rate increase applications are currently pending

for Montana-Dakota Utilities Co. and Northern States Power Company (Excel Energy).

- Direct and enforce safety requirements for electric and natural gas service provided by all utilities.
- Investigate, analyze, implement, and provide assurances to the extent possible for using the state's abundant natural resources for the production of power through siting activities and overall regulatory authority. Through its siting authority, the commission oversees the location and construction of CO₂ pipelines, gas plants, generating stations and applicable water lines, wind farms, electric transmission lines, and oil and gas pipelines and related pumping stations and other facilities. There are currently 90 open siting cases compared to last legislative session when there were only 48 open siting cases.
- Advocate for better wireless services for customers in North Dakota through its Wireless Initiative to inform the public and service providers of coverage gaps, a.k.a. Zap the Gap.
- Investigate, analyze, advocate, and provide testimony concerning advance prudence applications by regulated utilities for electric resource additions. We expect more of these types of filings as continued generation and transmission build-out is expected for the next several years.
- Track, comment on, and implement federal telecommunication mandates including oversight and facilitation of the wholesale telecommunications market and the transition to competitive services. These types of cases

include intercompany access disputes, inter-carrier compensation disputes, monitoring quality of service through regional efforts, overseeing the allocation of telephone numbers, rural exemption challenges and so on.

- Resolve territorial disputes between investor owned electric companies and rural cooperatives. Protect the public interest through action on agreements entered into between electric providers concerning service areas, which may include certificates of public convenience and necessity for utility plant and system extensions. Investigate, analyze, provide testimony, and implement merger and acquisition applications.
- Process the occasional formal dispute between customers and a utility company that cannot be resolved informally. In these cases, a formal complaint is filed by the customer or commission staff and the commission then may conduct a formal hearing and order a resolution.

The commission will continue efforts to educate consumers and competitors about the evolving utility marketplaces and the changing role of regulation, striving to identify and implement ways to lessen the regulatory burden on companies while strengthening and preserving necessary consumer protections. Regional impacts, widespread policy from Washington, DC, and environmental priorities and concerns will contribute to the challenges facing policymakers, regulators, and interested parties.

The siting caseload at the commission has grown dramatically the past few years. Since 2005, the commission has approved route permits for 779 million dollars in oil pipeline investments and 126 million dollars in electric

transmission investments. We have also issued siting certificates for 2.7 billion dollars worth of wind generation. Looking forward, the challenges are even greater as we have letters of intent to build nearly 13.6 billion dollars worth of energy conversion facilities, all of them requiring commission oversight.

In addition to dramatic growth in North Dakota's energy export infrastructure, we are seeing more rate cases than we have in the past. New generation and transmission must be paid for so companies are coming in for rate increases, tariff adjustments, and prudence determinations on a regular basis.

Weights and Measures

The Weights and Measures Program, comprised of four full-time employees, is designed to meet the needs of both the buyer and seller in the commercial marketplace. This is accomplished through the enforcement of the state's weights and measures laws by the inspection and testing of commercial weighing and measuring devices such as supermarket scales, grain elevator truck scales, livestock scales, and gas station pumps, etc. Some of the accomplishments and work of the program include:

- Testing and inspecting 11,327 commercial devices from January 1, 2009 to December 31, 2009.
- Collecting fees totaling 226,080 dollars for the general fund as a result of the above testing during that time period.

- Conducting quality control testing and monitoring the documentation of 8,488 weighing or measuring devices installed or serviced by registered service companies.

Gas Pipeline Safety

The Gas Pipeline Safety Program employs one full time inspector to ensure the safety of jurisdictional gas utility distribution and transmission facilities. The commission enters into an agreement with the United States Department of Transportation annually which grants the state authority to conduct the federal gas pipeline safety program. As part of this agreement, approximately 40 percent of the cost of the North Dakota Gas Pipeline Safety Program is funded by the federal government. Increased construction activity and recent pipeline explosions highlight the importance of this program.

Reclamation

The Reclamation Division is responsible for ensuring that active coal mining is carried out in an environmentally sound manner and that mined lands are successfully reclaimed. There are currently four large and two small coal mines operating in North Dakota and they produce around 30 million tons of lignite per year. There are nearly 105,000 acres of land presently under permit and, of this; approximately 68,000 acres have been disturbed by mining activities. Applications to permit another 27,000 acres are currently being

reviewed by the Reclamation Division. This includes applications for two new mines, one northwest of Center and the other near South Heart.

Between 1,500 and 2,000 acres of land are typically disturbed and reclaimed each year. The disturbed and reclaimed acres are monitored by the commission to ensure mining and reclamation activities are conducted in compliance with state reclamation laws.

The Reclamation Division has been monitoring the exploration for uranium, molybdenum, and germanium in lignite seams in southwest North Dakota. The coal seams of primary interest would most likely be surface mined and these mining activities would also be regulated by the commission. To the best of our knowledge, no data have been collected for the environmental resource studies needed for permitting.

Another significant workload for the Reclamation Division is related to final bond release on reclaimed lands. The commission's jurisdiction over reclaimed land ends upon the granting of the final bond release. However, mining companies cannot apply for final bond release until most mined lands have been reclaimed and seeded for at least ten years. When final bond release is requested, detailed information and data must be provided showing that reclaimed lands with an agricultural use produce as well as they did before mining. In the past eight years, final bond release has been granted on nearly 11,000 acres and final bond release is pending on another 1,000 acres.

The Reclamation Division continues to use and enhance a Geographic Information System (GIS) for storing, evaluating, and analyzing a vast amount of

data and maps that the commission receives from mining companies. Once data and maps are converted into the appropriate format and entered into the GIS, data are downloaded onto tablet PCs equipped with Global Positioning Satellite (GPS) receivers for use during routine mine inspections. The GPS receivers allow staff to know precisely where they are at during the mine inspection, to save a track-log of the areas traversed at the mine, and to accurately note any areas of concern observed during the inspections.

The federal Office of Surface Mining conducts ongoing reviews of the coal regulatory program and issues annual evaluation reports. North Dakota continues to receive excellent reports from the Office of Surface Mining and that office considers North Dakota's program one of the most efficient and well run programs in the country. The Reclamation Division is authorized 9.4 full time employees.

The federal government, through annual grants from the Office of Surface Mining, is currently paying 64 percent of the coal regulatory program costs and the state general fund covers the other 36 percent. Based on the available information at this time, it appears we should be receiving enough federal funds to meet our program needs for at least the first year of the 2011-2013 biennium. However, we have some concerns whether or not sufficient federal funds will be appropriated by Congress for the second year of the biennium.

Abandoned Mine Lands

The mission of the Abandoned Mine Lands (AML) Division is to reclaim abandoned coal mine lands that pose a safety hazard. Sites eligible for reclamation under Title IV of the federal Surface Mining Control and Reclamation Act include lands disturbed by coal mining prior to its enactment. These sites are prioritized on the basis of perceived hazards and are reclaimed based on priority ranking and available funds. The AML program is 100 percent federally funded. Major reclamation projects during the 2009-2011 biennium include filling underground mine voids east of Williston and in the Beulah/Zap area, and eliminating highwalls at abandoned surface mines north of Beulah and south of Sawyer.

The funding source for the AML program is a federal reclamation fee assessed on all active coal mines. North Dakota mining companies currently pay 9 cents per ton of lignite produced into the AML fund, which totals about 2.7 million dollars per year. The commission receives money from this fund to operate North Dakota's AML program. Federal legislation enacted in late 2006 extended collection of the federal reclamation fee until 2021. This legislation also requires the Office of Surface Mining to pay out the state share balances in the AML fund and this has increased our funding from 1.6 million dollars in 2007 to the 3.4 million dollars received this year. The commission expects to receive 7.4 million dollars from the Office of Surface Mining during the 2011-2013 biennium. Due to this increase in federal funding plus expected carry over funds for construction projects, the proposed budget increases the AML contractual

services line item to 8 million dollars. This is a 1.5 million dollar increase over the appropriation for the current biennium. In addition to the 4.75 full time employees assigned to the AML program, the AML Division hires two seasonal inspectors to monitor the on-site construction work during the summer and fall months.

The AML Division has developed a GIS database to store and display information about the AML sites in North Dakota. Much of this information will eventually be posted on the commission's website so it will be readily available to the public. We believe it is important to have information on abandoned underground mines available to the public since there are times when there are no surface features present to indicate a potential hazardous condition exists in an area.

Licensing

The Licensing Division, comprised of 3.75 full time employees, oversees the licensing and bonding of all the grain elevators and grain buyers in North Dakota and processes all grain elevator and grain buyer insolvency cases. The division also oversees the licensing and bonding of all auctioneers and auction clerks. Some major accomplishments and important work completed during the biennium include:

- Completed 301 grain warehouse and grain buyer inspections between July 1, 2009 and December 31, 2010.
- Revenues generated for the general fund for license fees received during this same period of time total 322,610 dollars.

- Approved 208 requests to increase storage levels, which reached an all time high of 406 million bushels in November 2010.
- The commission was involved in five insolvencies during the biennium. Two of these insolvencies have been completed.

Agriculture Rail Rate Fund

The Governor's executive budget recommendation includes a continuation of 900,000 dollars for an agriculture rail rate fund.

Administration

The Administrative Division provides support services to the other divisions. Accordingly, a portion of the commission's funding comes from the federal government through an indirect cost reimbursement. Indirect costs are recovered from the federal grants to offset administrative costs associated with our federal programs.

Summary

Of the commission's overall budget, about 58 percent comes from federal sources, 36 percent is general fund money, and six percent is special funds. The commission generates approximately one million dollars per biennium in income from statutory license and inspection fees. Indirectly, this income covers about 20 percent of the general fund money that is being requested in Senate Bill 2008.

The commission recorded 1183 complaints and inquiries during the current biennium. The vast majority of these concerned traditional public utility services, but many involve matters such as grain elevator operations, mining, and weights and measures.

During the current biennium, the commission opened 1037 cases. The commission attempts to process these cases as quickly and at as low a level of formality as possible. As a result, approximately 96 percent of these cases were processed without the need for a formal hearing. Only 43 of these cases required formal hearings, several of which were mandated by state law.

The commission currently has 43 full time employees including the three commissioners, plus two temporary seasonal employees to work with the Abandoned Mine Lands Division during the construction season. The commission also has one temporary employee working in the Public Utility Division and funded through the American Recovery and Reinvestment Act (ARRA).

Mister Chairman, this concludes our testimony. I will be happy to answer any questions you may have.

Attachments:

1. Schedule for continuing appropriation funds: Performance Assurance Fund, Credit Sale Contract Indemnity Fund, and the Siting Process Expense Recovery Fund
2. PSC 2011-2013 organizational chart

Continuing Appropriations

Schedule Required by Section 34 of 2003 Senate Bill No. 2015
8-Jan-09

Performance Assurance Fund

Fund No. 280

Statutory Authority: NDCC 49-21-31.

| | Biennium Ending | | B.T.D. 11/30/2010 | Projected | |
|----------------------|-------------------|------------|----------------------|---------------------|------------|
| | 2005-2007 | 2007-2009 | | 1/3/2011 6/30/11 | 2011-13 |
| | Beginning Balance | \$ 132,207 | | \$ 96,535 | \$ 98,742 |
| Revenues | \$ 43,800 | \$ 17,400 | 47,000 | 1,500 | 30,000 |
| Total Available | \$ 176,007 | \$ 113,935 | \$ 145,742 | \$ 104,800 | \$ 130,000 |
| Expenditures | \$ 18,330 | \$ 15,193 | 1,134 | 1,000 | 10,000 |
| Tsfr to General Fund | \$ 61,142 | \$ - | 41,309 | 3,800 | 20,000 |
| Ending Balance | \$ 96,535 | \$ 98,742 | \$ 103,300 | \$ 100,000 | \$ 100,000 |

Credit Sale Contract Indemnity Fund

Fund No. 395

Statutory Authority: NDCC 60-10.

| | Biennium Ending | | B.T.D. 11/30/2010 | Projected | |
|-----------------|-------------------|--------------|----------------------|---------------------|--------------|
| | 2005-2007 | 2007-2009 | | 1/3/2011 6/30/11 | 2011-13 |
| | Beginning Balance | \$ 1,956,352 | | \$ 4,206,289 | \$ 6,597,920 |
| Revenues | 2,249,937 | 2,501,946 | 173,957 | 200,000 | 220,000 |
| Total Available | \$ 4,206,289 | \$ 6,708,235 | \$ 6,771,876 | \$ 6,797,920 | \$ 6,967,920 |
| Expenditures | - | 110,315 | | 50,000 | 100,000 |
| Ending Balance | \$ 4,206,289 | \$ 6,597,920 | \$ 6,771,876 | \$ 6,747,920 | \$ 6,867,920 |

Siting Process Expense Recovery

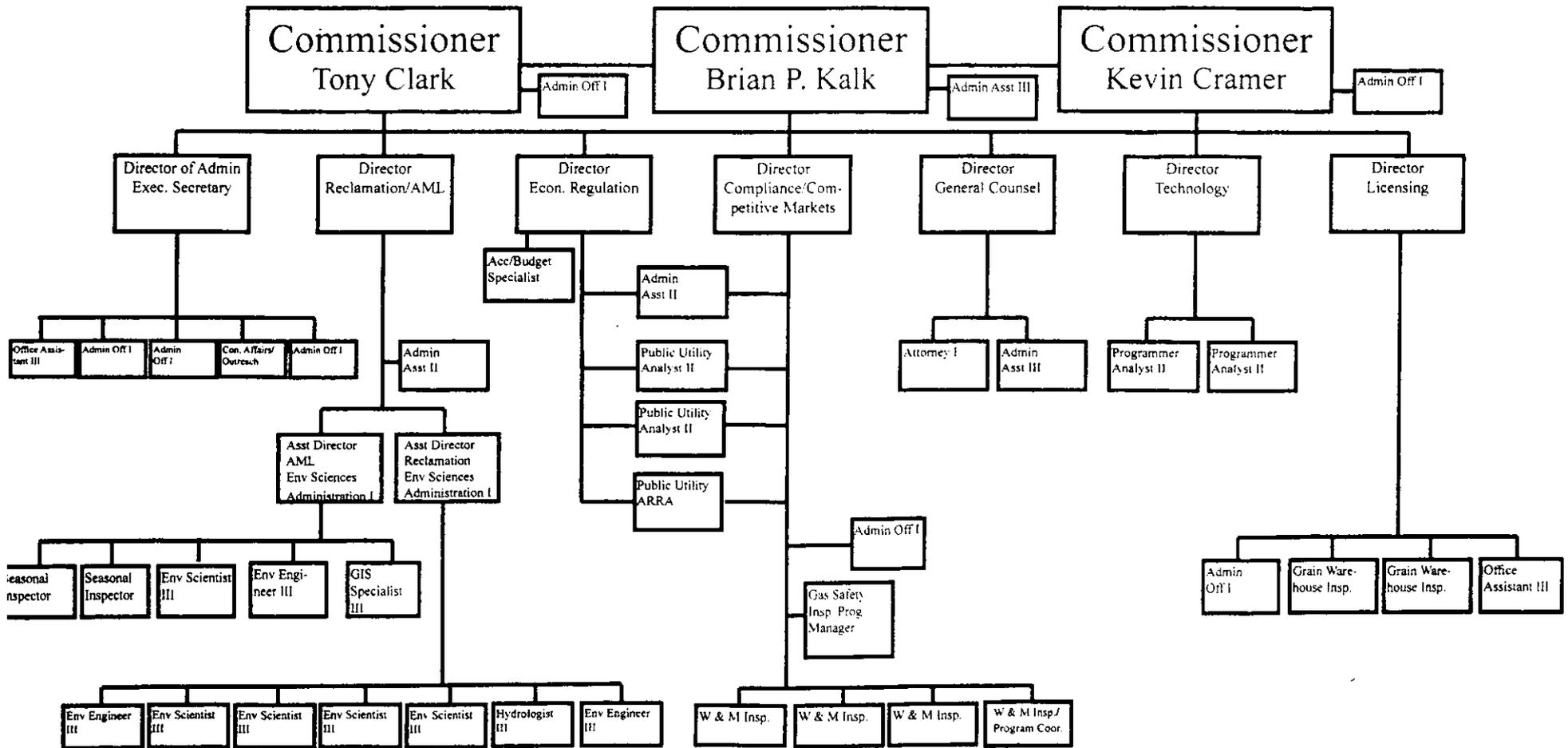
Fund No. 301

Statutory Authority: NDCC 49-22-22.

| | Biennium Ending | | B.T.D. 11/30/2010 | Projected | |
|-----------------|-------------------|--------------|----------------------|---------------------|--------------|
| | 2005-2007 | 2007-2009 | | 1/3/2010 6/30/11 | 2011-13 |
| | Beginning Balance | \$ 132,944 | | \$ 524,391 | \$ 857,747 |
| Revenues | 786,228 | 1,197,250 | 1,149,000 | 1,350,000 | 1,350,000 |
| Total Available | \$ 919,172 | \$ 1,721,641 | \$ 2,006,747 | \$ 2,207,747 | \$ 2,607,747 |
| Expenditures | 31,713 | 145,480 | 81,216 | 100,000 | 200,000 |
| Refunds | 363,068 | 718,414 | 735,615 | 850,000 | 1,000,000 |
| Ending Balance | \$ 524,391 | \$ 857,747 | \$ 1,189,916 | \$ 1,257,747 | \$ 1,407,747 |

North Dakota Public Service Commission

January 2011



REQUEST/RECOMMENDATION COMPARISON SUMMARY

408 Public Service Commission
Biennium: 2011-2013

Bill#: SB2008

| Description | Expenditures Prev Biennium 2007-2009 | Present Budget 2009-2011 | 2011-2013 Requested | | Requested Budget 2011-2013 | 2011-2013 Recommended | | Executive Recommendation 2011-2013 |
|--------------------------------------|--|--------------------------------|------------------------|-------------|----------------------------------|--------------------------|--------------|--|
| | | | Incr(Decr) | % Chg | | Incr(Decr) | % Chg | |
| By Major Program | | | | | | | | |
| Administration | 2,250,888 | 2,718,934 | 161,409 | 5.9% | 2,880,343 | 287,100 | 10.6% | 3,006,034 |
| Testing, Licensing and Certification | 1,567,175 | 2,776,941 | (106,703) | (3.8%) | 2,670,238 | (40,078) | (1.4%) | 2,736,863 |
| Public Utilities | 1,036,362 | 2,055,716 | (789,330) | (38.4%) | 1,266,386 | (71,137) | (3.5%) | 1,984,579 |
| Reclamation Programs | 5,542,273 | 9,553,166 | 1,665,365 | 17.4% | 11,218,531 | 1,801,221 | 18.9% | 11,354,387 |
| Total Major Programs | 10,396,698 | 17,104,757 | 930,741 | 5.4% | 18,035,498 | 1,977,106 | 11.6% | 19,081,863 |
| By Line Item | | | | | | | | |
| Salaries and Wages | 5,504,289 | 6,855,961 | 237,965 | 3.5% | 7,093,926 | 626,113 | 9.1% | 7,482,074 |
| Operating Expenses | 1,500,344 | 1,944,946 | 27,626 | 1.4% | 1,972,572 | 27,626 | 1.4% | 1,972,572 |
| Capital Assets | 68,174 | 127,500 | (74,500) | (58.4%) | 53,000 | (74,500) | (58.4%) | 53,000 |
| Grants | 8,000 | 10,000 | 6,000 | 60.0% | 16,000 | 6,000 | 60.0% | 16,000 |
| AML Contractual Services | 3,315,891 | 6,500,000 | 1,500,000 | 23.1% | 8,000,000 | 1,500,000 | 23.1% | 8,000,000 |
| Rail Rate Complaint Case | 0 | 900,000 | 0 | 0.0% | 900,000 | 0 | 0.0% | 900,000 |
| Federal Stimulus Funds 2009 | 0 | 766,350 | (766,350) | (100.0%) | 0 | (108,133) | (14.1%) | 658,217 |
| Total Line Items | 10,396,698 | 17,104,757 | 930,741 | 5.4% | 18,035,498 | 1,977,106 | 11.6% | 19,081,863 |
| By Funding Source | | | | | | | | |
| General Fund | 4,467,920 | 5,676,165 | 93,389 | 1.6% | 5,769,554 | 344,050 | 6.1% | 6,020,215 |
| Federal Funds | 5,782,189 | 10,403,592 | 837,352 | 8.0% | 11,240,944 | 1,633,056 | 15.7% | 12,036,648 |
| Special Funds | 146,589 | 1,025,000 | 0 | 0.0% | 1,025,000 | 0 | 0.0% | 1,025,000 |
| Total Funding Source | 10,396,698 | 17,104,757 | 930,741 | 5.4% | 18,035,498 | 1,977,106 | 11.6% | 19,081,863 |
| Total FTE | 41.00 | 43.00 | 0.00 | 0.0% | 43.00 | 0.00 | 0.0% | 43.00 |

Statutory Authority

ND Constitution Article V, Sections 2 and 5; Article XII, Section 13; North Dakota Century Code Chapters 19-01, 24-01, 24-09, 36-05, 38-14.1, 38-14.2, 38-18, 40-05, 40-33, 40-34, 51-05.1, 54-06, 54-44.8, 57-61; Title 49 (except Chapter 49-16), Title 60 (except Chapter 60-01) and Title 64.

Agency Description

The Public Service Commission is a constitutional agency with varying degrees of statutory authority over electric and gas utilities, telecommunication companies, energy generation plant and transmission line siting, railroads, grain elevators, auctioneers and auction clerks, weighing and measuring devices, pipeline safety and coal mine reclamation. The Commission is comprised of three Commissioners who are elected on a state-wide basis to staggered six year terms.

Major Accomplishments

1. Processed 1,843 cases, approximately two-thirds of which were closed within 60 days.
2. Secured \$766,350 in American Recovery and Reinvestment Act (ARRA) funds to hire full-time positions to assist the public utilities division.
3. Processed electric rate increase applications for both Otter Tail Power Company and Montana-Dakota Utilities Company.
4. Began tracking renewable and recycled energy production to comply with North Dakota's energy renewable objective of 10 percent by 2015.
5. Approved the recovery of Otter Tail Power Company's wind farms.
6. Permitted an additional 5,438 acres for surface coal mining and reclamation operations during the 2007-09 biennium.
7. Granted eight final bond release applications for 3,423 acres.
8. Located and filled underground mine voids beneath roads and near homes east of Williston.
9. Backfilled and eliminated steep surface mine highwalls south of Columbus and west of Hazen.
10. Filled dangerous sink holes from pre-reclamation law mines at numerous locations in western North Dakota.
11. Tested 22,209 weighing and measuring devices.

12. Completed 232 grain warehouse and 33 roving grain buyer inspections, and 76 capacity calculation visits for new construction and added storage sites.
13. Approved 280 grain warehouse capacity increase requests and 152 grain warehouse capacity decrease requests.
14. Granted 44 grain warehouse or facility-based grain buyer requests to discontinue business.
15. Issued 43 new grain warehouse or facility-based grain buyer licenses.
16. Renewed approximately 800 grain warehouse or facility-based grain buyer licenses and approximately 140 roving grain buyer licenses.
17. Issued 794 auctioneer licenses and 454 auction clerk and bank clerk licenses.
18. Involved in five grain warehouse or grain buyer insolvencies.
19. Reached the six million dollar cap in the credit-sale contract indemnity fund.
20. Administered Qwest's Performance Assurance Plan fund for collecting funds from the Qwest Corp. when it fails to meet certain performance standards. The funds are then used to conduct audits of the reported results.
21. Continued participation in a new regional regulatory organization known as the Organization of Midwest States (OMS) Independent System Operator States.
22. Worked through the OMS with 14 other Midwestern state regulatory agencies and other stakeholders to develop a regional cost allocation proposal for new electric transmission projects that is now pending federal approval before the Federal Energy Regulatory Commission.
23. Continued participation with regional Governors and regulatory agency members of the Upper Midwest Transmission Development Initiative regarding electric transmission development issues within a five state local region consisting of ND, SD, MN, WI and IA.

Executive Budget Recommendation

- Provides \$658,217 in carryover federal ARRA funding to manage the increase in electricity-related regulatory activity.
- Includes a \$1.5 million increase in federal fund authority for abandoned mine reclamation.

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SR05 - OMB Recommendation Rollup - 6793

| Agency: Public Service Commission | | | | | | |
|---|--|---|----------------------------------|-------------------|--------------------------------|---|
| Program: 00 Office of Public Service Commission | | | | | | |
| Reporting Level: 00-000-000-00-00-00-00-00000000 | | | | | | |
| 1 Object/Revenue | 2 2007-09 Biennium Expenditures | 3 2009-11 Biennium Appropriation | 4 2011-13 Total Changes | 5 Compensation | 6 2011-13 Recommendation | 7 |
| Description | Code | | | | | |

EXPENDITURES

| | | | | | | | |
|----------------------------------|-----------|------------------|------------------|----------------|----------------|------------------|----------|
| Salaries - Permanent | 511000 | 4,128,949 | 5,124,143 | (2,075) | 0 | 5,122,068 | 0 |
| Temporary Salaries | 513000 | 25,930 | 15,000 | 121,000 | 0 | 136,000 | 0 |
| Overtime | 514000 | 14,437 | 5,000 | 71,500 | 0 | 76,500 | 0 |
| Fringe Benefits | 516000 | 1,334,973 | 1,711,818 | 47,540 | 0 | 1,759,358 | 0 |
| Salary Increase | 599110 | 0 | 0 | 0 | 232,798 | 232,798 | 0 |
| Benefit Increase | 599160 | 0 | 0 | 0 | 39,371 | 39,371 | 0 |
| Health Increase | 599161 | 0 | 0 | 0 | 62,591 | 62,591 | 0 |
| Retirement Increase | 599162 | 0 | 0 | 0 | 53,267 | 53,267 | 0 |
| EAP Increase | 599163 | 0 | 0 | 0 | 121 | 121 | 0 |
| Salaries and Wages | 10 | 5,504,289 | 6,855,961 | 237,965 | 388,148 | 7,482,074 | 0 |
| Travel | 521000 | 543,861 | 769,462 | 22,726 | 0 | 792,188 | 0 |
| Supplies - IT Software | 531000 | 49,217 | 55,409 | (900) | 0 | 54,509 | 0 |
| Supply/Material- Professional | 532000 | 10,446 | 32,311 | (200) | 0 | 32,111 | 0 |
| Food and Clothing | 533000 | 3,405 | 3,850 | 500 | 0 | 4,350 | 0 |
| Bldg, Ground, Maintenance | 534000 | 3,074 | 3,629 | 0 | 0 | 3,629 | 0 |
| Miscellaneous Supplies | 535000 | 8,473 | 10,530 | (1,400) | 0 | 9,130 | 0 |
| Office Supplies | 536000 | 28,764 | 26,244 | 900 | 0 | 27,144 | 0 |
| Postage | 541000 | 18,703 | 24,118 | (1,600) | 0 | 22,518 | 0 |
| Printing | 542000 | 7,865 | 16,600 | 700 | 0 | 17,300 | 0 |
| IT Equip Under \$5,000 | 551000 | 105,704 | 93,905 | 0 | 0 | 93,905 | 0 |
| Other Equip Under \$5,000 | 552000 | 11,997 | 13,181 | 0 | 0 | 13,181 | 0 |
| Office Equip & Furn Supplies | 553000 | 7,258 | 15,918 | 0 | 0 | 15,918 | 0 |
| Insurance | 571000 | 9,071 | 10,859 | (100) | 0 | 10,759 | 0 |
| Rentals/Leases-Equip & Other | 581000 | 0 | 1,000 | 0 | 0 | 1,000 | 0 |
| Rentals/Leases - Bldg/Land | 582000 | 75,888 | 84,000 | (1,200) | 0 | 82,800 | 0 |
| Repairs | 591000 | 48,842 | 52,514 | (18,800) | 0 | 33,714 | 0 |
| IT - Data Processing | 601000 | 111,187 | 147,150 | 0 | 0 | 147,150 | 0 |
| IT - Communications | 602000 | 47,484 | 64,886 | 0 | 0 | 64,886 | 0 |
| IT Contractual Srvcs and Rprs | 603000 | 62,677 | 82,100 | 10,800 | 0 | 92,900 | 0 |
| Professional Development | 611000 | 76,043 | 116,846 | (1,300) | 0 | 115,546 | 0 |
| Operating Fees and Services | 621000 | 116,811 | 117,872 | 15,000 | 0 | 132,872 | 0 |
| Fees - Professional Services | 623000 | 153,056 | 202,562 | 2,500 | 0 | 205,062 | 0 |

North Dakota

Budget Request Summary - Reporting
Level

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SR05 - OMB Recommendation Rollup - 6793

| Agency: Public Service Commission | | | | | | | |
|---|--------------|-------------------|-------------------|------------------|----------------|-------------------|----------|
| Program: 00 Office of Public Service Commission | | | | | | | |
| Reporting Level: 00-000-000-00-00-00-00000000 | | | | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | |
| Object/Revenue | 2007-09 | 2009-11 | 2011-13 | Compensation | 2011-13 | | |
| Description | Expenditures | Appropriation | Total Changes | | Recommendation | | |
| Code | | | | | | | |
| Medical, Dental and Optical | 625000 | 518 | 0 | 0 | 0 | 0 | 0 |
| Operating Expenses | 30 | 1,500,344 | 1,944,946 | 27,626 | 0 | 1,972,572 | 0 |
| Equipment Over \$5000 | 691000 | 15,714 | 85,000 | (85,000) | 0 | 0 | 0 |
| IT Equip/Sftware Over \$5000 | 693000 | 52,460 | 42,500 | 10,500 | 0 | 53,000 | 0 |
| Capital Assets | 50 | 68,174 | 127,500 | (74,500) | 0 | 53,000 | 0 |
| Transfers Out | 722000 | 8,000 | 10,000 | 6,000 | 0 | 16,000 | 0 |
| Grants | 60 | 8,000 | 10,000 | 6,000 | 0 | 16,000 | 0 |
| Fees - Professional Services | 623000 | 3,315,891 | 6,500,000 | 1,500,000 | 0 | 8,000,000 | 0 |
| AML Contractual Services | 70 | 3,315,891 | 6,500,000 | 1,500,000 | 0 | 8,000,000 | 0 |
| Fees - Professional Services | 623000 | 0 | 900,000 | 0 | 0 | 900,000 | 0 |
| Rail Rate Complaint Case | 71 | 0 | 900,000 | 0 | 0 | 900,000 | 0 |
| Temporary Salaries | 513000 | 0 | 328,128 | 34,048 | 0 | 362,176 | 0 |
| Fringe Benefits | 516000 | 0 | 115,476 | (59,435) | 0 | 56,041 | 0 |
| Travel | 521000 | 0 | 35,000 | 40,000 | 0 | 75,000 | 0 |
| Supplies - IT Software | 531000 | 0 | 9,396 | 604 | 0 | 10,000 | 0 |
| IT Equip Under \$5,000 | 551000 | 0 | 14,000 | (4,000) | 0 | 10,000 | 0 |
| Rentals/Leases - Bldg/Land | 582000 | 0 | 56,000 | (56,000) | 0 | 0 | 0 |
| Professional Development | 611000 | 0 | 50,000 | 10,000 | 0 | 60,000 | 0 |
| Operating Fees and Services | 621000 | 0 | 158,350 | (73,350) | 0 | 85,000 | 0 |
| Federal Stimulus Funds 2009 | 79 | 0 | 766,350 | (108,133) | 0 | 658,217 | 0 |
| EXPENDITURE TOTALS | | 10,396,698 | 17,104,757 | 1,588,958 | 388,148 | 19,081,863 | 0 |
| MEANS OF FUNDING | | | | | | | |
| OSM Technical Assistance | R015 | 9,776 | 10,000 | 0 | 0 | 10,000 | 0 |
| Gas Pipeline Safety Program | R030 | 63,333 | 150,088 | (19,667) | 3,652 | 134,073 | 0 |
| ND Permanent Program | R034 | 880,908 | 1,124,709 | 77,671 | 58,614 | 1,260,994 | 0 |
| AML Administrative | R040 | 417,043 | 696,355 | (38,495) | 26,239 | 684,099 | 0 |
| | | 3,643,261 | 7,109,827 | 1,575,866 | 18,030 | 8,703,723 | 0 |

North Dakota

Budget Request Summary - Reporting Level

jcgallion / 2011R0300408

2011 BIEN / 01/10/2011 16:08:20

SR05 - OMB Recommendation Rollup - 6793

| Agency: Public Service Commission | | | | | | | |
|---|-------------|--|---|----------------------------------|-------------------|--------------------------------|-------------|
| Program: 00 Office of Public Service Commission | | | | | | | |
| Reporting Level: 00-000-000-00-00-00-00000000 | | | | | | | |
| 1 Object/Revenue | | 2 2007-09 Biennium Expenditures | 3 2009-11 Biennium Appropriation | 4 2011-13 Total Changes | 5 Compensation | 6 2011-13 Recommendation | 7 |
| Description | Code | | | | | | |
| AML Construction | R044 | | | | | | |
| AML Emergency Program | R056 | 105,673 | 10,000 | 0 | 0 | 10,000 | 0 |
| One Call Grant | R079 | 22,158 | 0 | 0 | 0 | 0 | 0 |
| AML Coal Fire Suppression | R092 | 40,000 | 0 | 0 | 0 | 0 | 0 |
| ARRA Funding | R097 | 0 | 766,350 | (108,133) | 0 | 658,217 | 0 |
| Indirect Cost Recovery | R999 | 600,037 | 536,263 | 8,325 | 30,954 | 575,542 | 0 |
| Federal Funds | FED | 5,782,189 | 10,403,592 | 1,495,567 | 137,489 | 12,036,648 | 0 |
| State General Fund | 001 | 4,467,920 | 5,676,165 | 93,391 | 250,659 | 6,020,215 | 0 |
| General Fund | GEN | 4,467,920 | 5,676,165 | 93,391 | 250,659 | 6,020,215 | 0 |
| PSC Valuation Revolving Fund 248 | 248 | 144,579 | 125,000 | 0 | 0 | 125,000 | 0 |
| State Rail Fund 277 | 277 | 0 | 900,000 | 0 | 0 | 900,000 | 0 |
| Ins. Recoveries Property Fund | 392 | 2,010 | 0 | 0 | 0 | 0 | 0 |
| Special Funds | SPEC | 146,589 | 1,025,000 | 0 | 0 | 1,025,000 | 0 |
| TOTAL FUNDING | | 10,396,698 | 17,104,757 | 1,588,958 | 388,148 | 19,081,863 | 0 |
| AUTHORIZED EMPLOYEES | | | | | | | |
| FTE | | 41.00 | 43.00 | (3.00) | 0.00 | 40.00 | 0.00 |
| Vacant | | 0.00 | 0.00 | 3.00 | 0.00 | 3.00 | 0.00 |
| TOTAL AUTHORIZED EMPLOYEES | | 41.00 | 43.00 | 0.00 | 0.00 | 43.00 | 0.00 |

North Dakota

Budget Request Summary - Reporting Level

jcgallion / 2011R0300408

2011 BIEN / 01/10/2011 16:08:20

SR05 - OMB Recommendation Rollup - 6793

| Agency: Public Service Commission | | | | | | |
|--|-------------------------------------|--------------------------------------|-----------------------------|--------------|---------------------------|---|
| Program: 408 Public Service Commission | | | | | | |
| Reporting Level: 00-408-000-00-00-00-00000000 | | | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Object/Revenue | 2007-09 Biennium Expenditures | 2009-11 Biennium Appropriation | 2011-13 Total Changes | Compensation | 2011-13 Recommendation | |
| Description | Code | | | | | |

EXPENDITURES

| | | | | | | | |
|----------------------------------|-----------|------------------|------------------|----------------|----------------|------------------|----------|
| Salaries - Permanent | 511000 | 4,128,949 | 5,124,143 | (2,075) | 0 | 5,122,068 | 0 |
| Temporary Salaries | 513000 | 25,930 | 15,000 | 121,000 | 0 | 136,000 | 0 |
| Overtime | 514000 | 14,437 | 5,000 | 71,500 | 0 | 76,500 | 0 |
| Fringe Benefits | 516000 | 1,334,973 | 1,711,818 | 47,540 | 0 | 1,759,358 | 0 |
| Salary Increase | 599110 | 0 | 0 | 0 | 232,798 | 232,798 | 0 |
| Benefit Increase | 599160 | 0 | 0 | 0 | 39,371 | 39,371 | 0 |
| Health Increase | 599161 | 0 | 0 | 0 | 62,591 | 62,591 | 0 |
| Retirement Increase | 599162 | 0 | 0 | 0 | 53,267 | 53,267 | 0 |
| EAP Increase | 599163 | 0 | 0 | 0 | 121 | 121 | 0 |
| Salaries and Wages | 10 | 5,504,289 | 6,855,961 | 237,965 | 388,148 | 7,482,074 | 0 |
| Travel | 521000 | 543,861 | 769,462 | 22,726 | 0 | 792,188 | 0 |
| Supplies - IT Software | 531000 | 49,217 | 55,409 | (900) | 0 | 54,509 | 0 |
| Supply/Material- Professional | 532000 | 10,446 | 32,311 | (200) | 0 | 32,111 | 0 |
| Food and Clothing | 533000 | 3,405 | 3,850 | 500 | 0 | 4,350 | 0 |
| Bldg, Ground, Maintenance | 534000 | 3,074 | 3,629 | 0 | 0 | 3,629 | 0 |
| Miscellaneous Supplies | 535000 | 8,473 | 10,530 | (1,400) | 0 | 9,130 | 0 |
| Office Supplies | 536000 | 28,764 | 26,244 | 900 | 0 | 27,144 | 0 |
| Postage | 541000 | 18,703 | 24,118 | (1,600) | 0 | 22,518 | 0 |
| Printing | 542000 | 7,865 | 16,600 | 700 | 0 | 17,300 | 0 |
| IT Equip Under \$5,000 | 551000 | 105,704 | 93,905 | 0 | 0 | 93,905 | 0 |
| Other Equip Under \$5,000 | 552000 | 11,997 | 13,181 | 0 | 0 | 13,181 | 0 |
| Office Equip & Furn Supplies | 553000 | 7,258 | 15,918 | 0 | 0 | 15,918 | 0 |
| Insurance | 571000 | 9,071 | 10,859 | (100) | 0 | 10,759 | 0 |
| Rentals/Leases-Equip & Other | 581000 | 0 | 1,000 | 0 | 0 | 1,000 | 0 |
| Rentals/Leases - Bldg/Land | 582000 | 75,888 | 84,000 | (1,200) | 0 | 82,800 | 0 |
| Repairs | 591000 | 48,842 | 52,514 | (18,800) | 0 | 33,714 | 0 |
| IT - Data Processing | 601000 | 111,187 | 147,150 | 0 | 0 | 147,150 | 0 |
| IT - Communications | 602000 | 47,484 | 64,886 | 0 | 0 | 64,886 | 0 |
| IT Contractual Svcs and Rprs | 603000 | 62,677 | 82,100 | 10,800 | 0 | 92,900 | 0 |
| Professional Development | 611000 | 76,043 | 116,846 | (1,300) | 0 | 115,546 | 0 |
| Operating Fees and Services | 621000 | 116,811 | 117,872 | 15,000 | 0 | 132,872 | 0 |
| Fees - Professional Services | 623000 | 153,056 | 202,562 | 2,500 | 0 | 205,062 | 0 |

North Dakota

Budget Request Summary - Reporting
Level

jcgallion / 2011R0300408

2011 BIEN / 01/10/2011 16:08:20

SR05 - OMB Recommendation Rollup - 6793

| Agency: Public Service Commission | | | | | | | |
|--|--|---|----------------------------------|-------------------|--------------------------------|-------------------|----------|
| Program: 408 Public Service Commission | | | | | | | |
| Reporting Level: 00-408-000-00-00-00-00000000 | | | | | | | |
| 1 Object/Revenue | 2 2007-09 Biennium Expenditures | 3 2009-11 Biennium Appropriation | 4 2011-13 Total Changes | 5 Compensation | 6 2011-13 Recommendation | 7 | |
| Description | Code | | | | | | |
| Medical, Dental and Optical | 625000 | 518 | 0 | 0 | 0 | 0 | 0 |
| Operating Expenses | 30 | 1,500,344 | 1,944,946 | 27,626 | 0 | 1,972,572 | 0 |
| Equipment Over \$5000 | 691000 | 15,714 | 85,000 | (85,000) | 0 | 0 | 0 |
| IT Equip/Software Over \$5000 | 693000 | 52,460 | 42,500 | 10,500 | 0 | 53,000 | 0 |
| Capital Assets | 50 | 68,174 | 127,500 | (74,500) | 0 | 53,000 | 0 |
| Transfers Out | 722000 | 8,000 | 10,000 | 6,000 | 0 | 16,000 | 0 |
| Grants | 60 | 8,000 | 10,000 | 6,000 | 0 | 16,000 | 0 |
| Fees - Professional Services | 623000 | 3,315,891 | 6,500,000 | 1,500,000 | 0 | 8,000,000 | 0 |
| AML Contractual Services | 70 | 3,315,891 | 6,500,000 | 1,500,000 | 0 | 8,000,000 | 0 |
| Fees - Professional Services | 623000 | 0 | 900,000 | 0 | 0 | 900,000 | 0 |
| Rail Rate Complaint Case | 71 | 0 | 900,000 | 0 | 0 | 900,000 | 0 |
| Temporary Salaries | 513000 | 0 | 328,128 | 34,048 | 0 | 362,176 | 0 |
| Fringe Benefits | 516000 | 0 | 115,476 | (59,435) | 0 | 56,041 | 0 |
| Travel | 521000 | 0 | 35,000 | 40,000 | 0 | 75,000 | 0 |
| Supplies - IT Software | 531000 | 0 | 9,396 | 604 | 0 | 10,000 | 0 |
| IT Equip Under \$5,000 | 551000 | 0 | 14,000 | (4,000) | 0 | 10,000 | 0 |
| Rentals/Leases - Bidg/Land | 582000 | 0 | 56,000 | (56,000) | 0 | 0 | 0 |
| Professional Development | 611000 | 0 | 50,000 | 10,000 | 0 | 60,000 | 0 |
| Operating Fees and Services | 621000 | 0 | 158,350 | (73,350) | 0 | 85,000 | 0 |
| Federal Stimulus Funds 2009 | 79 | 0 | 766,350 | (108,133) | 0 | 658,217 | 0 |
| EXPENDITURE TOTALS | | 10,396,698 | 17,104,757 | 1,588,958 | 388,148 | 19,081,863 | 0 |
| MEANS OF FUNDING | | | | | | | |
| OSM Technical Assistance | R015 | 9,776 | 10,000 | 0 | 0 | 10,000 | 0 |
| Gas Pipeline Safety Program | R030 | 63,333 | 150,088 | (19,667) | 3,652 | 134,073 | 0 |
| ND Permanent Program | R034 | 880,908 | 1,124,709 | 77,671 | 58,614 | 1,260,994 | 0 |
| AML Administrative | R040 | 417,043 | 696,355 | (38,495) | 26,239 | 684,099 | 0 |
| | | 3,643,261 | 7,109,827 | 1,575,866 | 18,030 | 8,703,723 | 0 |

North Dakota

Budget Request Summary - Reporting Level

jcgallion / 2011R0300408

2011 BIEN / 01/10/2011 16:08:20

SR05 - OMB Recommendation Rollup - 6793

| Agency: Public Service Commission | | | | | | | |
|---|-------------|--|---|----------------------------------|-------------------|--------------------------------|-------------|
| Program: 408 Public Service Commission | | | | | | | |
| Reporting Level: 00-408-000-00-00-00-00000000 | | | | | | | |
| 1 Object/Revenue | | 2 2007-09 Biennium Expenditures | 3 2009-11 Biennium Appropriation | 4 2011-13 Total Changes | 5 Compensation | 6 2011-13 Recommendation | 7 |
| Description | Code | | | | | | |
| AML Construction | R044 | | | | | | |
| AML Emergency Program | R056 | 105,673 | 10,000 | 0 | 0 | 10,000 | 0 |
| One Call Grant | R079 | 22,158 | 0 | 0 | 0 | 0 | 0 |
| AML Coal Fire Suppression | R092 | 40,000 | 0 | 0 | 0 | 0 | 0 |
| ARRA Funding | R097 | 0 | 766,350 | (108,133) | 0 | 658,217 | 0 |
| Indirect Cost Recovery | R999 | 600,037 | 536,263 | 8,325 | 30,954 | 575,542 | 0 |
| Federal Funds | FED | 5,782,189 | 10,403,592 | 1,495,567 | 137,489 | 12,036,648 | 0 |
| State General Fund | 001 | 4,467,920 | 5,676,165 | 93,391 | 250,659 | 6,020,215 | 0 |
| General Fund | GEN | 4,467,920 | 5,676,165 | 93,391 | 250,659 | 6,020,215 | 0 |
| PSC Valuation Revolving Fund 248 | 248 | 144,579 | 125,000 | 0 | 0 | 125,000 | 0 |
| State Rail Fund 277 | 277 | 0 | 900,000 | 0 | 0 | 900,000 | 0 |
| Ins. Recoveries Property Fund | 392 | 2,010 | 0 | 0 | 0 | 0 | 0 |
| Special Funds | SPEC | 146,589 | 1,025,000 | 0 | 0 | 1,025,000 | 0 |
| TOTAL FUNDING | | 10,396,698 | 17,104,757 | 1,588,958 | 388,148 | 19,081,863 | 0 |
| AUTHORIZED EMPLOYEES | | | | | | | |
| FTE | | 41.00 | 43.00 | (3.00) | 0.00 | 40.00 | 0.00 |
| Vacant | | 0.00 | 0.00 | 3.00 | 0.00 | 3.00 | 0.00 |
| TOTAL AUTHORIZED EMPLOYEES | | 41.00 | 43.00 | 0.00 | 0.00 | 43.00 | 0.00 |

North Dakota

Budget Request Summary - Reporting Level

jcgallion / 2011R0300408



Public Service Commission
State of North Dakota

*information requested
at 1-12-11 hearing
on SB 2008*

COMMISSIONERS

Kevin Cramer
Tony Clark
Brian P. Kalk

Executive Secretary
Darrell Nitschke

600 E. Boulevard Ave. Dept 408
Bismarck, North Dakota 58505-0480
Web: www.nd.gov/psc
E-mail: ndpsc@nd.gov
Phone 701-328-2400
Toll Free 1-877-245-6685
Fax 701-328-2410
TDD 800-366-6888 or 711

13 January 2011

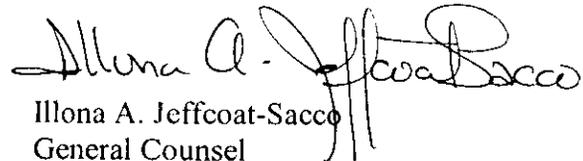
Honorable Ray Holmberg, Chairman
Appropriations Committee
North Dakota Senate
600 East Boulevard Avenue
Bismarck, ND 58505

Re: Senate Bill 2008

Dear Chairman Holmberg:

Enclosed are copies of the Commission's most current list of active wind power projects in North Dakota, as requested by the Committee. If you have any questions on this or other matters, please do not hesitate to call or e-mail.

Best regards,


Illona A. Jeffcoat-Sacco
General Counsel

c w/encl: Senator Bill Bowman, Co Vice Chairman
Senator Tony Grindberg, Co Vice Chairman
Senator Randel Christmann
Senator Robert Erbele
Senator Tom Fischer
Senator Ralph L. Kilzer
Senator Karen K. Krebsbach
Senator David O'Connell
Senator Larry Robinson
Senator Terry M. Wanzek
Senator Rich Wardner
Senator John Warner

North Dakota Active Wind Projects

Updated 1/11/2011

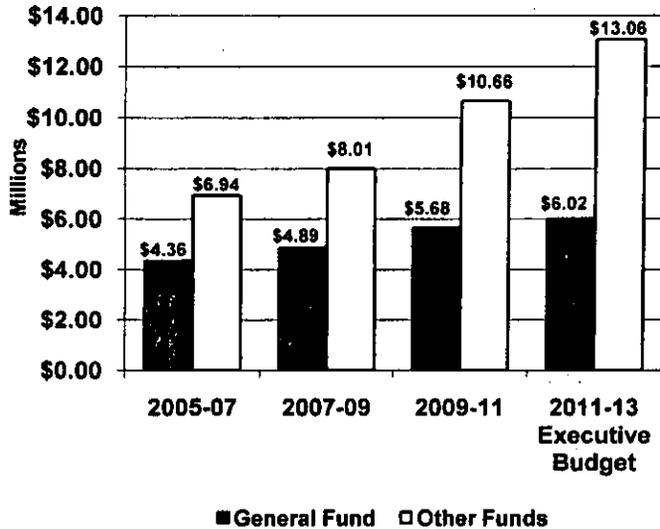
| <u>Project Name</u> | <u>Owner</u> | <u>Location</u> | <u>Turbines</u> | <u>Capacity (MW)</u> | <u>Manufacturer</u> | <u>Notes</u> |
|----------------------------|--------------------------------------|-----------------------------|-----------------|----------------------|---------------------|---|
| Minot Wind Project | BEPC - PrairieWinds | S. of Minot | 2 | 2.6 | Nordex N60 | In Service |
| Edgeley/Kulm Wind Project | FPLE / BEPC | Edgeley | 27 | 40 | GE 1.5 MW | In Service |
| Edgeley/Kulm Wind Project | FPLE / Otter Tail | Edgeley | 14 | 21 | GE 1.5 MW | In Service |
| Valley City Wind Project | Minnkota Power Cooperative | Valley City | 1 | 0.9 | NEG Micon NM52/900 | In Service |
| Petersperg Wind Project | Minnkota Power Cooperative | Petersberg | 1 | 0.9 | NEG Micon NM52/901 | In Service |
| | Sacred Heart Monastery | Richardton | 2 | 0.13 | Silver Eagle | In Service |
| Fort Totten Wind Project | Spirit Lake Sioux Nation | Fort Totten | 1 | 0.1 | Micon 108 | In Service |
| Belcourt Wind Project | Turtle Mountain Chippewa Tribe | Belcourt | 1 | 0.1 | Micon 108 | In Service |
| | North Valley Career and Technology C | Grafton | 1 | 0.065 | | In Service |
| | 3 Affiliated Tribes | New Town | 1 | 0.065 | | In Service |
| Velva Wind Project | EHN / Xcel Energy | Velva | 18 | 12 | Vestas V80 | In Service |
| | Turtle Mountain Community College | Belcourt | 1 | 0.66 | Vestas V47 | In Service |
| | FPL Burleigh County Wind LLC | Wilton | 33 | 49.5 | GE 1.5 MW | In Service |
| Wilton II | FPL Burleigh County Wind LLC | Wilton | 33 | 49.5 | GE 1.5 MW | In Service |
| Oliver County Wind | FPL - Oliver County Wind LLC | Center | 22 | 50.6 | 2.3 MW Turbines | In Service |
| Oliver County Wind II | FPL - Oliver County Wind LLC | Center | 32 | 48 | GE 1.5 MW | In Service |
| Langdon Project | FPL- Langdon Wind, LLC | Cavalier County | 79 | 118.5 | GE 1.5 MW | In Service |
| Langdon Project | Otter Tail Corporation | Cavalier County | 27 | 40.5 | GE 1.5 MW | In Service |
| Langdon Expansion | FPL- Langdon Wind, LLC | Cavalier County | 26 | 40 | GE 1.5 MW | In Service |
| | Tatanka Wind Power, LLC | Dickey/McIntosh County | 60 | 90 | Acciona AW 1500 | In Service |
| Ashtabula Wind Project | FPL - Ashtabula Wind, LLC | Barnes County | 133 | 200 | GE 1.5 MW | In Service |
| Prairie Winds Project | BEPC - PrairieWinds ND 1, Inc. | Ward County | 77 | 115.5 | GE 1.5 MW | In Service |
| Luverne Wind Farm | M-Power LLC | Griggs/Steele Counties | 105 | 157 | GE 1.5 MW | In Service |
| Rugby Wind Farm | Iberdrola, Inc. f/k/a PPM Energy | Rugby | 71 | 149.1 | Suzlon 2.1 MW S88 | In Service |
| Montana-Dakota Utilities | Cedar Hills Project | Rhame | 13 | 19.5 | GE 1.5 MW | In Service |
| Baldwin Wind Energy Center | NextEra Energy Resources, LLC | Burleigh County | 64 | 102.4 | GE 1.6 MW | In Service |
| Ashtabula III | Ashtabula Wind III, LLC | Barnes County | 43 | 70.0 | GE 1.6 MW | In Service |
| Total in Service | | | 781 | 1378.62 | | Total In Service = 1378.62 MW |
| | CROWN BUTTE WIND POWER LLC | Adams/Bowman Counties | 133 | 200 | GE 1.5 MW | Letter of Intent Filed February 2008 |
| | Just Wind, LLC | Logan County | 160 | 368 | Mitsubishi 2.4 MW | Permit Issued 4/29/09 |
| Dickey County Wind Farm | Rough Rider Wind 1, LLC | 15 miles NW of Ellendale | 100 | 150 | GE 1.5 MW | Permit Issued 8/12/09 |
| Oliver County Expansion | FPL Energy, LLC | 6 miles NW of Center | 667 | 1,000 | | Letter of Intent Filed June 2008 |
| Border Winds | Sequoia Energy U.S. Inc. | Rolette and Towner Ctys | 66 | 150 | | Hearing Revised Site Plan 1-24-11 |
| Hartland Wind Farm | Hartland Wind Farm, LLC | Ward, Burke, Mountrail Ctys | | 2,000 | | Letter of Intent filed July 2008 |
| Allete, Inc. (MN Power) | Bison 1 Wind Project | Oliver County | | 125 | | Letter of Intent Filed October, 2008 |
| Merricourt Project | enXco | McIntosh/Dickey ctys | | 150 | | Letter of Intent Filed Dec 2008 |
| | Just Wind, LLC | Emmons County | | 900 | | Letter of Intent Filed Dec 2008 |
| Allete, Inc. (MN Power) | Bison 1 Wind Project | Oliver @ Morton Counties | 33 | 75.9 | Siemens 2.3 MW | Under construction |
| Ashley Wind Power Project | CPV Ashley Renewable Energy Compan | McIntosh County | | 200.1 | | Permit Issued October 2010 |
| Radiance Wind Farm | North Dakota Winds, LLC | Burleigh County | | 99.0 | | Request Jurisdictional Determination Oct 09 |
| Oliver Wind III | Oliver Wind III, LLC | Oliver County | | 48.0 | | Transmission Line Hearing Held 9/16/10 |
| Total | | | | 6,844.62 | | |

**Department 408 - Public Service Commission
 Senate Bill No. 2008**

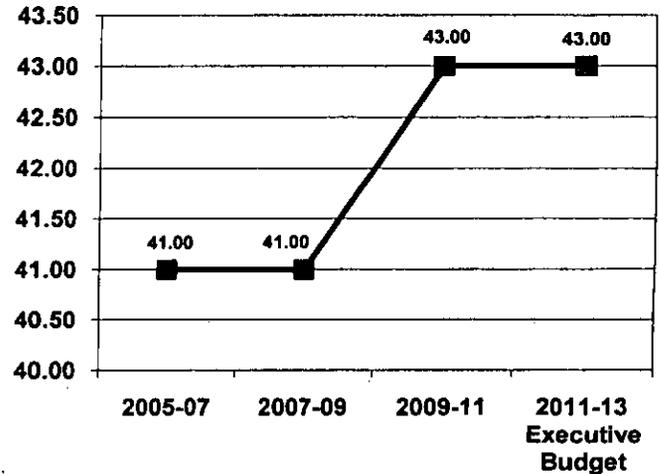
| | FTE Positions | General Fund | Other Funds | Total |
|------------------------------------|---------------|--------------|--------------|-------------------------|
| 2011-13 Executive Budget | 43.00 | \$6,020,215 | \$13,061,648 | \$19,081,863 |
| 2009-11 Legislative Appropriations | 43.00 | 5,676,165 | 10,662,242 | 16,338,407 ¹ |
| Increase (Decrease) | 0.00 | \$344,050 | \$2,399,406 | \$2,743,456 |

¹The 2009-11 appropriation amounts include \$108,000, \$73,000 of which is from the general fund, for the agency's share of the \$16 million funding pool appropriated to the Office of Management and Budget for special market equity adjustment for executive branch employees. This amount does not include an Emergency Commission approval in December 2009 of \$766,350 of federal funds from the United States Department of Energy under the American Recovery and Reinvestment Act of 2009 relating to the regulation and oversight of transmission and generation infrastructure, to provide training to agency personnel, and for three temporary positions.

Agency Funding



FTE Positions



Ongoing and One-Time General Fund Appropriations

| | Ongoing General Fund Appropriation | One-Time General Fund Appropriation | Total General Fund Appropriation |
|------------------------------------|------------------------------------|-------------------------------------|----------------------------------|
| 2011-13 Executive Budget | \$6,020,215 | \$0 | \$6,020,215 |
| 2009-11 Legislative Appropriations | 5,676,165 | 0 | 5,676,165 |
| Increase (Decrease) | \$344,050 | \$0 | \$344,050 |

First House Action

Attached is a summary of first house changes.

**Executive Budget Highlights
 (With First House Changes in Bold)**

| | General Fund | Other Funds | Total |
|--|--------------|--------------------|--------------------|
| 1. Removes one-time funding provided in the 2009-11 biennium for federal fiscal stimulus funding relating to the regulation and oversight of energy transmission and generation infrastructure | | (\$322,746) | (\$322,746) |
| 2. Adds one-time federal funding for continuation of federal fiscal stimulus funding relating to the regulation and oversight of energy transmission and generation infrastructure, to provide training, and for temporary positions | | \$658,217 | \$658,217 |
| 3. Increases funding for abandoned mine lands reclamation | | \$1,500,000 | \$1,500,000 |

Other Sections in Bill

Section 2 - Identifies one-time federal fiscal stimulus funding carryover from the 2009-11 biennium of \$658,217 related to the regulation and oversight of transmission and generation infrastructure.

Section 3 - Public service commissioners' salaries - Provides the statutory changes necessary to increase the public service commissioners' salaries as follows:

Annual salary authorized by the 2009 Legislative Assembly:

| | |
|--------------|----------|
| July 1, 2009 | \$85,830 |
| July 1, 2010 | \$90,122 |

Proposed annual salary recommendation in the 2011-13 executive budget:

| | |
|--------------|----------|
| July 1, 2011 | \$92,826 |
| July 1, 2012 | \$95,611 |

The executive recommendation provides funding for elected officials' salary increases equal to 3 percent of salaries effective July 1, 2011, and 3 percent effective July 1, 2012.

Section 4 - Provides a transfer of \$900,000 from the Bank of North Dakota beginning farmer revolving loan fund to the Public Service Commission to pay for costs associated with a rail rate complaint case. If any amount is spent, the Public Service Commission shall reimburse the beginning farmer revolving loan fund using amounts from damages or proceeds received, net of legal fees, from a successful outcome of a rail rate complaint case.

Continuing Appropriations

Siting process expense recovery fund - North Dakota Century Code Section 49-22-22 - Siting process application fees received are deposited in the siting process expense recovery fund to pay expenses incurred in the siting process.

Credit-sale contract indemnity fund - Sections 60-10-02 and 60-02-19.1 - An assessment is placed on the value of all grain sold in this state under a credit-sale contract, which is submitted by the licensee purchasing the grain to the Public Service Commission for reimbursement to any person who sold grain under a credit-sale contract and who was not fully compensated in accordance with the contract and associated administration costs.

Performance assurance fund - Section 49-21-31 - The performance assurance plan is a component of Qwest's performance assurance plan to provide long-distance service. Money received by the Public Service Commission under the performance assurance plan is to be deposited in the performance assurance fund until the balance equals \$100,000. The money in the fund may be used by the Public Service Commission to monitor the operation and effect of the performance assurance plan.

Significant Audit Findings

None.

Major Related Legislation

Senate Bill No. 2096 - Siting application fees - The bill lowers the jurisdictional threshold for siting wind farms to one-half megawatt, and for siting other energy generation, the bill returns the threshold to 50 megawatts. The bill also provides for siting fees for transfer applications and certifications under Section 49-22-03(3).

Senate Bill No. 2322 - Certificate of public convenience and necessity - Secured by electric public utility - The bill requires electric transmission providers to obtain a certificate of public convenience and necessity from the commission before interconnecting with an existing transmission line owned or operated by an electric public utility.

ATTACH:1

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2008 - Funding Summary

| | Executive Budget | Senate Changes | Senate Version |
|--------------------------------------|-----------------------------|---------------------------|---------------------------|
| Public Service Commission | | | |
| Salaries and wages | \$7,482,074 | | \$7,482,074 |
| Operating expenses | 1,972,572 | | 1,972,572 |
| Capital assets | 53,000 | | 53,000 |
| Grants | 16,000 | | 16,000 |
| Abandoned mined lands contractual | 8,000,000 | | 8,000,000 |
| Rail rate complaint case | 900,000 | | 900,000 |
| Federal stimulus funds | 658,217 | | 658,217 |
| Total all funds | \$19,081,863 | \$0 | \$19,081,863 |
| Less estimated income | 13,061,648 | 0 | 13,061,648 |
| General fund | \$6,020,215 | \$0 | \$6,020,215 |
| FTE | 43.00 | 0.00 | 43.00 |
| Bill Total | | | |
| Total all funds | \$19,081,863 | \$0 | \$19,081,863 |
| Less estimated income | 13,061,648 | 0 | 13,061,648 |
| General fund | \$6,020,215 | \$0 | \$6,020,215 |
| FTE | 43.00 | 0.00 | 43.00 |

Senate Bill No. 2008 - Public Service Commission - Senate Action

The Senate did not change the executive recommendation for the Public Service Commission.

200P.3.11.11A

Senate Bill 2008

Presented by: Tony Clark, Chairman
Public Service Commission

Before: House Appropriations - Government Operations Division
Honorable Blair Thoreson, Chairman

Date: March 11, 2011

TESTIMONY

Mister Chairman and committee members, I am Tony Clark Chairman of the Public Service Commission. I am here to testify in support of the Public Service Commission's budget. With me are my fellow Commissioners Kevin Cramer and Brian P. Kalk, as well as some of the division directors and support staff. I want to thank you for the opportunity to discuss our operations, statutory mandates, and resource needs.

The Governor's executive budget recommendation provides the commission with the resources to continue providing a high level of service to the people of North Dakota. We request your favorable support of the budget that is before you.

The Public Service Commission is proud to report that, despite the central role played by the commission in the state's booming energy industry, we are requesting no new full time employees. We have been able to achieve this by proactively addressing agency needs over the past several legislative sessions. Foremost has been the flexibility the legislature granted the commission with

regard to how we process cases. By using resources and expertise in the private sector on an as needed basis, we have been able to carry out our statutory duties, protect the public interest, and not grow the size of government.

The commission's main areas of responsibility, which are well known to you, include the following:

- Regulation of electric, natural gas, and telephone utilities
- Pipeline safety
- Licensing and inspecting grain elevators and grain buyers
- Licensing auctioneers and auction clerks
- Testing and certifying weighing and measuring devices
- Overseeing coal mining and reclamation
- Eliminating hazards at abandoned mine sites
- Siting oil and gas processing plants, power plants, power lines, and transmission pipelines
- Representing state rail interests in federal proceedings
- Railroad crossings

During the 2009 Legislative Session House Bill 1342 amended the North Dakota Century Code Section 49-11-22 giving the Public Service Commission jurisdiction to hear and decide petitions requesting that a horn be sounded at a private railroad crossing based on safety concerns of the public. To date during the 2009-2011 biennium the commission heard three such requests involving ten railroad crossings. A request regarding one crossing was withdrawn. For eight of

the crossings the commission ordered audible warnings to continue and for one crossing, the commission ordered the audible warnings to cease.

Public Utilities

Public utility efforts are undertaken with a staff that is by far the smallest staff of any public utility commission in the nation. The public utility efforts engage 5.84 full-time employees.

The commission protects the public interest by implementing policy and regulating electric, natural gas, telecommunication, and pipeline companies in a fair, efficient, and cooperative manner. The commission helps promote the provision of safe, reliable, and high quality utility services through its work with utility companies, rulemaking, educating consumers and resolving consumer disputes.

The following illustrates some of the important work carried out by the Public Utilities Division:

- Track, comment on, and participate in the continued development of the regional wholesale electric market through the operator of the transmission system, the Midwest Independent System Operator. The regional wholesale market is important not only for efficiency and reliability but also for the future exportation of electricity from North Dakota.
- Investigate, analyze, advocate, provide testimony, and implement rate and rate design changes through the regulation of retail electric and gas service provided by investor owned utilities. The staff conducts annual reviews of earnings levels and processes rate increase applications. The commission

issued an order in Otter Tail Power Company's electric rate increase application in this biennium. Rate increase applications are currently pending for Montana-Dakota Utilities Co. and Northern States Power Company (Xcel Energy).

- Direct and enforce safety requirements for electric and natural gas service provided by all utilities.
- Investigate, analyze, implement, and provide assurances to the extent possible for using the state's abundant natural resources for the production of power through siting activities and overall regulatory authority. Through its siting authority, the commission oversees the location and construction of CO₂ pipelines, gas plants, generating stations and applicable water lines, wind farms, electric transmission lines, and oil and gas pipelines and related pumping stations and other facilities. There are currently 90 open siting cases compared to last legislative session when there were only 48 open siting cases.
- Advocate for better wireless services for customers in North Dakota through its Wireless Initiative to inform the public and service providers of coverage gaps, a.k.a. Zap the Gap.
- Investigate, analyze, advocate, and provide testimony concerning advance prudence applications by regulated utilities for electric resource additions. We expect more of these types of filings as continued generation and transmission build-out is expected for the next several years.

- Track, comment on, and implement federal telecommunication mandates including oversight and facilitation of the wholesale telecommunications market and the transition to competitive services. These types of cases include intercompany access disputes, inter-carrier compensation disputes, monitoring quality of service through regional efforts, overseeing the allocation of telephone numbers, rural exemption challenges and so on.
- Resolve territorial disputes between investor owned electric companies and rural cooperatives. Protect the public interest through action on agreements entered into between electric providers concerning service areas, which may include certificates of public convenience and necessity for utility plant and system extensions. Investigate, analyze, provide testimony, and implement merger and acquisition applications.
- Process the occasional formal dispute between customers and a utility company that cannot be resolved informally. In these cases, a formal complaint is filed by the customer or commission staff and the commission then may conduct a formal hearing and order a resolution.

The commission will continue efforts to educate consumers and competitors about the evolving utility marketplaces and the changing role of regulation, striving to identify and implement ways to lessen the regulatory burden on companies while strengthening and preserving necessary consumer protections. Regional impacts, widespread policy from Washington, DC, and environmental priorities and concerns will contribute to the challenges facing policymakers, regulators, and interested parties.

The siting caseload at the commission has grown dramatically the past few years. Since 2005, the commission has approved route permits for 779 million dollars in oil pipeline investments and 126 million dollars in electric transmission investments. We have also issued siting certificates for 2.7 billion dollars worth of wind generation. Looking forward, the challenges are even greater as we have letters of intent to build nearly 13.6 billion dollars worth of energy conversion facilities, all of them requiring commission oversight.

In addition to dramatic growth in North Dakota's energy export infrastructure, we are seeing more rate cases than we have in the past. New generation and transmission must be paid for so companies are coming in for rate increases, tariff adjustments, and prudence determinations on a regular basis.

Weights and Measures

The Weights and Measures Program, comprised of four full-time employees, is designed to meet the needs of both the buyer and seller in the commercial marketplace. This is accomplished through the enforcement of the state's weights and measures laws by the inspection and testing of commercial weighing and measuring devices such as supermarket scales, grain elevator truck scales, livestock scales, and gas station pumps, etc. Some of the accomplishments and work of the program include:

- Testing and inspecting 11,327 commercial devices from January 1, 2009 to December 31, 2009.

- Collecting fees totaling 226,080 dollars for the general fund as a result of the above testing during that time period.
- Conducting quality control testing and monitoring the documentation of 8,488 weighing or measuring devices installed or serviced by registered service companies.

Gas Pipeline Safety

The Gas Pipeline Safety Program employs one full time inspector to ensure the safety of jurisdictional gas utility distribution and transmission facilities. The commission enters into an agreement with the United States Department of Transportation annually which grants the state authority to conduct the federal gas pipeline safety program. As part of this agreement, approximately 40 percent of the cost of the North Dakota Gas Pipeline Safety Program is funded by the federal government. Increased construction activity and recent pipeline explosions highlight the importance of this program.

Reclamation

The Reclamation Division is responsible for ensuring that active coal mining is carried out in an environmentally sound manner and that mined lands are successfully reclaimed. There are currently four large and two small coal mines operating in North Dakota and they produce around 30 million tons of lignite per year. There are nearly 105,000 acres of land presently under permit and, of this; approximately 68,000 acres have been disturbed by mining activities. Applications to permit another 27,000 acres are currently being

reviewed by the Reclamation Division. This includes applications for two new mines, one northwest of Center and the other near South Heart.

Between 1,500 and 2,000 acres of land are typically disturbed and reclaimed each year. The disturbed and reclaimed acres are monitored by the commission to ensure mining and reclamation activities are conducted in compliance with state reclamation laws.

The Reclamation Division has been monitoring the exploration for uranium, molybdenum, and germanium in lignite seams in southwest North Dakota. The coal seams of primary interest would most likely be surface mined and these mining activities would also be regulated by the commission. To the best of our knowledge, no data have been collected for the environmental resource studies needed for permitting.

Another significant workload for the Reclamation Division is related to final bond release on reclaimed lands. The commission's jurisdiction over reclaimed land ends upon the granting of the final bond release. However, mining companies cannot apply for final bond release until most mined lands have been reclaimed and seeded for at least ten years. When final bond release is requested, detailed information and data must be provided showing that reclaimed lands with an agricultural use produce as well as they did before mining. In the past eight years, final bond release has been granted on nearly 11,000 acres and final bond release is pending on another 1,000 acres.

The Reclamation Division continues to use and enhance a Geographic Information System (GIS) for storing, evaluating, and analyzing a vast amount of

data and maps that the commission receives from mining companies. Once data and maps are converted into the appropriate format and entered into the GIS, data are downloaded onto tablet PCs equipped with Global Positioning Satellite (GPS) receivers for use during routine mine inspections. The GPS receivers allow staff to know precisely where they are at during the mine inspection, to save a track-log of the areas traversed at the mine, and to accurately note any areas of concern observed during the inspections.

The federal Office of Surface Mining conducts ongoing reviews of the coal regulatory program and issues annual evaluation reports. North Dakota continues to receive excellent reports from the Office of Surface Mining and that office considers North Dakota's program one of the most efficient and well run programs in the country. The Reclamation Division is authorized 9.4 full time employees.

The federal government, through annual grants from the Office of Surface Mining, is currently paying 64 percent of the coal regulatory program costs and the state general fund covers the other 36 percent. Based on the available information at this time, it appears we should be receiving enough federal funds to meet our program needs for at least the first year of the 2011-2013 biennium. However, we have some concerns whether or not sufficient federal funds will be appropriated by Congress for the second year of the biennium.

Abandoned Mine Lands

The mission of the Abandoned Mine Lands (AML) Division is to reclaim abandoned coal mine lands that pose a safety hazard. Sites eligible for

reclamation under Title IV of the federal Surface Mining Control and Reclamation Act include lands disturbed by coal mining prior to its enactment. These sites are prioritized on the basis of perceived hazards and are reclaimed based on priority ranking and available funds. The AML program is 100 percent federally funded. Major reclamation projects during the 2009-2011 biennium include filling underground mine voids east of Williston and in the Beulah/Zap area, and eliminating highwalls at abandoned surface mines north of Beulah and south of Sawyer.

The funding source for the AML program is a federal reclamation fee assessed on all active coal mines. North Dakota mining companies currently pay 9 cents per ton of lignite produced into the AML fund, which totals about 2.7 million dollars per year. The commission receives money from this fund to operate North Dakota's AML program. Federal legislation enacted in late 2006 extended collection of the federal reclamation fee until 2021. This legislation also requires the Office of Surface Mining to pay out the state share balances in the AML fund and this has increased our funding from 1.6 million dollars in 2007 to the 3.4 million dollars received this year. The commission expects to receive 7.4 million dollars from the Office of Surface Mining during the 2011-2013 biennium. Due to this increase in federal funding plus expected carry over funds for construction projects, the proposed budget increases the AML contractual services line item to 8 million dollars. This is a 1.5 million dollar increase over the appropriation for the current biennium. In addition to the 4.75 full time employees assigned to the AML program, the AML Division hires two seasonal

inspectors to monitor the on-site construction work during the summer and fall months.

The AML Division has developed a GIS database to store and display information about the AML sites in North Dakota. Much of this information will eventually be posted on the commission's website so it will be readily available to the public. We believe it is important to have information on abandoned underground mines available to the public since there are times when there are no surface features present to indicate a potential hazardous condition exists in an area.

Licensing

The Licensing Division, comprised of 3.75 full time employees, oversees the licensing and bonding of all the grain elevators and grain buyers in North Dakota and processes all grain elevator and grain buyer insolvency cases. The division also oversees the licensing and bonding of all auctioneers and auction clerks. Some major accomplishments and important work completed during the biennium include:

- Completed 301 grain warehouse and grain buyer inspections between July 1, 2009 and December 31, 2010.
- Revenues generated for the general fund for license fees received during this same period of time total 322,610 dollars.
- Approved 208 requests to increase storage levels, which reached an all time high of 406 million bushels in November 2010.

- The commission was involved in five insolvencies during the biennium. Two of these insolvencies have been completed.

Agriculture Rail Rate Fund

The Governor's executive budget recommendation includes a continuation of 900,000 dollars for an agriculture rail rate fund.

Administration

The Administrative Division provides support services to the other divisions. Accordingly, a portion of the commission's funding comes from the federal government through an indirect cost reimbursement. Indirect costs are recovered from the federal grants to offset administrative costs associated with our federal programs.

Summary

Of the commission's overall budget, about 58 percent comes from federal sources, 36 percent is general fund money, and six percent is special funds. The commission generates approximately one million dollars per biennium in income from statutory license and inspection fees. Indirectly, this income covers about 20 percent of the general fund money that is being requested in Senate Bill 2008.

The commission recorded 1183 complaints and inquiries during the current biennium. The vast majority of these concerned traditional public utility services, but many involve matters such as grain elevator operations, mining, and weights and measures.

During the current biennium, the commission opened 1037 cases. The commission attempts to process these cases as quickly and at as low a level of

formality as possible. As a result, approximately 96 percent of these cases were processed without the need for a formal hearing. Only 43 of these cases required formal hearings, several of which were mandated by state law.

The commission currently has 43 full time employees including the three commissioners, plus two temporary seasonal employees to work with the Abandoned Mine Lands Division during the construction season. The commission also has one temporary employee working in the Public Utility Division and funded through the American Recovery and Reinvestment Act (ARRA).

Mister Chairman, this concludes our testimony. I will be happy to answer any questions you may have.

Attachments:

1. Schedule for continuing appropriation funds: Performance Assurance Fund, Credit Sale Contract Indemnity Fund, and the Siting Process Expense Recovery Fund
2. PSC 2011-2013 organizational chart

Continuing Appropriations

Performance Assurance Fund

Fund No. 280

Statutory Authority: NDCC 49-21-31.

| | Biennium Ending | | B.T.D. 11/30/2010 | Projected | |
|----------------------|-----------------|------------|----------------------|------------|------------|
| | 2005-2007 | 2007-2009 | | 1/3/2011 | |
| | | | | 6/30/11 | 2011-13 |
| Beginning Balance | \$ 132,207 | \$ 96,535 | \$ 98,742 | \$ 103,300 | \$ 100,000 |
| Revenues | \$ 43,800 | \$ 17,400 | 47,000 | 1,500 | 30,000 |
| Total Available | \$ 176,007 | \$ 113,935 | \$ 145,742 | \$ 104,800 | \$ 130,000 |
| Expenditures | \$ 18,330 | \$ 15,193 | 1,134 | 1,000 | 10,000 |
| Tsfr to General Fund | \$ 61,142 | \$ - | 41,309 | 3,800 | 20,000 |
| Ending Balance | \$ 96,535 | \$ 98,742 | \$ 103,300 | \$ 100,000 | \$ 100,000 |

Credit Sale Contract Indemnity Fund

Fund No. 395

Statutory Authority: NDCC 60-10.

| | Biennium Ending | | B.T.D. 11/30/2010 | Projected | |
|-------------------|-----------------|--------------|----------------------|--------------|--------------|
| | 2005-2007 | 2007-2009 | | 1/3/2011 | |
| | | | | 6/30/11 | 2011-13 |
| Beginning Balance | \$ 1,956,352 | \$ 4,206,289 | \$ 6,597,920 | \$ 6,597,920 | \$ 6,747,920 |
| Revenues | 2,249,937 | 2,501,946 | 173,957 | 200,000 | 220,000 |
| Total Available | \$ 4,206,289 | \$ 6,708,235 | \$ 6,771,876 | \$ 6,797,920 | \$ 6,967,920 |
| Expenditures | - | 110,315 | | 50,000 | 100,000 |
| Ending Balance | \$ 4,206,289 | \$ 6,597,920 | \$ 6,771,876 | \$ 6,747,920 | \$ 6,867,920 |

Siting Process Expense Recovery

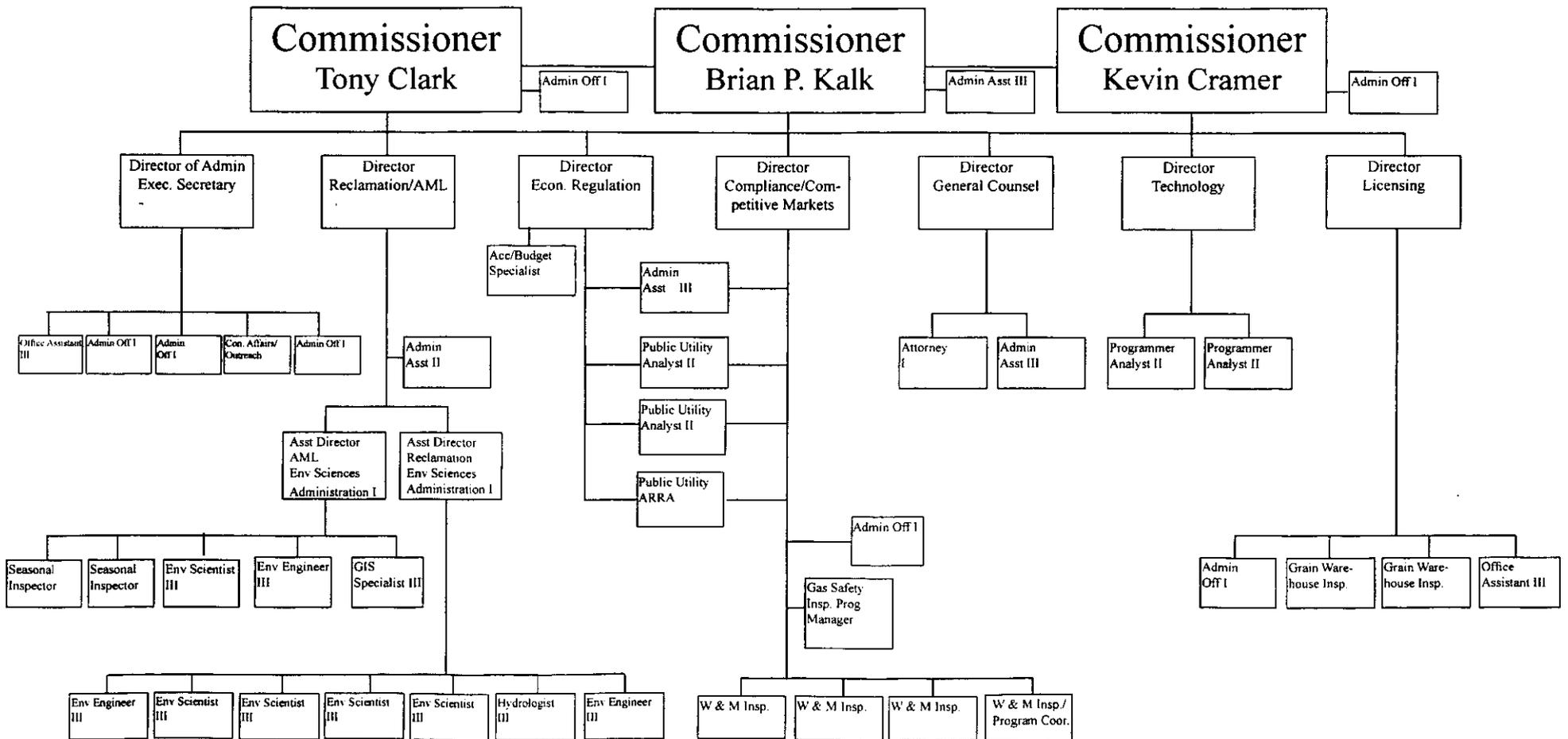
Fund No. 301

Statutory Authority: NDCC 49-22-22.

| | Biennium Ending | | B.T.D. 11/30/2010 | Projected | |
|-------------------|-----------------|--------------|----------------------|--------------|--------------|
| | 2005-2007 | 2007-2009 | | 1/3/2010 | |
| | | | | 6/30/11 | 2011-13 |
| Beginning Balance | \$ 132,944 | \$ 524,391 | \$ 857,747 | \$ 857,747 | \$ 1,257,747 |
| Revenues | 786,228 | 1,197,250 | 1,149,000 | 1,350,000 | 1,350,000 |
| Total Available | \$ 919,172 | \$ 1,721,641 | \$ 2,006,747 | \$ 2,207,747 | \$ 2,607,747 |
| Expenditures | 31,713 | 145,480 | 81,216 | 100,000 | 200,000 |
| Refunds | 363,068 | 718,414 | 735,615 | 850,000 | 1,000,000 |
| Ending Balance | \$ 524,391 | \$ 857,747 | \$ 1,189,916 | \$ 1,257,747 | \$ 1,407,747 |

North Dakota Public Service Commission

January 2011



2008.3.24.11A



Public Service Commission
State of North Dakota

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Tony Clark
Brian P. Kalk

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March 21, 2011

Honorable Blair Thoreson, Chairman
Appropriations - Government Operations Division
North Dakota House of Representatives
600 East Boulevard Avenue
Bismarck, ND 58505

Re: Senate Bill 2008

Dear Chairman Thoreson:

As requested at your March 11, 2011 hearing on the Commission's budget, Senate Bill 2008, we are providing the following:

- Office of Surface Mining Projected AML Funding for all States and Tribes;
- North Dakota Inventory of AML Sites with Estimated Unfunded and Completed Costs;
- 2009-2011 Public Service Commission Legislative Spend Down.

Thank you for your attention to Senate Bill 2008. If you have any questions, please do not hesitate to call or e-mail.

Best regards,

Tony Clark
Chairman

Enclosures

c w/encl: Rep. Matthew M. Klein
Rep. Michael D. Brandenburg
Rep. Stacey Dahl
Rep. Eliot Glassheim
Rep. Joe Kroeber
Rep. Keith Kempenich

Attachment 1 - Office of Surface Mining Projected AML Funding for all States and Tribes

Hypothetical AML Funding Projections from FY 2010 through the end of Fee Collections

1/9/2009

(\$ rounded in millions)

| State | AML Inventory Unf. P1/2 | Actual Funding 2009 | Hypothetical Distributions for Fiscal Year: | | | | | | | | | | | | | Total Distributed 2009-22 |
|--|-------------------------|---------------------|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------------------|
| | | | 1 2010 | 2 2011 | 3 2012 | 4 2013 | 5 2014 | 6 2015 | 7 2016 | 8 2017 | 9 2018 | 10 2019 | 11 2020 | 12 2021 | 13 2022 | |
| Alabama | 51.1 | 5.5 | 6.9 | 7.4 | 10.1 | 10.1 | 9.5 | 6.7 | 6.7 | 7.4 | 1.4 | 1.3 | 1.3 | 1.2 | 1.2 | 76.7 |
| Alaska | 59.6 | 1.7 | 2.4 | 2.4 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 39.5 |
| Arkansas | 14.3 | 1.6 | 2.3 | 2.3 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | - | - | - | - | - | - | 21.2 |
| Colorado | 24.9 | 6.5 | 8.2 | 8.4 | 10.5 | 10.9 | 7.8 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.6 | 80.4 |
| Crow Tribe | - | 1.6 | 1.8 | 2.1 | 2.4 | 2.4 | 2.3 | 1.0 | 1.0 | 1.0 | 1.8 | 1.8 | 1.0 | 1.1 | 1.1 | 22.4 |
| Hopi Tribe | - | 1.0 | 1.0 | 1.1 | 1.2 | 1.2 | 1.1 | 0.4 | 0.4 | 0.4 | 0.8 | 0.8 | 0.4 | 0.4 | 0.4 | 10.6 |
| Illinois | 108.7 | 11.4 | 16.3 | 18.1 | 27.2 | 27.5 | 25.6 | 21.5 | 21.5 | 2.3 | 2.3 | 2.4 | 2.3 | 2.3 | 2.4 | 183.1 |
| Indiana | 12.3 | 10.5 | 13.4 | 13.9 | 11.1 | 11.1 | 10.6 | 4.0 | 4.0 | 4.1 | 4.1 | 4.1 | 4.1 | 4.0 | 4.2 | 103.2 |
| Iowa | 25.3 | 1.7 | 2.4 | 2.5 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | - | 0.4 | 34.0 |
| Kansas | 212.7 | 1.7 | 2.4 | 2.5 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 39.6 |
| Kentucky | 342.2 | 31.2 | 38.3 | 39.9 | 51.2 | 51.3 | 48.4 | 29.3 | 29.3 | 32.3 | 41.6 | 45.0 | 36.0 | 10.0 | 10.0 | 493.8 |
| Louisiana | - | 0.3 | 0.3 | 0.3 | 0.4 | 0.4 | 0.3 | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 | 3.0 |
| Maryland | 29.7 | 2.1 | 2.6 | 2.7 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 40.4 |
| Mississippi | 0.1 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 2.5 |
| Missouri | 44.0 | 1.8 | 2.5 | 2.5 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 39.8 |
| Montana | - | 9.5 | 10.8 | 12.3 | 14.0 | 14.1 | 13.4 | 5.4 | 5.4 | 5.5 | 9.9 | 10.0 | 5.8 | 5.9 | 6.0 | 128.0 |
| Navajo Nation | - | 5.9 | 6.9 | 7.6 | 8.4 | 8.4 | 8.0 | 2.6 | 2.6 | 2.5 | 4.6 | 4.6 | 2.4 | 2.4 | 2.4 | 69.3 |
| New Mexico | 5.2 | 3.8 | 4.9 | 5.0 | 5.1 | 5.1 | 4.9 | 1.8 | 1.8 | 1.7 | 1.7 | 1.7 | 1.7 | 1.6 | 1.7 | 42.5 |
| North Dakota | 41.2 | 2.9 | 3.4 | 3.5 | 4.2 | 4.2 | 4.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 46.2 |
| Ohio | 101.5 | 8.4 | 11.5 | 12.6 | 18.4 | 18.6 | 17.2 | 13.8 | 13.8 | 15.7 | 21.6 | 2.1 | 2.0 | 2.1 | 2.1 | 159.9 |
| Oklahoma | 84.3 | 1.9 | 2.5 | 2.5 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 39.9 |
| Pennsylvania | 1,647.0 | 30.0 | 44.9 | 50.5 | 79.4 | 80.0 | 74.1 | 66.3 | 66.4 | 76.7 | 107.6 | 119.0 | 89.8 | 112.4 | 121.6 | 1,118.7 |
| Tennessee | 8.7 | 1.9 | 2.6 | 2.6 | 3.0 | 3.0 | 3.0 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.2 | 0.2 | 18.3 |
| Texas | 0.8 | 3.8 | 4.5 | 4.8 | 5.1 | 5.1 | 4.8 | 1.5 | 1.5 | 1.4 | 2.9 | 2.9 | 1.3 | 1.3 | 1.3 | 42.2 |
| Utah | 4.9 | 3.6 | 4.5 | 4.6 | 4.2 | 4.4 | 4.2 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 39.9 |
| Virginia | 102.2 | 7.0 | 9.4 | 9.9 | 13.2 | 13.2 | 12.4 | 8.3 | 8.3 | 9.2 | 12.0 | 13.1 | 10.3 | 12.4 | 2.3 | 141.0 |
| West Virginia | 924.6 | 39.9 | 50.7 | 53.8 | 73.3 | 73.6 | 68.8 | 48.2 | 48.2 | 54.1 | 71.6 | 78.2 | 61.2 | 74.0 | 79.4 | 875.0 |
| Wyoming | 32.5 | 100.8 | 116.2 | 135.3 | 155.9 | 157.3 | 149.0 | 67.2 | 67.2 | 68.9 | 122.5 | 123.6 | 71.7 | 72.9 | 73.9 | 1,482.4 |
| National Total | 3,877.8 | 298.2 | 373.9 | 411.4 | 519.6 | 523.2 | 490.7 | 307.8 | 307.9 | 310.0 | 433.3 | 437.5 | 318.1 | 327.7 | 334.2 | 5,393.5 |
| Source of Total Grant Payments: | | | | | | | | | | | | | | | | |
| AML Fund: | | | | | | | | | | | | | | | | |
| State Share | | 27.8 | 42.8 | 41.7 | 47.4 | 47.0 | 38.1 | 37.7 | 37.7 | 34.9 | 33.0 | 31.2 | 30.8 | 20.6 | 18.3 | 489.0 |
| Historic Coal—fee collect | | 42.0 | 61.6 | 62.2 | 85.0 | 85.7 | 75.9 | 76.5 | 76.4 | 77.2 | 77.4 | 78.3 | 78.5 | 79.0 | 80.1 | 1,035.8 |
| Historic Coal—transfer CIL | | 10.6 | 29.9 | 46.5 | 94.2 | 95.9 | 88.5 | 89.6 | 89.7 | 93.6 | 157.9 | 161.1 | 99.8 | 110.9 | 115.2 | 1,283.4 |
| Fed Expense—Min Prog | | 9.7 | 12.7 | 12.1 | 11.8 | 11.7 | 12.7 | 14.4 | 14.4 | 10.7 | 7.1 | 5.8 | 9.2 | 6.3 | 5.4 | 144.0 |
| Total AML Fund payments | | 90.1 | 147.0 | 162.5 | 238.4 | 240.3 | 215.2 | 218.2 | 218.2 | 216.4 | 275.4 | 276.4 | 218.3 | 216.8 | 219.0 | 2,952.2 |
| Treasury funds: | | | | | | | | | | | | | | | | |
| Prior balance funds | | 187.0 | 187.0 | 187.0 | 187.0 | 187.0 | 187.0 | - | - | - | - | - | - | - | - | 1,122.0 |
| Certified in lieu funds | | 21.1 | 39.9 | 61.9 | 94.2 | 95.9 | 88.5 | 89.6 | 89.7 | 93.6 | 157.9 | 161.1 | 99.8 | 110.9 | 115.2 | 1,319.3 |
| Total Treasury payments: | | 208.1 | 226.9 | 248.9 | 281.2 | 282.9 | 275.5 | 89.6 | 89.7 | 93.6 | 157.9 | 161.1 | 99.8 | 110.9 | 115.2 | 2,441.3 |

Assumes uncertified States use funding for high priority coal reclamation

Attachment 2 - North Dakota Inventory of AML Sites with Estimated Unfunded and Completed Costs

Report Selection Criteria From the current AMLIS data files.

| | | |
|------------------------------------|------------------------------------|-----------------------------|
| Priority All Priorities | Type of Mining All Mining Types | State/Tribe NORTH DAKOTA |
| Problem Types All Problem Types | Program Area All Program Areas | |
| Additional Criteria None | | |



Office of Surface Mining - Reclamation and Enforcement
Abandoned Mine Land Inventory System (AMLIS)
Problem Type Cost Detail

| State | Priority and Problem Type | Unfunded Cost | Funded Cost | Completed Cost | Total Cost |
|-------|---------------------------|---------------|-------------|----------------|------------|
|-------|---------------------------|---------------|-------------|----------------|------------|

ND - NORTH DAKOTA

| | | | | | | |
|--|---------------|----------------------------------|---|---|---------|---------|
| Priority 1 Dangerous Highwalls (Feet) | | | | | | |
| | ND000024FRA | BINEK | 0 | 0 | 91,900 | 91,900 |
| | ND000528SGA | SCRANTON | 0 | 0 | 100,000 | 100,000 |
| | ND000004SGA | BUECHLER KNORR | 0 | 0 | 0 | 0 |
| | ND000039FRA | HOWIE | 0 | 0 | 265,875 | 265,875 |
| | ND000528FRA | SCRANTON | 0 | 0 | 148,854 | 148,854 |
| | Total for P 1 | Dangerous Highwalls | 0 | 0 | 606,629 | 606,629 |
| Priority 1 Dangerous Piles & Embankments (Acres) | | | | | | |
| | ND000039FRA | HOWIE | 0 | 0 | 80,000 | 80,000 |
| | Total for P 1 | Dangerous Piles & Embankments | 0 | 0 | 80,000 | 80,000 |
| Priority 1 Dangerous Slides (Acres) | | | | | | |
| | ND000024FRA | BINEK | 0 | 0 | 122,500 | 122,500 |
| | Total for P 1 | Dangerous Slides | 0 | 0 | 122,500 | 122,500 |
| Priority 1 Gases: Hazardous/Explosive (Count) | | | | | | |
| | ND938057EMA | ND - MERCER - FEA | 0 | 0 | 0 | 0 |
| | Total for P 1 | Gases: Hazardous/Explosive | 0 | 0 | 0 | 0 |
| Priority 1 Hazardous Equipment & Facilities (Count) | | | | | | |
| | ND000528SGA | SCRANTON | 0 | 0 | 1 | 1 |
| | Total for P 1 | Hazardous Equipment & Facilities | 0 | 0 | 1 | 1 |
| Priority 1 Industrial/Residential Waste (Acres) | | | | | | |
| | ND000528SGA | SCRANTON | 0 | 0 | 1 | 1 |
| | Total for P 1 | Industrial/Residential Waste | 0 | 0 | 1 | 1 |
| Priority 1 Portals (Count) | | | | | | |
| | ND000055SGA | HANSON | 0 | 0 | 1 | 1 |
| | ND000528SGA | SCRANTON | 0 | 0 | 1 | 1 |
| | Total for P 1 | Portals | 0 | 0 | 2 | 2 |
| Priority 1 Subsidence (Acres) | | | | | | |
| | ND000029RUA | JAMES A. KIMBALL | 0 | 0 | 59,955 | 59,955 |



Office of Surface Mining - Reclamation and Enforcement

Abandoned Mine Land Inventory System (AMLIS)

Problem Type Cost Detail

| State | Priority and Problem Type | Unfunded Cost | Funded Cost | Completed Cost | Total Cost |
|--|----------------------------------|---------------|-------------|------------------|------------------|
| ND - NORTH DAKOTA | | | | | |
| Priority 1 Subsidence (Acres) | | | | | |
| | ND000001RUA DALE VOLLAN | 0 | 0 | 1,216 | 1,216 |
| | ND000024FRA BINEK | 0 | 0 | 217,124 | 217,124 |
| | ND000044SEA SCENIC EAST | 0 | 0 | 109,185 | 109,185 |
| | ND000055SGA HANSON | 0 | 0 | 64,200 | 64,200 |
| | ND000019SEA GARRISON | 0 | 0 | 350 | 350 |
| | ND000090SEA PARSHALL | 0 | 0 | 16,702 | 16,702 |
| | ND000122RUA WADE W. WILLIAMSON | 0 | 0 | 21,067 | 21,067 |
| | ND000123RUA FRANK MURRY | 0 | 0 | 2,750 | 2,750 |
| | ND000014SEA BEULAH | 0 | 0 | 43,481 | 43,481 |
| | ND000528FRA SCRANTON | 0 | 0 | 245,000 | 245,000 |
| | ND000528SGA SCRANTON | 0 | 0 | 1,600,996 | 1,600,996 |
| | ND938041EMA ND - HETTINGER - FEA | 0 | 0 | 1,000 | 1,000 |
| | ND938057EMA ND - MERCER - FEA | 0 | 0 | 114,837 | 114,837 |
| | ND938057EMA ND - MERCER - FEA | 0 | 0 | 753 | 753 |
| | ND938057EMA ND - MERCER - FEA | 0 | 0 | 1,113 | 1,113 |
| | ND938057EMA ND - MERCER - FEA | 0 | 0 | 600 | 600 |
| | ND938057EMA ND - MERCER - FEA | 0 | 0 | 7,720 | 7,720 |
| | ND938089EMA ND - STARK - FEA | 0 | 0 | 527 | 527 |
| | ND938089EMA ND - STARK - FEA | 0 | 0 | 1,700 | 1,700 |
| | ND938101EMA ND - WARD - FEA | 0 | 0 | 800 | 800 |
| | ND938105EMA ND - WILLIAMS - FEA | 0 | 0 | 1,900 | 1,900 |
| | ND938105EMA ND - WILLIAMS - FEA | 0 | 0 | 1,900 | 1,900 |
| | ND938105EMA ND - WILLIAMS - FEA | 0 | 0 | 1,500 | 1,500 |
| | ND000001SEA WILTON | 0 | 0 | 2,016 | 2,016 |
| | ND000004SEA BUECHLER KNORR | 0 | 0 | 1,380 | 1,380 |
| | ND000014EMA BEULAH | 0 | 0 | 0 | 0 |
| Total for P 1 Subsidence | | 0 | 0 | 2,519,772 | 2,519,772 |
| Priority 1 Surface Burning (Acres) | | | | | |
| | ND000014SEA BEULAH | 0 | 0 | 4,028 | 4,028 |
| | ND000014EMA BEULAH | 0 | 0 | 0 | 0 |
| | ND000006SEA BLACK DIAMOND | 0 | 0 | 4,897 | 4,897 |
| | ND000029SEA NOONAN | 0 | 0 | 24,230 | 24,230 |
| | ND000528SGA SCRANTON | 0 | 0 | 1 | 1 |
| | ND000014SGA BEULAH | 0 | 0 | 0 | 0 |
| Total for P 1 Surface Burning | | 0 | 0 | 33,156 | 33,156 |
| Priority 1 Vertical Opening (Count) | | | | | |
| | ND000141SEA GLEN ULLIN | 0 | 0 | 294 | 294 |
| | ND000024SEA BINEK B,C,D,E,H | 0 | 0 | 32,076 | 32,076 |
| | ND000055SGA HANSON | 0 | 0 | 1 | 1 |
| | ND000019SEA GARRISON | 0 | 0 | 2,070 | 2,070 |
| | ND000528SGA SCRANTON | 0 | 0 | 1 | 1 |
| Total for P 1 Vertical Opening | | 0 | 0 | 34,442 | 34,442 |
| Priority 2 Dangerous Highwalls (Feet) | | | | | |
| | ND000112RUA JOHN RICHTER | 0 | 0 | 35,743 | 35,743 |
| | ND000108SGA ELGIN EAST A,B | 60,000 | 0 | 65,000 | 125,000 |
| | ND000124SGA HAYNES | 124,305 | 0 | 450,695 | 575,000 |
| | ND000104RUA HULTBERG | 0 | 0 | 160,000 | 160,000 |



Office of Surface Mining - Reclamation and Enforcement
Abandoned Mine Land Inventory System (AMLIS)
Problem Type Cost Detail

| State | Priority and Problem Type | Unfunded Cost | Funded Cost | Completed Cost | Total Cost |
|--|--|-------------------|------------------|------------------|-------------------|
| ND - NORTH DAKOTA | | | | | |
| Priority 2 Dangerous Highwalls (Feet) | | | | | |
| | ND000126RUA BONSNESS, LARRY | 28,000 | 0 | 0 | 28,000 |
| | ND000136SGA CUSTER | 4,123,625 | 0 | 519,725 | 4,643,350 |
| | ND000137RUA ANTON IHLE | 8,949 | 0 | 51,051 | 60,000 |
| | ND000101RUA GRAF ALTON | 76,610 | 0 | 43,390 | 120,000 |
| | ND000050SGA DAKOTA STAR | 861,500 | 0 | 143,708 | 1,005,208 |
| | ND000100SGA NORTH NEW SALEM | 249,000 | 0 | 31,976 | 280,976 |
| | ND000028SGA HARDMEYER | 0 | 0 | 31,982 | 31,982 |
| | ND000089SGA HAZEN WEST | 2,202,961 | 0 | 1,136,600 | 3,339,561 |
| | ND000029SGA NOONAN | 2,476,030 | 0 | 2,123,921 | 4,599,951 |
| | ND000052SGA ROCKY RIDGE | 15,000 | 0 | 0 | 15,000 |
| | ND000051SGA HANSCOM | 40,000 | 0 | 0 | 40,000 |
| | ND000032SGA CENTRAL SCRANTON | 0 | 0 | 63,600 | 63,600 |
| | ND000031SGA COLUMBUS | 4,618,555 | 0 | 3,023,488 | 7,642,043 |
| | ND000041SGA FOX HOLE | 56,250 | 0 | 0 | 56,250 |
| | ND000014SGA BEULAH | 736,000 | 0 | 0 | 736,000 |
| | ND000001SGA WILTON | 2,264,400 | 0 | 431,586 | 2,695,986 |
| | ND000037SGA KLYM | 0 | 0 | 68,863 | 68,863 |
| | ND000004SGA BUECHLER KNORR | 1,774,500 | 1,225,500 | 0 | 3,000,000 |
| | ND000017SGA WALTERS | 0 | 0 | 30,000 | 30,000 |
| | ND000018SGA BORNEMAN | 0 | 0 | 106,500 | 106,500 |
| | ND000020SGA FRANK A,B | 0 | 0 | 166,510 | 166,510 |
| | ND000024SGA BINEK B,C,D,E,H | 0 | 0 | 296,680 | 296,680 |
| | ND000145SGA EHLIS | 36,000 | 0 | 14,000 | 50,000 |
| | ND000144SGA LEITH | 0 | 0 | 214,784 | 214,784 |
| | ND000034SGA SOUTH NEW SALEM | 0 | 0 | 111,464 | 111,464 |
| | ND000143SGA BELFIELD | 63,000 | 0 | 37,000 | 100,000 |
| | ND000043SGA BOWBELLS | 0 | 0 | 209,000 | 209,000 |
| | ND000023SGA HAVELOCK | 0 | 0 | 45,798 | 45,798 |
| | ND000045SGA LOVE JOY | 0 | 0 | 30,000 | 30,000 |
| | Total for P 2 Dangerous Highwalls | 19,814,685 | 1,225,500 | 9,643,064 | 30,683,249 |
| Priority 2 Dangerous Impoundments (Count) | | | | | |
| | ND000029SGA NOONAN | 0 | 0 | 33,629 | 33,629 |
| | Total for P 2 Dangerous Impoundments | 0 | 0 | 33,629 | 33,629 |
| Priority 2 Dangerous Piles & Embankments (Acres) | | | | | |
| | ND000034SGA SOUTH NEW SALEM | 0 | 0 | 0 | 0 |
| | ND000038SGA FRITZ | 0 | 0 | 407,147 | 407,147 |
| | ND000037SGA KLYM | 0 | 0 | 68,863 | 68,863 |
| | ND000143SGA BELFIELD | 0 | 0 | 50,000 | 50,000 |
| | ND000020SGA FRANK A,B | 0 | 0 | 366,038 | 366,038 |
| | Total for P 2 Dangerous Piles & Embankments | 0 | 0 | 892,048 | 892,048 |
| Priority 2 Hazardous Equipment & Facilities (Count) | | | | | |
| | ND000050SGA DAKOTA STAR | 0 | 0 | 32,860 | 32,860 |
| | ND000142SGA SOUTHWEST TIOGA | 10,000 | 0 | 0 | 10,000 |
| | ND000034SGA SOUTH NEW SALEM | 0 | 0 | 0 | 0 |
| | ND000007SGA SCHEID | 5,000 | 0 | 0 | 5,000 |
| | ND000017SGA WALTERS | 0 | 0 | 42,000 | 42,000 |
| | ND000004SGA BUECHLER KNORR | 10,000 | 0 | 0 | 10,000 |



Office of Surface Mining - Reclamation and Enforcement
 Abandoned Mine Land Inventory System (AMLIS)
 Problem Type Cost Detail

| State | Priority and Problem Type | Unfunded Cost | Funded Cost | Completed Cost | Total Cost |
|--|-----------------------------------|---------------|-------------|----------------|------------|
| ND - NORTH DAKOTA | | | | | |
| Priority 2 Hazardous Equipment & Facilities (Count) | | | | | |
| Total for P 2 | Hazardous Equipment & Facilities | 25,000 | 0 | 74,860 | 99,860 |
| Priority 2 Hazardous Water Body (Count) | | | | | |
| ND000100SGA | NORTH NEW SALEM | 0 | 0 | 31,976 | 31,976 |
| ND000142SGA | SOUTHWEST TIOGA | 190,000 | 0 | 0 | 190,000 |
| ND000037SGA | KLYM | 0 | 0 | 91,820 | 91,820 |
| ND000043SGA | BOWBELLS | 0 | 0 | 16,000 | 16,000 |
| ND000032SGA | CENTRAL SCRANTON | 0 | 0 | 21,000 | 21,000 |
| ND000017SGA | WALTERS | 0 | 0 | 32,000 | 32,000 |
| ND000023SGA | HAVELOCK | 0 | 0 | 85,762 | 85,762 |
| Total for P 2 | Hazardous Water Body | 190,000 | 0 | 278,558 | 468,558 |
| Priority 2 Industrial/Residential Waste (Acres) | | | | | |
| ND000034SGA | SOUTH NEW SALEM | 0 | 0 | 0 | 0 |
| ND000053SGA | MAD DOG | 15,000 | 0 | 0 | 15,000 |
| ND000015SGA | BAUER | 10,000 | 0 | 0 | 10,000 |
| ND000108SGA | ELGIN EAST A,B | 5,000 | 0 | 0 | 5,000 |
| ND000026SGA | RUCK | 0 | 0 | 1 | 1 |
| ND000052SGA | ROCKY RIDGE | 15,000 | 0 | 0 | 15,000 |
| Total for P 2 | Industrial/Residential Waste | 45,000 | 0 | 1 | 45,001 |
| Priority 2 Portals (Count) | | | | | |
| ND000047SGA | CEDAR COULEE | 5,000 | 0 | 0 | 5,000 |
| ND000030SGA | NEW LEIPZIG | 0 | 0 | 5,000 | 5,000 |
| ND000025SGA | ABBAY A,B | 0 | 0 | 4,000 | 4,000 |
| ND000002SGA | SPRING CREEK | 5,000 | 0 | 0 | 5,000 |
| ND000026SGA | RUCK | 0 | 0 | 1 | 1 |
| ND000010SGA | RUNION | 5,000 | 0 | 0 | 5,000 |
| ND000001SGA | WILTON | 0 | 0 | 2,000 | 2,000 |
| ND000015SGA | BAUER | 10,000 | 0 | 0 | 10,000 |
| ND000011SGA | MEDORA NORTHWEST | 20,000 | 0 | 0 | 20,000 |
| ND000053SGA | MAD DOG | 5,000 | 0 | 0 | 5,000 |
| ND000005SGA | ISAAK FARM | 0 | 0 | 5,000 | 5,000 |
| Total for P 2 | Portals | 50,000 | 0 | 16,001 | 66,001 |
| Priority 2 Polluted Water: Agri. & Indus. (Count) | | | | | |
| ND000036SGA | SMITH A,B | 208,700 | 0 | 16,300 | 225,000 |
| ND000020SGA | FRANK A,B | 0 | 0 | 300,000 | 300,000 |
| ND000038SGA | FRITZ | 0 | 0 | 50,000 | 50,000 |
| ND000040SGA | TALKINGTON | 0 | 0 | 83,044 | 83,044 |
| ND000034SGA | SOUTH NEW SALEM | 0 | 0 | 0 | 0 |
| ND000039SGA | HOWIE | 0 | 0 | 296,800 | 296,800 |
| Total for P 2 | Polluted Water: Agri. & Indus. | 208,700 | 0 | 746,144 | 954,844 |
| Priority 2 Polluted Water: Human Consumption (Count) | | | | | |
| ND000051SGA | HANSCOM | 7,500 | 0 | 0 | 7,500 |
| Total for P 2 | Polluted Water: Human Consumption | 7,500 | 0 | 0 | 7,500 |
| Priority 2 Subsidence (Acres) | | | | | |
| ND000124SGA | HAYNES | 1,452,150 | 0 | 372,921 | 1,825,071 |
| ND000024SGA | BINEK B,C,D,E,H | 852,412 | 0 | 2,927,038 | 3,779,450 |



Office of Surface Mining - Reclamation and Enforcement
 Abandoned Mine Land Inventory System (AMLIS)
 Problem Type Cost Detail

| State | Priority and Problem Type | Unfunded Cost | Funded Cost | Completed Cost | Total Cost |
|--------------------------|--------------------------------------|---------------|-------------|----------------|------------|
| ND - NORTH DAKOTA | | | | | |
| | Priority 2 Subsidence (Acres) | | | | |
| | ND000136SGA CUSTER | 90,000 | 0 | 0 | 90,000 |
| | ND000125RUA UNDERDAHL NORBERT | 70,000 | 0 | 0 | 70,000 |
| | ND000139SGA SNAKE ROAD | 159,154 | 0 | 240,846 | 400,000 |
| | ND000025SGA ABBEY A,B | 600,000 | 0 | 59,370 | 659,370 |
| | ND000008SGA ROSEGLEN SOUTH | 140,000 | 0 | 0 | 140,000 |
| | ND000121RUA ROBERT L. TURNER | 0 | 0 | 11,059 | 11,059 |
| | ND000120RUA HAROLD OLMSTEAD | 0 | 0 | 1,900 | 1,900 |
| | ND000119RUA JOHN MC NAMARA | 0 | 0 | 7,538 | 7,538 |
| | ND000118RUA LERON W. EHLERT | 0 | 0 | 8,705 | 8,705 |
| | ND000117RUA RUDD RICHARD | 0 | 0 | 20,405 | 20,405 |
| | ND000116RUA HAUGE, FLOYD E | 0 | 0 | 9,152 | 9,152 |
| | ND000114RUA JOE ZOOK | 0 | 0 | 5,068 | 5,068 |
| | ND000113RUA LEO LOGELIN | 0 | 0 | 15,696 | 15,696 |
| | ND000006SGA BLACK DIAMOND | 280,000 | 0 | 0 | 280,000 |
| | ND000053RUA MAD DOG/ DONALD KRAMER | 0 | 0 | 40,366 | 40,366 |
| | ND000014SGA BEULAH | 2,314,608 | 624,800 | 7,060,592 | 10,000,000 |
| | ND000001SGA WILTON | 1,000,000 | 0 | 1,488,738 | 2,488,738 |
| | ND000015SGA BAUER | 10,000 | 0 | 0 | 10,000 |
| | ND000002SGA SPRING CREEK | 52,500 | 0 | 0 | 52,500 |
| | ND000003SGA SOUTH SCRANTON | 0 | 0 | 1 | 1 |
| | ND000004SGA BUECHLER KNORR | 317,732 | 0 | 622,268 | 940,000 |
| | ND000016SGA ZENITH | 0 | 0 | 52,830 | 52,830 |
| | ND000140SGA REEDER | 75,000 | 0 | 10,000 | 85,000 |
| | ND000007SGA SCHEID | 5,000 | 0 | 0 | 5,000 |
| | ND000019SGA GARRISON | 478,707 | 0 | 521,293 | 1,000,000 |
| | ND000147SGA HANKS | 100,000 | 0 | 0 | 100,000 |
| | ND000146SGA JABLONSKY | 5,000 | 0 | 0 | 5,000 |
| | ND000144SGA LEITH | 0 | 0 | 15,000 | 15,000 |
| | ND000023SGA HAVELOCK | 0 | 0 | 21,440 | 21,440 |
| | ND000013SGA MANHAVEN | 70,000 | 0 | 0 | 70,000 |
| | ND000142SGA SOUTHWEST TIOGA | 46,785 | 0 | 3,215 | 50,000 |
| | ND000141SGA GLEN ULLIN | 150,000 | 0 | 0 | 150,000 |
| | ND000115RUA KERRY SCHORSCH | 0 | 0 | 44,722 | 44,722 |
| | ND000090SGA PARSHALL | 638,452 | 0 | 161,548 | 800,000 |
| | ND000049SGA WHITE ASH | 35,000 | 0 | 0 | 35,000 |
| | ND000028SGA HARDMEYER | 80,000 | 0 | 0 | 80,000 |
| | ND000009RUA SOKOLOSKI, PAT | 0 | 0 | 10,184 | 10,184 |
| | ND000048SGA LITTLE HEART A,B | 42,000 | 0 | 0 | 42,000 |
| | ND000082RUA ANTON KRUSH | 0 | 0 | 5,334 | 5,334 |
| | ND000009SGA SOKOLSKI | 25,000 | 0 | 0 | 25,000 |
| | ND000046SGA WEST WILLISTON A | 0 | 0 | 46,220 | 46,220 |
| | ND000045SGA LOVE JOY | 0 | 0 | 62,946 | 62,946 |
| | ND000012SGA COAL LAKE A,B | 500,000 | 0 | 0 | 500,000 |
| | ND000053SGA MAD DOG | 50,000 | 0 | 0 | 50,000 |
| | ND000044SGA SCENIC EAST | 1,200,000 | 0 | 1,084,400 | 2,284,400 |
| | ND000030SGA NEW LEIPZIG | 0 | 0 | 236,080 | 236,080 |
| | ND000033SGA ANDREWS LAKE | 120,000 | 0 | 26,293 | 146,293 |
| | ND000088SGA BURLINGTON | 1,526,279 | 0 | 1,504,650 | 3,030,929 |
| | ND000027SGA ANTLER HILL | 15,000 | 0 | 0 | 15,000 |



Office of Surface Mining - Reclamation and Enforcement
Abandoned Mine Land Inventory System (AMLIS)
Problem Type Cost Detail

| State | Priority and Problem Type | Unfunded Cost | Funded Cost | Completed Cost | Total Cost |
|-------|---------------------------|---------------|-------------|----------------|------------|
|-------|---------------------------|---------------|-------------|----------------|------------|

ND - NORTH DAKOTA

| Priority 2 Subsidence (Acres) | | | | | |
|---------------------------------|-------------------|-------------------|----------------|-------------------|-------------------|
| ND000054SGA | NEW SALEM | 2,400,000 | 0 | 0 | 2,400,000 |
| ND000029SGA | NOONAN | 0 | 0 | 170,595 | 170,595 |
| ND000042SGA | GRENORA | 10,000 | 0 | 0 | 10,000 |
| ND000010SGA | RUNION | 27,500 | 0 | 0 | 27,500 |
| ND000103RUA | JOHNSON, ARCHIE | 0 | 0 | 54,115 | 54,115 |
| ND000026SGA | RUCK | 0 | 0 | 55,118 | 55,118 |
| ND000106RUA | CHRISTMAN, CHRIS | 228,000 | 0 | 0 | 228,000 |
| ND000107RUA | CHARLES WISSBROD | 0 | 0 | 57,837 | 57,837 |
| ND000109SGA | COMET | 420,000 | 0 | 0 | 420,000 |
| ND000035SGA | HOERAUF | 25,000 | 0 | 0 | 25,000 |
| ND000110SGA | GRANDVIEW | 1,250,000 | 0 | 0 | 1,250,000 |
| ND000111SGA | WILLIAMS COUNTY 9 | 467,473 | 222,325 | 2,726,002 | 3,415,800 |
| Total for P 2 Subsidence | | 17,328,752 | 847,125 | 19,761,485 | 37,937,362 |

| Priority 2 Vertical Opening (Count) | | | | | |
|---------------------------------------|-------------------|----------------|----------|----------------|----------------|
| ND000030SGA | NEW LEIPZIG | 0 | 0 | 40,000 | 40,000 |
| ND000021SGA | URLACHER | 0 | 0 | 52,000 | 52,000 |
| ND000007SGA | SCHEID | 5,000 | 0 | 0 | 5,000 |
| ND000016SGA | ZENITH | 0 | 0 | 15,000 | 15,000 |
| ND000048SGA | LITTLE HEART A,B | 12,000 | 0 | 0 | 12,000 |
| ND000019SGA | GARRISON | 0 | 0 | 17,650 | 17,650 |
| ND000047SGA | CEDAR COULEE | 30,000 | 0 | 0 | 30,000 |
| ND000005SGA | ISAAK FARM | 0 | 0 | 54,000 | 54,000 |
| ND000010SGA | RUNION | 10,000 | 0 | 0 | 10,000 |
| ND000003SGA | SOUTH SCRANTON | 0 | 0 | 41,118 | 41,118 |
| ND000042SGA | GRENORA | 1 | 0 | 0 | 1 |
| ND000035SGA | HOERAUF | 5,000 | 0 | 0 | 5,000 |
| ND000025SGA | ABBAY A,B | 0 | 0 | 8,000 | 8,000 |
| ND000131RUA | KRZMARZICK, ED | 134,000 | 0 | 0 | 134,000 |
| ND000117RUA | RUDD RICHARD | 24,000 | 0 | 0 | 24,000 |
| ND000102RUA | THORSON | 15,000 | 0 | 0 | 15,000 |
| ND000008SGA | ROEGLIN SOUTH | 1 | 0 | 0 | 1 |
| ND000026SGA | RUCK | 0 | 0 | 1 | 1 |
| ND000124SGA | HAYNES | 50,000 | 0 | 50,000 | 100,000 |
| ND000125RUA | UNDERDAHL NORBERT | 10,000 | 0 | 0 | 10,000 |
| ND000128RUA | J&S PARTNERSHIP | 25,000 | 0 | 0 | 25,000 |
| ND000129RUA | KOSTAD BRUCE | 10,000 | 0 | 0 | 10,000 |
| ND000130RUA | KRUSH, ANTON | 60,000 | 0 | 0 | 60,000 |
| ND000116RUA | HAUGE, FLOYD E | 5,000 | 0 | 0 | 5,000 |
| ND000132RUA | SORCH DONALD | 34,000 | 0 | 0 | 34,000 |
| ND000133RUA | BRYON ZACHER | 12,000 | 0 | 0 | 12,000 |
| ND000134RUA | ZIEGLER LYNN | 30,000 | 0 | 0 | 30,000 |
| ND000135RUA | KRZMARZICK, ED | 6,000 | 0 | 0 | 6,000 |
| ND000024SGA | BINEK B,C,D,E,H | 0 | 0 | 20,000 | 20,000 |
| ND000137RUA | ANTON IHLE | 11,794 | 0 | 108,206 | 120,000 |
| ND000013SGA | MANHAVEN | 5,000 | 0 | 0 | 5,000 |
| ND000009SGA | SOKOLSKI | 8,000 | 0 | 0 | 8,000 |
| Total for P 2 Vertical Opening | | 501,796 | 0 | 405,975 | 907,771 |

Priority 3 Ind/Res Waste (Acres)



Office of Surface Mining - Reclamation and Enforcement
Abandoned Mine Land Inventory System (AMLIS)
Problem Type Cost Detail

| State | Priority and Problem Type | Unfunded Cost | Funded Cost | Completed Cost | Total Cost |
|--|------------------------------|-------------------|------------------|-------------------|-------------------|
| ND - NORTH DAKOTA | | | | | |
| Priority 3 Ind/Res Waste (Acres) | | | | | |
| | ND000023SGA HAVELOCK | 1,500 | 0 | 0 | 1,500 |
| Total for P 3 | Ind/Res Waste | 1,500 | 0 | 0 | 1,500 |
| Priority 3 Gobs (Acres) | | | | | |
| | ND000090SGA PARSHALL | 5,000 | 0 | 0 | 5,000 |
| Total for P 3 | Gobs | 5,000 | 0 | 0 | 5,000 |
| Priority 3 Spoil Area (Acres) | | | | | |
| | ND000032SGA CENTRAL SCRANTON | 108,500 | 0 | 0 | 108,500 |
| | ND000043SGA BOWBELLS | 210,000 | 0 | 0 | 210,000 |
| | ND000041SGA FOX HOLE | 70,000 | 0 | 0 | 70,000 |
| Total for P 3 | Spoil Area | 388,500 | 0 | 0 | 388,500 |
| Priority 3 Water Problems (Gal/Min) | | | | | |
| | ND000088SGA BURLINGTON | 30,000 | 0 | 0 | 30,000 |
| Total for P 3 | Water Problems | 30,000 | 0 | 0 | 30,000 |
| Total for | NORTH DAKOTA | 38,596,433 | 2,072,625 | 35,248,268 | 75,917,326 |

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SR05SRS - OMB - Legislative Spenddown Report - 6830

| Agency: | | Public Service Commission | | | | | |
|---|--------|--|--|----------------------------------|--|-------------------------------|--------------------------------|
| Program: | | 00 Office of Public Service Commission | | | | | |
| Reporting Level | | 00-000-000-00-00-00-00-00000000 | | | | | |
| 1 Object/Revenue Description Code | | 2 2007-09 Biennium Expenditures | 3 2009-11 Expenditures as of 2/28/2011 | 4 2009-11 Biennium Balance | 5 2009-11 Biennium Appropriation | 6 2011-13 Total Changes | 7 2011-13 Recommendation |
| 10 Salaries and Wages | | | | | | | |
| Salaries - Permanent | 511000 | 4,128,949 | 3,921,396 | 1,202,748 | 5,124,143 | -2,075 | 5,122,068 |
| Temporary Salaries | 513000 | 25,930 | 50,707 | -35,707 | 15,000 | 121,000 | 136,000 |
| Overtime | 514000 | 14,437 | 13,938 | -8938.46 | 5,000 | 71,500 | 76,500 |
| Fringe Benefits | 516000 | 1,334,973 | 1,361,762 | 350,056 | 1,711,818 | 47,540 | 1,759,358 |
| Salary Increase | 599110 | 0 | 0 | 0 | 0 | 232,798 | 232,798 |
| Benefit Increase | 599160 | 0 | 0 | 0 | 0 | 39,371 | 39,371 |
| Health Increase | 599161 | 0 | 0 | 0 | 0 | 62,591 | 62,591 |
| Retirement Increase | 599162 | 0 | 0 | 0 | 0 | 53,267 | 53,267 |
| EAP Increase | 599163 | 0 | 0 | 0 | 0 | 121 | 121 |
| TOTAL | | 5,504,289 | 5,347,802 | 1,508,159 | 6,855,961 | 626,113 | 7,482,074 |
| MEANS OF FUNDING | | | | | | | |
| OSM Technical Assistance | R015 | 3,275 | 0 | 0 | 0 | 0 | 0 |
| Gas Pipeline Safety Program | R030 | 40,277 | 71,552 | 12,495 | 84,047 | -16,015 | 68,032 |
| ND Permanent Program | R034 | 767,750 | 1,035,878 | -108,703 | 927,175 | 169,787 | 1,096,962 |
| AML Administrative | R040 | 319,835 | 436,587 | 44,768 | 481,355 | 11,022 | 492,377 |
| AML Construction | R044 | 368,554 | 515,817 | -39,293 | 476,524 | 93,896 | 570,420 |
| AML Emergency Program | R056 | 6,497 | 0 | 0 | 0 | 0 | 0 |
| Indirect Cost Recovery | R999 | 600,037 | 536,263 | 536,263 | 536,263 | 39,279 | 575,542 |
| Federal Funds TOTAL | | 2,106,225 | 2,059,835 | 445,529 | 2,505,364 | 297,969 | 2,803,333 |
| State General Fund | 001 | 3,398,064 | 3,287,968 | 2,354,776 | 4,350,597 | 328,144 | 4,678,741 |
| General Fund TOTAL | | 3,398,064 | 3,287,968 | 2,354,776 | 4,350,597 | 328,144 | 4,678,741 |
| TOTAL | | 5,504,289 | 5,347,802 | 2,800,305 | 6,855,961 | 626,113 | 7,482,074 |

30 Operating Expenses

| | | | | | | | |
|------------------------------|--------|------------------|------------------|----------------|------------------|---------------|------------------|
| Travel | 521000 | 543,861 | 451,909 | 317,553 | 769,462 | 22,726 | 792,188 |
| Supplies - IT Software | 531000 | 49,217 | 46,382 | 9,027 | 55,409 | -900 | 54,509 |
| Supply/Material-Professional | 532000 | 10,446 | 11,113 | 21,198 | 32,311 | -200 | 32,111 |
| Food and Clothing | 533000 | 3,405 | 4,138 | -288 | 3,850 | 500 | 4,350 |
| Bldg, Ground, Maintenance | 534000 | 3,074 | 1566.64 | 2,062 | 3,629 | 0 | 3,629 |
| Miscellaneous Supplies | 535000 | 8,473 | 2548.85 | 7,981 | 10,530 | -1,400 | 9,130 |
| Office Supplies | 536000 | 28,764 | 24,855 | 1,389 | 26,244 | 900 | 27,144 |
| Postage | 541000 | 18,703 | 10,161 | 13,957 | 24,118 | -1,600 | 22,518 |
| Printing | 542000 | 7,865 | 4,363 | 12,237 | 16,600 | 700 | 17,300 |
| IT Equip Under \$5,000 | 551000 | 105,704 | 45,668 | 48,237 | 93,905 | 0 | 93,905 |
| Other Equip Under \$5,000 | 552000 | 11,997 | 1365.4 | 11,816 | 13,181 | 0 | 13,181 |
| Office Equip & Furn Supplies | 553000 | 7,258 | 12,047 | 3,871 | 15,918 | 0 | 15,918 |
| Insurance | 571000 | 9,071 | 7,779 | 3,080 | 10,859 | -100 | 10,759 |
| Rentals/Leases-Equip & Other | 581000 | 0 | 0 | 1,000 | 1,000 | 0 | 1,000 |
| Rentals/Leases - Bldg/Land | 582000 | 75,888 | 53,528 | 30,472 | 84,000 | -1,200 | 82,800 |
| Repairs | 591000 | 48,842 | 55,923 | -3,409 | 52,514 | -18,800 | 33,714 |
| IT - Data Processing | 601000 | 111,187 | 103,265 | 43,885 | 147,150 | 0 | 147,150 |
| IT - Communications | 602000 | 47,484 | 40,162 | 24,724 | 64,886 | 0 | 64,886 |
| IT Contractual Svcs and Rprs | 603000 | 62,677 | 45,469 | 36,631 | 82,100 | 10,800 | 92,900 |
| Professional Development | 611000 | 76,043 | 64,382 | 52,464 | 116,846 | -1,300 | 115,546 |
| Operating Fees and Services | 621000 | 116,811 | 51,718 | 66,154 | 117,872 | 15,000 | 132,872 |
| Fees - Professional Services | 623000 | 153,056 | 25,618 | 176,944 | 202,562 | 2,500 | 205,062 |
| Medical, Dental and Optical | 625000 | 518 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | | 1,500,344 | 1,063,961 | 880,985 | 1,944,946 | 27,626 | 1,972,572 |

MEANS OF FUNDING

| | | | | | | | |
|-----------------------------|------|------------------|----------------|----------------|------------------|---------------|------------------|
| OSM Technical Assistance | R015 | 6,501 | 6,114 | 3,886 | 10,000 | 0 | 10,000 |
| Gas Pipeline Safety Program | R030 | 23,056 | 17,785 | 48,256 | 66,041 | 0 | 66,041 |
| ND Permanent Program | R034 | 104,438 | 95,023 | 82,511 | 177,534 | -33,102 | 144,432 |
| AML Administrative | R040 | 96,100 | 71,288 | 78,712 | 150,000 | 41,722 | 191,722 |
| AML Construction | R044 | 96,052 | 87,138 | 56,165 | 143,303 | 0 | 143,303 |
| AML Emergency Program | R056 | 1,940 | 311 | -311.45 | 0 | 0 | 0 |
| One Call Grant | R079 | 22,158 | 10,000 | -10000 | 0 | 0 | 0 |
| Federal Funds TOTAL | | 350,245 | 287,659 | 259,219 | 546,878 | 8,620 | 555,498 |
| State General Fund | 001 | 1,003,510 | 774,863 | 842,522 | 1,273,068 | 19,006 | 1,292,074 |
| General Fund TOTAL | | 1,003,510 | 774,863 | 842,522 | 1,273,068 | 19,006 | 1,292,074 |

| | | | | | | | |
|-------------------------------|-----|-----------|-----------|-----------|-----------|--------|-----------|
| PSC Valuation Revolving Fund | 248 | 144,579 | 1,439 | 123,226 | 125,000 | 0 | 125,000 |
| Ins. Recoveries Property Fund | 392 | 2,010 | 0 | 0 | 0 | 0 | 0 |
| Special Funds TOTAL | | 146,589 | 1,439 | 123,226 | 125,000 | 0 | 125,000 |
| TOTAL | | 1,500,344 | 1,063,961 | 1,224,967 | 1,944,946 | 27,626 | 1,972,572 |

50 Capital Assets

| | | | | | | | |
|-------------------------------|--------|--------|--------|--------|---------|---------|--------|
| Equipment Over \$5000 | 691000 | 15,714 | 74,526 | 10,474 | 85,000 | -85,000 | 0 |
| IT Equip/Software Over \$5000 | 693000 | 52,460 | 8,014 | 34,486 | 42,500 | 10,500 | 53,000 |
| TOTAL | | 68,174 | 82,540 | 44,960 | 127,500 | -74,500 | 53,000 |

MEANS OF FUNDING

| | | | | | | | |
|----------------------|------|-------|--------|-------|--------|---------|-------|
| ND Permanent Program | R034 | 720 | 6,400 | 3,600 | 10,000 | -6,400 | 3,600 |
| AML Administrative | R040 | 1,108 | 64,526 | 474 | 65,000 | -65,000 | 0 |
| Federal Funds TOTAL | | 1,828 | 70,926 | 4,074 | 75,000 | -71,400 | 3,600 |

| | | | | | | | |
|--------------------|-----|--------|--------|--------|---------|---------|--------|
| State General Fund | 001 | 66,346 | 11,614 | 40,886 | 52,500 | -3,100 | 49,400 |
| General Fund TOTAL | | 66,346 | 11,614 | 40,886 | 52,500 | -3,100 | 49,400 |
| TOTAL | | 68,174 | 82,540 | 44,960 | 127,500 | -74,500 | 53,000 |

60 Grants

| | | | | | | | |
|---------------|--------|-------|-------|-------|--------|-------|--------|
| Transfers Out | 722000 | 8,000 | 8,000 | 2,000 | 10,000 | 6,000 | 16,000 |
| TOTAL | | 8,000 | 8,000 | 2,000 | 10,000 | 6,000 | 16,000 |

MEANS OF FUNDING

| | | | | | | | |
|----------------------|------|-------|-------|-------|--------|-------|--------|
| ND Permanent Program | R034 | 8,000 | 8,000 | 2,000 | 10,000 | 6,000 | 16,000 |
| Federal Funds TOTAL | | 8,000 | 8,000 | 2,000 | 10,000 | 6,000 | 16,000 |
| TOTAL | | 8,000 | 8,000 | 2,000 | 10,000 | 6,000 | 16,000 |

70 AML Contractual Services

| | | | | | | | |
|------------------------------|--------|------------------|------------------|------------------|------------------|------------------|------------------|
| Fees - Professional Services | 623000 | 3,315,891 | 3,048,137 | 3,451,863 | 6,500,000 | 1,500,000 | 8,000,000 |
| TOTAL | | 3,315,891 | 3,048,137 | 3,451,863 | 6,500,000 | 1,500,000 | 8,000,000 |

MEANS OF FUNDING

| | | | | | | | |
|----------------------------|------|------------------|------------------|------------------|------------------|------------------|------------------|
| AML Construction | R044 | 3,178,655 | 3,003,162 | 3,486,838 | 6,490,000 | 1,500,000 | 7,990,000 |
| AML Emergency Program | R056 | 97,236 | 24,000 | -14,000 | 10,000 | 0 | 10,000 |
| AML Coal Fire Suppression | R092 | 40,000 | 20,975 | -20,975 | 0 | 0 | 0 |
| Federal Funds TOTAL | | 3,315,891 | 3,048,137 | 3,451,863 | 6,500,000 | 1,500,000 | 8,000,000 |
| TOTAL | | 3,315,891 | 3,048,137 | 3,451,863 | 6,500,000 | 1,500,000 | 8,000,000 |

71 Rail Rate Complaint Case

| | | | | | | | |
|------------------------------|--------|----------|----------|----------------|----------------|----------|----------------|
| Fees - Professional Services | 623000 | 0 | 0 | 900,000 | 900,000 | 0 | 900,000 |
| TOTAL | | 0 | 0 | 900,000 | 900,000 | 0 | 900,000 |

MEANS OF FUNDING

| | | | | | | | |
|----------------------------|-----|----------|----------|----------------|----------------|----------|----------------|
| State Rail Fund 277 | 277 | 0 | 0 | 900,000 | 900,000 | 0 | 900,000 |
| Special Funds TOTAL | | 0 | 0 | 900,000 | 900,000 | 0 | 900,000 |
| TOTAL | | 0 | 0 | 900,000 | 900,000 | 0 | 900,000 |

79 Federal Stimulus Funds 2009

| | | | | | | | |
|-----------------------------|--------|----------|----------------|----------------|----------------|-----------------|----------------|
| Temporary Salaries | 513000 | 0 | 67,081 | 261,047 | 328,128 | 34,048 | 362,176 |
| Fringe Benefits | 516000 | 0 | 10,460 | 105,016 | 115,476 | -59,435 | 56,041 |
| Travel | 521000 | 0 | 10,291 | 24,709 | 35,000 | 40,000 | 75,000 |
| Supplies - IT Software | 531000 | 0 | 0 | 9,396 | 9,396 | 604 | 10,000 |
| Postage | 541000 | 0 | 7 | -7 | 0 | 0 | 0 |
| IT Equip Under \$5,000 | 551000 | 0 | 2,119 | 11,881 | 14,000 | -4,000 | 10,000 |
| Rentals/Leases - Bldg/Land | 582000 | 0 | 0 | 56,000 | 56,000 | -56,000 | 0 |
| IT - Communications | 602000 | 0 | 461 | -461 | 0 | 0 | 0 |
| Professional Development | 611000 | 0 | 10,495 | 39,505 | 50,000 | 10,000 | 60,000 |
| Operating Fees and Services | 621000 | 0 | 997 | 157,353 | 158,350 | -73,350 | 85,000 |
| TOTAL | | 0 | 101,910 | 664,440 | 766,350 | -108,133 | 658,217 |

MEANS OF FUNDING

| | | | | | | | |
|----------------------------|------|----------|----------------|----------------|----------------|-----------------|----------------|
| ARRA Funding | R097 | 0 | 101,910 | 759,093 | 766,350 | -108,133 | 658,217 |
| Federal Funds TOTAL | | 0 | 101,910 | 759,093 | 766,350 | -108,133 | 658,217 |
| TOTAL | | 0 | 101,910 | 759,093 | 766,350 | -108,133 | 658,217 |

Agency TOTALS

| | | | | | | | |
|-----------------------------------|------|-------------------|------------------|------------------|-------------------|------------------|-------------------|
| TOTAL EXPENDITURES | | 10,396,698 | 9,652,350 | 7,452,407 | 17,104,757 | 1,977,106 | 19,081,863 |
| Federal Funds | | | | | | | |
| OSM Technical Assistance | R015 | 9,776 | 6,114 | 3,886 | 10,000 | 0 | 10,000 |
| Gas Pipeline Safety Program | R030 | 63,333 | 89,337 | 60,751 | 150,088 | -16,015 | 134,073 |
| ND Permanent Program | R034 | 880,908 | 1,145,301 | -20,592 | 1,124,709 | 136,285 | 1,260,994 |
| AML Administrative | R040 | 417,043 | 572,402 | 123,953 | 696,355 | -12,256 | 684,099 |
| AML Construction | R044 | 3,643,261 | 3,606,116 | 3,503,711 | 7,109,827 | 1,593,896 | 8,703,723 |
| AML Emergency Program | R056 | 105,673 | 24,311 | -14,311 | 10,000 | 0 | 10,000 |
| One Call Grant | R079 | 22,158 | 10,000 | -10000 | 0 | 0 | 0 |
| AML Coal Fire Suppression | R092 | 40,000 | 20,975 | -20975 | 0 | 0 | 0 |
| ARRA Funding | R097 | 0 | 101,910 | 664,440 | 766,350 | -108,133 | 658,217 |
| Indirect Cost Recovery | R999 | 600,037 | 0 | 536,263 | 536,263 | 39,279 | 575,542 |
| TOTAL | | 5,782,189 | 5,576,466 | 4,827,126 | 10,403,592 | 1,633,056 | 12,036,648 |
| General Fund | | | | | | | |
| State General Fund | 1 | 4,467,920 | 4,074,445 | 3,238,184 | 5,676,165 | 344,050 | 6,020,215 |
| TOTAL | | 4,467,920 | 4,074,445 | 3,238,184 | 5,676,165 | 344,050 | 6,020,215 |
| Special Funds | | | | | | | |
| PSC Valuation Revolving Fund | 248 | 144,579 | 1,439 | 123,226 | 125,000 | 0 | 125,000 |
| State Rail Fund 277 | 277 | 0 | 0 | 900,000 | 900,000 | 0 | 900,000 |
| Ins. Recoveries Property Fund | 392 | 2,010 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | | 146,589 | 1,439 | 1,023,226 | 1,025,000 | 0 | 1,025,000 |
| TOTAL FUNDING | | 10,396,698 | 9,652,350 | 9,088,536 | 17,104,757 | 1,977,106 | 19,081,863 |
| AUTHORIZED EMPLOYEES | | | | | | | |
| FTE | | 41 | 43 | 0 | 43 | -3 | 40 |
| Vacant | | 0 | 0 | 0 | 0 | 3 | 3 |
| TOTAL AUTHORIZED EMPLOYEES | | 41 | 43 | 0 | 43 | 0 | 43 |

2008.3.24, UB

Klein, Matthew M.

From: Clark, Tony T.
Sent: Monday, March 21, 2011 11:10 AM
To: Klein, Matthew M.
Cc: Thoreson, Blair
Subject: FW: Additional Gas Pipeline Safety Inspector

Hi Matt:

The Governments Ops Committee Committee in general, and you specifically, had a number of questions regarding pipeline safety inspectors. I asked our staff to come up with some estimates of what adding another pipeline safety inspector would cost. The biennial expense would be would \$210,000 total – with about 50% federal funded/50% state general fund (see discussion below). These are pretty ballpark, but thought you might be interested given the questions raised during our hearing. Please let me know if you have any further questions.

TC

CC: Blair Thoreson, Chairman

From: Fahn, Patrick J.
Sent: Thursday, March 17, 2011 3:12 PM
To: -Grp-PSC Commissioners
Cc: Gallion, Joshua C.; Nitschke, Darrell D.; Bachmeier, Bob A.; Fahn, Patrick J.
Subject: FW: Additional Gas Pipeline Safety Inspector

I visited with a PHMSA State Programs representative concerning the possibility of adding an inspector to the ND Pipeline Safety Program in 2011 and the potential for federal funding. Since the grant application did not include an estimate of cost for an additional inspector, the Commission would inform PHMSA when the employee will be added to the program and indicate the need to amend the 2011 grant application. It sounded as though there would be no problem for PHMSA to accept such an amendment. I was also informed that there are always unclaimed dollars at the end of a program year (calendar year), and those dollars would be available to reimburse for the expenses of the additional inspector. It is likely that reimbursement would be at the same level as the rest of the pipeline safety program, which is 50 to 60%.

The grant application for the 2012 calendar year program submitted in September-October timeframe would include the expense estimate for the additional inspector.

Patrick Fahn
Director-Compliance and Competitive Markets
Email: pfahn@nd.gov
Phone: (701) 328-4077

North Dakota Public Service Commission
600 E Boulevard
Bismarck ND 58505-0480
Fax: (701) 328-2410

From: Gallion, Joshua C.
Sent: Wednesday, March 16, 2011 10:35 AM
To: Fahn, Patrick J.
Subject: Additional Gas Pipeline Safety Inspector

Pat,

Here are the estimated salary numbers on a biennial basis for an additional Gas Pipeline Safety Inspector.

Chief Inspector – PSC (5254)
Grade 11
Salary: \$99,500
Fringe: \$40,500
Operating: \$70,000 ???

Tony also asked me whether or not the federal program would support another inspector. I wasn't sure if we had the ability to add that to our grant application. Do you know?

Josh

Josh Gallion
N.D. Public Service Commission
jcgallion@nd.gov
701-328-4020

11.8162.01001
Title.

Prepared by the Legislative Council staff for
House Appropriations - Government
Operations

March 31, 2011

PROPOSED AMENDMENTS TO SENATE BILL NO. 2008

Page 1, line 3, replace "to authorize a transfer" with "to provide for a legislative management study"

Page 1, replace line 17 with:

| | | | |
|---------------------------|---------|-----------|----|
| "Rail rate complaint case | 900,000 | (900,000) | 0" |
|---------------------------|---------|-----------|----|

Page 1, replace lines 19 and 20 with:

| | | | |
|-----------------------|-------------------|------------------|--------------------|
| "Total all funds | \$16,230,407 | \$1,951,456 | \$18,181,863 |
| Less estimated income | <u>10,627,242</u> | <u>1,534,406</u> | <u>12,161,648"</u> |

Page 2, after line 18, insert:

"SECTION 4. LEGISLATIVE MANAGEMENT STUDY - PIPELINE SAFETY STUDY. During the 2011-13 biennium, the legislative management shall consider studying gas pipelines in the state focusing on safety concerns of gas utility distribution and transmission. The study must include all pipeline activity and address the jurisdiction of pipelines in the state in consultation with the public service commission, industrial commission, and North Dakota one call. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-third legislative assembly."

Page 2, remove lines 19 through 27

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2008 - Public Service Commission - House Action

| | Executive Budget | Senate Version | House Changes | House Version |
|--------------------------------------|---------------------|-------------------|------------------|-------------------|
| Salaries and wages | \$7,482,074 | \$7,482,074 | | \$7,482,074 |
| Operating expenses | 1,972,572 | 1,972,572 | | 1,972,572 |
| Capital assets | 53,000 | 53,000 | | 53,000 |
| Grants | 16,000 | 16,000 | | 16,000 |
| Abandoned mined lands contractual | 8,000,000 | 8,000,000 | | 8,000,000 |
| Rail rate complaint case | 900,000 | 900,000 | (900,000) | |
| Federal stimulus funds | <u>658,217</u> | <u>658,217</u> | | <u>658,217</u> |
| Total all funds | \$19,081,863 | \$19,081,863 | (\$900,000) | \$18,181,863 |
| Less estimated income | <u>13,061,648</u> | <u>13,061,648</u> | (900,000) | <u>12,161,648</u> |
| General fund | \$6,020,215 | \$6,020,215 | \$0 | \$6,020,215 |
| FTE | 43.00 | 43.00 | 0.00 | 43.00 |

Department No. 408 - Public Service Commission - Detail of House Changes

| | |
|---|------------------------|
| Removes Funding for Rail Rate Complaint | Total House Changes |
|---|------------------------|

| | Case ¹ | |
|-----------------------------------|--------------------|--------------------|
| Salaries and wages | | |
| Operating expenses | | |
| Capital assets | | |
| Grants | | |
| Abandoned mined lands contractual | | |
| Rail rate complaint case | (900,000) | (900,000) |
| Federal stimulus funds | | |
| Total all funds | (\$900,000) | (\$900,000) |
| Less estimated income | (900,000) | (900,000) |
| General fund | \$0 | \$0 |
| FTE | 0.00 | 0.00 |

¹ Funding provided from the beginning farmer revolving loan fund relating to costs associated with any potential rail rate complaint case is removed.

A section is added providing for a Legislative Management study relating to gas pipelines in the state, focusing on safety concerns of gas utility distribution and transmission, in consultation with the Public Service Commission, Industrial Commission, and North Dakota One Call.