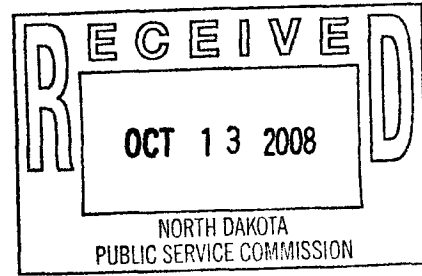




U.S. Department
of Transportation



PIPELINE & HAZARDOUS MATERIALS SAFETY ADMINISTRATION

OFFICE OF PIPELINE SAFETY

2008 NATURAL GAS SCORING DOCUMENT

Attached is a signed copy of your
payment agreement for your file



PIPELINE SAFETY GRANT PROGRAM

Payment Agreement Number DTPH56-08-G-PHPG32

1. Department of Transportation

The Department of Transportation agrees to reimburse the State agency based on the estimated application costs of **\$86,060**, program performance score and availability of funds, the sum of **\$34,056** for costs incurred for carrying out the Pipeline Safety Program during calendar year 2008. The year-end payment will be based on actual program expenses, program performance score and availability of funds which may increase or decrease based on variance from estimated application costs. The maximum amount that can be reimbursed under this grant program is not more than 80% of the total program costs expended by the state agency. The indirect costs shall not exceed 20% of the grant actual total program costs. The Department is not obligated to make payments for costs which were incurred by the State but not claimed on the midyear/final vouchers. This payment agreement expires December 31, 2008; costs incurred after the expiration date are not eligible for federal reimbursement.

[Signature]
Signature

7/28/08
Date

Associate Administrator for Pipeline Safety
Title

2. State Agency

The State Agency agrees to carry out the Pipeline Safety Program described in the application and in so doing to comply with the applicable requirements of Part 26 of Title 49, Code of Federal Regulations, as described in Attachment 1. The State also agrees to enter into a Section 60105 certification or a Section 60106 agreement with the Secretary of Transportation for calendar year 2008. The State assumes the responsibility for insuring that the Procedural Guide is followed and that program funds have been accounted for under its provisions. The State shall permit representatives of the Department of Transportation and other authorized Federal agencies to review the Pipeline Safety Program and to inspect records, invoices, and other relevant data pertaining to this payment agreement

Alan Mod
Signature

19 June 2008
Date

Director - Testing & Safety Div.
Title

NORTH DAKOTA PUBLIC SERVICE
COMMISSION
Name of the State

Attachment 1 To The Payment Agreement NORTH DAKOTA

In accordance with 49 CFR 26: Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs

Policy. It is the policy of the Department of Transportation that disadvantaged business enterprises as defined in 49 CFR 26 shall have the maximum opportunity to participate in the performance of contracts financed in whole or in part with the Federal funds under this agreement. Consequently the DBE requirements of 49 CFR Part 26 apply to this agreement.

DBE Obligation. (i) The recipient or its contractor agrees to ensure that disadvantaged business enterprises as defined in 49 CFR Part 26 have the maximum opportunity to participate in the performance of contracts and subcontracts financed in whole or in part with Federal funds provided under this agreement. In this regard recipients or contractors shall take all necessary and reasonable steps in accordance with 49 CFR 26 to ensure that disadvantaged business enterprises have the maximum opportunity to compete for and perform contracts. Recipients and their contractors shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of DOT-assisted contracts.



U.S. Department
of Transportation

1200 New Jersey Avenue
Washington, D.C. 20590

Pipeline and
Hazardous Materials
Safety Administration

JUN 13 2008

TO: STATE PIPELINE SAFETY PROGRAM MANAGERS IN STATES PARTICIPATING IN THE
NATURAL GAS PIPELINE SAFETY GRANT PROGRAM

The Pipeline Safety Grant allocation for calendar year 2008 reflects a 100 percent performance-based formula and the performance criteria of 100 points. The breakout between the field evaluation and selected information in the certification attachments will be 50-50 percent as used in the previous year. The use of banding scores has been dropped to more accurately reflect program performance. New state programs will automatically be funded at a minimum score of 90 the first three years assuming they are making satisfactory progress in meeting certification requirements-this will provide an adequate cushion for these programs to get established. Programs that are reinstated will be funded at a score of 90 for two years. Also as a general note, indirect costs attributed to a grant reimbursement shall not exceed 20% of the total actual costs.

The calendar year 2008 appropriation for the combined natural gas and hazardous liquid grant program is **\$20,000,000**. PHMSA reduced the allocation by \$500,000 to help aid in the facilitation of the grant program. Therefore, the 2008 safety grant program was reduced to **\$19,500,000**. The total amount assigned to the **Natural Gas** program is **\$17,300,398**. It has been allocated by a method designed to reflect the degree to which a state has met certain goals established by this office. Numeric points are assigned for achieving specific levels of performance based on the information in the 2008 certification packages and the results of the Regional Office program evaluation. A list of the point criteria for Natural Gas (Attachment 1) and a list of state point assignments for the Natural Gas program (attachment 2) are enclosed. A chart (Attachment 3) showing a list of the Natural Gas request, state points, allocations, and percentages of total program funding are enclosed.

The payment agreement will be generated by you through the FedSTAR process. Those states with an allocation of \$100,000 or more will also generate the "Certification Regarding Lobbying" form. Please have both copies of the Payment Agreement and the Certification Regarding Lobbying forms signed by an authorized official and return the two copies of the Payment Agreement form and one copy of the Certification Regarding Lobbying form to OPS. OPS will return an executed copy of the Payment Agreement after signature to you for your records. **These documents are due no later than June 27, 2008, to:**

Ms. Gwendolyn M. Hill
PHMSA/Pipeline Safety, PHP-50
U.S. Department of Transportation
1200 New Jersey Avenue, SE
Floor 2, E-22-321
Washington, D.C. 20590

Thank you for your participation in the Pipeline Safety Grant Program.
Sincerely,

for Jeffrey D. Wiese
Associate Administrator for Pipeline Safety
Enclosures

**CY 2008 PIPELINE SAFETY GRANT ALLOCATION FORMULA
STATE PERFORMANCE CRITERIA (NATURAL GAS)**

I. RATING FROM STATE EVALUATION (50 PERCENT OF SCORE)

**II. SELECTED INFORMATION FROM STATE CERTIFICATION/AGREEMENT
(50 PERCENT OF SCORE)**

A. Extent of Intrastate Safety Jurisdiction (12 POINTS)
(Certification Attachment 1)

N = Number of operator types over which state has jurisdiction

M = Number of operator types located in state

60105 State: $N/M \times 12$

60106 State: $N/M \times 12 \times .5$

Distribution

1. Private
2. Municipal
3. Master Meter
4. LP Gas
5. LNG Plants

Transmission

6. Intrastate
7. Direct Sales

Other

8. Gathering Lines (jurisdictional)
9. Offshore Facilities (state waters)

B. Inspector Qualifications (8 POINTS)
(Certification Attachment 7, 7a)

B1. 8 – 50% or more inspectors in categories I and II

B2. 4 – If not B1 but 50% or more of inspectors in categories I, II and III

B3. 0 – If not B1 or B2

C. Number of Inspection Person-Days (9 POINTS)
(Certification Attachment 2)

9 – Meets or exceeds the recommended number of inspection person-days

5 – Comes within 25 percent of meeting the recommended number of inspection person-days (achieved 75 percent or above of recommended number).

3 – Meets less than 75 percent but at least 50 percent of the recommended number of inspection person-days (achieved 50 to 75 percent of above of (delete “above of”) recommended number).

0 – Meets less than 50 percent of recommended number of inspection person-days (achieved under 50 percent of recommended number).

D. State Adoption of Maximum Civil Penalty Requirement (2 POINTS)
(Certification Attachment 8, Section I, Item 1)

- 2 – Adopted \$100,000/day; up to \$1,000,000
- 1 – Taking steps to adopt (has filed draft legislation)
- 0 – Not Adopted

E. State Adoption of Applicable Federal Regulations¹ (8 POINTS)
(Certification Attachment 8, Section I, Items 2, 3, 4, 5, and 6)

- 8 – Adopted within 24 months of effective date (or two general sessions of the state legislature, whichever is longer)
- 5 – Taking steps to adopt (has filed draft legislation)
- 3 – Adopted all regulations within required time frame except one -- where continuing opposition has blocked adoption and state is not presently attempting to adopt.
- 0 – Not adopted within 36 months of effective date.

F. One-Call System Minimum Requirements under Part 198² (8 POINTS)
(Certification Attachment 8, Section II)

- 1.5 – Mandatory coverage of areas having pipeline facilities
- 0.5 – Qualification for operation of one-call system
- 1.5 – Mandatory excavator notification of one-call center
- 0.5 – State determination whether calls to center are toll free
- 1.5 – Mandatory intrastate pipeline operator participation
- 1.0 – Mandatory operator response to notification
- 1.0 – Mandatory notification of excavators/public
- 0.5 – Civil penalties/injunctive relief substantially same as DOT (\$100,000/\$1,000,000)

G. State Attendance at NAPS Regional Meeting (3 POINTS)
(Certification Attachment 8, Section III)

- 3 – Attended full time (lead rep or alternate pipeline program staff)
- 1 – Attended less than full time
- 0 – No one attended

H. Penalty Points

- 2 – State CY 2008 Certification not received at OPS HQ by due date
- 4 – points assigned if over 1 month late

¹ Applicable Federal regulation for five year period will be listed in certification attachments

² Established under state law by statute, regulation, license, certification, order, or any combination of these legal means.

2008 NATURAL GAS STATE SCORES (FROM PERFORMANCE EVALUATION AND CERTIFICATION AGREEMENT ATTACHMENTS)			
STATE	2006 PERFORMANCE EVALUATION	2008 CERT./AGREEMENT ATTACHMENTS	TOTAL SCORE
ALABAMA	100	50.0	100.0
ARIZONA	100	50.0	100.0
ARKANSAS	100	50.0	100.0
CALIFORNIA_PUC	100	42.0	92.0
COLORADO	99	45.5	95.0
CONNECTICUT	100	50.0	100.0
DELAWARE	100	44.0	94.0
GEORGIA	100	50.0	100.0
IDAHO	100	47.0	97.0
ILLINOIS	100	50.0	100.0
INDIANA	99	49.0	98.5
IOWA	100	50.0	100.0
KANSAS	100	50.0	100.0
KENTUCKY	98	46.0	95.0
LOUISIANA	100	50.0	100.0
MAINE	100	50.0	100.0
MARYLAND	99	50.0	99.5
MASSACHUSETTS	99	50.0	99.5
MICHIGAN	100	50.0	100.0
MINNESOTA	100	50.0	100.0
MISSISSIPPI	99	44.0	93.5
MISSOURI	100	47.0	97.0
MONTANA	100	43.5	93.5
NEBRASKA	100	50.0	100.0
NEVADA	100	50.0	100.0
NEW HAMPSHIRE	100	50.0	100.0
NEW JERSEY	98	50.0	99.0
NEW MEXICO	98	50.0	99.0
NEW YORK	100	50.0	100.0
NORTH CAROLINA	98	49.5	98.5
NORTH DAKOTA	100	49.5	99.5
OHIO	100	48.5	98.5
OKLAHOMA	100	48	98
OREGON	100	50.0	100.0
PENNSYLVANIA ^{1,2}	100	48.0	98.0

2008 NATURAL GAS STATE SCORES			
(FROM PERFORMANCE EVALUATION AND CERTIFICATION AGREEMENT ATTACHMENTS)			
STATE	2006 PERFORMANCE EVALUATION	2008 CERT./AGREEMENT ATTACHMENTS	TOTAL SCORE
PUERTO RICO	96	37.0	85.0
RHODE ISLAND	100	50.0	100.0
SOUTH CAROLINA	100	42.0	92.0
SOUTH DAKOTA	97	50.0	98.5
TENNESSEE	97	50.0	98.5
TEXAS	100	46.0	96.0
UTAH	100	46.0	96.0
VERMONT	99	50.0	99.5
VIRGINIA ¹	100	45.0	95.0
WASHINGTON	98	50.0	99.0
WASHINGTON DC	98	50.0	99.0
WEST VIRGINIA	97	47.5	96.0
WISCONSIN	98	48.0	97.0
WYOMING	100	50.0	100.0

Notes:

¹State Programs that have both a 60105 and 60106 program. These states have had their 60105 and 60106 funding combined and shown as the figure represented in the table, therefore budget, request and allocation figures represent funding for both programs.

²Within the first 3 years of a new program a minimum score of 90% shall be automatically given.

NATURAL GAS-STATE POINTS REGULATORY AND VERIFICATION ATTACHMENT									
STATE	DAYS RESPECTIVE (12)	SECTION OF QUAL (18)	NUMBER OF STATES PERSON DAYS (14)	STATE AVERAGE OF CERTIFICATE (12)	STATE AVERAGE OF APPLICANT FEES (18)	OPTICAL NORTH POINTS (8)	APPLICANT FEES STATE AVERAGE (15)	PERIOD OF FEES (11)	TOTAL
ALABAMA	12	8	9	2	8	8	3	-	50
ARIZONA	12	8	9	2	8	8	3	-	50
ARKANSAS	12	8	9	2	8	8	3	-	50
CALIFORNIA_PUC	8	8	5	2	8	8	3	-	42
COLORADO	12	8	5	2	8	7.5	3	-	45.5
CONNECTICUT	12	8	9	2	8	8	3	-	50
DELAWARE	6	8	9	2	8	8	3	-	44
GEORGIA	12	8	9	2	8	8	3	-	50
IDAHO	9	8	9	2	8	8	3	-	47
ILLINOIS	12	8	9	2	8	8	3	-	50
INDIANA	12	8	9	2	8	7	3	-	49
IOWA	12	8	9	2	8	8	3	-	50
KANSAS	12	8	9	2	8	8	3	-	50
KENTUCKY	12	4	9	2	8	8	3	-	46
LOUISIANA	12	8	9	2	8	8	3	-	50
MAINE	12	8	9	2	8	8	3	-	50
MARYLAND	12	8	9	2	8	8	3	-	50
MASSACHUSETTS	12	8	9	2	8	8	3	-	50
MICHIGAN	12	8	9	2	8	8	3	-	50
MINNESOTA	12	8	9	2	8	8	3	-	50
MISSISSIPPI	12	4	9	0	8	8	3	-	44
MISSOURI	10	8	9	1	8	8	3	-	47
MONTANA	12	8	3	2	8	7.5	3	-	43.5
NEBRASKA	12	8	9	2	8	8	3	-	50
NEVADA	12	8	9	2	8	8	3	-	50
NEW HAMPSHIRE	12	8	9	2	8	8	3	-	50
NEW JERSEY	12	8	9	2	8	8	3	-	50

NATURAL GAS-STATE POINTS									
STATE	THURSDAY (12)	FRIEDAY (13)	NUMBER OF TRIPPER DAYS (9)	STATE AVERAGE OF TRIPPER DAYS (12)	STATE AVERAGE OF TRIPPER DAYS (12)	STATE AVERAGE OF TRIPPER DAYS (12)	OUT-CALL NIGHT REPORTS (8)	ADDITIONAL TRIPPER DAYS (3)	TOTAL TRIPPER DAYS (12)
NEW MEXICO	12	8	9	2	8	8	8	3	50
NEW YORK	12	8	9	2	8	8	8	3	50
NORTH CAROLINA	12	8	9	2	8	8	7.5	3	49.5
NORTH DAKOTA	12	8	9	2	8	8	7.5	3	49.5
OHIO	12	8	9	2	8	8	6.5	3	48.5
OKLAHOMA	12	8	9	2	8	8	6	3	48
OREGON	12	8	9	2	8	8	8	3	50
PENNSYLVANIA	10	8	9	2	8	8	8	3	48
PUERTO RICO	12	0	9	0	8	8	8	0	37
RHODE ISLAND	12	8	9	2	8	8	8	3	50
SOUTH CAROLINA	12	8	9	2	8	8	0	3	42
SOUTH DAKOTA	12	8	9	2	8	8	8	3	50
TENNESSEE	12	8	9	2	8	8	8	3	50
TEXAS	12	8	5	2	8	8	8	3	46
UTAH	12	8	5	2	8	8	8	3	46
VERMONT	12	8	9	2	8	8	8	3	50
VIRGINIA	11	4	9	2	8	8	8	3	45
WASHINGTON	12	8	9	2	8	8	8	3	50
WASHINGTON DC	12	8	9	2	8	8	8	3	50
WEST VIRGINIA	12	8	9	0	8	8	7.5	3	47.5
WISCONSIN	10	8	9	2	8	8	8	3	48
WYOMING	12	8	9	2	8	8	8	3	50

2008 NATURAL GAS PIPELINE SAFETY GRANT ALLOCATION				
STATE	REQUEST	STATE POINTS	ALLOCATION	PERCENT OF FUNDING
ALABAMA	\$ 1,162,427	100.0	\$ 577,885	39.771%
ARIZONA	\$ 1,115,705	100.0	\$ 554,657	39.771%
ARKANSAS	\$ 505,855	100.0	\$ 251,479	39.771%
CALIFORNIA_PUC	\$ 1,946,414	92.0	\$ 890,223	36.589%
COLORADO	\$ 417,008	95.0	\$ 196,944	37.782%
CONNECTICUT	\$ 744,000	100.0	\$ 369,869	39.771%
DELAWARE	\$ 101,158	94.0	\$ 47,272	37.385%
GEORGIA	\$ 1,015,251	100.0	\$ 504,718	39.771%
IDAHO	\$ 148,480	97.0	\$ 71,600	38.578%
ILLINOIS	\$ 1,051,040	100.0	\$ 522,510	39.771%
INDIANA	\$ 869,810	98.5	\$ 425,928	39.174%
IOWA	\$ 591,813	100.0	\$ 294,212	39.771%
KANSAS	\$ 571,102	100.0	\$ 283,915	39.771%
KENTUCKY	\$ 450,865	95.0	\$ 212,934	37.782%
LOUISIANA	\$ 1,192,878	100.0	\$ 593,023	39.771%
MAINE	\$ 225,873	100.0	\$ 112,290	39.771%
MARYLAND	\$ 408,016	99.5	\$ 201,825	39.572%
MASSACHUSETTS	\$ 1,159,170	99.5	\$ 573,384	39.572%
MICHIGAN	\$ 655,002	100.0	\$ 325,626	39.771%
MINNESOTA	\$ 1,344,613	100.0	\$ 668,456	39.771%
MISSISSIPPI	\$ 405,600	93.5	\$ 188,532	37.186%
MISSOURI	\$ 650,752	97.0	\$ 313,807	38.578%
MONTANA	\$ 47,869	93.5	\$ 22,250	37.186%
NEBRASKA	\$ 256,877	100.0	\$ 127,703	39.771%
NEVADA	\$ 680,542	100.0	\$ 338,322	39.771%
NEW HAMPSHIRE	\$ 445,950	100.0	\$ 221,698	39.771%
NEW JERSEY	\$ 1,014,202	99.0	\$ 499,155	39.373%
NEW MEXICO	\$ 777,139	99.0	\$ 382,481	39.373%
NEW YORK	\$ 2,662,725	100.0	\$ 1,323,737	39.771%
NORTH CAROLINA	\$ 421,718	98.5	\$ 206,507	39.174%
NORTH DAKOTA	\$ 68,848	99.5	\$ 34,056	39.572%
OHIO	\$ 1,227,643	98.5	\$ 601,152	39.174%
OKLAHOMA	\$ 949,724	98.0	\$ 462,700	38.975%
OREGON	\$ 491,716	100.0	\$ 244,450	39.771%
PENNSYLVANIA	\$ 1,094,348	98.0	\$ 533,159	38.975%
PUERTO RICO	\$ 187,221	85.0	\$ 79,113	33.805%
RHODE ISLAND	\$ 151,498	100.0	\$ 75,315	39.771%
SOUTH DAKOTA	\$ 72,000	98.5	\$ 35,257	39.174%
TENNESSEE	\$ 594,800	98.5	\$ 291,261	39.174%
TEXAS	\$ 2,977,151	96.0	\$ 1,420,848	38.180%
UTAH	\$ 397,384	96.0	\$ 189,652	38.180%
VERMONT	\$ 143,192	99.5	\$ 70,830	39.572%
VIRGINIA ¹	\$ 951,580	95.0	\$ 449,412	37.782%

2008 NATURAL GAS PIPELINE SAFETY GRANT ALLOCATION				
STATE	REQUEST	STATE POINTS	ALLOCATION	PERCENT OF FUNDING
WASHINGTON	\$ 1,520,429	99.0	\$ 748,302	39.373%
WASHINGTON DC	\$ 240,731	99.0	\$ 118,479	39.373%
WEST VIRGINIA	\$ 522,400	96.0	\$ 249,316	38.180%
WISCONSIN	\$ 600,282	97.0	\$ 289,470	38.578%
WYOMING	\$ 210,568	100.0	\$ 104,681	39.771%
Totals	\$ 35,441,370		\$ 17,300,398	

Note:

The 'Request' represents 80% of the State's estimated budget.

The 'Percent of Funding' is the percentage of the budget represented by allocation.

¹State Programs that have both a 60105 and 60106 program. These states have had their 60105 and 60106 funding combined and shown as the figure represented in the table, therefore budget, request and allocation figures represent funding for both programs.

²Within the first 3 years of a new program a minimum score of 90% shall be automatically given.