

PROGRAM NARRATIVE**00408** Public Service Commission**Date:** 08/10/2012**Version** 2013A0300408**Time:** 15:27:39**Program:** Administration**Reporting level:** 00-408-100-00-00-00-00000000**Program Performance Measures**

Not Available.

Program Statistical Data

The Commission processed 1,372 cases, 96% of all formal cases were process without the need for a formal hearing.

Explanation of Program Costs

The Commission's administration is comprised of 3 Statewide Elected Officials, 1 Executive Secretary, and 10.05 full-time employees. The salary and wages line item includes the bulk of program expenditures. Of the remaining expenditures, more than half are technology related including such items as hardware, software, contractual services, ISD port charges, telephones, repairs and computer training. More details regarding the commission's computer system can be reviewed in its Information Technology Plan.

Program Goals and Objectives

The Commission's administrative functions are handled by its executive secretary and staff in its Legal and Technology Divisions. These divisions provide legal, data processing, budgeting, accounting, administrative, and personnel-related services to the Commission and its various regulatory divisions. These support services are provided to help the Commission carry out its statutory mandates in a timely, responsive, effective, and efficient manner.

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Public Service Commission

PROGRAM NARRATIVE**00408** Public Service Commission**Date:** 08/10/2012**Version** 2013A0300408**Time:** 15:27:39**Program:** Testing, Licensing and Certification**Reporting level:** 00-408-200-00-00-00-00-00000000**Program Performance Measures**

Not Available.

Program Statistical Data

WEIGHTS AND MEASURES: Commission staff inspected and tested 21,185 weighing or measuring devices during the 2009-2011 Biennium. In addition, the Commission monitored the documentation for 17,940 weighing or measuring devices installed or serviced by registered service persons. The devices tested and inspected by Commission staff included gas pumps, platform scales, truck scales, hopper scales, livestock scales, hanging scales and other miscellaneous devices. In addition to the devices listed above, registered service persons also install or service delivery meters and agriculture chemical meters.

Revenues generated during biennium 2009-2011 from staff testing of weighing or measuring devices totaled \$409,730.

LICENSING: During the 2009-2011 Biennium the Licensing Division issued a total of 52 new grain warehouse and facility-based grain buyer licenses, renewed a total of 795 grain warehouse and facility-based grain buyer licenses, and issued or renewed 152 roving grain buyer licenses. There were no hay buyer licenses issued during this period. These grain buying entities serve as the initial market for much of the grain produced by the state's farmers. The Licensing Division approved 222 capacity increase and 138 capacity decrease requests and granted a total of 44 grain warehouse and facility-based grain buyer requests to discontinue business. The Licensing Division also issued or renewed 757 auctioneer licenses and 422 auction and bank clerk licenses. The Licensing Division did not file any formal complaints; however, the Commission was involved in six insolvency cases.

Revenues generated for all grain warehouse, facility-based grain buyer, roving grain buyer, auctioneer, and auction/bank clerk license fees for the 2009-2011 biennium totaled \$442,370.

During the biennium, no payments were paid from the credit-sale contract indemnity fund. As of the end of the biennium, the credit-sale contract indemnity fund balance was approximately \$6.9 million.

GAS PIPELINE SAFETY: Commission staff conducted 139 gas pipeline inspections and issued 10 violations in the 2009-2011 Biennium. Civil penalties assessed totaled \$19,500.

Explanation of Program Costs

WEIGHTS AND MEASURES: The weights and measures program employs 4.5 full-time employees. The costs to operate the weights and measures program are primarily comprised of wages and travel expenses for the inspectors. Due to the closing of the Metrology Lab, spending includes travel to an out-of-state laboratory for calibration of weights and measures standards used for the testing of commercial weighing and measuring devices.

LICENSING: The program employs 3.75 full-time employees. For many years a large majority of grain warehouses in North Dakota stored federal grain and were regularly inspected by federal inspectors. The Commission developed its inspection program for the warehouses not inspected by federal inspectors which involved primarily warehouses that handled commodities such as dry edible beans, peas and lentils, organic grain, and crushing and processing facilities. The federal government ceased inspections at all state licensed grain warehouses in early 2009. The Commission is responsible for conducting inspections at all state licensed grain warehouses and

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inspections are conducted on a 15 – 18 month basis. The program costs are primarily comprised of wages and travel related costs for its warehouse inspections. The Commission hired outside counsel to provide legal services to assist in processing a current insolvency. This unexpected cost could very likely be an ongoing need due to the complicated issues involved and the number of insolvencies happening simultaneously.

GAS PIPELINE SAFETY: The gas pipeline safety program employs 1.10 full-time employees. As with the weights and measures program, the costs for the gas pipeline safety program are primarily comprised of wages and travel related costs for the inspectors.

Program Goals and Objectives

WEIGHTS AND MEASURES: 1) Inspect, test, and certify all commercial weighing and measuring devices used in North Dakota. 2) Test and license all registered service companies and self-certifying companies, and administer their compliance with State law and Commission rules. 3) Maintain traceability of all weight/volume standards to the National Institute of Standards and Technology. 4) Develop and recommend rule changes and enforcement procedures to the Commission. 5) Provide timely and accurate information in response to inquiries/complaints regarding the Weights and Measures Program.

LICENSING: Regulate: 1) public grain warehouses and grain buyers in order to protect the interests of farmers who market their grain through these companies; 2) auctioneers and clerks in order to protect the interests of persons buying or selling real or personal property via public auction; and 3) railroad activities to promote a healthy industry and fair treatment for all shippers. Exercise complaint authority over licensed and unlicensed public grain warehouses and grain buyers and investigate unfair practices and unfair discrimination.

GAS PIPELINE SAFETY: 1) Inspect all gas intrastate transmission and distribution systems for compliance to State law and recommend actions for substandard conditions. 2) Develop and recommend rule changes and enforcement procedures to the Commission. 3) Provide timely and accurate information in response to inquiries/complaints regarding the Pipeline Safety Program.

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The case load, described in the next section, is handled by 4 analysts, 1 attorney, and 1 administrative assistant with support from the commission's information officer.

Program Statistical Data

During the 2009-11 Biennium, this program processed 613 cases including interconnection and service area agreements, fuel cost adjustment applications, public convenience and necessity certificates, tariff filings, energy conversion and transmission facility siting cases, advance determination of prudence cases, rate increase applications, filed complaints and other miscellaneous filings.

The Commission recorded approximately 2,970 complaints and inquiries during the 2009-11 biennium, the majority involved gas and electric concerns.

Explanation of Program Costs

The program employs 5.90 full-time employees. The majority of the requested funds is related to salaries but also includes operating expenses necessary to monitor and enforce compliance with the statutory requirements of public utility companies.

Program Goals and Objectives

Investigate profits, standards and conditions of service, service area boundaries, long range plans and siting routes of electric and gas utilities with the intent of allowing enough profit to maintain minimum cost of service for a desirable level of quality. Investigate and recommend compliance status of electric, gas and telecommunication companies within state law, Commission rules and orders. Evaluate impact of ownership transfers. Comply with Telecommunications Act of 1996. Exercise complaint authority and compliant adjudication authority over telecommunication prices and quality of service. Provide assistance to the public concerning complaints, inquiries and requests for information relating to rates, billing procedures, service deficiencies, safety, and customer relations.

PROGRAM NARRATIVE**00408** Public Service Commission**Date:** 08/10/2012**Version** 2013A0300408**Time:** 15:27:39**Program:** Reclamation Programs**Reporting level:** 00-408-400-00-00-00-00000000**Program Performance Measures**

Not Available.

Program Statistical Data

The Reclamation Division is responsible for administering and enforcing the State's reclamation law for minimizing the environmental effects of surface coal mining and ensuring mined lands are properly reclaimed. During the 2009-2011 Biennium, the Commission permitted an additional 1,567 acres for surface coal mining and reclamation operations. Forty-eight permit revisions were approved during that two-year period, including two significant revisions that added acreage to existing permits. Nine permit renewals were also approved. Fourteen final bond release applications were approved during the 2009-2011 biennium where the Commission terminated its jurisdiction on 3,877 acres that had been under permit. The Reclamation Division conducted 1,310 inspections on 34 inspectable units and three Notices of Violation were issued during the biennium. The amount of lignite coal mined during the 2009-2011 biennium totaled 57,585,893 tons, a decrease of about 1.15 million tons compared to the previous biennium.

At the end of the biennium, 104,915 acres were under permits held by eight companies for eight mines. Of these, six are active and the other two were inactive and under reclamation. The Otter Creek Mining Company filed an application to permit a new 5,490 acre mine northwest of Center in late 2008 and staff conducted a detailed technical review of this application during the 2009-2011 Biennium. In early 2010 South Heart Coal, LLC, also filed a permit application on 4,581 acres for a new mine southwest of South Heart. Staff conducted completeness and technical reviews of this application during the 2009-2011 Biennium. An informal conference on this application was also held in June 2011, but this conference must be reconvened before a mining permit can be issued. As of July 2012, the Commission was waiting for company responses to technical deficiency letters on these two permit applications.

The Commission also received a revision application from the Falkirk Mining Company during the 2009-2011 Biennium to add nearly 17,000 acres to an existing permit. Staff conducted completeness and technical reviews of this application during the previous biennium and this significant revision was approved by the Commission in July 2011.

A reclamation fee on lignite mined in North Dakota is collected by the federal government to fund the abandoned mine lands reclamation program. The Abandoned Mine Lands Division (AML) uses the funds to reclaim abandoned mine lands with dangerous high walls, to fill mine sinkholes and stabilize underground mine voids.

During the 2009-2011 biennium, several major projects were carried out to eliminate hazards at abandoned surface and underground coal mines. Projects were carried out near Williston, Beulah and Zap to inject pressurized grout into abandoned underground mine voids located under public roads and near homes. Construction projects to backfill dangerous highwalls at abandoned surface mines were conducted west of Hazen, south of Sawyer, and southeast of Columbus. The 2010 project south of Sawyer was not completed until the fall of 2011 since a completion contractor had to finish it after the original contractor defaulted on the contract. Smaller projects to fill sinkholes caused by past underground mining were carried out at numerous locations in western North Dakota.

Emergency projects to fill sinkholes were completed near Beulah, Garrison and Wilton. Special funds were also received from the federal Office of Surface Mining in the fall of 2010 to extinguish coal outcrop fires in Slope County.

Staff in the AML Division designed the reclamation projects, but all of the actual construction work was done by private contractors.

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The Reclamation and AML Divisions continue to add more data to a Geographic Information System (GIS) to manage spatial data. The Reclamation Division uses the GIS data to assist in carrying out its technical reviews and to make mine inspections more efficient. This includes downloading GIS data onto tablet laptop computers equipped with GPS for use during routine mine inspections. The AML Division continues to add data to the GIS on all known abandoned mine sites in North Dakota.

Explanation of Program Costs

The reclamation programs are authorized 13.7 full-time employees and two part-time seasonal employees. Most of the costs for these programs are paid by the federal government on a cost reimbursable basis. The funds are primarily used to pay for wages and to procure outside construction and other services for abandoned mine lands (AML) reclamation.

The costs of administering and enforcing the coal regulatory program are split 36% state general funds and 64% federal funds while the AML program is 100% federal funds. The commission also collects indirect costs from the federal government on the salaries of the employees that work on these programs. Based on federal legislation enacted by Congress in late 2006, the federal reclamation fees used to fund the AML program will be collected until 2022. This legislation also resulted in a significant increase in the amount of federal funds that North Dakota receives for its AML program starting in calendar year 2008. For calendar years 2013 and 2014, the Commission expects to receive approximately 4 million dollars of federal funds per year. The Commission received only about 1.6 million dollars per year for the AML program for many years prior to 2008.

Program Goals and Objectives

1. Reclaim all land currently surface mined for lignite to standards required under State and Federal law. This is to ensure that environmental effects of surface mining are minimized and lands disturbed by mining will be returned to long-term beneficial use, with the productivity of agricultural lands restored to pre-mine levels.
2. Reclamation of coal mines that were abandoned prior to 1977 and for which there is no continuing federal or state liability. Coal mines to be reclaimed under the Abandoned Mine Lands (AML) program are sites that are very hazardous or potentially hazardous to the public and other sites environmentally degraded due to past mining.