

PROGRAM NARRATIVE**00408** Public Service Commission**Date:** 08/29/2018**Version** 2019A0100408**Time:** 15:45:42**Program:** Administration**Reporting level:** 00-408-100-00-00-00-00-00000000**Explanation of Program Costs**

The Commission's administration is comprised of three statewide Elected Officials, one Executive Secretary, and 9 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 programs covering functions such as legal, technology, accounting, and consumer affairs. These programs provide legal, data processing, budgeting, accounting, administrative, consumer affairs, 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.

Program Performance Measures

support performance measures of other program areas

Program Statistical Data

The Commission processed 1,396 cases during the 2015-17 biennium; 97 percent of all formal cases were processed without the need for a formal hearing.

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The Commission's Compliance Division is made up of nine full-time employees with one employee working 75% time.

WEIGHTS AND MEASURES: 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 Commission's grain licensing program licenses grain warehouses, grain buyers, and hay buyers. Licensees must be bonded, with the bond amount primarily determined by storage capacity, annual volume, and past history. While the grain activities of these licensees fall under Commission jurisdiction, other business activities conducted by licensees such as seed, feed, and fertilizer sales are not jurisdictional. Auctioneers and auction clerks are also licensed by the Commission and must carry bond coverage.

RAILROAD SAFETY: The costs to operate the railroad safety program are comprised of wages and travel expenses for the inspectors. Initial expenses included purchasing of inspection equipment and other safety-related devices required by the industry. Laptop computers, printers, and air cards were provided by the Federal Railroad Administration (FRA). Required out-of-state annual training is reimbursed through the FRA.

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: The Licensing Program protects the interests of North Dakota patrons while regulating grain warehouses, grain buyers, auctioneer and auction clerk licensees by licensing, bonding, investigating complaints and inspecting these entities for compliance to laws and rules. This is achieved by: 1) Providing education and outreach to producers on the risks associated with selling grain to unlicensed grain warehouses and/or unlicensed grain buyers. Producers and elevators are encouraged to contact the Commission to verify the licenses status of grain buyers. 2) Working with industry and the legislature on updating and modifying public warehouse, grain buyer, auctioneer and auction clerk laws and rules to best fit the modernization of these industries. 3) Conducting

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inspections on grain warehouse and grain buyer licensees to ensure full compliance with law and rules and follow up on required violation and deficiency remediation. 4) Providing education to other agencies and commodity groups on the statutory compliance for grain licensees.

RAILROAD SAFETY: The Railroad Safety Program serves the public, railroad employees and railroad customers by implementing inspection and compliance programs that reduce the potential for injuries, death and property damage in and along railroads throughout North Dakota. The program's goal is to reduce the number of accidents, derailments and other equipment failures experienced within the state of North Dakota. The intent is to directly reduce fatalities and injuries in addition to economic losses and environmental impacts. This is achieved through the follow strategies: 1) Expand safety inspections of track infrastructure to include main line, sidings and industrial spurs, railroad equipment and cars. 2) Utilize enforcement actions to include education, notification, and penalties in regard to compliance with safety standards. 3) Work with railroads and shippers to upgrade safety and community relations. 4) Ensure crude oil/HAZMAT routes are inspected regularly, as well as components and equipment used to transport/carry commodities. 5) Serve as a safety resource and provide guidance regarding federal and state laws for private industry terminals and switching yards.

Program Performance Measures**WEIGHTS AND MEASURES:**

- Assure all measuring devices are tested at least every 15 months, with a goal of every 12 months.
- Assure that all measuring devices are accurate.
- Assure that commercial testers are qualified.

LICENSING:

- Assure that scale tickets and credit sale contracts meet requirements including numbering.
- Assure that scale tickets are being paid in a timely manner.
- Assure that credit sale contracts meet requirements of the law.
- Assure legal notices are properly displayed.
- Assure proper bonding is in place.

RAILROAD SAFETY:

- Complete at least 130 inspection days per year, per inspector
- Program goal is to work with railroads for compliance, not to drive compliance through violations and defects

Program Statistical Data

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WEIGHTS AND MEASURES: During the 2015-17 biennium, Commission staff inspected and tested 11,079 weighing and measuring devices and reviewed 36,084 device test reports filed by private device testers. In addition to testing devices, the Commission also has a Quality Assurance (QA) program that reviews new installations for compliance, monitors the processes and test results of registered service persons, and performs on-site reviews prior to the approval of a permanent variance. During the 2015-17 biennium, 522 quality assurance inspections were completed. Revenues generated and deposited into the general fund during the biennium totaled \$113,664.

LICENSING: During the 2015 -17 biennium, the Commission conducted 574 grain warehouse/buyer inspections, 64 requests to discontinue business were granted and 82 new licenses were issued. At the end of the biennium North Dakota had: 162 grain warehouses operating at 273 locations, 21 facility-based grain buyers operating at 116 locations, 98 roving grain buyers, 347 licensed auctioneers, and 164 licensed auction clerks. No insolvencies occurred during the 2015-17 biennium. One payment totaling \$280,000 was paid from the credit-sale contract indemnity fund for an insolvency initiated during the 2013-2015 biennium. At the end of the biennium, the credit-sale contract indemnity fund balance was approximately \$4.7 million. During the 2015-17 biennium, revenues generated for the general fund for grain and auction license fees totaled \$404,263.

RAILROAD SAFETY: Both the track and mechanical inspector positions have completed their training requirements and have received FRA certifications. They conduct inspections on all 3,000+ miles of track, class 1 and short line locomotives and rolling stock, focusing on the main energy/hazmat routes and critical noncompliant areas within the state. During the 2015-17 biennium the two inspectors had a combined total of 295 inspection days, 20,060 units inspected and found 2,564 defects and 51 violations.

PROGRAM NARRATIVE**00408** Public Service Commission**Date:** 08/29/2018**Version** 2019A0100408**Time:** 15:45:42**Program:** Public Utilities**Reporting level:** 00-408-300-00-00-00-00-00000000**Explanation of Program Costs**

The Public Utilities Division is made up of 8.1 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. The costs for the gas pipeline safety program are primarily comprised of wages and travel-related costs for the inspectors.

Program Goals and Objectives

- Establish and maintain a fair and reasonable regulatory environment in which utility services are provided.
- Provide information to consumers and the public to inform them of their rights and responsibilities.
- Protect North Dakota's environment and safety by maintaining effective oversight of the construction of energy conversion and transmission facilities.

GAS PIPELINE SAFETY: Enhance public safety by enforcing state and federal laws governing gas pipeline safety for intrastate natural gas transmission and distribution systems; and by maintaining liaison with and availability for special inspection assistance to the Pipeline and Hazardous Materials Safety Administration regarding interstate natural gas transmission systems and all hazardous liquids transmission systems.

Program Performance Measures

ECONOMIC REGULATION:

- Safe service
- Reliable service
- Reasonable cost

SITING:

- Assure that such facilities are sited in an orderly manner to ensure that energy needs are met and fulfilled in an efficient manner.
- Assure system reliability and integrity.
- Assure adverse human and environmental effects are minimized.

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- Reducing violations.
- Reducing accidents.
- Increased education through billboards, Governor's proclamation for Safe Digging Month, participation in 811 Day at State Fair and other events with ND One Call.

GAS PIPELINE SAFETY

- Annual performance evaluation conducted each year by PHMSA.

Program Statistical Data

During the 2015-17 biennium, the Commission received siting applications for 24 pipelines, one gas processing plant, six wind farms and three electric transmission lines. The Commission sited \$490 million worth of energy-related projects in 2017. For calendar year 2017 and the first seven months of 2018, the Commission held 44 public hearings throughout North Dakota to obtain public input on utility issues and new energy-related projects.

The Commission received and processed more than 1,200 complaints and inquiries. The majority involved customers needing help with gas/electric utilities, telecommunications, and those submitting public comments related to siting applications. The Commission received and approved 10 interconnection agreements and 12 interconnection agreement amendments. During the 2015-17 biennium, 39 third-party complaints were filed alleging violations of North Dakota's One-Call law.

GAS PIPELINE SAFETY:

During the 2015-17 biennium, the Commission conducted 167 gas pipeline safety inspections (includes 73 standard inspections, 8 compliance follow-up, 44 design/testing and construction inspections).

PROGRAM NARRATIVE**00408** Public Service Commission**Date:** 08/29/2018**Version** 2019A0100408**Time:** 15:45:42**Program:** Reclamation Programs**Reporting level:** 00-408-400-00-00-00-00-00000000**Explanation of Program Costs**

The reclamation programs are authorized 13.9 full-time employees and two to three 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 percent state general funds and 64 percent federal funds while the AML program is 100 percent 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 late 2021. During the 2015-17 biennium, the Commission received a reduced grant amount due to federal sequestration. The Commission is scheduled to receive \$3 million a year, pending sequestration, for the remaining life of the program.

Program Goals and Objectives

Reclamation:

- Carry out the mine permitting, inspection and enforcement, and bond release activities in a manner that provides the required protection to the environment and property owners while being responsive to the needs of the mining industry.
- Evaluate and adjust the regulatory program on an ongoing basis to achieve the optimum balance among environmental protection, least-cost industry operations, and landowner pursuit of agricultural activities.
- Explore the scientific, engineering and statistical underpinnings of the regulatory program and make every effort to see that improvements resulting from that exploration are made at both the state and federal level.
- Promote public awareness of the regulatory program through increased contact with relevant organizations and potentially affected landowners.
- Maintain maximum staff effectiveness by providing training and other opportunities for professional growth.

Abandoned Mine Lands (AML)

- Reclaim abandoned mine land sites found on the ND AML Inventory.
- Reclaim hazardous abandoned mine land sites not on the ND AML Inventory but discovered through exploratory drilling or public information.

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- Reclaim emergency sites as the highest work priority. Develop emergency reaction plans that will reduce the time taken to eliminate the eminent hazard.
- Use AML funds as efficiently as possible, seek additional funding sources, engage in partnerships, increase public awareness and maintain professional contacts.
- Maintain funds in the state reclamation set-aside account so that when the federal program is over, the state will have financial resources to address abandoned mine lands hazards.

Program Performance Measures

RECLAMATION:

- Broad customer service survey is conducted by OSM as part of their annual evaluation
- No corrective actions or concerns in many years. OSM has declared the PSC to be a leader in the development of GIS applications that are used to track mining and reclamation activities.
- Good working relationship with all stakeholders (industry, landowners, citizen groups, state and federal agencies)
- 90 active ag producers on permit land
- Actively seek public comments

AML:

- Annual performance evaluation conducted by OSM. No corrective actions or concerns in many years.
- Interaction with landowners and other interested agencies
- Deaths or injuries attributed to abandoned mine lands
- Ability to respond quickly to emergency situations

Program Statistical Data

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Reclamation: During the 2015-17 biennium, no new permit applications were received or approved for surface coal mining and reclamation operations. Forty-six permit revisions were approved during that two-year period, including thirteen significant revisions. Twelve permit renewals were also approved. One final bond release application was approved in the biennium where the Commission terminated its jurisdiction on 28 acres. The Reclamation Division conducted 1,391 inspections on 27 inspectable units and four Notices of Violation were issued where \$4,000 in penalties were assessed and collected for three of these violations with one penalty assessment outstanding for an NOV issued in April 2017.

At the end of the 2015-17 biennium, 134,094 acres were under permits held by eight companies for eight mines in North Dakota. Of these, seven were active and the other one was inactive and under reclamation.

Abandoned Mine Lands (AML): During the 2015-17 biennium, major drilling and grouting projects were completed where grout was injected into underground mine voids beneath public roads near Reeder, Scranton, Bowman and Wilton in order to stabilize them and prevent future mine collapses that could endanger people and damage property. Maintenance projects were conducted to fill approximately 345 hazardous sinkholes caused by underground mine collapse at numerous sites in western North Dakota. An emergency project was completed to fill extremely hazardous sinkholes caused by an underground mine collapse along North Dakota Highway 200 near Beulah. Maintenance work for erosion control was conducted at previously reclaimed sites near Glen Ullin and Velva.