

2009 HOUSE APPROPRIATIONS

HB 1008

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1008

House Appropriations Committee
Government Operations Division

☐ Check here for Conference Committee

Hearing Date: 1/15/09

Recorder Job Number: 7053

Committee Clerk Signature <i>Tonya Voegde</i>

Minutes:

Chairman Delzer opened the hearing on House Bill 1008. Roll was taken with all members present.

Kevin Cramer, President of the Public Service Commission, presented written testimony. See Attachment 1008.1.15.09A.

Chairman Delzer: The siting cases are most of them relating to oil or is there a lot of wind power or what?

Kevin Cramer: Both. Those two are the two largest ones although there are some others as well.

Mr. Cramer continued testimony on page four.

Chairman Delzer: On the mergers and acquisitions, did both companies have interest in ND or was just MDU in ND?

Kevin Cramer: MDU, of course our North Dakota firm, acquired these two gas companies out of state. In both cases they were out of state companies all of whose customers were from other states. What it does in the case of MDU for example I will just elaborate a little on the purchase of Cascade Gas. It adds to their utility portion of their portfolio if you will more regulated utility. It is the same the purchase of Intermountain Gas. Those two acquisitions more than doubled MDU's natural gas customer base. All of them outside of the state. When we assess those acquisitions the thing that we look for is to make sure there is no harm to North Dakota consumers. I believe there is great benefit to North Dakota consumers by MDU enhancing its utility offerings and it allows for some shared administrative costs for example they get spread out over hundreds of thousands of more customers.

Chairman Delzer: Does MDU have to go before both ND's and Idaho's PSC?

Kevin Cramer: That is correct.

Mr. Cramer continued his testimony on page five.

Chairman Delzer: We have heard that there is some drawback with the economic situation on some of these has anybody pulled any of the requests on the wind farms?

Kevin Cramer: None have. I share some of that same concern about the tightening of capital and the tightening of credit could cause some pullbacks. Certainly it is going to become more competitive for those development dollars. I do believe therein lies the opportunity for us to position ourselves to be even more competitive in the national environment. There also some tremendous advantages for these companies to do business in North Dakota as opposed to say Oklahoma or Texas or other states that have tremendous energy resources. There are also some drawbacks, obviously the transmission constraint, the price of our electricity is much

less than it is in some of these other markets consequently the price that they can charge for even wind generated electricity is a little less. Nobody has specifically pulled back yet but we are watching it very carefully.

Chairman Delzer: How long are the siting permits good for once you approve them?

Kevin Cramer: I believe a siting permit is good for five years and then would have to be renewed if necessary.

Chairman Delzer: What does building constitute one shovel full or does it have to be completed?

Kevin Cramer: We will have to get back to you on that.

Mr. Cramer continued his testimony describing the Reclamation Division.

Chairman Delzer: Would any of these coal mines fall in to the Tipple Situation?

Kevin Cramer: I do not know that answer.

Representative Meyer: On the uranium situation, are there any rules in place concerning that?

Kevin Cramer: Most likely the uranium deposits in North Dakota would be mined in a surface mining program. There are a couple of different ways to mine uranium. To the degree that we have over sighted the reclamation of that and the baselines it is very similar to coal but it also in a much greater degree requires the oversight of other departments like health and certainly the federal government has a pretty dramatic interest on that.

Chairman Delzer: If we don't have time today, we will get in to it when we have the detail.

Mr. Cramer continued his testimony on page eight.

Representative Meyer: Going back to when you release these acres from bond, do they go back to the original land owner or are they put up at public auction?

Kevin Cramer: I don't know of any one way that it is always done. Some of our companies do it differently because some companies actually own the land. I think one of our mines actually leases land rather than owns it. It is different for different situations.

Chairman Delzer: I don't believe there is any law that regulates how it is done.

Representative Meyer: So statutorily they are not required to sell it back.

Kevin Cramer: They are not and I would not wager to guess how many times it goes back to the land owner because in many cases the land is out of the landowners possession for decades depending on how much of the land is being used.

Mr. Cramer continued testimony on page nine.

Chairman Delzer: You are currently at 13 FTE's?

Kevin Cramer: We currently have 8.5 FTEs. You may be looking at the Abandoned Mine Lands division as well.

Chairman Delzer: Is the federal money open ended or is it capped?

Kevin Cramer: It is capped. Each year or each two years the federal government appropriates a certain amount of money. We analyze that and evaluate that to make sure that it is enough to carry out our program. If it ever is not we would probably have a little bit of a panic. Looking forward we are not so sure at what level the Federal Government will support it.

Mr. Cramer continued on page ten with the Abandoned Mine Lands.

Chairman Delzer: That additional FTE for the Seasonal Construction Inspector is not included in the Governor's Budget?

Kevin Cramer: That is correct.

Mr. Cramer continued testimony on page twelve.

Representative Glassheim: Can you get us a list of who uses this?

Chairman Delzer: And the options they would have to go elsewhere.

Representative Glassheim: And how their costs would increase.

Kevin Cramer: We will do that in fact we did do that for you last session. The nearest lab is in St. Paul. By the way not only would private service providers obviously have to send their standards down to St. Paul so would the State of North Dakota, our Weights and Measures Division. At the same time we would certainly utilize all of the time between now and the end of the biennium to bring all of our standards up to compliance as well as with as many of the private service providers as we could throughout this transition.

Vice Chairman Thoreson: Other than St. Paul are there other labs within a reasonable distance of North Dakota to do the work or would it all farmed out to St. Paul.

Kevin Cramer: St. Paul is certainly the closest one, I don't remember if Denver has one. Pierre and Helena both have one.

Representative Kempenich: We went around and around about this last session. Helena's lab is also conditional so that is not an option. At some point we have to provide services for the people that use those services. That is why it is still here. This was the same issue as last session.

Chairman Delzer: I remember the issue from last session. We will get into that when we get into the detail.

Kevin Cramer: Not only is Helena, for a long time the South Dakota one was conditional as well.

Chairman Delzer: Has anybody thought about the University Systems about this for something like this.

Kevin Cramer: One of the struggles I have personally had with this is I often go back to my economic development and finance past. My personal view is there perhaps may be an opportunity to do something with the University System or with the Department of Commerce. I believe that if we want to invest in a world class international traceable standards program, there could be some value to that. I think that it is a marketable service to economic opportunity. If we want to sell into the international marketplace, the traceability of international standards is pretty important. That requires a major commitment by the policy makers of our state.

Mr. Cramer continued his testimony regarding the Gas Pipeline Safety Inspection Program.

Chairman Delzer: All of your license fees go to the General Fund?

Kevin Cramer: They do. We have some special fund categories but not license fees.

Chairman Delzer: What are your Special Funds?

Kevin Cramer: They could be siting fees. If an energy conversion facility is being proposed and they apply for a permit application and they file a siting fee that goes into a special fund category. We utilize that money for the siting process itself and then refund it.

Mr. Cramer continued his testimony with the Summary and explained his Continuing Appropriations.

Representative Kempenich: On the Contract Indemnity Fund, what is your projection on that?

Kevin Cramer: I do not have a personal projection on it but I know there is a lot of concern understandably by the rollercoaster of commodity prices is a factor. We are seeing especially in the ethanol world of course some problems including some bankruptcies which creates a lot of concern. Quite honestly we heard of a group just yesterday a grain elevator in solvency. I don't know what to tell you in terms of projection.

Chairman Delzer: What is the figure?

Kevin Cramer: I was thinking it is three and it can get to three million pretty quickly.

Representative Kempenich: INAUDIBLE

Chairman Delzer: I see you have an organizational chart here, do you have any vacancies?

Kevin Cramer: Currently we have one vacancy that we are trying to fill. In fact I think we have somebody that just accepted it. He hasn't started work yet but has accepted it. It was one of the scientific positions that we had two qualified candidates for, our first choice the market stole from us before they started and we were able to get our second one from another state agency.

Chairman Delzer: In red are the new positions. Is the seasonal position is that a contract job?

Kevin Cramer: It is an hourly contract that we issue each construction season.

Chairman Delzer: There is no money in the budget for this?

Kevin Cramer: There should be. It is 100% federal but there is no General Fund appropriation for it.

Representative Berg: The Performance Assurance Fund, that was kind of set up anticipating things would happen. Is the fund still necessary and also could that be a fund that we could increase the penalties to cover the new FTEs that you want.

Kevin Cramer: There is a lot of legislation floating out there that could inspire us to provide more penalties to people to pay for things. Commissioner Clark might want to address that question.

Tony Clark: The Performance Assurance Fund as you may recall is paid for by penalties that Qwest has agreed to basically through a contract for their ability to get into the long distance market. It is kind of an FCC mandated contractual agreement that Qwest and in how it provides service not to residential customers or retail but to own competitors because competitors use portions of Qwest network to provide competitive service. That service is tracked, if they don't meet certain standards then there are penalties assessed to that. Some of those are paid straight to their competitors. Some of those are paid to the various states that they do business in. In North Dakota the way we decided to handle that was to set up this Performance Assurance Fund. Basically the money that is expended out of that fund goes to auditing their performance indicators here in North Dakota. Those expenses continue to go on every few years. North Dakota participates in a multi-state collaborative with most of the other states in the Qwest region so that we can do that in a systematic way and the most economical way possible. As long as the Performance Assurance plan is in effect and the FCC is requiring that to be in effect then there is going to be some ongoing auditing of it.

Representative Berg: My question is at some point will they be treated like other long distance carriers?

Tony Clark: I think at some point they probably are. It will not be our call it will be the FCC.

Representative Berg: While Commissioner Clark is up there, I would like you to touch on the Agriculture Rail Rate Fund.

Tony Clark: It is in the budget again and I think it will continue to be a valuable tool which is why the Governor put it in at the Commission request. Basically what happened is we have not had to expend money out of that since that initial baseline study that you may recall that the Commission did. What we have been able to do leveraging that money and our ability and the potential for us to go to the Surface Transportation Board has been a fairly remarkable success story. You may recall that North Dakota has had a list of grievances historically on certain rail pricing practices. As the Commission was preparing its case to bring before the STB and to tap into this fund a few years ago, very soon before our potential filing the Burlington Northern Santa Fe dropped rather dramatically prices on a number of its most vulnerable shipping lines which we sort of knew where they were. Upper Great Plains Transportation Institute estimated that is a just east bound shipment approximately \$10million per year in shipping costs. Those rate reductions have stuck and so very little cost we have achieved quite a bit of reduction. We think it still makes sense to have that at least ability, to bring a case. We don't necessarily anticipate that one will happen in the next few years but for the amount of money that is there and the ability to do with it can achieve good things.

Representative Berg: My only perspective is it might be some good faith on our part that we have not had to use it. Rates have been held pretty well. My question to you would be from my perspective we do want North Dakota to grow in energy. Obviously we have a wide range of responsibilities here but you guys are the regulatory body that really is critical to business whether it is weights and measures or energy. I guess I would like to think a little bigger picture and say what is it that we could do or is there anything that should be done this session that will streamline energy production, protecting consumers but streamline that process, move us

forward and then on the other side of it I guess just thinking about the FTEs a lot of these are very technical jobs that quite frankly maybe we ought to contract out. I know you have an increase in FTEs but maybe there is a need for dramatically more effort.

Tony Clark: We have actually leveraged very heavily contracting out a number of things. As you may recall when the legislature changed our siting fee rules, now companies when they site a case, paying a siting fee and we are able to expend out of that special fund money to process that case. We have use in a lot of these cases, contract work with engineering firms and other resource firms so that we have the ability to draw on some of those private resources on a case by case basis. Our concern, to answer your question directly about how we can streamline and improve the regulatory environment for these companies they are siting, is we have just reached the stretching point with the basic number of staff that we need, even using contract work because even when using contract work you have to have people that see these cases through.

Chairman Delzer: I take it the rest of the testimony is your GIS report?

Kevin Cramer: It is, and I do have an answer to one of your questions earlier. A siting permit is good for four years and it is the beginning of construction that triggers the standard.

Chairman Delzer: This report is this required?

Kevin Cramer: It is.

Chairman Delzer: When we go into detail we are going to want your spend down levels from PeopleSoft. Also be prepared to answer questions on how you build your budget.

A letter of support was handed out from ND Farmer's Union. See Attachment 1008.1.15.09B.

Dan Wossland, Executive Director of the North Dakota Grain Growers Association, spoke in support of the bill.

Dan Wossland: Let me first say that relations between the grain dealers, I can't speak for the grain dealers, but I can for producers and for our number one shipper in the state and our shippers has been very good. It has been a very good relationship. I think the testament to that is the fact that the fund has not been used. They have formed a business advisory council which is nationwide in scope. I think that has fostered better relations between BNSF and North Dakota producers. With that being said, I do believe that this fund is necessary. I think it is a good piece. We would hope that you would retain it into the budget

Chairman Delzer closed the hearing.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1008

House Appropriations Committee
Government Operations Division

☐ Check here for Conference Committee

Hearing Date: 2/2/09

Recorder Job Number: 8290 (morning) 8354 (afternoon)

Committee Clerk Signature

Jan Prindle

Minutes:

Chairman Delzer opened the detail hearing on House Bill 1008. Roll was taken with all members present.

Kevin Cramer, Public Service Commission: We had a bill introduced that much to our surprise was soundly defeated. It would have allowed us to recover the cost of potential incidences like the house explosion in Fargo. It would have allowed us to bill the utility which is the normal practice in 49 other states. But they felt the taxpayer should cover those investigatory costs as opposed to the utility. That's about a \$15.0 to \$20.0 budget item that somehow we will have to find a way to cover. I don't know if adding it to our appropriation would be the will of this committee but I did want to bring it to your attention that did occur last week and somehow we need to be able to charge those out-of-pocket costs to somebody.

Representative Berg: You had a standalone bill that appropriated . . . inaudible.

Kevin Cramer, Public Service Commissioner: It gives the commission authority to charge the out-of-pocket costs for investigating a potential incident to the utility that created the cost.

Representative Berg: What was the vote in the Senate?

Kevin Cramer, Public Service Commissioner: 42-4

Representative Berg: You are charged by statute to investigate. Is that your role?

Kevin Cramer, Public Service Commissioner: Our legal requirement is to investigate the scene and lock down the evidence. Our primary responsibility is to determine if a violation occurred. A violation would be if they did not adequately test the pipe. They didn't have regular pressure testing. We do an audit of books to make sure they were tested properly and to make sure that there wasn't some negligence on the part of installers, and we determine if they were in violation or not. Unfortunately in a situation like this where there was an explosion and the state fire marshal was also on the scene. Jurisdiction was somewhat undetermined until the fire marshal said, "this is not a fire." Then we become the only real broker on the scene. We become responsible for the evidence and anything that surrounds it. We are the inspecting agency on the ground. Because of all the potential litigation, the family has a lawyer, the company has a lawyer, and the insurance company is interested not so much in whether there is a violation as they are in fault. How we handle it becomes very important. That piece of pipe had a pinhole in it. It was brittle. The company has admitted to it. That was shipped to a lab in California. The cost for that testing is \$5,310 that we don't have in our budget. We will have to find it. The normal thing to do would be to bill the company.

Chairman Delzer: You have had the responsibility for that for a long time. We don't want to turn this to a hearing on that bill.

Kevin Cramer, Public Service Commissioner: The fact that we have had two of them in two years is very unusual.

Representative Berg: What did we learn from these two things? I can understand these responsibilities. How can we serve our role efficiently as a state? Maybe its fine the way it is.

Kevin Cramer, Public Service Commissioner: I think this is an example that the system did work. We discovered there were several hundred homes in Fargo and perhaps Grand Forks

that have this pipe leading up to their homes and this company has a history of this problem. There were house explosions in Minneapolis where there were death. The company is now out of business. There is a whole big issue for litigators to deal with. The one thing that we did learn is that it relates directly to this budget. We are seeing a lot more natural gas pipeline going into the ground right now. It shows that we need that full-time inspector both to meet federal compliance and to meet the growing demand.

The committee was presented with the spend down. See attachment 1008.2.2.09A.

Chairman Delzer: Are you projecting any turn back?

Gloria Geiger: Right now we are projecting a turn back in our equipment line of roughly \$36.0. We don't have an idea of what we are going to turn back in the operating line yet and salaries either. We did have several open positions up to this time in the biennium so there will probably be some salary.

Chairman Delzer: Inaudible

Gloria Geiger: As of today we do not have any vacant FTEs. We filled the position and the person started today.

Chairman Delzer: How many FTEs have you had turn over in the biennium.

Gloria Geiger: Four positions.

Chairman Delzer: How many different programs do you have?

Gloria Geiger: We have an administrative program which includes the commissioner, general office, testing and safety, the public utilities division and the reclamation/AML

Administration

Chairman Delzer: It looks like you are requesting another quarter FTE?

Gloria Geiger: The division has reorganized when you see that position it was moved from public utilities. We have reshuffled some of our staff so they are under other divisions in the commission. We did gain one—the programmer analyst that was given us last session. That position is in administration.

Chairman Delzer: You got a program analyst last session? Working on what?

Gloria Geiger: Yes. IT.

Chairman Delzer: Tammy, under administration (inaudible)

Tammy Dolan, OMB: In 07-09 they had an optional request to raise their travel.

Chairman Delzer: Roxanne, who all travels under the Administration? Is that the Commissioner?

Gloria Geiger: It would be the Commissioners, our legal staff, and our general office staff.

Chairman Delzer: How did you build that?

Gloria Geiger: We built that based on a new commissioner having to attend many meetings to become familiar with all aspects of commission aspects and jurisdiction.

Chairman Delzer: How much is in-state and how much of out-of state?

Gloria Geiger: I would have to go back and look at our spread sheet breakdown.

Chairman Delzer: You have increases in travel in other areas.

Gloria Geiger: We got the mileage rates from State Fleet. Our mileage increased anywhere from 31 – 53% based on the rates we given in July.

Chairman Delzer: When did you submit your budget?

Gloria Geiger: Whenever the deadline was in the first week of July.

Gloria Geiger: Going back to the green sheet, page 2, item 7, I believe that is where the \$18.0 shows up.

Chairman Delzer: What is your total toll free line? Do you currently not have one?

Gloria Geiger: Right now the Commission does not have an 800 number for customers to access us. We feel that would give greater option for people to contact the Commission especially in light of the financial concerns out there right now.

Chairman Delzer: Your IT/data technology is all of that in your overall testimony?

Steve Kahl: That would be the amount that the ITD costs increased.

Chairman Delzer: Why is it under optional requests?

Steve Kahl: I had to put it somewhere.

Chairman Delzer: Is your online access the same deal.

Gloria Geiger: That is for our legal staff. We have need for more legal information for the cases we are looking at.

Chairman Delzer: Is that a new program?

Gloria Geiger: It is a new service to the Commission that we would be utilizing.

Chairman Delzer: Do we have a list of priorities for all your optional requests.

Gloria Geiger: They were listed in BARRS. They are prioritized.

Chairman Delzer: Software support—is that the same thing or just the increase of current?

Steve Kahl: That is an increase in my current contracts primarily—maintenance contracts on varying pieces of software. The costs continue to go up.

Chairman Delzer: What would the annual maintenance of using the credit card be?

Gloria Geiger: This would allow us to set up and process payments. We have various inquiries from our vendors to be able to pay their scale inspection fees, auctioneer license fees, etc., using a credit card. We feel that would enable them to do business with us in a more efficient manner.

Chairman Delzer: What is your total fee collection?

Gloria Geiger: It is probably right around a half million. We would not use this for all of our fee collections. We envision this just being used for our smaller fee collections—about \$300.0.

Chairman Delzer: What is the annual maintenance fee for credit cards?

Steve Kahl: I believe that is included in the \$46,000.

Gloria Geiger: This would include ITD in that cost as well.

Chairman Delzer: They currently have to pay in cash or check. Will they do that in front of you or by mail or web?

Gloria Geiger: We envision that this would be a web based application.

Representative Dosch: You anticipate running about \$350,000 through the credit card program?

Gloria Geiger: I think it would be very difficult to state the first biennium. It is very dependent upon users that would want to access the system and pay us that way. I would see the program growing after several biennia as people get more accustomed to paying their invoices via the web and having a comfort level which we all have to establish.

Chairman Delzer: Where do those special funds for these fees reside in your budget?

Gloria Geiger: They go into the General Fund.

Testing and Safety

Chairman Delzer: How long has that rail fund been sitting here?

Kevin Cramer, Public Service Commissioner: This would be the 3rd biennium.

Representative Kempenich: We have been messing with this for the better part of the decade.

Chairman Delzer: This you realigned by and lessened by .4 FTE?

Gloria Geiger: Yes.

Chairman Delzer: Is the Metrology Lab in this section?

Gloria Geiger: Yes, it is within the testing and safety funding.

Chairman Delzer: And what do we have lined up to do with that? Anything?

Kevin Cramer, Public Service Commissioner: This was built on the basis that the metrology lab would be closed. The greater policy discussion assumes alternatives or options that I would be happy to discuss with you purely. . .

Gloria Geiger: The 07-09 session appropriated \$94.6 for renovation and equipment of that lab. We have always had an individual doing the metrology within the weights and measures division. The money that was appropriated was for the lab to be brought up to an unconditional standard according the NIST (National Institutes for Science and Technology).

Kevin Cramer: The person running it is a part-time metrologist and the other part of his job is an assistant inspector. So he also has some weights and measures enforcement duties as well as pipeline safety duties. That person, both the individual and the FTE, is where we would create the full-time pipeline inspector. The lab takes in as revenue roughly \$20.0 per year.

Chairman Delzer: Did you spend the \$94,000 for the upgrade?

Kevin Cramer, Public Service Commissioner: We spent some of it although there is about \$53.0 yet to spend to bring it up to date. The amount that we have spent to date did bring us to NIST minimum certification. The remaining \$53.0 can be spent on things like a HVAC system and security system. It is located in a truck bay owned by DOT where they store a road grader and that relationship is part of the problem that NIST has with the precision required and the environmental issues.

Representative Kempenich: (Inaudible) we have been going around about this for two years. The AG's office wants to tear it down because it doesn't look good. (Inaudible.)

Kevin Cramer, Public Service Commissioner: We have prepared an entire list of all of our customers. (**Attachment 1008.2.2.09B**)

It includes private sector industries that do the same things that our weights and measures do which raises another policy question regarding what is the role of government. They use our lab to calibrate their provers and their scales so they can go out and do the same type work that our folks do. In Fargo there are a number of truck scale companies and in Bismarck there are a number of scale companies.

Chairman Delzer: How much you charge them depends on what they have done.

Kevin Cramer, Public Service Commissioner: It does depend on what they are having done. We do have a fee scale that is extremely generous to industry. It is well subsidized and if the desire of policy makers if they want to continue that then we certainly can continue it. Although I do have to say that a more permanent solution has to be developed.

Chairman Delzer: The building is the problem?

Kevin Cramer, Public Service Commissioner: It is a problem. Facilities management has been a good landlord but we are not a compatible tenant because things like vibrations and fumes of diesel when you are starting up road graders and opening large doors are not conducive to perfect environmental controls that are required to do metrology. One of things we can provide you with is the specs that NIST requires. We did look at the option of a new laboratory and if there was a way to utilize and market the laboratory to maybe bring in more customers from outside of the state because there are not very many labs in the upper Midwest or the west. We wanted to know what the capital costs would be. The specs for a new lab are very, very high tech and require deep or floating pads because the trucks are very heavy. We did consult with BSC engineering associate program to see if there was some interest up there but the city streets in that area could not take the trucks. If the lab were to be

moved, the investments that were made recently certainly could be passed along. We are our own best customer and that is a cost that is not in our budget. We would test our stuff at the end of the biennium and that would buy us some time.

Chairman Delzer: You obviously test your own stuff too. What would the cost be if you had to take your own stuff to St. Paul?

Gloria Geiger: It's about \$8,000 to have our standards checked. Right now MN does not have an echelon one lab which is what is required for our standards checked.

Chairman Delzer: What would the cost to all of these customers be?

Kevin Cramer, Public Service Commissioner: We do have a spread sheet that does a comparison of the ND lab and MN lab for each of these customers. The mileage difference is between doing it here and Minneapolis is \$334 for example.

Chairman Delzer: What is the cost of doing it?

Gloria Geiger: I believe they charge \$175 per hour. I believe our lab charges between \$75 and \$125 an hour. I would have to confirm that. You would also reference revenue that we collect. To date, we have collected \$19,584 in metrology fees.

Chairman Delzer: Even on this spreadsheet you don't have the cost of the actual testing.

Gloria Geiger: We can give you more information.

Kevin Cramer, Public Service Commissioner: We did do that for the last session so I know that is close.

Representative Kempenich: We did mess with this last session. (Inaudible)

Kevin Cramer, Public Service Commissioner: The FTE that we took out was an inspector in our weights and measures division. Then we added back in the supplemental, which the house rejected and prevailed in the conference committee, was not the metrology position. It was a weights and measures position. That confusion is very common but they are two very

different things. We cut a position so we had to cut a part of what we do and I think that was fuel testing. It does now cost them a lot more.

Chairman Delzer: This person that is currently doing the metrology and the other duties.

How much time is for metrology?

Kevin Cramer, Public Service Commissioner: I would say close to half or 40%.

Chairman Delzer: If your budget passes, you will increase your weights and measures by 40%.

Kevin Cramer, Public Service Commissioner: Yes. That's how we would bring together some of those savings to create a full-time inspector.

Chairman Delzer: This stuff has to be tested how often?

Kevin Cramer, Public Service Commissioner: It depends on what it is. It's something like not to exceed 18 months. It depends if it is a liquid, or a scale, or a calibration and how sensitive they are to changes.

Chairman Delzer: Almost all of these people that use this are people that are also selling services.

Kevin Cramer, Public Service Commissioner: Pretty much, other than enforcement agencies like the Highway Patrol for their truck scales. For the most part there are private sector entities that do what we do. To carry the policy discussion further, one of the prospects that is very real, if no more people were added to testing and safety would be creating a solely enforcement agency. Rather than doing testing of gas pumps and scales as a service, we would do it on a spot basis to test those that are doing it in the private sector. We would be a compliance agency.

Chairman Delzer: And your costs compared to the private sector cost?

Kevin Cramer, Public Service Commissioner: We can certainly bring that. It is important if you are going down this policy road to know the difference.

Representative Glassheim: I wonder if to make a policy decision, we need something from them. What about a new building and meeting the higher standards? What would the costs be? What about continuing where we are and raising fees slightly. I don't see how we can do anything unless we have some projections on what it would cost to keep it open.

Gloria Geiger: In our testimony when we first met there was \$100.0 in there and there is also an additional \$100.0 for equipment that would be needed and that does not include the staff person nor the travel or training associated with that position.

Chairman Delzer: What is your \$100,000 for continued renovation? You are talking about "still here."

Gloria Geiger: That is correct.

Chairman Delzer: If we are talking that Bismarck roads can't handle this at BSC how can the roads in to here handle it?

Kevin Cramer, Public Service Commissioner: Coming off the interstate on Highway 83, it allows them to get here.

Chairman Delzer: Do they use Divide or do they come in by the DOT building.

Kevin Cramer, Public Service Commissioner: I'm not for sure which they use but it is compliant. One of the issues that often come up is that we have this lab that is certified and it kind of teeters between conditional and unconditional certification. The reason that we are now unconditional for the moment is because we continue to make these strides like asking for more money and having received some of that. When you talk about a new location that may be when NIST standards get elevated a bit because you no longer have the grandfather opportunities of the existing lab. Just a reminder, this budget is built on this full-time FTE

requirement by the DOT for a full-time pipeline safety inspector. Keeping the lab open would require another FTE. That was a huge audit hit this last go round.

Chairman Delzer: Rep. Glassheim would you like them to do some work on putting some numbers together for this?

Representative Glassheim: I would kind of like it. If no one else is interested I don't want to put them through the trouble.

Chairman Delzer: Can you run down and look at that building to see if it would cover the need. It would certainly fit the road requirements.

Kevin Cramer, Public Service Commissioner: It is no problem putting those numbers together. Not having seen the building I don't know. I would have to bring a metrologist. We could take our NIST specs and take those when we look at it.

Chairman Delzer: You said that all of your fees come to the General Fund. Where do your special funds come from?

Gloria Geiger: Our special funds would be from our utility valuation, continuing appropriations . . .

Chairman Delzer: I see you have the 900. . . .

Gloria Geiger: The \$900,000 is in the Small Beginning Farmer Fund. We have not moved that money from that fund to the Commission simply because where it is located now it gathers interest.

Chairman Delzer: Are we increasing the farmer's fund by \$900.0 on top of that?

Representative Kempenich: I don't have the numbers today but last I looked there was \$2.0 million in the fund. This was not going to impact that fund even if we did use it.

Tammy Dolan, OMB: The Beginning Farmer Fund (inaudible) they account for that.

Unstructured Discussion regarding the Beginning Farmer's fund.

Kevin Cramer, Public Service Commissioner: There is only one time that I ever received a call from the bank concerned about that fund. The question was how likely is it that you may use it because they may need it for some loans. They were worried about having the dollars available.

Vice Chairman Thoreson: What was the answer when the question was asked? What are the chances that you are going to use it? If we are not going to use it, it shouldn't be there.

Kevin Cramer, Public Service Commissioner: I think at the time the answer was that we never know that. The fact is that it is earmarked. I don't have anything to say about it.

Representative Kempenich: The rules have changed on this. (Inaudible.)

Kevin Cramer, Public Service Commissioner: that is exactly right. What Representative Kempenich is referring to is that the federal surface transportation board did change the rules for a simplified case. It is our opinion that this amount is adequate even with the new rules. If the question is if it is adequate to win a case, I don't know because there hasn't been one yet.

Chairman Delzer: Has there ever been a case won?

Kevin Cramer, Public Service Commissioner: I don't believe it has even been tested.

Under the old system I don't know if there is a grain system that has ever been won. The position that we take as a commission is that this \$900.0 since it has been set aside with the potential to challenge an individual rate case, has led to, either by coincidence or literally, has led to a more cooperative rail road. Is there a direct cause and effect? I don't know but it seems to have worked as a deterrent to overpricing.

Chairman Delzer: The way it is currently worded is that you have the authority to start one if that happens without legislative approval. The other option would be if something happened and if the money were taken away and that authority would go with the money.

Kevin Cramer, Public Service Commissioner: One of our statutory requirements is to represent ND rail's interest before the federal surface transportation board. We do have responsibility in that authority. But launching in to a rate case without money would be silly to say the least.

Chairman Delzer: If that was removed all you would have to do is come back and convince the Legislature.

Kevin Cramer, Public Service Commissioner: You make it sound simple. We would do the same thing if we spent \$900.0 and we are only half way there.

Representative Glassheim: Somewhere between having the money and not having the money, I wonder if they have to make the case that this is a wise use. . .

Gloria Geiger: I believe that was in the original language. We do need to come before budget and explain the need for that.

Chairman Delzer: That was a standalone bill once or twice wasn't?

Representative Kempenich: I think the first time was a standalone, the second time it was an amendment.

Chairman Delzer: The real question to me is obviously the railroad is good to work with, do you think that it would be a show of good faith to drop that down by \$400.0 or something.

Kevin Cramer, Public Service Commissioner: I have to confess there are varying degrees of enthusiasm for this altogether. The grain dealers are very supportive of it. The show of good faith there may be some merit to that although cutting it in half? An inadequate amount is not a deterrent at all.

Representative Meyer: Just to clarify it, this \$800.0 came out of the Beginning Farmer's Loan Program. Correct?

Chairman Delzer: It is said that is where it would be drawn out of. It is still sitting in the fund.

Representative Meyer: So beginning farmers loans can be accessed. You are not talking about taking it out of that and putting it in the GF are you?

Chairman Delzer: No.

Kevin Cramer, Public Service Commissioner: I have never been confident with that funding source. They are not the same mission but it was a compromise.

Vice Chairman Thoreson: It would seem to me that if you are not using the money and you can do it for such a low rate of \$150 for the small and medium cases. They have a 3 benchmark process.

Representative Meyer: On that further line when they took this out of the Beginning Farmers Loan Program, the argument was that those funds weren't being used. Some of the reasons that fund wasn't being used to the full extent was because of the administrative conditions on being able to access those dollars. One of those was that you could only get one-third of the average family farm for funding. You couldn't do anything if you had over 330 acres. Those are some of things that by rule are going to be adjusted so that more farmers could access this money—so as long as it stays in that program. I would hate to see if you take it away from the PSC and put it in the GF.

Chairman Delzer: I don't believe there is any desire to do that.

Continuing Appropriations

Chairman Delzer: We want to go through your continuing appropriations as they sit under this spot. What is the farmer's insurance fund?

Kevin Cramer, Public Service Commissioner: That is the audit fund for Quest under public utilities.

Chairman Delzer: You have no expected expenditures for the upcoming biennium.

Kevin Cramer, Public Service Commissioner: Unless there would be a problem, we don't.

We have not accessed very much money in that fund except for an occasional audit.

Chairman Delzer: Why did we return to the GF the \$5690?

Gloria Geiger: There is a cap on that. When that fund reaches \$100.0 the money must be moved in to the GF. That is part of Century Code.

Chairman Delzer: Where is the revenue?

Gloria Geiger: The revenues are from Qwest based on their monthly assessment of how they are doing. They have a formula they use and that generates the revenue that comes back to that continuing fund.

Chairman Delzer: Is there any end date to that?

Gloria Geiger: No, that is a continuing appropriation.

Kevin Cramer, Public Service Commissioner: This is another area for which I don't have all that much enthusiasm. Quest has been a very good player but they have a tremendous hold on any competitor that uses their infrastructure.

Chairman Delzer: Your Credit Sales Indemnity Fund?

Gloria Geiger: There is balance of about \$6.6 million and it is capped at \$6.0 million.

Chairman Delzer: When you were before us before you said something about an elevator that had recently filed?

Kevin Cramer, Public Service Commissioner: At 11 o'clock we have a meeting to vote on the insolvency of that elevator.

Gloria Geiger: That will not hit this fund.

Representative Kempenich: Is that part of the bond?

Kevin Cramer, Public Service Commissioner: The bond covers cash sales. The indemnity fund covers credit sales.

Representative Meyer: There is talk of raising the cap on this. I would like to know if this is true—if you have a credit sale and you are a farmer that if you continue even after the cap and then you will be in the next biennium. Is that correct or not?

Kevin Cramer, Public Service Commissioner: I believe that is correct. The concern would be if we end up in a trend of failing entities and especially with the processors. We are finding there are some unique situations that cover the processors because they will deal within the course of week with millions of dollars worth of business. The question is \$6.0 million enough. Is \$10.0 million enough? What is that magic number?

Chairman Delzer: It has never been touched at all.

Representative Meyer: In tying this back to appropriations, we were assured that if this happens those monies are appropriated out of the bank of ND. How is that handled on the budgetary basis? What are those monies called?

Chairman Delzer: If the fund was all tapped out, the trigger would come back on so the taxes were there again and in the next biennium whatever was collected you could try to access. There is no back up for this.

Kevin Cramer, Public Service Commissioner: The trigger is \$3.0 million.

Representative Meyer: Then those sales would be withheld out of the next trigger then?

Kevin Cramer, Public Service Commissioner: The question is what if another insolvency occurs? There is a dilution with more. We just issued the checks on Friday for the insolvency of Minnesota Grain. That was a bond as those are cash sales. There were five customers that only got .31 on the dollar because the bond wasn't adequate to cover.

Chairman Delzer: This is capped at 80% even if there is money.

Representative Kempenich: I think after last spring there are some elevators that were not . . . at these high prices. By the end of the year . . . that is something we have to watch a little

bit. These bonds do you through your audits check this. I think we are going to have some issues with this going forward.

Chairman Delzer: How many private elevators do we have anymore?

Kevin Cramer, Public Service Commissioner: I can get you that information. There are quite a number. The number continues to go down but the storage capacity continues to increase.

Representative Kempenich: Can we get an idea of what the average size and requirements are for the bonds?

Kevin Cramer, Public Service Commissioner: We can get that.

Chairman Delzer: When you say private, I'm saying more locally owned.

Kevin Cramer, Public Service Commissioner: We will ask the licensing division for a breakdown of those categories.

Representative Kempenich: Most of them aren't locally run. What is their responsibility? What is their affiliation and what is the area of responsibility?

Kevin Cramer, Public Service Commissioner: I don't know if there is a different liability structure for a large conglomerate as opposed to a local privately owned elevator. We will find that out.

Representative Kempenich: There is getting to be a lot of these terminal type elevators.

Chairman Delzer: A little information on that would be nice.

The committee took a break.

Chairman Delzer called the committee back to order.

Kevin Cramer, Public Service Commissioner: I did find out what MN rates were for metrology. We charge a fee of \$17 per quarter hour or \$68 per hour. MN currently charges \$140 per hour and is probably going to increase those to \$175 this year.

(At minute 83:10 there is a strong buzzing on this tape and it is inaudible so from this point, these minutes may not be accurate)

Chairman Delzer: How come you would have a \$60,000 revenue estimate?

Gloria Geiger: It is just an estimate.

Chairman Delzer: Are they all \$100,000?

Kevin Cramer, Public Service Commissioner: The vast majority have gotten to that cap.

Chairman Delzer: A large wind farm is how many turbines?

Kevin Cramer, Public Service Commissioner: Twenty. Our jurisdiction kicks in at 100 megawatts and we are not seeing many that are less than that.

Chairman Delzer: What happens are they.....

Kevin Cramer, Public Service Commissioner: They have to come back for further siting authority.

Chairman Delzer: What happens if they get it without siting.

Kevin Cramer, Public Service Commissioner: Then it becomes a sited project.

Chairman Delzer: What happens if they were unsited and

Kevin Cramer, Public Service Commissioner: There is actually a bill that started in the House Natural Resources committee..... Even if it is not sited by the PSC,

Representative Kempenich: We have run into this, not so much with the wind farms, but with other operations.

Kevin Cramer, Public Service Commissioner: That is correct. It is a great way to encourage development. There are a number of bills before you that you will see... They find great comfort in that....

Representative Kempenich: What is the process?

Kevin Cramer, Public Service Commissioner: In our siting law there are three basic things. That is sort of their license.With regard to siting energyOur state law does not supersede local law. It is with a transmission facility if there is a township that is "a fly in the ointment" that becomes problematic.

(92:10 buzzing decreases.)

Representative Kempenich: That is why I bring this up. Some of our system of government works. That is why I was questioning where this goes.

Kevin Cramer, Public Service Commissioner: Orderly development is one of the highest and it often takes back seat to urgency. We have done some in less than 2 months and if that is the case you end up with a lot of pressure on landowners. Sometimes I don't think that the absolute best route is the route that we end up with. Instead we end up with an adequate route and that is unfair to landowners.

Chairman Delzer: Under your Testing and Licensing you have federal funds in the gas pipeline safety and the windfall grant. How big a grant is that?

Kevin Cramer, Public Service Commissioner: The grant is not very large. It comes from the Office of Pipeline Safety at the DOT. We are simply are a pass through. It's publicity for the "Call before you dig."

(Tape is still bad.)

Utilities

Gloria Geiger: (Inaudible)

Chairman Delzer: That is under your current biennium.

Kevin Cramer, Public Service Commissioner: It might be worth noting that we have another bill that has not been up for hearing. That is our authority to bill the companies who file increase. We bill them for the out of pocket expenses which is usually the hiring of the consultants, economists, and the rate design experts that testify on behalf of the rate paper. That is capped at \$125.0 per biennium. We now have a rate case for Otter Tail Power. We anticipate seeing a lot more rate increases. The bill is to have them file a fee based on how large the case is and then we use that money and refund what we do not use. That way we do not have to deal with going to the Emergency Commission.

Chairman Delzer: That is a continuing appropriation there too?

Kevin Cramer, Public Service Commissioner: That is correct.

Representative Kempenich: Do you bill the company back now? Is it just on a cost basis? Do you bill them back?

Kevin Cramer, Public Service Commissioner: That is correct.

Representative Kempenich: So now you are going to charge a flat fee up front, what are you going to do if it goes over that?

Kevin Cramer, Public Service Commissioner: If it goes over that, we go back to the company and request more.

Representative Kempenich: What if it costs \$68,000 instead of \$100,000?

Kevin Cramer, Public Service Commissioner: We refund it.

Chairman Delzer: You are adding a FTE?

Kevin Cramer, Public Service Commissioner: We are actually adding two FTEs in the Public Utilities Division. One would be in the economic division and one is in the siting. We now

have 48 siting cases in front of us. Two years ago we had 16 and that was a lot. There is a lot of development taking place. We have 3.8 FTEs. It is just a workload issue.

Representative Kempenich: Did you fill that empty one?

Kevin Cramer, Public Service Commissioner: That would not have been in our Public Utilities Division.

Representative Kempenich: Are these easy to find?

Kevin Cramer, Public Service Commissioner: No. This is why our equity is essential. It is difficult to not just find them but to keep them.

Chairman Delzer closed the discussion until 2:30

Chairman Delzer called the Committee back to order.

NEW RECORDER JOB NUMBER: (8354)

Attachments Distributed

Optional Requests- 1008.2.2.09C

Elevator List- 1008.2.2.09D

Surface Transportation Board News Release- 1008.2.2.09E

S.B. 2008 NIST Specs.- 1008.2.2.09F

Chapter 69-07-02 Licensing- 1008.2.2.09G

Chapter 60-02-08 Licensing Track Buyer-Fee- Regulation- 1008.2.2.09H

Chapter 60-02.1-07 Grain buyer license- how obtained- Fee- Financial Statement-
1008.2.2.09I

Duties of the Metrology Lab- 1008.2.2.09J

Kevin Cramer, Public Service Commissioner: We handed out the information about the specs for the metrology lab. These are the same as the last session. These are if we would move the lab. These are the newest specs. We took these specs and put out an RFP to see what it would take to build this building—it was a lot. We also put out an RFP for leasing space—that too was astronomical. It was about 3 million to build that building. He also handed out a list of all the users of the metrology lab.

He discussed bonding and the crushing facility.

Chairmen Delzer asked several questions regarding bonding and licensing.

Sue Richter, Licensing Division: The average cost for a bond would be \$10 per \$1000 for the first \$100.0, \$7.50 for the next \$400.0 and then \$5 after that. A great number of our bonds are written by one of the companies and that is the basis they use. There could be deviation depending on your financials. Some bonding companies may charge or they may charge more.

Chairman Delzer: Is that an annual fee. What would a half million bond cost.

Sue Richter: That is an annual fee. It would be in the ballpark of \$3,850 on an annual basis. A total of all the bonds that have been filed in our office would equate to about \$11.0 million for federal facilities and \$70.0 million for the state facilities.

Chairman Delzer: Have you ever investigated a state bond that would cover any case and if it could be partially purchased here.

Sue Richter: I believe it was two sessions ago when it was discussed that elevators have an opportunity to buy in to a state bonding fund, a kind of pool that you could purchase and participate in. There was also discussion of doing this on a federal level. The idea behind it was that all the companies that had a federal license buy in to this federal bonding. The

problem with that is they could not find a bonding company that was willing to buy a bond to that amount.

Chairman Delzer: These other handouts are administrative code and century code?

Kevin Cramer: Yes, that's correct. We did verify that our metrologist is about 40% time, the rest of his time between weights and measures inspections and pipeline inspection. There are two other state agencies that utilize the metrology lab—the highway patrol and the state mill and elevator. There may be a couple of local police departments as well who have portable scales.

Representative Kempenich: Is there anywhere else around that has space.

Kevin Cramer: Not that we know of. There are other private weights and measures entities but there's still have to be calibrated by a certified lab. There are other types of metrology labs. I know in Bismarck there is a lab that measures wrench torque which has to be certified and traced back to international standards. Some pharmaceutical labs may have some small portion for their specific uses.

Reclamation

Gloria Geiger: The Reclamation consists of our reclamation and abandoned mine land division. The reclamation division is 64% federal, 36% GF. Our AML division is 100% federally funded.

I believe last time we were here there was a question regarding the South Hart Mine. The proposed mine is located in Stark County, but it within 15 miles of Billings County and it also may be within 15 miles of the SW corner of Dunn County.

Chairman Delzer: So it does fall under that.

Gloria Geiger: Yes.

Chairman Delzer: Go through that a little bit to make sure I understand it right. Morton County basically got it because of the impact on their economy by people driving to and from getting to the mine and work?

Kevin Cramer, Public Service Commissioner: The premise is exactly that. The mine is close enough to an adjacent county that it has an impact.

Chairman Delzer: A lot of that is because so many people lived in Morton County and worked there.

Kevin Cramer, Public Service Commissioner: I am not very familiar with that history.

Chairman Delzer: When you have that issue out there in those counties, what kind of money does it amount to? Do we have any numbers on that?

Kevin Cramer, Public Service Commissioner: We have not.

Chairman Delzer: Would there be any impact on those adjoining counties?

Kevin Cramer, Public Service Commissioner: At this point our permitting has been confined to the baseline study which is to study the water, tables, wells and all those things that would be impacted by a mine but with regard to how it would impact roads in neighboring counties, that's beyond our scope.

Chairman Delzer: Are there any bills in that you are aware of that would deal with the Morton/Oliver situation?

Kevin Cramer, Public Service Commissioner: None that I am aware of.

Representative Meyer: There was a document that we were provided concerning the South Hart Mine and how it impacts Billings and Dunn County. I don't know who provided it.

Chairman Delzer: I don't remember seeing it.

Representative Meyer: Not here, it was provided when we were going through the South Hart Mine.

Roxanne Woeste, Legislative Council: I can look.

Kevin Cramer, Public Service Commissioner: I will try to track that down.

Chairman Delzer: Before you spend any time we'll have the clerk call the tax department to see if they have anything on that.

Kevin Cramer, Public Service Commissioner: You will note that it is in this reclamation division that we have a one FTE request. The justification is there are two very large new mine applications in front of currently—the South Hart and the Otter Tail Creek North American Coal is opening in Center. In addition, the maturing mines are providing a lot more load regarding final bond release which we want to escalate if we can.

Chairman Delzer: Where would that be in your original testimony?

Kevin Cramer, Public Service Commissioner: Page nine. Those two new mines represent about 10,000 new acres of permitted mine land and we do not want to lose the momentum on the final bond release side. In fact, I'd like to pick up momentum on final bond release and so do a lot of landowners.

Chairman Delzer: You have a total 13.

Gloria Geiger: There are four in AML.

Chairman Delzer: All that money is considered contract?

Kevin Cramer, Public Service Commissioner: The AML is 100% federal and 65%/35% share in reclamation. And then we do have this part-time staff person that is a construction manager in the summer in AML. That is a temporary person.

Chairman Delzer: It is in your temporary salary line. But your AML contractual services. . .

Gloria Geiger: Right now we have \$4.5 million in there and we are set to receive an additional \$2.0 million next biennium. Those are contractual services for the AML cave ins, the high walls that are to be remedied with this funding.

Chairman Delzer: What level have you spent of the \$4.5 million?

Gloria Geiger: We have spent almost \$3.0 million. We will start more construction in spring. Right now because of the snow we are very limited as to how much we can do.

Kevin Cramer, Public Service Commissioner: One thing about this particular work is that is for the most part it is seasonal.

Chairman Delzer: If the stimulus package comes out the way they are talking about, is that going to affect something like this and the availability of finding people to work?

Kevin Cramer, Public Service Commissioner: It probably could. There are not a lot of contractors who have been doing this kind of work. It's not unusual for us to have a single bidder—sometimes maybe two.

Chairman Delzer: What is the physical work they actually do?

Kevin Cramer, Public Service Commissioner: It depends on the situation. If there is a large sinkhole that has been created, it's simply moving dirt. If there is an identified underground void that poses a risk or danger then it is injecting ___?___ into the ground. I wouldn't anticipate that would be such a problem as there are entities that is what they do. In terms of general earth moving, that becomes more competitive.

Chairman Delzer: Like these areas of Abandon Mines that have been turned in to wildlife preserves, you are not going to go in there and do them.

Kevin Cramer, Public Service Commissioner: We have no plans at this point. The focus is on the underground mines that still pose a tremendous threat and danger.

Chairman Delzer: What kind of acres do we have left that need work done?

Kevin Cramer, Public Service Commissioner: I don't have that number in front of me but you would be surprised at how many it is. What's kind of interesting is that we don't necessary know all of them. Every now and then an occasional crisis comes before us and we apply for special funding to deal with those. That would be a sinkhole that appears in the pasture or someone's basement caves in.

Chairman Delzer: Do you have the authority to carry this money forward?

Kevin Cramer, Public Service Commissioner: We do have the authority to carry it forward to some degree.

Gloria Geiger: Our construction grants for this are three-year duration with the ability to extend those if need be.

Chairman Delzer: How many computers are you buying and what kind of cost?

Steve Kahl: It depends on which division we are looking at. If we are looking at the technical and scientific folks we are doing those on an approximately 18-month turnaround simply because the software moves so rapidly. We will be replacing approximately a third of the total within the next six months. In the next biennium we will have all of the reclamation and AML ones that are technical and scientific plus approximately another 1/3 of the remaining.

Chairman Delzer: What does that figure out to as far as number and cost?

Steve Kahl: The average costs for the desktops is \$1725, laptops are \$1900 with a total cost of

Gloria Geiger: \$59,355

Chairman Delzer: How many units?

Steve Kahl: 29 laptops and 30 desktops. Also included in that would be auxiliary equipment such as scanners, GPS units and those types of things that would be added.

Chairman Delzer: You only have 44 staff.

Steve Kahl: We also have laptops that go out in to the field and those are added in as well.

We actually have 59 units including works stations and laptops that go to the field.

Representative Kempenich: The desktop ones have been quoted under \$1000,

Steve Kahl: That is for a standard desktops, these are engineering workstations.

Chairman Delzer: Are those the ones you are replacing every 18 months? What are you doing on them that is that much?

Steve Kahl: A very heavy load especially in the GIS, engineering and scientific work. We are doing modeling, a lot of analysis using photography, and those types of things that take up a tremendous amount of processing power. The software continues to be more and more CPU intensive. It is primarily in the scientific areas.

Representative Kempenich: How many scientists do you have that actually require these?

Steve Kahl: We are primarily engineering and scientific in most areas.

Representative Kempenich: How much federal money are you using in the AML?

Steve Kahl: A lot of it is coming back through indirect cost reimbursement. That is where we are picking up the federal portion. The federal government also supplies a lot of the software so you won't see that in my budget. I estimate a 50% match for software and hardware that we supply.

Chairman Delzer: Your IT over \$5000 in reclamation, what is that for?

Gloria Geiger: It is for new survey equipment as well as for a new borehole camera.

Steve Kahl: The other is a survey grade GPS unit. It is capable of being run by one person rather than having two in the field.

Representative Glassheim: The green sheet says you are getting 3 new FTEs and this sheet says 2.

Gloria Geiger: It is three, two in the Public Utilities Division and the last one is only in the last year of the biennium.

Chairman Delzer: On the 2137 there is a substantial difference.

Kevin Cramer, Public Service Commissioner: On 2137, I suppose as far as a fiscal note, it would all depend on how many cases are being filed.

Chairman Delzer: The fiscal note all say 0. This is the one where you want them to pay \$125.0 or \$50.0 up front. Did this go through the same committee as the other one?

Kevin Cramer, Public Service Commissioner: We can waive that. If there is small prudence application with the advance determination of prudence say on a small wind farm and we could do it without any out-of-pocket, we could waive the fee. We set the fee depending on the magnitude of the case and we refund any of the money we don't use. I suppose that would be 0 fiscal impacts.

Chairman Delzer: 2132 that is strictly in-house? It has nothing to do with the budget?

Kevin Cramer, Public Service Commissioner: It is just changing the term president to chairman.

Representative Kempenich: Where are you targeting most of your equity money?

Kevin Cramer, Public Service Commissioner: It is mostly to the scientific and engineering folks. That's where the biggest market challenge is. The governor's recommendation was \$172,948. We had requested more than that but are satisfied that we can make some adjustments and be competitive with that modest increase.

Chairman Delzer closed the detail hearing.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1008

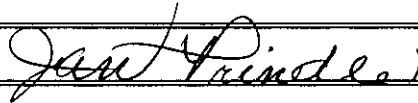
House Appropriations Committee
Government Operations Division

☐ Check here for Conference Committee

Hearing Date: **6 February 2009**

Recorder Job Number: 8924 (53:40)

Committee Clerk Signature



Minutes:

Chairman Delzer: Let's start with PSC. It seems they handed out some metrology stuff.

Representative Berg: I am a little frustrated with the metrology lab. It seems like they haven't done some of the work that they ought to.

Chairman Delzer: I agree. It seems to me to me that want to get rid of it and there is no reason to get rid of it, we just tell them to keep doing it.

Representative Berg: Two weeks ago they wanted NDSU to take it over but they hadn't called or talked to anyone there about it.

Representative Kempenich: The big problem is it doesn't take much of a building.

Chairman Delzer: Does your amendment word anything about they should possibly request from the DOT.

Representative Kempenich: Here's what the amendment says: "It is the intent of the Legislative Assembly that the PSC continue to provide metrology program services at current level and study location alternatives that do not include construction of new facilities for the sole purpose of housing the metrology program for the biennium Jul 1 09 and ending Jun 30 2011. . ." I just put that in to keep it going. That little building that the AG wants to tear down

that the Health Department has would be a perfect fit but it's too close to the railroad tracks. It doesn't take much of a morning. You have an in-house scale. . .

Representative Berg: Why don't they just rent a little warehouse?

Representative Kempenich: It ain't \$3.0 worth of building. They gotta have some stuff in there but they already got most of the stuff.

Chairman Delzer: OK. How about operating? While the travel is not totally excessive, I think is possibly based on some questionable numbers. I have some real problems with what they are doing on computers. Brady, I would like a reduction in operating of \$45,000.

Representative Kempenich: I talked to Mike Ressler about the computer situation with the PSC. He was surprised they were on that 18 month turnaround and thought that might be a little aggressive. They have demonstrated a need for some high powered computers.

Chairman Delzer: Their total operating appropriation is \$2.0 million.

Representative Kempenich: I won't argue that they can't be reduced on their increase.

Chairman Delzer: I would request that we have discussions about both FTEs in Public Utilities and decrease the operating. The FTE for the environmental engineer—does anybody have anything to say about that one?

Representative Kempenich: A lot of that is that AML money.

Chairman Delzer: It looks like it is 2/3 special funded. They also have two more mines starting up and more___ bond release. The GIS initiative—have you had any discussion with the adjutant general and what they want to do on their global positioning map? Could there be any integration between the two?

Kevin Cramer, Public Service Commissioner: There is a lot of synergy in the GIS problem. Our GIS people work with all of the other agencies that are involved with GIS and GPS. I've not had any knowledge of the adjutant general's plan.

Chairman Delzer: They have a 2.1million appropriation for mapping the state.

Kevin Cramer, Public Service Commissioner: We have collaborated with a number of agencies and maybe they were in on this most recent one, looking to piece together enough money for mapping for the entire state both with aircraft and using some of the stuff that already exists from satellite images.

Chairman Delzer: My understanding is that is what they are doing with that. The question I have is that you have funding in here for GIS mapping also. Would theirs work for you?

Kevin Cramer, Public Service Commissioner: The basic overlay is helpful but the data that we lay in to a GIS includes things like water wells, coal seams, abandoned mines and just lots and lots of data just like the health department provides a lot of data that is more relevant to them

Chairman Delzer: Are you building your whole thing from scratch.

Kevin Cramer, Public Service Commissioner: We are part of the GIS hub and work with all of the other scientific agencies and anybody else. . .

Chairman Delzer: Who is in control of the hub?

Kevin Cramer, Public Service Commissioner: I believe ITD has general oversight of it but it's a collaboration of all the agencies that use GIS and GPS.

Chairman Delzer: For your information all we are doing is asking for possible amendments. We will discuss them and vote on them on Monday and Tuesday.

Vice Chairman Thoreson: I would like to have an amendment to remove the \$900,000 for the rail rate.

Chairman Delzer: Okay. We can certainly have that discussion and a vote.

Representative Kempenich: Let's also get one for half that.

Chairman Delzer: We can adjust the first one if we need to. Is there anything in the bill that we need to be cognizant of? We could probably remove Section 3. (The commissioner's salary.)

Representative Kaldor: I would like a clarification on the effect of not moving the metrology lab relative to FTEs.

Kevin Cramer, Public Service Commissioner: That is a very significant point. If we leave the Metrology Lab where it is and leave it open and continue the program, we would be out of compliance with the DOT requirement that we have a full-time, gas pipeline safety inspector. So somehow we would have to hire a full-time inspector and that would probably have to be an added FTE. There are some synergies that we have enjoyed to this point because our metrologist is also a part-time inspector and also oversees the weights and measures division. We would probably have to have a full-time FTE added.

Representative Kempenich: Is that a state or federal issue?

Kevin Cramer, Public Service Commissioner: It is a federal requirement. We have oversight of both the federal and the state pipeline safety laws. About 40% of the funding comes from the DOT's office of pipeline safety.

Chairman Delzer: You are covering that right now?

Kevin Cramer, Public Service Commissioner: No. It is a new requirement going forward that the federal government. .

Chairman Delzer: When does it start?

Kevin Cramer, Public Service Commissioner: July 1st. At the beginning of the new fiscal year.

Representative Kempenich: I think we are going to have to the industrial commission with oil and gas. We have the boiler they do a certain amount of . . . they got some pipelines issues too. I think we better figure out where we are going with all this.

Chairman Delzer: We can pass something out that brings this to light for the Senate so it's a discussion point and can be dealt with. Grady, I have a list of amendments from Elliot. It says: Save metrology lab, increase fees, DOT to move out next door, use \$60.0 from last session, increase \$ for .4 FTE. I'll give that to you but you might want to get Representative Glassheim to clear those up.

Representative Dosch: I would like to entertain a motion to direct the PSC to determine what it would take or put out an RFP or whatever would be the best way to accomplish this to turn the Metrology Lab to the private sector.

Kevin Cramer, Public Service Commissioner: We can certainly help put some language together.

Representative Dosch: If that occurs, what would be the effect on the state?

Kevin Cramer, Public Service Commissioner: It is a good sentiment. If it was just weights and measures that has a more likelihood of success than metrology. My sense is that it not going to be profitable for anybody because it is such an expensive program. It isn't that we don't like the metrology program. It's always the challenge of trying to have a hold-even budget and then like now having new needs and to set priority. It never quite gets to the priorities just because it is so highly subsidized. Our challenge is that as long as it is in the building that it is in, we have this relationship issue with the DOT. What we have been doing session by session we have been trying to close it to help solve that problem along with the subsidy problem. If at some point the legislature decided as a matter of policy that we should keep it and keep it open, the most efficient way to do it would be to leave it right where it is. Then we have to settle the other issues—this is the metrology lab and not the parking spot for a road grader or a front-end loader.

Representative Kempenich: Let's get that in an amendment.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1008

House Appropriations Committee
Government Operations Division

☐ Check here for Conference Committee

Hearing Date: 2/9/09

Recorder Job Number: 9018

Committee Clerk Signature	
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Minutes:

Chairman Delzer opened the discussion on amendments on House Bill 1008.

Chairman Delzer explained a hand out from OMB that we will be using with the OMB budget.

Vice Chairman Thoreson: I did contact the PSC and they will be here shortly.

Chairman Delzer: We have a number of proposed amendments.

Vice Chairman Thoreson: On removing the funding for the rail rate complaint case for \$900.0. I will make a motion to remove that amount from the budget.

There was no second.

Chairman Delzer: OK are there any other motions?

Representative Berg: I move we take \$450.0 out of there.

Representative Kempenich: Second.

Representative Berg: This is not a big deal. We put this in place in 2003 and 05 when shippers throughout ND thought they were not getting a fair rate. It was kind of a lever.

Since it was for a specific challenge against the railroad and that never did go forward because the rates were adjusted. If feel like that is hanging out there as a threat to the railroad and I think we should back that out. I think that money was from the beginning farmer program. So

I would see that \$450.0 going back there. At the same time I know there is going to be consternation from commodity groups if we reduce that.

Chairman Delzer seeing no further discussion took a voice vote. It was inconclusive so he asked for a show of hands. **The amendment to reduce the budget by \$450.0 was adopted.**

Chairman Delzer: Let's move on to the operating expenses.

Representative Kempenich: One of the things is travel is up over \$200.0 from the last biennium but I was trying to get a handle on what exactly they carried over versus their federal money and their general money. One of the things that ties in to this is that ¼ metrology position. The guy is still hired. I'm trying to figure out how to put that back in to the budget. I'm not sure how that ties in or how the numbers need to exactly be.

Chairman Delzer: I don't believe the reduced any operating.

Representative Dosch: I move a reduction of \$45.0 to operating.

Representative Kempenich: Second.

Representative Glassheim: Is that out of a particular division? Or do they get to that?

Chairman Delzer: It is one bill. They are the ones with the high priced computers.

Representative Kempenich: I did talk to Mike Ressler a bit about these computers. It is an issue and he thought the 18 mo replacement cycle was a bit aggressive.

Chairman Delzer: And the price?

Representative Kempenich: The amount of space they use becomes an issue.

A voice vote was taken: **The motion to reduce operating by \$45.0 carried.**

Chairman Delzer: Discussion of the 2 FTE for public utilities positions? If I remember right part of one of them was the metrology lab person.

Representative Kaldor: In the detail it looks like they are asking for two public utilities analysts. The amendment reads like it is talking about those and they are people working on

development of new electric generation facilities, transmission infrastructure and permitting and siting.

Chairman Delzer: Discussion about it?

Representative Kaldor: I would think that if we are going to look someplace I'm not so sure this is the right place. We have a whole lot of new activity in electric generation and a lot of transmission authority work siting and permitting going on right now. Just in my district alone we have had several activities going with wind generation. I am assuming they are asking for this because their workload has increased substantially in that area.

Representative Kempenich: I think in their testimony that environmental engineer was mainly for the mines that were opening up. One was for the second year of the biennium.

Representative Kaldor: I think they are two different issues. The environmental engineer is not one of the 2 FTEs for public utilities. That's a different FTE.

Chairman Delzer: If you look at number 6, I think it is.

Representative Kempenich: I was looking at sixteen on the green sheets. When those mines come on they are looking for another person for the second year of the biennium.

Chairman Delzer: I personally think we would be a little too deep if we took both of these.

Representative Meyer: The amendment pulls both of the public utilities positions and isn't there just one?

Chairman Delzer: One of the environmental engineers is under public utilities. It is in the same line. We can split this if we decide to.

Tammy Dolan, OMB: I can get it.

Representative Glassheim: The amount comes from number sixteen. The amount seems to contemplate those two positions even though it is not said that way.

Chairman Delzer: its \$121.0 total funds.

Representative Glassheim: Is the environmental engineer only one year?

Chairman Delzer: I don't think so.

Roxanne Woeste, Legislative Council: It looks like the environmental engineer is in the budget at \$156,691 and the other positions are at \$208,904. Then if you add on the \$31,660 you get the total \$397,255.

Representative Glassheim: I know we are looking for cuts because the budget was in such dismal shape but this is productive activity where tens of millions of dollars worth of activity is going through the state and we are fooling around for \$100.0. As a manager, I don't get it. We want things to happen quickly and we don't give them enough people to do the job. I rest my case.

Chairman Delzer: Do we have any motions?

Representative Dosch: For the sake of discussion, I would move the removal of the two.

Chairman Delzer: Both of them?

Representative Dosch: Just one of them--leaving them with two.

Chairman Delzer: So, an increase of two over the current biennium. It looks like there hasn't been an increase in over two biennia. The workload has been there for a biennium and half.

Vice Chairman Thoreson: Second

Roxanne Woeste, Legislative Council: \$156.691—that will also take off half the operating.

Representative Meyer: Do you feel the public utility analysts are more important than your environmental engineer. Is that where you are going with that?

Chairman Delzer: My thought on that is that I would guess if we are going to leave one we would want to leave the highest dollar one. I don't know that we are going to name that position we are just removing the salary.

Representative Meyer: It just takes the money out, not the position?

Representative Berg: You are removing the position too.

Chairman Delzer: The FTE goes. They would have the money if they wanted to change that from an analyst to an engineer, they would have the option of doing that.

Representative Meyer: And, you just have the authority to do that by the removal of the money? And not the position?

Chairman Delzer: We're taking one position. You don't necessarily limit them. If they want to go through a reclassification they have the authority to do that at any time.

Roxanne Woeste, Legislative Council: That is correct. They could go through the reclassification process.

Representative Glassheim: Am I the only Republican on this Committee who cares about a business friendly environment. These are three positions that make it easy to do business. It doesn't make any sense. It's okay to cut some things but just for the sake of cutting? These have clear positive impacts for the state and it seems like they are warranted by increase in activity. I would resist all reductions. They have not changed their numbers for three sessions.

Representative Berg: So what position are we removing? And for what amount of money?

Chairman Delzer: It would look like the amendment would say we are removing the environmental engineer III under the public utilities line for \$156.0. The reclamation engineer would still be there and the public utilities position is still there. Representative Glassheim we can have the argument whether the work is being done and not being done. That is subjective. I understand what you are saying and I don't necessarily disagree with it. Each of us has to vote however we want on the proposed amendment.

Representative Berg: Our salaries and wages are going up about 25% so our base of \$5.6 million is going up by \$1.4 million. Does that include the positions we are talking about as well?

Chairman Delzer: That it would. Three new positions and whatever there would have been for equity in this budget.

Representative Kaldor: Is that all General Funds or are there some other funds?

Chairman Delzer: It looks like on the green sheet that the position we are talking about is all GF.

Roxanne Woeste, Legislative Council: That is correct. The total would be \$172,521.

Chairman Delzer: I would be interested to know why that position would be \$30.0 more than the position under the reclamation. It is listed as the same. Tammy:

Tammy Dolan, OMB: Are you talking about the base salary or the total funds for the position? The reclamation FTE is only for the second year of the biennium.

VOTE TAKEN: **The amendment was adopted**

Chairman Delzer: Then we have the metrology lab. . . Comments?

Representative Glassheim: I want to save it. I think it is important to business in ND. I don't have the figures but it seems like we should probably be increasing fees but I don't know to what. If we are going to save it, we need to get DOT moved out of there.

Chairman Delzer: They keep their campus road grader and pay loader in there. Is that what the issue is?

Representative Glassheim: One or two big pieces of equipment that rumble when they go in and out and they don't help the scales.

Chairman Delzer: Is that the problem or is it that they go in and out when someone is trying to do metrology work?

Darryl Nitchke: There are a couple of things that go with that. One is the movement of the equipment. The other thing is the air quality from the emissions from the exhaust. The noise and the rumbling can upset the metrology process and it also the air quality.

Chairman Delzer: At the same time you would only have to run that metrology lab at the most for two days a week. Surely you can work something out with the DOT.

Darryl Nitschke: I would assume they tried that. I'm new, but have heard a lot of concern about that relationship and it is more related to the air quality than anything else.

Representative Berg: The more I sit here I feel like the PSC has come to us and said they have a problem. I'd like you to say here is the problem, here is how we are going fix it and this is how we are going to pay for it. If we are going to decide to keep it and do different fees or whatever, it seems like we are coming up with a solution on the fly. If you would like us to do something with this, I would like the PSC to recommend.

Chairman Delzer: I think their recommendation is to get rid of it.

Representative Glassheim: They came in with a recommendation to close it. Some of us on the Committee thought it was an important public service so we are asking them to keep it. They need to help us with the exact detail if we decide we want to keep it open.

Representative Berg: I would like them to come to us and say if you are going to keep it open, here is what we need to make it work rather than us trying to pull things out of the air.

Chairman Delzer: They came to us with the cost of a new metrology lab. They have not come to us with an idea for DOT to house their equipment somewhere else and keep that for a metrology lab. Maybe that is something we can look at in the DOT budget. Maybe we put in some language that says it is the intent of this Committee to keep the lab and house the DOT equipment somewhere else.

Representative Berg: We are talking about a \$16.0 million dollar budget and we are talking about garage space for a couple of vehicles. I would think a solution could be worked out if it is important to keep it. I don't want to sit here and put a business plan together for a business for which I do not know what is good or bad for that business or put it in statute.

Chairman Delzer: I guess part of the problem is that if we do nothing we are basically condoning what they want to do of shutting it down. I think we should have a legislative intent line saying it should stay open and that will keep the subject before us until conference committee and we will have the DOT bill by then and we can have the discussion with them and it will stay going.

Representative Glassheim: Two easy things: If you want it to stay open, you would probably need .4 FTE.

Chairman Delzer: One of the people already is there.

Representative Glassheim: There was \$60,000 funded to improve the building in 07-09. We could give them carry forward authority to make other improvements.

Chairman Delzer: I would guess they would have that through July of this year. I think we do need language stating the intent of this 61st Legislature that the metrology lab stays open.

Representative Glassheim: I move that we include intent language that the metrology lab stays open.

Representative Meyer: Second.

A voice vote was taken: The amendment was accepted.

The committee recessed.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1008

House Appropriations Committee
Government Operations Division

☐ Check here for Conference Committee

Hearing Date: 2/13/09

Recorder Job Number: 9437

Committee Clerk Signature	<i>Tonya Voegeli</i>
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Minutes:

Chairman Delzer opened the discussion of amendments on House Bill 1008.

Chairman Delzer reviewed the amendment.

Representative Berg: So with the FTE they are still going from 41 to 43.

Chairman Delzer: I believe the two was one siting specialist and one reclamation person. The one that we are removing is one siting engineer.

Representative Kaldor: My concerns with the PSC amendments relate basically to the FTE environmental engineer III position. The concern I have that it might slow down some of the transmission siting and siting work that needs to be done. In my district we have a lot of wind towers going up. Most of them are probably up now but it sounds like there is going to be some more coming. It is amazing how fast they get them up. This is one of the areas where they need quick action and the PSC has been pretty good but I know that this will be an issue. For that reason I am opposing the amendment.

Chairman Delzer: Any of the rest of it or just the position?

Representative Kaldor: That is the main one.

A motion was made by Representative Kempenich, seconded by Vice Chairman Thoreson to adopt amendment 98009.0102 to House Bill 1008. The amendment was adopted by voice vote.

A motion was made by Representative Kempenich, seconded by Vice Chairman Thoreson for a DO PASS AS AMENDED recommendation for House Bill 1008 to the House Appropriations Full Committee. The vote was 5 yeas, 3 nays and 0 absent and not voting. The carrier will be Representative Kempenich.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1008

House Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: February 17, 2009

Recorder Job Number: 9612

Committee Clerk Signature

Ellen Letaney

Minutes:

Chm. Svedjan called the meeting of the House Appropriations Committee to order. The clerk called the roll and a quorum was declared.

Chm. Svedjan turned the committee's attention to HB 1008. This is the PSC and it comes out of Government Operations, who's carrying that bill? Amendment .0102 (Attachment A) was distributed.

Rep Kempenich: I will carry the bill. I reviewed .0102. PSC amendments and they requested three FTEs. There were two in the environmental section and one of the things they were citing was more utility activities. So that was one of their requests for their environmental engineers and plus they were getting more abandoned mine land money to take care of. They came in requesting three positions. Two of them were the environmental engineers. We felt on the citing issues, a lot of those are still in the planning stages so we took one of the environmental engineer positions out and give them the other two positions that they requested. On the green sheets it gives an explanation of what the positions were but the one we took out was an environmental engineer position. That's the biggest change that we did. The Section also took s \$450,000 out for the Rail Rate complaint case. How that money was handled, there wasn't a savings anywhere. We were funding that through \$800,000 though the beginning farmer loan program, so this puts money back into the fund. There is still \$450,000 in there if

the PSC decides to take this case forward. We did removed \$450,000 of general fund from the expense line item. Their budget is up quite a bit. What we did was they were coming in with some computer replacements. We talked with IPD about it; most of their computers are replaced every 18 months. We thought that was a quick turnaround, even though they have high use computers, so we targeted that and travel as some of the reduction on the operating expense. If you go to page one on the amendments and they have the only metrology program in the state and region that has an unconditional approval from NISTA. The problem we have is this metrology is housed in the shop just north of the capital. We don't have an alternative and the biggest problem is they have the equipment; they are unconditionally approved by the OMB. The building becomes a big issue because it's hard to locate, it doesn't take a lot of space. They are talking a million dollar building it they had to rebuild. It's our purpose that we dedicate this as a metrology lab until we find something we can do with it because it's not a money making project but it's a service that needs to continue. It's a pyramid; it starts here and goes down. Just about every gas pump and scale has to have some type of certification to it. This is where it goes to get certified. This is the language that we put in there and reporting to the budget section of how we are doing this. Otherwise in the bill we changed some of the language with the FTE. The one thing we did was approve the one time funding for their equipment and increasing the commissioner's salary. With that I will move to adopt the amendments .0102.

Rep Kempenich: Moves to adopt amendment 0102.

Rep Wald: Second.

Chm. Svedjan: Further discussion?

Rep. Kaldor: The minority member in the government operations committee resisted some of these amendments. PSC, Kevin Kramer made a persuasive case that the FTE for the

environment engineer would be necessary before the end of the biennium because of the work being done in the area of both citing power plants and transmission lines. We don't want to stand in the way of rapid development that is occurring in that arena. We felt that he made a good case for that position and so we did resist that one.

Voice vote was taken with the ayes taking it.

Vice Chairman Kempenich: Moved a Do Pass as Amended on HB 1008.

Rep Berg: Second.

Chm. Svedjan: Further discussion?

Rep. Kaldor: I'm curious, before the conclusion of our action on these agency bills, if we will start seeing that equity amendment included in the amendments submitted or is this something we are going to see at the very end?

Chm. Svedjan: They will be built into the each one of these sets of amendments. You will have them.

Roll call vote on HB 1008 for a Do Pass as Amended with 23 ayes, 0 nays, 2 absent and Rep Kempenich as the carrier.

98009.0102
Title.
Fiscal No. 1

Attachment A
2/17/09
Prepared by the Legislative Council staff for
House Appropriations - Government
Operations
February 10, 2009

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1008

Page 1, line 2, after the second semicolon insert "to provide for a report to the budget section;"
Page 1, line 12, replace "1,411,321" with "1,254,630" and replace "7,086,249" with "6,929,558"
Page 1, line 13, replace "369,920" with "309,090" and replace "2,005,776" with "1,944,946"
Page 1, line 18, replace "0" insert "(450,000)" and replace "900,000" with "450,000"
Page 1, line 19, replace "3,842,241" with "3,174,720" and replace "16,629,525" with
"15,962,004"
Page 1, line 20, replace "2,681,458" with "2,231,458" and replace "10,684,767" with
"10,234,767"
Page 1, line 21, replace "1,160,783" with "943,262" and replace "5,944,758" with "5,727,237"
Page 1, line 22, replace "3.00" with "2.00" and replace "44.00" with "43.00"

Page 2, after line 11, insert:

"SECTION 3. LEGISLATIVE INTENT - METROLOGY PROGRAM. It is the intent of the legislative assembly that the public service commission continue to provide the metrology program services at its current level and study location alternatives that do not include the construction of a new facility for the sole purpose of housing the metrology program for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 4. REPORT TO THE BUDGET SECTION. The public service commission shall report to the budget section prior to July 1, 2010, regarding the status of location alternatives for the metrology program."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98009.0102 FN 1

A copy of the statement of purpose of amendment is attached.

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1008 - Public Service Commission - House Action**

	Executive Budget	House Changes	House Version
Salaries and wages	\$7,086,249	(\$156,691)	\$6,929,558
Operating expenses	2,005,776	(60,830)	1,944,946
Capital assets	127,500		127,500
Grants	10,000		10,000
Abandoned mined lands contract services	6,500,000		6,500,000
Rail rate complaint case	900,000	(450,000)	450,000
Total all funds	\$16,629,525	(\$667,521)	\$15,962,004
Less estimated income	10,684,767	(450,000)	10,234,767
General fund	\$5,944,758	(\$217,521)	\$5,727,237
FTE	44.00	(1.00)	43.00

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

	Decreases Funding for the Rail Rate Case¹	Decreases Operating Expenses²	Removes New FTE Position³	Total House Changes
Salaries and wages			(\$156,691)	(\$156,691)
Operating expenses		(45,000)	(15,830)	(60,830)
Capital assets				
Grants				
Abandoned mined lands contract services				
Rail rate complaint case	(450,000)			(450,000)
Total all funds	(\$450,000)	(\$45,000)	(\$172,521)	(\$667,521)
Less estimated income	(450,000)	0	0	(450,000)
General fund	\$0	(\$45,000)	(\$172,521)	(\$217,521)
FTE	0.00	0.00	(1.00)	(1.00)

¹ Funding for the rail rate complaint case is reduced by \$450,000 of special funds to provide a total of \$450,000, of which \$350,000 is from the beginning farmer revolving loan fund and \$100,000 is from other funds.

² Operating expenses funding is reduced by \$45,000 from the general fund.

³ This amendment removes 1 FTE environmental engineer III position (\$156,691) and related operating expenses (\$15,830) added in the executive budget.

Sections are added to the bill to provide that:

- The Public Service Commission continue metrology program services and study location alternatives.
- The Public Service Commission report to the Budget Section regarding the status of location alternatives for the metrology program.

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1008

House House Appropriations- Government Operations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 98009.0102 "Click here to type Amendment Number"

Action Taken Adopt Amendment

☒ Voice Vote

☐ Roll Call Vote

Motion Made By Representative Berg: Seconded By Representative Kempenich:

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Glassheim		
Vice Chairman Thoreson			Representative Meyer		
Representative Kempenich			Representative Kaldor		
Representative Berg					
Representative Dosch					

Total (Yes) "Click here to type Yes Vote" No "Click here to type No Vote"

Absent _____

Floor Assignment "Click here to type Floor Assignment"

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

Remove funding for the Rail Rate Case \$450,000.

AMENDMENT ADOPTED

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1008

House House Appropriations- Government Operations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number "Click here to type Amendment Number"

Action Taken Adopt Amendment

☒ Voice Vote

☐ Roll Call Vote

Motion Made By Representative Dosch: Seconded By Representative Kempenich:

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Glassheim		
Vice Chairman Thoreson			Representative Meyer		
Representative Kempenich			Representative Kaldor		
Representative Berg					
Representative Dosch					

Total (Yes) "Click here to type Yes Vote" No "Click here to type No Vote"

Absent _____

Floor Assignment "Click here to type Floor Assignment"

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

Reduce operating expenses \$45,000

Amendment Adopted

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1008

House House Appropriations- Government Operations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number "Click here to type Amendment Number"

Action Taken Adopt Amendment

☒ Voice Vote

☐ Roll Call Vote

Motion Made By Representative Dosch: Seconded By Vice Chairman Thoreson:

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Glassheim		
Vice Chairman Thoreson			Representative Meyer		
Representative Kempenich			Representative Kaldor		
Representative Berg					
Representative Dosch					

Total (Yes) "Click here to type Yes Vote" No "Click here to type No Vote"

Absent _____

Floor Assignment "Click here to type Floor Assignment"

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

Removal of one FTE Environmental Engineer III and half of the operating for that position.

Amendment Adopted

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1008

Page 1, line 2, after the second semicolon insert "to provide for a report to the budget section;"

Page 2, after line 11, insert:

"SECTION 3. LEGISLATIVE INTENT - METROLOGY PROGRAM. It is the intent of the legislative assembly that the public service commission continue to provide the metrology program services at its current level and study location alternatives that do not include the construction of a new facility for the sole purpose of housing the metrology program for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 4. REPORT TO THE BUDGET SECTION. The public service commission shall report to the budget section prior to July 1, 2010, regarding the status of location alternatives for the metrology program."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment provides that the Public Service Commission continue providing metrology program services at its current level for the 2009-11 biennium, study location alternatives, and report its findings to the Budget Section.

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1008

House House Appropriations- Government Operations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 98009.0101

Action Taken Adopt Amendment

☒ Voice Vote

☐ Roll Call Vote

Motion Made By Representative Glassheim: Seconded By Representative Meyer:

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Glassheim		
Vice Chairman Thoreson			Representative Meyer		
Representative Kempenich			Representative Kaldor		
Representative Berg					
Representative Dosch					

Total (Yes) "Click here to type Yes Vote" No "Click here to type No Vote"

Absent _____

Floor Assignment "Click here to type Floor Assignment"

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

Include intent language that the metrology lab stay open

Amendment Adopted.

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1008

House House Appropriations- Government Operations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 98009.0102

Action Taken Adopt Final Amendment

☒ Voice Vote

☐ Roll Call Vote

Motion Made By Representative Kempenich: Seconded By Vice Chairman Thoreson:

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Glassheim		
Vice Chairman Thoreson			Representative Meyer		
Representative Kempenich			Representative Kaldor		
Representative Berg					
Representative Dosch					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Amendment Attached

ADOPTED

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1008

House House Appropriations- Government Operations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 98022.0102

Action Taken Do Pass As Amended

☐ Voice Vote

☒ Roll Call Vote

Motion Made By Representative Kempenich: Seconded By Vice Chairman Thoreson:

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Representative Glassheim		X
Vice Chairman Thoreson	X		Representative Meyer		X
Representative Kempenich	X		Representative Kaldor		x
Representative Berg	X				
Representative Dosch	X				

Total (Yes) 5 No 3

Absent 0

Floor Assignment Representative Kempenich:

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

Date: 2/17/09
Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1008

Aug 31

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 98009.0102

Action Taken adopt 0102

Motion Made By Kempnich Seconded By Wald

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempnich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Voice Vote - carries

VR
2/18/09
1083

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1008

Page 1, line 2, after the second semicolon insert "to provide for a report to the budget section;"

Page 1, line 12, replace "1,411,321" with "943,713" and replace "7,086,249" with "6,618,641"

Page 1, line 13, replace "369,920" with "309,090" and replace "2,005,776" with "1,944,946"

Page 1, line 18, replace "0" with "(450,000)" and replace "900,000" with "450,000"

Page 1, line 19, replace "3,842,241" with "2,863,803" and replace "16,629,525" with "15,651,087"

Page 1, line 20, replace "2,681,458" with "2,125,513" and replace "10,684,767" with "10,128,822"

Page 1, line 21, replace "1,160,783" with "738,290" and replace "5,944,758" with "5,522,265"

Page 1, line 22, replace "3.00" with "2.00" and replace "44.00" with "43.00"

Page 2, after line 11, insert:

"SECTION 3. LEGISLATIVE INTENT - METROLOGY PROGRAM. It is the intent of the legislative assembly that the public service commission continue to provide the metrology program services at its current level and study location alternatives that do not include the construction of a new facility for the sole purpose of housing the metrology program for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 4. REPORT TO THE BUDGET SECTION. The public service commission shall report to the budget section prior to July 1, 2010, regarding the status of location alternatives for the metrology program."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98009.0103 FN 2

A copy of the statement of purpose of amendment is attached.

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1008 - Public Service Commission - House Action**

	Executive Budget	House Changes	House Version
Salaries and wages	\$7,086,249	(\$467,608)	\$6,618,641
Operating expenses	2,005,776	(60,830)	1,944,946
Capital assets	127,500		127,500
Grants	10,000		10,000
Abandoned mined lands contract services	6,500,000		6,500,000
Rail rate complaint case	900,000	(450,000)	450,000
Total all funds	\$16,629,525	(\$978,438)	\$15,651,087
Less estimated income	10,684,767	(555,945)	10,128,822
General fund	\$5,944,758	(\$422,493)	\$5,522,265
FTE	44.00	(1.00)	43.00

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

	Decreases Funding for the Rail Rate Case¹	Decreases Operating Expenses²	Removes New FTE Position³	Reduces Funding for Anticipated Salary Savings⁴	Removes Salary Equity Funding⁵	Total House Changes
Salaries and wages			(\$156,691)	(\$129,320)	(\$181,597)	(\$467,608)
Operating expenses		(45,000)	(15,830)			(60,830)
Capital assets						
Grants						
Abandoned mined lands contract services						
Rail rate complaint case	(450,000)					(450,000)
Total all funds	(\$450,000)	(\$45,000)	(\$172,521)	(\$129,320)	(\$181,597)	(\$978,438)
Less estimated income	(450,000)	0	0	(48,420)	(57,525)	(555,945)
General fund	\$0	(\$45,000)	(\$172,521)	(\$80,900)	(\$124,072)	(\$422,493)
FTE	0.00	0.00	(1.00)	0.00	0.00	(1.00)

¹ Funding for the rail rate complaint case is reduced by \$450,000 of special funds to provide a total of \$450,000, of which \$350,000 is from the beginning farmer revolving loan fund and \$100,000 is from other funds.

² Operating expenses funding is reduced by \$45,000 from the general fund.

³ This amendment removes 1 FTE environmental engineer III position (\$156,691) and related operating expenses (\$15,830) added in the executive budget.

⁴ This amendment reduces salaries and wages funding to recognize anticipated savings from vacant positions and employee turnover.

⁵ This amendment removes funding added in the executive budget for state employee salary equity adjustments.

Sections are added to the bill to provide that:

383

- The Public Service Commission continue metrology program services and study location alternatives.
- The Public Service Commission report to the Budget Section regarding the status of location alternatives for the metrology program.

Date: 2/17/09
Roll Call Vote #: 2

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1008

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 0102

Action Taken Do Pass as Amended

Motion Made By Kempenich Seconded By Berg

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
Rep. Skarphol	✓		Rep. Kroeber	✓	
Rep. Wald	✓		Rep. Onstad	✓	
Rep. Hawken	✓		Rep. Williams	✓	
Rep. Klein	✓				
Rep. Martinson	✓				
Rep. Delzer	✓		Rep. Glassheim	✓	
Rep. Thoreson	✓		Rep. Kaldor	✓	
Rep. Berg	✓		Rep. Meyer	✓	
Rep. Dosch	✓				
Rep. Pollert	✓		Rep. Ekstrom	✓	
Rep. Bellew	✓		Rep. Kerzman	✓	
Rep. Kreidt	✓		Rep. Metcalf	✓	
Rep. Nelson	✓				
Rep. Wieland	✓				

Total (Yes) 23 No 0

Absent 2

Floor Assignment Kempenich

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

REPORT OF STANDING COMMITTEE

HB 1008: Appropriations Committee (Rep. Svedjan, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (23 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1008 was placed on the Sixth order on the calendar.

Page 1, line 2, after the second semicolon insert "to provide for a report to the budget section;"

Page 1, line 12, replace "1,411,321" with "943,713" and replace "7,086,249" with "6,618,641"

Page 1, line 13, replace "369,920" with "309,090" and replace "2,005,776" with "1,944,946"

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Page 1, line 20, replace "2,681,458" with "2,125,513" and replace "10,684,767" with "10,128,822"

Page 1, line 21, replace "1,160,783" with "738,290" and replace "5,944,758" with "5,522,265"

Page 1, line 22, replace "3.00" with "2.00" and replace "44.00" with "43.00"

Page 2, after line 11, insert:

"SECTION 3. LEGISLATIVE INTENT - METROLOGY PROGRAM. It is the intent of the legislative assembly that the public service commission continue to provide the metrology program services at its current level and study location alternatives that do not include the construction of a new facility for the sole purpose of housing the metrology program for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 4. REPORT TO THE BUDGET SECTION. The public service commission shall report to the budget section prior to July 1, 2010, regarding the status of location alternatives for the metrology program."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98009.0103 FN 2

A copy of the statement of purpose of amendment is on file in the Legislative Council Office.

2009 SENATE APPROPRIATIONS

HB 1008

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1008

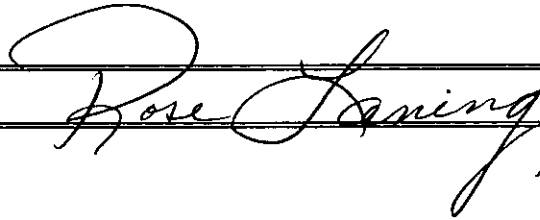
Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: February 25, 2009

Recorder Job Number: 9742

Committee Clerk Signature



Minutes:

V. Chair Bowman opened the hearing on HB 1008 concerning an appropriation for the Public Service Commission.

Kevin Cramer, President, Public Service Commission

Speaking from written testimony - see attached # 1.

Senator Lindaas: You compared the ND Public Service Commission to SD's Public Service Commission; do you have any similar comparison to MT?

Kevin Cramer: I don't but can get you the information. They have a separate consumer council. They also don't have sighting. Another area we are different is that most other states public services commission don't have oversight of coal mining and reclamation. We are really quite unique. I would be willing to wager that no other Public Service Commission has near the breadth of oversight and authority that ours does.

Senator Lindaas: When it's get into reclamation, does the federal government step in on anything.

Kevin Cramer: Our reclamationis actually funded 64% by the federal government. Our Abandoned Mine Lands Division is 100 % funded by the federal government, so we actually have the oversight on behalf of the Office of Surface Mining, as well as our own oversight.

(Continuing)

We are requesting an additional FTE beginning the second year of the 2009-2011 biennium and are also requesting an additional seasonal construction inspector.

V. Chair Bowman: When they're building a pipeline, do you have someone that inspects them as they are being built?

Kevin Cramer: This particular program inspects existing infrastructure, mainly distribution infrastructure. In advance of a gas pipeline being built, a transmissions facility, we have sighting authority in advance. This issue of having inspection authority during construction is kind of interesting. If it's an interstate oil pipeline, we have sighting authority but we don't have safety authority. But the federal government, which has safety authority, and can never get out and inspect during construction and has some interest in us hearing some of that responsibility on their behalf. But as you can see, we're a little understaffed to begin with, so I guess the answer is there are some areas we could have that authority.

Discussion continued on the inspection of pipelines for safety concerns.

Senator Fischer: Do you have the authority to go into gas station and measure a gallon as a gallon. But you don't measure to see if E85 is really E85. That is the Health Department's issue.

Kevin Cramer: A couple years ago, a request came in for a test of the fire power of E85, so we learned who has jurisdiction. There was a truth in labeling issue in the last session....

Continuing -

Senator Warner: Have you ever done a study to get away from general funds, and just levy fees and use special funds entirely?

Kevin Cramer: I don't know if we've ever done a study per se, but we have proposed it, talked about it, and we hinted at it, and it would be interesting, but we're open to it. It's very common.

Senator Seymour: Why do you think the House made the cuts to your budget that they did?

Kevin Cramer: Is this a trick question? I have some empathy for the position of leadership in regard to roll over dollars and how they are spent by some agency heads and how they might be perceived to be spent. The notion of taking vacancies away from them, take them out, roll over those dollars, and then raising everyone's salaries beyond 100 %. I have a bit of a problem with that myself. I think there are safeguards in place with OMB to make sure we don't do that. The bigger issue with me is that I think we have failed to help the House understand that. There is some roll over, there is some counting on vacancies. The vacancies occur because people retire. And when people retire, they take with them, sometimes, many, many hours of sick leave and annual leave that has to be paid out.

Senator Christmann: The environmental scientist position and the construction inspector are those in the bill now or were they in the governor's proposal.

Kevin Cramer: They were in the governor's proposal and they are in the bill now.

Senator Lindaas: You mentioned the travel with the gas prices; do you have regional people out in different areas who attend certain meetings?

Kevin Cramer: Yes, we do. They are mainly inspectors – the pump inspectors, bulk trucks, and scales. They do a lot of traveling, but from home base.

Senator Mathern: Who is it of three commissioners that negotiates with OMB about what's in budget, or who speaks for you in a subcommittee.

Kevin Cramer: I'm the president of the commission, which means nothing other than I open and close meetings and probably get more of these types of responsibilities, but when we negotiate or deal with OMB, frankly, since two of us creates a quorum, we are quite sensitive.

We can all go to subcommittee, there's nothing that prevents all of us from being there.

There's no one that is commissioned with that sort of responsibility

Steve Strege, North Dakota Grain Dealers Association

Testified in favor of SB HB 1008. (Written attached testimony # 2)

Please restore full \$900,000 for supervision of rail rates.

Senator Krauter asked questions about the green sheet.

Tony Clark, Public Service Commissioner added some insight about the general appropriation and spending authority of the public service commission.

Senator Wardner asked a question of Tammy, do you see misuse in the agencies of roll up dollars in agencies.

Tammy Dolan, Fiscal Analyst, OMB - Fiscal irregularities that come to the attention of OMB, we have to report those types of issues to the budget section and potentially, some of those may include some questionable or misuse items. Most of the agencies I've seen don't have exorbitant increases going out to individuals. There may be certain cases where that comes to our attention.

Senator Wardner: If someone is doing it, sooner or later, they will be brought before the budget committee and exposed?

Senator Christmann: We usually get a list from the budget section, and they are usually the same agencies that give a bunch of bonuses out.

V. Chair Bowman closed the hearing on SB 1008.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1008

Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: 04-01-09

Recorder Job Number: 11586

Committee Clerk Signature



Minutes:

Chairman Holmberg called the committee back to order regarding HB 1008 in regards to Public Service Commission.

Senator Christmann explained the amendments # 98009.0201 and the changes that were made. He talked about the metrology lab and the feasibility of it.(3.31)

Senator Christmann moved the amendment. Seconded by Senator Warner.

Senator Krauter On this issue we have tried to find solutions and we want it to stay. Why do we need to study it again? Is it a PSC study or Legislative Council study?

Senator Christmann The why is because last time we sunk some money into it to keep it going but as it is turning out the federal requirements are just about endless. We are going to have to pour vast sums of money into it, far beyond what we did two years ago in order to keep it going for the long term. In fact even after what we did in these past two years to upgrade it they are in worse need now than they were two years ago. What we need to study is whether someone else will pick this up. We are not able to. Last time, I came away thinking that we could keep it going but it just isn't possible. If the state builds a new one, that would be just a wild price too because a new one would have to meet higher standards than this one. Some things are grandfathered in. Even if you have grandfathered in things I figure that the amount is a lot of money that must be spent here. It is a PSC study.

Further discussion followed.

A voice vote was held on the amendments. It passed.

**SENATOR CHRISTMANN MOVED A DO PASS AS AMENDED ON HB 1008. SECONDED
BY SENATOR BOWMAN. A ROLL CALL VOTE WAS TAKEN RESULTING IN 13 YEAS,
0 NAYS, 1 ABSENT. SENATOR WARNER WILL CARRY THE BILL.**

Chairman Holmberg closed the hearing on HB 1008.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1008

Page 1, line 13, replace "943,713" with "1,404,750" and replace "6,618,641" with "7,079,678"

Page 1, line 19, replace "(450,000)" with "0" and replace "450,000" with "900,000"

Page 1, line 20, replace "2,863,803" with "3,774,840" and replace "15,651,087" with
"16,562,124"

Page 1, line 21, replace "2,125,513" with "2,681,458" and replace "10,128,822" with
"10,684,767"

Page 1, line 22, replace "738,290" with "1,093,382" and replace "5,522,265" with "5,877,357"

Page 1, line 23, replace "2.00" with "3.00" and replace "43.00" with "44.00"

Page 2, line 16, after "study" insert "public and private" and remove "that do not include the"

Page 2, line 17, remove "construction of a new facility" and replace the second "for the" with
"subsequent to"

Page 2, line 18, remove "biennium beginning July 1, 2009, and ending"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98009.0201 FN 1

A copy of the statement of purpose of amendment is attached.

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1008 - Public Service Commission - Senate Action**

	Executive Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$7,086,249	\$6,618,641	\$461,037	\$7,079,678
Operating expenses	2,005,776	1,944,946		1,944,946
Capital assets	127,500	127,500		127,500
Grants	10,000	10,000		10,000
Abandoned mined lands contract services	6,500,000	6,500,000		6,500,000
Rail rate complaint case	900,000	450,000	450,000	900,000
Total all funds	\$16,629,525	\$15,651,087	\$911,037	\$16,562,124
Less estimated income	10,684,767	10,128,822	555,945	10,684,767
General fund	\$5,944,758	\$5,522,265	\$355,092	\$5,877,357
FTE	44.00	43.00	1.00	44.00

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

	Restores Funding for the Rail Rate Case¹	Restores Funding Relating to Anticipated Salary Savings²	Restores Salary Equity Funding³	Adds New FTE Position⁴	Total Senate Changes
Salaries and wages		\$129,320	\$181,597	\$150,120	\$461,037
Operating expenses					
Capital assets					
Grants					
Abandoned mined lands contract services					
Rail rate complaint case	450,000				450,000
Total all funds	\$450,000	\$129,320	\$181,597	\$150,120	\$911,037
Less estimated income	450,000	48,420	57,525	0	555,945
General fund	\$0	\$80,900	\$124,072	\$150,120	\$355,092
FTE	0.00	0.00	0.00	1.00	1.00

¹ Funding removed by the House for the rail rate complaint case is restored to provide a total of \$900,000, of which \$800,000 is from the beginning farmer revolving loan fund and \$100,000 is from other funds.

² This amendment restores funding for salaries and wages removed by the House to recognize anticipated savings from vacant positions and employee turnover.

³ This amendment restores salary equity funding removed by the House.

⁴ This amendment adds 1 FTE pipeline inspector position and related funding.

Section 3 of the bill is amended to study public and private location alternatives.

Date: 4/1/09
Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1008

Senate Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 0201

Action Taken ☐ Do Pass ☐ Do Not Pass ☒ Amended

Motion Made By Christmann Seconded By Warner

Representatives	Yes	No	Representatives	Yes	No
Senator Wardner			Senator Robinson		
Senator Fischer			Senator Lindaas		
V. Chair Bowman			Senator Warner		
Senator Krebsbach			Senator Krauter		
Senator Christmann			Senator Seymour		
Chairman Holmberg			Senator Mathern		
Senator Kilzer					
V. Chair Grindberg					

Total Yes 11 Voice Votes

Absent Carried Yes

Floor Assignment _____

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

Date: 4-1-09
Roll Call Vote #: 2

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1008

Senate Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ☒ Do Pass ☐ Do Not Pass ☒ Amended

Motion Made By Christmann Seconded By Bowman

Representatives	Yes	No	Representatives	Yes	No
Senator Fischer A	✓		Senator Warner	✓	
Senator Christmann	✓		Senator Robinson	✓	
Senator Krebsbach	✓		Senator Krauter	✓	
Senator Bowman	✓		Senator Lindaas	✓	
Senator Kilzer	✓		Senator Mathern	✓	
Senator Grindberg	✓		Senator Seymour	✓	
Senator Wardner	✓				
Chairman Holmberg	✓				

Total Yes 13 No 0

Absent 0

Floor Assignment Warner

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

REPORT OF STANDING COMMITTEE

HB 1008, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1008 was placed on the Sixth order on the calendar.

Page 1, line 13, replace "943,713" with "1,404,750" and replace "6,618,641" with "7,079,678"

Page 1, line 19, replace "(450,000)" with "0" and replace "450,000" with "900,000"

Page 1, line 20, replace "2,863,803" with "3,774,840" and replace "15,651,087" with "16,562,124"

Page 1, line 21, replace "2,125,513" with "2,681,458" and replace "10,128,822" with "10,684,767"

Page 1, line 22, replace "738,290" with "1,093,382" and replace "5,522,265" with "5,877,357"

Page 1, line 23, replace "2.00" with "3.00" and replace "43.00" with "44.00"

Page 2, line 16, after "study" insert "public and private" and remove "that do not include the"

Page 2, line 17, remove "construction of a new facility" and replace the second "for the" with "subsequent to"

Page 2, line 18, remove "biennium beginning July 1, 2009, and ending"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98009.0201 FN 1

A copy of the statement of purpose of amendment is on file in the Legislative Council Office.

2009 HOUSE APPROPRIATIONS

CONFERENCE COMMITTEE

HB 1008

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1008

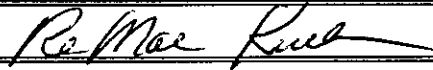
House Appropriations Committee
Government Operations Division

☒ Check here for Conference Committee

Hearing Date: 4/20/09

Recorder Job Number: 12021

Committee Clerk Signature



Minutes:

Vice Chairman Thoreson opened the conference committee on House Bill 1008, the budget for the Public Service Commission. All conferees are present.

Vice Chairman Thoreson: We'll go over the changes made since the bill left the house.

Senator Christmann: I will try to squeeze it all in within a half hour. Besides the 5 and 5 and equity issues, there are really only two other amendments. The Senate feels very strongly that the rail complaint case money at the state is working well. If something needs to be adjudicated, the money is there and everybody is prepared. So we put that back up to the 900,000 as it was before. The second one is a two parter. We added an FTE and if you look in Section 3 of the bill with the Senate Amendments, we made some changes to the metrology program legislative intent. With this amendment, it would be our intent that they would continue to provide the services for two more years. During those two years do a study that looks into both public and private location alternatives. There is some cost to running this. It doesn't pencil out. They probably have to be raising their prices. The prices that they are charging are significantly less than what people are going to have to pay once that place closes and they start going down to St. Paul. Besides the cost of making the trip down there, the costs for the actual testing are higher. We think they should for a two-year period start

charging a competitive price that would reduce some of the loss of running it. We are concerned that companies like Tesoro and others that use those services probably will end up with a lot of inconvenience and will be at a competitive disadvantage if they have to run everything to St. Paul for testing. We felt we'd like to see the prices get up to a competitive amount so the public sector sees what it would take. Maybe some small community has a facility that with some remodeling could be made available so someone could go into this business and provide the service. If we keep that going, that is where the FTE comes in. They are staffed now but in the executive recommendation I believe you took out one or two employees. We left that alone. However, there was a shifting of an employee in the executive plan. This employee that works full time in the metrology lab was going to be doing pipeline or boiler inspection so they are actually getting a new FTE in the executive plan based on the metrology lab going away. So if we do as Section 3 recommends and keep the metrology lab open, they do need that inspector.

Vice Chairman Thoreson: A couple of questions on Section 3 with the change. With this study, it is the intent that the PSC would do this study?

Senator Christmann: I don't really recall that we discussed that at great length. It was my understanding that it would be the PSC doing that study.

Senator Warner: It would be a PSC driven study. I would like to see some Legislative Council involvement.

Senator Christmann: Section 4 does say that the PSC would report back to us.

Vice Chairman Thoreson: I read that after I asked the question. It does come to me that perhaps we would want some input on that also. If the PSC is studying it, what resources would they need?

Representative Berg: If there is an issue with the metrology program, why not just fix it and not delay it two years?

Senator Kilzer: The metrology lab is an orphan looking for a home. That is the reason we need the study is that it can't stay where it is in the maintenance shop back here.

Representative Kaldor: As I read the engrossed House Bill version .0200 and the Senate version, Section 3 there isn't a lot of difference. We are both calling for a study. The only difference is in the House version we put in a specification. We said the location alternatives would not include the construction of a new facility. The Senate did not include that in their study.

Vice Chairman Thoreson: I do agree it is similar yet I guess I do agree that perhaps the House language might be stronger language. Also the other question I have is the issue of the private location alternative. Would that mean we would turn the service completely over to a private entity or would the state contract with a private service provider for this. Are there others in the state that wish to provide that? I tend to agree with Rep. Berg that maybe instead of studying this, we should figure out a solution. We've seen this before.

Representative Berg: I just think that again one of the challenges would be to see if it can carry itself. Is there a way someone in the private sector could provide that service for us?

Senator Warner: I am not entirely sure that they have to move. One of the things is they are working with precision instruments which is very subject to vibration and it requires constant temperature and humidity. We have housed it in the same building where we store heavy equipment and the car wash for the motor pool so that is an issue. The other issue is with security we allow semis and mail trucks to unload directly at the capitol building. They like to avoid that so we don't have large trucks approaching the capitol bldg. and parking for extended periods of time. They would like to put in a secondary loading ramp at about the same location

as the metrology lab. Everything would then be brought to the building by forklift. That would avoid an Oklahoma City scenario.

Vice Chairman Thoreson: I know I have had that discussion with those folks.

Senator Christmann: Just to add to that a little. Somebody has got to move. I don't think the state building a new facility would be feasible because of the costs we face with the way we pay employees and the benefits we give. We don't have a business this would fit into. We would have to start somewhere fresh. If we can make it clear that this two-year period is the end, and someone else has a facility and wants to take it over they can get in on the action.

Vice Chairman Thoreson: I don't know that we are a long way a part on this on this issue. Going back to Item #1, the rail rate complaint case funding, you said it was the strong position of the Senate to increase that back to the \$900,000. We've discussed this in the past with the argument that with the \$900,000 there, we are going to make the railways scared. I've never felt that was the case because they have unlimited resources. I think there has been some movement in the last couple of years for some of these rates partly because the way the service transportation board changed the way they do their filings. Now you can file a case for \$150. I am just making my position known.

Senator Warner: It is stick money in one pocket or stick money in another pocket. It is still growing interest. We are not committing it to anything. It is still safely parked whether it is in one account or the other.

Representative Berg: It is the next generation of agricultural leaders that are going to carry our state forward. We must do everything we can to insure that our programs are safe as farm prices fall and the economy is shaky.

Senator Kilzer: I think it is pretty important to keep it at \$900,000. It is working very well and there is no reason to change it.

Vice Chairman Thoreson: I had made a motion to eliminate the funding. I think the consensus was that since there was some movement in an effort for us to show we understand there has been change, we will lower the amount also.

Representative Berg: I will try another angle. I remember when we put it in. The railway rate cases were pretty high. In 2003 or 2005 we put \$2 million in the House and Senate. The Senate ended up down about \$900,000. The result was a very difficult vote for a lot of people but it was really a support of our farmers and getting fair rates with the railroad. It had an influence. The rates did come down. It made a huge impact on farmers' net income. Maybe the issue here is showing some good faith to the railroads. They have delivered. We were able to work on our differences without litigation. Maybe we don't need that in there. If in fact the same thing happens, we have laid down a course that we are willing to support an elevator or producer that feels they are unfairly treated in rate cases.

Senator Christmann: I guess I would just ask the question. What is the status of the beginning farmer fund? Is this causing a shortage with using the money? In a two-year time period a lot can change. Cutting it in half and eliminating it are almost a wash. Either you have enough to do something or not.

Vice Chairman Thoreson: There have been some changes in the last two-year time period.

Senator Warner: Back to the metrology issue, I wonder if we could ask Legislative Council before our next meeting to come up with legal structure for how their rates are determined, whether it is in rule or whether they can just set them as they please. Also current rate schedules for North Dakota, Minnesota, and Montana.

Representative Berg: Maybe what we ought to do with metrology is do an RFP. The state would during the next two years get a contract with some independent party to provide the

state a service for that period. That would prompt the private sector to step forward and do something. Also, what is the original intent of the litigation money with the railroad?

Senator Warner: I think the state of North Dakota would have trouble proving standing in the issue. It would need to be a shipper or group of shippers.

Vice Chairman Thoreson: We will get the requested information for our next meeting.

Adjourned.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1008

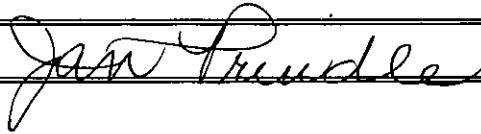
House Appropriations Committee
Government Operations Division

☒ Check here for Conference Committee

Hearing Date: **25 April 09 (2 p.m.)**

Recorder Job Number: 12268

Committee Clerk Signature



Minutes:

Vice Chairman Thoreson called the conference committee on House Bill 1008 to order. All conferees were present.

Vice Chairman Thoreson: I'm going to work off the statement of purpose. We had discussion on the rail rate complaint case, item number 1. Items 2 and 3 have to do with salary. Item 2, the funding which was restored by the Senate, the House had taken that out during the first half. We did not do that with budgets after crossover so I think we are okay on that one. Item 3 is the equity funding which is going to be dealt with in HB 1015, the OMB bill. So let's talk about number 4, the pipeline inspector position.

Senator Christmann: I didn't have it before but I wrote out as nearly as I could the House version of section 3, the FTE for the metrology lab. It appears to me that it was also the House's intent that PSC continue to keep the metrology lab open for the next two years while they search for an alternative. Is that correct?

Vice Chairman Thoreson: Yes. That is correct. I think in our discussion we wanted to take a look at what could happen in the future—if we wanted to stay in this business or if there might

be someone else who could provide it in state rather than shipping the work to St Paul or wherever the closest lab is.

Senator Christmann: On section three we agree that it should stay open for two years. The extent of our amendment on section 3 really involved changing the wording around to emphasize that they study both public and private location alternatives to try to find a home for this. I see absolutely no way that the state could ever build something like this and pay the types of salaries and benefits that we pay and be anywhere near profitable. I think it is something that we need to be getting out of. If some other entity wants to pick it up, I would be happy to see that happen. I think it's good to emphasize that private part. The issue then comes back to the FTE and as we had it explained to us from the PSC, in the Governor's budget there were some changes. They were granted an extra FTE for pipeline inspection. It doesn't show up anywhere.

Vice Chairman Thoreson: Are you talking the Governor's budget?

Senator Christmann: It doesn't show up. The FTE total stays the same because it was the intent to eliminate the metrology lab and the FTE that is now operating the lab was going to be the pipeline inspector. It doesn't show up anyplace. However, if we choose to keep the metrology lab open and the FTE stays working in there, we still need the pipeline inspector and that's the new position.

Vice Chairman Thoreson: The reason, I know on our side we had removed a new FTE position but that was for an environmental engineer III position so that would not have been that same position.

Senator Christmann: We left that alone.

Vice Chairman Thoreson: So you left that change and you added back in this pipeline person.

Tammy Dolan, OMB: It is related to the metrology lab.

Senator Christmann: If we close the metrology lab then that position becomes the pipeline inspector and nothing shows up anywhere on FTE. If we keep it then they need their pipeline inspector.

Representative Berg: The executive budget had 3 new FTEs over the last biennium. So, we went up three and when they presented their budget it was to eliminate the metrology lab. If we are just looking at overall FTEs, if we add this person then we are adding three FTEs. What I hear you saying is if we are going to keep the metrology lab open, they would have added 4 new FTEs but because they were going to close it, they only added 3 in the Governor's budget. We reduced one; you added one back for metrology. What is the net cost for metrology lab?

Sheila Sandness, Legislative Council: I emailed everybody a copy. I asked them for information with regard to the fees that they charge and some revenue and income information. The listing that they gave me listed revenue for the 05-07 was \$33,456 and 07-09 year to date \$31,620. For salaries for the chief inspector for 07-09 receives \$130,630 per biennium. Forty percent, or \$52,252, is for metrology. They are anticipating 60% of his time will be required in the 09-11 biennium due to the increased time required to comply with MIST requirements and increased workload of testing of bulk weight standards. Other operating costs he indicates travel and training \$1,656, and for 07-09 he gives travel and training at \$4,477.

Vice Chairman Thoreson: Was that travel and training for both biennia? It's quite a jump.

Senator Warner: I think a periodic recertification doesn't happen every biennium.

Vice Chairman Thoreson: That is the extent of the numbers?

Sheila Sandness, Legislative Council: There was no equipment in 05—07 but in 07-09 it was \$13,498. Capital improvements to the lab were 0 in 05-07, but in 07-09 it was \$20,925. He did give me the fee schedule. For Montana it is \$75 per hour and in MN it is \$140 per hour. Currently the ND lab fee schedule is in ND Century Code 64-02-10 and is set at \$17 per quarter hour or \$68 per hour.

Representative Berg: The revenue of \$31,000 is that revenue that people are paying for inspection? Is there any benefit coming to the state?

Sheila Sandness, Legislative Council: I am not 100% certain of that. They do our own and the revenues come from outside.

Representative Berg: They are testing weight equipment.

Sheila Sandness, Legislative Council: They calibrate measuring devices.

Vice Chairman Thoreson: They make sure a quart is a quart and an ounce is any ounce and that type of thing.

Representative Berg: We are giving a service directly to PSC and that's why we have it. Just to recap this we have approximately 31,000 in revenue and we have salaries. These are biennial numbers, so it's costing us \$90.0 a biennium based on the past to do this. So one question I have as a solution is what if the State of ND simply contracted out to calibrate their equipment?

Senator Christmann: I think that is what our study is going to be looking for as the potential solution in the next two years. Right now there is no one in the business in the state.

Representative Berg: The question I have got, why are we adding an FTE for \$150.0 when right now that salary is only \$52.0. If .5 FTE got lost in this jumble and we wanted to keep metrology, we probably wouldn't have to add \$150.0.

Vice Chairman Thoreson: I guess my question to you is are you saying that we don't study this and just put out an RFP and settle this now rather than wait another two years. I wouldn't have a problem with that. We have talked about this several time and probably have talked it to death and now to put it off for another two years.

Representative Berg: I am unfortunately looking at two different things. First of all if we wanted to look at metrology and if at the end of the day, it's not something that's ever going to cash flow for us, we'd like some independent person to take this over and provide this service in the state. Maybe we ought to let them do an RFP that says we're going to contract for services and authorize them up to \$45.0 a year to pay for that service. If you are not comfortable about that and want a study, then we can talk about the FTE.

Senator Warner: I think conceptually I agree with you. But, we are at the 11th hour. We're speculating that \$45.0 is the right evaluation of what the metrology lab does for the state. We are not sure that is the right number. None of the PSC commissioners or anyone from metrology is in the room. My point is that a study would be the appropriate way. Conceptually I agree with you but at this point I don't think we could put together a reasoned plan.

Representative Berg: We have a week ahead here or longer. The bottom line is it is costing us \$45.0 a year to get whatever service for whatever things we own that get calibrated. Part of the question is can we go to MN and have that done for \$10.0 a year then it probably makes sense for us to do that unless there's a greater good for the state if we have this service in ND.

Senator Christmann: I don't know that it can be defined, but I do worry especially with oil and gas issues, that maybe it does hurt us to not have the service available. However, when we talk about the cost of \$45.0 is nowhere near what it is going to cost us in the little longer-range future. Even though they keep pouring money into the building, to stay certified nationally they are falling way behind and are going to have to make major structural changes

and possibly even take over the whole building. If we are going to stay in this business, it's going to cost us more money.

Vice Chairman Thoreson: I guess if I had my way, we would probably contract this out to someone. We are not going to get this completed today so let's think about this before our next meeting. Maybe we will continue with the idea of a study but if there some way we could do it with the RFP we can discuss that one more time.

Senator Christmann: I do think though if we could keep this in the back of our minds that it is a very complex building. There are many things that need to be changed over the next few years to stay certified; however, there are also many things here that are grandfathered that a new facility would not get away with. It's not like over the summer someone could get something constructed and start in this business.

Vice Chairman Thoreson: One thing I'm aware of, and maybe there are other businesses, the company I work for in Fargo which is a pharmaceutical research company, we have a metrology division. We have someone on staff because the lab in our business has very precise instruments which have to be calibrated. Perhaps they would be interested as a side business. We have the facility and it's certified and I'm guess there may be others out there. I don't know if the university system has any metrology at any place.

Senator Kilzer: If we are going to carry out a study as is mentioned in section 3 of the last two versions of the bill, I think we should also study the finances rather than just services.

Vice Chairman Thoreson: I think if we are going to go ahead and study it, we need to have to have all the information brought forward so a final decision can be made here.

We won't talk about the FTE because it does tie in to this. Let's try to think about this and if we want to continue with a study we can craft some additional language to do the things

Senator Kilzer mentioned. Or, if there is another way of doing it then we will get this settled and complete our business.

The committee recessed.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1008

House Appropriations Committee
Government Operations Division

☒ Check here for Conference Committee

Hearing Date: 4/29/09

Recorder Job Number: 12369

Committee Clerk Signature

Ellen Letang

Minutes:

Vice Chairman Thoreson: Called the Conference Committee on House Bill 1008 to order.

All conferees are present.

Vice Chairman Thoreson: We had a discussion on the metrology lab and what's going to happen, going into the future. I think we need to have some more information on what's going to happen without a full hearing.

Representative Berg: At our last hearing we talked through the numbers and if I understood the numbers right, we had revenue of 30,000 and expenses of 90,000, so it's costing the state 60,000 to have a metrology lab. In the Senate amendments included one position for 150,000 and that if we are going to keep the metrology lab; we need this other FTE that going to cost 150,000. I'm thinking 150,000 plus 60,000; we are 310,000 a biennium for a metrology lab, so we get our state's work done for free. The question I have been trying to get is we would found someone in the private sector to do our metrology lab for the state, what that would cost? If you would allow someone to address that and the back up too, the recommendation in the executive budget was to eliminate the metrology lab.

Vice Chairman Thoreson: That's correct.

Representative Berg: My question is what would it cost if we contracted out with someone else to provide the service that our state needs?

Kevin Cramer~Public Service Commissioner: Our costs for having our equipment tested and have those metrology services preformed would be \$31,000 per biennium to send them the certified lab in St Paul. It's about \$8,500 for the service and \$7,500 for travel and expenses. Could there be someone in the private sector, that's a lot harder for me to answer.

Representative Berg: Question is just in the bigger picture, if we didn't have the metrology lab it would cost the state \$31,000 a biennium to take care of the things that we need to do for our state?

Kevin Cramer~Public Service Commissioner: That's correct, although in this first biennium, we would of course done all of our metrology on our own equipment and at the very end of the biennium, which for this biennium would be in compliance for a year or so.

Representative Berg: There are really two issues that have gotten blended here, first is looking at the business of the state and the second issue, how could we encourage this to continue to be a resource in our state? I want to talk about that separately but the first issue just from a cash flow standpoint; it would cost us \$30,000 a biennium if we hired someone else to do the metrology work versus what's laying before us now would be \$150,000 plus \$60,000 which is about \$21,000.

Kevin Cramer~Public Service Commissioner: That is exactly right. It cost us about \$30,000 to calibrate our own equipment.

Representative Berg: How could we inspire someone in state government or the private sector to purchase our equipment, set up their own lab and we would contract them for \$30,000 a biennium. They could set their own rates, let the market bare and maybe make a profit & create some jobs out in our private sector here in North Dakota?

Kevin Cramer~Public Service Commissioner: There are a couple of challenges to that but I like the thought. First, we could sell the equipment really cheap to start out with to inspire them, like they could have it, secondly, an anchor client for \$30,000 a biennium is not a bad way to start. The notion of rate that would be competitive, you are still dealing with a pretty small market base just in North Dakota. I think the bigger challenge would be the capital cost up front because when looked at a new lab and office, they are extraordinary numbers. It has to do with the NIST standards, so starting over with a new building, I don't know to what degree the Federal government what role they will place. Is it possible, I like the market and free enterprise approach to it; I just don't know if it's enticing enough?

Representative Berg: You had me up to the point of study. What I am thinking in my mind is what I'd like to do is accomplish both things. I would like to get our state out of this business; it doesn't seem that it's an area we should be in. In the next 12 months, that the state will be out of metrology and we would encourage the PSC to cooperate with the private sector in our hope that you could continue metrology in North Dakota. I think that this will give us time to find someone who has a facility with extra room that would meet these standards, that's doing this work already and maybe the possibility that they could figure out how to make money. I guess what I am thinking is a lot of broad latitude to the PSC, but maybe also say that we would continue this for 12 months and then we are out of the business. Would that make some sense?

Kevin Cramer~Public Service Commissioner: Again I like the idea. I think we could engage in that type of discussion perhaps some with some private sector folks. One of the things to note is that there are private metrology labs in the state; they just don't do our type of metrology. There is one lab that calibrates torc for wrenches but that's very different from mass and volume.

Representative Berg: My thought a couple of days ago was to simply to put an RFP together with might simply say to the private sector, we are going to provide this equipment to you and we are going to contract with you for \$15,000 year. They can go out and give you a proposal, almost a reverse RFP and you pick a vendor that would be best, give them the equipment & business.

Kevin Cramer~Public Service Commissioner: I would also ask that if something like this were to be done we would want to engage the department of commerce in a big way. I believe that there is more value to a metrology lab as an asset for an amenity for development than our department of commerce probably realizes. When we talk about things like loading facilities that are ways to export products into the international market place, the ability to service some of the industries that surround that, there may be some opportunities to that. I would want the Department of Commerce engage in that same process.

Representative Berg: Just to recap, number one I think the state should get out of the business, number two I think we should have some point where we get the private sector to register or not, rather than a study, I think they will figure it out. Having said that, I am not opposed to paying more if no private sector takes the offer, so they know that they have that cash flow coming in and that's our good faith trying to keep the metrology lab in the state of North Dakota. It will be self determinant then as we go into the next session.

Senator Warner: Not to be disrespectful but I think you counted thing twice. The other issue is the executive budget to do away with the lab, the House's position, you are defending, is to put back in as a full time metrology lab. The Senate's position that we would have a study to privatize the lab, we are in full agreement with everything you are saying. You are defending the Senate's position again, we are sideways on this thing too.

Representative Berg: I guess my question is the person who is doing the metrology now, is also part time pipeline inspector. If I understood the discussion it was to add a full FTE is we are going to keep the metrology.

Kevin Cramer~Public Service Commissioner: This is unique because of the human being that currently serves there, who happens to have this other skill and who would become the full time pipeline inspector. It's one of those managerial opportunities that we have within our office.

Representative Berg: I would like to kind of flesh out some kind of language together that would the committee & the PSC could look at and feel comfortable with that. Then I think the issues relates to the rest of the budget where we are in FTE's and everything else.

Vice Chairman Thoreson: I have no problem with that, other members of the committee, would that be something?

Senator Warner: I am just speaking for myself; I was the one who came up with the idea to see if a private vendor would be interested in it. I think that's the way to go and that there is some other synergies that are searching for this service. If we are going to come up with an RFP or a study, is that the future legislative body has the opportunity to confront the decision before it becomes the fate of the company.

Vice Chairman Thoreson: Any further discussion? I think we will go forward with that and Representative Berg; you will have something next week.

Representative Berg: We can't solve this on Saturday because we don't have anyone from PSC that show up for a Saturday hearing.

Senator Christmann: It sounds like we are pretty much on the same track, outside of the FTE and we had the date of June 30, 2011, I'm ok either way.

Representative Berg: My experience is that anything that ends at the end of a biennium generally causes another 4 months of debate. Anything that ends during the biennium gets fixed and resolved.

Senator Christmann: So the question is so we know we are getting to an end, can the PSC get by without that pipeline long enough to keep this going for a year and then transfer that person.

Representative Berg: We will need to work through that but my thought would be if you could get all your calibrating done and it's good for a year, maybe that's a effort that done prior to July of 2010. If for some reason there is no private sector that steps forward, it's going away, it doesn't create a burden for our services in the state and let the legislature revisit it if they felt strongly about it. Connecting commerces is a great idea, not only does the PCS , you have a customer who is rock solid, you have business and economic development minds that can help package something that would come together.

Senator Christmann: I would just like to advice, don't waste any time trying to connect with higher ed. I tried this 2 years ago, they went through a long process to see maybe this could be a center of excellence and they looked into it and felt that this wouldn't work out.

Representative Berg: Now that you brought this up, potentially a lot of stake holders that should be involved. Clearly higher ed should be involved and maybe we could bring in human services, DOT, racing commission and corrections as well as part of your work in setting this up. I will try to be inclusive in amendment so we have no one left out and if we have a big enough plan and that won't create an emergency for the commissioners, they can plan around their weekends.

Senator Warner: I want to come to the defense of a pipeline inspector; we have hundreds of millions of dollars being invested in pipelines, like 200 million dollars or more just in one county in my district.

Vice Chairman Thoreson: Other issues that we have on this one in our short time here; there is still the issue of the rail rate complaint case funding. I'm not certain where the house had \$450,000 and the Senate is at \$900,000 and we need to get hammered out, move forward and put this one to bed.

Representative Berg: I just have a copy of the legislative history on this; again clearly this is something that had an impact. It was put in 03 because we had concerns throughout rural North Dakota and the rail rate for getting wheat & Ag products out the state. We did spend \$230,000 in that following biennium, of that; there was never a case that actually came forward. In 2005 it was increased to \$900,000 and since then there was only \$12,000 spent out of there. Now we're in the 2009, 2011 biennium, the reason the House removed it was to show good faith to the railroad industry to show that we reacted, pulling out and pulling it back. I don't have a problem if it's in there or not but I would rather pull it out completely and say, you know, things are working well. Two years from now if we need a rail way case and we go back and put in 2 million dollars in there to have the flexibility as a legislature to understand this issue and be will to have a hammer and a partnership. Clearly it was the Senate that put more money in there over the several past bienniums and so the meager amount we had in there was through conference committees kicking, fighting and scratching for the House position. Bottom line from my position is we leave the 900 in there.

Vice Chairman Thoreson: We know the Senate's position on this; I'm not certain where you stand on this? Well let's go ahead and mark that one off and we will probably end up with the Senate on this one.

Representative Kaldor: So I'm clear, the one FTE for the pipeline inspector is affected by the metrology lab because that person does both. I agree.

Vice Chairman Thoreson: That correct.

Representative Kaldor: In order for us to restore or comply with the Senate's version, I agreed with Senator Warner that we need the one FTE for the pipeline inspection.

Kevin Cramer~Public Service Commissioner: To help you a little, the reason it's important is because it's required to be in compliance with the Federal partners who fund 60% of that program and we are seeing pipeline issues. Senator Christmann has a point too, if this is a one year as opposed to a 2 year thing, maybe we can manage that and still make it all work.

Vice Chairman Thoreson: We are going stand adjourned until I call the Chair and work on those issues to complete our business.

2009 HOUSE STANDING COMMITTEE MINUTES

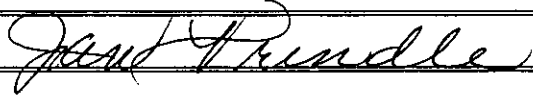
Bill/Resolution No. **HB 1008**

House Appropriations Committee
Government Operations Division

☒ Check here for Conference Committee

Hearing Date: **April 30, 2009**

Recorder Job Number: 12420

Committee Clerk Signature	
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Minutes:

Chairman Thoreson called the Conference Committee on HB 1008 to order. All members were present except for Senator Christmann.

Chairman Thoreson: All issues were resolved except the Metrologist.

Representative Berg distributed amendment .0202 (Attachment A). The intent would be that they discontinue metrology services during the biennium. This allows them to figure out how to do that. It contains, "it is further the intent of the Legislative Assembly that the PSC and the Department of Commerce collaborate to assist with the transition of metrology services from a public to a private service by contacting with the private sector for services on a short-term basis, assisting with equipment acquisition and providing referrals."

The objective is to be flexible. The PSC would identify those affected and give them notice. In conjunction with the Department of Commerce to contract with someone if a new entity that emerges from the private sector. Also in discussion would be to have available the equipment they have and sell it to the private sector. We would need some language to allow that to happen. If we adopt this amendment, the person who is half pipeline and half metrologist would be able to continue the pipeline work and would transition to that full time over the next two years.

Chairman Thoreson: So by doing this we would not need an additional FTE?

Representative Berg: Correct.

Senator Warner: I want to commend Representative Berg for doing this. I might have a couple of issues that we should be aware of. Are the standards owned by the state or the federal government? Would the federal government allow them to be transferred to a private entity without going through the regular surplus property system? If they are owned by the state it is a pretty easy thing to do. That could be an issue.

(**Senator Christmann** came into the Conference Committee).

Kevin Kramer, PSC: They are owned by the state and the standards are traceable. The state is the owner of all the equipment.

Senator Warner: This certification body that would certify you or a private vendor so the transfer of property would be traumatic.

Mr. Kramer: I would say that is accurate. A private entity would have to earn that same certification but the fact that they had a bunch of certified standards would be helpful.

Senator Warner: Some people that have metrology services in the state may be only at one end of the spectrum in terms of weight, or in terms of volume, or in terms of torque. Is that an easy thing to get certified?

Mr. Kramer: I doubt that it is easy. I think it would be a sales job. If we were to just do an RFP I can't imagine there would be anyone who would jump on this opportunity. By using the Department of Commerce and their marketing ability and MEP, a very effective service provider, has also MIST certification in other areas. They are in touch with that high-tech standards world. It's possible that in two years no one jumps on this but working with

Commerce, working with MEP, working with the customers, we have the best chance of getting someone. The biggest challenge will be the building.

Chairman Thoreson: Representative Berg, did you talk with Commerce?

Representative Berg: I think this is consistent with the mission of Commerce. I didn't talk to Commerce because I assumed they would be supportive of working with us.

Chairman Thoreson: I too think it would be something they would have no problem working on.

Representative Berg: Would you like a report to Budget Section? I certainly think that would be fine to do.

Senator Warner: That would be fine.

Representative Beg: I think this is more of keeping the legislature informed. We could ask them to report to Legislative Council. The other part of this is we want to give them some flexibility. Their equipment does not have to go through unclaimed property. I would like it done in a fair public manner so that if they don't go through claimed property--I'm not sure how to work that. I don't want any sweetheart deals.

Sheila Sandness: In order for them to transfer the property outright, they would need an exception section put in their bill where they would be exempted from the code section 54-44-0.6. I came up with some language.

It would be "If the Public Service Commission transitions metrology services from a public to a private serve, the Public Service Commission may sell or transfer property related to metrology services in a manner that is determined by the Commission to be of greatest advantage to the state. The sale or transfer of metrology equipment is not subject to the provision of ND

Century Code Section 54-44-04.06" If you need to we could put some sort of an approval.

Representative Berg: That is the language I had in mind. With a public record in that manner, it will be disclosed. **I move this amendment with the report to Legislative Council and the equipment exemption that Sheila referenced.**

Senator Christmann: Second.

Chairman Thoreson: This is the last issue on PSC as I recall so we would probably want to roll these all in to one. We could meet briefly tomorrow when we have the final amendments.

Sheila Sandness: A point of clarification. The amendments that the Senate added there were four of them. For my purposes to draft an amendment, I would like to go through them.

Ms. Sandness: The restoring of the funding for the rail rate case, we would leave that in? Was that the consensus of the group?

Chairman Thoreson: Yes.

Representative Berg: You would bring that up.

Ms. Sandness: Restoring the funding for the salary savings we would leave that in because we are doing that on all the budgets. The salary equity that the Senate restored we would remove.

Chairman Thoreson: Correct. That's being handled in 1015.

Ms. Sandness: The new position that the Senate added? That would be coming out?

Chairman Thoreson: Correct. This amendment would clarify and take care of that issue.

Representative Berg: We'd remove the language that is in metrology.

Sheila Sandness: We would replace that with the language you provided.

Chairman Thoreson: I'll schedule for tomorrow, we'll try to get copies for everyone to review and then take final action on this and then our business will be completed.

A voice was taken on the amendment .0202. The amendment was accepted.

Adjourned.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1008

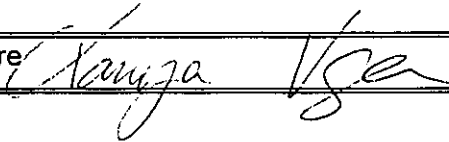
House Appropriations Committee
Government Operations Division

☒ Check here for Conference Committee

Hearing Date: 5/1/09

Recorder Job Number: 12447

Committee Clerk Signature



Minutes:

Vice Chairman Thoreson called the conference committee on House Bill 1008 to order. All conferees were present.

Representative Berg moved to adopt amendments .0203 to HB 1008.

Senator Christmann seconded it.

A Roll Call vote was taken. Yes: 6, No: 0.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1008

The following section is for consideration for inclusion in a set of amendments regarding Engrossed House Bill No. 1008.

SECTION _____. LEGISLATIVE INTENT - METROLOGY PROGRAM. It is the intent of the sixty-first legislative assembly that the public service commission discontinue providing metrology program services during the biennium beginning July 1, 2009, and ending June 30, 2011. It is further the intent of the legislative assembly that the public service commission and the department of commerce collaborate to assist with the transition of metrology services from a public to a private service by contracting with the private sector for services on a short-term basis, assisting with equipment acquisition, and providing referrals.

Renumber accordingly

VR
5/1/09
1082

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1008

That the Senate recede from its amendments as printed on pages 1115 and 1116 of the House Journal and pages 954 and 955 of the Senate Journal and that Engrossed House Bill No. 1008 be amended as follows:

Page 1, line 2, after "section" insert "; to provide an exemption"

Page 1, line 13, replace "943,713" with "1,073,033" and replace "6,618,641" with "6,747,961"

Page 1, line 19, replace "(450,000)" with "0" and replace "450,000" with "900,000"

Page 1, line 20, replace "2,863,803" with "3,443,123" and replace "15,651,087" with "16,230,407"

Page 1, line 21, replace "2,125,513" with "2,623,933" and replace "10,128,822" with "10,627,242"

Page 1, line 22, replace "738,290" with "819,190" and replace "5,522,265" with "5,603,165"

Page 2, replace lines 14 through 21 with:

"SECTION 3. LEGISLATIVE INTENT - METROLOGY PROGRAM - BUDGET SECTION REPORT. It is the intent of the sixty-first legislative assembly that the public service commission discontinue providing metrology program services during the biennium beginning July 1, 2009, and ending June 30, 2011. It is further the intent of the legislative assembly that the public service commission and the department of commerce collaborate to assist with the transition of metrology services from a public to a private service by contracting with the private sector for services on a short-term basis, assisting with equipment acquisition, and providing referrals. The public service commission shall report to the budget section during the 2009-10 interim on the status of the metrology program.

SECTION 4. EXEMPTION. If the public service commission transitions metrology services from a public to a private service, the public service commission may sell or transfer property related to the metrology services in a manner that is determined by the commission to be of the greatest advantage to the state. The sale or transfer of the metrology equipment is not subject to the provisions of North Dakota Century Code section 54-44-04.6."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98009.0203 FN 1

A copy of the statement of purpose of amendment is attached.

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1008 - Public Service Commission - Conference Committee Action**

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$7,086,249	\$6,618,641	\$129,320	\$6,747,961	\$7,079,678	(\$331,717)
Operating expenses	2,005,776	1,944,946		1,944,946	1,944,946	
Capital assets	127,500	127,500		127,500	127,500	
Grants	10,000	10,000		10,000	10,000	
Abandoned mined lands contract services	6,500,000	6,500,000		6,500,000	6,500,000	
Rail rate complaint case	900,000	450,000	450,000	900,000	900,000	
Total all funds	\$16,629,525	\$15,651,087	\$579,320	\$16,230,407	\$16,562,124	(\$331,717)
Less estimated income	10,684,767	10,128,822	498,420	10,627,242	10,684,767	(\$57,525)
General fund	\$5,944,758	\$5,522,265	\$80,900	\$5,603,165	\$5,877,357	(\$274,192)
FTE	44.00	43.00	0.00	43.00	44.00	(1.00)

Department No. 408 - Public Service Commission - Detail of Conference Committee Changes

	Restores Funding for the Rail Rate Case ¹	Restores Funding Relating to Anticipated Salary Savings ²	Total Conference Committee Changes
Salaries and wages		\$129,320	\$129,320
Operating expenses			
Capital assets			
Grants			
Abandoned mined lands contract services			
Rail rate complaint case	450,000		450,000
Total all funds	\$450,000	\$129,320	\$579,320
Less estimated income	450,000	48,420	498,420
General fund	\$0	\$80,900	\$80,900
FTE	0.00	0.00	0.00

¹ Funding removed by the House for the rail rate complaint case is restored to provide a total of \$900,000, of which \$800,000 is from the beginning farmer revolving loan fund and \$100,000 is from other funds. This is the same amount restored by the Senate.

² This amendment restores funding for salaries and wages removed by the House to recognize anticipated savings from vacant positions and employee turnover, the same as the Senate version.

The conference committee did not include 1 FTE pipeline inspector position and related funding added in the Senate version.

Section 3 of the bill relating to the metrology program is changed and a section is added relating to the sale or transfer of the metrology equipment.

All present

**REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE)**

Bill Number 1008 (, as (re)engrossed):

Date: 5/1/09

Your Conference Committee Gov Ops

For the Senate:

For the House:

	YES / NO			YES / NO	
Christmann	X		Thoreson	X	
Kilzer	X		Berg	X	
Warner	X		Kaldor	X	

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) 1115 - 1116

____, and place _____ on the Seventh order.

X, adopt (further) amendments as follows, and place 0203 on the Seventh order:

____, having been 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.

DATE: _____

CARRIER: _____

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Berg

0203

SECONDED BY: Christman

VOTE COUNT ____ YES ____ NO ____ ABSENT

Revised 4/1/05

Senate Christman

REPORT OF CONFERENCE COMMITTEE

HB 1008, as engrossed: Your conference committee (Sens. Christmann, Kilzer, Warner and Reps. Thoreson, Berg, Kaldor) recommends that the **SENATE RECEDE** from the Senate amendments on HJ pages 1115-1116, adopt amendments as follows, and place HB 1008 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1115 and 1116 of the House Journal and pages 954 and 955 of the Senate Journal and that Engrossed House Bill No. 1008 be amended as follows:

Page 1, line 2, after "section" insert "; to provide an exemption"

Page 1, line 13, replace "943,713" with "1,073,033" and replace "6,618,641" with "6,747,961"

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Page 2, replace lines 14 through 21 with:

"SECTION 3. LEGISLATIVE INTENT - METROLOGY PROGRAM - BUDGET SECTION REPORT. It is the intent of the sixty-first legislative assembly that the public service commission discontinue providing metrology program services during the biennium beginning July 1, 2009, and ending June 30, 2011. It is further the intent of the legislative assembly that the public service commission and the department of commerce collaborate to assist with the transition of metrology services from a public to a private service by contracting with the private sector for services on a short-term basis, assisting with equipment acquisition, and providing referrals. The public service commission shall report to the budget section during the 2009-10 interim on the status of the metrology program.

SECTION 4. EXEMPTION. If the public service commission transitions metrology services from a public to a private service, the public service commission may sell or transfer property related to the metrology services in a manner that is determined by the commission to be of the greatest advantage to the state. The sale or transfer of the metrology equipment is not subject to the provisions of North Dakota Century Code section 54-44-04.6."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98009.0203 FN 1

A copy of the statement of purpose of amendment is on file in the Legislative Council Office.

Engrossed HB 1008 was placed on the Seventh order of business on the calendar.

2009 TESTIMONY

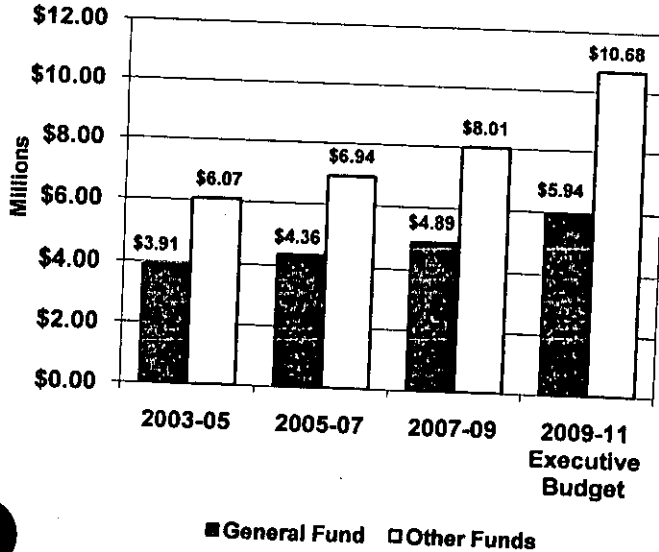
HB 1008

**Department 408 - Public Service Commission
House Bill No. 1008**

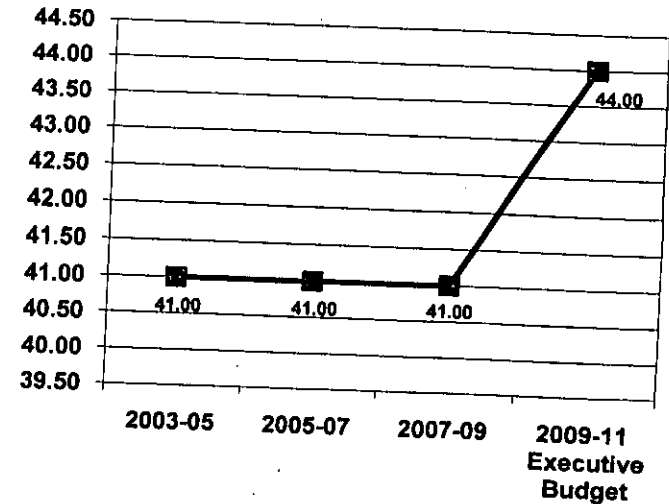
	FTE Positions	General Fund	Other Funds	Total
2009-11 Executive Budget	44.00	\$5,944,758	\$10,684,767	\$16,629,525
2007-09 Legislative Appropriations	41.00	4,890,887	8,012,817	12,903,704 ¹
Increase (Decrease)	3.00	\$1,053,871	\$2,671,950	\$3,725,821

¹The 2007-09 appropriation amounts include \$26,936, \$17,428 of which is from the general fund, for the agency's share of the \$10 million funding pool appropriated to the Office of Management and Budget for special market equity adjustments for classified employees.

Agency Funding



FTE Positions



Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2009-11 Executive Budget	\$5,944,758	\$0	\$5,944,758
2007-09 Legislative Appropriations	4,801,403	89,484	4,890,887
Increase (Decrease)	\$1,143,355	(\$89,484)	\$1,053,871

Executive Budget Highlights

Administration	General Fund	Other Funds	Total
1. Removes one-time funding for equipment over \$5,000 provided in the 2007-09 biennium	(\$20,000)		(\$20,000)
2. Removes 2007-09 biennium funding for information technology equipment/software over \$5,000	(\$32,500)		(\$32,500)
3. Increases (decreases) funding for selected expenditures as follows:	\$1,195		\$1,195

	Increase (Decrease)	Total Provided
Supplies - Information technology software	(\$15,200)	\$30,000
Supply/material - Professional	(\$500)	\$7,200
Miscellaneous supplies	(\$1,000)	\$500
Postage	(\$2,000)	\$4,500
Printing	(\$339)	\$10,000
Information technology equipment under \$5,000	(\$2,773)	\$59,355
Other equipment under \$5,000	\$1,000	\$1,281
Office equipment and furniture supplies	(\$3,000)	\$3,319
Insurance	(\$200)	\$9,000
Rentals/leases - Equipment and other	(\$2,000)	\$0

Information technology communications	\$2,086	\$53,686
Information technology contractual services	\$16,321	\$74,900
Professional development	\$10,000	\$50,766
Fees - Professional services	(\$1,200)	\$2,000

4. Provides funding for optional requests as follows: \$88,179 \$88,179

Toll-free customer line	\$3,600
Information technology data processing	\$9,400
Westlaw online access	\$9,600
Information technology software support	\$19,579
Setup costs and fees to process credit card payments	\$46,000

5. Provides funding for equipment over \$5,000 \$10,000 \$10,000
6. Provides funding for information technology equipment/software over \$5,000 \$42,500 \$42,500
7. Increases funding for travel costs to provide a total of \$81,000 \$18,000 \$18,000
8. Provides funding to address salary equity issues, including \$1,981 for the related second-year salary increase \$41,609 \$41,609

Testing, licensing, and certification

9. Removes one-time funding for equipment over \$5,000 provided in the 2007-09 biennium (\$69,484) (\$69,484)
10. Removes 2007-09 biennium funding for equipment over \$5,000 (\$20,000) (\$20,000)
11. Increases (decreases) funding for selected expenditures as follows: (\$9,846) \$739 (\$9,107)

	Increase (Decrease)	Total Provided
Travel	\$2,113	\$432,962
Repairs	\$9,000	\$11,800
Information technology contractual services	\$800	\$3,200
Operating fees and services	(\$9,000)	\$9,272
Fees - Professional services	(\$12,020)	\$84,128

12. Increases funding for travel costs to provide a total of \$432,962 \$99,705 \$2,465 \$102,170
13. Provides funding to address salary equity issues, including \$1,747 for the related second-year salary increase \$36,693 \$36,693

Public utilities

14. Decreases funding for information technology communications (\$86) (\$86)
15. Increases funding for travel costs to provide a total of \$28,500 \$4,500 \$4,500
16. Adds 2 FTE positions (1 FTE environmental engineer III position and 1 FTE public utility analyst II position), including \$31,660 of operating expenses as follows: \$397,255 \$397,255

	Increase
Travel	\$6,000
Supplies - Information technology software	10,660
Supply/material - Professional	1,000
Other equipment under \$5,000	10,000
Professional development	4,000
Total	\$31,660

17. Provides funding to address salary equity issues, including \$1,362 for the related second-year salary increase \$28,607 \$28,607

Reclamation programs

18. Removes 2007-09 biennium funding for equipment over \$5,000 (\$2,100) (\$13,900) (\$16,000)

19. Increases (decreases) funding for selected expenditures as follows:

\$5,940

\$37,469

\$43,409

	Increase (Decrease)	Total Provided
Supplies - Information technology software	\$1,500	\$12,500
Supply/material - Professional	\$13,500	\$20,500
Building, grounds, and maintenance	(\$11,500)	\$0
Office supplies	\$1,245	\$3,133
Postage	(\$986)	\$3,350
Printing	(\$1,500)	\$2,500
Information technology equipment under \$5,000	\$7,500	\$32,500
Office equipment and furniture supplies	\$900	\$3,000
Rentals/leases - Building/land	\$17,000	\$80,000
Information technology communications	\$3,750	\$7,100
Information technology contractual services	(\$1,000)	\$4,000
Professional development	\$7,000	\$43,500
Fees - Professional services	\$6,000	\$14,000

20. Increases federal funding for abandoned mine land reclamation to provide a total of \$6,500,000

\$2,000,000

\$2,000,000

21. Provides funding for equipment over \$5,000, including a real-time kinematic global positioning system survey unit and a borehole camera

\$3,600

\$71,400

\$75,000

22. Increases funding for North Dakota Geological Survey passthrough funds to provide a total of \$10,000

\$2,000

\$2,000

23. Increases funding for travel costs to provide a total of \$210,000

\$9,800

\$60,200

\$70,000

24. Provides funding to address salary equity issues, including \$3,557, of which \$817 is from the general fund, for the related second-year salary increase

\$17,163

\$57,525

\$74,688

25. Adds 1 FTE environmental engineer III position, including the following salaries and wages and operating expenses:

\$33,511

\$87,936

\$121,447

	Increase
Temporary salaries	\$16,500
Overtime	9,281
Repairs	20,000
Total	\$45,781

Other Sections in Bill

Public Service Commissioners' salaries - Section 3 provides the statutory changes necessary to increase the Public Service Commissioners' salaries as follows:

Annual salary authorized by the 2007 Legislative Assembly:

July 1, 2007	\$78,599
July 1, 2008	\$81,743

Proposed annual salary recommendation in the 2009-11 executive budget:

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

The executive recommendation provides funding for elected officials' salary increases equal to 5 percent of salaries effective July 1, 2009, and 5 percent effective July 1, 2010.

Continuing Appropriations

Siting process expense recovery fund - North Dakota Century Code (NDCC) 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 - NDCC 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 - NDCC 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.

Major Related Legislation

House Bill No. 1032 - This bill relates to the energy conversion and transmission facility siting definitions.

House Bill No. 1033 - This bill relates to the designation of a route for a transmission facility.

Senate Bill No. 2124 - This bill relates to public grain warehouse and facility-based grain buyer credit-sale contract transfers and the definition of facility-based grain buyer.

Senate Bill No. 2132 - This bill relates to the election of one Public Service Commissioner as chairman of the commission.

Senate Bill No. 2137 - This bill relates to powers of the Public Service Commission, electric and gas public utility application fees, and provides a continuing appropriation to pay expenses incurred in the processing of cases.

Senate Bill No. 2138 - This bill relates to assessing the costs of investigating a potential violation of pipeline safety standards and provides a continuing appropriation to defray the costs of the investigation.

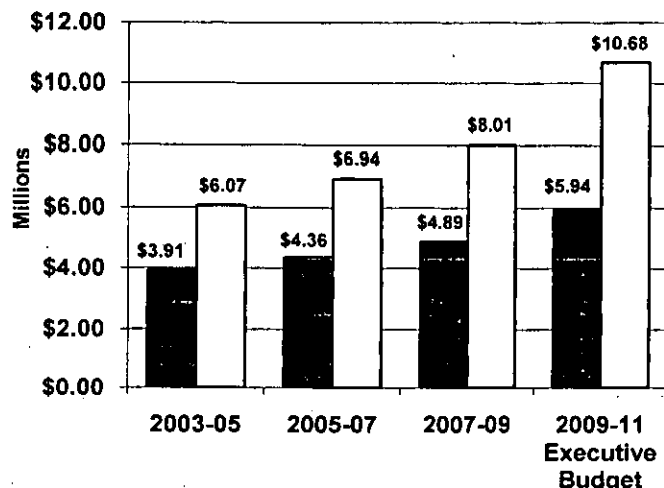
Senate Bill No. 2140 - This bill relates to the time period for successful revegetation on lands permitted for surface coal mining and reclamation operations and limitations for filing liens on abandoned mine lands that are reclaimed.

**Department 408 - Public Service Commission
House Bill No. 1008**

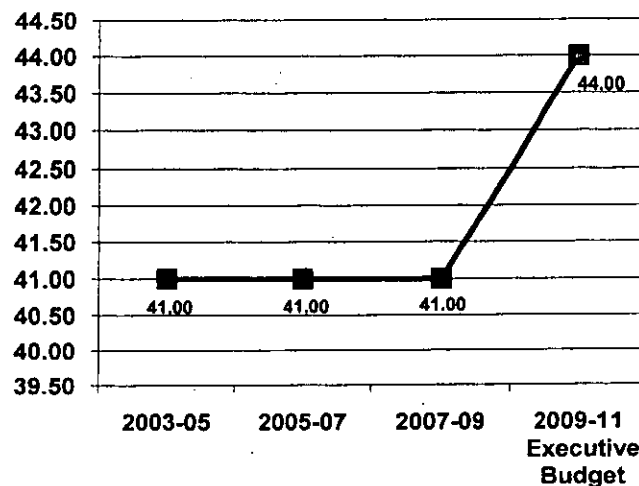
	FTE Positions	General Fund	Other Funds	Total
2009-11 Executive Budget	44.00	\$5,944,758	\$10,684,767	\$16,629,525
2007-09 Legislative Appropriations	41.00	4,890,887	8,012,817	12,903,704 ¹
Increase (Decrease)	3.00	\$1,053,871	\$2,671,950	\$3,725,821

¹The 2007-09 appropriation amounts include \$26,936, \$17,428 of which is from the general fund, for the agency's share of the \$10 million funding pool appropriated to the Office of Management and Budget for special market equity adjustments for classified employees.

Agency Funding



FTE Positions



■ General Fund □ Other Funds

Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2009-11 Executive Budget	\$5,944,758	\$0	\$5,944,758
2007-09 Legislative Appropriations	4,801,403	89,484	4,890,887
Increase (Decrease)	\$1,143,355	(\$89,484)	\$1,053,871

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
Administration			
1. Removes one-time funding for equipment over \$5,000 provided in the 2007-09 biennium	(\$20,000)		(\$20,000)
2. Removes 2007-09 biennium funding for information technology equipment/software over \$5,000	(\$32,500)		(\$32,500)
3. Increases (decreases) funding for selected expenditures as follows:	\$1,195		\$1,195

	Increase (Decrease)	Total Provided
Supplies - Information technology software	(\$15,200)	\$30,000
Supply/material - Professional	(\$500)	\$7,200
Miscellaneous supplies	(\$1,000)	\$500
Postage	(\$2,000)	\$4,500
Printing	(\$339)	\$10,000

17. Provides funding to address salary equity issues, including \$1,362 for the related second-year salary increase. **The House removed this funding.** \$28,607 \$28,607

Reclamation programs

18. Removes 2007-09 biennium funding for equipment over \$5,000 (\$2,100) (\$13,900) (\$16,000)
19. Increases (decreases) funding for selected expenditures as follows: \$5,940 \$37,469 \$43,409

	Increase (Decrease)	Total Provided
Supplies - Information technology software	\$1,500	\$12,500
Supply/material - Professional	\$13,500	\$20,500
Building, grounds, and maintenance	(\$11,500)	\$0
Office supplies	\$1,245	\$3,133
Postage	(\$986)	\$3,350
Printing	(\$1,500)	\$2,500
Information technology equipment under \$5,000	\$7,500	\$32,500
Office equipment and furniture supplies	\$900	\$3,000
Rentals/leases - Building/land	\$17,000	\$80,000
Information technology communications	\$3,750	\$7,100
Information technology contractual services	(\$1,000)	\$4,000
Professional development	\$7,000	\$43,500
Fees - Professional services	\$6,000	\$14,000

20. Increases federal funding for abandoned mine land reclamation to provide a total of \$6,500,000 \$2,000,000 \$2,000,000
21. Provides funding for equipment over \$5,000, including a real-time kinematic global positioning system survey unit and a borehole camera \$3,600 \$71,400 \$75,000
22. Increases funding for North Dakota Geological Survey passthrough funds to provide a total of \$10,000 \$2,000 \$2,000
23. Increases funding for travel costs to provide a total of \$210,000 \$9,800 \$60,200 \$70,000
24. Provides funding to address salary equity issues, including \$3,557, of which \$817 is from the general fund, for the related second-year salary increase. **The House removed this funding.** \$17,163 \$57,525 \$74,688
25. Adds 1 FTE environmental engineer III position, including the following salaries and wages and operating expenses: \$33,511 \$87,936 \$121,447

	Increase
Temporary salaries	\$16,500
Overtime	9,281
Repairs	20,000
Total	\$45,781

Other Sections in Bill

Public Service Commissioners' salaries - Section 3 provides the statutory changes necessary to increase the Public Service Commissioners' salaries as follows:

Annual salary authorized by the 2007 Legislative Assembly:

July 1, 2007	\$78,599
July 1, 2008	\$81,743

Proposed annual salary recommendation in the 2009-11 executive budget:

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

The executive recommendation provides funding for elected officials' salary increases equal to 5 percent of salaries effective July 1, 2009, and 5 percent effective July 1, 2010.

Continuing Appropriations

Siting process expense recovery fund - North Dakota Century Code (NDCC) 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.

STATEMENT OF PURPOSE OF AMENDMENT:

se Bill No. 1008 - Funding Summary

	Executive Budget	House Changes	House Version
Public Service Commission			
Salaries and wages	\$7,086,249	(\$467,608)	\$6,618,641
Operating expenses	2,005,776	(60,830)	1,944,946
Capital assets	127,500		127,500
Grants	10,000		10,000
Abandoned mined lands contract services	6,500,000		6,500,000
Rail rate complaint case	900,000	(450,000)	450,000
Total all funds	\$16,629,525	(\$978,438)	\$15,651,087
Less estimated income	10,684,767	(555,945)	10,128,822
General fund	\$5,944,758	(\$422,493)	\$5,522,265
FTE	44.00	(1.00)	43.00
Bill Total			
Total all funds	\$16,629,525	(\$978,438)	\$15,651,087
Less estimated income	10,684,767	(555,945)	10,128,822
General fund	\$5,944,758	(\$422,493)	\$5,522,265
FTE	44.00	(1.00)	43.00

House Bill No. 1008 - Public Service Commission - House Action

	Executive Budget	House Changes	House Version
Salaries and wages	\$7,086,249	(\$467,608)	\$6,618,641
Operating expenses	2,005,776	(60,830)	1,944,946
Capital assets	127,500		127,500
Grants	10,000		10,000
Abandoned mined lands contract services	6,500,000		6,500,000
Rail rate complaint case	900,000	(450,000)	450,000
Total all funds	\$16,629,525	(\$978,438)	\$15,651,087
Less estimated income	10,684,767	(555,945)	10,128,822
General fund	\$5,944,758	(\$422,493)	\$5,522,265
FTE	44.00	(1.00)	43.00

Department 408 - Public Service Commission - Detail of House Changes

	Decreases Funding for the Rail Rate Case ¹	Decreases Operating Expenses ²	Removes New FTE Position ³	Reduces Funding for Anticipated Salary Savings ⁴	Removes Salary Equity Funding ⁵	Total House Changes
Salaries and wages						(467,608)
Operating expenses		(45,000)	(156,691)	(129,320)	(181,597)	(60,830)
Capital assets			(15,830)			
Grants						
Abandoned mined lands contract services						
Rail rate complaint case	(450,000)					(450,000)
Total all funds	(\$450,000)	(\$45,000)	(\$172,521)	(\$129,320)	(\$181,597)	(\$978,438)
Less estimated income	(450,000)	0	0	(48,420)	(57,525)	(555,945)
General fund	\$0	(\$45,000)	(\$172,521)	(\$80,900)	(\$124,072)	(\$422,493)
FTE	0.00	0.00	(1.00)	0.00	0.00	(1.00)

House Bill 1008

Presented by: Kevin Cramer, President
Public Service Commission

Before: House Appropriations
Government Operations Division
Honorable Jeff Delzer, Chairman

Date: January 15, 2009

TESTIMONY

Mister Chairman and committee members, I am Kevin Cramer, President 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 Tony Clark and Brian P. Kalk, as well as division directors and other 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 and of our additional funding requests.

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

- Regulation of telephone, electric, and natural gas utilities
- Pipeline safety inspections
- 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 power plants, power lines, and pipelines
- Representing state rail interests in federal proceedings

Public Utilities

The commission protects the public interest by implementing policy and regulating natural gas, telecommunication, electric, 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 Midwest Independent Transmission System Operator and the State Energy Assistance Taskforce. 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 recently issued an Order in Northern States Power Company's electric rate increase application. A rate increase application is currently pending for Otter Tail Power Company.

- Direct and enforce safety requirements for electric 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, 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 48 open siting cases compared to last legislative session when there were only 16 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. Determining prudence prior to building an asset or entering a contract reduces the utility's risk, litigation costs, and the cost of service to North Dakota ratepayers. The commission has concluded its evaluation of the need

for constructing the Big Stone II generating facility located in South Dakota as part of the generation fleet of Montana-Dakota Utilities Co. and Otter Tail Power Company. Currently, the commission is evaluating the need for constructing Northern States Power Company's 201 megawatt Nobles Wind Project and its 150 megawatt Merricourt Wind Project. We have approved Otter Tail Power Company's investment in the Langdon Wind Energy Center and evaluating its investment in the Ashtabula Wind Energy Center. We expect more of these types of filings as a new cycle of 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 quickly and privately. In these cases, a formal complaint is filed by the customer or the 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. The relationships between utilities, and the management and the allocation of costs, will continue to challenge us and those with whom we do business. Regional impacts and environmental priorities and concerns will contribute to the challenges facing policymakers, regulators, and interested parties.

The public utility efforts are undertaken with a staff of approximately 3.8 full time employees—by far the smallest staff of any public utility commission in the nation.

The caseload at the commission has grown dramatically the past few years. Since 2005, we have approved route permits for \$584 million in oil pipeline investments and \$460 million in electric transmission investments. We have also issued siting certificates for \$732 million worth of wind generation. Looking forward, the challenges are even greater as we have letters of intent to build nearly \$12 billion worth of energy conversion facilities, all of them requiring commission oversight.

In addition to dramatic growth in the build out of North Dakota's already impressive energy export infrastructure, we are seeing more economic regulation cases than we have in decades. 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.

In other legislation we are asking for adjustments in how these cases are paid for. In this budget we are asking for the main ingredient in meeting the growing demand on our small agency, people. **If more is expected of us, more is needed by us.**

It is here where the Governor's budget recommendation includes **additional funding for a public utility analyst and an environmental scientist/civil engineer.** Even with the addition of these positions, the utilities staff in North Dakota is still by far the smallest staff in the country. For example, the South Dakota commission has eight public utility analysts and four attorneys.

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 adequately reclaimed. There are currently four large and two small coal mines operating in North Dakota and they produce about 31 million tons of coal annually. There are nearly 110,000 acres of land presently under permit and, of this, approximately 60,000 acres have been disturbed by mining activities. 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 worked with Great Northern Power Development and its consultants over the past couple of years on baseline resource studies and mining permit applications for the proposed South Heart Mine. In mid-October, South Heart Coal, LLC, filed an application to initially permit 275 acres southwest of South Heart to supply 300,000 tons of coal a year to GTL Energy's coal beneficiation plant that is under construction. Work also continues on a much larger permit application for nearly 5,000 acres to mine 4 million tons of coal per year for Great Northern's proposed coal gasification facility.

The Reclamation Division has also been working with North American Coal Corporation and its Otter Creek Mining Company subsidiary for permitting a new coal mine. Otter Creek's application covers nearly 5,500 acres northwest of Center in Oliver County. The Falkirk Mining Company is also starting to prepare for a major application to extend its mining further westward from its present permit areas. The additional areas planned for permitting at Falkirk will cover about 20,000 acres.

The Reclamation Division is closely following the ongoing 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. Internet

postings by the Australian company that is exploring for these minerals found in lignite seams indicate that baseline resource studies needed for permitting could soon begin.

A significant and increasing 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 six years, final bond release has been granted on over 5,600 acres and final bond release is pending on another 4,000 acres.

Another significant activity in the Reclamation Division has been the development of a Geographic Information System (GIS) to store, evaluate, and analyze the 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, this data is downloaded onto tablet PCs equipped with Global Positioning Satellite (GPS) receivers for use during routine mine inspections. The information loaded onto the tablet PCs include recent aerial photos of the mines, permit boundaries, annual mine map information, maps showing the pit layout, roads, ponds, other support facilities, and other mine related information. 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. While converting the maps and data into the GIS format is time consuming, the GIS allows staff to carry out their job duties more efficiently, including permit and bond release related reviews.

The federal Office of Surface Mining conducts ongoing reviews of the coal regulatory program and issues annual reports for each state since our reclamation law and rules must be at least as effective as the federal requirements. North Dakota has been receiving excellent reports from Office of Surface Mining for many years and they consider North Dakota's program as one of the most efficient and well run programs in the country. About 8.5 FTEs are currently assigned to the Reclamation Division and this number of FTEs is much less than that of other states having similar acreage to that which is disturbed and reclaimed each year in North Dakota.

Due to plans for the two new mines near South Heart and Center, an expected increase in the number of final bond release applications that will need to be processed and evaluated, and possible work related to the permitting of areas for the mining of coal seams that are enriched in uranium, molybdenum and germanium, the commission is requesting **an additional FTE beginning the second year of the 2009-2011 biennium**. The requested position is an environmental scientist position for conducting permit reviews and mine inspections and for evaluating bond release applications.

The federal government, through annual grants from the Office of Surface Mining, has been paying for 65 percent of the coal regulatory program costs and

the state general fund has covered the other 35 percent. However, for the 2009-2011 biennium, the federal share will be 64 percent of the total costs and the state share will be 36 percent. This is based on the funding formula that the Office of Surface Mining uses to determine the state and federal shares of the program costs. Based on the available information at this time, it appears we should be receiving enough federal funds to meet our program needs during the 2009-2011 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 areas mined for coal that were disturbed prior to the enactment of the federal reclamation law. These sites are prioritized on the basis of perceived hazard and are reclaimed based on priority ranking and the available funds. The AML program is 100 percent federally funded. Major reclamation projects during the 2007-2009 biennium involved underground mine sites east of Williston and an abandoned surface mine south of Columbus.

The funding source for the AML program comes from a federal reclamation fee that is assessed to all active coal mines. North Dakota coal companies currently pay 9 cents per ton into the AML fund which totals a little under three million dollars per year. The commission receives money from this fund to operate North Dakota's AML program. Federal legislation was enacted in late 2006 to extend the reclamation fee collection 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 for the first year of the 2007-2009 biennium to three million dollars for the second year of the biennium. For the 2009-2011 biennium, we expect to receive nearly 3 million dollars for the first year of the biennium and around 3.5 million dollars for the second year.

Following that, we expect an increase up to about 4 million dollars for a couple of years and then the funding will return to 3 million dollars per year for the duration of the program. AML staff estimates that it will cost more than 40 million dollars to complete reclamation work on the higher priority mine sites in North Dakota.

The AML Division currently hires one seasonal inspector to monitor the on-site construction work during the summer and fall months. There is need for an additional inspector since the size and number of projects will be increasing due to the additional funding that this program is receiving. As part of the 2009-2011 budget, **the commission is requesting approval for an additional seasonal construction inspector.** Construction inspectors are paid on an hourly basis and the funds used are 100% federal.

The AML Division has also been working on a GIS database to store and display information about the AML sites in North Dakota. To date, we have scanned the available historic mine maps for abandoned surface and underground mines and are in the process of editing and geo-referencing them for entering into the GIS. Staff will use the data that is placed into the GIS to help

design AML projects and we hope to have much of this information posted on the commission's website so it will be available to the public. We believe it will be particularly important to have information on abandoned underground mines available for 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 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 during the biennium include:

- Credit-sale contract indemnity fund reached its six million dollar cap
- Completed 255 grain warehouse and 35 roving grain buyer inspections between July 1, 2007 and December 31, 2008
- Revenues generated for the general fund for license fees received during this same period of time total \$335,120
- Approved requests to increase storage levels which reached an all time high of 343.5 million bushels in November 2007

Agriculture Rail Rate Fund

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

Administration and Technology

The Administrative and Technology Divisions provide support services to the other divisions. Accordingly, a portion of the commission's funding comes from the federal government through an indirect cost reimbursement.

The 2007-2009 legislature authorized an additional FTE for the commission to further the GIS effort. As required in Section 10 of Senate Bill 2008, the commission needs to provide the 2009-2011 legislature a report on its Geographic Information System Initiative (attached).

Testing and Safety

The Testing and Safety Division has three main areas of responsibility: the Weights and Measures Inspection Program, the Metrology Program, and the Gas Pipeline Safety Inspection Program.

Weights and Measures Inspection Program

The Weights and Measures Program 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 of the program during the biennium include:

- Testing and inspecting 11,905 commercial devices from January 1, 2007 to December 31, 2007

- Conducting quality control testing and monitoring the documentation of 7,274 weighing or measuring devices installed or serviced by the state's registered service companies
- Generating revenues totaling \$252,992 for the general fund as a result of the above testing during that time period

Metrology Program

An integral part of weights and measures is the science of metrology, which is the scientific study of units of measurement. All of the field standards used by state inspectors and private service providers must be certified in a metrology laboratory in order to trace those standards back to international standards. The laboratory also offers certification services to other interested parties including the Federal Grain Inspection Service, Bobcat, North Dakota Highway Patrol, and the large number of the State's grain terminals. The certification process uses intricate balances and measuring vessels to compare the working standards used within a state to all of the field standards to insure their traceability to international standards.

North Dakota's metrology laboratory is housed in the southwest corner of the Capitol Maintenance Shop located north of the State Capitol building. In past years, this laboratory was conditionally "recognized" by the National Institute of Standards and Technology (NIST), the laboratory's accrediting body. Conditional recognition meant that problems at the lab with physical space needed to be addressed before our metrology lab could receive unconditional recognition from NIST.

The 2007-2009 Legislature appropriated \$74,600 for renovation of the commission's metrology laboratory and \$20,000 for the purchase of a new laboratory balance in order to mitigate certain non-compliances set forth by NIST.

To date, the commission has spent \$21,225 on renovations. The commission also purchased a new balance for \$13,500. As a result of that effort, NIST granted the metrology laboratory unconditional status as of December 31, 2008.

In order to maintain our current unconditional status, we must continue to make forward progress mitigating the non-compliances. This would require a commitment of approximately \$100,000 in the equipment line for new lab balances over the next four years and approximately \$100,000 for continued renovation of the existing metrology laboratory.

Neither the commission's 2009-2011 proposed budget or the Governor's 2009-2011 recommended budget included any funding for the state Metrology program. In his 2007-2009 budget, the Governor recommended that both state and private working standards be sent to the NIST-accredited metrology laboratory in St. Paul, Minnesota. The commission agreed with that recommendation.

The metrology program generates very little revenue to the general fund. During the year 2007, the metrology program generated \$14,500 in revenue. Given the continuing non-compliances, and the small amount of revenue generated by metrology fees versus the amount of time and subsidy required to continue the program, the commission believes that if the program is not properly

funded it should be ended. This small but expensive program cannot sustain itself and will require continual general fund support in order to operate in compliance with federal requirements. The commission recognizes that closing the metrology laboratory is a major policy decision; however, insufficient funding harms the integrity of this program.

Gas Pipeline Safety Inspection Program

The commission is granted regulatory jurisdiction over the safety of North Dakota gas utility distribution and transmission facilities under state law. 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, 40 percent of the cost of the North Dakota Gas Pipeline Safety Program is funded by the federal government. Funding is predicated on having a full time pipeline safety inspector. Part of the rationale for closing the laboratory is that it allows the commission to avoid asking for an additional FTE for the gas safety program.

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 House Bill 1008.

The commission recorded 1,164 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 812 cases. The commission attempts to process these cases as quickly and at as low a level of formality as possible. As a result, approximately 98 percent of these cases were processed without the need for a formal hearing and over half were processed and closed in less than thirty days. Only 17 of these cases required formal hearings, several of which were mandated by state law.

The commission currently has 41 FTEs. The Governors' budget provides for the addition of the three new positions, bringing the total FTEs to 44. The Governor's budget recommendation also includes market and equity salary increases. The market and equity salary increases are requested for scientific, engineering, and professional positions.

The commission strongly believes the market and equity salary increases are justified based on the salary levels of comparable jobs listed in Job Service's publication "2008 Wages for North Dakota Jobs." This publication was released by Job Service in April of 2008 and it reflects salary levels as of December 2007. The current salaries of scientific and engineering staff in the Reclamation Division and Abandoned Mine Lands Division average about 20% less than the statewide salaries for people in comparable jobs. We also compared salary levels for certain positions to similar positions in other states in the region, and

found in many instances North Dakota's salaries are significantly lower than state employees in those states. Our comparisons based on commission salary levels as of July 1, 2008, and did not include salary increases that were granted in those states in mid-2008.

The governor did not recommend the additional travel funds the commission requested. If gas prices stay where they are, we are probably okay. If they go up, we will have inadequate funds to fully carry out our programs.

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

Attachments:

1. Schedule required by Section 34 of 2003 Senate Bill 2015 showing revenue and expenditures for our three continuing appropriation funds: Performance Assurance Fund, Credit Sale Contract Indemnity Fund, and the Siting Process Expense Recovery Fund
2. PSC 2009-2011 proposed organizational chart
3. Geographic Information System Initiative Report

Continuing Appropriations

Performance Assurance Fund

Fund No. 280

Statutory Authority: NDCC 49-21-31.

	Biennium Ending		B.T.D. 11/30/2008	Projected	
	2003-2005	2005-2007		12/8/2008 6/30/09	2009-11
Beginning Balance	\$ 53,750	\$ 132,207	\$ 96,536	\$ 97,859	\$ 96,559
Revenues	98,443	43,800	8,100	1,200	7,500
Total Available	\$ 152,193	\$ 176,007	\$ 104,636	\$ 99,059	\$ 104,059
Expenditures	19,986	18,329	6,777	2,500	
Returned to General Fund		61,142			6,690
Ending Balance	\$ 132,207	\$ 96,536	\$ 97,859	\$ 96,559	\$ 97,369

Credit Sale Contract Indemnity Fund

Fund No. 395

Statutory Authority: NDCC 60-10.

	Biennium Ending		B.T.D. 11/30/2008	Projected	
	2003-2005	2005-2007		12/1/2008 6/30/09	2009-11
Beginning Balance	\$ -	\$ 1,956,352	\$ 4,206,289	\$ 6,638,501	\$ 6,638,501
Revenues		2,249,937	2,550,588		-
Total Available	\$ -	\$ 4,206,289	\$ 6,756,877	\$ 6,638,501	\$ 6,638,501
Expenditures		-	118,376	-	-
Ending Balance	\$ -	\$ 4,206,289	\$ 6,638,501	\$ 6,638,501	\$ 6,638,501

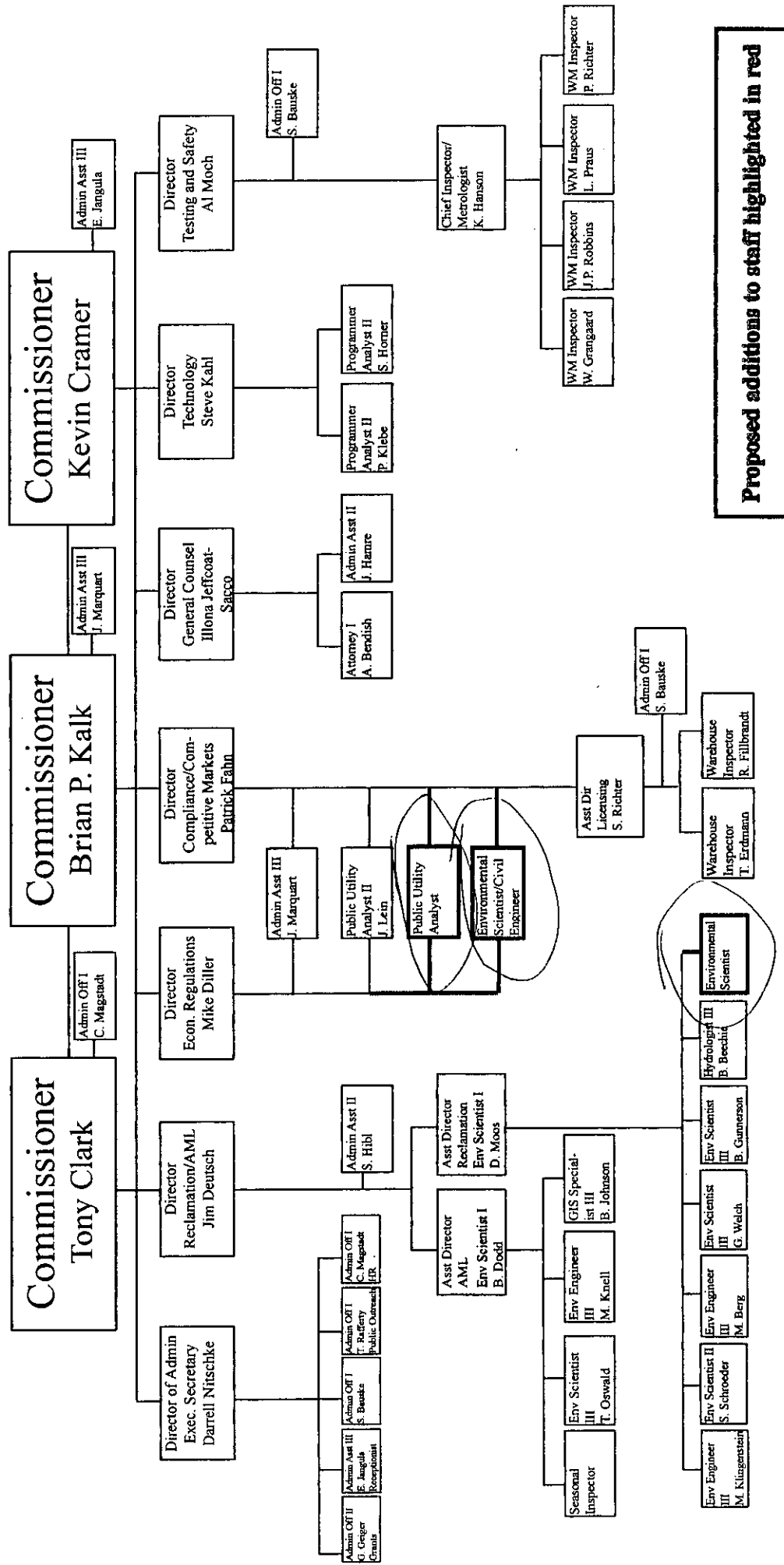
Siting Process Expense Recovery

Fund No. 301

Statutory Authority: NDCC 49-22-22.

	Biennium Ending		B.T.D. 11/30/2008	Projected	
	2003-2005	2005-2007		12/1/2008 6/30/09	2009-11
Beginning Balance	\$ -	\$ 132,944	\$ 524,391	\$ 1,066,681	\$ 788,548
Revenues	135,750	786,228	912,250	200,000	60,000
Total Available	\$ 135,750	\$ 919,172	\$ 1,436,641	\$ 1,266,681	\$ 848,548
Expenditures	2,806	31,713	94,679	35,000	20,000
Refunds		363,068	275,281	443,133	200,000
Ending Balance	\$ 132,944	\$ 524,391	\$ 1,066,681	\$ 788,548	\$ 628,548

Proposed additions to staff highlighted in red



1

Engrossed House Bill 1008

Presented by: Kevin Cramer, President
Public Service Commission

Before: Senate Appropriations
Honorable Ray Holmberg, Chairman

Date: February 25, 2009

TESTIMONY

Mister Chairman and committee members, I am Kevin Cramer, President 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 Tony Clark and Brian P. Kalk, as well as division directors and other 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. The commission is concerned that Engrossed House Bill 1008 threatens our ability to continue to provide that high level of service. The House removed the following items:

- Market equity adjustments \$181,597 – salaries
- Anticipated turnover savings \$129,320 – salaries
- Public utility position \$156,691 – salaries
- Public utility position \$ 15,830 – operating
- Rail rate complaint case \$450,000 – revolving loan and other funds
- Unfunded \$ 45,000 – operating

Engrossed House Bill 1008 also requires the commission to continue the operation of the metrology program services at the current level without providing any funds to do so.

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

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

Public Utilities

The commission protects the public interest by implementing policy and regulating natural gas, telecommunications, electric, 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 Midwest Independent Transmission System Operator and the State Energy Assistance Taskforce. 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 recently issued an order in Northern States Power Company's electric rate increase application. A rate increase application is currently pending for Otter Tail Power Company.
- Direct and enforce safety requirements for electric 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, 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 50 open siting cases

compared to last legislative session when there were only 16 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. Determining prudence prior to building an asset or entering a contract reduces the utility's risk, litigation costs, and the cost of service to North Dakota ratepayers. The commission has concluded its evaluation of the need for constructing the Big Stone II generating facility located in South Dakota as part of the generation fleet of Montana-Dakota Utilities Co. and Otter Tail Power Company. Currently, the commission is evaluating the need for constructing Northern States Power Company's 201 megawatt Nobles Wind Project and its 150 megawatt Merricourt Wind Project. We have approved Otter Tail Power Company's investment in the Langdon Wind Energy Center and are evaluating its investment in the Ashtabula Wind Energy Center. We expect more of these types of filings as a new cycle of 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 quickly and privately. In these cases, a formal complaint is filed by the customer or the 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. The relationships between utilities, and the management and the allocation of costs, will continue to challenge us and those with whom we do business. Regional impacts and environmental priorities and concerns will contribute to the challenges facing policymakers, regulators, and interested parties.

The public utility efforts are undertaken with a staff of approximately 3.8 full time employees—by far the smallest staff of any public utility commission in the nation.

The caseload at the commission has grown dramatically the past few years. Since 2005, we have approved route permits for \$593 million in pipeline investments and \$87 million in electric transmission investments. We have also issued siting certificates for \$894 million worth of wind generation. Looking forward, the challenges are even greater as we have letters of intent to build nearly \$13.2 billion worth of energy conversion facilities, all of them requiring commission oversight.

In addition to dramatic growth in the build out of North Dakota's already impressive energy export infrastructure, we are seeing more economic regulation cases than we have in decades. 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.

In other legislation we are asking for adjustments in how these cases are paid for. In this budget we are asking for the main ingredient in meeting the growing demand on our small agency, people. **If more is expected of us, more is needed by us.**

The Governor's budget recommendation includes **additional funding for a public utility analyst and an environmental scientist/civil engineer.** The House of Representatives removed one of these two positions and the commission requests that this FTE be reinstated. Even with the addition of these

positions, the utilities staff in North Dakota is still by far the smallest staff in the country. For example, the South Dakota commission has eight public utility analysts and four attorneys.

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 adequately reclaimed. There are currently four large and two small coal mines operating in North Dakota and they produce about 30 million tons of coal annually. There are nearly 110,000 acres of land presently under permit and, of this, approximately 60,000 acres have been disturbed by mining activities. 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 worked with Great Northern Power Development and its consultants over the past couple of years on baseline resource studies and mining permit applications for the proposed South Heart Mine. In mid-October, South Heart Coal, LLC, filed an application to initially permit 275 acres southwest of South Heart to supply 300,000 tons of coal a year to GTL Energy's coal beneficiation plant that is under construction. Work also continues on a much larger permit application for nearly 5,000 acres to mine

4,000,000 tons of coal per year for Great Northern's proposed coal gasification facility.

The Reclamation Division has also been working with North American Coal Corporation and its Otter Creek Mining Company subsidiary for permitting a new coal mine. Otter Creek's application covers nearly 5,500 acres northwest of Center in Oliver County. The Falkirk Mining Company is also starting to prepare for a major application to extend its mining further westward from its present permit areas. The additional areas planned for permitting at Falkirk will cover about 20,000 acres.

The Reclamation Division is closely following the ongoing 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. Internet postings by the Australian company that is exploring for these minerals found in lignite seams indicate that baseline resource studies needed for permitting could soon begin.

A significant and increasing 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 six years, final bond release has been granted on over 5,600 acres and final bond release is pending on another 4,000 acres.

Another significant activity in the Reclamation Division has been the development of a Geographic Information System (GIS) to store, evaluate, and analyze the 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, this data is downloaded onto tablet PCs equipped with Global Positioning Satellite (GPS) receivers for use during routine mine inspections. The information loaded onto the tablet PCs includes recent aerial photos of the mines, permit boundaries, annual mine map information, maps showing the pit layout, roads, ponds, other support facilities, and other mine related information. 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. While converting the maps and data into the GIS format is time consuming, the GIS allows staff to carry out their job duties more efficiently, including permit and bond release related reviews.

The federal Office of Surface Mining conducts ongoing reviews of the coal regulatory program and issues annual reports for each state since our reclamation law and rules must be at least as effective as the federal requirements. North Dakota has been receiving excellent reports from Office of Surface Mining for many years and they consider North Dakota's program as one of the most efficient and well run programs in the country. About 8.5 FTEs are

currently assigned to the Reclamation Division and this number of FTEs is much less than that of other states having similar acreage to that which is disturbed and reclaimed each year in North Dakota.

Due to plans for the two new mines near South Heart and Center, an expected increase in the number of final bond release applications that will need to be processed and evaluated, and possible work related to the permitting of areas for the mining of coal seams that are enriched in uranium, molybdenum and germanium, the commission is requesting **an additional FTE beginning the second year of the 2009-2011 biennium**. The requested position is an environmental scientist position for conducting permit reviews and mine inspections and for evaluating bond release applications.

The federal government, through annual grants from the Office of Surface Mining, has been paying for 65 percent of the coal regulatory program costs and the state general fund has covered the other 35 percent. However, for the 2009-2011 biennium, the federal share will be 64 percent of the total costs and the state share will be 36 percent. This is based on the funding formula that the Office of Surface Mining uses to determine the state and federal shares of the program costs. Based on the available information at this time, it appears we should be receiving enough federal funds to meet our program needs during the 2009-2011 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 areas mined for coal that were disturbed prior to the enactment of the federal reclamation law. These sites are prioritized on the basis of perceived hazard and are reclaimed based on priority ranking and the available funds. The AML program is 100 percent federally funded. Major reclamation projects during the 2007-2009 biennium involved underground mine sites east of Williston and an abandoned surface mine south of Columbus.

The funding source for the AML program comes from a federal reclamation fee that is assessed to all active coal mines. North Dakota coal companies currently pay 9 cents per ton into the AML fund which totals a little under \$3,000,000 per year. The commission receives money from this fund to operate North Dakota's AML program. Federal legislation was enacted in late 2006 to extend the reclamation fee collection 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 \$1,600,000 for the first year of the 2007-2009 biennium to \$3,000,000 for the second year of the biennium. For the 2009-2011 biennium, we expect to receive nearly \$3,000,000 for the first year of the biennium and around \$3,500,000 for the second year.

Following that, we expect an increase up to about \$4,000,000 for a couple of years and then the funding will return to \$3,000,000 per year for the duration of

the program. AML staff estimates that it will cost more than \$40,000,000 to complete reclamation work on the higher priority mine sites in North Dakota.

The AML Division currently hires one seasonal inspector to monitor the on-site construction work during the summer and fall months. There is need for an additional inspector since the size and number of projects will be increasing due to the additional funding that this program is receiving. As part of the 2009-2011 budget, **the commission is requesting approval for an additional seasonal construction inspector.** Construction inspectors are paid on an hourly basis and the funds used are 100% federal.

The AML Division has also been working on a GIS database to store and display information about the AML sites in North Dakota. To date, we have scanned the available historic mine maps for abandoned surface and underground mines and are in the process of editing and geo-referencing them for entering into the GIS. Staff will use the data that is placed into the GIS to help design AML projects and we hope to have much of this information posted on the commission's website so it will be available to the public. We believe it will be particularly important to have information on abandoned underground mines available for 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 oversees the licensing and bonding of all 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 during the biennium include:

- Credit-sale contract indemnity fund reached its \$6,000,000 cap
- Completed 255 grain warehouse and 35 roving grain buyer inspections between July 1, 2007 and December 31, 2008
- Revenues generated for the general fund for license fees received during this same period of time total \$335,120
- Approved requests to increase storage levels which reached an all time high of 343.5 million bushels in November 2007

Agriculture Rail Rate Fund

The Governor's executive budget recommendation includes a continuation of \$900,000 for an agriculture rail rate fund. Engrossed House Bill 1008 removed \$450,000 from this fund. The commission requests reinstatement of this \$450,000. We have learned the value of having a readily accessible fund of money to pursue regulatory relief against the railroad industry. For many years state complaints about rail industry practices were treated with a deaf ear. Since lawmakers appropriated nearly \$1,000,000 to pursue a rail rate case, North Dakota's grain industry has gotten some positive relief. The legislature is to be commended for its foresight in appropriating this money. We are concerned however, that if the fund is cut in half our negotiating position will end. Funding this item at half would be the equivalent of not funding it at all because no party would ever file for half a rate case. Funding this as proposed in the Governor's

budget will insure a strong position to guard against abusive rail industry practices.

Administration and Technology

The Administrative and Technology Divisions provide support services to the other divisions. Accordingly, a portion of the commission's funding comes from the federal government through an indirect cost reimbursement.

The 2007-2009 Legislature authorized an additional FTE for the commission to further the GIS effort. As required in Section 10 of Senate Bill 2008, the commission needs to provide the 2009-2011 Legislature a report on its Geographic Information System Initiative (attached).

Testing and Safety

The Testing and Safety Division has three main areas of responsibility: the Weights and Measures Inspection Program, the Metrology Program, and the Gas Pipeline Safety Inspection Program.

Weights and Measures Inspection Program

The Weights and Measures Program 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 of the program during the biennium include:

- Testing and inspecting 11,905 commercial devices from January 1, 2007 to December 31, 2007
- Conducting quality control testing and monitoring the documentation of 7,274 weighing or measuring devices installed or serviced by the state's registered service companies
- Generating revenues totaling \$252,992 for the general fund as a result of the above testing during that time period

Metrology Program

An integral part of weights and measures is the science of metrology, which is the scientific study of units of measurement. All of the field standards used by state inspectors and private service providers must be certified in a metrology laboratory in order to trace those standards back to international standards. The laboratory also offers certification services to other interested parties including the Federal Grain Inspection Service, Bobcat, North Dakota Highway Patrol, and the large number of the state's grain terminals. The certification process uses intricate balances and measuring vessels to compare the working standards used within a state to all of the field standards to insure their traceability to international standards.

North Dakota's metrology laboratory is housed in the southwest corner of the capitol maintenance shop located north of the Capitol building. In past years, this laboratory was conditionally "recognized" by the National Institute of

Standards and Technology (NIST), the laboratory's accrediting body. Conditional recognition meant that problems at the lab with physical space needed to be addressed before our metrology lab could receive unconditional recognition from NIST.

The 2007-2009 Legislature appropriated \$74,600 for renovation of the commission's metrology laboratory and \$20,000 for the purchase of a new laboratory balance in order to mitigate certain non-compliances set forth by NIST.

To date, the commission has spent \$21,225 on renovations. The commission also purchased a new balance for \$13,500. As a result of that effort, NIST granted the metrology laboratory unconditional status as of December 31, 2008.

In order to maintain our current unconditional status, we must continue to make forward progress mitigating the non-compliances. This would require a commitment of approximately \$100,000 in the equipment line for four new lab balances over the next four years and approximately \$100,000 for continued renovation of the existing metrology laboratory in the 2009-2011 biennium.

Neither the commission's 2009-2011 proposed budget nor the Governor's 2009-2011 recommended budget included any funding for the state metrology program. In his 2007-2009 budget, the Governor recommended that both state and private working standards be sent to the NIST-accredited metrology laboratory in St. Paul, Minnesota. The commission agreed with that recommendation.

The metrology program generates very little revenue to the general fund. During the year 2007, the metrology program generated \$14,500 in revenue. Given the continuing non-compliances, and the small amount of revenue generated by metrology fees versus the amount of time and subsidy required to continue the program, the commission believes that if the program is not properly funded it should be ended. This small but expensive program cannot sustain itself and will require continual general fund support in order to operate in compliance with federal requirements. The commission recognizes that closing the metrology laboratory is a major policy decision; however, insufficient funding harms the integrity of this program.

Engrossed House Bill 1008 requires that the commission continue to provide metrology services at the current level and study location alternatives other than construction of a new facility. If this is the wish of the Legislature, we want you to understand how much money will be necessary in order to comply. Maintaining the metrology program requires an additional appropriation in the equipment line of \$50,000 and an additional appropriation in the operating line of \$100,000. During the 2009-2011 biennium, we will have to purchase two metrology balances at approximately \$25,000 each and a new HVAC system. In addition, we need funding for painting, ceiling repair, specialized floor renovation, and door repair and replacement. Maintaining the metrology program will also require one more full time commission employee for the gas pipeline safety inspection program, with an additional appropriation for salaries and associated costs.

Gas Pipeline Safety Inspection Program

The commission is granted regulatory jurisdiction over the safety of North Dakota gas utility distribution and transmission facilities under state law. 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, 40 percent of the cost of the North Dakota Gas Pipeline Safety Program is funded by the federal government. Funding is predicated on having a full time pipeline safety inspector. Part of the rationale for closing the laboratory is that it allows the commission to avoid asking for an additional FTE for the gas safety program.

Workload is increasing in the gas pipeline safety program and the program's certification depends on having adequate personnel. Three new jurisdictional pipeline systems are currently under construction. We anticipate further increases due to infrastructure development. In addition, the commission had two major pipeline safety investigations during the 2007-2009 biennium. Unless the metrology program ceases, a new FTE for gas safety is required. This will mean an additional appropriation of \$150,120 in the salaries line and an additional appropriation of \$35,500 in the operating line.

2009 Senate Bill 2138 was a commission bill to recover the costs of investigating potential pipeline safety violations from the entity being investigated, whether or not a violation was found. The Senate gave very strong direction in defeating Senate Bill 2138 that pipeline safety investigations should be funded by taxpayers. The commission investigated two incidents during the 2007-2009

biennium, and out-of-pocket costs for one of them will be paid by the commission from its operating budget. It is a commission priority to ensure all gas pipeline safety investigations are thoroughly conducted. Consequently, the commission is requesting an additional \$30,000 in operating to ensure we have sufficient funds to cover the cost of investigating potential gas pipeline safety violations for the 2009-2011 biennium.

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 \$1,000,000 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 the Governor's recommended budget.

The commission recorded 1323 complaints and inquiries during the current biennium, resulting in the recovery of approximately \$40,000 to North Dakota consumers. 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 1381 cases. The commission attempts to process these cases as quickly and at as low a level of formality as possible. As a result, approximately 98 percent of these cases were

processed without the need for a formal hearing and over half were processed and closed in less than thirty days.

The commission currently has 41 FTEs. The Governors' budget provides for the addition of the three new positions, bringing the total FTEs to 44. If the metrology program must continue, we would need a total of 45 FTEs.

The Governor's budget recommendation includes fully funded salaries and wages. The House underfunded salaries and wages by \$129,320. This action removes the commission's flexibility to manage personnel and recruitment. We are having a very difficult time finding necessary experts in the scientific and technical areas under our jurisdiction. We need to have the flexibility to offer competitive salaries. For example, over the past three years the commission had a number of technical and scientific vacancies in the Reclamation and Abandoned Mine Lands Divisions and we received less than 10 applications for each opening. Further, we received very few qualified applicants, even after advertising some of the vacancies a second time. Underfunding salaries will make recruitment much more difficult.

The House removed \$129,320 in salaries to recognize anticipated savings from vacant positions and employee turnover, and placed these funds into the statewide critical funding pool proposed in House Bill 1015. Rather than using the cumbersome process envisioned in House Bill 1015, the commission needs the ability to manage vacancies and salary roll up dollars. The flexibility available when a vacancy occurs is how an agency funds the costs associated with personnel management and turnover. The commission must use some salary

funds each biennium to pay one time personnel related costs. These include retirement payouts, costs of accumulated sick and annual leave, and bonuses as authorized by law. It is inappropriate to assume that salary roll up dollars are not needed to cover these costs.

The Governor's budget recommendation also includes market equity salary increases. The market equity salary increases are requested for scientific, engineering, and other professional positions. These increases were cut by the House in Engrossed House Bill 1008. The commission is asking that this money be restored.

The commission strongly believes the market equity salary increases are justified based on the salary levels of comparable jobs listed in Job Service's publication "2008 Wages for North Dakota Jobs." This publication was released by Job Service in April of 2008 and it reflects salary levels as of December 2007. The current salaries of scientific and engineering staff in the Reclamation Division and Abandoned Mine Lands Division average about 20% less than the statewide salaries for people in comparable jobs. We also compared salary levels for certain positions to similar positions in other states in the region, and found in many instances North Dakota's salaries are significantly lower than state employees in those states. Our comparisons are based on commission salary levels as of July 1, 2008, and did not include salary increases that were granted in those other states in mid-2008.

Amendments to House Bill 1008 that were approved by the House removed the \$181,597 for market equity salary increases for commission positions that were recommended by the Governor. These funds were added to the Statewide Salary Equity Pool as proposed by Sections 14 and 15 of House Bill 1015 that was passed by the House. Section 15 of House Bill 1015 currently states that the market equity increases must be prioritized for employees whose salaries are furthest from their respective midpoints. Due to this provision, it seems very little of the market equity salary dollars originally included in House Bill 1008 would be allocated to the commission from the proposed statewide equity pool. Most of our employees are long-time, highly educated, experienced technical experts whose current salaries are above the salary range midpoints.

Market equity increases need to be granted so we can keep and fairly compensate our highly qualified people. In addition, we believe the current pay grades/salary ranges for the scientific, engineering, technology and other highly skilled jobs in the state classification system are much too low. The maximum of the salary ranges for most of these job classes are well below the statewide averages listed in Job Services' 2008 wage report.

It is essential to restore the \$181,597 for market equity increases that were recommended by the Governor. Also, it should be noted that the Governor recommended funding for only one-half of the market equity funds proposed in our budget request.

The governor did not recommend the additional travel funds the commission requested. If gas prices stay where they are, we are probably okay. If they go up, we will have inadequate funds to fully carry out our programs.

The commission asks for the following adjustments to Engrossed House Bill 1008:

- Market equity adjustments \$181,597 – salaries
- Anticipated turnover savings \$129,320 – salaries
- Public utility position \$156,691 – salaries
- Public utility position \$ 15,830 – operating
- Rail rate complaint case \$450,000 – rev. loan and other funds
- Pipeline safety investigation costs \$ 30,000 – operating
- Unfunded \$ 45,000 – operating

If metrology program is retained:

- Metrology \$ 50,000 – equipment
- Metrology \$100,000 – operating
- Gas Pipeline Safety position \$150,130 – salaries
- Gas Pipeline Safety position \$ 35,500 – operating

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

*Same
Attachments
given to House -
See Kevin Gramer's
testimony 1-15-09*

2009 HB1008

Public Service Commission
Optional Adjustment Request Comparison

	Increased Travel Costs	Increased Software Support Costs	Increased ITD Costs	Additional Staff - Public Utilities	Market Equity	Additional Staff - Reclamation Programs	Westlaw Online Access	Toll Free Phone Line	Credit Card Setup and User Fees	Total
1	2	3	4	5	7	8	9	10		
Optional Adjustment Requests										
MAJOR PROGRAMS										
Administration	18,000	19,579	9,400		99,080		9,600	3,600	46,000	205,259
Public Utilities	18,000			446,392	55,619					520,011
Reclamation Programs	82,900				143,471	116,404				342,775
Testing, Licensing and Certification	166,307				70,483					236,790
TOTAL	285,207	19,579	9,400	446,392	368,653	116,404	9,600	3,600	46,000	1,304,835
General Fund										
Federal Funds	205,677	19,579	9,400	446,392	258,627	31,695	9,600	3,600	46,000	1,030,570
Special Funds	79,530				110,026	84,709				274,265
TOTAL	285,207	19,579	9,400	446,392	368,653	116,404	9,600	3,600	46,000	1,304,835
Full Time Equivalents				3.00		1.00				4.00

Executive Recommendation

MAJOR PROGRAMS										
Administration	18,000	19,579	9,400		39,628		9,600	3,600	46,000	145,807
Public Utilities	4,500			365,972	27,245					397,717
Reclamation Programs	70,000				71,131	116,404				257,535
Testing, Licensing and Certification	102,170				34,946					137,116
TOTAL	194,670	19,579	9,400	365,972	172,950	116,404	9,600	3,600	46,000	938,175
General Fund										
Federal Funds	132,005	19,579	9,400	365,972	118,165	31,695	9,600	3,600	46,000	736,016
Special Funds	62,665				54,785	84,709				202,159
TOTAL	194,670	19,579	9,400	365,972	172,950	116,404	9,600	3,600	46,000	938,175
Full Time Equivalents				2.00		1.00				3.00

Attachment
1008.2.2.09c

10/2/2009

Run Date: 01/12/09

40800 - Public Service Commission

Oper. Unit: 408 - Public Service Commission

Appropriation Status Report

For the Month Ending 12/31/08

NDS4310AA_2009B

Biennium 07-09

	Original Appropriation	Current Appropriation	Expenditures	Remaining Appropriation	Encumbrances	Percent Remaining
Expenditures by Line Item						
40810 Salaries and Wages	5,674,928.00	5,701,864.00	4,044,975.58	1,656,888.42	0.00	29%
40830 Operating Expenses	1,635,856.00	1,735,856.00	1,052,621.69	683,234.31	6,400.00	39%
40850 Capital Assets	157,984.00	157,984.00	56,738.77	101,245.23	11,475.23	64%
40860 Grants	8,000.00	8,000.00	4,753.71	3,246.29	0.00	41%
40870 AML Contractual Services	4,500,000.00	4,500,000.00	2,929,677.27	1,570,322.73	0.00	35%
40871 Rail Rate Complaint Case	900,000.00	900,000.00	0.00	900,000.00	0.00	100%
Total Expenditures	12,876,768.00	13,003,704.00	8,088,767.02	4,914,936.98	17,875.23	38%

Expenditures by Funding Source

General Fund	4,873,459.00	4,890,887.00	3,238,813.59	1,652,073.41	17,875.23	34%
Federal Funds	6,978,309.00	6,987,817.00	4,760,847.83	2,226,969.17	0.00	32%
Special Funds	1,025,000.00	1,125,000.00	89,105.60	1,035,894.40	0.00	92%
Total Expenditures by Source	12,876,768.00	13,003,704.00	8,088,767.02	4,914,936.98	17,875.23	38%

Attachment
1008.2.2.09A 1

Run Date: 01/12/09

40800 - Public Service Commission
Level: 40800
Public Service Commission

**Organizational Status Report by Summary Account
For Month Ending December 31, 2008**

NDS4911BB_2009B
Biennium 07-09

	----- Biennium to Date -----				Total Budget Less Actuals and Encum.	Biennium to Date		BTD Budget less Expend and Encumb
	Current Month	Actuals	Encumbrances	Total Budget		Budget		
Revenue								
400000 Revenue								
420000 Business	12,855.00	333,970.06	0.00	0.00	(333,970.06)	0.00	(333,970.06)	
430000 Intergovernmental Grants/Contr	292,028.89	4,904,174.08	0.00	0.00	(4,904,174.08)	0.00	(4,904,174.08)	
441000 Fines-Forfeitures-Escheat	0.00	6,250.00	0.00	0.00	(6,250.00)	0.00	(6,250.00)	
442000 Cash/Investment Earnings	5,585.80	121,028.08	0.00	0.00	(121,028.08)	0.00	(121,028.08)	
463000 General Government	0.00	263.51	0.00	0.00	(263.51)	0.00	(263.51)	
464000 Regulatory	84,041.00	537,995.70	0.00	0.00	(537,995.70)	0.00	(537,995.70)	
473000 Miscellaneous General Revenue	0.00	956.47	0.00	0.00	(956.47)	0.00	(956.47)	
Total Revenues	394,510.69	5,904,637.90	0.00	0.00	(5,904,637.90)	0.00	(5,904,637.90)	

Revenue by Source

Total General Fund Collections	96,896.00	790,280.14	0.00
Total Federal Fund Collections	292,028.89	4,904,224.08	0.00
Total Special Fund Collections	5,585.80	210,133.68	0.00
Total Revenue by Source	394,510.69	5,904,637.90	0.00

Expenditures

510000 Salaries and Benefits	177,145.88	3,030,429.39	0.00	4,228,682.00	1,198,252.61	3,171,511.50	141,082.11
511000 Salaries - Permanent	0.00	0.00	0.00	52,500.00	52,500.00	39,375.00	39,375.00
512000 Salaries-Other	0.00	21,705.75	0.00	0.00	(21,705.75)	0.00	(21,705.75)
513000 Temporary Salaries	0.00	12,515.64	0.00	0.00	(12,515.64)	0.00	(12,515.64)
514000 Overtime	56,543.47	980,324.80	0.00	1,420,682.00	440,357.20	1,065,511.50	85,186.70
516000 Fringe Benefits	233,689.35	4,044,975.58	0.00	5,701,864.00	1,656,888.42	4,276,398.00	231,422.42
510000 Salaries and Benefits							
520000 Operating Expenses							
521000 Travel	15,065.88	389,015.57	0.00	549,679.00	160,663.43	412,259.25	23,243.68
531000 Supplies - IT Software	2,100.24	25,962.13	1,500.00	63,779.00	36,316.87	47,834.25	20,372.12
532000 Supply/Material-Professional	270.00	7,347.04	0.00	18,400.00	11,052.96	13,800.00	6,452.96
533000 Food and Clothing	115.00	2,157.77	0.00	4,000.00	1,842.23	3,000.00	842.23
534000 Bldg. Grounds, Vehicle Supply	0.00	2,907.41	0.00	13,000.00	10,092.59	9,750.00	6,842.59
535000 Miscellaneous Supplies	56.50	6,575.07	0.00	11,400.00	4,824.93	8,550.00	1,974.93
536000 Office Supplies	11.32	19,549.54	0.00	24,605.00	5,055.46	18,453.75	(1,095.79)
541000 Postage	75.43	13,170.50	0.00	27,364.00	14,193.50	20,523.00	7,352.50
542000 Printing	397.80	3,306.59	0.00	20,489.00	17,182.41	15,366.75	12,060.16
551000 IT Equip under \$5,000	0.00	53,265.56	0.00	87,628.00	34,362.44	65,721.00	12,455.44
552000 Other Equip under \$5,000	22.20	4,601.60	4,600.00	1,500.00	(7,701.60)	1,125.00	(8,076.60)
553000 Office Equip & Furniture-Under	0.00	6,689.68	0.00	13,200.00	6,510.32	9,900.00	3,210.32
571000 Insurance	50.00	8,954.04	0.00	11,059.00	2,104.96	8,294.25	(659.79)
581000 Rentals/Leases-Equip & Other	0.00	0.00	0.00	3,000.00	3,000.00	2,250.00	2,250.00
582000 Rentals/Leases - Bldg/Land	0.00	75,613.46	0.00	67,000.00	(8,613.46)	50,250.00	(25,363.46)

	Current Month	Actuals	Encumbrances	Total Budget	Less Actuals and Encum.	Biennium to Date Budget	Expend and Encumb
591000 Repairs	2,630.95	20,687.48	300.00	24,100.00	3,112.52	18,075.00	(2,912.48)
601000 IT - Data Processing	4,950.99	74,172.84	0.00	137,253.00	63,080.16	102,939.75	28,766.91
602000 IT-Communications	294.89	34,023.79	0.00	55,450.00	21,426.21	41,587.50	7,563.71
603000 IT Contractual Services and Re	1,699.46	51,429.05	0.00	46,400.00	(5,029.05)	34,800.00	(16,629.05)
611000 Professional Development	1,541.00	63,480.01	0.00	95,180.00	31,699.99	71,385.00	7,904.99
621000 Operating Fees and Services	1,662.81	80,091.34	0.00	152,350.00	72,258.66	114,262.50	34,171.16
623000 Fees - Professional Services	6.83	109,621.22	0.00	1,109,020.00	999,398.78	831,765.00	722,143.78
625000 Medical, Dental and Optical	0.00	0.00	0.00	0.00	0.00	0.00	0.00
520000 Operating Expenses	30,951.30	1,052,621.69	6,400.00	2,535,856.00	1,476,834.31	1,901,892.00	842,870.31
681000 Capital Assets							
683000 Other Capital Payments	172,426.50	2,929,677.27	0.00	4,500,000.00	1,570,322.73	3,375,000.00	445,322.73
691000 Equipment Over \$5000	0.00	13,497.50	0.00	105,484.00	91,986.50	79,113.00	65,615.50
693000 IT Equip / Software Over \$5000	0.00	43,241.27	11,475.23	52,500.00	(2,216.50)	39,375.00	(15,341.50)
681000 Capital Assets	172,426.50	2,986,416.04	11,475.23	4,657,984.00	1,660,092.73	3,493,488.00	495,596.73
					0.00	0.00	0.00
					0.00	0.00	0.00
					0.00	0.00	0.00
722000 Transfers Out	0.00	4,753.71	0.00	8,000.00	3,246.29	6,000.00	1,246.29
Total Expenditures	437,067.15	8,088,767.02	17,875.23	12,903,704.00	4,797,061.75	9,677,778.00	1,571,135.75

Expenditures by Source							
Total General Fund Expenditures	174,236.61	3,238,813.59	17,875.23				
Total Federal Fund Expenditures	262,830.54	4,760,847.83	0.00				
Total Special Fund Expenditures	0.00	89,105.60	0.00				
Total Expenditures by Source	437,067.15	8,088,767.02	17,875.23				

Run Date: 01/12/09

40800 - Public Service Commission
Level: 408-100
Administration

Organizational Status Report by Summary Account For Month Ending December 31, 2008

NDS4911BB_2009B
Biennium 07-09

		----- Biennium to Date -----		Total Budget Less Actuals and Encum.		Biennium to Date Budget		BTD Budget less Expend and Encumb	
	Current Month	Actuals	Encumbrances	Total Budget					
Revenue									
400000 Revenue									
442000 Cash/Investment Earnings	0.00	(18,385.11)	0.00	0.00	18,385.11	0.00	0.00	18,385.11	
463000 General Government	0.00	213.51	0.00	0.00	(213.51)	0.00	0.00	(213.51)	
Total Revenues	0.00	(18,171.60)	0.00	0.00	18,171.60	0.00	0.00	18,171.60	
Revenue by Source									
Total General Fund Collections	0.00	213.51	0.00						
Total Federal Fund Collections	0.00	0.00	0.00						
Total Special Fund Collections	0.00	(18,385.11)	0.00						
Total Revenue by Source	0.00	(18,171.60)	0.00						
Expenditures									
510000 Salaries and Benefits									
511000 Salaries - Permanent	61,165.45	913,297.89	0.00	1,303,576.00	390,278.11	977,682.00	64,384.11	0.00	
513000 Temporary Salaries	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
514000 Overtime	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
516000 Fringe Benefits	19,037.47	282,114.66	0.00	401,543.00	119,428.34	301,157.25	19,042.59	0.00	
510000 Salaries and Benefits	80,202.92	1,195,412.55	0.00	1,705,119.00	509,706.45	1,278,839.25	83,426.70	0.00	
520000 Operating Expenses									
521000 Travel	12.90	23,375.76	0.00	63,000.00	39,624.24	47,250.00	23,874.24	0.00	
531000 Supplies - IT Software	2,075.25	23,646.25	1,500.00	45,200.00	20,053.75	33,900.00	8,753.75	0.00	
532000 Supply/Material-Professional	0.00	2,491.00	0.00	7,700.00	5,209.00	5,775.00	3,284.00	0.00	
534000 Bldg, Grounds, Vehicle Supply	0.00	13.95	0.00	0.00	(13.95)	0.00	(13.95)	0.00	
535000 Miscellaneous Supplies	22.82	173.81	0.00	1,500.00	1,326.19	1,125.00	951.19	0.00	
536000 Office Supplies	11.32	17,171.37	0.00	21,850.00	4,678.63	16,387.50	(783.87)	0.00	
541000 Postage	41.74	1,931.10	0.00	6,500.00	4,568.90	4,875.00	2,943.90	0.00	
542000 Printing	397.80	2,856.69	0.00	10,339.00	7,482.31	7,754.25	4,897.56	0.00	
551000 IT Equip under \$5,000	0.00	34,914.56	0.00	62,128.00	27,213.44	46,596.00	11,681.44	0.00	
552000 Other Equip under \$5,000	0.00	210.45	0.00	0.00	(210.45)	0.00	(210.45)	0.00	
553000 Office Equip & Furniture-Under	0.00	3,877.44	0.00	6,600.00	2,722.56	4,950.00	1,072.56	0.00	
571000 Insurance	50.00	7,847.55	0.00	9,200.00	1,352.45	6,900.00	(947.55)	0.00	
581000 Rentals/Leases-Equip & Other	0.00	0.00	0.00	2,000.00	2,000.00	1,500.00	1,500.00	0.00	
591000 Repairs	1,230.95	8,520.07	0.00	15,100.00	6,579.93	11,325.00	2,804.93	0.00	
601000 IT - Data Processing	4,950.99	74,172.84	0.00	137,253.00	63,080.16	102,939.75	28,766.91	0.00	
602000 IT-Communications	0.00	28,915.54	0.00	48,000.00	19,084.46	36,000.00	7,084.46	0.00	
603000 IT Contractual Services and Re	1,699.46	48,598.53	0.00	39,000.00	(9,598.53)	29,250.00	(19,348.53)	0.00	
611000 Professional Development	1,000.00	22,757.93	0.00	38,100.00	15,342.07	28,575.00	5,817.07	0.00	
621000 Operating Fees and Services	(30,149.36)	(553,851.33)	0.00	8,700.00	562,551.33	6,525.00	560,376.33	0.00	
623000 Fees - Professional Services	0.00	1,112.33	0.00	3,200.00	2,087.67	2,400.00	1,287.67	0.00	
625000 Medical, Dental and Optical	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

	Current Month (18,656.13)	Actuals (251,264.16)	Encumbrances 1,500.00	Total Budget 525,370.00	Less Actuals and Encum.	Biennium to Date Budget	Expend and Encumb
520000 Operating Expenses					775,134.16	394,027.50	643,791.66
681000 Capital Assets							
693000 IT Equip / Software Over \$5000	0.00	43,241.27	11,475.23	52,500.00	(2,216.50)	39,375.00	(15,341.50)
681000 Capital Assets	0.00	43,241.27	11,475.23	52,500.00	(2,216.50)	39,375.00	(15,341.50)
					0.00	0.00	0.00
					0.00	0.00	0.00
					0.00	0.00	0.00
Total Expenditures	61,546.79	987,389.66	12,975.23	2,282,989.00	1,282,624.11	1,712,241.75	711,876.86
Expenditures by Source							
Total General Fund Expenditures	61,546.79	987,389.66	12,975.23				
Total Federal Fund Expenditures	0.00	0.00	0.00				
Total Special Fund Expenditures	0.00	0.00	0.00				
Total Expenditures by Source	61,546.79	987,389.66	12,975.23				

Run Date: 01/12/09

40800 - Public Service Commission
Level: 408-100-10
Commissioners

**Organizational Status Report by Summary Account
For Month Ending December 31, 2008**

NDS4911BB_2009B
Biennium 07-09

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		Current Month		Actuals		Encumbrances		Total Budget		Total Budget Less Actuals and Encum.		Biennium to Date Budget		Biennium to Date Budget Less Actuals and Encum.	
Revenue															
Total		Revenues													
Revenue by Source															
Total General Fund Collections		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Federal Fund Collections		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Special Fund Collections		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue by Source		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenditures															
510000 Salaries and Benefits		20,435.76	358,411.68	0.00	0.00	0.00	0.00	0.00	481,027.00	122,615.32	360,770.25	2,358.57	0.00	0.00	0.00
511000 Salaries - Permanent		5,425.66	96,596.60	0.00	0.00	0.00	0.00	0.00	129,700.00	33,103.40	97,275.00	678.40	0.00	0.00	0.00
516000 Fringe Benefits		25,861.42	455,008.28	0.00	0.00	0.00	0.00	0.00	610,727.00	155,718.72	458,045.25	3,036.97	0.00	0.00	0.00
510000 Salaries and Benefits															
520000 Operating Expenses		7.50	17,094.11	0.00	0.00	0.00	0.00	0.00	33,000.00	15,905.89	24,750.00	7,655.89	0.00	0.00	0.00
521000 Travel		0.00	149.00	0.00	0.00	0.00	0.00	0.00	200.00	51.00	150.00	1.00	0.00	0.00	0.00
532000 Supply/Material-Professional		0.00	20.00	0.00	0.00	0.00	0.00	0.00	0.00	(20.00)	0.00	(20.00)	0.00	0.00	0.00
535000 Miscellaneous Supplies		0.00	0.00	0.00	0.00	0.00	0.00	0.00	200.00	200.00	150.00	150.00	0.00	0.00	0.00
536000 Office Supplies		0.00	154.97	0.00	0.00	0.00	0.00	0.00	500.00	345.03	375.00	220.03	0.00	0.00	0.00
541000 Postage		0.00	115.00	0.00	0.00	0.00	0.00	0.00	1,000.00	885.00	750.00	635.00	0.00	0.00	0.00
542000 Printing		0.00	8.00	0.00	0.00	0.00	0.00	0.00	0.00	(8.00)	0.00	(8.00)	0.00	0.00	0.00
602000 IT-Communications		0.00	18,632.00	0.00	0.00	0.00	0.00	0.00	25,000.00	6,368.00	18,750.00	118.00	0.00	0.00	0.00
611000 Professional Development		0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00	75.00	75.00	0.00	0.00	0.00
621000 Operating Fees and Services		0.00	400.00	0.00	0.00	0.00	0.00	0.00	0.00	(400.00)	0.00	(400.00)	0.00	0.00	0.00
623000 Fees - Professional Services		0.00	36,573.08	0.00	0.00	0.00	0.00	0.00	60,000.00	23,426.92	45,000.00	8,426.92	0.00	0.00	0.00
520000 Operating Expenses		7.50		0.00	0.00	0.00	0.00	0.00					0.00	0.00	0.00
Total		25,868.92	491,581.36	0.00	0.00	0.00	0.00	0.00	670,727.00	179,145.64	503,045.25	11,463.89	0.00	0.00	0.00

Expenditures by Source

1/30/20

2 of 2

Total Special Fund Expenditures
Total Expenditures by Source

Current Month	Actuals	Encumbrances	Total Budget	Less Actuals and Encum.	Biennium to Date Budget	Expend and Encumb
0.00	0.00	0.00				
25,888.92	491,581.36	0.00				

40800 - Public Service Commission
Level: 408-100-12
Legal Counsel

**Organizational Status Report by Summary Account
For Month Ending December 31, 2008**

NDS4911BB_2009B
Biennium 07-09

	----- Biennium to Date -----			Total Budget Less Actuals and Encum.	Biennium to Date Budget	BTD Budget less Expend and Encumb
	Current Month	Actuals	Encumbrances			
Revenue						
Total Revenues				0.00	0.00	0.00
Revenue by Source						
Total General Fund Collections	0.00	0.00	0.00			
Total Federal Fund Collections	0.00	0.00	0.00			
Total Special Fund Collections	0.00	0.00	0.00			
Total Revenue by Source	0.00	0.00	0.00			
Expenditures						
510000 Salaries and Benefits						
511000 Salaries - Permanent	2,489.00	20,079.98	0.00	76,984.00	56,904.02	37,658.02
516000 Fringe Benefits	1,083.95	5,995.85	0.00	29,044.00	23,048.15	15,787.15
510000 Salaries and Benefits	3,572.95	26,075.83	0.00	106,028.00	79,952.17	53,445.17
520000 Operating Expenses						
521000 Travel	0.00	1,717.70	0.00	6,000.00	4,282.30	2,782.30
532000 Supply/Material-Professional	0.00	2,197.00	0.00	5,500.00	3,303.00	1,928.00
536000 Office Supplies	0.00	8.84	0.00	0.00	(8.84)	(8.84)
553000 Office Equip & Furniture-Under	0.00	0.00	0.00	600.00	600.00	450.00
611000 Professional Development	0.00	1,470.00	0.00	3,100.00	1,630.00	855.00
621000 Operating Fees and Services	0.00	4.50	0.00	100.00	95.50	70.50
520000 Operating Expenses	0.00	5,398.04	0.00	15,300.00	9,901.96	6,076.96
					0.00	0.00
					0.00	0.00
					0.00	0.00
					0.00	0.00
Total Expenditures	3,572.95	31,473.87	0.00	121,328.00	89,854.13	59,522.13
Expenditures by Source						
Total General Fund Expenditures	3,572.95	31,473.87	0.00			
Total Federal Fund Expenditures	0.00	0.00	0.00			
Total Special Fund Expenditures	0.00	0.00	0.00			
Total Expenditures by Source	3,572.95	31,473.87	0.00			

Run Date: 01/12/09

40800 - Public Service Commission
Level: 408-100-13
General Office

Organizational Status Report by Summary Account For Month Ending December 31, 2008

NDS4911BB_2009B
Biennium 07-09

		----- Biennium to Date -----				BTD Budget less	
						Expend and	
						Encumb	

	Current Month (18,663.63)	Actuals (293,235.28)	Encumbrances 1,500.00	Total Budget 450,070.00	Less Actuals and Encum. 741,805.28	Biennium to Date Budget 337,552.50	Expend and Encumb 629,287.78
520000 Operating Expenses							
681000 Capital Assets							
693000 IT Equip / Software Over \$5000	0.00	43,241.27	11,475.23	52,500.00	(2,216.50)	39,375.00	(15,341.50)
681000 Capital Assets	0.00	43,241.27	11,475.23	52,500.00	(2,216.50)	39,375.00	(15,341.50)
					0.00	0.00	0.00
					0.00	0.00	0.00
					0.00	0.00	0.00
Total Expenditures	32,104.92	464,334.43	12,975.23	1,490,934.00	1,013,624.34	1,118,200.50	640,890.84
Expenditures by Source							
Total General Fund Expenditures	32,104.92	464,334.43	12,975.23				
Total Federal Fund Expenditures	0.00	0.00	0.00				
Total Special Fund Expenditures	0.00	0.00	0.00				
Total Expenditures by Source	32,104.92	464,334.43	12,975.23				

Run Date: 01/12/09

40800 - Public Service Commission
Level: 408-200
Testing, Licensing & Certifica

Organizational Status Report by Summary Account
For Month Ending December 31, 2008

NDS4911BB_2009B
Biennium 07-09

	Biennium to Date			Total Budget Less Actuals and Encum.	Biennium to Date Budget	BTD Budget less Expend and Encumb
	Current Month	Actuals	Encumbrances			
Revenue						
400000 Revenue	12,855.00	333,970.06	0.00	0.00	0.00	(333,970.06)
420000 Business	0.00	38,200.73	0.00	0.00	0.00	(38,200.73)
430000 Intergovernmental Grants/Contr	17,636.00	368,493.10	0.00	0.00	0.00	(368,493.10)
464000 Regulatory	0.00	150.00	0.00	0.00	0.00	(150.00)
473000 Miscellaneous General Revenue	30,491.00	740,813.89	0.00	0.00	0.00	(740,813.89)
Total Revenues						
	30,491.00	740,813.89	0.00	0.00	0.00	(740,813.89)
Revenue by Source						
Total General Fund Collections	30,491.00	702,613.16	0.00			
Total Federal Fund Collections	0.00	38,200.73	0.00			
Total Special Fund Collections	0.00	0.00	0.00			
Total Revenue by Source						
	30,491.00	740,813.89	0.00			
Expenditures						
510000 Salaries and Benefits	33,428.47	605,925.81	0.00	812,788.00	609,591.00	3,665.19
511000 Salaries - Permanent	12,176.68	222,850.91	0.00	298,932.00	224,199.00	1,348.09
516000 Fringe Benefits	45,605.15	828,776.72	0.00	1,111,720.00	833,790.00	5,013.28
Salaries and Benefits						
520000 Operating Expenses	9,229.50	229,547.74	0.00	328,679.00	246,509.25	16,961.51
521000 Travel	0.00	2,189.99	0.00	7,479.00	5,289.01	3,419.26
531000 Supplies - IT Software	0.00	92.34	0.00	700.00	607.66	432.66
532000 Supply/Material-Professional	115.00	1,928.89	0.00	2,900.00	971.11	246.11
533000 Food and Clothing	0.00	2,732.44	0.00	1,500.00	1,125.00	(1,607.44)
534000 Bldg. Grounds, Vehicle Supply	0.00	5,271.83	0.00	4,300.00	(971.83)	(2,046.83)
535000 Miscellaneous Supplies	0.00	0.00	0.00	1,000.00	750.00	750.00
536000 Office Supplies	18.45	4,171.24	0.00	7,950.00	3,778.76	1,791.26
541000 Postage	0.00	420.00	0.00	6,050.00	5,630.00	4,117.50
542000 Printing	22.20	2,491.15	4,600.00	0.00	(7,091.15)	(7,091.15)
552000 Other Equip under \$5,000	0.00	396.00	0.00	6,000.00	5,604.00	4,104.00
553000 Office Equip & Furniture-Under	0.00	804.90	0.00	1,034.00	229.10	(29.40)
571000 Insurance	0.00	1,102.13	0.00	4,000.00	2,897.87	1,897.87
582000 Rentals/Leases - Bldg/Land	1,400.00	12,012.41	300.00	2,800.00	(9,512.41)	(10,212.41)
591000 Repairs	138.14	2,376.60	0.00	4,100.00	1,723.40	698.40
602000 IT-Communications	0.00	2,830.52	0.00	2,400.00	(430.52)	(1,030.52)
603000 IT Contractual Services and Re	200.00	2,481.75	0.00	2,980.00	498.25	(246.75)
611000 Professional Development	474.88	35,975.51	0.00	15,650.00	(20,325.51)	(24,238.01)
621000 Operating Fees and Services	0.00	6,302.60	0.00	1,002,020.00	995,717.40	745,212.40
623000 Fees - Professional Services	11,598.17	313,128.04	4,900.00	1,401,542.00	1,051,156.50	733,128.46
Operating Expenses						

681000 Capital Assets
 691000 Equipment Over \$5000
 681000 Capital Assets

Current Month	Actuals	Encumbrances	Total Budget	Less Actuals and Encum.	Biennium to Date Budget	Expend and Encumb
0.00	13,497.50	0.00	89,484.00	75,986.50	67,113.00	53,615.50
0.00	13,497.50	0.00	89,484.00	75,986.50	67,113.00	53,615.50
				0.00	0.00	0.00
				0.00	0.00	0.00
				0.00	0.00	0.00
				0.00	0.00	0.00
Total	57,203.32	4,900.00	2,602,746.00	1,442,443.74	1,952,959.50	791,757.24

Expenditures by Source

Total General Fund Expenditures
 Total Federal Fund Expenditures
 Total Special Fund Expenditures
 Total Expenditures by Source

55,861.50	1,094,153.84	4,900.00
1,341.82	61,248.41	0.00
0.00	0.00	0.00
57,203.32	1,155,402.26	4,900.00

Run Date: 01/12/09

40800 - Public Service Commission

Level: 408-200-20
Testing & SafetyOrganizational Status Report by Summary Account
For Month Ending December 31, 2008NDS4911BB_2009B
Biennium 07-09

	----- Biennium to Date -----			Total Budget Less Actuals and Encum.	Biennium to Date Budget	BTD Budget less Expend and Encumb
	Current Month	Actuals	Encumbrances	Total Budget		
Revenue						
400000 Revenue	17,636.00	368,493.10	0.00	0.00	(368,493.10)	(368,493.10)
464000 Regulatory	17,636.00	368,493.10	0.00	0.00	(368,493.10)	(368,493.10)
Total Revenues						
	17,636.00	368,493.10	0.00	0.00	0.00	0.00
Revenue by Source						
Total General Fund Collections	17,636.00	368,493.10	0.00			
Total Federal Fund Collections	0.00	0.00	0.00			
Total Special Fund Collections	0.00	0.00	0.00			
Total Revenue by Source						
	17,636.00	368,493.10	0.00			

Expenditures

510000 Salaries and Benefits						
511000 Salaries - Permanent	19,614.43	309,784.31	0.00	398,019.00	88,234.69	298,514.25
516000 Fringe Benefits	7,441.15	122,395.57	0.00	157,515.00	35,119.43	118,136.25
510000 Salaries and Benefits	27,055.58	432,179.88	0.00	555,534.00	123,354.12	416,650.50
520000 Operating Expenses						
521000 Travel	7,627.14	182,536.29	0.00	248,504.00	65,967.71	186,378.00
531000 Supplies - IT Software	0.00	0.00	0.00	4,879.00	4,879.00	3,659.25
532000 Supply/Material-Professional	0.00	5.00	0.00	200.00	195.00	145.00
533000 Food and Clothing	115.00	1,374.91	0.00	2,500.00	1,125.09	1,875.00
534000 Bldg. Grounds, Vehicle Supply	0.00	2,732.44	0.00	1,500.00	(1,232.44)	1,125.00
535000 Miscellaneous Supplies	0.00	5,169.35	0.00	4,000.00	(1,169.35)	3,000.00
536000 Office Supplies	0.00	0.00	0.00	200.00	200.00	150.00
541000 Postage	0.00	1,631.31	0.00	3,550.00	1,918.69	2,662.50
542000 Printing	0.00	420.00	0.00	5,000.00	4,580.00	3,750.00
552000 Other Equip under \$5,000	22.20	2,491.15	0.00	0.00	(7,091.15)	0.00
553000 Office Equip & Furniture-Under	0.00	396.00	4,600.00	5,000.00	4,604.00	3,750.00
571000 Insurance	0.00	804.90	0.00	934.00	129.10	700.50
591000 Repairs	1,400.00	12,012.41	300.00	2,500.00	(9,812.41)	1,875.00
602000 IT-Communications	85.50	1,515.36	0.00	3,100.00	1,584.64	2,325.00
611000 Professional Development	0.00	804.50	0.00	480.00	(324.50)	360.00
621000 Operating Fees and Services	27.64	2,327.24	0.00	14,000.00	11,672.76	10,500.00
623000 Fees - Professional Services	0.00	1,302.60	0.00	42,020.00	40,717.40	31,515.00
520000 Operating Expenses	9,277.48	215,523.46	4,900.00	338,367.00	117,943.54	253,775.25
681000 Capital Assets						
691000 Equipment Over \$5000	0.00	13,497.50	0.00	89,484.00	75,986.50	67,113.00
681000 Capital Assets	0.00	13,497.50	0.00	89,484.00	75,986.50	67,113.00
					0.00	0.00

	Current Month	Actuals	Encumbrances	Total Budget	Less Actuals and Encum.	Biennium to Date Budget	Expend and Encumb
Total Expenditures	36,333.06	661,200.84	4,900.00	983,385.00	317,284.16	737,538.75	71,437.91
Expenditures by Source							
Total General Fund Expenditures	36,333.06	661,200.84	4,900.00				
Total Federal Fund Expenditures	0.00	0.00	0.00				
Total Special Fund Expenditures	0.00	0.00	0.00				
Total Expenditures by Source	36,333.06	661,200.84	4,900.00				

Run Date: 01/12/09

40800 - Public Service Commission
 Level: 408-200-40
 Licensing & Rail

**Organizational Status Report by Summary Account
 For Month Ending December 31, 2008**

NDS4911BB_2009B
 Biennium 07-09

	----- Biennium to Date -----				Total Budget Less Actuals and Encum.	Biennium to Date Budget	BTD Budget less Expend and Encumb
	Current Month	Actuals	Encumbrances	Total Budget			
Revenue							
400000 Revenue							
420000 Business	12,855.00	333,970.06	0.00	0.00	(333,970.06)	0.00	(333,970.06)
473000 Miscellaneous General Revenue	0.00	150.00	0.00	0.00	(150.00)	0.00	(150.00)
Total Revenues	12,855.00	334,120.06	0.00	0.00	(334,120.06)	0.00	(334,120.06)
Revenue by Source							
Total General Fund Collections	12,855.00	334,120.06	0.00				
Total Federal Fund Collections	0.00	0.00	0.00				
Total Special Fund Collections	0.00	0.00	0.00				
Total Revenue by Source	12,855.00	334,120.06	0.00				
Expenditures							
510000 Salaries and Benefits							
511000 Salaries - Permanent	12,124.35	232,674.26	0.00	307,407.00	74,732.74	230,555.25	(2,119.01)
516000 Fringe Benefits	4,229.25	80,579.44	0.00	107,069.00	26,489.56	80,301.75	(277.69)
510000 Salaries and Benefits	16,353.60	313,253.70	0.00	414,476.00	101,222.30	310,857.00	(2,396.70)
520000 Operating Expenses							
521000 Travel	1,597.26	33,803.24	0.00	59,050.00	25,246.76	44,287.50	10,484.26
531000 Supplies - IT Software	0.00	1,920.00	0.00	2,500.00	580.00	1,875.00	(45.00)
532000 Supply/Material-Professional	0.00	87.34	0.00	500.00	412.66	375.00	287.66
533000 Food and Clothing	0.00	553.98	0.00	400.00	(153.98)	300.00	(253.98)
535000 Miscellaneous Supplies	0.00	0.00	0.00	300.00	300.00	225.00	225.00
536000 Office Supplies	0.00	0.00	0.00	750.00	750.00	562.50	562.50
541000 Postage	0.00	2,203.92	0.00	4,000.00	1,796.08	3,000.00	796.08
542000 Printing	0.00	0.00	0.00	750.00	750.00	562.50	562.50
553000 Office Equip & Furniture-Under	0.00	0.00	0.00	1,000.00	1,000.00	750.00	750.00
571000 Insurance	0.00	0.00	0.00	100.00	100.00	75.00	75.00
591000 Repairs	0.00	0.00	0.00	300.00	300.00	225.00	225.00
602000 IT-Communications	35.98	577.86	0.00	1,000.00	422.14	750.00	172.14
603000 IT Contractual Services and Re	0.00	2,830.52	0.00	2,400.00	(430.52)	1,800.00	(1,030.52)
611000 Professional Development	200.00	1,367.25	0.00	2,500.00	1,132.75	1,875.00	507.75
621000 Operating Fees and Services	0.00	2.95	0.00	1,000.00	997.05	750.00	747.05
623000 Fees - Professional Services	0.00	5,000.00	0.00	905,000.00	900,000.00	678,750.00	673,750.00
520000 Operating Expenses	1,833.24	48,347.06	0.00	981,550.00	933,202.94	736,162.50	687,815.44
					0.00	0.00	0.00
					0.00	0.00	0.00
					0.00	0.00	0.00

	Current Month	Actuals	Encumbrances	Total Budget	Less Actuals and Encum.	Biennium to Date Budget	Expend and Encumb
Total Expenditures							
	18,186.84	361,600.76	0.00	1,396,026.00	1,034,425.24	1,047,019.50	685,418.74
Expenditures by Source							
Total General Fund Expenditures	18,186.84	361,600.76	0.00				
Total Federal Fund Expenditures	0.00	0.00	0.00				
Total Special Fund Expenditures	0.00	0.00	0.00				
Total Expenditures by Source	18,186.84	361,600.76	0.00				

Run Date: 01/12/09

40800 - Public Service Commission
Level: 408-200-72
Gas Safety

**Organizational Status Report by Summary Account
For Month Ending December 31, 2008**

NDS4911BB_2009B
Biennium 07-09

	Current Month	----- Biennium to Date -----		Total Budget Less Actuals and Encum.	Biennium to Date Budget	BTD Budget less Expend and Encumb
		Actuals	Encumbrances	Total Budget		
Revenue						
400000 Revenue						
430000 Intergovernmental Grants/Contr						
Total Revenues						
	0.00	38,200.73	0.00	0.00	(38,200.73)	(38,200.73)
	0.00	38,200.73	0.00	0.00	(38,200.73)	(38,200.73)
Revenue by Source						
Total General Fund Collections	0.00	0.00	0.00			
Total Federal Fund Collections	0.00	38,200.73	0.00			
Total Special Fund Collections	0.00	0.00	0.00			
Total Revenue by Source	0.00	38,200.73	0.00			
Expenditures						
510000 Salaries and Benefits						
511000 Salaries - Permanent	1,699.69	63,467.24	0.00	107,362.00	43,894.76	17,054.26
516000 Fringe Benefits	506.28	19,875.90	0.00	34,348.00	14,472.10	5,885.10
510000 Salaries and Benefits	2,195.97	83,343.14	0.00	141,710.00	58,366.86	22,939.36
520000 Operating Expenses						
521000 Travel	5.10	13,208.21	0.00	21,125.00	7,916.79	2,635.54
531000 Supplies - IT Software	0.00	269.99	0.00	100.00	(169.99)	(194.99)
535000 Miscellaneous Supplies	0.00	102.48	0.00	0.00	(102.48)	(102.48)
536000 Office Supplies	0.00	0.00	0.00	50.00	50.00	37.50
541000 Postage	18.45	336.01	0.00	400.00	63.99	(36.01)
542000 Printing	0.00	0.00	0.00	300.00	300.00	225.00
582000 Rentals/Leases - Bldg/Land	0.00	1,102.13	0.00	4,000.00	2,897.87	1,897.87
602000 IT-Communications	16.66	283.38	0.00	0.00	(283.38)	(283.38)
611000 Professional Development	0.00	310.00	0.00	0.00	(310.00)	(310.00)
621000 Operating Fees and Services	447.24	33,645.32	0.00	650.00	(32,995.32)	(33,157.82)
623000 Fees - Professional Services	0.00	0.00	0.00	55,000.00	55,000.00	41,250.00
520000 Operating Expenses	487.45	49,257.52	0.00	81,625.00	32,367.48	11,961.23
					0.00	0.00
					0.00	0.00
					0.00	0.00
					0.00	0.00
Total Expenditures	2,683.42	132,600.66	0.00	223,335.00	90,734.34	34,900.65

Expenditures by Source

Total General Fund Expenditures
 Total Federal Fund Expenditures
 Total Special Fund Expenditures
Total Expenditures by Source

Current Month	Actuals	Encumbrances	Total Budget	Less Actuals and Encum.	Biennium to Date Budget	Expend and Encumb
1,341.60	71,352.24	0.00				
1,341.82	61,248.41	0.00				
0.00	0.00	0.00				
2,683.42	132,600.66	0.00				

Run Date: 01/12/09

40800 - Public Service Commission

Level: 408-300

Public Utilities

Organizational Status Report by Summary Account
For Month Ending December 31, 2008

NDS4911BB_2009B

Biennium 07-09

	----- Biennium to Date -----			Total Budget Less Actuals and Encum.	Biennium to Date Budget	BTD Budget less Expend and Encumb
	Current Month	Actuals	Encumbrances	Total Budget		
Revenue						
400000 Revenue	2,100.00	97,805.60	0.00	0.00	(97,805.60)	(97,805.60)
464000 Regulatory	0.00	806.47	0.00	0.00	(806.47)	(806.47)
473000 Miscellaneous General Revenue						
Total Revenues	2,100.00	98,612.07	0.00	0.00	(98,612.07)	(98,612.07)

Revenue by Source

Total General Fund Collections	2,100.00	9,506.47	0.00
Total Federal Fund Collections	0.00	0.00	0.00
Total Special Fund Collections	0.00	89,105.60	0.00
Total Revenue by Source	2,100.00	98,612.07	0.00

Expenditures

510000 Salaries and Benefits	25,614.29	484,559.83	0.00	726,042.00	241,482.17	544,531.50	59,971.67
511000 Salaries - Permanent	7,699.58	148,260.26	0.00	228,975.00	80,714.74	171,731.25	23,470.99
516000 Fringe Benefits	33,313.87	632,820.09	0.00	955,017.00	322,196.91	716,262.75	83,442.66
510000 Salaries and Benefits							
520000 Operating Expenses							
521000 Travel	0.00	10,860.03	0.00	18,000.00	7,139.97	13,500.00	2,639.97
531000 Supplies - IT Software	0.00	0.00	0.00	100.00	100.00	75.00	75.00
532000 Supply/Material-Professional	0.00	3,684.50	0.00	3,000.00	(684.50)	2,250.00	(1,434.50)
533000 Food and Clothing	0.00	0.00	0.00	300.00	300.00	225.00	225.00
535000 Miscellaneous Supplies	0.00	11.09	0.00	2,100.00	2,088.91	1,575.00	1,563.91
536000 Office Supplies	0.00	194.85	0.00	0.00	(194.85)	0.00	(194.85)
541000 Postage	0.00	5,624.69	0.00	8,578.00	2,953.31	6,433.50	808.81
542000 Printing	0.00	11.50	0.00	100.00	88.50	75.00	63.50
553000 Office Equip & Furniture-Under	0.00	448.04	0.00	0.00	(448.04)	0.00	(448.04)
591000 Repairs	0.00	0.00	0.00	200.00	200.00	150.00	150.00
602000 IT-Communications	0.00	160.02	0.00	0.00	(160.02)	0.00	(160.02)
611000 Professional Development	0.00	6,182.44	0.00	17,600.00	11,417.56	13,200.00	7,017.56
621000 Operating Fees and Services	445.93	22,220.03	0.00	35,000.00	12,779.97	26,250.00	4,029.97
623000 Fees - Professional Services	6.83	101,807.98	0.00	95,800.00	(6,007.98)	71,850.00	(29,957.98)
520000 Operating Expenses	452.76	151,205.17	0.00	180,778.00	29,572.83	135,583.50	(15,621.67)
					0.00	0.00	0.00
					0.00	0.00	0.00
					0.00	0.00	0.00
					0.00	0.00	0.00

Current Month	Actuals	Encumbrances	Total Budget	Less Actuals and Encum.	Biennium to Date Budget	Expend and Encumb
33,766.63	784,025.26	0.00	1,135,795.00	351,769.74	851,846.25	67,820.99

Total Expenditures**Expenditures by Source**

Total General Fund Expenditures
 Total Federal Fund Expenditures
 Total Special Fund Expenditures
Total Expenditures by Source

33,766.63	694,919.66	0.00
0.00	0.00	0.00
0.00	89,105.60	0.00
33,766.63	784,025.26	0.00

Run Date: 01/12/09

40800 - Public Service Commission
 Level: 408-300-70
 Public Utilities

Organizational Status Report by Summary Account For Month Ending December 31, 2008

NDS4911BB_2009B
 Biennium 07-09

	Current Month	Biennium to Date		Total Budget Less Actuals and Encum.	Biennium to Date Budget	BTD Budget less Expend and Encumb
		Actuals	Encumbrances			
Revenue						
400000 Revenue	2,100.00	8,700.00	0.00	0.00	0.00	(8,700.00)
464000 Regulatory Revenues	2,100.00	8,700.00	0.00	0.00	0.00	(8,700.00)
Revenue by Source						
Total General Fund Collections	2,100.00	8,700.00	0.00			
Total Federal Fund Collections	0.00	0.00	0.00			
Total Special Fund Collections	0.00	0.00	0.00			
Total Revenue by Source	2,100.00	8,700.00	0.00			
Expenditures						
510000 Salaries and Benefits						
511000 Salaries - Permanent	25,614.29	484,559.83	0.00	726,042.00	241,482.17	544,531.50
516000 Fringe Benefits	7,699.58	148,260.26	0.00	228,975.00	80,714.74	171,731.25
510000 Salaries and Benefits	33,313.87	632,820.09	0.00	955,017.00	322,196.91	716,262.75
520000 Operating Expenses						
521000 Travel	0.00	10,504.88	0.00	13,000.00	2,495.12	9,750.00
531000 Supplies - IT Software	0.00	0.00	0.00	100.00	100.00	75.00
532000 Supply/Material-Professional	0.00	3,684.50	0.00	3,000.00	(684.50)	2,250.00
533000 Food and Clothing	0.00	0.00	0.00	300.00	300.00	225.00
535000 Miscellaneous Supplies	0.00	11.09	0.00	2,000.00	1,988.91	1,500.00
536000 Office Supplies	0.00	194.85	0.00	0.00	(194.85)	0.00
541000 Postage	0.00	5,624.69	0.00	8,578.00	2,953.31	6,433.50
542000 Printing	0.00	11.50	0.00	100.00	88.50	75.00
553000 Office Equip & Furniture-Under	0.00	448.04	0.00	0.00	(448.04)	0.00
591000 Repairs	0.00	0.00	0.00	200.00	200.00	150.00
602000 IT-Communications	0.00	105.74	0.00	0.00	(105.74)	0.00
611000 Professional Development	0.00	6,182.44	0.00	17,300.00	11,117.56	12,975.00
621000 Operating Fees and Services	445.93	16,481.87	0.00	5,000.00	(11,481.87)	3,750.00
623000 Fees - Professional Services	0.00	5,190.32	0.00	6,200.00	1,009.68	4,650.00
520000 Operating Expenses	445.93	48,439.92	0.00	55,778.00	7,338.08	41,833.50
					0.00	0.00
					0.00	0.00
					0.00	0.00
					0.00	0.00

	Current Month	Actuals	Encumbrances	Total Budget	Less Actuals and Encum.	Biennium to Date Budget	Expend and Encumb
Total Expenditures	33,759.80	681,260.01	0.00	1,010,795.00	329,534.99	758,096.25	76,836.24
Expenditures by Source							
Total General Fund Expenditures	33,759.80	681,260.01	0.00				
Total Federal Fund Expenditures	0.00	0.00	0.00				
Total Special Fund Expenditures	0.00	0.00	0.00				
Total Expenditures by Source	33,759.80	681,260.01	0.00				

		----- Biennium to Date -----		Total Budget Less Actuals and Encum.		Biennium to Date Budget		BTD Budget less Expend and Encumb	
Current Month	Actuals	Encumbrances	Total Budget						
	0.00	89,105.60	0.00	0.00	(89,105.60)	0.00	0.00	(89,105.60)	
	0.00	806.47	0.00	0.00	(806.47)	0.00	0.00	(806.47)	
	0.00	89,912.07	0.00	0.00	(89,912.07)	0.00	0.00	(89,912.07)	
Revenue									
400000 Revenue									
464000 Regulatory									
473000 Miscellaneous General Revenue									
Total Revenues	0.00	89,912.07	0.00	0.00	(89,912.07)	0.00	0.00	(89,912.07)	
Revenue by Source									
Total General Fund Collections	0.00	806.47	0.00						
Total Federal Fund Collections	0.00	0.00	0.00						
Total Special Fund Collections	0.00	89,105.60	0.00						
Total Revenue by Source	0.00	89,912.07	0.00						

Expenditures									
520000 Operating Expenses									
521000 Travel	0.00	355.15	0.00	5,000.00	4,644.85	3,750.00	0.00	3,394.85	
535000 Miscellaneous Supplies	0.00	0.00	0.00	100.00	100.00	75.00		75.00	
602000 IT-Communications	0.00	54.28	0.00	0.00	(54.28)	0.00		(54.28)	
611000 Professional Development	0.00	0.00	0.00	300.00	300.00	225.00		225.00	
621000 Operating Fees and Services	0.00	5,738.16	0.00	30,000.00	24,261.84	22,500.00		16,761.84	
623000 Fees - Professional Services	6.83	96,617.66	0.00	89,600.00	(7,017.66)	67,200.00		(29,417.66)	
520000 Operating Expenses	6.83	102,765.25	0.00	125,000.00	22,234.75	93,750.00	0.00	(9,015.25)	
Total Expenditures	6.83	102,765.25	0.00	125,000.00	22,234.75	93,750.00	0.00	(9,015.25)	

Expenditures by Source									
Total General Fund Expenditures	6.83	13,659.65	0.00						
Total Federal Fund Expenditures	0.00	0.00	0.00						
Total Special Fund Expenditures	0.00	89,105.60	0.00						
Total Expenditures by Source	6.83	102,765.25	0.00						

Run Date: 01/12/09

40800 - Public Service Commission
Level: 408-400
Reclamation

**Organizational Status Report by Summary Account
For Month Ending December 31, 2008**

NDS4911BB_2009B
Biennium 07-09

	----- Biennium to Date -----			Total Budget Less Actuals and Encum.	Biennium to Date Budget	BTD Budget less Expend and Encumb
	Current Month	Actuals	Encumbrances			
Revenue						
400000 Revenue						
430000 Intergovernmental Grants/Contr	292,028.89	4,865,973.35	0.00	0.00	0.00	(4,865,973.35)
441000 Fines-Forfeitures-Escheat	0.00	6,250.00	0.00	0.00	0.00	(6,250.00)
442000 Cash/Investment Earnings	5,585.80	139,413.19	0.00	0.00	0.00	(139,413.19)
463000 General Government	0.00	50.00	0.00	0.00	0.00	(50.00)
464000 Regulatory	64,305.00	71,697.00	0.00	0.00	0.00	(71,697.00)
Total Revenues	361,919.69	5,083,383.54	0.00	0.00	0.00	(5,083,383.54)
Revenue by Source						
Total General Fund Collections	64,305.00	77,947.00	0.00			
Total Federal Fund Collections	292,028.89	4,866,023.35	0.00			
Total Special Fund Collections	5,585.80	139,413.19	0.00			
Total Revenue by Source	361,919.69	5,083,383.54	0.00			
Expenditures						
510000 Salaries and Benefits						
511000 Salaries - Permanent	56,937.67	1,026,645.86	0.00	1,386,276.00	1,039,707.00	13,061.14
512000 Salaries-Other	0.00	0.00	0.00	52,500.00	39,375.00	39,375.00
513000 Temporary Salaries	0.00	21,705.75	0.00	0.00	0.00	(21,705.75)
514000 Overtime	0.00	12,515.64	0.00	0.00	0.00	(12,515.64)
516000 Fringe Benefits	17,629.74	327,098.97	0.00	491,232.00	368,424.00	41,325.03
510000 Salaries and Benefits	74,567.41	1,387,966.22	0.00	1,930,008.00	1,447,506.00	59,539.78
520000 Operating Expenses						
521000 Travel	5,823.48	125,232.04	0.00	140,000.00	105,000.00	(20,232.04)
531000 Supplies - IT Software	24.99	125.89	0.00	11,000.00	8,250.00	8,124.11
532000 Supply/Material-Professional	270.00	1,079.20	0.00	7,000.00	5,250.00	4,170.80
533000 Food and Clothing	0.00	228.88	0.00	800.00	600.00	371.12
534000 Bldg. Grounds, Vehicle Supply	0.00	161.02	0.00	11,500.00	8,625.00	8,463.98
535000 Miscellaneous Supplies	33.68	1,118.34	0.00	3,500.00	2,381.66	1,506.66
536000 Office Supplies	0.00	2,183.32	0.00	1,755.00	1,316.25	(867.07)
541000 Postage	15.24	1,443.47	0.00	4,336.00	3,252.00	1,808.53
542000 Printing	0.00	18.40	0.00	4,000.00	3,000.00	2,981.60
551000 IT Equip under \$5,000	0.00	18,351.00	0.00	25,500.00	19,125.00	774.00
552000 Other Equip under \$5,000	0.00	1,900.00	0.00	1,500.00	1,125.00	(775.00)
553000 Office Equip & Furniture-Under	0.00	1,968.20	0.00	600.00	450.00	(1,518.20)
571000 Insurance	0.00	301.59	0.00	825.00	618.75	317.16
581000 Rentals/Leases-Equip & Other	0.00	0.00	0.00	1,000.00	750.00	750.00
582000 Rentals/Leases - Bldg/Land	0.00	74,511.33	0.00	63,000.00	47,250.00	(27,261.33)
591000 Repairs	0.00	155.00	0.00	6,000.00	4,500.00	4,345.00
602000 IT-Communications	156.75	2,571.63	0.00	3,350.00	2,512.50	(59.13)

	Current Month	Actuals	Encumbrances	Total Budget	Less Actuals and Encum.	Biennium to Date Budget	Expend and Encumb
603000 IT Contractual Services and Re	0.00	0.00	0.00	5,000.00	5,000.00	3,750.00	3,750.00
611000 Professional Development	341.00	32,057.89	0.00	36,500.00	4,442.11	27,375.00	(4,682.89)
621000 Operating Fees and Services	30,891.36	575,747.14	0.00	93,000.00	(482,747.14)	69,750.00	(505,997.14)
623000 Fees - Professional Services	0.00	398.31	0.00	8,000.00	7,601.69	6,000.00	5,601.69
520000 Operating Expenses	37,556.50	839,552.65	0.00	428,166.00	(411,386.65)	321,124.50	(518,428.15)
681000 Capital Assets							
683000 Other Capital Payments	172,426.50	2,929,677.27	0.00	4,500,000.00	1,570,322.73	3,375,000.00	445,322.73
691000 Equipment Over \$5000	0.00	0.00	0.00	16,000.00	16,000.00	12,000.00	12,000.00
681000 Capital Assets	172,426.50	2,929,677.27	0.00	4,516,000.00	1,586,322.73	3,387,000.00	457,322.73
722000 Transfers Out	0.00	4,753.71	0.00	8,000.00	3,246.29	6,000.00	1,246.29
Total Expenditures	284,550.41	5,161,949.85	0.00	6,882,174.00	1,720,224.15	5,161,630.50	(319.35)
Expenditures by Source							
Total General Fund Expenditures	23,061.69	462,350.43	0.00				
Total Federal Fund Expenditures	261,488.72	4,699,599.42	0.00				
Total Special Fund Expenditures	0.00	0.00	0.00				
Total Expenditures by Source	284,550.41	5,161,949.85	0.00				

Run Date: 01/12/09

40800 - Public Service Commission

Level: 408-400-80

Reclamation

Organizational Status Report by Summary Account
For Month Ending December 31, 2008

NDS4911BB_2009B

Biennium 07-09

		----- Biennium to Date -----		Total Budget Less Actuals and Encum.		Biennium to Date Budget		BTD Budget less Expend and Encumb	
	Current Month	Actuals	Encumbrances	Total Budget					
Revenue									
400000 Revenue									
430000 Intergovernmental Grants/Contr	44,964.74	898,175.96	0.00	0.00	(898,175.96)	0.00		(898,175.96)	
441000 Fines-Forfeitures-Escheat	0.00	6,250.00	0.00	0.00	(6,250.00)	0.00		(6,250.00)	
464000 Regulatory	64,305.00	71,697.00	0.00	0.00	(71,697.00)	0.00		(71,697.00)	
Total Revenues	109,269.74	976,122.96	0.00	0.00	(976,122.96)	0.00		(976,122.96)	
Revenue by Source									
Total General Fund Collections	64,305.00	77,947.00	0.00						
Total Federal Fund Collections	44,964.74	898,175.96	0.00						
Total Special Fund Collections	0.00	0.00	0.00						
Total Revenue by Source	109,269.74	976,122.96	0.00						
Expenditures									
510000 Salaries and Benefits									
511000 Salaries - Permanent	34,787.49	664,691.41	0.00	925,195.00	260,503.59	693,896.25		29,204.84	
516000 Fringe Benefits	10,815.01	208,759.10	0.00	274,253.00	65,493.90	205,689.75		(3,069.35)	
510000 Salaries and Benefits	45,602.50	873,450.51	0.00	1,199,448.00	325,997.49	899,586.00		26,135.49	
520000 Operating Expenses									
521000 Travel	1,197.22	39,695.46	0.00	55,000.00	15,304.54	41,250.00		1,554.54	
531000 Supplies - IT Software	24.99	125.89	0.00	9,000.00	8,874.11	6,750.00		6,624.11	
532000 Supply/Material-Professional	0.00	108.60	0.00	4,500.00	4,391.40	3,375.00		3,266.40	
533000 Food and Clothing	0.00	203.12	0.00	300.00	96.88	225.00		21.88	
535000 Miscellaneous Supplies	33.68	419.77	0.00	1,500.00	1,080.23	1,125.00		705.23	
536000 Office Supplies	0.00	1,145.62	0.00	1,000.00	(145.62)	750.00		(395.62)	
541000 Postage	15.24	1,028.15	0.00	2,500.00	1,471.85	1,875.00		846.85	
542000 Printing	0.00	5.00	0.00	1,500.00	1,495.00	1,125.00		1,120.00	
551000 IT Equip under \$5,000	0.00	13,352.00	0.00	18,000.00	4,648.00	13,500.00		148.00	
553000 Office Equip & Furniture-Under	0.00	924.70	0.00	600.00	(324.70)	450.00		(474.70)	
582000 Rentals/Leases - Bldg/Land	0.00	38,399.98	0.00	32,000.00	(6,399.98)	24,000.00		(14,399.98)	
591000 Repairs	0.00	0.00	0.00	1,000.00	1,000.00	750.00		750.00	
602000 IT-Communications	34.73	617.82	0.00	850.00	232.18	637.50		19.68	
603000 IT Contractual Services and Re	0.00	0.00	0.00	2,000.00	2,000.00	1,500.00		1,500.00	
611000 Professional Development	25.00	17,224.34	0.00	26,000.00	8,775.66	19,500.00		2,275.66	
621000 Operating Fees and Services	18,957.12	358,986.15	0.00	33,000.00	(325,986.15)	24,750.00		(334,236.15)	
623000 Fees - Professional Services	0.00	117.31	0.00	5,500.00	5,382.69	4,125.00		4,007.69	
520000 Operating Expenses	20,287.98	472,353.91	0.00	194,250.00	(278,103.91)	145,687.50		(326,666.41)	
681000 Capital Assets									
691000 Equipment Over \$5000	0.00	0.00	0.00	6,000.00	6,000.00	4,500.00		4,500.00	
681000 Capital Assets	0.00	0.00	0.00	6,000.00	6,000.00	4,500.00		4,500.00	

		Current Month	Actuals	Encumbrances	Total Budget	Less Actuals and Encum.	Biennium to Date Budget	Expend and Encumb
722000	Transfers Out	0.00	4,753.71	0.00	8,000.00	3,246.29	6,000.00	1,246.29
Total	Expenditures	65,890.48	1,350,558.13	0.00	1,407,698.00	57,139.87	1,055,773.50	(294,784.63)
Expenditures by Source								
	Total General Fund Expenditures	23,061.69	462,350.43	0.00				
	Total Federal Fund Expenditures	42,828.79	888,207.70	0.00				
	Total Special Fund Expenditures	0.00	0.00	0.00				
	Total Expenditures by Source	65,890.48	1,350,558.13	0.00				

Run Date: 01/12/09

40800 - Public Service Commission
 Level: 408-400-83
 OSM Technical Assistance

**Organizational Status Report by Summary Account
 For Month Ending December 31, 2008**

NDS4911BB_2009B
 Biennium 07-09

		----- Biennium to Date -----					
Current Month	Actuals	Encumbrances	Total Budget	Total Budget Less Actuals and Encum.	Biennium to Date Budget	BTD Budget less Expend and Encumb	
Revenue							
400000 Revenue	0.00	5,184.96	0.00	0.00	(5,184.96)	0.00	(5,184.96)
430000 Intergovernmental Grants/Contr	0.00	5,184.96	0.00	0.00	(5,184.96)	0.00	(5,184.96)
Total Revenues	0.00	5,184.96	0.00	0.00	(5,184.96)	0.00	(5,184.96)
Revenue by Source							
Total General Fund Collections	0.00	0.00	0.00				
Total Federal Fund Collections	0.00	5,184.96	0.00				
Total Special Fund Collections	0.00	0.00	0.00				
Total Revenue by Source	0.00	5,184.96	0.00				
Expenditures							
Total Expenditures	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenditures by Source							
Total General Fund Expenditures	0.00	0.00	0.00				
Total Federal Fund Expenditures	0.00	0.00	0.00				
Total Special Fund Expenditures	0.00	0.00	0.00				
Total Expenditures by Source	0.00	0.00	0.00				

Run Date: 01/12/09

40800 - Public Service Commission
 Level: 408-400-90
 Abandoned Mine Lands

Organizational Status Report by Summary Account For Month Ending December 31, 2008

NDS4911BB_2009B
 Biennium 07-09

	----- Biennium to Date -----			Total Budget Less Actuals and Encum.	Biennium to Date Budget	BTD Budget less Expend and Encumb
	Current Month	Actuals	Encumbrances			
Revenue						
400000 Revenue						
430000 Intergovernmental Grants/Contr	247,064.15	3,962,612.43	0.00	0.00	0.00	(3,962,612.43)
463000 General Government	0.00	50.00	0.00	0.00	0.00	(50.00)
Total Revenues	247,064.15	3,962,662.43	0.00	0.00	0.00	(3,962,662.43)

Revenue by Source				
Total General Fund Collections	0.00	0.00	0.00	
Total Federal Fund Collections	247,064.15	3,962,662.43	0.00	
Total Special Fund Collections	0.00	0.00	0.00	
Total Revenue by Source	247,064.15	3,962,662.43	0.00	

Expenditures

510000 Salaries and Benefits	22,150.18	361,954.45	0.00	461,081.00	99,126.55	345,810.75	(16,143.70)
511000 Salaries - Permanent	0.00	0.00	0.00	52,500.00	52,500.00	39,375.00	39,375.00
512000 Salaries-Other	0.00	21,705.75	0.00	0.00	(21,705.75)	0.00	(21,705.75)
513000 Temporary Salaries	0.00	12,515.64	0.00	0.00	(12,515.64)	0.00	(12,515.64)
514000 Overtime	0.00	0.00	0.00	0.00	0.00	0.00	0.00
516000 Fringe Benefits	6,814.73	118,339.87	0.00	216,979.00	98,639.13	162,734.25	44,394.38
510000 Salaries and Benefits	28,964.91	514,515.71	0.00	730,560.00	216,044.29	547,920.00	33,404.29
520000 Operating Expenses							
521000 Travel	4,626.26	85,536.58	0.00	85,000.00	(536.58)	63,750.00	(21,786.58)
531000 Supplies - IT Software	0.00	0.00	0.00	2,000.00	2,000.00	1,500.00	1,500.00
532000 Supply/Material-Professional	270.00	970.60	0.00	2,500.00	1,529.40	1,875.00	904.40
533000 Food and Clothing	0.00	25.76	0.00	500.00	474.24	375.00	349.24
534000 Bldg. Grounds, Vehicle Supply	0.00	161.02	0.00	11,500.00	11,338.98	8,625.00	8,463.98
535000 Miscellaneous Supplies	0.00	698.57	0.00	2,000.00	1,301.43	1,500.00	801.43
536000 Office Supplies	0.00	1,037.70	0.00	755.00	(282.70)	566.25	(471.45)
541000 Postage	0.00	415.32	0.00	1,836.00	1,420.68	1,377.00	961.68
542000 Printing	0.00	13.40	0.00	2,500.00	2,486.60	1,875.00	1,861.60
551000 IT Equip under \$5,000	0.00	4,999.00	0.00	7,500.00	2,501.00	5,625.00	626.00
552000 Other Equip under \$5,000	0.00	1,900.00	0.00	1,500.00	(400.00)	1,125.00	(775.00)
553000 Office Equip & Furniture-Under	0.00	1,043.50	0.00	0.00	(1,043.50)	0.00	(1,043.50)
571000 Insurance	0.00	301.59	0.00	825.00	523.41	618.75	317.16
581000 Rentals/Leases-Equip & Other	0.00	0.00	0.00	1,000.00	1,000.00	750.00	750.00
582000 Rentals/Leases - Bldg/Land	0.00	36,111.35	0.00	31,000.00	(5,111.35)	23,250.00	(12,861.35)
591000 Repairs	0.00	155.00	0.00	5,000.00	4,845.00	3,750.00	3,595.00
602000 IT-Communications	122.02	1,953.81	0.00	2,500.00	546.19	1,875.00	(78.81)
603000 IT Contractual Services and Re	0.00	0.00	0.00	3,000.00	3,000.00	2,250.00	2,250.00
611000 Professional Development	316.00	14,833.55	0.00	10,500.00	(4,333.55)	7,875.00	(6,958.55)
621000 Operating Fees and Services	11,934.24	216,760.99	0.00	60,000.00	(156,760.99)	45,000.00	(171,760.99)

	Current Month	Actuals	Encumbrances	Total Budget	Less Actuals and Encum.	Biennium to Date Budget	Expend and Encumb
623000 Fees - Professional Services	0.00	281.00	0.00	2,500.00	2,219.00	1,875.00	1,594.00
520000 Operating Expenses	17,268.52	367,198.74	0.00	233,916.00	(133,282.74)	175,437.00	(191,761.74)
681000 Capital Assets							
683000 Other Capital Payments	172,426.50	2,929,677.27	0.00	4,500,000.00	1,570,322.73	3,375,000.00	445,322.73
691000 Equipment Over \$5000	0.00	0.00	0.00	10,000.00	10,000.00	7,500.00	7,500.00
681000 Capital Assets	172,426.50	2,929,677.27	0.00	4,510,000.00	1,580,322.73	3,382,500.00	452,822.73
					0.00	0.00	0.00
					0.00	0.00	0.00
					0.00	0.00	0.00
Total Expenditures	218,659.93	3,811,391.72	0.00	5,474,476.00	1,663,084.28	4,105,857.00	294,465.28
Expenditures by Source							
Total General Fund Expenditures	0.00	0.00	0.00				
Total Federal Fund Expenditures	218,659.93	3,811,391.72	0.00				
Total Special Fund Expenditures	0.00	0.00	0.00				
Total Expenditures by Source	218,659.93	3,811,391.72	0.00				

Run Date: 01/12/09

40800 - Public Service Commission

Level: 408-400-91

AML Set-Aside Fund

Organizational Status Report by Summary Account
For Month Ending December 31, 2008

NDS4911BB_2009B

Biennium 07-09

		----- Biennium to Date -----					
Current Month	Actuals	Encumbrances	Total Budget	Total Budget Less Actuals and Encum.	Biennium to Date Budget	BTD Budget less Expend and Encumb	
Revenue							
400000 Revenue							
442000 Cash/Investment Earnings	139,413.19	0.00	0.00	(139,413.19)	0.00	(139,413.19)	
Total Revenues	139,413.19	0.00	0.00	(139,413.19)	0.00	(139,413.19)	
Revenue by Source							
Total General Fund Collections	0.00	0.00	0.00				
Total Federal Fund Collections	0.00	0.00	0.00				
Total Special Fund Collections	139,413.19	0.00	0.00				
Total Revenue by Source	139,413.19	0.00					
Expenditures							
Total Expenditures	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenditures by Source							
Total General Fund Expenditures	0.00	0.00	0.00				
Total Federal Fund Expenditures	0.00	0.00	0.00				
Total Special Fund Expenditures	0.00	0.00	0.00				
Total Expenditures by Source	0.00	0.00	0.00				

Geographic Information System (GIS) Initiative

The Public Service Commission has begun a transition to GIS based business processes. This is a long term change in the way the commission does business. The divisions initially included are Reclamation and Abandoned Mine Lands which oversee the reclamation of active and abandoned coal mines in North Dakota.

The 2007-2009 legislature authorized an additional FTE for the commission to further the commission's GIS effort. While the commission has made substantial progress, it has not been without difficulties. The commission was successful in recruiting a qualified Programmer/Analyst in April of 2008, however there were only four applicants and the hiring cost was greater than anticipated. In June 2008 the commission's GIS Specialist resigned to work in the private sector.

Following is a discussion of the commission's current GIS status:

The commission is developing a GIS to store, evaluate and analyze the vast amount of data and maps that the commission receives from mining companies. Most, if not all, mining information is location-based. Geospatial knowledge of mining activity and features in association to geologic, hydrologic, drainage, land use, fish and wildlife, blasting, and proximity to other activities is vital to the regulatory authority to review, approve, and monitor an effective reclamation plan. In the past several years, advancements in GIS technology, hardware, software, and availability of geospatial data have enabled GIS to be an effective technology at the commission.

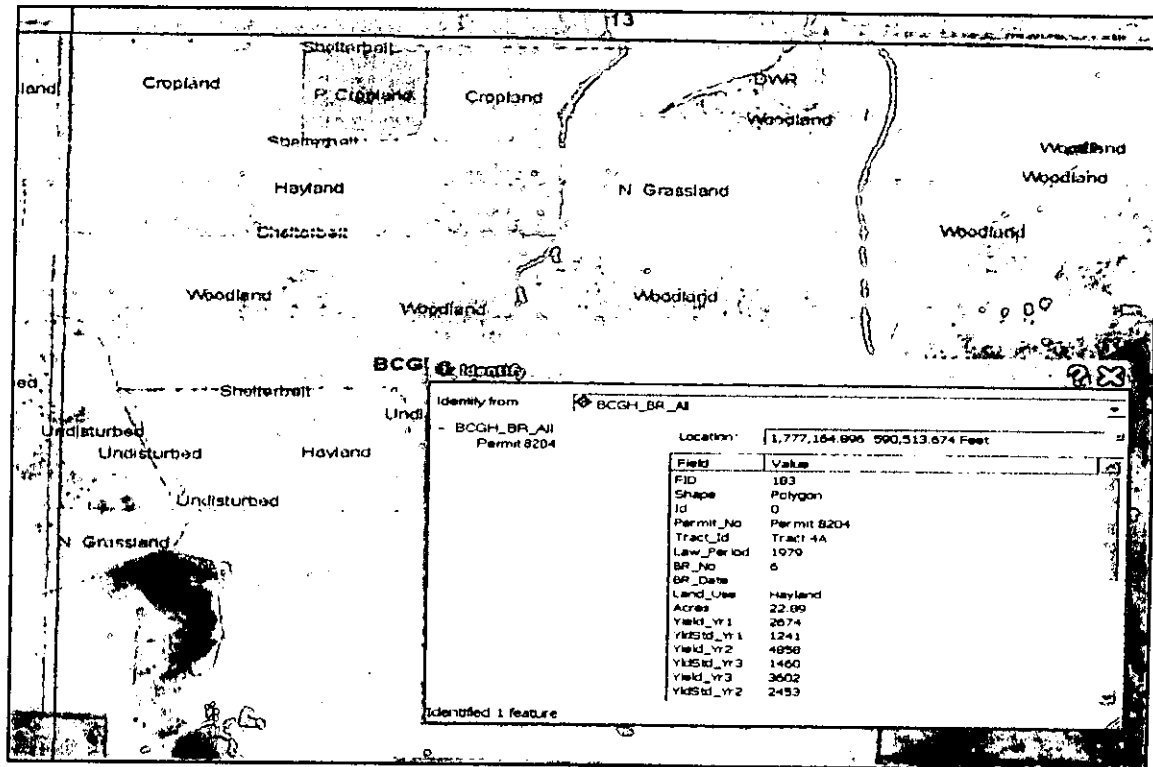
Once data and maps are converted into the appropriate format and entered into GIS, this data may be downloaded onto tablet pc's equipped with Global Positioning Satellite (GPS) receivers for use during routine mine

inspections. The information loaded onto the tablet pc's include recent aerial photos of the mines, permit boundaries, annual mine map information, maps showing the pit layout, roads, ponds, other support facilities, and other mine related information.

The GPS receivers allow staff to know their precise location 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. Functional areas supported by mobile GIS include minesite navigation, grade approval request inspections, wetlands delineation, vegetation monitoring, and subsidence area mapping. While converting the maps and data into the GIS format is time consuming, GIS allows staff to carry out their job duties more efficiently, including permit and bond release related reviews.

The following figures illustrate some of the current applications of GIS in the Reclamation Division.

Figure 1.



The image in Figure 1 is of a screen capture showing post-mine land use from a bond release application for the Glenharold mine. The inset window shows specific information for each land use. GIS helps to organize the data submitted for bond release and makes it readily available.

Figure 2.

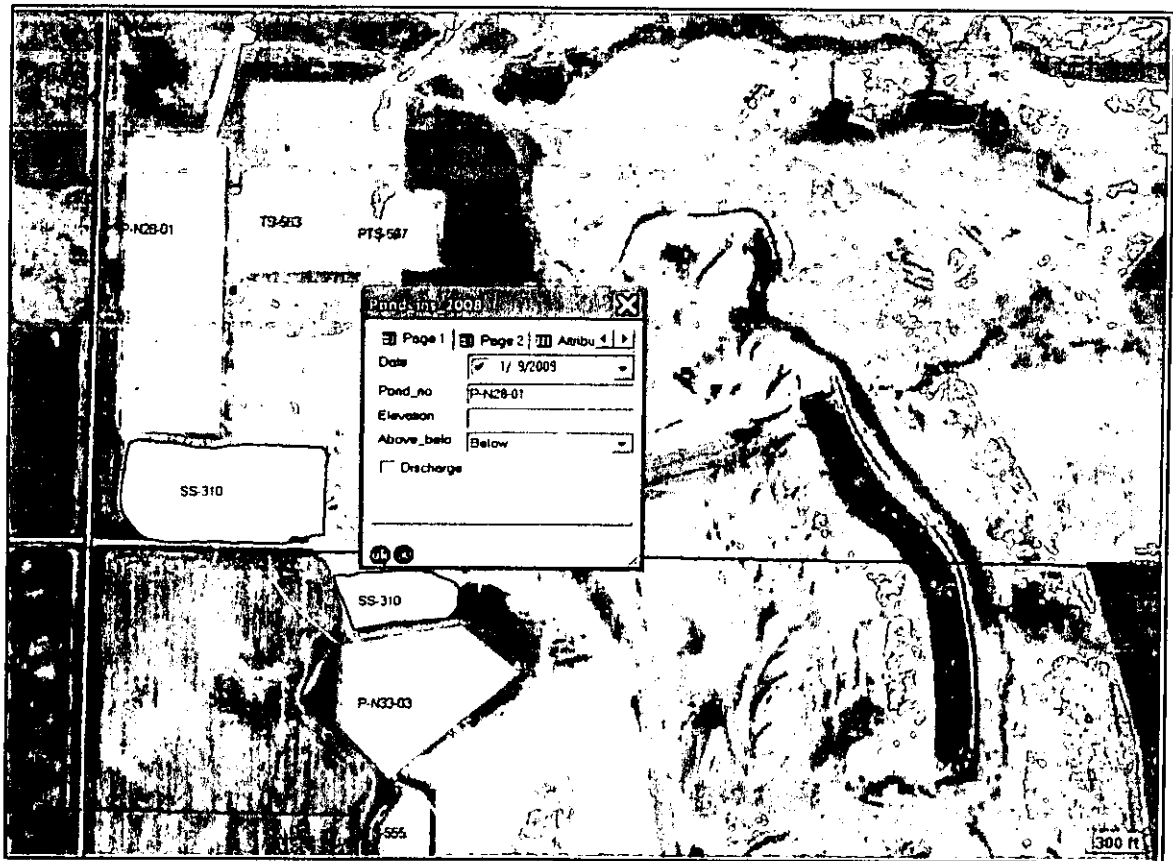


Figure 2 is a GIS developed map on a GPS-enabled pc tablet used during a mine inspection. The inset window is used to log pond information during the inspection. The information logged is date, pond ID, water elevation and any pond discharge during the time of the inspection. Using GIS maps during inspections streamlines the inspection documentation process. Eventually, the commission envisions automating portions of the inspection reporting by using the map information to generate the inspection report.

Figure 3.

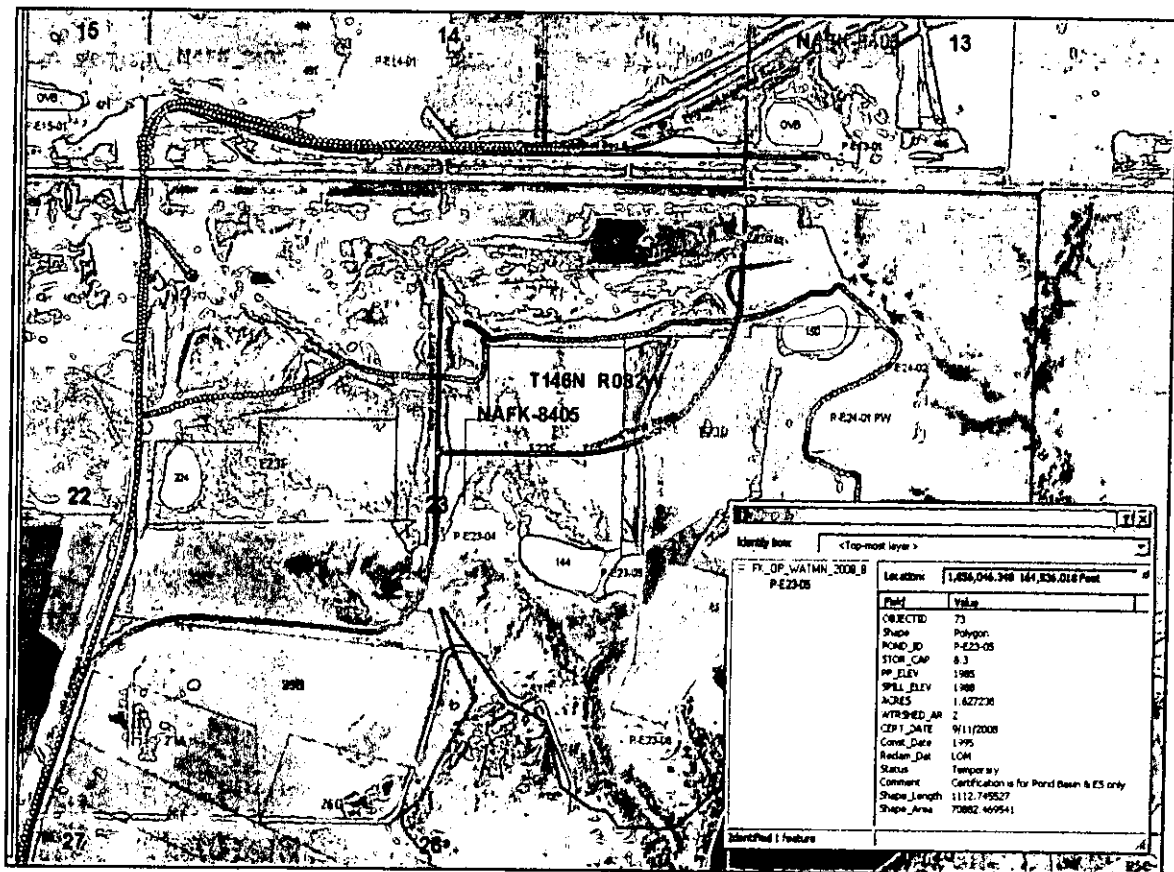


Figure 3 is a screen capture of a GIS map showing section grid, permit boundaries (red lines), ponds (blue polygons with P-Exx-xx label), topsoil stockpiles (brown colored polygons with odd numbering, ex: 257), subsoil stockpiles (yellow polygons with even numbers, ex: 144), polygons with black lines are grade approval boundaries (labeled with E23F, E23E, E23D, etc.). The inset window shows information contained in Water Management layer for Pond P-E23-05. An air photo is also shown in background for reference. The line made up of closely spaced points is the track log from GPS-enabled tablet captured during an inspection of the Falkirk mine. The track log shows areas traveled during an inspection. GIS assists in the review of permit revisions, engineering reviews, contemporaneous reclamation, necessary bonding, and field verification of respread topsoil and subsoil depth.

Figure 4.

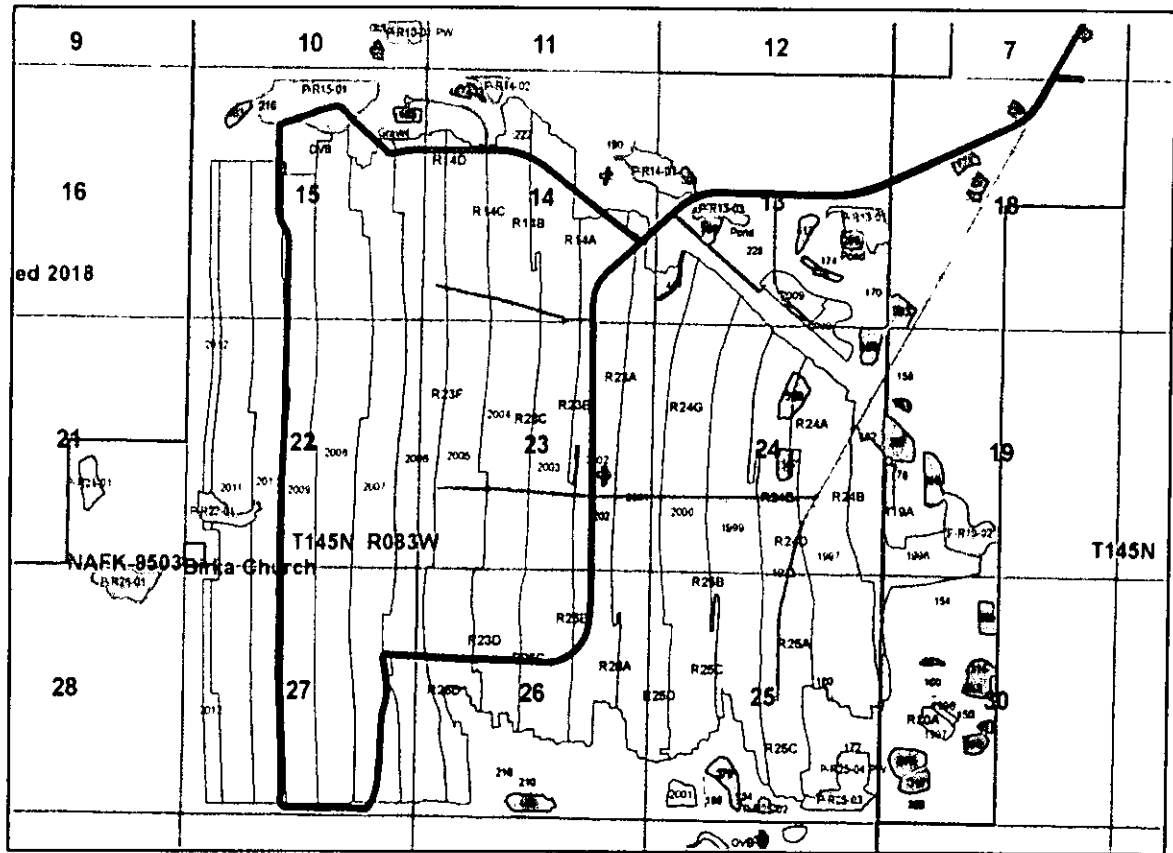
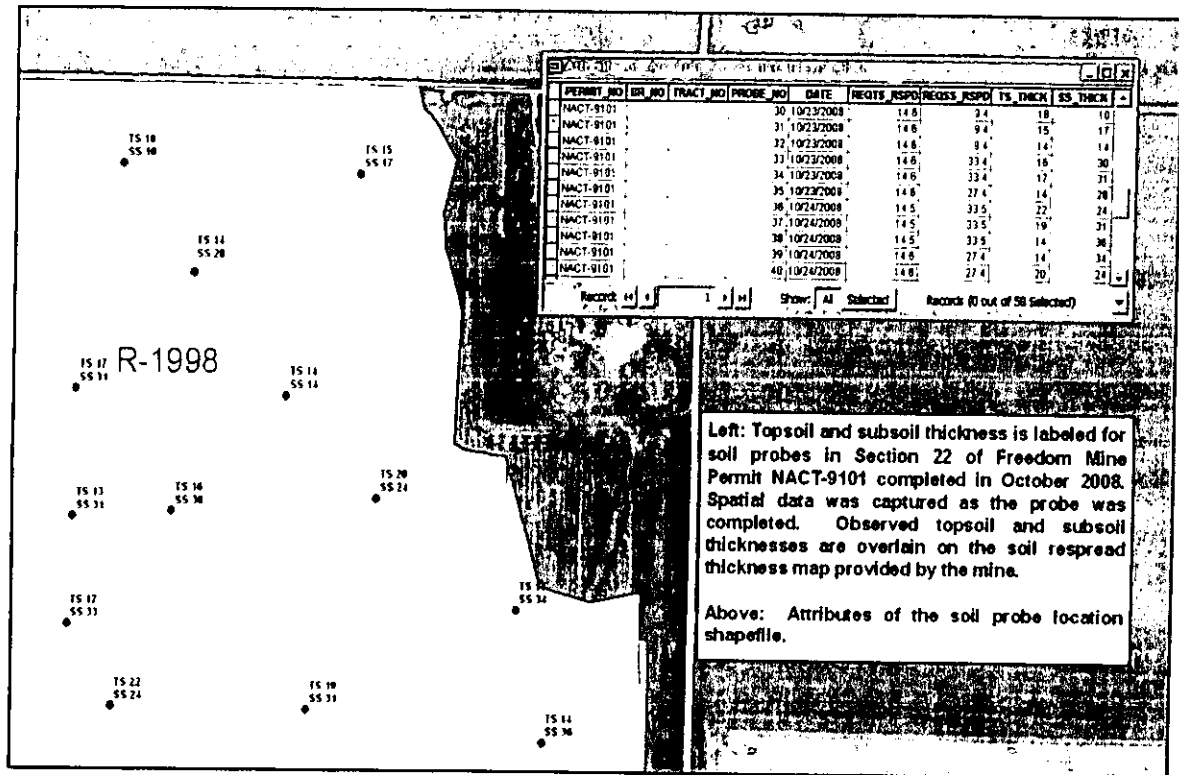


Figure 4 is a screen capture of a GIS map showing a section grid, permit boundaries (red lines), ponds (blue polygons with P-Rxx-xx label), topsoil stockpiles (black-grey colored polygons with odd numbering, ex:455), subsoil stockpiles (yellow polygons with even numbers, ex: 210). Double yellow line represents haul roads. Purple polygons are mining pits. The line made up of closely spaced points (thick black line) is the track log from GPS-enabled tablet captured during an inspection of the Falkirk Mine. The track log shows areas traveled during an inspection. GIS assists in the review of permit revisions, engineering reviews, contemporaneous reclamation, necessary bonding, and field verification of respread topsoil and subsoil depth.

Figure 5.



Reclamation Division policies require that soil respread thickness on reclaimed land be verified by soil probing prior to bond release approval. The topsoil and subsoil thicknesses observed from soil probing are compared to those presented on the bond release application soil respread thickness map. Soil respread thicknesses usually vary within the bond release area as grade approvals were submitted during contemporaneous reclamation.

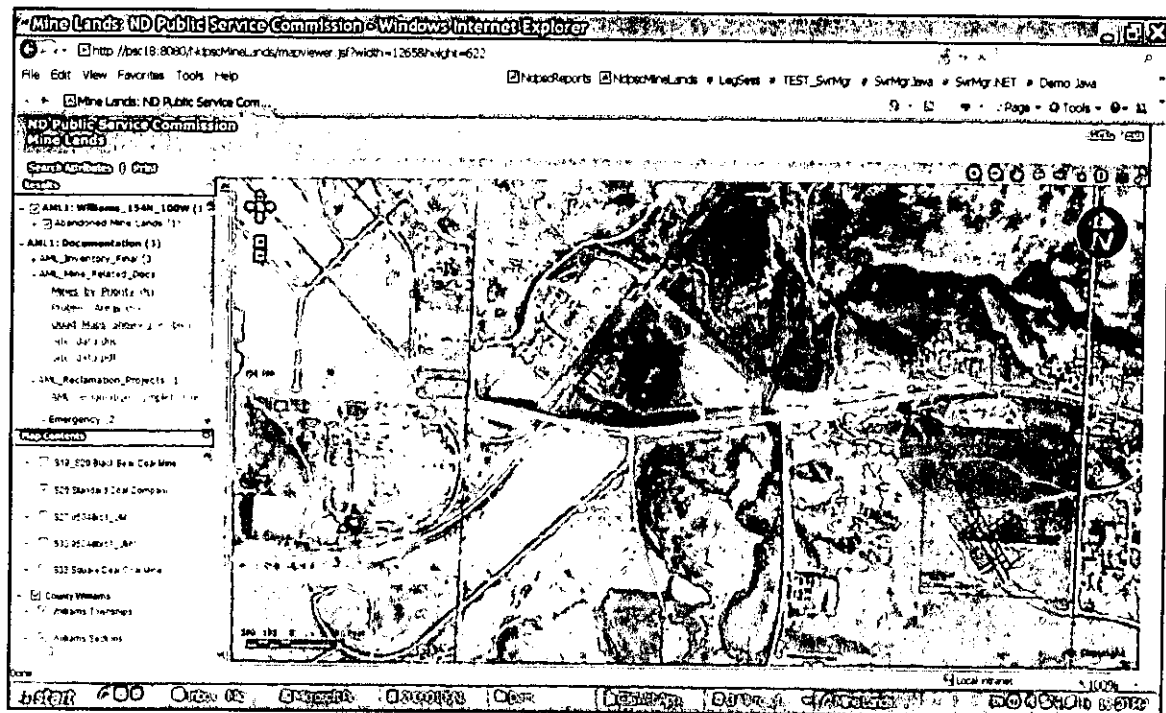
In 2008, the Reclamation Division began using GIS maps and data along with mobile computing to identify precise soil probe locations for checking soil respread thickness on reclaimed lands. Soil respread thicknesses usually vary on reclaimed lands based on the chemical and physical properties of the graded spoil materials. Figure 5 represents the use of GIS software with GPS positioning on a tablet computer to allow for the accurate probe placement within areas having different soil respread thicknesses. The observations and supporting data for each location are then recorded on a GIS map. A data form is

activated for each probe location and the appropriate information on topsoil and subsoil respread thicknesses was added for the data fields. Soil probe locations collected as spatial data were added to the GIS document to create maps for the soil probing report. The GIS map information was then used to analyze the soil respread data for the larger reclamation tract.

The Abandoned Mine Lands (AML) Division has also been working on a GIS database to store and display information about the AML sites in North Dakota. To date, commission staff have scanned the available historic mine maps for abandoned surface and underground mines and are in the process of editing and geo-referencing them for entrance into the GIS. Staff will use the data that is placed into the GIS to help design AML projects. We plan to have much of this information on the commission's website for public availability. We believe it will be particularly important to have information on abandoned underground mines available for the public since there are times when there are no surface features present to indicate where a potential hazardous condition may exist.

Figure 6 below shows the historical mine maps overlaid with the section base and aerial photography for reference. The left panel offers links to related documentation for the AML area selected.

Figure 6.



The commission's next phase of GIS is the integration of GIS with existing commission information. This will produce a central management system incorporating all information the commission has and all actions taken by the commission associated with a geographical area. It will also allow direct and immediate access to any of the information for analysis.

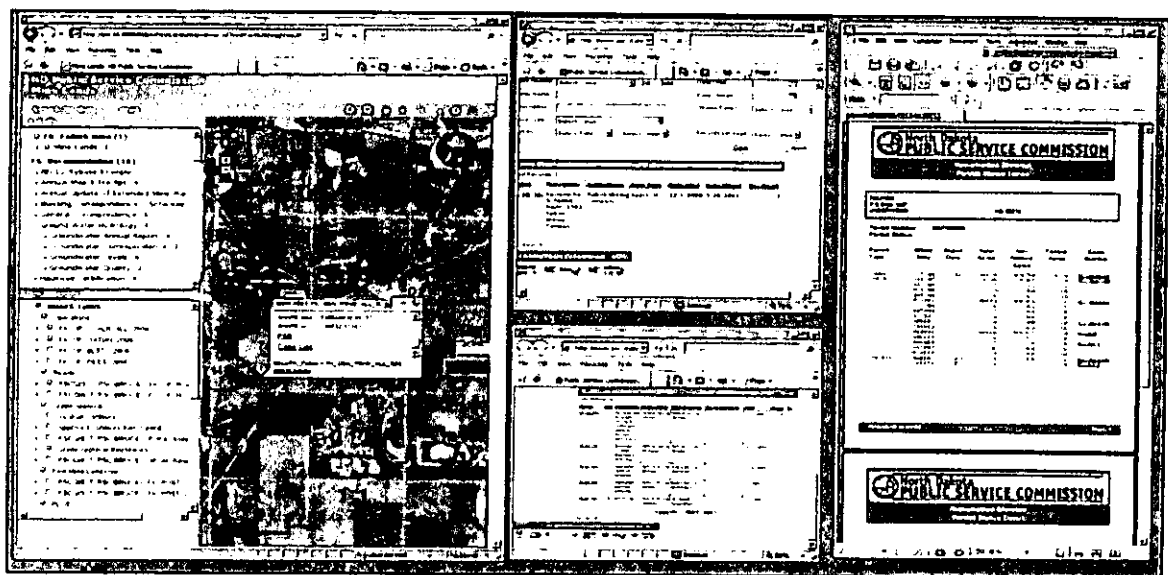
Benefits of GIS are the ability to search databases and perform geographic queries. The GIS can also link data sets (such as approval letters, correspondence, etc.) with geospatial features, which in turn facilitate interdepartmental information sharing and communication. By creating a shared database one department can benefit from the work of another. Data can be collected once and used many times. The commission feels this will reduce redundancy, improve productivity and overall organizational efficiency.

For example, the Reclamation Division has data associated with mining activity from the mid 1970's, which includes the analysis necessary for current regulatory decisions. The inclusion of this information into GIS is essential to the efficiency and accuracy of the commission's analysis and decisions regarding issues such as permitting or bond release.

Also, the Reclamation Division will be entering ground water monitoring well data into the GIS that includes water levels and water quality reports for approximately 700 monitoring wells within and near the active mines.

Figure 7, below, is an illustration from a proof of concept application for the integration of all reclamation data the commission has on a given location and the actions the commission may have taken concerning the area. Figure 7 shows the GIS map and information associated with the Falkirk Mine on the far left. The right portion of the image is a report showing the status of permits. The center images are commission cases associated with the permits and all documentation for the cases.

Figure 7.



Metrology Lab...

Time devoted to metrology...

- K. Hanson, Chief Inspector Weights and Measures and the state Metrologist... devotes approximately 40% of his time to metrology...

What are the number of agencies or business that are certified in metrology in North Dakota?

- There are no other agencies or businesses that are certified in metrology in North Dakota

There are only two state agencies that utilize metrology

- Highway Patrol (approximately 120 portable wheel load weighers)
- State Mill and Elevator (bulk loader... every 5 years)

List of the metrology labs in the midwest...

- Minneapolis, Minnesota
- Denver, Colorado
- Oklahoma City, Oklahoma
- Topeka, Kansas
- Pierre, South Dakota (part-time lab... limited to mass measures)
- Helena, Montana (process of re-opening)

Attachment
1008.2.2.095

Metrology Laboratory Customers

Capital Scale	Bismarck
T & T Measurements	New Town
SD W & M	Pierre
Capita Scale - DGC	Bismarck
Quam Petroleum	Mandan
~Bismarck PD	Bismarck
Hobbs Mandan	Mandan
Midwest Meter provers	Jamestown
~Walsh Cnty Sherriff's	Grafton
Hobart Bismarck	Bismarck
Cloverdale	Mandan
Bison Foods	Lake Park
Midwest Testing Lab	Bismarck
Agassiz Seed	West Fargo
Valley store	Minot
N country business prod	Fargo
NCR	St Cloud
MDU	Bismarck
S & L Computer service	Fargo
Great Plains Scale	Moorhead
ND Grain Inspection	Enderlin
~Fargo PD	Fargo
Kirks Meter Service	Hampton
N Plains Grain Inspection	Grand Forks
coordinated industries	Dickinson
Specialty products	Fargo
Western Engineered	Bismarck
Mondak Scale	Fairview
O'Day Equipment	Mandan
Reiter's Oil & Gas	Surrey
Valley Petroleum	Grand Forks
Midwest Pump & Tank	Aberdeen
Federal Grain Inspection USDA/FGIS	Grand Forks
Western Engineered	Bismarck
N country business prod	Fargo
Fuel Force	Fargo
R & R Petroleum	Fargo
Fairbanks Scales	Fargo
Mindak Scales	Eden Prairie
*Beardsley Farmers Elevator	Beardsley

Attachment
1008.2.2.09B

ND Grain Inspection

Fargo

IBM

Sioux Falls

NW Scale

Fargo

Capital Scale

Bismarck

House Bill 1008
Public Service Commission
February 3, 2009

House Appropriations
Chairman Delzer

Metrology Lab Questions...

- 1. How many weights would go to Minnesota Metrology Lab. for certification?**
The complete list of Weights and Measures equipment that would need to go to the Minnesota Metrology Laboratory for calibration is listed on the attached sheet by truck.
- 2. Can all weights be hauled in one trailer?**
It is not possible to ship all equipment to Minnesota for calibration by tractor/trailer because some of the equipment, such as the two fuel prover units, are built each one into its own light duty truck, and, each large truck has two weight carts in addition to its assigned weights that must be loaded and unloaded by the truck's onboard hoist.
- 3. Why five nights of lodging and meals?**
The 5 nights is based on lab time temperature stabilization of items to be tested plus actual testing times and administrative tasks. Travel time to Minnesota Lab would be between 7 and 12 hours depending upon assigned location of Weights and Measure trucks. All things considered would equal approximately 5 full days and nights.

One large test truck - Knox

3-2500Lb slab weights

6-1000Lb block weights

40-50Lb weights

1-metric ASTM class 1 weight kits

1-metric 2kg class F weights kit

1-30Lb class F weight kits

2-weight carts

One large test truck - Fargo

3-2500Lb slab weights

6-1000Lb block weights

40-50Lb weights

1-metric ASTM class 1 weight kits

1-metric 2kg class F weights kit

1-30Lb class F weight kits

2-weight carts

The two retail fuel route pickups - Dickinson & Valley City

6-5gal model J provers

4-5gal test measures

20-50Lb weights

2-30Lb class F weight kits

2-2kg class F weight kits

1-100gal refined fuel prover

1-100gal LPG prover

HB 1008
S.B. 2008

Attachment
1008.2.2.09F

Information for the Conference Committee
Prepared by the North Dakota Public Service Commission
April 10, 2007

Public Service Commission Metrology Laboratory Design Criteria

NIST Environmental System Requirements in Metrological Areas

The large mass and small volume/small mass metrological areas must meet the "Echelon III" laboratory environmental control criteria in table 6 below. The large volume metrological area also needs environmental control but need not be as stringent as the "Echelon III" requirements. (See NIST HB-143 ATTACHMENT)

Facility Considerations

The metrology laboratory facility will need about 2,700 square feet with no less than three metrological areas.

- The large mass metrological area should be about 700 square feet
- *The small volume/small mass metrological area should be about 360 square feet
- The large volume metrological area should be about 900 square feet
- Two offices should be about 120 square feet each = 240 square feet
- Conference/training room should be about 180 square feet
- A restroom and utility room account for the balance of the 2,700 square feet

**The small volume area may be a shared space with the small mass area provided there is adequate space, a water supply, a counter sink, and a floor basin style sink.*

The facility must be located in close proximity to the interstate highway system with access free from any load restrictions.

The location must also be free of transient vibrations from railroads, large truck traffic, heavy industrial manufacturing, etc

The location zoning must be compatible with the intended use of the facility.

The location must have high speed internet access available.

The metrology laboratory balance tables, Russell balance slab, and floor scale slab need to be very stable and isolated from the adjacent floor. Any rebar used in the balance table tops must be fiberglass, not metal (See reference drawings pages 8-12). Our current small mass balance table is similar except it is on a 6"+ isolated slab (whether footings were used is unknown).

Special consideration must be given to all mechanical systems in the facility that may create transient vibration that could detrimentally affect measurement accuracy.

A wall space must be set aside that is long enough and wide enough to install the 18 foot long length bench for tape calibrations. The wall needs to be stronger than a normal steel stud sheetrock type wall with the extra supports located in the areas noted on the attached drawing. (See reference drawing page 13)

The facility should have electrical receptacles on dedicated circuits for electronic equipment and marked on the face plate to indicate to the user they are protected.

The facility should have adequate and assigned parking for customers and staff with at least one parking space adequate for large trucks.

A 3 ton hoist and rail system is needed to facilitate the handling and movement of weights to and from the large volume area into the large mass area.

See attached drawings for isolation specifications for balance tables, Russell balance slab, and floor scale slab.

HVAC System Special Considerations

The environmental HVAC systems in the large mass and small volume/small mass metrological areas must be able to dehumidify, humidify, cool, and heat.

HVAC system air movement must be low velocity high volume. The more air you move, the easier it is to control temperature. However, high air velocities are incompatible with accurate measurements.

The HVAC sensors in the small volume/small mass metrological area must be of adequate sensitivity to maintain the environment within "Echelon III" parameters.

The HVAC systems in the small volume/small mass area should not be a binary or on/off type of control system. The system should have Proportional-Integral-Derivative (PID) control. These systems provide immediate and damped response to an offset.

All HVAC systems in metrological areas should run 24/7 and not shut off at night.

The metrological areas must have adequate wall and ceiling; insulation for temperature control, vapor barriers for humidity control, and sealed joints to ensure stability of the temperature and humidity.

NIST HB-143 ATTACHMENT

NIST HB-143 environmental requirements

MASS

6.2.4 Accommodation and Environment

To be deemed capable of making adequate measurements, calibration laboratories should provide an environment with adequate environmental controls appropriate for the level of measurements to be made, according to echelons defined herein. The environmental conditions are summarized in Table 6.

Table 6. Environmental facility guidelines for mass laboratories

Echelon	Temperature	Relative Humidity
III	18 °C to 27 °C, maximum change 2 °C/h	40% to 60% ± 20%

NOTE: The environmental conditions should also be within the specifications of the weighing instruments where applicable.

6.2.4.2 Cleanliness guidelines are usually met without clean-room type air handling systems by maintaining clean-room type practices. Excessive air exchange rates negatively affect balance performance. The laboratory should maintain limited access to the calibration area and minimize contamination (provide a clean surface) for locations where calibration items are being tested. Activities such as smoking, eating, or drinking and items such as paper products, printers, and files contribute to the difficulty of maintaining adequate cleanliness and are not recommended. A positive pressure, laminar-type air flow is usually needed to maintain cleanliness recommendations and to minimize air currents.

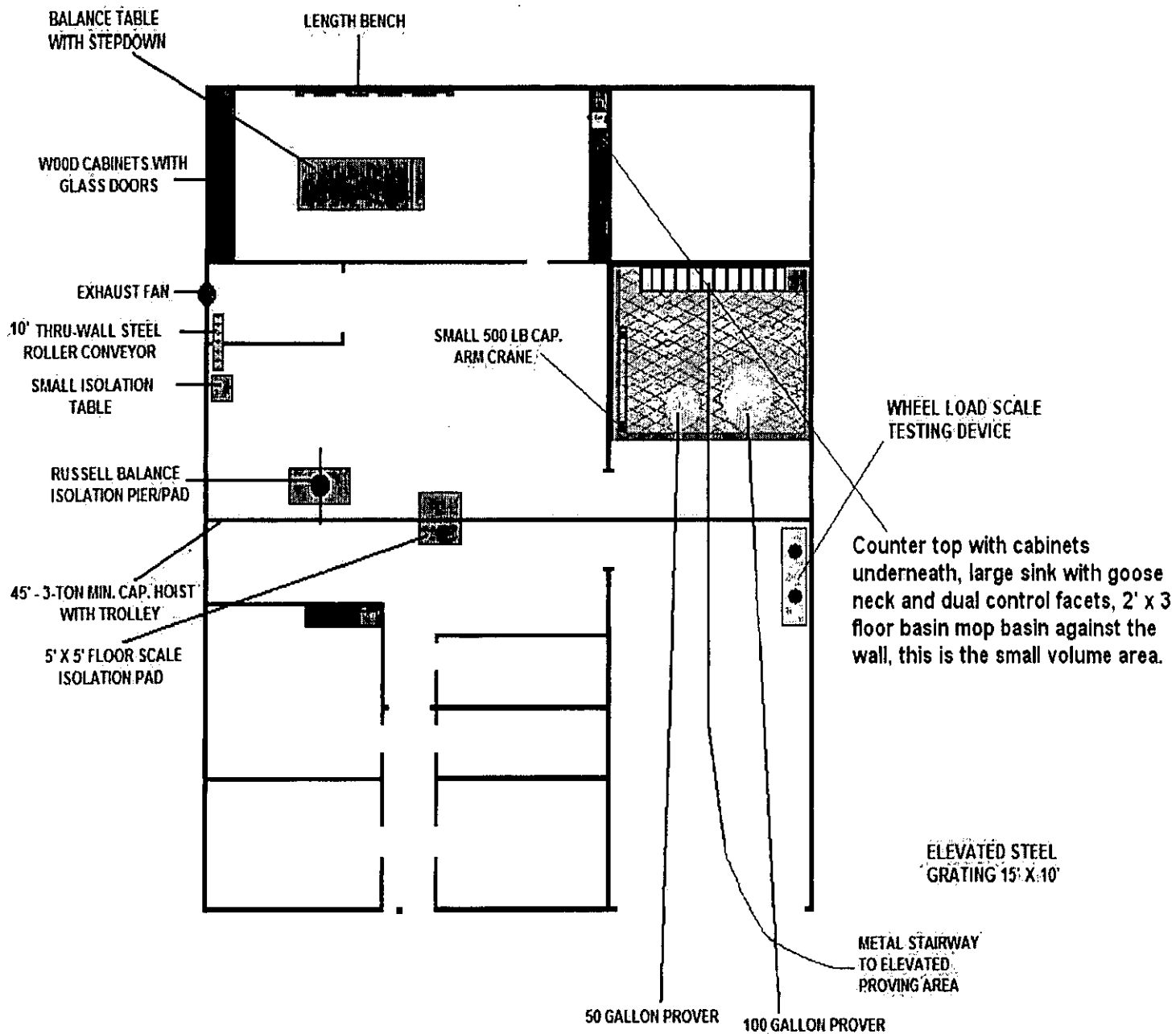
6.2.4.3 Vibration should not diminish the performance of precision analytical balances and mass comparators. Proximity to heavy machinery, railways, heavily traveled highways, or similar sources of known vibration is not recommended. Steps are often taken to attenuate vibration to an acceptable level of stability with methods such as massive piers (solid marble or concrete tables), isolated foundations, or elimination of the source. Balances and mass comparators used for Echelons I and II generally require massive piers, independent piers, and/or an isolated foundation; pneumatic or hydraulic tables are inappropriate.

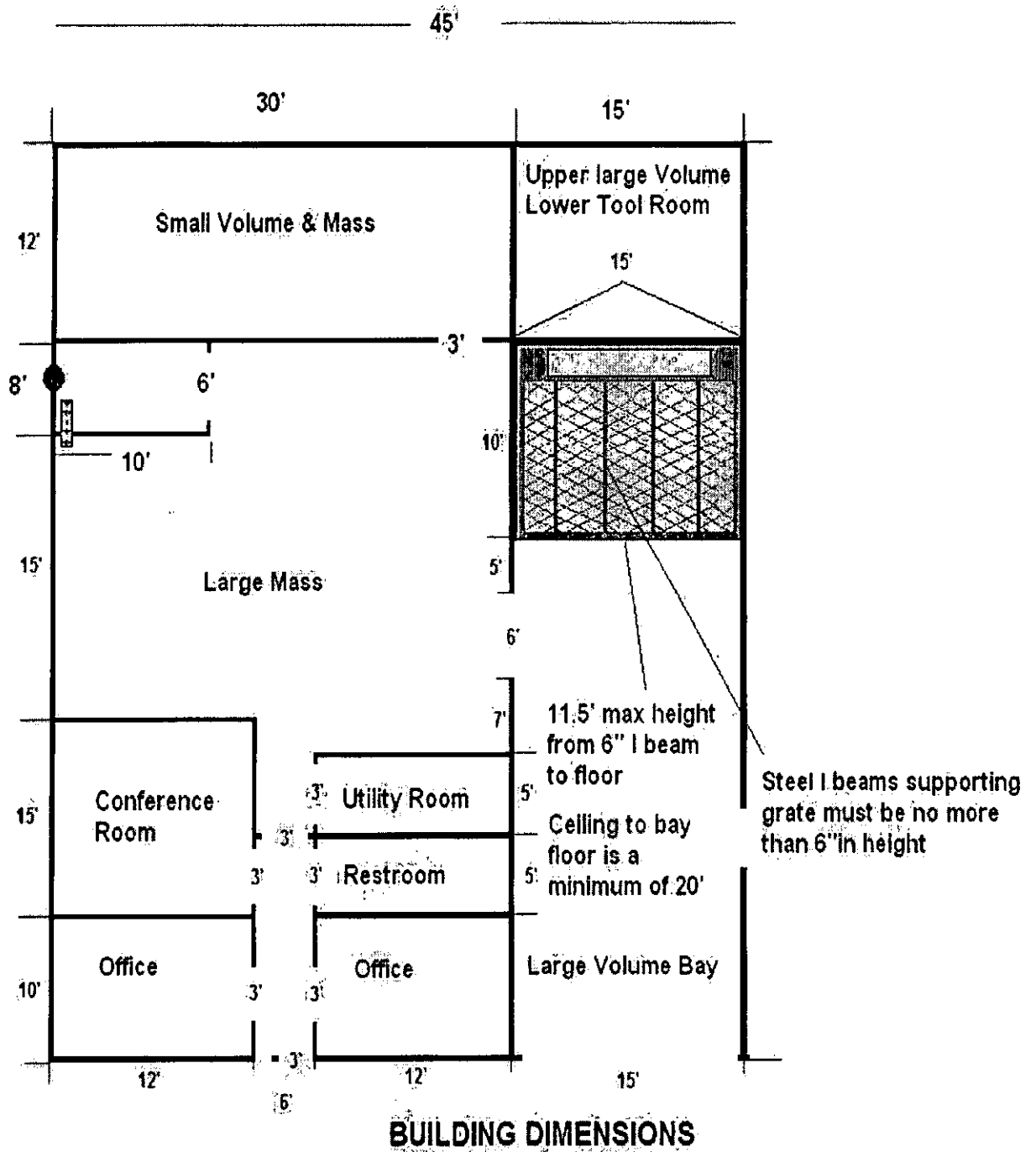
6.2.4.4 Undesirable effects due to static electricity should be controlled, if needed, with methods such as humidity, anti-static de-ionizing radiation devices, the grounding of balances or operators, or with the use of special conductive flooring and selection of proper clothing for staff.

The following is from the original draft of the Public Service Commissions proposed facility specifications and should be used for reference purposes only!

NOTE: the following small mass balance table, Russell balance slab, and floor scale slab drawings are similar in design to the existing ones in our current lab facility. We are asking for no more than status quo.

**GENERAL OVERVIEW
ROOM IDENTIFICATION
FACILITY DIMENSIONS**

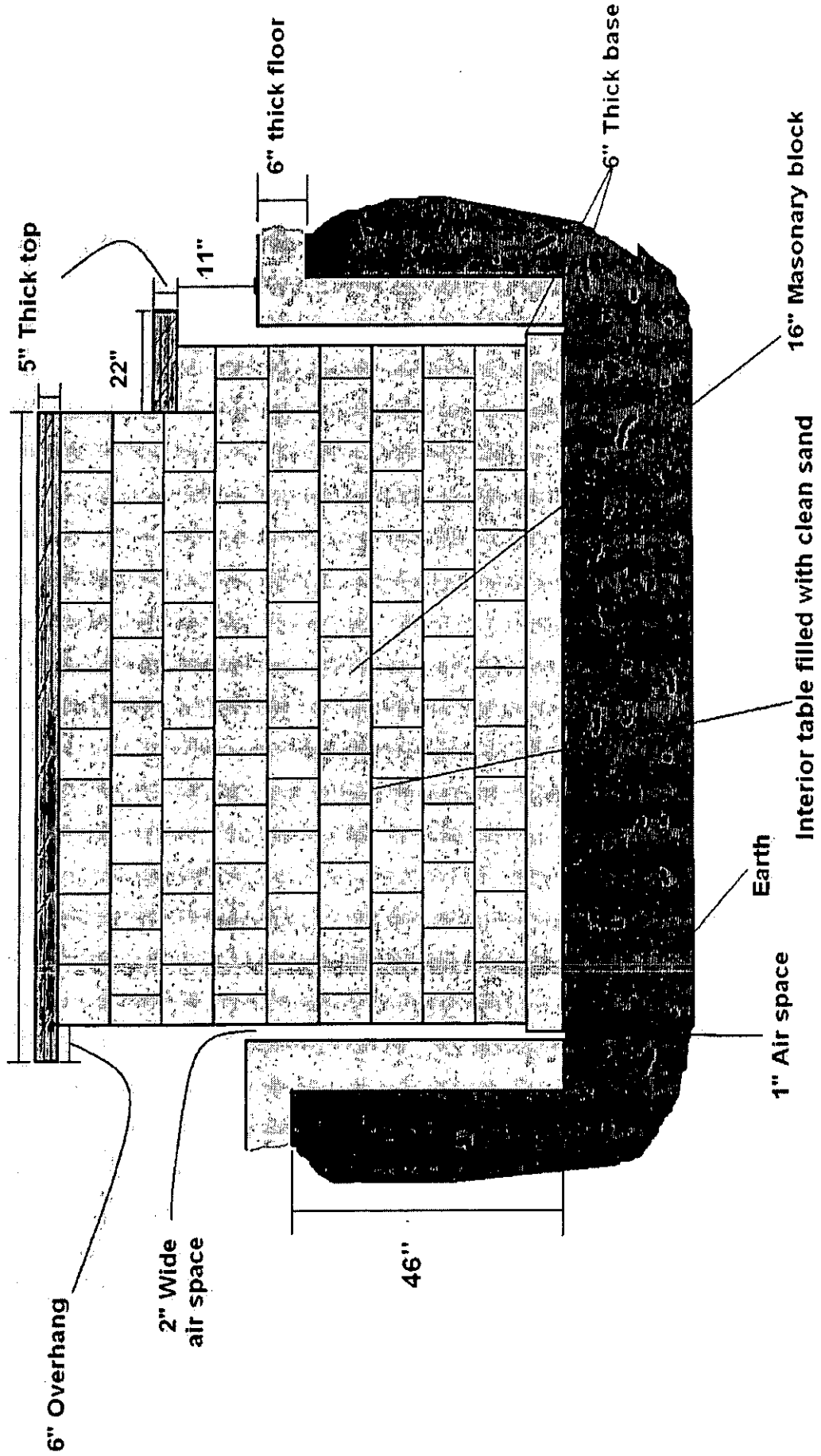




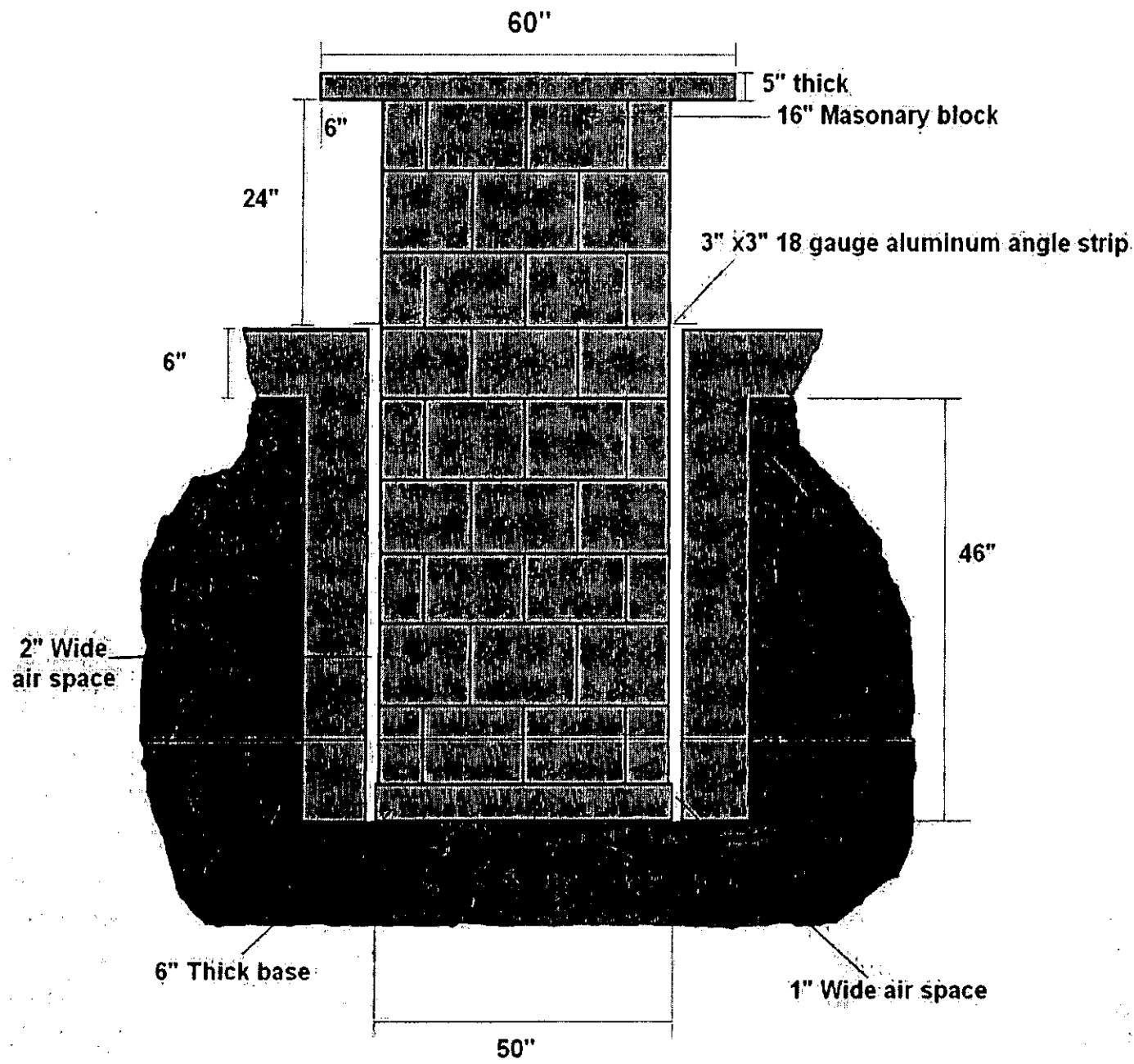
ISOLATION SPECIFICATIONS

LAB WORK TABLE EXTERIOR LENGTH VIEW

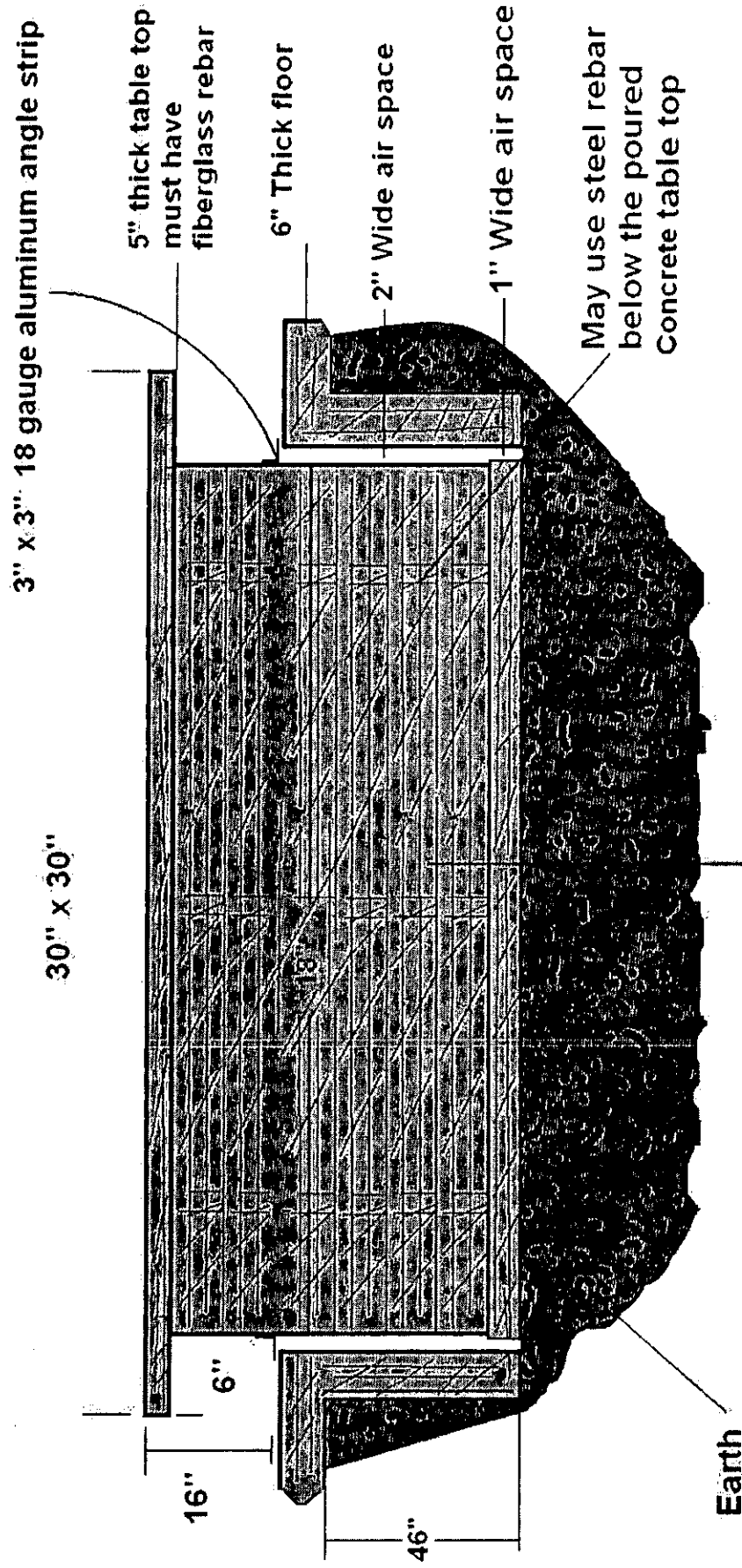
12' 6"



LAB WORK TABLE EXTERIOR END VIEW



SMALL ISOLATION PAD DESIGN CRITERIA



Base is 4' deep and may be poured concrete or masonry block. If masonry block is used a 6" base is needed (shown) If poured concrete is use air gap may be 1" for entire height

RUSSELL BALANCE ISOLATION SLAB

Slab pier size:
18" diameter round
or 18"x18" square

3/4" x 12" grade 8 steel L
anchors embedded into the
pier with a full 4" of thread
exposed above the pier top

Minimum height 4"
The full 4" must be threaded

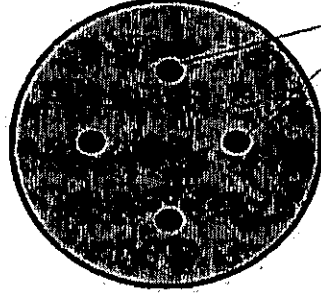
Pier height is 24"

1" Wide air space

Normal 6" floor

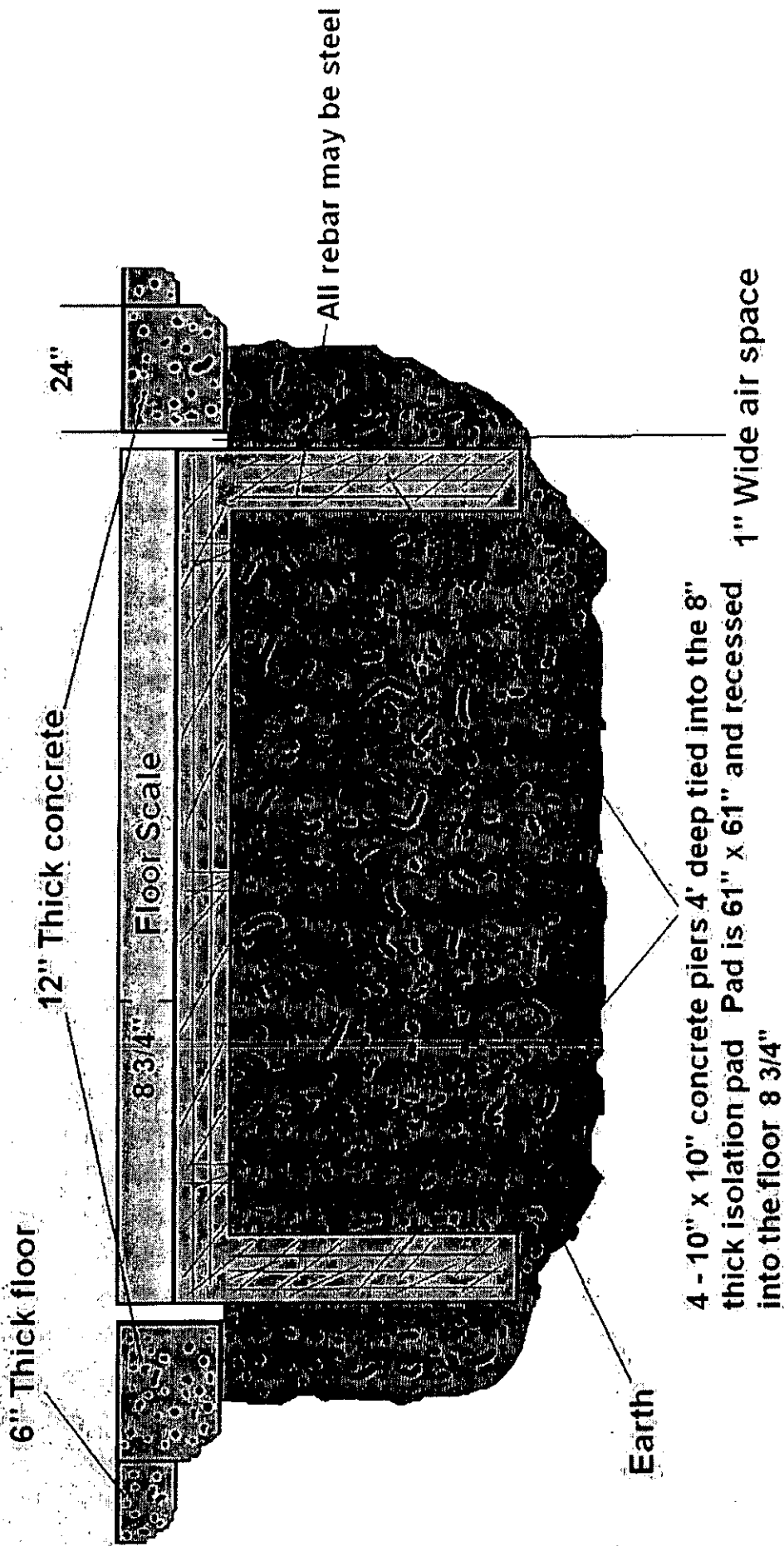
Length of the slab is 10'. Thickness of the slab is 12".
Width of the slab is 40". Pier top above the slab may be
round or square with rounded corners. Steel rebar may be
used in both the slab and slab pier. Slab pier must be tied
into the slab. Max load on the slab pier will be 5500Lb

TOP OF PIER ROUND VIEW
Pier may be round or square with
rounded corners. Dimensions are
18" round diameter or 18" x 18" square

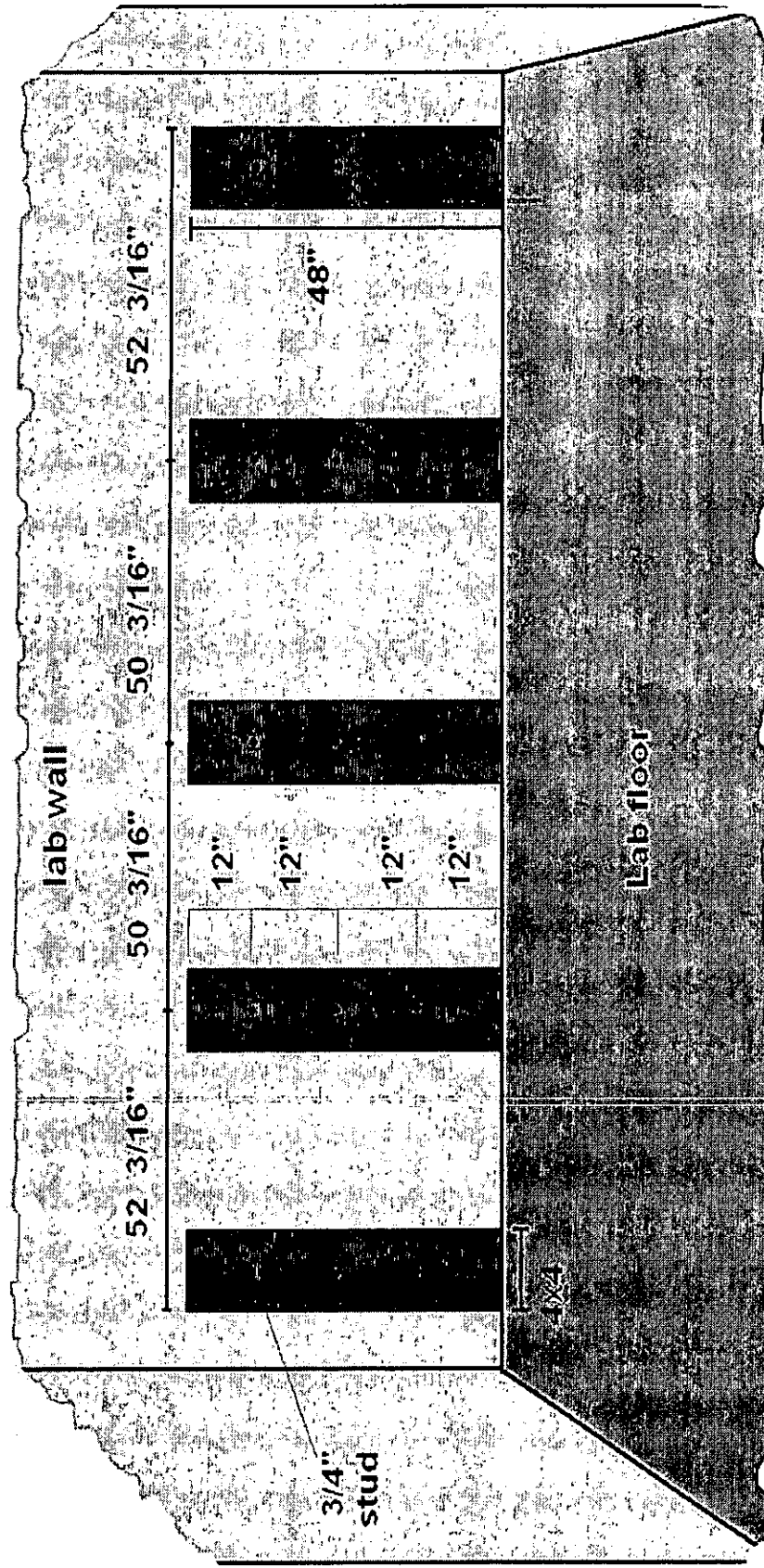


Four 3/4" x 12" grade 8 steel L anchors
embedded into the pier. Minimum height
is 4". The full 4" must be threaded. The
anchor placement is 9" on center

Scale Isolation Pad Design Criteria



SUPPORT POST DIMENSIONS FOR LENGTH BENCH INSTALLATION



CHAPTER 69-07-02 LICENSING

Section	
69-07-02-01	License Application
69-07-02-02	Grain Warehouse - Bond Schedule
69-07-02-02.1	Grain Buyer - Bond Schedule
69-07-02-02.2	Hay Buyer - Bond Schedule
69-07-02-03	License Renewal
69-07-02-04	Business Documents - Revisions
69-07-02-05	Physically Disconnected Lease Space
69-07-02-06	Universal Nonpublic Use

69-07-02-01. License application. An application for a license must be submitted on a form provided by the commission. Every business organization or sole proprietor using a trade name other than its given name must be registered and in good standing with the secretary of state. The application must be complete and must include:

1. The required license fee.
2. A surety bond, which must be countersigned by an authorized resident agent unless the bonding company is based in a state having reciprocity with North Dakota.
3. A copy of any receipt or credit-sale contract to be used by the licensee.
4. Certificate of continuous insurance in the required amount.
5. Partnerships applicants shall file a copy of their partnership agreement if the partnership is not registered with the secretary of state.

History: Amended effective May 1, 1984; February 1, 1991; August 1, 1999.

General Authority: NDCC 60-02-03, 60-02.1-03

Law Implemented: NDCC 60-02-07, 60-02.1-07

69-07-02-02. Grain warehouse - Bond schedule. The warehouse bond is determined by the total physical capacity licensed by the licensee in the state. The capacity of each warehouse, bin, annex, or any additional space must be specifically identified. The bond amounts are:

Capacity to 100,000 bushels	\$ 50,000
From 100,001 bushels through 125,000 bushels	62,500
From 125,001 bushels through 150,000 bushels	75,000

From 150,001 bushels through 175,000 bushels	\$87,500
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From 175,001 bushels through 200,000 bushels	100,000
From 200,001 bushels through 225,000 bushels	112,500
From 225,001 bushels through 250,000 bushels	125,000
From 250,001 bushels through 275,000 bushels	137,500
From 275,001 bushels through 300,000 bushels	150,000

From 300,001 bushels through 325,000 bushels	\$162,500
From 325,001 bushels through 350,000 bushels	175,000
From 350,001 bushels through 375,000 bushels	187,500
From 375,001 bushels through 400,000 bushels	200,000

From 400,001 bushels through 425,000 bushels	\$212,500
From 425,001 bushels through 450,000 bushels	225,000
From 450,001 bushels through 475,000 bushels	237,500
From 475,001 bushels through 500,000 bushels	250,000

A licensee with a capacity in excess of five hundred thousand bushels must furnish additional bond coverage of five thousand dollars for each twenty-five thousand bushels of capacity or fraction thereof.

Unless the commission determines that an increase is necessary to accomplish the purpose of North Dakota Century Code chapter 60-02, the bond of a warehouseman shall not exceed one million five hundred thousand dollars.

History: Amended effective May 1, 1984; August 1, 1999.

General Authority: NDCC 60-02-03

Law Implemented: NDCC 60-02-02, 60-02-07, 60-02-09

69-07-02-02.1. Grain buyer - Bond schedule. The grain buyer bond is determined by the three-year rolling average of grain purchased annually in this state by the grain buyer. The bond amounts are:

Up to 100,000 bushels	\$50,000
For each additional 100,000 bushels or fraction thereof in excess of 100,000 and up to 1,000,000	\$20,000
For each additional 100,000 bushels or fraction thereof in excess of 1,000,000	\$5,000

For a new licensee, the first year's bond shall be based on the projected purchase volume and the second year's bond and third year's bond shall be based on the average actual volume according to the above schedule.

Unless the commission determines that an increase is necessary to accomplish the purpose of North Dakota Century Code chapter 60-02.1, the bond of a facility-based grain buyer shall not exceed one million dollars nor shall the bond of a non-facility-based grain buyer exceed one million five hundred thousand dollars.

History: Effective August 1, 1999; amended effective August 1, 2000.

General Authority: NDCC 60-02.1-03

Law Implemented: NDCC 60-02.1-03, 60-02.1-08

69-07-02-02.2. Hay buyer - Bond schedule. The hay buyer bond is determined by the three-year rolling average of hay purchased annually in this state by the hay buyer. The bond amounts are:

Up to 2,500 tons	\$25,000
For each additional 2,500 tons or fraction thereof	\$25,000

Unless the commission determines that an increase is necessary to accomplish the purposes of North Dakota Century Code chapter 60-03, the bond of a hay buyer shall not exceed one million five hundred thousand dollars.

History: Effective August 1, 1999.

General Authority: NDCC 60-03-01.1

Law Implemented: NDCC 60-03-04

69-07-02-03. License renewal. A license is an annual license that expires on July thirty-first. A licensee must submit a renewal application to the commission by July fifteenth on a form that will be provided by the commission. Every business organization or sole proprietor using a trade name must be in good standing with the secretary of state. An application that is not received in a timely manner will result in the automatic discontinuance of business on August first.

History: Effective February 1, 1991; amended effective August 1, 1999.

General Authority: NDCC 60-02-03, 60-02.1-03, 60-03-01.1

Law Implemented: NDCC 60-02-07, 60-02.1-07, 60-03-02

69-07-02-04. Business documents - Revisions. A licensee must promptly notify the commission of a change in ownership, name, corporate structure, or format of any receipt or credit-sale contract.

History: Effective February 1, 1991; amended effective August 1, 1999.

General Authority: NDCC 60-02-03, 60-02.1-03

Law Implemented: NDCC 60-02-03, 60-02.1-03

5. Grain received at the receiving station is recorded on scale tickets issued by the warehouseman who established the station and is covered by that warehouseman's bond.
6. Warehouse receipted grain received at the receiving station is available for redelivery to the receipt holder at that location even if the station has been closed. A charge for redelivery must be stated in the warehouseman's redelivery policy.

The storage space used by a receiving station need not be physically disconnected from the facilities of the other licensed warehouse located at that site.

60-02-08. Licensing track buyer - Fee - Regulations. Repealed by S.L. 1983, ch. 672, § 25.

60-02-09. Bond filed by public warehouseman. Before any license is issued to any public warehouseman under this chapter, the applicant for such license shall file a bond with the commission which shall:

1. Be in a sum not less than five thousand dollars for any one warehouse.
2. Be continuous, unless the corporate surety by certified mail notifies the licensee and the commission that the surety bond will be canceled ninety days after receipt of the notice of cancellation.
3. Run to the state of North Dakota for the benefit of all persons storing or selling grain in such warehouse.
4. Be conditioned:
 - a. For the faithful performance of the licensee's duties as a public warehouseman.
 - b. For compliance with the provisions of law and the rules of the commission relating to the storage and purchase of grain by such warehouseman.
5. Specify the location of each public warehouse intended to be covered by such bond.
6. Be for the specific purpose of:
 - a. Protecting the holders of outstanding receipts.
 - b. Covering the costs incurred by the commission in the administration of chapter 60-04 in the event of the licensee's insolvency.
7. Not accrue to the benefit of any person entering into a credit-sale contract with a public warehouseman.
8. In no event shall the aggregate liability of the surety under a bond accumulate for each successive annual license renewal period during which such bond is in force but, for losses during any annual license renewal period, shall be limited in the aggregate to the bond amount stated or changed by appropriate endorsement or rider.

The commission shall set the amount of the bond and may require an increase in the amount of any bond, from time to time, as it shall, in its discretion, deem necessary to accomplish the purposes of this section. The surety on such a bond must be a corporate surety company, approved by the commission, and authorized to do business within the state. The commission may accept cash, a negotiable instrument, or a bond executed by personal sureties in lieu of a surety bond when, in its judgment, such cash, negotiable instrument, or personal surety bond properly will protect the holders of outstanding receipts. One bond only shall be given for any

line of elevators, mills, or warehouses, owned, controlled, or operated by one individual, firm, corporation, or limited liability company, and such bond shall be construed to cover such elevators, mills, or warehouses, as a whole and not a specific amount for each.

60-02-09.1. Bond cancellation - Release of surety. The surety on a bond is released from all future liability accruing on the bond after the expiration of ninety days from the date of receipt by the commission of notice of cancellation by the surety or on a later date specified by the surety. This provision does not operate to relieve, release, or discharge the surety from any liability already accrued or which accrues before the expiration of the ninety-day period. Unless the warehouseman files a new bond at least thirty days before liability ceases, the commission, without hearing, shall immediately suspend the warehouseman's license and the suspension may not be removed until a new bond has been filed and approved by the commission. When a license is so suspended, the warehouseman shall give notice of such suspension to each receipt holder having grain stored in the warehouse. The warehouseman shall further notify each receipt holder having grain stored in the warehouse that the grain must be removed from the warehouse or it will be priced and redeemed in cash in accordance with section 60-02-41.

60-02-10. Warehouse license to be posted. The license obtained by a public warehouseman shall be posted in a conspicuous place in the public warehouse.

60-02-10.1. Revocation and suspension. The commission may suspend or revoke the license of any warehouseman for cause upon notice and hearing. Notwithstanding any other provisions of this chapter, the license of a warehouseman must automatically be suspended for failure at any time to have or to maintain either a bond or insurance policy in the amount and type required. During a suspension of a license the warehouseman may, upon the commission's approval, operate the warehouse and purchase or redeliver grain previously received, but may not receive additional grain for purchase, storage, shipping, or processing. Grain may be sold only with the prior approval of the commission.

60-02-11. Scale ticket - Contents - Conversion.

1. Every public warehouseman, upon receiving grain into its warehouse, shall issue a uniform scale ticket for each load of grain received. Such tickets must be numbered consecutively, and one copy of each ticket must be retained and remain as a permanent record. The original ticket must be delivered to the person from whom the grain is received, upon receipt of each load of grain. All scale tickets must be converted into cash, noncredit-sale contracts, credit-sale contracts, or warehouse receipts within forty-five days after the grain is delivered to the warehouse.
2. Nothing in this chapter requires a warehouseman to receive grain for storage. A warehouseman shall publish and post, in a conspicuous place in its warehouse, a publication identifying whether storage will be available to its patrons or whether grain will be accepted via cash or a credit-sale contract arrangement.

60-02-12. Penalty. Any person who shall violate any of the provisions of this chapter or any rule adopted pursuant to this chapter, where punishment is not specifically provided for, shall be guilty of an infraction.

60-02-13. Purchase by warehouseman - Form of receipt. There may be printed on each warehouse receipt issued by a warehouseman a receipt executed by the owner for use in case the grain represented thereby is purchased by the warehouseman. The warehouseman shall record the purchase, as to the amount paid per bushel, on the stub record or copy of its warehouse receipt books. The receipt must be in substantially the following form:

Received from _____, _____ dollars and _____ cents net, in full payment for the grain represented by this warehouse receipt. Gross price per bushel _____, storage per bushel _____, net price per bushel _____. I certify that I am the owner of the grain for which this receipt was issued, and that there are no liens, chattel mortgages, or other claims against the grain represented by this receipt.

resolving disputes. The commission shall prescribe the form of the notice and shall provide a copy of the notice to each facility-based grain buyer. The facility-based grain buyer shall post the notice in the grain inspection room of the facility. The notice must specifically mention that the procedure for resolving disputes applies to the grade, dockage, moisture content, and protein content of grain and to the quality factors of grain for which inspection rules and grades have not been adopted by the secretary of agriculture of the United States.

60-02.1-07. Grain buyer license - How obtained - Fee - Financial statement. Grain buyers must obtain an annual license from the commission. Except as provided in this section, each license expires on July thirty-first of each year. When a licensee's initial license is issued effective after May thirty-first, that license expires on July thirty-first of the following year. A facility-based grain buyer must obtain a license for each receiving location operated in the state. If a grain buyer operates two or more facilities in the same city or siding, in conjunction with each other and with the same working force, and where but one set of books and records is kept for all such facilities, and scale tickets and checks of but one series are issued for the grain, purchased, only one license is required for the operation of all such facilities. The annual license fee for a facility-based grain buyer is three hundred dollars; and a license renewal application that is received after July fifteenth must be assessed an additional one hundred dollar fee per receiving location.

If required to obtain United States department of agriculture approval of the commission's grain buyer inspection program, the commission may require that grain buyers submit a current financial statement prepared in accordance with generally accepted accounting principles. A financial statement furnished under this section is a confidential trade secret and is not a public record.

60-02.1-07.1. Roving grain buyer license - How obtained - Fee. Roving grain buyers that purchase, solicit, merchandise, or take possession of grain in this state must obtain an annual license from the commission. Except as provided in this section, each license expires on July thirty-first of each year. When a licensee's initial license is issued effective after May thirty-first, that license expires on July thirty-first of the following year. The annual license fee for a roving grain buyer is two hundred dollars, and a license renewal application that is received after July fifteenth must be assessed an additional one hundred dollar fee.

60-02.1-08. Bond filed by grain buyer. Before any license is issued to any grain buyer under this chapter, the applicant for such license shall file a bond with the commission which must:

1. Be in a sum not less than five thousand dollars.
2. Be continuous, unless the corporate surety by certified mail notifies the licensee and the commission that the surety bond will be canceled ninety days after receipt of the notice of cancellation.
3. Run to the state of North Dakota for the benefit of all persons selling grain to or through the grain buyer.
4. Be conditioned:
 - a. For the faithful performance of the licensee's duties as a grain buyer.
 - b. For compliance with the provisions of law and the rules of the commission relating to the purchase of grain by such grain buyer.
5. For facility-based grain buyers, specify the location of each facility intended to be covered by such bond.
6. Be for the specific purpose of:

- a. Protecting the sellers of grain.
 - b. Covering the costs incurred by the commission in the administration of the licensee's insolvency.
7. Not accrue to the benefit of any person entering into a credit-sale contract with a grain buyer.
8. In no event shall the aggregate liability of the surety under a bond accumulate for each successive annual license renewal period during which such bond is in force but, for losses during any annual license renewal period, shall be limited in the aggregate to the bond amount stated or changed by appropriate endorsement or rider.

The commission may require an increase in the amount of any bond, from time to time, as it deems necessary to accomplish the purposes of this section. The surety on such a bond must be a corporate surety company, approved by the commission, and authorized to do business within the state. The commission may accept cash, a negotiable instrument, or a bond executed by personal sureties in lieu of a surety bond when, in its judgment, such cash, negotiable instrument, or personal surety bond properly will protect the holders of outstanding receipts. Only one bond may be required for any series of facilities operated by a facility-based grain buyer, and such bond must be construed to cover such facilities as a whole and not a specific amount for each.

60-02.1-09. Bond cancellation - Release of surety. The surety on a bond is released from all future liability accruing on the bond after the expiration of ninety days from the date of receipt by the commission of notice of cancellation by the surety or on a later date specified by the surety. This provision does not operate to relieve, release, or discharge the surety from any liability already accrued or which accrues before the expiration of the ninety-day period. Unless the grain buyer files a new bond at least thirty days before liability ceases, the commission, without hearing, shall immediately suspend the grain buyer's license and the suspension may not be removed until a new bond has been filed and approved by the commission.

60-02.1-10. Grain buyer license to be posted or carried - Penalty. The license obtained by a facility-based grain buyer shall be posted in a conspicuous place in the buyer's facility. A roving grain buyer shall have the buyer's license in possession at all times. A grain buyer who transacts business without first procuring a license and giving a bond is guilty of a class B misdemeanor.

60-02.1-11. Revocation and suspension. The commission may suspend or revoke the license of any grain buyer for cause upon notice and hearing. Notwithstanding any other provisions of this chapter, the license of a grain buyer must automatically be suspended for failure at any time to have or to maintain either a bond or insurance policy in the amount and type required. During a suspension of a license a facility-based grain buyer, upon the commission's approval, may operate its facility and purchase or redeliver grain previously received, but may not receive additional grain for purchase, shipping, or processing. Grain may be sold only with the prior approval of the commission.

60-02.1-12. Scale ticket - Contents. Every grain buyer, upon receiving grain, shall issue a uniform scale ticket or comparable receipt for each load of grain received. Receipts must be numbered consecutively and one copy of each receipt must be retained and remain as a permanent record. The original receipt must be delivered to the person from whom the grain is received, upon receipt of each load of grain.

60-02.1-13. Penalty. Any person who violates any provision of this chapter or any rule adopted pursuant to this chapter, if punishment is not specifically provided for, is guilty of an infraction.

**ND Public Service Commission
Licensing Division
Corporations Report**

2/2/2009

Corporate Name:

Report = "dw_corp_elevlist_61-session "

ADM Edible Bean Specialties, Inc.

4666 Faries Parkway
Decatur IL 62526

Ph: 217-451-4387

Fax 217-424-5345

Total Capacity: 4,544,727

7 location(s)

Bond(s): State \$1,060,000

Alchem, Ltd., LLLP

35 Division Street
Grafton ND 58237-003

Ph: 701-352-0602

Fax 701-352-1676

Total Capacity: 75,000

1 location(s)

Bond(s): State \$75,000

Alsen Farmers Elevator Company

PO Box 110
Alsen ND 58311

Ph: 701-682-5156

Fax 701-682-5196

Total Capacity: 208,000

1 location(s)

Bond(s): State \$112,500

Alton Grain Terminal, LLC

PO Box 100
Hillsboro ND 58045

Ph: 701-636-5130

Fax 701-636-5263

Total Capacity: 4,000,000

1 location(s)

Bond(s): Federal \$1,130,000

Anderson Seed Co., Inc.

PO Box 201
Mentor MN 56736-020

Ph: 218-637-8204

Fax 218-637-2179

Total Capacity: 587,000

2 location(s)

Bond(s): State \$280,000

Archer Daniels Midland Co.

PO Box 1470
Decatur IL 62525

Ph: 217-451-7207

Fax 217-424-5936

Total Capacity: 23,641,000

8 location(s)

Bond(s): State \$1,500,000

Arthur Glasoe & Lance Glasoe dba Wildrose C & D

HCR 1 Box 55
Wildrose ND 58795

Ph: 701-539-2438

Fax 701-539-2338

Total Capacity: 93,000

1 location(s)

Bond(s): State \$50,000

Barlow Grain

260 Elevator Road
Carrington ND 58421

Ph: 701-984-2617

Fax 701-984-2616

Total Capacity: 1,484,000

2 location(s)

Bond(s): State \$470,000

Attachment

**ND Public Service Commission
Licensing Division
Corporations Report**

2/2/2009

Corporate Name:

Report = "dw_corp_elevlist_61-session "

Beach Co-operative Grain Co

Box 247

Beach ND 58612

Ph: 701-872-3761

Fax 701-872-3312

Total Capacity: 1,011,000

1 location(s)

Bond(s): State \$355,000

Berlin Farmers Elevator

200 Elevator Avenue - PO Box 28

Berlin ND 58415-002

Ph: 701-883-5347

Fax 701-883-5746

Total Capacity: 1,046,000

1 location(s)

Bond(s): State \$360,000

Berthold Farmers Elevator LLC

#1 South Main St

Berthold ND 58718

Ph: 701-453-3431

Fax 701-453-3424

Total Capacity: 2,741,000

2 location(s)

Bond(s): State \$700,000

Bison Grain Company dba New Leipzig Grain Co.

312 1st St W

New Leipzig ND 58562

Ph: 701-584-3830

Fax 701-584-3741

Total Capacity: 297,000

1 location(s)

Bond(s): State \$150,000

Blue Flint Ethanol, LLC

10653 S River Front Parkway Suite 300

South Jordan UT 84095

Ph: 801-984-9400

Fax

Total Capacity: 1,500,000

1 location(s)

Bond(s): State \$455,000

Bollingberg Seeds Company

5353 Highway 15

Cathay ND 58422

Ph: 701-984-2486

Fax 701-984-2485

Total Capacity: 273,000

1 location(s)

Bond(s): State \$137,500

Bottineau Farmers Elevator

PO Box 7

Bottineau ND 58318

Ph: 701-228-2294

Fax 701-228-2294

Total Capacity: 2,387,000

3 location(s)

Bond(s): Federal \$585,000

Bowman Grain, Inc.

Box 91

Bowman ND 58623

Ph: 701-523-3173

Fax 701-523-5650

Total Capacity: 398,000

1 location(s)

Bond(s): State \$200,000

**ND Public Service Commission
Licensing Division
Corporations Report**

2/2/2009

Corporate Name:

Report = "dw_corp_elevlist_61-session "

Brocket Equity Elevator Company

PO Box 108

Brocket ND 58321

Ph: 701-655-3551

Fax 701-655-3567

Total Capacity: 264,000

1 location(s)

Bond(s): State \$137,500

BTR Farmers Coop

6001 60th Ave NE

Leeds ND 58346

Ph: 701-466-2281

Fax 701-466-2548

Total Capacity: 3,270,000

2 location(s)

Bond(s): State \$815,000

Buffalo Farm Supply, Inc.

80 West Main

Buffalo ND 58011-430

Ph: 701-633-5111

Fax 701-633-5116

Total Capacity: 288,000

1 location(s)

Bond(s): State \$200,000

Buffalo Grain Co., L.L.C.

PO Box 182

Buffalo ND 58011-018

Ph: 701-633-5180

Fax 701-633-5561

Total Capacity: 17,000

1 location(s)

Bond(s): State \$50,000

Busch Agricultural Resources, LLC

PO Box 427

West Fargo ND 58078

Ph: 701-282-5350

Fax 701-282-7167

Total Capacity: 4,229,000

2 location(s)

Bond(s): State \$600,000 Federal \$500,000

Cando Farmers Grain & Oil Cooperative, Inc.

PO Box 456

Cando ND 58324

Ph: 701-968-4446

Fax 701-968-4447

Total Capacity: 1,595,000

2 location(s)

Bond(s): State \$470,000

Cargill, Incorporated

c/o Ms. K.A. Suedmeyer PO Box 5606

Minneapolis MN 55440

Ph: 952 742-6183

Fax 952-404-6240

Total Capacity: 15,745,500

3 location(s)

Bond(s): State \$1,500,000 Federal \$545,000

Cavalier Bean Company

PO Box 297

Cavalier ND 58220

Ph: 701-265-8495

Fax 701-265-8576

Total Capacity: 632,000

1 location(s)

Bond(s): State \$280,000

**ND Public Service Commission
Licensing Division
Corporations Report**

2/2/2009

Corporate Name:

Report = "dw_corp_elevlist_61-session "

Central Valley Bean Cooperative

PO Box 162

Buxton ND 58218

Ph: 701-847-2622

Fax 701-847-2623

Total Capacity: 2,130,000

1 location(s)

Bond(s): State \$580,000

CHS, Inc.

PO Box 64089 MS244

St. Paul MN 55164-008

Ph: 651-355-6386

Fax 651-3556958

Total Capacity: 43,119,261

63 location(s)

Bond(s): State \$980,000 Federal \$1,000,000

Circle K Feed & Grain, Inc.

PO Box 490

Glen Ullin ND 58631

Ph: 701-348-3606

Fax 701-348-3766

Total Capacity: 107,000

1 location(s)

Bond(s): State \$62,500

Clifford Farmers Cooperative Elevator Company

PO Box 68

Clifford ND 58016-006

Ph: 701-488-2513

Fax 701-488-2768

Total Capacity: 3,110,000

2 location(s)

Bond(s): State \$775,000

Colfax Farmers Elevator, Inc.

PO Box 37

Colfax ND 58018

Ph: 701-372-3721

Fax 701-372-3733

Total Capacity: 946,770

1 location(s)

Bond(s): State \$340,000

Colgate Commodities, Inc.

HC 2 Box 17

Colgate ND 58046

Ph: 701-945-2580

Fax 701-945-2634

Total Capacity: 498,000

1 location(s)

Bond(s): State \$250,000

Columbia Grain International, Inc.

1300 SW Fifth Avenue Suite 2929

Portland OR 97201-560

Ph: 503-224-8624

Fax 503-241-0296

Total Capacity: 3,494,000

5 location(s)

Bond(s): Federal \$1,000,000

Co-op Elevator of McClusky

PO Box 469

McClusky ND 58463

Ph: 701-363-2529

Fax 701-363-2569

Total Capacity: 307,000

1 location(s)

Bond(s): State \$162,500

**ND Public Service Commission
Licensing Division
Corporations Report**

2/2/2009

Corporate Name:

Report = "dw_corp_elevlist_61-session "

Coteau Grain & Seed LLC

PO Box 399

Ellendale ND 58436-039

Ph: 701-349-5316

Fax 701-349-4213

Total Capacity: 691,000

1 location(s)

Bond(s): State \$290,000

Country Grain Cooperative, Inc.

525 2nd St. South

Eldridge ND 58401

Ph: 701-763-6147

Fax

Total Capacity: 2,721,000

3 location(s)

Bond(s): State \$695,000

Cow Chow Corporation

10345 59th St SW

Regent ND 58650

Ph: 701-563-4496

Fax 701-563-4493

Total Capacity: 100,000

1 location(s)

Bond(s): State \$50,000

Crete Grain Co., Inc.

220 Denver Drive

Crete ND 58040-500

Ph: 701-753-7191

Fax 701-753-7931

Total Capacity: 7,976,000

2 location(s)

Bond(s): State \$1,500,000

D & P Terminal, Inc.

2715 12th Ave N

Fargo ND 58102

Ph: 701-237-0310

Fax 701-237-0115

Total Capacity: 653,000

1 location(s)

Bond(s): State \$285,000

Dahlen Farmers Elevator & Oil Co

218 North Main Street

Dahlen ND 58224

Ph: 701-384-6144

Fax 701-384-6148

Total Capacity: 516,000

2 location(s)

Bond(s): State \$255,000

Dahlgren & Company, Inc.

PO Box 609

Crookston MN 56716-060

Ph: 218-281-2985

Fax 218-281-7350

Total Capacity: 2,456,000

2 location(s)

Bond(s): State \$645,000

Dakota Dry Bean Inc

PO Box 5874

Grand Forks ND 58206-587

Ph: 701-746-7493

Fax 701-398-3114

Total Capacity: 284,000

2 location(s)

Bond(s): State \$150,000

**ND Public Service Commission
Licensing Division
Corporations Report**

2/2/2009

Corporate Name:

Report = "dw_corp_elevlist_61-session "

Dakota Grain Co., Inc.

PO Box 416
Elgin ND 58533

Ph: 701-584-2660

Fax 701-584-3655

Total Capacity: 187,000

2 location(s)

Bond(s): State \$100,000

Dakota Growers Pasta Company, Inc.

1 Pasta Ave
Carrington ND 58421

Ph: 701-652-2855

Fax 701-652-1382

Total Capacity: 876,000

1 location(s)

Bond(s): State \$330,000

Dakota Midland Grain, LLC

PO Box 188
Voltaire ND 58792-018

Ph: 701-338-2530

Fax 701-338-2534

Total Capacity: 3,620,000

5 location(s)

Bond(s): State \$875,000

Dakota Quality Grain Cooperative

PO Box 128
Parshall ND 58770

Ph: 701-862-3113

Fax 701-862-4103

Total Capacity: 4,800,000

5 location(s)

Bond(s): State \$1,110,000

Dakota Specialty Milling, Inc.

4014 15th Ave Northwest
Fargo ND 58102

Ph: 701-282-9656

Fax 701-282-9743

Total Capacity: 201,700

1 location(s)

Bond(s): State \$112,500

Demeter (1993) Inc. dba Viterra

PO Box 6600 Attention D Sharp
Winnipeg MB R3C 3A7

Ph: 306-569-5148

Fax 306-569-4715

Total Capacity: 508,000

1 location(s)

Bond(s): State \$375,000

Demson Grain Company, Inc.

18130 93 1/2 St SE
Fairmount ND 58030

Ph: 701-474-5536

Fax 701-474-5400

Total Capacity: 2,471,000

1 location(s)

Bond(s): State \$645,000

Direct Grain, Inc.

8197 County Road 25
Mooreton ND 58061-972

Ph: 701-242-7010

Fax 701-274-8932

Total Capacity: 746,000

1 location(s)

Bond(s): State \$300,000

**ND Public Service Commission
Licensing Division
Corporations Report**

2/2/2009

Corporate Name:

Report = "dw_corp_elevlist_61-session "

Earth Harvest Mills, Inc. dba Dakota Prairie Organic Flour Company

500 North Street W

Harvey ND 58341

Ph: 701-324-4330

Fax 701-324-4334

Total Capacity: 20,000

1 location(s)

Bond(s): State \$65,000

Edgeley Bean Receiving, LLC

310 8th Ave W

Edgeley ND 58433

Ph: 701-709-0237

Fax 701-493-2460

Total Capacity: 95,000

1 location(s)

Bond(s): State \$50,000

Edinburg Farmers Elevator Company

PO Box 26

Edinburg ND 58227-002

Ph: 701-993-8421

Fax 701-993-8273

Total Capacity: 571,000

1 location(s)

Bond(s): State \$265,000

Embden Grain Co.

4215 145 Ave SE

Embden ND 58079-952

Ph: 701-633-5438

Fax 701-633-5434

Total Capacity: 813,000

1 location(s)

Bond(s): State \$315,000

Emerado Farmers Elevator

PO Box 100

Emerado ND 58228

Ph: 701-594-8548

Fax 701-594-8549

Total Capacity: 386,400

1 location(s)

Bond(s): State \$200,000

Engstrom Bean and Seed, Inc.

6131 57th Ave NE

Leeds ND 58346

Ph: 701-466-2398

Fax 701-466-2076

Total Capacity: 745,899

3 location(s)

Bond(s): State \$300,000

Equity Cooperative Elevator Company of Sheyenne

PO Box 218

Sheyenne ND 58374

Ph: 701-996-2231

Fax 701-996-4205

Total Capacity: 952,000

2 location(s)

Bond(s): State \$345,000

Equity Elevator & Trading Co.

PO Box 340

Turtle Lake ND 58575

Ph: 701-448-2461

Fax 701-448-2308

Total Capacity: 450,000

1 location(s)

Bond(s): State \$225,000

**ND Public Service Commission
Licensing Division
Corporations Report**

2/2/2009

Corporate Name:

Report = "dw_corp_elevlist_61-session "

Evergreen Grain Company

2730 130th Ave SE

Tower City ND 58071-931

Ph: 701-845-3024

Fax 701-845-4137

Total Capacity: 297,000

1 location(s)

Bond(s): State \$150,000

Falkirk Farmers Elevator Co

101 Main Street

Washburn ND 58577-450

Ph: 701-462-8572

Fax 701-462-8574

Total Capacity: 1,084,000

2 location(s)

Bond(s): State \$375,000

Farmers Cooperative Elevator Company of Cavalier

Box 247

Cavalier ND 58220

Ph: 701-265-8439

Fax 701-265-8626

Total Capacity: 874,000

1 location(s)

Bond(s): State \$325,000

Farmers Cooperative Elevator Company of Lidgerwood, North Dakota (The)

PO Box 447

Lidgerwood ND 58053

Ph: 701-538-4551

Fax 701-538-4048

Total Capacity: 4,368,000

2 location(s)

Bond(s): State \$1,025,000

Farmers Cooperative Elevator Company of Streeter

PO Box 125

Streeter ND 58483

Ph: 701-424-3341

Fax 701-424-3649

Total Capacity: 647,000

1 location(s)

Bond(s): State \$280,000

Farmers Elevator Company of Cooperstown

Box 587

Cooperstown ND 58425-058

Ph: 701-797-2631

Fax 701-797-2634

Total Capacity: 818,000

1 location(s)

Bond(s): State \$315,000

Farmers Elevator Company of Forest River

Box 98

Forest River ND 58233

Ph: 701-248-3252

Fax 701-248-3825

Total Capacity: 675,000

1 location(s)

Bond(s): State \$285,000

Farmers Elevator Company of Honeyford

2472 30th St NE

Gilby ND 58235

Ph: 701-869-2466

Fax 701-869-2456

Total Capacity: 1,762,000

4 location(s)

Bond(s): State \$560,000

**ND Public Service Commission
Licensing Division
Corporations Report**

2/2/2009

Corporate Name:

Report = "dw_corp_elevlist_61-session "

Farmers Elevator Inc of Grace City

PO Box 7

Grace City ND 58445-000

Ph: 701-674-3144

Fax 701-674-3141

Total Capacity: 734,000 1 location(s)

Bond(s): State \$300,000

Farmers Elevator Incorporated, Wishek North Dakota

Box 276

Wishek ND 58495-027

Ph: 701-452-2516

Fax 701-452-2200

Total Capacity: 1,725,000 3 location(s)

Bond(s): State \$495,000

Farmers Union Oil Company of Adams

PO Box 56

Adams ND 58210-005

Ph: 701-944-2206

Fax 701-944-2513

Total Capacity: 82,000 1 location(s)

Bond(s): State \$50,000

Farmers Union Oil Company of Velva

PO Box 100

Velva ND 58790-010

Ph: 701-338-2816

Fax 701-338-

Total Capacity: 379,000 1 location(s)

Bond(s): State \$200,000

Fessenden Cooperative Association

PO Box 126

Fessenden ND 58438

Ph: 701-547-3291

Fax 701-547-3574

Total Capacity: 6,154,000 8 location(s)

Bond(s): State \$1,385,000

Finley Farmers Grain & Elevator Company

PO Box 477

Finley ND 58230

Ph: 701-524-1500

Fax 701-524-2200

Total Capacity: 2,250,000 1 location(s)

Bond(s): State \$610,000

Flasher Farmers Union Grain & Oil

PO Box 357

Flasher ND 58535-035

Ph: 701-597-3338

Fax 701-597-3048

Total Capacity: 301,000 1 location(s)

Bond(s): State \$162,500

Forbes Equity Exchange

Box 90

Forbes ND 58439

Ph: 701-357-7401

Fax 701-357-8571

Total Capacity: 231,000 1 location(s)

Bond(s): State \$125,000

**ND Public Service Commission
Licensing Division
Corporations Report**

2/2/2009

Corporate Name:

Report = "dw_corp_elevlist_61-session "

Fordville Cooperative Marketing Assn.

Box 7

Fordville ND 58231

Ph: 701-229-3293

Fax 701-229-3294

Total Capacity: 995,000

1 location(s)

Bond(s): State \$350,000

Forest River Bean Co Inc

PO Box 68

Forest River ND 58233

Ph: 701-248-3261

Fax 701-248-3766

Total Capacity: 793,000

1 location(s)

Bond(s): State \$350,000

Fullerton Farmers Elevator

Box 56

Fullerton ND 58441

Ph: 701-375-7251

Fax 701-375-7781

Total Capacity: 6,045,000

1 location(s)

Bond(s): State \$1,360,000

G & R Grain and Feed, Inc.

1001 3rd Avenue South

New Rockford ND 58356

Ph: 701-947-5714

Fax 701-947-2180

Total Capacity: 116,000

1 location(s)

Bond(s): State \$62,500

Gackle Grain Coop

302 East Front Street PO Box 216

Gackle ND 58442

Ph: 701-485-3571

Fax 701-485-3664

Total Capacity: 516,000

1 location(s)

Bond(s): State \$290,000

Galesburg Co-operative Elevator Company

PO Box 115

Galesburg ND 58035

Ph: 701-488-2216

Fax 701-488-2280

Total Capacity: 3,145,000

1 location(s)

Bond(s): State \$840,000

Garske Elevator Company

121 Garske St

Webster ND 58382-810

Ph: 701-395-4334

Fax 701-395-4334

Total Capacity: 475,000

1 location(s)

Bond(s): State \$237,500

Gavilon Grain, LLC

Eleven ConAgra Drive, Suite 11-160

Omaha NE 68102

Ph: 402-889-4049

Fax 402-221-0377

Total Capacity: 10,769,000

4 location(s)

Bond(s): Federal \$1,000,000

ND Public Service Commission
Licensing Division
Corporations Report

2/2/2009

Corporate Name:

Report = "dw_corp_elevlist_61-session "

General Mills Operations , LLC

Melissa Wilde, Grain Operations - PO Box 1113
Minneapolis MN 55440-111

Ph: 763-764-4488

Fax 763-764-2319

Total Capacity: 506,000 1 location(s)

Bond(s): Federal \$575,000

Golva Cooperative Elevator Co.

PO Box 169
Golva ND 58632-016

Ph: 701-872-3688

Fax 701-872-4616

Total Capacity: 303,000 1 location(s)

Bond(s): State \$162,500

Goodrich Farmers Coop Assn

PO Box 87
Goodrich ND 58444

Ph: 701-884-2707

Fax 701-884-2708

Total Capacity: 594,000 1 location(s)

Bond(s): State \$270,000

Grabanski Grain, LLC

223 W 17th St
Grafton ND 58237

Ph: 701-360-0088

Fax 701-352-0121

Total Capacity: 439,000 1 location(s)

Bond(s): State \$225,000

Grafton Farmers Coop Grain Co

Box 108
Grafton ND 58237

Ph: 701-352-0461

Fax 701-352-0280

Total Capacity: 882,000 1 location(s)

Bond(s): State \$330,000

Grand Forks Bean Company, Inc.

2120 N Washington St
Grand Forks ND 58201

Ph: 701-775-3984

Fax 701-775-3985

Total Capacity: 199,000 1 location(s)

Bond(s): State \$100,000

Gwinner Farmers Elevator Company

Box 69
Gwinner ND 58040

Ph: 701-678-2468

Fax 701-678-2207

Total Capacity: 3,649,000 4 location(s)

Bond(s): State \$880,000

Halliday Farmers Elevator Co

Box 218
Halliday ND 58636

Ph: 701-938-4619

Fax 701-938-4656

Total Capacity: 192,000 1 location(s)

Bond(s): State \$100,000

**ND Public Service Commission
Licensing Division
Corporations Report**

2/2/2009

Corporate Name:

Report = "dw_corp_elevlist_61-session "

Harlow Coop Elevator & Seed Company

216 Harlow St
Leeds ND 58346-401

Ph: 701-466-2612 **Fax** 701-466-2013

Total Capacity: 1,147,000 3 location(s)

Bond(s): State \$710,000

Hatton Farmers Elevator

PO Box 260
Hatton ND 58240

Ph: 701-543-3773 **Fax** 701-543-3313

Total Capacity: 949,000 1 location(s)

Bond(s): State \$345,000

Hebron Farmers Elevator Co

PO Box 90
Hebron ND 58638

Ph: 701-878-4462 **Fax** 701-878-4584

Total Capacity: 284,000 1 location(s)

Bond(s): State \$150,000

Hettinger Co-op Equity Exchange

300 Elm Road
Hettinger ND 58639

Ph: 701-567-2408 **Fax** 701-567-2003

Total Capacity: 688,000 1 location(s)

Bond(s): State \$540,000

Hi-Line Farmers Union Grain Company

3310 121 Avenue SE
Valley City ND 58072

Ph: 701-845-3975 **Fax** 701-845-8032

Total Capacity: 1,262,000 1 location(s)

Bond(s): State \$405,000

Hoople Farmers Grain Company

PO Box 140
Hoople ND 58243

Ph: 701-894-6116 **Fax** 701-894-6492

Total Capacity: 1,291,000 1 location(s)

Bond(s): State \$410,000

Horizon Milling, LLC

PO Box 5606
Minneapolis MN 55440-560

Ph: 952-742-6183 **Fax** 952-404-6240

Total Capacity: 260,000 1 location(s)

Bond(s): State \$137,500

Horizon Resources

PO Box 906
Williston ND 58802

Ph: 701-774-0228 **Fax** 701-572-4974

Total Capacity: 2,718,000 5 location(s)

Bond(s): Federal \$815,000

**ND Public Service Commission
Licensing Division
Corporations Report**

2/2/2009

Corporate Name:

Report = "dw_corp_elevlist_61-session "

Hubbard Feeds, Inc.

PO Box 8500

Mankato MN 57002-850

Ph: 507-388-9582

Fax 507-388-9787

Total Capacity: 662,000

2 location(s)

Bond(s): State \$285,000

Hunter Grain Company

Box 97

Hunter ND 58048

Ph: 701-874-2112

Fax 701-874-2395

Total Capacity: 2,084,000

2 location(s)

Bond(s): State \$575,000

Hurdsfield Grain, Inc.

PO Box 126

Hurdsfield ND 58451

Ph: 701-962-3343

Fax 701-962-3429

Total Capacity: 688,000

1 location(s)

Bond(s): State \$300,000

J & K Grain LLC

7870 170 Ave SE

Mooreton ND 58061

Ph: 701-274-8263

Fax 701-274-8965

Total Capacity: 465,000

1 location(s)

Bond(s): State \$237,500

James Valley Grain, LLC

600A South 7th St. P.O. Box 210

Oakes ND 58474

Ph: 701-742-3363

Fax 701-742-3365

Total Capacity: 8,542,000

2 location(s)

Bond(s): Federal \$1,000,000

JM Grain Inc

12 N Railroad Street - PO Box 248

Garrison ND 58540-024

Ph: 701-720-1211

Fax 612-435-4868

Total Capacity: 124,000

1 location(s)

Bond(s): State \$62,500

Johnstown Bean Company

PO Box 5

Gilby ND 58235-000

Ph: 701-869-2680

Fax 701-869-2692

Total Capacity: 746,000

1 location(s)

Bond(s): State \$300,000

Joliet Ag Systems Inc.

15866 Hwy 5

Pembina ND 58271

Ph: 701-454-6226

Fax 701-454-6245

Total Capacity: 275,000

1 location(s)

Bond(s): State \$137,500

**ND Public Service Commission
Licensing Division
Corporations Report**

2/2/2009

Corporate Name:

Report = "dw_corp_elevlist_61-session "

Kelley Bean Co., Inc.

PO Box 2488

Scottsbluff NE 69363-248

Ph: 308-635-6438

Fax 308-635-6899

Total Capacity: 1,240,200

4 location(s)

Bond(s): Federal \$265,000

Kirkeide's Northland Seedbean Co. Inc.

4520 12th Street NE

Fessenden ND 58438

Ph: 701-547-3466

Fax 701-547-3539

Total Capacity: 640,000

1 location(s)

Bond(s): State \$280,000

KK Grain Marketing, Inc.

506 Maine St

Tower City ND 58071

Ph: 701-749-6200

Fax

Total Capacity: 96,000

1 location(s)

Bond(s): State \$50,000

Klindworth Seed & Bean Company Inc

2139 Highway 30

Fessenden ND 58438

Ph: 701-547-3742

Fax 701-547-2592

Total Capacity: 198,600

1 location(s)

Bond(s): State \$100,000

Knudson Farms Co dba Manvel Bean Company

2875 18th St NE

Manvel ND 58256

Ph: 701-696-2271

Fax 701-696-8266

Total Capacity: 136,000

1 location(s)

Bond(s): State \$75,000

L.D. Paulson Enterprises, Inc. dba Paulson Premium Seed & Conditioning

PO Box 723

Bowman ND 58623

Ph: 701-523-5392

Fax 701-523-5394

Total Capacity: 143,000

1 location(s)

Bond(s): State \$75,000

Larimore Bean Company

PO Box 607

Larimore ND 58251

Ph: 701-343-6363

Fax 701-343-2842

Total Capacity: 531,000

2 location(s)

Bond(s): State \$260,000

Larimore Sunflower, Inc.

PO Box 771

Larimore ND 58251

Ph: 701-343-2430

Fax 701-343-0655

Total Capacity: 230,000

1 location(s)

Bond(s): State \$125,000

**ND Public Service Commission
Licensing Division
Corporations Report**

2/2/2009

Corporate Name:

Report = "dw_corp_elevlist_61-session "

Larson Grain Company

PO Box 198

LaMoure ND 58458-019

Ph: 701-883-5201

Fax 701-883-5202

Total Capacity: 3,821,000 2 location(s)

Bond(s): State \$915,000

Legume Matrix, LLC

PO Box 1028

Jamestown ND 58401

Ph: 866-273-1425

Fax 701-763-6534

Total Capacity: 53,000 1 location(s)

Bond(s): State \$50,000

Luverne Farmers Co-operative Elev Co

12219 Elevator Road

Luverne ND 58056

Ph: 701-769-2107

Fax 701-769-2159

Total Capacity: 1,282,000 1 location(s)

Bond(s): State \$410,000

Maple River Grain and Agronomy, LLC

1630 1st Ave S

Cassellton ND 58012

Ph: 701-347-4465

Fax 701-347-4385

Total Capacity: 5,339,000 5 location(s)

Bond(s): State \$1,260,000

Max Farmers Elevator

PO Box 68

Max ND 58759

Ph: 701-679-2400

Fax 701-679-2556

Total Capacity: 1,239,000 1 location(s)

Bond(s): State \$400,000

MAYPORT FARMERS CO-OP

PO Box 338

Portland ND 58274

Ph: 701-786-4263

Fax 701-786-3246

Total Capacity: 3,292,000 4 location(s)

Bond(s): State \$810,000

McLean Elevator Company

7900 Van Buren

St. Louis MO 63111

Ph: 314-638-1447

Fax 314-752-7621

Total Capacity: 613,000 1 location(s)

Bond(s): State \$275,000

Miller Elevator Company

PO Box 844

Valley City ND 58072

Ph: 701-845-2013

Fax 701-845-2013

Total Capacity: 1,022,000 3 location(s)

Bond(s): State \$410,000

**ND Public Service Commission
Licensing Division
Corporations Report**

2/2/2009

Corporate Name:

Report = "dw_corp_elevlist_61-session "

Milnor Grain Company

PO Box 308

Milnor ND 58060

Ph: 701-427-5283

Fax 701-427-5412

Total Capacity: 1,678,000

1 location(s)

Bond(s): State \$490,000

Minn-Dak Growers Ltd

PO Box 13276

Grand Forks ND 58208-327

Ph: 701-746-7453

Fax 701-780-9050

Total Capacity: 1,455,000

2 location(s)

Bond(s): State \$445,000

Minn-Kota Ag Products, Inc.

Box 175

Breckenridge MN 56520

Ph: 218-643-8464

Fax 218-643-4252

Total Capacity: 1,252,000

2 location(s)

Bond(s): Federal \$355,000

Minto Grain, LLC

PO Box 320

Minto ND 58261

Ph: 701-248-3541

Fax 701-248-3988

Total Capacity: 806,202

1 location(s)

Bond(s): State \$315,000

Modern Grain Inc.

510 Main Avenue

Hebron ND 58638

Ph: 701-878-4525

Fax 701-878-4963

Total Capacity: 425,000

2 location(s)

Bond(s): State \$212,500

Mott Grain Company

Box 130

Mott ND 58646

Ph: 701-824-2510

Fax 701-824-4160

Total Capacity: 24,000

1 location(s)

Bond(s): State \$50,000

Nash Grain & Trading Co

211 Nash Place

Grafton ND 58237

Ph: 701-352-2131

Fax 701-352-2036

Total Capacity: 409,000

1 location(s)

Bond(s): State \$212,500

Nelson Grain, Inc.

10974 83rd Lane NW

Hamlet ND 58795

Ph: 701-539-2165

Fax 701-539-2164

Total Capacity: 298,000

1 location(s)

Bond(s): State \$150,000

**ND Public Service Commission
Licensing Division
Corporations Report**

2/2/2009

Corporate Name:

Report = "dw_corp_elevlist_61-session "

New Century Ag

Box 125
Fortuna ND 58844

Ph: 701 834-2311

Fax 701-834-2355

Total Capacity: 1,514,000

4 location(s)

Bond(s): State \$455,000

New Salem Farmers Union Elev Co

Box O
New Salem ND 58563

Ph: 701-843-7555

Fax 701-843-8516

Total Capacity: 555,000

1 location(s)

Bond(s): State \$450,000

Noodles by Leonardo, Inc.

RR 1 1301 5th Avenue South
Cando ND 58324

Ph: 701-968-4464

Fax 701-968-4255

Total Capacity: 275,000

1 location(s)

Bond(s): State \$275,000

North Central Farmers Elevator

Box 366
Ipswich SD 57451

Ph: 605-426-6021

Fax

Total Capacity: 215,000

1 location(s)

Bond(s): State \$113,000

North Central Grain Cooperative

PO Box 8
Bisbee ND 58317

Ph: 701-656-3263

Fax 701-656-3371

Total Capacity: 3,485,000

4 location(s)

Bond(s): State \$855,000

North Star Bean LLC

4082 22nd Ave
Larimore ND 58251

Ph: 701-397-5261

Fax 701-397-5783

Total Capacity: 697,000

1 location(s)

Bond(s): State \$365,000

Northwood Bean Co., Inc.

301 S Potato Rd
Northwood ND 58267

Ph: 701-587-5206

Fax 701-587-5650

Total Capacity: 246,000

1 location(s)

Bond(s): State \$200,000

Northwood Equity Elevator Company

PO Box 380
Northwood ND 58267

Ph: 701-587-5291

Fax 701-587-5296

Total Capacity: 945,000

1 location(s)

Bond(s): State \$360,000

**ND Public Service Commission
Licensing Division
Corporations Report**

2/2/2009

Corporate Name:

Report = "dw_corp_elevlist_61-session "

Northwood Mills, LLLP

PO Box 14867

Grand Forks ND 58208-486

Ph: 701-780-9616

Fax 701-780-9113

Total Capacity: 50,000 1 location(s)

Bond(s): State \$50,000

O'Brien Seed, Inc.

PO Box 505

Mayville ND 58257

Ph: 701-788-9118

Fax 701-788-9119

Total Capacity: 497,500 2 location(s)

Bond(s): State \$250,000

Organic Grain and Milling, Inc.

2121 30th St

Boulder CO 80301

Ph: 303-442-1559

Fax 303-265-9949

Total Capacity: 124,000 1 location(s)

Bond(s): State \$62,500

Osnabrock Farmers Cooperative Elevator

PO Box 105

Osnabrock ND 58269

Ph: 701-496-3111

Fax 701-496-3132

Total Capacity: 1,182,000 2 location(s)

Bond(s): Federal \$505,000

Overly Co-operative Elevator Company

114 East Central Avenue

Overly ND 58384-501

Ph: 701-366-4562

Fax 701-366-4430

Total Capacity: 394,000 1 location(s)

Bond(s): State \$200,000

Pekin Cooperative Elevator Company

Box 427

Pekin ND 58361

Ph: 701-296-4438

Fax 701-296-4403

Total Capacity: 464,000 1 location(s)

Bond(s): State \$375,000

Philadelphia Macaroni Company dba Minot Milling

760 South 11th Street

Philadelphia PA 19147

Ph: 215-923-3141

Fax 215-923-4298

Total Capacity: 1,094,000 1 location(s)

Bond(s): State \$370,000

Plains Grain & Agronomy, LLC

PO Box 6

Enderlin ND 58027-000

Ph: 701-437-2400

Fax 701-437-2406

Total Capacity: 4,756,000 4 location(s)

Bond(s): State \$1,105,000

**ND Public Service Commission
Licensing Division
Corporations Report**

2/2/2009

Corporate Name:

Report = "dw_corp_elevlist_61-session "

Plaza-Makoti Equity Elevator

Box 68

Plaza ND 58771

Ph: 701-497-3707

Fax 701-497-3701

Total Capacity: 1,030,000

2 location(s)

Bond(s): State \$385,000

Powers Lake Elevator Company

7900 Van Buren

St. Louis MO 63111

Ph: 314-638-1447

Fax 314-752-7621

Total Capacity: 358,000

1 location(s)

Bond(s): State \$187,500

Premier Pulses International Inc

25 27th Street SE

Minot ND 58701

Ph: 701-837-4777

Fax 701-852-3810

Total Capacity: 210,400

1 location(s)

Bond(s): State \$112,500

Raleigh Grain Inc.

Box D

Raleigh ND 58564

Ph: 701-597-3571

Fax 701-597-3441

Total Capacity: 95,000

1 location(s)

Bond(s): State \$50,000

Ray Farmers Union Elevator Co

PO Box 128

Ray ND 58849

Ph: 701-568-3343

Fax 701-568-3030

Total Capacity: 589,000

1 location(s)

Bond(s): State \$270,000

Red River Commodities Inc.

PO Box 3022

Fargo ND 58108

Ph: 701-282-2600

Fax 701-282-5325

Total Capacity: 1,660,670

3 location(s)

Bond(s): State \$520,000

Red Trail Energy, LLC

PO Box 11

Richardton ND 58652

Ph: 701-974-3308

Fax 701-974-3309

Total Capacity: 1,750,000

1 location(s)

Bond(s): State \$500,000

Reimers Seed Co.

7074 Hwy 9

Carrington ND 58421

Ph: 701-652-3322

Fax 701-652-3430

Total Capacity: 76,000

1 location(s)

Bond(s): State \$50,000

**ND Public Service Commission
Licensing Division
Corporations Report**

2/2/2009

Corporate Name:

Report = "dw_corp_elevlist_61-session "

Renville Elevator Company

7900 Van Buren
St. Louis MO 63111

Ph: 314-638-1447 **Fax** 314-752-7621

Total Capacity: 1,426,000 2 location(s)

Bond(s): State \$440,000

Reynolds United Co-op

Box 37
Reynolds ND 58275

Ph: 701-847-2261 **Fax** 701-847-2262

Total Capacity: 2,933,000 2 location(s)

Bond(s): State \$740,000

Richland Organics, Inc.

100 10th Street North
Breckenridge MN 56520-161

Ph: 218-643-1797 **Fax** 218-643-1792

Total Capacity: 408,164 1 location(s)

Bond(s): State \$225,000

Robert Miller Farms

8827 179th Ave SE
Wahpeton ND 58075

Ph: 701-642-4550 **Fax** 701-642-5829

Total Capacity: 50,000 1 location(s)

Bond(s): State \$50,000

Rolla Cooperative Grain Co

Box 177
Rolla ND 58367

Ph: 701-477-5612 **Fax** 701-477-3054

Total Capacity: 1,033,000 1 location(s)

Bond(s): State \$360,000

Rugby Farmers Union Elevator Company

PO Box 286
Rugby ND 58368

Ph: 701-776-5214 **Fax** 701-776-6437

Total Capacity: 2,565,000 4 location(s)

Bond(s): State \$665,000

Safflower Technologies International LLC

1745 N Central Ave
Sidney MT 59270

Ph: 406-433-1847 **Fax** 406-433-8026

Total Capacity: 250,000 1 location(s)

Bond(s): State \$225,000

SB&B Foods, Inc.

PO Box 549
Cassellton ND 58012

Ph: 701-347-4900 **Fax** 701-347-4462

Total Capacity: 116,000 1 location(s)

Bond(s): State \$62,500

**ND Public Service Commission
Licensing Division
Corporations Report**

2/2/2009

Corporate Name:

Report = "dw_corp_elevlist_61-session "

Scott G. Foss dba Lone Prairie Grain

PO Box 333

Maddock ND 58348

Ph: 701-776-6711

Fax 701-776-5940

Total Capacity: 111,000 1 location(s)

Bond(s): State \$62,500

Scranton Equity Exchange

PO Box 127

Scranton ND 58653

Ph: 701-275-8221

Fax 701-275-8151

Total Capacity: 1,987,000 1 location(s)

Bond(s): State \$550,000

Sky Can, Ltd.

PO Box 752

Cando ND 58324

Ph: 701-968-3063

Fax

Total Capacity: 40,000 1 location(s)

Bond(s): State \$50,000

Souris River Cooperative

8674 County Road #20

Newburg ND 58762

Ph: 701 272-6179

Fax 701-272-6342

Total Capacity: 2,774,500 5 location(s)

Bond(s): Federal \$720,000

Southam Elevator Co

HC 1 Box 143

Southam ND 58327

Ph: 701-398-3311

Fax 701-398-3313

Total Capacity: 375,000 1 location(s)

Bond(s): State \$187,500

SRS Commodities Limited

411 2nd Ave NE Box 386

Mayville ND 58257

Ph: 701-786-3402

Fax 701-786-3374

Total Capacity: 811,000 1 location(s)

Bond(s): State \$315,000

St. Hilaire Seed Company, Inc.

PO Box 85

St. Hilaire MN 56754-008

Ph: 218-964-5407

Fax 218-964-5415

Total Capacity: 630,000 4 location(s)

Bond(s): State \$290,000

Steele Farmers Elevator

Box 259

Steele ND 58482-025

Ph: 701-475-2334

Fax 701-475-2230

Total Capacity: 324,000 1 location(s)

Bond(s): State \$162,500

**ND Public Service Commission
Licensing Division
Corporations Report**

2/2/2009

Corporate Name:

Report = "dw_corp_elevlist_61-session "

Stone Mill, Inc.

PO Box 253

Richardton ND 58652

Ph: 701-974-2106

Fax 701-974-2302

Total Capacity: 30,000

1 location(s)

Bond(s): State \$50,000

Sun Pro, Inc.

PO Box 13373

Grand Forks ND 58208-337

Ph: 701-543-4122

Fax 701-543-3141

Total Capacity: 99,000

1 location(s)

Bond(s): State \$50,000

Taft Elevator, A Div. of Rahr Malting Co.

800 West 1st Avenue

Shakopee MN 55379-114

Ph: 952-224-1394

Fax 952-224-1388

Total Capacity: 4,859,000

1 location(s)

Bond(s): State \$1,125,000

Technology Crops, Inc.

PO Box 11925

Winston-Salem NC 27116

Ph: 336-759-7335

Fax 336-759-9406

Total Capacity: 3,138,000

2 location(s)

Bond(s): State \$1,000,000

Tharaldson Ethanol Plant I, LLC

3549 153rd Ave Southeast

Casselton ND 58012

Ph: 701-365-4026

Fax 701-365-0049

Total Capacity: 9,803,000

1 location(s)

Bond(s): State \$1,500,000

The Adrian Equity Elevator Company

Box 102

Adrian ND 58410

Ph: 701-778-7641

Fax 701-778-7125

Total Capacity: 624,000

1 location(s)

Bond(s): State \$275,000

The Arthur Companies, Inc.

PO Box 145

Arthur ND 58006

Ph: 701-967-8312

Fax 701-967-8381

Total Capacity: 9,678,000

5 location(s)

Bond(s): State \$1,500,000

The Kensal Farmers' Elevator Co.

PO Box 68

Kensal ND 58455

Ph: 701-435-2451

Fax 701-435-2214

Total Capacity: 2,353,000

2 location(s)

Bond(s): State \$625,000

**ND Public Service Commission
Licensing Division
Corporations Report**

2/2/2009

Corporate Name:

Report = "dw_corp_elevlist_61-session "

The Munich Elevator & Oil Co.

PO Box 100

Munich ND 58352-010

Ph: 701-682-5139

Fax 701-682-5120

Total Capacity: 321,000

1 location(s)

Bond(s): State \$162,500

Thompson Farmers Co-Operative Elevator

PO Box 327

Thompson ND 58278

Ph: 701-599-2740

Fax 701-599-2528

Total Capacity: 1,819,000

1 location(s)

Bond(s): State \$515,000

TMT Farms Bean & Seed Co.

3718 67th Avenue SE

Cleveland ND 58424

Ph: 701-763-6544

Fax 701-763-6545

Total Capacity: 537,228

2 location(s)

Bond(s): State \$270,000

Trinidad Benham Corp.

PO Box 378007

Denver CO 80237

Ph: 303-220-1400

Fax 303-220-1490

Total Capacity: 48,333

2 location(s)

Bond(s): State \$50,000

Tronson Grain Company

115 West 1st Street

Doyon ND 58327-280

Ph: 701-398-3512

Fax 701-398-3609

Total Capacity: 1,525,000

2 location(s)

Bond(s): State \$455,000

Turtle River Bean Company, A Division of C & F Foods Inc.

15620 E Valley Blvd

City of Industry CA 91744

Ph: 626-723-1000

Fax

Total Capacity: 377,000

2 location(s)

Bond(s): State \$250,000

Tuttle Farmers Elevator

Box 178

Tuttle ND 58488

Ph: 701-867-2559

Fax 701-867-2509

Total Capacity: 310,000

1 location(s)

Bond(s): State \$200,000

United Pulse Trading Inc.

1720 Burnt Boat Dr Ste 104

Bismarck ND 58503

Ph: 701-751-1623

Fax 701-751-1626

Total Capacity: 259,000

1 location(s)

Bond(s): State \$150,000

**ND Public Service Commission
Licensing Division
Corporations Report**

2/2/2009

Corporate Name:

Report = "dw_corp_elevlist_61-session "

Unity Seed Company

PO Box 567

Casselton ND 58012-056

Ph: 701-347-5355

Fax 701-347-4155

Total Capacity: 100,000

1 location(s)

Bond(s): State \$50,000

Valley Grain Milling Inc.

823 1st St. S

Casselton ND 58051

Ph: 701-347-4353

Fax

Total Capacity: 150,000

1 location(s)

Bond(s): State \$75,000

VeraSun Hankinson, LLC

9230 County Rd 1

Hankinson ND 58041

Ph: 701-242-9400

Fax 605-696-7267

Total Capacity: 1,141,000

1 location(s)

Bond(s): State \$380,000

Voss Grain Company

105 Voss Drive

Voss ND 58261

Ph: 701-248-3515

Fax 701-248-3515

Total Capacity: 258,000

1 location(s)

Bond(s): State \$137,500

Wagner's LLC dba Shafer Seed Company

PO Box 170

Oakes ND 58474-017

Ph: 701-742-2144

Fax 701-742-2638

Total Capacity: 215,000

1 location(s)

Bond(s): State \$112,500

Wales Farmers Elevator, Inc.

221 Great Northern St

Wales ND 58281

Ph: 701-283-5222

Fax 701-283-5221

Total Capacity: 193,000

2 location(s)

Bond(s): State \$100,000

Walhalla Bean Company

Box 67

Walhalla ND 58282

Ph: 701-549-3721

Fax 701-549-3725

Total Capacity: 1,256,000

2 location(s)

Bond(s): State \$420,000

Walhalla Farmers Grain, LLC

PO Box 95

Walhalla ND 58282

Ph: 701-549-3210

Fax 701-549-3481

Total Capacity: 938,000

1 location(s)

Bond(s): State \$340,000

**ND Public Service Commission
Licensing Division
Corporations Report**

2/2/2009

Corporate Name:

Report = "dw_corp_elevlist_61-session "

Walton Ag Services, Inc. dba Walton Ag Services

PO Box 9

Lisbon ND 58054

Ph: 701-683-5743

Fax 701-683-5957

Total Capacity: 442,000

1 location(s)

Bond(s): State \$225,000

West Acres Grain, Inc.

17993 Co Rd 16

Wahpeton ND 58075

Ph: 701-474-5410

Fax 701-474-5416

Total Capacity: 666,000

1 location(s)

Bond(s): Federal \$240,000

West Dakota Feed & Seed, L.L.C.

PO Box 33

Ross ND 58776-003

Ph: 701-755-3207

Fax 701-755-3211

Total Capacity: 133,000

1 location(s)

Bond(s): State \$75,000

Wheaton - Dumont Coop Elevator

1115 Broadway

Wheaton MN 56296

Ph: 320-563-8152

Fax 370-563-4392

Total Capacity: 1,723,000

3 location(s)

Bond(s): Federal \$365,000

Whitebox Commodities Holdings Corporation

3033 Excelsior Blvd., #300

Minneapolis MN 55416

Ph: 612-746-1161

Fax

Total Capacity: 1,300,000

1 location(s)

Bond(s): Federal \$235,000

Wilton Farmers Union Elevator Co.

Box 188

Wilton ND 58579

Ph: 701-734-6780

Fax 701-734-6680

Total Capacity: 1,749,000

3 location(s)

Bond(s): State \$500,000

Woodworth Farmers Grain Co.

PO Box 59

Woodworth ND 58496

Ph: 701-752-4143

Fax 701-752-4515

Total Capacity: 522,000

1 location(s)

Bond(s): State \$340,000

Woody's Feed & Grain

PO Box 1934

Dickinson ND 58601

Ph: 701-225-5161

Fax 701-225-1308

Total Capacity: 122,000

1 location(s)

Bond(s): State \$62,500

**ND Public Service Commission
Licensing Division
Corporations Report**

2/2/2009

Corporate Name:

Report = "dw_corp_elevlist_61-session "

Ypsilanti Equity Elevator Company

Box 287

Ypsilanti ND 58497

Ph: 701-489-3379

Fax 701-489-3112

Total Capacity: 1,316,000

1 location(s)

Bond(s): State \$415,000

Total of bonds on file in our office as of 2/2/2009:

Federal \$10,835,000

State \$70,110,500



NORTH DAKOTA GRAIN DEALERS ASSOCIATION

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204 4th Avenue S., Buffalo, ND 58011

January 15, 2009

TO: House Appropriations Committee, Government Operations Division
RE: HB 1008 – PSC budget including \$900,000 for a rail rate complaint

The North Dakota Grain Dealers Association wants the committee to know of our support for the \$900,000 in the Public Service Commission's budget for a rail rate complaint. This is simply keeping our powder dry for a purpose that has already given significant gains and cost the state very little.

The current effort was launched in 2003 when Governor Hoeven proposed \$250,000 to investigate the feasibility of a railroad rate complaint. That was approved and the subsequent investigation by expert legal counsel and rail cost consultants concluded North Dakota was paying some rates far in excess of the federal government's standard of reasonableness and if challenged would likely bring millions of dollars back to the state. We knew our rates were high, but this quantified the problem. In 2005 the legislature approved access to \$800,000 in the beginning farmer loan program to fund a rate complaint. The Wheat Commission and Grain Growers Association pledged significant amounts and the Farm Bureau, Farmers Union and Grain Dealers pledged lesser amounts. This made up a warchest of around \$950,000.

Our state made an unsuccessful attempt to negotiate rate reductions. We started preparing our case. In January 2006 the BNSF Railway reduced some of the rates that were the most unreasonable and subject to challenge, and which would have netted us the most savings. We and they both know which rates are the most excessive. This reduction eastbound, subsequent adjustments in the westbound market and by CP Rail saved the state at least \$10 million per year, and without spending any of that \$950,000.

The legislature renewed the commitment in 2007 in spite of railroad attempts to get it killed. Now we are asking you to renew the commitment to continue to keep our powder dry.

Thank you.

Steve Strege, Executive Vice President

Attachment
1008.1.15.09B



PO Box 2136 • 1415 12th Ave SE
Jamestown ND 58401
800-366-8331 • 701-252-2341
www.ndfu.org

January 15, 2009

Chairman Jeff Delzer
House Appropriations Committee, Government Operations Section

Chair Delzer and members of the Committee,

My name is Woody Barth; I am here representing the members of North Dakota Farmers Union. I am here to testify in support of House Bill 1008, specifically funding for rail complaint cases.

North Dakota Farmers Union realizes the importance of railroad transportation in North Dakota, as it is one of few options our producers have to get their commodities to market. In past years, North Dakota has been at the mercy of excessive railroad fuel surcharges. Excessive rates threaten the competitive ability of North Dakota-grown products to meet the domestic and international customer demand.

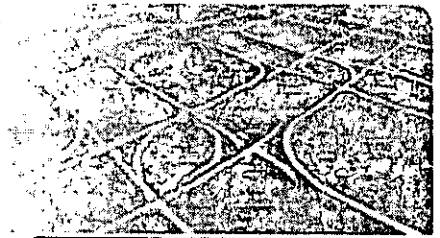
North Dakota Farmers Union believes regulation of the nation's rail system industry is needed to assure that rural areas will not be denied adequate service, that captive shippers are not charged excessive rates or excessive fuel charges, and that railroads will adequately maintain trackage. The dollars set aside in the PSC budget for future railroad complaint cases is important to assure producers that their interests are kept in mind.

Thank you, Chair Delzer and members of the committee. I will answer any questions at this time.





Surface Transportation Board



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(202) 245-0238
FIRS 1 (800) 877-8339
www.stb.dot.gov

SURFACE TRANSPORTATION BOARD SIMPLIFIES THE RAIL RATE DISPUTE RESOLUTION PROCESS FOR SMALL AND MEDIUM SIZE SHIPMENTS

The Surface Transportation Board (Board) today issued a final decision creating new procedures designed to ensure that small and medium-sized freight rail rate disputes can be resolved in a simplified, expedited and affordable manner.

The Board's decision allows freight rail customers with small shipments to obtain an award of up to \$1 million in relief within eight months of filing a complaint. The filing fee for this simplified "Three Benchmark" process is \$150. The Board's decision also creates a separate new rate dispute resolution process aimed at rate disputes involving mid-sized rail shipments. Pursuant to this alternative "Simplified Stand Alone Cost" process, freight rail customers can obtain an award of up to \$5 million in relief within 17 months of filing a complaint. The Board's decision allows freight rail customers to choose which rate dispute resolution process they would like to use. In an effort to minimize litigation, the Board will require mediation in all rail rate disputes.

In announcing the decision, Board Chairman Charles D. Nottingham stated:

"These two new dispute resolution procedures open our doors to the more than 70% of rail traffic that until now has been effectively blocked from Board review due to the complexity and resulting high costs of the Board's previous procedures. This decision marks a major step forward in the Board's ongoing efforts to deliver meaningful reforms aimed at making the STB more accessible, transparent, and efficient."

The Board's unanimous, bipartisan decision marks a milestone in a 12-year controversy regarding smaller rail rate case dispute resolution procedures. In 1995, Congress directed the Board to establish a simplified and expedited method for resolving smaller rail rate disputes. As a result, the Board adopted procedures in 1996

that were criticized as overly vague and expensive for rail customers to use. The Board held hearings aimed at improving the smaller rate dispute resolution process in 2003, 2004 and 2007, before arriving at today's decision.

The STB's decision in Simplified Standards For Rail Rate Cases, STB Ex Parte No. 646 (Sub-No. 1), is available for viewing and downloading via the Board's Web site at <http://www.stb.dot.gov>, under "E-Library," then under "Decisions & Notices," beneath the date "9/5/07." A printed copy of the Board's decision also is available for a fee by contacting **ASAP Document Solutions, 9332 Annapolis Rd., Suite 103, Lanham, MD 20706, telephone (202) 306-4004** or via asapdc@verizon.net. A fact sheet is attached.

###

STB DECISION SIMPLIFYING THE PROCESS FOR RESOLVING SMALL AND MEDIUM-SIZE RAIL RATE DISPUTES

STB Ex Parte No. 646 (Sub-No. 1)

FACT SHEET

- Provides access to the rate reasonableness process for all sizes of rail rate disputes, and in particular, to the estimated 73% of challengeable rail traffic for which the large rate case process would be financially impracticable.
- Requires, for all rail rate disputes, mandatory, nonbinding mediation—a mechanism that has been used successfully in previous cases to arrive at negotiated settlements.
- Allows rail customers to choose the methodology that is most appropriate for consideration of their complaints:
 - A rail customer choosing the simplest approach, the "Three-Benchmark" methodology, will be eligible to recover up to \$1 million over a 5-year period.
 - A rail customer choosing the "Simplified Stand-Alone Cost" methodology will be eligible to recover up to \$5 million over a 5-year period.
- Requires the use of the Board's Uniform Rail Costing System (URCS), without any movement-specific adjustments, to determine the variable cost of the challenged movement. URCS is the general purpose costing model used to determine if a rate is subject to the Board's jurisdiction (i.e., whether the rate is above 180% of the carrier's

variable cost of proving the service). Calculating variable costs based on URCS is a quick and administratively simple process; the advance work is performed by the Board annually, and the computer program is available to the public at a minimal cost.

- Clarifies and revises the Three-Benchmark methodology that evaluates a challenged rate in relation to three benchmark figures. Specifically, this revised methodology:
 - Allows shippers of any size (including small shippers) to use this most expedited dispute resolution process to obtain up to \$1 million, with a filing fee of \$150.
 - Establishes an expedited procedural schedule that calls for a Board decision within approximately eight months of filing a complaint.
 - Changes previous Board policy by providing a complaining shipper access to the unmasked Waybill Sample. The Waybill Sample is a database of nationwide shipments by rail carriers. The unmasked version includes confidential contract revenue information.
 - Provides a more detailed explanation of how the comparison group should be developed. Comparability will be determined by reviewing a variety of factors, such as length of movement, commodity type, traffic densities of the likely routes involved, and demand elasticity (although the comparison group need not have movements with identical demand). Movements with different cost characteristics may be included in the comparison group. Only movements of the defendant carrier may be included in the comparison group and the movements must be drawn from the Waybill Sample provided to the parties by the Board at the outset of the case.
 - Establishes a "final offer" system for selecting the comparison group. The shipper and railroad will each simultaneously tender their evidence regarding an appropriate comparison group. The Board must select the comparison group that it concludes is most similar in the aggregate to the issue movements, without modification.
 - Corrects the calculation of the Revenue Shortfall Allocation Method (RSAM) benchmark, to ensure that when a carrier is not "revenue adequate" under the Board's annual calculations, the carrier's RSAM benchmark will be greater than its $R/VC > 180$ benchmark.
 - Uses a single formula for the RSAM benchmark figure, instead of the previous range of values.
 - Creates rebuttal presumptions as to the reasonableness of the challenged rate

based on the relationship between the R/VCCOMP, RSAM and R/VC>180 benchmarks. Each movement in the selected comparison group will be adjusted by the ratio of $RSAM \div R/VC>180$ to reflect the revenue needs of the defendant carrier. If the challenged rate is above the mean (with a confidence interval) of the adjusted comparison group, it will be presumed unreasonable.

- Creates a Simplified Stand-Alone Cost methodology for medium-sized rail rate disputes. Specifically, this methodology:
 - Allows any shipper to use this process to obtain up to \$5 million in relief, with a filing fee of \$10,600.
 - Establishes an expedited procedural schedule that calls for a Board decision within approximately 17 months of filing a complaint.
 - Focuses the analysis on whether the carrier is abusing its market power by charging more than it needs to earn a reasonable return on the replacement cost of the infrastructure used to serve that shipper.
 - Simplifies and standardizes the route selection, traffic group selection, configuration, road property investment calculation, operating plan determination and operating expenses calculation, greatly reducing the cost of bringing a case before the Board.

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NORTH DAKOTA GRAIN DEALERS ASSOCIATION

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TESTIMONY TO SENATE APPROPRIATIONS COMMITTEE NORTH DAKOTA GRAIN DEALERS ASSOCIATION HB 1008, PSC BUDGET – WEDNESDAY FEBRUARY 25, 2009

Good afternoon Mr. Chairman and members of the committee. For the record my name is Steve Strege with the North Dakota Grain Dealers Association. I'm here for the specific purpose of requesting that you restore the rail rate complaint fund back to \$900,000 as introduced, instead of the \$450,000 it was cut to in the House.

We must maintain a credible amount for defense of our state's interests if necessary. Cutting it sends a message to the railroads that they can increase their rates and we will not be prepared to challenge them on it. That \$900,000 has been there as a defense since the 2005 legislative session. It has not been spent. It hasn't cost the state a dime. And so why would we want to reduce it?

Getting to the \$900,000 began at least ten years ago when additional money for the PSC budget for rail-related purposes was requested. In 2003 Governor Hoeven proposed \$250,000 be allocated from a rail rehab fund in the DOT to investigate the chance of success of a railroad rate complaint. That investigation showed North Dakota was being overcharged and that a challenge of some wheat rates had a reasonable chance of success and payoff. So the \$900,000 was made available in the 2005 session.

A copy of the resolution passed at our 2005 convention in support of this is attached to this testimony. Paragraphs 1 and 2 recognize any railroad's need to earn an adequate profit. Paragraphs 4 and 5 point out the revenue to variable cost ratios of some ND rates in comparison to the profitability and regulatory

thresholds. Paragraph 7 points out that a one cent reduction in rate on a 250 million bushel wheat crop means \$2.5 million in savings.

The state was preparing a rate complaint case when in January 2006 the BNSF announced rate reductions on eastbound wheat, the very rates most subject to challenge. The Canadian Pacific lowered its rates to stay in line and the west coast market also had to respond. An estimate was made at that time of \$10 million annual savings to the state. Railroads know as well as we do which rates are the most profitable for them. Some of them are excessively profitable and good targets to challenge.

The BNSF said it lowered these rates because of market conditions. We think the credible threat of a successful rate case prompted the decision. Why would we now want to lower our guard?

Successes for shippers on rate cases have been few and far between at the Surface Transportation Board (STB), the successor agency to the Interstate Commerce Commission. But just last week there was a big one, with the Western Fuels Association including Basin Electric Power Cooperative winning a \$345 million judgment against BNSF. A copy of the STB news release of February 18 is attached to this testimony. The entire decision is available on the STB website.

There are approximately 400 licensed and bonded grain elevators in North Dakota. So there is plenty of competition among them for our growers' grain. If a farmer doesn't like the price or service or contracting options at one elevator he usually doesn't have far to go to another. Competition is a better regulator than any statute or rule. Unfortunately there is little competition in the transportation of huge volumes of heavy bulk commodities such as grain and coal to consumption centers far away. That is why effective oversight is necessary and why we should keep our powder dry so we can use oversight remedies such as a rail rate case should the need arise.

Thanks for listening. I will attempt to answer any questions.

RESOLUTION ON RAIL RATE COMPLAINT
2005 North Dakota Grain Dealers Association convention

1. Whereas it is essential that railroads serving North Dakota earn a profit from that service, and
2. Whereas North Dakota recognizes its obligation to contribute its fair share to railroad revenue and profitability, and
3. Whereas railroad rates on North Dakota wheat are very high in comparison to other rates and thought to be highly profitable for railroads, and
4. Whereas an investigation conducted over the past 18 months into the profitability of rail freight rates on wheat from North Dakota has revealed revenue to variable cost ratios in excess of 300%, some over 400%, and
5. Whereas rates of 160% of variable cost are generally recognized as profitable for railroads, and those exceeding 180% can be challenged as unreasonable, and
6. Whereas Governor Hoeven's Executive Budget includes \$900,000 for the North Dakota Public Service Commission to prosecute a formal railroad rate complaint at the Surface Transportation Board, and
7. Whereas a savings of one cent per bushel on an average 250 million bushel wheat crop is \$2.5 million annually, and
8. Whereas taking cost out of the marketing chain will bring higher prices for producers or make North Dakota wheat more competitive, or some of both, and
9. Whereas making North Dakota wheat more competitive means more volume for North Dakota grain elevators and railroads,

Now be it resolved that the North Dakota Grain Dealers Association supports this appropriation and going forward with a rail rate complaint.

SURFACE TRANSPORTATION BOARD ORDERS \$345 MILLION IN RATE RELIEF & DAMAGES FOR A CAPTIVE UTILITY PLANT

The Surface Transportation Board issued a decision today granting an estimated \$345 million in reparations and rate reductions from the BNSF Railway (BNSF) to Western Fuels Association, Inc. and Basin Electric Power Cooperative, Inc. (collectively, "the Utilities"). The Utilities had challenged the railroad transportation rates charged by BNSF to haul 8 million tons of coal each year from mines in Wyoming's Powder River Basin to their electric-generating plant in Moba Junction, WY. The utility plant is captive to BNSF and provides electricity into grids serving consumers in Colorado, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, South Dakota, and Wyoming.

In today's decision, the Board found the transportation rates BNSF charged the Utilities—which are now roughly six times the variable cost of providing service—to be unlawfully high. BNSF was ordered to lower its transportation rates by approximately 60%, as the Board's stand-alone cost (SAC) test demonstrated that in 2009 the maximum lawful rate for this traffic cannot exceed a revenue-to-variable cost (R/VC) ratio of 240%. This results in the single largest award to a captive shipper by the Board. BNSF is obligated to promptly reimburse the Utilities for approximately \$100 million in overcharges from 2004 through 2008. The exact amount of damages due the Utilities depends upon the volume of coal transported from the various PRB mines between 2004 and 2008. Following its usual practice, the Board instructed the parties to confer and resolve the precise amount of damages due the Utilities, and bring any disputes to the Board's attention for resolution. In addition, BNSF must also immediately lower its current transportation rates to the R/VC levels prescribed in this decision, and keep the rates below the prescribed level through 2024.

In announcing today's decision, Board Chairman Charles D. Nottingham said,

"Today's unanimous and bipartisan decision demonstrates the Board's commitment to delivering strong regulatory oversight over the freight rail market when necessary to protect captive shippers from monopoly pricing. The ultimate beneficiaries of this decision are consumers in Colorado, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, South Dakota, and Wyoming who are served by this captive electric utility plant. Those customers have been bearing the burden of these unreasonably high transportation rates in their monthly electric bills, a burden they should no longer be forced to bear."

The Board issued its decision today, February 18, 2009, in Western Fuels Association, Inc., and Basin Electric Power Cooperative v. BNSF Railway Company, STB Docket No. 42088. That decision is available for viewing and downloading, via the Board's Web site at <http://www.stb.dot.gov>, under "E-LIBRARY," then under "Decisions & Notices," beneath the date "2/18/09."