2009 HOUSE POLITICAL SUBDIVISIONS

нв 1353

2009 HOUSE STANDING COMMITTEE MINUTES

Bill No. HB 1353

House Political Subdivisions Committee

Check here for Conference Committee

Hearing Date: February 6, 2009

Recorder Job Number: 8907

Committee Clerk Signature

Minutes:

Chairman Wrangham opened the hearing on HB 1353.

Rep. Weiler: Introduced the bill. The bill as it stands has had some issues so there has been a lot of time an effort and I am passing out some amendments. All parties support the amendments.

Rep. Koppelman: I don't see a fiscal note, is there one.

Rep. Weiler: No there is not.

Kent Blickensderfer, Quest Corporation: (Amendment #1) (see testimony #2) went through the amendment.

Rep. Kretschmar: The industrial coops and REC's all support this bill?

Kent Blickensderfer: I can't speak for the coops.

Bob Graveline, USND: We were not aware of the amendments until today so we have no opinion on that. I think the basic intent of the bill is excellent and I would think we would be in favor of the final product.

Grant Levi: NDDOT: As previously indicated the DOT has worked very closely with the bill sponsor to come up with the amendments you see before you. The amendments really reflect the process and policy that the DOT has in place and we support the bill as amended.

Rep. Koppelman: How has this worked in the past with the DOT involved in this kind of issues? This mirror's your policy so I assume this doesn't really make a change in how things are done?

Grant Levi: A couple of years ago we sat down with utility companies that we deal with in ND in putting some policies to insure we get notified to help develop the projects and work with them very closely. It always has been a practice that we had. We feel it works quite well. What the amendments do is basically put into statues that we will have those policies adopted and work with the utilities to make that work.

No Opposition:

Neutral testimony:

Bill Wockin, City of Bismarck: I have not yet had a chance to review the amendment. We do enjoy a good working relationship with our utility partners. I am here to applaud the efforts of the utilities and bill sponsors to put together a set of amendments. We think they look very favorable at this point. The word legal contract appears several places in the original bill and on line 17 page 1. I don't know where that is in the amendment but the term legal contract includes franchises. We have to assess this with utilities.

Rep. Koppelman: would you repeat what legal contract and franchise is?

Bill Wockin: Legal contract includes franchises, easements and encroachment areas.

Keith Magnusson: ND League of Cities: Just wanted to back up what Mr. Wockin has been saying. All of the cities have concerns since they have franchise agreements and just wanted

Bill No. HB 1353

Hearing Date: February 6, 2009

it understood that legal contracting those things. Also roadway, surfaces, ditches and right of ways; we just want you to know it means more than just the surface of the road.

Rep. Koppelman: Do you know if those definitions exist anywhere else in law? The ones that you and Mr. Wockin just explained?

Keith Magnusson: I know that they are in case law. I don't think it needs to be clarified; roadways include other necessary services such as roads.

Rep. Klemin: In the amendments there is a definition section. We certainly could put a couple more definitions in such as legal contract to make sure it is in there.

Chairman Wrangham: If those amendments would be put forth would you need time to consider those and approve of those?

Keith Magnusson: I think they were offering some clarifying testimony on what is legal contract and what is a roadway. Mr. Levi may have some incite about binding legal contracts.

Rep. Koppelman: I think they were asking for a narrowing definition; I think they were asking for clarification that the bills terms are included those things.

Hearing closed.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill No. HB 1353

House Political Subdivisions Committee

Check here for Conference Committee

Hearing Date: February 6, 2009

Recorder Job Number: 8912

Committee Clerk Signature

Minutes

Chairman Wrangham reopened the hearing on HB 1353.

Rep. Headland Made A Motion to Move the amendments .0102. Seconded By Rep.

Donn ble

Zaiser:

Discussion:

Rep. Nancy Johnson: I did ask the utilities people if it was anything that would be workable.

Chairman Wrangham: I do share your concerns. I understood that all parties had worked on this and bought in and then we found that some of the parties had not seen the amendment until they got here so we won't take action on the bill. We can at least go ahead on the amendments.

Rep. Koppelman: I will support the motion to amend, but I think we probably also want to further amend just include in the definitions those terms include; not limit them to that, but include the concerns of the rates.

Rep. Klemin: After the hearing Bill Wockin spoke to me about that. He did not think it was necessary to put those in there as definitions.

Rep. Koppelman: I think that is reasonable. I would like the record to reflect that this committee has discussed the fact that road or roadway includes right of way and that legal

Bill No. HB 1353

Hearing Date: February 6, 2009

contract includes franchises, easements, and encroachments and that be part of our legislative history on this legislation.

Rep. Kretschmar: the only thing is I like the term right and on one of the amendments at the very bottom there is #1, second line, I would like to include road right of ways. On page 2 they talk about right of ways.

Rep. Koppelman: Haven't we accomplished that with what we just did by stipulating that that would mean to include that?

Rep. Kretschmar: Just say it in the statue.

Rep. Koppelman: If you just say road right of way there is some concern about limiting those terms to that definition if we say road right of ways and not just roads. It might mean something different than right of ways.

Rep. Klemin: I look at the right of ways generally that term is used when you are putting in utilities. They don't necessary go under the road; they might be in the ditch.

Rep. Zaiser: I think the term includes roads and anything that is in the right of way. It is the most popular term when it comes to utilities.

Chairman Wrangham: Are there any other changes to the amendments that we are looking at? Would you withdraw your motion to pass the amendments and request legislative council that we get an up to date amendment and include those words in it and then we will deal with it then.

Hearing closed.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill No. HB 1353

House Political Subdivisions Committee

☐ Check here for Conference Committee

Hearing Date: February 12, 2009

Recorder Job Number: 9412

Committee Clerk Signature for Loren When hem

Minutes:

Chairman Wrangham reopened to the hearing on HB 1353.

That is the bill that has some amendments on it and there were some questions from the utility shareholders. They have gotten back to me and say they have a couple problems yet, but they will take care of those in the Senate.

Rep. Nancy Johnson: discussed the amendment on .0103 and said it had been voted on. (I have no record of that vote).

Motion Made By Rep. Koppelman Do Pass with amendment .0103; Seconded By Rep.

Conrad:

Vote: 12 Yes 0 No 1 Absent Carrier: Rep. Kilichowski:

Hearing closed.

90666.0102 Title.

Prepared by the Legislative Council staff for Representative Weiler February 5, 2009

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1353

Page 1, line 1, after "to" insert "create and enact a new section to chapter 24-01 of the North Dakota Century Code, relating to relocation of a utility facility; and to", remove "24-04-03,", after the third comma insert "and", and remove the fourth comma

Page 1, line 2, remove "and 49-21-07"

Page 1, remove lines 19 through 24

Page 2, remove lines 1 through 31

Page 3, remove lines 1 and 2

Page 3, line 3, replace "department, institution, or state-level authority" with "2" and overstrike "The" and insert immediately thereafter "As used in this section, the"

Page 3, line 10, after "te" insert:

- The department, in cooperation with utilities, shall develop or adopt procedures for administration of utility facility relocation. The procedures must comply with federal law. At a minimum, the procedures must address notification, coordination, billing, and payment. The department shall coordinate with utilities that are affected by the construction project as early as possible in the project development process.
- 4. The department shall coordinate utility facility relocations with the affected utility in an effort to minimize cost associated with utility facility relocations.
- 5. When a utility facility needs to be relocated, the department shall enter an agreement with the utility indicating if the utility facility relocation work is eligible for reimbursement, the estimated cost for the work, the anticipated construction schedule, and the location of the work.

<u>6.</u>"

Page 3, replace lines 13 through 31 with:

"SECTION 2. A new section to chapter 24-01 of the North Dakota Century Code is created and enacted as follows:

Relocation of utility facilities - Political subdivision roads.

1. Whenever a political subdivision determines and orders that any utility facility that is or may be located in, over, along, or under a road under its authority, qualifying for federal aid, should be changed, removed, or relocated to accommodate the construction of a project, the utility owning or operating the facility shall change, relocate, or remove the utility facility in accordance with the order of the political subdivision; provided that the costs of the change, relocation, or removal, including the cost of installing

the facilities in a new location, must be ascertained and paid to the affected utility by the political subdivision as part of the cost of the federally aided project unless the payment would violate a legal contract between the utility and the political subdivision or where the roadway existed before the utility facility.

2. As used in this section:

- a. "Cost of change, relocation, or removal" includes the entire cost incurred by such utility properly attributable to such change, relocation, or removal after deducting therefrom any increase in the value of the new facility and any salvage value derived from the old facility.
- b. "Political subdivision" includes a county, city and county, city, home rule city, service authority, school district, local improvement district, law enforcement authority, water, sanitation, fire protection, metropolitan, irrigation, drainage, or other special district, or any other municipal, quasi-municipal, or public organization.
- c. "Utility" includes all cooperatively, municipally, publicly, or privately owned utilities for supplying water, sewer, light, gas, power, telegraph, telephone, transit, pipeline, or like service to the public.
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- Page 4, remove lines 11 and 12
- Page 5, remove lines 29 and 30

Page 6, remove lines 1 through 22
Renumber accordingly

Date:	2/	6	
Roll Ca		#:	

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. HB1953

House Politica	l Subdivisions	<u> </u>	<u></u>		Com	mittee
☐ Check here	for Conference C	committe	e			
Legislative Counc	cil Amendment Nu	mber _	- 0	102		
Action Taken	☐ Do Pass] Do	Pass D Amende	d	
Motion Made By	Rep. Hec	idla	nd Se	econded By Rip) si	u
The second secon	entatives	Yes	No	Representatives	Yes	No
Rep. Dwight Wr				Rep. Kari Conrad		
Chairman				No. 1 Koloh		
Rep. Craig Hea	dland, Vice			Rep. Jerry Kelsh		
Chairman		- 		Rep. Robert Kilichowski		
Rep. Patrick Ha				Rep. Corey Mock		
Rep. Nancy Joh				Rep. Steve Zaiser		
Rep. Lawrence Rep. Kim Koppe						
Rep. William Kr	etechmar	 				
Rep. Vonnie Pie	etech	 				
Rep. Volitile File	3(30)1					
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Total (Yes)			N	0		
Absent						
Bill Carrier:			···			
If the vote is on a	an amendment, bri	efly indic	ate inte	nt:		
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Page 3, line 10, after "to" insert:

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- 5. When a utility facility needs to be relocated, the department shall enter an agreement with the utility indicating if the utility facility relocation work is eligible for reimbursement, the estimated cost for the work, the anticipated construction schedule, and the location of the work.

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Page 3, replace lines 13 through 31 with:

"SECTION 2. A new section to chapter 24-01 of the North Dakota Century Code is created and enacted as follows:

Relocation of utility facilities - Political subdivision roads.

1. Whenever a political subdivision determines and orders that any utility facility that is or may be located in, over, along, or under a road right of way under its authority, qualifying for federal aid, should be changed, removed, or relocated to accommodate the construction of a project, the utility owning or operating the facility shall change, relocate, or remove the utility facility in accordance with the order of the political subdivision; provided that the costs of the change, relocation, or removal, including the cost of

installing the facilities in a new location, must be ascertained and paid to the affected utility by the political subdivision as part of the cost of the federally aided project unless the payment would violate a legal contract between the utility and the political subdivision or where the roadway existed before the utility facility.

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2. As used in this section:

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Renumber accordingly



or 2/13/09 1063

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2063

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Date: 2/12

Roll Call Vote #: /

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. 1353

House Political Subdivisions				_ Com	mittee
☐ Check here for Conference	e Committe	30			
Legislative Council Amendment I	Number		.0103		<u></u>
Action Taken DO P	ASS	DO NOT PASS AS AM			DED
Motion Made By Rep. Kopp	ulmas	<u>ر</u> هو	econded By Rep. Con.	ad	
Representatives	Yes	No	Representatives	Yes	No
Rep. Dwight Wrangham, Chairman	V		Rep. Kari Conrad	~	
Rep. Craig Headland, Vice Chairman	/		Rep. Jerry Kelsh	V	
Rep. Patrick Hatlestad	- V		Rep. Robert Kilichowski		
Rep. Nancy Johnson	V		Rep. Corey Mock	V	
Rep. Lawrence Klemin	1		Rep. Steve Zaiser	10	
Rep. Kim Koppelman	1				L
Rep. William Kretschmar	-				
Rep. Vonnie Pietsch	V				
		,			
Total (Yes) / 3)	N			
Absent				·	 -
Carrier: Rsp. K	ilich	1	ski	· ·	

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

Module No: HR-29-2651 Carrier: Kilichowski Insert LC: 90666.0104 Title: .0200

REPORT OF STANDING COMMITTEE

HB 1353: Political Subdivisions Committee (Rep. Wrangham, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (12 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1353 was placed on the Sixth order on the calendar.

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Module No: HR-29-2651 Carrier: Killchowski Insert LC: 90666.0104 Title: .0200

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REPORT OF STANDING COMMITTEE (410) February 13, 2009 12:50 p.m.

Module No: HR-29-2651 Carrier: Kilichowski Insert LC: 90666.0104 Title: .0200

Renumber accordingly

2009 SENATE INDUSTRY, BUSINESS AND LABOR

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2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1353

Senate Industry, Business, and Labor Committee

Check here for Conference Committee

Hearing Date: March 9, 2009

Recorder Job Number: 10448

Committee Clerk Signature

Minutes:

Chairman Klein: Opened the hearing on HB 1353, all members present.

Dave Weiler: Representative District 30 Bismarck introduced HB 1353 and testified in support.

The bill deals with utility companies having the ability as a utility company who must move

facilities to accommodate state or political subdivision in their right of way. It is about having the ability to simply recover their costs when these utility companies are forced to move.

Senator Potter: No fiscal note because it's just not predictable?

Dave Weiler: There is no fiscal note because the costs would be incurred by the utility company.

Kent Blickensderfer: Vice-President for Quest of North Dakota testified in support of HB 1353. (See attachment #1)

Senator Potter: Why shouldn't the State help pay for this? If they order you to do it, why shouldn't they pay for it?

Kent Blickensderfer: You may hear from different political sub's that may have a different theory about that. Generally, the rule is the utility goes into the right-of-way for the right of doing that; we agree up front that if we have to move it, we move it at cost.

Senator Nodland: Hasn't this practice been used in the past?

Senate Industry, Business, and Labor Committee

Bill/Resolution No. 1353 Hearing Date: 10448 3/9/09

Kent Blickensderfer: I am not sure as to all the specifics of relationships with all the counties.

We have dealt mostly with the DOT representing the counties. It was my understanding that the counties felt comfortable with the DOT representing their interests throughout the

negotiation process.

Senator Horne: You represent a tele-communication company, does this also effect other

utilities; electrical and others?

Kent Blickensderfer: It certainly does. Not all sections affect utilities the same with respect to

the cost recovery section, which is unique to Quest because of the public service commission's

unique authority over Quest in that regard. The other utilities, electrical for the most part, least

the investor owns rate of return utilities recover their cost much differently, so that would not

affect them.

Bill Wilken: City Administrator for the City of Bismarck and testified in support of HB 1353.

There are only 2 things I would like to clarify for the committee: 1) When road or roadway is

used within the language of the bill, we understand this to mean "The entire right-of-way" not

just the road surface. 2) Legal contract between the utility and political subdivision, the contract

as we understand them to include "franchises, easements, and encroachment agreements".

With those two clarifications we extend the support to HB 1353.

Chairman Klein: Closed the hearing on HB 1353.

Senator Wanzek: Motion for a Do Pass on HB 1353

Senator Nodland: Seconded

Chairman Klein: Motion for a Do Pass is approved 7-0, Senator Behm to carry.

Date: <u>3</u> /9	
Roll Call Vote #: /	

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. /363

Senate				Con	nmittee
Industry, Busine	ss an	d La	bor		
☐ Check here for Conference (Committe	ee		_	
Legislative Council Amendment Nu	mber _	<u>.</u>			
Action Taken Pass		Do Not	Pass Amende	d	
Motion Made By Senator Wa	rnzeK	Se	econded By <u>Senator</u>	Nodla	nd
Senator	Yes	No	Senator	Yes	No
Senator Jerry Klein - Chairman			Senator Arthur H. Behm	103	NO
Senator Terry Wanzek - V.Chair			Senator Robert M. Horne	 	
Senator John M. Andrist	V		Senator Tracy Potter		
Senator George Nodland			Condition Tracy Folice		
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Total (Yes) 7		No	0		
Absent O	· · · · · · · · · · · · · · · · · · ·				
Floor Assignment Senato	r Be	hm			
If the vote is on an amendment, brief	fly indicat	e inten	t:		

REPORT OF STANDING COMMITTEE (410) March 9, 2009 12:57 p.m.

Module No: SR-42-4309 Carrier: Behm Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1353, as engrossed: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1353 was placed on the Fourteenth order on the calendar.

2009 TESTIMONY

HB 1353

North Dakota House Political Subdivisions Committee Representative Dwight Wrangham, Chairman

Testimony in support of HB1353 (with version 90666.0102 amendments)
Friday February 6, 2009
Kent Blickensderfer, Qwest Corporation

Good morning Chairman Wrangham and committee members, my name is Kent Blickensderfer and I am the director of public policy for Qwest in North Dakota. I am here today to support House Bill 1353 with the amendments offered by Representative Weiler. These amendments represent significant negotiation and collaboration between the North Dakota Department of Transportation, the North Dakota League of Cities, the North Dakota Association of Counties and Qwest. I would like to thank these three organizations for coming to the table and providing workable solutions for North Dakota statute regarding utility facilities relocation.

Let me start by saying that for the most part, Qwest does not have major problems with the state of North Dakota or its political subdivisions regarding most right-of-way and relocation issues. In fact, it was discovered through our meetings on this legislation that for the most part, we work quite well together.

This bill is designed to put some general guidelines into statute for today and the future regarding rules that should govern when utilities must move facilities to accommodate the state or a political subdivision in their right-of-way. As I go through the bill, I will address the different sections by way of the amendment offered by Representative Weiler. The beginning of Section 1 clarifies that when federal funds for relocation are available, they can be paid to the affected utility. Our offered amendment then goes on to provide guidelines for cooperation between utilities and the state. Later in the bill, similar guidelines

are offered between the utilities and political subs on facility relocation. These guidelines include mutually agreeable procedures on notification, billing, coordination and payment, when federal funds are available for such reimbursement. One of the key components to all of these provisions is the necessity for pre-planning meetings. Generally speaking, the earlier the state or political sub gets together with the affected utility prior to a move, the easier and cheaper the process will be. One example of this is how Qwest's engineers are currently working with an engineering firm to preplan the street lighting for a 2010 road project in Grand Forks. The planned installation of the street light posts are in direct conflict with one of Qwest's manhole/duct runs for 10 city blocks. Due to exact specifications for the street lights, Qwest's engineering staff suggested using GPS technology at the city's cost to determine the position of each post. Qwest would then dig potholes in the spring of 2009 at our cost to define exact conflicts with the ducts and determine minimal moves for the posts. The city would then expose the Qwest duct at each conflict location, install the tube and should the duct be within 6 to 12 inches, place a slurry backfill between the post and the duct to ensure protection of the telecom facilities. The cost of this scenario is approximately \$5000 for the slurry backfills. To relocate an entire manhole/duct run for 10 city blocks would be anywhere from \$250,000-500,000.

With our amendment, Section 2 of the original bill would be removed and replaced with a section of guidelines and procedures for political subdivisions nearly identical to those applicable to the state.

Section 3 deals with telecommunications law in North Dakota. With our amendment, Section 3 adds facility relocation costs to the list of approved financial impacts that may be passed on to retail customers. Originally, we added this language into 49-21-07, but changed

it on the advice of North Dakota Public Service Commission counsel, who pointed out how it would better fit into this section. Also in this section, we removed the 30-day implementation requirement for price changes associated with relocations since accurate billing reconciliation and in fact, many of the jobs themselves could take far longer. Qwest's costs regarding these flow-throughs must be highly accurate and only include defined relocation expenses and of those, only costs not reimbursed through other means. Through its price complaint authority over Qwest, the North Dakota Public Service Commission retains the ability to review these costs and flow-throughs in a price complaint proceeding.

Section 4 removes the 10 day notice required for increases related to the flow through implementation but leaves the earlier requirement of 20 day notice.

Section 5 is removed in the amendment because it is not needed if you add the flow-through language in Section 3.

Thank you for your time and consideration of House Bill 1353 with the offered amendments. I am happy to try to answer any questions you may have.

North Dakota Senate Industry, business and Labor Committee Senator Jerry Klein, Chairman

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Testimony of Kent Blickensderfer, Qwest Corporation March 9, 2009

Good morning Chairman Klein and committee members, my name is Kent Blickensderfer. I am the state vice-president for Qwest in North Dakota and I am here today to support House Bill 1353. This bill represents significant negotiation and collaboration between the ND Department of Transportation, the ND League of Cities, the ND Association of Counties and Qwest. I would like to thank these three organizations for coming to the table and providing workable solutions for North Dakota statute regarding utility facilities relocation.

For the most part, Qwest does not have major problems with the state or its political subdivisions regarding most right-of-way and relocation issues. In fact, it was discovered through our meetings on this legislation that for the most part, we work quite well together.

This bill is designed to put some general guidelines into statute for today and the future regarding rules that should govern when utilities must move facilities to accommodate the state or a political subdivision in their right-of-way.

Section 1 clarifies that when federal funds for relocation are available, they may be paid to the affected utility. It also provides guidelines for cooperation between utilities and the state. These guidelines include mutually agreeable procedures on notification, billing, coordination and payment, when federal funds are available for such reimbursement. One of the key components to all of these provisions is the necessity for pre-planning meetings. Generally speaking, the earlier the state or political sub gets together with the affected utility prior to a move, the easier and cheaper the process will be. One example of this is how Qwest's engineers are currently working with an engineering firm to preplan the street

lighting for a 2010 road project in Grand Forks. The planned street light posts are in direct conflict with one of our manhole/duct runs for 10 city blocks. Due to exact specifications for the street lights, Qwest's engineering staff suggested using GPS technology at the city's cost to determine the position of each post. Qwest would then dig potholes this spring at our cost to define exact conflicts with the ducts and determine minimal moves for the posts. We will then expose the Qwest duct at each conflict location, install the streetlight and should the duct be within 6 to 12 inches, place a slurry backfill between the post and the duct to ensure protection of the telecom facilities. The cost of this scenario is approximately \$5000 for the slurry backfills. To relocate an entire manhole/duct run for 10 city blocks could have cost up to \$500,000.

Section 2 essentially mirrors state guidelines and procedures for political subdivisions.

Section 3 deals with ND telecommunications law. Facility relocation costs are added to the list of approved financial impacts that may be passed on to retail customers. Also in this section, we removed the 30-day implementation requirement for price changes associated with relocations since accurate billing reconciliation and in fact, many of the jobs themselves, could take far longer. Qwest's costs regarding these flow-throughs must be highly accurate and only include defined relocation expenses and of those, only costs not reimbursed through other means. Through its price complaint authority over Qwest, the ND Public Service Commission retains the ability to review these costs and flow-throughs in a price complaint proceeding.

Section 4 removes the 10 day notice required for increases related to the flow through implementation but leaves the earlier, more stringent 20 day notice. Thank you for your time and consideration of House Bill 1353. I am happy to try to answer any questions you may have.