
AGENCY OVERVIEW**Date:** 12/07/2012**408 Public Service Commission****Time:** 13:53:34

Statutory Authority

ND Constitution Article V, Sections 2 and 5; Article XII, Section 13; North Dakota Century Code Chapters 19-01, 24-01, 24-09, 36-05, 38-14.1, 38-14.2, 38-18, 40-05, 40-33, 40-34, 51-05.1, 54-06, 54-44.8, 57-61; Title 49 (except Chapter 49-16), Title 60 (except Chapter 60-01) and Title 64.

Agency Description

The Public Service Commission is a constitutional agency with varying degrees of statutory authority over electric and gas utilities, telecommunication companies, energy generation plant and transmission line siting, railroads, grain elevators, auctioneers and auction clerks, weighing and measuring devices, pipeline safety and coal mine reclamation. The Commission is comprised of three Commissioners who are elected on a state-wide basis to staggered six year terms.

Agency Mission Statement

The Commission fulfills its statutory mandates by protecting the public interest and regulating utilities, mining companies, and licensees in a fair, efficient, responsive, and cooperative manner. Regulatory initiatives assure that:

- Utility customers receive reliable and safe service at reasonable and just rates.
- Mined coal lands are reclaimed to provide a safe and productive environment now and in the future.
- License and permit holders and operators of commercial weighing and measuring devices operate in a safe and fair manner.

Public Utilities Division

- Establish and maintain a fair, reasonable, safe, efficient and workable framework in which the transition from monopoly utility services to competitive utility services can evolve.
- Improve information flow to consumers and the public generally for the purpose of enhancing the public's understanding of the evolving industry, the Commission's role, and the consumers' rights and responsibilities.
- Continue to protect ND's environment by maintaining a high level of oversight of energy conversion and transmission facility siting and utility safety issues.

Testing & Safety Division

- Promote enhanced public safety of ND's gas and LPG intrastate distribution/transmission systems through compliance with federal/state gas pipeline safety laws and rules.
- Promote low compliance costs by maintaining industry education through interaction with consumers, commercial weighing and measuring device operators, and gas pipeline operators.
- Promote professionalism and accuracy in ND's Weights and Measures regulatory and service sectors and gas pipeline distribution and transmission sectors by providing a work environment favorable to ongoing professional education.
- Promote fairness in the marketplace by verifying the accuracy of commercial scales and meters used in ND.

Licensing Division

- Ensure that regulated entities comply with statutes and rules governing their operations.
- Ensure that the public receives fair and prompt service on matters involving jurisdictions handled by the Licensing Division.
- Regulate industry within a framework that minimizes negative economic impacts on regulated entities.

Reclamation Division

- Carry out the mine permitting, inspection and enforcement, and bond release activities in a manner that provides the required protection to the environment and property owners while being responsive to the needs of the mining industry.
- Evaluate and adjust the regulatory program on an ongoing basis to achieve the optimum balance among environmental protection, least-cost industry operations, and landowner pursuit of agricultural activities.
- Explore the scientific, engineering and statistical underpinnings of the regulatory program and make every effort to see that improvements resulting from that exploration are made at both the state and federal level.

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- Promote public awareness of the regulatory program through increased contact with relevant organizations and potentially affected landowners.
- Maintain maximum staff effectiveness by providing training and other opportunities for professional growth.

Abandoned Mine Lands Division

- Reclaim abandoned mine land sites found on the ND AML Inventory.
- Reclaim hazardous abandoned mine land sites not on the ND AML Inventory but discovered through exploratory drilling or public information.
- Reclaim emergency sites as the highest work priority. Develop emergency reaction plans that will reduce the time taken to eliminate the eminent hazard.

Legal Division

- Advise and counsel the Commission in all matters directly or indirectly affecting the Commission or Commission staff.
- Assist in the preparation and presentation of staff and Commission positions on matters of regulatory concern in Commission dockets and before state and federal agencies.
- Represent the Commission in all proceedings before state and federal courts.
- Oversee and coordinate the agency's legislative and rulemaking activities.
- Fulfill staff functions for various divisions as situations warrant and time allows.
- Regulate railroads as provided for by state law and represent ND's railroad shipping interests in federal proceedings and in direct negotiations with the rail carriers that serve the state.

Administrative Division/Executive Secretary

- Administer the agency's day-to-day activities including budgeting, accounting, human resources and agency administration, grant administration, and procurement.
- Provide accurate and usable financial information to commissioners and division directors.
- Provide necessary accounting and reporting to OMB, Legislative Council, ITD, federal government, utility industry, payroll department, etc.

Technology Division

- Provide an efficient and effective technology environment.
- Provide equipment necessary for the deployment of commission technology solutions.

Agency Performance Measures

Not available.

Major Accomplishments

1. Processed 1,372 cases; 96.0 percent of all formal cases were process without the need for a formal hearing.
2. Received and approved 41 interconnection agreements and 13 interconnection agreement amendments.
3. Conducted 172 inspections (120 standard inspections, 1 compliance follow-up, 24 design/testing and construction inspections). During the biennium, 19 violations were found resulting in the issuance of 9 compliance orders.
4. Monitored 21,185 devices, conducted 50 quality control inspections and investigated 29 complaints.
5. Completed 393 grain warehouse inspections and 25 roving grain buyer inspections. Granted 44 requests to discontinue business and issued 52 new licenses. At the end of the biennium there were 290 grain warehouses and 111 facility based grain buyers. The commission was involved in 6 grain warehouse or grain buyer insolvencies during the biennium and is presently administrating 3 insolvencies. Issued 157 auctioneer licenses and 422 auction clerk licenses.
6. Conducted 1,310 routine mine inspections, 235 complete inspections covering all aspects of the mining and reclamation operations and 1,075 partial inspections. There were 3 notices of violations and \$3,250 in civil penalties assessed. There were 14 bond release applications approved and commission terminated its jurisdiction on 3,877 acres. Helped sponsor the "American Society for Mining and Reclamations 2011 Annual Meeting and Conference" in Bismarck.
7. Conducted major drilling and grouting projects in underground mind voids beneath residential areas and public roads near Williston, Beulah, Garrison, Wilton and Zap in order to stabilize and prevent mine collapse. There were 360 hazardous sinkholes filled in the western North Dakota caused by collapse underground mine sites.

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8. Conducted hearings on three petitions, involving 10 railroad crossings, requesting that a horn be sounded at private railroad crossings based on safety concerns of the public pursuant to North Dakota Century Code 49-11-22 during the 2009-11 biennium. One request was withdrawn, eight resulted in the commission ordering audible warnings to continue, and one to cease the audible warning.
9. Processed or in the process of completing 12 electric service area agreements, including one recent agreement between two cooperatives, since the 2007 enactment of North Dakota Century Code Section 49-03-06 authorizing service area agreements to encourage harmony and operational efficiency among electric providers. As a result, there are now service area agreements filed for areas within and around the cities of Mandan, Kenmare, Bottineau, Williston, Garrison, Jamestown, Stanley, Wahpeton, Casselton, and Kindred.

Future Critical Issues

Robust activity in the energy industry continues to spur increased siting applications and requests to determine the application of siting laws and rules. During the biennium, the Commission received siting applications for 17 pipelines, 3 gas processing plants, 7 wind farms, 4 electric transmission lines and 1 electric power plant. The Commission received 8 filings under the abbreviated siting process defined in North Dakota Century Code section 49-22-03 for construction of facilities wholly within the geographic area for which the utility had previously obtained a certificate or permit or on which a facility was constructed before April 9, 1975. The Commission also received formal requests for jurisdictional determination from Ashtabula Wind III, LLC and North Dakota Winds, LLC. For the first 4 months of the 2011-13 biennium, the Commission has already received siting applications for 2 pipelines, 4 wind farms, 1 gas-fired electric power plant, and 1 electric transmission line.

Beginning in 2010 the U.S. Environmental Protection Agency (EPA) started issuing several rules that will impact the electric power industry. These regulations are designed to tighten controls on NOX, ozone, SO2, particulates, mercury, cooling water intake and discharge, and fly ash. These EPA rules will require some existing coal units to either be retrofit with environmental control equipment or retired. There has also been progress made by the EPA towards regulating greenhouse gases, for instance CO2. The total magnitude of the effects on reliability and costs from these rules has yet to be completely analyzed.

Montana-Dakota Utilities Co. and Otter Tail Power Company filed an advance determination of prudence case, PU-11-163 and PU-11-165 respectively, with the Commission in May 2011 to install an air quality control system (AQCS) on their jointly owned Big Stone coal plant to comply with EPA's Regional Haze Program. The Regional Haze Program is in place to improve visibility in specific "Class I" areas, in particular to the Big Stone plant are the Badlands National Park, Theodore Roosevelt National Park, Isle Royale National Park, Voyagers National Park, and Boundary Waters Canoe Area. The estimated capital cost for the AQCS is approximately \$489 million with both MDU and Otter Tail North Dakota customers seeing an approximately 16.0 percent increase in rates as a result.

Utility companies and the Commission are tasked with determining the prudence of resource additions prior to construction and currently all resource options are surrounded with large uncertainties. Coal faces the above rules and the potential for greenhouse gas regulation. Natural gas faces fracking concerns, historically volatile fuel prices, and the potential for greenhouse gas regulation. Nuclear faces unanswered waste storage, permitting concerns, and high cost. Renewable resources face their intermittent nature and high cost. With hundreds of millions of ratepayer dollars at stake, making an advance determination of prudence is a major challenge.

Nationally, and within North Dakota, Gas Pipeline Safety has become an increasingly important issue. Several high-profile incidents have highlighted it as a concern, and the industry and state and federal regulators are all interested in finding ways to ensure we have the safest gas pipeline system possible. In North Dakota, the Commission has jurisdiction, in cooperation with the US Department of Transportation, for intrastate gas transmission and distribution. Since additional pipeline safety regulations have been and will continue to be promulgated at the federal level, the Commission will likely determine that more state resources are necessary. The gas safety program is funded through a federal grant with a state cost share requirement. Also, the number of One Call violation complaints have increased since 2010 as North Dakota continues to experience the oil and gas energy boom. Continued One Call violation activity has increased the Commission's workload. Grain warehouse and grain buyer insolvencies caused by volatile market conditions in the grain industry prompted discussions within the agriculture community on bond and credit-sale contract indemnity fund protections and whether the current protections offered should be changed. The Commission continues to provide education and awareness on the importance of conducting business with only licensed and bonded grain buyers and the protections available to cash claimants when a licensee becomes insolvent. In the most recent insolvencies, the bonds are significantly inadequate and the processes are extremely complicated and time consuming. Under the current scheme, it is unlikely the problem will get better and it cannot get solved without additional budgeting.

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An ongoing concern is the amount of federal funding that the commission will receive to cover the federal share of the coal regulatory program. OSM currently covers 64.0 percent of the program and the other 36.0 percent is State general funds. As part of OSM budget requests for the past two years, the administration has proposed reducing the amount of federal dollars that states receive nationwide for their coal regulatory programs. While the proposed reductions have not been enacted by Congress, the adequacy of future federal funding continues to be a concern due to the large federal deficit.

The Reclamation Division has seen a significant increase in the permitting workload due to applications to permit additional areas for surface coal mining activities and this will continue into the 2011-13 biennium. Staff has conducted technical reviews of permit application for two new mines, the Otter Creek and South Heart Mines. The applications propose to permit 5,490 acres and 4,581 acres, respectively. In late July 2011, the commission issued a significant revision for a permit at the Falkirk Mine which added nearly 17,000 acres to that permit. BNI Coal, Ltd. also plans to submit an application to permit approximately 9,000 acres for a new mine area at the Center Mine. The review of these applications has greatly increased that amount of time that staff spends on permitting matters. Also, assuming permits will be issued for two new mines, the inspection workload will increase once mining operations begin at these mines.

Staff workload for the review of final bond release applications will increase as more applications are filed for reclaimed lands at the four large active mines and for reclaimed lands at the former Glenharold and Gascoyne Mines. These reviews must ensure all reclamation requirements have been met since commission jurisdiction over the reclaimed lands ends once final bond release is granted.

In addressing AML concerns, staff will need to design and manage larger and additional construction projects each year since federal funding will increase to approximately four million dollars per year in 2012 and 2013 due to the federal legislation that re-authorized and extends the AML program. As work at the larger AML sites is completed, the number of projects will certainly increase and project managers will need to design and manage more projects.

Work will continue on the development of a GIS containing abandoned mine information and to post detailed mine information on the commission's website.

The most significant case involved the Buechler/Velva project south of Sawyer where the contractor only completed about one-third of work before abandoning it. The AML Division made a claim on the contractor's performance bond and the bonding company arranged for a completion contractor to finish the project during the 2011 construction season. While the construction work was being completed, the original contractor filed a complaint against the Commission in September 2011 with his intent to sue for damages over the terms in the original contract.

REQUEST SUMMARY

408 Public Service Commission
Biennium: 2013-2015

Bill#: HB1008

Date: 12/07/2012

Time: 13:53:34

Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Budget Request
By Major Program					
Administration	2,135,501	3,030,401	272,099	3,302,500	226,871
Testing, Licensing and Certification	1,579,020	2,727,562	(14,895)	2,712,667	552,717
Public Utilities	1,162,575	1,980,582	(650,938)	1,329,644	256,450
Reclamation Programs	6,425,195	11,346,918	1,972	11,348,890	358,808
Total Major Program	11,302,291	19,085,463	(391,762)	18,693,701	1,394,846
By Line Item					
Salaries and Wages	6,501,704	7,485,674	254,790	7,740,464	890,691
Operating Expenses	1,468,559	1,972,572	0	1,972,572	476,155
Capital Assets	117,950	53,000	7,665	60,665	28,000
Grants	8,000	16,000	4,000	20,000	0
AML Contractual Services	3,087,004	8,000,000	0	8,000,000	0
Rail Rate Complaint Case	0	900,000	0	900,000	0
Federal Stimulus Funds 2009	119,074	658,217	(658,217)	0	0
Total Line Items	11,302,291	19,085,463	(391,762)	18,693,701	1,394,846
By Funding Source					
General Fund	5,172,968	6,023,815	87,698	6,111,513	848,627
Federal Funds	6,127,781	12,036,648	(479,460)	11,557,188	546,219
Special Funds	1,542	1,025,000	0	1,025,000	0
Total Funding Source	11,302,291	19,085,463	(391,762)	18,693,701	1,394,846
Total FTE	43.00	43.00	0.00	43.00	3.00

REQUEST DETAIL408 Public Service Commission
Biennium: 2013-2015

Bill#: HB1008

Date: 12/07/2012

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Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Budget Request
Salaries and Wages					
Salaries - Permanent	4,777,605	5,462,866	57,128	5,519,994	473,088
Salaries - Other	0	0	0	0	446,601
Temporary Salaries	60,831	83,100	58,340	141,440	0
Overtime	15,040	25,000	56,600	81,600	0
Fringe Benefits	1,648,228	1,914,708	82,722	1,997,430	154,347
Reduction In Salary Budget	0	0	0	0	(183,345)
Salary Increase	0	0	0	0	0
Benefit Increase	0	0	0	0	0
Total	6,501,704	7,485,674	254,790	7,740,464	890,691
Salaries and Wages					
General Fund	3,985,742	4,661,505	80,033	4,741,538	437,591
Federal Funds	2,515,962	2,824,169	174,757	2,998,926	453,100
Special Funds	0	0	0	0	0
Total	6,501,704	7,485,674	254,790	7,740,464	890,691
Operating Expenses					
Travel	575,952	785,903	0	785,903	176,155
Supplies - IT Software	94,425	48,979	0	48,979	0
Supply/Material-Professional	13,999	28,900	0	28,900	0
Food and Clothing	4,441	5,450	0	5,450	0
Bldg, Ground, Maintenance	1,578	3,729	0	3,729	0
Miscellaneous Supplies	4,262	9,138	0	9,138	0
Office Supplies	29,459	26,394	0	26,394	0
Postage	12,573	17,000	0	17,000	0
Printing	5,479	17,300	0	17,300	0
IT Equip Under \$5,000	145,973	87,855	0	87,855	0
Other Equip Under \$5,000	5,131	16,681	0	16,681	0
Office Equip & Furn Supplies	58,995	7,916	0	7,916	0
Insurance	7,780	10,759	0	10,759	0
Rentals/Leases-Equip & Other	0	1,000	0	1,000	0
Rentals/Leases - Bldg/Land	53,739	87,000	0	87,000	0
Repairs	62,703	34,100	0	34,100	0
IT - Data Processing	127,511	144,150	0	144,150	0
IT - Communications	51,901	65,386	0	65,386	0
IT Contractual Srvcs and Rprs	45,479	92,900	0	92,900	0
Professional Development	87,836	116,246	0	116,246	0
Operating Fees and Services	41,326	181,058	0	181,058	0
Fees - Professional Services	38,017	184,728	0	184,728	300,000

REQUEST DETAIL408 Public Service Commission
Biennium: 2013-2015

Bill#: HB1008

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Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Budget Request
Total	1,468,559	1,972,572	0	1,972,572	476,155
Operating Expenses					
General Fund	1,140,202	1,309,310	0	1,309,310	400,956
Federal Funds	326,815	538,262	0	538,262	75,199
Special Funds	1,542	125,000	0	125,000	0
Total	1,468,559	1,972,572	0	1,972,572	476,155
Capital Assets					
Equipment Over \$5000	36,358	0	0	0	28,000
IT Equip/Sftware Over \$5000	81,592	53,000	7,665	60,665	0
Total	117,950	53,000	7,665	60,665	28,000
Capital Assets					
General Fund	47,024	53,000	7,665	60,665	10,080
Federal Funds	70,926	0	0	0	17,920
Special Funds	0	0	0	0	0
Total	117,950	53,000	7,665	60,665	28,000
Grants					
Transfers Out	8,000	16,000	4,000	20,000	0
Total	8,000	16,000	4,000	20,000	0
Grants					
General Fund	0	0	0	0	0
Federal Funds	8,000	16,000	4,000	20,000	0
Special Funds	0	0	0	0	0
Total	8,000	16,000	4,000	20,000	0
AML Contractual Services					
Fees - Professional Services	0	8,000,000	0	8,000,000	0
Other Capital Payments	3,087,004	0	0	0	0
Total	3,087,004	8,000,000	0	8,000,000	0
AML Contractual Services					
General Fund	0	0	0	0	0
Federal Funds	3,087,004	8,000,000	0	8,000,000	0
Special Funds	0	0	0	0	0

REQUEST DETAIL408 Public Service Commission
Biennium: 2013-2015

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Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Budget Request
Total	3,087,004	8,000,000	0	8,000,000	0
Rail Rate Complaint Case					
Fees - Professional Services	0	900,000	0	900,000	0
Total	0	900,000	0	900,000	0
Rail Rate Complaint Case					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	900,000	0	900,000	0
Total	0	900,000	0	900,000	0
Federal Stimulus Funds 2009					
Temporary Salaries	76,668	362,176	(362,176)	0	0
Fringe Benefits	16,126	56,041	(56,041)	0	0
Travel	12,927	75,000	(75,000)	0	0
Supplies - IT Software	0	9,000	(9,000)	0	0
Supply/Material-Professional	0	250	(250)	0	0
Postage	7	0	0	0	0
IT Equip Under \$5,000	2,119	10,000	(10,000)	0	0
IT - Communications	798	750	(750)	0	0
Professional Development	9,433	60,000	(60,000)	0	0
Operating Fees and Services	996	85,000	(85,000)	0	0
Total	119,074	658,217	(658,217)	0	0
Federal Stimulus Funds 2009					
General Fund	0	0	0	0	0
Federal Funds	119,074	658,217	(658,217)	0	0
Special Funds	0	0	0	0	0
Total	119,074	658,217	(658,217)	0	0
Funding Sources					
General Fund	5,172,968	6,023,815	87,698	6,111,513	848,627
Federal Funds	6,127,781	12,036,648	(479,460)	11,557,188	546,219
Special Funds	1,542	1,025,000	0	1,025,000	0
Total Funding Sources	11,302,291	19,085,463	(391,762)	18,693,701	1,394,846

CHANGE PACKAGE SUMMARY

408 Public Service Commission
Biennium: 2013-2015

Bill#: HB1008

Date: 12/07/2012

Time: 13:53:34

Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
Base Budget Changes						
One Time Budget Changes						
A-E 1 Remove ARRA Appropriations		0.00	0	(240,000)	0	(240,000)
Total One Time Budget Changes		0.00	0	(240,000)	0	(240,000)
Ongoing Budget Changes						
A-A 1 IT Equipment over \$5,000		0.00	60,665	0	0	60,665
A-A 2 ND Geological Survey Pass Through Funds		0.00	0	4,000	0	4,000
A-F 1 Remove Capital Asset Appropriations		0.00	(53,000)	0	0	(53,000)
Base Payroll Change		0.00	80,033	(243,460)	0	(163,427)
Total Ongoing Budget Changes		0.00	87,698	(239,460)	0	(151,762)
Total Base Budget Changes		0.00	87,698	(479,460)	0	(391,762)
Optional Budget Changes						
One Time Optional Changes						
A-D 1 Hydraulic Soil Probe	3	0.00	10,080	17,920	0	28,000
Total One Time Optional Changes		0.00	10,080	17,920	0	28,000
Ongoing Optional Changes						
A-C 2 FTE - Gas Pipeline Safety Inspector	1	1.00	111,389	167,085	0	278,474
A-C 4 FTE - Public Utility Analyst	2	1.00	195,542	0	0	195,542
A-C 6 Increased Travel Costs	4	0.00	164,956	11,199	0	176,155
A-C 5 Additional Legal Work	5	0.00	236,000	64,000	0	300,000
A-C 1 Market Analysis Salary Adjustments	6	0.00	221,955	224,646	0	446,601
A-C 3 FTE - Paralegal	7	1.00	92,050	61,369	0	153,419
Total Ongoing Optional Changes		3.00	1,021,892	528,299	0	1,550,191
Total Optional Budget Changes		3.00	1,031,972	546,219	0	1,578,191
Optional Savings Changes						
A-G 1 3% Optional Savings Package	1	0.00	(183,345)	0	0	(183,345)

CHANGE PACKAGE SUMMARY

408 Public Service Commission

Biennium: 2013-2015

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Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
Total Optional Savings Changes		0.00	(183,345)	0	0	(183,345)

BUDGET CHANGES NARRATIVE

408 Public Service Commission

Bill#: HB1008

Date: 12/07/2012

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Change Group: A	Change Type: A	Change No: 1	Priority:
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IT Equipment over \$5,000

Standard replacement or upgrade of IT equipment according to the Commission IT Plan.

Change Group: A	Change Type: A	Change No: 2	Priority:
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ND Geological Survey Pass Through Funds

This line item is for authorization to transfer some of the federal funds that the Commission receives from Office of Surface Mining (OSM) to the North Dakota Geological Survey for the federal share of regulating coal exploration activities in the State.

Change Group: A	Change Type: C	Change No: 1	Priority: 6
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Market Analysis Salary Adjustments - Per 2012 Job Service Study

A market analysis of authorized and requested Commission positions based on the "2012 Wages for North Dakota Jobs" study was conducted. The analysis compared current pay of positions to directly related job service classification codes in an effort to identify salary deficiencies. A large percentage of Commission employees possess highly sought after skill sets by private, energy related companies. The market salary request is to retain these skill sets within the Commission or provide the financial resources necessary to recruit replacements in the state's highly competitive energy impacted job market.

Change Group: A	Change Type: C	Change No: 2	Priority: 1
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FTE - Gas Pipeline Safety Inspector - Additional FTE request for Gas Pipeline Safety Program

An additional Gas Pipeline Safety Inspector is necessary to meet the demands of the energy development within the state for the rapidly increasing gas pipeline infrastructure, ongoing safety concerns surrounding pipeline failures nationwide, and new regulations from state and federal authorities that place an even greater burden on the existing program.

Change Group: A	Change Type: C	Change No: 3	Priority: 7
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FTE - Paralegal - Energy Impact related workload increase

Additional FTE to assist with legal research on matters related to Public Utilities, Siting, Insolvencies, and Reclamation as a result of the energy development within the state.

Change Group: A	Change Type: C	Change No: 4	Priority: 2
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FTE - Public Utility Analyst - Energy Impact related workload increase

The build out of North Dakota's energy infrastructure requires one additional utility analyst to assist in the development of the State's resources and the effective regulation of utility services.

Change Group: A	Change Type: C	Change No: 5	Priority: 5
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Additional Legal Work - Grain Elevator Insolvency Cases and Reclamation/Abandoned Mine Lands Lawsuits

BUDGET CHANGES NARRATIVE

408 Public Service Commission

Bill#: HB1008

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Request for additional funds to provide the resources necessary for the Commission to defend the interests of the state of North Dakota.

Change Group: A	Change Type: C	Change No: 6	Priority: 4
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Increased Travel Costs

Additional travel budget request based on the increased state fleet rates for the 2013-2015 Biennium.

Change Group: A	Change Type: D	Change No: 1	Priority: 3
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Hydraulic Soil Probe

The proposed budget for the Reclamation Division includes equipment funds to replace the existing pickup truck-mounted hydraulic soil probe that was purchased new in 1977 because of equipment age and the recurring costs associated with maintaining a piece of equipment that has been in use for 35 years. The existing probe has provided many years of service with repair or replacement of hydraulic hoses, valves, seals, etc. that are predictable costs of operation. With extended use and age, however, more significant costs related to cylinder repair have been incurred, and it reasonable to expect that both routine and unexpected repairs will be necessary as the soil probe ages. Given the stresses related to operation, it also reasonable to expect that fatigue may occur in the unit's steel frame and welds as it ages. The soil probe is used to check and evaluate soil respread thickness on reclaimed lands and the need for this work will continue for many years to come since it is expected that between 1500 and 2000 acres of land will be disturbed and reclaimed per year for many years. A new hydraulic soil probe unit will allow division employees to conduct soil probing timely and with minimum downtime related to unexpected equipment repairs. The anticipated cost of a new soil probe with a self-contained gasoline engine is \$28,000.

Change Group: A	Change Type: E	Change No: 1	Priority: 11
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Remove ARRA Appropriations

Remove ARRA appropriations.

Change Group: A	Change Type: F	Change No: 1	Priority: 10
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Remove Capital Asset Appropriations

Remove Capital Assets.

Change Group: A	Change Type: G	Change No: 1	Priority: 1
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3% Optional Savings Package

In the event that a 3% reduced budget is implemented, the Commission would reduce the weights and measures program from four full-time employees to two, and change the program activities and goals from testing and enforcement to enforcement-only. All weighing and measuring devices would be tested by third-party registered service persons. The Commission would continue monitoring to ensure that all commercial weighing and measuring devices used in North Dakota and all registered service persons are in compliance with State law and Commission rules.

Change Group: R	Change Type: A	Change No: 1	Priority:
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2 FTE Repurposed for Energy Impact

BUDGET CHANGES NARRATIVE

408 Public Service Commission

Bill#: HB1008

Date: 12/07/2012

Time: 13:53:34

Repurposes 2.00 FTE from the Weights and Measures program to 1.00 FTE pipeline safety inspector and 1.00 FTE public utility analyst to address the needs of increased energy development in the state. Authorizes 1.00 FTE and \$111,389 from the general fund and \$167,085 from federal funds for a pipeline safety inspector position. Authorizes 1.00 FTE and \$195,542 from the general fund for a public utility analyst position. Reduces the Weights and Measures program from four full-time employees to two, and changes the program activities from testing and enforcement to enforcement only. All weighing and measuring devices would be tested by third-party registered service persons. The Public Service Commission (PSC) would continue monitoring to ensure that all commercial weighing and measuring devices used in North Dakota and all registered service persons are in compliance with state law and PSC rules. The general fund reduction includes 2.00 FTE, \$202,206 in salaries and wages, and \$211,330 in operating expenses.

Change Group: R	Change Type: A	Change No: 2	Priority:
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Increased Travel Costs

Provides \$66,155, of which \$54,956 is from the general fund and \$11,199 from federal funds, for increased travel costs as a result of increased state fleet rates.

Change Group: R	Change Type: A	Change No: 3	Priority:
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Additional Legal Fees

Provides \$150,000 of which \$86,000 is from the general fund and \$64,000 from federal funds, for additional legal fees related to grain elevator insolvency cases and reclamation/abandoned mines lawsuits.

Change Group: R	Change Type: A	Change No: 100	Priority:
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Executive Compensation Package Adjustment

This budget change provides funding for recommended 2013-15 compensation adjustments. Compensation adjustments for each agency were calculated following the recommendations of the Hay Group developed through the 2011 study of the state's classified employee compensation system. Pursuant to those recommendations, compensation adjustments were calculated to provide funding to allow for both performance-based salary adjustments and market-based salary adjustments. This funding allows for increases of 2% to 4% for employees in the first quartile of the pay range and 1% to 2% for those in the second quartile of the range. For employees in the third and fourth quartiles, which are above the market policy position, no market policy increase is funded. Performance-based increases are assumed to be 3% for employees meeting performance standards and up to 5% for employees exceeding performance standards. No performance-based increases are provided for employees that fail to meet performance standards.

Change Group: R	Change Type: B	Change No: 1	Priority:
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Hydraulic Soil Probe

Provides \$28,000 in one-time funding, of which \$10,080 is from the general fund and \$17,920 from federal funds, to replace a hydraulic soil probe.