

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION

COMMITTEE ON FEDERAL RELATIONS, ENERGY, AND TELECOMMUNICATIONS

Call to Order: By **CHAIRMAN ALAN OLSON**, on March 9, 2005 at 3:40 P.M., in Room 455 Capitol.

ROLL CALL

Members Present:

Rep. Alan Olson, Chairman (R)
Rep. Dave Gallik, Vice Chairman (D)
Rep. Robyn Driscoll (D)
Rep. George G. Groesbeck (D)
Rep. Robin Hamilton (D)
Rep. Hal Jacobson (D)
Rep. Harry Klock (R)
Rep. Mark E. Noennig (R)
Rep. John Parker (D)
Rep. Diane Rice (R)
Rep. Wayne Stahl (R)
Rep. Karl Waitschies (R)
Rep. Brady Wiseman (D)

Members Excused: Rep. Dennis Himmelberger, Vice Chairman (R)

Members Absent: None.

Staff Present: Todd Everts, Legislative Branch
Cynthia Peterson, Committee Secretary

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted:
Executive Action: SB 235; SB 356; HB 388

EXECUTIVE ACTION ON SB 235

Motion/Vote: REP. KLOCK moved that SB 235 BE CONCURRED IN. Motion carried unanimously by voice vote, with REP. HIMMELBERGER, REP. NOENNIG, REP. JACOBSON, and REP. GALLIK voting aye by proxy. REP. OLSON will carry SB 235 on the floor of the House of Representatives.

EXECUTIVE ACTION ON SB 356

Motion: REP. RICE moved that SB 356 BE CONCURRED IN.

Discussion:

REP. WAYNE STAHL, HD 35, SACO, clarified that SB 356 was introduced to comply with a previous Supreme Court ruling. REP. NOENNIG confirmed that was the reason for the bill.

Vote: Motion carried 13-1 by voice vote with REP. STAHL voting no, and REP. GALLIK, REP. JACOBSON, and REP. HIMMELBERGER voting no by proxy. REP. NOENNIG will carry SB 356 on the floor of the House of Representatives.

EXECUTIVE ACTION ON HB 388

Motion: REP. OLSON moved that HB 388 DO PASS.

Motion: REP. OLSON moved that HB038810.ate BE ADOPTED.
[EXHIBIT\(feh52a01\)](#)

Discussion:

Todd Everts, Environmental Research Analyst, reviewed the grey bill with the Committee.
[EXHIBIT\(feh52a02\)](#)

REP. ROBYN DRISCOLL, HD 51, BILLINGS, appreciated the hard work that was done on HB 388 and thanked CHAIRMAN OLSON.

REP. BRADY WISEMAN, HD 65, BOZEMAN, requested a review of the purpose of the rewritten bill. CHAIRMAN OLSON responded the purpose is to have an agency within government to assist in planning and facilitating transmission infrastructure and work with the various players. CHAIRMAN OLSON cited the importance of working with neighboring states.

March 9, 2005

PAGE 3 of 6

REP. WISEMAN asked for a clear explanation of the meaning of "facilitate the planning and development" and asked what powers the proposed entity would have. **CHAIRMAN OLSON** responded the Authority would have the power to work with transmission entities or interested parties in planning and development and decide what assets need to be developed to get some of the proposed generation online. **CHAIRMAN OLSON** referred to the wind project in Valley County and wondered how that project would fit in with the combined coal and wind project at Circle. Another consideration for the Authority would be how the power would then move across the state or out of state. **CHAIRMAN OLSON** suggested professionals would be hired to work on these issues. **CHAIRMAN OLSON** believed an entity would be needed to represent Montana's interests in developing transmission needs for the Western United States.

REP. WISEMAN requested more information on the exact powers the authority would have. **CHAIRMAN OLSON** pointed out the powers of the proposed entity had been trimmed down, and the entity will no longer be able to site transmission or build, own, or finance transmission. The entity will assist in the planning and development of transmission needs to bring resources on line in Montana. The State will then have a voice in contracting for legal, financial, engineering, and other professional services, as well as being able to participate in a regional transmission organization, and assist in investigating, planning, and establishing corridors.

REP. WISEMAN asked about the eminent domain clause, and **CHAIRMAN OLSON** responded there were no changes to the eminent domain clause.

REP. WAYNE STAHL, HD 35, SACO, suggested adding "coordination" to "facilitate the planning and development." **REP. STAHL** thought it would be important to have coordination, so Montana would have large power line projects and rather than numerous small power line projects. **Mr. Everts** suggested adding a reference to coordination in Amendment 15. **REP. DRISCOLL** commented she would like the reference to read "facilitate and coordinate." **CHAIRMAN OLSON** agreed with the conceptual amendment.

{Tape: 1; Side: A; Approx. Time Counter: 18.8 - 22.5; Comments: Comments from REP. STAHL.}

REP. DIANE RICE, HD 71, HARRISON, asked why the Authority was changed from seven members to five members. **CHAIRMAN OLSON** explained the members were not going to be actively involved in

the actual citing, and he did not see the need to have as much of the technical expertise as originally planned.

Motion/Vote: REP. STAHL moved that Amendment HB038810.ate with the conceptual amendment "facilitate and coordinate" BE ADOPTED. Motion carried 13-1 by roll call vote with REP. GALLIK voting no by proxy, and REP. HIMMELBERGER and REP. JACOBSON voting aye by proxy.

Motion: REP. OLSON moved that HB 388 DO PASS AS AMENDED.

Discussion:

REP. RICE asked for discussion about removal of limitations. Mr. Everts explained when the amendments eliminated the construction of a facility, the limitations were no longer needed.

REP. HAMILTON asked about Page 6 and noticed the price tag is significantly smaller in keeping with the limited authority of the bill. REP. HAMILTON was curious what would require \$350,000 annually. CHAIRMAN OLSON explained a small professional staff would be hired that there would be some travel expenses. CHAIRMAN OLSON pointed out the language is "but not exceed \$350,000...."

REP. WISEMAN wanted to know if REP. GALLIK had proposed amendments to HB 388, and Mr. Everts explained REP. GALLIK's amendments were now obsolete with the passage of the new amendment.

{Tape: 1; Side: B}

REP. GROESBECK asked if there would be an updated fiscal note. CHAIRMAN OLSON replied he would request an updated fiscal note since there would no longer be an impact on DEQ. REP. NOENNIG pointed out the Committee could pass the bill, but not report the bill out until the new fiscal note is received.

On behalf of REP. GALLIK, REP. HAMILTON asked whether CHAIRMAN OLSON would support REP. GALLIK's proposal of additional Wholesale Energy Transmission (WET) tax to backfill the amount of money required by HB 388. CHAIRMAN OLSON replied he would not. CHAIRMAN OLSON pointed out the proposed Bull Mountain project will generate approximately \$125,000 in additional WET tax annually. The Circle West project would be approximately \$100,000 in additional WET tax. CHAIRMAN OLSON identified the wind project at Circle will need a tremendous amount of help to

determine where to go with its excess power, and thought the transmission authority created by HB 388 would be the vehicle to assist the project and provide coordination of efforts.

REP. RICE asked who would be responsible for paying the Montana Transmission Authority tax. **CHAIRMAN OLSON** replied the WET tax is generally paid by the consumer on energy generated in Montana and shipped out of state, energy generated in Montana and stays in state, and paid on power shipped in from out of state. The amount of \$350,000 will be taken out of the WET tax and placed in a special revenue account.

REP. WISEMAN suggested the transmission authority would use taxpayers' money to help private entities build transmission to take power out of the state. **REP. WISEMAN** could not see how that would be in the public's interest.

CHAIRMAN OLSON asked Gary Willis, Northwestern Energy (NWE), what the current contracted price of power is, and **Mr. Willis** estimated it was approximately \$36 MW, **CHAIRMAN OLSON** explained pancaking of rates which would add and an additional \$5 from NWE's transmission system, and \$2 from the Bonneville system, as well as eight percent for line loss. **CHAIRMAN OLSON** explained that PP&L makes more money selling its power in state than if it sold the power in the Pacific Northwest. Therefore, **CHAIRMAN OLSON** did not believe Montana would see its cheap power being sold out of state.

REP. STAHL pointed out it would be a long time before Montana would see power lines carrying power out of Montana. **REP. STAHL** hoped there would be substantial generation in place by that time. **REP. STAHL** believed Montana could be a huge energy-generating state, which would boost Montana's tax system and economy. **REP. STAHL** would like to see Montana help the industry get transmission in place. **REP. STAHL** thought the people who end up owning the wire line will be the ones who make the money.

Vote: Motion that HB 388 DO PASS AS AMENDED failed 7-7 by roll call vote with **REP. KLOCK**, **REP. NOENNIG**, **REP. OLSON**, **REP. RICE**, **REP. STAHL**, and **REP. WAITSCHIES** voting aye, and **REP. HIMMELBERGER** voting aye by proxy, and **REP. GALLIK** and **REP. JACOBSON** voting no by proxy.

HOUSE COMMITTEE ON FEDERAL RELATIONS, ENERGY, AND
TELECOMMUNICATIONS

March 9, 2005

PAGE 6 of 6

ADJOURNMENT

Adjournment: 4:25 P.M.

REP. ALAN OLSON, Chairman

CYNTHIA PETERSON, Secretary

AO/cp

Additional Exhibits:

EXHIBIT ([feh52aad0.PDF](#))