

MINUTES

MONTANA SENATE 59th LEGISLATURE - REGULAR SESSION

COMMITTEE ON ENERGY AND TELECOMMUNICATIONS

Call to Order: By **CHAIRMAN KEN TOOLE**, on January 13, 2005 at 3:00 P.M., in Room 317-C Capitol.

ROLL CALL

Members Present:

Sen. Ken Toole, Chairman (D)
Sen. Brent R. Cromley (D)
Sen. Aubyn Curtiss (R)
Sen. Jeff Essmann (R)
Sen. Dan Harrington (D)
Sen. Dave Lewis (R)
Sen. Greg Lind (D)
Sen. Dan McGee (R)
Sen. Gary L. Perry (R)
Sen. Glenn Roush (D)
Sen. Carol Williams (D)

Members Excused: None.

Members Absent: None.

Staff Present: Casey Barrs, Legislative Branch
Claudia Johnson, Committee Secretary

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

Committee Business Summary:

Hearing & Date Posted: SB 145, 1/13/2005; SB 169,
1/13/2005
Executive Action: SB 50; SB 83; SB 145; SB 169

HEARING ON SB 169**Opening Statement by Sponsor:**

SEN. STEVEN GALLUS (D), SD 37, opened the hearing on **SB 169**, Increase penalties for natural gas pipeline safety violations.

Proponents' Testimony:

Greg Jergeson, Commissioner, Public Service Commission (PSC), informed the Committee that SB 169 is at the request of the PSC. He stated that this bill came about because of the federal government. He said currently there is a pipeline safety program for high-pressure transmission lines for distribution lines currently in place. The PSC has rules and regulations and the administration pipeline safety programs. The federal government has informed the PSC that the rules and regulations for the pipeline safety program have to be updated in order to receive federal funds to pay for the administration of the pipeline safety laws. To receive the federal dollars, the penalty dollar amounts need to be updated in the state statutes for violations of the pipeline safety laws. The pipelines deliver gas to the consumers. He said there is very little interest in fining penalties. He informed the Committee that the PSC has never gone to a district court to ask for an assessment of penalties. He stated that the operations will continue to work as they have been, which is to work with the operators to make sure that anything that would constitute a violation be cleared up, and the pipeline be safe. He said the importance for the federal mandates is that points are held against the PSC and the federal government would decrease the amount of federal dollars to administer the program.

EXHIBIT (ens09a01)

Opponents' Testimony: None.

Informational Testimony: None.

Questions from Committee Members and Responses:

SEN. McGEE asked **Commissioner Jergeson** if the PSC is changing the safety violation. The question was deferred to **Joel Tierney, Attorney for the PSC**. **Mr. Tierney** stated that this is just updating the safety program in order for the PSC to continue to receive federal funds. **SEN. McGEE** asked how much federal dollars are they looking at losing if the safety rules and regulations aren't updated. **Mr. Tierney** replied about \$13,000. He said if

the PSC loses that dollar amount the Montana consumer will have to pay that cost difference.

SEN. CURTISS wanted to know how many miles of natural gas pipeline there are in Montana, and do they also include the feeder lines. **Mr. Tierney** responded that there are 2,181 miles of jurisdictional transmission lines, and 5,821 miles of natural gas mainline. **Commissioner Jergeson** informed the Committee that the feeder lines are not under the PSC jurisdiction.

SEN. CURTISS asked if there is training in place on the pipeline safety program. **Mr. Tierney** stated that all operators and those that work for the operators are all trained in the safety program procedures.

Closing by Sponsor:

SEN. GALLUS closed on SB 169.

HEARING ON SB 145

Opening Statement by Sponsor:

SEN. DAN HARRINGTON (D), SD 38, opened the hearing on **SB 145**, Revise petroleum tank release compensation board laws.

SEN. HARRINGTON informed the Committee that SB 145 is at the request of the Legislative Auditor's Office. SB 145 adds two members to the Petroleum Tank Release Compensation Board, which increases the membership to nine members. The nine members are appointed by the Governor. Each of the appointed members has specific background education, such as: experience in small business or property loans, an attorney licensed to practice in Montana with experience in environmental law, petroleum release remediation consultant industry, petroleum marketers and chain retailers, service station dealers, etc. It is estimated that the additional operating expense for travel for the two additional members is \$2,500 per fiscal year. These funds are generated from gas fee collections allocated to the Petroleum Tank Release Cleanup fund. **SEN. HARRINGTON** informed the Committee that the changes requested in this bill will give the board eligibility, flexibility, and reliability, in the continuing need to clean up the leaking tanks. He stated that eligibility means that an owner or operator is eligible for reimbursement for the applicable percentage as provided in the regulations for eligible costs caused by a release from a petroleum tank if that person was in compliance, and if they are not in compliance will not receive reimbursement for removal of

the tank and will be charged cleanup fees for expenses caused by releases from the petroleum storage tanks.

Proponents' Testimony:

Terry Wadsworth, Petroleum Tank Resource Compensation Board, (PTRCB), Department of Environmental Quality (DEQ), stated the board has worked closely with the Legislative Auditors and the DEQ to craft language that will assist the board in administering the eligibility reimbursement for owners and lessees in the state of Montana. He informed the Committee he is available for any questions they may have.

Sandi Olsen, Remediation Division, DEQ, appeared in support.

Opponents' Testimony: None.

Informational Testimony: None.

Questions from Committee Members and Responses:

SEN. MCGEE asked about the stricken language and the new underlined language and wanted to know if that was just moved from one section to another. **Terry Wadsworth, DEQ,** discussed sections 308 and 309 of the bill. **Mr. Wadsworth** stated that there is a shift of language from section 308 to section 309. The eligibility remains the same, but the reimbursement was modified. He discussed going back into statute to make sure there was clarification in the language.

SEN. ESSMANN and **Mr. Wadsworth** discussed the change in language regarding more flexibility when the owner/operators finds a petroleum tank. The DEQ is asking that owner/operator obtain a permit from DEQ within 30 days, and then remove that tank within the compliance of the law. **SEN. ESSMANN** discussed the change in section 308(b)(3) from HB 368 in the 2003 Legislature. Changing the "and" to "or" gives the owner/operator more flexibility.

Closing by Sponsor:

SEN. HARRINGTON closed, stating that this bill puts the Board in compliance with the Auditors and makes the required changes requested by the Auditors. He urged the Committee to pass SB 145.

EXECUTIVE ACTION ON SB 50

Motion: SEN. MCGEE moved that SB 50 DO PASS.

Motion: SEN. MCGEE moved that AMENDMENT SB005001.acb BE ADOPTED.

EXHIBIT(ens09a02)

Discussion: SEN. MCGEE stated that this amendment will allow the organizations, such as; non-profit organizations, and the University System which had been left out, and allow them to also make application for the energy resource loan.

Vote: Motion carried unanimously by voice vote.

Motion: SEN. LIND moved that AMENDMENT SB005002.acb BE ADOPTED.

EXHIBIT(ens09a03)

Discussion: SEN. MCGEE discussed the amendment and the involvement of Environmental Quality Committee (EQC) . **CHAIRMAN TOOLE** informed the Committee that this amendment is requested by EQC, and the Committee needs to put it forward and allow EQC to work it out.

Vote: Motion carried unanimously by voice vote.

EXECUTIVE ACTION ON SB 83

Motion: SEN. ROUSH moved that SB 83 DO PASS.

Discussion: SEN. ROUSH informed the Chair that he has an amendment. **CHAIRMAN TOOLE** stated that this amendment came from **Patrick Judge, MEIC**. He said there are two amendments. The one before them was to clarify grammar, and the second one has not been prepared at this time. He has spoken with the Committee's Legislative Council, **Casey Barrs**, and stated that the second amendment deals with defines renewable energy equipment.

Motion: SEN. ROUSH moved that the SB 83-PATRICK JUDGE, MEIC, AMENDMENT BE ADOPTED.

EXHIBIT(ens09a04)

Discussion: SEN. CROMLEY stated that he disagrees with the amendment, because it restricts the removal of resources so he will not vote for it. He said there are facilities that do not

use alternative resources, such as gas companies, and they still qualify for this bill.

SEN. PERRY informed the Committee that is his concern also. He said to change it would take coal production and coal burning to produce hydrogen. He said this is a process that would facilitate the use of alternative, renewable energy resources and added there are two meanings to this amendment, and they both should be considered.

SEN. MCGEE said what the amendment does is refer to "use, factual, and current" right now. He said to facilitate may mean that if the potential is there for use of alternative energy. He said the proposed amendment states the facilities are up and running already in order to use alternative resources. He stated that he will oppose this amendment.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 7.3}

CHAIRMAN TOOLE stated that it is also his preference to see the use of renewable energy. He informed the Committee that he is concerned, and doesn't want to see the use of renewable energy constrained.

SEN. ROUSH withdrew his motion on Patrick Judge, MEIC, amendment.

The Committee members discussed the amendment and where the money is going, and for what resources. They discussed the use of renewable fuels.

SEN. LIND stated that he wouldn't vote for the amendment either.

Motion: **SEN. WILLIAMS** moved that **PATRICK JUDGE, MEIC, AMENDMENT DO PASS.**

Discussion: **SEN. WILLIAMS** said that with limited resources and grants, this amendment would work.

SEN. CURTISS discussed wind generators and their use, and stated that she will not vote for this amendment.

SEN. MCGEE discussed the difference between the use now, or is it for future use. He stated that he will not vote for this amendment.

SEN. WILLIAMS withdrew her motion on the Patrick Judge, MEIC, amendment.

Motion/Vote: SEN. CROMLEY moved that SB 83 DO PASS. Motion carried 9-2 with SEN. CURTISS and SEN. ESSMANN voting no by voice vote.

EXECUTIVE ACTION ON SB 169

Motion: SEN. MCGEE moved that SB 169 DO PASS.

Discussion: SEN. PERRY talked about the spread of the penalties for natural gas pipeline safety violations from no less than \$100 to a maximum of \$100,000. He stated that he supports this bill.

Motion/Vote: SEN. MCGEE moved that SB 169 DO PASS. Motion carried unanimously by voice vote.

EXECUTIVE ACTION ON SB 145

Motion/Vote: SEN. HARRINGTON moved that SB 145 DO PASS. Motion carried unanimously by voice vote.

CHAIRMAN TOOLE discussed SB 34. He informed the Committee that he is waiting for more information to come back before the Committee to schedule a hearing.

ADJOURNMENT

Adjournment: 3:46 P.M.

SEN. KEN TOOLE, Chairman

CLAUDIA JOHNSON, Secretary

KT/CJ

Additional Exhibits:

EXHIBIT ([ens09aad0.PDF](#))