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## Energy and Telecommunications Interim Committee

### 63rd Montana Legislature

#### SENATE MEMBERS

CLIFF LARSEN--Chair  
EDWARD BUTTREY  
ROBYN DRISCOLL  
ALAN OLSON

#### HOUSE MEMBERS

KEITH REGIER--Vice Chair  
MIKE LANG  
MARY MCNALLY  
TOM STEENBERG

#### COMMITTEE STAFF

SONJA NOWAKOWSKI, Lead Staff  
TODD EVERTS, Staff Attorney  
JOY LEWIS, Secretary

# MINUTES LOG

## State Capitol, Room 137

### 8:30 a.m., Friday, July 18

Please note: These minutes provide abbreviated information about committee discussion, public testimony, action taken, and other activities. To the left of each section in these minutes is a time designation indicating the approximate amount of time in hours, minutes, and seconds that has elapsed since the start of the meeting. This time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

Access to an electronic copy of these minutes and the audio or video recording is provided from the Legislative Branch home page at <http://leg.mt.gov>. On the left-side menu of the home page, select *Committees*, then *Interim*. Once on the page for *Interim Committees*, scroll down to the appropriate committee. The written minutes summary, along with the audio and video recordings, are listed by meeting date on the interim committee's web page.

Hard copies of the exhibits for this meeting are available upon request. Legislative Council policy requires a charge of 15 cents a page for copies of the document.

#### **COMMITTEE MEMBERS PRESENT**

SEN. CLIFF LARSEN, Chair  
REP. KEITH REGIER, Vice Chair

SEN. EDWARD BUTTREY  
SEN. ROBYN DRISCOLL  
SEN. ALAN OLSON

REP. MIKE LANG  
REP. MARY MCNALLY  
REP. TOM STEENBERG

#### **COMMITTEE MEMBERS EXCUSED**

#### **STAFF PRESENT**

SONJA NOWAKOWSKI, Lead Staff  
TODD EVERTS, Staff Attorney  
JOY LEWIS, Secretary

#### **AGENDA & VISITORS' LIST**

Agenda, ([Attachment 1](#)).  
Visitors' list, ([Attachment 2](#)).

## **COMMITTEE ACTION**

The Energy and Telecommunications Interim Committee:

- approved a motion to adopt as a finding that the RPS stay as is at 15% with no reduction and no increase.
- approved a motion that the committee add to the findings that the RPS has contributed to some new generation in Montana and it has had a positive economic impact in some rural counties during construction phases and beyond. It has increased the tax base in some counties. **(Attachment 4)**
- approved a motion to include, as a finding, a statement that the RPS, as it exists, while beneficial, has not caused replacement of existing power generation facilities. Environmental regulations imposed on existing energy generation facilities will continue to offer opportunities for new renewable energy which will fall into the existing requirements of the RPS. **(Attachment 5)**
- approved a motion that the ETIC acknowledges that the work in SJ 6 does not represent a discussion of renewable energy development versus fossil fuel energy development. **(Attachment 6)**
- approved a motion stating that the committee recognizes ambiguity and difficulty in compliance with the existing CREP standard which needs to be examined. **(Attachment 7)**
- approved a motion that acknowledges disagreement within the committee on the RPS's contribution to air quality. Some members feel strongly that renewables offset the use of fossil fuel-based energy and that it contributes to cleaner air. Other members feel that the impacts on air quality are inconclusive or negligible. **(Attachment 8)**
- approved a motion stating that to meet the RPS most utilities have added wind generation to their portfolios. Environmental disadvantages specific to wind generation are mostly increased bird and bat mortality. **(Attachment 10)**
- approved a motion stating that the primary environmental benefit of wind energy is it involves zero direct emissions of air pollutants. **(Attachment 11)**
- approved a motion for a committee bill that establishes a deadline of October, 2015 for wireless providers to apply for their share of the stranded funds. In January then, each county would receive 1% of the balance left in 2015, and the remainder would be dispersed on a per capita basis yearly thereafter. **(Attachment 12)**
- approved a motion to add that according to responses provided by the regulated utilities and an analysis by the Montana Consumer Counsel, the RPS has had a negligible impact on ratepayers. The ETIC had difficulty in quantifying integration costs and other variables. The ETIC encourages the PSC and regulated utilities to better account for the costs and benefits of Montana's RPS to provide for greater transparency. **(Attachment 13)**
- approved a motion to request a bill draft to require entities subject to Montana's RPS to provide a cost-benefit analysis of the RPS to the ETIC on an interim basis. **(Attachment 14)**
- approved a motion to edit the RPS report: beginning on page 25, keep the first sentence, eliminate the rest of paragraph 1, eliminate paragraph 3 and 4; on page 26 eliminate the 3rd paragraph; on page 27 eliminate the top of the graph; on page 28 in paragraph 1 keep the first sentence but eliminate the rest of 1 and paragraph 2; on page 31 eliminate under Climate Change from the start of the 3rd paragraph through page 32 and pick up again where it states "the inventory

showed that activities in Montana....," and to add the November 2013 report from the DEQ, "The Environmental Impact of Montana's Renewable Portfolio Standard," as an appendix. [\(Attachment 15\)](#)

- approved a motion to write a letter to the Environmental Quality Council requesting a subcommittee be appointed with four members of equal representation from House and Senate, and both parties, to oversee the topic of the 111D or proposed federal carbon rules implementation, as well as a letter written to the Legislative Council requesting that as they prepare their biennium budget package that they consider this request and include funding. [\(Attachment 16\)](#)

The Committee also:

- approved a motion to accept the May minutes [\(Exhibit 11\)](#)
- approved a motion to approve #3, #4, and #5 of the PSC's draft legislation requests.
- approved a motion to come forward with two bills for #1 of the PSC's draft legislation request; one for the electric customers and one for the natural gas customers.
- approved a motion to request that the PCS hold off on #2 of the PSC's draft legislation and request the PSC work on a fix for the CREP requirements.

### **CALL TO ORDER AND ROLL CALL**

00:05:53 Chairman Sen. Larsen called the meeting to order. The Secretary took the roll. [\(Attachment 3\)](#) Sen. Larsen gave an overview of the agenda.

### **RPS REPORT, FINDINGS, AND RECOMMENDATIONS -- TABS 1 & 2**

#### **Staff Overview of Public Comment**

00:07:01 Ms. Nowakowski, staff Research Analyst, gave an overview of the public comments received concerning the "Renewable Rewards and Risks: A look at the Impacts of Montana's Renewable Portfolio Standard," draft report. [\(Exhibit 1\)](#) [\(Exhibit 2\)](#)

#### **Additional Public Comment**

00:10:09 Doug Hardy, representing Montana Rural Electric Cooperatives, said he was available for questions.

00:10:23 Kyla Maki, Montana Environmental Information Center, commented on the RPS draft report. She recommended to the committee that they let the findings and outcomes speak for themselves in the report. [\(Exhibit 3\)](#)

00:22:43 Bryan Rogan, Gordon Butte Wind and Oversight Resources, submitted previous written testimony and was available for questions. [\(Exhibit 4\)](#)

00:23:09 Sen. Larsen

#### **Committee Questions, Discussion**

00:23:18 Rep. Regier - Ms. Maki

00:26:11 Sen. Larsen

### **RPS FINDINGS AND RECOMMENDATIONS -- TABS 1 & 2**

### **ETIC Member Comments**

- 00:27:21 Ms. Nowakowski, confirmed with the committee that other than the findings and recommendations that the committee might develop, there were no changes to the draft report. The committee agreed to the final report. She reviewed the process of developing findings and recommendations to accompany the report.  
[\(Exhibit 5\)](#)
- 00:29:29 Sen. Larsen

### **Public Comment**

There were no comments.

### **Committee Questions and Discussion, and Executive Action**

- 00:30:08 Sen. Olson - Sen. Olson
- 00:31:03 Sen. Larsen
- 00:31:38 Sen. Driscoll discussed the positive economic impact of the RPS.
- 00:32:41 Rep. Regier said that the main economic impact comes from the construction phase.
- 00:32:57 Sen. Driscoll
- 00:33:18 Rep. Regier
- 00:33:29 Sen. Driscoll
- 00:33:48 Rep. Steenberg discussed the economic impact of the RPS to small community tax bases.
- 00:34:06 Sen. Olson thinks the RPS is good for the economy but he doesn't want to increase it.
- 00:37:40 Sen. Larsen
- 00:37:48 Sen. Olson
- 00:38:02 Sen. Larsen expanded on the benefit of the RPS to the community tax bases.
- 00:39:24 Sen. Olson added that any project, be it oil, gas or alternative power, has a positive economic impact.
- 00:42:05 Sen. Larsen
- 00:43:33 Sen. Buttrey supports the report but he would like the CREPS standard addressed and supports either clarification or repeal of the CREPS requirement.
- 00:45:00 Sen. Larsen
- 00:45:31 Ms. Nowakowski clarified for the committee the three separate parts of the process; the first is the draft report, the second is the list of findings and recommendations and the third is discussion of potential legislation.
- 00:46:13 Sen. Larsen
- 00:46:21 Sen. Driscoll clarified her statements as findings, not recommendations.
- 00:46:48 Sen. Buttrey asked if the RPS draft report needs to be approved.
- 00:47:05 Sen. Larsen said he thought that the committee had done that.
- 00:47:10 Ms. Nowakowski clarified that the committee needs to work on findings and that those would then be folded into the report.
- 00:48:12 Sen. Larsen
- 00:48:35 Rep. McNally
- 00:48:56 Sen. Driscoll
- 00:49:11 Sen. Larsen
- 00:49:51 Sen. Olson
- 00:50:24 Sen. Larsen
- 00:50:55 Ms. Nowakowski

00:51:18 Sen. Olson moved that committee adopt as a finding that the RPS stay as is with no reduction and no increase.

00:51:49 Sen. Larsen asked for a voice vote and the motion passed with Sen. Driscoll voting "no".

00:52:16 Sen. Driscoll moved that the committee add to the findings that the RPS has contributed to some new generation in Montana and it has had a positive economic impact in some rural counties during construction phases and beyond. It has increased the tax base in some counties.

00:52:37 Sen. Larsen

00:52:43 Rep. Regier asked if the RPS is creating the positives or is it the increased regulation on traditional energy?

00:53:37 Sen. Driscoll

00:54:03 Sen. Olson

00:54:16 Sen. Larsen

00:54:48 Rep. Regier

00:55:51 Sen. Olson

00:57:56 Sen. Driscoll

00:58:04 Sen. Larsen

00:58:29 Sen. Olson

00:59:34 Sen. Driscoll

00:59:42 Sen. Larsen

00:59:49 Ms. Nowakowski re-read the motion by Sen Driscoll.

01:00:14 Sen. Larsen

01:00:27 Sen. Buttery

01:01:14 Sen. Larsen

01:01:37 Sen. Buttrey

01:01:42 Sen. Larsen

01:02:32 The Secretary took a roll call vote on Sen. Driscoll's motion The motion passed, unanimously. ([Attachment 4](#))

01:02:38 Sen. Olson

01:02:54 Sen. Larsen

01:02:58 Sen. Buttrey

01:03:14 Sen. Larsen

01:03:24 Rep. Lang said the committee is here to talk about SJ 6, not about fossil fuels versus renewables.

01:05:36 Sen. Driscoll thanked him for his statement.

01:06:11 Sen. Larsen

01:06:46 Sen. Buttrey moved to include, as a finding, his statement that the RPS as it exists, while beneficial, has not caused replacement of existing power generation facilities. Environmental regulations imposed on existing energy generation facilities will continue to offer opportunities for new renewable energy which will fall into the existing requirements of the RPS.

01:07:58 Sen. Larsen

01:08:02 Sen. Buttrey re-read his statement.

01:08:21 Ms. Nowakowski

01:08:40 Sen. Larsen asked for discussion.

01:09:05 Sen. Buttrey

01:09:34 Sen. Larsen

01:09:41 Rep. Regier

01:10:11 Sen. Larsen  
01:10:16 Sen. Buttrey  
01:10:30 Sen. Larsen  
01:11:03 Rep. McNally  
01:11:40 Sen. Larsen  
01:12:07 Ms. Nowakowski re-read Sen. Buttrey's motion.  
01:12:31 Sen. Larsen  
01:12:51 The Secretary took a roll call vote on Sen. Buttrey's motion. The motion passed, unanimously. ([Attachment 5](#))  
01:13:36 Sen. Larsen  
01:14:39 Sen. Buttrey moved that the CREP standard as it exists does not allow for compliance due to unavailability of renewable energy projects meeting the requirements of the standard. The committee recommends legislation modifying or repealing the RPS.  
01:15:20 Sen. Larsen  
01:16:01 Sen. Olson asked if the report should have a qualifying statement that says the report is not a discussion of fossil fuels versus renewables.  
01:16:34 Ms. Nowakowski clarified the committee agreement that the RPS should remain static.  
01:16:57 Sen. Larsen  
01:17:09 Sen. Buttrey withdrew his motion.  
01:17:19 Sen. Larsen  
01:17:24 Sen. Olson  
01:17:42 Ms. Nowakowski summarized Sen Olson's finding that the ETIC acknowledges that the work in SJ 6 does not represent a discussion of renewable energy development versus fossil fuel energy development.  
01:17:53 Sen. Olson concurred and moved to include this statement in the findings.  
01:17:59 Sen. Larsen  
01:18:21 Ms. Nowakowski re-read the motion.  
01:18:35 Sen. Larsen  
01:18:39 Ms. Nowakowski  
01:18:51 Sen. Larsen  
01:19:05 Sen. Olson  
01:19:56 The Secretary took a roll call vote on Sen. Olson's motion. The motion passed, unanimously. ([Attachment 6](#))  
01:19:48 Sen. Larsen  
01:19:59 Sen. Buttrey moved that the CREP standard as it exists, does not allow for compliance due to unavailability of renewable energy projects meeting the requirements of the standard. The committee recommends legislation be drafted clarifying, modifying, or potentially repealing the existing standard.  
01:20:44 Sen. Larsen  
01:20:47 Ms. Nowakowski  
01:21:01 Sen. Buttrey recommended that the committee have statements under all three headings and then some general statements and findings where his motion should be placed.  
01:21:55 Sen. Larsen clarified that the discussion is for a recommendation for a bill draft.  
01:22:28 Sen. Buttrey amended his motion to drop the second sentence.  
01:22:53 Sen. Larsen  
01:22:59 Sen. Buttrey clarified his amendment of the motion.

01:23:06 Sen. Driscoll  
01:23:20 Ms. Nowakowski re-read the motion.  
01:23:38 Sen. Larsen questioned the clarity of language in the motion.  
01:24:14 Sen. Buttrey said the motion stemmed from the repeated waivers being brought forth.  
01:24:56 Sen. Driscoll attempted to clarify the language.  
01:25:29 Rep. Steenberg  
01:26:03 Ms. Nowakowski  
01:26:33 Sen. Buttrey  
01:27:32 Sen. Larsen  
01:28:42 Sen. Buttrey withdrew his motion.  
01:29:13 Sen. Larsen  
01:29:29 Ms. Nowakowski  
01:29:45 Sen Larsen recessed the meeting at 9:57 a.m.

### **Break**

01:45:58 Sen. Larsen reconvened the meeting at 10:13 p.m.  
01:46:10 Sen. Buttrey made a motion stating that the committee recognizes ambiguity and difficulty in compliance with the existing CREP standard which needs to be addressed.  
01:46:29 Sen. Larsen  
01:46:38 Sen. Buttrey re-read his motion.  
01:46:53 Sen. Larsen  
01:46:59 Sen. Buttrey clarified it should be placed under general findings or statements.  
01:47:29 Sen. Larsen  
01:48:01 Rep. McNally asked for the word "addressed" to be changed to "clarified."  
01:48:21 Sen. Larsen  
01:48:28 Sen. Buttrey  
01:49:12 Sen. Larsen  
01:49:22 Rep. McNally stated that his wording was very broad and could include outright repeal and she was not ready to go there.  
01:49:50 Sen. Olson argued for "addressed."  
01:51:16 Rep. Steenberg asked to look at using "examined."  
01:51:37 Sen. Buttrey amended the motion to replace "addressed" with "examined."  
01:51:53 Sen. Larsen  
01:51:59 Rep. McNally  
01:52:05 Sen. Larsen  
01:52:10 Sen. Olson called question.  
01:52:22 Ms. Nowakowski re-read the motion by Sen. Buttrey.  
01:52:32 Sen. Larsen  
01:52:45 The secretary took a roll call vote on a motion made by Sen. Buttrey. The motion passed unanimously. **(Attachment 7)**  
01:53:18 Sen. Larsen  
01:53:45 Ms. Nowakowski gave an overview of the motions passed; the committee approved three general findings and two economic impact findings.  
01:54:18 Sen. Larsen  
01:54:52 Sen. Driscoll moved that there is disagreement within the committee on the RPS's contribution to air quality. Some members feel strongly that renewables

offset the use of fossil fuel-based energy and that it contributes to cleaner air. Others feel that the impacts on air quality are inconclusive or negligible. To meet the RPS most utilities have added wind generation to their portfolios. Environmental disadvantages with wind generation are the increased bird and bat mortality.

01:55:37 Sen. Larsen  
01:55:48 Sen. Driscoll  
01:56:10 Sen. Larsen  
01:56:38 Sen. Driscoll re-read her motion.  
01:57:33 Sen. Larsen  
01:57:59 Sen. Driscoll withdrew her motion.  
01:58:11 Sen. Driscoll moved that there is disagreement on the committee on the RPS's contribution to air quality. Some members feel strongly that renewables offset the use of fossil fuel-based energy and that it contributes to cleaner air. Other members feel that the impacts on air quality are inconclusive or negligible.

01:58:55 Sen. Larsen  
01:59:16 Sen. Driscoll/ Ms. Nowakowski re-read her motion.  
01:59:45 Sen. Larsen  
01:59:51 Sen. Olson  
02:00:08 Sen. Larsen  
02:00:19 The Secretary took a roll call vote on Sen. Driscoll's motion. The motion passed unanimously. ([Attachment 8](#))  
02:00:55 Sen. Larsen said the motion will fall into the environmental impacts section as a finding.  
02:01:05 Sen. Driscoll moved that to meet the RPS most utilities have added wind generation to their portfolios. Environmental disadvantages with wind generation are mostly increased bird and bat mortality.

02:01:40 Ms. Nowakowski re-read the motion.  
02:02:15 Rep. Regier  
02:02:31 Rep. Lang  
02:03:15 Ms. Nowakowski re-read Sen. Driscoll's motion.  
02:03:29 Sen. Larsen  
02:03:34 Rep. Lang  
02:03:43 Sen. Driscoll  
02:04:27 Sen. Larsen  
02:04:46 Sen. Driscoll  
02:05:00 Rep. Lang  
02:05:12 Ms. Nowakowski re-read Sen. Driscoll's motion.  
02:05:59 Sen. Larsen  
02:06:07 Rep. McNally asked about inserting a primary benefit that includes zero emissions into the motion.  
02:06:35 Sen. Driscoll  
02:07:07 Sen. Larsen - Rep. McNally  
02:08:04 Ms. Nowakowski re-read Sen. Driscoll's motion.  
02:08:26 Rep. McNally amended Sen. Driscoll's motion to add that the environmental advantage is primarily zero emissions to the end of Sen. Driscoll's motion.  
02:08:46 Sen. Olson argued that Rep. McNally's motion should be a separate motion.  
02:09:23 Sen. Larsen  
02:09:34 Sen. Olson



02:10:03 Rep. McNally withdrew her amended motion.

02:10:17 Sen. Larsen

02:10:37 Sen. Olson asked to make a substitute motion that would include roads, power lines and viewshed as environmental impacts.

02:10:53 Sen. Larsen

02:10:58 Sen. Olson

02:11:20 Sen. Driscoll

02:11:26 Sen. Olson

02:12:20 Rep. Regier

02:12:41 Sen. Olson

02:13:57 Rep. Regier

02:14:10 Sen. Olson

02:14:16 Sen. Driscoll

02:14:23 Sen. Buttrey

02:14:50 Sen. Larsen

02:14:58 Sen. Driscoll re-read her motion with Sen. Olson's language substitution.

02:15:15 Sen. Larsen

02:15:20 Ms. Nowakowski re-read the substitute motion. To meet the RPS most utilities have added wind generation to their portfolios. Environmental disadvantages with wind generation are mostly increased bird and bat mortality but also include roads, transmission lines, and impacts to viewsheds.

02:15:43 Sen. Larsen

02:15:53 The motion failed, 4-4. **(Attachment 9)**

02:17:23 Ms. Nowakowski re-read the original motion made by Sen. Driscoll. To meet the RPS most utilities have added wind generation to their portfolios. Environmental disadvantages with wind generation are mostly increased bird and bat mortality.

02:17:37 Sen. Larsen opened discussion on the motion.

02:17:43 Sen. Buttrey asked for a word substitution.

02:17:47 Sen. Driscoll agreed.

02:18:24 Sen. Larsen

02:18:39 Ms. Nowakowski re-read the motion. To meet the RPS most utilities have added wind generation to their portfolios. Environmental disadvantages specific to wind generation are mostly increased bird and bat mortality.

02:18:53 The motion passed, 7-1. **(Attachment 10)**

02:19:36 Sen. Larsen

02:20:06 Rep. McNally moved that the primary environmental benefit of wind energy is zero direct emissions of air pollutants.

02:20:55 Ms. Nowakowski re-read the motion. The primary environmental benefit of wind energy is that it involves zero direct emissions of air pollutants.

02:21:09 Sen. Larsen opened the discussion on Rep. McNally's motion.

02:21:16 Sen. Olson

02:21:43 Sen. Larsen

02:21:49 Rep. Regier asked for clarification on the word, "direct."

02:21:55 Rep. McNally clarified it to mean the end result.

02:22:14 Sen. Larsen

02:22:23 The motion passed, 5-3. **(Attachment 11)**

02:23:34 Sen. Larsen

02:23:39 Rep. Lang

02:23:46 Sen. Larsen asked for additional motions for findings on environmental impacts.

02:24:12 Rep. Lang  
02:26:04 Sen. Larsen - Rep. Lang  
02:26:51 Sen. Driscoll - Sen. Larsen  
02:27:18 Rep. Lang  
02:27:42 Sen. Larsen suspended the work on the findings for environmental impacts to allow the set up for the next presentation.

### **USB AUDIT -- Tab 3**

02:29:16 Steve Erb, Legislative Audit Division, gave an overview of the performance audit of the Universal System Benefits Program (USB). [\(Exhibit 6\)](#) [\(Exhibit 7\)](#)  
02:40:50 Sen. Larsen

#### **Public Comment**

02:41:06 Tom Ebzery, representing Avista, asked the committee to support 2 bills that would exempt electric companies with 50 customers or less and natural gas companies with 200 customers or less from compliance with the USB.  
02:46:15 Bill Mercer, an attorney from Billings, representing the Large Customer Group (LCG), commented on the findings and recommendations made in the Performance Audit report. [\(Exhibit 8\)](#)  
02:54:49 Doug Hardy, Montana Electric Cooperatives Association (MECA), commented on the Large Customer Group.  
02:58:09 Gene Walborn, Department of Revenue, (DOR), said he was available for questions.

#### **Committee Questions and Discussion**

02:58:58 Sen. Olson  
02:59:19 Todd Everts, staff Attorney  
02:59:24 Sen. Larsen  
02:59:48 Mr. Everts  
03:00:20 Rep. McNally - Mr. Erb  
03:04:45 Sen. Larsen  
03:05:53 Mr. Mercer  
03:08:55 Sen. Larsen  
03:09:14 Mr. Everts

#### **Committee action, if necessary**

There was none.

### **ADMINISTRATIVE MATTERS AND HANDBOOKS -- TAB 4**

03:09:48 Ms. Nowakowski briefly reviewed the update of the "Citizens Guide to Montana Energy Law" handbook. [\(Exhibit 9\)](#)  
03:11:48 Jeff Blend, Department of Environmental Quality (DEQ), gave an overview of the 2014 version and 4th edition of "Understanding Energy in Montana." He talked about the energy trends during the recent years. [\(Exhibit 10\)](#)  
03:17:56 Sen. Larsen

### **Rule Review**

- 03:18:37 Mr. Everts said he had nothing new to report.  
03:18:57 Sen. Larsen

### **Approve May Meeting Minutes**

- 03:19:13 Sen. Buttrey asked that his name be spelled correctly on page 5 of the May, 2014 minutes.  
03:19:32 Sen. Larsen  
03:19:37 Rep. Regier moved to accept the May minutes (**Exhibit 11**)  
03:19:55 Sen. Larsen asked for a voice vote and the minutes were accepted and approved.  
03:20:58 Sen. Larsen recessed the meeting for lunch 11:48 a.m.

### **Lunch**

- 04:36:37 Sen. Larsen reconvened the meeting at 1:05 p.m.

### **9-1-1 STRANDED FUNDS**

- 04:36:56 Kevin Myhre, City Manager, City of Lewistown, gave a history of the evolution of 9-1-1 services in Lewistown and he commented on the future challenges with cell phones and texting. He talked about stranded funds and their use and how parts of the law (HB 575) dictating their use, may be outdated.

### **Public Safety Answering Point (PSAPS) - Chris Lounsbury and Susan Bomstad**

- 04:56:08 Chris Lounsbury, Director of the Office of Emergency Management for Missoula County, gave a slide presentation on 9-1-1 services for Missoula County. (**Exhibit 12**)  
05:11:33 Susan Bomstad, 9-1-1 coordinator at the Missoula 9-1-1 center and President of the Montana Chapter of the Association of Public Safety Communications Officials (APCO), talked about next generation 9-1-1 services and the challenges of meeting the increasing costs of these systems.  
05:14:44 Shantil Siaperas speaking for Harold Blattie, Montana Association of Counties, (MACO), talked about the gaps in coverage for 9-1-1 services. They oppose any reduction in fees for counties, and they are in agreement with the fees being charged to the cell phone users and believe that the technical systems should be expanded to better serve the counties and the customers.  
05:17:56 Col. Tom Butler, Montana Highway Patrol, gave an overview of the public safety perspective for 56 counties. He gave a brief history of Interoperability Montana. He is concerned about how the counties will fund operations and maintenance and urged the use of stranded funds to help fund some of the places that need it.  
05:23:45 Sen. Larsen

### **Public Comment**

- 05:24:13 Bonnie Lorang, general manager of Montana Independent Telecommunication Systems, agreed with previous speakers' comments. She encouraged everyone to look at the big picture when taking the next steps. She emphasized the importance of partnerships and collaborative efforts with stakeholders and said that public-private partnerships are essential in solving this problem.

05:29:49 Sen. Larsen

### **Committee Questions and Discussion**

05:29:59 Sen. Larsen

05:30:41 Sen. Olson

05:30:57 Rep. Steenberg - Shantil Siaperas

05:31:48 Sen. Larsen

05:31:52 Sen. Olson asked the committee to consider dispersing the stranded funds and suggested some options.

05:33:40 Sen. Larsen

05:33:44 Sen. Olson moved the committee come forward with a committee bill to disperse the stranded funds.

05:34:40 Sen. Larsen

05:34:48 Rep. Lang discussed using population as a dispersing factor.

05:35:47 Rep. Regier

05:36:18 Sen. Olson

05:36:23 Rep. Regier

05:36:40 Sen. Larsen

05:36:47 Rep. Steenberg asked if the committee should consider the stakeholders input and ask them to come to the committee with a bill.

05:37:39 Sen. Olson said the stakeholders have never been able to bring a bill before the committee.

05:39:51 Sen. Buttrey

05:40:08 Ms. Nowakowski re-read motion. Sen Olson moved that the committee draft a bill establishing a deadline of October 31, 2015, for wireless providers to request their share of the stranded funds. The balance of the funds would then be sent out to counties on a per capita basis.

05:40:48 Sen. Larsen asked Mr. Everts if the committee could legally disperse the money.

05:41:24 Mr. Everts said he would have to look into the ruling.

05:41:40 Sen. Larsen questioned the legality of the action.

05:42:08 Sen. Olson amended his motion contingent upon legal review.

05:42:22 Sen. Buttrey recommended going forward with it as is.

05:42:43 Sen. Larsen

05:43:02 Sen. Olson said he wanted the legal opinion first.

05:43:33 Sen. Larsen

05:43:53 Ms. Nowakowski said that the committee could proceed with the bill draft and work with Mr. Everts on legal questions.

05:44:47 Sen. Larsen

05:45:11 Ms. Nowakowski asked for clarification on allocations for HB 575.

05:45:29 Sen. Larsen

05:45:48 Sen. Olson

05:45:53 Sen. Larsen

05:46:01 Rep. Regier proposed a substitute motion to add onto Sen. Olson's motion that would stipulate that for the first year, 2015, 1% of the stranded funds would go to each county. The balance of the funds would then be dispersed by population.

05:47:29 Sen. Larsen

05:47:43 Sen. Olson

05:49:12 Sen. Larsen

05:49:16 Ms. Nowakowski re-read the substitute motion for a committee bill that

establishes a deadline of October of 2015 for wireless providers to apply for their share of the stranded funds. In January then, each county would receive 1% of the balance left in 2015, and then the remainder would be dispersed on a per capita basis yearly thereafter.

05:50:04 The motion passed unanimously. ([Attachment 12](#))

05:51:02 Sen. Larsen

05:51:11 Sen. Olson

05:51:39 Sen. Larsen

### **RPS FINDINGS AND RECOMMENDATIONS** discussion continued.

05:52:34 Sen. Larsen clarified the work the committee completed earlier; two findings under economic impacts; three under environmental impacts, three general findings, and no findings under consumer impacts.

05:53:39 Sen. Driscoll

05:54:24 Sen. Larsen

05:54:38 Sen. Driscoll moved to add that according to responses provided by the regulated utilities and an analysis by the Montana Consumer Counsel, the RPS has had a negligible impact on ratepayers. The ETIC had difficulty in quantifying integration costs and other variables. The ETIC encourages the PSC and regulated utilities to better account for the costs and benefits of Montana's RPS to provide for greater transparency.

05:55:28 Sen. Olson

05:58:23 Sen. Larsen

05:59:09 Ms. Nowakowski re-read motion.

05:59:56 Sen. Driscoll

06:00:05 Sen. Larsen

06:00:20 The motion passed 5-3. ([Attachment 13](#))

06:01:28 Sen. Larsen

06:01:47 Sen. Driscoll proposed a committee bill to require the suppliers and regulated utilities to track costs and benefits of the RPS and report to the ETIC each interim with their findings.

06:02:38 Sen. Larsen

06:02:57 Sen. Olson

06:03:29 Sen. Larsen

06:03:34 Ms. Nowakowski asked for clarity on who to require to supply the report.

06:03:50 Sen. Driscoll said she would hope both the suppliers and the regulated utilities would do this.

06:04:07 Sen. Larsen

06:04:27 Sen. Driscoll moved that staff draft a committee bill to require the suppliers and regulated utilities track costs and benefits and provide a report to the ETIC each interim with their findings.

06:04:49 Ms. Nowakowski asked for clarification on including any electricity suppliers.

06:05:07 Sen. Driscoll

06:05:15 Sen. Larsen

06:05:39 Rep. Regier

06:06:02 Ms. Nowakowski re-read the motion. Sen. Driscoll moved to request a bill draft to require entities subject to Montana's RPS to provide a cost-benefit analysis of

the RPS to the ETIC on an interim basis.  
06:06:10 Rep. Regier  
06:06:21 Sen. Driscoll  
06:06:32 Rep. Regier  
06:06:45 Sen. Larsen  
06:06:54 The motion passed unanimously. ([Attachment 14](#))  
06:08:13 Rep. McNally  
06:08:48 Sen. Larsen  
06:09:37 Ms. Nowakowski  
06:10:18 Sen. Larsen  
06:10:52 Rep. Lang  
06:10:58 Sen. Larsen recessed the meeting for 10 minutes at 2:38 p.m.

## **BREAK**

### **RPS FINDINGS AND RECOMMENDATIONS** discussion continued

06:26:01 Sen. Larsen reconvened the meeting at 2:53 p.m.  
06:26:15 Rep. Lang said he feels the RPS draft is needed but the report includes information on non-renewables that should be stricken from the draft. On page 25, first paragraph, strike everything after the first sentence and strike the entire third paragraph. The first part of figure 6 (Actual Emissions), on page 27, should be stricken, the second part is fine.  
06:27:45 Sen. Larsen asked for clarification.  
06:27:52 Rep. Lang continued: on page 28 under Health Impacts, first sentence can stay the rest of that and the next paragraph can be deleted. He believes that the Climate Change information on page 31 is impertinent to the RPS. He asked for discussion.  
06:28:56 Sen. Larsen opened discussion.  
06:29:35 Sen. Olson agreed with most of Rep. Lang's comments.  
06:32:54 Sen. Larsen  
06:33:06 Sen. Olson  
06:33:59 Sen. Buttrey reiterated that the purpose of the RPS report is to address the effect of the RPS on consumers, not to extol the virtues or hazards of fossil fuels.  
06:34:51 Sen. Driscoll said she was uncomfortable with making huge changes to the report in the short amount of time left in the meeting. She recommended that the committee take a look at the report on their own to see if some parts could be stricken.  
06:35:48 Sen. Buttrey  
06:36:19 Sen. Olson  
06:37:09 Ms. Nowakowski asked if Rep. Lang actually made a motion.  
06:37:31 Sen. Larsen  
06:38:27 Rep. Lang re-read his earlier recommendation in the form of a motion.  
06:40:45 Ms. Nowakowski re-read Rep Lang's motion to edit the RPS report: beginning on page 25, keep the first sentence, eliminate the rest of paragraph 1, eliminate paragraph 3 and 4; on page 26 eliminate the 3rd paragraph; on page 27 eliminate the top of the graph; on page 28 in paragraph 1 keep the first sentence but eliminate the rest of 1 and paragraph 2; on page 31 eliminate under Climate Change from the start of the 3rd paragraph through page 32 and pick up again

where it states "the inventory showed that activities in Montana...."

06:41:54 Rep. Lang  
06:42:00 Sen. Larsen  
06:42:24 Rep. McNally  
06:43:52 Sen. Olson  
06:44:20 Rep. McNally  
06:44:45 Sen. Driscoll made a substitute motion to facilitate a compromise by asking that if the report was changed that the November 2013 report from the DEQ, "The Environmental Impact of Montana's Renewable Portfolio Standard," also be included in the RPS report as an appendix.

06:45:57 Sen. Larsen  
06:46:13 Rep. Regier  
06:46:28 Sen. Larsen  
06:46:51 Sen. Olson agreed with Sen. Driscoll's motion.  
06:47:19 Sen. Larsen asked to meet with his democratic colleagues in the hallway for a five minute break at 3:15 p.m.

### **Break**

06:52:31 Sen. Larsen reconvened the meeting at 3:20 p.m.  
06:52:51 The substitute motion by Sen. Driscoll passed unanimously. ([Attachment 15](#))  
06:53:47 Sen. Larsen  
06:53:55 Rep. McNally

### **STATE RESPONSE TO FEDERAL CARBON POLLUTION RULES -- Tab 5**

06:54:27 David Klemp, Chief of the Department of Environmental Quality, Air resources Management Bureau, gave an overview of section 111 and 111D of the Federal Clean Air Act that concerns performance standards for certain facilities or source categories as it applies to electric generating units.  
07:04:01 Jon Bennion, Attorney General's Office, talked about the legal concerns of the rules and possible overreach by the EPA in their rule making authority.

### **Public Comment**

There were no comments.

### **Committee Questions and Discussion**

07:06:20 Sen. Larsen  
07:06:25 Sen. Olson recommended sending a letter to the EQC to check on the possibility of creating a subcommittee, and follow up with Legislative Council to check for funding for the subcommittee. He suggested ETIC be fully involved in the process.  
07:08:12 Ms. Nowakowski clarified possible times for the committee to meet.  
07:08:28 Sen. Olson  
07:09:05 Sen. Larsen  
07:09:31 Rep. Regier said the motion was prudent and proactive.  
07:09:45 Sen. Larsen commented on the importance of the subcommittee and he supported the motion.  
07:10:20 Rep. McNally asked to have the scope of the committee clarified.

07:10:40 Sen. Olson said he felt that the scope should include the importance of the economic impact on power generation and monitoring how DEQ implements the rules.

07:11:26 Sen. Larsen - Sen. Olson

07:11:34 Sen. Buttrey questioned the process of creating a select committee.

07:11:57 Mr. Everts clarified the process.

07:12:52 Sen. Buttrey asked where the funding would come from for the subcommittee.

07:13:11 Mr. Everts clarified the track to follow for creating the subcommittee.

07:14:02 Sen. Larsen

07:14:11 Ms. Nowakowski gave the committee a figure of \$9,971 for an eight-member committee to meet six times.

07:14:46 Sen. Larsen

07:14:58 Ms. Nowakowski re-read Sen. Olson's motion to write a letter to the Environmental Quality Council requesting a subcommittee be appointed with four members of equal representation from House and Senate and both parties, to oversee the topic of the 111D implementation, as well as a letter written to the Legislative Council requesting that as they prepare their biennium budget package to consider this request and include funding.

07:15:31 Sen. Larsen

07:15:41 The motion passed unanimously. **(Attachment 16)**

07:16:19 Sen. Larsen

07:16:42 Rep. Regier referenced a letter from Sen. Walsh in the Daily Interlake newspaper that said that President Obama had missed the mark on coal's future and he moved that the committee make a statement in the same vein and send a letter to the President of the United States, the Environmental Protection Agency (EPA) and to each member of Montana's congressional delegation. He read his draft letter. **(Exhibit 13)**

07:20:14 Sen. Larsen

07:20:48 Sen. Olson asked if the committee could work on another draft of his letter for the September 8th meeting.

07:20:53 Rep. Regier

07:21:10 Sen. Larsen

07:21:19 Rep. Regier withdrew his motion with the caveat that it be placed on the agenda for the next meeting.

07:21:48 Rep. Regier

07:22:10 Sen. Larsen handed the gavel over to Rep. Regier at 3:40 p.m.

**Committee action, if necessary**

There was none.

**PSC UPDATE AND DRAFT LEGISLATION -- Tab 6**

07:22:30 Ms. Nowakowski gave an overview of the draft legislative proposal process for committee members.

07:24:06 Rep. Regier

07:24:14 Bill Gallagher, PSC Chairman, gave an update on PSC dockets and activities and an overview of the PCS's legislative proposals for the 2015 session. **(Exhibit 14) (Exhibit 15)**

07:38:19 Rep. Regier



### **Public Comment on update and legislation**

- 07:38:30 Tom Ebzery, an attorney from Billings and speaking for CenturyLink commented on #5 of the PCS's proposed legislation and supports this legislation. CenturyLink also supports #1 but would like to see two bills to include natural gas and electric customers.  
**(Exhibit 14)**
- 07:39:50 Clayton Elliot, Northern Plains Resource Council (NPRC), commented on his organization's apprehension on #2 or eliminating the CREPP requirements. He said they and other parties are eager to have a conversation about how we can improve the requirement rather than repeal it.
- 07:40:49 Rep. Regier

### **Committee Questions**

- 07:41:03 Sen. Olson spoke about the PSC's bill request to repeal the CREP requirements and asked Chairman Gallagher to try to come up with some fixes for the problems that have arisen from its implementation.
- 07:42:11 Mr. Gallagher spoke about some of the challenges.
- 07:43:40 Sen. Olson reiterated his desire to have the PSC come up with solutions. He also commented on cleaning up the railroad titles.
- 07:44:24 Mr. Gallagher
- 07:44:39 Sen. Olson - Mr. Gallagher
- 07:46:09 Mr. Everts clarified the committee bill process in regard to agency requests.
- 07:47:00 Rep. Regier
- 07:47:07 Mr. Everts
- 07:47:24 Rep. Steenberg asked Mr. Gallagher if the PSC would consider the option of working with stakeholders to amend or fix the CREP provisions.
- 07:48:06 Mr. Gallagher said they would be delighted to help out or make recommendations.
- 07:48:42 Rep. Steenberg commented on broadening or changing the ownership requirements to allow investors to work on CREP projects.
- 07:49:02 Mr. Gallagher said they would be pleased to consider other options on legislative direction.
- 07:50:10 Rep. Steenberg asked about the time line for the city of Missoula, Mountain Water condemnation case.
- 07:50:20 Mr. Gallagher said the request to intervene as a party is pending and it will be up to the judge as to whether or not they are allowed to intervene.
- 07:51:12 Rep. Regier

### **Committee action on drafts**

- 07:51:24 Ms. Nowakowski
- 07:51:48 Rep. Regier
- 07:52:30 Sen. Buttrey moved to approve #3, #4, and #5 of the PSC's draft legislation requests.
- 07:52:55 Rep. Regier called for a voice vote and the motion passed unanimously.
- 07:53:01 Sen. Olson moved to come forward with two bills for #1 of the PSC's draft legislation request; one for the electric customers and one for the natural gas customers.
- 07:53:18 Rep. Regier called for a voice vote on the USB program split. It passed unanimously.

07:53:49 Sen. Olson moved to request that the PCS hold off on #2 of the PSC's draft legislation request and work on a fix for the CREP requirements.  
07:54:31 Rep. Regier called for a voice vote and it passed unanimously.

**WRAP UP RPS DISCUSSION -- if needed**

07:55:17 Rep. Regier  
07:55:25 Ms. Nowakowski said she would send the committee members a copy of the revised report draft, the findings recommendations and the draft legislation as it goes out for public comment.

**PUBLIC COMMENT** on matters within the jurisdiction of the ETIC

07:55:49 Mary Ann Dunwell commented on the current unhealthy air conditions as they relate to the committee's scope of topics. She asked the committee to look hard at the scientific facts concerning climate change as they make their decisions on various legislative proposals.

07:58:05 Rep. Regier informed the committee that the next meeting is September 8, 2014. He adjourned the meeting at 4:25 p.m.

07:58:15 **Adjourn**

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