



## Energy and Telecommunications Interim Committee

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### 64th Montana Legislature

#### SENATE MEMBERS

CLIFF LARSEN--Vice Chair  
DUANE ANKNEY  
PAT CONNELL  
ROBYN DRISCOLL

#### HOUSE MEMBERS

KEITH REGIER--Chair  
CHRISTOPHER POPE  
TOM STEENBERG  
DANIEL ZOLNIKOV

#### COMMITTEE STAFF

SONJA NOWAKOWSKI, Lead Staff  
TODD EVERTS, Staff Attorney  
NADINE SPENCER, Secretary

# MINUTES LOG

September 9, 2016  
Room 172, Capitol Building  
Helena, Montana

Please note: This document is a Minutes Log and provides a notation of the time elapsed between the beginning of the meeting and the time at which the item was presented or discussed, a motion was made, or a vote was taken. The narrative presented here is provided only as a guide to the audio or video record of the meeting. The official discussion, motion, or vote is available on the audio or video archive of this meeting. The Legislature does not prepare a transcript of meeting activities. The time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

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### **COMMITTEE MEMBERS PRESENT**

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

SEN. DUANE ANKNEY  
SEN. PAT CONNELL  
SEN. JIM KEANE, via phone

REP. CHRISTOPHER POPE  
REP. TOM STEENBERG  
REP. DANIEL ZOLNIKOV

## **STAFF PRESENT**

SONJA NOWAKOWSKI, Lead Staff  
TODD EVERTS, Staff Attorney  
NADINE SPENCER, Secretary

## **AGENDA (Attachment 1)**

## **VISITORS' LIST (Attachment 2)**

## **COMMITTEE ACTIONS**

The Energy and Telecommunications Interim Committee (ETIC):

- Voted to pre-introduce LCCOL1, as amended, as a committee bill;
- Voted to pre-introduce LCCOL2, as amended, as a committee bill;
- Voted to pre-introduce LCCOL3, as amended, as a committee bill;
- Voted to pre-introduce LCCOL5 as a committee bill;
- Voted to pre-introduce LCCOL6 as a committee bill;
- Voted to pre-introduce LCN911 as a committee bill;
- Voted to approve the HJ 7 draft report;
- Agreed to continue to receive the high-performance building program update required under HB 464.

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

00:00:01 Rep. Regier called the meeting to order at 7:48 a.m. The secretary called the roll. **(Attachment 3)**

## **HOT ROCK ENERGY - COLSTRIP AND GEOTHERMAL**

00:00:44 Susan Petty, managing director, Hotrock Energy Research Organization and president and chief technology officer, AltaRock Energy, gave a PowerPoint presentation on geothermal power generation at Colstrip Generating Station. **(Exhibit 1)**

**Public Comment:** None

## **Committee Questions and Discussion:**

00:22:20 Rep. Pope asked Ms. Petty about economic impacts beyond the production of power.

00:24:37 Rep. Regier asked Ms. Petty about the average number of gallons of water per well being used.

00:25:20 Rep. Regier asked about the cost for geothermal energy. Ms. Petty said it is \$44 a megawatt hour and that advanced technology geothermal energy (EGS) is \$60-80 a megawatt hour.

00:26:31 Sen. Larsen asked Ms. Petty about the number of injection wells in the U.S.

00:27:50 Sen. Larsen asked Ms. Petty how many of the active injection wells are generating electricity in commercial markets.

00:29:11 Sen. Connell asked Ms. Petty how long the geothermal power plants have been on-line. Ms. Petty said that the first one went on line in the U.S. in 1962.

00:30:57 Sen. Connell asked Ms. Petty if there has been any opposition to the permitting process for recent projects.

### **COLSTRIP AOC SETTLEMENT**

00:34:04 Aimee Reynolds, risk assessor and supervisor, Waste Management and Remediation Division, Department of Environmental Quality (DEQ), provided an update and gave a PowerPoint presentation on the Administrative Order on Consent (AOC) between the DEQ and Talen Energy to address pond seepage at Colstrip power plant. **(Exhibit 2)**

00:41:55 Ms. Reynolds discussed the AOC process.

00:44:55 Ms. Reynolds discussed the coal combustion residual rule.

00:47:11 Ms. Reynolds discussed the federal settlement agreement.

00:47:51 Ms. Reynolds discussed the AOC settlement agreement.

**Public Comment:** None

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

00:49:57 Rep. Pope asked Ms. Reynolds about the \$7.5 million bond and what it covers.

00:51:01 Rep. Pope asked Ms. Reynolds about the liquidity of the entities that will be cleaning up the site and if there are any federal funds to help subsidize the cost.

00:53:05 Recess

00:58:24 Reconvene

Sen. Keane joined the meeting via phone.

### **COLSTRIP LEGISLATIVE PROPOSALS**

00:58:43 Ms. Nowakowski said at its July meeting the ETIC requested that staff work with Sen. Ankney on draft legislation to assist the state of Montana in planning for the pending partial closures of Colstrip generating station.

01:00:12 Ms. Nowakowski said that seven bill draft proposals were put out for public comment and the comments are posted on the ETIC website. **(Exhibit 3)**

### **LCCOL1 — Appropriate money to allow Montana to participate in proceedings before out-of-state utility commissions.**

01:01:43 Ms. Nowakowski presented an overview of LCCOL1. **(Exhibit 4)**

01:04:39 Ms. Nowakowski discussed the public comments that were received.

01:05:11 Ms. Nowakowski said staff worked with Rep. Pope on an amendment that expands the bill and appropriates \$30,000 to the Governor's office for a stakeholders group.

### **Public Comment:**

01:06:21 Britt Ide, president, Ide Energy and Strategy, said she supports LCCOL1 and encouraged the ETIC to consider the appropriation for a stakeholder group.

01:07:41 Chuck Dalby, geologist, Helena, said he helped to construct Colstrip Units 1 and 2 and supports all of the bills except for LCCOL7.

- 01:13:36 John Williams, mayor, city of Colstrip, commented on all of the legislative proposals and said the city supports the efforts of the ETIC regarding energy development in Colstrip, Rosebud County, and the state.
- 01:19:37 Jim Atchison, executive director, Southeast Montana Development Corporation (SEMDC), Colstrip, said SEMDC supports all of the seven bill drafts. Also speaking for Steve Arveschoug, executive director, Big Sky Economic Development, Billings.

The following individuals spoke in support of LCCOL1:

- 01:21:19 Anne Hedges, Montana Environmental Information Center (MEIC).  
01:23:13 Chris Cavazos, Montana AFL-CIO.

**Committee Questions and Discussion:**

- 01:23:49 Sen. Ankney
- 01:25:06 **Motion:** Sen. Ankney moved to pre-introduce LCCOL1 as a committee bill.

**Discussion:**

- 01:25:26 Rep. Pope discussed his amendment. **(Exhibit 5)**  
01:28:57 Rep. Regier  
01:29:04 Ms. Nowakowski  
01:29:17 Rep. Regier
- 01:29:22 **Motion:** Rep. Pope moved that LCCOL 1 be amended.

**Discussion:**

- 01:29:37 Rep. Regier  
01:29:48 Sen. Ankney  
01:30:31 Rep. Regier  
01:30:37 Sen. Ankney  
01:31:10 Sen. Connell  
01:31:49 Ms. Nowakowski  
01:32:36 Rep. Regier  
01:32:40 Sen. Keane
- 01:32:50 **Vote:** The motion carried unanimously by voice vote.
- 01:33:07 **Motion/Vote:** Sen. Ankney moved to pre-introduce LCCOL1, as amended, as a committee bill. The motion carried unanimously by voice vote. Sen. Keane will sponsor the bill.

**LCCOL 2 — Establish the Coal-Fired Generating Unit Decommissioning and Remediation Act.**

- 01:35:44 Ms. Nowakowski presented an overview of LCCOL2. **(Exhibit 6)**  
01:40:29 Ms. Nowakowski discussed the public comments that were received.

**Public Comment:**

- 01:41:43 Ms. Hedges said that MEIC does not support LCCOL2 in its current form.

01:43:23 Mr. Cavazos said that the AFL-CIO supports LCCOL2.

**Committee Questions and Discussion:**

01:44:18 Rep. Zolnikov

01:45:20 Sen. Ankney provided copies of amendments from the DEQ. [\(Exhibit 7\)](#)

01:46:41 **Motion:** Sen. Ankney moved that LCCOL 2 be pre-introduced as a committee bill.

**Discussion:**

01:47:03 Rep. Regier

01:47:08 Ms. Nowakowski

01:47:20 Sen. Ankney

01:47:34 Ms. Reynolds

01:48:43 Sen. Larsen

01:49:22 Ms. Reynolds

01:49:43 Rep. Regier

01:50:00 Ms. Reynolds

01:50:48 Rep. Regier

01:50:51 Sen. Ankney

01:51:31 **Motion:** Sen. Ankney moved that LCCOL2 be amended.

**Discussion:**

01:51:54 Sen. Connell

01:53:00 Rep. Steenberg

01:53:25 **Vote:** The motion carried unanimously by voice vote.

01:53:42 **Motion/Vote:** Rep. Regier moved to pre-introduce LCCOL2, as amended, as a committee bill. The motion carried unanimously by voice vote. Sen. Ankney will sponsor the bill.

**LCCOL3 — Establish the Treasure State Restore and Rebuild Act.**

**LCCOL4 — Increase the electrical energy producer's license tax.**

01:55:17 Ms. Nowakowski said that Sen. Ankney requested that both bills be presented together.

01:55:41 Ms. Nowakowski presented an overview of LCCOL3. [\(Exhibit 8\)](#)

01:58:18 Ms. Nowakowski presented an overview of LCCOL4. [\(Exhibit 9\)](#)

01:59:18 Ms. Nowakowski discussed the public comments that were received.

**Public Comment:**

The following individuals spoke against LCCOL3:

02:00:49 Ms. Hedges

02:03:35 Neal Ullman, Montana Conservation Voters

**Committee Questions and Discussion on LCCOL3:**

02:07:12 Sen. Ankney

02:08:29 **Motion:** Sen. Ankney moved to pre-introduce LCCOL3 as a committee bill.

02:08:39 **Motion:** Sen. Ankney moved that LCCOL3 be amended. [\(Exhibit 10\)](#)

**Discussion:**

02:08:52 Sen. Ankney

02:12:04 Rep. Pope

02:12:15 Sen. Ankney

02:12:34 Rep. Regier

02:13:00 Sen. Ankney

02:13:12 Rep. Pope

02:14:54 Jeff Fox, Montana policy manager, Renewable Northwest.

02:16:14 Sen. Ankney

02:17:07 Rep. Pope

02:19:17 Sen. Ankney

02:20:18 Sen. Keane

02:22:24 Sen. Larsen

02:24:19 Rep. Pope

02:26:31 Sen. Ankney

02:31:25 **Vote:** The motion carried unanimously by voice vote.

02:31:38 **Motion/Vote:** Sen. Ankney moved to pre-introduce LCCOL3, as amended, as a committee bill. The motion carried unanimously by voice vote. Sen. Keane will sponsor the bill.

Rep. Zolnikov left the meeting.

**LCCOL 5 — Establish the Montana Energy Accountability Act.**

02:32:49 Ms. Nowakowski presented an overview of LCCOL5. [\(Exhibit 11\)](#)

02:34:40 Ms. Nowakowski discussed the public comments that were received.

**Public Comment:**

The following individuals spoke against LCCOL5:

02:35:51 Tom Ebzery, attorney, representing Puget Sound Energy, Avista Corporation, and Portland General Electric.

02:43:25 Ms. Hedges

02:47:57 Mr. Cavazos said that the AFL-CIO supports the bill.

02:49:22 Harold Blattie, executive director, Montana Association of Counties (MACo), said he was contacted by Rep. Geraldine Custer, HD 39, and was asked to review the bill and provide comments. [\(Exhibit 12\)](#) He said MACo does not yet have a position on the bill.

02:58:09 Bob Story, Montana Taxpayers Association, said that the association does not support the bill.

**Committee Questions and Discussion:**

03:00:46 Sen. Connell  
03:05:07 Sen. Larsen  
03:06:23 Mr. Ebzery  
03:07:24 Sen. Larsen  
03:08:36 Mr. Ebzery  
03:10:13 Sen. Larsen

03:13:11 **Motion:** Sen. Ankney moved to pre-introduce LCCOL5 as a committee bill.

**Discussion:**

03:13:24 Sen. Ankney  
03:19:09 Rep. Pope  
03:22:36 Rep. Steenberg  
03:23:28 Mr. Ebzery  
03:24:08 Rep. Steenberg  
03:24:17 Mr. Ebzery  
03:24:59 Sen. Ankney  
03:25:51 Sen. Keane

03:29:16 **Vote:** The motion carried 5-2 by roll call vote. Rep. Pope and Rep. Steenberg voted no. Rep. Zolnikov was absent. Sen. Ankney will sponsor the bill.  
**(Attachment 4)**

03:30:05 Recess  
03:41:24 Reconvene

**LCCOL6 — Establish a benefits and retirement security task force in the Governor's Office.**

03:41:37 Ms. Nowakowski presented an overview of LCCOL6. **(Exhibit 13)**  
03:42:54 Ms. Nowakowski discussed the public comments that were received.

**Public Comment:**

The following individuals spoke in support of LCCOL6:

03:43:58 Ms. Hedges  
03:44:52 Mr. Cavazos

**Committee Questions and Discussion:**

03:45:55 Rep. Regier  
03:46:20 Sen. Ankney  
03:46:28 Rep. Regier  
03:46:34 Ms. Nowakowski  
03:46:53 Rep. Regier

03:47:07 **Motion/Vote:** Sen. Ankney moved to pre-introduce LCCOL6 as a committee bill. The motion carried 7-0 by roll call vote. Rep. Zolnikov was absent. Sen. Keane will sponsor the bill. **(Attachment 5)**

**LCCOL7 — Revise USB laws to allow large customers to pay for transitioning energy markets.**

- 03:48:27 Ms. Nowakowski presented an overview of LCCOL7. [\(Exhibit 14\)](#)  
03:50:27 Ms. Nowakowski discussed the public comments that were received.

**Public Comment:**

- 03:51:15 Diego Rivas, senior policy associate, Northwest Energy Coalition, discussed the comments submitted by NW Energy Coalition and said it opposes the bill.

**Committee Questions and Discussion:**

- 03:59:11 Sen. Ankney  
  
04:01:31 Rep. Zolnikov returned to the meeting.  
  
04:02:43 **Motion:** Sen. Ankney moved to pre-introduce LCCOL7 as a committee bill.

**Discussion:**

- 04:02:50 Rep. Pope  
04:05:27 Rep. Steenberg  
04:06:23 Sen. Keane  
04:07:45 Rep. Pope  
04:08:43 Sen. Ankney  
04:11:12 Sen. Connell  
04:12:23 Sen. Ankney  
  
04:13:21 **Vote:** The motion failed 4-4 by roll call vote. Sen. Ankney, Sen. Connell, Sen. Keane and Rep. Regier voted yes. [\(Attachment 6\)](#)  
  
04:14:38 Sen. Keane left the meeting.

**HJ 7: NEXT GENERATION 9-1-1**

- 04:14:53 Quinn Ness, Public Safety Communications Bureau chief, State Information Technology Services Division, Department of Administration, said that the 9-1-1 Advisory Council recommends that LCN911 move forward as a committee bill.  
  
04:16:32 Ms. Nowakowski said at its July meeting the ETIC requested that the amendments provided by the 9-1-1 stakeholders be incorporated into the draft legislation to update Montana's 9-1-1 laws and that the draft report be revised to reflect the changes.  
04:17:00 Ms. Nowakowski discussed the public comment that was received on the revised report and draft legislation. [\(Exhibit 15\)](#)  
04:17:35 Ms. Nowakowski presented an overview LCN911. [\(Exhibit 16\)](#)

**Public Comment:**

- 04:19:53 Shantil Siaperas, MACo, thanked everyone involved in drafting the legislation and said MACo supports the bill.



**Committee Questions and Discussion:**

04:20:46 Rep. Regier  
04:21:03 Ms. Nowakowski  
04:21:13 Rep. Regier  
04:21:27 Ms. Nowakowski

04:22:44 **Motion:** Rep. Steenberg moved to pre-introduce LCN911 as a committee bill.

**Discussion:**

04:22:56 Rep. Steenberg

04:23:48 **Vote:** The motion carried unanimously by voice vote. Sen. Keane was excused. Sen. Ankney will sponsor the bill.

**HJ 7 draft report**

04:24:51 Ms. Nowakowski provided an overview of the draft report and said no public comment was received. [\(Exhibit 17\)](#)

**Public Comment:** None

**Committee Questions and Discussion:** None

04:25:41 **Motion/Vote:** Rep. Steenberg moved to approve the HJ 7 draft report. The motion carried unanimously by voice vote. Sen. Keane was excused.

04:26:45 Recess for lunch at 12:14 p.m.

05:23:01 Reconvene

**PUBLIC SERVICE COMMISSION OVERVIEW**

05:23:20 Bob Lake, Public Service commissioner, District 4, presented an update from the Public Service Commission (PSC).

05:23:55 Commissioner Lake discussed the terms and conditions of the Greycliff Wind Farm contract.

05:26:43 Commissioner Lake discussed the emergency suspension of the qualifying facility (QF) standard rate previously available to small solar projects granted to NorthWestern.

05:31:10 Commissioner Lake discussed Mountain Water Company.

05:33:23 Commissioner Lake discussed the Crazy Mountain Wind Farm project.

05:34:29 Commissioner Lake said there will be a hearing on NorthWestern Energy's gas rates.

05:35:16 Commissioner Lake discussed the railroad safety risk assessment.

05:37:43 Eric Sell, communications director, PSC, provided a copy of the PSC Chairman's mid-year report. [\(Exhibit 18\)](#)

**Public Comment:** None

**Committee Questions and Discussion:**

05:38:28 Rep. Pope asked Commissioner Lake about rate hearings.

05:39:59 Rep. Pope asked Commissioner Lake about hydropower.

### **CONSUMER COUNSEL OVERVIEW**

05:41:47 Bob Nelson, Montana Consumer Counsel, presented an update on recent activities.  
05:42:20 Mr. Nelson said the council is engaged in both electric and gas trackers with NorthWestern Energy.  
05:42:48 Mr. Nelson discussed rate cases.  
05:43:43 Mr. Nelson discussed the QF filings the council has been involved in.

**Public Comment:** None

**Committee Questions and Discussion:** None

### **HIGH-PERFORMANCE BUILDING PROGRAM UPDATE (17-7-214, MCA)**

05:45:14 Russ Katherman, engineering manager, Architecture and Engineering Division, Department of Administration, provided an update on the high-performance building program required by HB 464 (2015).  
05:47:44 Mr. Katherman discussed the agreement form developed in order to get agency commitment to the program. [\(Exhibit 19\)](#)  
05:48:20 Mr. Katherman discussed the program document. [\(Exhibit 20\)](#)

**Public Comment:** None

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

05:50:33 Rep. Pope asked Mr. Katherman about the potential impact of the program.  
05:51:40 Rep. Steenberg asked Mr. Katherman about deferred maintenance issues.  
05:53:32 Rep. Regier said that staff needs direction on continued reporting for the program.  
05:53:43 Ms. Nowakowski said the ETIC needs to decide if it wants to continue with the reporting requirement.  
05:54:10 Rep. Pope said he recommends that the ETIC receive the report biennially. Ms. Nowakowski said the reporting requirement is required by statute and would require a committee bill to change. Without objection, the ETIC directed staff to continue to receive the report.

### **WRAP-UP OF NET METERING, NG911, COLSTRIP, AND OTHER DISCUSSION**

05:55:15 Rep. Regier opened the discussion.  
05:55:37 Rep. Pope thanked staffed for its efforts with the meeting and thanked Sen. Ankney for his work on Colstrip.  
  
05:56:53 Recess  
06:03:17 Reconvene

### **RIDESHARING IN MONTANA**

06:03:33 Justin Kraske, chief legal counsel, PSC, provided an update on the PSC's implementation of SB 396 (2015). [\(Exhibit 21\)](#)

- 06:07:23 Mr. Kraske provided information on the certificate of compliance applications it has received.
- 06:07:45 Mr. Kraske provided information on complaints and concerns the PSC has received since the law passed.
- 06:09:50 Mr. Kraske said in July the PSC presented the ETIC with its agency bill to completely deregulate passenger transportation service in Montana. The ETIC agreed to allow the draft to move forward for pre-introduction.
- 06:13:12 Mary Garcia, Montana Taxi Association, discussed concerns regarding SB 396 and public safety. [\(Exhibit 22\)](#)
- 06:21:50 Chuck Denowh, representing Uber Transportation, provided information on Uber in Montana.

**Public Comment:**

The following individuals commented on problems regarding Uber and SB 396:

- 06:24:52 Norma Duffy, owner, Cowboy Taxi, Dillon.
- 06:31:44 Barry Willson, owner, City Cab, Billings.
- 06:34:31 Randy Cowger, Glacier Taxi, Flathead County.
- 06:36:28 Vance Vanderpan, Greater Valley Taxi, Bozeman.

**Committee Questions and Discussion:**

- 06:42:48 Rep. Zolnikov said he signed up to be an Uber driver in order to see how it worked and where the impact would be and donated his profits to avoid a conflict of interest. He said he would not support a deregulation bill unless it includes the Montana Taxi Association as a stakeholder.
- 06:46:28 Rep. Regier asked Mr. Denowh about the requirements for Uber drivers.
- 06:47:16 Rep. Steenberg asked Mr. Denowh about Uber requirements for cars to be marked.
- 06:48:42 Rep. Regier asked Mr. Kraske why Uber is not held to the same standard as taxis.
- 06:49:54 Rep. Regier asked Mr. Kraske if the PSC's solution is to deregulate everything.
- 06:50:40 Rep. Regier asked Mr. Kraske if the PSC is notified when a person impersonates a taxi driver.
- 06:51:48 Rep. Regier asked Mr. Kraske if it is against the law to impersonate a taxi driver.
- 06:52:36 Sen. Connell asked Mr. Kraske about the penalty when a driver is cited by the PSC for not complying with agency regulation.
- 06:53:36 Sen. Connell asked Mr. Kraske if he feels the safety and welfare of the citizens of Montana are adequately protected against illegal activity by the penalty compared to the risk.
- 06:56:15 Sen. Connell asked Mr. Kraske about PSC oversight and authority under deregulation.
- 06:57:43 Sen. Connell said he encourages the PSC to discuss the issue of fraud with the Department of Justice and the Attorney General's office. Mr. Kraske said he will discuss the issue with the stakeholders.
- 07:02:11 Rep. Regier asked Sen. Connell if he would be willing to work on a bill draft with the PSC to address fraud. Sen. Connell said he would if it included the Department of Justice.

07:02:37 Rep. Steenberg said he encouraged the PSC to have a roundtable discussion with the stakeholders.  
07:03:43 Rep. Pope said there needs to be a signage requirement in the Class E statute. Mr. Kraske said he thought there could be something done through rulemaking.  
07:05:37 Rep. Regier asked Mr. Denowh about the popularity of Uber in Montana.

**PUBLIC COMMENT ON MATTERS WITHIN THE JURISDICTION OF THE ETIC**

None

**INTERIM WRAP-UP**

07:07:27 Rep. Regier opened discussion on the interim.  
07:07:50 Sen. Larsen  
07:08:29 Sen. Ankney  
07:09:41 Rep. Zolnikov  
07:10:02 Sen. Ankney  
07:10:16 Rep. Regier

**ADJOURN**

07:11:47 Rep. Regier adjourned the meeting at 2:59 p.m.

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