

**ENERGY AND TELECOMMUNICATIONS INTERIM
COMMITTEE**

2003-2004 Work Plan

Adopted September 16, 2003

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Legislative Services Division
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Introduction

The Montana Legislature created the Energy and Telecommunications Interim Committee (ETIC) through enactment of House Bill No. 509 (2003). House Bill No. 509 also eliminated the Transition Advisory Committee (TAC) on electric industry restructuring.

The work plan includes the following sections:

- ! Introduction
- ! Members and Staff
- ! Committee Procedures and Public Participation
- ! Statutory Responsibilities
- ! Tasks
- ! Timeline

The work plan sets forth the committee's strategy for fulfilling its responsibilities during the 2003-2004 interim. This is a flexible document. The committee will refine tasks and timelines as information is gathered and evaluated.

Members and Staff

Committee Members

Rep. Alan Olson, Chair
Sen. Emily Stonington, Vice Chair
Rep. Daniel Fuchs
Rep. Dave Gallik
Sen. Royal Johnson
Rep. Gary Matthews
Sen. Don Ryan
Sen. Fred Thomas

Staff

Lead Staff: Mary Vandebosch, Research Analyst
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Attorney: Todd Everts, Legislative Environmental Analyst
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Secretary: Rebecca Sattler
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Committee Procedures and Public Participation

The Energy and Telecommunications Interim Committee will operate under the *Rules, Procedures, and Guidelines for Interim Committees* adopted by the Legislative Council.

As required by law, public notice will be given for all meetings and the public will be given an opportunity to comment on any matter that is within the jurisdiction of the committee. The Chair may establish time limits for public comment, if necessary.

Interested persons may be added to the mailing list by contacting Rebecca Sattler or the Legislative Services Division office at 444-3064.

Agendas, memos, links and other information can be found on the Energy and Telecommunications Interim Committee website:

leg.mt.gov/css/committees/interim/2003_2004/energy_telecom/default.asp

Statutory Responsibilities

Committee

The statutory responsibilities of legislative interim committees are set forth in 5-5-215, MCA, and are paraphrased for the Energy and Telecommunications Interim Committee below.

- ! Review administrative rules of the Department of Public Service Regulation (Department) and the Public Service Commission (PSC).
- ! Conduct interim studies as assigned. The committee may recommend to the Legislative Council that an interim study not be conducted or be assigned to another interim committee.
- ! Monitor the operation of the Department and the PSC with specific attention to the following:
 - " identification of issues likely to require future legislative attention;
 - " opportunities to improve existing law through the analysis of problems experienced with the application of the law by the agency; and
 - " experiences of Montana's citizens with the operation of the agency that may be amenable to improvement through legislative action.
- ! Review legislation proposed by the Department or the PSC. (Bills requested by an individual member of the Legislature are not subject to this requirement.)
- ! Compile, analyze, and furnish information bearing upon the committee's assignment and relevant to existing or prospective legislation that the committee determines to be pertinent to the adequate completion of its work.
- ! Prepare bills and resolutions that, in the committee's opinion, the welfare of the state may require for presentation to the next regular session of the Montana

Legislature.

The ETIC may refer an issue to another committee that the ETIC determines to be more appropriate for the consideration of the issue.

Utilities

Public utilities and cooperative utilities are required to submit an annual summary report of universal system benefits programs to the ETIC pursuant to 69-8-402, MCA.

Tasks

1. Evaluation of issues or programs and development of findings or recommendations

- a. Evaluate provision of default supply of electricity and natural gas.** Identify and evaluate options. Identify whether or not legislation is needed to implement options. Draft legislation if needed.

Who: ETIC members, representatives of NorthWestern Corporation and other electricity suppliers, PSC commissioners and staff, other interested persons.

Timeline: July-August 2003: Staff will collect ideas, questions, and information from persons identified above and prepare a memo that includes options and an evaluation of options. Staff will update members on new developments.

September 16, 2003: Update on NorthWestern Corporation's financial condition. Discussion of memo. Briefing by panel of experts. Determine next steps.

- b. Evaluate universal system benefits charges and use and disposition of universal system benefits funds.** Evaluate amount of charge, allocation of funds among programs, and disposition of collected universal system benefits funds.

Who: ETIC members with input from interested parties

Timeline: September-October, 2003: Ms. Vandenbosch will collect proposals for change from ETIC members before the November 20 meeting and prepare an options memo. Interested members will review chapter on universal system benefits programs in the 2002 TAC

report and other materials.

November 20, 2003: Discussion of memo and options. Public comment. Request that legislation be drafted, if desired.

c. Evaluate the need for specific statutory authority for PSC oversight over transfer of regulated public utility, or assets or affiliates of the utility.

Who: ETIC members with input from interested parties. ETIC staff will conduct research requested by committee.

Timeline: September 2003: Members will be provided with SB 234 (2003) and minutes from the hearing and executive action on SB 234.

September 16, 2003: Members will identify questions, options, and next steps.

November 20, 2003: Topic to be addressed as determined on September 16. Request that legislation be drafted, if desired.

2. SJR 13: Study energy efficiency and conservation practices

a. Building codes

White paper for committee review will: compare newly adopted building codes in Idaho, Oregon, and Washington with Montana's building code; review any national models; identify barriers to revision of building codes in existing Montana law; and identify options.

Who: White paper prepared by Ms. Vandebosch with information provided by the Northwest Power and Conservation Council, MontPIRG, the Montana Department of Environmental Quality (DEQ), and assistance from the Building Standards Division of the Department of Labor and Industry.

Timeline: March 25, 2004: White paper presented and discussed. Further steps identified. Invite Tom Eckman, Northwest Power and Conservation Council, to make presentation.

b. Other energy efficiency and conservation practices

Investigate and evaluate options for improving energy efficiency and conservation practices.

Who: Invite Tom Eckman, Northwest Power and Conservation Council, and the Governor's Energy Consumer Task Force to make recommendations.

Timeline: March 25, 2004: Presentation of recommendations.
June 3-4, 2004: Committee decision on any findings or recommendations.

3. Monitoring of important activities

a. Transmission issues. Briefing on cause of August 2003 blackout. Monitor transmission initiatives including: the subregional transmission planning initiative for Rocky Mountain states, federal actions in response to the blackout, the Federal Energy Regulatory Commission's standard market design activities and progress in the development of regional transmission organizations. (The ETIC decided to make this task a top priority.)

Who: Possible briefings from Ted Williams, RTO West; Montana participants in subregional transmission planning initiative, Bonneville Power Administration expert serving on the U.S.-Canadian task force investigating the blackout, and others.

Timeline: November 20, 2003: Briefing. Others as needed.

b. Financial condition of NorthWestern Corporation, including bankruptcy proceedings and any planned expansion or contraction.

Who: Reports from NorthWestern Corp. and PSC.

Timeline: Ongoing

c. Rates for natural gas and electricity, including rate increases and trackers.

Who: PSC, regulated utilities, and Ms. Vandenbosch.

Timeline: September 16, 2003: Briefing. Staff will provide updates as needed between meetings.

d. Procurement of default supply portfolio.

Who: PSC, NorthWestern Energy, other interested parties

Timeline: To be determined

e. Proposed legislation related to telecommunications.

Committee will be briefed and provide feedback to interested parties.

Who: Representatives of industry and consumer groups

Timeline: June 3-4, 2004: Briefing.

4. Learning about initiatives, projects, and technology

a. Update on implementation of SB 409, which authorizes the Department of Natural Resources and Conservation (DNRC) to conduct inventories and assessments and lease planning for the development of the property interests acquired from the federal government in the Crown Butte land exchange. The DNRC is required to consult with affected private surface and mineral owners. Wesco Resources, Bechtel Enterprises, Burlington Northern Santa Fe Railway, the Gallatin Group, and Kennecott Energy Co. have announced plans for leasing and mining the coal in the Otter Creek tracts as well as construction of one or more power plants and transmission lines.

Who: DNRC and companies named

Timeline: To be determined

b. Coal bed methane development in Montana. Update on the status of coal bed methane development and barriers and opportunities including: litigation, development of total maximum daily loads, water quality standards, and pipeline capacity and development.

Who: Representatives of Coal Bed Natural Gas Alliance, Board of Oil and Gas Conservation, DEQ, and a transmission expert.

Timeline: November 20, 2003: Briefing on the above.

March 25, 2004: Update.

- c. Bull Mountain Development Co., Roundup Power Project, and Great Northern Power Development Miles City Project.** Updates on significant activities.

Who: DEQ, ETIC staff, project sponsors

Timeline: as needed

- d. FutureGen.** "FutureGen" is a federal \$1 billion, 10-year demonstration project to create the world's first coal-based, zero emission power plant to produce electricity and hydrogen. Governor Martz and others have been promoting Montana as an ideal location for this project. Committee members will be updated on the status as well as any opportunities for the ETIC to lend support to the project, if desired.

Who: Ms. Vandenbosch, Governor's Office of Economic Opportunity

Timeline: as needed

- e. Activities of other legislative committees** related to energy or telecommunications and activities of **other public or private groups** that are directly related to the committee's work plan. Other legislative committees with an interest in or involvement in energy issues include the following: Environmental Quality Council; Legislative Consumer Committee, Revenue and Transportation Interim Committee, Legislative Council on River Governance; and Economic Affairs Interim Committee. The ETIC requested ongoing updates from the PSC.

Who: ETIC staff will provide a brief update on new or significant activities. Representatives of the PSC will brief the committee on important issues that are not already on the committee's agenda. Members will request additional information, if warranted.

Timeline: Ongoing

- f. ETIC Budget**

Who: Ms. Vandenbosch will provide status reports.

Timeline: Ongoing

5. Review statutes and rules related to Energy and Telecommunications Interim Committee

Staff will review statutes and rules and identify the following in light of the creation of the ETIC and elimination of the TAC and the expertise of the new committee:

- ! possible "housekeeping" changes as a result of the name change;
- ! statutory responsibilities that could be reassigned to the ETIC or another committee; and
- ! other potential changes to statute or rule.

Staff will prepare a memo that identifies issues and options.

Who: Memo prepared by Ms. Vandenbosch. Decisions by the ETIC, in consultation with other committees, if appropriate.

Timeline: March 25, 2004: Discuss memo. Identify any further steps.

6. Review legislation proposed by the Department or PSC

Review proposals and decide whether or not to request that staff draft legislation for preintroduction.

Who: Department and/or PSC presents proposals. Committee members vote on whether or not to request drafting.

Timeline: June 3-4, 2004: Committee briefed on information submitted to the Governor's Office of Budget and Program Planning (the "EPP" form).

September 9-10, 2004: Committee decision on whether or not to request that bills be drafted.

7. Administrative rule review

The ETIC attorney will provide synopses of significant and controversial proposed rules. Committee members will receive copies of notices of proposed adoption of rules. Members are responsible for notifying staff or the committee chair if they want more information or committee action.

Who: Mr. Everts and committee members

Timeline: Ongoing

Timeline

The timeline provides a tentative skeleton to help the committee ensure that it accomplishes tasks no later than desired. It is also a tool for allocating tasks through time. The timeline will necessarily evolve and change as the committee gathers information and makes decisions about future actions.

2003

Sept. 16

Committee Meeting

- ◆ Adopt work plan
- ◆ Financial condition of NorthWestern Corporation: update and discussion
- ◆ Natural gas and electricity rates: update and discussion
- ◆ Default supplier of electricity: panel presentation and discussion
- ◆ PSC oversight over transfer of regulated public utility or assets or affiliates of the utility: identification of questions
- ◆ Updates on projects and important initiatives
- ◆ PSC update
- ◆ Administrative rules: review of significant rules
- ◆ Public comment
- ◆ ETIC budget

Nov. 20

Committee Meeting

- ◆ Followup from previous meeting
- ◆ Universal system benefits: discussion and decision
- ◆ PSC oversight over transfer of regulated public utility or assets or affiliates of the utility: discussion and decision
- ◆ Transmission issues: briefing
- ◆ Coal bed methane update
- ◆ Updates on projects and important initiatives
- ◆ PSC update
- ◆ Administrative rules: review of significant rules
- ◆ Public comment
- ◆ ETIC budget

2004

Jan. 22

Committee Meeting

- ◆ Followup from previous meetings
- ◆ ETIC budget
- ◆ Updates on projects and important initiatives
- ◆ PSC update
- ◆ Administrative rules: review of significant rules

- ◆ Public comment

March 25 Committee Meeting

- ◆ Statutes and rules related to ETIC: discussion of options memo
- ◆ Coal bed methane update
- ◆ Followup from previous meetings
- ◆ Building codes: presentation and discussion of white paper
- ◆ Presentation on energy efficiency recommendations
- ◆ ETIC budget
- ◆ Updates on projects and important initiatives
- ◆ PSC update
- ◆ Administrative rules: review of significant rules
- ◆ Public comment

June 3-4 Committee meeting

- ◆ Review PSC proposed legislation
- ◆ Telecommunications policy: briefing on proposed legislation by industry and consumer groups
- ◆ Followup from previous meetings
- ◆ Updates on projects and important initiatives
- ◆ Identification of ETIC-proposed legislation, if any
- ◆ PSC update
- ◆ Administrative rules: review of significant rules
- ◆ Public comment
- ◆ ETIC budget
- ◆ ETIC decision on any findings or recommendations regarding energy efficiency

Sept. 9-10 Committee meeting

- ◆ Final decision by ETIC on content of reports and proposed legislation, if any
- ◆ Selection of bill sponsors, if any
- ◆ Review proposals and decide whether or not to request that staff draft Department or PSC legislation for preintroduction
- ◆ Followup from previous meetings
- ◆ Updates on projects and important initiatives
- ◆ PSC update
- ◆ Administrative rules: review of significant rules
- ◆ Public comment
- ◆ ETIC budget

Sept. 15 Deadline for completion of interim committee work

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