



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

ENERGY AND TELECOMMUNICATIONS INTERIM COMMITTEE MEETING

Great Falls College - MSU
May 8, 2014

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

STAFF PRESENT

SONJA NOWAKOWSKI, Lead Staff
TODD EVERTS, Staff Attorney
JOY LEWIS, Secretary
K'LYNN SLOAN HARRIS, Audio/Visual Coordinator

AGENDA & VISITORS' LIST

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

COMMITTEE ACTION

The committee approved a motion to take more time reviewing the "Renewable Rewards and Risks" draft report and work sheet, and come to the next meeting prepared to discuss draft findings and recommendations, and to approve the report. The committee also agreed to release the report to the public for comment.

- 00:00:13 Chairman Larsen convened the meeting at 9:07 a.m. The Secretary took the roll. [\(Attachment 3\)](#) Sen. Larsen welcomed Mayor Michael Winters.
- 00:03:20 Mayor Michael Winters welcomed the committee to Great Falls.
- 00:04:52 Sen. Larsen

Follow-up on Prepaid Wireless 9-1-1 Issues (Tab 5)

- Update**
00:05:01 Vice Chairman Regier gave an update on the Prepaid Wireless 9-1-1 Stakeholders Discussion held on April 23, 2014. [\(Exhibit 1\)](#) [\(Exhibit 2\)](#)
- ETIC Questions and Discussion**
00:07:21 Sen. Larsen - Rep. Regier
- Public Comment**
00:08:22 There was none.
- ETIC Action**
There was no action taken.

Agency Overview Presentation

- 00:08:34 **PSC Overview**
Chairman Gallagher gave a presentation and overview of recent rulings related to renewables, Qualifying Facility issues (QF's), and Telecommunications - FCC Rate Floor. [\(Exhibit 3\)](#)
- 00:31:30 **Public Comment**
Diego Rivas, Montana Policy Associate for the Northwest Energy Coalition talked about LRAM or "lost revenue adjustment mechanism" He wanted the committee to be aware of this issue coming up in the near future before the PSC.
- 00:33:01 **ETIC Questions and Discussion**
00:33:45 Sen. Buttrey
Chairman Gallagher

Update on FERC Order

PSC Response

00:35:01 Chairman Gallagher gave an update on the recent Federal Energy Regulatory Commission (FERC) Orders, the Public Utility Regulatory Policies Act (PURPA), and the Dave Gates Generating Station (DGGS). The PSC has taken no official action yet in response to the orders. [\(Exhibit 4\)](#)

Public Comment

00:55:25 John Fitzpatrick spoke on behalf of NorthWestern Energy. He commented on the FERC order that dealt with PURPA and the QFs that Chairman Gallagher had spoken about and the petition for the order that NorthWestern has before the PSC. He submitted written testimony to the committee. [\(Exhibit 5\)](#)

01:03:05 Jeff Fox, Montana Policy Manager for Renewable Northwest, commented on the PURPA order, and he encouraged the PSC to take the opportunity to revise the QF program in a way that is compliant with the FERC declaratory ruling.

01:05:42 Travis Kavulla, PSC Commissioner, talked about some of the consequences of the FERC ruling. He explained he was sympathetic with some limited regard on what NorthWestern Energy has to say about the Dave Gates Generating Station.

01:14:20 Doug Hardy, Central Montana Electrical Power Cooperative, stated that he was available for questions.

ETIC Questions and Discussion

01:14:48 There was no discussion.

RPS Follow-up (Consumer Counsel, Health Studies, Costs) (Tab 1 & 6)

Introduction

01:14:59 Ms. Nowakowski followed up on committee action from the March meeting in Helena in regard to a letter requested by the committee asking the Consumer Counsel for an analysis of the impacts that the Montana renewable energy mandate has had on Montana ratepayers. She also gave an overview of the discussion at the March meeting concerning the Dave Gates Generating Station and how much of the costs should be attributed to wind generation. She referenced Sen. Olson's request for more information, and she mentioned that all this information was included in the meeting packets. She referenced the health impacts in the "Renewable Rewards and Risks" draft report on pages 28-30, which was also requested at the March meeting.

Consumer Counsel -- Bob Nelson and Larry Nordell

01:20:01 Bob Nelson gave an overview of the renewable portfolio standard report the Counsel prepared for the committee. [\(Exhibit 6\)](#)

01:23:56 Larry Nordell gave a more detailed overview of the report and the challenges they had with making some of the more specific determinations. [\(Exhibit 6\)](#)

Public Comment

01:37:36 Kyla Maki, Montana Environmental Information Center (MEIC), said she wasn't surprised by the conclusions of the Consumer Counsel. She talked about the market comparison used by the Consumer Counsel and how it exemplifies the

variability of the market. She explained that you can't compare RPS resources to the spot market costs. The purpose of RPS resources is to hedge against the volatility in the market, she said.

ETIC Questions and Discussion

01:41:01 Rep. Regier
01:41:44 Mr. Nordell

RPS Study and Development of Findings and Recommendations (Tab 2 & 3)

Introduction

01:42:22 Ms. Nowakowski gave a quick overview of the "Renewable Rewards and Risks" draft report and the RPS draft worksheet [\(Exhibit 7\)](#) [\(Exhibit 8\)](#)

Public Comment

01:49:46 Former Rep. Sue Dickenson, D-Great Falls, spoke about environmental health issues concerning power plants. When she was a legislator, she tried to get Montana involved with a nationwide environmental public health tracking system. This system gathers public health information that may be affected by environmental factors. She mentioned public comment that disclosed high levels of mercury in hair samples of woman from the Colstrip area. Other comments from people in Colstrip expressed concern about the seemingly high levels of rare forms of brain cancer. She was happy that the committee is looking into these issues.

01:53:15 Kyla Maki, MEIC, commented that the draft report correctly reflected the committee discussion and was a good assessment of the impacts, benefits and costs of the RPS in Montana. She commented on the report introduction on page 1.

01:56:17 Richard Liebert, retired army colonel and local cattle rancher, supports more wind farms and spoke about the problems of transmission. He is the chairman for "Citizens for Clean Energy." [\(Exhibit 9\)](#)

ETIC Questions

There were no questions.

Discussion and Action on Draft Findings and Recommendations

02:01:07 Ms. Nowakowski referred to the worksheet - RPS Draft Findings and Recommendations, and asked the committee how they would like to proceed. [\(Exhibit 8\)](#)

02:02:22 Sen. Olson
02:04:32 Sen. Driscoll
02:05:04 Rep. Steenberg
02:06:24 Sen. Larsen
02:06:29 Ms. Nowakowski
02:07:24 Sen. Larsen
02:07:36 Rep. McNally
02:08:14 Sen. Larsen
02:08:42 Ms. Nowakowski
02:09:38 Sen. Olson

02:10:26 Sen. Larsen
02:10:45 Sen. Olson
02:11:40 Sen. Larsen
02:11:46 Rep. McNally
02:12:21 Sen. Larsen
02:12:55 Sen. Olson
02:14:56 Sen. Larsen
02:15:40 Sen. Olson
02:17:08 Sen. Buttrey
02:18:08 Sen. Larsen
02:18:23 Rep. Regier
02:19:40 Sen. Larsen
02:20:20 **Sen. Buttrey moved that the committee take the report and the worksheet provided by staff, spend time with it and come back to the next meeting prepared to discuss draft findings and recommendations, and to approve the report. The motion was amended per Sen. Olson's request to release the report to the public for comment.**

02:20:57 **Sen. Larsen called for a voice vote and the motion passed unanimously.**

02:21:26 Ms. Nowakowski
02:24:09 Sen. Larsen
02:24:40 Sen. Buttrey
02:25:12 Sen. Olson
02:26:15 Sen. Buttrey
02:27:04 Sen. Larsen
02:27:37 Sen. Olson
02:28:14 Ms. Nowakowski
02:29:20 Sen. Buttrey
02:30:02 Sen. Larsen
02:30:17 Sen. Buttrey
02:31:02 Sen. Larsen
02:31:08 Sen. Olson
02:32:05 Rep. McNally
02:32:42 Sen. Buttrey
02:33:23 Sen. Larsen
02:34:03 Sen. Olson
02:34:31 Sen. Larsen

Renewable Energy Credit Reports (Tab 4)

Update

02:35:15 Ms. Nowakowski, per ETIC's request in March, gave an update on staff's work with the Department of Revenue, to revise the forms used for reporting Renewable Energy Credits (REC). The draft form was included in member packets mailed out before the meeting.

Public Comment

02:36:33 Chairman Gallagher talked about a comment Mr. Nordell made in his report about an integration cost of \$1.30 per megawatt hour, and he commented on the perceived benefits of the RPS applying across the state. The Legislature has put

the price of that on the backs of only regulated ratepayers or the customers of NorthWestern Energy and Montana Dakota Utilities. He said he has always felt this was unfair.

ETIC Questions and Discussion

02:39:32 Sen. Olson

Welcome from Dean Wolff -- Great Falls College -- MSU

02:40:24 Dean Wolff welcomed the committee.
02:41:26 Sen. Larsen - Dean Wolff
02:42:47 Rep. McNally
02:43:01 Dean Wolff
02:45:02 Rep. Regier
02:45:21 Dean Wolff
02:48:43 Sen. Larsen - Dean Wolff
02:49:18 Sen. Buttrey
02:49:36 Dean Wolff
02:49:51 Sen. Larsen

Public Comment

02:50:28 Richard Liebert talked about power transmission problems and eminent domain and putting those issues in the context of the RPS. He wants the committee to look at some of the issues in terms of public safety and economics surrounding the expansion of the refineries, and he worries about water and fracking.
02:55:14 Bob Cole, North American Wind Energy Enterprises, (NAWEE) explained his new company is working to process camelina oil from pod-to-oil-to-biodiesel. **(Exhibit 10)**
02:57:37 Rep. Lang
02:58:02 Bob Cole
03:01:37 Rep. McNally
03:01:54 Ms. Nowakowski
03:02:16 Sen. Larsen recessed the meeting at 12:00 p.m.

Lunch for ETIC members -- Rikki's Pasta and Pizza -- 1220 9th Street South
Lunch at 12:09 p.m.

Depart for Calumet Montana Refinery at 1:40 p.m.
Overview and Welcome -- Dexter Busby

Depart for Highwood Generating Station at 2:45 p.m.
Overview and Welcome -- Bill Bato **(Exhibit 11)**
Tour

Meeting Recessed at 5:30 p.m.

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