

February 17, 1977

The Natural Resources Committee convened at 8 a.m. in room 437 with Chairman Sheldon presiding and all members present except Reps. Burnett and Huennekens who were excused.

Chairman Sheldon opened the meeting to a hearing of the following bills:

HB 733 Rep. EUGENE FRATES, District No. 60, the chief sponsor of this bill, said it was an act to establish and appropriate funds for the purpose of home winterization. He said this is not the same as HB 701--this bill covers a secondary group that is just a step above them in the economic scale. The bill requests \$350,000 from the general fund, the Department of Community Affairs would be the handling agency, but the funding would come through the counties. He said he was trying to get away from administrative costs. He said a person qualifying can ask for a reduction in his winterization bill and this would be paid for out of these funds. He said the DCA will establish the criteria so this would encourage people of lower incomes to winterize their homes. He said people winterized under HB 701 could use this program for extra winterization by paying part of the costs.

There were no proponents and no opponents, so Rep. Frates closed. He said savings of 15 to 30% on energy consumption have been shown by those winterized on the other winterization program, so he felt this would be very worthwhile--both for energy saved and to provide an incentive for the lower income people.

Questions were asked about the actual mechanics of distributing the funds. Local government would be the county commissioners--and they could appoint someone. Rep. Hurwitz mentioned most of the counties had an outreach worker who could perhaps handle this.

HB 732 Rep. HAL HARPER, District No. 30, said this was a back-up bill and asked that it be withdrawn.

HB 689 Rep. FRATES asked that it be held until Tuesday.

Chairman Sheldon opened the meeting to executive session.

HOUSE BILL 732

Rep. Harper moved to table. Rep. Cooney seconded the motion. Motion carried unanimously with those present (absent being Reps. Bengtson, Curtiss, Huennekens).

HOUSE BILL 473

Rep. Kessler suggested amending on page 2, line 11, by putting a period after "consume" and striking the rest of the sentence; and on page 3, lines 7 through 10, following "plant" to strike the following sentence. Rep. Kessler moved these amendments and the motion carried unanimously. Rep. Kessler then moved the bill as amended do pass. There was discussion. Rep. Hurwitz said you can't charge for water so this would be against Montana law--you can only charge for the right to use it. He also questioned if this kind of law should be applied to all industries if it is going to be applied to coal gasification. Rep. Frates said there is a difference in that water to be charged for is what will be destroyed. He said they wouldn't be charged for what is used in the cooling part. Rep. Hirsch questioned whether the use of water in a

gasification plant is even considered a beneficial use and if we go ahead and tax the water would we be saying to go ahead and use it.

A roll call vote was taken, Seven voted yes (Shelden, Harper, Cooney, Ernst, Frates, Kessler, Metcalf); seven voted no (Cox, Curtiss, Davis, Hirsch, Hurwitz, Nathe, Quilici); three absent (Bengtson, Burnett, Huennekens).

This bill will get a recommendation of AS AMENDED WITHOUT RECOMMENDATION.

HOUSE BILL 561

This bill was in the Extraction and Conversion Subcommittee, and Rep. Kessler moved the subcommittee's recommendation of do pass. Rep. Davis moved a substitute motion of do not pass. There was discussion. Rep. Hirsch said it seemed to him that technologically feasible would have to be defined somewhere. Rep. Metcalf suggested adding after line 10, on page 2 the words "and does not cause an undue economic hardship". Rep. Davis withdrew his motion of do not pass. Rep. Kessler's motion of do pass with Mr. Metcalf's amendment was voted on and motion carried unanimously with those present (absent Quilici, Huennekens, Bengtson and Burnett).

HB 553 This bill has also been in the Extraction and Conversion Subcommittee and amendments had been prepared, copies of which were handed to the committee members to look over before the next meeting.

Rep. Kessler mentioned that the committee has been dealing with coal to a great extent and could there be a planned committee visit to a coal field.

Chairman Shelden opened the meeting to a hearing on the following bill:

HB 679 Rep. MIKE MELOY, District No. 29, the bill's chief sponsor, said this is one of the most important bills of the session. It would enable a community to work out its own system of renewable energy--could be solid waste, solar energy, etc. He said right now a community couldn't do this as Montana law forbids it--one of only two states to do so. HB 679 he said would permit the establishment within counties of energy districts.

JOEL SCHATZ, Energy Policy Consultant from Salem, Oregon, said he was director of the first energy study in America. He said California and Oregon are both looking at how to conserve energy and turn to alternative renewable resources. He felt it important that energy sources should be decentralized. He said President Carter has taken money from nuclear development and put it into the conservation program. He said banks are beginning to make low interest loans for projects that take less fossil fuels. Banks are becoming quite aware of the situation, he said, as people in some places are paying more for utility bills than for the mortgages on their homes.

JIM PARKER, Department of Community Affairs, spoke in support. He said a number of things could be done if this bill passed. Hydroelectric could be installed to pump water--there are 90% guaranteed loans for that type of project; methane from solid waste could be used to run trucks; and wind energy could be used to supplement energy, especially in eastern Montana.

TERRY CARMODY, Solid Waste Division of the Health Department, was introduced by Rep. Meloy. Rep. Meloy said Mr. Carmody had been in on a solid

waste study. Mr. Carmody said counties are presently paying from \$2.50 up to \$100 a ton to dispose of their garbage. He said this study has proven this material can be changed into an alternative energy source and so be a supplement fuel and compete cost-wise quite successfully.

He said this is not something untried--15 or 16 are up and running--in Ames, Iowa, Norfolk, Virginia, and a number in St. Louis. He said we are not making coal every day at the rate of 4 1/2 lbs. per person as we are garbage, and we should make use of it.

PAT BINNS, citizen of Montana, worked with MERDI for three months, and mentioned the solar water heaters they had tried. He said 11 of the 12 units were competitive with electrical heating over the life cycle cost. He said the capital recovery took about 15 years; and as the normal family lives only 5 to 6 years in a home, this has a dampening effect on installing renewable energy systems. He felt a small community or homes were the places where the present technology for alternative sources would work (not on large facilities). He also felt this type of thing gives a community an option, whereas the building of large facilities lets them exercise no option. The community developing these alternative fuels would also help in the time lag that will occur in getting trained, qualified energy repairmen as they would have an ongoing staff.

GENE PICOTTE, MDU, was a very forceful opponent. He dwelled on individual rights and individual property rights. He said this bill tries to do what the PUD bills did. He said the government will end up owning and operating the power system in this country. It will be the beginning of the return to despotism--it will destroy capitalism--it's a Soviet Russia measure. It will turn out like Amtrak and the Post Office. And we will be taxed--any project started you will have to tax to make up the difference.

JOHN CARL, MPC, said these small systems will not replace the need for our backup and the present systems will be more expensive as less is used. He said he had no quarrel with the idea of alternative energy, but didn't feel this was the way to do it. He asked how the rates would be regulated--would they use duplicate lines if energy is in the form of electricity. He felt the bill would do no good.

TOM WINSOR, Montana Chamber of Commerce, spoke next as an opponent. A copy of his testimony is exhibit 1 of the minutes.

GENE PHILLIPS, Pacific Power and Light, signed as an opponent.

Rep. Meloy in his rebuttal said this bill will enable people in the community to have a handle on their rates and the kind of power produced--he said in his estimation this represents more freedom than the present system. The bigger the plant the better--he felt this was wrong and that it would be better to decentralize. He said the bill doesn't say there isn't going to be any power plants--but maybe we'll find we don't need those big power plants. He said he didn't expect much advantage to be taken of this for the next ten years, but the laws will be there and so we can do it.

Rep. Davis questioned what this would do to the rural people. Mr. Meloy said the power company would still be in business. It was brought out

that the unit cost of producing alternative energy is getting less and less as the cost of fossil fuels is increasing.

Meeting adjourned at 10 a.m.

Respectfully submitted,


ARTHUR H. SHELDEN, Chairman

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