

BUSINESS AND INDUSTRY COMMITTEE

March 16, 1977

The meeting was called to order at 7:15 p.m., in the Governor's Reception Room, with all members present except Rep. Harrington, who was absent.

Senate Bill No. 370 was discussed. Senator Devine, sponsor, said that it is no secret that the present elected Commission is unable to carry its duties. This is not meant to be a personal criticism, because they do have a difficult job. The best answer is a 3-man Public Service Commission to be appointed by the Governor. He mentioned the report of the Legislative Auditor, which dealt with the problem of regulatory lag, and said he believes that an appointed Commission would enable the audit to be more fully utilized. He also mentioned the Temple, Barker and Sloan Report. He said the PSC has never established any rules, but they must now do so by October of 1977.

PROPOSERS:

Mr. Larry Huss submitted testimony, which is attached. He said that at the time of the oversight hearing the motor carriers presented evidence of the regulatory lag. He asked to speak last as a proponent.

Mr. Chuck Gier said that in 1975 he purchased equipment and authority and was under the assumption that it was just a matter of a week that he would have to wait. On October 1 he was informed that that had been changed. It ended up taking 90 days for the sale and transfer.

Mr. Rod Carlson said he sells and services heavy-duty trucks. His interest is an overview of what sales of heavy-duty trucks are. His company has seen a limited decrease in sales in some areas and a rise in others. Decreased sales have come from the PSC regulated carriers. Owner-operators feel they are not getting their increases rapidly enough to cover the cost of doing business. There are other carriers that would have come forward to testify but were afraid to do so because of possible retaliation from the PSC.

Mr. Russell Williams said there are 4 reasons he is here tonight. If the utility or contracting company is installing a line in accordance with the code, it is hazardous. The Commission said they would take this into consideration but they did not. We have not had any communication regarding this. We understand that the Commission is getting into the area of collective bargaining also. We also do not understand the votes against Colstrip 3 and 4.

Mr. Jim Spence said this bill is needed for all the people. He said the more hauls that can be generated here, the more money it means for the state.

Mr. Larry Huss presented a folder of documents carried by Montana Motor Carriers Association. He said the problem is not regulatory lag, it is gross inefficiency. He provided examples of the time lag various companies have suffered. The delays are not caused by lack of staff.

Professor Eli Clemmons said that he predicted this problem 25 years ago. Sen. Fasbender stated on the Senate Floor that some harsh decision must be made. The Legislature has set the guidelines. The problems created by this Commission are evident. He also agreed that delays are not caused by lack of staff, but by inefficiency. They have been required to adopt rules for 2 years and have not done so.

OPPONENTS:

Rep. Joe Brand said he was an employee of a railroad company for 36 years and is very concerned with the bill. He submitted testimony which is attached.

Rep. James Mular also testified against the bill, as did Mr. Charles Banderob. Mr. Banderob's testimony is attached.

Carolyn Alderson said this bill represents a lack of trust in the electoral process of Montana. There are some criticisms of the lag, but to say an appointed Commission is not political is a joke. She asked that the Legislature not place another barrier between the people and the government because the public is dependent upon the services rendered by the PSC.

Rep. Edna Gunderson submitted testimony, which is attached.

Mrs. Natalie Cannon testified that appointing a PSC in no way assures that the alleged problems will be solved. It is and should be an effective means of insuring responsibility to the commissioners.

Mr. Jim Murry submitted testimony, which is attached. Mr. Lonny Mayer also testified against the bill.

Commissioner Shea reviewed the Montana Telephone request for an increase, and said there was no question that it was a lag. On September 1 1976 it was accepted by the Commission for filing. On September 8 a notice of a hearing was issued. On October 12, we had a request for a public hearing. On December 21 a proposed order was issued and there were no objections by January 28 so a service order was issued. He submitted a letter to the PSC from a family in Wisdom, which is attached.

Mr. Calvin Grant said he does not believe that an appointive Commission is the answer because they are responsible to the one who appoints them. The elected Commission is the answer because they protect the people from large corporations.

Mr. Robert Munzinrider submitted testimony, which is attached.

Toriann Donoho said this bill would be a major step backwards for the State. The PSC actually controls the strings for rate increases. Appointments made by the Governor can hardly be considered nonpolitical.

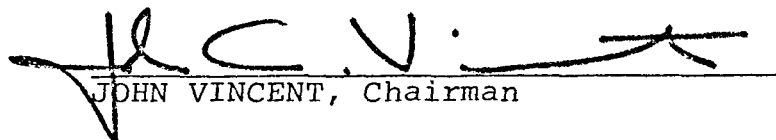
Mr. Floyd Anderson said he is against the bill because it puts us at the whim of the Governor. The present Commission has to answer to the electorate. He is in favor of giving the present Commission more staff to do the job properly. He also submitted testimony, which is attached.

Mr. Wally Edland submitted testimony, which is attached.

Senator Devine closed by reading another article, which is attached. He said that if people are worried about utility rates, we have the Consumer Counsel is there to help them.

Chairman Bollinger said the question is whether the PSC is strictly a regulatory body or if it gets into policy areas. Those individuals opposing an elected PSC are saying that it is strictly a regulatory agency and the decisions are based on statistics and rules. They conclude that Commissioners do not need to be responsive to the public. He said they are all politicians, that public service regulation is political. In South Carolina, where they have 7 commissioners appointed by the Legislature, their charge was that the Legislature that did the appointing had many attorneys in it and some were attorneys for the utilities. The PSC in Montana is judge and administrator. The Temple, Barker and Sloan Report was complimenting us. Some states are going to administrative law courts because so many state agencies are having hearings. He also said that the Administrative Procedures Act and the statute that requires any increase granted to a hearing also contributes to the regulatory lag. We have adopted some rules under the Administrative Procedures Act, but not all of them. We have 2 attorneys working double time with the material they have. Hopefully, they will be out within the next 30 to 60 days. Our staff includes 1 consumer complaint person, 1 secretary, 1 engineer, 3 utility people, 1 rate analyst, 1 tariff person, 1 new director, 2 secretaries for him, 1 finance person, 1 insurance person, 5 persons in enforcement and 1 secretary-receptionist. We could use 29 more people (see list attached) and we may get 5 or 6. He said the only thing that would help in the regulatory lag problem is more capable people. In a utility rate increase hearing, we might have to look at 16,000 pages of transcript so it does take time.

The meeting adjourned at 9:45 p.m.


JOHN VINCENT, Chairman