

MINUTES OF THE MEETING
NATURAL RESOURCES
MONTANA STATE SENATE

March 26, 1977

The thirty-second meeting of the Natural Resources Committee was called to order by Senator Elmer Flynn, Chairman, at 10:00 a. m. on the above date in Room 405 of the State Capitol Building.

ROLL CALL: Upon roll call all members were present except Senators Manley and Smith. Mr. Larry Weinberg, of the Legislative Council, was also present.

RE-CONSIDERATION OF HB 762: An Act to establish necessary energy supply alert and emergency powers for the Governor;

HB 762 was passed out of Committee on Thursday, March 24, 1977 with a BE NOT CONCURRED IN recommendation.

Lieutenant-Governor Ted Schwinden was present at this time to give an explanation of the bill. He said that this bill carries with it substantial authority. The reality of the water energy situation in the northwest is a very sick picture. 83% of electricity of the four-state region comes from hydro sources. We do not have a peaking problem. Our problem here is our reliance on stored energy. The entire northwest is 83% dependent on hydro. We have been meeting since the first of the year with representatives of the companies. In the absence of what appears to be authority and a question of propriety of utilities being able to do it they came to state government and said "put the machinery in place". As of March 1, the probability of mandatory curtailment had gone beyond 50%. That percentage has increased substantially all through the Spring. We look to real possibility be late Fall of mandatory curtailment. The utilities have asked the using public to voluntarily cut consumption. Everyone who has looked at the situation says that in 1973 people found out that they could get along with less power. When it rains a little bit people quit thinking of a drought. We have examined the possibility of regulation by Public Service Commission. If there is authority there it is very tenuous. It seems to me that the other one is to call a special session of the Legislature to enact mandatory curtailment plans of its own or to pass legislation such as this. Two Letters from Bonneville Power that were sent to W. Gordon McOmber, President of the Senate, and John B. Driscoll, Speaker of the House, were read to the Committee. If we are going to be asking to throw people out of work in Columbia Falls, in fairness, same kind of measures should be taken on Aluminum industry in other states. I have read the bill and I think I am really more alarmed. In the event the crunch comes the Governor would have no alternative but to call the Legislature into session. It is a Las Vegas type of gamble. The

probabilities get increasingly bad all the time. Mr. Schwinden stated that Mr. Robert Lohn; from the Governor's Office is also here to respond on legal issues.

Senator Flynn asked, what is the reaction to the amendments proposed the other day.

Mr. Lohn replied, basically okay with us. I want to look them over a little more.

Senator Devine said, I thought the government kept a running inventory on this.

Mr. Schwinden replied, the issue here is really not inventory of power.

Senator Dover stated, you mentioned one of the problems is the psychological problem. I wonder if the Legislature was called in Emergency Session it might be a good idea. You're going to involve more people. You said this should be the public decision.

Mr. Schwinden replied, there is nothing fundamentally wrong in calling the Legislature in. On the other hand, it would serve to dramatize the emergency. In Kalispell, they are upset that the display lighting is not off on main street. We want an opportunity to get input into public decision. Kalispell depends on Canadian trade on weekends. They would like to work Saturday instead of the four-day week for them. I think we have got to get the stuff in place now to do in an intelligent and responsive way. I think you only have two options, you can go this route or set your own priorities in service impact.

Senator Dover said, the utility companies would like this legislation because it gets the monkey off their back.

Mr. Schwinden stated, the problem in the northwest is not one of capacity, it is one of stored energy.

Senator Roskie stated, what is bothering me is that a couple years ago there was a need for an energy policy and it became somewhat controversial. It would be pretty easy to hand this power to the Executives, and say Tom and Ted, you have a real problem and you take the credit of what you want to do. It seems to me the problem is being handled a number of different ways in other states. I don't think we have the proper handle to handle this. In handing this bundle of authority to the Governor's Office is taking the monkey off the back as Senator Dover has said. I am not sure the executive with the Energy Office couldn't do most of these things that is quoted in this bill. I feel we are maybe really too far ahead of ourselves. I am not sure the Legislature is fully aware of the long-range impact of this.

Mr. Schwinden said, I would feel better if the Governor's Office has the authority to make the curtailment decision. I don't think you have time in a special session. I think we should be ready for you with options to choose from. Give someone the authority to get the information, the options so we are in place if the crunch comes.

Senator Roskie added, my point is this. You have had an Energy Office. I am not saying that the effort was not honest and forthright. You will continue to accomplish good things with the Energy Office. I don't see where power and authority changes your situation as far as working with the energy problem.

Senator Flynn stated, if it was one clear-cut decision it could be done by the Legislature. But, isn't there the possibility that you might go to a bad situation in August to a drastic situation in September. These policies and decisions could be an on-going thing.

Mr. Schwinden said, we have got to protect those reservoirs. The impact in the Northwest is just staggering. So you have got to protect your reservoir levels and hope next winter it snows like crazy.

Senator Dover said, I understand there have been a lot of slippages. If we can do something to stop these slippages to get projects is there enough there to stop this Fall.

Mr. Gene Phillips, of Pacific Power and Light, replied, not this Fall.

Senator Dover added, we have brought this on ourselves. With our regulations we are going to be putting this where the government tells us what to do.

Mr. Schwinden said, whether you or I like it or not public power dominates the Northwest. We are tremendously dependent on public power. We are so dependent on the hydro source.

Senator Dover said, don't we have other sources of power that we could be developing.

Mr. Schwinden replied, I think Montana has been doing its share, Senator.

Senator Roskie said, what I am speaking too is the very specific requirements spelled out in this bill. The Executives should be able to address this problem within the next few months. Hopefully when the crunch comes, then I would hope and pray that's a responsibility to all of us including the Legislature. Are you telling me this would require legislation.

Mr. Schwinden said, as it is set up most of what we could do is a 60-day kind of thing. The only alternative we would have is to call you folks in. None the less, it is something we face this summer. We need to start making some kind of commitment to get it going.

Senator Roskie said, you are arguing for continuous management of power by the Governor's office. What you are telling me is you want the Governor in continuous management of energy problems.

Senator Galt stated, we are dealing with a potential crisis. Do you need the bill to gather the information?

Mr. Lohn said, the answer is probably, no.

Mr. Phillips added, I think the information is presently available but not maybe in the form they would like to have.

Senator Galt added, in the previous hearing, we asked the author if she would oppose the Legislature coming in and she indicated she would resist that very much. Before Section 7 goes into effect I would certainly be in favor of getting the Legislature involved.

Senator Flynn asked, how is the Legislature going to take care of on-going questions that keep coming in from now on.

Mr. Schwinden said, this is part of the information gathering. In Kalispell they want to point out problems before we are faced with the crisis.

Mr. Lohn said, the best we can do is make some promises or give some advice.

Mr. Phillips stated, Kalispell is a tourist town, agricultural, and an aluminum plant area. The source of water comes through an agricultural area. You start fooling around with water level in either one of those two reservoirs and you get into a myriad of individual problems in that one area. As far as authority to do this, the PSC could tell us to do that. There has to be somebody there that has to be for the whole group.

Senator Flynn asked, is a kilowatt more vital if at peak load than at noon.

Mr. Phillips replied, that would depend on the system. Basically, we meet our peak load with thermal generation. So, your peak load is your cheapest.

Mr. Don Allen, representing Montana Petroleum Association, said that with the crude situation the way it is we are looking at a continually getting worse situation. We actually had Senators from eastern states ten years back say this was going to happen.

Mr. Schwinden said, I did not inadvertently leave out the crude situation. Also, the Kevin Refinery is already on its way to closure.

Mr. Phillips added, I suppose for heating they will switch to electric.

ADJOURNMENT: There being no further business, the meeting was adjourned at 11:55 a. m.



SENATOR ELMER FLYNN, CHAIRMAN

NATURAL RESOURCES COMMITTEE

Date 3/26

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