

January 31, 1979

The House Natural Resources Committee convened on Wednesday, January 31, 1979 at 1:30 p.m., in room 3 of the Capital Annex, with Vice-Chairman Hal Harper presiding and seventeen members present (Rep. Scully was absent and Chairman Sheldon was excused). Vice-Chairman Harper opened the meeting to a hearing on the following bills:

HOUSE BILL 312

REPRESENTATIVE HERB HUENNEKENS, the bill's chief sponsor, said this looks like a simple bill but isn't. He said the heart of the bill is on page 1, lines 24 and 25, which substitutes the Public Service Commission for the Board of Natural Resources as the decision-making authority under the Montana Major Facility Siting Act. Rep. Huennekens said he presented a similar bill in 1977 which failed. He felt the Public Service Commission is a better choice because this group is composed of elected people who spend full time at this work. He felt they were better qualified to determine the energy "need" that will face our state in the future. Whereas, he said, the Board of Natural Resources is composed of private citizens, appointed by the Governor, who have to fit the hearings into their own schedules. Also, he said, there is a question of the relationship of having the Board of Natural Resources as the decision-making authority while the Department of Natural Resources is a party to the proceedings. He said you will note the bill does not change the essential function of the Department of Natural Resources as they will still be the resource people and provide the technical expertise. He mentioned again this was not a simple bill but a complex one that would need many details worked out. He felt a subcommittee of the committee would be needed to do this.

TOM SCHNEIDER, Public Service Commission, spoke next in support of the bill with respect to the designation of the PSC as the siting authority or decision maker in the determination of "need" or first phase. A copy of his testimony is exhibit 1 and part of the minutes.

WARD SHANAHAN, Dreyer Brothers, spoke next in opposition. He said they oppose the bill because it confuses the obligations of utilities with nonutilities and places the Public Service Commission in a regulatory position with respect to his industry just because they will be mining and converting coal to useful products. A copy of his testimony is exhibit 2 and part of the minutes.

Rep. Huennekens said in closing he had served on the Board of Natural Resources in 1972 and did not intend to downgrade them. He said other states have used the PSC approach for decision making on utility siting. He said Mr. Shanahan made a good point but he didn't agree with his conclusions. He said this is a bill that can be worked into something that can produce better results and save some money.

During questions from the committee Bill Opitz, Executive Director of the PSC, responded that the bill would have the PSC decide if a

certificate is or is not to be granted, while the DNR&C would still do the needed impact statements. Rep. Quilici questioned Mr. Schneider on the possible need for further funding for the Commission if this bill became law. Mr. Schneider said rather than more incremental funding things like transfer of personnel could be worked out between agencies. In reply to a question of the PSC having time and if they were current, Mr. Schneider replied they were current. He said the transportation dockets are up to date and the same situation exists with the facilities. In reply to another question of percentage of staff this would require, he responded the need of a corp group composed of an economist, an engineer, one with environmental science background and an attorney. He said they could borrow professionals from the DNR&C or from the outside to be used in an advisory capacity. Rep. Bertelson directed a question to Don MacIntyre concerning the use of their personnel in this way. Mr. MacIntyre said under present law the Department does the study and the Board makes the decision. He said the corp people used by the Board are at times the same people that prepared the study, and then in addition the Board may draw in outside people to rebut or supplement the Department's findings. Mr. MacIntyre said this could work the same way with the PSC. He said he didn't see the need of any budgetary amendments. In response to a question Mr. Shanahan said they are under contract and they have not yet filed an application.

HOUSE BILL 213

REPRESENTATIVE HERB HUENNEKENS, the bill's chief sponsor, said this bill has a lot of fancy words so does not seem to be the simple bill it is. He said the bill requires a life-cycle cost analysis before the state can lease or construct a building. He said we need to concern ourselves with the total cost of the use of the building and not just the original cost. He said the bill is saying that energy use is important and so encourages better conservation of that energy.

BILL BRONSON, Associated Students, UM, spoke in support. He read a statement prepared by Dr. Ron Erickson, professor of chemistry and the director of the Environmental Studies Program at the University of Montana. A copy of this statement is exhibit 3 and part of the minutes.

RICHARD STEFFEL, representing self and the Missoula Energy Forum, spoke next in support. A copy of his testimony is exhibit 4 and part of the minutes.

DAWN GARTH, League of Women Voters, spoke next in support. She said the League has taken a strong position on energy conservation since 1975 and on this basis they support life-cycle costing. A copy of her testimony is exhibit 5 and part of the minutes.

KEVIN FOGEL, Alternative Energy Resources Organization, spoke in support of the bill. He said with the life-cycle cost concept of looking at the true cost of the building, renewable energy will

be seen in a more favorable light.

H. S. HANSON, Design Professions, spoke as one present to offer information. He said they support life-cycle costing but this program of Mr. Huennekens would cost a lot of money--about 2 to 5% of the cost of the building. He said if you need to hire a boiler attendant or two you have to save a lot of energy to make up the difference. He said there are other similar programs available. He showed the committee a book from the federal government that would have a bearing on life-cycle costing. The title of the book was Department of Energy Office of Energy Conservation and Solar Application, Energy Performance Standards for New Buildings, Advanced Notice of Proposed Rulemaking and Notice of Public Meetings. He added that there is a new federal law which will change the requirements of life-cycle costs.

CLARENCE HESTER, Architecture and Engineering Division, spoke in opposition. He said the cost would run 2% or more of the project cost and the state would need a staff of 2 to 3 persons to adopt rules and procedures and to administer the program. He said they are concerned with minimizing the use of energy and presently have adopted a "model agency code" which is being followed in all new building construction. He said they see a basic conflict in minimizing consumption and providing a building for the lowest possible cost over a given number of years. He did not think they could deliver both objectives on the same project. A copy of his testimony is exhibit 6 and part of the minutes.

Representative Huennekens in closing said energy savings would result from applying this bill's program. He said he does have a reservation on the bill as far as rental properties unless applied on a very limited scale.

During questions Rep. Fagg asked Mr. Lester if he could substantiate his cost position by actual studies. Mr. Lester said no. Mr. Lester said it is a matter of economics of the original cost versus the long term savings. In reply to a question from Rep. Johnston as to how architects feel about this bill, Mr. Hanson said this would be money in their pockets as it would give them lots of work.

Meeting adjourned at 2 p.m.

Respectfully submitted,

Ed Harper, Vice-Chairman