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The House Natural Resources Committee convened at 12 p.m. on March 12, 1979, in room 3 of the Highway Annex with Chairman Sheldon presiding and sixteen members present (absent was Representative Huennekens and Rep. Kessler was excused) to hear testimony on the following bill. Chairman Sheldon turned the chair over to Vice-Chairman Harper as he testified on this bill.

SENATE JOINT RESOLUTION 8

SENATOR WILLIAM F. HAPPERMAN, District 11, the chief sponsor, said the resolution would urge expediting completion of the reregulation dam on the Kootenai River. He said energy is vital to our nation--our life blood. He said we can store water but we can't store alternating current. He introduced the following speaker.

SENATOR CORNIE R. THIESSEN, District 27, co-sponsor of the bill, and President of the Basin Electric, said he has been interested and involved in the construction of the Libby Dam from the outset. He said it is a marvelous structure and it now needs completion. He said the peaking power that would be provided by the four extra generators is needed in an integrated electrical system such as theirs to prevent brownouts. He said the cost factor of this project would be 2.1 to 1 and he felt this was a good ratio. He said the overall effect will be beneficial.

REPRESENTATIVE THOMAS R. CONROY, District 58, said Senator Graham had planned to testify but had to be in Hardin for a board meeting. He said they are in full support. He mentioned the Yellowtail Dam which has a reregulation dam which he said meets their power needs. He said the rereg dam establishes a constant flow of water on down the river which helps in flood control and enhances the fishing.

BOB CASE, Troy Chamber of Commerce, said as business men they support the resolution to get this thing going. He felt the fluctuation of the river would make fishing and recreation questionable soon.

GORDON MCGOWAN, representing self and Montana Railroad Association, said energy problems should overshadow everything else.

CHARLES M. WELCH, ISW Local 2581, spoke in support and a copy of his testimony is exhibit 1 and part of the minutes.

JOE CROSSWHITE, Operating Engineers, WETA, said the rereg dam is important. He said he had spent time on the Columbia River where you do not have to worry about fluctuations as you do in Libby. Mr. Crosswhite said he is interested in jobs and there are no big jobs under construction now and very few on the drawing boards. He said the people need the work and the power.

GERALD T. NELLS, Montana Logging Association, said he was born and raised in Libby and for sometime lived on the bank of the Kootenai. He said the big flow used to come on June 14 but now it comes almost every day. He said these fluctuations make it hard to maintain a fishery and dangerous to people. He said they were definitely in accord with the resolution.

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TERRY L. JOHNSON, Citizens for Sensible Development, spoke next in support and a copy of his testimony is exhibit 2 and part of the minutes.

DAVID BENEFIELD, Laborers' Union Local 1334, said he was speaking on behalf of all the construction trades in the Libby area. He said his people are probably 25% unemployed in the state and 60% in Libby. He said the skilled construction workers that came to work on the Libby Dam are many still there and so if the rereg dam was built 80% would be hired from the immediate area.

JOHN LAHR, Montana Power Company, said they support the resolution.

PETER V. JACKSON, WETA-Montana, said they had been to Libby to view the proposed project and felt it was needed. He hoped the committee would support the resolution.

LINDA LETHRUD, representing self, read an open letter addressed to Chairman Shelden from THOMAS J. WOOD (exhibit 3) supporting the resolution.

ROSEMARIE STROPE, Montana Chamber of Commerce, said they support the resolution for the numerous reasons mentioned.

GENE PHILLIPS, Pacific Power and Light, said the purpose of the rereg dam is to allow additional generation for peaking without the problems of fluctuation. In reference to British Columbia Hydro in Canada, he said they have been unable to get firm contracts with them.

RICHARD HORK, Ravalli County Electric Coop and Western Montana Rural Electrics, spoke next in support and a copy of his testimony is exhibit 4 and part of the minutes.

TERRY BASS, Montana Contractors Association, said he represents 150 to 200 concurring people. He said they are ready to build it and local help would be used.

HARVEY S. LEWETT, IBEW 768, said they support the resolution and he would be happy to answer any questions.

SAM SILVERTHORN stressed the importance of peaking power to our society as it is geared to an 8 to 5 day.

RAY WAYRYNEN, Montana State Council of Building and Construction Trades, said understandably we are interested in the many jobs this would provide. However, he said, their interest isn't all selfish as they feel this project would have many beneficial impacts--one thing is an expanded tax base, another is controlling the water flow and increased recreational factors.

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STEVEN A. LETHRUD, Citizens for Sensible Development, said its time to support the efforts of those commissioned (the Corp of Engineers) by the U.S. Congress to study and determine our needs in regard to waterworks projects.

ROBERT L. FINCH, Local 361 Operating Engineers, said they support the bill.

KENNETH KREUGER, Flathead Electric, said all electrical cooperatives are growing--average 14% for two years. He said all possible facilities should be developed.

BRUCE MAY, Montana Department Fish and Game, spoke in opposition and a copy of his testimony is exhibit 5 and part of the minutes.

McGREGOR RHODES, Libby Rod and Gun Club, spoke in opposition. He said since the Libby Dam we have watched our wildlife decline, and we are losing one of the finest herds of bighorn sheep. We feel Montana has sacrificed enough free flowing rivers--ten miles of the Kootenai will be flooded and this part now contains an excellent fishery. He said they firmly believe meaningful conservation measures are effective and the rereg dam is a step backward.

MRS. A. E. FRASER (MARIA), representing Libby, spoke next in opposition and a copy of her testimony is exhibit 6 and part of the minutes.

JEFFREY T. RENZ, representing self, and a copy of his testimony in opposition to SJR 8 is exhibit 7 and part of the minutes. He also left written testimony from Cary B. Lund, Five Valleys Audobon Society, and this is exhibit 8 of the minutes.

BILL GOULD, Lincoln County Commissioner, spoke in opposition saying the LAURD project is not a wise investment and a copy of his testimony is exhibit 9 and part of the minutes.

JOHN WILSON, Montana Council of Trout Unlimited, spoke in opposition and a copy showing Army Corps of Engineers' Cost Estimates is exhibit 10 and a report "Economics of the Proposed Libby Re-Regulating Dam and Additional Units" is exhibit 11. Mr. Wilson used this report in his testimony.

REPRESENTATIVE ARTHUR H. SHELDEN, District 22, said we are talking about a very complex problem--it isn't just the rereg dam, that is only a part of the LAURD project. Phase one is the main dam and reservoir and rebuilding of the two highways and that phase is finished for all practical purposes and is a very valuable asset to us. The LAURD PROJECT is the second phase and includes four new generators in the main dam, the relocation of about seven miles of highway and railroad, and relocating a major logging road. The problem is what do we get for it? The additional four generators will not generate new base power--it will generate peaking power. What peaking power is needed? Forecasting studies do not agree--range from 1 1/2 to 4.9 G. Somewhere around 3% is a critical power as far as peaking power is concerned. If it doesn't go beyond 3% we have plenty of

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peaking power right now. Two major studies were based on new economic methods that were put into a computer and studied thus in detail and came up with a rate increase of 4.5% and 2.9%. Congress asked the General Accounting Office to compare these two and they believe the 2.9% was the most likely to happen. Nobody has any hard figures on what the increase will be. It is easier to do something about a peaking demand than a base load demand. The problem is that we haven't seriously considered knocking the peak out that gets us into trouble for an hour at a time. Time-of-day pricing is being done someplaces. Jobs are important. I spent all my life working from one check to the next. In these days we have another thing facing us--resolutions asking Congress to put a lid on its projects. Here we are asking Congress to spend money on what may not be a viable project. We are asking for a restudy by a third party of this LAURD project to find out if it will pay for itself. The Corps is in court with about 70 some cases--it may behoove us to ask Congress to see if we will get our money back if we invest all that money. Jobs--other jobs available in the Pacific Northwest--do not have to be questionable projects. Copies of a news release by Congressman Williams on the real cost and need for the LAURD Project was handed to the committee members and a copy is exhibit 12 and part of the minutes. Testimony presented by Rep. Sheldon is exhibit 13 and part of the minutes.

In closing Senator Hafferman said it is essential that we have electricity--when you farmers are pumping water remember that you are going to have electricity and it will probably be peaking power. He said industry is vital to our life blood and it takes jobs to do our duty to our country.

Because of the lack of time the following signed as supporting or opposing the bills rather than speaking:

Christopher E. Phelps, Concerned Citizen, opposing, exhibit 14

Clay E. Benefield, Local 2581, Libby, support

Robert R. Greber, Granite Concrete Co., Inc., Libby, support, ex. 15

K. E. Sanderson, Sanderson Trucking, Libby, support

Carl & Genevieve Barry, Citizens For Sensible Dev., Libby, support

Rex F. Pierce, Eagle Const. Corp., Citizens For Sensible Dev., Libby, support

Paul Schell, Schells Self Service, support, Libby

Mitch Mihailovich, Mt. State Bldg. Trades, Helena, support

Clint Quiggle, Citizens for Sensible Dev. and local business, support, exhibit 16

Frank Atchison, Sawmill Union, Libby, support

Ronald E. Brooks, Carpenters and Jointers of America Local 2225, Libby support

Alma M. Hall, Canyon Radiator Repair, Libby, support, exhibit 17

Stanley Potter, Local 2581, AFL-CIO, Libby, support

Engene Kirschenmann, self, Libby, support

Norman D. Martensen, Carpenters' Local #2225, Libby, support, ex. 18

Charles and Linda Davis, The Ranch Bar and Restaurant, Libby, support, ex. 19

Jerry Briscoll, Laborer's Local Union #98, support

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R. C. Carson, Sheet Metal, Helena, support
Gordon Mahood, IBEW 44, Butte, support
Larry Persinger, Construction & General Laborers' Local #1334,
Butte, support
Robert Whempner, I.U.O.E. Local 400, support
R. I. Williams, I.B.E.W., support
Dan Jones, Const. & Gen. Laborers Local #1334, Helena, support
Bob F. Davis, I.U.O.E. Local #400, Butte, support
George Gordon, Operating Engineers Local #400, support
E.C. "Buster" Lenoir, Operating Engineers Union, Local 400, Glasgow,
support
Curt Wilson, Const. & Gen. Laborers #1334, Great Falls, support,
ex. 20
Robert Swehla, Const. & Gen. Lab. #1334, Great Falls, support
Palmer J. Penny, Boilermakers, support, exhibit 21
George Stephens, Local 2587 L & S Union, Libby, support, ex. 22
Joan Hall, self, Libby, exhibit 23, support
Arthur E. Hall, Libby, exhibit 24, support
Wm. T. Nordeen, Northern Lights, Inc., Sandpoint, ID, support,
exhibit 25
Sally J. Anderson, Libby Dam Trailer Park, Libby, support, ex. 26
Robert Voztoski, I.U.O.E. Local #400, Helena, support

During questions from the committee, Bill Nordeen, Northern Lights, said studies cite a time when the Northwest was not seeming to grow however, this has changed and Idaho is now one of the fastest growing areas and their demand for power increased about 10% in the past year. His testimony is exhibit 25 of the minutes.

Senator Hafferman responded to a question that the cost will be about \$338 million.

It was mentioned that conservation practices such as insulation, storm doors and enforcing building codes could lower the demand for energy.


EXECUTIVE SESSION

SENATE JOINT RESOLUTION 18 Rep. Keedy moved that other action be taken on this bill other than postponing it. Vice-Chairman asked for a voice vote and the motion carried with Rep. Scully voting no and all others yes. Rep. Bertelsen moved the bill be concurred in. Rep. Spilker said she felt this was an important bill for Montana. A roll call vote was taken and the motion failed with 8 yes (Bertelsen, Curtiss Iverson, Johnston, Spilker, Nathe, Quilici, Thoft), absent (Burnett Huennekens). Motion failed.

Meeting adjourned at 2:20 p.m.

Respectfully submitted,

Deella A. Saire, Sec.


HAL HARBER, Vice-Chairman