

MINUTES OF THE MEETING  
BUSINESS AND INDUSTRY COMMITTEE  
MONTANA STATE SENATE

March 23, 1981

The regular meeting of the Business and Industry Committee was called to order at 10 a.m. in room 404 of the Capitol Building by Chairman Hazelbaker.

ROLL CALL: All members present except Senator Dover, excused.

SENATE JOINT RESOLUTION NO. 27: Senator Kolstad, District 5. This bill requests an interim study of the regulatory practices and procedures of the Public Service Commission to determine if their regulatory practices conform to legislative guidelines and to determine if these guidelines need revision. This is a method by which we can study the regulatory process. The rate process is extremely complicated. I belong to the consumer committee. We want our utilities to provide quality service. We want to see that the legislature does use its oversight function. Questions have been raised whether the Public Service Commission is doing its job. The Public Service Commission does have a full opportunity to tell its side of the story. I hope the Commission will review this as an opportunity to review its case. Rate-making is a legislative function.

PROPOSERS:

JIM HUGHES: Mountain Bell. We support the bill. We feel there are some serious concerns especially with telecommunications services. I would say that we are convinced of the seriousness of the problem, and we would like to be able to explain it to you. It needs to be determined if the returns determined by the Commission are reasonable.

GENE PHILLIPS: Pacific Power and Light Company. We also support this resolution. The rate-making has increased in the last ten years. Since 1974 we will have had six rate cases. We have had an overall increase of 456 in our six state area. In spite of that we think it is important that we look at the funding. To make this system work better.

EVERETT SHUEY: Montana Power. We think a study such as this is long overdue and we are very much in support of it.

JOHN ALKIE: Montana-Dakota Utilities: We also support this resolution very much.

BILL OPITZ: Executive Director, Public Service Commission. I think only an idiot would be opposed to the bill. The bill would direct the study to look at the public utility regulatory system and the results produced by the system, to determine whether or not

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current regulatory procedures produce avoidable regulatory lag and whether or not these proposals for alternative procedures have any merit. I have fourteen recommendations that we have from a study that was done.

1. The Montana Commission should work with the Legislative branch of government to define the role of the Commission.
2. The Commission should work with the Legislature to define the tasks of the Commission.
3. The Commission should consider what is the most effective use of their time. What are their objectives.

We have tried to educate the various committees as to what their role is. These recommendations came from many areas, such as interim.

4. They should vest the responsibility in a single area.
5. They should have a regular method for official publication.
6. There should be a specific time period.
7. The Montana Commission should assign specific tasks for specific individuals.

In answer to a question from Senator Blaylock, Mr. Opitz told the committee how many persons were working for the department.

8 in legal; 3 attorneys, 2 court reporters, 3 secretaries  
4 in centralized services  
8 on utilities  
13 in transportation, with 8 working in the office and  
5 to field, around Montana to enforce motor carrier

Senator Blaylock asked how many cases in a year, and Mr. Opitz said, twenty utility cases, and a like number in transportation.

8. The Commission should continue to develop rate cases of different complexity and importance by cases. We have various processing paths which can be used for different types of cases.

However, I think people are satisfied in that area.

9. Management of the discovery phase, should provide proper notice of hearings.

10. There should be a useful and efficient means for data gathering. There should be the use of a computer to store and analyze data. We have no capability. We need the computer terminal and we need the financial source to put it on -- we need the software.

The question was asked who had done the study that he had mentioned, and he said that it was sponsored by the Department of Commerce.

11. We need management of hearings. We should use hearings examiners. This is a heavy expense. Right now our calendar is completely filled up for April, May and part of June.

12. We need people to assist in presiding over the cases.

13. We need a reporter. We have only one reporter, so we have to hire outside court reporters.

14. We should assign a small staff just for hearings.

MARK A. CLARK: Montana Power Company. We support the resolution.

DENNIS R. LOPACH: Mountain Water Company. We are in support.

NO OPPONENTS:

SENATOR HAZELBAKER: I am a member of the Legislative Audit Committee and I have asked Scott Seacat to be present.

SCOTT SEACAT: I am not a proponent or an idiot. During the coming interim we will do a performance audit of some of the very serious concerns and we will review that report and make recommendations. This can be tied in with the work of the Legislative Audit Committee.

SENATOR KOLSTAD: The Legislature just simply doesn't understand the workings of the PSC. We have had a number of bills that deal with this very thing. I am sorry we didn't get some consumers to testify. If you want to direct the study to the Audit Committee that is alright with me. I think somebody should do it. The Consumer Committee has an obligation to represent consumers but we also have to make sure utilities remain financially healthy. Unless our utilities have the financial resources to provide quality service, then our representation of consumers will be self-defeating.

SENATOR HAZELBAKER: They would undoubtedly touch on the computer. The results should be made available.

W. J. OPITZ: Public Service Commission. That would be no problem at all. I don't see any transportation people here today. This has been a problem.

SENATOR BOYLAN: I'm on the sub-committee for the funding of the Public Service Commission and one of the newest members on the Consumers Counsel. It seems to me we have to make a determination here. The PSC now passes judgment and the Consumer Counsel represents consumers.

There was general discussion whether there should be a rate increase.

SENATOR BOYLAN: The study should take a close look at the staffing patterns of the PSC and the Consumer Counsels office. I fear there may be duplication and we could build two monsters in state government.

SENATOR GOODOVER asked, "Do we have a tar and feathering committee in the Senate to solve your problems.

MR. OPITZ: I think the Transportation Department has taken over the job of the PSC in some areas. I think the industry needs a lot more freedom. What impact will there be on the consumer. We welcome a look at what we are doing.

SENATOR GOODOVER: Has the federal intervention in transportation helped you any.

MR. OPITZ: No, it hasn't. The agency had a study assessing its performance which was done by an outside consulting company in 1976. Many of their recommendations have been implemented but the PSC remains understaffed and still has no computer system.

SENATOR HAZELBAKER: Since this resolution is directed to the utilities, I would think it would be valuable to put this with the Legislative Audit Committee. There are more resolutions for studies than I have ever seen and it might not get assigned a priority.

MR. OPITZ: I think if you take this one and the two resolutions dealing with transportation and put them together you would cover most areas of problems.

SENATOR LEE: Couldn't we suggest that they be put in together.

It was agreed that this could be done.

SENATOR BLAYLOCK: What I would like to do rather than wait the full two years for the study, I would like to see some urging that we at least restore the money to get the PSC on the computers. It affects every citizen in this state. That is an enormous responsibility we put on them and they are only asking for five more people plus computers. The least we can do is give them some computer capability.

SENATOR BOYLAN made several comments about how much money they could spend and that they have to have priorities.

SENATOR GOODOVER: Just this morning we had a request in Taxation from the Department of Revenue asking for \$400 and some added employees.

SENATOR BLAYLOCK: If we believe in our system we have to protect the PSC. If they are to serve both sides they need the computer hook-up. Maybe some money here would bring better service for all Montanan's rather than some tax relief. It is ridiculous that the PSC hasn't been given money to hook up to the state's computer.

MR. OPITZ: We asked for thirteen people and the Governor's budget office, Legislative Fiscal Analyst and the joint Appropriations subcommittee recommended five new employees and money for computer operations, but those requests were chopped out of the budget by the House Appropriations Committee. The request is \$108,000 for the first year and \$106,000 for the second year.

Following these remarks Senator Blaylock urged fellow committee members to push for restoring the budget cutbacks.

SENATOR HAZELBAKER: The PSC is already scheduled to undergo a performance audit by legislative auditors during the interim. Under the state's sunset legislation, the PSC will go out of existence in two years unless the Legislature decides to retain it.

SENATOR KOLSTAD: I would just say that I think it is a good idea to have this resolution and the other two also. I don't know how we can go about directing that they get the job done.

SCOTT SEACAT: We have to do this audit anyway.

SENATOR BLAYLOCK: I would suggest an amendment to assign who would do this study and to combine it with the others. Whereupon Mr. Seacat said that this would be a performance audit. Some discussion followed.

SENATOR KOLSTAD asked if this would do what they want it to do. I think we should have our researcher take care of that.

JOHN ALKE: Montana-Dakota Utilities. I don't know whether that would be a good idea, to combine transportation and utilities. He went on to discuss the source of tied funding. I agree that we should have a study.

Then followed discussion on the consumer counsel tax and the method of funding.

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EXECUTIVE SESSION: 11:00 a.m.

SENATE JOINT RESOLUTION NO. 27:

SENATOR KOLSTAD: We do have the authority to tie it altogether, don't we.

GREG PETESCH: Staff Attorney. Should we say that in lieu of the study that the study be assigned to the Legislative Audit Committee in conjunction with the performance audit.

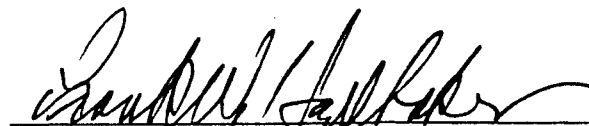
It was agreed that this was what the committee wished to do.

SENATOR GOODOVER moved the amendment. The motion carried with the vote unanimous.

SENATOR BLAYLOCK moved the resolution as amended, do pass. The motion carried with the vote unanimous.

The bill will be carried on the floor by Senator Kolstad, since he is the chief sponsor.

There was no further business and the meeting adjourned at 11:35.

  
Frank W. Hazelbaker, Chairman

Mary Ellen Connelly, Secretary

ROLL CALL

BUSINESS and INDUSTRY COMMITTEE

47th LEGISLATIVE SESSION -- 1981

Date 3/23/81

NAME	PRESENT	ABSENT	EXCUSED
Goodover, Pat - Vice Chairman	✓		
Hazelbaker, Frank - Chairman	✓		
Blaylock, Chet	✓		
Boylan, Paul	✓		
Dover, Harold			
Kolstad, Allen	✓		
Lee, Gary	✓		
Regan, Pat	✓		

Each day attach to minutes.





# STANDING COMMITTEE REPORT

March 23,

1981

**PRESIDENT:**

MR. ....

**BUSINESS AND INDUSTRY**

We, your committee on .....

**SENATE JOINT RESOLUTION**

Bill No. **27**

having had under consideration .....

**SENATE JOINT RESOLUTION**

Bill No. **27,**

Respectfully report as follows: That .....

introduced copy, be amended as follows:

1. Title, lines 5 and 6.

Following: "REQUESTING"

Strike: remainder of line 5 through "OF" on line 6.

Insert: "THE LEGISLATIVE AUDIT COMMITTEE IN CONJUNCTION WITH ITS  
PERFORMANCE AUDIT TO CONSIDER"

2. Page 2, line 20.

Following: "that"

Strike: "an appropriate interim committee"

Insert: "the Legislative Audit Committee in conjunction with its  
performance audit to be performed in the 1981-1983 interim,"

And, as so amended,

DO PASS