

## HOUSE BUSINESS & INDUSTRY COMMITTEE

Chairman, Rep. Jerry Metcalf, called the Business & Industry Committee to order of March 22, 1983, in Room 420 of the Capitol Building, Helena, Montana at 9:00 a.m. All members were present except Rep. Kitselman, who was excused.

### SENATE BILL 250

REP. FABREGA, District 44, co-sponsor, opened by saying this bill revises the statutory authority of the Board of Housing to allow it to designate whether the interest on its bonds is taxable or tax-exempt and removing the limitation on interest rate on its bonds. The bill also requires that a public hearing be conducted on any proposal to finance development of rental housing units owned by a for-profit sponsor. There is a \$200 million limitation by federal regulation. Because of the board's good performance in investing in housing, they would be able to obtain rates that are better than market even on taxable bonds, and they need that flexibility. Because of the desirable interest rates the board can offer, there has to be a lack of decent housing in the community before they can finance a for-profit loan.

### PROPOSERS:

DENNIS REHBERG, Montana Association of Realtors: This bill allows the Board of Housing to function. It allows the board in Montana to provide bonds and provide low interest loans. Some boards were abusing the system so the federal government sent rules and regulations that we live by now. These regulations will be sunsetted next year. SB 250 will solve the problem if the Congress decides not to renew this law. We will still be able to give low interest loans and serve the people of Montana. If it is not sunsetted, there is no reason to tie it to the interest rate and if it is, it will be flexible.

LINDA FORREY, Board of Housing: The Board has \$320 million to finance approximately 6,000 single-family houses in the state and has provided rental housing for the low income for a total of 600 units. The Board is now faced with a sunset provision for 1983, and we may be forced to look at alternatives. This will authorize us to issue taxable bonds. We could then make loans from the proceeds for sale to the Board of Housing. The advantage of this is that we could eliminate the federal requirements that all loans be made to first home buyers. This creates a hardship on a person who has lost his job and must sell his house and move to a different community and wishes to buy a house. This would free up money to make loans to higher income people. Other states considering this are Alaska, Arkansas and Connecticut. As far as the interest rate ceiling on the bonds, the Board cannot sell bonds for more than 1% less than the FHA rate 30 days prior to the sale of the bonds. There is talk in

Washington that the FHA rate may become a free floating rate which could be very detrimental to our financing programs. The Board knows what most Montanans can afford for home loans. Last month we provided mortgage loans at 9 3/4%.

OPPONENTS: none

QUESTIONS:

REP. FAGG: You provide for "lower" income only? Mr. Rehberg: The Treasury rules set out what the income limitations will be. Rep. Fagg: What are your income limitations? Ms. Forrey: The Board in the single family home ownership program sets \$34,500 as the income level. Rep. Fagg: I think it should be changed to lower or moderate.

REP. FABREGA: Would the taxable bonds be tied to the same criteria? Ms. Forrey: The Board would always impose an income limit on home loans.

REP. FAGG: If you went to a taxable bond program, why should it be only for low income - why couldn't it be for low to moderately high? JOHN OITZINGER, Council - Board of Housing: We rely on the purpose of providing housing for lower income people for the issuance of bonds. We have a test case sanctioned by the State Supreme Court which approved the public purpose of the Board of Housing as providing housing to lower income people. If we were to modify that to provide for the public in general there may be a need to re-examine the public purpose of the Board of Housing. We do have a charter approved by the Supreme Court and that's what we function under. Determining what lower income is, is what is affordable housing to a person who is not being assisted. In the recent high interest rate environment, 90% of the population has been shut out of the housing market. The \$34,500 figure is to help with this problem.

REP. FAGG: Would we be out of line changing it to lower to moderate income? Mr. Oitzinger: I think they are synonymous and I would have no problem with that. Legally, lower to moderate are the words that appear in the Section 8 subsidy program. I would actually suggest that legally we should leave it alone. We're comfortable with it.

REP. ELLISON: How much authority does the Board have left? Mr. Oitzinger: We were affirmed \$675 million and have issued \$320 million. Rep. Ellison: If this law is sunsetted you won't go to taxable bonds? Ms. Forrey: There wouldn't be an immediate need. We are looking at taxable bonds as an alternative.

REP. LYBECK: Is the \$34,500 the same all over the country? Ms. Forrey: Each state determines it's low income limits.

REP. KADAS: The level isn't determined by low income statutes but by the ability to pay back the loan? Mr. Oitzinger: Correct; if a person's income is so low they could not pay the monthly payments, there is no reason to issue the loan. The bottom limit is their ability to pay back the loan.

REP. METCALF: Will the Board have to adopt rules to determine if the bonds are tax exempt or taxable or will it be a formula whereas if the bonds are issued for a for-profit project

they will be taxable and if they are for non-profit they will not be taxable? Mr. Oitzinger: Simply failing to comply with all the federal restrictions will result in taxable bonds. For example, in a large part of the state the Board is limited to provide housing to first time home owners. If it provided financing for people who had previously owned a home, those bonds would be taxable. The people who bought those bonds would insist on a higher interest rate which would drive the economics of what the Board is trying to do in the wrong direction.

REP. FABREGA: Tax exempt entities buy taxable bonds because they don't have to pay the tax. Mr. Oitzinger: If the Board of Housing would issue to the Board of Investments, they would want a rate that they can get full value from on the market.

#### SENATE BILL 251

REP. FABREGA, District 44, co-sponsor, opened by saying this bill revises the law on investments of state money to expand the authority of the Board of Investments to allow it to make commitments to the Board of Housing to invest in mortgages at a specified future date not more than 15 years from the date of issue.

#### PROPOSERS:

LINDA FORREY, Board of Housing: How this would work would be for example, the Board of Housing would sell a 12 year bond and we provide for the home buyer an interest rate of 9%. That buyer will have that rate on his loan for 12 years. Beginning in the 13th year, the interest rate on the loan will increase to, no doubt, a higher rate, but the rate from the 13th year to the 25th year (assuming it's a 25 year loan) will be determined at the original application for the loan. A buyer will know that for 12 years his loan will be 9% but it will be 13% in the 13th year, which is approximately the conventional mortgage rate today. At the end of the 12th year, the Board of Housing and the Board of Investments would enter into an agreement and sell our portfolio for the loan to the Board of Investments. Then, the Board of Investments becomes the lender and the Board of Housing can go back into the market place to finance more housing.

TERRY CARMODY, Montana Association of Realtors: We support this legislation.

JIM HOWERTH, Board of Investments: We support the bill.

OPPOSERS: none

#### QUESTIONS:

REP. FAGG: These balloon in 12 years. Do they balloon to a fixed rate or an unknown rate? Ms. Forrey: The rate is known at the beginning of a loan. Rep. Fagg: You can

guarantee a rate after 12 years? Ms. Forrey: We will be negotiating a rate with the Board of Investments. Mr. Howerth: It's based on the amount of the commitment. A lot of mortgages will have been paid off in the 12th year. You know the maximum amount you are committed for. It may be a lower rate.

REP. FAGG: How do you set a rate for an unknown in 13 years? How do you get paid for it? Mr. Howerth: They pay us in cash, annually. It's like a letter of credit.

REP. SCHULTZ: Assuming the home buyer could come up with a rate of 11% at the 13th year, this may not be attractive to him. Mr. Oitzinger: Then, he has gotten the benefit of the financing for the first 12 years. He is under no obligation to take it. He can refinance. All of these loans are pre-payable without penalty.

EXECUTIVE SESSION:

SENATE BILL 250

REP. ELLISON: I move SENATE BILL 250 BE CONCURRED IN.  
QUESTION: The motion carried unanimously.

SENATE BILL 251

REP. ELLISON: I move SENATE BILL 251 BE CONCURRED IN.  
QUESTION: The motion carried unanimously.

SENATE BILL 456

REP. KADAS: Throughout the bill, we strike "invest in" because there are two options there...you can purchase or invest in, and there is no difference because of the way the PSC is going to treat it. The utilities have no problem with that. Also in the title we strike "require" and put in "allow." The first amendment deals with avoided costs and we strike the definition in there and put in the original definition which comes from the regulations the PSC has adopted for small power production facilities and it will allow consistency so we won't get dual hearings on the same term. We then add "natural gas" instead of just electric. The next major amendment is to limit the whole bill to residential facilities, rather than to commercial and industrial and agriculture. This was at the suggestion of the PSC. The utilities wanted it to be broader than that but I think we should work with it in this form for two years and then come back and put it up for commercial and everyone else. Next, in the bill that passed through the Senate they had the private conservation company in there. Sen. Fuller could really not explain how that was going to work. It's too vague and we don't know what we're doing with it so we will take it out. If we eliminate the private companies, then we don't need the two terms purchase or invest in. We only need one term. Next, we insert "at the customer's discretion." After the utility

has decided conservation is needed in a house, the owner can either decide to do it himself or by a private firm, or by the utility. It is up to them. Next, we require the PSC to give at least the same rate of return as they give on other conservation and we give them the latitude to go up to 2%. If the PSC feels the utility needs an incentive to invest in conservation, we will give them the latitude to offer 2%. The way the bill was written it required them to give the 2%. The PSC really wanted that and the utilities said that it was OK. Next, we allow the PSC to prescribe amortization periods so they can take the conservation out of the rate base over a period of years. That was fine with everyone. Sen. Fuller recommended we strike engineering and cost effectiveness criteria and insert approve cost effectiveness criteria. The PSC would have had to hire someone for this and this eliminates the need for a fiscal note. We also have a statement of intent. (Exhibit #1)

BOB QUINN, Montana Power: The amendments are extensive, but generally we approve. We just want to make sure this is not made mandatory.

REP. PAVLOVICH: Mike, did you talk to Tom Schneider of the PSC on these amendments? Rep. Kadas: Yes, and he agreed.

REP. FAGG: I move the amendments do pass.

QUESTION: The motion carried unanimously.

REP. FAGG: I move SENATE BILL 456 BE CONCURRED IN AS AMENDED.

QUESTION: The motion carried with Rep. Pavlovich and Ellison voting no.

REP. KADAS: I move the Statement of Intent.

QUESTION: The motion carried unanimously.

#### SENATE BILL 450

REP. PAVLOVICH: I move we TABLE SENATE BILL 450.

REP. FAGG: Some thought was given to going to 150% of quota. It's a serious problem in Billings and we need help.

REP. PAVLOVICH: I have heard something about changing it to 150%.

BOB DURKEE, Montana Tavern Association: I don't think you have a vehicle before you to do it.

REP. FAGG: We could move to suspend the rules and introduce a bill. Mr. Durkee, would you be opposed to this? Mr.

Durkee: I would not. REP. FABREGA: Right now you can float a license out of an area that is 125% of quota. Most of the state is 150% above quota. Because of population decreases, there are number of areas where you could get a license reasonably and float it in. This would make sense and the process would be alot speedier.

REP. PAVLOVICH: If we raise it to 150%, you could probably come to Butte and pick up 4 or 5 licenses at from \$40,000 to \$50,000. In five years they are a permanent license. But for five years they cannot be mortgaged. In Billings there are approximately 30,000 people outside the city. In Yellowstone County there are 25 licenses available. You either annex all the people in or you buy one of the licenses outside and hope they will bring you into the city.

QUESTION: The motion to Table SB 450 carried unanimously.

REP. FAGG: Paul, would you draft an informal bill to that effect? Paul Verdon: Yes, I can change the one word.

SENATE BILL 84

REP. HARPER: My amendments are simple. First, we don't have prefabricated structures in the title, so that should be put in. On Page 4, line 17 we put in at the beginning of the sentence "except in subsection 4 and subsection 5." And then we add a subsection 4 which would read "Owners of prefabricated structures built with the intention of moving shall pay the necessary and reasonable costs of raising or cutting wires or cables or moving poles to facilitate the movement." I move the amendments.

QUESTION: The motion carried unanimously.

REP. BACHINI: On page 5, line 7, I have an amendment to say the owner of agricultural implements is exempt. (Exhibit #2) This includes a farmer moving his equipment or a dealer delivering the equipment.

REP. HARPER: I have to know what the logic is of exempting agriculture and not the house movers. Rep. Jensen: Agriculture isn't unusually high, but houses are extremely high.

REP. HARPER: There is a question of what the codes on wires allow for sagging, etc. ROD HANSEN, Pacific Power & Light: The National Electric Code calls for 18' clearance for a voltage of 0-750 volts. Generally speaking, that is the telephone wire, the cable wire or the neutral wire on a power pole. Wires of 750-15,000 volts, which is the normal voltage carried throughout the country, is 20'. From 15,000-50,000 volts it's 22'. That has been adopted by the state as guidelines.

REP. METCALF: There are virtually no lines that are above 24'?

Mr. Hansen: We have many lines over 24', but on ground level using a basic 35' pole, you will usually have 20 to 21 feet.

REP. HARPER: Would you have problems using a 5' longer pole?

Mr. Hansen: If you go to a 40' pole, you will get 24'. Then we have the problem of more ice load and wind load and hazard for spray planes.

REP. FAGG: Why not go under ground at crossings? Mr. Hansen: It's very expensive.

REP. KADAS: My amendments would say anything over 24' the house movers would pay and anything under 24' the utilities would pay. I move the amendments. (Exhibit #3)

REP. ELLERD: Mr. Quinn, wouldn't you say these amendments would still put the big load on utilities? Mr. Quinn: The electric utilities would be OK but it would affect everyone else...cable tv, telephone, etc. It's too high to accomplish what the bill sets out to do.

REP. FABREGA: Right now, the prefabs pay 100% in this bill; house movers pay 50% determined by the PSC; and we could exempt the farmers. How long before this is in court? Freedom of movement is what we're talking about. Who came first in terms of rights-of-way? There shouldn't be special exemption

REP. KADAS: The prefabs are built to be moved and that's a strong differentiation. I don't see that as a problem.

REP. HARPER: If we don't do anything else with this bill, prefabs should pay for their moves.

REP. FABREGA: I am prepared to offer amendments that set up a certain rate schedule for all moves. It would be paid into a pool and then the utility would create a board to administer the pool and they could determine reasonable costs. It would be self-policing within the industry. This has merit because a schedule can be worked out and it doesn't involve the PSC. If we send this back with 24' we won't have anything.

QUESTION: Rep. Kadas' 24' amendments failed with Rep. Fagg and Kadas voting yes.

REP. BACHINI withdrew his amendment.

STEVE BROWNING, House Mover's Association: The house movers say that at 24' it makes their businesses extremely marginal. Seven of the sixteen house movers said they could not survive economically at 24'. At 20' you would be eliminating the vast part of the business. There aren't that many houses that are less than 20'.

REP. METCALF: It looks like any kind of height ruling is only going to cause problems no matter what we set it at. The Senate worked out this compromise and I wish we could go with that.

REP. ELLISON: I move SENATE BILL 84 BE CONCURRED IN AS AMENDED BY REP. HARPER.

REP. PAVLOVICH: We are going to a 50-50 agreement. The house mover is not really going to pay anything. The person owning the house will pay the 50%.

REP. FAGG: What about a 75-25 split?

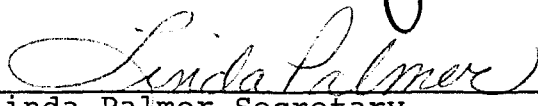
REP. JENSEN: One thing we should think about is maybe there are houses moved that shouldn't be moved. I think this compromise is the best we're going to do.

QUESTION: The motion carried with Reps. Fagg, Hansen, Harper, Fabrega and Kadas voting no.

The hearing adjourned at 11:30 a.m.



REP. JERRY METCALF, CHAIRMAN



Linda Palmer, Secretary

# STANDING COMMITTEE REPORT

Page 1 of 3

MARCH 22, 1983

19.....

MR. SPEAKER:.....

We, your committee on BUSINESS & INDUSTRY.....

having had under consideration SENATE..... Bill No. 84

third reading copy ( blue )  
color

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT PERSONS, FIRMS, OR CORPORATIONS OWNING HOUSES, BUILDINGS, DERRICKS, OR OTHER STRUCTURES SHALL PAY THE CERTAIN 50% OF THE NECESSARY AND REASONABLE EXPENSES, AS DETERMINED BY THE PUBLIC SERVICE COMMISSION, OF RAISING OR CUTTING WIRES OR REMOVING POLES TO FACILITATE THE MOVEMENT OF SUCH STRUCTURES UNLESS THE OWNERS OF THE WIRES OR POLES REFUSE TO RAISE, CUT, OR REMOVE THE SAME;

~~XX~~ ~~XXXXX~~

REQUIRING THAT AN ESTIMATE OF THE COST BE GIVEN; AMENDING SECTION SECTIONS 69-4-602 AND 69-4-603, MCA."

Respectfully report as follows: That SENATE BILL NO. 84

BE AMENDED AS FOLLOWS:

(Attached)

~~XXXXXX~~



1. Title, line 19

Following: "GIVEN:"

Insert: "REQUIRING OWNERS OF PREFABRICATED STRUCTURES TO  
PAY REASONABLE AND NECESSARY EXPENSES OF MOVING;"

Page 4, line 17

Following: "BIENNIALY." on line 16. Strike: "THIS"

Insert: "Except as provided in subsections (4) and (5), "the"

3. Page 5, line 3

Following: "(2):"

Strike: remainder of line 3 and line 4 in its entirety.

4. Page 5, line 8

Following: line 7

Insert: "(4) Owners of prefabricated structures built with  
the intention of moving shall pay the necessary and reasonable  
costs of raising or cutting wires or cables or moving poles  
to facilitate the movement."

Renumber: subsequent subsection

AND AS AMENDED  
BE CONCURRED IN

STATEMENT OF INTENT ATTACHED

MR. SPEAKER:

WE YOUR COMMITTEE ON BUSINESS AND INDUSTRY, HAVING HAD UNDER CONSIDERATION  
SENATE BILL NO. 84, THIRD READING COPY BLUE, ATTACH THE FOLLOWING STATE-  
MENT OF INTENT:

SENATE BILL #84  
STATEMENT OF INTENT

A statement of intent is required for SB 84 because in subsection  
(2) of section 2 it amends 69-4-603 to give the Public Service Commission  
the authority to determine the average cost of raising or cutting wires  
or cables or of moving poles. It is the intention of the legislature  
that the Public Service Commission hold a hearing within 180 days after  
the effective date of SB 84 to discover the reasonable and necessary  
costs of those operations, after which the commission shall establish  
by rule the average costs, which shall remain in effect until modified  
by the commission after a subsequent biennial review.

# STANDING COMMITTEE REPORT

MARCH 22..... 1933.....

MR. SPEAKER:

We, your committee on BUSINESS & INDUSTRY

having had under consideration SENATE Bill No. 250

third reading copy (blue )  
color

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE LAWS RELATING TO THE BOARD OF HOUSING; AUTHORIZING THE ISSUANCE OF TAXABLE OR TAX EXEMPT BONDS; REMOVING THE LIMIT ON INTEREST RATES AT WHICH BONDS MAY BE SOLD; PROVIDING FOR A PUBLIC HEARING PRIOR TO FINANCING DEVELOPMENTS FOR RENTAL UNITS FOR A FOR-PROFIT SPONSOR; AMENDING SECTIONS 90-6-103, 90-6-109, AND 90-6-111, MCA."

Respectfully report as follows: That SENATE Bill No. 250

~~XEROX~~ BE CONCURRED IN

# STANDING COMMITTEE REPORT

MARCH 22 1933

MR. SPEAKER:

We, your committee on BUSINESS & INDUSTRY

having had under consideration SENATE Bill No. 251

third reading copy (blue color)

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE BOARD OF INVESTMENTS TO ENTER A COMMITMENT AGREEMENT WITH THE BOARD OF HOUSING FOR THE PURCHASE OF MORTGAGE LOANS FINANCED BY THE BOARD OF HOUSING; AMENDING SECTION 17-6-211, MCA."

Respectfully report as follows: That SENATE Bill No. 251

ADOPTED BE CONCURRED IN

# STANDING COMMITTEE REPORT

Page 1 of 4

MARCH 22

19 83

## SPEAKER:

MR. ....

We, your committee on ..... **BUSINESS & INDUSTRY** .....

having had under consideration ..... **SENATE** ..... Bill No. **456** .....

third reading copy ( blue )  
color

A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW AN ELECTRIC OR  
GAS UTILITY TO PURCHASE OR INVEST IN COST-EFFECTIVE ENERGY  
CONSERVATION; TO REQUIRE THE PUBLIC SERVICE COMMISSION TO INCLUDE  
CONSERVATION IN A UTILITY'S RATE BASE; TO REQUIRE THE PUBLIC  
SERVICE COMMISSION TO ALLOW A HIGHER INCREMENTAL RATE OF RETURN  
ON CONSERVATION; AMENDING SECTION 15-32-107, MCA."

Respectfully report as follows: That ..... **SENATE** ..... Bill No. **456** .....

~~XXXXXXXXXXXX~~

BE AMENDED AS FOLLOWS:

(Attached)

~~XXXX~~  
~~DO PASS~~

MARCH 22

83

19

1. Title, line 5

Strike: "OR INVEST IN"

2. Title, line 7

Strike: "REQUIRE"

Insert: "ALLOW"

3. Page 1, line 15

Following: "incremental"

Insert: "incremental"

4. Page 1, line 20

Strike: Line 20 in its entirety and line 21 through "CONSERVATION"

Insert: "to an electric or natural gas utility of energy or capacity or both, which, but for the purchase of conservation, the utility would generate or supply itself or purchase from another source"

5. Page 2, line 12

Following: "POWER"

Insert: "or natural gas"

6. Page 2, line 13

Following:

Strike: "INVESTMENT IN"

Insert: "purchase of"

7. Page 2, line 16

Following: "EQUIPMENT"

Insert: "or other cost effective measures"

8. Page 2, line 13

Following: line 17

Insert: "(4) "Residential Building" means a building used for residential occupancy that:

(a) was fully constructed and habitable as of [the effective date of this act]:

(b) has a system for heating, cooling, or both that uses a fuel supplied by the utility; and

(c) contains at least one, but not more than four separately or centrally heated dwelling units, or contains more than four separately heated, or cooled, or both heated and cooled units."

9. Page 2, line 18

Strike: "investment in or"

10. Page 2, line 20

Strike: ":"

11. Page 2, line 21

Strike: "(a)"

Following: "purchase conservation"

Strike: the remainder of line 21 and line 22 in its entirety

12. Page 2, line 23

Strike: "(b)"

Insert: "by"

MARCH 22

83  
19.....

Strike: "engage"  
Insert: "engaging"

13. Page 2, line 24  
Strike: "or investments"

14. Page 2, line 2  
Following: line 1  
Insert: "(3) Cost-effective conservation measures approved by the commission must, at the customer's discretion, be installed by either:  
(a) a person or a private firm, or  
(b) the customer himself"

15. Page 3, line 3  
Strike: "or investments"

16. Page 3, line 15  
Strike: "or investment in"

17. Page 2, line 17  
Strike: "or investments"

18. Page 3, line 21  
Strike: "or investment in"  
Strike: ", established by"

19. Page 3, line 22  
Strike: "adding"  
Insert: "not to exceed"  
Following: "24"  
Insert: "added"  
Following: "to"  
Insert: ", and not to be less than,"

20. Page 4, line 3  
Following: line 2  
Insert: "(4) the commission shall prescribe amortization periods for conservation that is included in a utility's rate base."

21. Page 4, line 5  
Following: "APPROVE"  
Insert: "cost effectiveness"  
Following: "criteria"  
Strike: remainder of line 5 through "criteria," on line 6

22. Page 4, line 9  
Strike: "criteria"  
Insert: "potential for conservation measures"

AND AS AMENDED  
BE CONCURRED IN

MARCH 22

83

19

MR. SPEAKER:

WE YOUR COMMITTEE ON BUSINESS & INDUSTRY, HAVING HAD UNDER CONSIDERATION SENATE BILL NO. 456, THIRD READING COPY BLUE, ATTACH THE FOLLOWING STATEMENT OF INTENT:

STATEMENT OF INTENT  
SENATE BILL #456

A statement of intent is necessary for this bill because it directs the Public Service Commission to adopt rules governing the installation of cost-effective conservation measures and the reflection of those measures in a utility's rate base. The commission must approve criteria and standards for:

- (1) allowable conservation measures from an engineering standpoint;
- (2) cost-effectiveness;
- (3) on-site energy audits;
- (4) conservation corresponding to end-use of energy that a utility provides;
- (5) inspections;
- (6) inclusion of conservation in a utility's rate base;
- (7) other procedures necessary to implement this act.

In adopting cost-effectiveness and engineering criteria, the commission is directed to consult with the department of natural resources and conservation and with Montana's representatives to the Northwest Power Council.

It is not the intent of the legislature to allow grants from the Bonneville Power Administration for purposes of conservation to be placed in the rate base.



STATEMENT OF INTENT  
SENATE BILL #456

HOUSE BUSINESS AND INDUSTRY COMM.

A statement of intent is necessary for this bill because it directs the Public Service Commission to adopt rules governing the installation of cost-effective conservation measures and the reflection of those measures in a utility's rate base. The commission must approve criteria and standards for:

- (1) allowable conservation measures from an engineering standpoint;
- (2) cost-effectiveness;
- (3) on-site energy audits;
- (4) conservation corresponding to end-use of energy that a utility provides;
- (5) inspections;
- (6) inclusion of conservation in a utility's rate base;
- (7) other procedures necessary to implement this act.

In adopting cost-effectiveness and engineering criteria, the commission is directed to consult with the department of natural resources and conservation and with Montana's representatives to the Northwest Power Council.

It is not the intent of the legislature to allow grants from the Bonneville Power Administration for purposes of conservation to be placed in the rate base.

AMENDMENTS TO SB 456 - THIRD READING COPY

1. Title, line 5  
Strike: "OR INVEST IN"
2. Title, line 7  
Strike: "REQUIRE"  
Insert: "ALLOW"
3. Page 1, line 15  
Following: "~~incremental~~"  
Insert: "incremental"
4. Page 1, line 20  
Strike: Line 20 in its entirety and line 21 through "CONSERVATION"  
Insert: "to an electric or natural gas utility of energy or capacity, or both, which, but for the purchase of conservation, the utility would generate or supply itself or purchase from another source"
5. Page 2, line 12  
Following: "POWER"  
Insert: "or natural gas"
6. Page 2, line 13  
Strike: "INVESTMENT IN"  
Insert: "purchase of"
7. Page 2, line 16  
Following: "EQUIPMENT"  
Insert: "or other cost effective measures"
8. Page 2, line 18  
Following: line 17  
Insert: "(4) "Residential Building" means a building used for residential occupancy that:  
(a) was fully constructed and habitable as of [the effective date of this act]:  
(b) has a system for heating, cooling, or both that uses a fuel supplied by the utility; and  
(c) contains at least one, but not more than four separately or centrally heated dwelling units, or contains more than four separately heated, or cooled, or both heated and cooled units."
9. Page 2, line 18  
Strike: "investment in or"
10. Page 2, line 20  
Strike: ":"
11. Page 2, line 21  
Strike: "(a)"  
Following: "purchase conservation"  
Strike: the remainder of line 21 and line 22 in its entirety

AMENDMENTS TO SB 456

Page 2

12. Page 2, line 23

Strike: "(b)"

Insert: "by"

Strike: "engage"

Insert: "engaging"

13. Page 2, line 24

Strike: "or investments"

14. Page 3, line 2

Following: line 1

Insert: "(3) Cost-effective conservation measures approved by the commission must, at the customer's discretion, be installed by either:

(a) a person or a private firm, or

(b) the customer himself."

15. Page 3, line 3

Strike: "or investments"

16. Page 3, line 15

Strike: "or investment in"

17. Page 2, line 17

Strike: "or investments"

18. Page 3, line 21

Strike: "or investment in"

Strike: ", established by"

19. Page 3, line 22

Strike: "adding"

Insert: "not to exceed"

Following: "2%"

Insert: "added"

Following: "to"

Insert: ", and not to be less than,"

20. Page 4, line 3

Following: line 2

Insert: "(4) the commission shall prescribe amortization periods for conservation that is included in a utility's rate base."

21. Page 4, line 5

Following: "APPROVE"

Insert: "cost effectiveness"

Following: "criteria"

Strike: remainder of line 5 through "criteria," on line 6

22. Page 4, line 9

Strike: "criteria"

Insert: "potential for conservation measures"

AMENDMENT - SENATE BILL 84 - THIRD READING COPY

1. Page 5, line 8

Following: line 7

Insert: "(4) The owner of an agricultural implement is exempt from any costs incurred under [this act] in moving that implement, and those costs shall be borne by the person, firm, or corporation owning or operating the wires, cables or poles required to be moved."

Renumber: subsequent subsection

1, 2  
1-8

Amendments SB 84 - Third Reading Copy

1. Title, line 11.

Following: "TO"

Strike: the remainder of line 11 and lines 12 and 13 in  
their entirety

Insert: "ALLOCATE"

2. Page 2, line 6.

Strike: "TOTAL"

Following: "is"

Strike: remainder of line 6 and line 7 through "unfair"

Insert: "not in every case a reasonable and fair"

3. Page 2, line 11.

Following: "of"

Strike: remainder of line 11 and through "Montana" on line  
12

Insert: "the public"

4. Page 2, line 16.

Strike: "SHARED EQUALLY"

Insert: "borne"

5. Page 2, line 17.

Following: "structure"

Insert: "if the wires or cables are hung at least 24 feet  
above the road surface"

Following: "AND"

Insert: "by"

6. Page 2, line 19.

Following: "moved"

Strike: ";and"

Insert: "if the wires or cables are lower than 24 feet  
above the road surface."

7. Page 2, line 20.

Strike: lines 20 through 24 in their entirety

8. Page 4, line 18.

Following: "BE"

Strike: remainder of line 18

Insert: "borne"

9. Page 4, line 19.

Following: "OWNING"

Strike: "THE STRUCTURE AND"

Insert: "or operating the wires, cables, or poles required  
to be raised, cut or moved if the wires or cables are  
lower than 24 feet above the surface of the roadway and  
by"

10. Page 4, line 20.

Following: "OWNING"

Strike: remainder of line 20 and line 21 in its entirety

Insert: "the house, building, derrick or other structure  
being moved if the wires or cables are 24 feet or higher  
above the surface of the roadway, with the height  
determination to be made at the lowest sag of the wires  
or cables in the span required to be raised or cut."

11. Page 5, line 3.

Strike: "APPORTIONED"

Insert: "BORNE"

	Date: No:	Date: No:	Date: No:	Date: No:	Date: No:	Date: No:
PAVLOVICH, Bob	yes			WALLIN, Norm	yes	
BACHINI, Robert	yes			METCALF, Jerry	yes	
ELLERD, Bob	yes					
ELLISON, Orval	yes					
FABREGA, Jay	no					
FAGG, Harrison	no					
HANSEN, Stella Jean	no					
HARPER, Hal	no					
HART, Marjorie	yes					
HOWE, Romona	yes					
JENSEN, William	yes					
KADAS, Mike	no					
KITSELMAN, Les						
LYBECK, Ray	yes					
NISRET, Gerald	yes					
SAUNDERS, Glenn	yes					
SCHULTZ, Jim	yes					

13-5

Bus. & Ind.

COMMITTEE

SB 251

3-22

SPONSOR

Sydney Farney  
D Rehberg  
John Ditzinger  
Jim Heneeth

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.



## VISITOR'S REGISTER

HOUSE

Bus. & Ind.

COMMITTEE

BILL

SIB 250

DATE \_\_\_\_\_

3-22

SPONSOR

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.