

MINUTES OF THE MEETING  
BUSINESS AND INDUSTRY COMMITTEE  
MONTANA STATE SENATE

February 15, 1983

The Business and Industry Committee met in Executive Session on February 15, 1983, at 11:10 a.m. The meeting was called to order by Chairman Allen Kolstad in Room 404, State Capitol.

ROLL CALL: All members of the Committee were present.

ACTION ON SENATE BILL 251: Senator Lee made the motion that Senate Bill 251 Do Pass. Senator Boylan seconded the motion.

The Committee voted unanimously, by voice vote, that SENATE BILL 251 DO PASS.

ACTION ON SENATE BILL 305: Senator Boylan made the motion that Mr. Alke's proposed amendments to Senate Bill 305 Be Adopted. Senator Lee seconded the motion.

The Committee voted unanimously, by voice vote, that the proposed amendments to SENATE BILL 305 BE ADOPTED.

Senator Lee made the motion that the second set of amendments proposed by the Public Service Commission Be Adopted. Senator Christiaens seconded the motion.

The Committee voted unanimously, by voice vote, that the proposed amendments to SENATE BILL 305 BE ADOPTED.

Senator Christiaens made the motion that the Statement of Intent to Senate Bill 305 Be Adopted. (Exhibit No. 1) Senator Fuller seconded the motion.

The Committee voted unanimously, by voice vote, that the Statement of Intent to SENATE BILL 305 BE ADOPTED.

Senator Christiaens made the motion that Senate Bill 305 As Amended Do Pass. Senator Regan seconded the motion.

The Committee voted unanimously, by voice vote, that SENATE BILL 305 AS AMENDED DO PASS.

ACTION ON SENATE BILL 306: Senator Lee made the motion that Senate Bill 306 Be Tabled. The reason is there is no doubt in my mind as to the problem going on to the Public Service Commission. There is going to be a Resolution introduced to study the Public Service Commission. He thinks they may need investigators or one or two auditors. He does not think this bill is the way to go. Senator Boylan seconded the motion.

Senator Regan made a substitute motion that Senate Bill 306 Do Pass. Senator Christiaens seconded the motion.

Senator Boylan stated you can get a print out from the Consumer Counsel on what we spend annually and biannually doing these things and they

have full power to request any records. It is set up constitutionally. The Public Service Commission is set up statutorily.

Senator Kolstad stated if we wanted to allow for additional duplication it would take additional FTEs.

Senator Regan stated the Public Service Commission would not need additional people. They would contract and hire someone to do an independent audit in depth and they would charge it to the utilities.

Senator Fuller asked Dennis Lopach to explain the auditing procedure that Montana Power goes through now which he did. He stated in regard to Senator Regan's question if they are having problems with going into the books they should go to the Consumer Counsel rather than the Public Service Commission.

Senator Gage stated the problem with the bill is those costs that are incurred are no doubt going to be passed on to the consumer.

Senator Regan stated the integral part of this bill is the right for the Public Service Commission to subpoena records. Does the Consumer Counsel have the same power and do they use it? Senator Boylan stated yes they do.

Senator Christiaens asked does Montana Consumer Counsel do a full and complete independent audit. Senator Kolstad stated no they do investigative work.

Senator Fuller made a substitute motion that Senate Bill 306 Do Not Pass. Senator Boyland seconded the motion.

The Committee voted by Roll Call Vote 8-2 that SENATE BILL 306 DO NOT PASS.

Senator Boylan will carry this bill on the floor.

ACTION ON SENATE BILL 382: Staff Attorney Petesch gave proposed amendments to the Committee. (Exhibit No. 2)

Senator Regan asked if you have 45 days that they are going to raise rates what is the grace period? Mr. Skinner stated the current law gives you 31 days grace period.

Senator Christiaens asked if there is a 45 day notice is that individual insured for 15 days? Mr. Skinner stated this merely relates to the increases.

Senator Kolstad asked 45 days would be more acceptable to you than the 60? Mr. Skinner stated it would be easier as the longer you have it gives you more experience to pass your rate on. If you have 60 days notice you have one month less notice and so you have to put a risk notice.

Senator Regan asked suppose I leave the state and I have converted

to an individual policy I am covered by the Blues under this policy. I have been covered by them for six months. You want to raise my rates. How much notification do I get before you raise my rates as an independent? Mr. Skinner stated 30 days notification on an individual contract.

Senator Regan stated if this were to read 45 days would it cover me past 45 days too? Mr. Screener stated no only if you are on a conversion. In the event you do not want to remain on the conversion contract you have an option to apply for other coverage which requires a certain level of your health to be eligible for that program.

Senator Fuller stated he is bothered by the equity on this as we are doing this only with the Blues. Senator Regan stated it is because of the horrendous rate increases by the Blues.

Senator Fuller asked can you describe the typical conversion person? Mr. Screener stated the average conversion person generally foregoes the coverage. The ones that definitely need coverage will seek coverage. They are going to be a high risk individual.

Senator Fuller asked what problems do we cause your average insurance group rate? Mr. Screener stated administratively you have inserted the insurers average group rate which I think is better than the other one but has caused some administrative problems. It would be difficult to calculate what an average group rate is. You are going to run into problems when someone transfers from a group rate and goes to a conversion plan. One of the options would be you might have to lower your benefits on your conversion rate to get them down to 150%. They thought 175% would cover them fairly well.

Senator Fuller asked how do your rates compare with commercials? Mr. Screener stated right now our new programs are somewhat lower. Their conversion rates are very competitive.

Senator Regan stated if you have computers why can't you assign a code key and punch in a factor. Mr. Skinner stated the problem is we already have the established group rate on these conversions. If you change your average group rate you change everything on your conversion situation. It causes billing problems.

Senator Regan suggested a subcommittee be appointed to work on this bill. Senator Kolstad selected Senator Gage, Chairman, Senator Christiaens and Senator Fuller.

ACTION ON SENATE BILL 392: Senator Fuller made the motion that the Statement of Intent Be Adopted. Senator Lee seconded the motion. (Exhibit No. 3)

The Committee voted 9-1 with Senator Goodover voting no that the Statement of Intent to SENATE BILL 392 BE ADOPTED.

Senator Lee made the motion that the proposed amendments to Senate Bill 392 Be Adopted. Senator Severson seconded the motion. (Exhibit No. 4)

The Committee voted 8-2 that the proposed amendments to SENATE BILL 392 BE ADOPTED.

Senator Goodover made the motion that Senate Bill 392 As Amended Do Not Pass. Senator Regan seconded the motion.

Senator Gage stated this is less regulation. If you are not a practicing public accountant you do not have to adhere to all of this.

Senator Christiaens stated suppose you were a CPA working as a farm implement dealer. You then, with this bill, would not be required to take the 40 hours of study each year. If you left that job and went into a private practice of CPA you then would have two years to bring up 120 hours of required study. Senator Gage stated he is not sure but under hardship conditions you would have to bring some of that back up.

Senator Regan stated in spite of how much it protects the public this continuing education does not assure that. The continuing education is offered by this very Board you are mandating. I think what you are doing here is further setting in the continuing education concept. If you had a CPA certificate that you earned and they tried to take it away from you she does not think they could.

Senator Christiaens stated on page 21, line 20, the fine seems to be ridiculous at \$1000. I think we should do something to take it out.

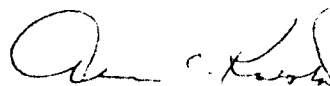
Senator Christiaens made a motion that we strike \$1000 and insert \$500. Senator Boylan seconded the motion.

The Committee voted unanimously, by voice vote, that this proposed amendment to SENATE BILL 392 BE ADOPTED.

Senator Christiaens made a substitute motion that Senate Bill 392 As Amended Do Pass.

The Committee voted 9-1 with Senator Regan voting no that SENATE BILL 392 AS AMENDED DO PASS.

ADJOURN: There being no further business, the meeting was adjourned at 12:10 p.m.



ALLEN C. KOLSTAD, CHAIRMAN



STANDING COMMITTEE REPORT

February 15

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MR. President

We, your committee on BUSINESS AND INDUSTRY

having had under consideration SENATE Bill No. 251

Respectfully report as follows: That SENATE Bill No. 251

DO PASS

*y/c*

# STANDING COMMITTEE REPORT

February 15

19 83

MR. President

We, your committee on BUSINESS AND INDUSTRY

having had under consideration SENATE Bill No. 305

Respectfully report as follows: That SENATE Bill No. 305

~~is~~ amended as follows:

1. Page 2, line 10.

Following: "a"

Insert: "per annum"

2. Page 2, line 11.

Following: "commission"

Strike: "by rule"

3. Page 2, line 14.

Following: "schedules,"

Insert: "In the case of an investor owned utility the interest rate set by the commission may not exceed the cost of equity capital as last determined by the commission."

4. Page 2, line 15.

Following: line 14

Insert: "(3) The commission may prescribe rules necessary to effectively administer this section."

~~XXXXXX~~

AND AS AMENDED

DO PASS

"STATEMENT OF INTENT ATTACHED"

41C  
J.C.

February 15

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STATEMENT OF INTENT

A statement of intent is required for this bill because it gives the Public Service Commission rulemaking authority. Section 1 provides for elimination of the statutorily prescribed 10% annual interest rate, and grants the Commission discretion to determine an annual interest rate to be assessed on a utility's revenues that are subject to rebate. In adopting rules relating to the determination of the interest rate, the Commission might, for example, consider such factors as the size of the utility involved, the number of consumers served by the utility, the utility's cost of capital, the amount of the revenues subject to rebate and the length of the time period in which revenues were overcollected. Rules drawn should reflect the manner in which the Commission would consider the factors to arrive at an appropriate rate of interest under the circumstances.

The rules may also address a procedure for waiving the nine month automatic schedule effective date, and a procedure for rebating amounts to consumers where necessary.



# STANDING COMMITTEE REPORT

February 15

1983

.....

MR. **PRESIDENT**

## BUSINESS AND INDUSTRY

We, your committee on .....

(BOYLAN)

SENATE

306

having had under consideration .....

Bill No. ....

SENATE

306

Respectfully report as follows: That .....

Bill No. ....

**DO NOT PASS**

**DO NOT PASS**

*A/C*

# STANDING COMMITTEE REPORT

February 15

19 83

MR. **President**

## BUSINESS AND INDUSTRY

We, your committee on .....

having had under consideration ..... **SENATE** 392  
Bill No. ....

Respectfully report as follows: That ..... **SENATE** 392  
be amended as follows: ..... Bill No. ....

1. Page 4, lines 16 through 19  
Following: line 15  
Strike: subsection (f) in its entirety  
Renumber: subsequent sections

2. Page 21, line 23.  
Following: "than"  
Strike: "\$1,000"  
Insert: "\$500,"

**AND AS AMENDED**

**DO PASS**

**"STATEMENT OF INTENT ATTACHED"**

STATEMENT OF INTENT

This bill requires a statement of intent because it requires rulemaking by the Board of Public Accountants.

Under new subsections added to section 37-50-203, the Board must adopt internal rules to preserve the confidences of clients of investigated public accountants, rules defining experience requirements and rules for investigations and enforcement of the law and board rules. The internal rules required are intended to prevent disclosure by board members and employees of facts learned through board investigations which the client of the investigated party, who may be unaware of the investigation, never consented to. The Legislature believes this to be a sensitive area, as investigations may or may not result in civil and criminal charges and may even result in legal action by others against the client. Rules governing experience required by the Board must require only so much experience as is necessary for the protection of the public and must not impede access to the profession by those persons reasonably well qualified. Enforcement rules must create a positive enforcement program which will require application of continuing education principles for persons who, among others, may be close to violations of the law but for which other disciplinary action is not warranted.

ROLL CALL VOTE

SENATE COMMITTEE BUSINESS AND INDUSTRY

Date 2-15-83 Senate Bill No. 306 Time \_\_\_\_\_

NAME	YES	NO
PAUL F. BOYLAN		✓
B. F. CHRIS CHRISTIAENS	✓	
HAROLD L. DOVER		✓
DAVID FULLER		✓
DELWYN GAGE		✓
PAT M. GOODOVER		✓
GARY P. LEE, VICE CHAIRMAN		✓
PAT REGAN	✓	
PAT M. SEVERSON		✓
ALLEN C. KOLSTAD, CHAIRMAN		✓

Secretary \_\_\_\_\_

Chairman \_\_\_\_\_

Motion: As Pass - Motion failed.

(Include enough information on motion -- put with yellow copy of committee report.)

STATEMENT OF INTENT  
SENATE BILL NO. 305

A statement of intent is required for this bill because it gives the Public Service Commission rule-making authority. Section 1 provides for elimination of the statutorily prescribed 10% annual interest rate, and grants the Commission discretion to determine an annual interest rate to be assessed on a utility's revenues that are subject to rebate. In adopting rules relating to the determination of the interest rate, the Commission might, for example, consider such factors as the size of the utility involved, the number of consumers served by the utility, the utility's cost of capital, the amount of the revenues subject to rebate and the length of the time period in which revenues were overcollected. Rules drawn should reflect the manner in which the Commission would consider the factors to arrive at an appropriate rate of interest under the circumstances.

The rules may also address a procedure for waiving the nine month automatic schedule effective date, and a procedure for rebating amounts to consumers where necessary.

Proposed amendment to SB 382

1. Title, line 6.

Following: "REQUIRING"

Strike: "60"

Insert: "45"

2. Page 2, line 14.

Following: "the"

Strike: "former group plan"

Insert: "insurer's average group rate"

3. Page 2, line 17.

Following: "members"

Insert: ", covered under individual plans,"

Following: "least"

Strike: "60"

Insert: "45"

STATEMENT OF INTENT

\_\_\_\_ Bill NO. \_\_\_\_ [LC 935]

This bill requires a statement of intent because it requires rulemaking by the Board of Public Accountants.

Under new subsections added to section 37-50-203, the Board must adopt internal rules to preserve the confidences of clients of investigated public accountants, rules defining experience requirements and rules for investigations and enforcement of the law and board rules. The internal rules required are intended to prevent disclosure by board members and employees of facts learned through board investigations which the client of the investigated party, who may be unaware of the investigation, never consented to. The Legislature believes this to be a sensitive area, as investigations may or may not result in civil and criminal charges and may even result in legal action by others against the client. Rules governing experience required by the Board must require only so much experience as is necessary for the protection of the public and must not impede access to the profession by those persons reasonably well qualified. Enforcement rules must create a positive enforcement program which will require application of continuing education principles for persons who, among others, may be close to violations of the law but for which other disciplinary action is not warranted.

Proposed Amendment to SB 392

1. Page 4, lines 16 through 19

Following: line 15

Strike: subsection (f) in its entirety

Renumber: subsequent subsections

2. Page 21, line 23

Following: "more than"

Strike: "\$1,000"

Insert: "\$500"



DATE \_\_\_\_\_

COMMITTEE ON

BUSINESS &amp; INDUSTRY

# VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretariat)