

MINUTES OF THE MEETING  
BUSINESS AND LABOR COMMITTEE  
MONTANA STATE  
HOUSE OF REPRESENTATIVES

February 1, 1985

The meeting of the Business and Labor Committee was called to order by Chairman Bob Pavlovich on February 1, 1985 at 8:00 a.m. in Room 312-1 of the State Capitol.

ROLL CALL: All members were present.

HOUSE BILL 321: Hearing commenced on House Bill 321. Representative Ray Peck, District #15, was the sponsor of the bill, by request of the Department of Commerce. This bill amends the banking law to change the definition of a demand deposit as one payable within fourteen days rather than thirty days and time deposits on all savings accounts and certificates of deposits subject to notice of not less than 14 days, rather than not less than 30 days, before payment. Representative Peck distributed to committee members Exhibit 1 which is attached hereto.

Proponent Fred Napier, Commissioner of Financial Institutions, Department of Commerce, stated that the provision called for in House Bill 321 will conform to the federal statute and that a more realistic definition of time deposit will exist.

There being no further discussion by proponents or opponents, all were excused by the chairman and the hearing on House Bill 321 was closed.

HOUSE BILL 492: Hearing commenced on House Bill 492. Representative Mary Lou Peterson, District #1, sponsor of the bill, explained that this bill would change the notification duties of automobile dealers upon sale of a new vehicle. In addition to affixing a sticker to the rear window of the vehicle, within four days instead of ten days as in present law, after delivery of a new vehicle the dealer must forward to the treasurer of the purchaser's home county a copy of the sticker and a completed application for certificate of title, and other necessary documents.

Proponent Larry Majerus, Administrator, Motor Vehicle Division, proposed amendments as shown on the Standing Committee Report attached. Mr. Majerus stated that House Bill 492 will simplify the documents that must be filed to place a lien on a motor vehicle, the documents a dealer must send to the county treasurer upon a sale of a new vehicle and provide statutory guidance to auto dealers.

Representative Wallin asked Mr. Majerus what the differences between the present law and House Bill 492 are. Mr. Majerus explained that presently an individual must go in within 20 days to file or be assessed a \$1 per day penalty.

Representative Simon asked Mr. Majerus why a copy must be sent to the department. Mr. Majerus stated that this enables the department to keep track of the 20 day stickers that are sold to and used by licensed Montana dealers.

There being no further discussion by proponents or opponents, all were excused by the chairman and the hearing on House Bill 492 was closed.

HOUSE BILL 466: Hearing commenced on House Bill 466. Representative Jan Brown, District #46, sponsor of the bill, stated that this bill would give physical therapists the same lien rights as physicians, nurses and hospitals.

Proponent Gordon Jones, a local physical therapist, offered his support of House Bill 466 and expressed his concern for physical therapists to be covered for protection of liens.

There being no further discussion by proponents or opponents, all were excused by the chairman and the hearing on House Bill 466 was closed.

HOUSE BILL 367: Hearing commenced on House Bill 367. Representative Norm Wallin, District #70, sponsor of the bill, stated that this bill would include a registered professional land surveyor among persons allowed to certify floor plans for a condominium.

Proponent H. S. Hanson, representing the Montana Technical Council offered his support of House Bill 367.

Proponent Mike Foley, representing the Montana Association of Registered Land Surveyors, stated that this would allow a surveyor to certify floor plans.

Consideration should be given to changing the wording "registèred professional engineer" to "registered professional civil engineer", added Mr. Foley.

There being no further discussion by proponents or opponents, all were excused by the chairman and the hearing on House Bill 367 was closed.

HOUSE BILL 462: Hearing commenced on House Bill 462. Representative Gene Donaldson, District #43, sponsor of the bill, stated that this bill provides that furniture manufactured in the state prison may be purchased by state agencies under the Montana Procurement Act, but otherwise it may be sold only through licensed wholesale furniture outlets. Representative Donaldson explained that most young people remain in the state prison for less than three years and it is important to teach work ethics. This would create a viable program without hurting the private sector.

Proponent George Allen, representing the Montana Retail Association, submitted written testimony which is attached hereto as Exhibit 2.

Proponent Tom Naegele, representing Naegele's Office Furniture, offered his support of House Bill 462. Mr. Naegele explained that his company would be happy to market this product.

Proponent Terry Harris, representing Capital Office Equipment & Design, submitted written testimony which is attached hereto as Exhibit 3.

Proponent Bill Wyckman, President of Wyckman's Office Furniture in Missoula, stated that by allowing the prison industry to market their products in other than state agencies, competition will be better controlled. Mr. Wyckman expressed his desire to work with the prison industries.

Proponent David Blomgard, representing Norco Products in Missoula, stated that in the past conflicts arose with the prison and by passing House Bill 462, all problems would be relieved.

Proponent Riley Johnson, representing the National Federation of Independent Businesses, offered his support of House Bill 462.

Opponent Curt Chisholm, Deputy Director, Department of Institutions, stated that all materials and labor are paid for by the state and by restricting the sale of these items, the convenient situation would be interrupted. House Bill 462 restricts the ability to produce and sell to our own departments, added Mr. Chisholm. A potential to develop international relations is present and would be ceased if House Bill 462 does pass.

In closing, Representative Donaldson expressed his surprise at the opposition. He stated that it is important to have the prison industries program, and the bill would allow prison industries to be competitive.

Representative Glaser asked Mr. Chisholm how much an inmate is compensated for his work efforts. Mr. Chisholm explained that there is a wage scale used, with an average of \$1 to \$1.15 per day.

Representative Simon asked Mr. Chisholm if it is fair to purchase items from the prison for a greater cost as shown on Mr. Terry Harris' testimony. Mr. Chisholm was not sure that like products were being compared and that it is not a requirement to purchase from the prison if a more competitive price can be obtained.

Representative Ellerd asked Mr. Chisholm who the state currently purchases from. Mr. Chisholm stated that all products are obtained through a competitive bid. House Bill 462 would restrict the prison industries from selling to their own agencies for a lower price. Even if the need was present, these agencies would have to get a competitive bid, added Mr. Chisholm.

There being no further discussion by proponents or opponents, all were excused by the chairman and the hearing on House Bill 462 was closed.

HOUSE BILL 499: Hearing commenced on House Bill 499. Representative Mike Kadas, District #55, sponsor of the bill, stated that this bill changes from permissive to mandatory the provision for a utilities purchase of conservation from a person or private firm or to directly engage in conservation investment. The bill prohibits the Public Service Commission from removing from the utilities rate base any resource that was included prior to the purchase of or the investment in conservation. The bill would give the Public Service Commission the power to require utilities to pay for home and business improvements that conserve energy. Representative Kadas added that this would help hold down energy bills, lead to less environmental damage, create jobs, and would be utilizing our most reliable resource.

Proponent Ken Toole, representing Northern Plains Resource Council, submitted written testimony which is attached hereto as Exhibit 4.

Proponent Don Reed, representing the Montana Environmental Information Center, submitted written testimony which is attached hereto as Exhibit 5.

Proponent William Raymond, a Helena homeowner, stated that taxpayers are looking for relief and we should mandate conservation measures.

Proponent Wade Wilkinson, representing the Montana Solar Industry Association, explained that the cost of energy has escalated dramatically. Incentive is needed for conservation, added Mr. Wilkinson.

Proponent Bob Nelson, representing the Public Service Commission, offered his support of House Bill 499. A community can regulate utilities and not all have avoided costs set. Avoided cost can be very expensive and burdensome, explained Mr. Nelson.

Proponent Mark Kelly, submitted written testimony, which is attached hereto as Exhibit 6.

Proponent Jim Smith, representing the Montana Human Resource Development Council, stated that those individuals in the low income class spend approximately 20% of their gross income on energy costs, those in the middle to upper class spend approximately 7 to 10% of their gross income. The principle beneficiaries of House Bill 499 are those in the low income class, they will benefit from the conservation of energy, added Mr. Smith.

Proponent Ellen Wright, representing the League of Women Voters of Montana, supplied written testimony which is attached hereto as Exhibit 7.

Proponent Teri England, representing the Montana Public Interest Research Group, offered her support of House Bill 499.

Opponent John Alke, representing Montana/Dakota Utilities, stated that in 1984 MDU invested over 1 million dollars in conservation and the opportunity for conservation is diminishing. Conservation only saves consumers dollars in an expanding market. Natural gas markets are stable or declining and if MDU is forced to buy gas conservation measures it will mean higher prices for consumers. House Bill 499 would be extremely difficult to administer and there is no reason for MDU users to fund such a program, added Mr. Alke.

Opponent Mike Zimmerman, representing the Montana Power Company, submitted written testimony which is attached hereto as Exhibit 8.

Opponent Gene Phillips, representing Pacific Power and Light, explained that they were the first to come out with a zero percent interest loan program. House Bill 499 would increase rates, not jobs. The present conservation program is working, so why disturb it, asked Mr. Phillips.

In closing, Representative Kadas stated that currently taxpayers are subsidizing ratepayers and ratepayers should be subsidizing taxpayers. The bill would not force utilities to buy conservation but would give the Public Service Commission the option of requiring such purchases, depending on each utility's resource needs.

Representative Bachini asked Mr. Nelson if the Public Service Commission has the authority to enforce what House Bill 499 proposes. Mr. Nelson explained that they do and the intent is to give utility companies the nudge to invest in utility conservation.

Representative Simon asked Mr. Nelson what the effect would be if everyone's consumption were to reduce. Mr. Nelson explained that a portion of the rate would increase and a portion decrease.

Representative Kitselman asked Representative Kadas if the intent of House Bill 499 is to help the local economy and reduce utility bills. Representative Kadas answered that this is correct and to spread the benefits statewide so that every Montanan would be able to receive the lowest possible rate and not be subsidizing New York investors.

Representative Schultz asked Mr. Zimmerman where Montana Power ranks in the nation in regard to rates. Mr. Zimmerman explained that Montana is in the bottom eleven and added that 18,000 shareholders of Montana Power Company are Montana citizens.

There being no further discussion by proponents or opponents, all were excused by the chairman and the hearing on House Bill 499 was closed.

ACTION ON HOUSE BILL 367: Representative Wallin made a motion that House Bill 367 DO PASS. Representative Glaser seconded the motion and House Bill 367 PASSED unanimously.

ACTION ON HOUSE BILL 466: Representative Brown motioned that House Bill 466 DO PASS. Second was received, and a unanimous vote was received.

ACTION ON HOUSE BILL 321: Representative Brandewie made a motion that House Bill 321 DO PASS and moved the amendments to House Bill 321. Second was received and a unanimous vote in favor of House Bill 321 DO PASS AS AMENDED was received.

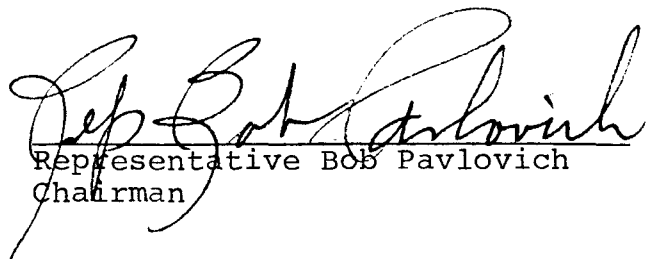
ACTION ON HOUSE BILL 492: Representative Simon moved that House Bill 492 DO PASS. Representative Simon then moved the amendments, and both received a unanimous vote. House Bill 492 PASSED AS AMENDED.

ACTION ON HOUSE BILL 309: Representative Jones made a motion that House Bill 309 DO NOT PASS. Representative Jones commented that the Highway Patrol can do the job with less people. A fiscal note will be obtained before further consideration from the committee. Representative Jones withdrew his motion.

ACTION ON HOUSE BILL 334: Representative Driscoll moved that House Bill 334 DO PASS. Representative Driscoll moved the Statement of Intent. Representative Kadas moved the proposed amendments by the Department of Revenue. The amendments PASSED with all but Representatives Brandewie, Glaser, and Pavlovich voting yes. House Bill 334 PASSED AS AMENDED WITH STATEMENT OF INTENT, with all voting yes with the exception of Representative Pavlovich.

ACTION ON HOUSE BILL 338: Representative Simon made a motion that House Bill 338 BE TABLED. Representative Thomas stated that the bill has good content and these should be identified and adopted. Representative Brandewie added that this problem has to be addressed, there are incompetent people preparing title reports. Question being called for, a unanimous vote was received in favor of TABLING House Bill 338.

ADJOURN: There being no further business before the committee, the meeting was adjourned at 11:00 a.m.

  
Representative Bob Pavlovich  
Chairman

DAILY ROLL CALL  
 BUSINESS AND LABOR COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date \_\_\_\_\_

NAME	PRESENT	ABSENT	EXCUSED
Bob Pavlovich	✓		
Les Kitselman	✓		
Bob Bachini	✓		
Ray Brandewie	✓		
Jan Brown	✓		
Jerry Driscoll	✓		
Robert Ellerd	✓		
William Glaser	✓		
Stella Jean Hansen	✓		
Marjorie Hart	✓		
Ramona Howe	✓		
Tom Jones	✓		
Mike Kadas	✓		
Vernon Keller	✓		
Lloyd McCormich	✓		
Jerry Nisbet	✓		
James Schultz	✓		
Bruce Simon	✓		
Fred Thomas	✓		
Norm Wallin	✓		



# STANDING COMMITTEE REPORT

February 2

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page 1 of 1

MR. **SPEAKER** .....

We, your committee on **BUSINESS AND LABOR** .....

having had under consideration **HOUSE** .....

Bill No. **367**

**FIRST** reading copy (**WRITE** )  
color

**REGISTERED PROFESSIONAL LAND SURVEYOR TO CERTAIN CONDO  
FLOOR PLANS**

Respectfully report as follows: That **HOUSE** .....

Bill No. **367**

DO PASS

# STANDING COMMITTEE REPORT

February 1  
page 1 of 1

1985

MR. **SPEAKER**.....

We, your committee on **BUSINESS AND LABOR**.....

having had under consideration **HOUSE**..... Bill No. **466**

**FIRST** reading copy (**WHITE**)  
color

**INCLUDE PHYSICAL THERAPISTS IN PHYSICIAN, NURSE  
& HOSPITAL LIEN ACT**

Respectfully report as follows: That **HOUSE**..... Bill No. **466**

DO PASS

# STANDING COMMITTEE REPORT

February 1 19 85  
page 1 of 2

MR. SPEAKER

We, your committee on BUSINESS AND LABOR

having had under consideration HOUSE Bill No. 321

FIRST reading copy (WHITE color)

## REVISE DEFINITION OF DEMAND AND TIME DEPOSITS

Respectfully report as follows: That HOUSE Bill No. 321

### BE AMENDED AS FOLLOWS:

- 1) Title, line 8  
Strike: "SECTION"  
Insert: "SECTIONS 32-1-109 and"
- 2) Page 1, line 15  
Following: "36"  
Strike: "14"  
Insert: "7"
- 3) Page 1, line 16  
Following: "36"  
Strike: "14"  
Insert: "7"

XXXXXX  
DO PASS

- 4) Page 1, line 18  
Following: "30"  
Strike: "14"  
Insert: "7"
- 5) Page 1,  
Following: line 18  
Insert: "Section 2. Section 32-1-109, MCA, is amended to read:  
"NEW SECTION.  
"32-1-109. Definitions. Unless the context requires otherwise  
the following definitions apply:  
(1) "Board" means the state banking board provided for in  
2-15-1803.  
(2) "Capital", "capital stock", and "paid-in-capital" mean that  
fund for which certificates of stock are issued to stockholders.  
(3) "Consolidate" and "merge" mean the same thing and may be  
used interchangeably in this chapter.  
(4) "Demand deposits" means all deposits, the payment of which  
can legally be required when demanded.  
(5) "Department" means the department of commerce provided for  
in Title 2, chapter 15, page 13.  
(6) "Net earnings" means the excess of the gross earnings of a  
bank over expenses and losses chargeable against those earnings  
during any one year.  
(7) "Profit and loss account" or "profit and loss" means that  
account carried on the books of the bank into which all earnings  
and recoveries are closed, thus exhibiting "gross earnings", and  
against which all loss and other disbursement items are charged,  
revealing "net earnings", which are then properly closed to  
"undivided profits accounts" or "undivided profits", out of  
which dividends are paid and reserves set aside.  
(8) "Surplus" means a fund paid in or created under this chapter  
by a bank from its net earnings or undivided profits which, when  
set apart and designated as such, is not available for the  
payment of dividends and cannot be used for the payment of  
expenses or losses so long as such bank has undivided profits.  
(9) "Time deposits" means all deposits, the payment of which  
cannot legally be required within ~~14~~ 7 days.  
(10) "Undivided profits" means the credit balance of the profit  
and loss account of a bank."  
Renumber: subsequent sections

AND AS AMENDED,  
DO PASS

# STANDING COMMITTEE REPORT

February 1

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page 1 of 2

MR. SPEAKER

BUSINESS AND LABOR

We, your committee on .....

HOUSE

having had under consideration ..... Bill No. 492

FIRST

reading copy ( WHITE )  
color

**RESPONSIBILITY OF DEALER TO SEND INFORMATION ON  
TRANSFER OF NEW CAR**

HOUSE

Respectfully report as follows: That ..... Bill No. 492

## BE AMENDED AS FOLLOWS:

- 1) Page 2, line 10  
Following: "title"  
Insert: "with a notice of security interest, if any,"
- 2) Page 2, line 11  
Following: "recipient;"  
Insert: "and"
- 3) Page 2, lines 12 and 13  
Strike: Subsection (iii) in its entirety  
Re-number: subsequent subsection

DD:RASS

- 4) Page 2, line 15  
Following: "61-3-502(7)(b)"  
Strike: the remainder of line 15, line 16 in its entirety, and line 17 through "any"
- 5) Page 2, line ~~20~~ 21  
Following: "of"  
Strike: the remainder of line 21 and line 22 through "other"

AND AS AMENDED  
DO PASS

# STANDING COMMITTEE REPORT

February 1

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MR. SPEAKER

We, your committee on BUSINESS AND LABOR

having had under consideration HOUSE Bill No. 334

FIRST reading copy ( WHITE )  
color

## RENTAL OF PORTABLE BEER DISPENSERS BY BEER WHOLESALERS TO RETAILERS

Respectfully report as follows: That HOUSE Bill No. 334

### BE AMENDED AS FOLLOWS:

- 1) Title, line 5  
Following: "WHOLESALERS TO"  
Strike: "RENT"  
Insert: "FURNISH"
- 2) Page 2, line 13  
Following: "may"  
Strike: "rent"  
Insert: "furnish"
- 3) Page 2, line 21  
Following: "premises"  
Strike: the remainder of line 21, line 22 in its entirety,  
and line 23 through "rule"

AND AS AMENDED,

DO PASS

1. Page 1, line 8  
Following: "32-1-445, MCA,"  
Insert: " and 32-1-109, MCA"
2. Page 1, line 15  
Following: "within 30"  
Strike: "14"  
Insert: "7"
3. Page 1, line 16  
Following: "after 30"  
Strike: "14"  
Insert: "7"
4. Page 1, line 18  
Following: "than 30"  
Strike: "14"  
Insert: "7"
5. Page 1,  
Following: line 18  
Insert: "Section 2. Section 32-1-109 is  
amended to read:

"32-1-109. Definitions. Unless the context requires otherwise the following definitions apply:

(1) "Board" means the state banking board provided for in 2-15-1803.

(2) "Capital", "capital stock", and "paid-in capital" mean that fund for which certificates of stock are issued to stockholders.

(3) "Consolidate" and "merge" mean the same thing and may be used interchangeably in this chapter.

(4) "Demand deposits" means all deposits, the payment of which can legally be required when demanded.

(5) "Department" means the department of commerce provided for in Title 2, chapter 15, part 18.

(6) "Net earnings" means the excess of the gross earnings of a bank over expenses and losses chargeable against those earnings during any one year.

(7) "Profit and loss account" or "profit and loss" means that account carried on the books of the bank into which all earnings accounts and recoveries are closed, thus exhibiting "gross earnings", and against which all loss and other disbursement items are charged, revealing "net earnings", which are then properly closed to "undivided profits accounts" or "undivided profits", out of which dividends are paid and reserves set aside.

(8) "Surplus" means a fund paid in or created under this chapter by a bank from its net earnings or undivided profits which, when set apart and designated as such, is not available for the payment of dividends and cannot be used for the payment of expenses or losses so long as such bank has undivided profits.

(9) "Time deposits" means all deposits, the payment of which cannot legally be required within 7 days.

(10) "Undivided profits" means the credit balance of the profit and loss account of a bank.

Renumber: subsequent sections





Exhibit 2  
February 1, 1985  
House Bill 462  
Submitted by:  
George Allen

Executive Office  
P.O. Box 440  
34 West Sixth  
Helena, MT 59624  
Phone (406) 442-3388

TESTIMONY

HB 462

Mr. Chairman and Members of the Committee:

For the record, my name is George Allen. I am a lobbyist for the Montana Retail Association, and I'm here today to support HB 462.

I would like to call your attention to the title of the bill. It states "an act to limit the marketing of furniture made in the Montana State Prison". It could read "an act to expand the marketing of furniture at the Montana State Prison".

What we are proposing does restrict the sale of prison made furniture to Montana State Agencies. However, it also opens another door much more important for marketing the prison made furniture through wholesale-retail furniture outlets.

After spending thirty some odd years in the merchandising business, I feel that I do have some knowledge on how to market a product. In order for the prison furniture manufacturing business to be a success their product must be marketed. The only intelligent way to market the furniture is through a furniture wholesaler and/or retailer, who has the contacts, expertise, and the knowledge of distributing and selling this furniture.

The legislature has given direction to the prison industries, to make the furniture manufacturing program a self-sustaining business. If we want it to be a business, we must treat it like a business. In doing this, it needs a marketing program - which is what we are recommending to the legislature.

Page Two  
House Bill 462

You might wonder why this has not been marketed enthusiastically by a wholesaler-retailer before. You can't expect a wholesaler-retailer to market the product when it is also being sold by the prison at wholesale levels. That is one reason why the prison industry desperately needs the cooperation of the retailers in the state, so that this program can succeed.

By passing House Bill 462, you set in process the vehicle that is needed for a retailer to market the furniture that is manufactured in the state prison.

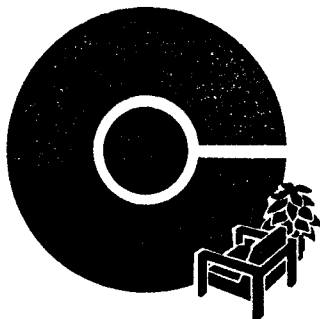
For these and many other reasons we request that you support HB 462.

Respectfully,

A handwritten signature in cursive script, appearing to read "George Allen".

George Allen  
Executive Vice President  
Montana Retail Association

Exhibit 3  
House Bill 462  
February 1, 1985  
Submitted by:  
Terry Harris



### CAPITAL OFFICE EQUIPMENT & DESIGN

p.o. box 522 • 323 north last chance gulch  
helena, montana 59624  
telephone (406) 442-3480

p.o. box 3511 • 605 west villard  
bozeman, montana 59715  
telephone (406) 586-7653

Feb. 1, 1985

Testimony HB-462

Mr. Chairman:  
Members of the Committee

I would like for you to consider the following to see if the State of Montana is really saving money when they buy furniture from Prison Industries. The following is a cost comparison of a few items that the State has on Term Contract T. C. # 913-85-J and cost as listed from MSP Industries that I received from Mr. Carroll South

Item	Term Contract	MSP Industries
Bookcase	130.00	125.00
4Dr. Legal File	232.00	340.00
4Dr. Letter File	175.00	315.00
2Dr. Legal File	129.00	200.00
2Dr. Letter File	110.00	185.00
Exec. Desk 36X72	361.00	485.00
Sec. Desk	450.00	565.00
Exec. Chair	201.00	190.00
Sec. Chair	116.00	124.00
Total 9 Items	\$1904.00	\$2529.00
Cost Difference		<u>\$625.00</u>

All furniture that is on the Term Contract is shipped FOB destination meaning the freight is prepaid. I am not sure who pays for the freight cost to get the furniture from the prison to the agency.

You might also be interested to know that the filing cabinets on the term contract are 28" deep and the ones from the prison are only 22" deep. I know that doesn't sound like much of a difference but if you take a four drawer legal file file there is approximately 100 filing inches in the file on the term contract at a cost of \$2.32 per inch. In the MSP file there is approximately 72 filing inches at a cost of \$4.72 per inch. That is more than twice as expensive per filing inch.

I would like to say that in order for me to sell office furniture to the State on this term contract that my company had to present samples of my desks, chairs, and files at considerable expense before we could even bid on this term contract. Yet the MSP can sell to anyone without even having to be competitive.

Feb. 1, 1985

Testimony HB-462

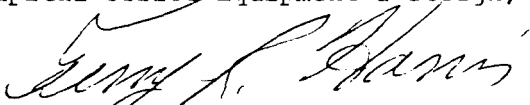
It is hard enough for Montana Office Machine Dealers to compete with each other and to maintain the inventory, to have the payrolls we have and then to pay the taxes we do only to have the MPS compete with private enterprise without having to account for their true overhead, such as heat, lights, payroll, building and equipment cost.

If MSP is going to be in the manufacturing of Office Furniture then at least make them have to compete with the manufactures we already have in the State and make them have to go thru the State Purchasing Dept. in order to sell to State Agencies.

Thank you for giving me this oppertunity to speak to you at this time if their are any questions I will try to ansewer them at this time.

Sincerely,

Capital Office Equipment & Design, Inc.



Terry R. Harris  
President

TRH/lvt

Members of the committee, thank you for the opportunity to comment on this bill. My name is Ken Toole, I work for the State of Montana, I am here on my own time to present testimony on behalf of the Northern Plains Resource Council. Northern Plains has been involved in energy issues since the early 1970s, we have always advocated using the most cost effective resources as demand for electricity increases. From this prospective we urge the committee to recomend passage of this bill.

There is no disagreement that the cost of conservation is the best energy bargain available on the market. The Northwest Power Planning Council has done extensive research in this area which demonstrates that conservation is the most cost effective way to meet energy demands. Additionally the Interem Study Committee commissioned a report which examined the Power Planning Council's analysis and concluded that a very thorough job had been done.

One of the more difficult aspects of aquiring conservation energy is figuring out exactly how we should go about getting the work done in the places it needs to be done. So far we have relied upon voluntary programs which provide economic incentives to the individual. This approach is not working. There are several reasons for this. One is that the types of incentives available still require that an individual have money. Stated simply, an interest free loan or a tax credit does't do you much good if you don't have money in the first place. Another is that it is hard to grasp the fact that your neighbors leaky house costs you money.

We recently went through a rather long and protracted battle to determine whether Colstrip 3 should be paid for by the rate payer. The PSC denied Montana Power's 96.4 million

dollar request. Since that time part of the plant has been allowed in the rate base. The reason is that demand for electricity has increased. Demand will continue to increase. We have choices to make about what resources will be utilized to meet growing demand. The most cost effective thing we can do is to begin to develop our conservation resource. In order to do that we need to change our approach. This bill does not require people to weatherize their house. It requires that people who chose to do so see the benefits through payment from the consumers who benefit.

If we do not change our approach little by little we will end up paying for Colstrip 3s and then Colstrip 4s and on and on. This amounts to paying a higher price for electricity that is vanishing into cold air. If we do not change our approach we are asking the utilities to promote conservation programs which will end up preventing them from getting their current excess capacity (like Colstrip 3&4) into the rate base. Would any business man promote conservation when their inventory is over stocked?

Lower power bills are not the only benefit of pursuing an aggressive conservation program. Local economies would also benefit. Jobs created by conservation are relatively stable and they are local. The money invested in acquiring conservation stays in the community. The impacts are almost nonexistent. The jobs are not centralized in one area rather they are spread through out the state with the largest number created in areas where the population is the greatest.

I'm sure that this bill will encounter opposition because it forces a business to buy a product that it does not want. People will say that it is an example of government stepping in where it is not needed or wanted. I urge the committee members to recognize the fact that utilities

do not operate in a free market. They have been granted markets in exchange for the regulation they operate under. The legislature looks to the future and determines what actions need to be taken for the benefit of thier constituents. Conservation is the most effective way to meet the demand for electricity. The current conservation programs are not working. This bill would help us start to develop the conservation resourse.

Again,thank you for this opportunity to testify.

TESTIMONY IN FAVOR OF HB 499

By Don Reed, Montana Environmental Information Center  
February 1, 1985

Mr. Chairman and members of Business & Labor Committee, my name is Don Reed and I appear today on behalf of the members of the Montana Environmental Information Center in support of HB 499.

HB 499 would call utilities to task. Utility executives often speak of trying to keep down the cost of energy to consumers. HB 499 would do precisely that--assure that the next resources purchased by energy utilities are the cheapest available.

Why is HB 499 necessary?

Because energy utilities have been slow to purchase conservation as though it were an energy resource. Conservation is an energy resource. It's chief advantage over other energy resources is that many conservation measures are cheaper per unit of energy (kilowatt-hour) produced than thermal generators such as coal-fired power plants.

Utilities have not moved quickly to invest in conservation. Most likely, this is because they have made major investments in coal-fired power plants which are not needed to serve their customers.

The most obvious example is the portion of Colstrip 3 owned by the Montana Power Company. The Public Service Commission has found that the MPC's portion of Colstrip 3 is not needed by the utility's consumers at this time. In the words of the PSC statutes, MPC's portion of Colstrip 3 is not "used and useful" to consumers. MPC wants the energy from Colstrip 3 to be needed so that it can recover its investment costs plus a rate of return. Thus, MPC wants consumers to use more energy, not less.

Presently, Montana's energy utilities have conservation programs. Pacific Power & Light purchases conservation. The Montana Power Company has proposed an Electric Energy Purchase Program (ECCP) which is currently before the Public Service Commission.

ECCP has several deficiencies:

ECCP has been slow to move. It is a significant effort on the part of MPC, but the utility's large excess capacity makes it reluctant to conserve electricity. Any conservation works against the conclusion that Colstrip 3 is "used and useful."

ECCP only addresses conservation of electricity. No gas conservation is proposed. The vast majority of Montana homes heat with natural gas.

ECCP calls for only a small amount of money to be invested in residential conservation. The main focuses of the program are on commercial and industrial conservation. These sectors are important, but residential conservation should not be treated lightly.

In summary, HB 499 is a positive measure to compel energy utilities to purchase cost-effective conservation. Its passage would result in lower energy rates and bills for consumers.



TESTIMONY IN SUPPORT OF 499

Mr. Chairman and members of the Business and Labor Committee:

I am Mark Kelley of Helena, and I am speaking as a private citizen in favor of HB 499, an act to require utilities to acquire cost-effective conservation resources.

Rather than repeat the many reasons this bill is good policy, let me simplify my reasons into a short story:

"A retired mountain man spent each winter in an old cabin he had built many years before. Because the cabin was old, the chinking was loose or missing in many places and the door didn't fit. Each fall, his neighbors helped him cut six cords of firewood from the neighbors' wood lots. As the nearby woodlots dwindled and the area's wood supplies were further and further away, these neighbors asked if they could recheck the mountain man's cabin, tighten his door and fix up his wood stove. As a result of this work, he needed only three cords of wood the following winter. This cabin tightening allowed his surplus three cords to be provided to other people in the area.

As a result of reducing his wood consumption, this mountain man was better off, because he needed less wood and his neighbors were also better off. As the community utility, these neighbors had more wood to provide each other and they didn't have to go to the more distant - more costly - woodlots for additional wood."

This is our situation today. As the neighborly rate payers, we can insist on neighborly cost-effective conservation measures to reduce our energy use and to insure that all of our neighbors, both present and future, have access to the cheapest energy resources first. Or we can continue to use energy inefficiently and pay our neighborly utility more and more to search further and further for increasingly expensive energy for each of us.

House Bill 499 would set us on the right path, requiring our neighborly utility to offer to help us acquire our cheapest sources of energy first.

Thank you, Mr. Chairman.

Exhibit 7  
February 1, 1985  
House Bill 499  
Submitted by : Ellen  
Knight



To: House Committee on Business & Labor  
Re: HB 499 by Kadas -- SUPPORT POSITION

January 31, 1985

My name is Ellen Knight. My address is 5800 Rattlesnake in Missoula.  
I am speaking as the Energy Chair for the Montana League of Women Voters.

The League of Women Voters of Montana supports HB 499 and the mandatory use of energy conservation by utilities to develop a comprehensive energy strategy.

The value of conservation is twofold: First it conserves energy which in turn conserves resources and the environment by avoiding problems associated with mining, generation, and transmission. Second, it also buys time in a 15 to 20 year transition phase as we move from fossil fuel generation to use of renewables and such potential energy generation as photovoltaic cells. We are very serious about our belief about these values and have held this position for over 10 years.

As a bonus, conservation saves money for the customer. It also provides jobs.

In my work on energy I have seen growing support for conservation both in the public and in utilities. Montana Power, for instance, now recognizes conservation as a legitimate energy resource that can be a less expensive addition to their resource portfolio. They say that they want to provide least-cost energy to their customers and have developed an electric energy conservation plan in the last year. Energy conservationists were invited to critique it. The plan is potentially a major step for MPC and we applaud that action. However, even after reviewing the plan we remain uncertain about many aspects which will be important in determining the real effectiveness of the programs. For this reason, we feel that a clear expression of the value of conservation by the legislature would be important in giving solid direction to utilities and to the PSC. It would also give good voice to Montana citizens who have energy interests directly through their power bills and through policy issues which concern us all.

We urge you to pass this bill.

*Ellen Knight*  
Ellen J. Knight  
Energy Chair, Mt. LWV  
5800 Rattlesnake  
Missoula, Mt. 59802

I would like to add one other note regarding the current electric energy surplus as I believe it has been confusing the issue of why conservation is needed now. First, the surplus situation is temporary -- perhaps as short-lived as 5 years. Conservation programs need to be "ramped in" now so that the resource can reach its potential as the surplus dwindles. Secondly, conservation is cheaper than generated resources and we should have conservation programs in place so that we do not have to turn to more expensive forms of energy generation for new energy resources. Third, energy can be conserved best when buildings are being planned and built. Thus we gain an energy resource for 40 or more years over the life of the building, a period during which our surplus of current energy resources will surely have disappeared.

# NORTHWEST CONSERVATION ACT COALITION

1516 Melrose Ave. • P.O. Box 20458 • Seattle, Washington 98102 • (206) 624-2875

## MODEL CONSERVATION STANDARDS A BOON TO THE NORTHWEST ECONOMY

A study commissioned by the Northwest Conservation Act Coalition concludes that adoption of the Model Conservation Standards (MCS), as proposed by the Northwest Power Planning Council, will create thousands of jobs, save millions of ratepayers dollars and stimulate the entire Northwest economy, when compared to energy produced by new coal plants. The Model Conservation Standards are energy efficiency standards for new residential and commercial buildings.

The Power Planning Council previously analyzed the region's energy alternatives and determined that the MCS were the cheapest new energy buy for the Northwest's electrical energy system and were a good investment for the owners of new buildings. The study, by the Bainbridge Island, WA economic consulting firm of H. Glen Sims and Associates, is the first "macro-economic" analysis of the MCS -- that is an analysis of how the proposed standards would affect the whole regional economy. The study, Economic Considerations Relating to the Adoption of the Model Conservation Standards, compared the energy efficiency standards to producing an equivalent amount of energy from new coal plants. The study finds that employment regionwide would be increased by over 180,000 job years over the lifetime of houses built in the ten-year study period (1992-2002). The region's ratepayers would save over \$1.26 billion because the energy saved for other uses is much cheaper than the energy produced by a new coal plant,--the energy saved by the MCS costs roughly 1.8 cents per kilowatt hour, while the energy produced by a new coal plant costs at least 4.0 cents per kilowatt hour (both projections are in 1980 dollars and are the result of Northwest Power Planning Council studies.) Over \$1.36 billion will be valued-added to the Northwest economy. Value-added is a measure of total income to the region's economy. Table 1 below summarizes the results:

State	-----SUMMARY TABLE----- (in thousands,000)				
	Washington	Oregon	Idaho	W. Montana	Region
Savings	\$636,191	446,648	147,950	32,628	1,263,417
Employment	94.66	66.46	23.7	3.42	188.24
Value-added	\$587,395	594,042	161,857	23,766	1,367,060

1) This study only examines the portions of the region which are included in the Power Planning Council's planning area, (i.e. it includes only portions of Montana west of the Continental divide.) However, similiar savings and benefits should occur depending on the number of new buildings being built and demand for electricity in other areas.

2) Employment effects listed extend over the projected 30 year life of the conservation measures. Employment effects are not discounted. Jobs today may be worth more than jobs five years from now, at least to today's job-seekers; however, one cannot invest a job and have it grow over time as is the case with financial savings, which we do discount at 3% annually).

3) Valued added and savings occur over the life of the housing stock; the study assumes about a 30 year period. This should be considered a conservatism in the study design, since houses may actually be expected to survive for fifty years or more.

## BOTTOM LINE

The net result of this study is that the Model Conservation Standards are the not only the cornerstone of a least cost energy future; they are also key to the economic development of the region. The MCS are an extremely cheap, job intensive, environmentally benign and flexible resource which use materials purchased and produced in the Pacific Northwest. Because of the energy savings, the value added effects and the employment effects of the Model Conservation Standards, the MCS could be the cornerstone of a very forward looking jobs and economic development strategy. The MCS are a strategy designed to match new resources with new loads; it is a strategy that minimizes costs while maximizing employment. It is an economic development/least cost energy strategy that adds to the local tax base as the economic growth occurs. It frees up scarce capital for better economic development opportunities.

The study results conform to the pattern of similar previous analyses. A recent Charles River Associates study for BPA concludes that investments in conservation produce 20 more jobs per \$1 million invested than would similar investment in a nuclear plant. It also concludes that 31 jobs per million kilowatt hours are actually lost by building a new nuclear plant, while conservation investments produce 2 additional jobs per million kilowatt hours. For the Northwest to attract new businesses and to encourage and make possible the expansion of existing businesses it must have a stable and affordable energy future.

## LOCAL DECISIONS

There has been much discussion about suggestions to delay implementation of the Model Conservation Standards from 1986 to 1988. Recent calculations by the Northwest Power Planning Council indicate that the savings irretrievably lost by a delay in implementing the standards would eventually have to be replaced (with coal-fired generation) at a cost to the region (net present value) of an additional \$100 to \$300 million (depending on the load growth the region experiences).

Utilities, states and local governments throughout the Northwest have been given three basic choices of how to fulfill their obligations to the region's energy future: 1) adopt and implement the Model Conservation Standards; 2) adopt an alternative which achieves comparable savings, but does not use up other planned upon savings; 3) pay the region a 10-50% surcharge to cover the cost of replacing the MCS savings with other resources for our future energy needs. The Northwest Conservation Act Coalition and the Northwest Power Planning Council believe the MCS are the best and cheapest resource available.

SUPPORT REGIONWIDE ADOPTION OF THE MODEL CONSERVATION STANDARDS, LET'S GET THE SAVINGS WHEN THEY ARE THE CHEAPEST: THE FIRST TIME AROUND!

1/31/85

HOUSE BILL 499

Utilities are constantly engaged in detailed resource planning to assure resources are added when they are needed, in the amounts needed, and at the lowest possible price.

House Bill 499 subverts this planning process by requiring utility companies to purchase certain energy conservation resources whenever they are presented for purchase rather than when they are needed to provide service to consumers.

In 1984, MPC presented to the PSC an electric conservation purchase plan that is consistent with prudent resource planning goals. The electric conservation purchase plan provides for purchases of conservation resources that, at the time of purchase, will have been carefully analyzed to determine their cost impacts and timed so that they are needed. The plan provides that MPC, between 1984 and 1993, will invest in energy conservation resources that will provide from 22 to 45 average megawatts to MPC's system. The investments to be made in the residential space heating, residential water heating, commercial, industrial, governmental, municipal, and irrigation sectors will range from \$36.3 M to \$72.6 M.

MPC has other conservation programs. For example, under its Energy Savings Plan, the company has made 7,769 zero interest loans totalling \$7.7 M. In addition, the Company is developing a gas conservation purchase plan applicable to low income

residential consumers. Details regarding this plan should be announced in 1985.

Impatient persons may ask why it took MPC two years to develop its electric conservation purchase plan. Until October 31, 1983, MPC's planners were fully occupied evaluating BPA's conservation acquisition plan. After deciding that BPA's plan was not adequate for MPC's system, MPC's planners worked to develop the electric conservation plan. Intensive study was undertaken. Special interest groups and conservation coalitions were consulted. The plan was finalized and presented to the PSC in September, 1984. Approval is pending. Thus, the two years since the 48th Legislature have been used to develop a prudent plan that will serve the consumer's best interests.

House Bill 499 does not contain provisions that would permit careful planning of resource acquisition. Before a utility should be FORCED to acquire a resource, the utility should be assured of several precedent conditions: (1) that the investment would be included in ratebase; (2) that the investment would not displace investments already made; and (3) that investment would not be required unless the resource is needed at the time the purchase or investment is required. This bill does not provide for this last condition; therefore, it prohibits prudent management over resource acquisition and could force ratepayers to pay for untimely and unnecessary investments.

For: The Montana Power Company

WITNESS STATEMENT

Name Fred Napier Committee On \_\_\_\_\_  
Address E. Helena, Mont. Date 2/1/85  
Representing Dept. of Commerce Support Yes  
Bill No. 321 Oppose \_\_\_\_\_  
Amend Yes

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. *Bill simply to standardize definition of time requests 1 day*

- 2.
- 3.
- 4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

VISITORS' REGISTER

HOUSE BUSINESS AND LABOR COMMITTEE

BILL House Bill 321

Date February 1, 1985

SPONSOR Representative Peck

NAME	RESIDENCE	REPRESENTING	SUPPORT	OP-POSE
<i>M. Peterson</i>	<i>HD #1 Curlew</i>			
<i>J. D. [unclear]</i>	<i>E. Helena, 1st</i>	<i>Dept. of Commerce</i>	<input checked="" type="checkbox"/>	
<i>Riley Johnson</i>	<i>Helena</i>	<i>NFIB</i>		
<del><i>TERRY HARRIS</i></del>	<del><i>Helena</i></del>	<del><i>MONTANA OFFICE MATH. DEALERS</i></del>		

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.



VISITORS' REGISTER

HOUSE BUSINESS AND LABOR COMMITTEE

BILL House Bill 492

Date February 1, 1985

SPONSOR Representative Peterson

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
Larry Majors	Helena	Mtn Veh Division		
TOD HUDAK	"	MT. ASH OF COUNTIES		

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE BUSINESS AND LABOR COMMITTEE

BILL House Bill 466

Date February 1, 1985

SPONSOR Representative Brown

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
<i>Gwendolyn JONES</i>	<i>Helena</i>	<i>PHYSICAL THERAPIST</i>	<input checked="" type="checkbox"/>	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.  
PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE BUSINESS AND LABOR COMMITTEE

BILL House Bill 367

Date February 1, 1985

SPONSOR Representative Wallin

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
AS Hansen	HELENA	Mt Tech. Council	✓	
Mike Foley	Bozeman	Mont Assn Reg Lumbermen	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.  
PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE BUSINESS AND LABOR

COMMITTEE

BILL House Bill 462

Date February 1, 1985

SPONSOR Representative Donaldson

NAME	RESIDENCE	REPRESENTING	SUP-PORT	OP-POSE
Riley Johnson	Helena	NFIB	X	
Bob Robinson	Helena	DNRC	X	with Amended
TERRY HANNIS	Helena	MONTANA OFFICE MATH POTLIES	X	
George Allen	Helena	Mt. Detail Gen	X	
Tom Neegeli	Helena	Neegeli's Office Equip.	X	
Bill Skidman	Missoula	Wickman's Inc	X	
<del>Bill Skidman</del>	Missoula	Neeco Products	X	
Fred Davis	Helena	Davis Business Mach	X	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE BUSINESS AND LABOR COMMITTEE

BILL House Bill 499

Date February 1, 1985

SPONSOR Representative Kadas

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
Gene Phillips	KALISPELL	PACIFIC POWER & LIGHT		X
DON REED	HELENA	MEIC	✓	
John Albz	Helena	MOY		Y
Gene England	Helena	MONTPIRE	✓	
Ellen Kucchi	Missoula	MT. LAWV	✓	
Bob Nelson	Helena	PSC	✓	
NADE WILKISON	HELENA	MONTSEIA	✓	
Jim Smith	"	HRDC's	✓	
Russ Brown	Helena	N.P.R.C.	✓	
Margie MacDonald	Billings	"	✓	
Mark Kellay	Helena	self	✓	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.