

MINUTES OF THE MEETING
BUSINESS & INDUSTRY COMMITTEE
MONTANA STATE SENATE

April 18, 1985

The fifty-fourth meeting of the Business & Industry Committee met on April 18th at 11:10 a.m. in Room 410 of the Capitol Building. The meeting was called to order by Vice-Chairman Chris Christiaens.

ROLL CALL: All committee members were present except for Senator Halligan, Senator Neuman and Senator Boylan who were excused.

CONSIDERATION OF HOUSE JOINT RESOLUTION 51: The chief sponsor of this resolution is Representative Mary Ellen Connelly, House District 8, Flathead County. She noted this resolution came about as a result of a community and statewide effort to try to promote the aluminum plant which is the the process of being sold at the present time. She noted that closure of this plant would affect 390 families in Columbia Falls, 272 in Kalispell, 100 in Whitefish and 132 in the Bigfork area. The annual payroll in Flathead County amounts to \$30 million. They also pay 11% of the total tax base in this county. She felt it was a very important asset to their county and to the state. At the present time the aluminum plant pays 800% more for electricity than they did 7 years ago. Currently they operate at 19.8 mills and are on full production at the plant which they hope to be able to continue.

PROPONENTS: Morris Brusett, a member of the Northwest Power Planning Council, which was created in 1980 to overcome some of the problems created by power rates, stated the council has developed a 20 year regional energy plan and they are currently in the process of updating this plan. One of their responsibilities is to deal with what is happening to the aluminum industry. He feels there are options available which would save the industry and provide regional benefits to others as well. He stated that passage of this resolution would just lend support to their efforts to save the plant and resolve problems.

Senator Ray Lybeck, Senate District #4 from Kalispell, spoke in support of the resolution.

OPPONENTS: There were none.

Questions from the committee members were called for. Senator Thayer asked Morris Brusett what the difference was between what Bonneville Power charges and what Montana Power charges. Morris Brusett thought they were paying 19.8 to Bonneville and that Montana Power currently is charging residential customers about 37 cents.

Senator Weeding asked if Bonneville Power then has to shift this burden on to others. Morris Brusett responded that there has to be a balance. Customers like the aluminum plant are considered "swing" plants so when costs go up and prices come down they have to curtail and as a result Bonneville has lost revenue. The benefits to Bonneville when they are assured of a permanent income is that they do not have to develop new resources when they have a positive plan to go by. The aluminum plant also benefits by surviving and the region also benefits from the employment and economic aspect. Rates are kept down as a result of their being assured of the continued use of the power.

Senator Goodover wondered if it was reasonable to assume that one can make an industry compete effectively just by affecting the power rates. Morris Brusett noted that power is just 1/3 of the cost of producing the aluminum and that other aspects have to be considered as well. He noted we have this power resource available now and should be looking at keeping this rather than passing it on to other states. Senator Goodover felt this should reflect on all businesses though because everyone has the same problems.

Senator Weeding wondered if arrangements had been made for the power rates to be affected by long term contracts. Morris Brusett explained the present arrangement ends this year. He felt that new rates should be cheaper than those paid in the past.

Rep. Connelly stated they will be meeting in Columbia Falls on Monday, April 22 on this issue and urged a quick passage of the resolution. She then closed the hearing on HJR 51.

DISPOSITION OF HOUSE JOINT RESOLUTION 51: A motion was made by Senator Gage TO CONCUR IN HOUSE JOINT RESOLUTION 51. The motion carried.

The meeting was adjourned at 11:30 a.m.


SENATOR CHRIS CHRISTIAENS, VICE-CHAIRMAN

cd

ROLL CALL

BUSINESS & INDUSTRY

COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date 4/18/85

SENATE
SENT
#

NAME	PRESENT	ABSENT	EXCUSED
Chairman Halligan			
V-chrm. Christiaens	X		
Senator Boylan			
Senator Fuller	X		
Senator Gage	X		
Senator Goodover	X		
Senator Kolstad	X		
Senator Neuman	X		
Senator Thayer	X		
Senator Williams	X		
Senator Weeding	X		

Each day attach to minutes.

STANDING COMMITTEE REPORT

APRIL 18

85

19.....

MR. PRESIDENT

BUSINESS & INDUSTRY

We, your committee on.....

having had under consideration..... HOUSE RESOLUTION No. 51

third reading copy (blue)
color

JOINT RESOLUTION ASKING LOWER BPA RATES FOR ALUMINUM INDUSTRY (Lybeck)

Respectfully report as follows: That..... HOUSE RESOLUTION No. 51

BE CONCURRED IN

~~XXXXXX~~

~~XXXXXXXXXX~~

.....
Chris Christiaens

Chairman.