

MINUTES OF THE MEETING
STATE ADMINISTRATION COMMITTEE
50TH LEGISLATIVE SESSION
HOUSE OF REPRESENTATIVES

February 18, 1987

The meeting of the State Administration Committee was called to order by Chairman Sales at 9:00 a.m. on February 18, 1987, in Room 437 of the State Capitol.

ROLL CALL: Rep. O'Connell was excused. All other committee members were present.

CONSIDERATION OF HOUSE BILL NO. 721: Rep. Thomas, House District #62 and sponsor of the bill, stated this bill calls for a 45-day annual session of the legislature. There is a need to review our state expenditures on an annual basis. Following that up, we will eliminate a major expenditure for multiple special sessions that have occurred in the last two years and which will undoubtedly continue unless a change is made. An annual session would allow for an organized and well managed procedure for requesting and drafting general government bills. The current bill drafting procedure does not work satisfactorily and needs to be changed. Critical general government issues should also be brought before the legislature annually.

PROPOSERS: Rep. John Vincent, House District #80, distributed a handout to all committee members (Exhibit #1) and stated he strongly supports this legislation. This bill would separate the business of the legislature into two distinct sessions, each with a safeguard provision. There would be a budget/revenue session strictly limited to that business and a year later, there would be the general session. This system is in effect in Utah and Wyoming. If we follow the good lead of these two states, we are making a great deal of progress. Cramming all of the work into 90 days is a pressure cooker that simply does not work. Rep. Vincent then elaborated on the anticipated goals and achievements outlined in Exhibit #1. Distribution of the workload could be handled in a more rational and business-like fashion. Passage of HB 721 would increase accountability because legislators would serve in the general session knowing they were heading for an election years. There would be increased involvement of legislators in the budget making and taxation process. Legislator constituent contact would be increased. There would be more substantive committee work which would reduce the likelihood of costly special sessions. If this system had been in place over the last two years, two of the three special sessions might have been prevented which would have resulted in a significant cost

savings. HB 721 would result in greater legislative control of the bureaucracy as well as improved legislative credibility in addition to a decrease in unnecessary legislator burn-out. This is one of the most important bills before the legislature this session.

Joe Bruck, representing the League of Women Voters, stated the League has supported annual sessions for many years. Biennial sessions are not an efficient or an effective way to run the state. If they were, special sessions would not be necessary. Special sessions are usually called to handle crisis situation, and this does not make for good decision-making. Annual sessions would enable the legislature to have a tighter rein on government spending. Her written testimony is included as Exhibit #2.

Eric Fever, representing Montana Education Association, supported HB 721 which he stated is a bipartisan proposal offered by some of our more experienced legislators. He stated you will positively consider this bill.

Kim Wilson, representing Common Cause/Montana, stated support for HB 721 and submitted written testimony (Exhibit #3). There is a compelling need for annual sessions in Montana. We strongly believe that annual sessions will improve legislative efficiency.

Rep. Dick Corne, House District #77, stated that as a freshman legislator, he has not been intricately involved in the appropriations and taxation portions of the legislative work which has been frustrating for him. There is no business that can operate with its board of directors meeting once every two years.

OPPONENTS: Lorna Frank, representing the Montana Farm Bureau, stated opposition to annual legislative sessions even if they are limited by the types of bills that can be introduced. Montana does not have the population to pay for yearly sessions. The people of Montana do not want increased taxes, and HB 721 would do just that. The Farm Bureau urges this committee to not pass this bill.

DISCUSSION OF HOUSE BILL NO. 721: Rep. Sales asked Rep. Thomas to explain his definition of "budget bills" that would be handled during the budget session. He replied that "budget bills" would be the general appropriations made by the state, although many bills do have a fiscal impact. Rep. Sales then asked Rep. Thomas how he would anticipate handling the appropriations for those bills during the general bill session. He replied that the legislature would have to consider that as it comes up. If there is a bill that reduces or increases expenditures, that will have to be

weighed by the legislature and decided on. Rep. Sales went on to say that in the case of the House State Administration Committee which hears approximately 250 bills, those bills would have to be heard in one-half the amount of time under HB 721. He asked Rep. Thomas how he visualized that working, i.e., more hearings, longer hearing times, etc. Rep. Thomas stated he visualized more people being involved, i.e., perhaps two House State Administration Committees - one to deal with one area of the bills and one to deal with another area. Rep. Sales also noted that HB 721 would reduce the budget time to 60 days. He asked Rep. Thomas how that budget time could be reduced and still get the same public input, the same amount of hearings, etc. when it takes a full 90 days to do now. Rep. Thomas stated that Utah has a 60-day budget session. By dealing with the budget on an annual basis, everything will be fresher in everyone's mind. Rep. Fritz asked Rep. Thomas what made him think the public is any more ready for annual sessions now than they were in 1974 and 1982 when the public rejected the idea. Rep. Thomas replied "because of the high cost of the special sessions", and because "you can't argue with good business". Rep. Vincent interjected that there are two areas where this legislature needs to get its house in order - one is the budget and appropriation process. I think it gets it in order by allowing the right amount of time and getting all legislators involved. The other area is the proliferation of bills. There are bills that have been introduced this session to do something about that. The less time in general session, the better, because a system will be developed in this legislation to discipline ourselves relative to the bills that are in. However, there has to be adequate bill drafting and preparation time beforehand. The key to this bill is discipline in dividing the budget session from the general session. Rep. Moore asked Rep. Thomas why wouldn't we meet for 60 days each year and be consistent. This would increase the total days by only 15 rather than 30. Rep. Thomas replied that the 60-45 versus the 60-60 would be more acceptable to the public and would be a long term workable solution.

Discussion on HB 721 was closed by Rep. Thomas who stated that if appropriations and taxation bills are taken out of the general session, it will be easier for most legislators to serve with annual shorter sessions. Making it easier for legislators to serve is good business for the state.

CONSIDERATION OF HOUSE BILL NO. 753: Rep. Ramirez, House District #87 and sponsor of the bill, stated a friend from Milwaukee phoned him and asked, "What is going on with your Public Service Commission in Montana"? There are many people in and out of state wondering about the Public Service Commission. I have no personal animosity against

any of the Public Service Commission members. They try to function under a partisan political situation that makes it very difficult for them to carry out their duties. Over the last few years, there has been much criticism of the Public Service Commission. A major investment management firm. Montana is in serious financial shape, and its fiscal house needs to be put in order. One of the things we need to do is look at the appointment of the public service commissioners. This would take partisan politics out of the PSC as well as some of the political bickering, and more objective decisions would be made. Under HB 753, the members of the PSC would be appointed by the governor with confirmation by the Senate. The four-year term in office would remain unchanged. A nominating committee would select three potential candidates when a vacancy occurs. About 80% of the public service commissioners in other states are appointed. He submitted a handout to the committee members (Exhibit #4)

PROPOSERS: None

OPPOSERS: Howard Ellis, a member of the PSC, District #5, stated the Commission has not taken any official stand on this bill but if they had, he assumes it would be to kill the bill. He stated his opposition to HB 753 because it is completely unacceptable public policy. The bill would create a public "don't care" attitude and would eliminate public choice. He submitted written testimony from Tom Schneider, former Commissioner and Chairman of the PSC, who was unable to attend the hearing due to a previous commitment (Exhibit #5).

Don Judge, representing the Montana AFL-CIO, stated the Montana utility rates are among the lowest in the country. Much of the ability to keep those rates where they are at is by having an elected PSC. An elected PSC is more sensitive to the needs of the public. The people have a right to participate in those areas that affect their lives. He said the PSC is working today and we should let it continue to work in the best interests of the citizens of Montana.

Joe Moore, representing the Montana Peoples Coalition, stated his opposition to HB 753. His organization is made up primarily of low and moderate income folks and small farmers and ranchers. We are concerned that, under this bill, the people that make decisions that affect our lives in a very intimate way will be appointed by another bureaucracy. Creation of this nominating committee is, in fact, another bureaucracy put in place of the peoples' right to choose in a democratic manner who will make these decisions.

Kim Wilson, representing Common Cause/Montana, rose in opposition to the bill. He stated the PSC was created to regulate public utilities and, as such, it holds a very important position of public trust in the state. Common Cause believes that elected public service commissioners will, by necessity, be more responsive to the needs of the people.

Alice Campbell from Missoula, representing the Montana Senior Citizens Association, submitted written testimony (Exhibit #6) and stated that elected officials are more attuned to the public needs simply because they must look toward re-election every four years. Appointed officials do not have to consider what is best for the majority, but only what is most politically feasible for the administration and the corporations.

Jim Jensen, representing the Montana Environmental Information Center, stated this is not a bad bill; it is a bad idea. The bill does not resolve the problem it is attempting to address., This bill throws the baby out with the bath water.

Tom Ryan, representing senior citizens, stated he opposed the bill philosophically. Appointed boards are less responsive to the needs of the people than are elected ones.

Danny Oberg, Montana PSC member, stated the system is working and is serving the needs of those they represent. Public accountability and confidence in the system is important. We make some very complex decisions that have dramatic effects on every customer of the utility system in Montana. Elected members have to be able to justify each and every decision to all of their constituents. This bill would take a major legislative function away from the direct control of the public. The Commission opposes the concept of this bill philosophically.

Russ Brown, representing the Northern Plains Resource Council, stated opposition to the bill.

DISCUSSION OF HOUSE BILL NO. 753: Rep. Cody asked Rep. Ramirez if he was concerned that some of the members of the PSC may not be totally qualified for the job, and he replied, "yes, that is a concern". She then asked Rep. Ramirez if the qualifications of PSC members could be stipulated by statute. He stated he thought so but was not sure if there is a constitutional restriction to prevent that.

Discussion on HB 753 was closed by Rep. Ramirez who stated this bill deals strictly with statute and not constitutional

requirements. Anytime you have an elective process in a regulatory situation, it is difficult to get independent, objective and fair decisions.

The committee recessed at 10:50 a.m. and reconvened at 11:00 a.m. to hear HB 708.

CONSIDERATION OF HOUSE BILL NO. 708: Rep. Nelson, House District #6 and primary sponsor of the bill, stated this bill is the result of a subcommittee recommendation. It eliminates general election day as a state holiday and adds Heritage Day as a floating holiday to be determined by local governing bodies or the governor in the case of state employees. It also combines Lincoln's and Washington's birthdays into one holiday.

PROPOSERS: Eleanor Wend, representing the Peace Legislative Coalition, stated support for the bill with some reluctance. She said she is happy to see the observance of Martin Luther King's birthday, but urged adoption of an official state holiday to commemorate King. We have many questions about Heritage Day. Although two holidays have been removed, Heritage Day is the only alternative suggestion. We urge careful review of the bill to clarify Heritage Day and possibly choose an official state holiday for Martin Luther King or restore election day.

OPPOSERS: Tom Schneider, representing Montana Public Employees Association, stated opposition to removing general election day. We do not oppose combining Lincoln's and Washington's birthdays into one holiday and replacing the loss of Lincoln's birthday with Heritage Day. We think by making Heritage Day a floating holiday will, in effect, save money. The last time a legal holiday was added in the state of Montana was in 1927. Election Day is a benefit being removed from the state employees at the same time their wages are being frozen.

Terry Minnow, representing the Montana Federation of Teachers and the Montana Federation of State Employees, stated opposition to eliminating Election Day. Montana state employees are compensated at a rate approximately 12% less than state employees in neighboring states. Eliminating Election Day as a holiday sends a negative message to the state employees.

Nadlean Jensen, representing members of the American Federation of State, County and Municipal Employees, stated opposition to the deletion of Election Day. This disenfranchises all public employees in the state. It will prevent many state employees from voting.

Don Judge, representing Montana ALF-CIO, has specific concerns about the elimination of Election Day. It is not a big money-saver for local governments and indeed may add some costs to local governments. People are more inclined to vote if they have the day off. Eliminating Election Day will definitely decrease voter turnout.

Eileen Rollins, representing the Montana Nurses Association, agrees with the previous opposition testimony. State employees should not be asked to take additional cuts.

DISCUSSION OF HOUSE BILL NO. 708: Rep. Roth asked Tom Schneider if he perceived Election Day as a holiday or as an opportunity for people to vote. He replied that that was a difficult question to answer as this holiday was granted back in the 1910's or 1920's because of the polling in public places. There was fear that politicking would take place. By union contracts, it is a holiday. Rep. Roth asked Tom Schneider if he felt many people take the day off and do not vote, and he replied that it was difficult to prove that. Rep. Peterson asked Tom Schneider if he had any public input on feelings regarding Heritage Day. He said all the people he has spoken to have liked the Heritage Day idea, and they like the idea of being able to participate in something locally.

Discussion was closed by Rep. Nelson.

The committee began executive action at 11:30.

DISPOSITION OF HOUSE BILL NO. 721: Rep. Campbell made a DO PASS motion, seconded by Rep. DeMars. Rep. Cody stated she was not sure this is the answer, but what we are doing now is wrong. Other states are doing this effectively. She supports this and hopes it will receive a great deal of thought as to what we are doing to the people of the state. Rep. Roth stated he doesn't see how we can continue to manage our state on a two-year basis. It will work better to be able to react to situations faster. Rep. Fritz stated this bill is entirely rational and makes sense in every respect but the public does not want annual sessions. Rep. Whalen stated this is his first session, and he wishes he had signed on Rep. Cody's bill to limit the number of bills allowed to be submitted. There are a lot of bills that don't get the consideration they deserve. On the other hand, the people don't want annual sessions. Rep. Peterson stated there is more and more public sentiment for annual sessions as people are beginning to perceive the problems we have now. Rep. Campbell stated that now we are paying too much attention to the big picture, and the details never get fine-tuned. Rep. O'Connell stated annual sessions are necessary to be a good legislator. Rep. Moore stated the

cost of a special session is \$35,000 per day. The motion carried 14-4, Reps. Pistoria, Hayne, Jenkins and Sales voting no.

DISPOSITION OF HOUSE BILL NO. 753: Rep. Jenkins moved DO PASS, seconded by Rep. Campbell. Rep. O'Connell stated her opposition to the bill and feels we have enough appointees in Helena. The PSC should be responsible to those who elect them and not to someone who appoints them. Rep. Whalen stated that realistically he did not think that ratifying a nominee after he has been selected by a nominating committee gives the voters a voice. He also stated that the utilities can and do spend a lot of money to elect PSC members. Rep. Campbell suggested having two PSC members appointed and three members elected. Rep. O'Connell made a substitute motion to DO NOT PASS, seconded by Rep. Moore. The motion passed 10-8, Reps. Sales, Phillips, Compton, Roth, Stratford, Campbell, Jenkins and Nelson voting no.

DISPOSITION OF HOUSE BILL NO. 728: Rep. Jenkins moved DO PASS, seconded by Rep. Fritz. Rep. Fritz stated HB 708 is a compromise bill. Observation of Martin Luther King day is a good idea and satisfies a lot of complaints about winter holidays, etc. He isn't sure about Heritage Day but thinks it deserves a try. He doesn't think Election Day should be a holiday as people can be given time off to vote, but he agrees that in terms of labor negotiations there will be problems. Rep. Jenkins suggested sending this bill to the Senate for clean-up. Rep. Whalen made a substitute motion to strike everything on page 2, line 5 and reinsert "State general election day" for all the reasons stated by the opponents to the bill. Rep. Fritz seconded the substitute motion. The amendment passed 10-8, Reps. Compton, Stratford, Peterson, Hayne, Jenkins, Holliday, Phillips and Sales voting no. Rep. Phillips stated the bill must align with the federal holidays. Rep. O'Connell stated the bill contains a lot of unanswered questions. A roll call vote was taken to DO PASS AS AMENDED. The motion passed 11-7, Reps. Cody, DeMars, Moore, Hayne, O'Connell, Pistoria and Phillips voting no.

ADJOURNMENT: There being no further business to come before the committee, the hearing was adjourned at 12:10 p.m.



Walter R. Sales, Chairman

DAILY ROLL CALL

State Administration

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date

2/18/87

NAME	PRESENT	ABSENT	EXCUSED
Walt Sales	✓		
John Phillips	✓		
Bud Campbell	✓		
Dorothy Cody	✓		
Duane Compton	✓		
Gene DeMars	✓		
Harry Fritz	✓		
Harriet Hayne	✓		
Gay Holliday	✓		
Loren Jenkins	✓		
Janet Moore	✓		
Richard Nelson	✓		
Helen O'Connell			
Mary Lou Peterson	✓		
Paul Pistoria	✓		
Rande Roth	✓		
Tonia Stratford	✓		
Timothy Whalen			

STANDING COMMITTEE REPORT

February 13

19 87

Mr. Speaker: We, the committee on STATE ADMINISTRATION

report SB 753

do pass

do not pass

be concurred in

be not concurred in

as amended

statement of intent attached

Chairman

Appointment of Public Service Commissioners

FIRST

WHITE

_____ reading copy (_____)
color

STANDING COMMITTEE REPORT

February 18

19 87

Mr. Speaker: We, the committee on STATE ADMINISTRATION

report SB 721

do pass
 do not pass

be concurred in
 be not concurred in

as amended
 statement of intent attached

Chairman

Constitutional Amendment Requiring 45-day Annual Sessions

FIRST

WHITE

reading copy (_____)
color

STANDING COMMITTEE REPORT

February 18

19 87

Mr. Speaker: We, the committee on STATE ADMINISTRATION

report SB 700

do pass
 do not pass

be concurred in
 be not concurred in

as amended
 statement of intent attached

Chairman

Generally Revising Provisions Concerning Legal Holidays

AMEND AS FOLLOWS:

1. Title, lines 5 and 6.

Strike: "ABOLISHING" on line 5 through ";" on line 6

2. Page 2.

Following: line 5

Insert: "(x) State general election day;"

Remember: subsequent subsection

FIRST

WHITE

reading copy (_____)
color

NOV-DEC '88	NOV-DEC '89	MARCH 15 - OCTOBER 30 '89	NOV-DEC '89	JAN-FEB '90	MARCH '90	OCTOBER '90
Preparation of All-inclusive general budget session.	ALL INCLUSIVE General and Budget Session	Bill Drafting for general Session (9 v 2 months)	GENERAL SESSION PREPARATION	45 DAY GENERAL SESSION	Primary Elections in June	
Bill Drafting work next to emergency etc	"The Pasture Color" that doesn't work	Bill Drafting for general Session (9 v 2 months)		"Emergency Revision of Budget legislation"	8 v 18 months, "down time"	
					<u>SOME BENEFITS</u>	
					More rational, business-like distribution of work load	
					Involvement of all legislators in budget making and forecasting.	
					Greater public awareness	
					Elections closer to legislative session.	
					Increased contact - legislative contact	
					More substantive committee work	
					Reduce likelihood of costly special sessions	
					Greater legislative contact of bureaucracy	
					Impaired legislative credibility	
					Increase number of citizens who could serve	
					Decrease number of "pork" projects	
					Enhance contribution involvement of citizens	

EXHIBIT #1
DATE 9/18/89
HB 106

NOV-DEC '88	JAN-MARCH '89	MARCH 15 - OCTOBER 30 '89	NOV-DEC '89	JAN-FEB '90	MARCH '90	OCTOBER '90
Preparation of BUDGET SESSION	60 DAY BUDGET SESSION	Bill Drafting for general Session (9 v 2 months)	GENERAL SESSION PREPARATION	45 DAY GENERAL SESSION	Primary Elections in June	
Drafting reduced Bill DRAFTING work load total legis. 14 hr work load	Emergency Revision for Non-budget legislation	Bill Drafting for general Session (9 v 2 months)		"Emergency Revision of Budget legislation"	8 v 18 months, "down time"	
More time to orderly preparation and legislative organization		Bill Drafting for general Session (9 v 2 months)			<u>SOME BENEFITS</u>	
					More rational, business-like distribution of work load	
					Involvement of all legislators in budget making and forecasting.	
					Greater public awareness	
					Elections closer to legislative session.	
					Increased contact - legislative contact	
					More substantive committee work	
					Reduce likelihood of costly special sessions	
					Greater legislative contact of bureaucracy	
					Impaired legislative credibility	
					Increase number of citizens who could serve	
					Decrease number of "pork" projects	
					Enhance contribution involvement of citizens	

EXHIBIT #1
DATE 9/18/89
HB 106

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EXHIBIT F2
DATE 2/18/87
721

HB 721 ANNUAL SESSIONS

The League of Women Voters supports HB 721. We have supported annual sessions for many, many years, and will continue to do so because their time has come. Biennial sessions are not an efficient or effective way to run our state. If they were, we wouldn't need special sessions, and special sessions have been called almost every interim since 1981. Also, special sessions are usually called to react to crisis situations and that doesn't lend itself to good decision-making.

As for the dollars and cents of annual sessions, I would like to mention a couple of things relating to that...would annual sessions cost more than biennial sessions? Yes - but than again, maybe not considering the cost of each special session in addition to the almost constant legislative activity that goes on during the interim. And, maybe not, considering the tighter rein the Legislature could have on the budget and on state government spending.

We must say that we believe in order for annual sessions to work well, there are things that must happen. Legislators must discipline themselves, especially in the area of legislation. Legislators need to set priorities and a self-imposed limitation on the number of bills introduced. The legislative rules in each house and the joint rules established must be geared to an annual sessions process...this was one of the problems we feel made the 1973-1974 annual session so chaotic. And, legislators must try to stick closely to dealing with the budget in the budget year and general legislation in that year. These are just a few things that must be done if annual sessions are going to work well...but there will be other things that must be considered also.

Another point...we believe that most legislators see the need to meet annually, and that the positive effect it would have on the state would far outweigh the negative, but convincing the citizens is another story. Citizen groups can pool their resources, and work hard to educate the public to the need...a state-wide organization can be formed as was done in the early 70's, but really - who better can educate the public to the need than the legislators themselves. Its very difficult for citizens in the far corners of Montana to see the need for annual sessions unless they told what goes on now and how it could be better...and, it certainly is much more effective coming from their own legislator who lives with the situation for 90 days every other year.

With as many years as the LWV has supported annual sessions, I probably could go on for ever, but I shall spare you - and myself that - and just ask that you seriously consider the merits of annual sessions as they relate to the legislative process now, and support this bill.

Joy Bruck
LWV of Montana



COMMON CAUSE/MONTANA

P.O. Box 623
Helena, Montana 59624

(406) 442-9251

EXHIBIT #3
DATE 2/18/87
PAGE 731

Common Cause strongly supports HB 721 calling for annual legislative sessions.

We believe that annual sessions, one 45 day and one 60 day, will benefit the people of Montana for several reasons. Annual sessions will make the legislative process more efficient and responsive to the needs of the people. Creating one session for general matters and one for revenue and appropriations will allow for greater pre-session planning. Importantly, the system will allow greater citizen participation by eliminating the need for special sessions, and, hopefully streamlining the process toward the end of regular sessions. Currently, the citizen's right to participate tends to come second to the legislature's need to rush bills through, especially the closer you get to the end of a session. Annual sessions will go a long way toward eliminating such problems of inadequate notice and public participation.

In a survey of legislators completed by Common Cause in 1986, 60% believed that annual sessions were necessary. An even higher percentage, 72%, believed that they had inadequate time under the current system to adequately consider bills. Judging from the 1987 session thus far, problems of inadequate time will probably be of even greater concern.

In 1981, a similar annual sessions measure passed the legislature, but was rejected by the electorate. However, times have changed. Up through the March special session in 1986, the legislature had met in special sessions 28 days over the last five years at a cost of \$976,000. When you add in the two week June special session, you have well over \$1,000,000 spent on almost 45 days of special session in five years. Annual sessions will reduce if not entirely eliminate the need for special sessions, and will thus bring some order to our current system which all agree needs some reform.

Only six other states still hold biennial sessions, a number that has decreased significantly from the 31 states with biennial sessions 25 years ago. It is time for Montana to do the same. Please vote do pass on HB 721.

Thank you.

Our Opinion . . .

Electing PSC members is not "appropriate"

House members of Montana's Legislature want to know if there isn't a better way to name our judges than by electing them as we now do.

They said so emphatically recently when they voted 81-11 to request a study of the matter.

Their resolution said in part: "Public policy questions have been raised concerning the independence and impartiality of an elected judiciary."

We have had good luck electing judges in Central Montana, but this hasn't always been true across the state. So the study seems like a good idea.

An even more important step would be for the Legislature to request a study of our present law that requires members of the Public Service Commission to be elected.

This is vital to Montana as the PSC has tremendous power over the lives of Montanans, and Montana's future.

Despite this, our present PSC members generally are very biased.

Despite their pious claims of being fair and impartial, they seem to be far more interested in being reelected to their high-paying jobs than in serving the best longtime interests of Montana and Montanans.

Some also seem to revel in the great power they have as members of the Public Service Commission.

Actions taken by PSC members have done great damage to Montana's prosperity in the years ahead. They have also dealt a blow to Gov. Ted Schwinden's Build Montana program that is designed to encourage sensible new development in the state that can create badly needed new jobs and generate new tax revenues that will help our schools, cities, towns, counties and the state, and that may also ease the present heavy tax burden on Montanans.

It seems apparent from their actions in this session that a solid majority of Montana's legislators have little if any faith in the present elected members of the Public Service Commission.

Proof of this comes from the dozen or so bills introduced this session that would strengthen the already heavy hand of the PSC. Some were outright power grabs by the Commissioners.

Everyone of these bills have been killed by the Legislature.

To stress the costly harm done by the PSC now and in the years ahead to Montana and Montanans, let's look at the Commission's harassment of Montana Power in recent months.

In doing so, we are not climbing on the

Power Company's bandwagon. After all, it has not been faultless.

The Lewistown News-Argus, for example was very critical of Montana Power several months ago when it asked for an electric rate increase of \$96 million a year to pay for its Colstrip 3 generating plant.

"It is too much . . . too large a rate increase," the News-Argus argued in an editorial.

On the other hand, the National Association of Regulatory Utility Commissioners in Washington, D.C. reported recently that residential electric rates for Montana Power customers are the nation's lowest for privately owned utilities.

The highest are in New York City. They average five times more than those in Montana.

So, despite what are high electric rates to us, we are better off than anywhere else in the nation. This is a tremendous break for us.

Also, power shortages have been a threat in many parts of the nation. But Montana Power by planning ahead (it takes as much as 10 years to plan and construct a major generating plant) has seen to it that Montanans have had more than an adequate supply.

All this is of great importance to us. Despite this, our present Public Service commissioners have harassed Montana Power in ways that are a serious threat to the longtime interests of Montana and Montanans.

They also threaten the company's financial stability in ways that gravely endanger its ability to continue to serve Montanans adequately. In fact, Montana Power has very serious financial problems now because of PSC actions.

Montana Power stock dropped sharply in value because of Public Service Commission actions, and the utility's bond rating in financial circles has slipped tragically from a very high AA rating to what is now called a "junk bond" rating with high risk for investors.

Some PSC members have sneered at this with a "so what attitude."

But the truth is that it is now harder and more costly for Montana Power to finance needed new construction, maintenance and even daily operations.

Nobody wants Montana Power bonds now unless the interest rate is very high.

This means higher costs for Montana Power which in the long range must be paid by the company's customers.

It also endangers the maintaining of the good and adequate service that Montana Power's customers now enjoy at

such low rates compared with most of the rest of the nation.

John Driscoll, a PSC member, actually went back to New York City and told financial leaders there that he isn't concerned about Montana Power remaining financially healthy or even going bankrupt.

It was a stupid thing to say.

It further undermined the Power Company's ability to borrow needed money at reasonable rates, which in turn hurts all Montana Power customers in the long run.

It also hurts badly in trying to attract new job-creating investments in the state.

The same John Driscoll testified at a recent legislative hearing in Helena that "the people who talk most about Montana being anti-business are business people who create the image by talking about it."

And this after what he did to Montana and Montanans with his statement in New York City.

It is no wonder that Montana's Public Service Commission is rated as one of the nation's poorest.

Because of its present financial problems that the PSC so needlessly created, Montana Power has decided to sell Costrip 4 despite the fact that it will be needed in the years ahead.

It is fortunate that the utility built Colstrip 3 when it did as power from it is needed and being used now in Montana.

In fact, it will be necessary for Montana Power to depend on other sources of power at peak load times that would be available only on a year-to-year basis which is costly and unreliable.

Despite this, the PSC tells the Power Company to depend on such sources. This could mean inadequate power for customers at times of bitter cold and other emergencies.

Even Tom Schneider, then the PSC's chairman, said last August that this would be "very risky," and that outside power can be purchased now but may not be available later.

Schneider was defeated for reelection last November by Tom Monahan who has said he would never vote to give Montana Power a rate increase.

This is the same as if someone had the power to set wheat prices paid farmers and said, "I will never give farmers another cent for their wheat no matter how desperate their financial position may be."

Much more could be said, but the truth is that our Public Service Commission

members, by their short-sighted actions, are a threat to the continuance of the excellent electrical service and supply that we have all enjoyed in Montana through the years.

The PSC members are hurting Montana and Montanans badly in our hopes for sensible new development that can create badly needed new jobs and opportunities for Montanans.

They are looking at votes in the next election so that they can continue to enjoy the great power they now have, and the big pay checks they receive each month from the taxpayers.

So Montana and Montanans suffer in the long run.

It is apparent from all this that the present electing of Public Service Commissioners is not working, and that a new method should be set up.

As members of the House of Representatives said by an 81-11 vote on the election of Judges: "Public policy questions have been raised concerning the independence and impartiality of elected judiciary."

The same applies even more to Public Service Commissioners.

Rep. Dave Brown (D-Butte) is very much aware of the problems.

"In my opinion," he said a few weeks ago, "the PSC affects more interests in the state than everyone but the Governor. It needs a lot more scrutiny."

Yet utility officials are afraid to get involved in discussing the composition of the PSC because they have pending cases before the regulatory agency, Brown said.

Politicians too shy away from taking a stand on the issue," he said, and they see matters in terms of "consumers versus the world."

Rep. Brown tried hard in the now closing legislative session to change the way the Public Service Commission is elected.

But Brown gave up because "it became clear to me that there was no way emotionally to have a rational discussion of the issue.

He warned though that if the PSC's actions over the next two years warrant further examination, he won't hesitate to revive the issue if he is serving in the 1987 Legislature.

We hope he is as this is one the most important and troubling issues now confronting Montana.

Unfortunately, so few seem to be aware of it, and many who do understand the problem will not speak out.

ET
2/18/87
753

Mr. Chairman; Members of the Committee:

As a former Commissioner & Chairman of the Montana PSC, I strongly recommend that the Committee defeat HB 753. Based upon eight years of regional and national experience & exposure to Commissioners & Commissions, I conclude the obvious ... the selection process is no panacea to insure quality Commissions in the public interest. However I ^{do} believe strongly that District elected system in Montana provides the people of Montana with opportunity to have the best system available to serve the public interest. The educational value of ~~requiring~~ ^{providing the opportunity} public discussion and involvement in the critical energy, telecommunications, and transportation issues facing Montana is essential to sound public policy. Whatever frustrations and circumstances have precipitated this bill, I respectfully urge you to resist the proposed change. I firmly believe this proposal would be detrimental, counterproductive and unwise for Montana and the people of Montana. I urge you to defeat HB 753. I will be available to answer any questions you may have (442-1848). I apologize that I am unable to be present today.

Respectfully,
Tom Schneider
Tom Schneider

Date 2/18/87
753

Montana Senior Citizens Assn., Inc.

WITH AFFILIATED CHAPTERS THROUGHOUT THE STATE

P.O. BOX 423 - HELENA, MONTANA 59624



4061 443-5341

Testimony presented before the House State Administration Committee, 2/18/87

As a concerned citizen and member of the Montana Senior Citizens Association I would like you to consider the right of the majority to vote for the five member Public Service Commission.

I feel elected officials are more attuned to the public needs simply because they must look towards reelection every four years. Appointed officials do not have to consider what is best for the majority but only what is most politically feasible for the Administration and the Corporations. The people must use their only tool to keep control by their vote.

Respectfully submitted,

Alice Campbell
Missoula

VISITORS' REGISTER

STATE ADMINISTRATION

COMMITTEE

BILL NO. 708

DATE 2/15/57

SPONSOR Nelson

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
<i>[Signature]</i>	MPEIA		<input checked="" type="checkbox"/>
<i>[Signature]</i> Judge	MT STATE AFL-CIO		<input checked="" type="checkbox"/>
<i>[Signature]</i>	Public	<input checked="" type="checkbox"/>	
<i>[Signature]</i>	AFSCME		<input checked="" type="checkbox"/>
Eleanor Wend	P.L.C.	<input checked="" type="checkbox"/>	
Edgar Robbins	Industrial Union Assoc		<input checked="" type="checkbox"/>

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

STATE ADMINISTRATION

COMMITTEE

BILL NO. 721

DATE 2/15/87

SPONSOR Thomas

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Tom L. L. 210	Land Use	✓	
Kim Wilson	Canyon Land	✓	
Karen St. Martin	Board of Home Vets		
Eric Leaver	MEA	✓	
Lorna Frank	Mt. Farm Bureau		X
Wick Casner	regulator	✓	
Anne Light	citizen		X

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

VISITORS' REGISTER

STATE ADMINISTRATION

COMMITTEE

BILL NO. 753

DATE 2/15/87

SPONSOR Ramsey

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Joseph Moore	MONTANA + PEOPLES ACTION		X
Kim Wilson	Common Cause		✓
Olin Campbell	M.S.C.A.		✓
Howard Ellis	M.P.S.C.		✓
Don Judge	MT STATE AFL-CIO		X
Jim Jensen	MT. ENVIRON. INFO CTR		✓
Tom Ryan	MT Senior Citizens Assoc		X
Anne Light	MSCA		X
James [unclear]	M.F.C.		✓
Pat [unclear]	[unclear]		✓

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

EXHIBIT #2
2/18/87
721

HB 721 ANNUAL SESSIONS

The League of Women Voters supports HB 721. We have supported annual sessions for many, many years, and will continue to do so because their time has come. Biennial sessions are not an efficient or effective way to run our state. If they were, we wouldn't need special sessions, and special sessions have been called almost every interim since 1981. Also, special sessions are usually called to react to crisis situations and that doesn't lend itself to good decision-making.

As for the dollars and cents of annual sessions, I would like to mention a couple of things relating to that....would annual sessions cost more than biennial sessions? Yes - but than again, maybe not considering the cost of each special session in addition to the almost constant legislative activity that goes on during the interim. And, maybe not, considering the tighter rein the Legislature could have on the budget and on state government spending.

We must say that we believe in order for annual sessions to work well, there are things that must happen. Legislators must discipline themselves, especially in the area of legislation. Legislators need to set priorities and a self-imposed limitation on the number of bills introduced. The legislative rules in each house and the joint rules established must be geared to an annual sessions process...this was one of the problems we feel made the 1973-1974 annual session so chaotic. And, legislators must try to stick closely to dealing with the budget in the budget year and general legislation in that year. These are just a few things that must be done if annual sessions are going to work well....but there will be other things that must be considered also.

Another point...we believe that most legislators see the need to meet annually, and that the positive effect it would have on the state would far outweigh the negative, but convincing the citizens is another story. Citizen groups can pool their resources, and work hard to educate the public to the need....a state-wide organization can be formed as was done in the early 70's, but really - who better can educate the public to the need than the legislators themselves. Its very difficult for citizens in the far corners of Montana to see the need for annual sessions unless they told what goes on now and how it could be better...and, it certainly is much more effective coming from their own legislator who lives with the situation for 90 days every other year.