

MINUTES OF THE MEETING
NATURAL RESOURCES SUBCOMMITTEE
50TH LEGISLATIVE SESSION
HOUSE OF REPRESENTATIVES

The meeting of the Natural Resources Subcommittee was called to order by Chairman Swift on February 2, 1987 at 8:00 a.m. in Room 317 of the State Capitol.

ROLL CALL: All members were present except Sen. Boylan who was excused and Sen. Smith who arrived late. Also present were Carl Schweitzer, LFA, Karen Volstedt, OBPP and Denise Thompson, Secretary.

(51:A:008)

DNRC-ENERGY DIVISION:

Mr. Van Jamison began his presentation on the Energy Division (Exhibit 1) by stating there were three bureaus: 1) The Conservation and Renewable Energy Bureau; 2) The Planning and Analysis Bureau; and 3) The Facility Siting Bureau as well as an Administrative Section.

There are two major funding and program relationships. The first involves general fund support for the division and fees that are collected under the MFSA or MEPA.

The second involves coal severance tax funds earmarked for the Alternative Energy Program and federal funds provided by DOE and BPA.

The Facility Siting Bureau serves two purposes: 1) it administers the Montana Major Facility Siting Act and 2) it prepares EIS's required by MFSA or resulting from other permit applications that trigger MEPA.

The Facility Siting Bureau uses general fund to administer the MFSA.

Filing fees are the only revenue used to prepare EIS's.

Regarding the LFA suggesting two alternatives to the status quo for funding the Facility Siting Bureau: Option A would gradually eliminate general fund support in favor of filing fee revenues collected under the MFSA. This would require a statutory change. The DNRC legal counsel feels the department could not charge applicants for its general responsibilities in administering the MFSA.

Option B would reduce the Energy Division's budget by \$34,000 in each fiscal year of the next biennium. A \$34,000 reduction in the general fund appropriation for the Energy

Division would not adversely affect the division's ability to fulfill its responsibilities. This would just reduce the amount that otherwise would be reverted.

Planning Analysis Bureau is supported by general fund also. It is responsible for monitoring petroleum and electrical supplies and demand under the Energy Emergency Suppliers Power Act and developing short-term, contingency plans to deal with energy supply disruptions. The bureau also develops technical and analytic support for Montana's policy positions on national and regional energy issues.

A major funding relationship that exists within the Energy Division is between the coal severance tax funds earmarked for the Alternative Energy Program and the federal funds that the Energy Division receives from DOE and BPA.

The use of coal severance tax revenues earmarked for the alternative energy program is also a major issue and difference between the executive branch budget and the LFA.

(51:B:001) Rep. Manuel asked Mr. Jamison about the retrofit of state buildings and if anything has been done on it. Mr. Jamison stated last year they made about \$280,000 available to the retrofit and this year, they plan to make about \$450,000 available. In addition, they are making a request as part of the Oil Overcharge request for \$2 million over the biennium to do retrofits of state buildings as well, and set up a program that is not dissimilar to the program that previously operated under the Alternative Energy Program.

(51:B:035) Rep. Spaeth asked, by doing retrofit transfers with the oil overcharge, what kind of immediate impact will there be on the general fund. Mr. Jamison replied there would be no general fund offset immediately. The funds that had previously been used for the retrofit program, are being requested by the executive as part of the science and tech program. So the monies that would have been state building monies are not offsetting general fund, but going to that program instead. The retrofit will be operating on oil overcharge monies and there will be no immediate reduction in the general fund requirement.

MODS:

All the modification requests are requests for funding from the Bonneville Power Administration. They are all federal funds with no match requirement.

\$220,000 in FY 1988 and \$264,000 in FY 1989 for the Residential Construction Demonstration Program. This is a continuation of a program that BPA and the council have

asked be done to test different construction techniques to see what kinds of energy conservation they are able to achieve and what cost in new home construction.

\$72,639 in FY 1988 and \$72,535 in FY 1989, this is part of Bonneville's effort to inform consumers regarding energy conserving activities.

(51:B:106) \$15,000 in 1988 and 1989 BPA Coordination Agreement (PSC, other agencies as well). Mr. Jamison stated that the item is listed incorrectly in the executive budget and the LFA budget. This is not for the Energy Extension Service Program.

Rep. Swift asked about the new residential programs. He stated that he has been trying to follow this program for the past four years and has seen a continued increase in the rates to the rate payers. Mr. Jamison said there are a number of factors that have resulted in increased rates which the BPA is charging. They have taken on new programs. In addition, the price they are able to get when they sell their power to California is substantially lower than it has ever been. They are also being pressured by the federal government to make its payments on interest.

Rep. Manuel asked him to review the ducks unlimited program on Lake Broadview. Mr. Jamison stated those funds were used to develop offsite mitigation to make up for the duck losses of ducks which hit the power lines on Lake Broadview.

Mr. Jamison referred to three additional items.

(51B:272) 1. Chevron -- \$15,500 - \$15,172 biennial appropriated in FY 1986 and FY 1987. The work would be lower priority work of last year. They did not spend the money. They would like to do some program effectiveness evaluation and make some determinations concerning the current level building practices in Montana. Evaluate program effectiveness as guidance for future programs. Determine energy conservation levels in homes built to current building practice standards to be sure incentive levels are not too high and would result in added costs to rate payers.

2. BPA has indicated they may be making available between \$15-40,000 as an addition to the Technical Assistance Program. This would be used to assist people who, and monitor the installation of, retrofits that have been done to schools and hospitals under their program. The department does not know if they will get the money. If they do, it will come in June or July. If the funds are made available, they would like to be able to get them through the budget amendment process.

3. MPC stated they may be contracting with the department for \$10, - \$50,000 to do builder training which would be equivalent to the builder training they are doing for the Western Montana Co-ops.

Mr. Jamison reviewed the \$14 million oil overcharge monies distribution according to the executive: (This is a chart found in the Blue Book 3 pages before tab O&G)

1. \$7,416, 000 would go to the Department of Social and Rehabilitation Services. \$1.666 million has already been appropriated to the low income energy assistance program. That was appropriated by the June special session. The remaining funds will be used to set up a trust, they could use the interest off of the trust to weatherize low income homes under the low income weaterization program. The corpus of the trust would remain in tact unless the Low Income Home Energy Assistance Program funding at the federal level were to drop below fiscal year 1987 levels. In that case the department would be permitted to use the corpus of the trust to fund the program.

2. \$211,000 is recommended to the Department of Highways to install low-pressure sodium lights east of the continental divide.

3. \$243,439 is recommended for State Energy Conservation Program. When they put their plan together, they will have to incorporate all other state agencies appropriations in that one transfer. This is broken down as follows:

a. Transloading Facility of \$2,100,000 which goes to the Department of Commerce who would solicit to build a transload facility to save energy.

b. Energy Conservation in Agriculture \$500,000 would be available through the conservation districts, which would be used for energy conserving activities.

c. \$643,439 for energy conservation programs and residential and commercial areas.

(52:A:016) 4. The executive budget also recommends \$1,084,042 for the Institutional Conservation Program. This provides retrofit funding to schools and hospitals on a one to one match.

EXECUTIVE ACTION ENERGY DIVISION:

(52:A:118) Rep. Manuel moved to accept the executive on items 1 through 5 in energy planning. Sen. Smith expressed concern with the shift of monies. Sen. Smith called the question. With Sen. Smith voting NO, the motion CARRIED.

MODS: It was explained that 6,7, and 8 were federal monies. Item 9 was the Chevron \$15,500.

Rep. Manuel moved to accept the modifications, items 6, 7, and 8. Sen. Smith called the question. The motion CARRIED unanimously.

Sen. Smith moved to accept item 9. Rep. Manuel called the question. Rep. Devlin voted NO. The motion CARRIED.

Sen. Smith moved items 10 and 11 regarding the Montana Power company proposal and also the BPA proposal of contracts with language stating that in the event money becomes available, the department would go through the budget amendment process. Rep. Devlin called the question. The motion carried unanimously.

LFA OPTIONS:

Page C-107 of the LFA budget book. Mr. Fasbender stated Option B would be the best solution, this would allow a \$34,000 general fund savings.

Sen. Smith moved to accept Option B. Rep. Devlin called the question. The motion CARRIED unanimously.

WATER RESOURCES:

(52:A:504) Page C-97 Mr. Schweitzer went over the differences in his handout regarding the Water Resources Division budget.

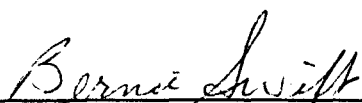
Mr. Fritz talked about the field offices, how many people worked in them, and their duties. He also spoke of the rent of the offices, and referred to the adjudication program with its requirements.

Options of consolidation of field offices, closure of offices, and reduction of FTE's in offices was discussed.

(53:A:008) Mr. Fasbender spoke of the pros and cons of information given to the water courts.

ADJOURNMENT:

(53:A:168) There being no further business, the meeting was adjourned at 11:43 a.m.


Rep. Bernie Swift, Chairman

DAILY ROLL CALL

NATURAL RESOURCES

SUBCOMMITTEE

DATE 2/1/87

NAME	PRESENT	ABSENT	EXCUSED
Senator Boylan			✓
Representative Devlin	✓		
Representative Manuel	✓		
Senator Smith	✓	✓	
Representative Spaeth	✓		
Senator Story	✓		
Representative Swift	✓		



THE ENERGY DIVISION IS COMPOSED OF 3 BUREAUS:

- THE CONSERVATION AND RENEWABLE ENERGY BUREAU
- THE PLANNING AND ANALYSIS BUREAU, AND
- THE FACILITY SITING BUREAU

--AS WELL AS AN ADMINISTRATIVE SECTION THAT PROVIDES ADMINISTRATIVE AND FISCAL OVERSIGHT OF THE BUREAUS.

WITHIN THE ENERGY DIVISION, TWO MAJOR FUNDING AND PROGRAM RELATIONSHIPS EXIST.

1. THE FIRST INVOLVES GENERAL FUND SUPPORT FOR THE DIVISION AND FEES THAT ARE COLLECTED UNDER THE NFSA OR NEPA.
2. THE SECOND INVOLVES COAL SEVERANCE TAX FUNDS EARMARKED FOR THE ALTERNATIVE ENERGY PROGRAM AND FEDERAL FUNDS PROVIDED BY DOE AND BPA.

I'D LIKE TO DESCRIBE FIRST HOW GENERAL FUNDS AND THE FEES THAT ARE COLLECTED UNDER NFSA AND NEPA ARE USED.

GENERAL FUNDS SUPPORT ACTIVITIES PERFORMED BY THE ADMINISTRATIVE SECTION, THE PLANNING AND ANALYSIS BUREAU, AND THE FACILITY SITING BUREAU.

THESE SAME UNITS WITHIN THE DIVISION ALSO ENJOY FEES THAT ARE COLLECTED FROM APPLICANTS FOR CERTIFICATES OF ENVIRONMENTAL COMPATIBILITY UNDER NFSA AND FROM OTHER PERMIT APPLICANTS WHOSE APPLICATIONS TRIGGER NEPA.

ONLY THE FACILITY SITING BUREAU USES FEES EXTENSIVELY TO CARRY OUT ITS RESPONSIBILITIES.

THE FACILITY SITING BUREAU'S FUNCTION AND FUNDING HAVE BEEN THE SUBJECT OF EXTENSIVE DISCUSSION AND, UNFORTUNATELY, CONTINUED MISUNDERSTANDING.

THE FACILITY SITING BUREAU SERVES TWO PRIMARY PURPOSES:

1. FIRST, IT ADMINISTERS THE MONTANA MAJOR FACILITY SITING ACT.
 - IN ADMINISTERING THIS SUBSTANTIVE PERMITTING STATUTE, THE FACILITY SITING BUREAU IS EXACTLY ANALOGOUS TO THE HARD ROCK BUREAU OF THE DEPARTMENT OF STATE LANDS.
2. SECOND, IT PREPARES EIS'S REQUIRED BY MFSA OR RESULTING FROM OTHER PERMIT APPLICATIONS THAT TRIGGER NEPA.
 - IN PERFORMING THIS FUNCTION, THE BUREAU IS COMPARABLE TO THE NOW DEFUNCT ENVIRONMENTAL ASSESSMENT BUREAU OF DSL, WHOSE RESPONSIBILITIES HAVE BEEN ASSUMED WHENEVER POSSIBLE BY THE FACILITY SITING BUREAU.

THUS, THE FACILITY SITING BUREAU FUNCTIONS AS THOUGH IT WERE A COMBINATION OF THE HARD ROCK BUREAU AND THE OLD ENVIRONMENTAL ASSESSMENT BUREAU.

THE FACILITY SITING BUREAU USES GENERAL FUNDS TO ADMINISTER THE MFSA.

ADMINISTRATION OF THE FACILITY SITING ACT INVOLVES:

- WRITING RULES THAT THE BNRC MAY ADOPT
- PROVIDING PRE-APPLICATION CONSULTATION TO PROSPECTIVE APPLICANTS

- INVESTIGATING ALLEGATIONS OF VIOLATIONS OF CERTIFICATES ISSUED BY THE DNRC
- PAYING THE SERVICES OF DNRC'S RETAINED COUNSEL IN MATTERS RELATED TO POSSIBLE VIOLATIONS
- EVALUATING CENTERLINE LOCATIONS FOR FACILITIES THAT WERE CERTIFIED BEFORE THE ACT WAS AMENDED TO ALLOW THE DNRC TO CHARGE FEES FOR CENTERLINE REVIEW
- SERVING AS STAFF TO THE DNRC
- PARTICIPATING ON THE JOINT FEDERAL/STATE CORRIDOR OVERSIGHT REVIEW COMMITTEE TO INSURE CONSISTENCY IN CORRIDOR PLANNING AND TO FACILITATE JOINT PROJECT REVIEWS AND STANDARD SETTING
- RESPONDING TO INFORMATION REQUESTS FROM THE PUBLIC, LEGISLATURE AND OTHERS, AND
- SPONSORING AND PERFORMING WORKSHOPS FOR PCW ORGANIZATIONS AND PROSPECTIVE APPLICANTS.

THE FACILITY SITING BUREAU'S SECOND RESPONSIBILITY IS THE PREPARATION OF EIS'S UNDER THE MFSA OR UNDER NEPA WHEN IT HAS BEEN TRIGGERED AND DNRC HAS BEEN NAMED "LEAD AGENCY."

FILING FEES AND FILING FEES ALONE ARE USED TO PREPARE THESE DOCUMENTS.

AS YOU KNOW, DNRC TRADITIONALLY HAS RECEIVED MORE GENERAL FUND SUPPORT THAN WOULD BE STRICTLY REQUIRED JUST TO ADMINISTER THE MFSA.

THIS FUNDING WAS INTENDED TO INSURE THAT AN EXPERIENCED CORE ENVIRONMENTAL STAFF WAS AVAILABLE WHENEVER AN APPLICATION REQUIRED THE PREPARATION OF AN EIS UNDER MFSA OR NEPA.

THESE FUNDS WERE NOT TO BE USED UNLESS INSUFFICIENT FILING FEE REVENUES WOULD OTHERWISE CAUSE THE CORE ENVIRONMENTAL STAFF TO BE DISMANTLED, OTHERWISE THE FUNDS WERE TO BE REVERTED TO THE GENERAL FUND.

THIS IS THE CONCEPT OF THE "SAFETY NET."

UNFORTUNATELY, THIS CONCEPT HAS SPREAD IN SOME MINDS TO INCLUDE THE BASIC ADMINISTRATION OF THE MFSA, WHICH IS A SEPARATE RESPONSIBILITY UNRELATED TO MAINTENANCE OF A CORE ENVIRONMENTAL STAFF OR THE PREPARATION OF EIS'S.

WHAT IS THE "SAFETY NET?" IT IS THE DIFFERENCE BETWEEN THE FUNDING THAT IS NECESSARY TO ADMINISTER THE MFSA AND THE FUNDING THAT IS NECESSARY TO ADMINISTER THE MFSA AND MAINTAIN AN EXPERIENCED CORE ENVIRONMENTAL STAFF.

COVER 2 SCENARIOS ON THE CHART

THE ENERGY DIVISION HAS REVERTED THE "SAFETY NET" EVERY YEAR THAT I'VE BEEN ASSOCIATED WITH IT AND IS VIRTUALLY CERTAIN TO REVERT IT AGAIN IN EACH OF THE NEXT TWO YEARS AS WELL.

THE LFA HAS SUGGESTED TWO ALTERNATIVES TO THE STATUS QUO FOR FUNDING THE FACILITY SITING BUREAU.

OPTION A WOULD GRADUALLY ELIMINATE GENERAL FUND SUPPORT IN FAVOR OF FILING FEE REVENUES COLLECTED UNDER THE MFSA.

THIS WOULD REQUIRE A STATUTORY CHANGE.

OUR CHIEF LEGAL COUNSEL'S READING OF THE ACT CONCLUDES THAT DNRC COULD NOT, UNDER THE EXISTING LAW, CHARGE APPLICANTS FOR ITS GENERAL RESPONSIBILITIES IN ADMINISTERING THE MFSA.

PASS OUT DON'S MEMO

IF THE LAW WERE CHANGED TO MAKE IT LEGAL TO CHARGE FOR THESE ACTIVITIES, DPRC WOULD BE REQUIRED TO ASSESS A LARGER FEE THAN WOULD BE CHARGED IF THE FEE WAS BASED ON ACTUAL SERVICES RENDERED AND EXPENSES INCURRED.

- THIS WOULD DRIVE UP THE COST OF ENVIRONMENTAL REVIEW.

EXAMPLE: EXXON PIPELINE PROJECT

		\$46,800,000 IN MONTANA
EXXON EXPENSES	\$61,980	MAX. \$34,000
SHELL EXPENSES	\$15,495	

LFA'S OPTION B WOULD REDUCE THE ENERGY DIVISION'S BUDGET BY \$34,000 IN EACH FISCAL YEAR OF THE NEXT BIENNIAL.

WHILE IT IS NOT A GOOD IDEA TO ELIMINATE THE OPERATING BUDGET FOR THE FACILITY SITING BUREAU AS LFA SUGGESTS, THE COMMITTEE SHOULD KNOW THAT A \$34,000 REDUCTION IN THE GENERAL FUND APPROPRIATION FOR THE ENERGY DIVISION WOULD NOT ADVERSELY AFFECT THE DIVISION'S ABILITY TO FULFILL ITS RESPONSIBILITIES.

- TRUE, EVEN IF THIS AMOUNT WERE TAKEN FROM THE EXECUTIVE BRANCH BUDGET FIGURES WHICH ARE LOWER THAN LFA'S

IN ADOPTING THIS OPTION, THE COMMITTEE IS SIMPLY REDUCING THE AMOUNT THAT OTHERWISE WOULD BE REVERTED.

THE PLANNING ANALYSIS BUREAU IS ALSO SUPPORTED BY THE GENERAL FUND.

THIS BUREAU IS RESPONSIBLE FOR MONITORING PETROLEUM AND ELECTRICAL SUPPLIES AND DEMAND UNDER THE ENERGY EMERGENCY SUPPLIES POWER ACT AND DEVELOPING SHORT-TERM, CONTINGENCY PLANS TO DEAL WITH ENERGY SUPPLY DISRUPTIONS.

THE PLANNING AND ANALYSIS BUREAU ALSO DEVELOPS TECHNICAL AND ANALYTIC SUPPORT FOR MONTANA'S POLICY POSITIONS ON NATIONAL AND REGIONAL ENERGY ISSUES.

I'D LIKE TO GIVE SOME EXAMPLES OF HOW WE'VE INFLUENCED NATIONAL AND REGIONAL POLICIES TO ILLUSTRATE THIS BUREAU'S RESPONSIBILITIES.

THE PLANNING AND ANALYSIS BUREAU WAS INSTRUMENTAL IN THE RECENT ELIMINATION OF THE SURCHARGE THAT BPA WAS TO HAVE LEVIED AGAINST UTILITY CUSTOMERS IN AREAS WHICH DID NOT ADOPT ENERGY EFFICIENT BUILDING CODES THROUGH THEIR STATE AND LOCAL GOVERNMENTS, THAT CONFORMED TO THE STANDARDS ESTABLISHED BY THE NORTHWEST POWER PLANNING COUNCIL.

IN 1983, WHEN THE FIRST DRAFT ENERGY PLAN WAS CIRCULATED BY NWPPC, THE DNRC WENT BEFORE THEM AND TESTIFIED THAT IT WAS NOT WISE TO INSIST THAT BUILDING CODES BE ADOPTED FOR A STANDARD THAT WAS BASED ON THEORETICAL COMPUTER MODELS.

WE IDENTIFIED THAT THE STANDARDS THEY WERE SUGGESTING AS A CODE RELIED ON TECHNOLOGY THAT WAS UNTESTED, AND THAT THERE WERE PARTICULAR PROBLEMS WITH THE REQUIRED AIR-TO-AIR HEAT EXCHANGERS IN COLD CLIMATES LIKE MONTANA'S.

GIVEN THE BASIS FOR THE STANDARDS, THREATENING TO SURCHARGE ELECTRICAL CONSUMERS SERVED BY BPA WAS A PARTICULARLY BAD IDEA IN OUR VIEW.

THE REGION'S OTHER STATES AND THE NWPPC'S CENTRAL STAFF IGNORED OUR TESTIMONY AND BELITTLED OUR POSITION IN 1983.

MONTANA HAD NO HARD DATA TO REFUTE THE MODELS THAT WERE BEING USED TO MAKE THE DECISIONS AND WE WERE LEFT OUT OF THE DEBATE.

OVER THE COURSE OF THE LAST SEVERAL YEARS, DNRC HAS GATHERED AND ANALYZED INFORMATION ON THE COSTS ASSOCIATED WITH BUILDING TO THE COUNCIL'S MODEL STANDARDS AND THE THERMAL PERFORMANCE OF HOMES THAT MET THE STANDARDS.

OUR ANALYSIS AND THE TESTIMONY WE'VE PUT ON HAVE FORMED THE BASIS FOR THE COUNCIL'S REVERSION ON THE ISSUE OF BUILDING CODES AND SURCHARGING CUSTOMERS WHEN STATE AND LOCAL OFFICIALS DECIDE AGAINST CODE ADOPTION.

HAD THE SURCHARGE BEEN IMPOSED ON JANUARY 1, 1986, AS WAS ORIGINALLY ENVISIONED, BPA'S MONTANA CUSTOMERS WOULD HAVE PAID ABOUT \$2,000,000 IN SURCHARGES LAST YEAR ALONE.

- THIS ESTIMATE IS ONE THAT WAS MADE BY THE MPPC STAFF.

TODAY, WE'RE NOT LOOKING DOWN A DOUBLE BARREL LOADED WITH BUILDING CODES AND SURCHARGES.

OUR UTILITIES SIMPLY PARTICIPATE IN BPA'S NEW HOME INCENTIVE PROGRAMS TO MEET THE ENERGY CONSERVATION OBJECTIVES OF THE MPPC PLAN.

- THIS, THEY ARE VERY HAPPY TO DO.

PLANNING AND ANALYSIS BUREAU STAFF ASSISTED IN OBTAINING AN INCENTIVE RATE FOR CFAC TO KEEP ITS BUSINESS OPERATING.

AS MEMBERS OF BPA'S DSI OPTIONS TASK FORCE, WE PARTICIPATED IN DEVELOPING THE VARIABLE RATE OPTION WHICH WAS ULTIMATELY ADOPTED.

WE WORKED TO ESTABLISH INCENTIVE LEVELS FOR THE VARIABLE RATE THAT SIMULTANEOUSLY MET BPA'S REVENUE REQUIREMENTS AND PROVIDED ADEQUATE RATE RELIEF TO THE COMPANY.

WE ALSO KEPT THE GOVERNOR'S OFFICE APPRISED ON THE TECHNICAL SIDE OF THIS ISSUE.

THIS BUREAU HAS ALSO PROVIDED TECHNICAL ASSISTANCE TO MONTANA'S COOPS IN THEIR PURSUIT OF POWER RESERVATIONS AT THE LIBBY AND HUNGRY HORSE DAMS.

ORIGINALLY, WE WERE APPROACHED BY WESTERN MONTANA COOPS TO ASSURE THEM THEY HAD BEEN GRANTED A POWER RESERVATION BY THE ACT THAT LED TO THE CONSTRUCTION OF HUNGRY HORSE DAM.

EASTERN MONTANA COOPS WERE ALSO INTERESTED BECAUSE THE RESERVATION WAS A RESERVATION FOR ALL OF MONTANA, NOT JUST THE WESTERN PART OF THE STATE.

THEY ALSO FELT THAT THERE WAS A SIMILAR POWER RESERVATION AT THE LIBBY DAM.

DNRC REVIEWED ALL OF THE DOCUMENTS FILED SINCE THE EARLY 1960'S ON THESE MATTERS.

WE FOUND NUMEROUS UNANSWERED QUESTIONS AND WENT TO BPA FOR ANSWERS.

WE REPORTED CONSTANTLY TO THE MAU AND THE COOPS THROUGHOUT THIS PROCESS.

ULTIMATELY, THE COOPS USED THE INFORMATION WE GENERATED TO REACH AN ACCEPTABLE POSITION AMONGST THEMSELVES.

- PRESENTLY, WESTERN MONTANA COOPERATIVES HAVE A POWER RESERVATION AT THE HUNGRY HORSE DAM THAT BPA ACKNOWLEDGES AND THE EASTERN MONTANA COOPS, IN PARTICULAR CENTRAL MONTANA AND UPPER MISSOURI G & T, ARE PURSUING A POWER RESERVATION AT LIBBY DAM THROUGH THE COURTS. THEY'LL USE MUCH OF THE INFORMATION THAT WE GENERATED IN THEIR LITIGATION.

THE PLANNING AND ANALYSIS BUREAU ALSO UPDATED HYDROELECTRIC FEASIBILITY STUDIES FOR STATE WATER PROJECTS, SUCH AS BROADWATER DAM, TO DETERMINE ECONOMIC FEASIBILITY AND INVESTMENT RISK UNDER CHANGING ASSUMPTIONS REGARDING BUY-BACK RATE AND DAM OPERATIONS.

WE WERE AN INTEGRAL PART OF THE STATE'S TEAM EFFORT TO AMEND THE FEDERAL POWER ACT.

IN ADDITION, WE HAVE ANALYZED POLICY OPTIONS AND PREPARED ISSUE PAPERS FOR THE GOVERNOR'S OFFICE ON SUCH MATTERS AS:

- THE PRIVITIZATION OF BPA AND WAPA
- BPA'S INTERTIE ACCESS POLICY
- THE AFFECTS ON EASTERN MONTANA COOPS OF THE SHUTDOWN OF THE ANG PLANT AT BEULAH, NORTH DAKOTA
- AND MANY OTHERS.

THE PLANNING AND ANALYSIS BUREAU ALSO ASSESSES NEED AND ALTERNATIVES UNDER THE MFSA AND ALTERNATIVES UNDER THE WAPA.

IN RECENT YEARS, GENERAL FUND APPROPRIATIONS AND EXPENDITURES WITHIN THE ENERGY DIVISION HAVE DECREASED MARKEDLY AS WE'VE ALL ATTEMPTED TO HOLD COSTS DOWN.

- 24% DECREASE IN EXPENDITURES BETWEEN FY84 AND FY86
 - 3 FEWER FTE IN FY86 AND 87 THAN IN FY84
-

THE OTHER MAJOR FUNDING RELATIONSHIP THAT EXISTS WITHIN THE ENERGY DIVISION IS THE ONE THAT EXISTS BETWEEN THE COAL SEVERANCE TAX FUNDS EARMARKED FOR THE ALTERNATIVE ENERGY PROGRAM AND FEDERAL FUNDS THAT THE ENERGY DIVISION RECEIVES FROM DOE AND EPA.

THE USE OF COAL SEVERANCE TAX REVENUES EARMARKED FOR THE ALTERNATIVE ENERGY PROGRAM IS ALSO A MAJOR ISSUE AND DIFFERENCE BETWEEN THE EXECUTIVE BRANCH BUDGET AND THE LEA'S.

- CHARACTERIZE THIS DIFFERENCE

ICP -- TO PROVIDE GRANTS TO SCHOOLS AND HOSPITALS TO RETROFIT BUILDINGS WITH ENERGY CONSERVING MEASURES

SECP -- TO PROMOTE ENERGY CONSERVATION AND REDUCE THE RATE OF GROWTH OF ENERGY DEMAND BY INFORMING CONSUMERS, COMMERCIAL BUILDING OWNERS, TEACHERS, BUILDERS, LENDERS, REALTORS AND OTHERS OF ENERGY CONSERVATION OPPORTUNITIES AND TECHNOLOGIES, THROUGH ENERGY PLANNING AND CONSTRUCTION OF DEMONSTRATION PROJECTS

EES -- TO INCREASE THE CAPABILITY OF SMALL ENERGY USERS TO MAKE INFORMED DECISIONS CONCERNING ENERGY MANAGEMENT AND CONSERVATION BY PROVIDING TECHNICAL AND ECONOMIC INFORMATION

BUC -- TO REDUCE FOSSIL FUEL ENERGY CONSUMPTION IN INSTITUTIONAL, COMMERCIAL, INDUSTRIAL AND AGRICULTURAL OPERATIONS AND TO INCREASE THE USE OF, AND MARKETS FOR, AGRICULTURAL AND TIMBER PRODUCTS AS ENERGY SOURCES

BPA/TA -- TO CONSERVE ELECTRICAL ENERGY IN THE RESIDENTIAL, COMMERCIAL, AGRICULTURAL, AND LOCAL GOVERNMENT SECTORS OF WESTERN MONTANA.

RSDP & -- TO DEMONSTRATE ENERGY EFFICIENT CONSTRUCTION TECHNIQUES
RCDP TO DETERMINE THE COST AND ENERGY SAVINGS OF THIS TYPE
OF CONSTRUCTION, AND TO INFORM CONSUMERS OF THE
ADVANTAGES/DISADVANTAGES OF THIS TYPE OF CONSTRUCTION

IBP -- ORIGINALLY INTENDED TO RETROFIT SCHOOLS, HOSPITALS AND
LOCAL GOVERNMENT BUILDINGS TO CONSERVE ELECTRICITY - THE
PROGRAM NOW PROVIDES TECHNICAL ASSISTANCE TO PAST GRANTEES

RECP -- TO RESEARCH, DEMONSTRATE, AND COMMERCIALIZE PRACTICABLE
ENERGY AND ENERGY CONSERVATION

- REVIEW TABLE FROM GAIL KUNTZ'S PRESENTATION (REDUCTIONS IN
ADMINISTRATIVE COSTS, LOWER EXPENDITURES COMPARED TO
APPROPRIATION, USE OF EXTRA FUNDS BY GENERAL FUND AND
SCIENCE & TECH)

ROCK CREEK AND LAKE BROADVIEW MITIGATION TRUSTS

MODIFICATIONS:

RCDP (- FTE) 3 ENERGY EDUCATION SPECIALISTS & 1 SECRETARY)

FY88

FY89

\$220,194

\$264,842

BPA/TA

\$72,639

\$72,535

BPA COORDINATION AGREEMENT (FSC, OTHER AGENCIES AS WELL)

\$15,000

\$15,000

EXECUTIVE BUDGET BOOK IS INCORRECT ON PAGE _____.
CHARACTERIZE DIFFERENCE.

IBP, MPC & CHEVRON

CHEVRON -- \$15,500 - \$15,172 (ACTUALLY IN THE ACCOUNT)

EVALUATE PROGRAM EFFECTIVENESS AS GUIDANCE FOR FUTURE
PROGRAMS.

DETERMINE ENERGY CONSERVATION LEVELS IN HOMES BUILT TO
CURRENT BUILDING PRACTICE STANDARDS TO BE SURE INCENTIVE
LEVELS ARE NOT TOO HIGH AND WOULD RESULT IN ADDED COSTS TO
RATEPAYERS.

(IBP -- \$15,000 - \$40,000 (JUNE/JULY - SEPT./OCT.)

(MPC -- \$10,000 - \$50,000 (PROBABLY THE LOW END -
DEPENDS ON WHETHER BPA WILL
HAVE US DO IT UNDER EXISTING
AGREEMENT)

MEMORANDUM

TO: Wayne Wetzel
FROM: Don MacIntyre
DATE: June 10, 1986

The LFA argues that the five permanent positions in the Facility Siting Bureau should be funded with revenue fees generated under MCA 75-20-215; the agreement is based on a construction of subsections (1)(a) and (6).
Argument

~~The LFA correctly notes that the permanent staff works on specific projects as well as providing administration, rule drafting and updating, and centerline analysis. It is contended that because rule drafting and centerline analysis are responsibilities of the Department under the facility siting law the funding is to come from fee revenues.~~

~~A review of the Siting Act and its legislative history does not support the conclusion drawn by the LFA. Initially, the statutory provisions in addition to 75-20-215, which require payment of fees by an applicant under the Siting Act. For example, 75-20-402 (monitoring), 75-20-225 (annual), 75-20-217 (application amendment), and 75-20-209 (fourth time location). If the LFA's argument were correct, there would be no need for any of the above cited fee generating statutes. Furthermore, 75-20-215(5) requires an accounting and refund of project monies. The LFA argument would render this subsection virtually meaningless since administration and rule making could be extended over the life of the project resulting in the total consumption of project fees in every case. It is a cardinal rule of law that the legislature not be imputed to have passed meaningless legislation.~~

~~In addition, it has been the understanding of the Department, the regulated utilities, and the legislature that the fees generated under 75-20-215 (the siting fees) would be utilized for project related expenses in carrying out the state's statutory responsibilities. Legislative acknowledgement has been through the budgeting process. For the legislature to adopt the argument of the LFA at this time would result in a situation where existing certified facilities would provide no revenue base, future facility projects would be forced into applying the funding caps (?) on all projects with no assurance of sufficient funding to complete either project responsibilities (e.g. transmission line scenario), or future administrative, or rule making functions.~~

VISITOR'S REGISTER

Nat. Resources

SUBCOMMITTEE

AGENCY (S) _____

DATE 2-2-87

DEPARTMENT DNRC

NAME	REPRESENTING	SUP- PORT	OP- POSE
Mike Clamson	DNRC	✓	
DAVE LARRY	'	✓	
John Armstrong	"	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT.
IF YOU HAVE WRITTEN COMMENTS, PLEASE GIVE A COPY TO THE SECRETARY.

