

MINUTES

MONTANA SENATE
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON NATURAL RESOURCES

Call to Order: By Senator Thomas Keating, on February 3, 1989, at 1:00 p.m. in the State Capitol

ROLL CALL

Members Present: Senators: Thomas Keating, Chairman, Larry Tveit, Fred Van Valkenburg, Loren Jenkins, Darryl Meyer, Lawrence Stimatz, Pete Story, Bill Yellowtail, Elmer Severson, Dorothy Eck and Jerry Noble.

Members Excused: none

Members Absent: Cecil Weeding

Staff Present: Bob Thompson and Helen McDonald

HEARING ON SENATE BILL 243

Presentation and Opening Statement by Sponsor: Senator Thomas F. Keating, District #44, introduced SB 243 and stated it is a cleanup bill dealing with the conservation tax credit. There are credits to income taxes for energy conservation activities to corporations and individuals. These conservation tax credits are actually a deduction and need not be applied for in a corporate return. The corporation can take the credit or take the deduction in their normal accounting of income tax preparation. It is necessary for the individual to fill out a form with the income tax return which is a notice for the deduction and an application for approval of the deduction. This bill will do away with an unnecessary form.

List of Testifying Proponents and What Group they Represent:

None

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Jeff Miller, Administrator, Income Tax Division, Department of Revenue, explained that for purposes of corporate income tax calculations, corporations are entitled to a deduction for energy conservation and there is no need for them to make a special application. That is an ordinary business expense needs to be expended, capitalized and appreciated in the same year. The present bill required they make an application for a deduction and that is an unnecessary requirement. For income tax purposes a credit is provided and we have a form for that. The department would like to see it continued because it provides an audit tool and information necessary to establish the amount of the credit. (Exhibit #6)

When the tax return has been filed the department considers both the application and documentation of the amount of credit. During the past two years 1,700 persons used this form. They have been granted credits totalling \$94,000 for 1987 and \$119,000 for 1986. The department recognized that the form requirement is unnecessary.

John Northey, Legislative Auditors Office, stated this bill was the result of an audit recommendation. It does not change the energy conservation deduction for corporations. There is a technical problem with the bill as drafted because it would eliminate the credit for individuals. Mr. Northey recommended to the committee that an amendment be drafted to clarify that nothing will be changed relating to individual credits.

Jeff Miller and John Northey are technical advisors and they were neither proponents nor opponents to the bill.

Questions From Committee Members: None

Closing by Sponsor: Senator Keating stated that executive action will be postponed until the agreed upon amendment is completed.

DISPOSITION OF SB 243

Discussion: The hearing is closed on this bill.

HEARING ON SENATE BILL 223

Presentation and Opening Statement by Sponsor: Senator Keating, District #44, sponsored this bill dealing with the Major Facility Siting Act (MFSA). This bill deals

only with the building of a facility to convert coal to some other product for another use. The most common facility has been generation of electricity from coal. There are other proposals that are not active in the state. In other states, coal has been converted to natural gas of pipeline quality for industrial and domestic use. There have also been proposals for the conversion of coal to fertilizer and other useable products. The MFSA was passed back in the 70's to help prevent proliferation of electrical generation plants that burn coal. The MFSA has provisions that require the applicant to prove a need for the product to the state so that a utility which has a monopoly cannot over-produce electricity and charge back the facility to the consumer with a higher electrical rate. There is also a provision in the act that requires the applicant to prove to the department or board issuing the license for the plant that there is not an alternative product that would do the same job for the same amount of money or even at a competitive rate.

Senator Keating stated that with non-utilities and non-monopolies there is no reason for the government to be making the business decision concerning the need for the product. If a proposer of a facility has considered investing millions of dollars to build a plant and convert coal to something else, the need for their product in the competitive market place should be their decision because it is their risk. To prove to the department that there is a competitive product out there defeats the purpose of investment and competition. This bill would amend the Major Facility Siting Act to delete the proof of need for the product by a non-utility or a competitive private sector operator. It would also repeal the requirement of proof that there is no alternate product that would do the same job.

Senator Keating stated that the amendments do not reduce the effect of the act with regard to licensing plants that convert coal. There would still be environmental protections on the primary site that the operator has chosen for the facility.

Senator Keating added that the Montana Power project 89 was on the drafting board at the time the MFSA was enacted and Great Falls was selected as the site. There has not been any progress on it because the utility has not been able to demonstrate a need for the product.

Senator Keating noted a technical error in the way the

bill was drafted on page 6, lines 22 through 25 that would give co-generators and the REA's an unfair advantage because they are not controlled by the Public Service Commission. They would also generate electricity and under the law, the Montana Power or the utility would be required to buy that electricity. The way the bill was drafted those parties would not have to prove a need for a product that would be used in a monopoly situation.

Senator Keating concluded his opening testimony by urging consideration to this measure from the standpoint of economic development and industrial development to provide the jobs and convert raw materials to added value products. If the restrictions on investment are lessened, the environment is protected, the law is complied with, and it would be to Montana's benefit rather than detriment.

List of Testifying Proponents and What Group they Represent:

James Mockler, Montana Coal Council
Art Wittich, Montana Power Company

List of Testifying Opponents and What Group They Represent:

Bob Dozier, Northern Plains Resource Council
Dave Darby, Dept. of Natural Resources & Conservation
Chris Kaufman, Mont. Environmental Information Center
Kim Wilson, Mont. Chapter of the Sierra Club

Testimony:

James Mockler, Montana Coal Council, supported the bill and agreed with the amendments offered. If the plant is not needed by a utility then the question of need should be removed from the act. It should be up to the investor that chooses to put hundreds of millions of dollars into a plant. They could satisfy themselves and their investors whether or not that product is needed. The environmental concerns would not be affected because the MFSA is not an environmental act but a procedural act. They would have to go through all the procedural steps that are called for in the MFSA except to leave the word "need" out of the process.

Mr. Mockler stated 350 million dollars will be available to people of the United States for research and development of clean coal technology. This is a very broad federal program and normally done with matching funds. A company could come in with a small pilot project and demonstrate the facility. A message could

be sent to those people and encourage them to come in and do some research on our coal. If that research proved to be successful and they want to build a large pilot plant, we would be agreeable to that in Montana whether or not Montana needed the product. The investors could be convinced that the product would sell, whether it is fertilizer, diesel fuel, converted pipeline quality gas, or gasoline that could be made from coal. They would be encouraged to start looking at this state again.

Mr. Mockler stated that another plant is not going to completely destroy our environment. A new plant would be great for the tax base. When talking about taxes and putting people to work, Colstrip has been a very successful project. Mr. Mockler would not object to taking the utilities out too because they have to show the Public Service Commission need or it doesn't go into their rate base. He didn't know why these companies should have to be second guessed by the DNRC.

Art Wittich, Montana Power Company, said it seemed appropriate with the cold weather to talk about the need of Colstrip unit 1 through 4. He supported the bill with the amendments.

Bob Dozier, Northern Plains Resource Council opposed the bill. (Exhibit #3)

Dave Darby, Department of Natural Resources and Conservation, stated the DNRC is opposed to SB 223 as written. The department does not take a position on the substantive issue of need. The issue is with the clarity of the bill. The department has tried to ascertain exactly what facilities would or would not be included under that language. It appears that co-ops, qualifying facilities, and interstate pipelines would be excluded from the significance of need requirement. It was a little unclear exactly what would or would not be covered under the federal regulations. The department hopes the language will be somewhat more definitive and more explicit than the language in the current bill. Mr. Darby added that Mr. Van Jamison, administrator of the energy division, and Mr. Al Davis, the energy planning bureau chief, are here to answer any technical questions.

Chris Kaufman, Montana Environmental Information Center, registered strong opposition to this attack on NFSA one of the most important environmental laws on Montana's books. The MFSa protects Montanans from potential

adverse effects of building and operating major energy facilities. This bill would allow any private consortium on the open market to build any size facility without having to demonstrate the need for that facility. They may sell all or part of that energy to a public facility. The bill may make it possible that a public utility might form a private corporation specifically for that purpose. It has been argued that the public should not interfere or be concerned about the business of private companies, that the market place will determine the wisdom of these decisions and that financial risk is sufficient to insure the viability of such a project. A community could spend a lot of public money gearing up for such major boosts in their local communities. They could build road, sewer lines, schools, and other infrastructures for the increased population. Public resources are often committed to these facilities in the form of federal price supports or loan guarantees and often projects are not viable without those kinds of subsidies. If such projects would be abandoned because of a poor decision, then the community suffers a tremendous economic upheaval. The siting of these major facilities must be viewed as a partnership between private and public sectors.

Ms. Kaufman stated that another problem with the bill is that it defines utilities as only those which furnish energy outside the state of Montana.

Ms. Kaufman also questioned the wording where utility is redefined. The original wording read any person engaged in the production, storage, sale, delivery or furnishing of power. The current language just talks about furnishing. The building of major energy facilities does put the public at risk and this bill destroys half of the formula for evaluating that risk.

Kim Wilson, Sierra Club, opposes this bill. Mr. Wilson thought the MFSA which was passed in the 70's ensures that there is a need for the facilities being constructed and that the environmental effects are minimized. Mr. Wilson disagrees with both the sponsor and the representative of the industry that a determination of need is merely a financial one. It has been proven time and again in Montana that there are potential impacts on communities where large extractions of resource industries move in and then move out. He felt it is not just a business question alone whether it is going to be worthwhile for one of these facilities to move into an area.

Questions From Committee Members: Senator Van Valkenburg questioned Senator Keating about the basic premise of his argument that need is really a business decision and the marketplace will decide basically whether or not a facility should be built. He asked two questions. One is about what happened in the State of Washington when the WHOOPS facilities were built and the fiasco that resulted. How would that play out in Montana if the bill were changed as it is proposed to be changed? Second, he asked whether utilities shouldn't have to go through the need process as suggested by Mr. Mockler. Senator Van Valkenburg then commented by that need should be more clear than just the business decision of private investors deciding that there is a need. It is the adverse impacts that occur on a community that are justified by the overall need of Montana citizens.

Senator Keating states that he is not an expert on the WHOOPS situation but there were several investors in Billings who lost money in the bonds that they bought to support the building of those facilities. The Bonneville Power Administration had developed a study showing this growing need for electricity and wanted to build nuclear plants for generation of electricity. Securities and bonds were sold and plants designed and everybody got into the business of building nuclear plants to produce of electricity that was going to be needed. The building of those plants took several years because of all the environmental licenses that were required. The Bonneville Power Administration restudied the situation and decided there wasn't as much need for electricity. The nuclear plants were considered to be nuclear bombs and there was going to be tremendous destruction or waste that couldn't be disposed. So that whole program as a business for the return of profit on the investment began to lose its luster. All of a sudden panic set in, projects abandoned, people lost their investment and the whole thing went belly-up.

Senator Keating submitted that Montana put the brakes on panic-building in regard to use of coal. He had some reservations about having ten or twelve coal burning plants in the state because he has seen Utah and Arizona and he was a little nervous about it. Senator Keating sees the need for the development of coal reserves for use in products other than the generation of electricity. The need for coal products is determined by the investor who thinks that he can sell a product in the marketplace. The consumer is the one who determines the need for the product.

Senator Van Valkenburg said assume that the seller says, "Well, I can sell this in the marketplace." There are business people who misread the marketplace.

Senator Keating agreed.

Senator VanValkenburg said that if the seller misreads the marketplace but comes in and has this tremendous impact on a community, the community can come up short.

Senator Keating stated that hasn't happened. Colstrip 3 and 4 were said not to be needed and there would be devastation, but the Board of Natural Resources said they were needed. The Colstrip community is busy and they are benefitting from it. There has been more devastation because of the abandonment of countryside by agriculture than there has been by mining and development of natural resources. Butte has made a resurgence by getting back into the mining business. Moreover, the government can't insulate the population against adversity.

Senator Keating contended that public and private partnership is mutually exclusive because the public sector has the force of law and they can impose their will on the private sector. A partnership does not exist when one is not equal to the other. The bill proposed to relax of the MFSA to permit possible investment and development. The plants would not be so large or so great that there would be a harsh economic impact on the community if a bad investment decision was made. Sound business decisions, whether they fail or not, should take into account the potential for economic failure and risk but the opportunity should not be denied those people who want to take the risk.

Senator Eck stated that in some situations the company is not risking its own money, but is risking federal money. There have been big federal incentives to go ahead and build something that private industry probably would never have decided on its own. She wondered if those projects where the federal investment and subsidy are a good part of the stimuli should be excluded.

Senator Keating opposes federal subsidies to any kind of energy project. Senator Keating opposes the expenditure of the windfall profits tax for the development of coal shale and gasifications.

Senator Keating noted that Mr. Mockler mentioned that there

was federal money available for coal enhancement.

Mr. Mockler answered that if the federal government wants to develop a project in Montana it will do so without MFSA because it will not have to comply unless it chooses to do so. He stated there was some development money for small projects. The federal money would be seed money to encourage research.

Senator Eck stated that years ago in a similar bill one of the provisions that was not agreeable to the sponsors was a synthetic fuels plant in eastern Montana. The sponsors admitted that a big input of federal money would be necessary. The state and particularly the local government need protection because they are the ones that have the most to lose.

Senator Story stated he carried this bill ten years ago before Montana lost substantial population. The certificate of need requirement is why nothing has been built since the provision went in and nothing ever will be built. Some people want Montana to be the "big open" and this is the way to do it. The time has come for the state to have a little employment, to have a chance, even if it fails. This provision should be taken out. Senator Story added that any product that isn't price regulated by government where need exists has a price at which it will be used and another price at which it won't be used.

Closing by sponsor:

Senator Keating asked about the contribution that the opponents of this bill have made to the economy and he submits they have made none. He noted that legislators have an opportunity to represent all the people by amending this law that was enacted years ago, to allow investment and opportunity to come to Montana. There is still enough control within the law that the certificates of licensure will protect the environment and the delays will be such that the public will be able to know pretty well whether this is an opportunity or too big a risk.

That concludes the hearing on SB223.

EXECUTIVE ACTION

Senator Keating stated that executive action would be taken on SB211 as amended. (Exhibit #6) He wanted to take up the body of the bill first and discuss the merits before the amendment is decided upon.

Senator VanValkenburg talked with Senator Pinsoneault about the bill and it was his expectation that the committee would not take action until February 13, 1989. Senator Pinsoneault will have another amendment to the bill at that time.

Senator Keating decided not to take executive action on the bill at this time.

Senator Keating said that SB226 was to be considered but there would be more testimony coming and action on the bill was postponed.

Senator Keating said SB 243 which was heard today, has to be addressed for clarification.

Senator Keating stated SB 223 was an aggressive measure and maybe committee members would rather ponder for a day or two on that bill before executive action is taken.

ADJOURNMENT

Adjournment At: 2:10 pm


THOMAS F. KEATING Chairman

TFK/hmc

senmin.203

ROLL CALL

NATURAL RESOURCES COMMITTEE

50th LEGISLATIVE SESSION -- 1989

Date 2-3-89

NAME	PRESENT	ABSENT	EXCUSED
Chairman Tom Keating	✓		
Vice-Chairman Larry Tveit	✓		
Senator Fred VanValkenburg	✓		
Senator Loren Jenkins	✓		
Senator Darryl Meyer	✓		
Senator Lawrence Stimatz	✓		
Senator Pete Story	✓		
Senator Bill Yellowtail	✓		
Senator Elmer Severson	✓		
Senator Cecil Weeding		✓	
Senator Dorothy Eck	✓		
Senator Jerry Noble	✓		

Each day attach to minutes.

SENATE BILL 223

- 1.) Page 6, line 25 and Page 7, lines 1-3
Strike: "furnishing energy within Montana from the proposed facility and subject to rate of return or rate regulation by the State of Montana or a federal regulatory body."
and Insert: "selling within Montana the energy produced from or transmitted through the proposed facility."

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

SENATE NATURAL RESOURCES

EXHIBIT NO. 2
DATE 2-3-89
BILL NO. 243 223
PS/02



STAN STEPHENS, GOVERNOR

STATE OF MONTANA

DIRECTOR'S OFFICE (406) 444-6699
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HELENA, MONTANA 59620-2301

SENATE BILL 223
DNRC Staff Analysis

The Major Facility Siting Act defines utility as "any person engaged in any aspect of the production, storage sale, delivery, or furnishing of heat, electricity, gas, hydrocarbon products, or energy in any form for ultimate public use." All facilities that could be constructed under the Siting Act are required to have a finding of the basis of need by the Board of Natural Resources and Conservation (Board). Considerations of need, public need and public convenience and necessity only apply to utility facilities. However, with utility defined as it is, the definition covers almost any facility that would be covered under the Siting Act.

This bill changes the definition of utility to "any facility furnishing energy within Montana from the proposed facility and subject to rate of return or rate regulation by the state of Montana or a federal regulatory body." The problem with the bill as written is that it is unclear as to who becomes a utility under the new definition and that the same facility built by different types of applicants may have different treatment under the Siting Act.

The State only regulates investor owned utilities, which in this case is largely Montana Power Company, Pacific Power and Light, Montana Dakota Utilities, and Great Falls Gas. Rural electric cooperatives are not regulated by the state.

The issue of federal regulation for rates or rate of return is where the confusion begins. The Federal Energy Regulatory Commission (FERC) regulates all wholesale electric power transactions, both inter and intrastate. The reason being that any transaction feeding into an AC transmission grid is considered interstate. The two exceptions are transactions from Qualifying Facilities (QF's) built under the provisions of the Public Utility Regulatory Policy Act (PURPA) and transactions made by co-ops and municipalities. Nobody regulates the QF transactions, so under this bill facilities built by QF

Ex. #2

2-3-89

Pg 2 of 2

sponsors would be exempted from the need determination, even though PURPA requires the investor owned utility to buy the output of the facility. The same facility, however, built by the investor owned utility would be covered by the need finding.

The uncertainty in sorting out this definition is facilities built by cooperatives. Our discussions with attorneys at the National Rural Electric Cooperative Association could not answer the question for us. The reason is that co-ops depend on financing from the Rural Electrification Administration (REA) to construct facilities. Since REA is, in effect, the lender, it wants to be certain that co-ops are able to repay the loans and therefore reviews the co-op rates to see that they are adequate to repay the loan. The question is whether this is rate or rate of return regulation? The other question is whether REA is a federal regulatory body? The answer to each question will determine whether the co-ops are covered or not covered under the provisions of this bill. We cannot make a determination at this time.

The question of utility also comes into play with synthetic fuels plants and natural gas pipelines greater than 17 inches in diameter and more than 30 miles in length. Built by investor owned utilities in Montana, to serve loads in Montana, these facilities would be covered by the need determination requirement. These same facilities built to serve loads in Montana, but by other types of companies would not be covered by this requirement. If the facilities are built to serve loads outside Montana, they are considered interstate facilities and the sale or transportation of their product is regulated by FERC, which would place them under the need finding requirement. The question then becomes the definition of "furnishing energy within Montana." If this means only serving loads in Montana, then facilities built for sale outside Montana would not be covered by the need finding requirement. If it means just being built and producing energy in Montana, regardless of the place of sale, then these types of facilities built for sale outside Montana would be covered by the need finding requirement, regardless of the sponsor's type of company.

WITNESS STATEMENT
SENATE NATURAL RESOURCES

NAME: Robert Dozier EXHIBIT NO. 3
DATE 2-3-89 DATE: 2/3/89

ADDRESS: Box 858 - Helena BILL NO. SB 223 59624

PHONE: 442-9216

REPRESENTING WHOM? Northern Plains Resource Council

APPEARING ON WHICH PROPOSAL: SB-223

DO YOU: SUPPORT? _____ AMEND? _____ OPPOSE? X

COMMENTS: See Exhibit 4

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Ex. # 4
2-3-89
SB 223

NORTHERN PLAINS RESOURCE COUNCIL

Field Office
Box 858
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(406) 443-4965

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Senate Bill 223 - TO AMEND THE SITING ACT

This bill amends the Major Facilities Siting Act to eliminate the requirement to demonstrate need for certain types of facilities. The most obvious facility exempted under the proposed amendments are synthetic fuels plants.

The definition of "Utility" drops the following modifying phrase: engaged in any aspect of the production, storage, furnishing of heat, electricity, gas, hydrocarbon products, or energy in any form for ultimate public use.

The following modifying phrase is added to the "Utility" definition: furnishing energy within Montana from the proposed facility and subject to rate of return regulation by the state of Montana or a federal regulatory body.

Initially, I would guess the following types of facilities previously covered by the needs requirement would no longer be covered:

- * synthetic natural gas plant like Beulah (furnishing energy out of state);
- * coal to liquid hydrocarbon fuel like Circle West proposal (not subject to any rate of return regulation);
- * coal to liquid fuel (not subject to rate of return regulation);
- * co-op coal-fired power plant (not subject to rate of return regulation);
- * any power plant, pipeline or powerline for out-of-state markets (furnishing energy within Montana)

There would be two types of Certificates issued by the Board of Natural Resources and Conservation:

- 1) For Utilities: Certificate of Environmental Compatibility and Public Need.
- 2) For Nonutilities: Certificate of Environmental Compatibility

Sections 4, 5, 6, 7, 8, and 9 of the bill explicitly exempt applicants (as defined above) from any requirements to show need in the application or long-range planning process. Moreover, the Board and Department are no longer able to consider or look at need in considering such a proposed facility.

SENATE NATURAL RESOURCES

EXHIBIT NO. 4

DATE 2-3-89

BILL NO. 4583 223

Section 5 specifically prohibits the BNRC from looking at alternative technologies capable of meeting the need for the facility. In the past, this was considered an important issue relative to determining the whether environmental costs associated with the plant are balanced by societal/public necessity. In recent history the need question has become an important issue in assessing the economic viability of the project to protect local and state governments, as well as small businesses and individuals in the community, from incurring massive debts in response to what might turn into a white elephant.

Examples of what this might mean:

* The oil-shale industry in Colorado went belly-up, leaving local and state governments and Main Street businesses holding the bag for enormous costs incurred in an effort to scale up to meet the need for services in the "boomtowns". Under SB 223, firms could decide to build an electric power plant(s) complex in the coalfields of eastern Montana to serve markets on the West Coast (or the Midwest), and the state of Montana would have no authority to assess the viability of those markets and/or the need for the proposed facility relative to the environmental costs of the plant(s).

* Fergus Electric, which is contemplating a coal-fired plant in the Bull Mountains north of Billings, may be able to build it without any need analysis or a certificate of public need, because it is not subject to Montana or federal rate-of-return regulation, unless it wholesales the power to other co-ops or utilities.

* Any synfuels plant similar to Beulah or the proposed Circle West complex would likely be exempt from the certificate of public need requirement and any scrutiny of need or economic viability.

Amendments to Senate Bill No. 211
First Reading Copy

1. Title, line 8

Following: "IMMEDIATE"

Insert: "APPLICABILITY DATE AND"

2. Page 6.

Following: line 5

Insert: "NEW SECTION. Section 6. Applicability. [This act] applies to any opencut mine operated for the extraction of common varieties of sand and gravel for which a new contract or amended contract is entered into on or after [the effective date of this act]."

ENERGY CONSERVATION CREDIT—GENERAL INSTRUCTIONS

A direct credit against tax liability is allowed for a portion of the cost of an investment in a building for energy conservation purposes. An investment for energy conservation purposes means the installed cost of materials and equipment which reduce the waste or dissipation of energy or reduce the amount of energy required to accomplish a given amount of work. The term "building" includes single or multiple dwellings (including mobile homes) and buildings used for commercial, industrial or agricultural purposes, enclosed with walls and a roof. In the case of a building under construction, no deduction is allowable with respect to the cost of materials and equipment installed for energy conservation purposes if compliance with established standards of construction necessitates the installation. However, when energy conservation materials and equipment exceeding established standards of construction are installed, the additional cost qualifies for the credit.

The energy conservation credit is allowed only for the year the installation is placed in service and is allowable only with respect to buildings located in Montana.

The Department of Revenue has determined that the following investments qualify for the credit.

- (a) Insulation in **existing** buildings of floors, walls, ceilings and roofs.
- (b) Insulation in **new** buildings of floors, walls, ceilings and roofs to the extent it produces an insulating factor in excess of established standards of construction.
- (c) Insulation of pipes and ducts located in non-heated areas and of hot water heaters and tanks.
- (d) Special insulating siding with a certified insulating factor substantially in excess of that of normal siding.
- (e) Storm windows, storm doors (except with a wood entry door), and triple glazed windows (in existing buildings).
- (f) Insulated exterior doors.
- (g) Caulking and weatherstripping.
- (h) Devices which limit the flow of hot water from shower heads and lavatories.
- (i) Waste heat recovery devices.
- (j) Glass fireplace doors.
- (k) Exhaust fans used to reduce air conditioning requirements.
- (l) Replacement of incandescent light fixtures with light fixtures of a more efficient type.
- (m) Lighting controls with cut-off switches to permit selective use of lights.
- (n) Clock regulated thermostats.

The above list is not to be considered an exhaustive list of qualifying investments.

The energy conservation credit is allowed as a percentage of the installed cost of the materials and equipment.

