

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By CHAIR JAN BROWN, on February 12, 1991, at 8:04 a.m.

ROLL CALL

Members Present:

Jan Brown, Chair (D)
Vicki Cocchiarella, Vice-Chair (D)
Beverly Barnhart (D)
Gary Beck (D)
Ernest Bergsagel (R)
Fred "Fritz" Daily (D)
Ervin Davis (D)
Jane DeBruycker (D)
Gary Feland (R)
Gary Forrester (D)
Patrick Galvin (D)
Harriet Hayne (R)
Betty Lou Kasten (R)
John Phillips (R)
Richard Simpkins (R)
Jim Southworth (D)
Wilbur Spring (R)
Carolyn Squires (D)

Members Excused: Roger DeBruycker (R)

Staff Present: Sheri Heffelfinger, Legislative Council
Judy Burggraff, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Announcements/Discussion: REP. COCCHIARELLA was thanked for the cinnamon rolls she brought for the Committee.

HEARING ON HB 324

Presentation and Opening Statement by Sponsor:

REP. TIM DOWELL, House District 5, Kalispell, introduced HB 324 to provide compensation to intervenors in public service commission proceedings. He said HB 324 is primarily about consumers and accountability. Consumers control everything they buy by deciding whether they wish to spend their money or not

spend it. "But utilities are an entirely different matter." We have to buy that (service) and make that payment or we have no service. Low income people, senior citizens and people on fixed incomes are especially hit hard when utility prices go up. When you are on a fixed income, every price increase takes a larger and larger chunk of your income. In Montana when utility prices go up, we do have some choice as we have a Public Service Commission (PSC), and the Montana Consumer Council (MCC), both of which do a fine job in looking out for the public's welfare. There are still areas that are not being covered. One area not covered is rate design. When utility rates are raised, they are designed so some consumers have their rate designs raised more and some less than others. There is no effective mechanism for a consumer, or group of consumers, to argue their case against other consumers. HB 324 provides a process so consumers can enter into the rate-decision process to affect the outcome. If they are able to affect the decision in a meaningful way, they are able to make some money. This will not make the utilities happy. The concern with the bill is that many people will want to come in and get a "piece of the pie." Rep. Dowell distributed amendments to address that problem. EXHIBIT 1 He explained the amendments: No. 1 strikes "APPROPRIATING" from the title because leaving the appropriation in for intervenor compensation would make the bill difficult to pass. No. 2 would require that any intervenor, in order to receive compensation, must show that they have saved twice the amount that they are asking for in consumer savings. If they do not achieve this, they are not eligible for an award. No. 3 deals with amendment No. 2. No. 4 strikes the appropriation section and renumbers sections.

Proponents' Testimony:

Bob Anderson, member, PSC, Dist. 3, which includes 8 counties in central Montana and Helena and Great Falls, gave a brief explanation of the PSC and the MCC and what they do by saying: The PSC was established in all states around 1900 because of the natural monopolies that exist in the utilities. These monopolies exist because it didn't make sense for society to invest in duplicate systems to deliver those services that are vital to the well being of society. Society made a deal with the utilities, which is known as a Regulatory Pact, that monopolies can continue as such and have protected territories. In exchange the government (PSC) would regulate the quality of their services. The monopolies would be burdened with an obligation to provide society with those services. This has worked well over the years, and the utilities have grown in importance. Regulated utilities in Montana collect over \$.5 billion each year. The duty of the PSC is two fold. 1) to keep the utilities in a healthy, financial condition. They must be healthy enough to attract investment capital so they can provide those services in a high-quality way. 2) to keep the rates as low as possible. This is a difficult balancing act. The PSC balances its decisions by holding a hearing for a rate case when the utility wants an increase. The rate case consists of two phases: 1) a

revenue requirement phase where the utility "makes its case" for the amount of money it needs to meet its operating expenses and obtain a reasonable rate of return for the shareholders. 2) a rate design phase where it is decided who pays the money to the utility to meet its expenses. Different classes of customers have different interests. There are at least 6 classes of customers. Decisions are based on a record. The record is built by all parties presenting testimony, cross examining each other and presenting all information possible on the revenue requirements and the rate design. It is a quasi-judicial proceeding where, by law, a record is built based on evidence of the facts and opinions presented in the record. For the PSC to discharge their duties under the law, they must have as "robust" as possible a record. All parties that are affected by a decision must have the opportunity to present their cases. It is a difficult, time-consuming and expensive process to come before the PSC and present all the technical matters in law, engineering, accounting and economics. That is why there is a problem with equity in the decisions that are made. The Montana Constitution addressed that equity when it established the MCC. The MCC is charged with the responsibility of providing for the consumers' interest before the PSC. MCC does an "outstanding job" of providing for their interests especially when it comes to the revenue requirements, expertise and the commitment when presenting the aspects of a case. The MCC cannot possibly represent the interests of all of the consumers because those consumers have interests that are adverse to each other. The industrial customer's interests would be different from those of the residential customer. Many of the large industrial customers can take care of themselves. MCC tends to emphasize the interests of the residential consumers. All consumers are not adequately represented in a rate case, such as the small commercial customers. The poor people and those on fixed incomes, in particular, do not always get adequate representation in the rate design aspect of the case. HB 324 would allow any class of customers to present its case before the PSC. The effects of HB 324 would be: 1) the utilities would do a better job of presenting their cases because they don't want any other parties in a rate case. They will "sharpen their pencils" before they bring in a rate case. 2) the PSC would develop a more robust record and the decision by the PSC would be a more socially equitable distribution of the rates. Mr. Anderson supports HB 324 even though: 1) the amendment regarding the intervenors puts so much of a burden on the prospective intervenors that it will have a dampening effect. 2) Sect. 7 is unduly prescriptive and should be struck and done under a rule-making situation as it has the effect of cluttering the code.

Leon Stalcup, Missoula, Chairman, Board of Directors, Human Resource Council (HRC), serving Mineral and Missoula counties, said HRC has taken a keen interest in regulated utility rate cases since 1977. They have been official intervenors on several occasions and are acting as such at this time. In 1979 the Public Utility Regulatory Policy Act (PURPA) allowed intervenor

groups to be reimbursed and set standards that must be met before those intervenors could be reimbursed. HB 324 would set into law those standards and make a substantial contribution to the rate case. It would also give the PSC the authority to determine if an intervenor has met the substantial contribution standard. The MCC does a good job of looking at the rate of return for the utility companies, but because of the wide-range in classes of consumers and the fact that a rate differential of one-tenth of a cent can mean tens of millions of dollars between the classes of consumers -- someone must represent those various classes. HRC represents the residential consumer. In two occasions in the early 1980's, under PURPA, the PSC determined that HRC had met the substantial contribution benchmark and ordered the utility to pay a portion of the costs. The utility companies will tell you that they were spending millions of dollars of the consumers' money in setting fair rates, and the consumer cannot afford rate-setting costs. The HRC agrees that the utilities are spending millions of dollars of the consumers' money to increase their rate of return. HRC asked the Committee to determine that small consumers and residential rate payers be given the help and protection within the rate setting process.

Bob Rowe, Missoula, lawyer, said he spends a lot of his time representing low-income and senior citizen groups, the elderly, disabled and Dist. 11 Human Resource Council. HB 324 is important for the following reasons: 1) it will encourage responsible involvement on behalf of residential rate payers in rate cases; 2) it will encourage a long-term presence with continuity to match the continuity the presence of the large industrial intervenors are able to make; 2) It will enable participation where residential customers are not able to participate; 3) it will give the technical expertise necessary at the various satellite hearings. The residential customers are at a particular disadvantage in this type of case because they are complex cases that go on for months and they have no means to band together and pool their resources to present a unified case. Even if they were able to do that, they would not be able to take a tax deduction for business expense. The MCC staff is limited as to their staff and budgets, and they have to select the issues in a case that they will address. Generally other intervenors take a position that is not already covered by other participants in the case as parties normally work together. The bill will not encourage frivolous intervention as intervenors are required to bear their own expenses "up front." An intervenor must be willing to commit a year or more worth of resources. They must show a substantial contribution to the case in order to be awarded fees at the end. The PSC will be the final arbitrator of costs. He said he discussed a similar, but less restrictive, California intervenor funding mechanism with a former member of the California Commission staff. He was told the effect of the intervenor provision was that the number of intervenors did not mushroom, even in a state as large, diverse and argumentative as California. The number of regular intervenors was only around three or four. The quality of the California intervenors has

improved substantially, and the California commission retains very tight control of fee approval. The law did make possible the intervention in cases in which participation would not have otherwise occurred.

Chester Kinsey, Helena, irrigator, said he has been involved in low income rate cases that involve other people, and now he is interested in the irrigation case. "Everyone here has been pretty gentle with the MCC which let pass a situation in the irrigation field which made my rate classification go up 30 percent. When I talk to (MCC) they are not at all concerned with that." This is a tremendous raise for farmers in his type and size of operation as the income is just not there to pay for these increases. The power company can always have all types of experts on a full-time payroll, and (the small irrigators) have to go out and raise \$55 to \$60 thousand to try to protect themselves from "undue" rate raises. This bill would give these consumers some kind of protection so they don't have to reach in their pockets so far for each rate case, which comes up often.

Larry Dominick, Human Resource Development Council (HRDC), District 10, Executive Director, Northwest Montana, supported the prior testimony and stated that from a local perspective, when working to advocate the needs of low-income populations and different consumer groups, it is very difficult and expensive to put together the kind of testimony that is credible for the PSC record. The HRDC has been involved in supporting rate-case intervention activity over the last 10 to 12 years and have found it a very demanding task. He wants all groups adequately represented and urged support of the bill.

Clyde Jarvis, Helena, spoke in favor of the bill as a former Commissioner of District 3, where he served for 11.5 years. He said he is "fully aware of the need for this particular legislation. It has long been the policy of our great state to encourage participation in the proceedings before the Commission. Financially, this has been impossible for some of the consuming public as they have limited financial means. To be truly effective in appearing before the PSC, intervenors should be represented by legal counsel and have expert witnesses to present their case. Such requirements immediately rule out a lot of intervenor testimony." He complimented the MCC for its past work. "It is the responsibility of the PSC to represent not only the residential but the commercial and industrial sectors. It is physically and financially impossible for the (MCC) to represent such a wide range of consumers' interests. Much intervenor testimony is never presented to the PSC."

Clyde Dailey, Montana Senior Citizens' Association, said there was little he could add to what had already been said except that the MCC does not represent the human side of the issue. In a technical hearing, most of the data is depreciation and number crunching. The human side isn't heard. There are only a few groups that have been able to afford to be part of the process.

"If you really want to see a grass-roots representation in a technical hearing, this is the way to do it. . . . This is also a question of turf. The MCC views this as a turf issue. They don't want to see, to some degree, any other players in this. I think this is very wrong. . . . This may be glossed over here today, but I think it is very much a part of the game. This is not going to break the bank. . . . You may hear it will add to the rate base, and it is going to be too expensive, there are a lot of slick people in this room who make a lot of money doing this every day. So whatever you hear from the proponents' side, is not going to be as smooth as from (the opponents)."

Marcia Dias, Montana Low Income Coalition, said that low-income people feel frustrated when things in their life and society are out of control. One area they feel most frustrated with is utilities. "I don't know if anybody here knows the frustration of having their power shut off when they are barely making it and have the last bit of food in their refrigerator spoil. . . . It is important for the small voices in our society to be able to feel that we play in a democracy and . . . in decision making. When we need experts and attorneys to represent us, we are not able to afford this. If we don't have this, we feel we do not have control in our society. This is the foundation of democracy . . . that everybody feels that they have input."

Marguerite Burns, Common Cause/Montana, presented written testimony. EXHIBIT 2

Kristin Page, MontPIRG, a Montana public research group, said, "A common theme we have heard today is that there is a class of people that are not represented. One example MontPIRG has been affiliated with was in 1984 when they tried to intervene and represent students in a telephone transfer rate increase. This transfer rate has had a definite negative affect on students. We all know how much (they) move around . . . these voices were not heard." She reiterated how difficult and expensive intervening is.

Dennis Olson, Northern Plains Resource Council (NPRC), said NPRC has intervened on two rate cases and represented the people who are on the front lines -- the coal development in Montana, who have to deal with the water problems and the socioeconomic power problem associated with that. "We view the PSC in a rate case as a final chance of arguing our point as to whether agricultural economy or an industrial economy is to weigh the balance of the scales between those two. . . . In the last rate case, we addressed the portion of the rate case that was to allow Montana Power to charge for the Colstrip 3 power plant. That represented \$16 million of their \$28 million proposed rate increase. . . . We spent upwards of tens of thousands of dollars to fight that case over a period of two years. That was not a frivolous effort on our part. . . . We went into debt to pay off the expert witnesses. Without this kind of legislation, the next time (a rate case comes up) it is not assured we will have the generous

people . . . who let us carry a debt for two years." He urged passage of the bill.

Jim Jensen, Montana Environmental Information Center, said we support "this bill for a lot of reasons you haven't heard and won't have a chance to hear today. You'll probably hear them next session."

Marcia Schreder, co-chair, Montana Low Income Coalition, president, Montanans for Social Justice, said we represent the low income people of Montana. She is low income. "If you exclude those people that it hurts the most in a rate case, you are not hearing the whole story." Low income people get involved "on a limited basis" by satellite hearings in front of the PSC. There is only so much they can do at that level. If they are excluded because they "cannot afford to play the game," there no longer can be government for the people and by the people.

Opponents' Testimony:

John Alke, attorney, Helena, Montana Dakota Utility (MDU), said the bill is unnecessary and unwise. This identical bill was introduced in the 1989 Legislature and heard by the Committee and rejected. Nothing has changed in the intervening two years. The Legislature controls the MCC. The MCC answers only to the Legislature. The Legislature also controls the budget for the MCC. The budget is taxed to the utilities. "Montana is unique in that there is a new progressive pro-consumer force. The staff of the PSC. I know of no other Commission in the U.S. where the staff that recommends and writes the orders for the (PSC) is as actively involved in advocating consumer interests as is (PSC staff)". . . . There is a perfect community of interest between the MCC and all other consumers in the first part of the rate case (where) the development of the revenue requirements (occurs). To the extent that the MCC takes a big gouge out of one of my client's rate cases, that gouge (goes) to the benefit of every single customer in the state. The only time . . . there is not a perfect community of interest is the rate design side. . . . The one area (the MCC) will not involve itself in is when a consumer group asks effectively for a rate subsidy from the other consumer groups. He gave the following example of a rate case which lead to the invalidation of the intervenor compensation provisions that the PSC enacted in 1980: MDU filed for a rate case to put into the rates the costs of the Coyote generating station. It was the single largest rate increase MDU had requested. The MCC, the PSC and MDU 'hammered and tongued' the issue for over a year. A substantial disallowance resulted from the hearing that was awarded to all MDU customers. The rate increase the PSC had to authorize was about 35 percent, with the actual rate increase (being) much larger. In that same case, the Low-income Coalition in northeastern Montana requested the MCC to propose a lifeline rate structure and the abolition of customer charges, which would result in a shift of the cost of providing electrical service from the small residential user to the large

residential users. In MDU's case, the large residential users are people who heat their home electrically. Because of the rate design that was proposed by the low-income group and adopted by the PSC for people that heated their home electrically, the 35 percent increase in revenue needed by the MDU to recover its cost, became a 100 percent rate increase to the people who heated their homes electrically. There was a revolution in northeastern Montana, and the rate design was abolished. The bill is unworkable because of the nature of the political process. "If the (Committee) had the power to award compensation to anyone who appeared. . . . You might initially think that is a good idea. You would soon realize that is not a good idea because virtually every group that comes before you is your constituent . . . and you can't say no. That is exactly what happened in front of the PSC in the case that resulted in the rate design, the low-income group received a federal grant to fund their intervention. They also requested from the PSC, at the end of that proceeding, an award of attorneys' fees and costs. They requested in attorneys' fees more than MDU, itself, paid in attorneys' fees for the rate design portion of the case. They requested in their award their cost for having organizational meetings, for putting on slide shows at county fairs, for publishing their newsletter, for applying for the federal grant. They refused to credit the federal grant they received against the cost they incurred in their intervention. Literally, they would have made money, in the amount of the federal grant, if MDU had not said this is wrong and instituted litigation which resulted in the invalidation of the compensation provisions. There is a serious technical defect with the bill. It purports to incorporate the federal PURPA standards which require a one-time consideration of a list of mandatory rate-making standards. That consideration occurred 10 years ago. If the bill were enacted into law and said the PURPA standards were to be incorporated as part of the award process, there would be no awards as PURPA has run its course.

REP. JOE QUILICI, District 71, Butte, said that he has been a member of the MCC ever since its concept. "The MCC was mandated by Article 13, Sect. 2, Montana Constitution. Those people who drafted that Constitution knew what they were about when they did this because they said the MCC shall represent consumers' interests before the PSC and other successor agencies. . . . The MCC has been doing a good job so why . . . pass this bill." He distributed a list of the cases in which the MCC has participated from 1989 - 1990. **EXHIBIT 3** The MCC has saved the rate payers millions of dollars over the years. "They say (MCC) can't take care of all classes of customers. It is tough to take care of all classes of customers, but we're mandated by the Constitution to take care of all classes of customers. But naturally we will have an emphasis on taking care of the residential rate payer because (they) cannot take care of themselves. (MCC) has taken care of them . . . real well. . . . (MCC) has intervened on two or three cases involving irrigators. But you have to remember you are talking about a class of customer. There are two things

. . . you look at. Revenue requirements and rate design. . . . (MCC) testified at the federal building in behalf of the small irrigators because they were small and didn't have the finances to hire expert witnesses themselves. But how about the other class of irrigator, the Mr. Turners and the Japanese who just bought big ranches down in Dillon. Are we supposed to pay for them? Are we supposed to go before the courts . . . to speak on their behalf when they could probably buy and sell this state. These are some of the problems with this bill. . . . Unless the case really involves a lot of money in the docket, we usually don't hire expert witnesses. Expert witnesses come very high, usually about \$80 to \$110 an hour such as Wilson and Associates. The reason the MCC hires these witnesses is because the MCC has never been overturned in court. If the MCC thinks that the PSC has given too high an award, the MCC can take the PSC to court, which they have. There was no testimony given today that said the MCC was not doing their job. "The bottom line is, is this really necessary to put another added burden on the rate payers . . . to pay for this bill when the job is being done. If it isn't broke(n), don't fix it. There are a lot of people that want to intervene on various rate cases. Sometimes that intervention will hurt . . . more than it will help." He said that intervenor costs paid for by the utility are one of the easiest costs to track and they are just put back on the rate payer.

Gene Phillips, Kalispell, Pacific Power & Light Company and Electric Utility (PP&L), serving in northwestern Montana, and Northwestern Telephone System, said this legislation is unnecessary as it will increase costs two ways to the rate payers. It will increase the cost to the utility as they will have to pay for the cost of the intervenors and it will increase the cost of the rate case itself due to the additional burden when responding to the additional data request generated by intervenors. In the last general rate case that was concluded in 1988, which resulted in substantial rate-design changes, the Natural Resources Defense Counsel from San Francisco participated in this case on behalf of consumers. As a result of the stipulation entered by them, there were declining block rates for electric residential consumers. The rate case since that resulted in a rate reduction. Pursuant to PSC order, there is an ongoing case which was filed last fall to see if a further reduction was merited as a result of the merger benefits from the 1989 merger with Utah Power and Light. The utility is trying to avoid any rate increases. They are trying to maintain them at a level rate or reduce them further. HB 324 will have a tendency to drive rates up.

Pat Parker, Director of Rates, Montana Power, he said the merits of the bill are "very questionable and unsupported." The many issues included in rate cases before the PSC have consistently received full and adequate coverage without HB 324. The MCC should weigh very heavily in any decision regarding the funding of rate-case participation. He agreed with many comments from other opponents. He pointed out that the PSC also has an open-

door policy for all consumers, including direct contact to all Commissioners and their staff and the opportunity to provide testimony at formal hearings in Helena and at satellite hearings throughout the state. Montana Power rate payers currently contribute approximately \$1 million to the funding of both PSC and MCC. History shows that other intervenor groups have been consistently involved in the rate-making process without such a bill. These groups include residential subgroups -- with at least two groups for low-income customers -- such as irrigators, industries, municipalities and other state agencies as the Department of Natural Resources and Conservation and Social and Rehabilitation Services. These groups have and are capable of providing the necessary funding for their own rate-case participation without HB 324. In gas and electric rate cases Montana Power Company currently has before the PSC, there are about 20 consultants and 10 lawyers involved for intervenors. "If the open checkbook compensation called for in this bill becomes available, there will be no limit to the number of consultants and lawyers who may decide to participate . . . which will further add to the cost and complication of an already obligated and costly process . . . with little or no benefit to consumers. . . . We should not make the other rate payers pay for such additional costs. This is a standard objective in the rate-making process. It is called cost/causation. You make the rate payers, or the consumers, responsible for the cost. The current process properly assigns these costs to responsible individuals or consumer groups. . . . The current system works fine."

Barbara Ranf, U S West Communications (USWC), said USWC feels the bill is unnecessary and will add nothing to the regulatory process.

Questions From Committee Members:

REP. WILBUR SPRING asked if the intervenors and expert witnesses are all from within the state or if they are brought in from outside the state. Mr. Rowe said the utility will usually use its own staff but occasionally will bring in people from outside the state. The organization he works with use largely in-state experts. Dr. John Power, the chair of economics department at the University of Montana, who is considered one of the leading consumers advocates in the nation, is usually hired by District 11. REP. SPRING asked if in the event of a law suit, would the expert witness fees be paid by the utility which he is testifying against. Mr. Rowe said if he is testifying for the utility, the utility would pay the fee; if he is testifying for an industrial company, the industrial company would pay the fee.

REP. JIM SOUTHWORTH asked how many states have an intervenor bill. Mr. Rowe said he didn't know but Colorado, California and Idaho have these.

REP. RICHARD SIMPKINS said one of the PSC Commissioners said "socially equitable acceptability." He asked what he meant. Mr. Rowe said he was not sure of the context of the remark, but (Dist. 11 Human Resource Council's) position is that the PSC is quasi-judicial and has to make its decisions based on the record. If the record isn't there it can't do anything. It is important for the PSC to do what is right and consider equity factors. For example the industrial intervenors will often come in asking for an economic incentive rate discounts and others will come in opposing that or stretching a rate increase out over time. Equity has a role, but it must be based primarily on hard evidence. REP. SIMPKINS said some of his constituents who receive food stamps have totally electric homes. When a rate class of certain people is lowered it increases the rate class on others. Those with total electric homes were raised too high. "Do you really go out and see all of these people to see that you represent the people living in the outlying areas that have total electric dependence?" Mr. Rowe said he represents low-income people and he sees dozen of folks weekly who are affected by high utility rates. There are equity arguments. PSC cannot solve the problem alone, but they can play a role.

REP. BETTY LOU KASTEN asked how HB 324 will affect the utilities not under the PSC. REP. DOWELL said he did not think it would affect them. Cooperatives are federally controlled. REP. KASTEN said several years ago the PSC fostered a movement to allow anyone to put "stuffers" into billing from the utility, they also included utilities that weren't under the PSC. Sometimes the intent and what happens is not the same thing.

CHAIR BROWN asked if Mr. Jensen had some arguments the Committee had not heard. Mr. Jensen, Montana Environmental Information Center (MEIC), said the PSC does not currently hear arguments for the environment such as the general questions of whether or not pollution emanating from plants should be paid for by the utility and its shareholders or by the customer, or whether those costs are ignored and paid for in general by the society through all the problems such as global warming. MEIC has been active in rate-related and utility issues. They have participated on a lease-cost planning study that Montana Power Company recently completed. MEIC has not intervened in a rate hearing because they don't have the resources to do so. But they would like to internalize into the rate-making process the costs of the environmental damage.

Closing by Sponsor:

REP. DOWELL said Mr. Alke mentioned that nothing has changed; this is the same bill the Committee saw two years ago. One-third of the Committee did not see the bill two years ago. Human Services passed a bill yesterday, that has been in the Legislature since 1985, without a close vote. It is a new bill. There is a means test in the bill, which is a new provision. You must save twice your costs in order to be eligible for

compensation. Lobbyists from MDU, PP&L and USWC were the opponents. The proponents were, in many cases, your constituents. We heard the comment that the burden will be on the rate payers. If we're talking about a financial burden, it could actually be lifted in many cases because sometimes those decisions are excluding certain classes of customers. We heard that in California, with a much more liberal law than HB 324, there were only three or four intervenors. This is simply a consumer protection bill.

HEARING ON HB 288

Presentation and Opening Statement by Sponsor:

REP. BILL STRIZICH, House District 41, Great Falls, introduced HB 288 to increase the sheriffs' service retirement allowance on behalf of the Montana Sheriffs' and Peace Officers' Association (MSPOA). The bill will allow the elected sheriffs to serve an even number of terms and retire without facing problems in calculating their retirements and having to serve a partial elected term in order to complete their retirement. The change would be inexpensive; the retirement fund can "well afford it." There was an oversight in the drafting. On Pg. 1, Ln. 15, where it says 25 it should be amended to read 24. On Pg. 1, Ln. 21, the same amendment should be made. It is reflected in the fiscal note.

Proponents' Testimony:

Tom Harrison, MSPOA, said the bill is designed to allow a particular sheriff in a particular county, (generic a) to be able to retire with a 50 percent benefit in 24 years instead of 25 years to coincide with six 4-year terms -- if that be the case. It doesn't apply and would not apply to very many people, even over the lifetime of the entire system. Public Employees Retirement System oversees the MSPOA, which is an individual separate retirement fund. The fiscal note indicates there would be approximately a \$5,500 cost to the system to absorb the benefit.

Opponents' Testimony: None

Questions From Committee Members:

REP. KASTEN said it was stated that the present funding structure for the MSPOA is sufficient to provide for the cost. She asked how that occurred. Linda King, PERS, said MSPOA is a very unusual retirement system in that the amount of money that is statutorily required currently by the employees (the sheriffs and their deputies and their staffs) and the employers (the counties) totals 1 percent more than is actually required to be put into the system. They have no unfunded liability. The MSPOA is pre-funding their benefits at the current statutory rate. The change requested by HB 288 would cost actuarially .086 which is

still less than the 1 percent that they are paying in. The costs should be contained within the rates they are already paying.

Closing by Sponsor:

REP. STRIZICH said it is a good bill. Send it to the Floor.

EXECUTIVE ACTION ON HB 288

Motion: REP. KASTEN MOVED HB 288 DO PASS.

Motion: REP. JOHN PHILLIPS moved the amendment to change 25 to 24. The motion carried unanimously.

Motion/Vote: REP. KASTEN MOVED HB 288 DO PASS AS AMENDED. The motion carried unanimously.

HEARING ON HB 644

Presentation and Opening Statement by Sponsor:

REP. BOB REAM, House District 54, Missoula, introduced HB 644 by saying that right after the primary election and during his fifth campaign of running for the House, he received a letter from a PAC that said they had earmarked \$100 for his campaign. "They asked if I would like it as a campaign contribution or an in-kind contribution to use for newspaper advertisements or whatever (I would like)." He said he was not aware that loophole even existed. The Commissioner of Political Practices (CPP) explained it to him. Democratic headquarters also told him that loophole is there. He was shocked to find this out. Since he perceived his campaign as "being a tough one," he went ahead and started accepting in-kind monetary contributions. A check can be made out to a newspaper or to a printing service for services by people making in-kind contributions. "I don't think that is right. I did use it. . . . If you perceive your opponent as using this loophole and you aren't, you're obviously putting yourself at a disadvantage." He received \$1,025 in in-kind contributions, which is more than was allowed under PAC contributions. "The problem with it is that the public isn't aware that you can receive these additional monies as direct monetary contributions to your campaign. The bill will consider that type of contribution as part of your PAC limit. In-kind monetary contributions during the past campaign season increased 110 percent from \$23 thousand to nearly \$50,200." There were more monetary in-kind contributions made to Republican candidates, but the in-kind contributions to Democratic candidates grew at a much greater rate during the two-year interval than it did for Republican candidates. "Some of us were among the top 16, including myself, of people who accepted in-kind contributions."

Proponents' Testimony:

C. B. Pearson, Executive Director, Common Cause/Montana, presented written testimony. EXHIBIT 4

Ann Prunuske, Montana Committee for an Effective Legislature, (MontCEL), said, "We are one of these nefarious PACs." She said MontCEL is comprised of seven different constituencies with over 100 different individuals contributing. MontCEL provides consulting services to candidates. Many PACs are not necessarily some big, nefarious Washington, D.C. people, but citizens of the state who band together to collect money to influence elections. MontCEL firmly supports more openness and better reporting of in-kind services and goods. "We suggest, as on our stand on taxes, (to close) the loopholes but raise the limits and allow candidates to make use of all the different resources in the community."

Opponents' Testimony:

Roger Tippy, Helena attorney, said he advises a number of trade associations that have PACs. He said he would speak about the introduced bill and the amendment that Mr. Pearson just read to the Committee. "I will probably like the bill a good deal better with (the amendment)." He held up a carbon impression of a PAC check made out to the Postmaster for \$29. "This is a monetary payment to a third party. That would not be allowed by this bill." If postage stamps are sent directly to the candidate, there is no monetary payment; this is an allowable form of in-kind contribution of goods over and above the acceptance limits. The bill, as introduced, will not do very much to change this. "If the amendment were (adopted), you would have a whole new ball game." If the Committee considered the amendment, they would be making some "meaningful difference in the law."

Questions From Committee Members:

REP. ERVIN DAVIS asked for a rough estimate of what the monetary value would be if professional consultant services were applied to a candidate from day one to the election -- seven months. He said, "I think it would take the entire \$900." Ms. Prunuske said it is hard to say; it varies a lot from candidate to candidate for their work. A minimum might be five long-distance phone calls; a maximum, depending on what kind of rate would be set on consultants, could easily take up the whole PAC limits.

REP. FRITZ DAILY asked if he thought the amendments would preclude MontCEL or some other similar organization from providing assistance to a candidate. REP. REAM said the only part of the amendments that he has trouble with was the two words, "contracted services," because he thought it would be a real difficult area to monitor. He also thought contracted services would have to be defined "much more explicitly in the bill." It would be difficult to close that loophole. "I don't

know how you would do it." REP. DAILY questioned if it would be better if the Committee just included postage stamps, printing and advertising to cover everything Rep. Ream was concerned with. REP. REAM said he agreed, but campaign debts should be included. He agreed with Mr. Tippy that giving a candidate a roll of stamps or a check is one and the same and should be included.

REP. JOHN PHILLIPS said the problem with in-kind PAC contributions has been discussed just about every session he has been here. The debate has always been what MontCEL can do, or someone similar to their organization, versus a direct payment of money. MontCEL can go out and advertise, make phone calls and provide "all of these services" for a candidate without their being included in PAC limitations. What is the difference if someone wants to just pay for a candidate's advertising? REP. REAM said he has gone over the problem of contracted services a lot in his mind. It is real difficult to measure the help given during a campaign. If the Committee could come up with a way to more explicitly define that service, he would be in favor of it. It would be difficult to deal with the contracted services area. If the amendments are included, you would have to include language that more explicitly defines contracted services. REP. PHILLIPS said we always hear that PAC contribution limitations are unworkable. He asked for the CPP's viewpoint. Ms. Colburg, Commissioner, Political Practices, said that earlier Mr. Phillips characterized what has been happening in recent sessions and in her memory. There has been a continuing debate over the in-kind loopholes with the perception that the Republicans seem to have one that they use more and the Democrats seem to have one that they use more. She was part of an effort to see if something could be found to close all of the loopholes for both sides. Several met around a table in August, 1987, to try to do this. "I don't have any definitive answers for you folks. I have always perceived it as a problem. . . . There is no definition of in-kind in the law. The only place it occurs is in this section. Rules were adopted and apparently that was quite a mess to do that. If you go to the rules that is the only place where there is any guidance as to what in-kind is in the current system. If you look at the rules of 43-10-321, RCM, the introduction says the term in-kind contribution means the furnishing of services, property or rights without charge or to charge what would be market value to a candidate or political committee. . . . This is the purest of the in-kind (form of contribution), but after the straightforward definition of what an in-kind (contribution) constitutes, it goes on to say, 'but these also shall be included as in-kind contributions: 1) forgiveness of any loan or debt of a candidate or political committee; 2) payment of a loan or other debt by a third person; (and the one that is the subject of HB 644) 3) and an expenditure made at the behest of a candidate or political committee.' I have seen it always as a real conundrum. I have tried as CPP to merely follow the law and tell all candidates and all people who inquire . . . that it is (okay to have a PAC pay for a candidate's printing bill). There are pure forms of in-kind

contributions, but under the current rules and laws all of the other things are perfectly legal, even if they are thought to be in the minds of some, perfectly awful."

CHAIR BROWN said HB 644 would go to the Campaign Reform Subcommittee, and Rep. Squires would have to deal with it.

REP. KASTEN asked how many people do you see accepting in-kind contributions and listing counseling as opposed to monetary contributions. Ms. Colburg said if you're asking for consultative types of services which are provided for candidates, such as MontCEL does, those are not ever reported by candidates or by specific amounts. REP. KASTEN said in your testimony you said the public is not aware of in-kind services, is that right? REP. REAM said, I did say that. REP. KASTEN asked how the public becomes aware of any contributions made to a candidate. REP. REAM said, "What I meant was that those do not appear as part of our PAC limits; the information is available through CPP; sometimes it gets published in local newspapers." REP. KASTEN said if they be in-kind or regular donations do they appear on CPP's report forms. REP. REAMS said the monetary portions do.

Closing by Sponsor:

REP. REAM said the one question that Rep. Kasten raised is, do we report those in-kind contributions. I don't know what happens when you get a roll of stamps. No one has offered him stamps. He doesn't know if it is reported or not. "I'm attacking in the bill the most blatant part of in-kind contributions by saying that those monetary contributions should be part of the PAC limit. I think that there is a real problem here." He said he would have no problem with the Committee amending the bill.

HEARING ON HB 562

Presentation and Opening Statement by Sponsor:

REP. BEN COHEN, House District 3, Whitefish, introduced HB 562, an act to authorize the copying of electronic information in the custody of public agencies and providing that the agencies can charge for the cost of electronic media. The fiscal note shows a potential impact on the General Funds of \$11 to \$15 thousand. "After reading the fiscal note, we discovered there were some legitimate concerns that some agencies have. Those agencies are here to support the bill, and they have some amendments which will improve the bill by taking care of some of the potential costs and at the same time take care of some of their concerns."

Proponents' Testimony:

Doug Mitchell, Secretary of State's Office (SSO), said that for some time the SSO has worked hard to increase the amount of public access to computer information. A number of different

data bases are provided to the public. The most common one is where the public has direct on-line access to all lien filings that are centrally filed with the SSO. Some costs have been reflected in the fiscal note that are associated with the farm bill. There is a federally mandated program for agricultural liens. He gave the following example: If you purchase livestock or a crop from a vendor, you would receive from the SSO a monthly listing which would tell you whether or not there was an existing lien on the crop or the livestock. You would then be able to write your check to the farm or ranch and the appropriate bank so that everyone would be covered and give you free title. There is a fee being charged for those listings now. There was some concern that those on-line computer charges would not be able to be passed through to the customer and there would be a General Fund impact. He distributed an amendment **EXHIBIT 5** that has the agreement of the sponsor that deals with this issue. This amendment is important because there are situations where an individual might come to SSO and request a copy of every corporation in a district that is in good standing, which would be very expensive. This is public information that is available to the public. The only way to obtain this information would be to run a job request through the Department of Administration Information Services Division for a charge of \$37 per hour. The bill would allow a charge of \$8.11. The agency would have a shortfall of about \$28. The amendment would cure that. The expenses would be passed on to the user. Most occurrences are when people want to come in and obtain election results or lists of candidates and lists kept on computer in the SSO. If the individual brings his cassette to the SSO, it only takes about 30 minutes to provide this service. "It is very important to us that Legislation that allows agencies to provide the information, or mandates it, and that develops a criterion for agencies to charge for the information passes during the Legislation session. There is a lot of confusion in this area. The Legislative Auditor told the SSO that the only mechanism for charging for computer information is to charge the \$.50 a page charge mandated in the statutes. "If I have 300 thousand pages of information, that I can put on three cassettes, and I have to charge you \$150 thousand -- clearly that is not very reasonable."

Dean Roberts, Administrator, Motor Vehicle Division, Department of Justice, said they support the bill but have amendments, to which the sponsors have given their blessing. **EXHIBIT 6** On the motor vehicle statute, there is a cost that the insurance industry, truckers and so forth pay to have access to the motor vehicle record. The amendments deal with that. Where it is already in statute that particular charges are made for particular kinds of information, that should be continued. If not continued, there will be a problem with the other statutes.

George Ochenski, representing himself, said that he was before the Committee to develop the state electronic bulletin board -- where the public can call to obtain basic updates of what is going on with the agencies and what grants are being offered. It

is similar to the agriculture bulletin board that gives various updates on prices. The whole thrust has been to help move Montana forward into the electronic age. If the public has to pay \$.50 a page for large amounts of information, the cost is prohibitive. A small disk costs \$2.50, and it takes almost no time for someone in an agency to copy a report onto the disk from the computer. The goal is not to open up in any kind of access to information the public would not normally have access to. He requested the Committee take a good look at Sect. 1 as it is very specific as it relates to the confidentiality, privacy, business secrets and copyrights that are applicable.

Wes Krawczyk, Helena Microconductors Users' Group, (HMUG) said with the advance of computers in the technological age, information can now be transmitted efficiently and effectively. HB 562 will do this. Its intent on clarifying Montana's existing code regarding accessed information by the citizenry is supported by HMUG. They believe the bill would be a step forward into the technological age, one that would keep pace with the future. The bill will allow users to receive information such as reports and studies in the most economical and efficient means that is technologically possible and ecologically sound.

Robert H. Worthy, computer consultant, Helena, said he has been part of the numerous discussions concerning HB 562. He says the bill provides a clear guideline to agencies that allows the agency to give it to the public on a diskette if the agency already has it stored in this method instead using a binder full of paper. The bill should help small businesses to acquire statistical data the state now maintains. Much of the information that agencies now has is useless if it is on a stack of paper. This bill will make it easier and cheaper to distribute their information. There will be no need for a "huge inventory of printed documents" to be sitting around that must be thrown out when a revision is made.

C. T. Canterbury, Helena, President, Canterbury Consultant Services, said he was speaking as a small businessman. The bill was developed in recognition of the increasing emphasis on electronic storage and communication of information in both the private and public sectors. HB 562 would update the current statute to reflect the realities of electronic communication and at the same time reaffirm Legislative commitment to provide accessible and affordable public information.

Opponents' Testimony: None

Questions From Committee Members:

REP. SIMPKINS asked if HB 562 would apply to county records, and if county commissioners have to release material on an electronic format. "The bill refers to agencies." **Mr. Mitchell** said county agencies are a public agency.

REP. PHILLIPS said this bill would allow someone to go to the SSO and record "everything he has and advertise to the public that he has the information for sale." Would people do this? REP. COHEN said, "I think people are already doing this."

REP. DAVIS asked if the arrests that are on electronic computer in the sheriff's departments would be confidential. REP. COHEN said, "This bill will not impact records that are confidential. They still would maintain their confidentiality."

Closing by Sponsor:

REP. COHEN said, "You may think I agreed to carry the bill because I am a tree hugger, and I wanted to save a few thousand trees a year. You might not be far off on that assumption." The main reason he agreed to carry the bill is because he has a couple of computers of his own. He said they are extremely useful to him in his business in compiling data and making sense from it. People from every political party in the last campaign were getting election data and using it in their campaigns. There is a tremendous amount of useful data available. To copy it all on paper is expensive and time consuming. Often they must then copy it into their computers to manipulate the data. This should save time and money.

HEARING ON HB 695

Presentation and Opening Statement by Sponsor:

REP. ERVIN DAVIS, House District 53, Charlo, introduced HB 695 at the request of the SOS. The bill would authorize the secretary of state to create advisory councils.

Proponents' Testimony:

Doug Mitchell, SSO, said the bill arose when the SSO began research prior to appointing an election advisory council to deal with matters such as fax balloting in early 1989. The statute that allows elected officials to appoint advisory commissions does not list the secretary of state; the attorney general and the auditor were listed. The governor accommodated the secretary of state by allowing him to appoint the Council. It is important the secretary of state has the ability to seek advice and counsel from those with whom he deals on a regular basis. At the present time, there are clerks and recorders and election administrators on the election advisory council, but there may be an issue involving corporations or uniform commercial codes where the secretary of state may feel the need of the benefit of a cross section of Montana to help him to develop policy. HB 695 has no budget consequences in that any advisory appointment council must be made within the standard General Funds given to the secretary of state. The cost of the councils would be travel money to bring the members to Helena. The SSO moved its travel budget around in order to have the election advisory council. The SSO

believes the council has been very important in bringing to the Legislature a number of good bills. "We ask the Committee to clarify the law and allow the secretary of state to act as his cohorts do and appoint advisory commissions."

Opponents' Testimony: None

Questions From Committee Members:

REP. KASTEN asked how the council is funded. Mr. Mitchell answered that if the SSO were given the authority to appoint a council, "you draw in an amount that council cannot exceed. In this case it is \$2,500. That comes from our current General Fund appropriation savings from the agency. In other words, we made the decision that we needed to get the advice of the election administrators, and we have taken our existing travel budget and made decisions to allow us to take \$2,500 from that and allocate it to clerks and recorders to bring them to Helena or other locations to meet and give advice and counsel on issues. Should the secretary of state feel he needs additional money to (have) another advisory council, he would have to go through the standard appropriations process to seek additional funds."

Closing by Sponsor:

REP. DAVIS closed by asking for a Do Pass.

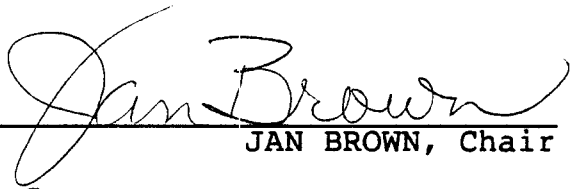
EXECUTIVE ACTION ON HB 695

Motion: REP. DAVIS MOVED HB 695 DO PASS. Motion carried unanimously.


Motion/Vote: REP. SIMPKINS MOVED HB 695 BE PLACED ON CONSENT CALENDAR. Motion carried unanimously.

ADJOURNMENT

Adjournment: 10:34 a.m.



JAN BROWN, Chair



JUDY BURGGRAFF, Secretary

JB/jb

HOUSE OF REPRESENTATIVES
STATE ADMINISTRATION COMMITTEE

ROLL CALL

DATE 2/12/91

NAME	PRESENT	ABSENT	EXCUSED
REP. JAN BROWN, CHAIR	✓		
REP. VICKI COCCHIARELLA, VICE-CHAIR	✓		
REP. BEVERLY BARNHART	✓		
REP. GARY BECK	✓		
REP. ERNEST BERGSAGEL	✓		
REP. FRED "FRITZ" DAILY	✓		
REP. ERVIN DAVIS	✓		
REP. JANE DEBRUYCKER	✓		
REP. ROGER DEBRUYCKER			✓
REP. GARY FELAND	✓		
REP. GARY FORRESTER	✓		
REP. PATRICK GALVIN	✓		
REP. HARRIET HAYNE	✓		
REP. BETTY LOU KASTEN	✓		
REP. JOHN PHILLIPS	✓		
REP. RICHARD SIMPKINS	✓		
REP. JIM SOUTHWORTH	✓		
REP. WILBUR SPRING	✓		
REP. CAROLYN SQUIRES	✓		

HOUSE STANDING COMMITTEE REPORT

February 12, 1991

Page 1 of 1

Mr. Speaker: We, the committee on State Administration report that House Bill 288 (first reading copy -- white) do pass as amended.

Signed: Jan Brown
Jan Brown, Chairman

And, that such amendments read:

1. Title, line 6.
Following: "WITH"
Strike: "25"
Insert: "24"

2. Page 1, line 15.
Strike: "25"
Insert: "24"

3. Page 1, line 19.
Following: "after"
Strike: "25"
Insert: "24"

4. Page 1, line 21.
Following: "excess of"
Strike: "25"
Insert: "24"

2-12-91
JDB

HOUSE STANDING COMMITTEE REPORT

February 12, 1991

Page 1 of 1

Mr. Speaker: We, the committee on State Administration report that House Bill 695 (first reading copy -- white) do pass and be placed on consent calendar.

Signed: _____

Jan Brown

Jan Brown, Chairman

HOUSE STANDING COMMITTEE REPORT

February 12, 1991

Page 1 of 1

Mr. Speaker: We, the committee on State Administration report that House Bill 695 (first reading copy -- white) do pass and be placed on consent calendar .

Signed: _____

Jan Brown, Chairman

Amendments to House Bill No. 324
First Reading Copy

Requested by Representative Dowell
For the Committee on State Administration

Prepared by Sheri S. Heffelfinger
February 11, 1991

1. Title, lines 6 and 7.

Strike: "APPROPRIATING" on line 6 through "COMPENSATION;" on line
7

2. Page 5, lines 12 and 13.

Following: "intervenor"

Strike: remainder of line 12 through "proceedings" on line 13

Insert: "saved consumers at least twice the amount asked for in
compensation"

3. Page 6, lines 5 through 6.

Following: "intervention"

Strike: remainder of line 5 through "proceeding" on line 6

Insert: "provided a savings to consumers as specified in [section
5]"

4. Page 9, lines 19 through 22.

Following: line 18

Strike: section 10 in its entirety

Renumber: subsequent sections

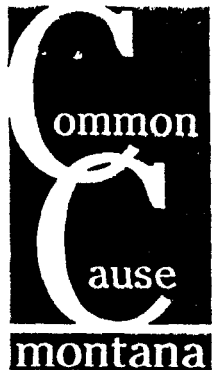


EXHIBIT 2
DATE 2/12/91
HB 324

TESTIMONY OF COMMON CAUSE IN SUPPORT OF
HOUSE BILL 324
12 FEBRUARY 1991

P.O. Box 623
Helena, MT
59624
406/442-9251

Madame Chairwoman and members of the House State Administration Committee, for the record, my name is Marguerite Burns, Lobbyist for Common Cause/Montana. I am here today on behalf of the members of Common Cause to speak in support of HB 324.

The objective of HB 324 is to achieve the most well-informed decisions possible regarding utility rate changes. In order to reach such decisions it is necessary to hear from as many relevant points of view as possible, similar to any courtroom trial or committee hearing. While the Consumer Counsel currently provides much of this information, Common Cause feels that the representation of additional consumer classes would benefit the PSC and aid in there decision-making.

As has been pointed out there are safeguards included in this bill to protect the PSC's time and all consumers' money from unreasonable or frivolous interventions. What it does allow for however, is the kind of contribution that results in significant consumer savings.

Attached to my testimony, is a letter from Ron Binz, the Director of the Colorado Consumer Counsel. The construction of their Consumer Counsel in 1984 was in addition to an existing intervention reimbursement policy. Since that time the two avenues for consumer representation have co-existed and complemented one another as Mr. Binz's statement indicates, "I believe the commission can be greatly assisted by high quality testimony and legal argument of other intervenors. Critics often argue that intervenors can cause delays in the regulatory process. My experience is the opposite. Intervenors' participation often results in a better decision because the Commission has a better record before it."

The Colorado model has demonstrated that a Consumer Counsel and an intervenor's provision can and do operate to the mutual satisfaction of all parties involved. Looking at this model and recognizing the need for additional consumer representation, it is time to institute an Intervenor's Bill in this state. It is for the benefit of both the PSC and Montana consumers that we urge a do pass for HB 324.

STATE OF COLORADO

DEPARTMENT OF LAW
Office of Consumer Counsel

1560 Logan, Suite 700
Denver, Colorado 80203
(303) 894-2121
fax # (303) 894-2117

EXHIBIT 2
DATE 2/12/91
HB 324



Ronald Binz
Director

February 8, 1991

Ms. Marguerite Burns
Lobbyist/Consultant
Montana Common Cause
405 Last Chance Gulch
Helena, MT 59601

Dear Ms. Burns:

I am writing to describe the operation of the Colorado statute respecting fee reimbursement for intervenors before the Colorado Public Utilities Commission. The cite to the statute is Section 40-6.5-105, Colorado Revised Statutes.

The statute has been in effect since July 1, 1984; prior to that time the Colorado Public Utilities Commission followed a policy on intervenor reimbursement which was very similar to the policy contained in the statute. I believe that the commission can be greatly assisted by high quality testimony and legal argument of other intervenors. Critics often argue that intervenors can cause delays in the regulatory process. My experience is the opposite. Intervenors' participation often results in a better decision because the Commission has a better record before it.

I can recommend a policy on intervenor funding similar to the Colorado statute. I wish you success in your efforts.

Sincerely,

Ronald Binz, Director
Colorado Office of Consumer Counsel

Case participation by Montana Consumer Counsel 1989-1990

UTILITY CASES

Mountain Bell/U S West 88.1.2 - General rate increase

Request	\$17.4 million increase
MCC	\$(1.5) million decrease
PSC	\$5.5 million (stipulation)

MDU 88.2.4, 87.7.33, 88.5.10, 88.8.23 - Gas tracker, Gas transportation rates, Gas acquisition practices

Mountain Bell/U S West 88.2.5 - Depreciation

Request	\$6.309 million
MCC	\$(1.5) million decrease per stipulation
PSC	\$(1.5) million decrease per stipulation

Mountain Bell/U S West 88.5.12 - Service in Lavina

Montana Power Co. 88.6.15 - General

Request	Elec \$28,645,000	Gas \$13,900,000
MCC	\$(14 million)	\$5.7 million
PSC	\$(19.7 million)	\$6.3 million

Butte Water 88.9.29

Request	\$685,356
MCC	\$188,000
PSC	\$321,000

Mountain Bell/U S West - Notice of Inquiry re PSC's jurisdiction and procedural options regarding contemplated rulemaking for telephone plant investment

MDU 88.11.48 - Gas Tracker

88.11.49 - PSC investigation into regulatory status of other common carriers providing telecommunications service.

MDU 88.11.53 - Gas

Request	\$1,623,000
MCC	\$415,000
PSC	\$453,000

U S West 88.12.15 - Separations

Request	\$3.1
PSC	\$3.1

U S West 89.4.8 - Locator Plus service be considered as a non-regulated service.

Pacific Power & Light 89.6.17 - General rates

Request	\$ (933,000)
MCC stip	\$ (1,123,000)
PSC stip	\$ (1,123,000)

Mountain Water 89.6.23

Request	\$804,000
MCC	\$375,000
PSC	\$415,000

Montana Power Co. 90.1.1 - Gas Transportation

La Casa Grande Water 90.1.4

Request	\$43,000
MCC	-0-
PSC	-0-

Montana Power Co. 90.3.17 - QF and Depreciation

Request	\$8,510,156 (\$6.5 QF \$2.0 deprec)
MCC	\$(3.2 million) decrease - depreciation
Settled	\$(600,000) decrease - depreciation

Great Falls Gas 90.3.20 - Application to restructure rates

Valley West Water Co. 90.5.30

Request	\$25,000
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Pacific Telecom 90.6.36 - Changes in local basic exchange service tariffs on a revenue neutral basis

U S West 90.6.37 - Proposed Montana Network Improvement and Rate Stability Plan - Alternative Form of Regulation

Montana Power Co. 90.6.39 - General

Request	Elec \$60,652,000	Gas \$9,581,000
MCC	\$20,000,000	\$2,900,000

Montana Power Co. 90.7.44 - Solicitation of comments and suggestions re PSC's decision-making process

90.8.46 - Inquiry and Investigation of alternative regulation for telecommunication local exchange carriers

Montana Power Co. 90.8.48 - Petition of the Conservation and Least Cost Planning Advisory Committee

90.8.49 - Integrated Least cost planning & competitive resource acquisition

Montana Power Co./Billings Generation Inc. 90.8.51

Determine the Rates and Conditions of a Power Purchase Agreement Between the Parties

EXHIBIT 3
DATE 2/12/91
HB 324

Great Falls Sewer 90.10.66
Request \$16,531,700

Water 90.10.67
\$1,591,200

Petrolane Beta Gas 90.11.76
Request \$43,556

Butte Water 90.11.77
Request \$1,129,716

U S West 90.12.86 Network improvement and rate stability plan

Pacific Power & Light 90.11.78 - PSC rate design concerns

Butte Water 90.12.93 - PSC investigation and monitoring of BWC's
capital improvement and financial efforts

TRANSPORTATION CASES

T-9338 Diamond Cab - rates

T-9448 Union Pacific - Dillon Station Closing

T-9530 Burlington Northern - Columbia Falls Station Closing

PSC rulemaking re taxi cabs and insurance

MISCELLANEOUS

Red Lodge Sewer

Sheridan Water

WILLISTON BASIN INTERSTATE PIPELINE

6 different ongoing cases

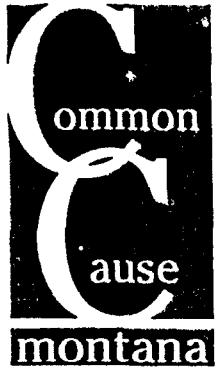


EXHIBIT 7
DATE 2/12/91
HB 644

TESTIMONY OF COMMON CAUSE/MONTANA

IN SUPPORT OF HOUSE BILL 644

12 FEBRUARY 1990

P.O. Box 623
Helena, MT
59624
406/442-9251

Madame Chairwoman and members of the House State Administration Committee for the record my name is C.B. Pearson, Executive Director of Common Cause in Montana. Common Cause/Montana represents Montanans who want open, accessible and democratic government in Montana.

On behalf of the members of the organization we would like to speak in favor of House Bill 644 with an amendment.

In 1983, Montana legislators became the first legislative body in the nation to limit the aggregate dollar amounts a candidate for the state legislature could accept from political committees (PACs). This law limited the amount of money a candidate for the Montana legislature could accept from PACs to \$600 for House candidates and \$1,000 for Senate candidates. Because of the inflation factor provided in the bill this limit has been raised for the 1990 election. Candidates for the 1991 Montana House could not receive more than \$900 in PAC contributions while candidates for the Montana Senate could not receive more than \$1,500.

With the cash limits in place a number of PACs in the 1984 election began giving in-kind contributions to candidates as a means to avoid the PAC limit law.

These in-kind contributions included cash equivalent items such as postage stamps. In addition to these reported "in-kind" cash equivalent contributions, candidates also received consulting services from organized political committees, the values of which were also not counted towards the PAC limit.

The in-kind PAC contributions are an important part of dramatic PAC contribution increases for the 1990 election. In-kind PAC contribution increased from \$23,917 in 1988 to \$50,200 in 1990, an increase of \$26,283 or 110%.

**Contributions From Political Committees to Candidates
for the 1984 - 1990 Montana State Legislative Races**

Figure 1

Year	1984 ¹	1986	1988	1990
PAC In-Kind	\$26,214	\$16,425	\$23,917	\$50,200
PAC Cash	\$109,634	\$112,615	\$110,841	\$158,787
PAC Total	\$135,848	\$129,041	\$134,758	\$208,987

The 1990 election saw the biggest increase in PAC in-kind contributions since the PAC limit law went into effect in 1984. Ninety-nine candidates received PAC in-kind contributions. Thirty-seven PACs gave in-kind contributions.

¹First election aggregate PAC limit in place.

PAC in-kind money in the 1990 election was expended for three primary items: postage stamps, printing expenses and advertisements in newspapers and on television and radio. Figure 2 shows four areas of PAC in-kind donations with the area labeled "other" representing a variety of articles and services from plywood to performing bands.

What PAC In-Kind Contributions Bought
For The 1990 Election

Figure 2

<u>Item</u>	<u>Amount of In-Kind</u>
Printing	\$18,147.00
Advertisement	\$17,249.00
Postage	\$13,254.00
Other	\$1,550.00

Not all candidates in the 1990 legislative elections utilized the in-kind contribution loophole. There were 240 candidates seeking legislative office, by the end of the campaign races 99 of these 240 (or 41%) used the in-kind loophole.

In addition to cash and cash equivalency items (like stamps), a PAC may also assign its paid staff to work on a candidate's behalf. These political committees are required to register with the Office of the Commissioner of Political Practices and report on their receipts and expenditures. Again none of this money was attributed to any candidate. As it was not reported, none was included in any in-kind total.

The efforts of the 1983 legislative session to limit the growth of PAC money and influence in Montana elections are being undermined. Legislation is needed to close the in-kind loophole, provide for disclosure and quantify professional services provided by political committees, so they count towards a candidates aggregate PAC limit. With the rapid growth of PAC money, in particular in-kind PAC contributions, for the 1990 elections it becomes even more important for the 1991 Legislature to address this problem.

HB 644 does not address professional services given by PACs, it does, however, address the most blatant part of the PAC in-kind loophole and for that reason we support it. We would offer the enclosed amendment to address professional services as well as cash equivalents.

EXHIBIT 4
DATE 2/12/91
HB 644

Amendment to HB 644

Add:

Beginning on line seven...

(2) For purposes of this section, "monetary contributions" means all contributions having a definite monetary value, including contributions of postage stamps, contracted services, payment of campaign debts, such as printing and advertising, and all other such contributions.

EXHIBIT 5
DATE 2/12/91
HB 562

AMENDMENT TO HB 562

1. PAGE 1, LINE 23 & 24;
FOLLOWING "data,"

INSERT: "or expenses incurred by the agency as a result of
mainframe processing charges or other out-of-pocket expenses
directly associated with the request for information,

EXHIBIT 6
DATE 2/12/91
HB 562

AMENDMENTS TO HB 562

1. Page 1, line 18;
following "form,"
insert:
"except as provided by law."
2. Page 1, line 21;
strike "in 1-11-301"
insert "by law"

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

1 of 2

STATE ADMINISTRATION COMMITTEE BILL NO. HB 324
DATE 2/12/91 SPONSOR(S) REP. DOWELL

PLEASE PRINT

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Leon Stalcup Missoula MT	Dist. 11 HRC	324		X
Harold Robbins	West Valley Dev. Corp	324	X	
GENE PHILLIPS	PACIFIC POWER & LIGHT NORTHWESTERN TEL.	324	X	
Barbara Ranf	U S WEST Communications	324	X	
John Albe	MOY		X	
PAT CORCORAN	Montana Power	324	X	
Bob Rowe	HRC, Missa	324		X
Marguerite Burns	Common Cause			X
Bob Romney	Self	562		X
Kristin Page	MontPIRG	324		X
Maureen Wiles	MWCC			X
Clyde Jarvis	Self	324		X
Wendy Olson	NPRC	324		X

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HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

2 of 2

State Administration COMMITTEE BILL NO. HB 324
DATE 2-12 SPONSOR(S) Dowell

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Jim Jensen	MT. ENV'RO. INFO CENTER	X	
Cheryl Kury	324	X	
Clyde Darby	MSA	X	
Laura Wiegman	Mountain Water		X
Joe Zuber	DSP 71		X
Ellen Schmitt	Mont. Legal Services	X	
Marcia Schreder	Montana for Social Justice Montana Low Income Coalition	X	
Toby Welter	MATT	X	

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HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

STATE ADMINISTRATION COMMITTEE BILL NO. HB 288
 DATE 2/12/91 SPONSOR(S) REP. STRIZICH

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Tom Harmon	mt. Sheriff's + Precinct			✓
Tom Schneider	MPEA			✓

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**HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER**

STATE ADMINISTRATION

COMMITTEE

BILL NO. HB 644

DATE 2/12/91

SPONSOR(S) REP. REAM

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
C. B. PEARSON	Common Cause/Montana	X	
Don Judge	MT STATE AFL-CIO	X	
Doug Mitchell - Room 225	SECRETARY OF STATE	X	
A. P. [unclear]	MONTGEL	X	
Roger Tippy	self		X

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**HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER**

STATE ADMINISTRATION

COMMITTEE

BILL NO.

HB 562

DATE 2/12/91

SPONSOR(S) REP. COHEN

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
C.T. CANTERBURY 5965 N. SLOPE RD HELENA	SELF	X	
W & KRAWCZYK HELENA MICROCOMPUTER USER GROUP		X	
DEAN Roberts	Motor Vehicle Division	X	Support as indicated
GEO. DCHENSKI	SELF	X	
DOUG MITCHELL ROOM 225	SECRETARY OF STATE	X	
Robert H. WORTHY 1132 Breckenridge Helena MT	Self	X	

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**HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER**

STATE ADMINISTRATION _____ COMMITTEE _____ BILL NO. HB 695
 DATE 2/12/91 SPONSOR(S) _____ REP. DAVIS _____

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Doug Mitchell - Room 225	SECRETARY OF STATE	X	

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