

HOUSE BILL NO. 707

Introduced: 02/10/83

Referred to Committee on Appropriations: 02/10/83

Hearing: 4/13/83

Report: 04/13/83, Do Pass, As Amended

2nd Reading: 04/14/83, Do Not Pass

Bill Killed

1 *House* BILL NO. *707*  
2 INTRODUCED BY *Ramsey, Hays, Ochman, (copy)*  
3 *Devlin, Switzer, M. Hansen, Zabriski*  
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO APPROPRIATE FUNDS TO  
5 THE DEPARTMENT OF INSTITUTIONS TO CONVERT THE GAS-FIRED  
6 HEATING PLANT AT THE PINE HILLS SCHOOL TO A COAL-FIRED  
7 PLANT."

8  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
10 Section 1. Appropriation. The following money is  
11 appropriated from the long-range building fund bond proceeds  
12 clearance account to the Department of Institutions for the  
13 conversion of the gas-fired heating system at the Pine Hills  
14 School to a coal-fired heating system:  
15 For the biennium ending June 30, 1985 \$1,300,000  
16 Section 2. Conditions. (1) This appropriation is  
17 subject to the following conditions:  
18 (a) As soon as practicable, but no later than October  
19 1, 1983, the Department shall convert the existing gas-fired  
20 heating plant at the Pine Hills School to a coal-fired  
21 heating plant.  
22 (b) The Department shall keep and maintain detailed  
23 records of the costs of operating the coal-fired heating  
24 plant for a period of 12 months following installation and  
25 shall provide these, along with past records on the

1 operating costs of the existing gas-fired plant, to the  
2 Legislative Fiscal Analyst on or before November 1, 1984.

3 (2) Upon receipt of the records, the Legislative  
4 Fiscal Analyst shall conduct an analysis of the comparative  
5 operating costs of the coal-fired and gas-fired heating  
6 plants and shall report the findings to the 49th  
7 Legislature.

-End-

-2- INTRODUCED BILL

*LC 707*

Approved by Comm.  
on Appropriations

## HOUSE BILL NO. 707

INTRODUCED BY RAMIREZ, HAGER, OCHSNER,

ASAY, DEVLIN, SWITZER, HANSON, ZABROCKI

A BILL FOR AN ACT ENTITLED: "AN ACT TO APPROPRIATE FUNDS TO  
THE DEPARTMENT OF INSTITUTIONS TO CONVERT THE GAS-FIRED  
HEATING PLANT AT THE PINE HILLS SCHOOL TO A COAL-FIRED PLANT  
AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION  
BONDS TO FINANCE THE CONVERSION OF THE GAS-FIRED HEATING  
PLANT AT THE PINE HILLS SCHOOL TO A COAL-FIRED PLANT;  
APPROPRIATING THE PROCEEDS OF THE BONDS TO THE DEPARTMENT OF  
ADMINISTRATION FOR THE CONVERSION PROJECT; ESTABLISHING  
CRITERIA FOR THE BOND ISSUE; AND PROVIDING AN IMMEDIATE  
EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

(Refer to Introduced Bill)

Strike everything after the enacting clause and insert:

Section 1. Bonds authorized. The board of examiners is  
authorized to issue and sell general obligation bonds upon  
the conditions and in the manner provided in [House Bill  
448] in the principal amount not to exceed \$1,000,000 for  
the purpose of financing costs to convert the gas-fired  
heating plant at the Pine Hills school to a coal-fired  
plant, as provided in [section 3].

Section 2. Appropriation. There is appropriated to the  
department of administration from the funds received from  
the sale of general obligation bonds under [section 1]  
\$1,000,000 for the project described in [section 1], subject  
to the conditions described in [section 3].

Section 3. Procedures and restrictions. (1) Before the  
conversion for which the bond issue under [section 1] is  
made may take place, the following conditions and procedures  
must be met:

(a) The department of administration shall request  
engineering design proposals for conversion of the gas-fired  
heating plant at the Pine Hills school to a coal-fired  
system. The request must require all submitted proposals to:

(i) provide a system that is as fully automated as  
present technology can provide;

(ii) provide for particulate emission control of the  
system that achieves at least 85-95% efficiency;

(iii) use existing gas-fired boilers for standby and  
emergency purposes; and

(iv) provide coal-receiving capacity for at least 33  
ton truckloads of coal and total coal storage capacity of 2  
weeks at winter design heating temperature of minus 30  
degrees Fahrenheit.

(b) (i) The department shall enter a contract for coal  
that:

1 (A) is contingent upon successful completion of the  
2 conversion of the Pine Hills system under the provisions of  
3 [this act];

4 (B) notwithstanding 18-4-102, has a contract term of  
5 not less than 10 years;

6 (C) requires payment for the coal at market price or  
7 lower each year, but not to exceed an 8% increase over the  
8 previous year's price; and

9 (D) provides for coal that has a minimum heating value  
10 of 8,700 BTU/lb.

11 (ii) Provision for delivery of the coal to Pine Hills  
12 school may be included in the coal contract or in a separate  
13 contract; however, the initial combined price of coal and  
14 delivery may not exceed \$22 a ton.

15 (c) After receipt of proposals under subsection  
16 (1)(a), the department shall review them and determine which  
17 proposal best meets the criteria established in that  
18 subsection, will result in annual cost savings to the state  
19 of Montana after the conversion is complete, and will repay  
20 bonds sold under [section 1] within 12 years from their date  
21 of issuance. To determine annual cost savings, the  
22 department shall consider:

23 (i) the requirements of subsection (1)(b);

24 (ii) the forecasted natural gas rates as presented by  
25 the Pine Hills school utility provider to the Montana public

1 service commission in April 1983; and

2 (iii) the current bond interest rates.

3 (2) After a determination is made under subsection  
4 (1)(c), the department shall have the conversion project  
5 constructed as provided in Title 18, chapter 2, part 1, at a  
6 total cost not to exceed the amount appropriated in [section  
7 2].

8 Section 4. Effective date. This act is effective on  
9 passage and approval.

-End-