



## Energy and Telecommunications Interim Committee

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### 64th Montana Legislature

#### SENATE MEMBERS

CLIFF LARSEN--Vice Chair  
DUANE ANKNEY  
PAT CONNELL  
ROBYN DRISCOLL

#### HOUSE MEMBERS

KEITH REGIER--Chair  
CHRISTOPHER POPE  
TOM STEENBERG  
DANIEL ZOLNIKOV

#### COMMITTEE STAFF

SONJA NOWAKOWSKI, Lead Staff  
TODD EVERTS, Staff Attorney  
NADINE SPENCER, Secretary

# MINUTES LOG

January 15, 2016  
Room 172, Capitol Building  
Helena, Montana

Please note: This document is a Minutes Log and provides a notation of the time elapsed between the beginning of the meeting and the time at which the item was presented or discussed, a motion was made, or a vote was taken. The narrative presented here is provided only as a guide to the audio or video record of the meeting. The official discussion, motion, or vote is available on the audio or video archive of this meeting. The Legislature does not prepare a transcript of meeting activities. The time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

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Please contact the Legislative Services Division at 406-444-3064 for more information.

### **COMMITTEE MEMBERS PRESENT**

REP. KEITH REGIER, chair  
SEN. CLIFF LARSEN, vice chair

SEN. DUANE ANKNEY  
SEN. PAT CONNELL  
SEN. ROBYN DRISCOLL

REP. CHRISTOPHER POPE  
REP. TOM STEENBERG  
REP. DANIEL ZOLNIKOV

## **STAFF PRESENT**

SONJA NOWAKOWSKI, lead staff  
TODD EVERTS, staff attorney  
NADINE SPENCER, secretary

## **AGENDA (Attachment 1)**

## **VISITORS' LIST (Attachment 2)**

## **COMMITTEE ACTIONS**

The Energy and Telecommunications Committee (ETIC):

- Approved the minutes log from September 11, 2015;
- Voted to provide reimbursement for travel expenses for Sen. Ankney, Sen. Larsen, and Ms. Nowakowski to attend a legislative hearing in Olympia, Washington on the Colstrip Power Plant and to provide reimbursement for travel expenses for Sen. Ankney and Rep. Regier who attended a meeting in Colstrip.

## **CALL TO ORDER AND ROLL CALL**

00:00:01 Rep. Regier called the meeting to order at 8:04 a.m. The secretary called the roll. **(Attachment 3)**

## **ADMINISTRATIVE MATTERS**

00:00:50 **Motion/Vote:** Rep. Steenberg moved to adopt the minutes log from September 11, 2015. The motion carried unanimously by voice vote.

## **STATUTORY ADMINISTRATIVE RULE REVIEW**

00:01:09 Todd Everts, staff attorney, presented the legislative administrative rule review report. **(Exhibit 1)**

**Public Comment:** None

**Committee Questions and Discussion:** None

## **111(d) SUBCOMMITTEE UPDATE**

00:04:11 Rep. Regier gave an update on the 111(d) subcommittee meeting on January 14.

00:07:02 Sen. Ankney said the governor issued an executive order creating the Interim Montana Clean Power Plan Advisory Council. He said the council will make recommendations to the Department of Environmental Quality regarding filing an Initial Submittal and request for an extension under EPA's 111(d) rules.

00:09:48 Rep. Regier said staff will provide the ETIC with the names of the members of the advisory council.

00:10:14 Rep. Regier said the 111(d) subcommittee approved a letter to the Montana Attorney General's Office to work with other state attorneys general urging them to challenge the legality of the federal Clean Power Plan. He said the letter will be discussed at the ETIC meeting in March.

00:10:56 Sen. Larsen asked Sonja Nowakowski, research analyst, Legislative Services Division, about the agenda for the meeting in March. Ms. Nowakowski said she will work with Sen. Keane, subcommittee chairman, and Rep. Regier, subcommittee vice-chairman, on the agenda.

00:12:03 Sen. Larsen requested that all members of the ETIC receive a copy of the agenda. Rep. Regier requested that members also receive the meeting materials.

00:14:02 Recess

00:28:57 Reconvene

### **COLSTRIP PLANTS - WASHINGTON STATE MEETING AND LEGISLATION**

00:29:25 Ms. Nowakowski introduced the legislators participating in the conference call from the state of Washington.

00:30:09 Ms. Nowakowski provided background information on legislation that is being proposed in Washington and Oregon and how it relates to Montana. She said the ETIC received copies of draft legislation that was written by Puget Sound Energy (PSE). **(Exhibit 2)** Ms. Nowakowski said the bills, which have been introduced, are SB 6248 and HB 2525. **(Exhibit 3)**

00:30:40 Ms. Nowakowski said a hearing is scheduled next week on SB 6248. She said the Environmental Quality Council (EQC) voted to send Sen. Keane and Sen. Ripley to Washington to testify on the bill.

00:31:12 Ms. Nowakowski said the ETIC was given a copy of the ownership break down of Colstrip. **(Exhibit 4)**

00:31:24 Ms. Nowakowski said the legislation drafted by PSE is called the Washington State Eligible Coal Unit Risk Mitigation Act.

00:32:19 Ms. Nowakowski said the ETIC received a copy of a bill draft that will be proposed in Oregon. **(Exhibit 5)**

00:35:13 Rep. Regier introduced himself to the Washington legislators on the phone.

00:35:58 Sen. Tim Sheldon, vice chair, Washington Senate Energy, Environment, and Telecommunications Committee, via phone, provided background information.

00:37:40 Sen. Sheldon provided information on the meetings he attended with PSE and the Washington Utilities and Transportation Commission.

### **Public Comment:**

00:41:49 Rep. Mike Cuffe, HD 2.

00:43:12 Anne Hedges, Montana Environmental Information Center.

00:50:53 Tom Ebzery, attorney, Billings.

00:58:44 Sen. Sheldon commented on the length of their last legislative session.

### **Committee Questions and Discussion:**

00:59:11 Sen. Ankney said any closures to the Colstrip Power Plant will impact ratepayers in Washington and Montana. He asked Sen. Sheldon if he has seen the draft legislation that will be proposed in Oregon. Sen. Sheldon said he has not.

01:00:19 Sen. Ankney said the Oregon legislation does not call for any closures only that the state is carbon free by a certain date.

01:00:46 Sen. Ankney asked Sen. Sheldon when the bill hearing is scheduled.  
01:01:32 Rep. Pope asked Sen. Sheldon to explain how the economics of coal is driving decisions in Oregon and Washington.  
01:06:22 Sen. Pat Connell, SD 43, asked about replacement power. Sen. Sheldon said replacement power is not part of the legislation and said the types of power they use already can satisfy increased demand.  
01:08:41 Sen. Larsen thanked Sen. Sheldon for meeting with legislators from Montana in Spokane and for working with Montana on Colstrip.  
01:10:21 Sen. Ankney said lawsuits brought against PSE prompted legislation in Washington and Oregon.  
01:12:34 Sen. Ankney asked Sen. Sheldon if momentum to breach dams is a threat to hydroelectric production.  
01:15:14 Sen. Ankney asked Sen. Sheldon about lawsuits and fish mitigation on the dams.  
01:17:11 Sen. Ankney thanked Sen. Sheldon for his participation.  
01:17:35 Rep. Regier asked if there have been any discussions about backup power. Sen. Sheldon said there has not, but that existing hydroelectric facilities can be used.  
01:19:25 Rep. Regier asked Ms. Hedges if forest management has anything to do with forest fires. Ms. Hedges said she did not know.  
01:20:29 Sen. Connell said there are multiple impacts affecting forest fires and that management activities and choices are one of the major opportunities to minimize and reduce the risk of significant fires.  
01:21:10 Rep. Regier thanked Sen. Sheldon for his participation.

**Committee Action:**

01:21:54 Rep. Regier opened discussion for committee action.  
01:22:13 Sen. Ankney said travel expenses to the meeting in Spokane were already approved.  
01:22:47 **Motion:** Sen. Ankney moved to have the ETIC provide funding for he and Sen. Larsen to travel to the state of Washington to testify on the legislation regarding closing Colstrip Units 1 and 2.  
01:23:21 **Motion:** Sen. Driscoll moved to amend the motion to also include funding for a member of staff to attend the hearing.  
**Discussion:**  
01:23:48 Rep. Zolnikov  
01:24:03 **Motion:** Sen. Larsen moved to amend the motion to include reimbursement for travel expenses for the members of the ETIC who attended a meeting in Colstrip.  
01:24:48 **Motion:** Sen. Ankney restated his motion and moved that the ETIC provide reimbursement for travel expenses for Sen. Ankney, Sen. Larsen, and Ms. Nowakowski to attend the legislative hearing in Olympia, Washington and to provide reimbursement for travel expenses for the ETIC members that attended a meeting in Colstrip.

01:25:42 **Vote:** The motion carried unanimously by voice vote.

01:25:55 Sen. Ankney requested an overview of the meeting in Colstrip.  
01:26:14 Ms. Nowakowski said individual legislators facilitated the meeting in Colstrip and it was not an ETIC meeting or activity.  
01:26:45 Rep. Regier said the meeting was a tour of the Colstrip power units and included legislators from the state of Washington.  
01:27:34 Sen. Ankney commented on the tour and the reclamation that has occurred at the power plant.  
01:31:32 Rep. Regier commented on the air quality the day of the tour.  
01:31:44 Sen. Larsen commented on the tour.  
01:33:45 Rep. Regier commented on the perception that people have of Colstrip.  
01:34:01 Rep. Zolnikov said future requests for reimbursement should be for projects that include the entire ETIC and not for individual projects.  
01:34:55 Sen. Ankney said the tour was arranged as a result of the meeting they attended in Spokane and included the legislators that attended the meeting and Rep. Regier. He apologized for not including all members of the ETIC.  
01:36:10 Rep. Zolnikov clarified his comments.  
01:36:39 Ms. Nowakowski said meetings that include the full ETIC or a majority of the ETIC members would require public notice and staff.

#### **PUBLIC SERVICE COMMISSION OVERVIEW**

01:37:52 Brad Johnson, chairman, Public Service Commission (PSC), presented an overview of issues that are currently before the PSC.  
01:38:23 Mr. Johnson discussed NorthWestern Energy's attempts to recover costs for replacement power when the David Gates Generating Station was shutdown during part of 2013 and 2014.  
01:39:26 Mr. Johnson discussed the rate case involving Montana Dakota Utilities (MDU).  
01:40:28 Mr. Johnson said the PSC has initiated an investigatory docket, with regard to the implementation of the Public Utility Regulatory Policies Act of 1978 (PURPA), prompted by two petitions from Greycliff Wind Prime.  
01:43:01 Mr. Johnson discussed "Call Before You Dig" and said a final federal rule has been issued by the U.S. Department of Transportation Pipeline Hazardous Materials Safety Administration and Montana was found not to be in compliance.  
01:44:31 Mr. Johnson discussed net metering and interconnection.  
01:46:38 Mr. Johnson discussed the sale of Mountain Water.  
01:48:41 Mr. Johnson discussed the audit of the Rail Safety Program performed by the Legislative Audit Division.  
01:51:22 Mr. Johnson said a docket was opened on Continual Service Agreements for landlords.  
01:53:10 Mr. Johnson said the PSC approved an agreement with CenturyLink resulting in \$90 million in federal funding for infrastructure build out.

**Public Comment:** None

#### **Committee Questions and Discussion:**

01:55:05 Sen. Connell thanked the PSC staff for their cooperation and assistance with the SJ 12 (2015) study.

- 01:55:55 Rep. Regier asked who the parties were in the MDU case and how they came together.
- 01:57:24 Rep. Regier asked if PSC's response to the net metering survey was acceptable to all of the PSC members. Mr. Johnson said it was.
- 01:58:22 Rep. Regier asked about the rule on competitive bidding. Mr. Johnson said it has been repealed.
- 01:58:50 Rep. Regier said he thought utilities were required to contact landlords when someone moved out or failed to pay their bill. Mr. Johnson said it differed between utilities.
- 02:00:07 Rep. Pope thanked the PSC for its response to the net metering survey.
- 02:00:23 Rep. Pope asked about the outage at David Gates Generating Station and if there was also one at Colstrip Power Plant. Mr. Johnson said the primary focus was the outage at David Gates.
- 02:00:50 Rep. Pope asked who owns the utility grid across the state. Mr. Johnson said it is a complex structure and involves numerous authorities. Rep. Pope asked that detailed information be provided to the ETIC.
- 02:03:27 Rep. Regier asked if the information can be presented at the March meeting. Mr. Johnson said it can be.
- 02:03:48 Rep. Zolnikov asked that it also include information on who pays the taxes.

### **CONSUMER COUNSEL OVERVIEW**

- 02:04:37 Bob Nelson, Montana Consumer Counsel, gave an overview of current docket activities.
- 02:06:49 Mr. Nelson said the National Association of State Utility Consumer Advocates recently issued a handbook on the Clean Power Plan.
- 02:07:15 Mr. Nelson said the Counsel provided comments on net metering. He said he can also provide information on the utility grid.

**Public Comment:** None

### **Committee Questions and Discussion:**

- 02:07:57 Rep. Pope asked Mr. Nelson about the economics of energy policy and how energy efficiency and modernization affects what consumers pay.
- 02:11:10 Recess
- 02:22:09 Reconvene

### **HJ 7: NEXT GENERATION 9-1-1**

- 02:22:28 Ms. Nowakowski said at the request of the ETIC, stakeholders have been meeting monthly to discuss next generation 9-1-1, 9-1-1 stranded funds, and to determine a path forward for Montana's 9-1-1 program.
- 02:23:38 Ms. Nowakowski said a report with links to legislation in other states on next generation 9-1-1 was included in the ETIC mailing. [\(Exhibit 6\)](#)
- 02:23:59 Ms. Nowakowski said the governor re-established a 9-1-1 Advisory Council within the Department of Administration.
- 02:25:43 Geoff Feiss, general manager, Montana Telecommunications Association, gave an update on the stakeholder meetings.
- 02:27:29 Mr. Feiss described next generation 9-1-1.

- 02:32:14 Quinn Ness, bureau chief, Public Safety Communications Bureau, State Information Technology Services Division, Department of Administration, presented an overview the 9-1-1 Advisory Council.
- 02:33:42 Mr. Ness provided copies of the executive order establishing the advisory council (**Exhibit 7**) and named the members.
- 02:35:52 Mr. Ness discussed collaboration between the advisory council and the stakeholder group.
- 02:36:47 Mr. Ness discussed the status of developing recommendations on updating the state's 9-1-1 program statutes to enable and support next generation 9-1-1.

**Public Comment:** None

**Committee Questions and Discussion:**

- 02:40:20 Rep. Zolnikov asked Mr. Feiss to explain the different roles of the stakeholder group and the advisory council and how they are collaborating. Mr. Feiss said the stakeholder group is working on an implementation plan and that an outline was provided to the ETIC. (**Exhibit 8**) He said the advisory council is looking at the statutes.
- 02:41:58 Rep. Steenberg commented on the progress that the groups are making.
- 02:42:48 Rep. Regier asked Mr. Feiss to define "legacy technology."
- 02:44:31 Rep. Regier asked Mr. Ness which group is formulating a statewide plan.
- 02:45:11 Rep. Regier asked Mr. Ness about ways to improve on cost and if Public Safety Answering Point (PSAP) consolidation is being considered.
- 02:46:47 Sen. Larsen asked Mr. Feiss if the ETIC will consider a bill to address using stranded funds to facilitate the final development of next generation 9-1-1.
- 02:47:24 Mr. Feiss clarified a statement he made earlier about \$13 million in revenue and said it was from the \$1 fee that 9-1-1 collects on wire and wireless communications.
- 02:48:18 Mr. Feiss discussed the four sources of funds.
- 02:49:28 Sen. Larsen asked Rep. Regier about a bill he sponsored dealing with prepaid telephones and a connection to stranded funds or an excise tax. Rep. Regier said the bill would have applied to prepaid phones that do not pay the 9-1-1 tax.
- 02:50:18 Rep. Regier asked Sen. Driscoll if she sponsored a bill regarding where money was distributed. Sen. Driscoll said her bill established the .25 cent fee on cell phones for enhanced 9-1-1.
- 02:50:43 Sen. Larsen commented on the need to consolidate all the available money into one fund and asked if the ETIC is getting enough direction in order to be able to draft legislation.
- 02:51:53 Rep. Steenberg said both groups are doing a good job making progress and that the Montana Association of Counties (MACo) organized the first meeting of the stakeholder group.
- 02:52:30 Rep. Steenberg said Rep. Berry had sponsored a bill that distributed some of the stranded funds. He discussed other solutions for distributing stranded funds.
- 02:53:57 Sen. Larsen commented on progress that is being made.
- 02:54:33 Rep. Regier said as progress continues the ETIC should be able to have all of its questions answered.

## **PSC PROGRAM EVALUATION: RAILROAD SAFETY**

- 02:55:14 Ms. Nowakowski said the ETIC allocated time in its work plan for a programmatic review of railroad safety and the role of the PSC in railroad safety. **(Exhibit 9)** She said a legislative audit of the PSC rail safety program was completed in October 2015. **(Exhibit 10)** She said the PSC is hosting a roundtable discussion on January 20 on railroad safety and its role.
- 02:58:58 Ken McCormick, performance auditor, Legislative Audit Division, gave a PowerPoint presentation on the railroad safety audit. **(Exhibit 11)**
- 03:14:36 Brad Johnson, chairman, PSC, responded to some of the conclusions that were made in the audit. He said members of the PSC's legal staff are present and are available for questions.

**Public Comment:** None

### **Committee Questions and Discussion:**

- 03:17:46 Rep. Pope asked Mr. Johnson if he is aware of any current safety issues on the railway network because of deficiencies in oversight.
- 03:19:16 Rep. Regier asked if the audit was an audit of the PSC, the Department of Military Affairs, Disaster and Emergency Services Division (DES), and the Department of Transportation (MDT) in regard to railroad safety or if it was an audit of railroad safety in general. Mr. McCormick said it was an audit of railroad safety and the main agencies involved are the PSC, the DES, and the MDT.
- 03:19:59 Rep. Regier asked if railroad companies were included in the audit. Mr. McCormick said they were not.
- 03:20:50 Rep. Steenberg asked Mr. McCormick about the DES's reaction to the audit.
- 03:22:36 Rep. Pope asked if data in the audit is broken down by regions. Mr. McCormick said most of it is statewide data.
- 03:23:43 Rep. Steenberg asked if the six regional hazmat teams are still providing outreach training. Mr. McCormick said they are.
- 03:24:29 Rep. Steenberg asked if the hazmat teams are still required to report to DES on the level of training and number of certifications they provide. Mr. McCormick said they are.
- 03:25:10 Sen. Connell said the audit reports that railroad accidents are trending downward and that from 2006-2014 there was a 46% reduction in accidents nationwide and a 26% reduction in accidents in Montana. He asked Mr. McCormick about the starting level of accidents.
- 03:27:01 Rep. Regier asked Mr. McCormick if weather in Montana is considered in regard to accidents.
- 03:28:43 Rep. Zolnikov asked Mr. Johnson if the PSC will be working with the Legislative Audit Division to address the issues in the audit and if the ETIC will be given an update at its March meeting. Mr. Johnson said it will be.

## **OTHER BUSINESS**

**Discussion on the process for committee bills:**



03:30:39 Rep. Pope  
03:31:29 Rep. Regier  
03:32:14 Rep. Pope  
03:32:32 Mr. Everts  
03:33:17 Rep. Regier  
03:33:36 Ms. Nowakowski

**Instructions to Staff:**

03:34:01 Sen. Connell said the ETIC may want to consider inviting representatives from the railroad companies to the meeting in March to comment on the audit.  
03:35:24 Sen. Connell said he can provide the ETIC with information on the bill drafts he has been working on with staff.  
03:35:37 Rep. Regier asked Sen. Connell if he wanted to let the railroad companies know about the audit and give them an opportunity to respond. Sen. Connell said he did.  
03:36:15 Ms. Nowakowski said she will add railroad safety to the March agenda and include an update from the roundtable discussion.  
03:36:32 Rep. Steenberg recommended that representatives from the DES also be invited to attend the meeting in March.  
03:37:00 Rep. Regier said additional instructions for staff can also be given at the end of the meeting.  
  
03:37:28 Recess for lunch  
04:58:32 Reconvene

**MARKETING MONTANA'S ENERGY RESOURCES**

04:58:46 Ms. Nowakowski said the ETIC will hear from state agencies about efforts to promote Montana's energy industry.  
  
05:00:13 Sean Becker, administrator, Office of Tourism and Business Development, Department of Commerce, gave a PowerPoint presentation on marketing Montana and marketing and developing Montana's energy. **(Exhibit 12)**  
  
05:04:18 Mary Craige, Research and Information Services Bureau Chief, Department of Commerce, discussed the six areas in which the bureau works.  
05:07:31 Ms. Craige discussed highlights from their work on the Main Street Montana Project - Energy and Utility Key Industry Networks (KIN). **(Exhibit 13)**  
05:09:24 Ms. Craige discussed targeted industry development.  
  
05:11:44 Mr. Becker discussed the Office of Tourism and Business Development.  
05:13:06 Mr. Becker discussed industry events.  
05:17:52 Mr. Becker discussed publications and direct marketing practices.  
05:20:30 Mr. Becker discussed outreach.  
  
05:24:05 Rep. Regier said Dan Lloyd, business development specialist, Governor's Office of Economic Development, was unable to participate in the meeting today.

**Public Comment:**

05:24:20 Jeff Fox, Montana policy manager, Renewable Northwest, discussed the ways Renewable Northwest works to market Montana's Energy Resources.

**Committee Questions and Discussion:**

05:29:55 Sen. Larsen thanked the Department of Commerce for assisting in helping to put together the Pacific Northwest Economic Region (PNWER) annual summit at Big Sky.

05:31:17 Rep. Pope asked Mr. Becker about new ideas that the state is doing to amplify its marketing efforts.

05:34:09 Sen. Ankney commented on the efforts by Rep. Cuffe and Sen. Larsen to help put together the PNWER conference.

05:35:35 Sen. Ankney commented on the 2015 U.S.-China Clean Coal Industry Forum.

05:37:37 Sen. Regier also thanked Rep. Cuffe and Sen. Larsen for their efforts.

05:37:59 Rep. Regier asked Ms. Craige about business inquiry response time.

05:38:53 Rep. Regier asked Ms. Craige about increasing business presence in Montana and the percent of time that is spent getting businesses to come to Montana verses marketing Montana products.

05:39:58 Rep. Regier asked Ms. Craige how much of their focus is on energy resources.

05:41:36 Rep. Regier asked Ms. Craige if the legislature can do anything to help with marketing Montana's energy.

05:43:19 Rep. Regier asked Mr. Fox about transmission of wind energy and if Montana can send out as much wind energy as it produces.

05:45:47 Rep. Regier said it may be helpful for the ETIC to bring in people from the energy industry for their ideas on what government can do to help them market Montana's energy resources.

05:46:11 Ms. Nowakowski suggested using the KIN membership and have them discuss any legislative proposals they are working on.

**SJ 12: NET METERING ECONOMIC IMPACTS**

05:46:50 Ms. Nowakowski said SJ 12 requires the ETIC to examine the economic development impacts of net metering. She said the ETIC received a staff report that is a compilation of relevant studies conducted by Synapse Energy, the National Renewable Energy Laboratory, and renewable energy groups that have conducted related reviews in other states. **(Exhibit 14)**

05:48:59 Ben Brouwer, policy director, Montana Renewable Energy Association (MREA), gave a PowerPoint presentation on the economic development impact of net metering in Montana and the solar industry. **(Exhibit 15)**

05:51:30 Mr. Brouwer discussed the factors driving consumer demand to purchase net metering systems and solar power in particular.

05:56:30 Mr. Brouwer discussed the analysis filed by MREA and the economic impacts of net metering.

06:01:24 Mr. Brouwer discussed Montana solar jobs and wages.

06:05:32 Mr. Brouwer discussed different perspectives from solar businesses in Montana about the net metering law.

06:09:34 Orion Thornton, co-owner, Onsite Energy, discussed his business and the potential for solar industry in Montana under the current net metering statutes versus expanding the statutes.  
06:11:49 Mr. Thornton presented information about Onsite Energy.  
06:17:20 Mr. Thornton discussed Montana's net metering statutes.

**Public Comment:**

06:25:47 Doug Hardy, Montana Electric Cooperatives' Association (MECA).  
06:27:12 Pat Corcoran, vice president, Government Affairs, NorthWestern Energy (NWE).  
06:29:41 Mike Green, attorney, Crowley Fleck, representing Montana Dakota Utilities.

**Committee Questions and Discussion:**

06:31:21 Sen. Connell asked Mr. Thornton if the customer in Gardiner who was mentioned in the presentation could have produced or consumed more than 50 kW of energy if the statute had been different.  
06:35:32 Sen. Connell asked Mr. Thornton about the potential to expand his business.  
06:37:17 Sen. Connell said almost every business has to deal with scale of economy problems.  
06:37:50 Rep. Pope asked Mr. Thornton about the business potential for projects above 50 kW.  
06:42:14 Rep. Pope asked Mr. Thornton about battery storage and if there is a correlation to size of systems.  
06:44:00 Rep. Regier asked Mr. Thornton if he thought energy efficiency should be used for credits just like distributive generation.  
06:48:02 Rep. Regier asked Mr. Brouwer why photovoltaic (PV) prices have dropped.  
06:48:38 Rep. Regier asked Mr. Brouwer if overproduction was a factor.  
06:49:07 Rep. Regier asked Mr. Brouwer how a community solar project would work with the net metering 50 kW cap.

**Discussion on Next Steps:**

06:50:15 Rep. Regier opened discussion on next steps. **(Exhibit 16)**  
06:52:58 Rep. Pope  
06:57:32 Sen. Larsen  
06:58:55 Sen. Connell  
07:04:37 Rep. Regier  
07:04:46 Rep. Pope  
07:07:05 Rep. Regier

**SJ 12: RATE DESIGN AND REGULATORY OPTIONS**

07:07:40 Ms. Nowakowski said SJ 12 requests that the ETIC conduct a review of the methodologies for valuing power including power produced by the net metering facility and transferred to the utility and power produced by the utility and sold to to the net metered customer.  
07:08:53 Ms. Nowakowski said the ETIC received a staff report discussing different forms of rate design and gave examples of how those policies are used by utilities and utility commissions in different states. **(Exhibit 17)**  
07:09:32 Ms. Nowakowski said the ETIC requested additional information about decoupling and the use of decoupling in Montana. **(Exhibit 18)**

- 07:12:17 Pat Corcoran, NorthWestern Energy, gave a PowerPoint presentation on revenue regulation and decoupling. **(Exhibit 19)**
- 07:19:37 Mr. Corcoran said the ETIC received information showing examples of NorthWestern Energy variable rates and fixed rates. **(Exhibit 20)**
- 07:29:44 Chuck Magraw, attorney, Helena, discussed the importance of energy efficiency.  
07:34:26 Mr. Magraw discussed the relationship between energy efficiency and decoupling.
- 07:41:45 Mr. Magraw said about half of the states in the U.S. have adopted some form of decoupling for their natural gas or electric utilities. **(Exhibit 21)**

**Public Comment:**

- 07:43:25 Doug Hardy, Montana Electric Cooperatives' Association (MECA).  
07:44:45 Mr. Hardy presented a video on net metering rates.  
07:48:39 Mr. Hardy said on the question and answer sheet there is an example of fixed costs of poles and wires and how it is recovered. **(Exhibit 22)**  
07:48:53 Bob Nelson, Montana Consumer Counsel.  
07:55:16 Diego Rivas, Montana senior policy associate, NW Energy Coalition.  
07:58:34 Kyla Maki, Montana Environmental Information Center.

**Committee Questions and Discussion:**

- 08:03:14 Rep. Regier asked Mr. Magraw if the PSC takes into consideration utility ratepayer competition.  
08:05:44 Rep. Pope thanked Mr. Corcoran for his participation.  
08:06:34 Rep. Pope asked Mr. Corcoran to explain how the issue of decoupling might inform the legislature's work in creating policy on net metering.  
08:10:06 Rep. Pope asked Mr. Nelson about some of the statements he made during public comment.

**SJ 12: NET METERING COSTS AND BENEFITS QUESTIONNAIRES**

- 08:13:05 Ms. Nowakowski said the ETIC will hear from the regulated utilities, the rural electric cooperatives, and renewable energy industry on what they learned from the responses to the questionnaires. **(Exhibit 23)** She said the ETIC will also hear from state agencies who will provide their take away from the responses and suggested follow-up. **(Exhibit 24)** She said staff will need direction from the ETIC on how best to focus the net metering study.

**Comments from Respondents:**

- 08:16:37 Mr. Brouwer, MREA.  
08:18:46 Mr. Hardy, MECA.  
08:19:38 Mr. Corcoran, NWE.

**Potential Follow-up Questions:**

- 08:23:57 Laura Andersen, Energy Bureau Chief, Department of Environmental Quality (DEQ), said she is available for questions regarding DEQ's summary of the responses.  
08:24:27 Will Rosquist, administrator, Regulatory Division, Public Service Commission, said he is available for any questions.

08:25:08 Bob Nelson, Montana Consumer Counsel, said the ETIC received the Counsel's written comments and he is available for questions.

**Public Comment:** None

**Committee Questions and Discussion:** None

**Committee Action:**

08:25:48 Rep. Pope asked if there will be another opportunity for committee action. Rep. Regier said there will be, but staff needs direction on the net metering study now.

08:26:54 Sen. Connell said that LC 10 is an effort to address interconnection procedures not currently in statute.

08:29:22 Rep. Regier asked if the committee members want more stakeholder involvement or needs any additional information.

08:29:36 Rep. Zolnikov said it may be helpful to create a chart showing what the cost shifting amounts are for each organization. Ms. Nowakowski commented on creating a chart.

08:32:30 Rep. Regier asked Ms. Nowakowski if she has enough information to determine an average amount.

08:32:53 Sen. Connell commented on comparing data from each organization.

08:33:26 Rep. Steenberg commented on the data. He recommended looking at the information the ETIC already has received.

08:35:45 Sen. Driscoll asked for information on what the national average is for a net metering cap.

08:36:08 Rep. Zolnikov recommended that the ETIC begin working on legislation.

08:36:36 Rep. Regier suggested looking at questions on the ETIC worksheet. (see exhibit 16)

08:36:51 Ms. Nowakowski said at the meeting in March the ETIC will only consider incentives and the net metering policy and not how to price distributive generation.

08:37:32 Sen. Ankney said there doesn't seem to be any consistency across states on how net metering is priced. Sen. Larsen agreed and said he would like to focus on policy that fits Montana.

08:39:04 Rep. Pope said he also agreed and that the ETIC could make a statement about the future potential for solar power generation in Montana. He recommended that the ETIC look at solving some of the issues structurally around the disincentives that the utility currently has to implement with decoupling.

08:40:39 Sen. Ankney said the ETIC needs to continue the discussion on net metering in order to take back information to the legislature.

**PUBLIC COMMENT ON MATTERS WITHIN THE JURISDICTION OF THE ETIC**

08:42:30 Rep. Cuffe commented on other legislators that helped with the PNWER Summit.

**OTHER BUSINESS**

None

**ADJOURN**

Rep. Regier adjourned the meeting at 4:47 p.m.

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