

**TESTIMONY IN OPPOSITION TO HB 388 CREATING  
THE MONTANA INFRASTRUCTURE FOR TRANSMISSION LINES**

**Greg Jergeson  
Chairman, Montana PSC  
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Mr. Chairman and Members of the Committee,

It is not necessary for the state to supplant the private sector in financing and constructing electric transmission lines. Even if it were necessary, this bill is not the proper vehicle. For these overarching reasons, the Montana Public Service Commission urges that you do not recommend this bill be passed.

The Commission is and has been involved in and concerned with regional transmission issues for some time. I represent the Commission on OMS – the Organization of MISO States. One of our staff, Marla Larson, closely follows and participates in OMS and the proposed regional transmission organization for the west, GridWest. Through the development of RTOs, we and many others hope and expect that the existing transmission facilities can be operated more efficiently and handle more megawatts than they do currently.

No one has shown that the private sector is unable or unwilling to finance or construct transmission facilities that are economically feasible. In the past year NorthWestern Energy conducted a bidding process for a transmission line from Montana to Idaho. According to company officials, the process indicated enough interest that it is studying construction options. In the past week, Montana Alberta Tie Ltd. announced an open season to gauge interest in a transmission line connecting Lethbridge to Great Falls. A spokesman for that enterprise has stated that if enough interest is shown, the developers will have incentive to go forward. A Canadian company, TransCanada, has

been visiting with various western states, including Montana, about the Northern Lights Project - a high voltage DC transmission line that TransCanada is considering developing from Alberta into western US markets. And on Monday, representatives of National Grid reportedly told the Governor that they have the capital available to take on projects like a transmission line from the Otter Creek coal tracts to markets west of Montana. There is no compelling need for the state to be the entity that finances and constructs transmission projects. If the projects are economically feasible, the private sector will build them. If the projects are not economically feasible, it is not clear how this bill would overcome that obstacle without putting Montana taxpayers or utility ratepayers at risk.

Additional transmission is not needed to serve Montana consumers at this time. The need for additional transmission to export power from yet to be built coal or wind generation depends on the fuel preferences of load-serving entities outside of the state and of the Rocky Mountain region. The Rocky Mountain Area Transmission Study, formed by Wyoming Governor Dave Freudenthal and then-Utah Governor Michael Leavitt, made three types of recommendations: near-term, long-term in the RMATS footprint, and longer-term beyond the Rocky Mountain States. For Montana, RMATS recommended installation of a phase shifter on the line between Montana and Idaho and long-term upgrades to the existing transmission 500 kV system to enable exports to the Pacific Northwest. The recommendation did not involve any new transmission lines. Instead, it called for an autotransformer at Colstrip, and two new substations at Ringling and Missoula and some other smaller investments that would increase the transfer capacity by 500 megawatts and is estimated to cost \$72 million. An infrastructure authority is not needed to accomplish this upgrade.

This bill is patterned after a Wyoming bill that was adopted last March. One major difference between the two bills is that the Wyoming bill specifically provides the authority with the power of condemnation. Some members of the Wyoming Infrastructure Authority believe that the power of condemnation, while it should be rarely used, is the strongest and most important tool in its toolbox.

The preliminary results from Wyoming indicate that this bill is underestimating the cost of an infrastructure authority. The Wyoming Infrastructure Authority has asked the legislature for \$1.6 million for staffing and equipment and for \$5 million to initiate studies and permitting. Some have suggested that it will actually take far more than \$5 million to complete the study and permitting process. These are expenditures that will need to be made long before any revenue bonds are sold. They may never be recovered.

Montana would be better served by acting after it has an opportunity to evaluate the Wyoming results.

Even if there was a need for a Montana Infrastructure Authority, this bill is not a good vehicle for creating it. It is inappropriate to provide this authority with enormous competitive advantage over the private sector. The biggest inappropriate advantage is the exemption from Montana's Major Facility Siting Act. This bill lacks significant detail regarding oversight and accountability; the planning process; and goals, objectives and planning criteria to be used in decision-making. The bill is fraught with possible unintended consequences.

