

## SENATE BILL NO. 327

INTRODUCED BY C. LARSEN

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE DEPARTMENT OF NATURAL RESOURCES AND  
5 CONSERVATION TO REPORT TO THE ENERGY AND TELECOMMUNICATIONS INTERIM COMMITTEE AND  
6 THE WATER POLICY INTERIM COMMITTEE ON FEASIBILITY STUDIES CURRENTLY REQUIRED UNDER  
7 LAW TO ASSESS WATER PROJECTS OWNED OR CONTROLLED BY THE STATE FOR ELECTRICITY  
8 GENERATION POTENTIAL; CLARIFYING THE ECONOMIC FEASIBILITY CRITERIA THAT THE  
9 DEPARTMENT IS REQUIRED TO CONSIDER IN STUDYING PROJECTS; AMENDING SECTION 85-1-501,  
10 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

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14 **Section 1.** Section 85-1-501, MCA, is amended to read:  
15 **"85-1-501. Survey of power generation capacity.** (1) The department shall study the economic and  
16 environmental feasibility of constructing and operating a small-scale hydroelectric power generating facility on  
17 each of the water projects under its control and shall periodically update ~~such~~ those studies as the cost of the  
18 electrical energy increases. In determining whether small-scale hydroelectric generation may be economically  
19 feasible on a particular project, the department shall consider:

- 20 ~~(1)~~(a) the estimated cost of construction of a facility;  
21 ~~(2)~~(b) the estimated cost of maintaining, repairing, and operating the facility;  
22 ~~(3)~~(c) the estimated cost of tying into an existing power distribution channel;  
23 ~~(4)~~(d) the ability of public utilities or rural electric cooperatives to lease and operate such a facility;  
24 ~~(5)~~(e) the debt burden to be serviced;  
25 ~~(6)~~(f) the revenue expected to be derived; ~~and~~  
26 ~~(7)~~(g) the likelihood of a reasonable rate of return on the investment; and  
27 (h) the potential impacts on water supply and streamflows.

28 (2) Prior to September 1 of each even-numbered year, the department shall update the energy and  
29 telecommunications interim committee and the water policy interim committee on all past and current studies  
30 conducted pursuant to this section."

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2           NEW SECTION. **Section 2. Effective date.** [This act] is effective on passage and approval.

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