

Montana State Legislature

2013 Session

ADDITIONAL DOCUMENTS MAY INCLUDE THE FOLLOWING:

- **Business Report**
- **Roll Call - Attendance**
- **Standing Committee Reports**
- **Tabled Bills**
- **Fiscal Reports etc.**
- **Roll Call Votes**
- **Informational Items**
- **Witness Statements**
- **Any Documents; such as;**
 - * **Petitions if any.**
 - * **Any and all material handed end after the meeting ends.**

**The original is on file at the
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BUSINESS REPORT

MONTANA SENATE
63rd LEGISLATURE - REGULAR SESSION

SENATE ENERGY AND TELECOMMUNICATIONS COMMITTEE

Date: Thursday, February 21, 2013

Place: Capitol

Time: 3:00 PM

Room: 317-A

BILLS and RESOLUTIONS HEARD:

SB 308 - Generally revise telecommunication laws related to competition - Sen. Alan Olson

SB 312 - Revise state information technology policy - Sen. Jon Sonju

EXECUTIVE ACTION TAKEN:

SB 308: ~~DP~~ Tabled

SB 312: DPAA

SB 153: DPAA

SB 247: DPAA

SB 276: Tabled

SB 325: DP

Comments:



SEN. Alan Olson, Chair

MONTANA STATE SENATE

Roll Call

ENERGY & TELECOMMUNICATIONS COMMITTEE

DATE: 2.21.2013

<u>NAME</u>	<u>PRESENT</u>	<u>ABSENT/ EXCUSED</u>
CHAIRMAN ALAN OLSON	X	
VICE CHAIRMAN VERDELL JACKSON	X	
SENATOR RON ARTHUN	X	
SENATOR ROBYN DRISCOLL	X	
SENATOR JEFF ESSMANN		X
SENATOR GREG JERGESON	X	
SENATOR LLEW JONES	X	
SENATOR CHRISTINE KAUFMANN	X	
SENATOR CLIFF LARSEN	X	
SENATOR JASON PRIEST		X
SENATOR MITCH TROPILA	X	
SENATOR CHAS VINCENT	X	
SENATOR ED WALKER		X



SENATE STANDING COMMITTEE REPORT

February 21, 2013

Page 1 of 1

Mr. President:

We, your committee on **Energy and Telecommunications** recommend that **Senate Bill 312**
(first reading copy -- white) **do pass as amended.**

Signed: 
Senator Alan Olson, Chair

And, that such amendments read:

1. Page 1, line 17.

Following: "state"

Insert: "."

2. Page 1, line 18.

Strike: line 18

- END -

Committee Vote:

Yes 13, No 0

Fiscal Note Required

SB0312001SC.swr



SENATE STANDING COMMITTEE REPORT

February 21, 2013

Page 1 of 2

Mr. President:

We, your committee on **Energy and Telecommunications** recommend that **Senate Bill 153** (first reading copy -- white) **do pass as amended.**

Signed: _____

Senator Alan Olson, Chair

And, that such amendments read:

1. Page 2, line 13.

Strike: "Pondera,"

Insert: "Prairie,"

2. Page 2, line 15.

Following: "Fallon,"

Insert: "Musselshell,"

Following: "Powder River,"

Strike: "Prairie,"

3. Page 2, line 17.

Following: "~~Deer Lodge,~~"

Insert: "Deer Lodge,"

4. Page 2, line 18.

Strike: "Musselshell,"

5. Page 2, line 19.

Strike: "Deer Lodge,"

Following: "Powell,"

Insert: "Powell,"

6. Page 2, line 21.

Strike: "Powell,"

Insert: "Pondera,"

Committee Vote:

Yes 13, No 0

Fiscal Note Required

- END -



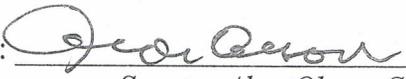
SENATE STANDING COMMITTEE REPORT

February 21, 2013

Page 1 of 1

Mr. President:

We, your committee on **Energy and Telecommunications** recommend that **Senate Bill 247** (first reading copy -- white) **do pass as amended.**

Signed: 
Senator Alan Olson, Chair

And, that such amendments read:

1. Title, page 1, line 5 through line 7.

Strike: "ALLOWING" on line 5 through "ACCOUNTS;" on line 7

Strike: "SECTIONS"

Insert: "SECTION"

Strike: "AND 69-8-603"

2. Page 5, line 29 through page 6, line 29.

Strike: section 2 in its entirety

ReNUMBER: subsequent sections

- END -

Committee Vote:

Yes 7, No 6

Fiscal Note Required

SB0247001SC.swr



SENATE STANDING COMMITTEE REPORT

February 21, 2013

Page 1 of 1

Mr. President:

We, your committee on **Energy and Telecommunications** recommend that **Senate Bill 325**
(first reading copy -- white) **do pass.**

Signed: _____

A handwritten signature in cursive script, appearing to read "Alan Olson", written over a horizontal line.

Senator Alan Olson, Chair

- END -

Committee Vote:

Yes 8, No 5

Fiscal Note Required

SB0325001SC.swr

BILL TABLED NOTICE

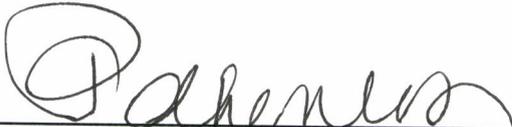
SENATE ENERGY AND TELECOMMUNICATIONS COMMITTEE

The SENATE ENERGY AND TELECOMMUNICATIONS COMMITTEE TABLED

SB 308 - Generally revise telecommunication laws related to competition - Sen. Alan Olson by motion, on **Thursday, February 21, 2013.**



(For the Committee)



(For the Secretary of the Senate)

12:25, 2/22
(Time) (Date)

February 22, 2013 (12:15pm)

Julie Emge, Secretary

Phone: 444-4751

BILL TABLED NOTICE

SENATE ENERGY AND TELECOMMUNICATIONS COMMITTEE

The SENATE ENERGY AND TELECOMMUNICATIONS COMMITTEE TABLED

SB 276 - Revise laws related to utility distribution improvements - Sen. Ron Arthun
by motion, on **Thursday, February 21, 2013.**

Julie Emge
(For the Committee)

Ron Arthun
(For the Secretary of the Senate)
9:10 / 2/22
(Time) (Date)

February 21, 2013 (5:25pm)

Julie Emge, Secretary

Phone: 444-4751

MONTANA STATE SENATE

Roll Call Vote

ENERGY & TELECOMMUNICATIONS COMMITTEE

DATE 2.21.2013 BILL NO SB 247 MOTION NO. _____

MOTION: Do Pass As Amended - Motion Carried

NAME	AYE	NAY	If Proxy Vote, check here & include signed Proxy Form with minutes
V. CHAIRMAN VERDELL JACKSON (R)	X		
SENATOR CLIFF LARSEN (D)	X		
SENATOR RON ARTHUN (R)		X	
SENATOR LLEW JONES (R)	X		
SENATOR CHRISTINE KAUFMANN (D)	X		
SENATOR ROBYN DRISCOLL (D)	X		
SENATOR CHAS VINCENT (R)		X	
SENATOR MITCH TROPILA (D)	X		
SENATOR JASON PRIEST (R)		X	X
SENATOR ED WALKER (R)		X	
SENATOR GREG JERGESON (D)	X		
SENATOR JEFF ESSMANN (R)		X	X
CHAIRMAN ALAN OLSON (R)		X	
	7	6	2

MONTANA STATE SENATE

Roll Call Vote

ENERGY & TELECOMMUNICATIONS COMMITTEE

DATE 2.21.2013 BILL NO 98325 MOTION NO. _____

MOTION: Do Pass - Motion Carried

NAME	AYE	NAY	If Proxy Vote, check here & include signed Proxy Form with minutes
V. CHAIRMAN VERDELL JACKSON (R)	X		
SENATOR CLIFF LARSEN (D)		X	
SENATOR RON ARTHUN (R)	X		
SENATOR LLEW JONES (R)	X		
SENATOR CHRISTINE KAUFMANN (D)		X	
SENATOR ROBYN DRISCOLL (D)		X	
SENATOR CHAS VINCENT (R)	X		
SENATOR MITCH TROPILA (D)		X	
SENATOR JASON PRIEST (R)	X		X
SENATOR ED WALKER (R)		X	
SENATOR GREG JERGESON (D)	X		
SENATOR JEFF ESSMANN (R)	X		X
CHAIRMAN ALAN OLSON (R)	X		
	8	5	2

SENATE PROXY

I, Senator Jeff Essmann, hereby authorize Senator Verdell Jackson to vote my proxy before the Senate ENERGY & TELECOMMUNICATIONS meeting held on _____, 2013.



 Senator Signature

 Date

Said authorization is as follows: *(mark only one)*

- All votes, including amendments.
- All votes as directed below on the listed bills, and all other votes.
- Votes only as directed below.

Bill No. / Amendment No.	Aye	No
SB 308	X	
SB031201. ASN	X	
SB 312	X	
SB015311. ASN	X	
SB 153	X	
SB 024701. ASN	X	
SB 247	X	X
SB 276	X	
SB 325	X	

Tabled

TO Table

TESTIMONY OF ROGER KOOPMAN
In Behalf of the Montana Public Service Commission
Senate Energy and Telecommunications Committee
February 21, 2013

Mr. Chairman, the Montana Public Service Commission strongly supports Senate Bill 380. In the Montana Telecommunications Act, the Purpose Section MCA 69-3-80 states as follows:

69-3-802. Purpose. *The legislature declares that it remains the policy of the state of Montana to maintain universal availability of basic telecommunications service at affordable rates.* To the extent that it is consistent with maintaining universal service, it is further the policy of this state to encourage competition in the telecommunications industry, thereby allowing access by the public to resulting rapid advances in telecommunications technology. It is the purpose of this part to provide a regulatory framework that will allow an orderly transition from a regulated telecommunications industry to a competitive market environment, and it is further the purpose of this part to clarify that the commission has authority to implement alternative forms of regulation for providers of regulated telecommunications services.

The Montana PSC regulates eight telecommunications companies in Montana. Other than CenturyLink the seven regulated companies are all small rural providers. The regulated companies are for-profit companies that pay taxes like any other business.

First, I'll address New Section 1. The PSC regulates the rate of return (the profit) of these companies and the prices or rates they charge for their service. The PSC is concerned about the impact of state government or the universities directly competing with these companies for the telecommunications business of some of their larger customers such as schools, hospitals, libraries, and community colleges, etc. (The FCC refers to these customers as community anchor institutions.) The loss of these customers would have a very large negative impact on the financial viability of these rural providers and the PSC believes would endanger the stated purpose of the State of Montana that basic service should be available at **affordable rates** to the citizens of Montana. Put simply, state government should not compete with Montana private sector businesses. New Section 1 of this bill addresses our concern in that it limits a state agency from providing state telecommunications service to other state agencies only.

Secondly, the PSC strongly supports New Section 2 of the bill which requires state agencies to maximize the use of private providers for the provisioning of telecommunications and broadband networks and requires that the agency follow the Montana Procurement Act. The rural companies in Montana have extensive fiber optic facilities in the state of Montana. State government should utilize these facilities wherever possible rather than duplicating those facilities to the financial detriment of the rural companies. I would reference the purpose section of the Montana Procurement Act MCA 18-4-22(7):

MCA Title 18 – Public Contracts, Chapter 4 – Montana Procurement Act

18-4-122. Purpose. The underlying purposes and policies of this chapter are to:

- (1) simplify, clarify, and modernize the law governing procurement by the state of Montana;
- (2) permit the continued development of procurement policies and practices;
- (3) make as consistent as possible the procurement laws among the various jurisdictions;
- (4) provide for increased public confidence in the procedures followed in public procurement;
- (5) ensure the fair and equitable treatment of all persons who deal with the procurement system of the state;
- (6) provide increased economy in state procurement activities and maximize to the fullest extent practicable the purchasing value of public funds of the state;
- (7) foster effective, broad-based competition within the free enterprise system;**
- (8) provide safeguards for the maintenance of a procurement system of quality and integrity; and
- (9) provide the exclusive remedies for unlawful bid solicitations or contract awards.

Finally, recognizing the legislature's somewhat limited jurisdiction over the Montana University System, the bill includes important policy language encouraging the university system to not compete with private enterprise, and encouraging the university system to utilize private providers wherever possible. We are in full support of this, and would encourage the Board of Regents to adopt policies along these lines.

Because government, by its nature, operates under a different set of rules and principles, any profit-making private business that is forced to compete with a governmental entity is placed at a major and unfair disadvantage. Over time, private providers are weakened and crowded out of their own market.

In the telecommunications area, there may be only a limited number of examples right now, where the specter of state competition is becoming a clear threat. But the history of governmental competition with private enterprise is typically one of gradual encroachment which, in the absence of prohibitive statutory policy, becomes deeply rooted over the course of time, relied upon by many, and almost impossible to later eliminate.

SB 308 proposes to get out in front on this issue, and in the interest of rate-paying consumers and the future viability of private telecommunications companies, would provide a firewall of protection that preserves market incentives and prohibits governmental entry into an area of private enterprise where it does not belong – and ultimately, can do great harm.

For these reasons, the Montana Public Service Commission, by unanimous vote of the commissioners, fully supports the passage of SB 308.



MONTANA PUBLIC SERVICE COMMISSION

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Bill Gallagher, Chairman
Bob Lake, Vice Chairman
Kirk Bushman, Commissioner
Travis Kavulla, Commissioner
Roger Koopman, Commissioner

February 15, 2013

The Honorable Alan Olsen, Chairman
Members of the ETC
Montana State Senate
PO Box 200500
Helena MT 59620-0500

RE: SB 153

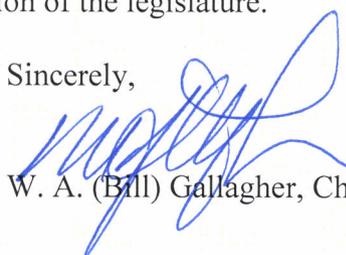
Dear Senator Olsen:

By previous action of the PSC, commissioners voted to support SB 153, a bill aimed at better defining the five Public Service Commission districts and the process by which district lines could, from time to time, be altered to adjust for population shifts and other factors. The measure also puts forth a plan for the immediate realignment of PSC district boundaries, changing the county composition of four of the five districts.

While the commission appreciates both the efforts and the intentions of the bill's sponsor, it has become evident that the complexity of the issues raised by this legislation require more time, research and deliberation than can be sufficiently addressed by the Montana State Legislature at this time.

The PSC has therefore withdrawn its support for SB 153, and respectfully recommends that the committee lay the legislation on the table. In the interim, we encourage careful study and continued dialogue on this subject, with the goal of re-visiting these difficult issues in a future session of the legislature.

Sincerely,


W. A. (Bill) Gallagher, Chairman