

**MONTANA ENERGY AND TELECOMMUNICATIONS INTERIM
COMMITTEE - JULY 28, 2010
NEW HYDROELECTRIC POWER IN MONTANA UTILIZING
EXISTING DAM AND IRRIGATION SYSTEM DROPS ETC.**

SOME SUGGESTIONS OUTLINE

- 1) Avoided Cost Rates at PSC.
Support consistent "Avoided Cost Rates" at PSC based on utilities Avoided Cost for new resource over period of twenty years minimum. Suggest surrogate avoided resource with updates for fuel, e.g. coal plant, natural gas. If avoided resource is coal, or natural gas then allow producer to keep environmental attributes i.e. Renewable Energy Credits (REC's)

- 2) Interconnection
Make utility interconnection PSC jurisdictional and defined as "Energy Resource" not "Network Resource". Qualifying facilities are exempt from FERC rules. Energy Resource - local impacts. Network resource - water spill out of the bath tub.

- 3) Taxes
 - a. Eliminate Property Taxes for 15 to 20 Years.
 - b. Permanently reduce property taxes for interconnect transmission for new hydro same as wind.
 - c. Consider State Income Tax credits e.g. Idaho 2%, Oregon 30%.

- 4) Water Rights
Modify water law to allow water right processing to begin with "possessory interest" defined as FERC preliminary permit, license or exemption.

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