Energy and Telecommunications Interim Committee
Final Work Plan
2011-2012

September 1, 2011

P.O. Box 201704
Helena, MT 59620-1704
Phone: (406) 444-3064
Fax: (406) 444-3971
www.leg.mt.gov

Energy & Telecommunications Committee Mtg.
September 16, 2011

Exhibit 1

Table of Contents

General Information about the 2011-2012 Work Plan

Introduction 1
Members and Staff 1
How the ETIC Plans its Work 2
Committee Procedures and Public Participation 2

Work Plan Topics

ETIC's STATUTORY DUTIES OR OBLIGATIONS

General Duties. 3
ETIC Publications 7

ETIC Member Suggested Studies

Study Montana's One-call Laws. 8
Examine PSC Organizational Structure. 9
Study Energy Resource Development. 10

Final 2011-2012 Work Plan Timeline 11

Appendices

A: Studies conducted by 2007-08 ETIC and 2009-10 ETIC 15

ETIC Work Plan Decision Matrix . . . . . **Separate Document**

Information about the 2011-2012 Final Work Plan

Introduction

This is the work plan for the Energy and Telecommunications Interim Committee (ETIC or Committee) for the 2011-2012 interim. In this document you will find:

- An explanation of how the ETIC plans its work.
- Instructions for using the work plan.
- A description of work plan topics.
- A timeline of how the ETIC will complete its work.

There is an additional document-- the ***ETIC Work Plan Decision Matrix*** -- to assist members.

Members and Staff

Committee members
- Sen. Alan Olson, presiding officer
- Rep. Tony Belcourt, vice-presiding officer
- Rep. Robyn Driscoll
- Rep. Harry Klock
- Rep. Austin Knudsen
- Sen. Verdell Jackson
- Sen. Jim Keane
- Sen. Cliff Larsen

Staff
- Sonja Nowakowski, Research Analyst
  (406) 444-3078 or snowakowski@mt.gov
- Todd Everts, Legislative Environmental Analyst, Attorney
  (406) 444-3747 or teverts@mt.gov
- Dawn Field, Secretary
  (406) 444-3073 or dfield@mt.gov

How the ETIC Plans its Work

During the legislative interim, the ETIC typically focuses on the study topics it has been assigned while also maintaining oversight of programs and rulemaking activities of the Department of Public Service Regulation and the Public Service Commission. It also may address issues and improve law as it deems to be in the best interest of the state. This interim the Committee has increased statutory duties, with the passage of House Bill No. 142, Senate Bill No. 7, and Senate Bill No. 327.

This interim the Legislative Council did not assign the Committee any studies in the form of joint study resolutions ranked by legislators following the close of the 2011 Legislative session. In May 2011, staff requested ETIC members provide staff with potential study topics for discussion at the July meeting. Keeping statutory assignments and potential assignments, as recommended by Committee members, in mind, the Committee charted its work for the coming months.

The ETIC establishes its work plan at the beginning of the interim. **The primary constraint limiting the study agenda for the interim is the number of issues that can be effectively addressed within the available time and resources of the Committee members and its staff.**

Members used a *Draft 2011-2012 Work Plan* as a decision-making tool to help Committee members work together to efficiently set priorities and decide how and where to spend the ETIC's limited time and resources. The work plan sets out a strategy for fulfilling the ETIC's responsibilities throughout the 2011-2012 interim. The committee has **.80 FTE** to work with.

Once the final work plan is adopted in September 2011, it will become a blueprint for the 2011-2012 interim. A timeline illustrating the overall schedule that these work plans will fit into is presented at the end of this document.

The work plan includes studies suggested by Committee members and statutory mandates. The ETIC at its July 15, 2011 meeting decided how to prioritize its interim work.

Committee Procedures and Public Participation

The ETIC will operate under the Rules, Procedures, and Guidelines for Interim Committees adopted by the Legislative Council. Members adopted these rules at the July 15, 2011 meeting.

As required by law, 10 day advance public notice will be given for all meetings and the public will be given an opportunity to comment on any matter that is within the jurisdiction of the Committee. The Presiding Officer may establish time limits for public comments, if necessary.

Interested persons may be added to the mailing list by contacting Dawn Field at 444-3073, or the Legislative Services Division Office at 444-3064. Agendas, memos, links and other information can be found on the ETIC website: www.leg.mt.gov/etic. By visiting the website, interested persons also may sign up for electronic notification.

Potential Work Plan Topics

ETIC STATUTORY DUTIES AND OBLIGATIONS

The ETIC draws its statutory responsibilities from six sources.

I. Source/authority: 5-5-215, MCA. General duties of all interim committees.
5-5-230, MCA. ETIC oversight

"The energy and telecommunications interim committee has administrative rule review, draft legislation review, program evaluation, and monitoring functions for the department of Public Service regulation and the Public Service Commission."

As applied to the ETIC, statutes require the Committee to:

1. **Conduct interim studies** as assigned. The Committee may recommend to the Legislative Council that an interim study be assigned to another interim committee or not be conducted.
2. **Review administrative rules** of the Department of Public Service Regulation (DPSR) and the Public Service Commission (PSC).
3. **Review legislation** proposed by DPSR or the PSC. Bills requested by an individual member of the Legislature are not subject to this requirement.
4. **Complete additional statutory duties** including reviewing and revising the state energy policy, reviewing universal system benefits programs, receiving an update on hydroelectric power development, receiving a report on the use of renewable energy credits in Montana, and receiving a report on geothermal activities in Montana.
5. **Monitor the operation of the DPSR and PSC** with specific attention to the following:
   a. identification of issues likely to require future legislative attention;
   b. opportunities to improve existing law through the analysis of problems experienced with the application of the law by the agency; and
   c. experiences of Montana's citizens with the operation of the agency that may be amenable to improvement through legislative action.
6. **Review statutorily established advisory councils and required reports** of the DPSR and PSC to make recommendations to the next Legislature on retention or elimination of councils or required reports. (HB 142, 2011 Legislature)
7. **(Committee driven):** Prepare bills and resolutions that, in the Committee's opinion, the welfare of the state may require for presentation to the next regular session of the Montana Legislature.
9. **(Committee driven)**: Compile, analyze, and furnish information bearing upon the Committee's assignment and relevant to existing or prospective legislation that the Committee determines to be pertinent to the adequate completion of its work.

II. Source/authority: 90-4-1003, MCA.
SB 65, 2011
SB 305, 2011

Requires the ETIC to "review the state energy policy and, if determined necessary by the committee, discuss at future meetings issues to be included in a revised policy and recommend potential changes".

In 2009, Sen. Verdell Jackson sponsored SB 290, which required the ETIC to review the energy policy and examine nine specific topics. The ETIC completed its work but did not approve energy policy recommendations for consideration by the 2011 Legislature. The Committee did

propose legislation that was passed and approved to change the process for reviewing the energy policy. That legislation, SB 65, requires the ETIC, at its first meeting of the interim, to review the energy policy and determine if potential revisions should be discussed at future interim meetings. At the July 2011 meeting, the ETIC dedicated a portion of its time to reviewing the policy and opted not to pursue a more in-depth review during future meetings.

The 2011 Legislature also approved SB 305, sponsored by Sen. Jackson, which significantly revised the state energy policy.

In 2005 HB 199 transferred the energy policy review function from the Environmental Quality Council to the ETIC. The statute stated that due to "limited state resources and the need to focus intensive effort on specific issues of importance, the development of a comprehensive state energy policy must occur on an incremental basis." It directed the Department of Environmental Quality, "as the need arises, [. . . to] identify and recommend to the committee specific components of a state energy policy for development." If and when the DEQ identified such issues, the ETIC was then required to create a "working group," which the DEQ assisted in terms of staffing and administration. With the passage of SB 290, the DEQ was largely removed from the process and the review and any potential update was placed the hands of the ETIC. SB 65, passed and approved by the 2011 Legislature, further changed the ETIC's responsibilities, as noted above.

III. Source/authority: 69-8-402, MCA.

Requires the ETIC to "review the universal systems benefits programs, and, if necessary, submit recommendations regarding these programs."

Public utilities and cooperative utilities are required to submit an annual summary report of universal system benefits programs to the ETIC for review. The electric universal system benefits proposal was poised to sunset in 2009, however the 2007-08 ETIC requested HB 27, sponsored by Rep. Brady Wisemen that eliminated the sunset and clarified the ETIC's role in reviewing the program.

IV. Source/authority: 90-3-1301, MCA.

Requires the Bureau of Mines and Geology, prior to each legislative session, to update the ETIC on geothermal research conducted by the Bureau and funding received by the Bureau for geothermal research.

V. Source/authority: 85-1-501, MCA.
SB 327, 2011

Requires the Department of Natural Resources and Conservation, prior to the end of each interim, to update the ETIC on studies it has done to review the economic and environmental feasibility of constructing and operating small-scale hydroelectric power generating facilities on each of the water projects under its control.

VI. Source/authority: SB 7, 2011

Requires a utility, a competitive electricity supplier, or an owner of an electrical generation facility to file a report with the ETIC each interim concerning the purchase or sale of renewable energy credits within Montana. The ETIC reviews the reports and, if necessary, submits recommendations regarding the use of renewable energy credits in Montana.

Primary Duties and Obligations		
Review State Energy Policy	**0.25 FTE** ✓ In-depth review of energy policy approved by the 2011 Legislature and discussion of changes to specific policy. ✓ Involve public and agencies in reviewing specific aspects of existing energy policy or additional policy areas. **Deliverables:** ✓ Report discussing specific aspects reviewed by committee. ✓ Potential legislation.	**0.02 FTE** ✓ Review existing energy policy as required by statute. Provide for public input on policy. **Deliverables:** ✓ Summary of public comment received and of committee discussion (if any).
Review Administrative Rules	**0.03 FTE** ✓Staff provides Committee copies of notices for the adoption of rules on all ETIC subjects. (Members to inform staff or Chair if they want more information.) ✓Committee requests that it be copied on notification letters that the DPSR and/or PSC is sending to legislators who were primary sponsors of laws that the agency is now promulgating rules for. ✓Committee attorney monitors and provides synopses of proposed rules or subjects Committee needs to know about.	**0.02 FTE** ✓Staff provides Committee copies of notices for the adoption of rules on certain ETIC subjects. (Members to inform staff or Chair if they want more information.) ✓Committee requests that it be copied on notification letters that the DPSR and/or PSC is sending to legislators who were primary sponsors of laws that the agency is now promulgating rules for.
Review Advisory Councils and Required Reports	**0.001 FTE** ✓ Request PSC provide a list of advisory councils and required agency reports. Review information and provide recommendations, if any, to Legislative Council. **There are no PSC advisory councils and only one report required of the PSC.**	
Review Agency Legislation	**0.005 FTE** ✓Committee reviews proposals from the DSPR and/or PSC and decides if staff should draft legislation for preintroduction.	
Monitor PSC activities	**0.05 FTE** ✓Monitor or investigate aspects of PSC programs. (This could be incorporated into a study of the PSC organizational structure, if determined appropriate by ETIC.)	**0.03 FTE** ✓Monitor or investigate aspects of a program, if and when the Committee so chooses.

Statutory Duties and Obligations	
Review Utility USB Reports	**0.02 FTE** ✓Committee reviews utility reports and decides if any comments on compliance are needed and if staff should assist.
Review REC reports	**0.000 FTE** ✓Committee reviews renewable energy credit reports and decides if any changes, in terms of legislation should be proposed to the 2015 Legislature. The first reports are **not due until March 1, 2013**.
Review Geothermal Research	**0.002 FTE** ✓Committee reviews Bureau of Mines and Geology reports and decides if any comments are needed and if staff should assist.
Review Hydroelectric Projects	**0.002 FTE** ✓Committee reviews DNRC reports related to hydroelectric potential at state-owned facilities.

ETIC Educational Publications

Background: The Environmental Quality Council has historically produced objective, nonpartisan, educational publications related to energy issues in Montana. These educational publications are well regarded and are regularly requested by the general public, legislators, state and federal agencies, other states, and industry and conservation groups.
While the EQC in the past has developed these educational tools, the ETIC may choose, as it did during the last two interims, to oversee updates to the following documents:

☆ *The Electricity Law Handbook: A Montanan's Guide to Understanding Electricity Law (produced 2002; updated 2004, 2008, 2010)*

Explanation: This handbook was originally produced by the EQC during the 2001-03 interim. The EQC felt that given the magnitude of the issues surrounding electricity and especially electricity deregulation in the state, that an educational publication was needed to help Montanans sort out the morass of laws that deal with electricity. During the 2007-08 interim, the ETIC revised this handbook and updated it. Minimal changes were completed during the 2009-10 interim. With the passage of a new energy policy for Montana and the enactment of changes to permitting requirements related to energy generation and transmission line siting in Montana in 2011, this publication needs substantial changes and updates.

☆ *Understanding Electricity in Montana: A Guide to Electricity, Natural Gas and Coal Produced and Consumed in Montana (produced 2002; updated 2004, 2010)*

Explanation: This guide was produced by the Department of Environmental Quality energy staff for publication by the EQC. It provides statistical and explanatory information on electricity supply, demand, and transmission and information on coal and natural gas supply and demand. Last interim, ETIC staff and the DEQ completed a significant update and rewrite of this publication. DEQ annually updates energy statistics, as provided by the Energy Information Administration and posts them to the agency's website.

These publications often become outdated every interim as a result of legislative changes or administrative changes in the particular areas of law or rule that the publication addresses. Sometimes the updates require minimal time and effort, but some updates require a more intensive effort.

OPTION A	OPTION B	OPTION C	OPTION D
.25 FTE ✓ Complete overhaul of both *The Electricity Law Handbook* and *Understanding Electricity in Montana.* ✓ ETIC reviews and approves updates.	**.10 FTE** ✓ Complete overhaul of *The Electricity Law Handbook.* ✓ Provide link to DEQ's updated statistics to *Understanding Electricity in Montana.* ✓ ETIC reviews and approves updates.	**.05 FTE** ✓ Minimal updates to *The Electricity Law Handbook.* ✓ Provide link to DEQ's updated statistics to *Understanding Electricity in Montana.* ✓ ETIC reviews and approves updates.	**No Action**

ETIC MEMBER SUGGESTED TOPICS

Study Montana's one-call laws

Source/authority: Sen. Larsen **Legislative Poll Ranking:** N/A

Background: This topic was suggested in response to ongoing efforts to improve Montana's one-call laws (69-4-501, MCA). In Montana underground facility owners must belong to a one-call system and respond to requests to locate facilities. Excavators are liable for damage to facilities, and penalties are established in law. The Pipeline and Hazardous Materials Safety Administration (PHMSA) is developing new federal rules to encourage states to strengthen one-call laws. The Pipeline Inspection, Protection, Enforcement, and Safety Act of 2006 authorized PHMSA to develop the new rules and to take action if it is determined that a state's enforcement of pipeline safety regulations is inadequate. Montana's current one-call law fails to meet PHMSA standards, particularly in the areas of enforcement.

The new federal rules are expected in the fall of 2011 and will spell out federal expectations for state statutes. A large group of stakeholders met over the last two years to discuss options for improving Montana's one-call laws. The 2011 Legislature also added, through potential grant money, to the Public Service Commission budget to address pipeline safety issues.

This study would include panel discussions with stakeholders, a review of federal rules, a discussion of deficiencies in Montana's one-call law, and potential legislation to address any shortcomings in Montana's law.

OPTION A	OPTION B	OPTION C	OPTION D
.6 FTE ✓ All of Option B. ✓ Review existing penalties and compare and contrast with penalties in other Western states. ✓ Examine governance of the one-call system and potential funding for improvements to one-call laws. ✓ Analysis of Montana-one-call laws and potential compliance or noncompliance with PHMSA standards. **Deliverables:** ✓ Potential legislation. ✓ Final report with recommendations and alternatives.	**.25 FTE.** ✓ Panel Discussion ✓ Evaluate options for improved enforcement of Montana's one-call laws. ✓ Analysis of Montana-one-call laws and potential compliance or noncompliance with PHMSA standards. ✓ Request stakeholders report to ETIC in January 2012 on progress in development of consensus legislation. **Deliverables:** ✓ Potential legislation. ✓ White paper.	**.15 FTE** ✓ Track proposed PHMSA standards. ✓ Panel discussion from stakeholders. **Deliverables:** ✓ Potential legislation.	**No Action**

Examine PSC Organizational Structure

Source/authority: Suggested by Sen. Olson **Legislative Poll Ranking:** N/A

Background: This topic was suggested in an effort to analyze the statutes that establish the organization and structure of the Public Service Commission. This would include options for replacing the five-member elected commission with an appointed commission, terms of office, vacancies, and use of districts. In 2003 Governor Martz appointed an Energy Consumer Protection Task Force. The task force examined the PSC's organizational structure and the PSC's overall authority. This study would reexamine the work completed in 2003.

OPTION A	OPTION B	OPTION C	OPTION D
	.15 FTE ✓ All of Option B. ✓ Review organization of Utility Service Commissions in other Western states. ✓ Discuss PSC reporting requirements, annual reports to Legislature. ✓ Panel discussion. **Deliverables:** ✓ Staff white paper. ✓ Potential legislation.	**.05 FTE** ✓ Analyze existing statutes that create PSC. ✓ Outline options for transition to new requirements. **Deliverables:** ✓ Potential legislation.	**No Action**

Study Energy Resource Development

Source/authority: Suggested by Sen. Jackson **Legislative Poll Ranking:** N/A

Background: This topic was suggested in an effort to track a variety of issues related to the development of energy resources in Montana and to study options for reducing impediments to resource development. Some aspects of this study may overlap with issues being covered in other interim committees and may be addressed with updates on the work done in those committees or may be expanded to include topics determined appropriate by the committee. HB 642 approved by the 2011 Legislature creates a select committee on efficiency in government. The HB 642 study is expected to encompass issues related to permitting and litigation as it relates to natural resource development. The select committee tentatively will meet in August to develop its work plan.

OPTION A	OPTION B	OPTION C	OPTION
.45 FTE ✓ All of Option B. ✓ Identify impediments to development of energy resource development. ✓ Analyze options for addressing identified impediments. ✓ Analyze options for addressing identified impediments. ✓ Review relationship between energy resource development and state funding. ✓ Panel discussion. **Deliverables:** ✓ Potential legislation. ✓ Final report with recommendations and alternatives.	**.3 FTE** ✓ All of Option C. ✓ Future agenda items on ethanol, advanced battery technology, and hydrogen. ✓ Tour energy related facilities (Rainbow Dam, Signal Peak, SME Natural Gas Plant, Horseshoe Bend) discuss development challenges. **Deliverables:** ✓ Staff white paper. ✓ Potential legislation.	**.05 FTE** ✓ Receive updates on RTIC's discussion of Imperial Oil equipment transportation project. ✓ Receive updates on EQC's eminent domain discussions and related policy matters. ✓ Track H.B. 642 select committee work related to efficiency in government -- natural resource development and permitting. **Deliverables:** ✓ Potential legislation.	**No Action**

2011-2012 Work Plan Timeline

July 15, 2011	**ETIC Meeting**. Interim work plan prioritization and ETIC organizational meeting. Selection of studies and topics.
Sept. 16, 2011	**ETIC Meeting**. Adoption of detailed work plans for each selected study or topic.
Nov. 17, 2011	**ETIC Meeting**
Jan. 13, 2012	**ETIC Meeting**
May 17-18, 2012	**ETIC Meeting**. Last day to suggest revisions to a draft document if a 30 day public comment period is desired. Comments received will be compiled and distributed to the ETIC prior to the July meeting.
July 16-17, 2012	**ETIC Meeting.** Decision on recommendations, any proposed legislation, final report contents.
Sept. 7, 2012	**ETIC Meeting**. Final approval of recommendations, any reports, proposed legislation. Selection of bill sponsors. Development of strategy. Review agency bill draft requests.

Committee interim work must be completed prior to September 15, 2012.

Date	Activity	Tasks/Policy Decisions
July 15, 2011	➤Organizational	◊Elect officers ◊Review, adopt work plan ◊Review, adopt meeting dates
	➤Agency Monitoring	◊Report from PSC
	➤Assigned Studies	◊Discuss study topics
	➤Other Issues	◊Information on other state energy entities in Montana
September 16, 2011	➤Organizational	◊Adopt final work plan ◊Review budget, revise meetings if necessary
	➤Agency Monitoring	◊Rule review ◊PSC update
	➤Studies	◊One-Call • Enforcement Discussion • PSC and One-Call Center
	➤Other issues	◊Hydraulic Fracturing Rules ◊HB 642, RTIC updates ◊Legislative update
November 17, 2011	➤Agency Monitoring	◊Rule review ◊PSC update ◊USB discussion • 2010 reports • Public comments
	➤Studies	◊One-Call • Update on federal action • Review of other states ◊ PSC Reorganization • Review of various organizational structures • Instructions to staff on bill drafts, if any
	➤Other issues	◊ Hydrogen Discussion ◊ Rural Cellphone Coverage ◊ Handbook finalized

Date	Activity	Tasks/Policy Decisions
January 13, 2012	➤Agency Monitoring	◊Rule review ◊PSC update ◊HB 142 Requirements
	➤Studies	◊One Call • Report from stakeholders • Discussion of potential legislation ◊Resource Development • Instructions to staff on Great Falls tour, invitees
	➤Other issues	◊ Carbon Storage & EOR ◊ Battery Storage
May 17-18, 2012	➤Agency Monitoring	◊Rule review ◊PSC presentation
	➤Studies	◊Review of One-Call Proposal • Legislative preferences • Public comment ◊ PSC Reorganization • Legislative preferences • Public comment ◊Resource Development • Great Falls Tours • Public Comment • Instructions to staff on Roundup tour, invitees
	➤Other issues	◊Potential TIA discussion ◊ Ethanol Panel

Date	Activity	Tasks/Policy Decisions
July 16-17, 2012	➤Agency Monitoring	◊Rule review ◊PSC presentation
	➤Studies	◊Finalize One-Call • Proposed draft legislation ◊Finalize PSC Structure • Proposed draft legislation ◊Resource Development • Roundup Tours • Public Comment • Summary of Great Falls comments
	➤Other issues	◊Finalize all other proposed draft legislation ◊HB 642, RTIC updates
September 7, 2012	➤Agency Monitoring	◊Rule review ◊PSC presentation ◊Review agency legislation
	➤Studies	◊Proposed legislation ◊Finalize Resource Development
	➤Other issues	◊Geothermal report ◊Hydroelectric report ◊Selection of bill sponsors

Summary of Issues Reviewed by the 2007-2010 Energy and Telecommunications Interim Committees

Appendix A

Study	Status
SB 290: Energy Policy Review -- 2009	Report "Montana's Energy Policy Review" October 2010.
Track Federal Greenhouse Gas Reduction Efforts -- 2009	Panel Discussion November 2009.
Study Carbon Sequestration -- 2007	Report "An Analysis of Geologic and Terrestrial Carbon Sequestration Regulatory and Policy Issues" September 2008.
Study Public Power -- 2007	Report "Perspectives on Public Power" September 2008.
Evaluate Costs/Savings of Wind Power -- 2007	White paper January 2008.
Evaluate Energy Transmission Systems -- 2007	Summary June 2007. Updates provided to Committee.
Coal Gasification/Liquefaction water usage -- 2007	Summary November 2007.

Cl0429 1237slxa.