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ENVIRONMENTAL QUALITY COUNCIL
Energy Policy Subcommittee
July 29, 2002
FINAL MINUTES

COUNCIL MEMBERS PRESENT

REP. MONICA LINDEEN, Chair
REP. DOUG MOOD
REP. DON HEDGES
MS. ELLEN PORTER

COUNCIL MEMBERS EXCUSED

REP. PAUL CLARK
SEN. KEN TOOLE
SEN. WALTER McNUTT, Vice Chair

STAFF MEMBERS PRESENT

MR. TODD EVERTS

AGENDA

Attachment 1

COMMITTEE ACTION

- Approved incorporation of public comment into the draft *Electricity Law Handbook Publication.*

- Approved incorporation of public comment into the draft publication entitled: *Understanding Electricity, Natural Gas and Coal Produced and Consumed in Montana.*

I CALL TO ORDER

REP. LINDEEN called the meeting to order.

MOTION/VOTE: REP. HEDGES moved to approve the minutes from the May meeting. The motion passed unanimously.

II REVIEW OF PUBLIC COMMENTS MADE ON THE DRAFT ELECTRICITY LAW HANDBOOK PUBLICATION

MR. EVERTS referred to **EXHIBIT 1**, the public comments for the *Electricity Law Handbook*. He said that a notice was sent to over 300 individuals on the EQC mailing list. A memo was sent to the Transition Advisory Committee (TAC) members with copies of both publications. All the EQC members received copies of the publications. Notice was also put on the EQC web site. There was a formal 30 day public comment period from June 10 to July 10, 2002. On the *Electricity Law Handbook* comments were received from Pacific Power and Light (PPL), the Montana Environmental Information Center (MEIC), Tony Tweedale, and REP. LINDEEN.

There were no comments on the Table of Contents. Mr. Tweedale commented that there is nothing in the foreword about environmental concerns regarding electricity generation. MEIC wanted that included also.

REP. HEDGES asked if there is a better word than concerns. **MR. EVERTS** suggested the term "issues." **REP. HEDGES** said that he liked the term "issues."

MS. PORTER said that the word issues made them seem not as factual. She suggested environmental controversy, if the comment is left in.

REP. LINDEEN asked what she meant by "controversy." That implies that anything dealing with environmental areas is controversial. **MS. PORTER** said that in her opinion it almost always is.

REP. HEDGES suggested the term "aspects" or "perspectives."

REP. LINDEEN said that she liked the work "perspectives."

MR. EVERTS said that there is a comment where it says "Chapter 1, Introduction." Mr. Tweedale added to that section.

There were no objections from the Subcommittee on this comment.

MR. EVERTS said that the strike-outs on page 2 were suggested by PPL. On the same page there are also comments from PPL and MEIC. And the fuel cells was an addition by MEIC.

There were no objections from the Subcommittee on those public comments.

REP. HEDGES said that there needs to be an article in the last sentence, including "a generator."

REP. LINDEEN agreed.

MR. EVERTS said that on page 3 the underlined areas are suggestions from MEIC and the strike-outs are from PPL.

REP. LINDEEN asked if the low to high, high to low can be either way. Perhaps that is just a technicality. **MR. EVERTS** said that he had it reversed.

REP. MOOD said that the clarification raises more questions than answers. What is the difference between electrical energy and electricity. MR. EVERTS said that the comment is on page 3, first paragraph. **REP. MOOD** said that this is not a technical document, it is an informational document. **MR. EVERTS** said that the Pat Judge, MEIC, was not strong either direction, but the inclusions are shown in the document.

REP. HEDGES said that the whole comment reminded him of a bear making his mark under a tree.

There were no objections to the comments on page 3.

MR. EVERTS said that the comments on page 4 were from PPL.

There were no objections to those comments.

MR. EVERTS said that the comments on page 6 were mostly non-substantive in nature. MEIC had a question on the "unlike water, electricity can flow in opposite direction at the same time over the same cable or wire." Physically it can do that. MEIC was looking at the question of netting out electricity. At this point we are not talking about netting out electricity. There is a discussion about that later on in the handbook.

MS. PORTER said that she would like to change the word "hard" to "difficult." **MR. EVERTS** said that he would do that.

There were no objections from the Subcommittee regarding the comments on page 6.

MR. EVERTS said that on page 7, there was a typo on Figure 8. The arrow will be changed to go from A to B. PPL has a strike-out. The comment was that the more you use, the amount you pay per unit decreases.

MS. PORTER asked if the term "unit" is incorrect when referring to horsepower. She liked the inclusion of the word unit and would like to keep it in. It makes the sentence a little clearer.

MR. EVERTS said that Figure 9 was modified by both MEIC and PPL to take into account NorthWestern Energy's figures.

REP. HEDGES asked if the handbook would cover BTU's per kilowatt. That would be more germane to a lot of households than horsepower. **MR. EVERTS** asked if he would like to add the conversion for BTU's to kilowatts. **REP. HEDGES** said that he would. **MR. EVERTS** said that it would be done.

REP. LINDEEN asked if the intent on Figure 9 was to use one of the numbers as the average. **MR. EVERTS** said that both numbers could be included. Figure 9 is an illustration of what the numbers translate to in the real world as far as use.

MR. EVERTS said that the section entitled, “What is Electricity Law,” has a clarification from Mr. Tweedale. REP. LINDEEN’s comments are included in here as well. In the draft he had not included statutes that articulate state energy policy and policy development. There are a couple statutes that articulate the energy policy statutes and the state energy policy.

REP. HEDGES asked if it was talking about statutory law versus physical law. **MR. EVERTS** said that was correct. The handbook looks at statutory and case law in this section.

REP. LINDEEN said that she felt that was important considering that one of the goals of the Subcommittee was to deal with energy policy. There is some confusion, even among legislators, as to whether or not there is a state energy policy.

REP. HEDGES said that it switches in the middle of the page from physical to policy. That transition is not as smooth as it might be. **MR. EVERTS** said that up to that point the handbook is a primer on electricity and then it breaks into electricity law and what that is, and then breaks again into who the electricity players in the state are. If there is a way to make that smoother, he would like to know what it is.

MS. PORTER suggested a lead in sentence, such as was included by Mr. Tweedale.
MR. EVERTS said that he could do that.

MR. EVERTS said that at the bottom of that same page there were some comments from PPL on clarifying language.

REP. LINDEEN said that it should say 4 organizational areas, rather than 3 organizational areas. There are 3 governmental sources.

There were no objections to the comments on page 9.

MR. EVERTS said that the next comments are on page 10.

MS. PORTER said she would like to reword the comment from MEIC. It could say “issues air and water permits for electric generation,” facilities, and then right after that say “regulates those facilities.”

MR. EVERTS said that page 11 had comments from MEIC and PPL. MEIC questioned whether the cooperative actually serve 400,000 people. He is waiting to hear from the cooperatives as to whether or not that number is correct.

REP. HEDGES said that there are 900,000 people in the state. If customers of MDU and NorthWestern are excluded, there aren’t many people left.

Mike Pichette, NorthWestern Energy, said that on page 8 there is a danger in the kilowatts per month average of conveying more precision than is really there. The average changes every month.

REP. LINDEEN asked how much the average changes every year. **Mr. Pichette** said that the August average was 624 and the January average was closer to 800. **REP. LINDEEN** said that it still averages out to about 750.

REP. HEDGES said that he would be happy with the 750.

MR. EVERTS said that they can use an average and say that it changes year to year.

REP. MOOD said that if all they are doing is getting comparisons, it doesn't need to be as precise as 30 day months. He asked if, when they are talking about consumers, if it is individual meters or all the people in the family.

REP. LINDEEN said that it would be an average meter hook-up. **Mr. Pichette** said that residential can customers get individual meters.

REP. LINDEEN said that the number on page 11 will be clarified when MR. EVERTS gets the number from the cooperatives.

There were no other objections to the comments on page 11.

MR. EVERTS said that on page 12 PPL had a question about being singled out. He stated they are mentioned because they are the largest wholesale producer in the state and a large part of the equation. The information for describing the generation from PPL came from the PPL web site. PPL said that the sentence should be clarified to say that "in an average water year these dams have 474 megawatts of generation capacity," and they also asked if the previous sentence should be deleted because it might be misleading.

REP. LINDEEN said that she doesn't have a problem with naming PPL. The title is "Electricity Players in Montana." NorthWestern, Montana Electric Cooperatives, and Montana Dakota Utility (MDU) are also named.

REP. HEDGES said that MDU is a supplier, but is not named under that section.

REP. MOOD said that he questions where it says "Electricity Suppliers," in the heading. Wouldn't it be better as "Electricity Generators"? **MR. EVERTS** said that that might work. The Utility Restructuring Act has the term "Electricity Suppliers." There are entities included such as the Montana Electric Buying Cooperative, which is a supplier but not a generator.

REP. LINDEEN asked if there were any problems with leaving PPL Montana as it was.

REP. HEDGES said that if you put PPL Montana in, then in all fairness MDU and gas fired plants also need to be included.

MR. EVERTS said that on page 13, PPL suggested that, rather than naming electricity suppliers, to include a list of competitive suppliers on the Public Service Commission (PSC) web site that could be referred to.

MR. EVERTS said that page 14 is the same clarification that the Subcommittee approved in the Table of Contents. Page 15 has a comment from MEIC along the lines of the foreword comment that producing electricity can also have environmental impacts. PPL strikes out the sentence that
"Montanans are part of a captive monopolized market." MEIC would like the term "public utility" clarified. That term is clarified in the glossary. PPL also made a clerical change.

REP. HEDGES would like to delete “Producing electricity can also have environmental impacts.” **MR. EVERTS** said that MEIC suggested putting that statement into this section. **REP. HEDGES** said that it should be taken out.

REP. LINDEEN agreed that the statement didn’t seem to belong there.

MR. EVERTS said that the strike-out by PPL was originally put in because the residential consumers in Montana are part of a captive market. It wasn’t qualified in that sentence. He said that most of Montana’s electricity consumers do not have a choice.

REP. HEDGES said that is a true statement.

REP. LINDEEN said that it just restates what was said in the first half of the sentence. It could be taken out. **MR. EVERTS** said that he would do that.

There were no other objections to comments on page 15.

MR. EVERTS said that there is a non-substantive change on page 16. Mr. Tweedale had comments on page 18 that were not inserted into the draft.

MS. PORTER said that the comments make the handbook confusing.

REP. LINDEEN said that the attempt of the document is to be a primer that is simple and understandable. Mr. Tweedale’s comments regarding Chapter 2 are theoretical, which is not the attempt of the document. She would suggest that the comments not be included.

MR. EVERTS said that on page 19, there are some clarifying comments from Mr. Tweedale and PPL. He suggested changing “good variety” to “variety.”

REP. LINDEEN agreed that it should be changed.

REP. HEDGES suggested that a Big Sky comment be included for solar power.

MS. PORTER said that, regarding the second paragraph, she struggles with emphasizing the environment so much, because that is not the intent of the document.

REP. LINDEEN said that some of energy laws had developed due to environmental impacts. They have had a big influence on how Montana’s laws have developed.

MS. PORTER said that when you start bringing in those issues it opens the door for a lot of opinion that isn’t necessarily based on science. This comment doesn’t bring a lot into it though.

REP. LINDEEN thought that the comment was pretty matter of fact.

MS. PORTER asked what impacts would be associated with solar energy.

REP. MOOD said that it appears to him that MEIC wants to inject a philosophical statement about pollution. It would be more appropriate in the context to say that all forms of energy have trade-offs with benefits as opposed to portraying it as totally negative.

REP. HEDGES said that rather than having that idea throughout the document, there should be one section on the trade-offs to the environment on energy development and production.

MR. EVERTS said that in this section, when the laws are listed for each specific resource, the reader will get the flavor of what those trade-offs are just based on the laws developed to handle those trade-offs.

REP. LINDEEN said that she sees this as a benign statement, but if the majority of the committee sees it as negative, MR. EVERTS should strike it from the document.

It was decided by consensus to remove the comment from MEIC on page 19.

MR. EVERTS said that in Chapter 4, MEIC had a question about the numbers of what is exported out of the state. He checked with Paul Cartwright and the number is actually 77% as opposed to the 60% that is in the handbook. PPL questioned the 30% figure in terms of generation owned by PPL. Their 25% figure is correct. They do generate 30% of the electricity, but they own 25%.

REP. MOOD asked what the name plate generation in Montana is. **Paul Cartwright, DEQ**, said that it was about 5,200 megawatts.

MR. EVERTS said that one of the tables shows that in the year 2000, Montanans consumed an average of 1,663 average megawatts. The average generation is 3,178 megawatts.

Mr. Cartwright said that the sales figures are 1,663 megawatts. The sales plus line losses is what has to be generated, around 1,800 megawatts. Sales can be lower than total load.

REP. HEDGES said that there is an opportunity to put an asterisk at the bottom that says, “includes line loss.”

REP. MOOD said that the problem could be in the way the sentences are coming together. The sentence is allowing for the comparison between 2000 consumed and 2000 exported. The sentence ought to read that we consume a certain percentage of electricity that we generate within the state border.

REP. HEDGES asked if these figures included Fort Peck. **MR. EVERTS** suggested that the Subcommittee look at Table 2 on the next page. **Mr. Cartwright** said that the table includes all electricity generated in Montana, including Fort Peck. It is around 56% of the total electricity generated in Montana that is used for Montana load.

MR. EVERTS said that the change was to strike the sentence that says that Montana is an electricity exporter and to say that Montana consumes 23% of the electricity produced in the state of Montana.

MR. EVERTS said that on page 31 there is a clarification to the law which he checked and it is correct. Page 32 has a clarification by MEIC which is true. Page 34 includes a clarification about RTO's by PPL. Page 36 has clarifying remarks by PPL. Page 37 has a comment by MEIC as to whether this should be separated from other energy resources. MEIC has a similar comment under "What is electric energy conservation?" Mr. Tweedale has some additions in terms of advantages of conserving electricity.

REP. HEDGES said that the top insert by MEIC on page 37 doesn't seem to be needed. Further down the page it says, "Conservation saves consumer money and natural resources." That should be where it stops.

MS. PORTER said that, as far as putting this in with the chapter that lists the other resources, it gets more attention set out by itself like this. She doesn't think that the average person that reads this is going to think of conservation as a resource.

REP. LINDEEN asked, if it wasn't separated out, where would it go. **MR. EVERTS** said that it would go into Chapter 3. **REP. LINDEEN** said that most people in the general public see conservation as a separate issue.

REP. HEDGES said that he didn't see any problem with leaving it as in Chapter 6.

REP. LINDEEN said that she would leave it as is.

REP. HEDGES said that he would strike the "potentially conservation." The second comment, he would strike everything after, "Conservation saves consumer money and financial resources."

MR. EVERTS said that on page 40, MEIC would like to see a discussion of environmental externalities and Montana's least cost planning and acquisition act.

REP. LINDEEN asked what was meant by environmental externalities. **MR. EVERTS** said that it is a concept in which there are impacts that are not accounted for.

REP. HEDGES asked if an example would be an easement where you change the land use because of a power line.

MS. PORTER said that an example is air pollution. Power plants will emit air pollution and the costs of that air pollution are born by citizens, not necessarily the producer of the emissions.

MR. EVERTS said that it is a term used for trying to account for the costs of the impacts.

REP. LINDEEN said that she wasn't sure of the point of including that concept in this chapter. **MR. EVERTS** said that MEIC's point is that conservation would eliminate or decrease the extent of the environmental externalities.

MS. PORTER said that it would really complicate the discussion in the handbook.

REP. MOOD said that the handbook attempts to be objective in the analysis of the energy situation in Montana. He is not sure how to separate the political from the factual. You can't eliminate the impact of electricity from the benefits of electricity. To try and do so and suggest that it should be is a different discussion than what is in the handbook.

REP. LINDEEN said that the purpose of putting this document out for public review is to get the public's opinions. The Subcommittee can agree that this particular request that MEIC is making is not the best place for it. She would suggest that the handbook not include a discussion of environmental externalities.

Other Subcommittee members agreed.

Mr. Cartwright said that the only law the state has on the books that brings that up is the integrated least cost planning statute. The reason it is important is that there are potential costs. When facilities are being planned, it needs to be taken into account. **MR. EVERTS** thought that was included already. He will check to make sure that it is included, if it is not he will put it in.

MR. EVERTS said that all the comments on page 41 are from PPL and are mostly clerical in nature. Page 42 has some rewording by PPL.

REP. LINDEEN said that on the first paragraph she questions changing if to as. There is still a question as to whether those markets will develop. She doesn't see a problem with "if markets develop."

REP. HEDGES said that he prefers as.

MR. EVERTS said that as he was drafting this paragraph, he didn't think about the implications of what he was drafting.

MS. PORTER suggested taking out the whole section and just saying, " When Montana decided to deregulate electricity supply and eventually allow Montana consumers to choose their own electricity supplier."

REP. LINDEEN said that she would prefer that that was not done. She thinks that it is a huge issue.

MS. PORTER suggested "if and when."

REP. HEDGES said that customer choice isn't the result of a developing market anyway. It is a result of multiple suppliers, which is different than market.

REP. MOOD said that there is the global, "all Montana customers." There are some customers who do exercise choice at this time. "Competitive choice" might be a better term than "markets."

REP. LINDEEN said that the document will say that competitive choice has not yet developed.

MS. PORTER said, regarding the as versus if discussion, what the Subcommittee needs to look at is what the Legislature was thinking in 1997. At that time, the intent was a competitive market. At that point, was there a question as to if markets would develop. **MR. EVERTS** said that in the

law there are mechanisms for determining if a competitive market exists or not, so there was a question.

REP. LINDEEN said that the question still remains. She is going to ask that the paragraph, including REP. MOOD's change, be left as drafted.

REP. MOOD suggested the phrase, "consumers to choose, given a competitive market, their own electricity supplier." Then you are not making a statement as to whether the market is going to develop.

REP. LINDEEN agreed with that suggestion.

There were no objections to that change.

MR. EVERTS said that the next changes are clerical.

REP. HEDGES said that on the bottom of page 42, "otherwise have received under a traditional regulated environment," do we need to qualify traditional? This allows the assumption that there is an untraditional regulated environment.

REP. MOOD said that it should say a "historical regulated environment."

MR. EVERTS said that the comments on page 43 were clerical in nature.

REP. LINDEEN asked if "over the long term," was included in SB 390. **MR. EVERTS** said that he had looked at the legislative record and the purpose and policy section of the statute itself to get this.

REP. LINDEEN asked, in the last argument it says, "Competition is here ... Customers are demanding retail access." Is that referring to industrial customers? **MR. EVERTS** said that he would go back and check the record.

MR. EVERTS said that further on MEIC has a comment. He had tried to capture, what is this thing we call restructuring? He tried to simplify it and provide a historical context for why Montana decided to head this direction, but he didn't get into the debate in terms of arguments against. This is an issue that MEIC raises.

REP. HEDGES said that the only way to handle this suggestion regarding arguments against SB 390 is to refer to public testimony on the hearing for SB 390.

REP. LINDEEN said that it is a good point. In stating some of the reasons and testimony for it, it seems that the other side should be shown as well.

REP. HEDGES said that it is saying that the law passed and these are some of the reasons.

REP. LINDEEN said that those are some of the reasons in the testimony for passing it, but we don't include the reasons that were also in testimony for not passing it. Do we need to include these reasons in the testimony in this document.

MS. PORTER said that it does make sense. In reading through this it is difficult to explain why it passed without looking at the comments of the testimony. At the same time, this document isn't the place to resurface the debate.

REP. MOOD asked for the opponents in the committee testimony. **MR. EVERTS** said that some of them were MEIC, AARP, some unions, and more. He could provide a copy of the list.

MS. PORTER thought that putting an asterisk is a good way to handle it.

MR. EVERTS said that the other way to handle this is to go straight to the legislative findings and policies. There would be some elements in the findings and policies that states why the legislature decided to proceed. It is not as clear as what the testimony states.

REP. LINDEEN said that she doesn't have a problem with the testimony being included. She was trying to react to the suggestions that the consumer arguments against were not included.

REP. HEDGES said that it didn't bother him that arguments against were not included. The law passed, so let's move on.

REP. MOOD said that the document is providing a snapshot of the electricity supply and generation in Montana. SB 390 is a part of that snapshot. If there were a paragraph at the middle of the page that said that opponents argued thus and so, it would be fine and seem to make sense. It is difficult to get into those without getting political. This is an informational document.

MS. PORTER liked the footnote idea.

It was decided by consensus to use a footnote of where the reader can find the arguments.

MR. EVERTS said that page 46 has the definition of a public utility from the restructuring act itself.

MOTION/VOTE: REP. HEDGES moved to accept the comments as presented and instruct MR. EVERTS to proceed with the final preparation of the document. The motion passed unanimously.

III REVIEW OF PUBLIC COMMENTS MADE ON DRAFT PUBLICATION ENTITLED: UNDERSTANDING ELECTRICITY, NATURAL GAS AND COAL PRODUCED AND CONSUMED IN MONTANA

Paul Cartwright, DEQ, submitted **EXHIBITS 2 and 3**. The DEQ received comments from PPL and MEIC. Most comments were accepted. **EXHIBIT 2** is a summary document. On page 2, MEIC and EQC asked for this change. This is the sales of 1,663 megawatts, with line losses it is 1,800 megawatts.

On page 3, there are 30 rural electric cooperatives that sell electricity in Montana, however, there are only 26 that have board members from Montana. Generally 26 is the number that is used, but in order to make the statistics balance, you need all 30. In the middle of the page they

were able to update the data to the 2000 year, so it is just an update. At the bottom, PPL suggested “suspensions,” instead of “closures.”

On page 4, PPL suggested saying “what they are paid,” instead of “what they are offered.” In the context of this, where we are talking about prices, Mr. Cartwright prefers to say “what they are offered.” He would like to retain the original wording.

REP. LINDEEN asked for committee comments on the first section.

MS. PORTER asked why PPL wanted the word “paid,” instead of “offered.” **Mr. Cartwright** did not know. The reason that he wants to keep the language, is that it is a response. You respond to what you are offered and then you pay it.

REP. LINDEEN said that she and MS. PORTER agreed that there was no problem with the original language.

There were no objections to using the original language.

REP. MOOD referred to the second change on page 3. Which cost is being discussed in that paragraph? **Mr. Cartwright** said that these are rates, so it would be the cost to the consumer. He stated he could add that clarification.

Mr. Cartwright said that in the next section PPL had some wording suggestions. The second paragraph changed from the system to the interconnections.

On page 7, MEIC found a typo and asked for some clarification in the fifth paragraph down. The problem was projections and where the state is to date in 2002.

REP. HEDGES asked, referring to Alberta’s geographical location, if it is cheaper because of that location or the proximity to the gas fields. **Mr. Cartwright** said that he would assume it is the location to markets. **REP. HEDGES** said that it doesn’t explain to him why gas is cheaper in Alberta. **Mr. Cartwright** said that there is more detail in the document that this refers to.

Mr. Cartwright said that MEIC had questions about the glossary, which was dealt with by changing something in the text. MEIC also had a question in the introduction, and submitted a report. EQC asked for an addendum in November and what they have on conservation will be included in that using the report from MEIC.

On supply and demand there were a number of changes suggested by PPL. They were all acceptable. The first paragraph, PPL suggested, “because of the sweeping changes.” In the second paragraph, PPL wanted extra verbiage removed. In the last paragraph there was a clarification regarding new construction. In the first paragraph under necessary definitions, PPL wanted clarification to include the Helena Valley. There were no changes on pages 2 and 3. On page 4, there was a clarification requested by MEIC. There are 30 rural electric cooperatives that serve Montana, 26 is the serious number. On page 5, there is an update. On pages 5 and 6, MEIC provided actual residential sales data and distribution data. It is wider than is shown in the document, but the core of it is in this range. The last sentence says that, “extreme cases can run higher or lower.”

On page 6, PPL suggested to strike the table. He suggests to keep the table. This is data that was provided by the customers themselves in public hearings. It is useful to get a grasp of how big or how small different companies are.

REP. LINDEEN asked if there was a reason for wanting to strike the table. **Mr. Cartwright** said that PPL thought it was proprietary data. He felt that it was not. **MR. EVERTS** said that if it was given in a public forum, it was not proprietary. **Mr. Cartwright** said that the information was provided by Don Quander, who said he had used it in the hearings. **MR. EVERTS** said that he had the same information.

It was decided by consensus to leave the table in.

Mr. Cartwright said that page I-8 is updated to what the final rate increases were. On page I-9, third paragraph, MEIC wanted to include that efficiency improvements have more than 2 benefits. There are, but it has both costs and risk advantages. On page I-9, MEIC wanted a definition of “core customers.”

There are also a number of changes in the tables. The changes are mostly footnotes, clarifying data sources. The substantive changes are in Table E5, where there is now better data on NorthWestern’s qualifying facilities (QF). That changes some numbers in the last 2 years. In Table E5 there is also a change adding the Northern Lights facility. The other substantive change is in Table E7, where the year 2000 data is added.

There were no objections from the Subcommittee on the changes to the tables.

Mr. Cartwright said that he would like to add the QF data through 1989 to Table E5. That information is out there; if they get it in time, he would like to add it.

REP. LINDEEN said that would be great.

Mr. Cartwright said that on page II-4, PPL would like to see “friction” struck. In the context, he would recommend leaving it in.

REP. LINDEEN asked if “friction” is a term that is often used when talking about how transmission flows. **Mr. Cartwright** said that it has come up in the RTO debates. The physics are different than the “as if.” That is the point that was trying to be brought out.

REP. MOOD said that the word friction has a value judgement inherent in it. It is a perception rather than a reality.

Mr. Cartwright said that it may cause a problem for the average reader. He would recommend keeping it in.

REP. HEDGES said that it should be taken out, unless there is a glossary.

REP. LINDEEN agreed.

It was decided that it would be taken out.

Mr. Cartwright said that page II-5 had many changes. The Western Systems Coordinating Council (WSCC) is now the WECC. PPL suggested that be updated. Page II-7, there was a change to correct the date. On page II-8, MEIC thought that there was not enough discussion of the cons of an RTO. This is supposed to be discussing congestion management. There will be a more extensive discussion of RTO's in November, which would be the appropriate place to respond to that comment. On page II-9, RTO will not actually own the facilities, but instead will manage them. This change needs to be made. On page II-10 and II-11, WSCC has been changed to WECC.

On the natural gas section, MEIC had questions on how the well head price differs across the country, but there is a continental market. The changes on pages III-7 and III-8 are responding to that. The change on the table for natural gas is to add usage back to 1997. This data wasn't available before.

REP. MOOD asked, on page III-7, regarding the well head price, it says that "Montana continues to rely on Alberta for much of its natural gas. What happens in Alberta directly affects Montana." Alberta basically sets the well head price for natural gas in Montana, however the well head price of Alberta natural gas is determined by the North American free market. Is there a difference between the North American free market? **Mr. Cartwright** said that the North American market is based off the Henry Hubb, which is an index based on an actual trading point in Louisiana. Other markets float around that. The differential between Alberta and the Henry Hubb is not always the same, but it is always within some range. Our relation to Alberta is much tighter. **REP. MOOD** asked if the price that we pay for Alberta gas is the price that we can get for Montana gas.
Mr. Cartwright said that was correct, because that was the competitor.

Mr. Cartwright said that they are trying to develop a GIS map of the transmission network of Montana. It is not completed, but **EXHIBIT 4** shows where they are to-date. He would like to use the most up-to-date map available when the document goes to printing. The individual utilities have maps, but not all are converted to GIS yet.

REP. LINDEEN said that it would be added to the document.

MOTION/VOTE: REP. HEDGES moved to accept the changes as submitted and let the staff produce the document accordingly. The motion passed unanimously.

Mr. Cartwright asked, when this addendum is completed, who will make it official.
MR. EVERTS said that Mr. Cartwright could send the document to him and he would send it out to the Subcommittee in November. If there are major issues, they could be dealt with on a conference call. Other comments can be incorporated.

Mr. Cartwright said that the target date is after the first week in November.

V OTHER BUSINESS

REP. LINDEEN thanked MR. EVERTS for his hard work on the Subcommittee.

VII ADJOURN

There being no further business, the meeting was adjourned.

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