

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2418

2001 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2418

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2418

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date February 7, 2001.

Tape Number	Side A	Side R	Meter #
1	x		24.4 to end
1		x	0 to end
2	x		0 to 46.4
(Feb 20/01) 1	x		27 to 32
Committee Clerk Signature <i>Dario E. Priez</i>			

Minutes:

The meeting was called to order. All committee members present. Hearing was opened on SB 2418 relating to exclusions from limitations on electric distribution line extension and service.

**SENATOR KREBSBACH:** Sponsor of the bill. Reason: present law unfairly restricts growth opportunities for the investor owned companies inside city limits. This bill is a reasonable compromise. Written testimony attached.

**SENATOR JUDY LEE,** District 13, in favor. Rural cooperatives pay no state or federal income tax, retain dividends until ready and are not regulated by the public service commission. It doesn't make sense that a law restricts one business in favor of another. This is a compromise on who will provide electricity to new areas. It is in the public interest to have companies pay corporate income taxes and be regulated by the public service commission.

**SENATOR BOB STENEHJEM,** District 30, in favor. Written testimony attached.

**Page 2**

**Senate Industry, Business and Labor Committee**

**Bill/Resolution Number SB 2418**

**Hearing Date February 07, 2001.**

**REPRESENTATIVE KATHY HAWKEN, District 46.** In favor, the issue is fairness. The current law has outlived its usefulness, a lot of changes have taken place since then and it restricts the growth of one entity: investor owned utilities.

**REPRESENTATIVE GEORGE KEISER, District 47,** in favor.

**DENNIS BOYD, MDU Resources,** supports this bill on behalf of all three IOUs of ND named **FIX TIA COALITION.** Written testimony attached. Introduced:

**DAN SHARP, MDU Utilities,** in favor. Written testimony attached. Legislative clarification is needed on the meaning of TIA. This bill is fair: allows coops to keep all current customers and exchange of service areas.

**DENNIS BOYD,** explained bill line by line. Important: provided all participants agree, PSC will be the arbiter for complaints outside of city limits. Nobody will lose a single customer without a mutual agreement.

**BRUCE J KOPP, Xcel Energy,** in favor. Written testimony attached.

**BOB GRAVELINE, Utility Shareholders of ND,** in support. Written testimony attached.

**AL GOLDEN, Bismarck farmer,** on his own behalf, in favor. Written testimony attached.

**JOHN STUMPF, Xcel Energy, lineman,** in favor. Written testimony attached.

**DENNIS BOYD,** distributed copies of ads sponsored by RECs.

**SENATOR EVERY:** Who paid for the initial infrastructure?

**B J KOPP:** Taxpayers in terms of low interest loans.

**SENATOR KLEIN:** Looking at the maps, who will serve new areas, who decides?

**B KOPP,** as city grows new areas will be served by IOUs, rest by the coops.

**SENATOR D MATHERN:** Did MDU sign any type of agreement as part of franchise?

**D BOYD:** Yes. TIA passed in '65, in 67' there was an attempt to repeal it which ended up as a study resolution. Their report: unable to solve this issue. Problem with the service area agreement: negotiated from a position of weakness. Areas within those agreement are 90% served so there is no place for growth and no incentive for RECs to negotiate with us.

**SENATOR D. MATHERN:** When you agreed to interim study, what proposal did you bring?

**D BOYD:** They spent three years focused on taxes. It's an emotional issue, committee dealt with the edges and didn't come up with any recommendations.

**SENATOR EVERY:** I am confused by your investment in ND as a company and question your commitment.

**B KOPP:** Our investment funded by shareholders. We have been in ND in one form or another for 85 plus yrs. We need to grow.

**SENATOR EVERY:** Tell me about your investment in infrastructure.

**B KOPP:** Every dollar, all revenues from consumer are invested in our infrastructure.

**SENATOR LARRY ROBINSON, District 24, opposed.** IOUs never offered anything to interim committee. We made no recommendation, were told the current situation is working well. There are a lot more things wrong with the electric industry in ND. This bill is not the answer and this is not the type of setting to solve this issue. Local communities decide where they will get their power. Every city has right to choose supplier of electricity, this is not an issue to be mandated.

**SENATOR ESPEGARD:** How does this compare with the situation in California?

**SENATOR ROBINSON:** With deregulation there is instability, lack of reliability. In ND we have abundant, affordable and reliable electricity, let us proceed with caution and not make mistakes.

**SENATOR MUTCH:** You consider this a deregulation issue?

**Page 4**

**Senate Industry, Business and Labor Committee**

**Bill/Resolution Number SB 2418**

**Hearing Date February 07, 2001.**

**SENATOR ROBINSON: Yes.**

**SENATOR KREBSBACH: Aren't we living under a mandate now?**

**SENATOR ROBINSON: No. Refer back to electric utilities committee minutes.**

**SENATOR ESPEGARD: Cities endorse TIA?**

**SENATOR ROBINSON: Have accepted it as written.**

**SENATOR RUSSELL THANE, District 25, in opposition. Written testimony attached.**

**REPRESENTATIVE GENE NICHOLAS, District 15, in opposition. Written testimony attached.**

**REPRESENTATIVE CAROL NIEMEIER, District 20, in opposition. Written testimony attached.**

**HARLAN FUGLESTEN, Government relations director ND RECs, in opposition. Written testimony attached.**

**DENNIS HILL, exec. VP ND Assn. RECs, in opposition. Written testimony attached.**

**BRAD SCHLOSSMAN, CEO, West Acres Development, LLP, in opposition. Written testimony attached.**

**DAVE LOER, Minnkota Power Coop, in opposition. Written testimony attached.**

**ERIC ASMUNDSTAD, Pres ND Farm Bureau, in opposition. Written testimony attached.**

**SENATOR KREBSBACH: Regarding transfers: the situation in West Acres; does not this bill allow for transfer between IOUs and RECs?**

**B KOPP: Yes.**

**Hearing closed.**

**Persons who did not testify but submitted written statements in opposition.**

**RICHARD SCHLOSSER, ND Farmers Union; BRUCE CARLSON, Gral Mgr. Verendrye Electric Coop; SCOTT HANDY, Cass County Electric Cooperative Inc.; JAMES JENSEN;**

Page 5

Senate Industry, Business and Labor Committee

Bill/Resolution Number SB 2418

Hearing Date February 07, 2001.

DAVE KOLAND, Exec. Dir. ND Rural Water System; RON HARPER, CEO, Basin Electric

Power Coop.; CHARLES M REICHERT, BNI Coal

February 20, 2001. Tape 1-A- 27 to 32

Committee reconvened. All members present. Discussion held.

SENATOR KREBSBACH: Motion : do pass. SENATOR TOLLEFSON: Seconded.

Roll call vote: 3 yes; 4 no. Motion failed.

SENATOR EVERY: Motion: do not pass. SENATOR D. MATHERN: Seconded.

Roll call vote: 4 yes; 3 no. Motion carried. Floor assignment: SENATOR EVERY

# FISCAL NOTE

Requested by Legislative Council  
01/30/2001

Bill/Resolution No.: SB 2418

Amendment to:

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Appropriations</b>	\$0	\$0	\$0	\$0	\$0	\$0

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

0

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

<b>Name:</b>	Ilona Jeffcoat-Sacco	<b>Agency:</b>	PSC
<b>Phone Number:</b>	328-2407	<b>Date Prepared:</b>	02/05/2001



