

House Environment, Energy & Technology Committee

Minutes
2010



MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: January 12, 2010

TIME: 1:30 p.m.

PLACE: Room EW20

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Anderson, Eskridge, Kren, Hartgen, Simpson, Takasugi, Smith(30), Jaquet, Cronin

**ABSENT/
EXCUSED:** Rep. Elaine Smith (30)

GUESTS: Russell Westerberg, a lobbyist; Dennis Stevenson, Rules Coordinator, Department of Administration

Meeting was called to order at 1:34 p.m. by Chairman Raybould. He introduced Kimberly Lowder, Secretary for the Committee, and Spencer Brown, the Page assigned to our Committee.

Chairman Raybould announced Rep. Anderson has agreed to Chair the Subcommittee to study Air Quality. This Subcommittee will consist of Subcommittee Chairman Anderson and Representatives Eskridge, Simpson, Kren, and Jaquet. Subcommittee Chairman Anderson announced this Subcommittee will convene its first meeting on Wednesday, January 13, 2010, at 2:30 p.m. in Room EW20. Subcommittee Chairman asked the Committee Secretary to make arrangements for Martin Bauer from the DEQ and someone from the Bureau of Licencing to attend the upcoming meeting.

Chairman Raybould announced Rep. Harwood has agreed to Chair the Subcommittee to study Water Quality. This Subcommittee will consist of Subcommittee Chairman Harwood and Representatives Hartgen, Takasugi, Cronin, and Smith (30). Subcommittee Chairman Harwood announced this Subcommittee will convene its first meeting on Thursday, January 14, 2010, at 1:30 p.m. in Room EW20. Subcommittee Chairman Harwood asked the Committee Secretary to make arrangements for Messrs. Orville Green and Barry Burnell from the DEQ to attend the upcoming meeting.

ADJOURN: There being no further business to come before the Committee, the meeting was adjourned at 1:45 p.m.

Representative Dell Raybould
Chairman

Kimberly Lowder
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE
ANDERSON SUBCOMMITTEE REGARDING AIR QUALITY RULES

DATE: January 13, 2010

TIME: 2:30 p.m.

PLACE: Room EW20

MEMBERS: Subcommittee Chairman Anderson and Representatives Eskridge, Kren, Simpson, and Jaquet

**ABSENT/
EXCUSED:** None

GUESTS: Toni Hardesty, DEQ Director, and Martin Bauer, Air Administrator, DEQ; Courtney Washburn, Idaho Conservation League; and Suzanne Budge, SBS Associates, LLC.

Subcommittee Chairman Anderson called the meeting to order at 2:33 p.m.

Subcommittee Chairman Anderson introduced invited guests: Toni Hardesty, Director, DEQ, and Martin Bauer, Air Administrator, DEQ. Mr. Bauer addressed the Subcommittee and presented information regarding the following Rules pertaining to Air Quality:

Docket No. 58-0101-0702: **Martin Bauer** presented **Docket No. 58-0101-0702** pertaining to stage one vapor collection at retail gasoline stations. Mr. Bauer stated the rulemaking is necessary because the Treasure Valley Air Quality Council developed a plan for the Treasure Valley that was accepted by the Legislature requiring the DEQ to develop a rulemaking for stage one vapor collection in Ada and Canyon Counties.

In response to committee questions, Mr. Bauer stated that the retrofitting was for *accessing* existing tanks.

MOTION: **Rep. Jaquet** moved to recommend approval of **Docket No. 58-0101-0702** by the full Committee; **motion carried by voice vote.** **Rep. Kren** asked that his nay vote be recorded.

Docket No. 58-0101-0901: **Martin Bauer** presented **Docket No. 58-0101-0901** pertaining to vehicles emissions testing. This rule requires DEQ to establish minimum criteria for a vehicle inspection and maintenance program for any airshed that has ambient concentration design values equal to or about 85% of a national ambient air quality standard, and air

pollution from vehicles constitutes one of the top two emission sources contributing to the 85%. The statute requires that emissions testing costs shall not exceed \$20 per vehicle for testing no more than once every two (2) years.

In response to Committee questions, Mr. Bauer said this rule would not apply to Coeur d'Alene and Kootenai Counties. He said the years used to arrive at the three-year average used were 2007, 2008, and 2009, and that .063 equals the 85% figure. He also said there would be no additional cost for the testing, but would come out of the \$20 fee. He also said the funds for upgrading technology would come from the state and other sources. Finally, Mr. Bauer said the DEQ has established parameters for airsheds, but that the EPA would need to change the criteria for expansion.

MOTION: **Rep. Jaquet** moved to recommend approval of **Rule 58-0101-0901** by the full Committee; **motion carried by voice vote.**

Docket No. 58-0101-0902: **Mr. Bauer** presented **Docket No. 58-0101-0902** allowing fuel burning sources the ability to use higher sulphur content fuels as long as there is no additional environmental impact. He stated that this rule is necessary to allow industries the flexibility to use less expensive alternative fuels with higher sulfur content.

In response to Committee questions, Mr. Bauer stated any industry that is using greater sulfur content than what is currently allowed would benefit from this rule. He said this rule came from the Potato Commission.

MOTION: **Rep. Jaquet** moved to recommend approval of **Rule 58-0101-0902** by the full Committee; **motion carried by voice vote.**

Docket No. 58-0101-0903: **Mr. Bauer** presented **Docket No. 58-0101-0903** pertaining to the control of air pollution in Idaho. This is EPA's routine annual incorporation by reference of final federal rules promulgated as of July 1, 2009. This rule is necessary to ensure that the rules for the control of air pollution remain consistent with federal regulations.

MOTION: **Rep. Eskridge** moved to recommend approval of **Rule 58-0101-0902** by the full Committee; **motion was carried by voice vote.**

ADJOURN: There being no further business to come before the Subcommittee, the meeting was adjourned at 3:03 p.m.

Representative Eric Anderson
Subcommittee Chairman

Kimberly Lowder
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: January 14, 2010

TIME: 1:30 p.m.

PLACE: Room EW20

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Anderson, Eskridge, Kren, Hartgen, Simpson, Takasugi, Smith (30), Jaquet, Cronin

**ABSENT/
EXCUSED:** Rep. Wendy Jaquet

GUESTS: Kyle Fawcett, MLS, Alberta; Wendy Baldwin, Consulate General, Canada Seattle; David Kettles, Director, US Relations, Canada; Matt Morrison, Executive Director, PNWER; Jeff Church, Veritas Advisors; Brenda Tominaga, Idaho Irrigation Pumpers; Dustin Hurst, IdahoReporter.com; Neil Colwell, Avista Corp.; Drew Thomas, Risch-Pisca

Chairman Raybould called the meeting to order at 1:44 p.m.

Rep. Eskridge introduced PNWER Delegates: President Kyle Fawcett, Alberta; Wendy Baldwin, Consulate General, Canada Seattle; David Kettles, Director, Alberta, and Matt Morrison, Executive Director, PNWER.

David Kettles made a presentation regarding oil sands located in Northern Alberta. He said it is a safe and secure resource for the U.S. to buy oil. He spoke about the size of and the in-situ resources of the Alberta Oil Sands formations in comparison to Idaho. He said the land disturbed to date for mining is only about 205 square miles.

Mr. Kettles said Alberta's Oil Sands are a naturally-occurring mixture of sand, clay, water, and bitumen (a very heavy oil). He said bitumen is separated from sand and upgraded to refinery-ready crude oil. Mr. Kettles said Canada has the second highest amount of oil reserves in the world next to Saudi Arabia. He said Alberta's Oil Sands contain nearly half of the world's known oil reserves that are accessible to international oil companies.

Mr. Kettles then spoke about the future production forecast, and said that production would increase from 1.9 million barrels per day (2010) to 3.4 million barrels per day by 2016. He also spoke about the impact the Alberta Oil Sands development would have on the Idaho economy, and said it would increase industry output by an average of \$255 million. There would also be an increase in Idaho value-added GDP by an annual average of \$122 million. He also said the impact of Canadian oil sands development and production will result in employment increases across the U.S. He said in Idaho, incremental employment is estimated to increase from 900 (2010) to 1900 between 2011 and 2015, and jobs would increase predominantly in the Boise region.

Mr. Kettles said Alberta's Oil Sands were built on innovation, and there is a need for innovative technology to meet the challenges ahead. He said Canada and the U.S. have a shared challenge, and the main goal is to reduce carbon emissions.

In response to Committee questions, Mr. Kettles spoke about the cost differential from extracting oil as opposed to offshore drilling. The cost is \$7-10 per barrel in the Middle East, whereas in situ is \$50 per barrel. He also said there is stability and a good return on the investment. Mr. Kettles said other by-products would be natural gas, which is used to create steam, and electricity. He said this is part of the Balcan formation, which is flowing oil. He said in-situ development is basically a steam plant operation.

After further questions from the Committee, Mr. Kettles said these procedures would have application to the oil shale in Utah and Colorado. He stated that Alberta is also considering a no-carbon power source, such as nuclear power. He said nuclear power is being looked at right now, but thinks it may not be accepted well by the public for many years.

Matt Morrison then had some items to present to the Committee. He talked about the status of the Alaska Natural Gas Pipeline, and said there are two competing bids for the Pipeline. By July and August, there will be a definitive answer of when the pipeline will go forward. Mr. Morrison said PNWER has done an institute on the smart grid to save on dryer costs and to lower the temperature of water heaters by a few degrees.

Mr. Morrison then talked about the nuclear side, and said Saskatchewan is the largest producer of uranium in the world. He then talked about nuclear medicine, and said there is a tremendous opportunity to build greater synergies between our research institutions. Finally, he talked about the PNWER Summit coming up July 16-20, and invited everyone to attend.

ADJOURN: There being no further business to come before the Committee, the meeting was adjourned at 2:30 p.m.

Representative Dell Raybould
Chairman

Kimberly Lowder
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: January 20, 2010

TIME: 1:30 p.m.

PLACE: Room EW20

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Anderson, Eskridge, Kren, Hartgen, Simpson, Takasugi, Smith(30), Jaquet, Cronin

**ABSENT/
EXCUSED:** Representatives Kren and Hartgen

GUESTS: Dr. Carl F. Austin and his son, Richard R. Austin; John Chatburn, OER; Tony Smith, Eiguren Public Policy; Brenda Tominga, IIPA; Toni Hardesty, DEQ; Paula Wilson, DEQ; and Lynn Tominaga.

MOTION: **Rep. Eskridge** moved to approve the minutes of the January 12 meeting as written; **motion carried on voice vote.**

MOTION: **Rep. Eskridge** moved to approve the minutes of the January 14 meeting as written; **motion carried on voice vote.**

Chairman Raybould called the meeting to order at 1:33 p.m.

Rep. Anderson introduced guests, Dr. Carl F. Austin and his son, Richard R. Austin.

Dr. Carl F. Austin made a presentation regarding geothermal issues. He said Idaho does not have a significant geothermal industry. He said Idaho is competing with surrounding states. Idaho requires 10% royalty in gross production—too much geothermal sewage that is not subject to water rights. Utah has 2.25% and goes up to 3.5% like BLM, which is at 1.75%. Royalties go up to 3.5% or 10% of sales price. California is at 10%, which does not work; it's a complex royalty system, and it is difficult to produce resources. He said to lease private land, it costs \$2,000 per section and will be held in perpetuity if successful. He said the life span is measured in centuries and will sit there forever as long as there is successful production. If the production is not successful, you can plug and/or abandon it, but it is expensive. As for water resources, there is a need for people to administer production drilling of geothermal fluids. There is also a need to make royalties reasonable and to be competitive with California. Dr. Austin said this will bring jobs to Idaho and increase the tax base.

After questions from the Committee, Dr. Austin said there has been testing of wells to detect if there is good geothermal support on state lands. He said to lease state land with quality temperature water would be practical in the range of 2-3%, compared to other types of power. He said it would be better to bundle up sections or blocks of lands leased to save money. He said there are numerous non-productive wells that have

been plugged or abandoned. He said productive wells will produce for centuries, and land will be protected if the land does not produce. Dr. Austin said as long as it continues at 25% of production rate, no new bonding will be required. He said you can write a tiered bond into the lease. He said you can write in the contract that they have the right to lower or raise the amount of the bond.

Richard R. Austin then spoke briefly. He said the lifespan of geothermal projects can be for centuries instead of 15-20 years, which is the typical mineral development. He said the perpetual standard lease would provide the right to develop within ten (10) years. Mr. Austin said he is satisfied with Idaho's leasing time lengths.

Chairman Raybould then asked the Committee members if they are agreeable to having audio streaming during our Committee meetings. The Committee agreed that it would be a positive thing to do, and it would provide more access to the citizens of the state of Idaho. Chairman Raybould said we will notify the proper people that we are ready to take part in audio streaming for the Committee's future meetings.

ADJOURN:

There being no further business to come before the committee, the meeting was adjourned at 2:14 p.m.

Representative Dell Raybould
Chairman

Kimberly Lowder
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE
HARWOOD SUBCOMMITTEE REGARDING WATER QUALITY RULES

DATE: January 20, 2010

TIME: IMMEDIATELY FOLLOWING FULL COMMITTEE MEETING

PLACE: Room EW20

MEMBERS: Subcommittee Chairman Harwood and Representatives Hartgen, Takasugi, Smith (30), and Cronin

**ABSENT/
EXCUSED:** Representative Hartgen

Subcommittee Chairman Harwood called the meeting to order at 2:21 p.m.

Toni Hardesty, Director of the DEQ, introduced guests Orville Green and Barry Burnell, DEQ.

GUESTS: Toni Hardesty, Director, DEQ; Orville Green, DEQ; and Barry Burnell, DEQ.

Docket No. 58-0105-0901: **Orville Green** testified in favor of **Docket No. 58-0105-0901**, which describes adoption by reference of federal hazardous waste rule. There will be no increased costs if we adopt this Rule. Changes to this Rule include EPA being renamed; amending the definition of solid waste; regulating wastes that are hazardous and excluding certain hazardous secondary materials. This Rule has been expanded to include emissions compared to emissions burning other things. Then, would not need to be regulated, but complicated to implement. The Academic Labs Rule pertains to universities with a lot of research that are dealing with hard, discarded, treated as hazardous waste as any other facility. EPA produced alternative for unwanted materials for a while, but they will revisit them later.

After questions from the Committee, Mr. Green said there is no easy answer as to why we hear of new changes every year. He said that for this year the definition of hazardous waste was changed and adopted by court decision; mistakes need correction; and there are challenges by special interest groups.

MOTION: **Rep. Takasugi** moved that **Docket No. 58-0105-0901** be recommended to the full Committee for its consideration; motion was unanimously approved.

Docket No. 58-0102-0801: **Barry Burnell** testified in favor of **Docket No. 58-0102-0801**. He said this Rule is necessary in response to a third-party notice to sue the EPA. It has to do with lowering the amount of arsenic in our water systems. DEQ has agreed to reduce the hardness cap for cadmium to 25 milligrams per liter, but is uncertain what costs will be borne. He then spoke about municipalities with discharge permits, and said no permits have arsenic standards. He said the arsenic standard is currently at 50 mcg/liter, and

the proposed change is to lower it to 10 mcg/liter. If the Legislature rejects this Rule, then EPA will change, pass, and promulgate a standard for Idaho that is much more restrictive. The standard that EPA will set for Idaho for arsenic will be 0.018 mcg/liter for human health and 0.14 mcg/liter for aquatic life. The hardness change for cadmium is to reduce the low-end hardness cap from 25 mg/liter to 10 mg/liter. If the Legislature rejects this Rule, the EPA will be compelled to adopt a rule for Idaho, and the low-end hardness cap that EPA would adopt for us will be zero (0).

After questions from the Subcommittee, Mr. Burnell said as water hardness drops, toxicity drops. He said the EPA is going to 1 mg/liter. Arsenic is less than 0.018 mg/ltr, and 0.14 for organisms only. He said there are 1000 micrograms in one milligram. He said out of six municipalities that were non-compliant, only one is over the recommended arsenic level. If the contents continue to be above standard, they will need to treat and remove arsenic from waste and find appropriate mixing source for the discharge. He said to create mixing zones, it must be configured of water body.

After further questions from the Committee, Mr. Burnell agreed to get a full list of the six municipalities he cited were noncompliant and costs of remedies. He said the EPA will be forced to adopt more stringent rules. Mr. Burnell said that the six municipalities cited are Fruitland, New Plymouth, Cambridge, Buhl, Twin Falls, and Teton.

Mr. Burnell said the arsenic standard is not protective of those 200 public water systems. He said cadmium is limited to areas with soft water. He said the cost for monitoring arsenic is unknown. The parties to the lawsuit are the Idaho Conservation League vs. the EPA.

ORIGINAL MOTION:

Rep. Takasugi moved that **Docket No. 58-0105-0801** be recommended to the full Committee for its consideration.

SUBSTITUTE MOTION:

Rep. Cronin made a substitute motion to recommend that the full committee approve **Docket No. 58-0105-0801**. Motion on substitute motion failed on voice vote.

VOTE ON ORIGINAL MOTION:

Chairman Harwood called for a vote on the original motion; motion carried by unanimous voice vote. **Rep. Cronin** requested that his vote be recorded as nay.

Docket No. 58-0116-0802:

Barry Burnell testified in favor of **Docket No. 58-0116-0802**, which is the wastewater classification regarding licenser requirements. He said the DEQ has a water drinking program. He said the benefit of licensing is that it only requires one license, and its purpose is to assist small wastewater systems to meet requirements. He said this will reduce the number of licenses and the number of non-compliant systems. He said this Rule will save money, and there will be no added cost. He also said it will reduce the number of licenses an operator must hold. He said this Rule modifies the definition of public wastewater system, and adds the definition of small wastewater system. He said the impetus for discussions with the Idaho Board of Occupational Licenses (IBOL) is to determine a new class of wastewater systems. Mr. Burnell said this Rule

was created to benefit small communities, and he said that the IBOL is addressing these issues.

MOTION: **Rep. Smith** moved that **Docket No. 58-0105-0802** be recommended to the full Committee; motion was approved by voice vote.

Docket No. 58-1020-0802: **Barry Burnell** testified in favor of **Docket No. 58-1020-0802**. Mr. Burnell said this Rule is about the drinking water grant funding program. He said the fees will be offset by the reduction in interest on drinking water loans, and there will be no cost to the community. He said there will be a savings to the general drinking water fund. Mr. Burnell said the fees will be used to fund the drinking water planning grant. He said this is a way for the public to plan for upgrades. He said it is a 50/50 matching plan. This Rule represents a \$250 budget item, which will ease the financial burden of small cities.

Docket No. 58-1020-0802: **Rep. Takasugi** moved that **Docket No. 58-1020-0802** be recommended to the full Committee for its consideration; motion was carried by unanimous voice vote. This item will be added to the Agenda of the next full Committee meeting.

ADJOURN: There being no further business to come before the Committee, the meeting was adjourned at 3:22 p.m.

Representative R. J. Harwood
Subcommittee Chairman

Kimberly Lowder
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: January 26, 2010

TIME: 1:30 p.m.

PLACE: Room EW20

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Anderson, Eskridge, Kren, Hartgen, Simpson, Takasugi, Smith (30), Jaquet, and Cronin

**ABSENT/
EXCUSED:** None

GUESTS: Bill Thompson, Chairman, IBOL Water & Wastewater; Brenda Tominaga, Idaho Rural Water; Brad Hunt, Publisher; O.A.R.; Jeff Church, Veritas Advisors

MOTION: **Chairman Raybould** called the meeting to order at 1:30 p.m.

Chairman Raybould moved to approve the minutes of the January 20, 2010 meeting as written; **motion carried by voice vote.**

Chairman Raybould turned the time over to **Representative Anderson**, to give an oral report on behalf of the Anderson Subcommittee Regarding Air Quality Rules.

Docket No. 58-0101-0702: **Subcommittee Chairman Anderson** presented information regarding **Docket No. 58-0101-0702**. He stated we have not met the containment issues for the inspection program. He introduced a letter from the DEQ, dated January 20, 2010, regarding the Vehicle Inspection and Maintenance Minimum Standard Rule.

Responding to questions from the committee, Subcommittee Chairman Anderson said this kind of monitoring inspection program is effective relative to the total emissions. He said the biggest change in emissions from vehicles is fleet turnover, which removes from the roads those vehicles with the highest emissions.

Subcommittee Chairman Anderson said the financial burden would weigh on our communities. He said there are better options as far as technology is concerned to implement an effective emissions program. He said this rule adds additional exemptions on government vehicles driven less than 1,000 miles per year. He said we should also look at all vehicles owned by residents, and not just government vehicles. He stated that individuals' private vehicles could be policed or monitored by sending their mileage and/or providing a notarized affidavit signed by the owner of each vehicle to ITV.

Subcommittee Chairman Anderson said the DEQ allowed Canyon County to put together its proposal. He said we need to find out if the DEQ heard the proposal and if there were any other alternatives put forth by Canyon

County. He said we should go ahead and approve this rule.

In answer to further questions from the committee, Subcommittee Chairman Anderson said we need to follow the federal rule requirements. He said we need to have a list of exemptions; many exemptions were negotiated through our committee with the minimum requirements. He stated that testing determined there were no specific emissions of gases from forest fires, and did not make a big impact on monitoring emissions.

Subcommittee Chairman Anderson said he did not know the breakdown of how the \$20 fee was going to be used, nor did he know the balance of the fund. It was suggested that we ask DEQ to provide that information to us. Subcommittee Chairman Anderson reminded the committee that the \$20 fee was for a two-year period.

Subcommittee Chairman Anderson said a collection of vapors from retail gas stations is a significant contributor to the smog emissions testing program. He said the EPA has not established parameters of an airshed to include Canyon County. He said there is concern about expanding the airshed into the surrounding counties.

After further questions from the committee, Subcommittee Chairman Anderson stated that this rule is required to implement policy that was established last year. He said if this rule is rejected by this committee and by the corresponding senate committee, it will open the door for the EPA to come in and administer the rule.

- MOTION:** **Rep. Anderson** moved to approve **Docket No. 58-0101-0702**.
- ROLL CALL VOTE:** **Chairman Raybould requested a roll call vote; by a vote of 6 aye and 5 nay, the motion was carried.** Voting in the affirmative: Chairman Raybould and Representatives Eskridge, Anderson, Smith (30), Jaquet, and Cronin; voting in the negative: Representatives Harwood, Kren, Simpson, Takasugi, and Hartgen.
- Docket No. 58-0101-0901:** **Docket No. 58-0101-0901** is for the control of air pollution with higher sulfur content.
- MOTION:** **Chairman Raybould** moved to approve **Docket No. 58-0101-0901; motion carried on voice vote.**
- Docket No. 58-0101-0902:** **Subcommittee Chairman Anderson** presented information to the full committee regarding **Docket No. 58-0101-0902**.
- MOTION:** **Chairman Raybould** moved to approve **Docket No. 58-0101-0902; motion carried by voice vote.**
- Docket No. 58-0101-0903:** **Subcommittee Chairman Anderson** presented information to the full committee regarding **Docket No. 58-0101-0903**.
- MOTION:** **Rep. Takasugi** moved to approve **Docket No. 58-0101-0903; motion carried by voice vote.**
- ADJOURN:** There being no further business to come before the committee, the

meeting was adjourned at 2:01 p.m.

Representative Dell Raybould
Chairman

Kimberly Lowder
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE HARWOOD SUBCOMMITTEE

DATE: January 26, 2010

TIME: Upon Adjournment of the Full Committee Meeting

PLACE: Room EW20

MEMBERS: Subcommittee Chairman Harwood and Representatives Hartgen, Takasugi, Smith (30), and Cronin

**ABSENT/
EXCUSED:** None

GUESTS: Roger Hales, Bill Thompson, Board Chair, Chair of the Board of Drinking Water and Wastewater Professionals; Brenda Tominaga, Idaho Rural Water; Barry Burnell, DEQ

Subcommittee Chairman Harwood called the meeting to order at 2:06 p.m.

Docket No. 24-0501-0901: **Roger Hales**, attorney for the Board of Drinking Water and Wastewater Professionals, testified in favor of **Docket No. 24-0501-0901**. He said the Board issues licenses to operators of wastewater facilities. He said there are a lot of facilities spread out over the state; some are small and are run by small entities. He said it is difficult to regulate those small facilities, and they are having a hard time hiring operators. Mr. Hales said it is very difficult for operators to become qualified, and it takes quite a while to get enough experience to run a facility. Mr. Hales said the new licenses are restricted, and they are now able to run a specific facility with a restricted license. He said this is a great scenario for small water and wastewater facilities.

Mr. Hales also stated there is a new definition of Class I Restricted License. He said the Class I Restricted License is not transferable, and it does not qualify for reciprocity with other states. He also said the license fee is being reduced to \$10. To qualify for a Very Small Wastewater System license, an operator only needs 50 hours of experience and two education courses to qualify for a restricted license. The operator also needs 26 hours of acceptable work experience to be gained within one year to cover all four seasons.

In response to questions from the Committee, Mr. Hales said last year we had discussions on this issue, as there were some concerned parties. He said those parties are satisfied with this rule change.

Mr. Hales then discussed the unrestricted closed license. He said before the restricted license was created, there was only a Class I license. There is an opportunity to upgrade a license that is unrestricted. He said this benefits licensees, and gives them the opportunity to make it an unrestricted general license that can be taken to any Class I system. Mr. Hales said a person could apply for an unrestricted license, go to a

neighboring community that has Class I system, and operate that system.

Barry Burnell, DEQ, said entities that generate or collect 2,500 or more gallons a day would qualify as a wastewater system. He said that 500 connections or a community of 1,500 people share operators with other small communities, are going to contract, or some operators work in more than one community. Mr. Burnell stated that one cannot only take classes to qualify for the license. He said there is some substitution of education for experience, but the Board wants hands-on experience.

Subcommittee Chairman Harwood then introduced a letter (see attached), dated January 20, 2010, from Idaho Rural Water Association to Idaho Occupational Licensing Board of Drinking Water and Waste Water in support of **Docket No. 24-0501-0901**.

MOTION: **Rep. Cronin** moved to recommend approval of **Docket No. 24-0501-0901** to the full committee; **motion carried by voice vote**.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 2:30 p.m.

Representative R. J. Harwood
Subcommittee Chairman

Kimberly Lowder
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: January 28, 2010

TIME: 1:30 p.m.

PLACE: Room EW20

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Anderson, Eskridge, Kren, Hartgen, Simpson, Takasugi, Smith(30), Jaquet, and Cronin

**ABSENT/
EXCUSED:** Representative Hartgen

GUESTS: Lynn Tominaga, IRWA; Barry Burnell, Water Quality Administrator, IDEQ; Curt Fransen, Deputy Director, DEQ; Orville Green, Administrator, IDEQ; Courtney Washburn, ICL; Paula Wilson, AG's Office/IDEQ; Beth Markley, Idaho Council on Industry Environment; Jon Osterburg, Governor's Office

Committee Chairman Raybould called the meeting to order at 1:36 p.m.

MOTION: **Rep. Anderson** moved to approve the Air Quality Subcommittee Minutes of its January 13, 2010 meeting; **motion carried by voice vote.**

Docket No. 58-0102-0801: **Barry Burnell, DEQ**, testified in favor of **Docket No. 58-0102-0801**, pertaining to Water Quality Standards. He said this rule is necessary in response to a third-party notice to sue the EPA. He said it has to do with lowering the amount of arsenic in our water systems. The DEQ has agreed to reduce the hardness cap for cadmium from 50 mg/L to 10 mg/L and lower the amount of arsenic in our water systems from 25 mg/L to 10 mg/L. He said if the Legislature rejects this rule, the EPA will be compelled to adopt more stringent standards. He said the DEQ has received no adverse comments, but has received positive comments from private individuals.

Mr. Burnell then spoke about the costs involved with this new rule. He said there are six (6) municipalities in Idaho that the DEQ has agreements with concerning high arsenic content in drinking water; namely, American Falls, Buhl, Fruitland, Marsing, New Plymouth, and Twin Falls. Furthermore, he stated there are 133 cities that discharge in Idaho. He said there is the potential that these cities would be required to monitor the arsenic level in their discharge. He then referred to a handout (see attached) containing information about these six (6) cities and the costs involved. The Cities of Nampa and Caldwell do not have NPS permits. For each city, the cost for the required monthly monitoring will be \$408 per year. They will only require eighteen (18) samples. He said they will get Treatment State Authorized Mixing Zone at no extra cost. He said if the Legislature rejects this rule, the EPA will be compelled to adopt more stringent standards.

In response to questions by the committee, **Rep. Harwood** said this rule

was brought before the full committee because the subcommittee had questions that were not answered. He said it was important information for the full committee to know before making a decision.

In response to further questions from the Committee, **Mr. Burnell** said that EPA's standards have lower numbers. He also said if this rule is not passed, the EPA will come in, default to the older standard, and adopt the lower levels.

Chairman Raybould directed **Rep. Harwood**, Subcommittee Chairman, to give the full committee a brief oral report concerning the Water Quality rules for the full committee's approval.

There were concerns that if a city loses a licensed operator, will the city be able to function in the interim without the operator. In addition, concern was expressed about the ability to hire or contract someone from the outside. Since some cities are not very wealthy, there is concern that there will be extra costs for the cities to pay.

MOTION: **Rep. Harwood** moved to approve **Docket No. 58-0102-0801**; **motion carried by voice vote.**

Docket No. 24-0501-0901: The Board of Drinking Water and Wastewater Professionals This pending rule reduces the fee from \$45 to \$35.

Docket No. 58-0116-0802: Public Wastewater classification regarding licenser requirements

Docket No. 58-0120-0901: This is a temporary fee rule for the administration of the Drinking Water Loan Program.

MOTION: **Rep. Harwood** moved to approve **Docket No. 24-0501-0901**, **Docket No. 58-0116-0802**, and **Docket No. 58-0120-0901**; **motion carried by voice vote.**

RS19109: **Barry Burnell** testified in favor of **RS19109**. He said this pending legislation is to increase the non-point source (NPS) limit on the State Revolving Fund (SRF) loans from 5% to 20% in order to help meet federal Green Infrastructure requirements. He said this money is used for municipalities. Mr. Burnell said the Green Infrastructure requirements are to have at least 20% of the fund to be used for green infrastructure. He said the pump upgrades will provide higher efficiency, and provide the state with another tool to fully utilize our clean water SRF grants. He said this simple change will provide the state with broader opportunities.

In answer to questions, Mr. Burnell said the DEQ tries to identify green infrastructures. He said it could be spread out over many different loans, but it is unlikely that one community by itself would fulfill the complete requirement. He reiterated that 20% is the total grant amount, and the total loan fund could be used for green infrastructure projects.

MOTION: **Rep. Cronin** moved to introduce **RS19109**; **motion carried on voice vote.**

- RS19127:** **Curt Fransen, Deputy Director, DEQ**, presented **RS19127**. He said this is about housekeeping. This rule would delete from the Code the statutes pertaining to the Clean Lakes Act.
- MOTION:** **Rep. Takasugi** moved to introduce **RS1927**.
- SUBSTITUTE MOTION:** **Rep. Smith** brought a substitute motion to move **RS19127** to the second reading calendar.
- In answer to further questions from the Committee, **Mr. Fransen** stated that the DEQ still has the data compiled by Glenn Rothfox, and the DEQ continues to use that information. Also, Glenn Rothfox is still around to consult with.
- VOTE ON SUBSTITUTE MOTION:** **Rep. Smith** moved to introduce **RS19127** and send it to the second reading calendar; **motion carried on voice vote**; **Rep. Harwood** requested that he be recorded nay. **Rep. Smith (30)** will sponsor **RS19127** on the floor.
- RS19152:** **Barry Burnell** presented **RS19152**, which revises the definition of "Public Water Supply." He said this change will provide consistent definition between the state rule, the state statute, and the federal definition. The change in definition will eliminate confusion as to how many connections are needed to be classified as a public drinking water system.
- Chairman Raybould** said such terminology does not include a definition of "special irrigation district."
- After further questions from the Committee **Mr. Burnell** said that public drinking water system does not specify if it is a well or a service water system. He said it does not deal with the source, only the number of connections.
- MOTION:** **Rep. Anderson** moved to introduce **RS19152**; **motion carried by voice vote**.
- RS19170:** **Curt Fransen** presented **RS19170**. This rule is to change Idaho Code 39-416 to require Environmental Protection rules go to the Board of Environmental Quality.
- After questions from the Committee, Mr. Fransen said before these rules become effective they have to go to the DEQ and then to the Legislature for its consideration.
- MOTION:** **Rep. Jaquet** moved to introduce **RS19170**; **motion carried by voice vote**.
- ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 2:36 p.m.

Representative Dell Raybould
Chairman

Kimberly Lowder
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

- DATE:** February 2, 2010
- TIME:** 1:30 p.m.
- PLACE:** Room EW20
- MEMBERS:** Chairman Raybould, Vice Chairman Harwood, Representatives Anderson, Eskridge, Kren, Hartgen, Simpson, Takasugi, Smith(30), Jaquet, and Cronin
- ABSENT/
EXCUSED:** Representative Takasugi
- GUESTS:** Toni Hardesty, Director, DEQ; Curt Fransen, Deputy Director, DEQ; Orville Green, Wastewater Administrator, DEQ; Barry Burnell, Water Quality Administrator; John J. Williams, BPA; Stan Boyd; Dan Albedy, Ridgeline; Neil Colwell, Avista, Emily Anderson, Governor's Office, Brenda Tominaga, Idaho Rural Water
- Chairman Raybould** called the meeting to order at 1:31 p.m.
- MOTION:** **Rep. Eskridge** moved to approve the minutes of the January 13, 2010, Anderson Subcommittee meeting as written; **motion carried by voice vote.**
- MOTION:** **Rep. Cronin** moved to approve the minutes of the January 20, 2010, Harwood Subcommittee meeting as written; **motion was carried by voice vote.**
- MOTION:** **Rep. Harwood** moved to approve the minutes of the January 26, 2010, meeting as written; **motion carried by voice vote.**
- MOTION:** **Rep. Elaine Smith** moved to approve the minutes of the January 26, 2010, Harwood Subcommittee meeting as written; **motion was carried by voice vote.**
- MOTION:** **Rep. Harwood** moved to approve the minutes of the January 28, 2010, meeting, with the following correction: On page 3, paragraph 3, Rep. Cronin's last name should be 'Cronin' and not 'Cron.' **By voice vote, the minutes were approved as corrected.**
- RS19389C1:** **Rep. Jaquet** spoke to the committee about **RS19389C1**. Due to problems with the RS, Rep. Jaquet stated she planned to bring a new RS.
- H449:** **Orville Green**, DEQ, presented **H449**, which proposes amending two sections of the Idaho Code to make them consistent with the Uniform Environmental Covenant Act. He said the two sections to be amended are the Solid Waste Facilities Act and the Land Remediation Act.

Following questions from the committee, Mr. Green said this will not

impact the ability to borrow money for traditional waste treatment projects. The two statutes would be consistent. He said that this will not include superfund sites that might have solid waste disposal areas. Mr. Green also clarified the definitions of "servitude" and "institutional control" for the committee. Servitude is a note or a deed that runs with the land and is registered with the county; whereas, institutional control prevents contamination that is already on a site from getting to the people. He said a person can find the past history of a property by checking with the county where the deed is registered. The same information can be found on the DEQ website.

MOTION: **Rep. Jaquet** moved to send **H449** to the floor with a **DO PASS** recommendation; **motion carried by voice vote. Rep. Jaquet will sponsor the bill on the floor.**

H450: **Curt Fransen**, DEQ, presented **H450**. This legislation is to repeal the Clean Lakes Act, since the Act has not been utilized at all since 1995. He said there are no funds existing in the fund. Basin Committee now has authority, and the Lakes Commission has been created.

Following questions from committee, Mr. Fransen stated they are not doing away with the Basin Commission. Idaho Code 39-81 is being replaced by 39-64, almost word for word.

MOTION: **Rep. Harwood** moved to send **H450** to the floor with a **DO PASS** recommendation; **motion carried by voice vote. Rep. Harwood will sponsor the bill on the floor.**

H451: **Barry Burnell**, DEQ, presented **H451**. The purpose of this legislation is to revise the Environmental Protection Health Act to include the definition of "public water supply" and "public drinking water system." He said it will modify the statute with the DEQ rules, and will eliminate confusion. What is now classified as a drinking water system is 10 connections. The new definition states a drinking water system is 15 connections and serves more than 25 people. He said it is the same as what is in the Safe Drinking Water Act. He said the last line of the definition states, "such term does not include any special irrigation district." "Special Irrigation District" is defined in the water rules.

Following questions from the committee, Mr. Burnell said that irrigation systems that supply just irrigation/non-potable water does fit into the definition of a special irrigation district. He said it meets the definition of an exclusion and is not considered a public water supply.

MOTION: **Rep. Harwood** moved to send **H451** to the floor with a **DO PASS** recommendation; **motion carried by voice vote. Rep. Simpson will sponsor the bill on the floor.**

H452: **Curt Fransen** presented **H452**. This legislation will move the responsibility from the Board of Health & Welfare to the DEQ concerning

environmental protection rules, matters, and programs. He said it does not impose any additional authorities or responsibility to the Board of Environment. The review is to determine whether the rules are in conflict with state rules or statutes.

MOTION: **Rep. Jaquet** moved to send **H452** to the floor with a **DO PASS** recommendation; **motion carried by voice vote. Rep. Anderson will sponsor the bill on the floor.**

H453: **Barry Burnell** presented **H453**. The purpose of this legislation is to increase the nonpoint source from five percent to twenty percent in order to meet green infrastructure requirements of the State Revolving Fund (SRF). He said it is to be used for traditional wastewater facilities. He said the statute limits the uses of the funds. He said that twenty percent is the required amount that the state will need in order to use the federal funds that the DEQ receives. He said this year the DEQ will receive approximately \$10 million in the federal cap grant for clean water SRF; of that \$10 million, \$2 million will have to be used for funding green infrastructure projects. He said the loan funds could be spread out to nonpoint source projects. This amendment of Section 39-3627 provides DEQ with the flexibility to make up the twenty percent, if necessary.

Following questions from the committee, Mr. Burnell said that funding for a water purification system for a small city would not qualify as a green infrastructure. He said treatment does not qualify unless there is energy efficiency or water conservation involved. He said it will come under the Drinking Water SRF to fund such projects. He said one of the conditions of getting a loan is that twenty percent must be used for green infrastructure. He said this gives DEQ more flexibility and a larger buffer to fund other projects. He said at the five percent rate, DEQ only funds \$500,000 of a project. He said remediation to clean up water systems would be considered a green project and a nonpoint source green project.

MOTION: **Rep. Cronin** moved to send **H453** to the floor with a **DO PASS** recommendation; **motion carried by voice vote. Rep. Cronin will sponsor the bill on the floor.**

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 2:10 p.m.

Representative Dell Raybould
Chairman

Kimberly Lowder
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: February 10, 2010

TIME: 1:30 p.m.

PLACE: Room EW20

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Anderson, Eskridge, Kren, Hartgen, Simpson, Takasugi, Smith (30), Jaquet, and Cronin

**ABSENT/
EXCUSED:** Representative Hartgen

GUESTS: John J. Williams, BPA; Courtney Washburn, Lobbyist, ICL; and Russell Westerberg, Truth, Justice & RMP

Chairman Raybould called the meeting to order at 1:30 p.m.

MOTION: **Rep. Smith** moved to approve the minutes of the February 2, 2010 meeting with the following correction: The name of the person who was absent is Rep. Takasugi, and not Hartgen; **motion carried by voice vote.**

RS19431: **Rep. Anderson** gave a presentation regarding **RS19431**, which is a joint memorial to show Idaho's opposition to the Cap-and-Trade program set up by Congress. Cap-and-Trade will dramatically affect American farmers, causing farm income to drop 94 percent, or over \$50 billion by 2035.

He said the cost for hard-working families will be staggering, totaling \$890 per family per year according to line Congressional Budget Office, and at least \$1,218 per average annual household burden, or approximately two percent of the average household income. He said these huge costs per family will fail to accomplish environmental goals because climate models and environmental groups show that reductions would have little or no detectable impact on global average temperatures.

Rep. Anderson said under the Waxman-Markey Cap-and-Trade system, once carbon emissions allowances are distributed, entities will be free to buy and sell allowances, creating a billion dollar commodity and derivatives market subjecting energy prices to Wall Street speculation and market volatility. He said Cap-and-Trade could increase greenhouse gas emissions, as the cost of complying with the legislation could force companies to move their industrial operations to countries with inferior pollution control technology, which will result in five-times greater emissions of greenhouse gases and the loss of jobs at a time when we cannot afford it. He said the Waxman-Markey bill expands the realm of the federal government over energy utilities and manufacturers, establishes new federal agencies, and allocates taxpayer funds to be handed out at the discretion of the EPA Administrator and the U.S. Secretary of Energy. He said Cap-and-Trade is a tax on energy that falls

on hard-working Idaho families and the cost of this tax greatly exceeds any benefit, especially in this time of economic crises. Rep. Anderson said we should reject all efforts to use global warming as a pretext to increase federal revenues. He said we support the use of all energy sources that will reduce carbon emissions, especially nuclear, clean-coal and renewable energy technologies including wind, solar, geothermal, and hydropower.

Rep. Anderson said there will be huge cost per family to limit the climate change issues. He said there are other models out there that would be much more successful, and we should explore those. He said subjecting carbon tax allowance is not the way to do it. It is fundamentally flawed and bad tax policy.

Following questions from the committee members, Rep. Anderson said it is important as we move forward to take a look at base requirements. If we are truly going to be a carbon-free energy producing country, we need to explore other options.

Rep. Eskridge made a short statement, saying the energy plan outlines the priority of our resources. This does not conflict; it just mentions the various options.

MOTION: **Rep. Eskridge** moved to introduce **RS19431**; **motion carried on voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 1:44 p.m.

Representative Dell Raybould
Chairman

Kimberly Lowder
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: February 16, 2010

TIME: 1:30 p.m.

PLACE: Room EW20

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Anderson, Eskridge, Kren, Hartgen, Simpson, Takasugi, Smith (30), Jaquet, and Cronin

**ABSENT/
EXCUSED:** Representative Hartgen

GUESTS: Russ Hendricks, Legal Advisor, Farm Bureau; Lynn Tominaga, E.D., IGWA & IIPA; Courtney Washburn; lobbyist, ICL; Dan Olberding, lobbyist, Id. Grain Program; James Williams, Lobbyist, Idaho Farm Bureau; and Nat Heyal, Governor's Office.

Chairman Raybould called the meeting to order at 1:31 p.m.

HJM11: **Rep. Anderson** gave a presentation regarding **HJM11**, which is a joint memorial to show Idaho's opposition to the Cap-and-Trade program set up by Congress. Cap-and-Trade will dramatically affect American farmers, causing farm income to drop 94 percent, or over \$50 billion by 2035. This is a tax and also a bailout to Wall Street, allowing a dividend fund to be created.

Rep. Anderson said the cost for hard-working families will be staggering, totaling \$890 per family per year according to line Congressional Budget Office, and at least \$1,218 per average annual household burden, or approximately two percent of the average household income. He said these huge costs per family will fail to accomplish environmental goals because climate models and environmental groups show that reductions would have little or no detectable impact on global average temperatures.

Chairman Raybould stated there are more residual effects on the state of Idaho, because agriculture is Idaho's number one industry. He said that within one year we could be having a vegetable famine with this legislation. He said we need to encourage Congress to put this ill-conceived plan away, because it is only there to make billionaires out of people on Wall Street.

Rep. Jaquet stated there would be significant effects that a cap-and-trade system would have on the agriculture industry. She said people on Wall Street are going to make a lot of money, but not average citizens.

Following questions from the committee, **Rep. Anderson** said that the Bill in Congress is parked right now. He said there could be some concessions for carbons to the farmers, but cap-and-trade is simply introducing a tax policy.

Mr. Russ Hendricks, Idaho Farm Bureau, spoke in favor of this Bill. He

said farmers cannot easily pass these additional costs on to their customers, so this reduces their income. As it is, farmers only get to keep 20 cents out of every food dollar. A significant part of the remaining 80 cents of every food dollar is for transportation, processing, packaging, refrigeration, etc., all of which are heavily energy dependent. He said this will also cause consumer goods to increase in price. He said this extra burden on families would perhaps not be so painful if it was actually accomplishing something. He stated it is doubly painful to their members knowing full well that it will do absolutely nothing to alter our climate.

Mr. Hendricks stated that not everyone believes that manmade global climate change is real. He said that last month delegates from the Idaho Farm Bureau represented six million families from all of the United States and Puerto Rico, and they opposed any cap-and-trade system. He stated that it is becoming increasingly difficult for thoughtful individuals who are seeking the truth to conclude that human-caused climate change is real.

Following questions from the committee, Mr. Hendricks stated that the scientific process is that you look at the evidence and see what the evidence bears out. He said not everyone believes that manmade global climate change is real.

Darwin Olberding, Idaho Grain Producers Association, testified that the costs of production will increase more than we think, but it will be offset by the good that will come because of it.

MOTION: **Rep. Eskridge** moved to send **HJM11** to the Floor with a **DO PASS** recommendation; **motion carried by voice vote. Rep. Anderson will sponsor the bill on the floor.**

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 1:55 p.m.

Representative Dell Raybould
Chairman

Kimberly Lowder
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: February 18, 2010

TIME: 1:30 p.m.

PLACE: Room EW20

MEMBERS: Chairman Raybould, Vice Chairman Harwood, and Representatives Anderson, Eskridge, Kren, Hartgen, Simpson, Takasugi, Smith (30), Jaquet, and Cronin

**ABSENT/
EXCUSED:** None

GUESTS: Ken Baker, Associated Idaho Cities; Ken Miller, Snake River Alliance; and Sarah Schmidt

Chairman Raybould called the meeting to order at 1:30 p.m.

MOTION: **Rep. Anderson** moved to approve the minutes of the 2/10/10 meeting with the following correction: On page 2, paragraph 3, strike the following two sentences: "Rep. Anderson said that he would be amenable to changing the order of priorities. He was basically mentioning types of energy that are available, and not one is premiere over another." **By voice vote, the minutes were approved as corrected.**

Rep. Anderson moved to approve the minutes of the 2/16/10 meeting as written; **motion carried by voice vote.**

Ken Baker, private energy consultant for the Association of Idaho Cities, presented information on energy efficient television standards. The standards set levels of efficiency for TVs without affecting the quality of the television. The California Energy Commission set the standards. The Northwest Power and Conservation Council has identified a large energy savings potential if similar to CA standards were adopted in the Northwest. The California standards are for TVs 58 inches and smaller. Standards require TVs use 33% less energy by 2011 and 49% by 2013. For example, a 42-inch screen would consume 183 watts by 2011 and 115 watts by 2013.

Mr. Baker said these standards should be reviewed by Idaho. In the 6th Northwest Power and Conservation Plan the 20-year savings for adoption of TV standards would save just under 400 average megawatts regionally at a levelized cost of less than one cent per kWh over the next 20 years. The cost of this efficiency (per kWh) is about one-tenth the cost of a kWh from a wind tower. The cost to the consumer is considered to be zero because the manufacturers have the technology to build TVs at these efficiency levels. In fact, the largest manufacturer supports these standards and many manufacturers make TVs that meet the standards. Idaho would save about 47 megawatts over the next 20 years if the standards were adopted. This is enough energy to power 32,000 homes. Mr. Baker said the California Energy Commission has adopted energy

efficient television standards. Tier 1 will be effective in May 2011, and Tier 2 standards will be effected in 2013. The States of Washington and Oregon are currently considering legislative action that would follow California adopted standards. The voluntary EPA Energy Star program currently labels efficient TVs. The labeling requirement will grow more robust in the next two years.

Following questions from the committee, Mr. Baker said the older TVs with tubes are using less energy than those we buy now. This is not a program for older TVs. The 6th Power Plan will help consumers save energy during the next 20 yrs. Water heaters are regulated under federal standards. The Council does have information on water efficiency of water heaters. He does not believe the industry can override the federal standards. When you look at a house in our region, TVs represent 47% of our energy use. He said the technology exists for televisions, and some TVs are already meeting these standards. These standards would reduce standby use by one watt instead of 10 watts that we are currently using. He said he will make sure the Association of Cities puts out some information for consumers to help them buy more energy efficient TVs.

ADJOURN:

There being no further business to come before the committee, the meeting adjourned at 2:06 p.m.

Representative Dell Raybould
Chairman

Kimberly Lowder
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

- DATE:** February 22, 2010
- TIME:** 1:30 P.M.
- PLACE:** Room EW20
- MEMBERS:** Chairman Raybould, Vice Chairman Harwood, Representatives Anderson, Eskridge, Kren, Hartgen, Simpson, Takasugi, Smith(30), Jaquet, and Cronin
- ABSENT/
EXCUSED:** Representative Takasugi
- GUESTS:** **Chairman Raybould** called the meeting to order at 1:30 p.m.
- MOTION:** **Rep Eskridge** moved to approve the minutes of the 2/18/10 meeting with the following correction: Add "There being no further business to come before the committee, the meeting was adjourned at 2:06 p.m." at the end of the minutes; **motion carried by voice vote.**
- Chairman Raybould** read a thank-you note to the Committee from former page, Spencer Brown. He then introduced and welcomed our new page, Caroline Eggers.
- Presentation by U.S. Ecology regarding the 2010 Outlook, economic contributions and benefits to Idaho, its methods of disposal of hazardous waste, and its safety record.
- Roy Eiguren** introduced the U.S. Ecology participants: Jim Baumgardner, CEO, Simon Bell, V.P. of Operations; and Terry Geis, Idaho General Manager.
- Jim Baumgardner** gave a brief overview of the company. As of today, the company formerly called "American Ecology" has changed its name to "US Ecology." The company operates four hazardous and radioactive waste disposal facilities, and its headquarters is in Boise, Idaho. It has 221 employees, including 30 employees in Boise and 57 employees in Grand View. Its business is to serve U.S. industry and government. Its "base" business is recurring waste streams from industrial production and "event" business is discrete cleanups. US Ecology has been in business since 1952. There are eighteen (18) hazardous waste sites in the U.S., and US Ecology owns three (3) of them. They operate in a very competitive environment. US Ecology's mission is to provide safe, secure, and cost-effective hazardous and radioactive materials management solutions to industry and government, while creating sustainable shareholder value. It's financial review is very strong, with no debt, and has \$30 million in cash.
- Simon Bell** spoke next about the Idaho economy. The majority of capital spending is with Idaho companies. It has a total job impact of 302, and its wages and benefits compare favorably with other manufacturing and high

tech industries. US Ecology Idaho wages are 17% higher than local averages.

Terry Geis spoke about the Grand View site where they handle toxic chemicals and radioactive materials. US Ecology works with the IDEQ for disposing of the chemical hazardous waste it does, with the exception of some PCB issues. They have state-of-the art facilities, and are in the last phase of construction. The climate in Idaho makes it a very good place to handle these hazardous waste materials. US Ecology's vision and mission is to provide safe and compliant operations, so it can provide solutions to customers' hazardous waste problems. It has entered into a cooperative agreement with OSHA. In 2006, the facility and its employees were recognized as being in "Star Status." They have a superior safety record, and they award \$15,000 in grants to local non-profit organizations annually. They have collected 350,000 pounds of hazardous waste since 1993.

Jim Baumgardner spoke about the 2010 outlook. He said the general economic weakness will persist throughout 2010 with slow improvement over the course of the year. He said they forecast "event" cleanup projects will be slow to return, and expect "base" business to improve slightly through the year as industrial production increases. They also anticipate that the Army Corps' business will rebound from 2009. They expect total company-wide volumes, revenue and earnings to be lower in 2010 from 2009 due to completion of the Honeywell Project. In summary, he stated that the parent company is financially stable and strong, with four (4) very profitable operating sites. US Ecology is committed to being a good corporate citizen, and has a long history of State and local community involvement. It is dedicated to safe, compliant, and secure operation of their facilities. He said they protect their people and the environment. There have been no enforcement actions since 2001, and US Ecology is a major contributor to the Idaho economy.

Following questions from the committee, **Mr. Bell** said there is a bio-in-a-box, which takes contaminated soil and uses microorganisms to rid the soil of contaminants. He said the projected \$2.1 million tipping fees would drop to \$1.75 million next year. He said he thinks we are near the bottom of the economic downturn. Since production is lower, there is less waste. People are not storing waste and they are not producing material and doing cleanups. He also said there is more land available, and US Ecology has ample capacity for the next 50-70 years. He said they are evaluating the possibility of expanding the waste stream. They are always evaluating how else they can utilize their assets, and their primary assets will enable them to stay ahead of the regulatory curve. He said US Ecology can accept waste from other states. He said they are always looking at their four landfills and deciding which landfill would work best for certain types of waste. He said it would be very expensive to use rail in order to avoid trucking issues. The cost to permit and construct a railing across the Snake River would be very expensive, and they never felt the need to do so. Mr. Bell stated the repeal of the Clean Water Act and the Cap-and-Trade bills would have a negative impact to their business. He said Idaho pays more than Nevada because it takes in a higher volume. The net revenue has increased with the lower fees.

Orville Green, DEQ, briefly spoke. He said the IDEQ has not had any enforcement issues at the Grand View site for more than a decade.

ADJOURN:

There being no further business to come before the committee, the meeting was adjourned at 2:24p.m.

Representative Dell Raybould
Chairman

Kimberly Lowder
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: February 24, 2010

TIME: 1:30 P.M.

PLACE: Room EW20

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Anderson, Eskridge, Kren, Hartgen, Simpson, Takasugi, Smith (30), Jaquet, and Cronin

**ABSENT/
EXCUSED:** None

GUESTS: Bill Dell, E.D., Bus. Dev., Systech Int'l.; John Chatburn, OER; John J. Williams, BPA; Courtney Washburn, ICL; Kevin Johnson, LS Power; Roy Eiguren, Eiguren Public Policy; Tony Smith, Eiguren Public Policy; Toni Hardesty, DEQ; Martin Bauer, DEQ; Erika Malmen, Perkins Coie; Al Freeman; Charles Johnson; Jayson Ronk, IACI; Dennis Stevenson, Admin.; Elizabeth Criner, lobbyist, Simplot; Neil Colwell, lobbyist, Avista Corp.; Russell Westerberg, lobbyist, RMP; Brenda Tominga, IIPA; and Ray Stark, Boise Metro Chamber of Commerce.

Vice-Chairman R. J. Harwood called the meeting to order at 1:30 p.m.

MOTION: **Rep. Smith (30)** moved to approve the minutes of the February 22, 2010 meeting as written; **motion carried by voice vote.**

Mark Milburn, gave a presentation on LS Power Southern Idaho Electrical Transmission Lines. LS Power is a power generation and transmission group. Its philosophy is to meet the needs of its customers by providing safe, reliable, and competitive energy, as well as renewable fossil power generation and transmission infrastructure. LS Power works on projects that fit with community plans and goals, as well as encourages using local subcontractors and hiring local workers. Its Western projects consist of Southwest Intertie Project (SWIP), Southern Nevada Intertie Project (SNIP), and the Overland Transmission Project (OTP).

Mr. Milburn provided an overview of SWIP, which is a 510-mile 500 kV AC line with approximately 2,000 MW of transfer capability. It is the most advanced HV transmission project in the West. He said this project brings stimulus funds to Idaho and significant capital investment in critical infrastructure. SWIP provides improved capacity and reliability to the western grid. It also improves operational flexibility and facilitates seasonal economy energy transfers for regional utilities.

Mr. Milburn then spoke about the Overland Transmission Project (OTP), which is a 550+ mile, overhead, high voltage, direct current transmission line with up to 3,000 MW of transfer capacity. He said Idaho needs the OTP because Idaho is heavily dependent on other states to supply its energy. The OTP will provide Idaho with increased access to diverse

energy resources and will help lower energy costs for consumers. It will also provide a new high-capacity transmission pathway to relieve increased transmission congestion on the current grid. He said the OTP is a major private sector investment in energy infrastructure, and will establish a base for a stronger economic future. It will provide a pathway from an abundant source of renewable energy to major markets and consumers across the region. It will also create hundreds of construction jobs and generate millions in annual tax revenues for Wyoming and Idaho. The OTP will utilize the expanding renewable energy sector to revitalize local economies and increase our nation's energy independence.

Mr. Milburn then spoke about Jade Energy, which will shoulder any development risk for the OTP. He said Jade Energy is committed to an open and inclusive public process. Jade will reach out to and consult with local and state officials, landowners, and community leaders throughout the project development stage.

Chairman Raybould joined the meeting and will conduct the remainder of this meeting

H591:

Rep. Kren presented **H591**, which provides for a change of standard from 85 percent to 90 percent, and adds an exemption from vehicle inspection programs for vehicles driven less than 1,000 miles per year. He said last year there was debate on the bill that we had two years ago. Since then, Commissioners have felt their hands have been tied. He said they want to have the ability to look at other ways to reduce emissions, while keeping DEQ happy and keeping us out of non-attainment. He said we do not want the EPA to mandate an emission testing program.

Following questions from the committee, **Rep. Kren** said Canyon County had 90 days to submit an alternative plan for emissions. They looked at the number of vehicles and what could be accomplished with testing every vehicle in the county. He stated the Treasure Valley air shed should be close to getting out of the threat of non-attainment. He said two years ago charts showed we were at 85 percent. Now that air quality is getting better, they want to raise it to 90 percent. He said emissions are slightly down if only because there are fewer people driving.

Al Freeman testified before the committee. He said the number of vehicles are increasing because people are buying new cars. He said you cannot get federal money unless you meet federal requirements. He then spoke about the ozone, and said it is down around 63/64 parts. He said there are other ways to reduce emissions besides vehicle emission testing. He said vehicle emission testing will not make any difference, so we should find other ways to do it.

Following questions from the commission, Mr. Freeman said raising the level to 90 percent would create a buffer. He said he can only conjecture about how the exemption to vehicles driving less than 1,000 per year would be policed. He said there is a difference between sources and pollutants. He said there are four point sources; namely, industry, area, on-road, and off-road. He said several states have done away with vehicle emissions testing, including Texas, Florida, and Minnesota. He

said there are other area sources of emissions, such as lawnmowers, electrical blowers, smaller equipment, paint shops, dry cleaners, off-road locomotives, and airplanes.

Roy Eiguren testified on behalf of his client, Amalgamated Sugar Co. He said it is only fair to have a vehicle emissions program, since industries are required to pay so much for their emissions. He said they would rather have DEQ deal with these issues than EPA.

Charles Johnson next testified. He said he would like other ways to reduce emissions instead of having mandatory vehicle emissions testing.

Chairman Raybould said he received a call from Tom Dale, Mayor of Nampa, today, and he expressed his support of the bill.

Jayson Ronk, V.P., Idaho Association of Commerce & Industry, testified in opposition to this bill. He said he is concerned about hitting non-attainment status and having the EPA come in. He would rather have DEQ administer the program. He stated this bill is bad for business, and he is most concerned about the section that is being stricken out.

Larry Peg then testified and said that if they lower the standard, then we try to attain it. He said it does not matter whether you do it now or later. He said everything gets better, but we are getting more and more people moving into the Valley. He said it is for Idaho citizens to decide how they are going to handle their pollution problem.

Toni Hardesty, DEQ, testified in opposition to this bill. She said air quality can be complex. She said the main concern in the Valley is the ozone, which triggered this regulation. With the change to the 90 percent level, this area would still trigger the production of ozone. We are currently at 94 percent, mainly because we have had favorable weather these past two years. She said the concern DEQ has with this bill is the center portion that is being stricken out. She said we need to take proactive steps to avoid non-attainment. She said DEQ sets standards based on health analyses.

Following questions from the committee, **Martin Bauer**, DEQ, echoed Ms. Hardesty, saying that implementation of standards is based on health analyses. It depends upon the amount of money, number of people, and resources available to implement the standards. He said the Treasure Valley is still in jeopardy, and Kootenai County is getting close to being in jeopardy. He said the range they are exploring is 60-70 parts per billion. He also said that forest fires do have an effect on the ozone. He said every five years they look at these standards.

Rep. Kren made his closing argument. He said if we are in threat of non-attainment we still have a program to protect us, and if the bar is lowered, we have a program in place.

MOTION: **Rep. Takasugi** moved to send **H591** to the floor with a **DO PASS** recommendation.

SUBSTITUTE **Rep. Anderson** offered a substitute motion, to **HOLD H591** in committee.

MOTION:

Rep. Takasugi said this is a good bill, and he will be voting against the substitute motion. He said the bill affords a better climate for innovative solutions, and the exemption for vehicles that travel less than 1,000 miles per year is reasonable.

Rep. Hartgen said he will be voting against the substitute motion. He said data shows that two determining factors of elevated emissions are fleet turnover and vehicle miles traveled. He said we are after the wrong target. He said this emissions program creates inconvenience, and has virtually no impact. He said we ought to find ways to have the vehicle industry and the point sources to work together to solve these problems.

Rep. Cronin said he will be voting for the substitute motion and against the original motion. He said individual citizens and corporations have already assumed responsibility, and now Canyon County needs to do the same. This is about state versus federal control.

Rep. Simpson said his concern is that EPA will continue to lower the limits.

Rep. Anderson said DEQ has always been accessible and available for open dialogue. He said this bill does not create any solution, it just guts what we have already done.

**VOTE ON
SUBSTITUTE
MOTION:**

Chairman Raybould called for a vote on the substitute motion to **HOLD H590** in committee.

**ROLL CALL
VOTE:**

Chairman Raybould requested a **roll call vote**. By a vote of 6 aye and 5 nay, the **motion carried**. **Voting in favor** of the substitute motion: **Reps. Eskridge, Anderson, Smith (30), Jaquet, Cronin, and Chairman Raybould**. **Voting in opposition** to the substitution motion: **Reps. Harwood, Kren, Simpson, Takasugi, and Hartgen**.

ADJOURN:

There being no further business to come before the committee, the meeting was adjourned at 4:00 p.m.

Representative Dell Raybould
Chairman

Kimberly Lowder
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY AND TECHNOLOGY COMMITTEE

DATE: March 2, 2010

TIME: 1:30 p.m.

PLACE: Room EW20

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Anderson, Eskridge, Kren, Hartgen, Simpson, Takasugi, Smith, Jaquet, Cronin

**ABSENT/
EXCUSED:** None.

GUESTS: Liz Woodruff, SRA, Idaho Energy Collaborative; Jeff Burns, Business Owner; Dave Krick, Red Feather; Wieteke Holthuijzen, Idaho Energy Collaborative; Ken Miller, SRA; Ron Whitney, NW Energy Coalition; Kelsey Nunez, US Green Building Council; Orville Green, IDEQ; Lenora Oosterhuis; John Chatburn, OER; Steve West, Centra; Courtney Washburn, ICL; John Williams, BPA; Stephen Goodson, Governor's Office; Neil Colwell, Avista Corp; Brenda Tominaga, IIPA; McKinsey Miller, Gallatin.

Chairman Raybould called the meeting to order at 1:31 p.m.

MOTION: **Rep. Harwood** made a motion to approve the minutes of the February 24, 2010 meeting. By a **voice vote** the **motion carried**.

H 599: **Rep. Takasugi** said this bill adds a new Code Section to the Facilities Act, which will allow the Department of Environmental Quality to review and approve research, development, and design of a non-hazardous bio reactor landfill. He said there are six positives to this type of bio reactor landfill; they will fine tune dry fill landfills; it converts waste in years, not decades; it requires only fifteen to twenty percent of land-fill space; it utilizes its own waste to energize the land fill; it provides an alternative for the liquid of land fill wastes; and provides money-saving measures.

Rep. Takasugi said the bill has a typo they would like to have corrected, on Page 5 Line 26, insert "(3)" and move the period to the right.

Steve West, Idaho Waste Commercialization, said they were interested in bringing forward this legislation, and there are a number of environmental advantages to this technology. He said he was able to work with DEQ on this issue, and said he had a letter of support from the Idaho Conservation League. Mr. West said the program will provide opportunity and a progressive way of dealing with bio waste.

Mr. West answered questions from the Committee regarding the permit and permit renewal fees, saying the language was proposed by DEQ to make sure there was no impact on the General Fund for the program. They determined what was a reasonable cost for the application, and the intent is to show the fee in advance, so the Department is not put upon

and so there will not be any surprises. He also answered questions regarding the twelve-year period, saying the twelve-year period is the overall permit cycle.

MOTION:

Rep. Simpson made a motion to send **H 599** to the floor with a **DO PASS** recommendation, with the insertion of "(3)" on Page 5, Line 26.

Orville Green, DEQ, said Rep. Takasugi is accurate, and he agrees with the environmental aspects. He said the EEA has revised the criteria to allow states to adopt this permit program. He said the fee structure is patterned after the fees for voluntary clean up.

Mr. Green answered questions from the Committee saying there are federal guidelines that the permits follow regarding the continual renewal of the permits, and the Department would likely do rule making to be able to issue permits at that time. He said there are six landfills in the state that would qualify for this, and if a new landfill follows the requirements they would also qualify.

Dean Ellerd Smith, DEQ, described the six landfills that qualify for this permit.

Rep. Takasugi, said this bio reactor technology is good technology, it provides for four different options; it is used in other states; it is good for the environment and is cost effective. He said he would like to have a do pass recommendation.

VOTE ON THE MOTION:

By a voice vote the **motion carried**. **Rep. Takasugi will sponsor the bill on the floor.**

Rep. Cronin said he had not been present when the minutes were approved and could see a correction to his statement on page 4. The correction being, "he will be voting for the Substitute Motion and against The Motion" and taking out the entire next line.

Chairman Raybould said the minutes will be held until corrections can be made.

Steve West, Bridge Resources, introduced **Joe Casabona** from Perimax Resources, they are presenting their joint venture, wildcat drilling for gas.

Joe Casabona, Perimax Resources, said they have begun drilling the first well in their five-well program in the Boise Basin. He showed where they are actively drilling. He said many wells tested for sweet gas and there are many pipelines already in place. He said they are targeting three reservoirs, and the well depths will be approximately 4,000 to 7,000 feet deep. He said old wells are hard to locate and showed a cross section of the valley. Mr. Casabona showed an example of a deep well that was drilled as a geothermal well, and said there have been 70 wells drilled in the Boise Basin over the years, most before the 1960s. He said most were shallow wells and they are drilling deeper, which adds to the

chance of success. He said there is very good quality gas in the wells where they have found gas. He showed the Intermountain Gas

distribution system and the Williams Northwest Pipeline system. Mr. Casabona said they do not know how big the prospects are, but they are very pleased to be drilling wells and will do a thorough job of determining if there is natural gas in the Boise area. He said they plan to drill a total of five wells, each will take an average of three weeks. He said by June 30, 2010, they should have some definitive results. They started the first well today, and hope to share good news down the road. Mr. Casabona answered several questions from the Committee.

Chairman Raybould said it is essential that Idaho develop its own energy, and locating natural gas is a great step and he hoped it materializes.

Liz Woodruff, Idaho Energy Collaborative, presented nearly 2,000 signatures in favor of the 2007 Idaho Energy Plan. She said the Collaborative is a group made up of several non-profit organizations, businesses, agencies, and energy advocates striving to create positive Idaho energy policies. She said they meet once a month to exchange ideas and track current energy issues. She said they are here today to give attention to the Idaho Energy Plan. She said a report by the Office of Energy Resources and the Public Utilities Commission acknowledged that legislative action is needed to implement the plan. Ms. Woodruff said this plan indicates and confirms energy efficiency and gave examples of several pathways to implement this plan. In closing, she highlighted the success of the 2007 Idaho Energy Plan saying one success is the requirement of Idaho's IOUs to annually report their fuel mix to customers. She said this lets the rate payer know where their energy comes from and prepares the rate payers for the costs. She said most rate payers think their power comes from hydro, but this shows a breakdown of the fuel mix to inform the public. She said this energy Plan is a good document, and she hoped the Committee will help with the implementation of the 2007 Idaho Energy Plan. Ms. Woodruff answered questions from the Committee.

Jeff Burns, Burns Energy, entrepreneur and local business man, said he has been working in Solar PV and believes that small businesses and entrepreneurs are the last great hope for reviving the economy. He described what he does and gave a definition of jobs in the companies with whom he is currently working. He said all the companies are local, with two exceptions from Denver. He explained what to do to help grow jobs in Idaho and put a use tax on equipment. He said there is a tax rebate with customer installation, but most customers are too small to use the rebate. He said he would like to see a review and implementation of the IEP. He would also like to stop sending money out of state to buy energy, and start creating energy in Idaho.

Dave Krick, Restaurant owner, said he is a member of the Board of Sustainable Community Connections in Idaho, and an active member of the Idaho Energy Collaborative, and Greenworks Idaho. He said he was asked by the board to speak on the Idaho Energy Plan for these

organizations. He said the Idaho Energy Collaborative congratulates the

Committee on the bipartisan support of this plan. He said the petition was a way for their members to get follow through on the issues in the plan. He said some issues have been addressed and some have not. Mr. Krick reviewed the issues in the plan that need to be addressed. He said it has been three years since the plan was passed, and the world has changed dramatically in the last few years. He said that some of the unfinished objectives in the plan are simply unfinished because as a state we cannot afford it. He said one section of the plan states that State Government will demonstrate leadership by promoting energy efficiency. Mr. Krick reviewed the State Capitol as an example and the reduction to the carbon footprint in the building. He reviewed the elements of a Program called PACE (Property Assessed Clean Energy), which is a market-driven, job creating tool, creating renewable energy. He said our state is missing out on this program and the available up-front investment capital. He said we all agree we need to find new solutions, but it will require a social shift. Mr. Krick thanked the Committee for their leadership to create and pass the Idaho Energy Plan and asked that the plan be evaluated and updated and that opportunities to act continue. Mr. Krick answered several questions from the Committee.

Chairman Raybould turned over the meeting to Vice Chairman Harwood at 2:56.

Wieteke Holthuijzen, Senior in Mountain View High School in Meridian, said she is concerned with the amount of energy used by the high school and in the education budget. She reviewed several ways to reduce energy in the school. She also said after doing an energy audit and finding ways to reduce energy, she reviewed the Idaho Energy Plan and the recommendations in the plan. She said incentives in the plan can become more attractive, and the IEP has good ideas as put forth through the plan.

Ken Miller, Snake River Alliance, said they have touched on questions regarding the fuel mix disclosure, and he pointed out the challenges of having it put together. He said Idaho Power gets 100 mega watts of wind and geothermal power, but does not have the green tags to use those as renewable resources. He said they cannot count these in the fuel mix.

Mr. Miller answered questions from the Committee saying he views the energy plan as an insurance policy against what will come from Washington D.C. in regards to energy issues. The plan recommendations, if implemented, would help Idaho with these issues. He said they are looking for direction from the Legislature and they give credit to Idaho Power for looking on their own for incentive mechanisms. He said the last recommendation calls for the plan to be revisited every five years, but, given the amount of changes in the economy, they may want to consider revisiting some of the components in the energy plan during the course of the interim. He also said, in regards to communities submitting a plan, that utilities are under pressure for what they will do after 2012, and others are becoming ambitious in conservation programs.

Ron Whitney, Northwest Energy Coalition and custom homebuilder, said many individuals have signed on for energy efficiency and he has been

active in the promulgation of the rules of the State Building Code Board to adopt the 2009 International Energy Conservation Code. He said he has gone to building owners and builders to inform them of renewable energy options.

Kelsey Nunez, Idaho Energy Collaborative, said they support the 2007 Energy Plan and are thankful for the crafting of the plan in the first place. She said she represents a diverse group in the building industry, and this plan will change the way communities design, build, and operate buildings in their communities. She agrees that continued action is needed in easing the burden of up-front financing. She said that businesses and homeowners would like to make changes, but cannot pencil out the finances. She said recommendations E8 and E9 generally support these types of tax incentives, but the reality is tax incentives are only one option, and other options are needed. She said she looks forward to productive discussions on making the collaborations work. Ms. Nunez related her perspective as a lawyer on the issue, and said she supports legislative actions that will remove the financial barriers.

Rep. Eskridge, thanked Liz and the Energy Collaborative for the presentation. He said he thinks it is good to have someone watch the plan and the regulation through the legislative body, and then make suggestions on how to implement the plan.

There being no further business to come before the committee, the meeting adjourned at 3:21 p.m.

Representative Dell Raybould
Chairman

Susan Werlinger
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: March 4, 2010

TIME: 1:30 p.m.

PLACE: Room EW20

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Anderson, Eskridge, Kren, Hartgen, Simpson, Takasugi, Smith (30), Jaquet, and Cronin

**ABSENT/
EXCUSED:** Representatives Smith (30) and Cronin

GUESTS: Bill Booth, Council Member, NPCC; Jim Yost, Shirley Lindstrom, Jeff Allen, Policy Advisor, NWPCC; John Chatburn, OER; Ken Miller, Policy Analyst, Snake River Alliance; Bert Bowler, Snake River Salmon Solutions; and Colby Cameron, Legislative Advisor, Sullivan & Reberger

Chairman Raybould called the meeting to order at 3:00 p.m.

Bill Booth and **Jim Yost**, Idaho Council members of the Northwest Power and Conservation Council, presented an update on the Council's Regional Power Plan and the Fish and Wildlife Program.

Mr. Booth spoke first, and said the Council operates under the Northwest Power Act of 1980. Idaho, Oregon, Montana, and Washington make up the Council. The Council's responsibilities are the Power Plan, the Fish and Wildlife Program, and to inform and involve the public. The Power Act's duties are to "protect, mitigate, and enhance fish and wildlife affected by hydroelectric dams in the Columbia River Basin." The Council creates fish and wildlife programs, and solicits projects. Every project is reviewed by a panel of eleven independent scientists to ensure credibility of public expenditures. Six key themes for the 2009 Fish and Wildlife Program are to: (1) focus on habitat protection and restoration; (2) integrate Biological Opinions and the 2008 Columbia Basin Fish Accords; (3) perform scientific review of all projects; (4) put into practice new monitoring and evaluation strategies; (5) refine and implement indicators for success; and (6) adopt more stringent project-reporting guidelines.

Next, Mr. Booth presented information regarding quagga and zebra mussels. He said the Council has been very aggressive during the past year to determine what can be done to prevent mussels from coming into Idaho waters. He said the infestation of mussels into our waters would have a significant impact on Idaho's economy. The Council has commissioned an economic impact study of infestation, control, containment, and damage. They have called upon the Corps of Engineers, Department of Interior, and fisheries to prevent infestation. The Council has brought representatives of state and federal agencies to testify before the Council, brought a regional, public focus to the problem, and created a forum for state and federal coordination. Mr. Booth then spoke about key future issues, including legal,

Endangered Species Act (ESA), the Biological Opinion (Bio-Op), and the impact on electricity costs. The overall cost per year to Bonneville is between \$800-900 million. The Obama Administration completed an internal review in 2009 and found that the Bi-Op complied with the ESA. The responsible agencies adopted an "Adaptive Management Implementation Plan (AMIP)," which provides for certain new mitigation actions, and further establishes biological triggers to activate responses to address unexpected, significant fish declines in the future. The plaintiffs in the litigation challenged the use of AMIP to support agencies' contention that the Bi-Op complies with the ESA. Judge Redden granted the agencies a three-month "voluntary remand" in February 2010 to consider integrating AMIP into the existing administrative record and thereby allow the AMIP to be considered in determining whether the Bi-Op complies with the ESA.

Mr. Booth then spoke about the Fish and Wildlife Program spending. He said the 2008 Fish Accords raised spending from \$150 million to \$200 million annually. In 2009, \$41.4 million was spent in Idaho. He also said there were 98 projects in Idaho in 2009.

Next, Mr. Booth spoke about salmon recovery. The Idaho Sockeye Salmon Captive Bloodstock Program reports that sixteen wild sockeye returned to the Sawtooth Valley in the 1990s. In 2009, 1,219 crossed the Lower Granite Dam, and 833 returned to collection points in the Sawtooth Valley. Plans are in place to expand the program six-fold to release up to 1 million smelts annually.

Jim Yost then spoke stating the Council's responsibility is to develop a regional power plan to "assure the Northwest an adequate, efficient, economical, and reliable power supply." He said the Council is also responsible to analyze the adequacy and reliability of the power supply. He said there is approximately a 1.4 percent demand forecast in Idaho. He said the Energy Plan is a 20-year plan, with updates every five years. He said that conservation is the first priority because it is by far the lowest cost resource and has no greenhouse gas emissions. In addition, it avoids fuel price risks, and provides both capacity and energy.

Next, Mr. Yost spoke about conservation and energy efficiency. He said since 1980, the Northwest has achieved 3,900 MW of energy conservation, which is equal to 40 percent of growth in electricity demand over the last 25 years. The average cost of this effort was less than three cents per kilowatt-hour. Furthermore, the NWPC has identified an additional 3,000 MW of conservation that is available at the same cost. Mr. Yost then spoke about renewable generation. He said wind power is expected to meet the majority of the RPS requirements. He also said geothermal and other smaller-scale renewables may be cost-effective, and should be explored when they become available at the local level.

Mr. Yost next spoke about natural gas. He said the role of natural-gas fired generation varies among scenarios. He said natural gas-fired generation can provide energy, firm capacity, and flexibility when needed. He said gas-fired generation options provide protection against rapid growth and offer reduced-carbon emissions if carbon prices are high. He said there is some geothermal energy out there, but not much, and solar energy is too expensive. He said we need more technological advances

to make these resources effective at a commercial level. He said we need to be smarter about how we schedule transfers. He also said we need to improve infrastructure, transformers, and equipment within the power system. He also said we need to explore long-term alternatives according to demand response, smart grid development, energy storage, coal gasification with carbon sequestration, and advanced nuclear technology. He said the Council spent one year developing the Power Plan, and it is very compatible with the Idaho Energy Plan.

Following questions from the committee, Mr. Yost said conservation is to come from residential, industrial, and commercial. He said it can come from within the utility system itself where they can use less energy in a line distributing power. Mr. Booth stated that the largest request is for sockeye. He said only one to two percent of sockeyes make it back as adults, but they expect 65 million to come back in ten years. He said they formed a coalition of tribal, state fish, and game interests, to do something about sea lions. He stated that there is now authority to shoot sea lions. Concerning the ongoing litigation, there is a requirement that mitigation needs to be provided. He said the Council wants to get the litigation completed, but wants it done in a transparent and open fashion. He said before the litigation can be resolved, there needs to be a willing seller and a willing buyer; value needs to be determined; and needs to go through public review. He said the loss of fish over dams has been reduced, but the loss varies with each dam. He said the fish in Idaho have to cross eight dams. In addition, he said there are harvest issues, and the tribes have the legal right to take fish in certain parts of the river. Mr. Yost said the ratepayers are paying for all of this.

Next, in response to further questions from the committee, **Mr. Yost** spoke about the loss of the aluminum industry in Idaho. He said the price of energy is too high for the aluminum industry, and they are unable to guarantee delivery of the energy. He said peak capacity can be sustained with wind using about five percent of wind capacity for six hours per day, three days a week. It depends on where the wind happens to be blowing, as wind is inconsistent. He said if we do not achieve all conservation measures, we will have to rely on natural gas and coal. He said Idaho Power is making adjustments. He said there are also transmission limitations. He also said there are a lot of hydropower facilities and new turbines available to be used locally.

ADJOURN:

There being no further business to come before the committee, the meeting was adjourned at 4:17 p.m.

Representative Dell Raybould
Chairman

Kimberly Lowder
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: March 8, 2010

TIME: 1:30 p.m.

PLACE: Room EW20

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Anderson, Eskridge, Kren, Hartgen, Simpson, Takasugi, Smith(30), Jaquet, and Cronin

**ABSENT/
EXCUSED:** Representatives, Anderson, Simpson, and Takasugi

GUESTS: Toni Hardesty, Director, DEQ; Barry Burnell, Water Administrator, DEQ; Martin Bauer, Air Administrator; Orville Green, Waste Administrator, DEQ; John J. William, BPA; and Ken Miller, Energy Analyst, Snake River Alliance.

Chairman Raybould called the meeting to order at 1:30 p.m.

MOTION: **Rep. Hartgen** moved that the minutes of the 2/24/10 meeting be approved as written; **motion carried by voice vote.**

MOTION: **Rep. Hartgen** moved that the minutes of the 3/04/10 meeting be approved as written; **motion carried by voice vote.**

Toni Hardesty, Director, DEQ, gave an update on DEQ'S key areas of responsibility and programs, including mercury testing and monitoring. Ms. Hardesty first spoke about the Brownfields Assessment Program. She defined a Brownfield as a piece of property whose expansion, redevelopment, or reuse is complicated by the perceived or actual presence of contamination. This Program funds and conducts environmental assessments of Brownfield sites when a lack of environmental information has complicated site redevelopment or reuse. For each site, DEQ produces a report that reveals whether a site is clean, lightly contaminated, or heavily contaminated. DEQ determines the nature and extent of the contamination, identifies potential cleanup options, and estimates cleanup costs. Types of sites assessed are mine scarred land, clandestine drug labs (methamphetamine), mill sites, pole treating sites, petroleum distribution sites, agricultural sites, and dry cleaners. DEQ's goal is to put those properties back into productive use.

Ms. Hardesty next spoke about the Coeur d'Alene Basin Yard Remediation Program. She said at this site there were 100+ years of mining and processing of silver, lead, and zinc, which resulted in high levels of metals in the local environment. She said in 1983 the US EPA listed the area as a Superfund site. She said EPA's primary focus is on yard remediation to provide clean soil to residents.

Ms. Hardesty then spoke about the Bunker Hill Box Superfund Site

Remedial Action Objective, which has resulted in continuous lowering of blood lead levels since 1988. Next, Ms. Hardesty spoke about the Remediation of the Coeur D'Alene Basin Property. She said the American Recovery & Reinvestment Act funding is accelerating existing efforts to remediate residential yards in the CDA Basin.

Ms. Hardesty next spoke about Crop Residue Burning. She said in September 2005 a lawsuit was filed against the EPA. In January 2007, the District Court ruled in favor of the plaintiff. Shortly thereafter, Governor Otter formed a group to work together on a settlement agreement. The participants were: SAFE, DEQ, ISDA, EPA, farm organizations, and farmers who burn crop residue. An agreement was reached in December 2007. Keypoints of that agreement are: (1) DEQ will manage the revised program; (2) DEQ will protect institutions with sensitive populations; (3) DEQ will set air quality concentration limits; (4) DEQ will install additional particulate air quality monitors; and (5) DEQ will ensure this work will be transparent to the public and growers. Causes of contamination were from air-borne emissions and sediment from mines.

Ms. Hardesty then spoke about House Bill 557, which created Title 39, Chapter 1, New Section 39-114, and was adopted in 2008. This transferred the program from the ISDA to IDEQ. This bill required DEQ to: provide field locations and burn information to the public, set registration fees, and set air quality concentration limits. In Spring 2009, 5,120 acres were burned statewide. She said overall most parties are pleased with implementation of this program to date. She said improvements continue to be made, and feedback is continuously being solicited from growers. In addition, DEQ is doing focused outreach with symposiums, grower trainings, agricultural shows, and articles being published.

Following questions from the committee, Ms. Hardesty said a lot of farmers are still not registering their farms, so DEQ does not know the percentage of where they are in this effort. She said they are dealing with small, hobby farmers, who are not participating in the shows. She said a lot more outreach is needed to educate the farmers about this program. She said they frequently hear from other farmers that say it is not fair that they are waiting for their turn to burn, while other unregistered farmers are already burning.

Next, Ms. Hardesty gave an update on the State Revolving Fund (SRF) Loans. The Clean Water SRF and the Drinking Water SRF provide below market rate interest loans to help build new or repair/upgrade existing wastewater treatment facilities and drinking water facilities. She said funds have been decreasing, while demands have been increasing. The total amount for loans in both categories in 2010 is \$79,261,094, but DEQ has received requests for loans in the amount of \$800 million.

Following questions from the committee, Ms. Hardesty said some communities that have gone forward on their own have had dire fiscal consequences. She said there is nothing DEQ can do to help them if they have already made commitments in another direction and signed loan documents. She said the typical terms and interest rates for the DEQ loans are very competitive, i.e., 20-year loan at 0-1.5 percent interest rate.

Ms. Hardesty then gave an update on mercury monitoring/reports. Testing of snow pack in 2005-2006 showed total mercury concentrations at Pomerelle and Pilot Peak were comparable to other findings in the region and were not considered elevated. The Air Mercury Deposition Network (MDN) conducted testing from 2006 to 2010. Wet air deposition monitoring locations were McCall, Lake Lowell, and Craters of the Moon. MDN sites were discontinued in February 2010.

Next, Ms. Hardesty spoke about the Lake Mercury Fish Tissue Results. 89 fish from 50 lakes were sampled and analyzed for mercury in 2007. Forty percent of the lakes had fish that exceeded the mercury fish tissue criterion. There was also testing done on River Mercury Fish. 76 fish from 40 rivers were collected and analyzed for mercury in 2008; twenty percent of river sites had fish that exceeded the mercury fish criterion. Also, twenty-nine percent of Idaho's lakes and reservoirs had fish that exceeded the mercury criterion. In large rivers, fifteen percent of Idaho's rivers have fish that exceed the mercury criterion.

Following questions from the committee, Ms. Hardesty said testing did not show that contamination was coming from one particular source. She also said we could be adversely affected by mercury in the air. USGS was hired to do the water sampling for testing fish tissue for mercury, and results showed that Silver Creek was the water body that was impacted. The advisory could be for only one particular type of fish. The reason some contaminated fish end up on our dinner tables is that there is a lack of coordination between multiple agencies.

Following questions from the Committee, **Mr. Burnell** said the error by the USGS that occurred at Silver Creek was caused by a calculation error in each gram of fish tissue. He said if a person gets sick with mercury contamination, there can be various neurological symptoms, such as memory loss and tremors. He said symptoms subside after the person stops eating that particular type of fish. However, he said this is different for pregnant women and children.

In response to questions from the committee, **Ms. Hardesty** said the reading for Silver Creek was corrected, and the resulting figures for Silver Creek were safely below the recommended level for rivers in Idaho. Ms. Hardesty said the state has a matching obligation for federal superfund loans. Ms. Hardesty said the underlying principles of trying to protect the environment and public health is quite daunting. She said she is afraid of what may come up and the DEQ's ability or inability to respond.

There being no further business to come before the committee, the meeting adjourned at 2:43 p.m.

Representative Dell Raybould
Chairman

Kimberly Lowder
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: March 10, 2010

TIME: 1:30 p.m.

PLACE: Room EW20

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Anderson, Eskridge, Kren, Hartgen, Simpson, Takasugi, Smith(30), Jaquet, and Cronin

**ABSENT/
EXCUSED:** Representatives Takasugi and Anderson

GUESTS: John Watts, Lobbyist, Veritas; David Naccarato, McKinstry; Murray Dalagelish, Council School District, Nick Miller, Attorney, Hawley Troxell; Marc Ramme, McKinstry; John J. Williams, BPA; Colby Cameron, Sullivan & Reberger; and Courtney Washburn, ICL

Chairman Raybould called the meeting to order at 1:31 p.m.

MOTION: **Rep. Hartgen** moved to approve the March 2, 2010 minutes as written; **motion carried by voice vote.**

MOTION: **Rep. Cronin** moved to approve the March 8, 2010 minutes as written; **motion carried by voice vote.**

S 1354: **John Watts** presented **S 1354**, which authorizes school districts to develop, own, maintain, operate and contract for development of thermal heating and cooling energy generation; authorizes school districts to sell thermal energy; and authorizes issuance of school bonds to acquire thermal hot water energy systems. He said the revenue is to benefit the school districts. He said this legislation makes it clear that development is an allowed purpose for bonding in the school district area.

Following questions from the committee, Mr. Watts said on line 18 of the bill it states that the board of trustees of each school district is empowered to contract for the establishment, creation, development, ownership, maintenance and operation of thermal heating and cooling energy generation and distributions. With regard to contracting, he said school districts are to contract with an entity that is in the business of providing the particular type of service needed.

David Naccarato, Business Manager of McKinstry, next spoke about the mechanics of schools using this energy.

Following questions from the committee, Mr. Naccarato said that cooling energy generation includes hot water, cold water, or steam. Regarding a money clause, Mr. Naccarato said there shall be no savings shared model.

Murray Dalagelish, Superintendent/Jr. High Principal and instructor in the Council School District, said their biomass project has had a very successful outcome. They contracted with the Forest Service and participated in the "Fuels for Schools" program. He said this project was built in order to save money, and he stated they now save approximately \$50,000 per year. The total cost of their fuel this year has been less than \$5,000. This facility provides efficient energy for 75,000 square feet and 3,000 square feet of greenhouse space. He said in the summer, they have a community garden, which produces food for senior citizens and the food bank. Mr. Dalagelish stated they are interested in creating a heating district in Council. He said their biomass system makes them one of the most energy-efficient schools in Idaho. He said they are seeking the option to sell excess treated water to parties off campus to benefit their community, create more learning opportunities, and develop a larger revenue source for the district.

Following questions from the committee, Mr. Dalagelish stated before this project they were using 8,000 gallons of No. 2 fuel oil, which would now cost \$24,000. He said in order to sell this program to the patrons, he asked how many of them burn wood. Many of the patrons raised their hands. He then asked them why would we not use our own natural resources. He said the natural resources they have are cheaper, and they are readily available. Mr. Dalagelish said the source of the wood chips they use comes from the Forest Service, and cost \$15 per ton delivered. He also said they have a propane back-up, but they try not to use it. As for the control of emissions, he said the Forest Service and DEQ came in and did some testing. The result was that the emissions were much lower than they had anticipated. He said it burns hot and clean, and only steam comes out. Furthermore, there was very little particulate.

Nick Miller, bond counsel, Hawley Troxell, spoke briefly about the bond issue for schools. He believes that specific legislation is necessary.

MOTION: **Rep. Eskridge** moved to send **S1354** to the House with a **DO PASS** recommendation; **motion carried by voice vote. Rep. Boyle will sponsor the bill on the floor.**

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 2:24 p.m.

Representative Dell Raybould
Chairman

Kimberly Lowder
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: March 16, 2010

TIME: 1:30 p.m.

PLACE: Room EW20

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Anderson, Eskridge, Kren, Hartgen, Simpson, Takasugi, Smith (30), Jaquet, and Cronin

**ABSENT/
EXCUSED:** None

GUESTS: Mark Stokes, Idaho Power; Greg Duval, Rocky Mountain Power; and Clint Kalich, Avista; Rich Hahn, Idaho Power, Neil Colwell, Avista Corp.; Dar Olberding, Ridgeline Energy; Andy Brunelle, Forest Service; Echo Chadwick, Idaho Power; Russell Westerberg, Rocky Mountain Power; Courtney Washburn and Ben Otto, ICL; and Will Ledbetter, Milk Producers of Idaho.

Chairman Raybould called the meeting to order at 1:32 p.m.

Rep. Harwood moved to approve the minutes of the March 8, 2010 meeting; **motion carried by voice vote.**

Rep. Eskridge moved to approve the minutes of the March 10, 2010 minutes; **motion carried by voice vote.**

The committee was scheduled to hear **H 664** and **H 665** today; however, the sponsors of the bills have asked that these bills be held in committee, as they are awaiting legal opinions from the Idaho Attorney General.

A presentation regarding the Electric Utility Resource Plan was given by: **Mark Stokes**, Idaho Power; **Greg Duval**, Rocky Mountain Power; and **Clint Kalich**, Avista.

Mark Stokes, Idaho Power, said all three utilities have completed their energy plans. He said the public utilities first began preparing for Integrated Resource Plans (IRPs) in the early 1900s. IRPs are long-term plans for how a utility is expected to provide service to customers for the next 20 years; they are typically updated every two years. IRPs consider supply resources, demand measures, and transmission options. Public involvement is also a key component of the planning process.

Following questions from the committee, Mr. Stokes said Idaho Power has a geographic distribution. He said they have a diverse group to maintain balance. He said meetings are open to the public, and no parties are excluded. A generation resources map was shown, indicating coal resources, hydro resources, and natural gas resources. Next, a pie-chart was shown, indicating the following energy sources and percentages of usage: coal 38%; hydroelectric 45%; market purchased

power 8%; natural gas and diesel 1%; and long-term power purchases 8%.

Next, Mr. Stokes discussed the Public Utility Regulatory Policy Act (PURPA) contracts. He said Idaho Power is required to sign PURPA contracts, and there are currently 96 such contracts. In regard to wind energy, he said Idaho Power will have over 600 megawatts (MW) of wind by 2012. He also said they will continue to work on wind integration issues, such as ACE Diversity Interchange (ADI), dynamic scheduling, and wind forecasting.

Then, Mr. Stokes talked about peak-hour load forecasting, indicating that the expected case peak-hour load forecast will increase 53 MW per year over the 20-year planning period. He said the demand response programs have a large impact on the peak-hour load forecast.

He next spoke about the average energy load forecast, indicating that the expected case average load forecast increases 18 average MW per year (0.7% annually) over the 20-year planning period. He said there has been a fairly quick recovery from the recession, and that there is price elasticity because of carbon regulation. He said the average energy load forecast includes the impact of existing and new energy efficiency programs, such as the Irrigation Peak Rewards Program, Flex Peak Management Program for commercial, and the A/C Cool Credit Program. He said in some cases, public utilities are paying customers to not use, or use less, energy during peak hours.

Following questions from the committee, Mr. Stokes stated that transmission strength is up to the developer. They do carry spending reserves. He said building additional generation capacity for when the wind does not blow does not even come close to offsetting the cost of a gas plant.

He went on to say the best portfolio is a diverse portfolio. Even though wind is a renewable resource, it is not the most economical resource. The average energy load forecast is the expected average load forecast per year. He said he did not know what the financial impact would be if cap-and-trade passes, and that debate continues regarding carbon regulation. The next IRP will be completed in June 2011.

Next, Mr. Stokes showed a map of the Regional Transmission Planning Northern Tier Transmission Group. The Boardman to Hemingway Transmission Line Project is currently under construction. It will give access to energy in the mid-Columbia area. The Gateway West Project runs from Hemingway to Wyoming.

Following further questions from the committee, Mr. Stokes said in regard to new industries coming into Idaho, the forecast is broken down. He said "above 25 MW" customers, cause issues, and rather than trying to forecast those large loads, they try to provide what the new customers need. They do not want to turn customers away, as it would have a negative impact on the state.

Greg Duval, Rocky Mountain Power, next spoke to the committee,

indicating that Rocky Mountain Power has about 10,594 MW of generation capacity. He said the Energy Gateway Project links Rocky Mountain Power's wind sites. This is a \$6 billion project, with 2,000 miles of transmission line having been added to the existing line. He said additional generating capacity is needed by 2012, and 3,170 MW is needed by 2019. Renewable wind has been added and additional resources planned. He said of the six states serviced, Idaho has the biggest irrigation load.

Following questions from the committee, Mr. Duval said geothermal energy is a bit of an enigma for them, as geothermal development and acquisition do not work well in the RMP process. He said they are looking for firm commitments, and rather than continuing to do RMPs, they have kept in contact with geothermal developers. He said removal of dams in Northern California and Southeastern Oregon did not result in hydro-generation. They had long-term contracts with other resources.

Mr. Stokes clarified that the dams are not replaced with any specific resources.

Following further questions from the committee, **Mr. Duval** said that individual forecasts are prepared for large customers—those that use over one megawatt. He said the forecasting process is internal and they need to meet their loads, while keeping reserves for uncertainties.

Clint Kalich from Avista Corp. gave a summary concerning the 2009 Integrated Resource Plan, emphasizing that it is long-term resource planning with public participation. He said there is growing opposition to new transmission and generation resources; hence, utilities choose wind, gas, and conservation. Hydro resources are also included as resource options. Scheduled upgrades and resources are presently included in the L & R, and the resource costs are \$50 a MW hour.

In response to committee questions, Mr. Kalich said there is a huge impact due to higher utility loads, and that energy is a growth industry. As to how Avista handles growth and new business coming into the state, Mr. Kalich said planning of reserves is not considered for low growth. He said Avista goes out and communicates with customers, entering into incremental contracts. He said natural gas is almost like a new technology and that they will be developing new energy resources.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 2:21 p.m.

Representative Dell Raybould
Chairman

Kimberly Lowder
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: March 18, 2010

TIME: 1:30 p.m.

PLACE: Room EW20

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Anderson, Eskridge, Kren, Hartgen, Simpson, Takasugi, Smith (30), Jaquet, and Cronin

**ABSENT/
EXCUSED:** None

GUESTS: Fred Traxler and Robert Hopper, Bunker Hill Mine; Brenda Tominaga, IIPA; Mike Kane, IAHDD; Rob Howarth, CDHD; Miguel Legarreta; Tom Torgerson, IAR; Curt Fransen, IDEQ; Barry Burnell, IDEQ; Doug Conde, IDEQ; Jack Lyman, Idaho Mining Association; Courtney Washburn, ICI; Betsy Russell, The Spokesman-Review.

Chairman Raybould called the meeting to order at 3:20 p.m.

MOTION: **Rep. Harwood** moved to approve the minutes of the March 16, 2010 meeting as written; **motion carried by voice vote.**

Bob Hopper and **Fred Traxler** presented information regarding the Bunker Hill Mine Superfund Cleanup.

Fred Traxler said he and Bob Hopper would like the committee to look at some very weighty issues and seriously consider the information for future decisions. He said the Bunker Hill Site is a problem for the entire state of Idaho. The Superfund Cleanup is in partnership with EPA. He said Idaho has been a participant and leader in Superfund actions that negatively affect the citizens in North Idaho. The EPA has taken ownership of contaminated waste disposal, other related facilities, and land parcels. Idaho has agreed to a 10% match for cleanup actions and a 100% match toward maintenance and operation, which has created major long-term, uncertain, and risky budget impacts. Maintenance and operation is perpetual in most cases, and the overall cleanup is anticipated to continue in perpetuity. The state, through IDEQ, has taken control of implementing cleanup actions that may destroy the hopes of economic recovery of the Silver Valley in Shoshone County. He believes that recovery is key to the long-term economic health of Idaho. Idaho, with some concurrence with the legislature, has established extreme regulations and controls. Mr. Traxler and Mr. Hopper's objective today is to: (1) provide historical and scientific perspectives; (2) discuss past and future impacts; (3) address some legacy issues; (4) address IDEQ and State involvement; and (5) request the legislature to correct actions in the interest of Idaho citizens.

Mr. Traxler said the Superfund was established by EPA in 1983, due to atmospheric emissions released from the smelter in the 1970s. He said

children living near the smelter have had high levels of lead in their blood. The contaminated area was designated as the 21 square mile "box." The Bunker Hill industrial complex ceased to operate in 1981 due to financial issues, which were related to environmental regulation and a labor impasse. The shutdown of Idaho's second largest private employer had devastating impacts, including the loss of 2,400 jobs. Bunker Hill had been open for 94 years at the time of its closure.

Next, Mr. Traxler spoke about lead as it relates to human health. He said the ability for lead to be absorbed into the bloodstream is highly dependent upon what chemical compounds exist. Lead oxides come from lead smelters, leaded gasoline, and the environment. Lead sulfides and carbonates come from natural sources, mining, and milling. He said these compounds would unlikely be absorbed into the human body or the environment. EPA expanded the Superfund action to also include mining sources, and declared natural and other non-mining lead sources as negligible. This expansion went from 21 to 1,500 square miles in 2002. The cleanup is based entirely on measured total environmental lead and mathematical models.

Mr. Traxler next spoke about numerous environmental legacies created by EPA, IDEQ, and other governmental agencies and their contractors in implementing the Superfund, including: (1) faulty assessments; (2) non-compliant repositories; (3) excessive, costly, and intrusive regulations and controls; (4) destroyed and damaged infrastructure; and (5) limited waste treatment. In conclusion, he said these conditions should have everyone in Idaho concerned. Most of the legacies were caused by unfortunate deliberate actions, and Idaho has a long-term stake in all these issues presented today.

Mr. Hopper spoke next, saying the complexity of the situation is enormous. According to him, Mr. Hopper said what is going on is scientific fraud, corruption, and the scientists are "pretend" scientists. EPA just released its focused feasibility study. He said this is "social engineering" and is not protecting our children. A judge told him to never forget that the EPA views them as the enemy. There was a National Academy of Science 18-month study performed on the Superfund site. Mr. Hopper said Governor Otter, when he was in Congress, said, "(T)his study is the most important thing since Statehood." Mr. Hopper asked, if so, then why has so little attention been paid to it? It has been five or six years since the investigation was completed, and there has been absolute and total silence on the subject. He said the fact that the report has received almost no attention whatsoever has been the motivating force behind the writing of their book, North Idaho's Superfund-Facts and Fraud.

Following questions from the committee, Mr. Hopper said he had not discussed these issues with Governor Otter. Concerning their involvement with EPA on a professional level, he said they were scorned and turned away. Mr. Hopper stated Congress said it would not send anyone to do a study, and it would be years before they could ever get to Idaho.

H 667:

Rep. Anderson presented **H 667**. Some changes have been made to the

bill, and Michael Kane helped a lot with crafting the amendments. DEQ met with the health districts, and has come forward with a very good working plan. They have stricken out some language as to the approval of the Board of Environmental Quality to promulgate rules to subsurface sewage systems, wastewater treatment, sewage systems, and water quality. They have also added, "as per subsection (3)" to the end of that sentence.

Mike Kane represents the seven health districts, which were set up by the legislature in the 1970s. His clients are individual health districts, with each district having its own set of rules. The dilemma is the perception in the Panhandle area that some rules go beyond what the IDEQ has delegated. He said the first version of this bill would have deleted all of the rules and the appellate portion of the Panhandle Health District rules. The amended version of the bill deletes the dual drain field requirement. The second item proposed in the bill is to eliminate the 110% rule, which limits growth to 110%. Furthermore it sets up a different method for determining when a person needs a permit before building on his land. He said if we eliminate the 110%, we are left with the IDEQ rules, which have been deemed to be more consistent. The first version of the bill proposed would have eliminated all rules, and the proposed amendments only eliminate certain rules.

Following questions from the committee, Mr. Kane said the districts are mandated by law to enforce state laws, and districts adopt individual rules that become state laws. This is the first step to addressing inconsistencies and providing uniformity to these rules. He reiterated that the proposed amendments only eliminate certain rules, and rule formation will require concurrent legislation. Mr. Kane said they do not have authority to go beyond state law; they can only interpret law.

Toni Hardesty, Director, DEQ, spoke next . She has looked at the proposed amendments, and has requested the deletion of one section and the addition of "as per subsection (3)."

MOTION

Rep. Eskridge made a motion to send **H 667** to General Order with amendments attached; **motion was carried by voice vote.**

ADJOURN:

There being no further business to come before the committee, the meeting was adjourned at 4:40 p.m.

Representative Dell Raybould
Chairman

Kimberly Lowder
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: March 22, 2010

TIME: 1:30 p.m.

PLACE: Room EW20

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Anderson, Eskridge, Kren, Hartgen, Simpson, Takasugi, Smith (30), Jaquet, and Cronin

**ABSENT/
EXCUSED:** None

GUESTS: Rep. Marc Gibbs; Paul Kjellander, Office of Energy Resources; Jim Kempton, Public Utilities Commission; John Chatburn, OER; Barry Burnell, IDEQ; Doug Conde, IDEQ; Toni Hardesty, DEQ; Courtney Washburn, ICL; Ben Otto, ICL; Dennis Stevenson, Administration; Dan Olberding, Ridgeline; Kerry Elliott, IAC; John Eaton, Realtors; John Williams, BPA; Miguel Legarreta, Realtors; and Brenda Tominaga, IIPA

Chairman Raybould called the meeting to order at 1:31 p.m.

Rep. Harwood moved that the minutes of the March 18, 2010, meeting be approved with the following corrections: change the word "releases" to "released" on page 2, line 2; delete the sentence that says, "today the EPA views everyone as the enemy" on page 2, line 6, following the words, "views them as the enemy;" and change "EPA" to IDEQ" on page 3, line 3, of the second paragraph; **motion carried by voice vote.**

H 590: **Rep. Gibbs** presented **H 590**, which amends Chapter 4, Title 39, Idaho Code, adding a new section 39-427, to provide authority for regulation of residential septic tanks and systems. Rep. Gibbs said this is a very short and simple bill, and Pro Tem Geddes is the co-sponsor of this legislation. They have been having trouble getting septic permits in Franklin County. Franklin County has a high water level to deal with, and issuance of permits for family homes are extremely complex and expensive. Last summer they had thirteen septic tank permits that were going nowhere. Franklin County has been dealing with these issues and resolved eleven out of fifteen, but the system there is broken and not working very well. The proposed bill allows a county to opt out from septic tank permitting by the health department to allow the counties to issue the permits.

Senate Pro Tem Geddes said these are difficult problems, and the same concerns exist in almost all health districts in the state. This legislation points out to the health districts how critical the situation is. They need to listen to the public and the county commissioners. They also need to be more proactive and accommodate the needs of our citizens. There is a significant need for a system that is uniformly established.

Following questions from the committee, **Pro Tem Geddes** said this bill is necessary because it gives some flexibility, demonstrates to the health districts that there are a lot of problems out there; and it is aligned more closely with the counties and their citizens. Procedures to issue permits more easily need to be implemented. Funding could be withheld to get the districts' attention, since one-half of the funding is provided by the state, and one-half is provided by the county. They may experience a financial hardship if they choose to have their own inspector. If individuals build homes and install septic tanks with inadequate permits, they can be fined. Pro Tem Geddes said this new system gives a lot more options and flexibility. If the bill is passed in the Senate, it will send a signal that if something does not change and the process is not improved upon, they have the ability to significantly change the way they do business. He said he cannot predict what the counties will do.

John Eaton, Association of Realtors, testified in support of the efforts of Rep. Gibbs and Pro Tem Geddes, but he has significant concerns about the health districts. He said there needs to be uniformity throughout the state. This situation has the potential to create more regulations that are more restrictive and/or less restrictive. Most health districts just enforce IDEQ rules. Mr. Eaton believes there are some fundamental flaws with this proposed legislation as drafted. He understands the issue, but has some very serious concerns about how these health districts handle the issuance of septic tanks.

MOTION: **Rep. Hartgen** moved to send **H 590** to the floor with a **DO PASS** recommendation.

SUBSTITUTE MOTION: **Rep. Jaquet** offered a substitute motion to hold **H 590** in committee until a time certain.

Rep. Cronin said he supports this substitute motion, although it is clear there are some very serious issues facing Idahoans in regard to obtaining septic permits. He is troubled that utilizing the legislature to merely send a message to the health districts is not the right way to handle these types of issues. He is worried about going overboard with haphazard bills, even if they are well intended.

Rep. Eskridge opposed the substitute motion, saying if we hold this bill until a time certain, it will probably not get heard this session.

VOTE ON SUBSTITUTE MOTION: **Substitute motion failed on voice vote.**

VOTE ON ORIGINAL MOTION: **Chairman Raybould** called for a vote on the original motion, to send **H 590** to the floor with a **DO PASS** recommendation; **motion carried on voice vote; Rep. Gibbs will sponsor the bill on the floor.**

Jim Kempton, Public Utilities Commission, and **Paul Kjellander**, Office of Energy Resources, made presentations regarding the Energy Plan.

Paul Kjellander said he wanted to speak briefly about the report

presented to the legislature concerning the 2007 Energy Plan. There has been significant progress, but there is still a lot left to do. He said they have their work cut out for them in regard to implementing the Energy Plan as written today. Mr. Kjellander spoke about energy efficiency. He said there was a publication in the New York Times that named Idaho as a leader in the country for energy efficiency and improvements. The energy sector has changed substantially since 2007, and the Office of Energy Resources (OER) did not even exist at that time. There has been much opposition to building new coal fire generation, and clean coal energy is far away in the future. The biggest need now is for new transmission, and this need has only intensified since 2007. The production of natural gas and renewable energy depends on new transmission being built. Access to public land for public projects has gained attention for new energy development. Mr. Kjellander said regarding the Energy Plan, what we have today is a very good starting point. He said they are willing to make changes to what is needed today. The recession also makes it nearly impossible to do what was done initially. There are some areas where they could provide some talking points for the legislature to consider as it looks at the Plan. He said they now have briefing papers. In the current Plan, the term "cost effective" is something that needs to be heard more often throughout the Plan. He said energy efficiency needs a tremendous amount of attention, and they need to look at how they want to evaluate energy efficiency. What is missing from the Plan today is how the legislature looks at new businesses and attracting new energy development. He believes the Energy Plan is doing its job, but they need to have sane and cost effective methodology to present to the legislature.

Commissioner Kempton, Idaho Public Utilities Commission (IPUC), gave kudos to Mr. Kjellander and his work. He said they have thrown some cold water on developers to bring wind power into production. The Commission works off the fuel forecast, which should still be around \$6.50 MW. As to estimated futures, they take the mid-range risk and use that forecast. There has been a lot of turbulence over tiered rates, and there is some merit to those complaints. Eighty-seven cases were examined over the last year and a half, some of which were not associated directly with tiered rates. There has been about a 17% increase in rates. This has become an issue of rural versus non-rural. Some rural people have all-electric homes. Some alternative energy sources are wood, coal, and propane. Propane is the highest in cost, and all electric is the best. He is unsure if it is fair to transfer the cost of the all-electric users to the other electric users who have options and have chosen electricity. He said perhaps they should issue credits for all-electric rural homes, and they need to discuss this with the IPUC and the legislature. They have looked at rates and have set a tiered rate structure that approximates the same steps that are in place in other states. When a small general utility, small commercial customer, or a residential customer has significant changes in the way it uses power, it is still subject to the assessment that is done on a general basis. They use utility cost tests to determine cost efficiency.

Rep. Eskridge said, in defense of tiered rates, as we add new load the

cost gets more expensive, and the customer needs to pay for the resource even if he chooses not to use it.

Commissioner Kempton said they do not have a way to track how a customer changes his usage. He said when you have tiered rates, you have to look at elasticity. Their concern is that the Commission does not lobby bills. That does not mean that they do not have significant concerns, because they are concerned about their customers. The number of customers who have contacted them this year with complaints has jumped up considerably compared to earlier years, and costs will continue to go up.

Following further questions from the committee, **Mr. Kjellander** said in looking to the future, nuclear energy will take ten to fifteen years. We are left to produce natural resources and renewable energy that we can access. He said wind projects are breaking down, and the number one problem is the need for new transmission. He said forest biomass access to long-term fiber is key. Something needs to be done to access federal forest lands. Other states are providing us with guidance as to what not to do, such as putting caps on incentives and adding specific sunset clauses. Mr. Kempton said from a regulatory standpoint, there are different items they look at when setting a rate, such as fuel costs and the cost of operation within all processes. In defining what is cost effective, he said the problem is that the cost of something may be low now, but in two years the cost may be up. The all-electric home has developed into a rural versus non-rural issue, and they need to know how the legislature would have them handle it.

Rep. Takasugi said we need to address something as it relates to cost effectiveness and that is flexible as the environment changes.

Mr. Kjellander said there has been opposition in the Senate to opine on the subject of energy efficiency. He said energy efficiency is not cheap.

Chairman Raybould said when we are talking about the need for additional transmission lines, we are talking about bringing electricity produced from coal, but nobody wants to build a coal fire plant in Idaho. He said the cost of wind power is not cheap; per kilowatt hour, the cost is very high and has a 32% efficiency rate. He said there are dozens and dozens of places in Idaho where we could make more horsepower.

Mr. Kjellander said a lot of it deals with federal policy, and there are a lot of mixed messages to deal with. He also said it will not happen if the necessary funding people cannot be obtained.

Chairman Raybould said it is predicted that by 2015 we will have totally electric automobiles, with 500 miles between charges that will need electricity to charge them.

Mr. Kjellander said that allowing the ratepayers to decide how they want their energy is not the way the utilities operate. He said the shareholders have a greater impact on the design that the utilities may put on the table. They are limited on what those choices and options are really available, and they are difficult to carry out. He said we need to be grateful for the

merchant plants that are here in Idaho.

ADJOURN:

There being no further business to come before the committee, the meeting was adjourned at 3:24 p.m.

Representative Dell Raybould
Chairman

Kimberly Lowder
Secretary