

MINUTES
SENATE STATE AFFAIRS COMMITTEE

DATE: Wednesday, January 30, 2013

TIME: 8:00 A.M.

PLACE: Room WW55

MEMBERS PRESENT: Chairman McKenzie, Senators Davis, Fulcher, Hill, Winder, Lodge, Siddoway, Stennett and Werk

**ABSENT/
EXCUSED:**

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman McKenzie** called the Senate State Affairs Committee (Committee) to order at 8:01 a.m. with a quorum present.

VOTE ON GUBERNATORIAL APPOINTMENT: Vote on the gubernatorial reappointment of Randolph Hill to the Idaho Energy Resources Authority.

MOTION: **Senator Winder** moved to send the gubernatorial appointment of Randolph Hill to the Idaho Energy Resources Authority to the Senate floor with a recommendation that it be confirmed by the Senate. **Senator Fulcher** seconded the motion. The motion carried by **voice vote**.

GUBERNATORIAL APPOINTMENT: **Chairman McKenzie** introduced Gary Mahn, the gubernatorial appointee to the Idaho Endowment Fund Investment Board (EFIB or Board). He asked him to tell about past activities, where the Board may be going in the future and his role on the Board.

Mr. Mahn stated that he is new to the EFIB and has attended one meeting in an unofficial capacity. He is very impressed with the job the EFIB is doing. The year-to-date return is over 11 percent which meets the goal of maximizing returns with minimum risk. As an EFIB member, he will exercise his abilities to continue to meet that goal. **Chairman McKenzie** asked Mr. Mahn to explain his philosophies between the EFIB and their interaction with the professional investment managers. What is the role of the EFIB with respect to how direction is given for the management of funds and the allocation of funds to different investments?

Mr. Mahn responded that, as of yet, he hasn't studied the allocations but he is familiar with the responsibilities of the EFIB and their oversight of the managers to assure they are doing the best job possible in their particular sectors and that they are held accountable for the benchmarks the EFIB sets forth. He is committed to making a change if a manager is not performing in a manner to meet the EFIB goals.

Senator Fulcher asked if Mr. Mahn's current commitments leave time for him to devote to the EFIB. **Mr. Mahn** stated that he is now retired after selling his business this past summer so he actually has extra time to spend on this endeavor. The EFIB is something he is honored to serve on and looks forward to participating in. It will be interesting, it is something he believes in and it will serve the citizens of Idaho.

Senator Siddoway stated that he was concerned with the return on the investment of the endowment plans. What would you do about a non-performing asset? **Mr. Mahn** answered that, at this time, he was not familiar with any non-performing assets. But, in working with the EFIB, he will address those types of issues and what constraints are involved with managing those assets. His focus will be to capitalize on opportunities to gain revenue while sustaining relationships.

GUBERNATORIAL APPOINTMENT: **Chairman McKenzie** introduced Representative Eric Anderson, the gubernatorial appointee to the Idaho Energy Resources Authority (IERA).

Representative Anderson described the IERA as a "creature of legislature": the result of legislation passed in 2004. **Representative Anderson** gave a snapshot of his background as follows: served on the Northwest Public Power Association's Trustee Board for six years; was a Director of the National Electric Cooperative Association; and, served in various capacities in other energy resource types of organizations. Dealing with public power is like a quasi-public utilities commission. A lot of the work on the IERA board surrounds the purchase of generation power plants for small plants who do their own financing for substation upgrades and transmission distribution lines. The IERA is involved in selling bonds to determine the lowest possible rates available to the citizens of Idaho in the development of generation and transmission projects.

Senator Fulcher asked if he anticipated any conflicts of interest. **Representative Anderson** responded that he did indicate in his application that there could be potential conflicts. He will do his fiduciary and due diligence in that matter by making any benefits that would apply clearly apparent.

Senator Winder requested an explanation of what the IERA does and the responsibilities that go along with this appointment. **Representative Anderson** stated that the IERA was constructed because of rate volatility and the inability for local jurisdictions to fund/finance projects. The IERA determines the financial viability of the project and finds a mechanism to bond and to finance these projects through the selling of bonds. The IERA is not a public utility or public utilities commission. The IERA does have certain limited powers to accomplish its goals. The IERA is a not-for-profit agency with a goal to provide power and generation transmission capabilities at cost to the citizens of Idaho.

Senator Hill asked how many of the boards or committees listed on your application do you still serve on that could possibly create a conflict. **Representative Anderson** answered that the only current board he sits on is the Northern Lights Electric Cooperative Board. It is a member of the Northwest Public Power Association and the Pacific Northwest Generation Cooperative but he is not on those boards.

Senator Werk asked how Representative Anderson views his role as a planner for "don't plan for today, plan for tomorrow." **Representative Anderson** answered that he is very aware of the different types of renewable energy projects that exist around the state. He understands the issues

- Too much water.
- Not enough water.
- Fishery issues.
- Oversaturation of gas in water when there are spills.

Part of the dialogue would be how to contractually bind the players, determine the feasibility and keep from overbuilding. He is not opposed to renewable projects but they have a place and a role; there must be a balance. **Senator Werk** asked

if the IERA would get involved in storage technology. **Representative Anderson** stated that his first impulse would be to say yes. However, he doesn't know if current legislation provides for the IERA to get involved in that type of program. It speaks specifically to generation transmission.

Senator Siddoway inquired if the IERA has any ability to intervene with suggestions or direction in some of the transmission line projects running from Canada to/through various states. Transmission doesn't go in straight lines because they would have to cross federal or state lands; they can only go on private land. **Representative Anderson** responded that they could not intervene. They could only work with local municipalities on bonding authority. There is a continuing need to work on corridor designations.

Senator Siddoway asked if there was a size restriction on the projects the IERA gets involved with. **Representative Anderson** said that there was not a size restriction, it is more to do with the capacity of the utility or city to effectively secure a bond.

Chairman McKenzie announced that the two appointments will be voted on at the next meeting.

PRESENTATION: The Annual Report of The Idaho Emergency Communications Commission (IECC)-911) (ECC911) by Eddie Goldsmith, Idaho Bureau of Homeland Security. **Chairman McKenzie** welcomed Mr. Goldsmith.

Mr. Goldsmith began by providing some background on the 911 emergency system. 911 was created in 1969 with the first call made in Alabama. The first call in the state of Idaho was in 1984 in Mountain Home. The technology that was used then is still being used today. In 2004, the Governor's Office created the IECC which consisted of 13 members. The mission was to enhance Idaho's public health, safety and welfare by assisting emergency communications and response professionals and the establishment, management, operation and accountability of consolidated emergency communications systems. **Mr. Goldsmith** provided a full discussion of the report which is included as part of these minutes (Attachment 1). After the report, **Chairman McKenzie** called for questions from the Committee.

Chairman McKenzie stated that the 25 cent fee is granted in statute. Would you bring legislation for an extension? **Mr. Goldsmith** answered that they were going to try to do that this session. The rural counties with a population of 20,000 or less do not have any additional revenue in the \$1.00, 911 fee to do any upgrades, add new systems and provide maintenance.

Senator Lodge referred to the 37 counties that are participating in the service; what counties are not? Also, why are they not participating? **Mr. Goldsmith** referred to the map on page 23 of the report that showed the counties with and without the service. The three counties with the most population do not participate; that amounts to 65 percent of the population. At this time, receipts total about \$1,700,000. If every county participated, they would receive four or five million dollars. The decision to participate is up to the County Commissioners. The larger populated areas have enough population base that the 911 funds are quite large and there is not a need for a grant.

ADJOURNED: **Chairman McKenzie** thanked Mr. Goldsmith and, being no further business, adjourned the meeting at 9:53 a.m.

Senator McKenzie, Chairman

Twyla Melton, Secretary