

MINUTES

# HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE

**DATE:** Monday, February 02, 2015  
**TIME:** 1:30 P.M.  
**PLACE:** Room EW41  
**MEMBERS:** Chairman Thompson, Vice Chairman Anderst, Representatives Raybould, Hartgen, Vander Woude, Nielsen, Anderson, Mendive, Trujillo, Beyeler, Chaney, Nate, Scott, Smith, Rusche, Jordan, Rubel

**ABSENT/  
EXCUSED:** Rep. Vander Woude

**GUESTS:** Tim Merrick, United States Geological Survey (USGA); John J. Williams, Bonneville Power Administration (BPA); Will Hart, Idaho Consumer Owned Utilities Association (ICUA); Gordon Hamilton, Williams; Russell Westerburg, Rocky Mountain Power (RMP); Matt Wiggs, John Chatburn, Office of Energy Resources (OER); Neil Colwell, Avista; Scott Madison, Intermountain Gas Company; Kelsey Nunez, Snake River Alliance; Ron Stark, Boise Metro Camber; Suzanne Budge, SBS Associates

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

**Rep. Beyeler** made a motion to approve the minutes of January 20, 2015. **Motion carried by voice vote.**

**Neil Colwell**, Avista Utilities, gave a presentation providing Avista's history, operations, and outlook for the future. Avista was formed in Spokane, Washington 125 years ago as Washington Water Power (WWP), predating Idaho's statehood. Originally Avista tapped the water power in the Spokane River and eventually delivered power to Idaho Silver Valley mines through the longest high voltage line in the world. WWP changed their name to Avista in 1999.

**Mr. Colwell**, reports that Avista operations are in eastern Washington and northern Idaho providing gas and electric services. They also provide gas services to southern Oregon. Avista produces electricity from hydro, natural gas, coal, and biomass in Washington, Idaho, Oregon, and Montana. They operate electric production capacity 1,825 Mw and have approximately 400,000 electric accounts and 354,000 natural gas accounts. They provide to a service area of more than 30,000 square miles and serve a total of about 680,000 customers. Avista's has an annual revenue of more than \$1.6 billion and employ nearly 1,500 people.

**Mr. Colwell**, reports in the future Avista has energy resource planning and needs of a twenty year forward looking plan, which is updated every two years. The first long-term capacity deficit occurs in 2020 and the first energy deficit occurs in 2026. Avista's future system investments and improvements include COMPASS, a fully integrated Customer Service Information System. They have also added Smart Grid investments across their system. Other challenges are additional environmental requirements, natural gas production increasing, new technologies including solar, large battery storage, and electric vehicles. Also customer owned generating facilities and new entrants into generation business.

In response to questions, **Mr. Colwell** explained part of the name change was due to a plant cancellation and a deal to purchase power from Bonneville Power. Mr. Colwell also explained that Smart Meters are in transition to be available at all residential locations providing more control and more choices to the resident. With coal plants being closed. Idaho should be in good shape with upgrades and 111(d) under EPA which could incur additional costs.

**Rich Hahn**, Idaho Power Company, gave a presentation, providing the history of the company powering Idaho since 1916. Their vision is to be regarded as an exceptional utility through their mission to provide by providing reliable, responsible, fair-priced energy services with integrity, safety, and respect. Idaho Power has seventeen hydroelectric facilities beginning in Hells Canyon, Idaho and following the river to American Falls, Idaho. They also have thermal facilities from three coal facilities, three natural gas facilities and one diesel facility.

In response to questions, **Mr. Colwell** explained Net-metering has approximately six hundred primary resident and small commercial customers. He also clarified that CJ Strike only operates on one turbine during portions of the day due to water levels as per the original contract.

**Russell Westerberg**, Rocky Mountain Power (RMP) explained that they serve 1.8 million people across 136,000 square miles in six Western states. The business is comprised of three business units, Rocky Mountain Power, Pacific Power, and PacifiCorp ensuring low cost energy for customers. Renewable and non-carbon resources make up twenty-five percent of PacifiCorp's generation capacity. PacifiCorp is also adding solar to its power supply mix.

**Will Hart**, Executive Director Idaho Consumer Owned Utilities Association (ICUA) represents twenty-two public power utilities in Idaho, eleven rural electric cooperatives and eleven municipal power companies. ICUA provides emission free, reliable, low-cost electric power to over 135,000 customers. Rural electric cooperative and municipal power companies are self regulated utilities with elected board members and are not subject to regulation by the Idaho Public Utilities Commission. Utilities deliver electricity to consumers "at cost" and no member operates on a "for profit" basis. The Bonneville Power Administration supplies over 96% of the wholesale electric power that ICUA member utilities deliver to their customers. Wholesale power costs account for approximately 60% of ICUA member's total costs.

In response to questions, **Mr. Hart** explained different names by who manages the department based on how the lines are drawn. Generally the cost and rates are relatively close to the same.

**Scott Madison**, Intermountain Gas Company (IGC) which is a local distributing gas company founded in 1956 covering the Southern territory of Idaho. They are not vertically integrated and are able to purchase and distribute to their customers. IGC has 225 employees in Idaho. Mr. Madison explained they are regulated by the PUC. IGC purchases inexpensive energy during the summer and have storage across the west to hold the energy until customers need it in the winter keeping rates lower.

In response to questions, **Mr. Madison** explained building pipelines is expensive, they have a process to calculate cost and revenue and are sometimes able to offer contributions by new customers to have a line added.

**John Williams**, Constituent Account Executive, Bonneville Power Administration (BPA) presented that BPA was established in 1937 as a self funded federal agency that now provides power to 300,000 square miles and employing 3,000 employees. BPA provides about half the electricity used in the Northwest and operates over three-fourths of the regions high-voltage transmission.

Bonneville Project Act created BPA to market power from federal hydroelectric projects in the Pacific Northwest, with authority to build transmission facilities to deliver power to customers. Electric energy and peaking capacity not purchased by Northwest consumers is called surplus power and offered for sale to out of region customers.

**Mr. Williams** said the DOE Organization Act moved BPA out of the Department of Interior, including BPA as a separate and distinct entity with the new Department of Energy. BPA is directed to protect, mitigate and enhance fish and wildlife affected by the federal hydroelectric dams in the Columbia River and its tributaries. BPS is directed to offer Northwest investor-owned utilities an exchange of low-cost federal power to serve their residential and small farm loads. The IOU's are to return an equivalent amount of power at their average system cost. The exchange is intended to provide residential and small farm customers with some benefits of the low-cost federal power that is first available to publicly owned and cooperative utilities.

**Mr. Williams** also presented on the 1996 Omnibus Consolidated Rescissions and Appropriations Act provided for refinancing of the Federal Columbia River Power System (FCRPS) unpaid appropriated debt at 1997 market interest rates. The act required Northwest ratepayers to pay the Treasury and additional \$100 million in net present value over the life of the debt to resolve claims that the region was subsidized by taxpayers due to low historical Treasury interest rates. Post September 11, 2011 after years of collaborative discussions with customers and other parties, BPA is offering new contracts to its customers. The new power sales contract will cover fiscal years 2012-2028. BPA offered contracts ahead of when the current contracts expired so that BPA and its customers will know in advance who has the responsibility to develop new resources to meet load growth starting in fiscal year 2012.

In response to questions, **Mr. Williams** explained that since Public Power filed suit and ruled in favor against Bonneville, they had to reinstitute to apply until payback was completed.

**Chairman Thompson** stated the presentation by Michael Lewis with the United States Geological Survey will be rescheduled.

**ADJOURN:**

There being no further business to come before the committee, the meeting adjourned at 2:57 p.m.

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Representative Thompson  
Chair

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Heidi McKay  
Secretary