

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, March 09, 2023

TIME: 2:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Ricks, Vice Chairman Schroeder, Senators Grow, Cook, Adams, Bernt, Trakel, Rabe, and Just

ABSENT/ EXCUSED: None

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 Ricks** convened the meeting of the Senate Local Government and Taxation Committee (Committee) at 2:02 p.m.

MINUTES APPROVAL: **Vice Chairman Schroeder** moved to approve the minutes of February 21, 2023. **Senator Cook** seconded the motion. The motion to approve the minutes of February 21, 2023 passed by **voice vote**.

MINUTES APPROVAL: **Senator Just** moved to approve the minutes of March 1, 2023. **Vice Chairman Schroeder** seconded the motion. The motion to approve the minutes of March 1, 2023 passed by **voice vote**.

H 106 **Prohibitions on Utility Connections. Representative Dixon** presented **H 106**. He explained that **H 106** was designed to protect choice of energy. It prohibited counties and municipalities from enacting prohibitions or restrictions on energy utility connections. He noted that there were some concerns expressed by groups such as the Idaho Association of Cities and the Consumer Owned Utility Association that **H 106** prevented incentives for use of other forms of energy and that it forced cities to provide services they did not currently provide.

DISCUSSION: **Vice Chairman Schroeder** asked Representative Dixon to further discuss the concerns of the Consumer Owned Utility Association regarding limitations on or prohibition of connection with other electric utilities. **Representative Dixon** stated that he understood that the PUC had authority over new utility delivery and that **H 106** would not affect connecting with other electric utilities. He further stated that the Consumer Owned Utility Association was neutral on this bill.

Senator Just asked how **H 106** would affect a utility company's use of incentives to encourage individuals to change to a different form of energy. **Representative Dixon** replied that it would not prevent incentives.

Senator Grow asked what the rationale was for banning restrictions or prohibitions on utility connections. **Representative Dixon** replied that it was out of concern for climate change and use of unclean energy.

Senator Just asked whether **H 106** prohibited utilities from denying service outside of their jurisdiction. **Representative Dixon** responded that **H 106** did not require a utility company to provide service to someone they were not currently providing service to. That would be within the authority of the PUC.

TESTIMONY: **Jonathan Oppenheimer**, External Relations Director for the Idaho Conservation League, spoke in opposition to **H 106**. He argued that it was over broad and restricted local control of municipal and county planning regarding utility connections. It discouraged a municipality from investing in utility infrastructure which might only be in effect for several years. In addition, the fiscal note did not address some of the costs the municipalities and counties would incur for enforcement. Finally, **Mr. Oppenheimer** stated that they were supportive of the amendments proposed by the Idaho Association of Cities.

Lori Blattner, representing Intermountain Gas, spoke in support of **H 106**. She stated that consumer choice of energy was important. Access to all available sources of energy allowed for the greatest resilience in meeting the community's needs for energy.

Julie Hart, spoke on behalf of the Idaho Association of Cities. She stated that they supported the intent of **H 106**, but had some concerns. **Ms. Hart** explained that their legal team was concerned that this bill required a utility to provide service outside of their service area.

DISCUSSION: **Senator Bernt** asked Ms. Hart what the role of the PUC was in a situation where an individual living in one area wanted service from a utility company in a different municipality. **Ms. Hart** explained that the PUC only regulated investor owned utilities, not municipal or cooperative utilities.

Senator Cook asked what language in **H 106** required a utility to provide service outside of their jurisdiction. **Ms. Hart** cited the proposed language in Idaho Code § 50-346(1) that, "prohibits, or has the effect of prohibiting, the authorized connection or reconnection of an electric, natural gas, propane, or other energy utility service provided by a public utility, municipality, or cooperative utility." That language did not require that the individual requesting service had to reside within their jurisdiction.

Vice Chairman Schroeder noted that Ms. Hart had proposed an amendment to Idaho Code § 32-881 relating to counties, but had not proposed an amendment to Idaho Code § 50-346 relating to municipalities. He responded to Senator Cook's question and clarified that the ban only applied to municipalities and counties, not utilities. **Ms. Hart** stated that it was her intent to recommend the same amendment to Idaho Code § 50-346. **Vice Chairman Schroeder** asked Ms. Hart to clarify his understanding that the concern of their legal counsel was that **H 106** prohibited a utility company from restricting service to within their service area. **Ms. Hart** confirmed that was their concern.

TESTIMONY: **Kate Haas**, with Kestrel West and representing TC Energy, testified in support of **H 106**. It ensured that people had a choice of energy source. It allowed a free market without government interference. **Ms. Haas** further stated that the bill solely prevented a governmental entity from enacting or implementing a resolution, policy or ordinance banning a utility service.

DISCUSSION: **Senator Cook** noted that **H 106** prohibited a ban or restriction on utility connections, and asked whether it addressed a situation where a municipality or county currently had a ban or restriction in place. **Ms. Haas** explained that **H 106** prevented them from implementing a ban or restriction currently in place.

Vice Chairman Schroeder opined that a connection that was outside the service area may not be an authorized connection under the scope of this bill.

- TESTIMONY:** **Kathy Griesmyer**, Government Affairs Director for the city of Boise, spoke in opposition to **H 106**. She stated that the city's Climate Action Plan did not include any plan to ban a utility connection. Their Climate Action Plan was based on incentives to use clean energy and voluntary actions. She expressed a concern that **H 106** restricted incentives for the use of geothermal power or other sources of clean energy. She suggested an amendment to address their concerns regarding geothermal energy.
- DISCUSSION:** **Chairman Ricks** asked what the city's long term policy on geothermal energy was. **Ms. Griesmyer** stated that she did not think there was one and asked that Steve Hubble, Senior Manager of their Public Works Department, address that question.
- TESTIMONY:** **Mr. Hubble** stated that there was no intent to propose bans or restrictions on any kind of energy. Their approach was to allow a free market and allow consumers to make those decisions.
- Alex LaBeau**, President of the Idaho Association of Commerce and Industry, testified in favor of **H 106**. He stated that they were more concerned with industrial use of energy than residential. Choices in energy source were important to energy security and should be left to a free market.
- Representative Dixon** corrected his previous statement that the PUC had total jurisdiction over utilities under the Electrical Supplier Stabilization Act. That act solely governed municipal utilities and not consumer owned utilities or cooperatives.
- MOTION:** **Senator Rabe** moved to send **H 106** to the 14th Order of Business for possible amendment. **Senator Just** seconded the motion.
- SUBSTITUTE MOTION:** **Senator Bernt** moved to send **H 106** to the floor with a **do pass** recommendation. **Senator Adams** seconded the motion. The motion to send **H 106** to the floor with a **do pass** recommendation passed by **voice vote**.
- ADJOURNED:** There being no further business at this time, **Chairman Ricks** adjourned the meeting at 2:50 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary