

**Energy & Utilities Key Industry Network (KIN)
Montana Facilities Siting Act (MFSa) Meeting Notes
July 6, 2015**

KIN Members:

Bob Rowe, Co –Chair	Dan Berube
Niles Hushka, Co-Chair	Alan Olson
Robert McFarlane (phone)	Jose Maria Sanchez Seara

Dept. of Environmental Quality (DEQ) Staff:

Tom Livers, Director	Warren McCullough
Kristi Ponzozzo	Craig Jones
Laura Andersen	Ed Hayes

KIN Liaison Staff:

Mary Craigle	Ty Jones
Tom Kaiserski	Janice Wannebo
Jim Molloy	Michaela Wolfinger

Other Guests:

Mike Cashell, Vice-President of Transmission, Northwestern Energy

Introductions & Meeting Purpose

The meeting began at 3:05 p.m. with introductions of the participants followed by an explanation of why this meeting was arranged. The meeting stemmed from a request from the Energy & Utilities KIN members to discuss the implications of the Montana Facility Siting Act (MFSa) which has been a reoccurring topic of discussion amongst the KIN members. One of the biggest issues is the law does not differentiate between electric transmission lines and pipelines.

Tom Livers, Director of DEQ, acknowledged the MFSa law was developed under a different paradigm back in 1973 by the Legislature during a time when utilities in Montana were regulated and vertically integrated. As time has passed, the Act has seen unintended consequences and improvements could be made.

DEQ has identified several possible approaches to consider regarding the MFSa requirements related to the 1-mile wide corridor for pipelines and transmission lines:

- Exempt pipelines from the 1-mile wide requirement.

- Reduce the 1-mile wide for pipelines (half a mile or less). This way there is still an expanded corridor but the effort to analyze is more reasonable.
- Repeal the 1-mile wide requirement. DEQ would recommend replacing the 1-mile study corridor with a requirement that the project proponent's engineers and DEQ staff work to identify areas where the approved location may need to be larger than the 500 feet wide minimum requirement. This should be done before the release of the draft EIS.
- Modify 1-mile requirement as it applies to urban areas.

Bob Rowe asked each KIN member to individually identify issues they have concerning the MFSA.

Niles Hushka, President & CEO, KLJ Engineering, works extensively with pipelines and suggested shorter time limits or possibly permitting stages (i.e. stage 1-Scoping, stage-2 Analysis, stage 3-Final Coordination and Definitions).

Alan Olson, Sanjel Field Representative, said the 1-mile wide corridor intent was to allow flexibility outside the 500 feet requirement. He suggested making it easier to move the line while still maintaining a corridor area without having to restart the entire approval process with DEQ.

Dan Berube, Retired CEO, Montana Power Company, suggested building into the process consideration for future pipeline develop that would allow increased capacity and extensions.

Robert McFarlane, Chief Financial Officer, Enbridge (Toronto), suggested changes to the 1-mile wide corridor including:

- 1) Better alignment between the EIS and MFSA certification
- 2) Have DEQ provide a list of approved mitigation strategies
- 3) More controlled public involvement and more coordination between State, Federal and project representative.

Jose Maria Sanchez Seara, President & CEO, NaturEner (San Francisco), concurs with Robert McFarlane comments and suggestions.

Mike Cashell, Vice President of Transmission for Northwestern Energy, mentioned the purpose and need portion of the MT MFSA is outdated. IT relies almost solely on a utility serving its native customer's needs to meet the "need" test. That does not work well for a "merchant line" (a private company and/or utility seeks to build an electrical transmission line(s) for profit because they see an economic opportunity) or for companies that are required by FERC to provide transmission service to non-native customers under "open access" rules. Cashell suggested scoping (interface between DEQ & BLM) and the public involvement needs to be better controlled/managed.

Bob Rowe, President & CEO, Northwestern Energy, questioned how does DEQ balance internal agency work with the public's right to access.

How Do We Accomplish the Purpose?

The group agreed to convene conference call / discussion groups to further discuss the topics identified at the July 6 meeting.

Note: Staff organized the topics and suggests three conference calls for further discussion as identified in the table below:

Call	Participants	Topic
1	Same participants as July 6 MFSA meeting	Mile wide corridor – further discuss possible solutions suggested by DEQ at July 6 meeting and develop a recommendation / proposal
2	Same participants as July 6 MFSA meeting	Discussion of: <ul style="list-style-type: none">• Determination of Need – future need, non-jurisdictional, merchant lines• Alignment of EIS & MFSA certification• Eminent domain
3	Stakeholder/DEQ/Other State and Federal Agencies	Discussion of process: staging, scoping, public input, information management, coordination, social media, other state experiences, land value study, etc.

Goals/Outcomes

Once the discussion groups complete the above assignments, the information will be disseminated to all parties prior to the next meeting sometime in the beginning to middle of August 2015.

The meeting ended at 4:15 p.m.