



TREASURE STATE RESOURCES ASSOCIATION OF MONTANA

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TREASURE STATE RESOURCES ASSOCIATION NEWS January, 2020

U.S. Senate Confirms Aurelia Skipwith as Director of U.S. Fish and Wildlife Service

Sources include: Department of the Interior Press Release, December 12, 2019

On December 12, 2019 the U.S. Senate voted to confirm Aurelia Skipwith as Director of the U.S. Fish and Wildlife Service with a bipartisan vote of 52-39. Skipwith has served as Deputy Assistant Secretary for Fish and Wildlife and Parks at the Department of the Interior since April 19, 2017.

“Aurelia Skipwith’s leadership at the Department of the Interior has been vital in helping us advance the President’s priorities for the American people,” said U.S. Secretary of the Interior David Bernhardt. “I look forward to working with her in her new capacity.”

Previously Ms. Skipwith served as an Assistant Corporate Counsel at Alltech, Inc. an all-natural animal nutrition company that operates worldwide and has the world’s largest algae production system. She then became general counsel at AVC Global, an agricultural logistics and financing firm that she co-founded. Skipwith earned her B.S. in biology from Howard University, M.S. in molecular biology from Purdue University and J.D. from the University of Kentucky College of Law.

“ I am truly honored to serve the American people under the leadership of President Trump and Secretary Bernhardt,” said Skipwith. “ I am grateful for the confidence that the Senate has placed

in me, and I look forward to helping the Secretary advance this Administration's priorities for the Department, for the Service and for American conservation. "

In her role as the Director of the U.S. Fish and Wildlife Service she will oversee a workforce of over 8,500 personnel charged with the mission of working with others to conserve, protect and enhance fish, wildlife and plants and their habitats for the continuing benefit of the American people.

In June of 2019 Ms. Skipwith was the keynote speaker at the TSRA Annual Meeting in Missoula and shared the agency's priorities with attendees. TSRA was an early supporter of her nomination and her confirmation. In a letter to Senate leaders, TSRA President Mark Baker wrote, "Ms. Skipwith has truly been a pleasure to work with on our issues. She has established an impressive track record in both the public and private sectors...She thinks critically on complex challenges and formulates common sense solutions that are free from political and bureaucratic interference. Her decisions are based on sound science and the rule of law."

With the 5 year review of Montana's Sage Grouse Conservation efforts approaching, discussions of grizzly bear management and possible de-listing taking place in the state and a host of other issues under the purview of the Director of the Fish and Wildlife Service affecting Montanans TSRA looks forward to working with Ms. Skipwith in the year ahead.

Montana Legislature "Legislative Week" Plans in Final Stages

Source: MT Legislative Services Division December 20, 2019

During the week of January 13 through 17, 2020, the Montana Legislature is holding "Legislative Week". There will be training sessions for all legislators on Tuesday, January 14, 2020, and the morning of Wednesday, January 15, 2020. There will be many other legislative committees meeting on Monday, Wednesday afternoon, Thursday, and Friday providing an opportunity for legislators that are not on the committees and for the public to attend.

Please see the website: <https://leg.mt.gov/legweek/> to view the Overall Schedule and detailed information on the Wednesday morning tracks. Links will also be provided for each track and interim committee as available.

There will be opportunities for **public comment** at all legislative meetings. On Tuesday, space will be limited in Room 317 of the State Capitol. There will be space for the public and interested parties in Room 303 of the Capitol Building where the proceedings in Room 317 will be streamed live. When public comment is taken Tuesday afternoon, the public will be routed through Room 317 to provide comments.

PUBLIC & LEGISLATOR COMMENT SOUGHT

Please note that on Tuesday morning, January 14, at 8:00 a.m. in Room 137, the Steering Committee on the SB 310 Study of the Legislature and Budget Process will be seeking legislator and public comment on the following:

- Any ideas on how to build knowledge and experience to strengthen the Legislature.
- Do we need to change the structure to be more effective? Idea to consider: Annual sessions vs. biennial sessions (a change to annual sessions would require amendment of the Montana Constitution or calling the legislature back into special session through a motion passed by a majority of legislators):
 - If there were annual sessions, is there merit to the idea of limiting one session in the biennium on general bills and the second session in a biennium on budget bills?
 - If there were annual sessions, is there merit to changing to annual budgeting as well?
 - If there were annual sessions, what do you think of allowing bills to carry over from the first to second session within the biennium (would require either a constitutional or statutory amendment)?
 - How would a change to annual sessions affect different occupations and professions and the ability to serve?
- Would changing the timing of the start of session be helpful?
- How could we better integrate policy and budget during the session and the interim?
- If major changes to the legislature were to be desired, should there be some sort of commission with wider representation from the public and stakeholders to study the proposals and make recommendations?

Notes:

The Senate parking lot (the lower lot south of the Capitol Building and Lockey Street) will be reserved for legislators for the full week Monday, January 13, 2020 through Friday, January 17, 2020. The House parking lot (parking on the northside of the Capitol Building) will be reserved for legislators for Monday, January 13, 2020 thru Thursday, January 16, 2020.

Contact: Legislative Services Division, 444-3064, or sfox@mt.gov

Don't forget to attend the TSRA "Legislator Appreciation Reception" on January 13, 2020

As a reminder, as part of "Legislative Week" TSRA is hosting a reception for legislators who will be in town for the various committee meetings and training sessions. This event offers an opportunity to meet with legislators "mid term" and say thanks for their service. There are some fun things planned, including a silent auction with proceeds going to the Montana Food Bank Network and a short program recognizing a key player in this interim Legislative Week.

The TSRA “Legislator Appreciation Reception” will be held at the Great Northern Best Western Hotel in Helena from 5:30 – 7:00 pm. We want to thank the generous folks who’ve helped sponsor this event and serve as “ambassadors” for their industry. It’s a great opportunity to catch legislators up on upcoming projects, issues of concern, or simply say thank you. There’s still time to sponsor this event. For information about how to sign up, contact Peggy Trenk at ptrenk@tsria.net

January Water Committee meeting focuses on Water Court, geocoding

Source: Montana Legislative Services Division December 24, 2019

The Water Policy Interim Committee meets Jan. 6-7 with an eye on creating a subcommittee to discuss an ongoing water rights records issue.

The committee will convene at 9 a.m. Jan. 6 in room 172 of the Capitol building. WPIC will continue its studies of the future of the Water Court (House Joint Resolution 14), weather modification (HJ40), and climate and water rights.

The constitutionality of a permanent Water Court, other states’ water courts, and input from the Montana Water Bar are expected to highlight the committee’s work on HJ14. Discussion on the future of the Water Court study begins the morning of Jan. 7.

WPIC has heard significant testimony related to the water rights database of the Department of Natural Resources and Conservation, specifically related to the use of geocodes. After two conference calls over the past two months, the committee will again weigh input on this issue. Some have said the use of geocodes is complicating court proceedings, land sales, property improvements, and use of water.

The WPIC is led by Rep. Zach Brown, D-Bozeman, chairman, and Sen. Jeffrey Welborn, R-Dillon, vice-chairman. Other members of the committee are Sen. Jill Cohenour (D-E. Helena), Sen. Bruce “Butch” Gillespie (R-Ethridge), Sen. Jon Sesso (D-Butte), Rep. Bob Brown (R-Thompson Falls), Rep. Carl Glimm (R-Kila), Rep. Bradley Maxon Hamlett (D-Cascade), Rep. Shane Morigeau (D-Missoula), and Rep. Walt Sales (R-Manhattan).

The meeting will be livestreamed at <http://leg.mt.gov> and will be broadcast on the Montana Public Affairs Network (MPAN). For more information on the committee’s activities and upcoming meeting, including a full agenda, please visit the committee’s website or contact Jason Mohr, committee staff.

Committee Website: leg.mt.gov/water

Committee Staff: jasonmohr@mt.gov or 406-444-1640

Energy and Telecommunications Interim Committee (ETIC) Meets January 13th in Helena

ETIC kicks off “Legislative Week” with their first meeting of the year beginning at 8:00 am. on Monday, January 13, 2020. They will meet at the State Capitol in Room 172.

The committee will continue their work on various studies, including HJ 12, a look at the state’s transmission infrastructure. Presentations will focus on Grid Resilience and Security and features several speakers from the BPA, as well as representatives from NorthWestern Energy and the Missoula Electric Cooperative.

We can anticipate a lively discussion of HJ 38 a study of bonding, decommissioning and remediation for energy facilities (coal facilities) as well as an update on NorthWestern Energy’s Colstrip Unit 4 Acquisition. (See following article)

Most of the committee’s afternoon agenda involves Public Service Commission issues, including the ongoing PSC study effort and updates regarding the PSC Discovery Rulemaking and a report from Chairman Brad Johnson.

For more information contact the committee’s staff liaison Trevor Graff at trevor.graff@mt.gov

NorthWestern Energy to acquire 25% share of Colstrip Unit 4 from Puget Sound Energy NorthWestern Energy announces goal to reduce carbon intensity of Montana generation portfolio by 90% by 2045 Butte, Mont.

Source: Northwestern Energy Press Release Dec. 10, 2019

NorthWestern Energy will file an application for pre-approval with the Montana Public Service Commission to acquire Puget Sound Energy’s 25% interest, 185 megawatts of generation, in Colstrip Unit 4 for one dollar. In addition, NorthWestern Energy is committing to reduce the carbon intensity of our energy generation in Montana by 90% by 2045.

“Nothing is more important to the people of NorthWestern than safely providing Montanans with the affordable and reliable energy we all need while also protecting our environment,” said NorthWestern Energy President and CEO Bob Rowe. “We take that dual responsibility seriously, and right now our state faces an urgent capacity shortage – energy that’s available 24 hours a day, 365 days a year, regardless of the weather.”

The carbon-reduction commitment is part of NorthWestern Energy's goal to work towards an even cleaner energy future for the state.

"NorthWestern Energy will continue working to make our energy supply more sustainable," Rowe said. "Securing more capacity for only a \$1 investment is a unique opportunity that helps give us the time to continue transitioning to an even cleaner energy future without putting either our customers' safety or their ability to pay their energy bills at risk."

In late January or early February, NorthWestern Energy will submit an application for preapproval of the acquisition of the 185 megawatts to the Montana Public Service Commission. In addition, NorthWestern Energy will seek approval to sell 90 megawatts to Puget Sound Energy for roughly 5 years. NorthWestern Energy proposes zero net effect on customer bills while setting aside the benefits from the transaction – estimated to be \$5 million annually – to address environmental remediation and decommissioning costs associated with NorthWestern Energy's existing ownership when the time comes to retire Unit 4. Puget Sound Energy remains responsible for its presale 25% ownership share of all costs for remediation of existing environmental conditions and decommissioning regardless of when Colstrip Unit 4 retires.

- The fixed operations and maintenance costs and property taxes for the additional 25% share of Colstrip Unit 4 are estimated to be approximately \$15 million annually. The 5- year power purchase agreement with Puget Sound Energy will pay for about 50% of this amount and the other 50% will be offset by the reduction in purchases from the market.
- If the sale is approved, NorthWestern Energy will own 55% of Colstrip Unit 4 and will have greater influence over its operations. This is an important step in allowing Montana to have a voice in the eventual operating life of Colstrip Unit 4.
- Acquiring a greater stake in Colstrip Unit 4 does not solve our capacity shortage, but it will meet about 25% of the overall capacity needed today while Montana transitions to using more carbon-free energy sources in the future.

"Even with projected operating and maintenance costs factored in, purchasing more of Colstrip Unit 4 for only one dollar is by far the most affordable way to help close the gap in the capacity shortage facing our customers," said John Hines, NorthWestern Energy Vice President Supply and Montana Government Affairs. "No other option – buying additional energy from the market or building a plant that would generate this amount of energy over multiple days when it is needed the most - can achieve the same results."

As a point of comparison, building a natural gas plant that provides the equivalent capacity would cost approximately \$240 million. A wind plus battery storage combination could cost several billion dollars and still not provide equivalent capacity. Solar by itself is not currently a viable option in Montana in the winter to address this type of sustained peak capacity need. If

NorthWestern Energy would have had the additional 95 megawatts of power from Colstrip Unit 4 in our portfolio last winter, this would have saved our customers about \$4 million over just 4 days during a particular cold blast Montana experienced last March and more than \$8 million at the full 185 megawatts," Hines said. "Customer bills are expected to stay flat as a result of the transaction. Increased operating costs due to increased ownership percentage are expected to be offset by lower purchased power costs. The Montana Public Service Commission oversees all customer costs."

In the coming months, NorthWestern does intend to address an additional portion of our customers' capacity exposure through a Request for Proposal (RFP) open to all proposals capable of meeting customers' identified need. A technically experienced third party will administer the RFP. Going forward, "As the bottom of the pyramid – long-duration capacity requirements – is met, there will be potential opportunities for shorter-duration resources as well," said Hines.

In a separate transaction, NorthWestern Energy will acquire a piece of Puget Sound Energy's interest in the 500 kilovolt Colstrip Transmission System (CTS) with 95 megawatt capacity for net book value at the time of the sale. The cost is estimated between \$2.50 – 3.75 million. After the roughly 5-year purchase power agreement with Puget Sound Energy ends, NorthWestern Energy will have the option to acquire another interest in the 500 kilovolt Colstrip Transmission System with 90 megawatt capacity for net book value at that time.

The Colstrip Transmission System is the backbone of the energy grid in Montana. NorthWestern Energy operates the Colstrip Transmission System and currently owns 30.8% of the CTS. It is essential infrastructure that serves NorthWestern Energy's customers. Large industrial customers and the rural electric cooperatives rely on the Colstrip Transmission System to meet their energy transport needs. This will become more important as Colstrip Units 1 and 2 close in the coming months. The CTS is also important for renewable energy developers who wish to reach out-of-state markets to the west.

The acquisition of the additional interests in the Colstrip Transmission System from Puget Sound Energy is contingent on approval of the sale of 25% of Colstrip Unit 4 to NorthWestern Energy.

Acquiring an additional share of Colstrip Unit 4 and the additional interests in the Colstrip Transmission System are important steps toward ensuring that when NorthWestern Energy's Montana consumers need electricity, it is available at a stable cost without the extreme spikes in the price of energy bought on the market during high demand times. Montana is prone to severe weather of long-duration, and Colstrip Unit 4 will enable NorthWestern Energy immediately to increase energy production when demand peaks, even if that is in the middle of the night or below-freezing blizzard conditions.

Today, over 60% of the energy produced by NorthWestern Energy for Montana comes from renewable and carbon-free sources, including hydro, wind and solar. With the added Colstrip ownership, our portfolio will still be twice as clean (56% carbon-free) as the total U.S. electric power industry (28% carbon-free).

Over the last decade, we have already reduced the carbon intensity of our energy generation in Montana by more than 50%. In the last five years alone, we have invested more than \$1 billion in clean energy projects, including hydro, wind and solar facilities.

NorthWestern Energy has committed to going even further in supplying carbon-free energy to our Montana customers. The acquisition of a greater share of Colstrip's Unit 4 will preserve reliability for our energy consumers while we work toward our carbon-reduction goals.

- NorthWestern commits to reduce the carbon intensity of our electric energy portfolio for Montana 90% by 2045 (compared to 2010).
- Our vision for the future builds on the progress we have already made. The foundation of our energy generation is our hydro system, which is 100% carbon-free and is available 24 hours a day, 7 days a week. Wind generation is a close second and continues to grow. While utility-scale solar energy is not a significant portion of our energy mix today, we expect it to evolve along with advances in energy storage technology.

We are committed to working with our customers, communities and the state of Montana to develop an energy future that is affordable, reliable, environmentally responsible and capable of meeting the needs of all our customers.

For more information, contact Jo Dee Black at 866-622-8081 jodee.black@northwestern.com

EQC Meets January 15-16, 2020 in Helena

Source: Environmental Quality Council December 23, 2019

The Environmental Quality Council meets January 15-16 as part of [Legislative Week](#). The meeting begins at 1 p.m. on January 15 in Room 172 of the Capitol. Major topics of discussion include:

- HJ 38 study of bonding, decommissioning, and remediation for energy facilities
- SJ 20 study of wilderness study areas
- Chronic wasting disease
- SJ 30 study of wildlife location data

The EQC will also revisit its decision in September to object to a Department of Environmental Quality proposal to increase subdivision fees used to pay for work to review plats and subdivisions and conduct inspections and enforcement activities.

Other topics on the [agenda](#) include sage grouse conservation program activities and staffing, agency compliance and enforcement reports, and agency litigation reports.

The meeting is live streamed at <http://leg.mt.gov> and broadcast on the Montana Public Affairs Network (MPAN). Check local channel listings to find MPAN.

For more information on the council's activities, visit the council's website or contact Joe Kolman, council staff.

Council website: <http://leg.mt.gov/eqc>

Council staff: jkolman@mt.gov or 406-444-9280

MT DEQ Schedules Follow Up Meeting on Yellowstone Arsenic Standards

After hearing concerns about the implementation of proposed changes to water quality standards for arsenic in the Yellowstone River, DEQ has continued to meet with interested parties and revisit their analyses. The Department has scheduled a presentation for Monday, January 6, 2020 from 3:30 – 4:30 pm to share additional information with stakeholders. DEQ anticipates asking the Water Pollution Control Advisory Council to recommend the Board of Environmental Review go forward with rulemaking to adopt the new non-anthropogenic standards when they meet again in January. The changes follow from SB 325 passed in 2015.

Those interested in the presentation can participate as follows:

[Join Skype Meeting](#)

Trouble Joining? [Try Skype Web App](#)

Join by phone:

406-444-4647

Conference ID: 5777977

Montana DEQ to Hold Briefing Session on Upcoming Water Quality Rules

Montana DEQ is planning to revise and update portions of the MPDES program rules and conduct a 2020 triennial review of Montana's Water Quality Standards. They will be holding a briefing session on January 8, 2020 at 9:00 am. in the Lee Metcalf Building, Room 111 in Helena.

DEQ will discuss proposed changes to the MPDES Rules and the 2020 Water Quality Standards Triennial Review.

MPDES rule changes include permit application form updates, public notice flexibility, definitions, update DEQ's contact information, removal and correction of references, and removal of redundant conditions.

Every three years DEQ conducts a comprehensive **review of Montana's water quality standards**. This review keeps standards current and protective of health and the environment. A significant part of the review process is accepting comments from the public.

For more information visit <http://deq.mt.gov/Public/publicmeetings> or call 406-444-5342.

→ [Join Skype Meeting](#)

Trouble Joining? [Try Skype Web App](#)

Join by phone

406-444-4647, access code: 5878083 (Helena Capitol Campus Region)

Conference ID: 5878083 (same as access code above)

Montana Climate Solutions Council Meetings Scheduled

The full Montana Climate Solutions Council met December 9 – 10, 2019 in Helena. Meeting notes are now posted on their website at: <https://deq.mt.gov/DEQAdmin/dir/Climate>

With the release of Council recommendations for public review and comment expected in the next month or two, the working committees formed under the Council will continue to meet in January. The Technology and Innovation Transitions Committee will meet in Helena on January 8th from 1:30 – 4:30 pm. The Climate Adaptation, Information and Decision Support Committee will also meet on the 8th in Helena from 1:00 – 4:00 pm. Agendas have not been posted so check the website for more information.

The next meeting of the full Montana Climate Solutions Council is January 27-28, 2020 at the University of Montana in Missoula.

(Not Everything in Washington is Broken) Electric Co-ops Spoke; Congress Heard

Source: [Missoulian](#) December 26, 2019 Guest Column by: Gary Weins, CEO of the Montana Electric Cooperatives Association

Washington politics have become so polarized that it can be tough for Democrats and Republicans to come together to tackle big challenges. But that's exactly what happened recently

on Capitol Hill thanks to dedicated lawmakers such as U.S. Sens. Jon Tester and Steve Daines, and U.S. Rep. Greg Gianforte.

Montana's congressional delegation listened to thousands of electric cooperative stakeholders as they fought tirelessly to add important legislation to the 2020 spending bill. The bill was signed into law on December 20, and included a provision known as the RURAL Act, which solved an existential issue for electric co-ops and America's rural communities.

Electric co-ops work to secure government grants to help pay for numerous activities that benefit the communities they serve. These include grants for storm recovery, broadband deployment, renewable energy and economic development.

Montana's electric cooperatives have received Federal Emergency Management Agency dollars following storms or wildfires that damaged poles and wires and, among others, federal grants for renewable energy development.

In order to maintain their tax-exempt status, co-ops can receive no more than 15% of their income from non-member sources. Historically, government grants to co-ops were counted as contributions to capital. But due to a glitch in the 2017 tax law, government grants were reclassified as income, pushing some co-ops beyond the 15% threshold and jeopardizing their tax status.

The tax problem left co-ops with an unfair choice: Do they take the money they need to turn the lights back on for their members as quickly as possible after a disaster? Do they accept the broadband grants to help close the digital divide between rural and urban America? Or do they turn down those grants so they wouldn't have to pay their members' money paying taxes rather than improving service?

Thanks to Congress, electric co-ops across Montana don't have to make those trade-offs. This is good news for both co-ops and their members because some co-ops would have had to raise their electric rates to pay new taxes.

We at the Montana Electric Cooperatives' Association are extremely grateful to Sens. Tester and Daines, and Rep. Gianforte for their support of the RURAL Act. In standing up for Montana's local communities, they proved Congress still works for the people. Notably, the legislation drew the bipartisan support of more than 300 lawmakers in the House and more than half of the Senate before it was passed. That's a rarity in Washington these days.

In today's fast-paced society, pausing to give thanks is done with increasing rarity. That's unfortunate. Thank you Sens. Tester and Daines, and Rep. Gianforte. Thank you for looking out for rural communities across Montana and thank you for working with us to solve this problem.

Upcoming Events/Dates:

January 6-7, 2020	Water Policy Interim Committee State Capitol, Helena, MT
January 13, 2020	Energy and Telecommunications Committee State Capitol, Helena, MT
January 13, 2020	Revenue Interim Committee State Capitol, Helena, MT
January 15, 2020	Local Government Interim Committee State Capitol, Helena, MT
January 15-16, 2020	Environmental Quality Council State Capitol, Helena, MT
January 17, 2020	State Administration Committee State Capitol, Helena, MT
February 27, 2020	State Administration Committee State Capitol, Helena, MT
March 9 – 10, 2020	Water Policy Interim Committee State Capitol, Helena, MT
March 18, 2020	Local Government Interim Committee State Capitol, Helena, MT
March 19-20, 2020	Revenue Interim Committee State Capitol, Helena, MT
March 23-24, 2020	Energy and Telecommunications Interim Committee State Capitol, Helena, MT
March 25-26, 2020	Environmental Quality Council State Capitol, Helena, MT
May 12-13, 2020	Revenue Interim Committee State Capitol, Helena, MT

May 13, 2020	Local Government Interim Committee State Capitol, Helena, MT
May 18-19, 2020	Water Policy Interim Committee State Capitol, Helena, MT
May 21-22, 2020	Energy and Telecommunications Committee State Capitol, Helena, MT
May 27-28, 2020	Environmental Quality Council State Capitol, Helena, MT
June 17-18, 2020	TSRA Annual Meeting DoubleTree Hotel, Billings, MT
June 17, 2020	State Administration Interim Committee State Capitol, Helena, MT
July 13-14, 2020	Water Policy Interim Committee State Capitol, Helena, MT
July 14, 2020	Local Government Interim Committee State Capitol, Helena, MT
July 15, 2020	Energy and Telecommunications Committee State Capitol, Helena, MT
July 20-21, 2020	Revenue Interim Committee State Capitol, Helena, MT
July 29-30, 2020	Environmental Quality Council State Capitol, Helena, MT
August 25, 2020	State Administration Interim Committee State Capitol, Helena, MT
September 8, 2020	Energy and Telecommunications Committee State Capitol, Helena, MT
September 9, 2020	Local Government Interim Committee State Capitol, Helena, MT

September 9-10, 2020	Environmental Quality Council State Capitol, Helena, MT
September 11, 2020	Revenue Interim Committee State Capitol, Helena, MT
September 14-15, 2020	Water Policy Interim Committee State Capitol, Helena, MT
October 29, 2020	State Administration Interim Committee State Capitol, Helena, MT
November 19, 2020	Revenue Interim Committee State Capitol, Helena, MT

If you don't want to receive the TSRA Newsletter, please let me know. If you want to share with others in your company or organization, please do so. The mission of the Treasure State Resources Association is to promote and enhance the Montana Way of Life through responsible resource development.