WEST-WIDE ENERGY CORRIDOR
PROGRAMMATIC ENVIRONMENTAL IMPACT STATEMENT

TRANSCRIPT OF THE PUBLIC HEARING
EVENING SESSION

Heard at the Holiday Inn
22 North Last Chance Gulch
Helena, Montana

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REPORTED BY:
CHERYL ROMSA
CHERYL ROMSA COURT REPORTING
P. O. BOX 1278
HELENA, MONTANA 59624
(406) 449-6380

ORIGINAL
**APPEARANCES**

BUREAU OF LAND MANAGEMENT: SCOTT POWERS

DEPARTMENT OF ENERGY: ANDREW MCCLAIN

U.S. FOREST SERVICE: JULETT DENTON

**INDEX**

<table>
<thead>
<tr>
<th>Hearing Opened by Scott Powers.</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comment by Governor Brian Schweitzer</td>
<td>8</td>
</tr>
<tr>
<td>Comment by PSC Commissioner Tom Schneider</td>
<td>12</td>
</tr>
</tbody>
</table>
WHEREUPON, the proceedings were had as follows:

MR. POWERS: Good evening. Thank you for coming tonight, and several of you, thanks for coming again. We just saw you a few hours ago. But I'd like to welcome you on behalf of the Bureau of Land Management, the Department of Energy, and the U.S. Forest Service. My name is Scott Powers, and I'm the project manager for the BLM on this project. I'd like to introduce Andrew McLain, with the Department of Energy, and Julett Denton, with the Forest Service.

Do you guys want to say anything before we get going?

MR. McLAIN: My name is Andrew McLain; I'm representing the Office of Electricity Delivery and Energy Reliability from the Department of Energy. And I'd just like to welcome you all, and I look forward to hearing your comments.

MS. DENTON: I am Julett Denton, from the Forest Service in Washington. And also, we have here with us Terry Egenhoff, from the Forest Service, Ed Nesselroad, and Larry Cole, also from the Forest Service and local area.

We appreciate you being here and thank you for taking the time out to come to be with us. We are very much interested in getting your thoughts. We want to know what you think about the corridors, where you'd like to see
corridors, where you don't want to see corridors. We hope to take your thoughts and help us through this process, and we look forward to hearing from you. Thank you.

And Terry and Ed and Larry, would you stand up so people know who you are? Thanks.

MR. POWERS: Thanks, Julett.

Before I begin talking about the process for designating corridors, I'll tell you a little bit about how we got here and why we're here. The Energy Policy Act of 2005 requires the Secretaries of Interior, Ag, Energy, Commerce, and Defense to consider the designation of corridors for oil, gas, and hydrogen pipelines and electricity transmission and distribution facilities on the 11 contiguous western states. And the Act further directs the secretaries to incorporate those corridors that would be designated into the relevant agency land use plans. What that means for us in the 11 western states, as we're interpreting it now, would be BLM and Forest Service management plans.

For that purpose, the DOE, BLM, and Forest Service have decided that the best way to approach that would be to develop a west-wide programmatic environmental impact statement, which would serve as the basis for future land use plan amendments through the issue of a record of decision once that environmental impact statement was
complete.

Currently, if you wish to place a right-of-way on either Forest Service or BLM lands, in almost all cases, because there's very few designated corridors, you come in with an application for that specific authorization and we go through the appropriate environmental process. Most often, if that's a major linear right-of-way, it's automatically kicked into an environmental impact statement. We all know that EISs are a very time-weighted process and cost a lot of money. And the concept behind designating corridors and then siting future linear right-of-ways within those corridors is that we should be able to streamline the permitting process, the permit on federal lands, and thus reducing the cost. We also think another added value of having a series of designated energy corridors around the west, it gives the industry a better opportunity to do infrastructure planning.

It looks like we have a distinguished guest.

Welcome, Governor.

GOVERNOR SCHWEITZER: Am I the most distinguished we've got?

MR. POWERS: Well, I just kicked us off. We're giving a little background information on why we're here. Would you care to come up and say a few words before we start?
GOVERNOR SCHWEITZER: No, go ahead and get
started.

MR. POWERS: So the west-wide corridor
programmatic EIS, basically the planning requirements will
be for us to do a level of analysis that's sufficient for
us, at the end of the day or when the EIS is completed, to
be able to sign a record of decision for each agency and
amend those affected land use plans in one fell swoop, if
you will.

I just wanted to emphasize again the importance of
that, because designated corridors across a national
forest or public lands managed by BLM is a resource
allocation decision that has to be made through that
planning process, and there will be a lot of interest in
that process. But we think that once a corridor is
designated -- again, I just want to emphasize -- if you
make application for a right-of-way or linear right-of-way
within that corridor, we should be able to tier off the
programmatic EIS to strictly an environmental assessment
that addresses the site-specific issues associated with
placing it within that corridor, and that should save
quite a bit of time and money.

So tonight, we're here to get your feedback on what we
should consider in this plan. We know we should be
considering corridors. I mean, Congress has told us to do
that. But from a west-wide perspective, that's wide open. We need to find out from the industry what they think their needs are and why they're important and from the public at large what issues they think need to be raised and elevated in this process.

The scoping process, we have identified four ways generally to comment, and they all carry equal weight: Scoping meetings like this, where you can give comment formally and we'll have it recorded through the court reporter; you can fill out our comment sheet and provide it to us; you can access our website and provide comments that way; or you can fax comments to us. And like I said, they all carry the same weight.

The scoping period runs for 60 days, and it began around September 28 and will conclude around November 28. In January of '06, we should have available, for anybody that's interested, a summary of all the information we receive during that scoping period from all over the west. And we're doing a scoping meeting like this in each of the 11 western states, one in the afternoon and one in the evening, and we just started this week. So it's a pretty aggressive process. We really encourage you, if you want to stay current on this project as it goes along, to keep an eye on that website. It's up and running now, it's a very active website, and we would like to use that as the
most effective tool to keep you in the loop, if we could.

So that's basically it. Any questions about what
we're going to do here tonight? Let me clarify that. We
are going to ask those that want to come up and make
formal testimony. Once that is over with, we'll turn the
recorder off, we'll throw it open to a general discussion
about the project, maybe answer some clarification
questions you might have. Then after that, if somebody
wants to come back up and make additional comments for the
record, we'll be glad to do that.

So before we get started, Governor, why don't you come
up and tell us what you think about what we're doing here.
We appreciate you coming tonight. Thank you.

GOVERNOR SCHWEITZER: Well, thank you. I see you
dressed for Montana. That's a good start.

MR. POWERS: Well, I live in Montana.

GOVERNOR SCHWEITZER: I appreciate the
opportunity to comment for the people of Montana.

And as you know, Montana has the potential of being
the energy center of the West, not only because we have
the potential of producing a great deal of energy with
IGCC clean coal and wind power, but most of the ideas that
private industry has been bantering about for energy
transmission lines includes lines running through Montana.
We think that we are an important place because we've
demonstrated that energy corridors work if they're done right. As you know, we've been moving a lot of megawatts to the West Coast for some period of time.

Before we get started down the road of new corridors, let us begin by saying that we already have a corridor, and with increased utilization, we could get another 750 megawatts to the coast using the BPA corridors that we already have and the lines that we have. So it's just a matter of updates.

Now, as to the Federal Government telling the states what to do, we've had it, all the way up to the top of our ears. We don't need the Federal Government to tell us how we're going to run transmission lines in Montana and western states. You've already been told by the Western Governors Association that we take an unkind opinion of the Federal Government coming out and telling us how we ought to do our corridors. We think that we've got it right. The western governors are working together, we're working with private industry. We think that, for example, Northern Lights and NorthWestern have got it about right. We're working with several states. We think that we've got a great opportunity to move electrons out of the Powder River Basin down to California.

But we're a little concerned when the Federal Government gets involved and it starts to tell us how we
ought to do it in Montana. As you know, the Federal
Government would love to tell the private citizens in
Montana that eminent domain will be run by the Federal
Government and we'll no longer use states' laws and
states' rights. The Federal Government is very good at
telling the states how to run our own business. We think
that we can get it right. We think that we can do it in
Montana and the rest of the western states. We think that
western governors are working with private enterprise, and
if you give us an opportunity, we'll get it right.

But if the western governors are going to be involved
in it, there's going to be a serious consultation and
 collaboration with local communities. We're not going to
tell local communities, "Well, we've got seven miles of
federal land blocked up, so now that we've got these seven
miles blocked up, the line is going to go straight through
them"; and the local community shows up and says, "You
know, I understand this is federal land, but we've lived
here our whole life, and that's a doggone poor place to
put it. If you were just three miles over to the east or
three miles over to the west, it would be a lot smarter to
put it for a lot of reasons and would be cheaper and
vistas would be better and the community would like it a
lot more." And of course, when the Federal Government
says, "Well, we're just talking about corridors on federal
land," well, okay, then I guess we'll be talking about a
section here and a section there and maybe three sections
over here, and sometimes you'll have three or four
sections right in a row. The nature of western land
ownership with checkerboard ownership makes it very
difficult for the Federal Government to come in and say,
well, we've locked up a bit of territory here. You've got
it on both sides of it, and we've got to get the corridor
all the way to the market.

So we are ready to do our part in Montana. We are
ready to provide clean energy, both wind power and IGCC
liquefaction and other things. We are ready to work with
the Federal Government, we're ready to work with the other
states and private industry. But most Montanans and most
of the western governors have already been on the record
as taking a dim view of the Federal Government telling us,
once again, that they know what's best for us in Montana.
We know that we need corridors, but we want to have a say
in how those corridors are run. We think that working
with the western governors, we think that working with
private industry, and, most important, working with local
communities, we can get it right.

So we would just ask that any decisions that we make,
any discussions that we have, that we fully understand the
needs of local communities. And let's first give a chance
to the western governors, who have committed ourselves, time and again, recently, and we will continue to do so, of putting together corridors that make sense, but taking into consideration local communities.

So again, thank you for the opportunity of visiting with you today, and I look forward to working with you in the future. Thank you.

MR. POWERS: Thank you very much, Governor.

Okay. Any questions about the process for tonight before we call our -- I think only one person has signed up to give a presentation.

(No response.)

MR. POWERS: Thomas Schneider, a commissioner of the Montana PSC.

COMMISSIONER SCHNEIDER: First of all, I guess I'd like to thank the agencies for conducting a scoping session in Montana, as you have been directed and are in the other 10 or 11 states in the West. That's essential. It's necessary, but it's not sufficient in economic terms.

You have received limited comment this afternoon from a subset of interested people in Montana. But I'd like to emphasize at the outset that the lack of participation by environmental and public interest groups in this high-level programmatic EIS does not reflect, in any way, what you will face and what siting entities will face in
specific projects. The BLM surely ought to know that, given their experiences in Montana. The people of Montana take environmental impacts and socioeconomic impacts extremely seriously when the rubber meets the road, and that's at the time of a specific project proposal.

What scares me terribly in the whole concept of programmatic EIS are actually reflected in some of the opening remarks of Scott Powers, and that is that this high-level programmatic EIS is going to streamline and accommodate in one fell swoop -- I think those are a couple of the phrases that were used -- acceleration of projects within these designated corridors. I think that is a very dangerous tone and a very dangerous perspective to bring.

A programmatic EIS, by its nature, a west-wide approach, is going to be at the 30,000 foot level. You don't have the resources, and you don't have the specific capabilities to look at impacts related to what I think Ray Brush presented this morning, a number of different potential corridors that they'd like to have -- apparently like to have designated in advance as national corridors. That really scares me.

The state of Montana has stepped up to the plate and is a major exporter now, has shouldered that responsibility for the Colstrip twin 500-kv lines going to
the west, as the Governor has indicated. Within your
programmatic EIS, one of the options is upgrades and
efficiency utilization improvements. That can be done.
That is a positive, constructive, low-impact, economically
rational way to use that corridor, that existing corridor.
But you'd just as well -- From my standpoint, as an
individual commissioner that's been involved in these
issues since the '70s, you'd just as well erase those
lines that show east-west major additional transmission
corridors.

It was a bloody fight in the late '70s, and it will be
at least as bloody a fight going forward for export lines
going through the mountains of western Montana. The
corridors are limited, the terrain is tough. We've got
tribal lands, we've got endangered species, we've got a
very active public interest perspective on environmental
issues. It is a non-starter. That's my view, and it's an
informed view that I would urge you not deep-six. Again,
it fits with the idea that you're not hearing from
environmental groups or public interest groups at this
programmatic level. You will at the next level.

We really have been down this road before. We were
down this road in circa 1970 with the Northern Great
Plains Coal Project or multiple electricity transmission
corridors exporting coal from the Powder River Basin. It
didn't fly then, it won't fly now. It's got to be
selective, it's got to be economically rational, there has
to be a buyer and seller. It has to be a real project.
And some of those things can be done to integrate wind and
potentially some modest levels of coal. But you've got
California on the receiving end that's saying, we're not
going to export our environmental impacts and our global
warming impacts; we're going to demand that our
load-serving entities incorporate those serious
externalities.

So the risk is that you're going to develop momentum
and an expectation that there's going to be a fast track
for approval of multiple corridors. That expectation is
very dangerous, and I think it's unfounded. Good projects
can go forward; well-planned, integrated processes between
the developer, the transmission owners, and the customers
on the other end. And you have to recognize the Major
Facility Siting Act in Montana. There is a Western
Governors Siting Protocol that makes a hell of a lot of
sense. There is a recognition that interstate projects
need coordinated activity.

But those state entities that have that responsibility
ought to be at the front table as co-leaders and not be
subjugated to a programmatic EIS that just contemplates an
EA after that. That is not sufficient. You're going to
designate these corridors and then you're going to fast
track with an EA, despite the level of analysis that's
done at the programmatic level? Baloney. That is not a
responsible way to approach your charge under the Act. I
would urge that you not do that, that you not view this as
effectively carving in stone a fast-track corridor.

Those are my remarks as an individual commissioner.
They don't represent an official commission position at
this programmatic level. But I hope you take them
seriously. And we'll be watching. Thanks.

MR. POWERS: Thank you very much.

Is there anybody else that wishes to make a public
comment?

(No response.)

MR. POWERS: What we did this afternoon that
seemed pretty effective, and we had a good exchange of
information, was we turned off the recorder and we had a
question-and-answer session. So I'd suggest we go ahead
and do that at this time.

(A discussion was held off the record.)

(The proceedings concluded at 7:35 p.m.)

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COURT REPORTER'S CERTIFICATE

STATE OF MONTANA )
COUNTY OF LEWIS AND CLARK ) ss.

I, CHERYL ROMSA, Court Reporter, Notary Public in
and for the County of Lewis and Clark, State of Montana,
do hereby certify:

That the foregoing proceedings were reported by
me in shorthand and later transcribed into typewriting;
and that the -16- pages contain a true record of the
proceedings to the best of my ability.

IN WITNESS WHEREOF, I have hereunto set my hand
and affixed my notarial seal this 1st day of November
2005.

CHERYL A. ROMSA
Court Reporter - Notary Public