

U.S. DEPARTMENT OF ENERGY
 PUBLIC SCOPING HEARING
 NOVEMBER 1, 2005
 BOISE, IDAHO

I N D E X

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BE IT REMEMBERED that the hearing was taken at the Harrison Plaza Hotel, located at 409 South Cole Road, Boise, Idaho, before Debra Burnham, a Court Reporter and Notary Public in and for the County of Ada, State of Idaho, on Tuesday, the 1st day of November, 2005, commencing at the hour of 2:00 p.m. in the above-entitled matter.

APPEARANCES:

For the DOE: MS. Julia Souder
 For the USFS: MS. Maryanne Kurtinaitis
 For the BLM: Mr. Bil Weigand

1 Whereupon the hearing proceeded as follows:
 2 MR. BENNETT: I think we're about ready to
 3 start. My name is K. Lynn Bennett, I'm the state
 4 director for BLM here, and I certainly would like to
 5 thank you all for coming to this session, this scoping
 6 session; and welcome you, This scoping session is in
 7 terms of energy corridor designations for federal lands
 8 administered by BLM and the Forest Service. The Energy
 9 Policy Act of 2005 requires the Secretaries of Energy,
 10 Agriculture, and the Interior to designate corridors
 11 for oil, gas and hydrogen pipelines and electricity
 12 transmission and distribution facilities on federal
 13 land in the 11 contiguous western states.
 14 The Act further directs the Secretaries to
 15 incorporate the designated corridors into the relevant
 16 agency land use plans and resource management plans or
 17 equivalent plans and to perform any environmental
 18 review that may be required to complete the designation
 19 of the corridors.
 20 For that purpose the Department of Energy,
 21 BLM and the Forest Service are preparing the West-wide
 22 Energy Corridor Programmatic Environmental Impact
 23 Statement.
 24 The West-wide Energy Corridor Programmatic
 25 Environmental Impact Statement will evaluate the

1 here.
 2 Are there -- Would the agency representatives
 3 stand up, some of the local folks, just to show who's
 4 here.
 5 Great Thanks. And if you could keep your
 6 comments to around ten minutes; and I will kind of keep
 7 track of that time for you.
 8 I really appreciate you attending this
 9 meeting.
 10 First I'd like to -- One thing is to please
 11 turn off cell phones and pagers. That would be a good
 12 thing to do about now. And before I start the order of
 13 the presentations, are there any elected officials or
 14 tribal representatives who wish to speak?
 15 No? Okay. We'll just get going. And I am
 16 just going to go with first names because I hate
 17 messing up people's last names.
 18 Paul, Idaho Public Utility Commission.
 19 Come right up to the podium. And Paul if
 20 you could say your last name, that way I'll know how to
 21 say your name right, then.
 22 MR. KJELLANDER: Paul Kjellander. ID01
 23 Well, I guess it's my intent to keep my
 24 comments extraordinarily brief. So if I even approach
 25 ten minutes, please give me the hook. And I'd also

1 demand is the distance between loads and resources.
 2 The West, and the Northwest in particular,
 3 are characterized by massive distances between fuel
 4 resources for generators and population centers. The
 5 solution in the past 15 years was to build natural
 6 gas-fired generators close to load. But today reliance
 7 on gas-fired generators located close to load centers
 8 has basically lost its luster as those natural gas
 9 prices have soared, to the point that it may not make
 10 fiscal sense anymore.
 11 Transmission is essential in our future
 12 resource planning, because without adequate
 13 transmission, the dots between generation and loads
 14 simply cannot be connected.
 15 So I don't want to suggest that transmission
 16 is the only alternative to ensure the continuation of
 17 adequate and reliable electricity service in Idaho and
 18 the Northwest. We need to continue to encourage
 19 electric utilities to consider as wide a range of
 20 alternatives as possible for serving future loads,
 25 including demand-side management, conservation and
 22 energy efficiency.
 23 But the cold reality at the end of the day is
 24 that these measures will only temporarily postpone the
 25 inevitable; and new and upgraded transmission lines

1 just like to state up front as chairman of the Idaho
 2 Public Utilities Commission, we regulate natural gas
 3 distributors and investor-owned utility. And the
 4 comments I will make today are not necessarily
 5 sanctioned by the members of our commission. They
 6 belong to me. That's the disclaimer. To the extent I
 7 offend anybody, these comments are in mine; and I will be
 8 running out that door as soon as I'm finished.
 9 The comments I'd like to make are in essence
 10 within the context of our regional electricity needs.
 11 I know that the corridors go through much broader --
 12 much broader scope, but in terms of my regulatory
 13 authority, I will keep my comments today primarily tied
 14 to electricity.
 15 With regards to the electricity needs within
 16 the region, I guess at the center of my concerns is the
 17 continued load growth in the Pacific Northwest. Most
 18 notably in Idaho and the rest of the Pacific Northwest,
 19 the need for additional electricity continues to
 20 increase due to population and economic growth,
 21 changing weather patterns that impair hydropower
 22 production, and the extraordinary increased use of
 23 electricity by residential and commercial customers.
 24 A major regional characteristic that impacts
 25 our ability to easily meet our growing electrical

1 must be built to ensure future electricity loads are
 2 met. Clearly stated, we need to look at all viable
 3 nonconstruction or non-wires alternatives; but in the
 4 end we will eventually need to construct new
 5 transmission. That transmission will have to cross
 6 federal land. So federal corridors in the region are
 7 essential.
 8 With that said, the siting process on federal
 9 lands must include two main elements: Standardization
 10 and certainty. Getting to that end, all vested
 11 interests need to be at the table; but no single entity
 12 should be given more deference than others. For
 13 example, the federal entity known as the Bonneville
 14 Power Administration controls huge segments of
 15 high-capacity transmission in the region. But they are
 16 not the only player.
 17 And because the entire northwest region needs
 18 additional resources to serve customers, there has been
 19 widespread participation by transmission owners and
 20 users in planning efforts that are already underway,
 21 While the Bonneville Power Administration is a huge
 22 transmission player in the region, again, they are not
 23 the sole driver for this regional planning process or
 24 the needs that underlie it. Therefore, putting BPA in
 25 a position of authority with regard to designating

1 energy corridors on federal lands, simply because it's
2 another federal agency and part of DOE, would be
3 inappropriate and should not even be considered.

4 So now let me shift my comments to some of
5 the potential benefits of establishing transmission
6 corridors on federal lands. Most notably, doing so
7 could provide for the facilitation of investment and
8 risk mitigation. Yes; I'd like to say at this point
9 everything fits most necessarily under the heading "The
10 Intuitively Obvious."

11 It should come as no surprise that major
12 transmission projects have investment risk. These
13 projects have long lead times; five to ten years from
14 inception to completion. The cost per mile in the West
15 can range from a half million to two million dollars,
16 depending on terrain, land use, and permitting. And of
17 course those costs are even higher in and around urban
18 areas.

19 It's also not surprising that there is a
20 reluctance on the part of lenders to loan without
21 certainty of project completion and cost recovery. So
22 without some standardization and certainty regarding
23 federal transmission corridors, there is the potential
24 for piecemeal, one-transmission-owner projects that
25 serve a very limited geographic area, resulting in

1 projects that do very little to resolve region-wide
2 transmission problems.

3 So clearly, federal transmission corridor
4 destination can help mitigate project risk, facilitate
5 investment, and it can encourage regional solutions.
6 The designation of such corridors would provide
7 certainty of federal land availability for new
8 projects. Established corridors would be less costly
9 than having to negotiate corridors agency by agency,

10 Corridors would give developers and
11 transmission owners the ability to propose more
12 efficient transmission projects using federal corridors
13 to solve those regional needs. Such designations would
14 encourage multiple investors in multistate transmission
15 projects crossing federal and nonfederal lands.

16 As a regulator in a state with regulated
17 utilities, I also would like to touch on the impact to
18 ratepayers. The costs of transmission are borne by
19 ratepayers through regulated rates over the life of the
20 project. Designation of both existing and new energy
21 corridors on federal lands could streamline the
22 permitting process and construction time and
23 accordingly, lower costs to consumers.

24 Additionally, federal agencies should
25 consider standardization and consistency of their

1 siting/permitting processes and of fee structures for
2 land use for these projects in order to provide greater
3 cost certainty to ratepayers. By standardizing the fee
4 structures and the process, it would also eliminate the
5 perception of unfair treatment and unrealistic
6 expectations that exist today.

7 Based on the point I just articulated, I
8 believe that environmental issues need to be more
9 clearly defined. More cost certainty needs to be
10 associated with those. With that I would conclude my
11 remarks.

12 MS. KURTINAITIS: Thank you for your ID02
13 comments, Paul.

14 Next we have Jim Jensen, Power Engineers
15 Incorporated.

16 MR. JENSEN: Thank you. I am going to be
17 making comments today for three separate entities; so
18 three sets of comments, I guess. The first is for
19 Northwestern Energy. Northwestern Energy appreciates
20 the Department of Energy, Department of Agriculture and
21 Department of Interior efforts in designating energy
22 corridors on federal lands in the 11 western states.

23 Northwestern serves more than 617,000
24 customers in Montana, South Dakota and Nebraska, and
25 currently owns, operates and maintains approximately

1 7,000 miles of electric transmission and approximately
2 2,000 miles of natural gas transmission in Montana
3 alone.

4 In addition to the verbal comments I am
5 giving to you today, Northwestern Energy will submit
6 written remarks as well.

7 Northwestern's need for an expanded
8 transmission grid includes the currently projected
9 resource development in the region of over 2200
10 megawatts in Northwestern's Generation Interconnection
11 Queue alone. The existing transmission system is
12 congested and will not accommodate these needs.

13 Northwestern is anticipating trying to
14 construct a project from Montana into southern Idaho,
15 from western Montana into southern Idaho; and that's
16 why these comments are being made here today in Boise.

17 Northwestern requests that the agencies
18 consider the following during the development of the
19 Programmatic EIS. Corridors should be developed in
20 consideration of compatible uses.

21 There should be reliability considerations of
22 the Western Electric Coordinating Counsel; that is, the
23 utilities cannot put all their eggs in one basket
24 without risking system reliability. In other words,
25 multiple transmission lines adjacent to one another in