

**MINUTES OF THE
NATURAL RESOURCES, AGRICULTURE, AND ENVIRONMENT
INTERIM COMMITTEE**

Wednesday, May 23, 2001 - 2:00 p.m. - Room303 State Capitol

Members Present:

Sen. Parley G. Hellewell, Senate Chair
Rep. Bradley T. Johnson, House Chair
Sen. Leonard M. Blackham
Sen. Mike Dmitrich
Rep. Eli H. Anderson
Rep. Roger E. Barrus
Rep. Jackie Biskupski
Rep. Craig W. Buttars
Rep. David N. Cox
Rep. Margaret Dayton
Rep. Glenn A. Donnelson
Rep. Fred J. Fife, III
Rep. James R. Gowans
Rep. Thomas Hatch
Rep. Darin G. Peterson
Rep. Michael R. Styler
Rep. Stephen H. Urquhart

Members Absent:

Sen. Bill Wright

Staff Present:

Mr. Brian Allred,
Research Analyst
Ms. Jeanenne B. Larson,
Associate General Counsel
Ms. Joy L. Miller,
Legislative Secretary

Note: A list of others present and handouts distributed are on file in the Office of Legislative Research and General Counsel.

1. Call to Order

Chair Hellewell called the meeting to order at 2:55 p.m.

2. Executive Committee on Water Rights - Status Report

Ms. Kathleen Clarke, Executive Director Department of Natural Resources, updated the committee on the efforts of the Executive Committee on Water Rights. The committee is working on changes to Section 73-1-4 which deals with forfeiture. Within the next 30-60 days it is hoped that a draft will be available to the interim committee. Ms. Clarke said the stockholder change application filings is a contentious and difficult issue. The water committee does not intend to develop a recommendation that overturns the Supreme Court ruling. The approach would be to identify issues that need to be dealt with in the context of that ruling and to set standards and processes that provide equity to the minority shareholders. Among other issues the committee will be dealing with is the possible change in irrigation company status and the necessity to protect private property rights. A final report will be given in October.

3. PacifiCorp's Proposed Irrigation Curtailment Program

Mr. Bob Lively, PacifiCorp, explained that for many years the region has enjoyed relatively low prices, surplus of generation capacity in the west, and generally competitive wholesale market prices. Prices in the wholesale markets were at less than \$.05 per kilowatt hour. Last year many elements came together which led to higher prices in the wholesale energy markets. Mr. Lively said as PacifiCorp evaluated conditions, it was expected that the high wholesale market prices would continue for 12-18 months. PacifiCorp established task forces to determine what could be done that would have some impact throughout the summer season of 2001. The Energy Exchange Program was developed which proposes that PacifiCorp contact its largest customers and enroll them in a program whereby they could log on to a secure website and view postings that PacifiCorp puts up for curtailment on an hour-by-hour basis. The company would evaluate the bid in connection with their own operating plans for that day and determine if it could curtail its load for that period of time. If so, the company would pledge to curtail its load. After the end of the pledge period, the company's load curtailment is measured and the company is paid for the curtailment at the bid price.

Mr. Lively stated another option developed is the Irrigation Curtailment Program. Customers with loads of at least 16 kw would have the opportunity to voluntarily disconnect its pumps from the company's system from June 1 through September 15 and receive a payment of \$.15 per kilowatt hour of curtailment. Customers have until June 1 to enroll in the program and will not be charged for disconnecting or reconnecting their meter at the end of the season. PacifiCorp sent out 300 contracts to customers and expects to have 150-200 of them returned. Mr. Lively said PacifiCorp will still be purchasing power from the wholesale markets at certain peak hours of the day. Although there will be impacts on communities, PacifiCorp took the position that keeping power prices as low as possible would be the objective of the program.

MOTION: Rep. Cox moved to approve the minutes of the April 18, 2001 meeting. The motion passed unanimously, with Rep. Biskupski and Rep. Peterson absent for the vote.

Mr. Kim Christy, Utah Farm Bureau, said more than 80 percent of the farmers and ranchers in the state belong to the Utah Farm Bureau. Twenty years ago the bureau created the Irrigation Pumpers Committee which has been influential in rate cases that go before the Public Service Commission. Currently there are roughly 1,600 irrigation accounts under PacifiCorp's jurisdiction. He said there are nine specific energy rural co-ops scattered mostly throughout rural Utah. When duplication of various accounts is taken away there are just over 1,300 irrigators under PacifiCorp's jurisdiction. The bureau essentially represents about 1-2.3 percent of the total load in the system. Mr. Christy indicated that concern has been expressed with the overall impact on the agriculture economy with the implementation of the curtailment program. Due to the lateness in the season, he did not think the bureau would see the kind of participation levels that have been observed in other states where the decision was made much earlier. He noted there are

a lot of fixed and variable costs already committed by many irrigators across the state. Another issue that is a disadvantage to irrigators is that it is a complete disconnect curtailment offer. Through the Public Service Commission he hoped to be able to restore the option of interruptability because it creates more flexibility and a better opportunity to sustain production. Mr. Christy observed that rural co-ops are selling surplus power to out of state territory. The opportunity for some of these tentacles that are located throughout rural parts of the state to fall under the jurisdiction of the rural co-op versus PacifiCorp should be considered.

4. Reorganization of the College of Natural Resources at Utah State University

Mr. Stan Albrecht, Provost, Utah State University, pointed out that they are in the beginning stages of the proposal for reorganization. He reviewed the process that any proposal for programmatic change must go through. Mr. Albrecht emphasized that the proposal will still have intensive internal review. It is appropriate to continue to hear concerns from constituents and interests groups.

Mr. Charles Gay, Assistant Dean, College of Natural Resources at Utah State University, commented that approximately 20 years ago about 85 percent of their students came from farm and ranch backgrounds. Now 85 percent of the students come from three counties along the Wasatch Front and 15 percent from farms and ranches. As numbers began to diminish, programs that had commanded significant amounts of hard dollar resources based on historic positions no longer had the student base to sustain them. The college was charged with looking for ways of dealing with inequities across degree programs. When they began the reorganization, they focused on how to maintain their degree programs in these important areas and still be able to pay the bills. Mr. Gay indicated the university is in the process of paying back a \$300,000 deficit incurred from trying to keep these programs alive. The university is considering the best possible way to combine faculty strengths to keep the programs going, maintain a viable student base, and provide adequate service to clientele. He pointed out they are not doing away with programs.

5. Hunting and Fishing License Revenues

Mr. Greg Sheehan, Financial Manager, Division of Wildlife Resources, explained that approximately 60 percent of the division's budget is restricted dollars, most of which are generated by the sale of hunting and fishing licenses. Approximately 2 percent, or \$425,000, of restricted dollars are going into nongame or threatened and endangered programs. The \$425,000 encompasses a \$100,000 contribution to work with the department and its endangered species protection program. As of FY 2002 that contribution will be eliminated. The majority of the remaining \$325,000 is attributed costs to support nongame or threatened and endangered species. Some of these funds also go to the outreach program for public awareness projects. Of the \$26

million for game species and capital budget, approximately \$50,000 is going into nongame programs. Mr. Sheehan pointed out that the 2001 nongame budget total estimated expenditures is approximately \$4.1 million. These funds come from cooperative agreements, restricted funds, federal funds, and general funds.

Mr. John Kimball, Director, Division of Wildlife Resources, commented that the appropriation committee made it clear that money spent should be put back into the general areas where it was raised. General fund monies would be used to help take care of issues such as threatened and endangered species or other issues that had to be addressed outside of game or fish income. Mr. Kimball stated there is some disparity between fishing income and expense. The division maintains a large infrastructure of fiscal support and management. Law enforcement is funded from those types of dollars. License income goes back into licensed kinds of programs. However, part of license dollars goes to outreach programs.

Rep. Hatch requested the committee receive a report on the mitigation fund and what is specifically being spent on all nongame and threatened and endangered species from other funds as well. Mr. Kimball responded that Director Clarke has asked them to put together an annual report on what the threatened and endangered species mitigation money is being used for. That report will be provided to the committee in November.

6. Fishing License Expiration

Mr. Sheehan discussed the proposal for 365 calendar day fishing licenses. The concerns that have been raised with the approach include the probability of increased citations to the public, particularly with large families that may have staggered start and end dates for their various family members. Inventory and audit control may be more difficult for license agents. Mr. Sheehan stated it could potentially be more difficult for law enforcement to enforce and more difficult for license agents to report and sell accurately.

Mr. Jim Carter, President of Strawberry Anglers Association, commented that most retailers they surveyed who are selling licenses did not support the year-round licensing. The association felt the year-round license did not have enough advantages and would not be in the best interest of anglers and retail stores at the present time.

Mr. Kimball distributed an invitation to committee members to visit Hardware Ranch on June 23 to review current and future management of the ranch.

MOTION: Rep. Donnelson moved to adjourn the meeting at 4:55 p.m. The motion passed unanimously.