

TRANSITION ADVISORY COMMITTEE
Transmission Subcommittee
September 13, 2002
Original Minutes with Attachments

Please note: These are summary minutes. Testimony and discussion are paraphrased and condensed. Committee tapes and Exhibits are on file at the offices of the Legislative Services Division.

SUBCOMMITTEE MEMBERS PRESENT

Mr. Dave Wheelihan, Chair
Rep. Roy Brown
Rep. Steve Gallus
Rep. Alan Olson
Sen. Dave Ryan
Sen. Emily Stonington

SUBCOMMITTEE MEMBERS EXCUSED

Sen. Fred Thomas
Mr. Russ Ritter

STAFF MEMBERS PRESENT

Jeff Martin, Legislative Research Analyst
Robyn Lund, Secretary

AGENDA

Attachment 1

VISITORS' REGISTRATION

Attachment 2

I CALL TO ORDER

MOTION/VOTE: REP. OLSEN moved to approve the April 25, 2002 minutes. The motion passed unanimously.

II OVERVIEW OF FEDERAL ENERGY REGULATORY COMMISSION'S (FERC) NOTICE OF PROPOSED RULES ON STANDARD MARKET DESIGN AND STANDARD TRANSMISSION SERVICE

MR. WHEELIHAN said that the Subcommittee is going to review some recent actions taken by the Federal Energy Regulatory Commission (FERC) and its influences on transmission in the state.

JEFF MARTIN, Legislative Services Division, referred to **Attachment 3**. He attended a 2 1/2 day seminar in Houston dealing with FERC. They spent a lot of time discussing the original energy act, FERC Order 888, and the new standard market design (SMD) rules to improve the wholesale energy market.

“Markets do not spring into existence spontaneously. It takes government rules and enforcement to create the conditions for markets to work,” George Will, ABC. “What we have learned is that electricity market structure is critical. Regulators can’t simply open the markets, adopt any old market design, ignore market structure, and declare, “Let ‘er rip,” FERC Commissioner Ray Massey. “There is absolutely no reason why Californians should put their blind trust in regional transmission organizations that are not accountable to them” Gov. Gray Davis. “The southern governors hereby oppose the FERC’s move toward socializing all cost of transmission systems expansion and upgrades.” Representatives from the South will request that the Department of Energy to look at the cost implications of the SMD.

FERC is a quasi-independent federal agency of five members serving staggered five year terms. They are appointed by the president and confirmed by the Senate. FERC was originally set up to license hydro-electric facilities. They also regulate interstate natural gas. They have limited resources and a huge work load. FERC’s decisions are made by case-by-case adjudication or by rule-making.

Order 888 has been referred to as the mega-NOPR. The standard market design (SMD) is the Giga-NOPR. Order 888 and Order 889 provided for nondiscriminatory open access to transmission for transition to competitive wholesale markets. FERC is operating under two court decisions; these can be seen in **Attachment 4**. The New York case affirmed FERC’s authority to require open access transmission. Their authority was limited by a D.C. circuit court case related to utilities that still have bundled rates and their ability to not be part of a regional transmission organization (RTO).

The SMD builds on Orders 888, 889, and 2000 for robust, seamless wholesale energy competitive markets. It would expand FERC authority to power markets and not just transmission. Open access still allows energy suppliers that also provide transmission service to favor their own electric generation. Lack of regional coordination contributes to inefficient operations by causing congestion and transaction curtailment. The absence of SMD impedes a seamless national grid and development of competitive markets. Congested transmission capacity is not consistently allocated to market participants who value transmission the most. The SMD would establish a method where the value of the transmission access can be resolved through financial rights, rather than physical contract paths.

MR. WHEELIHAN asked if that meant that people would bid for that transmission. **MR. MARTIN** said that was his understanding.

MR. MARTIN said FERC believes that market design flaws are evident in every region, notwithstanding the development of RTOs. That leads to higher customer costs. One of the problems is the inability of transmission service providers to move energy from low cost areas to high cost areas. There is a concern about market power and manipulation.

The principle behind the SMD is to establish framework that promotes economic efficiency and lower energy costs, whether a state has retail access or not. The SMD is intended to develop system reliability and expansion, mitigate against market power and manipulation in order to protect customers, and increase choices for wholesale market participants. Deviations from the standard market design must be consistent with of superior to SMD. Imbalance markets and transmission systems would be operated independently of market participants. That is an extension of the RTO where the transmission owners would not be responsible for operation of the transmission system. Market rules would be both technology and fuel neutral and not be biased between supply and demand sources.

MR. WHEELIHAN asked what was meant by market rules or technology and fuel neutral.

MR. MARTIN said that in terms of fuel neutral, there wouldn't be a preference for natural gas distributed generation versus thermal or coal-fired generation. One of the issues around here is that even now it may not be economic to build transmission lines out of the state for export. At this point he is not sure how that will be handled. **MR. WHEELIHAN** asked about wind as an example. **MR. MARTIN** said that it is fuel neutral. If you can get a system operating it wouldn't matter what the fuel source is.

SEN. RYAN asked if there would be no subsidies throughout the system because of how the power is generated. **Comm. Anderson** said that it means that the market rules are applied to electrons. Electrons are electrons. There are different rules that would apply to an intermittent resource.

MR. MARTIN said that the goal is to develop price signals to promote short-term efficiency for wholesale energy and long-term efficiency for generation demand response and transmission expansion. Existing contracts will be honored, but if not used must be available to others. Existing physical rights become financial rights. It must not inhibit development of market design to regional requirements. This is a concern in the Northwest. FERC will require all transmission owners to turn over the operation their transmission to an independent transmission provider (ITP). **SEN. STONINGTON** asked for the definition of an independent transmission provider. **MR. MARTIN** said that it would be run by an independent entity that has no market interest in the transmission line. **SEN. STONINGTON** asked if this would be the administrator of lines owned by other entities. **MR. MARTIN** said that was right. **SEN. STONINGTON** asked if this requires that there be ITPs. **MR. MARTIN** said that was correct. A transmission owner who wasn't part of an RTO would still have to turn over its operations to an ITP. **MR. MARTIN** said that another purpose of SMD is to balance realtime markets and day-ahead markets. The system is designed to compliment bilateral contracts for short-term and long-term energy purchases. **SEN. STONINGTON** asked for the time frame for implementation. **MR. MARTIN** said that it is an

aggressive schedule. Everything will have to be operational no later than 2 years after the order is adopted.

MR. MARTIN said that oversight of the ITP would be by an independent board of directors and advisory board of market participants and state officials. They will be monitoring power prices in each geographic area, proposed generator bid caps, and offers in non-competitive markets.

SEN. STONINGTON asked how the new bureaucracy will be financed. **MR. MARTIN** said that the ITP assess charges to transmission owners for operating the system. Under the regional transmission organization scheme they may be either non-profit or for-profit. The market monitoring groups will be funded through FERC. Regulated entities are assessed a fee by FERC.

MR. MARTIN said that transmission owners would recover revenue requirements under Network Access Service. This will use either license plate or postage stamp approach. A principal goal is to eliminate pancaking of rates. They are looking at having no access charges across RTO borders. This could have an effect on the cost benefit analysis that was done for RTO West. Congestion management will be one of the keys to the new order. It would allocate transmission capacity to those who value it most.

SEN. STONINGTON asked for implications on construction of new transmission.

MR. MARTIN said that if there is a lot of congestion it will be reflected by locational marginal pricing. If there is significant differences in prices because of congestion, those prices would signal the need for building new transmission.

MR. MARTIN said that the regional state advisory committee would be involved in RTO oversight, resource adequacy standards, transmission planning and expansion, rate design and revenue requirements, market monitoring, demand response, distributed generation, generation interconnections, and efficiency and environmental policy. The committees wouldn't have any legal authority.

SEN. STONINGTON asked if the ITP will have the ability to put generator bid caps.

MR. MARTIN said that FERC has said that the highest bid cap in a noncompetitive situation that a generator is \$1000 per megawatt hour. **SEN. STONINGTON** asked if the ITPs will have authority to do any of that type of market manipulations. **MR. MARTIN** said that is one of the reasons for setting up the market monitoring units so that FERC can take a comprehensive look at any non-competitive behavior within a system. **SEN. STONINGTON** asked about impact on state PSCs. **MR. MARTIN** said that it will limit the authority of the state PSC to set transmission rates.

MR. MARTIN said that a collaborative group in Montana will respond to the proposed rules based on the following questions: Has FERC identified a universal problem that requires a universal solution? Is the solution the correct one and how ill actions affect the markets? What are the jurisdictional issues? What are regional and Montana issues and will there be a consensus

developed in the Northwest? Some of the Montana issues include how energy moves between RTO's, what the market monitoring would be, the resources adequacy and capacity requirements and locational marginal pricing.

MR. WHEELIHAN asked who is in the collaborative group. **MR. MARTIN** said that it includes representatives from NorthWestern Energy, Montana Consumer Council, cooperatives, Northwest Power Planning Council, Department of Environmental Quality (DEQ), and the PSC. The idea is to also get Montana-Dakotas Utilities involved.

REP. BROWN asked if it would be appropriate to have someone comment on the fact that this might limit the PSC in setting rates for transmission. **Comm. Anderson** said that transmission has been an interstate FERC jurisdictional matter. Transmission companies have had to file a federal FERC jurisdiction tariff for transmission. At the same time, state PSC have set rates and allocated costs. The commissions have had jurisdiction over the way those costs are allocated. It is not new for a transmission company to have to file a FERC tariff. This is the first time that FERC has said that they have jurisdiction over a bundled transmission rate. This will not affect Montana because of unbundled rates. This could cause the price to Montanans change. Some other states are really upset about FERC's assertion of jurisdiction.

Marilyn Showalter, Washington Transportation and Utilities Commission, referred to **Attachments 5, 6, and 7**.

SEN. STONINGTON asked what the Senate Energy Committee is considering.

MS. SHOWALTER said that they are holding a hearing on FERC's proposed standard market design rules. There has been such an uproar that Congress is looking into it. There is the energy bill in Congress and electricity is a part of that. The Senate bill gives FERC more authority.

III POTENTIAL CONFLICT BETWEEN WESTERN STATES' AND FERC'S POLICY GOALS RELATED TO ENERGY MARKETS AND REGIONAL TRANSMISSION ORGANIZATIONS

MS. SHOWALTER said that you can look at this proposal politically, economically or physically. If it is not working for one of these reasons, it is not going to work. Electricity is inherently a political issue. For that reason you need to make sure that the governmental accountability and ability to respond to it is sufficient. Most of the West has stayed with cost-based regulation. The market-based system has competition as its objective. The idea is that competition will benefit consumers.

FERC has a vision of competition everywhere. The general idea is that competitive markets will always work better than a cost-based regulation. The SMD is a vast, complicated set of rules that the whole country is supposed to abide by. Its centralized aspect creates a very big risk. Undue discrimination and independence are two phrases that there has been a focus on. FERC is finding undue discrimination, which it then tries to remedy. The discrimination that it finds is that if

vertically integrated utilities prefer their own customers in the administration and use of transmission lines, that is discriminatory of everybody else.

Utilities are already subject to the open access transmission tariff. A utility that owns transmission with excess capacity can't sell that capacity to someone else for more than it is paying itself. The SMD requires that your transmission has to be turned over to ITP and then you and your customers have to compete for that transmission. FERC is asserting jurisdiction over the transmission component of bundled retail service. It also asserts jurisdiction over other things, such as resource planning.

The transmission provider has to be independent from the utilities and independent power producers that are using the transmission to convey their generation. This is because they don't want a transmission owner to favor itself when providing transmission for everybody. That means there is independence from political accountability. The ITPs are required to be independent from the utilities. It is run by a corporate board, which is selected from groups of the stakeholders. Then the board is only indirectly accountable to FERC and not accountable to anybody else. The role of the state is advisory. There is no authority. Once FERC has jurisdiction over retail electricity to any degree then it is permanent. FERC has sued California to prevent them from going back to a cost-based system. Everybody will be part of the grid. The public power entities are among the most concerned because it will define the system that we will have to connect with. There are cases where a public entity will have to turn over jurisdiction to a private entity.

The rules are also very problematic. The way these rules would operate, a large generator in Canada could push power through the Northwest and pay nothing. Locational marginal pricing (LMP) is a sound economic theory when applied to the physical situation that it is intended for. In the Northwest we are hydro-dominated. The dams are not competing with each other, they are cooperative. Even more fundamental is that it is a river system that serves other uses. To try to push it through this narrow role of electricity efficiency is very problematic. There are treaties with Canada and with the tribes. That is what Bonneville is there for, to administer the river system. LMP may possibly be a tool here eventually, but it is not designed for the West with all the differences that we have. One of the reasons for the SMD is the uncertain investment climate. The uncertainty is because of the debate of cost-based versus market-based. She thinks that even if you get through the rules, the rules themselves will create uncertainty. The action points are in Congress. We need to make clear what FERC's authority is. FERC needs to go back to regional discussions. There are problems to be addressed, but the SMD may not be right. She doesn't believe that the undue discrimination is a problem.

SEN. STONINGTON asked about the accountability issues. Under the new model, will we lose more control and FERC will be the ultimate authority? **MS. SHOWALTER** said that the most critical thing is who has authority to make decisions. The difference is that the PSC would still have authority over retail decisions, but taken out from under them would be what really matters. The states will retain their roles, but it will be a shell of what they have now. Very significant decisions will be given to the ITP. The bottom line is that states and the PSCs will lose authority

under the SMD. **SEN. STONINGTON** asked about the political climate. **MS. SHOWALTER** said that the state's rights has been a fairly strong doctrine in the West. Markets and competitive principles have also been strong in the Republican party. There is a tension between the market people and the state rights people. There has been a backlash. This NOPR was just issued and the Western Governors Association and many more have responded to Congress. She thinks that politicians are starting to take notice.

MR. WHEELIHAN asked what signal is it sending that FERC has granted a 30-day extension. **MS. SHOWALTER** said that on its own terms it is so vast a rule that even absent all of the turmoil it would be hard not to grant an extension, given how many people asked for it. There is a lot happening.

SEN. STONINGTON asked if with the postage stamp rate a Canadian company would just have to pay the postage stamp transmission costs and therefore they wouldn't be paying anything extra because they wouldn't be part of Montana's system. **MS. SHOWALTER** said that is the way the rule is set up right now. **SEN. STONINGTON** asked if it would pay the postage stamp. **MS. SHOWALTER** said that they would pay nothing. It doesn't make good economic sense. If an RTO or ITP is big enough, it doesn't make much difference, but she doesn't agree with that sentiment.

Comm. Anderson thanked **MS. WALTER** for participating today. She is looking out for the interests of her customers and constituents. She has an important point of view. The PSC has the same job. They are looking at how this would affect Montana. This is something that the PSC has to pay attention to.

REP. GALLUS asked if the PSC was invited to take part in the alliance. **Comm. Anderson** said that they were not. **MS. SHOWALTER** said that she would be abashed to find out that Montana had been excluded. She had heard **Comm. Rowe** say that he had decided not to sign this statement.

SEN. STONINGTON asked why Montana feels differently about this issue. **Comm. Anderson** said that Montana is the only state that is fully exposed to the market. That is unique in the West. The most important thing for us is to have a functional competitive wholesale market so that we don't pay too much. In 2000 and 2001, it was a brutal situation with an obviously dysfunctional market throughout the west and in Montana. The wholesale market has not been fixed. He applauds FERC for trying to fix it, but they haven't reached the conclusion that the SMD is the right fix. FERC is saying that it is interested in responding to the uniqueness of the west. There could be a proposal for a western market design. If that happens we will have a better set of rules to serve our needs. **SEN. STONINGTON** asked if the potential western market is a better route than the RTO. **Comm. Anderson** said that he is interested in the effect on customers of how these rules would operate. He can't answer that question. **SEN. STONINGTON** asked if we understand the market place well enough to even make this design and jump into it with everything. **Comm. Anderson** said no. They are trying to understand the market better, and to

understand the SMD proposal better, and to react to FERC, and suggest what they think FERC should do. **SEN. STONINGTON** asked if they will ask FERC to slow down.

Comm. Anderson said that it is unlikely that they will have a counter proposal in time. He proposes that FERC split the rule-making into a unique western rule-making that starts with a problem analysis and what are various solutions to those problems and then take a cautious approach to rule-making. **SEN. STONINGTON** said that this makes her really nervous and everybody is disagreeing about it. The risks are huge. **Comm. Anderson** said that the risk of not doing something is also huge.

MR. WHEELIHAN asked who is involved in the western SMD. **Comm. Anderson** said that it is commissioners and energy officers from some western states. There is a western organization called the Committee on Regional Electric Power Cooperation, which is essentially a committee of the western interstate energy board, which is under the Western Governors Association.

SEN. STONINGTON asked for his advice to the legislature in terms of their interaction with all of this. **Comm. Anderson** said that this is a FERC jurisdictional matter. The people involved in the collaboration need the support of the legislature.

IV WESTERN AREA POWER ADMINISTRATION'S REGIONAL TRANSMISSION STUDY

Ed Weber, Western Area Power Administration (WAPA), referred to **Attachment 8**. WAPA hired contractors to do the transmission study authorized by Congress. The final report was published July 31, 2002. They were asked to consider some new resources so they picked some generic sites and generation sources. They looked at ways to get that generation to outside markets. They were also asked to include some cost estimates.

WAPA systems were designed to deliver the local generation to the load centers in the defined areas. Hence, the regulated utilities had load serving responsibility. The new rules changed that and opened up the system. They are struggling with how to build new transmission and the financing of new transmission under these new rules. There are limitations in Montana in moving the power out of the area. The largest one is the Pacific Northwest. There are several other constraints. The study also looked at local integration to the load centers. The criteria they used was WECC criteria, which requires that certain voltage profile levels and system stability requirements be met. They are governed by the laws of physics. Even though it may look good on paper, it needs to work in real life. They are meeting reliability criteria as a foundation for the study process. What limits the interface to the south is generator stability.

MR. WHEELIHAN asked what was meant by generator stability. **Mr. Weber** said that generators are spinning devices. In relationship to the transmission system, they must spin at a certain speed to maintain frequency. If a large block of load is lost, the spinning speed of that generator will try to turn instantaneously because of the electrical change, but the inertia of the system causes it to want to keep spinning at the same frequency. This causes a separation between the physical spinning speed and the electrical speed. Generators can become unstable and spin off

of the system. Colstrip is particularly vulnerable to that. They would rather trip the units than cause them to go unstable.

Mr. Weber described the generation options used in the study, as seen in **Attachment 8**.

MR. MARTIN asked for clarification between a bus, a node, and a zone. **Mr. Weber** said that a bus is the point at which you deliver the generation into the grid. A node is usually thought of in terms of marketing. A zone might be related to a tariff issue.

Mr. Weber said that for each generation option they looked at 3 different load centers to deliver to. Project 1 needed a new line from the Colstrip area to Fort Peck and then convert the existing 161 kv line to 230 kv to deliver the generation into Great Falls. They found that a 1000 megawatts didn't work with only that transmission enhancement. There were numerous system violations, both voltage and line overloads, as well as instability.

MR. WHEELIHAN asked if the study looked at using a lesser amount of generation. **Mr. Weber** said that they didn't look at this with option 1.

Mr. Weber said that they added a 500kv line which did work, provided that they continue to trip the unit and they maintained unit tripping at the Colstrip plant. They also found that delivering 1000 megawatts into the BPA system in Spokane caused a problem. As a second phase to this, WAPA will be working with BPA. They also tried a 500 kv line to Denver, but there were similar overloads in the Denver area. The fourth option went back to number one and looked at what happens if you add a 500 kv line from Lethbridge with tie-ins in Great Falls and Butte, and then deliver to Salt Lake. That system was also unstable, they needed the tie to Colstrip to have a stable system. The estimated cost for a 500 kv line to Spokane was \$393 million. Other options can be seen in **Attachment 8**.

Project 2 with 1000 mg of generation in Great Falls had similar results. With a 500 kv line, Alberta collapsed. Project 3 was a smaller project and each of the 3 transmission options worked. Project 4 looked at wind integration. For this project 2 of the 3 transmission options were successful. Project 5 was the option with no transmission added. They found that 100 mw at Browning could not be added into the Montana grid and remain stable. However, at the other four locations they did not find any obvious violations. The other areas they were able to get the power into the Montana grid without any obvious problems.

A lot of study still needs to be done before there is a good picture of what needs to be done. There are some specific projects proposed that they are working with in the study process. They have an additional allocation of money from the Department of Energy which they will use to look at wind integration in Montana. There are some significant control area issues that they will have to look at. One of the biggest is balancing the generation to load on an instantaneous basis. Wind can change dramatically over an hour, but generation schedules are set an hour ahead. The biggest challenge is figuring out how much wind they can figure into the transmission/generation scheme.

Additional money is going to BPA to look at enhancing the Montana constraints, what can BPA do on their end that will strengthen their system to the point where the transfer capability is increased. Preliminary results have been promising. WAPA is going to refine their cost estimates.

MR. WHEELIHAN asked about transmission projects in the region. **Mr. Weber** said that they are working to get the environmental process going for rebuilding the Havre to Great Falls 161 kv line to 230 kv operation. They just completed rebuilding the Havre to Shelby line, which is basically a new 115 kv line. They have had several discussions looking at upgrading the Miles City conversion station. The technology was from the late 1970s. It is the last of the stations that uses analog technology. The downside of this is the cost. To take the converter out in order to rewire it is almost as much as it would be to build a new one. WAPA is struggling with how they are going to finance new generation without placing too much burden on the cooperative customers.

REP. BROWN asked about building a new intertie in Miles City, would that double the amount that can flow. **Mr. Weber** said no, because of the transmission capability on both sides of it.

SEN. STONINGTON asked if WAPA is involved in the transmission corridors. **Mr. Weber** said that this was merely a high level planning study. **SEN. STONINGTON** asked if they are involved in the intertie at Miles City and through Big Horn. **Mr. Weber** said that those were WAPA facilities. **SEN. STONINGTON** asked if there is any consideration of upgrading that. **Mr. Weber** said that it wouldn't really be possible. They would have to take the line out of service long enough to rebuild it. It would be more costly than building a new line because of the lost revenue from sales across the line. **SEN. STONINGTON** asked if there was new generation in the area would that be sufficient. **Mr. Weber** said that would help. But he is not sure if the 230 kv system stability could support new generation because of the stability of the system.

MR. WHEELIHAN asked about the SMD and WAPA's concerns. **Mr. Weber** said that they are concerned. The one that concerns him the most is the way in which new interconnections are handled. Another concern is that the tariff design is not beneficial for WAPA's customers due to large cost shifts.

MR. MARTIN asked if he would provide the list of issues. **Mr. Weber** said that he could. They were one of the ones that had asked for an extension and would provide it when they are ready to go public with it.

V SYNOPSIS OF SUBCOMMITTEE ACTIVITIES AND DISCUSSION OF ISSUES AND OPTIONS

MR. MARTIN said that the Subcommittee has gained a huge education in transmission issues. They started with an evaluation from BPA about what their enhancements are going to be. They learned about the feasibility of DC transmission lines and how those would affect transmission over the long term. They learned about several new generation projects. The Subcommittee learned a lot about the RTO concept. We are in a different regime than when we last met in April.

With the extension on the comment period of the proposed SMD rules, his feeling is that the only thing available to the Subcommittee is to decide if they want to participate in the comments that are being worked on by the collaborative group.

SEN. STONINGTON said that we should at least correspond with our congressional delegation. She is seeing that the SMD is coming too fast. There are too many things to think about and learn about. She said that Mr. Hines has speculated that FERC is doing this to make RTO West look better. We should reflect our sentiment about how much change this is imposing on us and how much uncertainty is out there about it. She thinks that the risk of this is big.

MR. WHEELIHAN asked whether **SEN. STONINGTON** is recommending that this Subcommittee should request our delegation to ask FERC to slow down. **SEN. STONINGTON** said that there was an amendment proposed in the House that asked for some cost-benefit analysis on this. We as a state stand to lose a lot. Our delegation could do something here.

REP. BROWN said that he would concur that we should talk to our congressional delegation. We may get this whether we like it or not. He feels that our congressional group should know that we need to make sure that there are special things that happen for Montana to make up for what we might lose. We could turn this so that it is in Montana's advantage.

REP. OLSEN said that he agreed.

MR. WHEELIHAN said that there is a full TAC meeting next week where this may be an action item to recommend to our congressional delegation that they ask FERC to slow down.

SEN. STONINGTON said that we could informally recommend to the full TAC that they write a letter to that intent. Let's give our region the opportunity to look at this.

There were no objections.

VI OTHER BUSINESS

MR. WHEELIHAN asked if there would be one more meeting. **MR. MARTIN** said that he anticipates one more TAC meeting depending on the policy options that are presented by Matthew Brown. Another reason to have a meeting would be to look at possible legislation. **MR. WHEELIHAN** asked if there could be another Subcommittee meeting in conjunction with that meeting. **MR. MARTIN** said that he had been concerned about the budget, but it now looks feasible to have another Subcommittee meeting.

VII ADJOURN

There being no further business, the meeting was adjourned.

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