

HOUSE BUSINESS & INDUSTRY COMMITTEE

Chairman, Rep. Jerry Metcalf, called the Business & Industry Committee to order on January 11, 1983, at 9:00 a.m. in Room 420 of the Capitol Building, Helena, Montana. All members were present.

HOUSE BILL 75

HOUSE JOINT RESOLUTION 1

REP. GLENN JACOBSEN, District #1, sponsor, opened the meeting by saying in 1981 Life-line rates were adopted for his area. The rates have more than doubled in the last year reaching from \$500 to \$700 a month for some, more than many folks take home each month. The citizens had requested a rate hearing from the Public Service Commission - were granted one - but for one reason or another did not turn out in great number for said hearing. Since that time another hearing has been requested but was denied by the Public Service Commission.

Rep. Jacobsen then announced that the problem had been solved this week when the PSC scheduled a hearing for the Plentywood area some time in February. He therefore asked the Committee not to act on HB 75 or HJR 1 as there was no longer a need for said bills.

Question from REP. ELLERD: Should the Legislature have the right to set hearing dates for the PSC? Jacobsen: No. The bills were necessary to legally allow the PSC to go to the expense, etc. of posting a public hearing.

CHAIRMAN METCALF said it was the Committee's responsibility at some point to take action on these bills and as there were persons present ready to testify, the hearing would proceed.

PROPOSERS: none

OPPOSERS:

Mr. Opitz, Executive Director, Public Service Commission, said they oppose both bills based on the fact that the rate making functions should remain at the Public Service Commission and not in the Legislature.

Dennis Lopach, Northwest Telephone Systems, said there would be serious constitutional problems if a bill would allow the Commission to decrease rates without a hearing. It would violate due process.

Mike Zimmerman, Attorney for Montana Power Co., believes the bills to be unconstitutional and unnecessary and also that the present law and rules provide for the filing of complaints.

Rep. Jacobsen: It's strange when the sponsor of a bill agrees with the opposition, but we felt we just had to rock the boat. We are 500 miles away from Helena and we are easy to ignore. We feel we were mistreated on the Life-line rates.

QUESTIONS:

REP. FAGG: Why wasn't there a hearing? Mr. Opitz: There was a hearing in Plentywood - two people showed up. We are looking at a lot of money to send a hearing team to Plentywood and after our last response, we felt the people of Plentywood didn't want a hearing. Once we have issued an order, the Commission no longer has control of that docket. It goes to District Court. We don't have the money to travel around the state on every case. We get 100 cases a year.

REP. ELLISON: Is this a situation unique to this particular territory? Mr. Opitz: It is unique in that natural gas is not available in that area, but it is not the only area where it occurs. You can go 5 miles out in the Helena valley and find an end to the natural gas supply.

Rep. Ellison: Are the electrical rates in that section considerably higher than rates in other sections? Mr. Opitz: About double. The amount charged for everything in excess of 300 kilowatt hours is 6.9 cents per kilowatt hour as opposed to 3.4 cents per kilowatt hour for Montana Power.

REP. FABREGA: What is the Life-line rate? Mr. Opitz: 5.17 cents per kilowatt hour for the first 300 kilowatt hours. Everything in excess is 6.9 cents per kilowatt hour.

Rep. Fabrega: What about the Montana Power Life-line rates. Mr. Opitz: Montana Power has a flat rate in that they do not have a lower rate for the first 300 kilowatt hours.

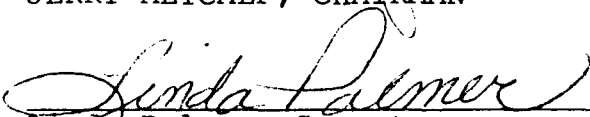
Rep. Jacobsen: In no way were we trying to discredit Montana Power or the Public Service Commission in order to get action. We had to go through this process. We are satisfied that we are going to get the hearing. This is all we were after.

EXECUTIVE SESSION:

Rep. Fabrega moved HOUSE BILL 75 and HOUSE JOINT RESOLUTION 1 be TABLED. The motion passed with 18 voting yes and 1 voting no.

The meeting adjourned at 9:30 a.m.


JERRY METCALF, CHAIRMAN


Linda Palmer, Secretary

Bus. & Ind.

COMMITTEE

Date 1/11/83

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SUMMARIES OF HJR1 AND HB 75 - Both introduced by Rep. Jacobsen

These are companion measures seeking to ameliorate a utility rate situation that is causing hardship for residents of some parts of Montana.

HJR 1 asks the Public Service Commission to proclaim immediately a classification for electricity rates for communities that lack natural gas service and to design a rate structure that will offer immediate, substantial reductions in charges for electricity used for residential space heating and essential home appliances. Justification for this consideration is that the "lifeline rates" structure created several years ago does not satisfy the need in areas where natural gas is not available as an alternative fuel.

HB 75 allows the PSC to accelerate the rate-making process in situations where total revenue to the utility will not increase because of the rate charge.