

1 *House* BILL NO. *56*
 2 INTRODUCED BY *Bradley, Meloy, Russell Johnson*
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THE PUBLIC
 5 SERVICE COMMISSION THE AUTHORITY AND DUTY TO ENCOURAGE
 6 ENERGY CONSERVATION THROUGH REVISIONS OF UTILITY RATE
 7 STRUCTURES AND CLASSIFICATIONS, DIRECTING THE COMMISSION TO
 8 REVISE SAME; AMENDING SECTION 70-115, R.C.M. 1947; AND
 9 PROVIDING AN IMMEDIATE EFFECTIVE DATE."

10
 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 Section 1. The act shall be known and may be cited as
 13 the "Energy Conservation and Rate Structure Act of 1975".

14 Section 2. Policy and legislative findings. It is the
 15 policy of the state of Montana to recognize that energy, as
 16 utilized through current technologies, is derived from
 17 finite and exhaustible resources and that as these resources
 18 are exploited, increasing stresses on the quality of the
 19 environment and the security of the nation will be
 20 experienced. The conservation and thrifty use of energy is
 21 thus in the public interest.

22 The legislature finds a reasonable probability that the
 23 demand for energy will vary with the price of energy and
 24 declares that the energy price structure ought to encourage
 25 frugality in energy consumption and provide disincentives

1 for extravagant or wasteful energy consumption. It is the
 2 intention of the legislature that this act be construed to
 3 restructure energy rates without necessarily increasing or
 4 decreasing the total revenue of public utilities in the
 5 energy industry.

6 Section 3. Section 70-115, R.C.M. 1947, is amended to
 7 read as follows:

8 "70-115. Classification of service. (1) The commission
 9 may shall prescribe classifications of the service of all
 10 public utilities, and such classifications may shall take
 11 into account and reflect the quantity used, the time when
 12 used, ~~and any other reasonable consideration, the effect of~~
 13 differential pricing on the demand for the service, the
 14 effect of differences in demand on the economy and the
 15 environment of the state. The paramount consideration in
 16 the determination of the rate structures shall be the
 17 reduction of energy demand through incentive pricing. No
 18 rate structure may be prescribed by the commission absent
 19 such pricing unless the commission clearly demonstrates in
 20 formal findings that such a structure does not implement the
 21 purposes of this act. All findings to this effect must be
 22 set forth in writing and circulated to parties orally
 23 participating in the rate structure hearings held pursuant
 24 to this act. Parties orally participating at the hearing
 25 may seek judicial review of the findings in the first

1 judicial district of Lewis and Clark County. Upon prima
 2 facie showing that the purposes of this act have been or are
 3 about to be violated, the commission shall have the burden
 4 of demonstrating substantial inquiry into the effect of rate
 5 structures on reduced energy demand. (2) Each public
 6 utility is required to conform its schedule of rates, tolls,
 7 and charges to such classifications and structures."

8 Section 4. There is a new R.C.M. section that reads as
 9 follows:

10 Study and order for rate structures. The commission
 11 shall study the structure and classification of the rates
 12 charged by public utilities engaged in the distribution of
 13 energy, including electricity and natural gas. The
 14 commission shall complete this study within one (1) year of
 15 the passage and approval of this act. The study shall
 16 consider and evaluate the effects of existing and
 17 alternative rate structures and classifications upon the
 18 demand for energy and level of consumption of energy in
 19 Montana.

20 Among the alternatives to be considered by the
 21 commission are a rate structure with no differentials
 22 between users or levels of consumption, a rate structure
 23 with prices increasing for additional units of energy
 24 consumed, and a rate structure with prices increasing during
 25 periods of peak demand. The commission after at least one

1 (1) public hearing shall implement the alternative which
 2 best promotes the conservation of energy without imposing
 3 unreasonable hardship on consumer needs, environmental
 4 protection, and the basic health of Montana industry and
 5 business. This implementation shall be in the form of rules
 6 fixing an energy rate structure and classification
 7 applicable throughout the state, while allowing the amounts
 8 charged within a classification to vary between different
 9 forms of energy or different utilities. The commission has
 10 continuing authority and continuing duty thereafter to
 11 restudy energy rate structures and to amend the rules in the
 12 light of changing conditions, subject to the limitations
 13 specified in this act. For purposes of the Administrative
 14 Procedure Act and judicial review, the promulgation and
 15 amendment of rules pursuant to this section are rule making
 16 proceedings.

17 Section 5. Severability. If any provision of this act
 18 or its application to any person or circumstance is held
 19 invalid, the remainder of the act, or the application of the
 20 provisions to another person or circumstance is not
 21 affected.

22 Section 6. This act is effective on its passage and
 23 approval.

-End-

Approved by Committee
on Business and Industry

HOUSE BILL NO. 56

INTRODUCED BY BRADLEY, MELOY, DRISCOLL, JOHNSON

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THE PUBLIC SERVICE COMMISSION THE AUTHORITY AND DUTY TO ENCOURAGE ENERGY CONSERVATION THROUGH REVISIONS OF UTILITY RATE STRUCTURES AND CLASSIFICATIONS, DIRECTING THE COMMISSION TO REVISE SAME; AMENDING SECTION 70-115, R.C.M. 1947--~~AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.~~"

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. The act shall be known and may be cited as the "Energy Conservation and Rate Structure Act of 1975".

Section 2. Policy and legislative findings. It is the policy of the state of Montana to recognize that energy, as utilized through current technologies, is derived from finite and ~~exhaustible~~ LIMITED resources and that as these resources are exploited, increasing stresses on the quality of the environment and the security of the nation will be experienced. The conservation and thrifty use of energy is thus in the public interest.

The legislature finds a reasonable probability that the demand for energy will vary with the price of energy and declares that the energy price structure ought to encourage frugality in energy consumption and provide disincentives

for extravagant or wasteful energy consumption. It is the intention of the legislature that this act be construed to restructure energy rates without necessarily increasing or decreasing the total revenue of public utilities in the energy industry.

Section 3. Section 70-115, R.C.M. 1947, is amended to read as follows:

"70-115. Classification of service. (1) The commission ~~may~~ shall prescribe classifications of the service of all public utilities, and such classifications ~~may~~ shall take into account and reflect the quantity used, the time when used, ~~and any other reasonable consideration,~~ the effect of differential pricing on the demand for the service, the effect of differences in demand on the economy, and the environment of the state, AND ANY OTHER REASONABLE CONSIDERATION. The paramount consideration in the determination of the rate structures shall be the ~~reduction~~ CONSERVATION of energy demand through incentive pricing. ~~No rate--structure--may--be--prescribed--by--the--commission--absent such--pricing--unless--the--commission--clearly--demonstrates--in formal--findings--that--such--a--structure--does--not--implement--the purposes--of--this--act.~~ THE RATE STRUCTURE PRESCRIBED BY THE COMMISSION SHALL INCLUDE INCENTIVE PRICING, UNLESS THE COMMISSION CLEARLY DEMONSTRATES IN FORMAL FINDINGS THAT SUCH A STRUCTURE WOULD HAVE AN UNACCEPTABLE ADVERSE IMPACT ON THE

1 HEALTH OF THE MONTANA ECONOMY. All findings to this effect
 2 must be set forth in writing and circulated to parties
 3 orally participating in the rate structure hearings held
 4 pursuant to this act. Parties orally participating at the
 5 hearing may seek judicial review of the findings in the
 6 first judicial district of Lewis and Clark County. Upon
 7 prima facie showing that the purposes of this act have been
 8 or are about to be violated, the commission shall have the
 9 burden of demonstrating substantial inquiry into the effect
 10 of rate structures on reduced energy demand. (2) Each
 11 public utility is required to conform its schedule of rates,
 12 tolls, and charges to such classifications and structures."

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 14 follows:

15 Study and order for rate structures. The commission
 16 shall study the structure and classification of the rates
 17 charged by public utilities engaged in the distribution of
 18 energy, including electricity and natural gas. The
 19 commission shall complete this study within ~~one-(1)-year~~ TWO
 20 (2) YEARS of the passage and approval of this act. The
 21 study shall consider and evaluate the effects of existing
 22 and alternative rate structures and classifications upon the
 23 demand for energy and level of consumption of energy in
 24 Montana.

25 Among the alternatives to be considered by the

1 commission are a rate structure with no differentials
 2 between users or levels of consumption, a rate structure
 3 with prices increasing for additional units of energy
 4 consumed, A RATE STRUCTURE ESTABLISHING "LIFELINE RATES" TO
 5 GUARANTEE LOW COSTS FOR BASIC NECESSITIES FOR FAMILIES, and
 6 a rate structure with prices increasing during periods of
 7 peak demand. The commission after at least one (1) public
 8 hearing shall implement the alternative which best promotes
 9 the conservation of energy without imposing unreasonable
 10 hardship on consumer needs, environmental protection, and
 11 the basic health of Montana industry and business. This
 12 implementation shall be in the form of rules fixing an
 13 energy rate structure and classification applicable
 14 throughout the state, while allowing the amounts charged
 15 within a classification to vary between different forms of
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2 provisions to another person or circumstance is not
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