

SENATE BILL 290

Introduced by Harding, et al.

1/30	Introduced
1/30	Referred to Taxation
1/31	Fiscal Note Requested
2/06	Fiscal Note Received
2/07	Fiscal Note Printed
2/08	Hearing
	Died in Committee

1 *Senate* BILL NO. *290*
 2 INTRODUCED BY *Hardenj. Rogers, Beek* *Feeling*
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE REGULATION
 5 OF MUNICIPAL UTILITY RATES; REPLACING THE 12 PERCENT LIMIT
 6 ON RATE INCREASES WITH A LIMIT BASED ON THE CONSUMER PRICE
 7 INDEX; APPLYING THE LIMIT TO INDIVIDUAL CUSTOMER RATE,
 8 CHARGE, OR FEE INCREASES; AND AMENDING SECTIONS 69-7-101,
 9 69-7-102, AND 69-7-111, MCA; AND PROVIDING AN EFFECTIVE
 10 DATE."
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12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 NEW SECTION. Section 1. Definitions. As used in this
 14 part, the following definitions apply:

15 (1) "Consumer price index" means the consumer price
 16 index, United States city average, for all items, using the
 17 1982-84 base of 100, as published by the U.S. department of
 18 labor, bureau of labor statistics.

19 (2) "Inflation factor" means a number determined for
 20 12 months preceding the proposed rate increase by dividing
 21 the consumer price index for the month immediately preceding
 22 the proposed rate increase by the consumer price index for
 23 the same month in the preceding year.

24 Section 2. Section 69-7-101, MCA, is amended to read:

25 "69-7-101. Municipal utilities -- regulation by

1 municipality -- limitation. A municipality has the power and
 2 authority to regulate, establish, and change, as it
 3 considers proper, rates, charges, fees, and classifications
 4 imposed for utility services to its inhabitants and other
 5 persons served by municipal utility systems. Rates, charges,
 6 fees, and classifications shall be reasonable and just and,
 7 except as provided in 69-7-102, they may not be raised to
 8 yield an increase in total annual revenues or an increase in
 9 individual customer rates, charges, or fees more than a 12%
 10 increase-in-total-annual-revenues the inflation factor or,
 11 in the case of mandated federal and state capital
 12 improvements, the increase may not exceed amounts necessary
 13 to meet the requirements of bond indentures or loan
 14 agreements required to finance the local government's share
 15 of the mandated improvements. Annual revenues and
 16 individual customer rate increases must be computed on any
 17 consecutive 12-month period for purposes of this chapter."

18 Section 3. Section 69-7-102, MCA, is amended to read:

19 "69-7-102. Rate increases over maximum. (1) If a
 20 municipal utility requires rate increases that yield an
 21 increase in total revenues or an increase in individual
 22 customer rates, charges, or fees in excess of 12% the
 23 inflation factor in any one year or rate increases for
 24 mandated federal and state capital improvements for which
 25 the increase exceeds amounts necessary to meet the

requirements of bond indentures or loan agreements required to finance the local government's share of the mandated improvements, it must make application for such increases to the public service commission.

(2) If the public service commission issues a rate order approving such an increase, the municipality may not increase any rates, fees, and charges under this chapter within 12 months of the commission's order unless an increase is necessary to meet the requirements of bond indentures or loan agreements required to finance the local government's share for mandated federal and state capital improvements."

Section 4. Section 69-7-111, MCA, is amended to read:

"69-7-111. Municipal rate hearing required -- notice.

(1) If the governing body of a municipality considers it advisable to regulate, establish, or change rates, charges, fees, or classifications imposed on its customers, it shall order a hearing to be held before it at a time and place specified.

(2) Notice of the hearing shall be published in a newspaper as provided in 7-1-4127.

(3) (a) The notice shall be published three times with at least 6 days separating each publication. The first publication may be no more than 28 days prior to the hearing, and the last publication may be no less than 3 days

prior to the hearing.

(b) The notice must also be mailed at least 7 days and not more than 30 days prior to the hearing to persons served by the utility. The notice must be mailed within the prescribed time period. ~~This~~ The notice must contain an estimate of the amount the customer's average bill will increase.

(4) The published notice must contain:

(a) the date, time, and place of the hearing;

(b) a brief statement of the proposed action; and

(c) the address and telephone number of a person who may be contacted for further information regarding the hearing.

(5) Notice of all hearings shall be mailed first class, postage prepaid, to the Montana consumer counsel."

NEW SECTION. **Section 5.** Codification instruction. [Section 1] is intended to be codified as an integral part of Title 69, chapter 7, part 1, and the provisions of Title 69, chapter 7, part 1, apply to [section 1].

NEW SECTION. **Section 6.** Effective date. [This act] is effective July 1, 1989.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB 290, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

SB290 would revise the regulation of municipal utility rates, replacing the 12% limit on rate increases with a limit based on the consumer price index, applying the limit to individual customer rate, charge or fee increases.

ASSUMPTIONS:

1. Under current law, two municipal cases are heard each year and they do not require a "stand alone" trip. Under proposed law, 30 additional cases will be filed each year, 15 of which will require a hearing.
2. Of the 15 additional cases requiring a hearing, ten cases will require an incremental trip at an average cost of \$690 each and the remaining five cases will be handled without such a trip at an average cost of \$323 each.
3. The increased workload will be absorbed by current Public Service Commission members and staff, although this will have some impact on existing regulatory oversight activities.
4. The general fund which is appropriated for PSC program costs is offset by fees on all regulated companies which are deposited to the general fund pursuant to 69-1-402, MCA. These fees would increase by the amount of the fiscal impact of the proposed law and would be passed on to consumers.

FISCAL IMPACT:Expenditures:

Public Service Commission
Operating Expenses

	Current	FY90 Proposed	Difference	Current	FY91 Proposed	Difference
	Law	Law		Law	Law	
	\$645	\$8,513	\$7,868	\$670	\$8,853	\$8,183

Funding:

General Fund

	\$645	\$8,513	\$7,868	\$670	\$8,853	\$8,183
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Ray Shackleford 2/6/89
RAY SHACKLEFORD, BUDGET DIRECTOR DATE
OFFICE OF BUDGET AND PROGRAM PLANNING

Ethel M. Harding 2-6-89
ETHEL M. HARDING, PRIMARY SPONSOR DATE

Fiscal Note for SB290, as introduced

SB 290