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House BILL NO. 549
[Signature]

INTRODUCED BY _____

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A COMPREHENSIVE REVIEW OF ELECTRICAL UTILITY INDUSTRY RESTRUCTURING; ESTABLISHING AN ELECTRICAL UTILITY INDUSTRY RESTRUCTURING STEERING COMMITTEE; DESCRIBING THE DUTIES OF THE RESTRUCTURING STEERING COMMITTEE; REQUIRING THE RESTRUCTURING STEERING COMMITTEE TO REPORT ITS FINDINGS, CONCLUSIONS, RECOMMENDATIONS, AND PROPOSED LEGISLATION TO THE GOVERNOR AND THE 56TH LEGISLATURE; PROHIBITING THE PUBLIC SERVICE COMMISSION FROM AUTHORIZING ELECTRICAL UTILITY INDUSTRY RESTRUCTURING AS IT PERTAINS TO RETAIL ELECTRICAL SERVICE PRIOR TO JULY 1, 1999; APPROPRIATING FUNDS FOR THE ACTIVITIES OF THE RESTRUCTURING STEERING COMMITTEE; AND PROVIDING EFFECTIVE DATES AND A TERMINATION DATE."

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

NEW SECTION. **Section 1. Electrical utility industry restructuring steering committee -- appointment -- election of presiding and vice presiding officers -- staff assistance.** (1) An electrical utility industry restructuring steering committee is created for the express purpose of developing a plan that ensures the orderly transition to full retail customer choice. The restructuring steering committee is composed of but not limited to 24 members who are appointed as follows:

- (a) The speaker, in consultation with the majority and minority leadership, shall appoint two members of the house of representatives.
- (b) The committee on committees, in consultation with the president of the senate and minority leadership, shall appoint two members of the senate.
- (c) The director of the department of environmental quality shall appoint one department representative.
- (d) The presiding officer of the consumer counsel shall appoint one consumer counsel representative.
- (e) The Montana electrical cooperative association shall designate four representatives of the rural electric cooperative industry.

1 (f) The administrators of the Bonneville power administration and the western area power
2 administration may, at their discretion, each appoint one representative, respectively.

3 (g) Representatives from each of the following investor-owned utilities must be appointed:

4 (i) two representatives of the Montana power company;

5 (ii) one representative of the Montana-Dakota utility resources group;

6 (iii) one representative of pacificorp; and

7 (iv) one representative of Washington water power.

8 (h) The governor shall appoint the following members:

9 (i) two representatives from the industrial community, with a vested interest in the restructuring of
10 the electric utility industry;

11 (ii) two representatives from the nonindustrial retail electric consumer sector;

12 (iii) one representative from organized labor representing the Montana electric utility industry;

13 (iv) one representative from the environmental and conservation community; and

14 (v) one representative of Montana's Native American Indian tribes.

15 (2) The governor may appoint additional members to the restructuring steering committee as
16 necessary to ensure broad-based representation for all Montana electric customers.

17 (3) The membership of the restructuring steering committee shall select a presiding officer and a
18 vice presiding officer through a majority vote of the membership.

19 (4) In case of a vacancy, a replacement must be selected in the manner of the original appointment.

20 (5) Legislative members are entitled to salary and expenses as provided in 5-2-302. Other members
21 serve for no salary and without reimbursement of expenses.

22 (6) The public service commission, legislative services division, and appropriate state agencies shall
23 provide staff assistance as requested by the restructuring steering committee.

24

25 **NEW SECTION. Section 2. Restructuring steering committee purpose -- duties.** (1) The purpose
26 of the electrical utility industry restructuring steering committee is to comprehensively identify, study, and
27 evaluate issues regarding competition in providing retail electric service, to identify and analyze options for
28 resolving the issues identified, to develop recommendations, including legislation, whenever appropriate,
29 and to establish a basis for customer choice in the receipt of retail electric service.

30 (2) The restructuring steering committee shall develop a transition plan that includes but is not

1 limited to a review and analysis of the:

2 (a) public service commission's role and statutory authority in electrical industry restructuring;

3 (b) transition cost issues, including stranded costs associated with electrical industry restructuring;

4 (c) issues of reliability, integrity, and safety of utility systems associated with electrical industry
5 restructuring;

6 (d) ramifications of rate unbundling, including the unbundling of generation, transmission, and
7 distribution services;

8 (e) social and economic impacts of electrical industry restructuring; and

9 (f) potential electrical industry restructuring implementation issues.

10 (3) In developing a transition plan, the restructuring steering committee is encouraged to consult
11 with federal, state, and local officials, citizens, nonindustrial consumers, electric utility industry consumers,
12 utilities, marketers, energy consultants, consumer advocates, and other persons or groups with expertise
13 or interest in electrical industry restructuring.

14 (4) The restructuring steering committee shall assign subcommittees to address the duties set out
15 in subsections (2) and (3).

16 (5) The restructuring steering committee shall report its findings, conclusions, recommendations,
17 and any proposed legislation by September 15, 1998, and submit the report to the governor and to the
18 56th legislature.

19

20 **NEW SECTION. Section 3. Public service commission -- prohibition of authorizing electrical**
21 **industry restructuring.** (1) Prior to July 1, 1999, the public service commission shall continue to regulate
22 retail electric suppliers in accordance with the provisions of Title 69, chapter 3, and may not authorize
23 restructuring of the electric utility industry as restructuring pertains to the provision of retail electric service
24 in Montana.

25 (2) The public service commission is not prohibited from opening dockets for the purpose of
26 engaging in the review of electrical industry restructuring.

27

28 **NEW SECTION. Section 4. Appropriation.** (1) For the purposes of [sections 1 and 2], there is
29 appropriated from the general fund to the legislative services division \$30,800 for the activities of the
30 electrical industry restructuring steering committee. This is a biennial appropriation.

1 (2) The legislative services division may accept gifts, grants, or other donations made for the
2 purpose of offsetting the costs of conducting the study required in [section 2]. All gifts, grants, or other
3 donations received by the legislative services division under this section must be deposited in the general
4 fund.

5 (3) Funds appropriated to the legislative services division pursuant to subsections (1) and (2) but
6 not expended prior to July 1, 1999, revert to the general fund.

7

8 NEW SECTION. **Section 5. Effective dates.** (1) [Sections 1 through 3 and this section] are
9 effective on passage and approval.

10 (2) [Sections 4 and 6] are effective July 1, 1997.

11

12 NEW SECTION. **Section 6. Termination.** [This act] terminates July 1, 1999.

13

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0549, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

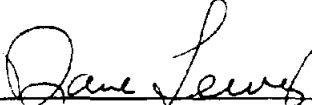
An act requiring a comprehensive review of electrical utility industry restructuring; establishing an electrical utility industry restructuring steering committee; describing the duties of the restructuring steering committee; requiring the restructuring steering committee to report its findings, conclusions, recommendations, and proposed legislation to the Governor and the 56th Legislature; prohibiting the Public Service Commission from authorizing electrical utility industry restructuring as it pertains to retail electrical service prior to July 1, 1999; appropriating funds for the activities of the restructuring steering committee.

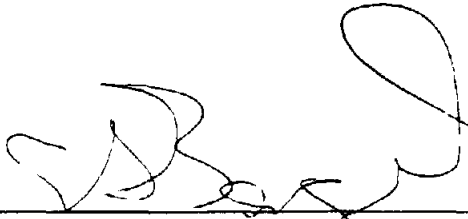
ASSUMPTIONS:

1. The Legislative Services Division will be appropriated \$30,800 of general fund in Section 4 of the bill for the biennial activities of the Electrical Industry Restructuring Steering Committee. Gifts, grants, or other donations may be accepted to offset the general fund costs of conducting the study.
2. The Department of Environmental Quality will provide energy policy staff support and assistance consistent with its responsibilities in 90-4-1001 et.seq., MCA, based on the recommended Executive Budget.
3. The Department of Public Service Regulation assumes that the Restructuring Steering Committee would request staff assistance.
4. The Department of Public Service Regulation would be reviewing the electric industry restructuring in a docket at the same time that the Restructuring Steering Committee would be reviewing the same issues. To ensure that responsibilities to both the Restructuring Steering Committee and the Public Service Commission are met, an additional 0.50 FTE analyst, grade 15, would be needed.

FISCAL IMPACT:

	<u>FY98</u>	<u>FY99</u>
	<u>Difference</u>	<u>Difference</u>
<u>Expenditures:</u>		
FTE	0.50	0.50
Personal Services	18,570	18,570
<u>Funding:</u>		
PSC Special Revenue Fund (02)	18,570	18,570

 2-18-97
 DAVE LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning


 ERNEST BERGSAGEL, PRIMARY SPONSOR DATE

Fiscal Note for HB0549, as introduced

HB 549