

House BILL NO. 614

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INTRODUCED BY

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A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A DATE CERTAIN FOR TRANSITION TO CUSTOMER CHOICE OF AN ELECTRICITY SUPPLIER; PROVIDING THE PUBLIC SERVICE COMMISSION WITH GENERAL RULEMAKING AUTHORITY FOR THE TRANSITION TO CUSTOMER CHOICE; PROVIDING A COOPERATIVE UTILITY EXEMPTION; REQUIRING LICENSING OF ELECTRICITY SUPPLIERS; PROVIDING THE COMMISSION WITH RULEMAKING AUTHORITY FOR ELECTRICITY SUPPLIER LICENSING; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

STATEMENT OF INTENT

A statement of intent is required because this bill provides the public service commission with rulemaking authority.

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

NEW SECTION. Section 1. Legislative findings and policy. The legislature finds and declares that:

- (1) all citizens of Montana should benefit from an efficient electricity marketplace that affords all consumers access to competitively priced electricity supplies;
- (2) it is in the public interest to carefully facilitate the transition to a competitive market, while maintaining important public purposes and consumer protections; and
- (3) service reliability and quality must be maintained.

NEW SECTION. Section 2. Definitions. As used in [sections 1 through 6], unless the context requires otherwise, the following definitions apply:

- (1) "Aggregator" or "market aggregator" means an entity, licensed by the commission, that aggregates retail customers and purchases electric energy and takes title to electric energy as an intermediary for sale to retail customers.
- (2) "Broker" or "marketer" means an entity, licensed by the commission, that acts as an agent or intermediary in the sale and purchase of electric energy but that does not take title to electric energy.

1 (3) "Cooperative utility" means:

2 (a) a utility qualifying as an electric cooperative pursuant to Title 35, chapter 18;

3 (b) an existing municipal utility as of [the effective date of this act]; or

4 (c) a federally owned and locally managed electric utility in the state of Montana that is operated
5 under contract between a federally recognized Indian tribe and the United States.

6 (4) "Customer" or "consumer" means a retail electric customer or consumer.

7 (5) "Distribution facilities" means those facilities by and through which electricity is received from
8 a transmission services provider and distributed to the customer and that are controlled or operated by a
9 distribution services provider.

10 (6) "Distribution services provider" means a person controlling or operating distribution facilities for
11 distribution of electricity to the public.

12 (7) "Electricity supplier" means any person, including aggregators, market aggregators, brokers, and
13 marketers, offering to sell electricity to retail customers in the state of Montana.

14 (8) "Public utility" means any utility regulated by the commission pursuant to Title 69, chapter 3,
15 on [the effective date of this act], including the public utility's successors or assignees.

16 (9) "Transmission facilities" means those facilities that are used to provide transmission services
17 as determined by the federal energy regulatory commission and the commission.

18 (10) "Transmission services provider" means a person controlling or operating transmission facilities.

19 (11) "Universal system benefits programs" means public purpose programs for:

20 (a) cost-effective local energy conservation;

21 (b) low-income customer weatherization;

22 (c) renewable resource applications, including those that capture unique social and energy system
23 benefits or provide transmission and distribution system benefits;

24 (d) research and development programs related to energy conservation and renewable resources;

25 (e) market transformation designed to encourage competitive markets for public purpose programs;

26 and

27 (f) low-income energy bill assistance as approved by the commission.

28

29 **NEW SECTION. Section 3. Transition to customer choice -- rulemaking authority.** (1) Except as
30 provided in [section 4], each cooperative utility and public utility shall file with the commission a plan to

1 provide all customers the opportunity to choose an electricity supplier on or before July 1, 2000.

2 (2) The commission may make rules governing plans, implementation of plans, and transition to
3 customer choice and may make all other rules reasonably necessary to implement [sections 1 through 6].

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5 **NEW SECTION. Section 4. Cooperative utility exemption.** (1) Within 1 year after [the effective
6 date of this act], a cooperative utility may file a notice with the commission that it does not intend to
7 provide customer choice pursuant to [section 3].

8 (2) A cooperative utility filing notice under this section is exempt from the provisions and
9 requirements of [sections 1 through 6] and may not use a public utility's distribution facilities.

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11 **NEW SECTION. Section 5. Universal benefits charge.** The commission shall establish a
12 competitively neutral nonbypassable charge for universal system benefits programs.

13

14 **NEW SECTION. Section 6. Licensing and revocation -- rulemaking.** (1) An electricity supplier shall
15 file an application with and obtain a license from the commission before offering electricity for sale to retail
16 customers in the state of Montana.

17 (2) The commission shall promulgate rules for licensing and revocation.

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19 **NEW SECTION. Section 7. Saving clause.** [This act] does not affect rights and duties that
20 matured, penalties that were incurred, or proceedings that were begun before [the effective date of this
21 act].

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23 **NEW SECTION. Section 8. Severability.** If a part of [this act] is invalid, all valid parts that are
24 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its
25 applications, the part remains in effect in all valid applications that are severable from the invalid
26 applications.

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28 **NEW SECTION. Section 9. Codification instruction.** [Sections 1 through 6] are intended to be
29 codified as an integral part of Title 69, and the provisions of Title 69 apply to [sections 1 through 6].

30

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0614, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act providing a date certain for transition to customer choice of electricity supplier; providing the Public Service Commission with general rulemaking authority for the transition to customer choice; providing a cooperative utility exemption; requiring licensing of electricity suppliers; providing the commission with rulemaking authority for electricity supplier licensing; and providing an immediate effective date.

ASSUMPTIONS:

1. The resources of the Public Service Commission (PSC) funded in HB 2 during the 1999 biennium would be reallocated from electricity regulation to the transition to deregulation.

FISCAL IMPACT:

The PSC would implement the provisions of the proposal within its existing resources.

LONG RANGE IMPACT:

The rules governing the transition to deregulated electricity supply would be established by the PSC through its rulemaking powers and orders. Little can be said about the effects of these efforts until these activities are concluded and more thoroughly studied.

Dave Lewis 3-25-97

DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Carley Tuss 03-25-97

CARLEY TUSS, PRIMARY SPONSOR DATE

Fiscal Note for HB0614, as introduced

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