



February 23, 2004

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Dear Ms. Vandebosch:

NCAT appreciates the opportunity to provide comments to the Energy and Telecommunications Interim Committee on the Universal System Benefits (USB) programs currently under review and discussion by the committee.

NCAT strongly believes that all the public purposes of the USB program are extremely valuable and should be maintained. However, NCAT also believes that additional monies need to be found to help meet the growing needs of Montana's low-income consumers. The key challenge is to increase the money available for low-income needs without reducing existing funding for residential, small business and agriculture conservation and renewable energy programs. Toward this end we suggest the following:

1. Large customers who self-direct their USB obligations should be required to pay a portion of their current self-directed USB obligation to the utility to be used for low-income USB projects (bill assistance and weatherization). Large customers have had several years to make energy conservation and efficiency improvements to their facilities and it seems appropriate now to direct some portion of their USB obligation to the utility for distribution with other low-income funding. This approach would not increase the large customer's total monetary obligation under the USB program and it would provide an opportunity for large customers to pay their fair share, along with all other utility customers, to help meet the needs of Montana's low income people.
2. Rural electric cooperatives should be required to collect and obligate USB funds above and beyond the Bonneville Power Administration's conservation program debt service. The cooperatives should provide public purposes support, especially for low income USB programs, that are comparable to that required of NorthWestern Energy.
3. The USB program is currently based on 1995 utility revenues. The Committee should consider basing USB programs on utility revenues that are updated periodically, say every five years, to reflect the affects of inflation and changes in utility revenues; otherwise current funding problems will only get worse over time.

4. The critical energy needs of low-income Montanans will only increase in the future. It is important to collect USB funds to deal with these needs not only from the sale of electricity and natural gas but also from propane sales. The Committee should consider increasing the amount of USB money collected from the sale of natural gas, because the need is greatest for gas assistance, and should institute a program to collect and distribute funds from the sales of propane. Collecting additional funds from the sales of natural gas and propane is an important step in providing a safety net for our low-income citizens.

NCAT continues to believe that all of the public purposes of the USB Program are necessary and should receive USB funds. Conservation and renewable energy are critical public purposes that must continue to be supported by USB programs. At the same time low-income needs have become more critical with increases in the cost of natural gas and propane.

Thank you for the opportunity to provide comments.

Sincerely,

Kathleen Hadley
Executive Director