

Potential PSC Legislation

Authority to require periodic rate review

Some of the utilities regulated by the Montana PSC have infrequently applied to the Montana PSC for adjustments in the rates they charge their customers. In one case it has been, at least, 16 years. Financial disclosures in other forums indicate that they may be earning in excess of their approved rate of return. The PSC is considering legislation that would give the agency authority to require rate review on a periodic basis, perhaps every 4 to 5 years. The current circumstance is very asymmetrical; utilities that are earning less than their approved rate of return come to the PSC for an increase; utilities that are over-earning at the expense of ratepayers do not volunteer to lower rates.

Commissioner contact: Tom Schneider

“Supplemental Appropriations” equivalence for PSC funding emergencies

The Montana PSC is a small agency, whose budget is State Special Revenue derived from the PSC tax. The budget is finely tuned to the on-going responsibilities of the agency. The “supplemental appropriations” process is limited to “general fund” agencies to enable them to accommodate emergencies outside of their normal operations. The NorthWestern bankruptcy constituted a similar emergency situation (hopefully very rare) for our agency. However, the machinations to finally secure funding for PSC participation in the bankruptcy proceedings created serious delay and a high level of political struggle. We propose the equivalence of the “supplemental appropriations” process for our agency, subject to review of the Budget Office and the oversight of the Legislative Finance Committee.

Commissioner contact: Matt Brainard, Greg Jergeson

Revision (repeal) of HB 642, the Property Tax Tracker

The application of EWM under the provisions of the HB 642 “tax tracker” mechanism documented the long-standing PSC concerns with single issue rate making. HB 642 resulted in a nearly 11% increase in the “customer and distribution” rates charged to EWM ratepayers. This is in contrast to the symmetry of a general rate case, where increases in one category may be offset by decreases or improved efficiencies in other categories, all analyzed and decision issued in an orderly proceeding that ensures “due process” for applicant and ratepayer alike.

Commissioner contact: Greg Jergeson