



Energy and Telecommunications Interim Committee

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58th Montana Legislature

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May 21, 2004

TO: ETIC Committee Members

FR: Todd Everts, Staff Attorney

RE: Providing the Option for a Default Supplier to Rate-Base Default Supply

At the January ETIC meeting in Great Falls, the Committee requested that staff research and analyze changes to current law that would allow a default supplier to rate-base default supply. The issue of preapproval by the PSC in allowing the default supplier to rate-base default supply was also discussed.

Attached for your consideration is LC1010, a discussion bill draft. Please view this bill draft as a tool or catalyst for you to discuss the policy decisions associated with whether or not the Legislature should allow a default supplier to rate-base generation assets and include those assets in the default supply, and if so, should the default supplier be able to receive preapproval from the PSC for rate-basing those generation assets.

Another policy issue for the Committee to contemplate is whether by allowing the default supplier through, preapproval or otherwise, to include its own generation assets in the default supply portfolio, the language in LC1010 adequately ensures a level playing field for procurement of least cost electricity supply.

I am more than happy to provide the Committee with additional options regarding any of the issues associated with this bill draft. If you have any questions, don't hesitate to contact me at (406) 444-3747 or teverts@mt.gov.