

## 1 SENATE BILL NO. 272

2 INTRODUCED BY K. TOOLE

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE UNIVERSAL SYSTEM BENEFITS CHARGE  
 5 RATES; ~~ELIMINATING~~ EXTENDING THE SUNSET OF THE UNIVERSAL SYSTEM BENEFITS CHARGE  
 6 RATES; AMENDING SECTION 69-8-402, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

7

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

9

10 **Section 1.** Section 69-8-402, MCA, is amended to read:

11 **"69-8-402. Universal system benefits programs.** (1) Universal system benefits programs are  
 12 established for the state of Montana to ensure continued funding of and new expenditures for energy  
 13 conservation, renewable resource projects and applications, and low-income energy assistance during the  
 14 transition period and into the future.

15 (2) ~~Beginning January 1, 1999, 2.4%~~ Beginning on [the effective date of this act], 3% JANUARY  
 16 1, 1999, A MINIMUM OF 2.4% of each utility's annual retail sales revenue in Montana for the calendar year  
 17 ending December 31, 1995, is established as the initial funding level for universal system benefits  
 18 programs. To collect this amount of funds on an annualized basis ~~in 1999~~, the commission shall establish  
 19 rates for utilities subject to its jurisdiction and the governing boards of cooperatives shall establish rates  
 20 for the cooperatives. ~~Except as provided in subsection (7), these universal system benefits charge rates~~  
 21 ~~must remain in effect until July 1, 2003.~~ EXCEPT AS PROVIDED IN SUBSECTION (7), THESE UNIVERSAL SYSTEM  
 22 BENEFITS CHARGE RATES MUST REMAIN IN EFFECT UNTIL DECEMBER 31, 2005.

23 (a) The recovery of all universal system benefits programs costs imposed pursuant to this section  
 24 is authorized through the imposition of a universal system benefits charge assessed at the meter for each  
 25 local utility system customer as provided in this section.

26 (b) Utilities must receive credit toward annual funding requirements for a utility's internal programs  
 27 or activities that qualify as universal system benefits programs, including those portions of expenditures  
 28 for the purchase of power that are for the acquisition or support of renewable energy, conservation-related  
 29 activities, or low-income energy assistance, and for large customers' programs or activities as provided  
 30 in subsection (7). The department of revenue shall review claimed credits of the utilities and large

1 customers pursuant to 69-8-414.

2 (c) A utility's distribution services provider at which the sale of power for final end use occurs is  
3 the utility that receives credit for the universal system benefits programs expenditure.

4 (d) A customer's distribution services provider shall collect universal system benefits funds less  
5 any allowable credits.

6 (e) For a utility to receive credit for low-income related expenditures, the activity must have taken  
7 place in Montana.

8 (f) If a utility's or a large customer's credit for internal activities does not satisfy the annual  
9 funding provisions of subsection (2), then the utility shall make a payment to the universal system benefits  
10 fund established in 69-8-412 for any difference.

11 (3) Cooperative utilities may collectively pool their statewide credits to satisfy their annual funding  
12 requirements for universal system benefits programs and low-income energy assistance.

13 (4) A utility's transition plan must describe how the utility proposes to provide for universal system  
14 benefits programs, including the methodologies, such as cost-effectiveness and need determination, used  
15 to measure the utility's level of contribution to each program.

16 (5) A utility's minimum annual funding requirement for low-income energy and weatherization  
17 assistance is established at 17% of the utility's annual universal system benefits funding level and is  
18 inclusive within the overall universal system benefits funding level.

19 (a) A utility must receive credit toward the utility's low-income energy assistance annual funding  
20 requirement for the utility's internal low-income energy assistance programs or activities.

21 (b) If a utility's credit for internal activities does not satisfy its annual funding requirement, then  
22 the utility shall make a payment for any difference to the universal low-income energy assistance fund  
23 established in 69-8-412.

24 (6) An individual customer may not bear a disproportionate share of the local utility's funding  
25 requirements, and a sliding scale must be implemented to provide a more equitable distribution of program  
26 costs.

27 (7) (a) A large customer:

28 (i) shall pay a universal system benefits programs charge with respect to the large customer's  
29 qualifying load equal to the lesser of:

30 (A) \$500,000, less the large customer credits provided for in this subsection (7); or

1 (B) the product of 0.9 mills per kilowatt hour multiplied by the large customer's total kilowatt hour  
2 purchases, less large customer credits with respect to that qualifying load provided for in this subsection  
3 (7);

4 (ii) must receive credit toward that large customer's universal system benefits charge for internal  
5 expenditures and activities that qualify as a universal system benefits programs expenditure, and these  
6 internal expenditures must include but not be limited to:

7 (A) expenditures that result in a reduction in the consumption of electrical energy in the large  
8 customer's facility; and

9 (B) those portions of expenditures for the purchase of power at retail or wholesale that are for the  
10 acquisition or support of renewable energy or conservation-related activities.

11 (b) Large customers making these expenditures must receive a credit against the large customer's  
12 universal system benefits charge, except that any of those amounts expended in a calendar year that  
13 exceed that large customer's universal system benefits charge for the calendar year must be used as a  
14 credit against those charges in future years until the total amount of those expenditures has been credited  
15 against that large customer's universal system benefits charges.

16 (8) A public utility shall prepare and submit an annual summary report of the public utility's  
17 activities relating to all universal system benefits programs to the commission, the department of revenue,  
18 and the transition advisory committee provided for in 69-8-501. A cooperative utility shall prepare and  
19 submit annual summary reports of activities to the cooperative utility's respective local governing body,  
20 the statewide cooperative utility office, and the transition advisory committee. The statewide cooperative  
21 utility office shall prepare and submit an annual summary report of the activities of individual cooperative  
22 utilities, including a summary of the pooling of statewide credits, as provided in subsection (3), to the  
23 department of revenue and to the transition advisory committee. The annual report of a public utility or  
24 of the statewide cooperative utility office must include but is not limited to:

25 (a) the types of internal utility and customer programs being used to satisfy the provisions of this  
26 chapter;

27 (b) the level of funding for those programs relative to the annual funding requirements prescribed  
28 in subsection (2); and

29 (c) any payments made to the statewide funds in the event that internal funding was below the  
30 prescribed annual funding requirements.

1           (9) A utility or large customer filing for a credit shall develop and maintain appropriate  
2 documentation to support the utility's or the large customer's claim for the credit.

3           (10) (a) A large customer claiming credits for a calendar year shall submit an annual summary  
4 report of its universal system benefits programs activities and expenditures to the department of revenue  
5 and to the large customer's utility. The annual report of a large customer must identify each qualifying  
6 project or expenditure for which it has claimed a credit and the amount of the credit. Prior approval by the  
7 department of revenue or the utility is not required, except as provided in subsection (10)(b).

8           (b) If a large customer claims a credit that the department of revenue disallows in whole or in part,  
9 the large customer is financially responsible for the disallowance. A large customer and the large  
10 customer's utility may mutually agree that credits claimed by the large customer be first approved by the  
11 utility. If the utility approves the large customer credit, the utility may be financially responsible for any  
12 subsequent disallowance."

13

14           NEW SECTION. Section 2. Effective date. [This act] is effective ~~July 1, 2001~~ ON PASSAGE AND  
15 APPROVAL.

16

- END -