FISCAL NOTE

Bill #:	HB 474	**Title:**	Revise energy laws pertaining to large customers
Primary Sponsor:	Paul Sliter	**Status:**	Enrolled Bill

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Sponsor signature Date Chuck Swysgood, Budget Director Date

Fiscal Summary

	FY2002 Difference	FY2003 Difference
Net Impact on General Fund Balance:	**0**	**0**

Yes	No		Yes	No	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

Department of Revenue

1. Title 17, Chapter 6, Part 3, MCA gives the Board of Investments authority to make loans to in-state businesses and places restrictions on those loans. Sections 1 through 5 of this bill spell out additional criteria and procedures for loans for new or existing electricity generation facilities. Since this bill does not change the Board of Investments' authority to make loans to in-state businesses or the basic conditions for those loans, there will be no impact on revenue earned by the coal trust fund.
2. The state payment provided in Section 4 (2) if default provider fails to make payment to the generator would be made from the general fund upon appropriation by the legislature. In this fiscal note we assume the payment would not be required as the likely circumstance where such payment would be required would be bankruptcy of the default provider. Limiting of the rate charged the default provider reduces the likelihood of such bankruptcy.
3. This bill extends universal systems benefits programs through December 31, 2005 and makes energy conservation measures for irrigated agriculture part of the universal systems benefits program. It does not change utilities' required funding for universal systems benefit programs. Any difference between the funding requirement and eligible utility and customer expenditures is paid to the state for state programs. This amount is not expected to be significant and is not expected to change because of this bill.

Department of Agriculture

4. Sections 14, 16 and 17 extend the USBP charges thru December 31,2005 and designate 6 percent of the charges be used for conservation and efficiency in irrigated agriculture.
5. The Department of Agriculture anticipates that utilities and large customers will receive credits for USBP activities such that no funds will be deposited in the account administered by the department.

Department of Administration

6. The Department of Administration will incur costs for rule making related to the Consumer Electric Support program established in Sections 18 and 19. These costs will be absorbed within current appropriations.
7. To the extent funds are granted to the consumer electricity support account or earned through sales of electricity, spending authority will be established through the statutory appropriation authorized in section 19 (6). It is currently unclear if or to what extent funds will become available.

Department of Natural Resources and Conservation

8. The Montana Power Authority established in Sections 20 thru 28 is attached to the Department of Natural Resources and Conservation (DNRC) for administrative purposes.
9. It is estimated $10,000 will be required annually for the travel and per diem for the power authority. The Department within current appropriations will absorb these costs.
10. The DNRC will incur costs for rule making related to the Montana Power Authority. These costs will be absorbed within current appropriations.
11. Section 23(7) requires the DNRC to provide staff support to the power authority. To the extent the level of needed support cannot be met with current departmental resources a supplemental appropriation may be requested of the 2003 Legislature.
12. Section 25(2) provides necessary authority to expend bond proceeds for design, construction, or purchase of generation, transmission, and distribution facilities.

TECHNICAL NOTES:

1. Current law places a number of restrictions on loans that the Board of Investments can make. In particular, 17-6-311(1) MCA limits loans to any one person or business enterprise to no more than 1% of the balance in the coal tax trust fund. This limits the amount that the Board of Investments could loan to a power plant developer to approximately $6.3 million.
2. Sections 18 and 19 of this bill provide mechanisms for the allocation of funds collected pursuant to Senate Bill 512, which did not pass. Without revenues from SB512 funding for the consumer electric support program are less certain. (see assumptions #6 and #7)