

TESTIMONY**ON SJ 31****BY GARY WIENS****ON BEHALF OF MONTANA ELECTRIC COOPERATIVES' ASSOCIATION****BEFORE THE HOUSE FEDERAL RELATIONS,
ENERGY AND TELECOMMUNICATIONS COMMITTEE****April 11, 2005**

Mr. Chairman, Members of the Committee, for the record, my name is Gary Wiens representing Montana Electric Cooperatives' Association. Our association membership includes all 26 electric distribution cooperatives in Montana. These not-for-profit electric utilities serve more than 400,000 Montanans in all 56 counties.

On behalf of these electric consumers, we rise in strong support of SJ 31. All of Montana's electric cooperatives rely entirely or in part on federal power resources and thus would be directly affected by the Administration proposal to impose market rates for federal power.

We commend Sen. Aubyn Curtiss for offering this resolution. We also commend Montana's entire congressional delegation, which has gone on record as being firmly opposed to Power Marketing Administration (PMA) power going to market rates.

If enacted into law, this budget proposal could more than double the wholesale federal power rates paid by our member cooperatives by the time it is fully phased in.

Federal cost-based power, most of which is cost-effective renewable energy known as hydropower, has always been a benchmark for market power prices across the country because market prices reflect the downward pressure of this lower-cost power in the wholesale markets. Thus, a move to market rates for PMA power could ultimately harm all consumers, not just those served by electric cooperatives.

We urge this committee to unanimously support this resolution.

SB 415
Greg Jergeson, Chair
Montana PSC
April 11, 2005

The Montana Public Service Commission, by a vote of 3 to 2, supports passage of SB 415.

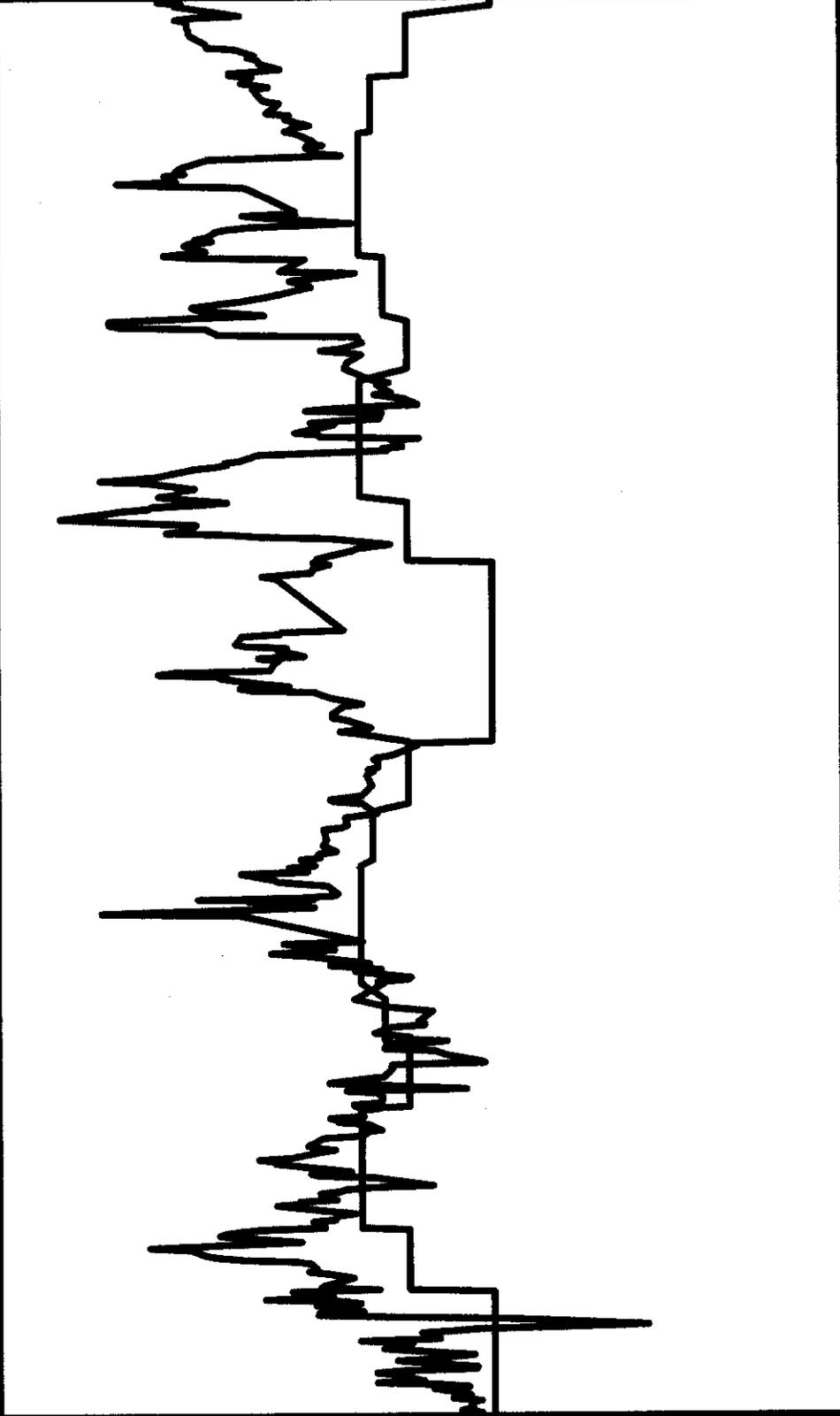
In Montana, the real measure of leadership is a willingness to call upon and motivate the renowned can-do, pioneer spirit that has been the hallmark of all Montanans throughout our history. Governor Schweitzer demonstrated that leadership with his proposal, SB 415, to incorporate reasonable "renewable" energy standards for Montana's electricity supply.

Some have claimed that SB 415 would yield large rate increases and rain economic ruin on the people of this state. In fact, as the PSC approved the contract brought to us by NorthWestern to purchase electricity from the Judith Gap wind project, we found the likely cost of power from that project is less than current portfolio prices, as well as forecasted market purchases. The addition of wind to the portfolio is likely to be a force stabilizing future rates. That project alone proves it is possible to craft technologically and economically sound business plans to provide cost competitive electricity to Montana's consumers from "renewable" energy resources.

As a further assurance to Montana's electricity consumers, there are three responsibilities assigned to the PSC under this bill to protect those consumers. First, the Montana Public Service Commission retains all of its traditional authority to review power purchase contracts to ensure they are in the public interest. Second, the bill also directs the commission to develop cost-caps above which the standards would not be

enforced. Third, should reliability become a concern, a utility can petition the commission for a waiver from the requirements of the act, if that utility can demonstrate that additional renewable resources would threaten the reliability of the electrical system.

As I have conversed with fellow state commissioners throughout the west and midwest, I have discovered that their states are rapidly incorporating the advantages of wind, biomass and other alternative technologies into the power supplies for their residents. SB 415 not only offers the opportunity for the acquisition of clean and affordable energy supplies, it creates an opportunity for economic development throughout the state of Montana. Its passage by the Montana Legislature would be a wise choice. SB 415 has already passed the Montana Senate with bi-partisan support. Hopefully, the Montana House of Representatives will judge it the same.



— Mid-C on peak — Judith Gap on peak