PSC Overview

Presented to Senate Energy & Telecom Committee
by the
Public Service Commission

January 6, 2005

SENATE STATE ADMIN.
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DATE 1.6.05
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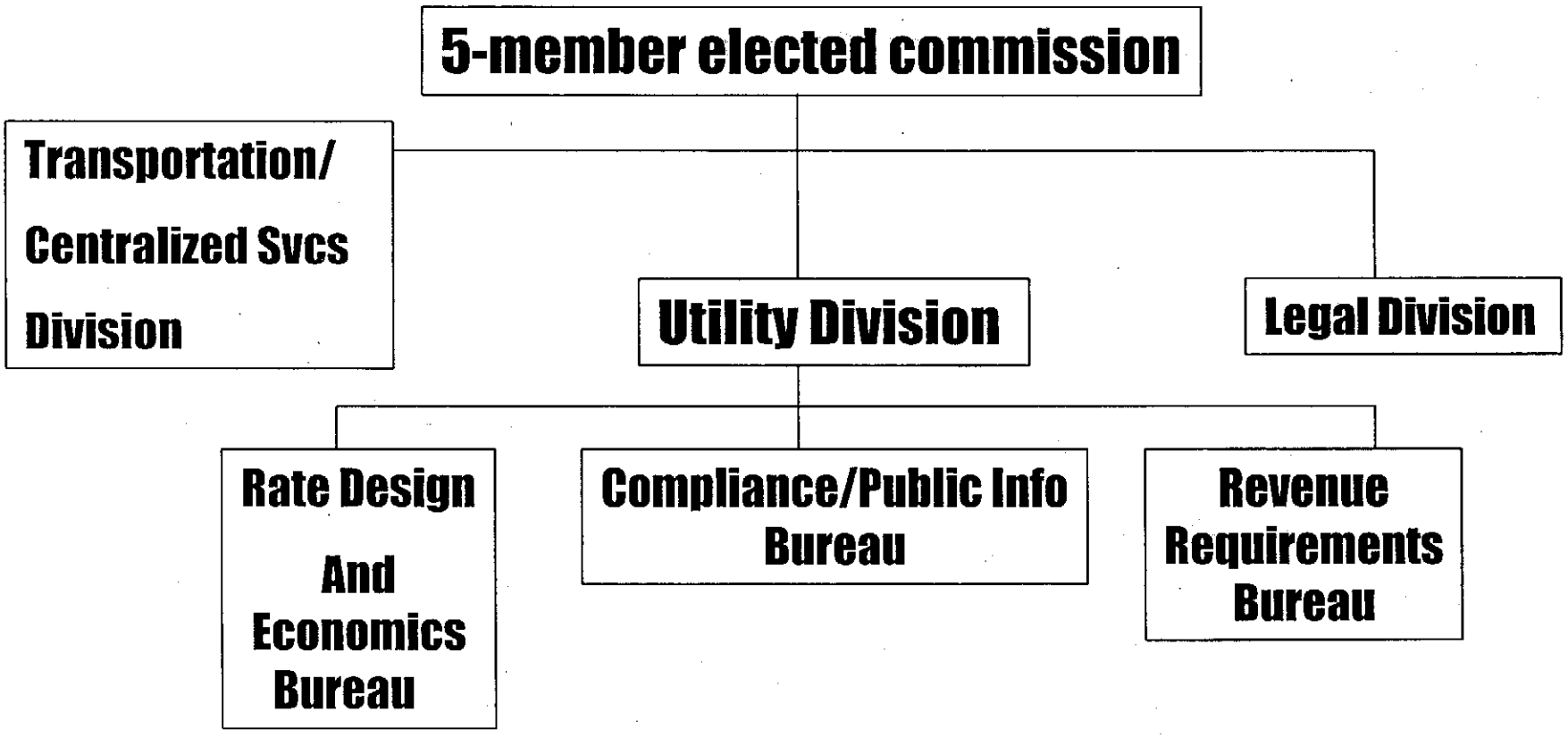
Who are we?

- 5 members
- Elected from geographic districts
- 4-year staggered terms
- Members elect chair every 2 years

Commissioners

- Chairman Greg Jergeson, District 1
  444-6166
  gjergeson@mt.gov
- Vice-Chairman Brad Molnar, District 2
  444-6165
  bmolnar@mt.gov
- Bob Raney, District 3
  444-6168
  braney@mt.gov
- Doug Mood, District 4
  444-6167
  dmood@mt.gov
- Tom Schneider, District 5
  444-6169
  tschneider@mt.gov

PSC agency organization



Transportation & Centralized Services Division

Wayne Budt, Administrator
444-6195
wbudt@mt.gov

- **Regulation of motor carriers of passengers, household goods and garbage**
- **Railroad safety**
- **Agency administrative needs (information technology, personnel, payroll, library)**

Legal Division

Robin McHugh, Administrator
444-6376
rmchugh@mt.gov

- **Provides legal advice to commission and staff related to proceedings before the PSC**
- **Represents the PSC when cases or issues go to court**
- **Lead staff on rule making**

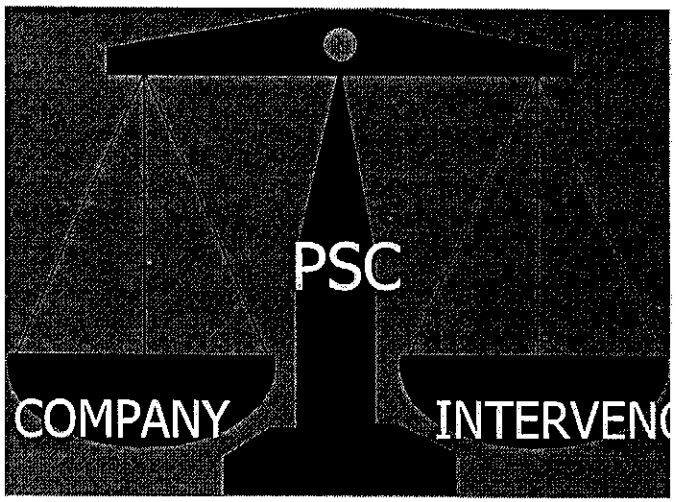
Utility Division

Kate Whitney, Administrator
444-3056
kwhitney@mt.gov

- **Process, advise & participate in rate cases**
- **Advise and assist commission on policy and complex rate issues**
- **Provide competitive market analysis**
- **Assist utility customers with questions/complaints 1-800-646-6150**
- **Monitor quality of service provided by regulated utilities**

Roles: - PSC
- Consumer Counsel

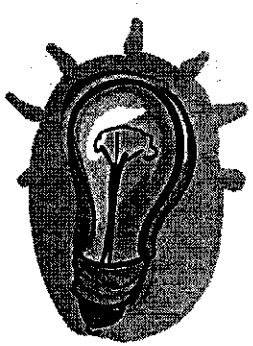
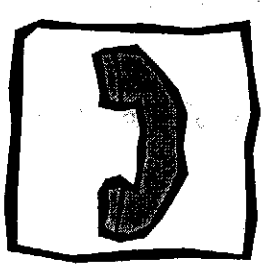
The **PSC** considers the evidence presented by the company and others (including consumers) and issues a decision based on the record.



The office of the **Montana Consumer Counsel** represents the consuming public.

What utilities are regulated?

- **Private, investor-owned natural gas, electric, telephone and water utilities**

What is not regulated?

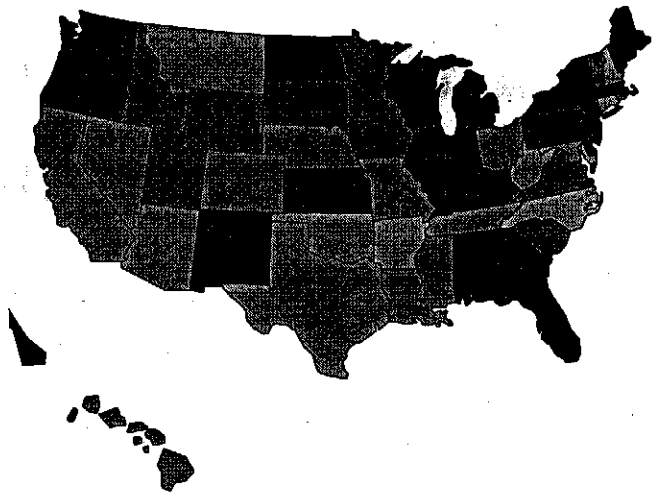
- **Rural electric & telephone co-ops**
- **Cable TV**
- **Internet service providers**
- **Cellular/wireless phone service**
- **Municipally-owned utilities**
- **Propane dealers**
- **Telemarketing practices**

Major Telecommunications Issues

- Universal Service – Eligible Telecommunications Carriers
- Intercarrier Compensation
- Interconnection Agreements
- Extended Area Service
- Qwest
- New Technologies

1996 Telecom Act - State commission duties

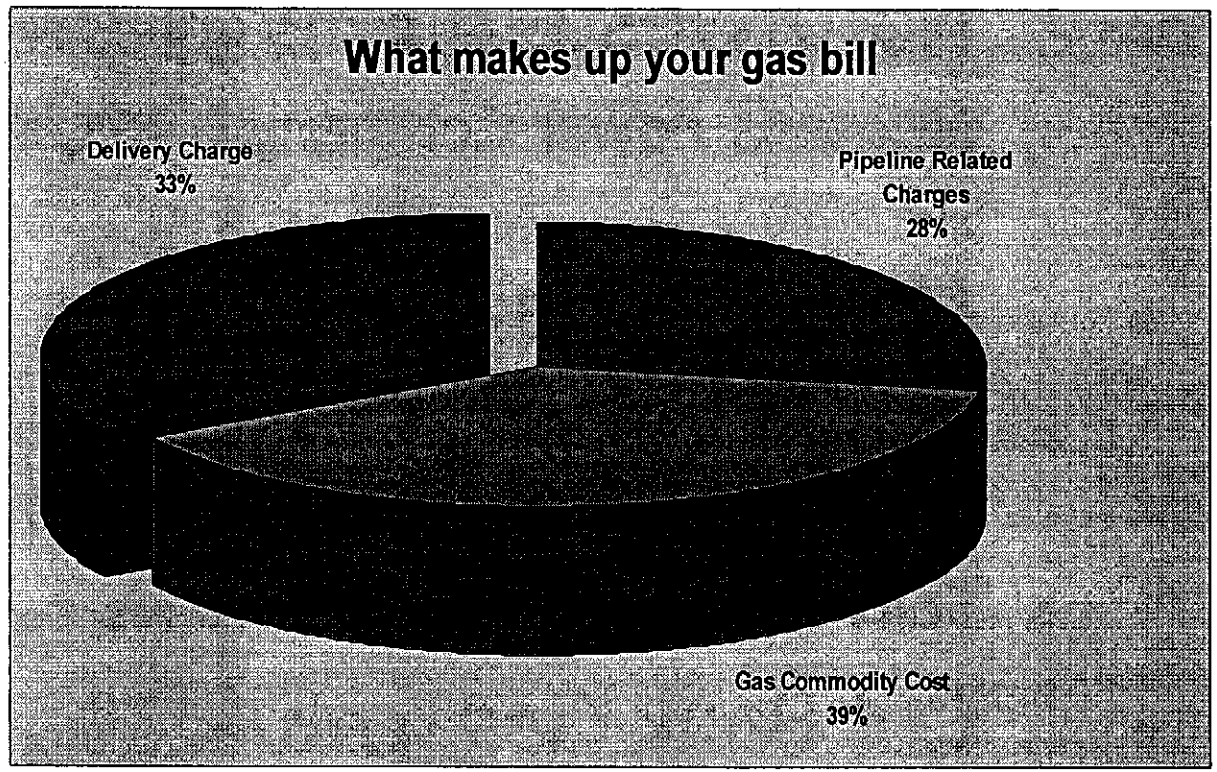
- Federal law mentions state PSCs 111 times.
- Congress is considering a Telecom Act Rewrite



Regulated natural gas utilities

- NorthWestern Energy (formerly Montana Power Company) (135,000 res. customers)
- Montana-Dakota Utilities (63,000 res. customers)
- Energy West Montana (formerly Great Falls Gas Company) (23,000 res. customers)
- Cut Bank Gas (1,600 res. customers)

Components of typical customer bill: MDU



Electricity

- NWE Bankruptcy
- Post-Bankruptcy
- MDU

Since 2003 Legislature

- HB 509 and SB 247 implemented
  - **HB 509** establishes distribution utility as default supplier and set limits on retail customer choice, including requirements that choice cannot increase default supply rates or add instability
  - **SB 247** authorizes PSC to approve in advance the price, term and quantity in power purchase agreements propose by default suppler
- January 2004 – NWE files default supply plan
- August 2004 – PSC approves in advance the price term and quantity in a proposed power purchase agreement between NWE and Basin Creek

Since 2003 Legislature

- July 2004 – NWE issues all-source RFP
- Specific resources requested:
  - Up to 150 MW wind
  - Up to 550 MW baseload after 2007
  - Up to 300 MW dispatchable
- Willing to consider creative market products
- 35 long term bids submitted
- NWE currently analyzing short-listed bids
- PSC expects one or more applications for approval of power supply agreements in Q1 2005

Electricity – wholesale transmission

- Commissioners & staff participate in or monitor the following:
  - Grid West (proposed Northwest regional transmission organization)
  - Organization of MISO States (MISO is the Midwest ISO)
  - BPA's transmission activities
  - Rocky Mountain Area Transmission Study
  - Montana Transmission Advisory Group
  - Committee for Regional Electric Power Cooperation
  - Western Electric Coordinating Council
  - Seams Steering Group – Western Interconnect
  - FERC & DOE – in matters where MT interests are affected

PSC recommendations to Legislature

- General needs
  - *Flexibility* -- Avoid too much prescription, enable PSC to respond to changing circumstances.
  - *Authority* -- Sufficient authority to carry out and enforce legislative direction.
  - *Resources* -- Adequate resources to implement legislative direction, work at regional and national level.