

HOUSE BILL NO. 134

INTRODUCED BY M. LANGE

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A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE PUBLIC SERVICE COMMISSION TO REGULATE RATES OF A LOCAL GOVERNMENTAL ENTITY THAT ACQUIRES ENERGY TRANSMISSION, DISTRIBUTION, AND GENERATION FACILITIES; AMENDING SECTIONS 69-7-101 AND 69-7-201, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

NEW SECTION. Section 1. Regulation of rates of local governmental entities that acquire energy transmission, distribution, and generation facilities. (1) If a local governmental entity or a nonprofit organization that is formed by a local governmental entity acquires energy transmission, distribution, or generation facilities, the public service commission shall establish rates that:

- (a) are just and reasonable for those facilities;
- (b) may not be higher than current default supply rates established by the public service commission under Title 69, chapter 8; and
- (c) may not be augmented by taxes or fees.

(2) For purposes of this section, "local governmental entity" means a consolidated local government, a county, or an incorporated city or town.

Section 2. Section 69-7-101, MCA, is amended to read:

"69-7-101. Municipal utilities -- regulation by municipality. ~~A~~ Except as provided in [section 1], a municipality has the power and authority to regulate, establish, and change, as it considers proper, rates, charges, and classifications imposed for utility services to its inhabitants and other persons served by municipal utility systems. Rates, charges, and classifications must be reasonable and just."

Section 3. Section 69-7-201, MCA, is amended to read:

"69-7-201. Rules for operation of municipal utility. ~~Each~~ Except as provided in [section 1], each municipal utility shall adopt, with the concurrence of the municipal governing body, rules for the operation of the



1 utility. The rules ~~shall~~ must contain, at a minimum, those requirements of good practice ~~which~~ that can be
2 normally expected for the operation of a utility. They ~~shall~~ must define or provide for use of ~~meter~~ meters or ~~flat~~
3 rate flat-rate user charges, the classification of users, applications for service, and uses of the service. The rules
4 ~~shall~~ must outline the utility's procedure for discontinuance of service and reestablishment of service as well as
5 the extension of service to users within the municipal boundaries and outside the municipal boundaries. The ~~rule~~
6 ~~shall~~ rules must provide that rate increases for comparable classifications and zones outside the municipal
7 boundaries may not exceed those set within the municipal limits under the provisions of this chapter."
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9 NEW SECTION. Section 4. Codification instruction. [Section 1] is intended to be codified as an
10 integral part of Title 69, chapter 3, and the provisions of Title 69, chapter 3, apply to [section 1].
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12 NEW SECTION. Section 5. Effective date. [This act] is effective on passage and approval.
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