

TESTIMONY IN OPPOSITION TO SB 337

**Greg Jergeson
Chairman, Montana Public Service Commission
March 26, 2007**

Mme. Chair and Members of the Committee,

The Public Service Commission opposes SB 337. SB 337 conflicts with the re-integration approach the PSC supports for NorthWestern Energy and its ratepayers. Under the current electric restructuring law, NorthWestern is the default supplier operating in an environment where the utility does not have load certainty because the current restructuring model presumes there are or will be competitive electricity suppliers vying for customers. The uncertainty of its electric load is an impediment to NorthWestern's ability to plan for and procure electricity supply at optimal terms and prices, whether through power purchase agreements or, if re-integration is successful, through acquisition of its own generation facilities. The PSC supports HB 25, the re-integration bill that would revise current law to provide load certainty to NorthWestern by eliminating supplier choice for all but industrial customers and those few small customers who are already served by a competitive supplier.

In contrast with the load certainty approach the PSC supports, SB 337 would allow electricity buying cooperatives to supply electricity to their members, thus contributing to the load uncertainty currently faced by NorthWestern. Unplanned migration of customers to an electricity buying cooperative could result in the creation of new stranded costs which could negatively impact customers remaining in the default supply.

Section 1, subsection (2), should be revised to strike everything after the word "bylaws." The provision that envisions the PSC assigning customers to a buying cooperative is an existing provision in law that has never been used and serves no purpose. The revised provision would read: "A member may join a buying cooperative by the methods prescribed in the buying cooperative's bylaws."

The Commission notes that the provisions in Section 5 of the bill regarding implementation of certain tariffs by the PSC are not clear, do not appear to reflect usual PSC tariff procedures and may prove to be unworkable in practice.

The PSC recommends a DO NOT PASS on SB 337.