



AN ACT REQUIRING THE PUBLIC SERVICE COMMISSION TO SET RATES FOR QUALIFYING SMALL POWER PRODUCTION FACILITIES USING AVOIDED COSTS OVER THE TERM OF THE CONTRACT; AMENDING SECTION 69-3-604, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

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

**Section 1.** Section 69-3-604, MCA, is amended to read:

**"69-3-604. (Temporary) Standards for determination of rates and conditions.** (1) The commission shall determine the rates and conditions of the contract for the sale of electricity by a qualifying small power production facility according to the standards in subsections (2) through (5).

(2) Long-term contracts for the purchase of electricity by the utility from a qualifying small power production facility ~~shall~~ must be encouraged in order to enhance the economic feasibility of qualifying small power production facilities.

(3) The rates to be paid by a utility for electricity purchased from a qualifying small power production facility ~~shall~~ must be established with consideration of the availability and reliability of the electricity produced.

(4) The commission ~~may~~ shall set these rates ~~by use of any of the following methods:~~

~~—— (a) using the avoided cost over the term of the contract;~~

~~—— (b) the cost of production for the qualifying small power production facility plus a just and reasonable return; or~~

~~—— (c) any other method that will promote the development of qualifying small power production facilities.~~

(5) The commission may adopt rules further defining the criteria for qualifying small power production facilities, their cost-effectiveness, and other standards. (Repealed on occurrence of contingency--secs. 1, 3, Ch. 284, L. 2003--see part compiler's comment.)"

**Section 2. Saving clause.** [This act] does not affect rights and duties that matured, penalties that were

incurred, or proceedings that were begun before [the effective date of this act].

**Section 3. Effective date.** [This act] is effective on passage and approval.

**Section 4. Applicability.** [This act] applies to contracts presented to the public service commission on or after [the effective date of this act].

- END -

I hereby certify that the within bill,  
HB 0092, originated in the House.

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Chief Clerk of the House

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Speaker of the House

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2011.

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President of the Senate

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2011.

HOUSE BILL NO. 92

INTRODUCED BY A. KNUDSEN

BY REQUEST OF THE PUBLIC SERVICE COMMISSION

AN ACT REQUIRING THE PUBLIC SERVICE COMMISSION TO SET RATES FOR QUALIFYING SMALL POWER PRODUCTION FACILITIES USING AVOIDED COSTS OVER THE TERM OF THE CONTRACT; AMENDING SECTION 69-3-604, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.