

**Testimony on behalf of Public Service Commission**  
**Eric Dahlgren, Engineering and Transportation Bureau Chief (phone 444-6186)**  
Information pertaining to  
**Senate Bill 234**  
March 17, 2011

Mr. Chairman and members of the Committee,

The PSC has not taken a position on SB 234. However, the PSC is concerned with a provision in SB 234 that compensates a motor carrier for the diminished value of their certificate. The concern comes from the difficulty in determining an accurate value of a Class D certificate. The text in question is located on page 2, line 4 and page 2, line 15 of SB 234 and reads "diminished value of the Class D certificate issued by the public service commission under 69-12-314."

First, there is no market available to buy or sell Class D certificates. A Class D certificate is only worth what an individual or entity is willing to pay for the certificate in a private transaction. Additionally, certificates are not often sold. Therefore, accurate comparable values are not available to determine the diminished value of a given Class D certificate as proposed in SB 234.

Second, although Class D certificates allow a motor carrier to operate in a specific geographical area, the areas are not exclusive. The Commission may issue a Class D certificate to a competing motor carrier per §69-12-323, MCA if the motor carrier can demonstrate:

- 1) a public demand or public need exists for the service proposed;
- 2) an existing motor carrier cannot provide the service the applicant proposes; and,
- 3) the granting of an additional certificate would not affect the operations of the incumbent motor carrier contrary to the public interest.

Third, Class D motor carriers are not rate regulated, meaning the rates garbage carriers charge for their services are not subject to regulation by the PSC. This is an important consideration because, in addition to the three criteria just noted, for Class D certificates, the Commission may consider competition, i.e. the Commission may look at an incumbent Class D certificate holder's rates when issuing a new Class D certificate for a given geographical area. Essentially, the Commission may grant a certificate to a motor carrier applying for a Class D certificate if competition between Class D motor carriers would promote the public interest.

Finally, to summarize, when it comes to valuing a Class D certificate of public convenience and necessity, the best case scenario is that it may be very difficult if not impossible to assess an accurate value. Of course, the worst case scenario is the certificate is worth nothing because the Commission could potentially grant an unlimited number of certificates following the criteria in §69-12-323, MCA.

Mr. Chairman, Committee members, thank you for the opportunity to provide informational testimony.