

## SENATE BILL NO. 104

INTRODUCED BY J. PRIEST

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4 A BILL FOR AN ACT ENTITLED: "AN ACT LIMITING THE PUBLIC SERVICE COMMISSION'S ABILITY TO  
5 IMPLEMENT INVERTED BLOCK RATE STRUCTURES FOR ELECTRIC SERVICE; AMENDING SECTION  
6 69-3-306, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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8 WHEREAS, inverted block rate structures create substantial discrimination between electric customers  
9 in similar rate classes; and

10 WHEREAS, this discrimination results in large rate increases for some customers and lower costs for  
11 other customers; and

12 WHEREAS, this price differential is not cost-justified, and those customers whose rates increase  
13 disproportionately should object to the resulting price discrimination; and

14 WHEREAS, inverted block rate structures are not needed to provide appropriate price signals for  
15 incremental energy consumption.

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

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19 **Section 1.** Section 69-3-306, MCA, is amended to read:

20 **"69-3-306. Classification of service.** (1) The commission may prescribe classifications of the service  
21 of all public utilities. ~~Such~~ Except as provided in subsection (3), the classifications may take into account the  
22 quantity used, the time when used, and any other reasonable consideration. Each public utility is required to  
23 conform its schedule of rates, tolls, and charges to ~~such~~ the classifications.

24 (2) The commission shall prescribe a declining block rate structure for electric service, when  
25 cost-justified.

26 (3) (a) Except as provided in subsection (3)(b), the commission may not prescribe an inverted block rate  
27 structure for electric service.

28 (b) The commission may prescribe an inverted block rate structure if it determines that a utility's actual  
29 costs justify an inverted block rate.

30 (4) For the purposes of this section, "inverted block rate structure" means a retail electricity rate structure

1 under which customers are charged progressively higher rates for successive increments of electricity usage in  
2 each billing cycle. It includes tiered and inclining block rates."

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4 NEW SECTION. Section 2. Effective date. [This act] is effective on passage and approval.

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