EXHIBIT 4
DATE 4/8/13
SB 138

MONTANA PUBLIC SERVICE COMMISSION

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February 4, 2013

The Honorable Art Wittich
Montana State Senate
Montana State Capitol
PO Box 200500
Helena MT 59620-0500

Dear Senator Wittich:

The Montana Public Service Commission (PSC) voted unanimously today to write to you to express the Commission's support of SB 138, your bill that extends the Class 14 tax rate of 3%, now available only to wind and biomass facilities, to all new electrical generating facilities and fuel and gas production facilities.

SB 138 has no impact on existing facilities' tax rates, but it would provide a "fuel neutral" tax policy going forward. With any new plant or transmission line, all forms of power generation would be treated equally, at the lowest property tax rate. More to the point for the PSC, the bill benefits utility ratepayers. Public utility property tax costs are, by statute, automatically passed through to consumers. If regulated utilities build and rate-base new plants and transmission facilities in the future, the lower tax rate will be reflected in lower utility rates.

While the PSC supports the bill's intention to put all new electric generating facilities on an equal footing, it should be noted that existing generating facilities, including coal-fired and hydroelectric facilities in Montana that may continue to operate for many years, will still be taxed at a higher rate, and, as a result, could suffer a tax disadvantage versus new generation.

The PSC supports the bill as a meaningful step forward toward equal treatment for all generators.

Sincerely,

W. A. (Bill) Gallagher, Chairman
Montana Public Service Commission