

**PUBLIC SERVICE COMMISSION  
STATE OF MONTANA**

**EXHIBIT 7**  
**DATE 02/20/13**  
**HB 475**

Bill Gallagher, Chairman  
Bob Lake, Vice Chairman  
Kirk Bushman, Commissioner  
Travis Kavulla, Commissioner  
Roger Koopman, Commissioner



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February 20, 2013

TO: Members of the House FRET Committee  
FROM: Montana Public Service Commission (406-444-6199)  
RE: **House Bill 475 – scheduled for hearing Wednesday, February 20**

The Public Service Commission (PSC) opposes HB 475. This bill would require NorthWestern Energy, if it intends to seek PSC preapproval of the acquisition, construction or purchase of an electricity supply resource, to use a PSC-approved competitive solicitation process, unless the PSC grants a waiver of that requirement.

In New Section 1, HB 475 provides in detail the information NorthWestern must submit to the PSC prior to conducting a competitive solicitation process as well as the process the PSC must use to consider the information. In New Section 2, the bill provides in detail the requirements for a waiver application and for the process the PSC must use to consider the waiver request.

The PSC opposes HB 475 (on a 4-1 vote) because the bill is unnecessarily prescriptive and it ventures into an area of regulation where the PSC welcomes broad legislative policy direction, but believes the public interest would be best served by leaving the details of implementation to the regulators at the PSC. The PSC has had in place for many years administrative rules that provide guidelines for NorthWestern's electricity supply procurement process. Last year the PSC undertook a review of those guidelines in a process that included all of the stakeholders and involved using a consultant to conduct the review and produce recommendations for rule changes. The PSC, which has three new members who were not involved in last year's review, has not yet considered those recommendations, but will in 2013. If there are to be changes to NorthWestern's procurement process, a PSC rulemaking process where all issues can be addressed in detail by all stakeholders provides a better mechanism than the legislative process, where the compressed time frame for consideration of this bill makes it impossible for legislators to thoroughly vet the issues involved and to understand all of the consequences.

The PSC recommends a DO NOT PASS on HB 475.