

**Testimony on behalf of Public Service Commission
by Commissioner Travis Kavulla (phone 444-6166)**
In support of
Senate Bill 11
January 28, 2015

Chairman Lang and Members of the Committee:

Senate Bill 11 is requested by the Public Service Commission so that two electric utilities with very few customers will no longer be required to have Universal System Benefits Programs.

Electric utilities have been required by state law since 1997 to establish USB programs. Regulated electric utilities recover the costs of their USB programs through Commission-approved USB charges on their customers' bills. By law, electric USB programs include programs for: energy conservation; low-income bill assistance and weatherization; renewable resource projects; research and development programs related to energy conservation and renewables; and market transformation designed to encourage competitive markets for public purpose programs.

Under current law, electric utilities of any size must implement USB programs. The electric USB law originally provided that electric utilities with fewer than 50 customers could request a waiver from USB requirements from the PSC, but the waiver provision was eliminated by the 2007 Legislature when electric deregulation was rolled back. There are two electric utilities that do not have USB programs or charges and which would be exempt from having them if this bill passes. One is Avista, which has 27 Montana customers, many of whom are its own employees who work at the Noxon Rapids Dam. The other is Black Hills Power & Light, which has 38 customers around Broadus in southeastern Montana. If USB programs were established for Avista and Black Hills, their funding levels would be *de minimus*, \$260 and \$1,212¹, respectively.

A recent legislative audit concerning the PSC's implementation of the USB laws correctly found that these utilities are not in compliance with the USB statutes. The PSC agreed with the audit finding and responded that it would submit a bill to the 2015 legislature to provide an exemption from USB requirements for these electric utilities with very few customers.

Senate Bill 11 provides an exemption from USB requirements for electric utilities with fewer than 50 customers. It does not make sense to require these utilities to provide USB programs when their customer bases are so small that it is unlikely sufficient funds could be collected from customers to operate meaningful programs.

The Public Service Commission recommends a DO PASS on Senate Bill 11.

¹ This does not include two large commercial customers that the PSC believes would qualify as large customers who are able to self-direct their funds.

EXHIBIT

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200