

ABACO Energy Services

March 11, 2015

EXHIBIT # 1
DATE 3/11/15
S J B

RE: SB 321, Senator Blasdel

To: Chairman Lang and Members of the House Federal Relations, Energy and Telecommunications Committee

We would like to take this opportunity to correct some of the untruths and misleading comments the Opponents made verbally and in writing to this Committee during the hearing on SB 321 on Monday.

ABACO Energy Services is a North Dakota company that has been in business since 2007. ABACO is not an off-shore company and has no affiliation with any business in the Bahamas. ABACO's four owners (two husband-and-wife teams) also own residential property in Big Sky and are committed to providing safe and reliable propane delivery services. ABACO's owners have been involved in the energy marketing and trading business in various locations throughout the country for the past 20 years. No owners or shareholders of Boyne, USA have any affiliation with, ownership of, or control over ABACO.

ABACO's owners have conducted business with NWE and MPC since the mid-1990s. In 2006, NWE approached ABACO's owners about purchasing several of NWE's small propane distribution systems it no longer wanted to operate, including the system at Big Sky. Boyne did not create ABACO and has no interest in ABACO.

ABACO uses its more than 20 years of experience in energy marketing to negotiate and offer the best prices available to its customers. ABACO's rates are based on NWE's prior rates. ABACO uses a competitive bid process to obtain its gas supply for the Big Sky system. Each year, ABACO sends a detailed RFP to 6 or 7 propane suppliers soliciting bids. Boyne is consulted about the bid results. ABACO then selects the best prices from the most dependable and reliable suppliers. Supply costs are passed through to Boyne and other customers without any markup by ABACO.

ABACO sells 80% of our propane to Boyne; Boyne is by far our largest customer. ABACO has no ability to set prices to Boyne's end users. What Boyne charges for propane or how propane is allocated to its many users is out of ABACO's control and is an issue solely between those end users and Boyne.

Contrary to Opponents' written representations and misleading map, ABACO **does not** serve Alpenglow, Beaverhead, Big Horn, Black Eagle or Moosewood Meadows. ABACO **does not** serve any individual end users in the Huntley, the Lone Peak Center, the Shoshone, Snowcrest, or the Summit. ABACO sells propane to Boyne at master meters at these locations and has no input into charges or allocations Boyne imposes on end users. ABACO does provide service to individual end users in Cedar Creek, Powder Ridge, and Stillwater. Stillwater was developed by Boyne's predecessor; Powder Ridge was developed by Boyne; and Cedar Creek is wholly within the footprint of the Boyne's resort area and was signed up for service by either MPC or NWE.

ABACO has no intent or plans to expand its system. ABACO does not advertise for its services, does not solicit new customers, has not contacted any of the many developers or real estate agents in Big Sky to offer services, nor applied for any permits to expand its existing pipeline system beyond its current service area. ABACO does not operate outside of the limited Boyne resort area which is at the base of the ski lifts or within a short walking distance.

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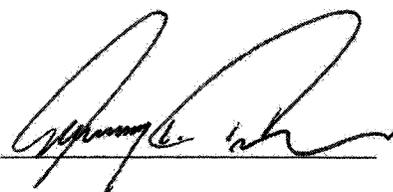
ABACO does not have a monopoly on propane service in Big Sky. There are at least seven other propane suppliers in the area, including: Amerigas, Farstad Oil, Gibson Energy US, Propane Services, Inc., Northern Energy, Turner Gas, and Western Gas Liquids. The only customer required to purchase propane from ABACO is Boyne under the terms of the parties' negotiated contact. Each of ABACO's other customers (including Boyne's end users) either have or can install alternate supplies of power and heat (including electric baseboard or electric forced air) or use other propane suppliers. One such customer has already advised ABACO it will be installing its own system this summer and will terminate ABACO's services this fall.

All pipeline safety regulations will still apply to ABACO's system. ABACO has a perfect safety record.

ABACO has been open and transparent. ABACO has filed annual operations and system reports with the PSC every year since it acquired the system in 2007. ABACO's predecessors likewise filed reports with the PSC. It is clear this system was not constructed solely for, and has always been used to provide propane supply for uses other than just heating sidewalks. ABACO has submitted information to and offered to make presentations to Boyne and its end users, including the Shoshone and the Village Center. Offers to meet were rejected by Shoshone. ABACO produced approximately 2600 pages of documents to Shoshone without objection in response to a subpoena issued in the lawsuit Shoshone is litigating against Boyne, USA, even though ABACO is not a party to that lawsuit.

A recent article published in the Bozeman Chronicle also reports untrue facts. While we do not know the sources of the reporter's facts, no one from the Bozeman Chronicle attempted to contact anyone at ABACO for comment or to verify the facts prior to going to print.

ABACO received the PSC's order declaring ABACO subject to regulation the day of the Senate Committee hearing and five days after SB 321 was introduced, even though Shoshone's complaint against ABACO and Boyne was lodged with the PSC nearly 18 months earlier in September 2013. Prior to that time, the Big Sky system was never regulated and the PSC never made any inquiry of ABACO, NWE, or MPC into the operation of the system or rates charged. When the PSC issued its order to regulate ABACO, it took careful steps to exclude regulation of suppliers who deliver propane with trucks. The PSC created an arbitrary distinction between suppliers of propane, ruling suppliers who deliver propane by trucks are exempt from rate regulation, but suppliers who deliver through pipelines are subject to rate regulation. The overwhelming majority of propane users in Montana will continue to receive service from suppliers who are not regulated. We believe it is for the legislature, not the PSC, to decide issues of legislative policy. ABACO seeks only to clarify what has been the status of the law for decades: that propane suppliers – regardless of the method of delivery – are not subject to rate regulation by the PSC. We appreciate your support of SB 321.



Stacy Tschider



Jeff Jonson