

1 _____ BILL NO. _____

2 INTRODUCED BY _____
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS RELATED TO COAL-FIRED GENERATION
5 UNITS; PROVIDING FOR THE BASING OF RATES OF CERTAIN MAINTENANCE COSTS AND
6 TRANSMISSION CAPACITY IN THE CASE OF ABANDONMENT AND UNDER SPECIFIC
7 CIRCUMSTANCES; PROHIBITING CERTAIN RETIREMENT AND REMEDIATION COSTS FROM BEING
8 PASSED ON TO RATEPAYERS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

11
12 NEW SECTION. **Section 1. Maintenance costs.** (1) (a) Except as provided in subsections (1)(c)
13 through (1)(e), if an owner ceases to utilize power generated by a coal-fired generating unit and ceases to fund
14 maintenance and repair costs for its share of a coal-fired generating unit, that owner remains liable on a pro
15 rata basis established by the additional owner for future maintenance and repairs caused by the use of the unit
16 during the remaining owner's tenure.

17 (b) Subject to subsections (2) and (3), costs must be determined through a negotiation with the
18 remaining owner and deposited in an account held by the unit's operator.

19 (c) Subject to subsection (1)(e), if an owner ceases to maintain its ownership interest in a coal-
20 fired generating unit and abandons its ownership interest or ceases to maintain its ownership interest and
21 ceases to operate the coal-fired generating unit while another owner has a continued need to utilize power
22 generated by the coal-fired generating unit, a utility regulated by the public service commission in accordance
23 with Title 69, chapter 3, may fund maintenance and repair costs for a single maintenance cycle in accordance
24 with subsection (1)(d) to continue operation of the unit. The abandoning owner shall reimburse the remaining
25 owner for any unrecovered costs.

26 (d) Costs incurred to provide maintenance and repair and for the procurement of transmission
27 capacity and services for a single maintenance cycle in the event of an owner ceasing to maintain its ownership
28 interest in accordance with subsection (1)(c) and transmission capacity as required in subsection (1)(e) may be

1 included in the regulated utility's rate base in accordance with a public service commission order providing for
2 the inclusion.

3 (e) A transfer of maintenance and repair costs in accordance with subsection (1)(d) must also
4 include an agreement to maintain sufficient operational transmission capacity to serve the new acquisition of
5 coal-fired generation. The value of the capacity must be determined based on transmission agreements as
6 originally signed by the owners.

7 (2) Except as provided in subsections (1)(c) through (1)(e), electricity ratepayers are not liable for
8 maintenance and repair costs incurred as a result of owners who do not serve Montana ratepayers ceasing to
9 utilize power generated by the units.

10 (3) The commission may not allow a facility acquired in accordance with this section to be rate
11 based at a value higher than that of newly constructed natural gas generation located within a utility's Montana
12 service territory.

13 (4) If an owner's agreement that is established, renewed, or altered after [the effective date of this
14 act] conflicts with the requirements of this section, the owner shall revise the agreement in order to fulfill the
15 requirements of subsections (1) and (2).

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17 **NEW SECTION. Section 2. Stranded costs and remediation costs -- prohibition against**

18 **ratepayer increases.** (1) If a utility regulated in accordance with this chapter ceases to maintain its ownership
19 interest in a coal-fired generating unit as defined in 75-8-103, prior to the established depreciation date, the
20 utility may not seek stranded cost reimbursement from the commission. Shareholders shall cover any stranded
21 costs.

22 (2) Remediation costs incurred by an out-of-state owner or utility regulated in accordance with this
23 chapter, determined in accordance with Title 75, chapter 8, part 1, and established by other applicable legal
24 obligations as defined in 75-8-103 may not be recovered in costs passed on to Montana ratepayers.

25 (3) For the purposes of this section, "stranded costs" means an investment in a coal-fired
26 generating unit that is defined as the historic financial obligations of the utility incurred that become
27 unrecoverable.

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