

USB OVERVIEW

Bill Gallagher, Chairman
Montana Public Service Commission

Before the
Energy and Telecommunications Interim Committee
November 8, 2013

Montana Public Institutions Involved in USB Programs

- Montana Legislature
- Energy & Telecom Interim Committee (ETIC)
- Public Service Commission (PSC)
- Department of Revenue (DOR)
- Department of Environmental Quality (DEQ)
- Dept. of Public Health & Human Services (DPHHS)

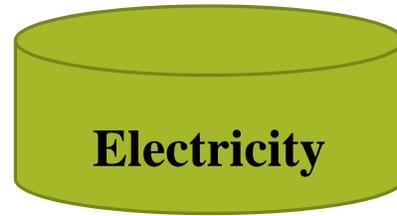


PSC's Role

- Establish USB rates for regulated utilities
- Review USB annual reports for compliance with statutes, administrative rules and Commission orders
- Process USB annual natural gas rate tracker filings MCA 69-3-1408



Universal System Benefits



Annual Funding Level set by:

Electricity

- **Legislature**
2.4% of 1995 Annual Electric retail sales. MCA 69-8-402(2)

Natural Gas

PSC

- ✓ Annual USB Gas Tracker, subject to ARM, Stipulation, or Order:
 - 1.12% of Annual NG retail sales revenue. ARM 38.5.7020(2).

Minimum Low income weatherization and billing assistance funding level set by:

Electricity

- **Legislature**
17% of the annual electric USB funding level. MCA 69-8-402(5).

Natural Gas

- **Legislature**
0.42% of the prior year's annual NG retail sales revenue. MCA 69-3-1408(2).

ANNUAL USB FUNDING LEVELS ELECTRIC

	NWE		MDU	
2012 USB funding (total)	\$9,372,259		\$987,623	
Initial funding level (est. 1999)	\$8,600,000		\$676,000	
2012 USB funding (low-income)	\$3,154,906	34% of Total <i>17% Min.</i>	\$529,076	54% of Total <i>17% Min.</i>



USB CHARGES OF MONTANA-SERVING UTILITIES ELECTRIC

	NWE	MDU
Current Monthly USB tariff rate	\$0.0013340/kWh	\$0.0015660/kWh
Average residential USB charge	\$0.93/month	\$1.10/month
Average annual USB charge	\$11.21/year	\$13.15/year



Montana Public Service Commission for ETIC - November 2013

2012 USB FUNDING LEVELS NATURAL GAS

	NWE	Energy West	MDU
2012 USB total funding	\$3,637,828	\$426,166	\$554,184
Minimum requirements (*1.12%, **1.25%, and ***.48%, respectively, of prior year retail sales)	*\$2,249,270	**\$341,651	***\$350,955
2012 USB total to prior year retail sales	1.81%	1.56%	0.76%
2012 USB low-income funding	\$2,282,748	\$343,883	\$521,000
Minimum requirements (0.42% of prior year sales)	\$843,476	\$114,795	\$307,086
2012 % of prior year retail sales	1.14%	1.26%	0.71%



USB CHARGES OF MONTANA-SERVING UTILITIES NATURAL GAS

	NWE	Energy West	MDU
Monthly USB tariff rate	\$0.161585/dkt	\$0.113200/dkt	\$0.0655000/dkt
Average residential USB charge	\$1.62/month	\$1.13/month	\$.66/month
Average annual USB charge	\$19.39/year	\$13.58/year	\$7.86/year



PSC's USB Investigation

- In May 2013, the PSC initiated an Investigation into USB programs and invited comments.
- A summary of the Comments are being distributed.
- On October 22, 2013 the PSC issued a notice of a round table scheduled for November 14, 2013 and invited utilities, USB stakeholders, ratepayers, and any other interested persons to discuss informally USB.



PSC's USB Roundtable Topics

- The application of the lost revenue adjustment mechanism (LRAM) to statutorily-mandated USB programs;
- The coordination of USB programs between utilities with overlapping service territories;
- Whether the Commission should adopt a policy of more USB program uniformity among the regulated utilities;
- The efficacy and cost-effectiveness of existing USB programs;
- Which USB programs best serve the statutorily required “public purposes”; and, low-income USB program policy options.



Possible Legislative Recommendation/Issues

- Provide for a waiver from USB participation by very small Electric and Natural Gas utilities. *Avista, Black Hills Power, Havre Pipeline.*
- Set a statutory total and low income natural gas USB rate similar in design to the statutory electric USB rate.



Questions?