



# Energy and Telecommunications Interim Committee

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## 58th Montana Legislature

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### MEMORANDUM

**To:** Energy and Telecommunications Interim Committee (ETIC)

**From:** Mary Vandebosch, Research Analyst  
444-5367 or mvandebosch@mt.gov

**Date:** September 10, 2003

**Subject:** Electricity and Gas Rates Statewide  
**10:15** agenda item

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#### Agenda Item

I have asked the Public Service Commission to brief you on rate increases granted and requested and also on the status of purchase of gas for storage.

#### Related Information -- PPL Rates

I have not asked anyone to address this topic; however, I wanted you to be aware that on August 7, 2003, the Montana Consumer Counsel (MCC) protested a PPL Electric Utilities Corporation filing in support of the continued allowance of sales of electricity at market-based rates. The Federal Energy Regulatory Commission (FERC) has jurisdiction over wholesale sales of electricity, so the analysis and the protest were filed with the FERC.

The MCC's filing states that PPL Montana dominates the generation services markets in Montana. (Market-based rates may be allowed when there is a competitive market and the MCC is arguing that Montana's market is not competitive.) In other filings in various dockets, the MCC has argued that PPL has market power and that, as a direct consequence of PPL's market power, electricity costs in Montana have risen dramatically.

The filing states that "MCC believes that analysis will lend further support to its position that the structural conditions for workable competition are absent in Montana, and that allowing market-based pricing in such circumstances is unjust, unreasonable, and otherwise unlawful."

It is not known how or when the FERC will proceed in this matter. If FERC were to revoke PPL Montana's market-based rate authority, then the FERC would have to require cost-based rates.

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