



AN ACT REVISING ELECTRIC UTILITY LINE EXTENSION REQUIREMENTS; ALLOWING CERTAIN CUSTOMERS TO SEEK AN ALTERNATIVE COST ESTIMATE AND HAVE A CONTRACTOR CONSTRUCT AN EXTENSION WHEN APPROPRIATE; REQUIRING THAT A FEE BE PAID TO THE PUBLIC SERVICE COMMISSION BY CERTAIN CUSTOMERS; REQUIRING AN ELECTRIC UTILITY TO INSPECT THE CONSTRUCTION AND BE ONSITE FOR CONSTRUCTION; REQUIRING A SMALL CUSTOMER TO COVER EXTENSION COSTS IF AN ALTERNATIVE CONTRACTOR IS SELECTED; LIMITING THE REFUND OF CERTAIN EXTENSION COSTS; REQUIRING THE PAYMENT OF THE STANDARD PREVAILING WAGE; REQUIRING A JOURNEYMAN LINEMAN OR PROFESSIONAL ENGINEER TO BE PART OF A PROJECT; REVISING DEFINITIONS; AMENDING SECTIONS 69-5-121 AND 69-5-122, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

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

Section 1. Review and selection of contractor. (1) (a) After an electric utility provides a cost estimate to a small customer for an extension on the small customer's property to a residential, commercial, or added structure, the small customer may request a contractor to provide an alternative cost estimate.

(b) If the small customer requesting an alternative cost estimate is served by a public utility as defined in 69-5-121(4)(a), the small customer shall pay a \$25 fee to the public service commission and file a copy of the cost estimate and alternative cost estimate with the commission.

(2) (a) Subject to subsection (2)(b), after receiving an alternative cost estimate, the small customer may hire the contractor to complete the extension on the small customer's property to the residential, commercial, or added structure.

(b) At least 20 days prior to the contractor beginning work on the extension, the small customer shall notify the electric utility that will be providing service to the small customer. The notification must be in writing.

(3) (a) Subject to subsections (3)(b) through (3)(d), if a contractor is selected, the extension must be built on the small customer's property to meet the same standards proposed by the electric utility that will be providing

service to the small customer.

(b) Throughout construction and as the electric utility considers appropriate, the electric utility shall inspect the extension and be onsite. The contractor shall notify the electric utility of construction progress as needed for inspection.

(c) If a contractor is selected, the contract for an extension must require the payment of the standard prevailing wage rate in effect and applicable to the work being performed.

(d) Either the contractor selected in accordance with subsection (3)(a) or the person selected by the electric utility completing inspections onsite in accordance with subsection (3)(b) must be a journeyman lineman or professional engineer.

(4) (a) When the extension is completed by the contractor, the electric utility that will be providing service to the small customer shall complete a final inspection. After the final inspection and following the correction of deficiencies, if any, the electric utility shall provide the small customer a written statement that construction is complete.

(b) After the written statement is issued in accordance with subsection (4)(a), the electric utility shall connect the extension to the electric utility's system.

(5) Construction and completion of an extension by a contractor does not:

(a) affect the location of a vector, a capacity decision, or any other agreement made in accordance with 69-5-101 through 69-5-114;

(b) allow the contractor to connect an extension to an electric utility without the electric utility's written statement and final inspection in accordance with subsection (4); or

(c) affect the rights and duties of a rural electric cooperative organized in accordance with Title 35, chapter 18, to adopt policies or to implement the provisions of this section.

(6) (a) If a contractor is hired in accordance with this section, the cost of engineering, construction, and other services must be paid by the small customer who sought the alternative cost estimate and hired the contractor.

(b) The small customer is also responsible for costs incurred by an electric utility while onsite during construction and inspections in accordance with subsections (3) and (4).

(7) If a contractor is hired in accordance with this section, when construction is complete the customer and the electric utility may negotiate ownership and maintenance of the extension.

Section 2. Section 69-5-121, MCA, is amended to read:

"69-5-121. Definitions. As used in 69-5-122, [section 1], and this section, the following definitions apply:

(1) "Added structure" means any outbuildings, improvements, irrigation pumps, facilities, or other structures located on a small customer's property.

(2) "Commercial structure" means a building used for commercial purposes.

(3) "Contractor" means a person who submits a proposal to construct or enters into a contract to construct an extension and who is licensed, insured, a member of the national electrical contractors association, and experienced in comparable construction.

~~(4)~~(4) "Electric utility" means:

(a) a public utility regulated by the public service commission pursuant to Title 69, chapter 3, that provides electrical service for heat, light, or power to a small customer; or

(b) a utility qualifying as a rural electric cooperative pursuant to Title 35, chapter 18, that provides electrical service for heat, light, or power to a small customer.

~~(5)~~(5) "Extension" means any works or improvements necessary to connect a residential, commercial, or added structure of a small customer to an electric utility's distribution or transmission system.

~~(6)~~(6) "Residential structure" means a single-family house, trailer, manufactured home, or mobile home, excluding any outbuildings, improvements, irrigation pumps, facilities, or other structures located on the property.

~~(7)~~(7) "Small customer" has the meaning provided in 69-3-2003."

Section 3. Section 69-5-122, MCA, is amended to read:

"69-5-122. Residential utility line extension -- refund. (1) A small customer of an electric utility as defined in 69-5-121(4)(a) who pays for a portion of the construction of an extension to a residential structure or who advances money to ~~the~~ an electric utility as defined in 69-5-121(4)(a) for a subsequent connection to that extension must receive a refund as provided in subsection (2) if an additional customer connects to the extension.

(2) Each additional customer, prior to the initiation of electric service, shall advance to ~~the~~ an electric utility as defined in 69-5-121(4)(a) an equal proportionate share of the total amount paid for the extension to a residential structure. The electric utility shall refund the advance on a pro rata basis to the small customer who paid for the initial extension or to the small customer who paid for a subsequent connection to that extension. A

refund may not be issued after 10 years from the date the initial extension is established.

(3) A small customer who expends funds for an extension to a residential structure may not receive a refund that is greater than the amount necessary to return the small customer to the small customer's proportionate share of the cost of the original extension.

(4) A small customer may receive a refund pursuant to this section only if:

(a) the small customer paid for the initial extension or subsequent connection to the extension pursuant to subsection (1); and

(b) at the time the refund is issued, the small customer owns the residential structure to which the extension or subsequent connection to the extension was made; and

(c) the small customer did not hire a contractor to complete the extension pursuant to [section 1]."

Section 4. Codification instruction. [Section 1] is intended to be codified as an integral part of Title 69, chapter 5, and the provisions of Title 69, chapter 5, apply to [section 1].

Section 5. Effective date. [This act] is effective on passage and approval.

Section 6. Applicability. [This act] applies to extensions occurring on or after [the effective date of this act].

- END -

I hereby certify that the within bill,
SB 0374, originated in the Senate.

President of the Senate

Signed this _____ day
of _____, 2017.

Secretary of the Senate

Speaker of the House

Signed this _____ day
of _____, 2017.

SENATE BILL NO. 374

INTRODUCED BY D. ANKNEY

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