

SENATE BILL NO. 331

INTRODUCED BY T. RICHMOND

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING ELECTRIC UTILITY COST RECOVERY FOR CERTAIN  
5 COAL-FIRED GENERATING UNITS AND TRANSMISSION; ESTABLISHING THE MONTANA ENERGY  
6 SECURITY ACT OF 2019; REQUIRING THE PUBLIC SERVICE COMMISSION TO INCLUDE CERTAIN  
7 RETURNS AND COSTS IN UTILITY RATES; ALLOWING FOR UTILITY COST RECOVERY FOR CERTAIN  
8 ACQUISITIONS; ALLOWING FOR AN INCREASED INTEREST, BASED ON A TRANSFER, IN CERTAIN  
9 COAL-FIRED GENERATING UNITS; PROVIDING EXCEPTIONS; ESTABLISHING CONDITIONS FOR A  
10 TRANSFER; REQUIRING INFORMATION TO BE FILED WITH THE DEPARTMENT OF ENVIRONMENTAL  
11 QUALITY; ESTABLISHING A FEE; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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13 WHEREAS, the Colstrip generating complex consists of four different generating units, with six joint  
14 owners, each holding different ownership shares of the various units; and

15 WHEREAS, four of the joint owners are public utilities with significant service territories in the state of  
16 Oregon and Washington and no significant service territory in Montana; and

17 WHEREAS, one of the joint owners is a merchant generator with no service territory; and

18 WHEREAS, Colstrip Units 1 and 2 are currently scheduled to be closed by July 1, 2022, under a  
19 settlement agreement signed by its joint owners; and

20 WHEREAS, there is a difference of opinion between the states of Washington, Oregon, and Montana as  
21 to the desirability of maintaining the operations of the Colstrip units, and the closure of the Colstrip units  
22 disproportionately affects Montana; and

23 WHEREAS, baseload coal-fired electrical generating resources are important to Montana and Montana  
24 customers; and

25 WHEREAS, the continued operation of Colstrip Unit 4 and the interconnected 500-kilovolt transmission  
26 line are in the economic best interests of Montana; and

27 WHEREAS, the importance of continuing the operation of Colstrip Unit 4 and the interconnected  
28 500-kilovolt transmission line requires a clear expression of certain electric utility ratemaking principles to be  
29 applied to the operation of that unit and the transmission line.

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

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3 NEW SECTION. **Section 1. Short title.** [Sections 1 through 3] may be cited as the "Montana Energy  
4 Security Act of 2019".

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6 NEW SECTION. **Section 2. Investment -- cost recovery for certain coal-fired generating units and  
7 transmission resources.** (1) Except as provided in [section 3(3)], if a coal-fired generating unit is retired before  
8 the expected life used for depreciation purposes, the electric utility's undepreciated investment in the coal-fired  
9 generating unit, together with any required decommissioning and site remediation costs, must be included in rates  
10 by the public service commission as a long-term amortization, not to exceed 30 years.

11 (2) For the purposes of [sections 1 through 3], "coal-fired generating unit" means a unit of a coal-fired  
12 generating station located in Montana in which an electric utility that has restructured in accordance with Title 69,  
13 chapter 8, holds an ownership interest on or before [the effective date of this act].

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15 NEW SECTION. **Section 3. Acquisition cost-recovery for certain coal-fired generating units.** (1)(a)  
16 Except as provided in subsections (1)(b) through (1)(d), the commission shall allow the full recovery of costs  
17 incurred by an electric utility in acquiring and owning an increased ownership share of a coal-fired generating unit,  
18 not to exceed 150 megawatts and subject to the conditions and limitations of this section.

19 (b) Costs incurred by an electric utility in accordance with subsection (1)(a) must be capped at a total  
20 of \$40 million over a consecutive 5-year period following the date of transfer. The date of transfer may not be later  
21 than December 31, 2021.

22 (c) Operational, maintenance, repair, or improvement costs that exceed the limitations or time constraints  
23 of subsection (1)(b) are subject to commission review. The commission may review the prudence of those costs.

24 (d) Operational, maintenance, repair, or improvement costs do not include decommissioning and site  
25 remediation costs in accordance with [section 2(1)].

26 (2) An acquiring electric utility must be provided the increased ownership share of the coal-fired  
27 generating unit at a nominal transfer price of \$1, regardless of the book value of that ownership share to the  
28 transferring utility.

29 (3) (a) A transferring utility remains liable for its share of the ownership costs and liabilities that existed  
30 by virtue of its ownership on and before the date of transfer, including but not limited to any required

1 decommissioning or site remediation costs imposed by federal, state, or local government.

2 (b) Prior to an acquisition, the acquiring electric utility shall file information with the department of  
3 environmental quality verifying the continued acceptance of liability by a transferring utility as established in  
4 subsection (3)(a).

5 (c) The information must be accompanied by a \$100 filing fee. The fee is not recoverable in an acquiring  
6 electric utility's rates.

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8 NEW SECTION. Section 4. Codification instruction. [Sections 1 through 3] are intended to be codified  
9 as an integral part of Title 69, chapter 3, and the provisions of Title 69, chapter 3, apply to [sections 1 through 3].

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

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