

BEFORE THE DEPARTMENT OF PUBLIC SERVICE REGULATION
OF THE STATE OF MONTANA

In the matter of the adoption of New Rule I pertaining to Montana Energy Impact Assistance Financing) NOTICE OF ADOPTION
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TO: All Concerned Persons

1. On February 11, 2022, the Department of Public Service Regulation published MAR Notice No. 38-5-250 pertaining to the public hearing on the proposed adoption of the above-stated rule at page 217 of the 2022 Montana Administrative Register, Issue Number 3.

2. On April 15, 2022, the Department of Public Service Regulation published an amended notice of proposed adoption of the above-stated rule at page 494 of the 2022 Montana Administrative Register, Issue Number 7.

3. The department has adopted New Rule I (38.5.4303) as proposed in the amended notice.

4. The department has thoroughly considered the comments and testimony received. A summary of the comments received and the department's responses are as follows:

COMMENT 1: Several commenters wished to thank the commission for the opportunity to work with all parties. Commenters agreed that the work done captured the intent of HB 467. The commenters also commended the staff for their work on this rule.

RESPONSE 1: The commission appreciates the commenters' input and support for the proposed rulemaking.

COMMENT 2: One commenter stated that he would like to request some items be changed in the proposed rule. The commenter suggested adding a "calculation" requirement to (2)(b). He stated that the minimum filing requirements with bill impact analysis should be included. He also recommended removing (2)(l) from the rule.

RESPONSE 2: The commission appreciates the commenter's input. The rule proposal as amended on April 15, 2022, and adopted in this notice includes a calculation requirement in (2)(b). The revisions to (2)(b) also address the impact of Montana energy impact assistance charges on the rates customers will pay.

It is unclear to the commission why (2)(l) should be removed, and therefore the commission declines to delete that minimum filing requirement. The commenter said (2)(l) assumed there would be a transfer of "the asset." Subsection (2)(l) of the rule requires utilities to provide a description and timeline for the use of any

"remaining Montana energy impact assistance bond proceeds" that are not approved by the commission as part of the utility's application. The commission believes this information will be essential to the efficient administration of the contested case, and will therefore leave it in the rule.

COMMENT 3: One commenter asked the commission to clarify and revise (2)(b) to address ambiguity regarding how securitization would affect supply cost tracking. The commenter encouraged the commission to leave adjustments to supply cost base rates to a separate proceeding—either a general rate case or a supply cost tracking adjustment—and keep proceedings under the Montana Energy Impact Assistance Act focused on securitization only.

RESPONSE 3: The commission appreciates the commenter's perspective, but declines to modify (2)(b). Supply cost tracking mechanisms are a major portion of rates customers pay. The commenter's concerns appear to be directed at the possibility that the supply cost base rates would be reduced without accounting for the costs of replacement power, which would also need to be collected through a supply cost tracking mechanism. The commission anticipates that both of these changes would be accounted for in the minimum filing requirement described in (2)(b). In other words, the commission intends to receive forecasts of replacement power costs under (2)(b). The cost of replacement power may or may not be less the supply costs associated with the securitized asset. If a utility's supply cost tracking mechanism includes a cost-sharing ratio, it will be all the more important to understand how the supply cost tracking mechanism will reflect the net effect of securitizing an asset and obtaining replacement power.

COMMENT 4: One commenter supported (2)(b)'s requirement that utilities calculate the anticipated impact on supply cost tracking mechanisms. The commenter remarked that the calculation would not be burdensome and would result in a better understanding of the utility's proposal.

RESPONSE 4: The commission appreciates and agrees with the comment.

/s/ LUCAS HAMILTON
Lucas Hamilton
Rule Reviewer

/s/ JAMES BROWN
James Brown
President
Montana Public Service Commission

Certified to the Secretary of State June 14, 2022.