

MONTANA PUBLIC SERVICE COMMISSION UPDATE TO
THE INTERIM BUDGET COMMITTEE SECTION D:
TRANSMISSION LINE JURISDICTION

Question:

Provide a brief discussion regarding transmission lines including any authority the department has:

- To ensure transmission lines are being defended against natural disasters such as wildfires
- To ensure transmission lines or substations are protected against acts of terror
- To ensure transmission lines are protected against electromagnetic pulses either from acts of terror or naturally occurring EMPs

Response:

Montana's electric transmission system interconnects with much larger transmission systems to the west and east and reflects a patchwork of owners and operators. Most of the transmission in Montana is owned by NorthWestern Energy, the state's largest investor-owned public utility, and federal power marketing agencies such as the Western Area Power Authority (WAPA) and Bonneville Power Administration (BPA). Investor-owned utilities serving customers in neighboring states, including PacifiCorp, Avista, and Black Hills Power, also own transmission lines in Montana, as does the merchant transmission provider Berkshire Hathaway Energy, which owns Montana Alberta Tie Ltd (MATL).

The PSC provides oversight of the physical security of electric transmission infrastructure owned by investor-owned public utilities pursuant to its general powers under Mont. Code Ann. § 69-3-102, which vests the PSC with full power of supervision, regulation, and control of public utilities.

In addition, Mont. Code Ann. § 69-3-106 authorizes the PSC to inquire into the management of the business of all public utilities and requires the PSC to keep itself informed as to the manner and method in which the business is conducted. The PSC has the right to obtain from any public utility all necessary information to enable the commission to perform its duties.

The PSC also enforces requirements placed on public utilities in Mont. Code Ann. § 69-3-201 to provide reasonably adequate service and facilities and enforces the provisions of the National Electric Safety Code pursuant to Mont. Code Ann § 69-4-201.

Unlike pipeline safety, there is no federal electric transmission system inspection program in which the PSC may participate, and the PSC does not maintain a stand-alone inspection program.

The PSC enforces the NESC through incident and/or accident driven investigations, which are rare. The PSC stays informed regarding public utility initiatives related to physical security through periodic informational meetings and evaluates utility actions, investments, and expenses related to physical security in periodic cost recovery proceedings. For example, the PSC evaluated wildfire mitigation plans and costs for the state's largest electric utility in proceedings in 2018 and 2022 and receives annual reports from that utility pursuant to PSC orders issued in those proceedings. In addition, PSC rules

require utilities to report statistics on the reliability of their systems, including the number and cause of outages, on an annual basis.

PSC authority over the reliability and physical security of electric transmission lines overlaps with multiple other regulatory bodies.

The *Western Electricity Coordinating Council (WECC)* promotes electric system reliability in the Western Interconnection. WECC is a regional entity responsible for compliance monitoring and enforcement. WECC oversees Critical Infrastructure Protection (CIP) standards that include specific compliance standards for both cyber and physical security assets.

The *North American Electric Reliability Corporation (NERC)* is a not-for-profit international regulatory authority whose mission is to assure the effective and efficient reduction of risks to the reliability and security of the grid. NERC develops and enforces Reliability Standards; annually assesses seasonal and long-term reliability; monitors the bulk power system through system awareness; and educates, trains, and certifies industry personnel. NERC's area of responsibility spans the continental United States, Canada, and the northern portion of Baja California, Mexico. NERC is the Electric Reliability Organization (ERO) for North America, subject to oversight by the Federal Energy Regulatory Commission (FERC) and governmental authorities in Canada.

The *Federal Energy Regulatory Commission (FERC)* regulates the interstate transmission of electricity, natural gas, and oil. As part of that responsibility, FERC regulates the transmission and wholesale sales of electricity in interstate commerce and protects the reliability of the high voltage interstate transmission system through mandatory reliability standards.