

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

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IN THE MATTER of the Public Service)	UTILITY DIVISION
Commission's Investigation into Montana-)	
Dakota Utilities Company's Implementation)	DOCKET NO. D99.2.29
of Universal Systems Benefits Programs)	
Pursuant to Section 69-8-402, MCA.)	ORDER NO. 6143b

ORDER IMPLEMENTING UNIVERSAL SYSTEM BENEFITS PROGRAMS

Background

1. Pursuant to Title 69, Chapter 8, Montana Code Annotated (MCA), Montana-Dakota Utilities' Co. (MDU) was required to file a plan with the Montana Public Service Commission (Commission) for implementing universal system benefits programs (USPB). § 69-8-402(4), MCA.

2. In Order No. 6143 issued February 19, 1999, Order Directing Universal System Benefits Compliance, the Commission directed MDU to demonstrate how it intended to implement the USBP requirements in § 69-8-402, MCA. The Commission informed MDU that it could file an appropriate USBC tariff for the Commission's approval, and that, on approval, the Commission would allow MDU to begin imposing this charge.

3. On March 29, 1999, MDU filed its Report with the Commission, attaching its Universal System Benefits Programs. Based on its 1995 revenues in Montana of \$28,100,872, MDU calculated its 2.4 percent USBP funding requirement to be \$674,400, of which MDU's qualifying industrial customers would be entitled to use \$122,660 in internal programs.

4. Section 69-8-413, MCA (Section 6, House Bill 337 (1999) established a process in which the Department of Revenue (DOR) must review claimed credits of the utilities and large customers, and adopt rules on or before September 1, 1999, specifying USBP credits and expenditures and adopting procedures for challenged credits.

5. Section 69-8-414, MCA (Section 7, House Bill 337) requires utilities and large customers to file annual reports with DOR on March 1 of each year summarizing USBP activities and identifying claimed credits. DOR is required to review the claimed credits,

presumed correct unless challenged by an interested person, and determine the likelihood that the challenged credit qualifies for USBP. The process provides for a formal review on the challenge, unless DOR deems that the credits do qualify and dismisses any challenge.

6. Pursuant to DOR's rulemaking authority under § 69-8-413, MCA, the DOR issued and noticed its adoption of temporary emergency rules on July 12, 1999, effective August 31, 1999, relating to Universal System Benefits Programs, implementing §§ 69-8-103, 69-8-402, 69-8-412, 69-8-414, and 69-8-501, MCA.

7. On July 23, 1999, the Commission issued Order No. 6143a directing MDU to file its proposal for USBP with the Commission for final determinations on MDU's USBP and USBC, before MDU would obtain a decision from the DOR on the petition for declaratory relief on the credits for the USBP.

8. On August 23, 1999, MDU submitted its plan for its universal system benefits programs and universal system benefits charges in accordance with Order 6143a.

9. On December 14, 1999, MDU filed a Motion for Interim Approval of Universal System Benefits Charge. MDU stated that the approval of its USBPs is pending before both the Commission and the Department of Revenue. While approvals are pending, MDU requested approval, on an interim basis, of its USBC. At a noticed work session on December 21, 1999 the Commission granted MDU's motion to implement USBCs, as specified in MDU's August 23, 1999 application, on an interim basis pending a final decision by the Commission on the application.

10. At its duly noticed work session on June 20, 2000, the Commission approved MDU's universal system benefits programs and charges, with modifications, as set forth in this Order.

Findings of Fact

11. MDU's proposed universal system benefits programs are outlined in Table 1 on the following page.

Table 1.

Program description	Allocation \$	Percent
Low-income assistance	309,000	46
Energy efficiency	179,000	27
Market transformation	0	0
Renewable resource projects	0	0
Research and development	64,000	9
Large customer self directed funds	122,660	18
Total	674,660	100

12. Low-income programs. MDU proposed a variety of programs within the low-income category. First, MDU proposed to implement a low-income bill discount program for customers that qualify for the Federal Low Income Energy Assistance Program (LIEAP). The proposed low-income bill discount incorporates variable discounts based on the relationship between a customer's income level and the Federal Poverty Guideline. The overall average discount would be 15 percent. Actual discounts would range between 10 percent and 25 percent. The specific bill discounts are shown in Table 2.

Table 2.

% of Federal Poverty	Electric Bill Discount	Annual Benefit with Space Heating	Annual Benefit Without Space Heating
0-30%	25%	\$233	\$136
31%-60%	20%	186	109
61%-90%	18%	167	98
91%-125%	10%	93	54
Average	15%	\$136	\$90

13. Low-income weatherization. MDU proposed an allocation of \$127,000 to fund weatherization projects for LIEAP qualified customers. At this funding level, MDU estimated it would be able to weatherize about 75 Montana low-income customers' homes annually.

14. Energy Share Endowment. MDU proposed an allocation of \$20,000 to the Energy Share endowment. The endowment is designed to provide a stable, long-term funding source for Energy Share's energy assistance programs.

15. Low-income energy audits. MDU would spend \$10,500 to contract with a third party to administer an energy audit program for low-income customers.

16. Energy Share. MDU would allocate \$10,000 to Energy Share to provide bill assistance to low-income customers who do not qualify for LIEAP.

17. Furnace/water heater repair/replacement program. MDU would use \$10,000 to fund a program to help low-income customers defer the costs of repairing or replacing a furnace or water heater.

18. Customer education. MDU would allocate \$4,000 to a multi-media campaign designed to increase customer awareness of assistance programs such as Energy Share.

19. Energy Efficiency. MDU's proposed energy efficiency programs include a residential and commercial audit program, a high efficiency air-conditioning program, a program to promote natural gas-fueled irrigation pumps and a program to retrofit mercury vapor street lights with more efficient sodium vapor units.

20. Research and Development. Through Electric Power Research Institute (EPRI) contributions, MDU would fund research in areas including power quality, transmission, substations and grid operations issues, renewable technologies, fuel cell power systems and other distribution issues.

Commission Decision

21. Montana Consumer Counsel (MCC) and the Montana Department of Public Health and Human Services (DPHHS) are the only intervenors in this docket. Neither of these intervenors submitted any comments on MDU's proposed universal system benefits programs and funding levels.

22. The Commission approves MDU's proposed USBP with the following modifications. First, the high efficiency air-conditioning program is not cost-effective from either the participant or societal cost perspectives, according to MDU's 1999 integrated resource plan. However, several energy-efficiency applications are identified in the 1999 plan as cost-effective, including reducing the hot water heater temperature setting, low-flow shower heads, water heater wraps and retrofitting incandescent lights with fluorescent lights. In lieu of the high

efficiency air-conditioning program, MDU should allocate 50 percent of the monies allotted to the high-efficiency air conditioning program (\$31,000) into conservation-related programs to be promoted as part of the energy audit program. The remaining 50 percent (\$31,000) should be allocated to a research & development program involving a fuel cell project implemented in MDU's Montana service area.

23. Second, local Human Resource Councils already have contracts with DPHHS to perform audits on low-income households. MDU should coordinate its low-income audit program with the state program in order to minimize costs and maximize benefits.

24. Based on these modifications, the Commission approves MDU's USBP allocation as shown in Table 3.

Table 3.

Program description	Allocation \$	Percent
Low-income assistance	309,000	46
Energy Efficiency	148,000	22
Market transformation	0	0
Renewable resource projects	0	0
Research and development	95,000	14
Large customer self-directed	122,660	18
Total	674,660	100

Conclusions of Law

1. The Commission supervises public utilities and regulates the rates, charges and services of public utilities pursuant to Title 69, Chapter 3, MCA. § 69-3-102, MCA.

2. The Commission has the general power to do all things necessary and convenient in the exercise of its powers conferred by Title 69, Chapter 3, MCA and to regulate the mode and manner of all investigations and hearings of public utilities and other parties before the Commission. § 69-3-103, MCA.

3. A public utility must file all rates, tolls and charges with the Commission for its approval in compliance with § 69-3-301, MCA.

4. The Commission may prescribe classifications of the service of a public utility, and the utility is required to conform its schedule of rates, tolls and charges the such classifications.

Order

Wherefore, the Commission orders as follows:

First, MDU's proposed USBP is modified, as set forth herein in the Commission's Decision section, ¶¶ 23-25. Because the high efficiency air-conditioning program is not cost-effective, it must be replaced with several energy-efficiency applications identified in the 1999 plan as cost-effective, including reducing the hot water heater temperature setting, low-flow shower heads, water heater wraps and retrofitting incandescent lights with fluorescent lights. In lieu of the high efficiency air-conditioning program, MDU must allocate 50 percent of the monies allotted to the high-efficiency air conditioning program (\$31,000) into conservation-related programs to be promoted as part of the energy audit program. The remaining 50 percent (\$31,000) must be allocated to a research and development program involving a fuel cell project implemented in MDU's Montana service area.

Second, MDU must coordinate its low-income audit program with the Human Resource Councils program with existing contracts with DPHHS to perform audits on low-income households, in order to minimize costs and maximize benefits.

DONE AND DATED this 20th day of June, 2000 by a vote of 5 - 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

DAVE FISHER, Chairman

NANCY MCCAFFREE, Vice Chair

BOB ANDERSON, Commissioner

GARY FELAND, Commissioner

BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.