

The following is Commissioner Koopman's unpublished response to a January 14, 2014 Op-Ed by state Rep. Tom Woods. The Bozeman Daily Chronicle refused to print Koopman's piece, so it is reproduced here, in an effort to correct misinformation in the Woods column.

PSC's dam purchase decision must be based on facts, not fiction

by Commissioner Roger Koopman

When it comes to complex energy issues, it's best to avoid the cross-breeding of truths, half-truths and partisan opinions. You can end up with some pretty strange-looking mutations that breathe a lot of fire but produce no light.

The pending decision by the Public Service Commission to allow or disallow a proposed acquisition by NWE of 11 dams owned by Pennsylvania Power & Light (PPL) will impact Montana rate-payers for generations to come. We'll be taking at least 9 months to conduct hearings, gather data and analyze in minute detail, every aspect of this question – the pros, the cons, the opportunities and the risks. Commissioners have a sworn duty to remain totally neutral until all the evidence is in.

I appreciate that in his 1/14 Chronicle op-ed piece, Representative Tom Woods helped bring this important issue to public attention. In the months ahead, I'll be soliciting as much input as possible from District 3 constituents, and I hope to schedule some public meetings as well. But unfortunately, Tom's partisan commentary fell short of the mark in representing accurately, some of the key questions upon which this issue will ultimately rest.

In the interest of public understanding – not advocacy – I'll try to correct some of the more obvious misstatements. For starters, Tom claims that the legislature deregulated both dams and the distribution grid, allowing their divestiture by Montana Power. False. While supply facilities were deregulated and ultimately sold, the distribution grid was not, and is indeed regulated by the PSC to this day.

He then refers to the Northwestern Energy acquisition proposal as "privatization" – a buzz word that in this case just doesn't apply. The dams were always privately owned, and will remain so, whether NWE buys them or somebody else.

Tom asserts that the purchase would make NWE more of a monopoly that could hold rate-payers hostage. But Northwestern is already a monopoly, and thus, is fully regulated by the PSC.

Moreover, Woods' argument that transferring PPL's dams to Northwestern ownership reduces consumer control over those facilities is exactly backwards. When owned by an out-of-state company like PPL, the Montana PSC has no regulatory oversight, and the

contracted costs Northwestern pays for their power is simply passed through to the rate-payer. Owned by a Montana *regulated utility* like NWE, the PSC is able to directly regulate the operation of these dams, monitoring all costs and efficiencies to the benefit of Montana's residential and commercial consumers. Montanans are given more control, not less.

Rep. Woods muddies the picture further by claiming that in the wake of the so-called "deregulation" of Montana Power, his residential "energy bill" tripled, and then equates the currently proposed acquisition with the legislature's ill-conceived policies of the past. I had my PSC staff check, and residential electric bills during the time period he cited (1999-2005) actually only rose an average of 9 percent, inflation adjusted. If, by "energy," he is throwing in natural gas, that's a different story, since gas prices experienced a huge spike following the gulf coast hurricane devastation. But we're talking about electricity here.

What is especially misleading is the notion that a Northwestern purchase of these 633 megawatts of power generation would suddenly throw electric rates open to the wild fluctuations of the marketplace. Again, one of the strongest arguments *for* the proposal is that precisely the opposite is true. Currently, NWE purchases more than half of its electricity on the open market and through short-term contracts with folks like PPL. Owning more of its own generation capacity means that that the pass-through costs to consumers will be fixed and predictable, and much *less* subject to the whims of the market.

Tom's final "shot" charged that the Republican PSC will be "more pro-business than pro-consumer." This, of course, is a partisan ploy, that tries to create a false dichotomy. What all Montanans can be assured of is that PSC commissioners will strive to serve the greater good of all, will deal only with the facts, and will not be swayed by illogical arguments and false assertions – no matter how passionate. There is too much at stake to approach our public trust in any other way.