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For more information, contact:

Dave Fisher - 406-444-6168

Will Rosquist - 406-444-6359

PSC TO HOLD HEARING ON MPC'S ELECTRIC RESTRUCTURING PLAN

Montana Power Company's plan for its transition to electricity deregulation will be the subject of a hearing by the state Public Service Commission from April 28 through May 1. The hearing will be held in the Bollinger Room at the PSC, 1701 Prospect Avenue, in Helena and will begin at 9 a.m. each day.

MPC's transition plan is the first electric restructuring proposal to be heard by the PSC since the passage of Senate Bill 390 by the 1997 Legislature. SB 390 established a framework for Montana's monopoly electric utility industry to become competitive in the generation and sale of electricity.

MPC's plan details how MPC proposes to provide its large industrial customers with supplier choice by July 1 of this year and to phase in supplier choice for residential and small commercial customers through July 2002, when all customers will choose their electric suppliers.

Issues to be addressed at next week's hearing include:

- How much separation to require between MPC's regulated distribution and transmission utility and its unregulated electric supply affiliate.
- Design of the company's pilot programs to introduce supplier choice to residential and small business customers.
- Customer education and protection during the transition period.
- Methods to choose electricity suppliers.

The company's announcement in December that it would sell its generation assets made it necessary for the PSC to delay its final decision on "stranded costs" until the sale is completed. Stranded costs refer to electricity supply costs that are currently recovered in regulated utility rates but which would not be recoverable under the market prices that will prevail in the unregulated supply market. Because MPC has decided to sell its generation, the sale price will provide guidance as to whether and how much stranded costs MPC faces. This issue will be finally resolved later this summer after buyers for the power plants are announced.

Another issue to be taken up later is the company's proposal for a universal system benefits program to fund public purposes such as low-income energy assistance, conservation and renewable resources.

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