

For Immediate Release

Contact: Chris Puyear- Communications Director

cpuyear@mt.gov

(C): 406-431-2499

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PSC Disheartened By Failure of Ratepayer Protection Measure

HELENA, Mont. - A bill to protect NorthWestern Energy customers from what the Public Service Commission (PSC) calls "unwarranted costs" died today after a blast motion to bring the bill to the Senate floor failed by a hairsplitting 24-25 vote.

"The failure of this bill is a loss for electric customers this session. I'm extremely disappointed to see lawmakers stand between the Commission and our efforts to protect the long-term best interest of ratepayers. In light of this motion's failure, the Commission will continue its vigorous past efforts to ensure that all of the electricity supply costs that NorthWestern passes on to customers are just and reasonable," said Chairman Brad Johnson (R-East Helena).

HB 193, sponsored by Rep. Tom Woods, would have repealed a special carve out in the law that allows NorthWestern to pass 100% of the costs for market purchases of electricity through to ratepayers. Treatment which PSC officials say differs from the state's other major utility, Montana- Dakota Utilities (MDU).

"It doesn't make sense to treat two companies with identical business models differently under the law," said Commissioner Tony O'Donnell (R-Billings).

HB 193 would allow the PSC to set up a cost sharing arrangement similar to the one that is already in place for MDU. When NorthWestern experiences an outage or a generator doesn't perform to expectation the utility would be permitted to pass through 90 percent of the costs for replacement power to customer, but it would be expected to pay 10 percent of the total tab.

Travis Kavulla, vice chairman of the PSC says this kind of arrangement would encourage the utility to control costs.

"The Public Service Commission wants to provide incentives to the regulated monopolies we regulate to behave like ordinary businesses. We think this will police their spending and ultimately improve quality of service to customers while decreasing rates. But the legislature has made that task much more difficult," he said.

The bill would also limit the kinds of costs that utilities are able to pass on to their customers.

"NorthWestern has used this special privilege to pass on costs that do not directly relate to the provision of electricity supply services for customers, including \$12 million in administrative and consulting fees. That is wrong. No other business operating in a free market would be able to do this, and the law shouldn't permit this kind of behavior from a monopoly with a captive set of customers. NorthWestern's aggressive lobbying effort to kill this sensible bill was truly a low point in the legislative session. Some legislators will have a lot to explain to their constituents," said Commissioner Roger Koopman (R-Bozeman).

To view a copy of the vote, visit:

[http://laws.leg.mt.gov/legprd/LAW0211W\\$BLAC.VoteTabulation?P_VOTE_SEQ=\\$1694&P_SESS=20171](http://laws.leg.mt.gov/legprd/LAW0211W$BLAC.VoteTabulation?P_VOTE_SEQ=$1694&P_SESS=20171)

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Made up of five elected commissioners, the PSC works to ensure that Montanans receive safe and reliable service from regulated public utilities while paying reasonable rates. Utilities regulated by the PSC generally include private investor-owned natural gas, electric, telephone, water, and sewer companies. In addition, the PSC regulates certain motor carriers, and oversees natural gas pipeline safety and intrastate railroad safety.