



Energy and Telecommunications Interim Committee

64th Montana Legislature

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May 22, 2015

TO: The ETIC
FR: Sonja Nowakowski
RE: Program Evaluation

The evaluation of programs administered by the agency for which the ETIC has oversight is required by law. Over the decades, the fulfillment of this statute has ranged from an item on the agenda driven by a constituent concern, to updates on a topic at each meeting, to more complete evaluations that involve staff time and analysis.

The attached documents are intended to provide the ETIC the full menu of options for program evaluations. The accompanying spreadsheet provides a brief description of programs within the Public Service Commission that the ETIC may wish to evaluate.

What, if anything, the ETIC evaluates depends entirely on the staff resources and ETIC time that the committee devotes to each review. Also attached is a sheet that shows tasks that could be included in a minimum, medium, and full program review and a range of estimated staff time necessary to complete the tasks. The information has been incorporated into the work plan.

The intent of this more formalized planning process is to give the ETIC a picture of the variety of programs available for review and to allow for an in-depth and contextual review of a program, including applicable laws, rules, funding, and implementation. The selection of a program may be driven by a constituent anecdote, a piece of legislation, or a timely issue, but the program review would provide the ETIC with a broader picture.

Again, the attached documents are intended to provide the ETIC with a planning tool. The final decision on how reviews are conducted lies with the committee members.

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Program Review Descriptions and Time Estimates

Full Review	Medium Review	Minimum Review
<i>Estimated Staff Time</i> 544 Hours - Available (.2 FTE to Available)	<i>Estimated Staff Time</i> 180 – 544 Hours (.06 - .2 FTE)	<i>Estimated Staff Time</i> 60 – 180 Hours (.02 - .06 FTE)
Multiple staff reports on issues within program including history, overview of applicable laws and rules, and summary of timely issues. Interviews with program personnel. Possible multiple staff site visits.	Staff report on program including history, overview of applicable laws and rules, and summary of timely issues within program. Interviews with program personnel. Possible staff site visit.	Staff summary of program. May include interview with program lead.
Multiple agency presentations	Multiple agency presentations.	Agency presentation.
Multiple regulated community panels.	Multiple regulated community panels.	Regulated community panel.
Staff summaries on related audits, fiscal analysis, court decisions. Possible presentations from Audit and Fiscal on issues of interest. Possible legal review of specific issues.	Staff summaries on related audits, fiscal analysis, court decisions. Possible presentations from Audit and Fiscal on issues of interest. Possible legal review of specific issue.	Bibliography of related materials, including audits, fiscal analysis, court decisions.
Additional staff research in particular areas.	Additional staff research in particular areas	Limited follow-up for ETIC.
Additional information from agency and staff analysis.	Additional information from agency and staff analysis.	Work product may include recommendations, legislation.
Possible subcommittees or work groups.	Work product may include staff report, recommendations, legislation.	
One or More Field Trips	Possible field trip.	
Work product may include staff report, recommendations, legislation.		

Agency	Division	Section	Program	Statute	Description	Timeliness	Column2	Column3
PSC	Heat and Light	Electric	Qualifying Facilities	69-3-601 - 69-3-604	Provides for sale of power produced by a qualifying small power production facility to a utility. Establishes standards for determination of rates and conditions.	Rulemaking in 2013		
			Net Metering	69-8-601 - 69-8-604	Provides for net metering systems in Montana. Establishes utility net metering requirements and provides exemptions.	HJ 12 Study		
			USB	69-8-402 - 69-8-414	Establishes universal system benefits programs and requires 2.4% of 1995 annual retail sales as funding for the program. Provides for use of money collected and establishes penalties.	Statutory Duties. Audit completed with 2013-2014 interim.		
			Procurement	69-8-419 - 69-8-421	Provides objectives and duties for NorthWestern in planning for future electricity supply, managing portfolio, and procuring new resources.	Discussed by ETIC in 2013-2014 interim		
			Supply Resource Planning	69-8-419 - 69-8-421	Establishes an efficient electricity supply resource planning and procurement process to evaluate cost-effective electricity supply and demand-side management options.			
			Integrated Resource Planning	69-3-1201 - 69-3-1206	Requires planning by a utility to meet the requirements of its customers and to acquire resources to ensure a clean, healthful environment. The plans also provide for long-range planning by utilities.			
			Preapproval and Restructuring	69-8-419 - 69-8-421	Allows NorthWestern to apply to the PSC for approval of an electricity supply resource that is not yet procured.			
			RPS	69-3-2001 - 69-3-2010 - 69-3-222 - 69-3-223 and ARM	Establishes renewable energy requirements for utilities at 15% by 2015. Provides for cost caps, cost recovery, reporting, and provides exemptions.	Studied during 2013-2014 interim		
			Landlord-Tenant Issues	38.5-1401 - 38.5-1418	Establishes utility disclosure and liability requirements. Provides notice for termination of services and exceptions.	PSC Roundtable in May		
			Ratemaking	69-3-301 - 69-3-330	Establishes PSC procedures for utilities to follow in changing or increasing rates. Notice and hearing requirements are provided. Provides for timelines and processes.			
			Interim Rates	69-3-304	Allows the PSC to temporarily approve increases or decreases pending a final decision. Requires a rebate to customers for amount collected retroactive, if needed.			

	Electric	Tax Tracker	69-3-308	Allows a utility to separately disclose the amount of state and local taxes paid. Requires the PSC to allow a utility to file rate schedules allowing for the automatic adjustment and tracking of taxes paid by the utility.	Legislative issue in 2015
	Electric	Conservation Purchases	69-3-701 - 69-3-713	Allows a utility make conservation purchases or investments. Requires the PSC to includes conservation purchases in a utility's rate base.	Has not been used since Montana Power Company.
	Natural Gas	Licensing and Customer Choice	69-3-1401 - 69-3-1405	Utility may offer its customers a choice of suppliers and provide open access to transmission facilities. Natural gas suppliers must be licensed by PSC.	
	Natural Gas	Ratemaking	69-3-1407	PSC may authorize utility to implement an optional rate regulation using performance-based ratemaking.	Has not been used by a utility.
	Natural Gas	USB	69-3-1408	Requires natural gas utilities to implement universal system benefits program. PSC establishes charge that is collected.	Statutory Duties. Audit completed with 2013-2014 interim.
	Natural Gas	Acquisition of rate-based facilities	69-3-1413- 69-3-1416	Allows a natural gas utility that deregulated to acquire production and gathering resources and place them in rate base.	
	Natural Gas	Acquisition of production and gathering	69-3-1413 - 69-3-1416	Allows for preapproval by PSC of natural gas utility's acquisition of production and gathering resources.	
Water/Sewer	Water	Private water utilities	38.5.2527 - 38.5.2532 ARM	Two simplified regulatory treatment options are available to a small water or sewer utility to establish or change its rates without filing a rate application. The 2 simplified options are: 1- adopt PSC standard rates and 2- use the operating ratio methodology.	Rulemaking in 2014
	Sewer	Private sewer utilities	38.5.2527 - 38.5.2532 ARM	Two simplified regulatory treatment options are available to a small water or sewer utility to establish or change its rates without filing a rate application. The 2 simplified options are: 1- adopt PSC standard rates and 2- use the operating ratio methodology.	Rulemaking in 2014

Telecom	Service Providers	Registration	69-3-801 - 69-3-805	Requires telecommunications service providers to file with the PSC. Includes definitions for providers to include land-line and excludes cellular service and cable television service. Carriers do not file but register online.	
		ETCs	69-3-840-69-3-845	Authorizes the PSC to designate telecommunications carriers as eligible for federal universal system support and for Montana universal system funds.	
		Rates and charges	69-3-807	Allows the PSC to establish specific rates, tariffs, or fares for the provision of regulated telecommunications services. Requires just, reasonable, and nondiscriminatory rates. The PSC has implemented reduced rate regulation.	
		Interconnection	69-3-831 - 69-3-839	Implements provisions of the federal Telecommunications Act of 1996, Public Law 104.	
	Customer Protections	Change in Service	69-3-1301 - 69-3-1316	Prohibits a telecommunications carrier from switching a customer's service from one carrier to another with the customer's consent. Prohibits charges for services not requested.	
		Intrastate matters	69-3-1101 - 69-3-1106	Provides customers and the PSC with process for disputing exorbitant rates for intrastate calls under certain circumstances.	
	Small providers		69-3-901 - 69-3-910	Establishes requirements for regulated telecommunications service providers serving less than 12,000 subscribers in Montana. Excludes rural telephone cooperatives.	
	LTAP		69-3-1001 - 69-3-1007	Establishes a telephone low-income assistance program in conjunction with federal requirements for matching federal low-income telephone assistance.	PSC proposed legislation in 2015 to repeal LTAP. It was not passed and approved.
Motor carriers	Classifications	Class A	69-12-311	Provides for the regulation of motor carriers that travel on a time schedule.	Legislative issue in 2015. HJ 16 study.
		Class B	69-12-312	Provides for taxi cabs, limousines, tour operations, and charter services. They are rate-regulated, with the exception of the limos and smaller charter buses.	Legislative issue in 2015. HJ 16 study.
		Class C	69-12-313	Provides for property carriers that bid on projects. Partially regulated.	Legislative issue in 2015. HJ 16 study.

		Class D	69-12-341	Provides for transportation of garbage. Remains fully regulated.	Legislative issue in 2015. HJ 16 study.
		Class E	SB 396	Establishes requirements for ridesharing in Montana.	Legislative issue in 2015. HJ 16 study.
	Requirements	Fitness	69-12-321 - 69-12-323 and 69-12-415	Establishes a certificate of public convenience and necessity for the transportation of property, persons and property and solid waste. Class E motor carriers and the transportation of persons is governed by a certificate of compliance. Requires reports be filed with the PSC.	Legislative issue in 2015. HJ 16 study.
		Records and reports	69-12-407	Allows certain exemptions for Class E motor carriers.	
	Rate-making		69-12-501 - 69-12-511	Requires Class A and Class B motor carriers to maintain rates on file with PSC. Rates may not be changed without PSC approval.	Legislative issue in 2015. HJ 16 study.
Underground Facilities	Common Carriers -- Pipelines	PSC role	69-13-101 - 69-13-303	Provides for the PSC role in regulating pipelines that transport petroleum, coal, or carbon dioxide. Requires common carriers to file with the PSC to obtain the power of eminent domain. Requires monthly and annual reporting.	
		Interchange facilities	69-13-302	Allows the PSC to require connections and facilities for certain interchanges.	
		Rates	69-13-201	Allows the commission to establish and enforce rates for certain petroleum, coal, or carbon dioxide pipelines. Limited by federal authority.	
	Facilities -- Safety	Inspections, reporting, and investigations	69-4-501 - 69-4-514	Establishes requirements for utilities and underground facility owners to use for the administration of a Call Before You Dig Programs.	The PSC does not have a role in this matter. Studied during 2011-2012 interim
		Enforcement	69-4-505 69-3-207	Establishes liability requirements for damages to underground facilities.	
			and 38.5.2201 through 2327 ARM	Establishes penalties for violations of the Natural Gas Pipeline Safety Act of 1968 where the commission has authority. Outlines PSC authority to enforce pipeline safety overall for natural gas.	
Regulation of Carriers	Railroads	PSC role	69-14-101 - 69-14-1206	Preserves PSC's limited role in regulating railroads in accordance with 49 U.S.C. 20106 and 20113.	Legislative issue in 2015. Significantly changed to coordinate with federal authority.

