



MONTANA STATE SENATE

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15 February 2016

Montana Public Service Commission
Chairman Brad Johnson
1701 Prospect Avenue
Helena, MT 59601

Dear Chairman Johnson & Commissioners:

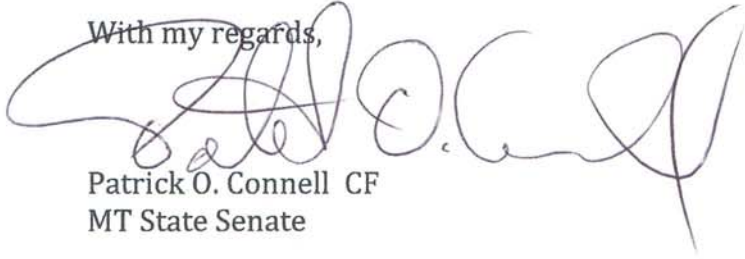
The subject of "Net Metering" became a highly discussed subject during the last session, and subsequently, my SJ 12 to study this subject by the Interim Energy and Telecommunications Committee ranked as the second highest legislative priority for review. The subject of dispersed energy generation has captured the interest of a broad spectrum of Montanans. While still in its infancy in Montana, I feel strongly that the Legislature and PSC must continue to take the necessary steps so that this source of energy generation is allowed and encouraged. However, my support hinges on the requirement of the use of appropriate technology to insure both the safety and reliability of Montana's electric grid, so as to avoid the plethora of ills other states are starting to experience. Likewise, I am compelled to oppose any cost-shifting toward the balance of the utility's non-generating customers that may result through compensation rates customer-generators are granted.

I cannot predict the outcome of ETIC's analysis of the various facets of the net-metering subject; however, within my authority, I have requested two pieces of legislation, LC 10 and LC 11. These bills separately address the issue of safety, control and quality reliability of dispersed generators, and then the issue of a potential cost shift.

The PSC is, if you will, the arm of the Legislature that has the staff and expertise to insure the successful and rapid implementation of these proposed legislative bills if passed into law. I especially recognize the complexity of the financial analysis necessary to arrive at a fair rate of payment for customer-generation. Regardless of the outcome of my two bill drafts, the issues power quality as well as compensation for customer-generators will continue play out against the expectations of 69-8-

602 and 69-8-604. As a consequence, I would encourage, and support the PSC to now begin a public process of creating the *framework* necessary for evaluating the costs and benefits of net metering for Montana's public utilities that would then become the basis for future customer-generator compensation consideration.

With my regards,

A handwritten signature in black ink, appearing to read 'Patrick O. Connell', written in a cursive style.

Patrick O. Connell CF
MT State Senate