

SENATE BILL NO. 301

INTRODUCED BY D. ZOLNIKOV

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING UTILITY LINES AND FACILITIES LAWS; ALLOWING THE COMMISSION TO GRANT A PUBLIC UTILITY A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR ELECTRIC TRANSMISSION FACILITY CONSTRUCTION; ESTABLISHING OPTIONAL RATEMAKING PROCEDURES AND TIMELINES; PROVIDING RULEMAKING AUTHORITY; PROVIDING DEFINITIONS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Definitions. As used [sections 1 through 3], unless the context clearly indicates otherwise, the following definitions apply:

(1) "Advanced transmission technology" means a technology that increases the capacity, efficiency, and reliability of an existing or new transmission facility, as defined in 42 U.S.C. 16422. For the purposes of [sections 1 through 3], the term applies to the following technology:

- (a) underground cables;
- (b) advanced conductor technology, such as advanced composite conductors, high temperature low-sag conductors, and fiber optic temperature sensing conductors;
- (c) high-capacity ceramic electric wire, connectors, and insulators;
- (d) high-voltage direct-current technology;
- (e) flexible alternate-current transmission systems;
- (f) energy storage devices, such as pumped storage hydropower, compressed air, superconducting magnetic energy storage, flywheels, and batteries;
- (g) distributed generation, such as photovoltaic solar cells, fuel cells, and microturbines;
- (h) enhanced power device monitoring;
- (i) direct system-state sensors;
- (j) power electronics and related software, including real-time monitoring and analytical software;

1 and

2 (k) any other technologies the commission considers appropriate.

3 (2) "Certificate of public convenience and necessity" means a written authorization to operate
4 issued by the commission for constructing an electric transmission facility.

5 (3) "Department" means the department of environmental quality provided for in 2-15-3501.

6 (4) "Transmission facility" means those facilities that are controlled or operated by a utility and
7 used to provide transmission services as determined by the federal energy regulatory commission and the
8 public service commission. The term includes advanced transmission technology.

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10 **NEW SECTION. Section 2. Certificate of public convenience and necessity for transmission**

11 **lines and facilities -- rulemaking.** (1) A public utility, as defined in 69-3-101, or any other entity required to
12 submit a certification application to the department pursuant to Title 75, chapter 20, may request a certificate of
13 public convenience and necessity from the commission prior to commencing actual construction work on an
14 electric transmission facility that is rated higher than 69 kilovolts.

15 (2) (a) Upon receiving a request from a public utility or entity, the commission shall determine
16 within 270 days whether the construction of the proposed transmission facility is in the public interest and may
17 grant or deny the certificate of public convenience and necessity.

18 (b) In making a determination, the commission may consider:

19 (i) the need for the proposed transmission facility to ensure reliable service for customers;

20 (ii) the ability of the proposed transmission facility to improve customer access to reliable and cost-
21 effective electric generation or storage facilities;

22 (iii) the anticipated costs and benefits of the proposed facility;

23 (iv) the use of advanced transmission technology; and

24 (v) any other factors deemed appropriate by the commission.

25 (3) A commission-approved certificate of public convenience and necessity may satisfy the
26 requirements set forth in 75-20-301(1)(a), (1)(d), (1)(f), and (2) when the department considers siting
27 applications for proposed transmission facilities.

28 (4) The commission shall adopt rules for the implementation of this section.

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2 **NEW SECTION. Section 3. Electric transmission optional ratemaking procedures -- rulemaking.**

3 (1) A public utility operating electric transmission facilities that are part of a bulk electric system subject to
4 regulation by the federal energy regulatory commission and whose rates are set by the federal energy
5 regulatory commission using a formula rate process is eligible for optional ratemaking procedures as described
6 in this section.

7 (2) An eligible public utility may establish the optional ratemaking procedures in a general rate
8 filing pursuant to Title 69, chapter 3, part 3. If the public utility is eligible and the proposed optional ratemaking
9 procedures are consistent with this section, the commission may approve optional ratemaking procedures that
10 include the following elements:

11 (a) The revenues and costs associated with providing electric transmission service must be
12 unbundled from the revenues and costs associated with providing all other services. Cost recovery and savings
13 from advanced transmission technology compared to legacy transmission technology must be considered over
14 the expected life of the transmission line.

15 (b) The rates associated with the provisions of electric transmission service must be set annually
16 using forecasted revenues and costs expected over a 12-month period, including forecasted revenues the
17 public utility anticipates it will collect from the provisions of the federal energy regulatory commission
18 jurisdictional transmission services during that same period.

19 (c) (i) At the conclusion of each forecasted 12-month period, a public utility shall make a filing to
20 adjust for a recovery that is above or below the actual, prudently incurred costs and for any revenues the public
21 utility receives from providing federal energy regulatory commission jurisdictional services.

22 (ii) If the federal energy regulatory commission grants the recovery of costs in the rate base during
23 construction, the public utility may seek similar treatment of these costs through the optional ratemaking
24 procedures described in this section.

25 (3) Following the initial implementation of unbundled electric transmission rates and optional
26 ratemaking procedures, the commission shall:

27 (a) authorize the public utility to change the rates it charges that are associated with its provision of
28 electric transmission service on a schedule comparable to the schedule the public utility uses to change its

1 federal energy regulatory commission formula rates; and

2 (b) authorize a change in the rates associated with the provision of electric transmission service
3 that is set to go into effect no later than 30 days from the date of filing on an interim basis.

4 (4) A filing to change rates pursuant to this section must comply with the Montana Administrative
5 Procedure Act, Title 2, chapter 4, part 6.

6 (5) The commission may adopt rules for the implementation of this section."
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8 NEW SECTION. Section 4. Codification instruction. [Sections 1 through 3] are intended to be
9 codified as an integral part of Title 69, chapter 4, part 1, and the provisions of Title 69, chapter 4, part 1, apply
10 to [sections 1 through 3].
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12 NEW SECTION. Section 5. Effective date. [This act] is effective on passage and approval.
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