



ADMINISTRATIVE RULES OF MONTANA

38.5.4303 MONTANA ENERGY IMPACT ASSISTANCE FINANCING

- (1) If an electric utility applies to the commission to approve a financing order pursuant to the Montana Energy Impact Assistance Act, the electric utility's application to the commission must describe how such financing satisfies or follows from a plan developed pursuant to 69-3-1201 et seq., MCA, and any responsive commission comments.
- (2) An application for a Montana Energy Impact Assistance Act financing order must be consistent with the relevant statutory requirements in 69-3-1601 through 69-3-1623, MCA, and include the following minimum filing requirements:
 - (a) testimony and workpapers providing an estimated schedule for the retirement or replacement of the electric infrastructure or facilities subject to the application;
 - (b) testimony and workpapers specifying the electric infrastructure or facilities to be retired or replaced, and the effects of the proposed financing on the retirement or replacement, including a description and calculation of the applicable electric infrastructure or facilities' contribution to the electric utility's revenue requirement including operating expenses, taxes, depreciation, rate base, and the return on rate base, plus the effect on the electric utility's cost-tracking adjustment for electricity supply and the applicable reduction to rates upon the inception of the collection of Montana energy impact assistance charges;
 - (c) testimony and workpapers describing the amount and terms of the proposed securitization, including the Montana energy impact assistance costs and financing costs associated with the retirement or replacement;
 - (d) testimony and workpapers describing the proposed methodology for allocating the revenue requirement for the Montana energy impact assistance charge among customer classes;
 - (e) testimony and workpapers describing the nonbypassable Montana energy impact assistance charge required to be paid by customers within the electric utility's service area for the recovery of the Montana energy impact assistance costs;
 - (f) testimony and workpapers estimating the net present value of electric utility customer savings expected to result if the financing order is issued using a net present value comparison between the costs to customers that are expected to result from the financing of the undepreciated balances of electric infrastructure or facilities with Montana energy impact assistance bonds and the costs that would result from the application of traditional electric utility financing mechanisms to the same undepreciated balances;
 - (g) testimony and workpapers demonstrating one or more alternative financing scenarios in addition to the preferred scenario contained in the application. The alternative scenarios

shall include various bond lengths with sensitivity analyses of associated interest rates, and compare electric utility customer savings under each scenario;

- (h) testimony and workpapers describing the proposed billing mechanism to collect the Montana energy impact assistance charges from the electric utility customers, including proposed tariff sheets;
 - (i) a copy of the proposed Montana energy impact assistance bonds;
 - (j) testimony and workpapers describing the proposed true up mechanism to adjust for any over/undercollections of Montana energy impact assistance charges;
 - (k) testimony and workpapers describing the proposed method to remove the applicable electric infrastructure or facilities from the electric utility's revenue requirement, including rate base, upon the inception of the collection of Montana energy impact assistance charges; and
 - (l) if approval for the use of any remaining Montana energy impact assistance bond proceeds is not requested in the application, testimony providing a general description and timeframe of the electric utility's anticipated use of such proceeds in compliance with 69-3-1623, MCA.
- (3) The commission may assess a penalty for violations of 69-3-1616, MCA. A penalty must be reasonable based on the facts and circumstances presented for each violation, including the amount in controversy, and be sufficient to deter future noncompliance. Penalty amounts must be determined after providing parties an opportunity to appear and be heard. Penalties must be in amounts authorized by 69-3-206(1), MCA, and recovered from electric utilities under the procedure required by 69-3-206(2), MCA.

Authorizing statute(s): 69-3-1604, MCA

Implementing statute(s): 69-3-1604, MCA

History: NEW, 2022 MAR p. 1087, Eff. 6/25/22.