



ADMINISTRATIVE RULES OF MONTANA



38.5.2020 GOAL AND POLICY

- (1) Integrated least-cost resource planning and acquisition is an ongoing, dynamic, and flexible process that:
 - (a) manages the consequences of risk and uncertainty;
 - (b) integrates demand-side, distribution-side, and power resources to minimize the long-term total cost of service;
 - (c) considers a broad range of attributes in the evaluation of alternative resources and their cost-effectiveness;
 - (d) engages stakeholders and the public; and
 - (e) is transparent and reasonably understandable to stakeholders, the public, and the Commission.
- (2) The goal of integrated least-cost resource planning and acquisition is to ensure public utilities meet their customers' needs for adequate, reliable, and efficient energy services at the lowest long-term total cost while managing risks and remaining financially sound. To achieve this goal, utilities shall plan to meet future customer demand and energy requirements through timely acquisition of a diverse mix of cost-effective resources, and shall actively pursue and acquire all cost-effective demand-side resources. The cost-effectiveness of all resource acquisitions will be evaluated with respect to long-term total costs, including scenarios based on societal costs.
- (3) These rules implement the policy of the State of Montana concerning integrated least-cost resource planning and acquisition. Electric utilities are required to file resource plans and conduct planning and acquisition processes as outlined in the rules.
- (4) The rules implement the Commission's regulatory objective of ensuring an efficient allocation of society's resources to provide adequate, reliable electricity services and just and reasonable rates for consumers at the lowest long-term total cost. In furtherance of this objective, utilities shall operate existing resources and acquire new resources only when needed and in a manner consistent with these rules.
- (5) The rules establish requirements for resource planning and acquisition processes but do not specify planning and acquisition outcomes or mandate investment decisions. The rules identify ways for utilities to reduce and manage the risk of resource acquisition to shareholders, customers, and society.
- (6) Utilities shall acquire resources through transparent, independently administered competitive resource solicitations whenever practicable, subject to 69-3-1207, MCA.

- (7) Integrated least-cost resource planning consistent with the rules may demonstrate that previously rate-based resources should be abandoned and replaced by new resources. If such situations occur, the Commission will determine the appropriate recovery of undepreciated, rate-based capital costs in separate, contested case proceedings.
- (8) Evaluations of potential demand-side resources shall consider those resources cost-effective up to 110 percent of the utility's long-term avoided cost.
- (9) Resource decisions have a significant impact on the public. Public utilities can best meet the respective goals of shareholders, customers, and society by meaningfully involving the public in resource planning and acquisition processes. The rules facilitate such involvement by requiring public utilities to conduct transparent planning and acquisition processes and thoroughly document the results of those processes in a manner that is reasonably understandable.

Authorizing statute(s): 69-3-1204, 69-3-1206, MCA

Implementing statute(s): 69-3-1204, 69-3-1205, 69-3-1206, 69-3-1207, 69-3-1209, MCA

History: NEW, 2023 MAR p. 21, Eff. 1/14/23.