

**Unofficial Draft Copy**

As of: April 26, 2018 (11:24am)

LCGAS1

\*\*\*\* Bill No. \*\*\*\*

Introduced By \*\*\*\*\*

By Request of the \*\*\*\*\*

**Bill draft for discussion purposes only**

A Bill for an Act entitled: "An Act requiring natural gas utilities to offer customer choice; providing consumer protection standards for natural gas suppliers; amending sections 69-3-1403, 69-3-1404, 69-3-1405, 69-3-1406, 69-3-1408, and 69-3-1414, MCA; and providing an immediate effective date."

Be it enacted by the Legislature of the State of Montana:

**Section 1.** Section 69-3-1403, MCA, is amended to read:

**"69-3-1403. Customer choice.** (1) A natural gas utility ~~may~~  
~~voluntarily~~ shall offer its customers a choice of natural gas  
supplier and provide open access to its transmission facilities,  
storage facilities, or distribution facilities.

(2) If ~~a~~ customer choice ~~offering~~ results in transition  
costs, the commission may allow those transition costs to be  
recovered in separate identifiable charges to customers. Upon  
commission approval, the natural gas utility ~~must have the~~  
~~opportunity but not the obligation to~~ may finance the fixed  
transition costs and related financing costs using transition  
cost financing as provided for in ~~69-8-103~~ and 69-8-503."

{*Internal References to 69-3-1403:*  
69-3-1402 (x) 69-3-1414 (x)}

**Section 2.** Section 69-3-1404, MCA, is amended to read:

**"69-3-1404. Functional separation -- code of conduct -- emergency services -- customer protection.** (1) Except as provided in 69-3-1413 through 69-3-1416, a natural gas utility ~~that provides customer choice and open access on its system~~ shall:

(a) functionally separate its natural gas production and gathering resources from its natural gas transmission, storage, and distribution services and remove natural gas production and gathering resources from the rate base;

(b) adopt and comply with commission-approved standards of conduct to be included in a tariff to govern its natural gas transmission, storage, and distribution services; and

(c) provide emergency natural gas supply and related services to the extent necessary to maintain the operational integrity of the transmission system as determined by the commission.

(2) The commission shall develop standards that protect consumers and natural gas suppliers from anticompetitive and abusive practices. Standards include, but are not limited to requirements outlined in subsection (3).

(3)(a) A natural gas supplier may not require a cash deposit to establish or reestablish credit in an amount in excess of the value of 2 months of the estimated charge for service for the ensuing 12 months.

(b) Upon discontinuance of service, a natural gas supplier shall within 30 days refund the customers' deposits plus accrued interest on the balance, if any, in excess of unpaid bills for

services furnished by the natural gas supplier.

(c) Natural gas suppliers may not transfer a customer's service to another utility without providing, 30 days prior to the transfer, a written notice including:

(i) the date that the customer will be transferred;

(ii) the name of the natural gas utility to which the customer will be transferred; and

(iii) the rates, terms, and conditions of service that the natural gas utility or natural gas supplier will offer the customer.

~~(3)(4) This part does not reduce or otherwise change the authority of the commission to review the prudence of natural gas purchases made by a natural gas utility for its customers that do not have a choice or that have not made a choice of natural gas suppliers or have not been assigned a natural gas supplier."~~

~~{Internal References to 69-3-1404: None.}~~

**Section 3.** Section 69-3-1405, MCA, is amended to read:

**"69-3-1405. Licensing -- procedures -- commission rulemaking.** (1) The commission shall license natural gas suppliers and enforce licensing provisions pursuant to this section.

(2) A natural gas supplier shall file an application with and obtain a license from the commission to sell natural gas to customers in the state of Montana.

(3) A licensee shall:

(a) provide copies of all license applications to the

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commission and to all distribution services providers; and

(b) update information and file annual reports.

(4) A license application becomes effective 30 days after filing with the commission, unless the commission rejects the application during that period. If the commission rejects a license application, the commission shall specify the reasons in writing and, if practical, shall identify alternative ways to overcome deficiencies.

(5) The commission shall promulgate rules requiring licensing information that identifies the licensee and ensures that the natural gas supply is provided as offered and is adequate in terms of quality, safety, and reliability.

(6) The commission may require proof of a licensee's financial integrity and a demonstration of adequate firm deliverability to meet load requirements.

(7) Pursuant to its own investigation or upon the complaint of an affected party, the commission may impose a moratorium on adding or soliciting additional customers and institute a proceeding to revoke or suspend a license of a natural gas supplier for just cause. Suspension or revocation of a license means a natural gas supplier shall cease serving customers within the service territory of the natural gas utility. Customers are not liable for the payment of early termination fees or other penalties to a natural gas supplier subject to the suspension or revocation of a license."

{Internal References to 69-3-1405: None.}

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**Section 4.** Section 69-3-1406, MCA, is amended to read:

**"69-3-1406. Reciprocity.** ~~(1) All natural gas suppliers are afforded the comparable opportunity to compete.~~

~~(2) A natural gas distribution services provider or its affiliates may not use another natural gas distribution services provider's facilities in the state of Montana to sell natural gas to customers in the state of Montana unless the natural gas distribution services provider or its affiliates offer customer choice and open access to their natural gas distribution facilities."~~

{*Internal References to 69-3-1406: None.*}

**Section 5.** Section 69-3-1408, MCA, is amended to read:

**"69-3-1408. Universal system benefits programs -- establishing nonbypassable rate -- exemption.** (1) Except as provided in subsection (4), a natural gas utility or natural gas supplier shall implement, upon commission approval and subject to ongoing commission oversight and direction, a universal system benefits program.

(2) Except as provided in subsection (4), the commission shall establish a universal system benefits charge that natural gas transmission services providers, or distribution services providers, or both, natural gas suppliers, or any combination of those entities in the state of Montana shall charge to all end-use customers, taking into consideration the current level of expenditure by the natural gas utility or natural gas supplier, cost-effectiveness, and similar costs imposed in other states.

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The charge may be established and revised through a universal system benefits charge tracking procedure. The method of assessing the charge may not disproportionately burden a large transmission services provider's customers. Within the universal system benefits charge, beginning January 1, 2007, a natural gas utility's minimum annual funding requirement for low-income weatherization and low-income energy bill assistance is established at 0.42% of a natural gas utility's annual revenue for the previous year. A natural gas utility must receive credit for its internal programs or activities that qualify as universal system benefits programs.

(3) Except as provided in subsection (4), a natural gas utility or natural gas supplier shall file an annual report of its universal system benefits charges, programs, and program funding levels with the commission in a manner prescribed by the commission.

(4) A natural gas utility or natural gas supplier that serves 200 or fewer customers is exempt from the requirements of subsections (1) through (3)."

{*Internal References to 69-3-1408: None.*}

**Section 6.** Section 69-3-1414, MCA, is amended to read:

**"69-3-1414. Acquisition of rate-based facilities.** A natural gas utility ~~that provides its customers with a choice of natural gas suppliers pursuant to 69-3-1403 and that does~~ did not own natural gas production and gathering resources on April 1, 2009, may acquire those facilities and place them in the rate base as

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provided in 69-3-1413 through 69-3-1416."

{*Internal References to 69-3-1414:*  
69-3-1404 \* 69-3-1413 \* 69-3-1415 \*}

NEW SECTION. **Section 7. Effective date.** [This act] is  
effective on passage and approval.

- END -

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