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ALLOCATION OF MPC'S UNIVERSAL SYSTEM BENEFITS FUNDS

DECIDED BY PSC

In an order issued today, the state Public Service Commission decided how Montana Power Company will allocate among various public purposes the \$8.6 million in universal system benefits charges that MPC will collect this year from its customers.

The Electric Utility Restructuring and Customer Choice Act enacted by the 1997 Legislature required electric distribution utilities to establish universal system benefits programs funded by all customers for energy conservation, market transformation, low-income customer weatherization, renewable resources and low-income bill payment assistance. The law allows utilities to recover their costs for these programs by imposing a universal system benefits charge, or USBC, on all customers beginning January 1 of this year.

The PSC considered proposals for USBC allocation from MPC, the state Department of Environmental Quality and Northwest Power Planning Council, a group of large industrial customers, the state Department of Health and Human Services, the District XI Human Resource Council of Missoula, and the Natural Resource Defense Council. The PSC directed MPC to allocate its USBC funds in the following manner:

- 50 percent, or \$4.3 million, to be allocated to the large industrial customer rebate account and MPC's conservation investments. The large customer rebate account, which comprises \$2.5 million of this allocation, is necessary because the 1997 electric restructuring law allows large industrial customers to credit conservation investments they make in their own facilities, as well as other public purposes investments made by large customers, against their USBC obligations. MPC's conservation investments throughout its service area were allocated \$1.8 million.
- 21 percent, or nearly \$1.8 million, to be allocated among low-income weatherization, bill payment assistance, outreach, and Energy Share, a nonprofit organization that provides emergency energy bill payment assistance to Montanans. MPC was directed to spend at least as much on these programs in 1999 as it did in 1998.
- 13 percent, or about \$1.1 million, to be allocated to market transformation, a term describing MPC's efforts to encourage the manufacture and use of energy-efficient products.
- 13 percent, or about \$1.1 million, to be allocated to renewable resource projects.
- 3 percent, or \$225,000, to be allocated to MPC's research, development and demonstration projects.

The PSC will invite interested parties to assist in development of a process for determining future allocations of MPC's USBC funds.

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