

**Summary of Public Hearing Testimony for LD 795
An Act To Amend the Net Energy Billing Program
to Allow Participation by Certain Municipal Entities**

iPros	Cons
<ul style="list-style-type: none"> • Public water utilities need to be able to access as many alternative revenue sources as possible in order to fund necessary infrastructure replacements and upgrades while maintaining reasonable customer rate structures • Increased funds to replace infrastructure may be realized with a reduction of operating expenses • If KWD were allowed entry into the net energy billing program, generation from its hydro facility would be used to offset grid its purchases of electricity • A reduction in purchased power expense provides an opportunity for KWD to invest the savings in infrastructure upgrades without the need to increase customer rates • We have minimized the impact on T&D utilities by narrowing the scope of any program changes – bill only seeks expansion of eligibility criteria to 800 kW • We also feel that the proposed change will not dramatically increase the number of eligible facilities in the net energy billing program; unaware of any other water or sewer utility that would be impacted • In the current program, there is a cap in place intended to limit impacts of T&D utilities; when the total generation involved in the net energy billing program reaches that cap, either no more participants will be allowed or the cap will need to be increased • KWD’s situation seems to be a perfect scenario for “wheeling” of generation • Being able to use the net energy billing program would add another tool to our toolbox that could potentially bring even more value to that operation • If we are able to utilize the program, it will be with the goal of reducing our operating expenses and making more revenue available for other needs • The precise amount of lost revenues 	<ul style="list-style-type: none"> • An 800 kW facility located in the service territory of a COU would be of a size, that by virtue of the ability to net energy bill, may disproportionately shift costs from net energy billing customers to other ratepayers, including low-income and elderly on fixed incomes • Current system seems to be working well • Opening this opportunity to all potential generators would definitely have a severe impact on our utilities • PUC previously issued a report that concluded “any substantial expansion of net energy billing could create substantial financial and administrative burdens for COUs.” • Utility rates are a zero sum game, and if one customer is not paying their fair share of system costs, someone else has to make up the difference • Net energy billing is not intended to be used by someone who wants to sell to customers who are not part owners of the generator • Increasing the eligibility limit for municipal and quasi-municipal entities could result in some incremental revenue losses that would ultimately be paid by ratepayers • Municipalities are already allowed to participate in “customer net energy billing”

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<p>resulting from increasing the eligibility limit would be difficult to predict, but is likely to be small relative to the utilities' total annual revenue</p> <ul style="list-style-type: none">• We do not understand the bill to alter the overall net energy billing capacity limitation of 0.05% in the PUC rules	