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PSC chairman slams consultants' Electric City Power report

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Montana Public Service Commission Chairman Greg Jergeson in a critique released Friday ripped a November consultants' report recommending the city of Great Falls stay in the electricity business.

Jergeson, who has consistently criticized the city over its energy ventures, called the report "superficial" and its conclusions and recommendations "sophomoric."

Jergeson also said he believes the study overestimates the cost of electricity sold by NorthWestern Energy, the state's dominant utility, by \$2.5 million over a five-year period ending in 2009.

Gary Groninger, a senior project manager for the consulting firm, Burns & McDonnell of Kansas City, Mo., said Friday he had not yet read Jergeson's 40-page critique on the report and could not respond to details.

"When we do, we'll be glad to comment," Groninger said. "We tried to make sure that everything we put in there was vetted (checked)."

Jergeson wrote that, for fiscal year 2009, the consultants failed to include a deferred supply credit given to customers for the year, which amounted to \$3.78 per megawatt-hour of electricity.

He said that made a difference in the report's conclusion, since the report suggested power sold by the city of Great Falls under its utility arm, Electric City Power, was cheaper than that sold by NorthWestern, which is regulated by the Public Service Commission.

"In reality, the true cost of ECP's electricity is greater, on average, than NWE-

transmitted electricity," Jergeson said. He said Electric City Power customers have received price breaks over the years, but noted he believes that was because the city sold its power at a loss.

In an interview, Jergeson said he believes the city's biggest failing in its electricity venture was starting out by selling power below the city's cost.

Jergeson said he spent nights and weekends preparing his analysis, adding he didn't do it because he has a prejudice against the consulting firm. Rather, he said he did his analysis as an individual member of the PSC representing the city of Great Falls and surrounding areas.

Jergeson said he provided copies of his analysis to city officials after City Commissioner Mary Jolley heard he was preparing the critique. Jergeson dropped off the copies at the Civic Center shortly before noon Friday on his way home to Chinook.

Jergeson's document may give city officials something else to discuss at a joint meeting Monday at 5:30 p.m. between the City Commission and Electric City Power Board.

In the analysis, Jergeson criticizes the consultants for calling the state's right-to-know laws "an ongoing problem." Jergeson said those laws are valuable provisions that are "enshrined in the Montana Constitution to protect the Montana public, taxpayers and utility customers against insider dealing and back room arrangements.

"Somehow, five years of transactions between SMEC (Southern Montana Electric Generation & Transmission Cooperative) and ECP had accumulated liabilities for the taxpayers of Great Falls on June 30, 2009, of \$6.473 million ... and the consultants say that the public's right to know is a problem!" Jergeson states in his analysis. Billings-based Southern Montana Electric Generation & Transmission Cooperative sells wholesale power to the city's electric utility.

Jergeson also states in his critique that the consultants "understate the risk of buying power from a natural-gas-fired resource." Southern Montana's development arm has proposed building a natural-gas-fired power plant east of Great Falls.

Coleen Balzarini, the executive director of Electric City Power and the city's fiscal officer, could not be reached for comment Friday.