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August 26, 2013

Montana Public Service Commission
Vista Building
1701 Prospect Ave.
Helena, MT 59601

Re: Petition to Hold a Public Hearing Regarding Northwestern Energy's Potential Acquisition of the Colstrip and Corette Coal-fired Power Plants

Dear Montana Public Service Commissioners:

The Montana Environmental Information Center and Sierra Club submit this Petition to the Montana Public Service Commission requesting it hold a public hearing on the pending sale by PPL Corp. (PPL) of its Montana electricity generating assets. We are particularly concerned about the potential purchase of those assets by Northwestern Energy (NorthWestern). We believe recent shifts in energy markets, among other factors, could put Montana ratepayers at significant risk if NorthWestern were to acquire all or a part of PPL's generation assets in Montana. We believe the sale of these assets is of great interest to Montanans and that the Public Service Commission should hold a public hearing on the issue to gather information and determine how best to protect Montana's ratepayers.

NorthWestern CEO Bob Rowe was recently interviewed by Mike Dennison of Lee Newspapers. In the subsequent article, Mr. Rowe expressed a commitment to a diversified resource base and low-cost, reliable power. We strongly support these goals. Any portfolio manager understands the importance of diversification. We are troubled, however, by Mr. Rowe's reference that half of NorthWestern's electricity comes from coal-fired power. This does not indicate a diversified portfolio. This is even more troubling in light of rumors that NorthWestern is interested in purchasing PPL's resources, particularly the Colstrip and Corette coal-fired power plants.

In 2009 the PSC approved NorthWestern's purchase of a 30% share of Colstrip Unit 4. Almost immediately Unit 4 had a forced outage that lasted about 6 months. Recently, NorthWestern reported to the PSC that Unit 4 again went down unexpectedly. NorthWestern told the PSC it expects Unit 4 to be offline for repairs until early 2014. Two long-term forced outages in four years undermines the argument that this is a reliable and

cost-effective source of power. Both incidents occurred during summer months, a season with some of the highest peak demand. In addition, in the two-and-a-half years following a failed particulate emission stack test in December 2010, the Corette plant has frequently been required to operate at a reduced load simply to meet its particulate emission limit, further undermining this source's ability to provide a reliable energy source.

NorthWestern's contracts with PPL expire in 2014, and NorthWestern will need approximately 300 megawatts of power to replace this contracted power. PPL's Montana generation assets total approximately 930 megawatts (excluding the Kerr Dam, which will revert to the Confederated Salish Kootenai Tribe ownership in 2015). NorthWestern's purchase of PPL's generation resources would provide it with approximately three times the energy needed to serve its Montana customers. It would be imprudent for the PSC to allow NorthWestern to acquire these resources if NorthWestern intends to include them in the rate base. The acquisition of generation capacity that greatly exceeds demand is a fundamental misstep in energy markets, and NorthWestern would be forced to sell excess power on the volatile and currently depressed wholesale market.

The nation's energy market is engaged in a fundamental shift away from coal-based electricity resources. West coast states have passed laws that generally bar the importation of electricity from additional coal-fired resources. Nevada Energy, Nevada's largest utility, recently received approval from the Nevada legislature to divest itself of its coal generating resources. The northeast of the United States is essentially coal free. The Canadian Province of Ontario announced plans to be coal-free by the end of 2014. Closer to Montana, both Washington and Oregon have coal plants that have negotiated retirement dates. These examples and many more across the country underscore the fact that a little over a decade ago coal generated electricity accounted for 50 percent of our nation's energy portfolio. That number has plummeted, often dipping well below 40 percent in recent years.

The reason for the shift away from coal-based electrical power is multi-faceted. Looking into the future, every indication is that this trend will continue. As organizations with thousands of members across Montana, we urge the Commission to better understand these trends, to protect ratepayers by holding a hearing to gather information about the risks of a potential sale and purchase, and if necessary, to refuse to allow NorthWestern to pass on to ratepayers the costs of these outdated, highly polluting, and liability-laden facilities.

Regulatory Risks of Ownership of the Colstrip and Corette Coal Plants

The U.S. Environmental Protection Agency (EPA) is in the process of finalizing and implementing longstanding Congressional directives. Many of its impending regulations will implement long-overdue requirements to protect public health, the environment, the economy, and property rights. These regulations will have significant impacts on the economics of outdated coal-fired electricity generation facilities. Colstrip and Corette are also the subject of several pending citizen enforcement actions that could result in significant modernization and cleanup costs. These regulatory risks must be factored into

the estimated cost to ratepayers from a potential purchase by NorthWestern of PPL's coal-based generation assets in Montana.

I. Regional Haze

Federal law requires a reduction in air pollution that affects some of our nation's most treasured federal lands. The Clean Air Act's visibility-protection provisions, 42 U.S.C. § 7491, require states and the EPA to adopt plans to eliminate human caused haze from national parks and other protected federal lands, known as Class I areas. The plans must be designed to make reasonable progress toward eliminating human-caused haze pollution by imposing Best Available Retrofit Technology ("BART") pollutant controls on some of the largest and oldest sources of haze-causing pollution. Regional haze regulations generally require installation of additional air pollution controls to reduce harmful emissions of nitrogen oxides, sulfur dioxide, and particulate matter. Colstrip Units 1 and 2 are subject to BART requirements. In September 2013 EPA finalized its BART determination for Colstrip Units 1 and 2 and is requiring these units to reduce their SO₂ emissions to .08 lbs/MMBtu and their NO_x emissions to .15 lbs/MMBtu.¹ These new lower NO_x emission limits will require the owners of Colstrip to install new air pollution control equipment. To reduce NO_x, Colstrip Units 1 and 2 must install combustion controls and Selective Non-catalytic Reduction (SNCR), at a combined estimated capital cost for both units of approximately \$27 million, and additional annual costs of approximately \$6.5 million. To reduce SO₂, Units 1 and 2 each must install a spare scrubber and conduct lime injection, for a combined estimated capital cost for both units of \$56 million, and additional annual costs exceeding \$8 million. The total capital costs of regional haze compliance for Units 1 and 2 is thus \$83 million, with an additional \$14.5 million each year.

The National Parks Conservation Association, along with our organizations, believe that EPA's proposal did not go far enough. We appealed EPA's Colstrip and Corette BART decisions to the 9th Circuit Court of Appeals. We are seeking to reduce emissions limits on all four Colstrip units and at Corette beyond what the EPA proposed. We believe the record demonstrates that the installation of industry-standard pollution controls like Selective Catalytic Reduction (SCR) are cost-effective, demonstrated to be more effective at removing NO_x pollution than SNCR, and are required under the law. Over three hundred coal units across the country have already installed SCR technology, including a coal plant in Montana. According to EPA, SCR would have an approximate capital cost of \$156 million at Colstrip Units 1 and 2 and an approximate increased annual operation and maintenance cost of \$20 million.² This appeal also seeks to require additional pollution controls at the Corette plant under the BART program and at Colstrip Units 3 and 4 under the reasonable progress program. That appeal is now awaiting a decision by the Ninth Circuit Court of Appeals.

¹ 77 Fed. Reg. 57864.

² 77 Fed. Reg. 23988.

The costs of complying with EPA's regional haze regulations at Colstrip and Corette, whether through SCR or SNCR, is a known liability that must be accounted for in determining whether to rate-base these coal plants.

II. Greenhouse Gas Regulations

Coal-fired power plants are the largest industrial source of carbon dioxide emissions today. According to the EPA, Montana has 42 large greenhouse gas emissions sources.³ According to the EPA large facility database, the Colstrip plant alone was responsible for about two-thirds of Montana's greenhouse gas emissions in 2011.

To date, regulators have ignored greenhouse gas emissions despite the fact that the federal Clean Air Act requires EPA to regulate harmful pollutants. When EPA refused to acknowledge that greenhouse gases were pollutants under the law some of the states harmed by climate change were forced to go to court. In 2007 the U.S. Supreme Court agreed with those states and said greenhouse gases are pollutants. The EPA now must do its job and regulate greenhouse gas emissions pursuant to federal law.

On June 25, 2013 President Obama delivered a speech about his plan to make the reduction of greenhouse gas emissions a centerpiece of his second term. He summed up the concerns about power plant emissions with the following statement, "We limit the amount of toxic chemicals like mercury and sulfur and arsenic in our air or our water, but power plants can still dump unlimited amounts of carbon pollution into the air for free. That's not right, that's not safe, and it needs to stop."

President Obama immediately followed this statement with a directive to EPA to move forward with regulating greenhouse gas emissions from new *and existing* power plants. In a memo issued to the Administrator of EPA, the President directed the agency to finalize regulations for greenhouse gas emission from existing power plants by June 1, 2015.

Many western utilities are planning for some form of carbon regulation before 2018. These utilities are planning for a carbon cost in the range of \$10-\$80/ton. For example, the Northwest Power Planning and Conservation Council uses an average carbon cost of \$45 per ton. Many utilities rely on the Council's estimates to plan future resource needs. In California's initial carbon bidding for its cap-and-trade program the cost was about \$10/ton, and most experts expect this price to rise. British Columbia has a \$30 per ton carbon tax, and the Washington State Legislature just passed S.B. 5802, a bill to review carbon price mechanisms. In addition, imposition of a revenue neutral carbon cost is quickly gaining momentum on both sides of the political spectrum, and could occur by 2018.⁴

Until a greenhouse gas regulation is finalized, the exact financial impacts to Colstrip and Corette are unknown, but are predicted to be significant. Colstrip emitted 17 million tons of

³ Found at: <http://ghgdata.epa.gov/>.

⁴ Found at: <http://www.nationaljournal.com/magazine/the-coming-gop-civil-war-over-climate-change-20130509>.

greenhouse gases in 2010 and about 14 million tons in 2011. Corette emitted about 1 million tons during each of those years. In evaluating any purchase of these coal plants, the PSC should follow the lead of other major western utilities and plan on a carbon price of \$25/ton beginning in 2017-2018. The PSC should also insulate Montana ratepayers from these potential and avoidable costs should NorthWestern propose rate basing coal-based generation resources.

III. Prevention of Significant Deterioration Permitting

The Clean Air Act's Prevention of Significant Deterioration permitting program requires new and modified pollution sources that have the potential to degrade air quality to conduct an analysis prior to receiving a permit for proposed changes. The analysis is intended to verify that cost-effective pollution controls will be installed to protect against unnecessary degradation of air quality. In 2003 and again in 2012, the EPA requested information from the Colstrip owners in investigations of potential violations of these permitting requirements. EPA and PPL resolved the initial request without providing the public with PPL's complete response. EPA's investigation of the 2012 request into potential violations is ongoing.

In April 2010 we requested a copy of PPL's response to EPA's 2003 request. After years of haggling, EPA finally agreed in April 2012 to release important documents to the public. PPL promptly sued EPA to keep that information secret. We are still awaiting the outcome of that court action.

Also in April 2012 the Billings Gazette published a newspaper article entitled, "Buzzing with Activity. \$70 million maintenance project brings upgrades to Colstrip plant. More than 500 workers busy refurbishing massive boiler in Unit 1." Shortly thereafter, EPA sent PPL an information request regarding the upgrades. After the article, we also began investigating these reported upgrades to determine if they were done in compliance with the permitting provisions of the Clean Air Act. Our investigation uncovered what appeared to be a dozen instances in which all four Colstrip Units have been upgraded without obtaining the necessary prevention of significant deterioration permits. In March 2013 we filed a citizen enforcement action in federal district court in Montana based upon our investigation.

The outcome of this citizen initiated enforcement action could be a requirement for the Colstrip owners to go through a permitting process and install modern air pollution control equipment at all four Units. These potential liabilities accrued based on violations of the law over the course of the previous twenty years. Ratepayers today should not be asked to bear the cost of installing upgrades that were legally required previous to any potential purchase.

IV. National Ambient Air Quality Standards

National Ambient Air Quality Standards (NAAQS) generally impose ambient air quality standards for ozone, lead, particulate, sulfur dioxide, nitrogen dioxide and carbon

monoxide. A NAAQS by itself does not require emissions reductions from a specific source. Instead emissions reductions from specific sources could be required if it causes or contributes to an exceedance of an ambient standard.

EPA is required to regularly review and revise NAAQS based on current health-based scientific literature. It has done so recently for sulfur dioxide, particulates, oxides of nitrogen and ozone. If a source contributes to an exceedance of the standard, it could be required to install updated air pollution control equipment. As previously mentioned, updating air pollution control equipment for sulfur dioxide or nitrogen oxides could cost several million dollars to several hundred million dollars depending on the facility and the extent of the exceedance.

In 2010 EPA updated the NAAQS for sulfur dioxide. Sierra Club contracted with independent air pollution modelers to review Colstrip and Corette's compliance with the new sulfur dioxide standard. That air dispersion modeling found that Colstrip's emissions likely violate the one-hour sulfur dioxide NAAQS.^{5,6} Based on a similar analysis conducted by a modeling expert hired by Sierra Club, the same appears true at the Corette plant.⁷

Montana Department of Environmental Quality data shows that PPL's Corette coal-fired power plant is often Yellowstone County's single largest source of sulfur dioxide. DEQ and EPA have found that the certified air quality monitor in Yellowstone County has documented numerous exceedances of the 2010 one-hour sulfur dioxide NAAQS. Moreover, our air pollution modeling of emissions affirms these violations. In July 2013, EPA listed a portion of Yellowstone County that includes the Corette plant as nonattainment for the new sulfur dioxide standard. Nonattainment status for a county requires those sources causing or contributing to the violation to decrease emissions by installing updated pollution controls or curtailing operations. As mentioned above, this cost could be significant.

The NAAQS violations at Corette and potential violations at Colstrip place both facilities under a significant risk of requiring additional sulfur dioxide pollution controls. Colstrip has already been ordered to meet lower sulfur dioxide emission limits as a result of EPA's BART determination mentioned above. However, EPA's BART decision was modest. Colstrip may have to meet far lower emission limits in order to comply with the new health-based sulfur dioxide NAAQS. At Corette, the capital cost of installing effective sulfur dioxide scrubbers ranges from \$10 million to \$98 million.⁸

Again, these liabilities are pre-existing and well documented. Ratepayers in Montana should not be saddled with the cost of updating antiquated pollution controls.

⁵ "Air Dispersion Modeling Analysis For Verifying Compliance with the One-Hour SO₂ and NO₂ NAAQS: PPL Montana - Colstrip Power Plant," Prepared by Camille Marie Sears, June 11, 2012.

⁶ Memo to Jenny Harbine from Lindsey Sears, Colstrip SO₂ modeling, Sept. 21, 2012.

⁷ "J.E. Corette Steam Electric Station, Billings, Montana. Sierra Club Evaluation of Compliance with 1-hour SO₂ NAAQS," Conducted by Steven Klafka, P.E., BCEE, Wingra Engineering, S.C., September 24, 2012.

⁸ 77 Fed. Reg. 23988.

V. Mercury and Air Toxics Rule

Montana coal-fired plants are required to control mercury under a state rule adopted in 2007. While all required facilities have been controlling mercury since January 1, 2010, the EPA's more recent Mercury and Air Toxics (MATs) rule is slightly different from the state rule in that it establishes emission limits from coal-fired power plants for ten non-mercury metals, and acid gases in addition to mercury. The rule also establishes work practices to minimize creation of dioxin and furans. Sources could be required to control toxic emissions by installing updated air pollution equipment (i.e., scrubbers for acid gases and baghouses for metals). Generally, the compliance deadline for MATs will be 2015, with an opportunity for a one-year extension for facilities that demonstrate an inability to comply with MATs by the deadline notwithstanding diligent efforts. The units with the greatest potential compliance costs are unscrubbed coal units and those without baghouses. Because the rule does not allow trading, coal units that fail to comply must cease operation.

Neither Colstrip nor Corette have baghouses or modern sulfur dioxide controls. Corette relies on a less-efficient electrostatic precipitator to control particulate emissions, and stack tests over the past three years have demonstrated particulate emissions nearly ten times the MATs standard. In September 2012, PPL stated that a baghouse would be required to comply with the MATs rule at Corette, at a cost of \$38 million.⁹ Corette's current SO₂ limit (0.57 lb/MMBtu) is nearly three times the SO₂ limit that may apply under the MATs (0.20 lb/MMBtu). EPA's recent analysis for the Montana Haze Plan indicated that Corette may require a scrubber to meet this new limit (at a capital cost of \$93 million), but even if Corette can achieve the new limit with less expensive dry sorbent injection technology, the cost will be substantial at more than \$10 million in installation costs, plus more than \$5 million annually.¹⁰

Colstrip likewise must upgrade its technology to comply with MATs. Recent stack tests for Colstrip Units 1 and 2 demonstrate particulate emissions at or above the particulate MATs standard of 0.30 lb/MMBtu. While Colstrip is investigating whether upgrades to existing equipment may suffice, baghouses may be required. PPL submitted an analysis of potential particulate control technologies to EPA that estimated annual costs of an ESP or baghouse at \$16-21 million for each unit.¹¹ Upfront capital costs would be much higher: Multiplying PPL's capital cost estimate at Corette by the four Colstrip Units shows the capital cost of baghouses at two Colstrip Units could be \$77 million.

These liabilities are anticipated and pre-existing. Again, Montana ratepayers should not be saddled with the cost of updating antiquated pollution controls at these plants.

⁹ Billings Gazette, September 20, 2012.

¹⁰ 77 Fed. Reg. 24055.

¹¹ PPL Montana, Best Available Retrofit Technology (BART) Assessment, Colstrip Generating Station (Aug. 2007).

VI. Coal Combustion Waste

Colstrip and Corette both have wet coal combustion waste surface impoundments. The State of Montana has acknowledged that Colstrip's impoundments have likely been leaking since they were built in the 1980's. Contamination from these leaking impoundments has already resulted in multiple lawsuits in which Colstrip's owners paid neighboring landowners over \$25 million. The cost to actually remediate many hundreds of acres of leaking sludge impoundments will likely be far more expensive.

In June 2010, EPA proposed two primary regulatory options for regulation of coal waste disposed of in landfills and/or surface impoundments: (1) regulation of the materials as hazardous wastes under Subtitle C of the Resource Conservation and Recovery Act ("RCRA"); or (2) regulation of the materials as non-hazardous wastes under Subtitle D of RCRA. The proposed regulatory requirements of both options likely would lead to the accelerated closure of all existing unlined landfills and unlined wet surface impoundments, although the agency's "D Prime" option would allow for the continued use of existing landfills and surface impoundments through their useful life as long as certain environmental and safety standards were met. Under the two primary options being considered by EPA, coal waste disposal practices will be impacted significantly and likely result in significant compliance costs and/or may lead to the closure of existing disposal facilities. EPA's regulations will generally require groundwater monitoring, double lined landfills, closure of existing facilities, and possible conversion to dry ash disposal facilities, at a cost of several million dollars to several hundred million dollars at each coal plant.

EPA is expected to finalize the coal waste rule in 2013 or early 2014. Compliance deadlines are expected in the 2016-2018 timeframe. Puget Sound Energy, a 1/3rd owner of Colstrip, estimated the costs to comply with EPA's CCW regulations could exceed \$300 million.¹² Until EPA finalizes this rule, the total cost of complying with the regulations at Colstrip and Corette remains uncertain.

The State of Montana currently has jurisdiction over the regulation of Colstrip's waste disposal facilities under the Montana Major Facility Siting Act. In July 2012 the State entered into an Administrative Order on Consent (AOC) with the owners of Colstrip to address certain issues regarding coal ash disposal. In cooperation with the National Wildlife Federation, our organizations brought a citizen-based enforcement action challenging the AOC as inadequate under Montana law. If successful, this litigation could require upgrades to Colstrip's waste impoundments and cleanup of contaminated groundwater. These long-known remediation risks and associated costs should not be borne by Montana consumers.

¹² Puget Sound Energy's 2012 Press Release on CCW rule.

VII. Cooling Water Intake Structures

The Cooling Water Intake Structure regulation under Section 316 of the Clean Water Act may require retrofit of cooling water intake structures that pull water from surface waters, as well as installation of cooling towers to recycle cooling water used at coal plants. EPA issued a proposed rule in 2011 and is expected to finalize this rule in 2013.

The Corette plant withdraws water directly from the Yellowstone River and will likely be subject to this regulation. Generally, the compliance deadline will be 2018. Until the EPA regulations are finalized, the costs of complying at Corette are anticipated but uncertain.

VIII. Steam Electric Effluent Guidelines

EPA is revising its existing steam electric guidelines that set the technology-based water pollution effluent limitations for the steam electric industry under the Clean Water Act. The new effluent guidelines rulemaking is likely to set strict performance standards that will force technological and operational changes at existing coal-fueled facilities. The proposed rule was issued in 2012 with a final rule expected in January 2014. Facilities that discharge to waterways will likely be required to either add wastewater treatment facilities or, if possible, to redesign their process to be a zero discharge facility. The costs to comply with such a rule are expected to be high. Wastewater treatment systems generally range from tens of millions of dollars for a small facility, to a hundred million or more for a large facility.

Corette discharges wastewater to the Yellowstone River and thus will likely be subject to EPA's new effluent limitation guidelines. The compliance deadline is expected to be in 2017-2018.

IX. Rosebud Mine

As a mine-mouth operation, the Colstrip plant relies entirely on coal from the adjacent Rosebud Mine. The Rosebud mine is currently owned and operated by Western Energy Company, a subsidiary of Westmoreland Coal. The Rosebud mine has produced coal for decades, and its costs are steadily increasing as the mine moves to new areas with larger volumes of overburden. A recent industry report identified the Rosebud Mine as producing the most expensive coal in the Powder River Basin, at \$16 per ton.¹³ We are concerned that these increasing costs could be passed on to NorthWestern's ratepayers through cost-plus contracts, which are set to expire in 2019. The cost of coal will likely increase further if and when the contracts are renegotiated with Western Energy for coal from the Rosebud Mine.

¹³ Powder River Basin Coal Resource and Cost Study: Campbell, Converse and Sheridan Counties, Wyoming; Big Horn, Powder River, Rosebud and Treasure Counties Montana. Prepared for Xcel Energy by John T. Boyd Company. September 2011.

If the owners of Colstrip seek an alternative supply of coal, most likely from a different Powder River Basin mine, there will be additional costs associated with the permitting and construction of a rail unloading facility. The construction of this facility could cost tens of millions of dollars. An alternative coal supply may also require boiler modifications and/or additional planned outages, as the Colstrip boilers were originally constructed to burn coal from the Rosebud coal seam (for example, Units 1-2 require coal with a relatively low sodium content).

The Rosebud Mine is also the subject of a recent citizen initiated civil enforcement action that could further increase the cost of coal to Colstrip. The enforcement action challenges the adequacy of the State of Montana's coal strip mining regulatory program in complying with the federal Surface Mining Control and Reclamation Act of 1977 (SMCRA). 30 U.S.C. §§ 1201-1328. Specifically, the enforcement action alleges that the Montana regulatory program has exhibited a pattern of failing to ensure that mining activity does not harm water quality or damage the hydrology of streams and groundwater in Montana, as required by SMCRA.

Conclusion

In 2009 NWE purchased a 30 percent share in Colstrip Unit 4. Since that time the PSC's analysis has shown that this asset is one of NWE's most expensive resources.¹⁴ If NWE should decide to purchase additional shares of Colstrip or purchase PPL's entire generation portfolio in Montana, NWE will likely come before the PSC for approval to include these resources in its rates.

The PSC is the guardian of Montana's consumers. A potential purchase of this import deserves significant public input early in the process to guarantee that Montana ratepayers are protected. As noted above, there are multi-million dollar costs and liabilities that loom for the nation's coal-fired electricity resources, including the Colstrip and Corette plants. NWE could increase its responsibility for these costs and liabilities if it were to increase its ownership share of coal resources. NWE ratepayers could eventually be on the hook for many of these financial and environmental risks.

PPL apparently recognizes the risks associated with its coal assets. In September 2012, it announced it would "mothball" the Corette plant. Pete Simonich, PPL Montana vice president and chief operating officer, stated in a news release, "[o]ur detailed analysis has shown that to meet the emission reductions required by EPA's mercury and air toxics standards, we would need to invest \$38 million in the Corette plant," and "[w]e simply cannot justify that level of spending in the current wholesale power market in the Northwest."¹⁵

Utilities across the country are also recognizing the risks and getting out of the coal business. The VP for Corporate Affairs of the largest owner of Colstrip, Puget Sound Energy,

¹⁴ Found at: <http://psc.mt.gov/Consumers/energy/pdf/NorthWesternElectricRateGraphs.pdf>.

¹⁵ Billings Gazette, September 20, 2012.

recently said, “[w]e know the end of coal is soon.... We know coal is a dead end.”¹⁶ Similarly, when NV Energy announced its plan to close its Nevada coal generation plants, its CEO said, “[w]e are looking at the future of Nevada’s energy needs and saying that coal is not part of the long-term future of Nevada.... We think the costs are too great, the environmental concerns and the costs associated with those environmental concerns are too great... Coal is a fuel of the past in our state.”¹⁷


There are credible indicators that PPL may be selling its generation resources, including Colstrip, Corette and its hydroelectric facilities. Many of its dams are old and likely in need of upgrades. The laudable and recently completed upgrade at the Rainbow Dam cost \$245 million for 25 megawatts of new capacity. PPL proposed mothballing the Corette plant because of shifting energy markets and regulatory risks. The Colstrip plant is already contaminating groundwater, emitting enormous amounts of air pollution, and is one of the nation’s largest sources of greenhouse gas emissions. In light of the above-described risks, the PSC should not entertain the inclusion of these assets into rates without extensive public input and guaranteed protections for consumers.

Thank you for your careful consideration of the numerous legal and financial liabilities associated with the ownership of the Colstrip and Corette coal plants. We believe the financial and legal risks identified above should lead NWE to the inescapable conclusion that it should not purchase these additional coal generation resources. If NWE decides to do so, we anticipate a healthy public debate and adequate protection for Montana ratepayers. We request the Montana Public Service Commission begin the public process to consider the potential sale of these generation facilities and explore ways to protect consumers in any transition.

Sincerely,



Bruce Nilles
Sierra Club



Anne Hedges
Montana Environmental Information Center

¹⁶ <http://www.youtube.com/watch?v=JHdS8OBPyhc&feature=youtu.be>. See minute 28:22.

¹⁷ Ralston Reports, 4/3/13, News 3 (NBC) Las Vegas.

Cc:

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