



PO BOX 201706
Helena, MT 59620-1706
(406) 444-3064
FAX (406) 444-3036

Energy and Telecommunications Interim Committee

64th Montana Legislature

SENATE MEMBERS

CLIFF LARSEN--Vice Chair
DUANE ANKNEY
PAT CONNELL
ROBYN DRISCOLL

HOUSE MEMBERS

KEITH REGIER--Chair
CHRISTOPHER POPE
TOM STEENBERG
DANIEL ZOLNIKOV

COMMITTEE STAFF

SONJA NOWAKOWSKI, Lead Staff
TODD EVERTS, Staff Attorney
NADINE SPENCER, Secretary

February 25, 2016

The following information is an update on the Colstrip legislation that is now before the Washington and Oregon Legislatures. It is likely that by the time you receive this information, it will be out-of-date. Staff will continue to send regular e-mail updates on the legislation.

In Washington, Senate Bill No. 6248 passed the Senate 42-7 and is in the House Technology and Economic Development Committee. The committee heard the bill on Tuesday, Feb. 23 and is expected to vote on the bill Friday.

The bill, as amended in the Senate, authorizes Puget Sound Energy (PSE) to create a fund to pay for the closure of Colstrip Units 1 and 2. In general, if Puget Sound Energy (PSE) closes Units 1 and 2 after December 31, 2022, the company can fund remediation and decommissioning using a regulatory liabilities account. PSE has a "liabilities account" from federal Treasury grants from hydro upgrade projects and from the federal renewable energy production tax credits earned from PSE wind projects. PSE, rather than credit these benefits back to Washington customers and then ask for funding to pay for remediation, would use the credits to pay for remediation costs related to Colstrip Units 1 & 2. Under some circumstances prior to 2022, if the units close, PSE can still use those funds for the decommissioning and remediation of 1 & 2.

Assuming the bill is passed by the House Technology and Economic Development Committee, March 4 is the final day for the bill to be taken to the House Floor to be voted on. March 10 is the last day of the regular session in Washington.

In Oregon, House Bill No. 4036 passed the Senate Committee on Business and Transportation 3-2 on Monday, Feb. 22. The bill was amended, and if it passes the full Senate, it will return to the House. Most of the amendments deal with granting the Oregon Public Utility Commission more oversight of the anticipated costs of the bill.

The bill moves Oregon off coal-fired generation and for Portland General Electric (PGE) and Pacific Power. Under the legislation, electricity provided to customers of Pacific Power and PGE would be coal-free by 2030, with the exception of a small amount from PGE's ownership of Colstrip, which would be out of the Oregon mix no later than 2035. PGE owns 20% of Units 3 and 4 in Colstrip (296 MW total) and Pacific Power owns 10% of Units 3 and 4 (148 MW). The bill does not require the two utilities to divest their ownership interests in coal plants or to close the plants. However, Oregon customers can no longer be served by electricity generated at those plants. March 6 is the last day of regular session in Oregon.