EXHIBIT 8
DATE 1-26-05
HB HB48

Southern Montana Electric
Generation & Transmission Cooperative, Inc.

21 January 2005

Representative Alan Olson
House District 45
State Capitol – P.O. Box 2000400
Helena, Montana 59620-0400

RE: House Bill 48 – Power Plant Ash Disposal

Dear Representative Olson:

On 17 January 2005, the House Federal Relations, Energy, and Telecommunications committee accepted testimony on HB 48, a bill that was introduced by Representative Sue Dickenson entitled, **"An Act Eliminating the Exclusion From the Solid Waste Management Facility Licensing Requirements for Electrical Generating Facilities; amending section 75-10-214, MCA"**. The purpose of the bill is to impose regulations regarding the disposal of bottom and fly ash produced by electric generating facilities. In its current form with proposed amendments to exclude all existing coal fired generation, HB 48 is apparently directed at Southern Montana Electric Generation and Transmission Cooperative's (Southern Montana Electric G&T's) proposed electric generation project near Great Falls, Montana.

Southern Montana Electric G&T has completed an extensive study of suitable alternatives to meet the future wholesale power requirements of the electric cooperative member systems it serves and intends to move forward with the construction of a 250 mW facility near Great Falls, Montana. The proposed facility will utilize a circulating fluidized bed boiler, modeled after a public power project nearing completion in Maysville, Kentucky. Once fully commissioned, this plant will be one of the most environmentally compliant coal fired facility ever constructed in North America.

In the context of the aforementioned hearing, there were a number of statements made regarding the characteristics of the bottom and fly ash that will be produced at the proposed facility that Southern Montana Electric G&T found troubling. Particularly, the information regarding the level of pollutants that will be found in the ash and the problems associated with ash disposal and storage. To the best of our knowledge, coal mined from the Power River Basin (PRB) has never been burned in a circulating

fluidized bed (CFB) boiler, so we were curious as to the pertinence of the information that was presented in that regard. There are a number of CFB boilers in operation throughout the world, but the coal that is used at those facilities is quite different than PRB coal. Granted, the information that was presented may represent the characteristics of a particular type of coal – but it was not information pertaining to PRB coal.

Southern Montana Electric G&T is dedicated to developing a state of the art facility that will utilize the best available control technology (BACT). As an attribute of that concern, Southern Montana Electric G&T is scheduled to conduct a "test burn" on PRB coal at a CFB test facility located in Windsor Connecticut. Until that test burn we do not believe it is possible to accurately represent the characteristics of the ash that will be produced at this facility. It should be noted that Southern Montana has made Representative Dickenson, the environmental community and the Montana Department of Environmental Quality (DEQ) aware of our intent to conduct this test burn and have invited the aforementioned to witness first hand the results of burning PRB coal in CFB and form their own conclusions at that time on the basis of accurate information. Southern Montana Electric G&T would extend that same offer to members of this committee.

With regard to the problem of ground water contamination resulting from improper or failing ash storage facilities, a CFB boiler and the type of boiler used at Colstrip are completely different. Ash from a CFB boiler is not transported or stored in water slurry form. Therefore, one of the problems that has been identified with the storage of ash at operating facilities will not exist at the proposed plant near Great Falls. Southern Montana Electric G&T found it somewhat interesting that it appears HB48 would not pertain to the facility that was cited as an example of the problems associated with ash disposal.

The members of Southern Montana Electric G&T have a long history of operating in a responsible manner and intend to do the same with the development of this facility. It is our hope that as the members of this committee evaluate the merits of HB 48 they will base their decision on timely, accurate and quality information.

Sincerely,

T R Gregori

Tim R. Gregori
General Manager