

EXHIBIT 2
DATE 2-2-05
HB HB 388

**Statement of PPL Montana, LLC
Before the Federal Relations, Energy and Telecommunications Committee
Of the Montana State House of Representatives
Regarding House Bill 388
February 2, 2005**

On behalf of PPL Montana, I would like to thank the Chairman and the Committee for offering the opportunity for comment on this legislation. In our view, this bill is worthy of serious consideration by this Committee. In short, House Bill 388 establishes a Montana Transmission Authority to own and operate transmission facilities in the state when private companies are unwilling to construct such facilities.

POSITION OF PPL MONTANA

PPL Montana generally supports this legislation. House Bill 388 encourages investment in transmission infrastructure in Montana. Such additional transmission investment will benefit customers, suppliers and generators in the region. It could also benefit Montana consumers by providing better access to current supplies in the region and by helping to spur new generation development and utilization of the most cost-effective generation supplies for Montana residents. Thus, it could help fuel economic development in the state.

We believe that, in the long term, a fully competitive market, where consumers – wholesale and retail – are able to choose their energy supplier will result in the best outcome for all Montanans. Expanded transmission opportunities could help further the development of new generation suppliers from which consumers could choose.

The only caution that we offer is that any new transmission facilities constructed by the Montana Transmission Authority should make economic sense on

their own merit. That is, in a competitive marketplace, ideally, the costs of new transmission should be borne by the market participants and the ultimate end-users of electricity in the entire region served by this transmission. Such costs should not be borne by tax revenues paid by the taxpayers of Montana.

PPL Montana also suggests that any new transmission facilities constructed by the Montana Transmission Authority need to be part of any Regional Transmission Organization, or RTO, that is established in the Pacific Northwest. Regional transmission planning is required in order to efficiently plan for and coordinate construction of needed transmission infrastructure in the region. Efforts of any RTO could be impeded if the newly-created Montana Transmission Authority failed to join such a regional effort.

CONCLUSION

In conclusion, PPL Montana believes that adopting House Bill 388 is in the interests of Montana consumers, competitive generation development in the state, and long-term economic development in the region.