

Statement of PPL Montana
Before the House Federal Relations, Energy and Transportation
Committee of the Montana State House
Regarding House Bill 778
March 23, 2005

Mr. Chairman and members of the committee, thank you for this opportunity to provide comments on House Bill 778.

PPL Montana strongly opposes this bill. It is virtually a clone of the now infamous and tired concept contained in Initiative 145, soundly defeated by the voters of Montana in 2002 by a 2-1 margin.

The bill proposes to create a five-member power commission that would study hydroelectric facilities in Montana and choose (or cherry pick) those it determines would be in the best interests of the state to own. Assuming the dam owners don't wish to sell, ownership would then be accomplished through that most intrusive and abusive of state powers—eminent domain. That would result in expensive, publicly funded litigation that could last years. Eminent domain should not be used to force a private business to sell its property so that the state can take over the business.

Montanans recognized in 2002 that this type of governmental control can have devastating business implications for every sector of our economy and in every corner of our state. This bill does nothing to solve electricity supply issues facing Montanans, and in fact, could increase costs for consumers and taxpayers.

This legislation raises numerous troubling issues:

- First, all taxpayers would help to pay for the legislation and bonding even though this bill only benefits the default supplier residential and small customer base. Cooperative customers wouldn't benefit, nor would big industries, schools, hospitals and others that have already gone to customer choice – but they would pay.
- Second, it would create a new state bureaucracy, even beyond the power commission itself. The state would need to create and then effectively run an electricity marketing operation to

sell excess energy and buy energy when the plants are out of service or not producing adequate supply.

- Third, the state has no expertise in operating this complex and volatile business that Montanans rely on every hour of every day.
- Fourth, the state could face significant financial losses if it is forced to purchase power on the wholesale market during peak demand times. When that occurs, would the state merely raise rates to recoup losses?
- Fifth, the state would assume the risks of operating the facilities, including drought, flooding, mechanical failures, maintenance outages and environmental issues.
- Sixth, Montanans and local jurisdictions risk losing tax revenues which would have to be made up by local taxpayers.
- And seventh, once the dams were acquired, the state would suddenly inherit a whole new group of state employees who have much better wages and benefits than current state workers. How well would that sit with existing employees?

PPL Montana purchased the generating assets of the Montana Power Company in good faith more than five years ago, investing \$765,000,000 in Montana and continuing 460 good paying jobs, as well as adding another 40. Our commitment and investment in Montana is long-term, and we will strenuously work to protect it, just as we will continue to invest in Montana's future, contribute to our communities and provide quality jobs with good benefits for our 500 Montana employees, your neighbors.

We as Montanans should work to encourage additional investment in Montana and address our most critical needs—education funding, public safety and health care. Instead, this legislation threatens the sound businesses in our state and will force them to leave.

Economic development has been one of the highest priorities in this state for the past 30 years. Sadly, the most ominous aspect of this legislation recognized by the voters in 2002 is the chilling message it would send to businesses hoping to locate or develop in Montana.

This anti-business legislation is a threat to Montana's economic well-being. It solidifies the notion that this is a bad place to invest.