

EXHIBIT 18  
DATE 2.4.05  
HB 455

**Statement of PPL Montana, LLC  
Before the Natural Resources Committee  
Of the Montana State House of Representatives  
Regarding House Bill 455  
February 4, 2005**

On behalf of PPL Montana, I would like to thank the Chairman and the Committee for offering the opportunity for comment on this proposed legislation. As you may be aware, PPL Montana owns and operates the Corette coal-fired power plant in Billings, and operates and has an ownership interest in the Colstrip coal-fired power plant in Colstrip with 5 other owners. Together those facilities employ approximately 380 employees.

House Bill 455 would require the reduction of mercury emissions from coal-fired power plants in Montana by 80% from existing levels by the year 2010. PPL Montana opposes this bill for the following reasons. First, the timing is wrong. This very issue is now being considered by Congress and the federal Environmental Protection Agency. Why would Montana act precipitously and possibly place its businesses at a competitive disadvantage when compared to neighboring states or the rest of the country? Second, due to the very nature of mercury emissions, this issue is best addressed at the national or even international level. For example, studies have shown that the vast majority of mercury deposition is not attributable to local sources; rather, mercury deposits on a more global – rather than local – level. Lastly, this bill's proposed reduction levels are so dramatic that they exceed anything being considered at the federal level. In fact, the EPA has stated that reductions of this magnitude are not even technically feasible at this time.

For these reasons, PPL Montana urges the Committee members to vote against this bill.

PPL Montana is prepared to make reasonable and equitable reductions in mercury emissions from its coal-fired power plants, and has endorsed President Bush's Clear Skies Act of 2005 and the substantial mercury reductions that it would provide. That Act would provide a reasonable schedule to allow for the development of mercury emission reduction technology, resulting in about a 30% reduction by 2010 and a 70% reduction by 2018.

We recognize that passage of the Clear Skies Act is not certain. However, the federal Environmental Protection Agency is scheduled to issue final rules -- to control mercury emissions from coal-fired power plants in less than six weeks -- by March 15, 2005. . We believe it is ill-advised for the state to establish standards at this time, which could prove to be more stringent than the federal mandates, while at the same time providing no measurable benefit to the state of Montana.

Moreover, national initiatives are the right approach, because mercury emitted into the air, by many sources, travels across the nation and, in fact, around the globe. Mercury emissions, the places where mercury deposits, and exposure are not phenomena that can be controlled locally. It is estimated that perhaps 55% of mercury emissions are attributable to natural sources, including forest fires, geysers and volcanoes. Power plants in the United States produce about 10% of the natural and man-made mercury emissions in North America

and 1% of global emissions. Further, studies have shown that about 70% of mercury emissions for U.S. generating facilities do not deposit within the continental United States but are dispersed globally. Lastly, scientific studies also indicate that most of the mercury deposited by air in the United States (about 75%) originates in other countries or from other continents, with the portion from other countries being even higher in western states such as Montana.

. Accordingly, imposing stringent limitations on Montana power plants will likely have very little beneficial effect in Montana while placing those plants, and the state, at a severe competitive disadvantage compared to plants and businesses located in neighboring states or elsewhere in the region.

Also, House Bill 455 would so dramatically cut the allowable levels of mercury emissions that the proposed levels are not even attainable with today's technology. The bill calls for existing plants to achieve 80% reductions within the next five years. These reduction levels are significantly higher than are being considered at the federal level. But more importantly, at present, there is no technology commercially available that can achieve 80% mercury reduction from coal-fired power plants. In discussing mercury reduction from power plants in its proposed mercury rulemaking, the EPA explicitly warns, "Currently, there are no commercially available control technologies specifically designed for reducing mercury emissions." An 80% reduction level is even more questionable for sub-

bituminous coal, the type found in our state, whose chemistry makes mercury particularly difficult to remove.

In conclusion, if passed, this bill would:

- Put Montana out in front on a very complicated issue that transcends state borders and that is currently being addressed federally;
- Place Montana industry at a severe competitive disadvantage with its neighbors and perhaps with the rest of the country;
- Set mercury reduction levels that are not attainable with current technology; and
- Do all this with little or no measurable benefit for Montana.

While we as Montanans are very concerned about the environment where we raise our families, work and enjoy the outdoors, we respectfully suggest that Montana first allow the current federal process to unfold and that the necessary technology be allowed to develop in order to realistically achieve even a portion of the reductions contemplated. We believe this would be the best course for Montana's economy while still being protective of the environment of our Big Sky Country. Thank you.