

**HB 455 TESTIMONY BY TOM EBZERY ON BEHALF OF PUGET SOUND ENERGY, AVISTA, PORTLAND GENERAL ELECTRIC, & PACIFICORP**

Mr. Chairman and members of the House Natural Resources Committee. For the record I am Tom Ebzery, I am a Billings attorney and I appear here on behalf of Puget Sound Energy, Avista Corp; Portland General Electric and PacifiCorp; Puget owns 50% of Colstrip units 1 & 2, and 25% of Colstrip units 3 & 4. Portland General 20% of Colstrip 3 & 4, Avista 15% of Colstrip 3 & 4 and PacifiCorp: 10% of Colstrip units 3 & 4. Collectively we are the largest owners of Colstrip and the bill before us has resulted in collective opposition.

Representative Clark, whom I have gotten to know well over the past 6 years during our service together on the EQC, is a good and thoughtful person. He has been a strong advocate for his largest taxpayer in Sanders County (Avista) and I am appreciative. However, HB 455 is a bill that would pose significant if not impossible hardships on the Colstrip units.

Our owners are in full agreement that the 80% control within the timeframes in the bill is unattainable. First the technology is not there. It may be in the future but not today and not by the date specified. We also agree that it is questionable whether the testing technology exists to confirm emission levels at those small concentrations. We further agree it is anybody's guess as to whether that technology will be invented less being available by 2010.

We have been told that it is possible that the EPA will issue a federal mercury rule within the next 60 days. They have been looking at this issue for a number of years and are painstakingly putting a proposed rule together. I think it would be ill advised on the Montana Legislature's part to enact by statute a percentage reduction with little scientific and other necessary input. Montana should not act on its own particularly with so little knowledge available to them.

We also want the Committee to know that the issue of allowable mercury emissions is being addressed in federal legislation. The Administration's Clear Skies Initiative was recently reintroduced in Congress by Senator Jim Inhofe from Oklahoma and it calls for a cap and trade method for mercury emission reductions.

Some of our owners speculate that if this bill were to pass and control technology is not invented by that time called for in the legislation the Colstrip owners will be forced to substitute coal from the Rosebud seam with other coal containing less mercury. Unfortunately this could be out of state. This would present significant problems both for us in constructing coal unloading and handling facilities to accomplish coal blending. Not exactly a result the sponsor or you the Committee would support.

**Finally if Montana really is sincere about building coal fired power plants as the Governor suggested in the press this week it should not adopt mercury restriction that place it at a competitive disadvantage with Wyoming.**

**For these reasons we believe the Committee should not approve this bill. Since this is an evolving technology the Committee might consider a study resolution of the subject of mercury and its impact on Montana coal and coal fired generation in the future to be considered by this legislature and considered by the EQC. It could lead to a bill in 2005 that has been thoroughly studied and we have the latest information.**

**Thank you and I hope you will vote no on Senate Bill 455**