

EXHIBIT 4
 DATE 2.7.05
 HB 460

TESTIMONY
HB 460

Mr. Chairman, members of the committee, for the record my name is Warren McCullough. I am the chief of DEQ's Environmental Management Bureau (EMB). The Department supports this bill.

This bill tightens up the language concerning forms of surety which can be applied to an operating permit, and provides supporting authority for the bureau. The following chart summarizes the number and dollar amounts of the various forms of surety held by EMB as of 2/4/05. Please note that only two property bonds, totaling less than one percent of the aggregate dollar amount, could be characterized as anything other than traditional financial instruments.

TYPE OF BOND	TOTAL OF EACH TYPE	TOTAL AMOUNT
CASH	150	\$1,220,214
CDs	67	\$1,299,171
LETTERS OF CREDIT	24	\$33,434,434
PROPERTY BONDS	2	\$1,917,700
SURETIES	61	\$157,265,487
TOTAL	304	\$195,137,006

The new language would give authority to EMB's practice of accepting alternate surety only for adjustment of bonds on pre-existing permits. EMB supports the concept of holding applicants for new projects to a high standard of financial responsibility, and requiring a reasonably liquid form of financial security for a project. An applicant whose finances are not solid enough to provide such security up front is less likely to have the financial strength to deal with unforeseen circumstances, project setbacks, or drops in commodity prices. The language would also eliminate the possibility that EMB might be asked to consider a corporate guarantee for bonding. The requirement for professional appraisals of whatever is offered would support another EMB practice, and should relieve any concern about EMB's ability to evaluate non-financial commodities.

The requirement for a Board hearing could lengthen approval timelines, but we should be able to deal with that through cooperation from the applicant and some forward planning.

I urge you to support this bill.

2/7/05