

**MONTANA-DAKOTA UTILITIES CO.  
 FACT SHEET  
 ON  
 HOUSE BILL 586**

Montana-Dakota owns one small coal fired generating station in Montana, the Lewis and Clark Station a 48.1 MW facility at Sidney, Montana. It has been in continuous operation since 1958, providing low cost power to Montana-Dakota's electric customers. Lewis & Clark uses lignite coal, which is fairly low in mercury content, but from which it is harder to remove the mercury in the emission stream. In recognition of that fact, the Montana Board of Environmental Review (BER) established a mercury emission standard of 1.5 pounds per trillion BTU, compared with a mercury emission standard of .9 lbs/TBtu for non-lignite coal.

Montana-Dakota estimates that it will cost approximately \$14 million to construct the facilities at the Lewis and Clark Station which will be needed to attempt compliance with the new BER standard. It will also cost more than \$1 million to operate the facilities. For ratemaking purposes, a good rule of thumb is that the annual revenue requirement associated with capital investment (return, taxes, and depreciation) is currently about 15%. That means the cost of attempting to comply with new BER standard will translate into a rate increase of \$3.1 million dollars.

$$(\$14,000,000 \times .15) + \$1,000,000 = \$3,100,000$$

Even if one assumes that the technology is available to achieve a 90% reduction in mercury emissions at every coal fired generating station, a 90% rule has the perverse result of being easiest to achieve by those that emit the most mercury. The mercury content of the coal from the mine supplying the Lewis and Clark Station varies significantly in mercury content, from a measured low of 5.4lbs/TBtu to a measured high of 18.8lbs/TBtu. As the following chart shows, Montana-Dakota would be better off under this bill if it immediately began using coal that had a high mercury content.

5.4lbs/TBtu (low)	less 90% reduction	.54lbs/TBtu
11.9lbs/TBtu (median)	less 90% reduction	1.19lbs/TBtu
18.8lbs/TBtu (high)	less 90% reduction	1.88lbs/TBtu