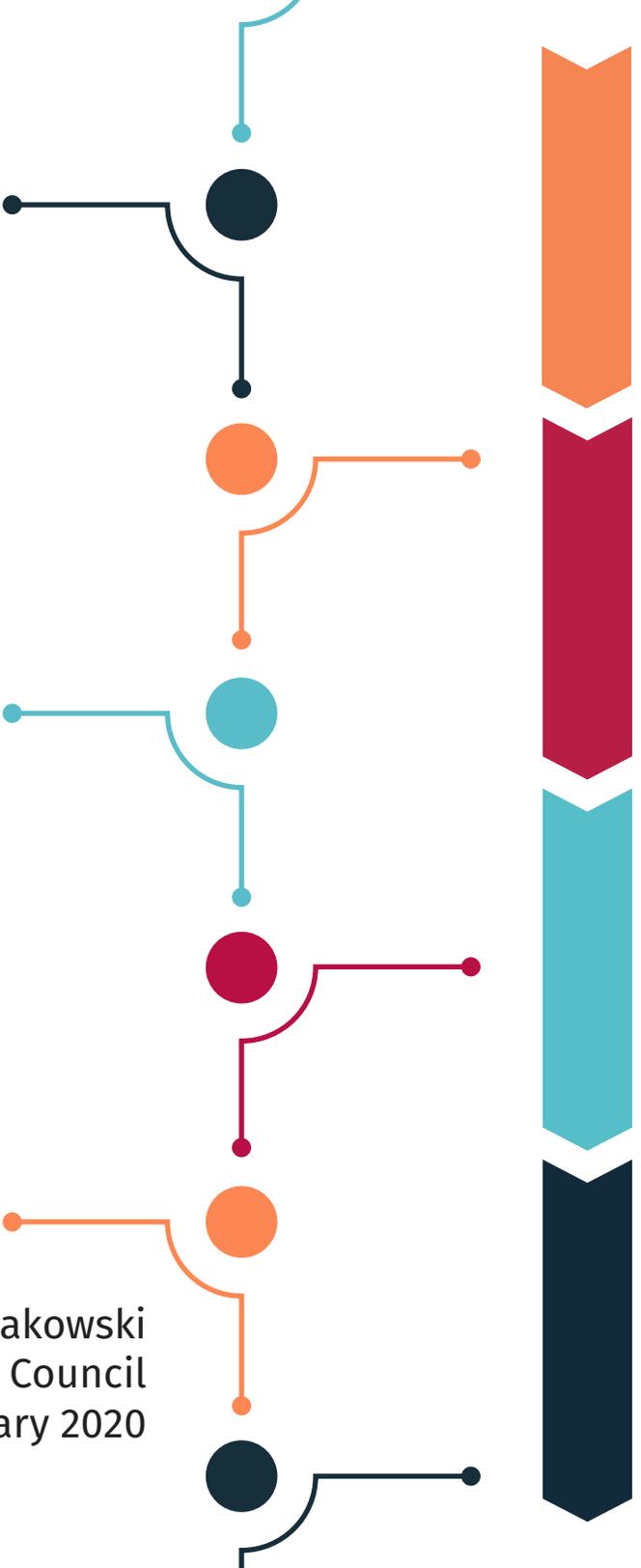


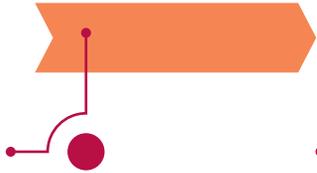
COLLS TRIP

A TIMELINE

2013-2019



Compiled by Sonja Nowakowski
Environmental Quality Council
January 2020



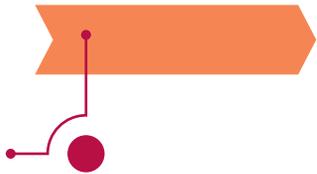
MARCH

The Sierra Club and the Montana Environmental Information Center file a federal lawsuit against the owners of the Colstrip power plant seeking additional air pollution controls and penalties for alleged violations under the Clean Air Act.



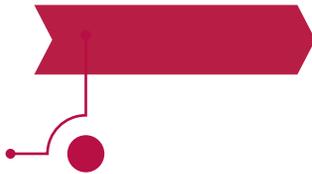
JULY

Colstrip Unit 4 is idled for six months because of a core malfunction. Colstrip owners purchase power on the open market to cover energy needs, later filing with various utility commissions to recover costs.



JANUARY

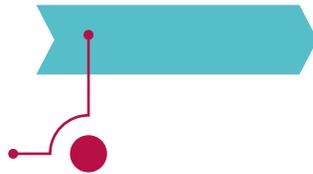
SB 5874 and HB 2002 are introduced in the Washington Legislature, proposing a framework to make it easier for Washington electric utilities to close coal plants. The bill promotes the retirement of coal-fired electric generation facilities by guaranteeing utilities recovery of stranded costs in consumer rates and other costs associated with the retirement.



MARCH

The Montana Public Service Commission (PSC) and Montana Governor Steve Bullock send letters to the Washington Legislature, raising concerns about the proposed legislation.

SB 402 is introduced in the Montana Legislature proposing a "Montana Energy Accountability Act," requiring notification of closure of coal-fired power plants, payment of impact fees, and establishment of a coal-fired generation council.



APRIL

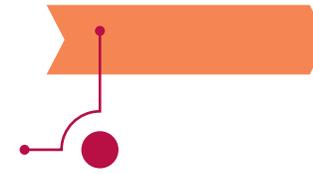
SB 5874 fails in the Washington Legislature, after the body adjourns. The same proposal, with multiple amendments, is reintroduced during the next three special sessions. The measures fail.

SB 402, heavily amended, dies on third reading in the Montana House on a 49-49 vote.



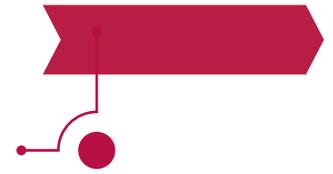
JUNE

PPL Corp. of Pennsylvania spins off subsidiary PPL Montana, allowing for the acquisition of Colstrip assets by Talen Energy Corp.



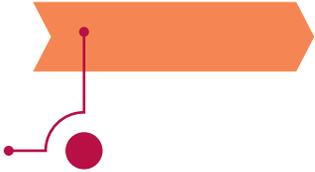
JULY

The Washington Utilities and Transportation Commission (WUTC) opens an investigation to examine the costs of decommissioning Colstrip. The WUTC reviews the costs of remediation, expenditures related to plant retirement, and funds currently held by utilities for decommissioning the affected coal facilities.



OCTOBER

Based on the invitation of the Washington State Senate Energy, Environment and Telecommunications Committee, members of the Montana Legislature's Energy and Telecommunications Interim Committee (ETIC) and Environmental Quality Council (EQC), as well as the Governor's Office and Montana Public Service Commission, attend a work session in Spokane, Washington, to discuss Colstrip.



JANUARY

SB 6248 and HB 2525 are introduced in the Washington Legislature, proposing establishment of the Washington State eligible coal unit risk mitigation act. The bill authorizes an electrical company to file a petition with the WUTC for approval of closure plans.

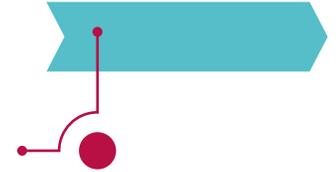
Members of the ETIC and EQC travel to Olympia to provide opposition testimony and request further input from Montana on the proposed legislation. Governor Steve Bullock writes to the Washington House and Senate asking the committees to consider deferring passage of the bill until the next legislative session, so that Montana and Washington can further review the matter.

In Oregon, HB 4036 and later SB 1547 are introduced. The bills move Oregon off coal-fired generation and double Oregon's renewable energy generation under the Renewable Portfolio Standard. Under the legislation, electricity provided to customers of PacifiCorp and Portland General Electric (PGE) would be coal-free by 2030, except for a small amount from PGE's ownership of Colstrip, which would be out of the Oregon mix no later than 2035. SB 1547 is enacted before the close of Oregon's session.



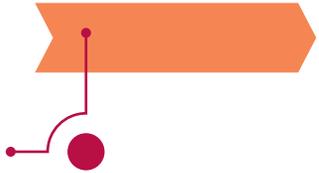
FEBRUARY

The WUTC issues its findings from the 2015 investigation and recommends that Puget Sound Energy (PSE) include the costs of closing its two older coal-fired electric generating plants in Colstrip in its next general rate case. The WUTC finds that current rates are insufficient to recover the costs of retiring the plant and conducting required remediation. PSE projects that costs of closure for Units 1 and 2 will range from \$65 to \$100 million and are expected to increase the longer the plant continues to operate.



MARCH

The Montana PSC votes to disallow costs related to the 2013 outage of Colstrip Unit 4 to be passed on to NorthWestern Energy's customers. The decision means that NWE owes customers about \$8.2 million in imprudently incurred costs. Other Colstrip owners are granted some relief by their respective commissions.



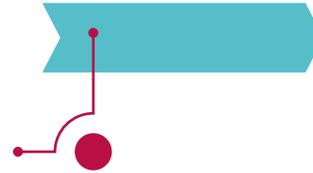
APRIL

SB 6248 passes the Washington Legislature and becomes law. The bill authorizes PSE to create a fund to pay for the closure of Colstrip Units 1 and 2. In general, PSE can fund remediation and decommissioning using a regulatory liabilities account. PSE has a “liabilities account” from federal Department of the Treasury grants from hydro upgrade projects and from the federal renewable energy production tax credits earned from PSE wind projects. PSE, rather than credit these benefits back to Washington customers, would use the credits to pay for remediation costs related to Colstrip Units 1 and 2.



MAY

Talen Energy Corp., operator of the Colstrip plant, announces that it plans to stop operating the plant by 2018, telling the other five owners to seek a new operator.



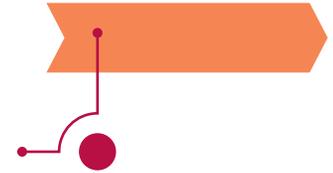
JUNE

Talen Energy Corp. announces it has entered into a merger agreement with affiliates of Riverstone Holdings LLC.



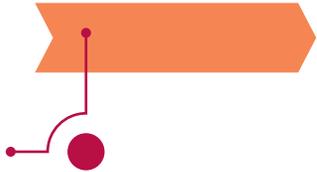
JULY

Talen Montana, PSE, Avista, PGE, NorthWestern Energy, and PacifiCorp (Colstrip’s six owners) settle the federal lawsuit filed in 2013 by the Sierra Club and the Montana Environmental Information Center. The settlement includes a commitment to cease operation of Units 1 and 2 on or before July 1, 2022.



NOVEMBER

Washington Initiative 732 is proposed to levy a carbon tax in Washington. The measure proposes imposing a carbon emission tax on the sale or use of certain fossil fuels and fossil fuel-generated electricity, at \$15 per metric ton of carbon dioxide in 2017, and increasing gradually to \$100 per metric ton. The tax would apply to power imported from Colstrip. The initiative is rejected 59.3% to 40.7%.



JANUARY

PSE files its electric general rate case before the WUTC, including Colstrip depreciation plans.

About a dozen bills are introduced in the Montana Legislature to address issues in Colstrip, ranging from proposed impact fees to bonding requirements. Five bills are passed and signed by the governor, including:

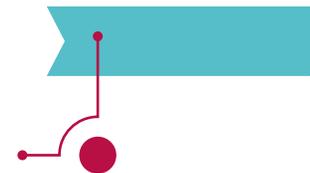
- HB 22: Appropriating money to the Department of Justice to participate in proceedings in Washington related to Colstrip.
- HB 585: Allowing the Board of Investments to make loans to an owner of a coal-fired plant from the Montana permanent coal tax trust for the operation and maintenance of a coal-fired unit.
- HB 647: Creating a coal-fired generating unit closure mitigation block grant.
- SB 140: Authorizing the Board of Investments to make loans to certain local governments from the Montana permanent coal tax trust fund for infrastructure.
- SB 339: Establishing the Coal-Fired Generating Unit Remediation Act.



AUGUST

The state of Montana files testimony with the WUTC, asserting Montana's sole right in determining the shutdown and environmental cleanup costs PSE is liable for at Colstrip Units 1 and 2.

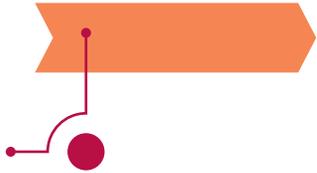
Talen Energy Corp. informs the Colstrip owners that it will continue to be the operator at Colstrip.



SEPTEMBER

PSE, the WUTC, the Sierra Club, and other entities reach an agreement on most issues in PSE's general rate case. Under the settlement, Washington customers pay increased electric rates to help establish a financing mechanism for the decommissioning and remediation needed at Colstrip Units 1 and 2. The settlement also sets aside funding to pay for shut-down and cleanup costs for Units 3 and 4. PSE's depreciation schedule for Units 3 and 4 is accelerated from a period ending in 2045 to one ending in 2027. The settlement also provides \$10 million to help the community of Colstrip transition.

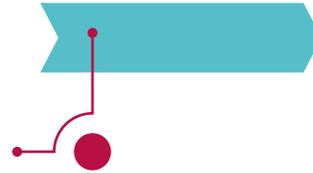
Avista begins filing with various utility commissions, including Washington and Montana, requesting approval of its merger with Hydro One Limited, a Canadian utility company, attempting to acquire Avista. Avista has only 32 customers in Montana but owns a 15% stake in Colstrip Units 3 and 4.



JANUARY

SB 6203 is introduced in the Washington Legislature. The bill proposes a carbon tax at \$12 per metric ton of carbon dioxide starting in 2019. The tax would increase over time with inflation. It would be levied on power imported from Colstrip, as well as other sources. Washington would start collecting revenue in the 2020 budget year, with \$726 million generated that year.

HB 4001 and SB 1507, two cap and trade bills, are introduced in the Oregon Legislature. The bills allow for regulation of emissions from imported power. Utilities would have allowances consigned to them for all their emissions, except for those attributed to Colstrip. Utilities could get allowances for Colstrip's emissions on a declining basis.



FEBRUARY

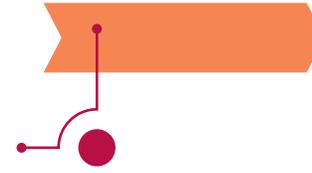
HB 2995 is introduced in the Washington Legislature. The bill would prohibit coal-fired electricity generation by 2030 and bar all fossil fuel power by 2045.



MARCH

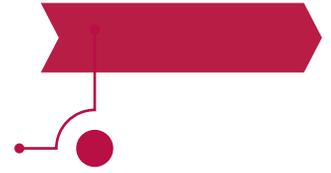
The Washington Legislature adjourns without passing HB 2995 or SB 6203.

The Oregon Legislature adjourns without passing HB 4001 or SB 1507.



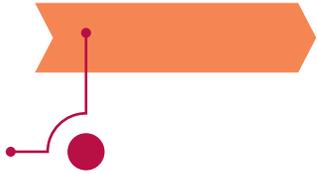
MAY

Avista and Hydro One Limited commit to dedicate \$4.5 million in community transition funding to Colstrip.



JUNE

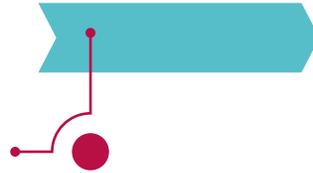
Colstrip Units 3 and 4 are shut down because of deviations in air quality requirements. The units only operate intermittently until September, when operators can demonstrate Units 3 and 4 are in full compliance with air quality standards.



JULY

The Montana PSC approves the acquisition of Avista by Hydro One Limited. The PSC's resolution opts out of a 2027 depreciation schedule for ratemaking purposes and notes that the co-owners' agreement for Colstrip Units 3 and 4 does not allow for a unilateral end date.

Canadian elections signal a change for Hydro One Limited, which is partly government-owned. Settlements established by utility commission, including the commitment of \$4.5 million to Colstrip, remain unclear.



SEPTEMBER

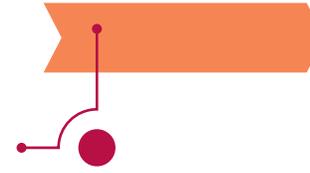
Northwestern Energy (NWE) files its first full rate case in 10 years and asks the PSC to approve an increase for its electric rates. The company's ownership and depreciation schedule for its share of Colstrip Unit 4 becomes a flashpoint in the case. NWE maintains it will not depreciate out its share in Colstrip Unit 4 until 2042.



OCTOBER

Westmoreland files for bankruptcy. Westmoreland operates the 25,000-acre Rosebud coal mine, which is adjacent to the Colstrip plant and supplies almost all its production to Units 1-4.

Talen Montana files complaints in Montana state court against PPL Corp., aimed at recovering \$733 million of funds that Talen claims it is due to fund environmental remediation and employee benefits at Colstrip.



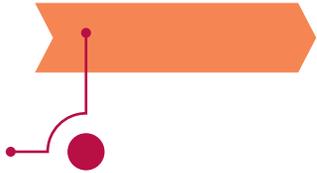
NOVEMBER

Washington Initiative 1631 is proposed to levy a carbon tax in Washington. The initiative includes a carbon emissions fee on large emitters of carbon, including electricity generated in or imported for use in the state. The fee is \$15 per metric ton of carbon beginning in 2020, and increases by \$2 per metric ton each year until the state's greenhouse gas reduction goals of 2035 are met and its 2050 goals are on track. The initiative is rejected 56.56% to 43.44%.



DECEMBER

PPL Corp. files complaints in Delaware District Court asserting that any shortage in money needed for environmental cleanup or pensions at Colstrip is caused by Talen's mismanagement.



JANUARY

SB 5116 is introduced in the Washington Legislature. The bill establishes the Washington Clean Energy Transformation Act and addresses the elimination of coal-fired electricity and the transition of the state's electricity supply to 100% carbon neutral by 2030.

Numerous bills related to coal production and Colstrip are introduced during Montana's 2019 Legislative Session. The following bills are passed and approved:

- HB 467: Allows electric utilities to apply to the PSC for the issuance of bonds to lower costs when retiring or replacing electric infrastructure or facilities.
- HB 476: Revises Board of Investment loans for coal-fired generation and associated transmission.
- SB 264: Establishes contract requirements for work completed to implement remediation plans at coal-fired electric generation facilities.
- SB 191: Allows for establishment of a county coal mine trust reserve fund for counties.
- SB 201: Revises qualifications necessary to hold a mining permit. Revises requirements for coal mine permittees to provide certain financial assurances.

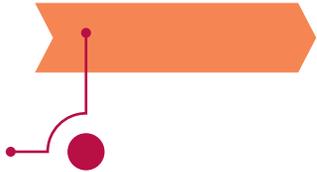
Westmoreland solicits offers for the purchase of its assets, but no qualified bids are received, other than a minimum bid from its creditors. Colstrip owners raise concerns about the future operation of Units 3 and 4, if a coal contract is not approved.



MARCH

Westmoreland emerges from Chapter 11 bankruptcy and operates as a new, privately held company. The group, Westmoreland Mining LLC, agrees to continue Westmoreland's sale agreement with Colstrip through the end of the year but makes no promises of an extension.

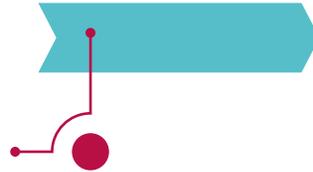
Avista reaches an agreement with Idaho and Washington utility regulators setting a 2027 deadline for depreciating out its interest in Colstrip. Originally, the company planned to depreciate by 2034 and 2036.



MAY

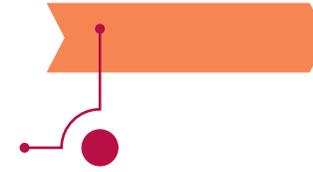
Washington Governor Jay Inslee signs a package of bills approved by the Legislature to eliminate fossil fuel-generated power from Washington's grid.

Washington's SB 5116 requires electric utilities in Washington to eliminate coal from their electricity supply by 2025 – this includes PSE and Avista. It requires the WUTC to accelerate depreciation schedules for coal plants to 2025. It allows the commission to accelerate the depreciation schedule for transmission lines “no longer used and useful” and connected to coal plants. The mandate means that PSE and Avista cannot serve customers in Washington using power from Colstrip after 2025.



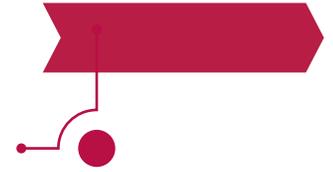
JUNE

Talen and PSE announce that Colstrip Units 1 and 2 will permanently close by January 2020. Dale Lebsack, Talen Montana's president, states “Fuel constitutes the bulk of our operating cost, and our repeated efforts to negotiate lower fuel prices with Westmoreland Rosebud Mining, the plant's sole and only historically permitted fuel supplier, have been rebuffed. Rather than working with us to keep Units 1 and 2 open, Westmoreland is proposing to increase the units' fuel cost going forward.”



OCTOBER

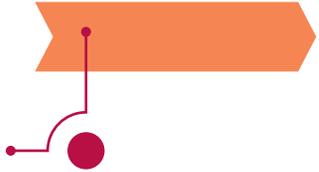
PacifiCorp announces plans to transition away from fossil fuel based generation, including an announcement that it will be financially ready to exit from Colstrip by 2027.



NOVEMBER

Avista reaches an agreement with the WUTC to accelerate its depreciation schedule for Colstrip to 2025. Avista also commits to contributing \$3 million to a Colstrip Community Transition fund.

As the Montana PSC wraps up the NWE rate case, PSC staff recommend not opening a Colstrip investigation docket, not requiring community transition funds, and not requiring additional reporting requirements at this time.



DECEMBER

Five of the six Colstrip owners sign a six-year coal contract with Westmoreland for the operation of Colstrip Units 3 and 4.

NWE announces plans to file for pre-approval with the PSC to acquire PSE's 25% interest, 185 MW, in Colstrip Unit 4.