

OFFICE OF THE GOVERNOR
STATE OF MONTANA

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January 20, 2016

Senator Doug Ericksen, Chair
Senator Tim Sheldon, Vice Chair
Senate Energy, Environment & Telecommunications Committee
P.O. Box 40466
Olympia, WA 98504-0466

Filed electronically via email

Re: SB 6248

Dear Chair Ericksen and Vice Chair Sheldon:

I am writing to offer comments and express concerns regarding SB 6248, entitled "AN ACT Relating to risk mitigation plans to promote the transition of eligible coal units."

Montana has long been a proud partner in providing the northwest states with reliable and affordable energy, upon which to build their robust economies. Closing and decommissioning of Colstrip Units 1 and 2, before the end of their useful lives, would have dramatic and far-reaching implications for Montana's economy, where the facilities are located.

The Colstrip operations (all units) and the associated mine provide good-paying jobs for many hard-working Montana families, at an average wage that is significantly higher than the state average. The ripple effects across Montana's economy are significant, supporting thousands of jobs and several hundred million dollars of additional economic output by the Montana economy.

The direct impact of Colstrip operations on state and local tax collections is approximately \$104 million, with roughly one-third of that going to counties, schools and special tax districts. A recent analysis by the Montana Department of Revenue estimates the tax revenues currently derived from Colstrip Units 1 and 2 at approximately \$14.2 million (all tax sources, including property, electrical energy license, corporate income, and coal severance – estimating that Units 1 and 2 produce approximately 14.7% of the total energy produced by the Colstrip operations).

Colstrip is a company town that provides a good quality of life for most of its residents. Closing one or more of the generating facilities would be devastating to the community, and would most certainly give rise to a significant need for workforce and career retraining, and efforts toward economic diversification.

There are also direct and tangible environmental costs that would be associated with decommissioning and remediation, include complexities relating to the City of Colstrip's water rights, the remediation costs associated with closing Units 1 and 2, reclamation costs associated with the Rosebud Mine, and the remediation of groundwater contamination associated with leaking ash ponds.

I am fully cognizant of the possible costs associated with leaving climate change unaddressed, and there is little doubt that this is a serious issue that warrants prompt action. Most Montanans agree with me on that point. However, I have grave concerns when one state takes action that could have significant local consequences for another state, and believe that you must consider the impacts to Montana's economy and way of life in your deliberations on this bill. Montana's voice is important to this debate, which could have serious implications not only for Montana, but for the flow of commerce between the northwest states.

I have great respect for the power of the individual states to address policy challenges as they see fit. I recently created an Interim Clean Power Plan Advisory Council to provide recommendations for charting Montana's energy future, with an eye toward creating and retaining good-paying jobs, protecting our clean air and water, and making our homes and businesses more energy efficient. I am committed to ensuring we have a strong energy economy in the future. We must responsibly grow and improve Montana's energy portfolio, from coal and wind to solar and geothermal. My Advisory Council includes representatives of the Colstrip plant owners, including two Washington-based utilities.

Although we are different states with different cultures and circumstances, we need to work together when we can on those issues where we can achieve our goals and move the northwest forward. My office was present at meetings both in Washington and Montana where legislators from both states shared their perspectives and concerns, and I encourage you to continue that dialogue with your counterparts here in Montana. I also hope that you will consider deferring passage of this bill until your next legislative session, so that we can constructively engage on this matter. Since the only deadline for any action in the bill is December 2017, there is little cost from deferral.

Thank you for your consideration of these comments. I have great respect for the work you do on behalf of the citizens of the state of Washington.

Sincerely,



STEVE BULLOCK
Governor

Cc: Senator Kevin Ranker (email)