



September 7, 2018

Energy and Telecommunications Interim Committee
Chair McNally
PO Box 201706
Helena, MT 59620-1706

Dear Chair McNally, Vice Chair Skees and members of the Energy and Telecommunications Interim Committee,

Talen Montana (Talen) is submitting this letter in response to a request from Chair McNally for Talen to provide information to this Committee regarding the current situation with Colstrip Steam Electric Station's (Colstrip) Units 3 and 4.

For background purposes, Colstrip, located in Rosebud County in Eastern Montana, is an electric generating plant fueled by coal sourced from the Western Energy Company Rosebud Mine, and is comprised of four units. Units 1 and 2 are capable of producing 307 net megawatts each and are jointly owned by Puget Sound Energy and Talen. Units 3 and 4 are capable of producing 740 net megawatts each and have six co-owners¹. Talen is the operator for all four units.

As a coal-fired power-plant, Talen's operations at Colstrip are governed in part by an air quality Title V Operating Permit (Permit) issued by the Montana Department of Environmental Quality (DEQ). The Permit incorporates the requirements of the federal Mercury & Air Toxics Standards (MATS) rule, which establishes an emission limit for filterable particulate matter (FPM). Talen monitors compliance with the limit by quarterly testing of filterable particulate matter, all in accordance with the Permit.

During the second quarter of 2018, specifically from June 21 to June 30, a deviation from the FPM limit occurred while Units 3 and 4 were operating. Talen, upon becoming aware of the deviation, shut Units 3 and 4 down and, in accordance with the Permit, provided verbal notice to DEQ of the deviation within twenty-four hours of discovery. Previous testing had demonstrated the Colstrip units were in compliance.

Talen immediately initiated evaluation and corrective actions to address the issue and determine the cause of the deviation, actions which continue as of September 7. Additionally, since this time, with approval from DEQ, Units 3 and 4 have only operated to conduct testing to evaluate the root cause of the issue and to implement corrective actions to address the situation. Also with approval from DEQ, Units 1 and 2 have continued to operate as normal because the most recent quarterly MATS PM tests show that, when averaged together, emissions from Units 1 and 2 meet the site-wide limit. At all times of operation for all units, emissions have been minimized by following procedures that have been established to ensure proper operation of pollution control equipment.



A follow-up written report on the deviation was submitted within 30 days of discovery, again in accordance with the Permit. The deviation was also included in Talen's July 31, 2018, MATS Semi-Annual Report to DEQ. Through these reports, of which all are available from DEQ, Talen has fully complied with all the Permit reporting requirements. Compliance tests for Units 3 and 4 have been scheduled for September 11th and 6th, respectively. Given the significant efforts expended to address the situation, we are hopeful that the tests will demonstrate the units are again in compliance. Additionally, Talen is diligently gathering information that it will provide in response to DEQ's August 31st information request.

Environmental compliance is a top priority for Colstrip and the plant is committed to taking actions necessary to address this situation and ensure Units 3 and 4 are operating in compliance with this and all environmental standards.

Thank you for your time.

Sincerely,

A handwritten signature in blue ink that reads "Dale Lebsack".

Dale Lebsack
President

¹Co-owners include Puget Sound Energy, Talen Montana, Avista, NorthWestern, PacifiCorp and Portland General Electric