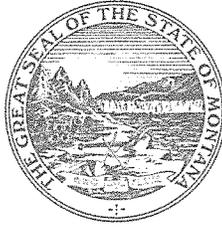


Montana Public Service Commission



Brad Johnson - Chairman
Travis Kavulla - Vice Chairman
Roger Koopman - Commissioner
Bob Lake - Commissioner
Tony O'Donnell - Commissioner

October 24, 2018

RE: Docket No. EPA-HQ-OAR-2017-0355

Andrew Wheeler
Acting Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue N.W.
Washington, D.C. 20460

SENT VIA EMAIL ONLY: a-and-r-Docket@epa.gov

Montana Public Service Commission's Comments on the Affordable Clean Energy Rule Proposal

Dear Administrator Wheeler:

The Montana Public Service Commission ("Montana Commission"), as the body responsible for regulating public utilities and ensuring the provision of electric service at just and reasonable rates in Montana, takes a keen interest in the Environmental Protection Agency's ("EPA") proposed Affordable Clean Energy ("ACE") rule and duly notes the rule's relevance to coal-fired electricity generation in our state. After your full review of the concerns and recommendations contained in this letter, we encourage EPA's timely response and welcome any questions, comments, or dialogue concerning our input.

The Montana Commission supports adoption by EPA of the proposed ACE rule and offers the following comments about the most significant objectives of the Rule:

ACE to Replace the Clean Power Plan. In a letter to EPA in November 2014, the Montana Commission expressed comprehensive opposition to the then-proposed Clean Power Plan ("CPP") rule. We offered 15 specific recommendations for altering the proposed rule, which fell under four categories of concern:

1. The best systems of emission reduction ("BSER") were not adequately demonstrated by the CPP proposal;
2. The outside-the-fence BSERs in the proposal were illegal and insufficiently demonstrated;
3. Cost-benefit analysis should be regionally calculated and incorporate direct costs of rule compliance; and
4. The authority of the states was improperly defined and lacked flexibility in the proposed rule.

Andrew Wheeler
Acting Administrator
U.S. Environmental Protection Agency
October 24, 2018
Page 2

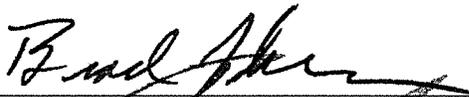
The Montana Commission supports the replacement of the CPP rule with the ACE rule because the ACE proposal addresses and corrects each of the above-described concerns with the CPP rule.

ACE Emphasizes Authority of States. ACE emphasizes the authority of the states in both determining standards of performance for affected generation units and implementing and enforcing the rule. The Montana Commission appreciates the recognition of state authority and endorses this critical aspect of the ACE proposal.

ACE Limits Emission-Reduction Pathway to “Inside-the-Fence” Remedies. As stated above in the summary of our previously expressed concerns about the CPP rule, the Montana Commission believes that any mandated or allowable approaches to emission reduction should be limited to the emitting generation facilities themselves and not extend to locations or activities external to the emitting resource. We support this welcome change in the ACE proposal.

Thank you for your attention to these comments.

Montana Public Service Commission



BRAD JOHNSON, Chairman



TRAVIS KAVULLA, Vice Chairman



BOB LAKE, Commissioner