



**MAJOR FACILITY SITING ACT CERTIFICATE AMENDMENT
to Utilize Rail and or Truck Delivery Facilities for the Non-Rosebud Mine Seam Coal**

On March 15, 2019, the Department of Environmental Quality (DEQ) received an application from Talen Montana, LLC, (Talen) to amend its Certificate of Environmental Compatibility and Public Need (the Certificate) for the Colstrip Steam Electric Station (Colstrip). The Colstrip Steam Electric Station (CSES) is located in Section 34, Township 2 North, Range 41 East, Rosebud County, Montana and consists of four sub-bituminous coal-fired units. Colstrip Units 3 and 4 were sited, constructed and are operated under the Certificate issued in 1976 under Montana's Major Facility Siting Act (MFSA). Units 3 and 4 are currently permitted to use Rosebud seam coal obtained from Areas A through G of the nearby Rosebud Mine.

The proposed amendment would allow Colstrip the flexibility to also use non-Rosebud seam coal obtained from mines other than the Rosebud mine. The proposed amendment would also allow Talen to construct a larger coal handling facility to enable Colstrip to receive and use coal from these new sources.

Specifically, Talen requests the following amendment to the Certificate:

Based upon Certificate Amendment in 2019, Units 3 & 4 are also allowed to:

1. Utilize non-Rosebud Seam coals from mines identified in the January 22, 2019 application to modify Montana Air Quality Permit 0513-10 and the March 15, 2019 application to amend this Certificate, which have been demonstrated to be equivalent or better quality for emissions control related purposes, and
2. Utilize rail and or truck delivery facilities for the non-Rosebud mine coal as authorized by Montana Air Quality Permit 0513-11, March 13, 2019.

The mines identified in the January 22, 2019, application to modify Montana Air Quality Permit 0513-10 and the March 15, 2019, application to amend the Certificate include the Spring Creek Mine, the Decker Mine, the Signal Peak Mine, and the Otter Creek Mine in Montana and the Eagle Butte Mine, the Belle Ayre Mine, the Rawhide Mine, the North Antelope Rochelle Mine, the North Antelope Rochelle (north) Mine, the Caballo Mine, the Coal Creek Mine, the Black Thunder Mine, the Antelope Mine, and the Cabrero Rojo Mine in Wyoming.

Pursuant to Section 75-20-219(1), MCA, if DEQ determines that the proposed change would result in a material increase in any environmental impact of the facility, or a substantial change in the location of all or a portion of the facility as set forth in the certificate, DEQ is required to grant, deny or modify the amendment with conditions it considers appropriate. Under Section 75-20-219(2), MCA, if DEQ determines that the proposed change in the facility would not result in a material increase in any environmental impact or a substantial change in the location of all or a portion of the facility as set forth in the certificate, DEQ is required to automatically grant the amendment either as applied for or upon

terms or conditions that DEQ considers appropriate. Therefore, whether or not there is a material increase in any impacts or a substantial change in the location of all or part of the facility, DEQ has the authority to grant and condition its approval of the amendment.

DEQ has determined the use of the non-Rosebud Seam coal from the mines identified above would not result in a material increase in any environmental impact or a substantial change in the location of the facility. Therefore, DEQ is required to automatically grant the amendment either as applied for or upon terms or conditions it considers appropriate. DEQ will document this decision in a separate decision document.

This decision document addresses the proposed amendment to the extent that it seeks authorization for Talen to construct the proposed rail/truck delivery facilities.

Proposed Amendment regarding Rail and or Truck Delivery Facilities

The proposed amendment was submitted by Talen to DEQ on March 15, 2019 and was revised on March 29, 2019. Under the amendment, there could be seven different scenarios depending on the amount of coal delivered and method of delivery. The new coal handling facility would be located southeast of the existing plant site which would require new disturbances associated for a new rail loop off the existing railroad and access road off Highway 39. The amendment would involve the disturbance of previously mined and reclaimed areas of the Rosebud Mine Area E, and past areas where historical mining occurred prior to 1969 which has been part of the Plant Site.

The proposed amendment includes any of the logistical scenarios required to transport, unload and utilize non-Rosebud seam coal. The project is designed to include scenarios that range from bringing one million tons per year (15% of Units 3&4 capacity) to 7 million tons per year (100% of Units 3&4 capacity) of coal onsite via truck on paved access road and/or new rail loop to be combusted in any of the plant's units. In general, coal will be brought in via truck and/or rail, unloaded, and transferred via new conveyor(s) or front-end loader (FEL) to a new coal storage pile and/or directly to the existing plant conveyor and coal storage system. Only a portion of the new storage pile will be active at any given time, and the remainder will be inactive. The coal pile(s) height will range from a minimum of 80 feet to a maximum of 120 feet. The 23-acre coal pile would be unlined. A FEL will be used to move the coal around the new storage pile. Coal will be transported via FEL to conveyors from the new storage pile into the existing plant conveyor and storage system. Construction is expected to occur in 2019 and take 6-12 months. Non-Rosebud coal supply could occur as soon as 2019 but no later than January 1, 2020.

Talen has proposed to manage the new non-rosebud coal handling area with designs for a zero-discharge features, consistent with existing practices at the plant site. These features include directing all liquid runoff to be captured and conveyed to a sealed lined pond. The design of the lined pond would be designed according to the appropriate constructions standards for sizing such capture devices in relation to storm water event.

DEQ has prepared an Environmental Assessment (EA) analyzing the environmental impacts of constructing and operating a larger coal handling facility to enable Units 3&4 to receive and use the new coal sources.

DECISION

Based on the information submitted by Talen in its notice to amend the Certificate and the impact analysis set forth in the EA, DEQ is required to determine, pursuant to Section 75-20-219, MCA, whether the proposed amendment:

- would result in a material increase in any environmental impact of the facility, or
- would result in a substantial change in the location of all or a portion of the facility.

In addition, for DEQ to determine that an amendment to a certificate should be granted or modified, DEQ must find that the amendment would not materially alter the findings that were the basis for granting the certificate pursuant to ARM 17.20.1804. DEQ's determination is limited to consideration of impacts that the proposed change or addition to the facility may produce.

These determinations must be made within 30 days following notice by Talen of an application to amend a Certificate. Talen filed its notice with DEQ on March 15, 2019 and revised the application on March 29, 2019.

Material Increase in any Environmental Impact:

DEQ has determined that construction and operation of the proposed larger coal handling facility to enable Units 3 & 4 to receive and use the new coal sources would result in a material increase in environmental impacts on vegetation and aesthetics resources. Potential increased environmental impacts on environmental resources, including vegetation and aesthetics, are as follows:

- **Air Quality** – The proposed amendment would result in emissions of fugitive particulate matter from material transfers for truck or rail unloading points and conveyor drops and from the storage pile of coal. DEQ's Air Quality Bureau completed an Environmental Assessment regarding the construction and operation of the larger coal unloading facility and modified Talen's Montana Air Quality Permit #0513-11 on March 13, 2019. The Air Quality Bureau's EA determined as follows:
 The proposed project would result in emissions of fugitive particulate matter. The maximum potential level of emissions increase would be considered minor by regulatory standards. MAQP #0513-11 would contain a limitation on the amount of coal that could be received and processed by the proposed equipment, as well as requiring pollution control practices to minimize the impacts of the air emissions. Only a minor impact to air quality would be expected.
- **Vegetation** – The additional coal handling facilities proposed by Talen would disturb 116 to 165 acres. A large portion of the proposed disturbance would be on land that was disturbed at the Rosebud Mine (Area E) and that has been graded and seeded as required by the Montana Strip and Underground Mine Reclamation Act (MSUMRA) (82-4-201, et seq, MCA). DEQ's Coal Bureau has conducted multiple field inspections of Area E's

revegetation status and on April 5, 2019 determined different levels of bond release. The entire Area E is 1,395 acres and the Proposed Action will only disturb 12% of this. There are no rare plant species on the reclaimed land in Area E.

- Aesthetics – The most prominent feature associated with the additional coal handling facilities would be the coal storage pile. The pile would encompass about 23 acres and range in height of 80 to 120 feet. The coal pile would be within a quarter mile of the Units 3 and 4's existing coal pile. Most viewers would be along Highway 39 and some occasional views from the town of Colstrip. The dark black color of the coal pile would contrast with surrounding reclaimed vegetation and the light tan color of Units 3 and 4 to the north. In addition to the coal pile, the conveyor equipment could be observed by viewers. These features would add to the industrial views of the area. A negligible amount of light would be added to the landscape compared to what is already existing at the Units. Noise would be expected to be minor compared to the existing noise already produced at the Units.
- Demands on Environmental Resources - The Proposed Action Alternative would slightly increase demand for water due to mitigations for pollution control and the additional energy to operate this equipment. Impacts on the demand on environmental resources would be minor.
- Health and Safety - There could be a minor health and safety risk due to the added truck and rail traffic associated with the proposed additional coal handling facilities.
- Water – Talen would obtain a General Permit for Stormwater Discharges Associated with Construction Activity. The General Permit for Stormwater Discharges would require best management practices to reduce the potential discharge of pollutants, such as sedimentation, to surface waters from construction disturbances. The additional coal handling facilities are designed to be zero-discharge facilities. All stormwater and all water drainage would be routed to an approximately 29-acre lined pond capable of holding a 100-year, 24-hour storm event with sufficient storage to contain the storm event with 1.04 feet of freeboard. These measures would minimize adverse impacts to the groundwater or surface water from the proposed project.

Substantial Change in the Location of All or a Portion of the Facility:

DEQ has determined that construction and operation of the proposed larger coal handling facility to enable Units 3 & 4 to receive and use the new coal sources would result in a substantial change in the location of a part of the facility.

As discussed above, the additional coal handling facilities proposed by Talen would disturb 116 to 165 acres. A large portion of the proposed disturbance would be on land adjacent to the Colstrip Plant site. This land was previously disturbed at the Rosebud Mine (Area E) and has been graded and seeded, with the establishment of some vegetation.

Material Alteration of the Findings that were the Basis for Granting the Certificate

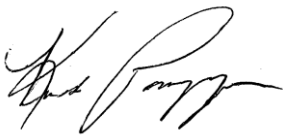
DEQ has reviewed the extensive findings set forth in the Findings of Fact, Opinion, Decision, Order and Recommendations issued by the Board of Natural Resources and Conservation on July 22, 1976, including the Findings of Fact and Conclusions of Law issued by the Board of Natural Resources and Conservation and Board of Health and Environmental Sciences that were attached as Exhibit A. The

Department has determined that the proposed amendment would not materially alter the findings required by the Administrative Rules of Montana, title 17, chapter 20, subchapter 16 that were the basis for granting the Certificate.

Based on the determinations set forth above, DEQ hereby approves the proposed amendment to the Certificate set forth on page 1 of this document.

A person aggrieved by a final decision by DEQ on an application for amendment to a certificate may within 15 days appeal the decision to the Board of Environmental Review as provided in Section 75-20-223(2), MCA.

Approved by:

A handwritten signature in black ink, appearing to read "Kristi Ponozzo", is written over a faint, illegible typed name.

Kristi Ponozzo, Public Policy Director, DEQ