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Alliance for Clean Energy Breakfast

Max S. Baucus

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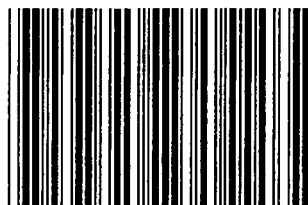
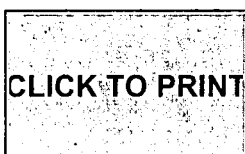
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(2) Subject* **Alliance for Clean Energy Breakfast**

DOCUMENT DATE*: **01/18/1984**

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BAUCUS

STATEMENT OF SENATOR MAX BAUCUS
ALLIANCE FOR CLEAN ENERGY BREAKFAST
January 18, 1984

It appears that Congress will be taking a serious look this year at legislation to clean up acid rain. In the next few months, the Senate Environment and Public Works Committee, on which I serve, will be holding hearings on various acid rain bills.

I strongly support taking action to reduce acid rain. I believe the time has come to develop a sound federal policy on acid rain, and I am willing to work with other members of Congress toward that goal.

But as a Westerner, I am concerned about some of the solutions that have been proposed by representatives of the Northeast and Midwest. These proposals would force Montanans and other Westerners to help pay for the damage caused by acid rain in other states. I have opposed and will continue to oppose such proposals.

I am co-sponsoring a bill in the Senate that I believe is a fair way to reduce acid rain. The bill, authored by Senators Mitchell and Stafford:

- o calls for an 8 million ton reduction by 1995;
- o requires states with high sulfur emissions to identify the best way to reduce their emissions;
- o preserves the principle that the polluter pays for the clean-up
- o encourages finding the most economical ways to reduce sulfur emissions.

I believe this bill is a step in the right direction. But there are several bills in Congress that are headed in the wrong direction for Montana and the West.

Representatives Henry Waxman and Gerry Sikorski have introduced a bill that would require utilities to install special equipment to reduce their emissions of sulfur dioxide. To help utilities pay for this costly equipment, a nationwide tax of one mill -- one-tenth of a cent -- would be imposed on every kilowatt-hour of electricity sold.

There are two serious problems with this proposal.

First, I believe that those who have caused the acid rain problem should be required to pay for its cleanup.

Utilities in the West produce about 20 percent of the electricity produced by coal-fired plants, yet they only emit 3 percent of the nation's utility emissions. Why? Because Westerners have paid to install emission controls on these plants.

In fact, about 25-30 percent of the West's utility bills go for environmental controls.

Montana Power Company, for example, spent \$500 million to install air pollution controls on Colstrip 3 and 4. As a result, Montana consumers are paying 13 mills per kilowatt hour of their bills for these pollution controls.

Montana and other states in the West have done a good job of maintaining clean air quality. We should not have to pay for those areas that have done nothing.

A second problem with the Waxman bill is that it does not allow plants to reduce their emissions by switching to low-sulfur coal. Thus, no new demand would develop for Montana's abundant supply of low sulfur coal.

Fuel switching to low sulfur coal will not solve all of our acid rain problems. But if it is the least costly and most economical approach, it should be permitted.

Finding a fair solution to the acid rain problem will not be easy. But the West must aggressively participate in the debate.

Last November, the Senate Finance Committee was considering a proposal to create a trust fund to clean up acid rain. That fund would have amounted to a double taxation of Montana's utility rate-payers. I strongly opposed this unfair tax and convinced the Committee to drop the proposal.

We won that skirmish. But the attacks will continue to increase.

Recently, Senator Wallop and I wrote a letter to President Reagan, urging him not to delay in finding a fair and cost-effective solution to the acid rain problem. We urged him to reject proposals that would force the West to pay for a problem that was largely outside our region. Twenty-one members of Congress signed that letter with us.

The Administration says it will be taking our concerns into consideration as it comes up with ways to address the acid rain problem.

EPA Administrator William Ruckelshaus is scheduled to testify at the Senate acid rain hearing on February 2. Other hearings are scheduled for February 7 and 9.

I will be working hard in the next few months to make sure that any acid rain solution is fair to Montana and the West.

Thank you for inviting me to speak here today. ACE has been done a very good job of pushing for a fair acid rain solution. I urge each of you to join in the fight.