

GENERAL RELEASE AND SETTLEMENT AGREEMENT

RELEASORS: Sierra Club, Montana Environmental Information Center

RELEASEES: PPL Montana, LLC, Montana Department of Environmental Quality

DESCRIPTION OF EVENTS: Challenge to PPLM's Air Quality Operating Permit (OP2953-07), Case No. BER 2013-02 AQ for the J.E. Corette Steam Electric Station, filed on January 3, 2013, and petition to EPA, AFS No. 030-111-0015A, filed on January 31, 2013

1. RELEASE

The undersigned Releasors acknowledge receipt of the settlement terms below and forever release and discharge Releasees, Releasees' successors, assigns, agents, partners, employees and attorneys from any and all actions, claims, causes of action, demands, or expenses for damages or injuries, whether asserted or unasserted, known or unknown, foreseen or unforeseen, arising out of the described events.

2. PM CEMS AS A PARTICULATE CAM PLAN PERFORMANCE INDICATOR

a. PPLM will add Particulate Matter Continuous Emission Monitoring ("PM CEMS") as another performance indicator to the Corette Particulate CAM Plan within six months from the date that Corette first generates electricity as a coal-fired electric generating unit after April 15, 2015.

b. PPLM will identify a Particulate CAM Plan performance indicator range for the PM CEMS at a level less than the corresponding PM emission limit identified by the operating permit. PPLM will report a CAM Plan excursion for any 30-day rolling average above the performance indicator range for the PM CEMS in quarterly reports to MDEQ.

c. PPLM will operate and maintain the PM CEMS as a Particulate CAM Plan performance indicator on Corette as addressed below:

- i. Install PM CEMS according to the manufacturer's standards.
- ii. Establish initial calibration/correlation at three levels (zero, normal operations, and at operations that increase PM concentration, but do not put Title V requirements at risk) using three Reference Method 5 runs at the normal operations level and two Reference Method 5 runs at the higher PM concentration. Correlation means the primary mathematical relationship for correlating the output from the PM CEMS to a PM concentration, as determined by the PM reference method. The

correlation is expressed in the measurement units that are consistent with the measurement conditions (e.g., mg/dscm, mg/acm) of the PM CEMS.

- iii. Establish CAM Plan excursion limit in terms of mg/m^3 .
- iv. Perform daily zero and span checks using manufacturer's standards.
- v. On a quarterly basis, conduct three Reference Method 5 runs to update the initial calibration/correlation. If the result from the average of three runs differs from the initial correlation/calibration by 25% or more of the CAM Plan excursion limit, then the initial calibration/correlation will be repeated.
- vi. If a Particulate CAM Plan excursion is shown by the PM CEMS, a mandatory Reference Method 5 test (three runs) shall be conducted under conditions representative of the CAM Plan excursions.
- vii. MDEQ believes the correlation procedures in this agreement are adequate for the intended use of the monitors as a CAM Plan performance indicator.

d. PPLM will maintain records of its PM CEMS monitoring data and maintenance in accordance with the Title V operating permit requirements. Once PM CEMS has been added as another performance indicator to Corette's Particulate CAM Plan, PPLM agrees to provide to MDEQ, upon MDEQ's request, PM CEMS data for Corette. At a minimum, MDEQ will request and PPLM will submit PM CEMS data on a quarterly basis, with PM CEMS measurements in mg/m^3 , averaged daily.

e. This use of PM CEMS as a Particulate CAM Plan performance indicator shall not be subject to EPA Performance Specification 11 for PM CEMS.

f. MDEQ will amend the operating permit to include the terms of this agreement. Installation and use of PM CEMS as a Particulate CAM Plan performance indicator at Corette will be done for purposes of settlement of this matter, and such use is not required under Title 40 CFR or "pursuant to other authority under the Clean Air Act or state or local law," as addressed in 40 CFR § 64.3(d), and the permit will be amended to state that. This includes, but is not limited to, Montana Administrative Code Title 17, Chapter 8, subchapter 15. This shall not be construed as an admission by Releasors that PM CEMS are not required.

g. If MDEQ determines in connection with a future operating permit modification or renewal that the data generated from PM CEMS are no longer a useful component of the Corette CAM Plan, PPLM may propose a CAM Plan revision.

3. NO ADMISSION OF LIABILITY

It is understood that the above-mentioned remedy is accepted as the sole consideration for full satisfaction and accord to compromise a disputed claim, and that neither the terms addressed above, nor the negotiations for settlement shall be considered as an admission against interest by any party.

4. NO ADDITIONAL CLAIMS

Releasors represent that no additional claims are contemplated against any other party potentially liable for the losses, damages, and injuries for which this Release is given.

5. STIPULATION FOR DISMISSAL WITH PREJUDICE

Releasors agree to move to dismiss their pending Corette Title V Permit Appeal, Case No. BER 2013-02 AQ and their pending petition to EPA, AFS No. 030-087-0008A, both with prejudice, as fully settled upon the merits. Each party shall pay their respective costs and attorneys' fees.

6. DISCLAIMER

The parties have carefully read the foregoing, discussed its legal effect with the parties' attorneys, understand the contents thereof, and sign the same of the parties' own free will and accord. This Release shall be binding upon the parties and their successors, and assigns.

7. SEVERABILITY

Should any provision of this Agreement be determined to be unenforceable, all remaining terms and clauses shall remain in force and shall be fully severable.

8. CHOICE OF LAW

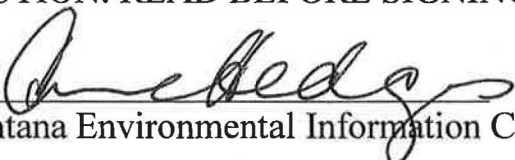
The laws of the State of Montana shall apply to the interpretation of this Agreement.

9. FINAL AGREEMENT

This written Agreement constitutes the final agreement between the parties and shall supersede any oral agreements to the contrary.

DATED this 12th day of February, 2014.

CAUTION: READ BEFORE SIGNING!


Montana Environmental Information Center


Sierra Club

APPROVED BY:

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