

Revenue Department Defends Property Values Set for PPL Montana

The Montana Department of Revenue has asked District Judge Dirk M. Sandefur in Cascade County to uphold its property tax valuations of PPL Montana, which the department contends are consistent with the values PPL used to tell to its shareholders how much the company was worth.

PPL Montana has tied up \$35 million of local and state money in property tax protests spanning six years from 2000 through 2005. Judge Sandefur heard arguments Tuesday morning for an appeal involving the first three tax years of the case. Approximately \$7.4 million in property tax dollars are at stake for those three years.

The department asserted that PPL has told taxing authorities that the company was worth 16% less on average for the years 2000, 2001, and 2002, than it has told its shareholders the company was worth.

As a publicly-traded company, PPL Montana is required by the Securities and Exchange Commission to maintain independently audited financial statements that shareholders and future investors can rely on when evaluating the company's stock.

The department's values were within 3.4% or less of the values PPL certified to its shareholders—closer than any other values presented in this case.

"Homeowners, main street businesses, and farmers and ranchers are already paying their fair share of taxes, and we think PPL Montana should do the same," said Dan Bucks, Director of the Department of Revenue.

"The values we are presenting to the district court for PPL Montana reflect the company's true market value, and we are defending those values vigorously in the interest of fairness and equity for all Montanans," he said.

The ten counties affected by the property tax protest are Cascade, Flathead, Gallatin, Lake, Lewis & Clark, Madison, Rosebud, Sanders, Stillwater and Yellowstone.

DOR Market Values Are Most Consistent with Values PPL Tells Its Shareholders — More So Than Any Other Values Presented in the Case

	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>Average % Difference from Financial Statements</i>
<i>Value PPL Tells its Shareholders*</i>	781,366,099	782,841,553	751,581,516	
<i>Value PPL Tells Taxing Authorities</i>	697,139,688	654,857,211	595,073,918	(0.16)
<i>DOR Original Market Value</i>	732,432,548	838,475,507	822,863,574	0.03
<i>Alternate DOR Values Based on Legal Proceedings to Date</i>	762,191,850	838,475,507	751,581,516	0.02
<i>STAB Decision Value</i>	762,191,850	722,082,459	695,073,948	(0.06)

* PPL independently audited financial statements

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