

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

In the Matter of the Application of

PUGET SOUND ENERGY

For an Order Authorizing the Sale of All of Puget Sound Energy's Interests in Colstrip
Unit 4 and Certain of Puget Sound Energy's Interests in Colstrip Transmission System

DOCKET UE-200115

**PAUL L. CHERNICK
ON BEHALF OF THE
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL UNIT**

EXHIBIT PLC-7

Puget Sound Energy Response to Public Counsel Data Request No. 52

October 2, 2020

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket UE-200115
Puget Sound Energy
Application Authorizing Sale of PSE Interest in Colstrip Unit 4**

PUBLIC COUNSEL DATA REQUEST NO. 052:

Please refer to Supplemental Direct Testimony of Ronald J. Roberts, Exh. RJR-9T, at 46:5–11.

Assume that PSE and another Project Committee member (other than Talen or NWE) make a Colstrip Unit 3 Decommissioning Proposal to retire Colstrip Unit 3 pursuant to Section 17(i) of the Ownership and Operation Agreement.

- a. Would the PSE representative cast the Proposed Shared Vote in this case? Please explain.
- b. Would the Talen representative or the NWE representative cast the Existing Shared Vote in this case? Please explain with explicit reference to the relevant provisions of the Existing Vote Sharing Agreement.
- c. Regardless of whether the Talen representative or the NWE representative casts the Existing Shared Vote in this case, would this Existing Shared Vote be considered the vote by the Operator? Please explain with explicit reference to the relevant provisions of the Existing Vote Sharing Agreement and the Ownership and Operation Agreement.

Response:

Puget Sound Energy (“PSE”) objects to Public Counsel Data Request No. 051 on the grounds that it seeks a legal conclusion concerning the terms and conditions of each of

- (i) the Colstrip Units #3 & #4 Ownership and Operation Agreement, dated as of May 6, 1981, by The Montana Power Company, Puget Sound Power and Light Company, The Washington Water Power Company, Portland General Electric Company, Pacific Power and Light Company, and Basin Electric Power Company (as amended, modified and supplemented from time to time, the “Colstrip Units 3 & 4 Ownership and Operation Agreement”);
- (ii) the proposed Vote Sharing Agreement, dated as of [●], 2020, by and among NorthWestern Corporation (“NorthWestern Energy”), Talen

Montana, LLC (“Talen Montana”), and PSE (the “Proposed Vote Sharing Agreement”);

- (iii) the Project Committee Vote Sharing Agreement, dated as of December 17, 1999, between The Montana Power Company and PP&L Montana (the “Original Vote Sharing Agreement”); and
- (iv) the Amended and Restated Project Committee Vote Sharing Agreement, dated as of October 16, 2009, between NorthWestern Energy and PPL Montana (now Talen Montana) (the “Amended and Restated Vote Sharing Agreement”).

Subject to and without waiving this objection, PSE provides the following response.

- a. The representative of Puget Sound Energy (“PSE”) on the Project Committee (the “Puget Appointee”) would cast the proposed Shared Vote pursuant to the terms and conditions of section 3.1(a) of the Proposed Vote Sharing Agreement. *See, e.g.*, the Seventh Exhibit to the Prefiled Supplemental Direct Testimony of Ronald J. Roberts, Exh. RJR-16 (Proposed Vote Sharing Agreement at section 3.1(a)).

Either or both the representative of NorthWestern Energy on the Project Committee (the “NorthWestern Appointee”) and the representative of Talen Montana on the Project Committee (the “Talen Appointee”) shall be entitled to raise a Prudency Objection with respect to any Unit 3 Decommissioning Proposal. If either or both the NorthWestern Appointee and the Talen Appointee raise a Prudency Objection, the Puget Appointee shall cast the proposed Shared Vote consistent with the results of a valid Poll conducted in accordance with section 3.2 of the Proposed Vote Sharing Agreement.

- b. The Amended and Restated Vote Sharing Agreement does not contain a provision that expressly contemplates a Unit 3 Decommissioning Proposal. Accordingly, PSE does not know whether the Talen Appointee or the NorthWestern Appointee would cast the Existing Shared Vote with respect to such proposal. Please see Attachment B to PSE’s Response to WUTC Staff Data Request No. 025 for a copy of the Amended and Restated Vote Sharing Agreement.
- c. Section 2.4(f) of the Amended and Restated Vote Sharing Agreement states as follows:

Until PPL Montana [now Talen Montana] shall no longer be the Operator, the Party Appointees selected pursuant to this Agreement, when casting the shared Vote, shall be considered the Operator’s

Committee member under the Ownership Agreement (particularly Section 17 thereof).

Please see Attachment B to PSE's Response to WUTC Staff Data Request No. 025 for a copy of the Amended and Restated Vote Sharing Agreement.