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**BEFORE THE
WASHINGTON UTILITIES AND 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
the Colstrip Transmission System**

Docket UE-200115

**PUGET SOUND ENERGY’S
MOTION TO WITHDRAW
APPLICATIONS**

I. INTRODUCTION

I. Pursuant to WAC 480-07-380(3), Puget Sound Energy (“PSE”) requests Commission authorization to withdraw its Application filed on February 19, 2020, and its Supplemental Application filed on August 20, 2020, which supplemented and superseded its Application (together, the “Applications”), in which PSE sought Commission approval of

- (i) the sale of one-half of PSE’s interests in Colstrip Unit 4 to NorthWestern Corporation d/b/a NorthWestern Energy (“NorthWestern Energy”);
- (ii) the sale one-half of PSE’s interests in Colstrip Unit 4 to Talen Montana, LLC (“Talen Montana”);
- (iii) the sale of certain PSE interests in the Colstrip Transmission System to NorthWestern Energy;
- (iv) a power purchase agreement between PSE and NorthWestern Energy for 45 MW of output from Colstrip Unit 4 with a term of 258 weeks; and

1 (v) a power purchase agreement between PSE and
2 Talen Montana for 45 MW of output from Colstrip
3 Unit 4 with a term of 258 weeks.

4 2. PSE is requesting permission to withdraw the Applications because PSE,
5 NorthWestern Energy, and Talen Montana have elected to terminate the
6 transactions described above. Therefore, the Application and Supplemental
7 Application are moot, and it is in the public interest for PSE to withdraw the
8 Applications. The proceedings in the above-captioned action should be closed.

9 **II. BACKGROUND**

10 3. On February 19, 2020, PSE filed an Application seeking Commission
11 authorization of (i) the sale of PSE's 25 percent undivided ownership interest in
12 Colstrip Unit 4 to NorthWestern Energy; (ii) the sale of certain PSE interests in
13 the Colstrip Transmission System to NorthWestern Energy; and (iii) a power
14 purchase agreement between PSE and NorthWestern Energy for 90 MW of the
15 output of Colstrip Unit 4 with a term beginning June 1, 2020, and expiring on
16 May 15, 2025. Upon the filing of PSE's Application, the Commission initiated
17 proceedings in the above-captioned docket to evaluate the Application.

18 4. In April 2020, Talen Montana provided notice that it was electing to
19 exercise its right of first refusal pursuant to Section 24(f) of the Colstrip
20 Units 3 & 4 Ownership and Operation Agreement to purchase a proportionate
21 interest in PSE's 25 percent undivided ownership interest in Colstrip Unit 4 to be
22 transferred to NorthWestern Energy.

23 5. Accordingly, PSE and NorthWestern Energy amended the PSE-
24 NorthWestern Energy Unit 4 purchase and sale agreement to provide that PSE

1 would sell one-half of its 25 percent undivided ownership interest in Colstrip
2 Unit 4 to NorthWestern Energy.

3 6. PSE then entered into a separate purchase and sale agreement with Talen
4 Montana to sell one-half of its 25 percent undivided ownership interest in Colstrip
5 Unit 4 to Talen Montana.

6 7. PSE and NorthWestern Energy and PSE and Talen Montana, each
7 separately, agreed to amend the proposed power agreement with NorthWestern
8 Energy and enter into a proposed new power purchase agreement with Talen
9 Montana, pursuant to which each of NorthWestern Energy and Talen Montana
10 would each sell 45 MW of the output of Colstrip Unit 4 to PSE with a term of
11 258 weeks.

12 8. PSE's proposed sale of certain interests in the Colstrip Transmission
13 System remained unchanged. Together, the above transactions are the "Proposed
14 Transactions."

15 9. On July 9, 2020, the Commission suspended the procedural schedule to
16 allow PSE time to effectuate the Proposed Transactions and to file a Supplemental
17 Application. On August 20, 2020, PSE filed a Supplemental Application and
18 supporting supplemental direct testimony requesting Commission approval of the
19 Proposed Transactions.

20 10. On September 10, 2020, the Commission issued a prehearing conference
21 order setting a revised procedural schedule. Pursuant to that schedule, on
22 October 2, 2020, Commission Staff, Public Counsel and the Intervenors in this

1 proceeding filed testimony responding to the Supplemental Application and
2 testimony filed by PSE.

3 *11.* Most of the response testimony filed by the parties opposed the Proposed
4 Transactions and requested that the Commission deny PSE's Supplemental
5 Application. Comments from the public also opposed the Proposed Transactions.
6 On October 14, 2020, a letter was submitted to the Commission by Washington
7 State Representative Joe Fitzgibbon and several other state representatives and
8 senators opposing the Proposed Transactions and encouraging the Commission to
9 deny approval of the Proposed Transactions. PSE also conducted several
10 settlement conferences with the parties where the Proposed Transactions were
11 discussed.

12 *12.* In light of the opposition to the Proposed Transactions, PSE,
13 NorthWestern Energy and Talen Montana began discussions regarding potential
14 changes to the Proposed Transactions. To allow further time for these discussions,
15 on October 19, 2020, PSE filed a motion to continue the rebuttal testimony and
16 cross-answering testimony deadline until October 30, 2020, which no party
17 opposed, and the Commission granted.

18 *13.* On October 27, 2020, to allow additional time for these discussions, PSE
19 filed a second motion to continue the rebuttal testimony and cross-answering
20 testimony deadline until November 6, 2020, which no party opposed, and the
21 Commission granted on October 28, 2020.

- 1 14. On October 29, 2020, PSE, NorthWestern Energy and Talen Montana
2 entered into agreements terminating the Proposed Transactions. Attached to this
3 Motion are the following:
- 4 (i) **Exhibit A** – Colstrip Unit 4 Termination
5 Agreement, dated October 29, 2020, between PSE
6 and NorthWestern Energy;
 - 7 (ii) **Exhibit B** – Colstrip Transmission System
8 Termination Agreement, dated October 29, 2020,
9 between PSE and NorthWestern Energy; and
 - 10 (iii) **Exhibit C** – Colstrip Unit 4 Termination
11 Agreement, dated October 29, 2020, between PSE
12 and Talen Montana.

13 III. ARGUMENT

- 14 15. Under WAC 480-07-380(3)(b), the Commission will grant a motion to
15 withdraw when the requested withdrawal is in the public interest.¹ Here, it is in
16 the public interest to withdraw the Applications because the Proposed
17 Transactions have been terminated. PSE is no longer seeking Commission
18 approval of the Proposed Transactions because they have terminated, and further
19 proceedings would be moot. Accordingly, to preserve the resources of the
20 Commission, the parties and the public, it is in the public interest for PSE to
21 withdraw the Applications, without prejudice, and for the proceedings in the
22 above-captioned docket to close.

¹ See, e.g., *WUTC v. Rainier View Water Co.*, Docket UW-110054, Order 07 (Nov. 29, 2012) (granting motion to withdraw in accordance with WAC 480-07-380(3) without prejudice because company desired to pursue further discussions with Commission regarding concerns with the underlying project); *WUTC v. Betty Lu Miller D/B/A Northwest Water System*, Docket UW-112182, Order 04 (Aug. 9, 2012) (granting motion to withdraw in accordance with WAC 480-07-380(3) without prejudice because company no longer desired to pursue tariff filing).

1 **IV. CONCLUSION**

2 16. For the reasons set forth above, PSE hereby respectfully requests
3 Commission authorization to withdraw the Applications in light of the Proposed
4 Transactions being terminated, without prejudice.

5 Dated: October 29, 2020.

6 **Respectfully submitted,**

By 

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jkuzma@perkinscoie.com
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Attorneys for Puget Sound Energy

EXHIBIT A

COLSTRIP UNIT 4 PURCHASE AND SALE AGREEMENT
TERMINATION AGREEMENT

This Termination Agreement (this "Termination Agreement") is made effective as of October 29, 2020 (the "Effective Date") by and between NorthWestern Corporation, a Delaware corporation ("NorthWestern") and Puget Sound Energy, Inc. a Washington corporation ("Puget") and, together with NorthWestern, the "Parties").

RECITALS

WHEREAS, Northwestern and Puget entered into that certain Colstrip Unit 4 Purchase and Sale Agreement on December 9, 2019, as amended (the "Purchase Agreement"); and

WHEREAS, Northwestern and Puget mutually desire to terminate the Purchase Agreement pursuant to Section 9.1(a) thereof as set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, and the representations, warranties, covenants and conditions set forth below, the Parties, intending to be legally bound, hereby agree as follows:

1. Termination of Purchase Agreement. Northwestern and Puget hereby terminate the Purchase Agreement, in accordance with the provisions of Section 9.1(a) of the Purchase Agreement and with the effect set forth in Section 9.2 of the Purchase Agreement, effective as of the Effective Date; provided, that, pursuant to Section 9.2 of the Purchase Agreement, (i) all filings, applications and other submissions made to any Governmental Authority (as defined in the Purchase Agreement) with respect to the transactions contemplated by the Purchase Agreement and the Closing Documents (as defined in the Purchase Agreement) shall, to the extent practicable, be withdrawn from the Governmental Authority to which they were made, and (ii) the terms and conditions set forth in Article 6 of the Purchase Agreement shall survive.

2. Release of Claims Relating to Purchase Agreement.

a. In consideration of the covenants, agreements, and undertakings of the Parties under this Termination Agreement, each Party, on behalf of itself and its respective present and former parents, subsidiaries, affiliates, officers, directors, shareholders, members, successors, and assigns (collectively, "Releasors") hereby releases, waives, and forever discharges the other Party and its respective present and former, direct and indirect, parents, subsidiaries, affiliates, employees, officers, directors, shareholders, members, agents, representatives, permitted successors, and permitted assigns (collectively, "Releasees") of and from any and all actions, causes of action, suits, losses, liabilities, rights, debts, dues, sums of money, accounts, reckonings, obligations, costs, expenses, liens, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands, of every kind and nature whatsoever, whether now known or unknown, foreseen or unforeseen, matured or unmatured, suspected or unsuspected, in law, admiralty, or equity (collectively, "Claims"), which any of such Releasors ever had, now have, or hereafter can, shall, or may have against any of such Releasees for, upon, or by reason of any matter, cause, or thing

whatsoever from the beginning of time through the Effective Date arising out of or relating to the Purchase Agreement, except for any Claims relating to rights and obligations preserved by, created by, or otherwise arising out of this Termination Agreement.

b. Each Party, on behalf of itself and each of its respective Releasors, understands that it may later discover Claims or facts that may be different than, or in addition to, those that it or any other Releasor now knows or believes to exist regarding the subject matter of the release contained in this Section 2, and which, if known at the time of signing this Termination Agreement, may have materially affected this Termination Agreement and such Party's decision to enter into it and grant the release contained in this Section 2. Nevertheless, the Releasors intend to fully, finally and forever settle and release all Claims that now exist, may exist or previously existed, as set forth in the release contained in this Section 2, whether known or unknown, foreseen or unforeseen, or suspected or unsuspected, and the release given herein is and will remain in effect as a complete release, notwithstanding the discovery or existence of such additional or different facts. The Releasors hereby waive any right or Claim that might arise as a result of such different or additional Claims or facts.

3. Miscellaneous.

a. This Termination Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument, and either of the Parties may execute this Termination Agreement by signing any such counterpart. This Termination Agreement may be executed and delivered by facsimile, or by e-mail in portable document format (.pdf) and delivery of the signature page by such method will be deemed to have the same effect as if the original signature had been delivered to the other Party.

b. This Termination Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without reference to principles of conflict of laws or choice of laws that would result in the application of the laws of any other jurisdiction.

c. The headings used in this Termination Agreement are used for convenience only and are not to be considered in construing or interpreting this Termination Agreement.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the undersigned Parties have executed this Termination Agreement as of the date first written above.

NORTHWESTERN:

NORTHWESTERN CORPORATION

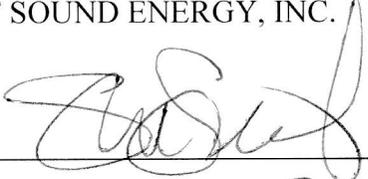
By: _____

Name: _____

Title: _____

PUGET:

PUGET SOUND ENERGY, INC.

By:  _____

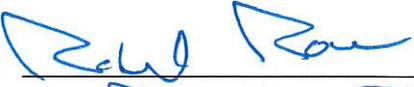
Name: Steve Secrist

Title: SR VP

IN WITNESS WHEREOF, the undersigned Parties have executed this Termination Agreement as of the date first written above.

NORTHWESTERN:

NORTHWESTERN CORPORATION

By: 
Name: Robert C. Row
Title: CEO

PUGET:

PUGET SOUND ENERGY, INC.

By: _____
Name: _____
Title: _____

EXHIBIT B

COLSTRIP TRANSMISSION SYSTEM PURCHASE AND SALE AGREEMENT
TERMINATION AGREEMENT

This Termination Agreement (this “Termination Agreement”) is made effective as of October 29, 2020 (the “Effective Date”) by and between NorthWestern Corporation, a Delaware corporation (“NorthWestern”) and Puget Sound Energy, Inc. a Washington corporation (“Puget” and, together with NorthWestern, the “Parties”).

RECITALS

WHEREAS, Northwestern and Puget entered into that certain Colstrip Transmission System Purchase and Sale Agreement on December 9, 2019, as amended (the “Purchase Agreement”); and

WHEREAS, Northwestern and Puget mutually desire to terminate the Purchase Agreement pursuant to Section 10.1(a) thereof as set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, and the representations, warranties, covenants and conditions set forth below, the Parties, intending to be legally bound, hereby agree as follows:

1. Termination of Purchase Agreement. Northwestern and Puget hereby terminate the Purchase Agreement, in accordance with the provisions of Section 10.1(a) of the Purchase Agreement and with the effect set forth in Section 10.2 of the Purchase Agreement, effective as of the Effective Date; provided, that, pursuant to Section 10.2 of the Purchase Agreement, (i) all filings, applications and other submissions made to any Governmental Authority (as defined in the Purchase Agreement) with respect to the transactions contemplated by the Purchase Agreement and the Closing Documents (as defined in the Purchase Agreement) shall, to the extent practicable, be withdrawn from the Governmental Authority to which they were made, and (ii) the terms and conditions set forth in Article 7 of the Purchase Agreement shall survive.

2. Release of Claims Relating to Purchase Agreement.

a. In consideration of the covenants, agreements, and undertakings of the Parties under this Termination Agreement, each Party, on behalf of itself and its respective present and former parents, subsidiaries, affiliates, officers, directors, shareholders, members, successors, and assigns (collectively, “Releasors”) hereby releases, waives, and forever discharges the other Party and its respective present and former, direct and indirect, parents, subsidiaries, affiliates, employees, officers, directors, shareholders, members, agents, representatives, permitted successors, and permitted assigns (collectively, “Releasees”) of and from any and all actions, causes of action, suits, losses, liabilities, rights, debts, dues, sums of money, accounts, reckonings, obligations, costs, expenses, liens, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands, of every kind and nature whatsoever, whether now known or unknown, foreseen or unforeseen, matured or unmatured, suspected or unsuspected, in law, admiralty, or equity (collectively, “Claims”), which any of such Releasors ever had, now have, or hereafter can, shall,

or may have against any of such Releasees for, upon, or by reason of any matter, cause, or thing whatsoever from the beginning of time through the Effective Date arising out of or relating to the Purchase Agreement, except for any Claims relating to rights and obligations preserved by, created by, or otherwise arising out of this Termination Agreement.

b. Each Party, on behalf of itself and each of its respective Releasors, understands that it may later discover Claims or facts that may be different than, or in addition to, those that it or any other Releasor now knows or believes to exist regarding the subject matter of the release contained in this Section 2, and which, if known at the time of signing this Termination Agreement, may have materially affected this Termination Agreement and such Party's decision to enter into it and grant the release contained in this Section 2. Nevertheless, the Releasors intend to fully, finally and forever settle and release all Claims that now exist, may exist or previously existed, as set forth in the release contained in this Section 2, whether known or unknown, foreseen or unforeseen, or suspected or unsuspected, and the release given herein is and will remain in effect as a complete release, notwithstanding the discovery or existence of such additional or different facts. The Releasors hereby waive any right or Claim that might arise as a result of such different or additional Claims or facts.

3. Miscellaneous.

a. This Termination Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument, and either of the Parties may execute this Termination Agreement by signing any such counterpart. This Termination Agreement may be executed and delivered by facsimile, or by e-mail in portable document format (.pdf) and delivery of the signature page by such method will be deemed to have the same effect as if the original signature had been delivered to the other Party.

b. This Termination Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without reference to principles of conflict of laws or choice of laws that would result in the application of the laws of any other jurisdiction.

c. The headings used in this Termination Agreement are used for convenience only and are not to be considered in construing or interpreting this Termination Agreement.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the undersigned has executed this Termination Agreement as of the date first written above.

NORTHWESTERN:

NORTHWESTERN CORPORATION

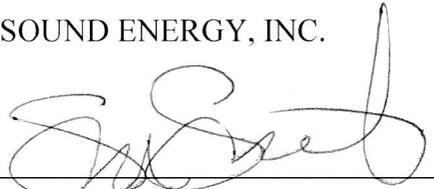
By: _____

Name: _____

Title: _____

PUGET:

PUGET SOUND ENERGY, INC.

By:  _____

Name: Steve Secrist

Title: Sr VP

IN WITNESS WHEREOF, the undersigned has executed this Termination Agreement as of the date first written above.

NORTHWESTERN:

NORTHWESTERN CORPORATION

By: 
Name: Robert C. Rowe
Title: CEO

PUGET:

PUGET SOUND ENERGY, INC.

By: _____
Name: _____
Title: _____

EXHIBIT C

**COLSTRIP UNIT 4 PURCHASE AND SALE AGREEMENT TERMINATION
AGREEMENT**

This Termination Agreement (this “Termination Agreement”) is made effective as of October 29, 2020 (the “Effective Date”) by and between Talen Montana, LLC, a Delaware limited liability company (“Talen”), and Puget Sound Energy, Inc. a Washington corporation (“Puget,” and, together with Talen, the “Parties”).

RECITALS

WHEREAS, Talen and Puget entered into that certain Colstrip Unit 4 Purchase and Sale Agreement dated as of August 14, 2020 (the “Purchase Agreement”); and

WHEREAS, Talen and Puget mutually desire to terminate the Purchase Agreement pursuant to Section 9.1(a) thereof as set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, and the representations, warranties, covenants and conditions set forth below, the Parties, intending to be legally bound, hereby agree as follows:

1. Termination of Purchase Agreement. Talen and Puget hereby terminate the Purchase Agreement, in accordance with the provisions of Section 9.1(a) of the Purchase Agreement and with the effect set forth in Section 9.2 of the Purchase Agreement, effective as of the Effective Date; provided, that, pursuant to Section 9.2 of the Purchase Agreement, (i) all filings, applications and other submissions made to any Governmental Authority (as defined in the Purchase Agreement) with respect to the transactions contemplated by the Purchase Agreement and the Closing Documents (as defined in the Purchase Agreement) shall, to the extent practicable, be withdrawn from the Governmental Authority to which they were made, and (ii) the terms and conditions set forth in Article 6 of the Purchase Agreement shall survive.

2. Release of Claims Relating to Purchase Agreement.

a. In consideration of the covenants, agreements, and undertakings of the Parties under this Termination Agreement, each Party, on behalf of itself and its respective present and former parents, subsidiaries, affiliates, officers, directors, shareholders, members, successors, and assigns (collectively, “Releasors”) hereby releases, waives, and forever discharges the other Party and its respective present and former, direct and indirect, parents, subsidiaries, affiliates, employees, officers, directors, shareholders, members, agents, representatives, permitted successors, and permitted assigns (collectively, “Releasees”) of and from any and all actions, causes of action, suits, losses, liabilities, rights, debts, dues, sums of money, accounts, reckonings, obligations, costs, expenses, liens, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands, of every kind and nature whatsoever, whether now known or unknown, foreseen or unforeseen, matured or unmatured, suspected or unsuspected, in law, admiralty, or equity (collectively, “Claims”), which any of such Releasors ever had, now have, or hereafter can, shall, or may have against any of such Releasees for, upon, or by reason of any matter, cause, or thing

whatsoever from the beginning of time through the Effective Date arising out of or relating to the Purchase Agreement, except for any Claims relating to rights and obligations preserved by, created by, or otherwise arising out of this Termination Agreement.

b. Each Party, on behalf of itself and each of its respective Releasors, understands that it may later discover Claims or facts that may be different than, or in addition to, those that it or any other Releasor now knows or believes to exist regarding the subject matter of the release contained in this Section 2, and which, if known at the time of signing this Termination Agreement, may have materially affected this Termination Agreement and such Party's decision to enter into it and grant the release contained in this Section 2. Nevertheless, the Releasors intend to fully, finally and forever settle and release all Claims that now exist, may exist or previously existed, as set forth in the release contained in this Section 2, whether known or unknown, foreseen or unforeseen, or suspected or unsuspected, and the release given herein is and will remain in effect as a complete release, notwithstanding the discovery or existence of such additional or different facts. The Releasors hereby waive any right or Claim that might arise as a result of such different or additional Claims or facts.

3. Miscellaneous.

a. This Termination Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument, and either of the Parties may execute this Termination Agreement by signing any such counterpart. This Termination Agreement may be executed and delivered by facsimile, or by e-mail in portable document format (.pdf) and delivery of the signature page by such method will be deemed to have the same effect as if the original signature had been delivered to the other Party.

b. This Termination Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without reference to principles of conflict of laws or choice of laws that would result in the application of the laws of any other jurisdiction.

c. The headings used in this Termination Agreement are used for convenience only and are not to be considered in construing or interpreting this Termination Agreement.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the undersigned Parties have executed this Termination Agreement as of the date first written above.

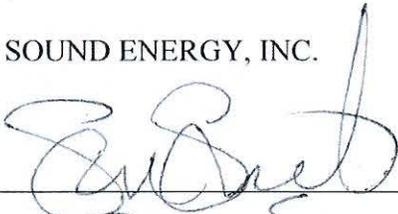
TALLEN:

TALLEN MONTANA, LLC

By: 
Name: Dale E Lebsack Jr
Title: President

PUGET:

PUGET SOUND ENERGY, INC.

By: 
Name: Steve Secrist
Title: SS VP