

**Exh. DCG-8
Docket UE-190882
Witness: David C. Gomez**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

DOCKET UE-190882

**EXHIBIT TO
TESTIMONY OF**

David C. Gomez

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Pacific Power's Response to UTC Staff Data Request No. 5

January 10, 2020



August 20, 2019

Joe M. Dallas, WSBA No. 54506
Office of the Attorney General
Utilities and Transportation Division
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Betsy DeMarco
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Krista Gross
krista.gross@utc.wa.gov

RE: **WA UE-190458**
WUTC Data Request (1-7)

Please find enclosed Pacific Power & Light Company's Responses to WUTC Data Requests 1-7. Also provided are Redacted Attachments WUTC 1-1, 3, 5-1, and 5-2. Provided on the enclosed Confidential CD are Confidential Attachments WUTC 1-1, 3, 5-1, and 5-2 and Confidential Response WUTC 7. Pacific Power requests confidential treatment of confidential material in accordance with Washington Administrative Code (WAC) 480-07-160.

If you have any questions, please call me at 503-813-5410.

Sincerely,

____/s/____
Ariel Son
Regulatory Affairs Manager

UE-190458 / Pacific Power & Light Company
August 20, 2019
WUTC Data Request 1

WUTC Data Request 1

DATA REQUESTS DIRECTED TO: Michael G. Wilding
REQUESTED BY: David Gomez
RE: Wilding, Prefiled direct testimony Exhibit No. MGW-1T

Background Section for subparts (a) through (e)

In his response prefiled direct testimony, Mr. Wilding states the following:
... in accordance with the joint-owner agreement, the company has a 10 percent ownership in Colstrip Unit 4. The company participates to the fullest extent of the joint-ownership agreement, including participation in on-going operations and the management committee, in which a representative from the company is present at a monthly meeting to discuss, among other items, safety, operations, environmental, finance, and to provide input for decisions related to the Colstrip plant.

Section 17 (c) of the Colstrip Units 3 & 4 Ownership and Operating Agreement provides:

The [Project] Committee shall meet regularly, but not less often than once in each calendar quarter, as may be agreed upon, and at such other times as requested by any Committee member upon three days' written notice. Meetings of the Committee may be held or members thereof may participate in a meeting of such Committee by means of conference telephones or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting by means of conference telephones or similar communications equipment shall constitute presence in person at the meeting. The Committee may appoint such subcommittees as it deems necessary or appropriate and by unanimous action, may delegate approval authority to such subcommittees. Operator shall prepare written minutes of all meetings and distribute them to each Committee member within a reasonable time after each meeting. Unless otherwise mutually agreed, Operator's member shall act as Chairman of the Committee.

Section 5.3 and 5.6 of The Amended Restated Coal Supply Agreement (ARCSA) dated August 24, 1998, provides:

5.3 Meetings - The Executive Committee shall meet at least once annually in February or March or more often by mutual agreement or as necessary to resolve disputes referred to the Executive Committee. Meetings shall be held at a place designated by the chair of the Executive Committee.

Despite PacifiCorp's diligent efforts, certain information protected from disclosure by the attorney-client privilege or other applicable privileges or law may have been included in its responses to these data requests. PacifiCorp did not intend to waive any applicable privileges or rights by the inadvertent disclosure of protected information, and PacifiCorp reserves its right to request the return or destruction of any privileged or protected materials that may have been inadvertently disclosed. Please inform PacifiCorp immediately if you become aware of any inadvertently disclosed information.

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5.6 Minutes - The chair of the Executive Committee shall maintain minutes of Executive Committee meetings and shall distribute the minutes to the Parties' representatives within 15 days after each meeting of the Executive Committee. The minutes, when approved by all of the Parties, shall be the official record of the decisions made by the Executive Committee.

Further, Sections 6.3 and 6.6 of the ARCSA provides:

6.3 Meetings - The Mine Operating Committee shall meet on or before June 15 of each Year to consider the proposed Annual Operating Plan for the following Year and otherwise by mutual agreement. Seller shall participate in meetings of the Mine Operating Committee as reasonably required to present, discuss and report on its proposed Annual Operating Plan, and to report, receive reports and collaborate on matters of joint concern. Meetings of the Mine Operating Committee shall be held at Colstrip, Montana or any other mutually agreed place.

6.6 Minutes - The chair of the Mine Operating Committee shall maintain minutes of Mine Operating Committee meetings and shall distribute them to the Parties' representatives within fifteen (15) days after each meeting. The minutes, when approved by all of the Buyers, shall be the official record of the decisions made by the Mine Operating Committee. Copies of all minutes recording decisions of the Mine Operating Committee shall be provided to Seller.

- (a) The Colstrip Units 3 & 4 Ownership and Operating Agreement, Section 17 (c) states that the Project Committee shall meet regularly, but not less often than once in each calendar quarter. List the dates of all Project Committee meetings ranging from October 1, 2017 to present.
- (b) For each Project Committee meeting date identified in subpart (a) above, provide all minutes, agendas, and any accompanying documents, materials, presentations, notes, emails, analysis, spreadsheets of the Colstrip Project Committee, and/or of any subcommittee as required under Section 17 (c) of the Colstrip Ownership and Operating Agreement. For each Project Committee meeting date identified in subpart (a) above and where no minutes were created and distributed, explain why.
- (c) In reference to Section 5.3 of the ARCSA, list the dates of all Mine Executive Committee meetings ranging from October 1, 2017 to present.
- (d) As specified in Section 5.6 of the ARCSA, for each Mine Executive Committee meeting date identified in subpart (c) above, provide all minutes, agendas, and any accompanying documents, materials, presentations, notes,

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emails, analysis, spreadsheets (including all attachments and/or enclosures) for each and every meeting of the Mine Executive Committee. For each Mine Executive Committee meeting date identified in subpart (c) above and where no minutes were created and distributed, explain why.

- (e) In reference to Section 6.3 of the ARCSA, list the dates of all Mine Operating Committee meetings ranging from October 1, 2017 to present.
- (f) As specified in Section 6.6 of the ARCSA, for each Mine Operating Committee meeting date identified in subpart (e) above provide all minutes, agendas, and any accompanying documents, materials, presentations, notes, emails, analysis, spreadsheets (including all attachments and/or enclosures) for each and every meeting of the Mine Operating Committee. For each Mine Operating Committee meeting date identified in subpart (e) above and where no minutes were created and distributed, explain why.

Response to WUTC Data Request 1

- (a) Pacific Power objects to this question as overbroad, outside the scope of this proceeding and not reasonably calculated to lead to admissible evidence. Pacific Power specifically objects to providing minutes outside the time period of this proceeding. Pacific Power additionally objects to the use of information developed from a separate proceeding with other utilities. Without waiving the foregoing objections, Pacific Power responds as follows:

Pacific Power understands the Project Committee to be the Ownership and Operating Committee, and for the time period covered by this proceeding (calendar year 2018), this committee met monthly on the 3rd Wednesday of the month.

- (b) Pacific Power objects to this question as overbroad, outside the scope of this proceeding and not reasonably calculated to lead to admissible evidence. Pacific Power specifically objects to providing minutes outside the time period of this proceeding. Pacific Power additionally objects to the use of information developed from a separate proceeding with other utilities. Without waiving the foregoing objection, Pacific Power responds as follows:

Please refer to Confidential Attachment WUTC 1-1 which contains the meeting minutes for the meetings that occurred during the time period covered by this proceeding. Pacific Power did not retain any non-privileged documents from these meetings.

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- (c) Pacific Power objects to this question as outside the scope of this proceeding and not reasonably calculated to lead to admissible evidence. Pacific Power additionally objects to the use of information developed from a separate proceeding with other utilities. Without waiving the foregoing objection, Pacific Power responds as follows:

There were no mining executive committee meetings with Westmoreland during calendar year 2018, which is the time period covered by this proceeding.

- (d) Please refer to the company's response to subpart (c) above.

- (e) The quarterly scheduled Mine Operating Meetings held in Billings and Colstrip, Montana for calendar year 2018 were as follows:

February 20, 2018
May 15, 2018
August 14, 2018
November 13, 2018

- (f) Please refer to Highly Confidential Attachment WUTC 1-2 which contains meeting notes prepared by an attendee and presentation information that was discussed at some of the Mine Operating Committee meetings during this time period.

Pacific Power requests confidential treatment of Confidential Attachment WUTC 1-1 in accordance with Washington Administrative Code (WAC) 480-07-160. The confidential attachment includes commercially sensitive information, specifically Colstrip Ownership and Operations Committee meeting details. This commercially sensitive information is of significant commercial value, which could expose the company and the Colstrip owners to competitive injury if disclosure is unrestricted. Accordingly, Pacific Power requests confidential treatment on the basis that the documents contain "valuable commercial information, including trade secrets or confidential marketing, cost, or financial information, or customer-specific usage and network configuration and design information," as provided in Revised Code of Washington (RCW) 80.04.095 and in accordance with WAC 480-07-160(2)(b). A public, redacted version is also provided.

While Pacific Power considers the documents provided in Highly Confidential Attachment WUTC 1-2 to be of utmost commercial sensitivity and highly confidential, it is requesting confidential treatment in accordance with WAC 480-07-160. The attachment contains commercially sensitive mine operating

Despite PacifiCorp's diligent efforts, certain information protected from disclosure by the attorney-client privilege or other applicable privileges or law may have been included in its responses to these data requests. PacifiCorp did not intend to waive any applicable privileges or rights by the inadvertent disclosure of protected information, and PacifiCorp reserves its right to request the return or destruction of any privileged or protected materials that may have been inadvertently disclosed. Please inform PacifiCorp immediately if you become aware of any inadvertently disclosed information.

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information that could expose the company and the Colstrip mine owners to competitive injury if disclosure is unrestricted. The company requests confidential treatment, at a minimum, on the basis that the document contains “valuable commercial information, including trade secrets or confidential marketing, cost, or financial information, or customer-specific usage and network configuration and design information,” as provided in RCW 80.04.095 and in accordance with WAC 480-07-160(2). Due to the highly confidential nature of the information in the attachment, in the event it is included as part of an adjudicative proceeding, or if intervening parties request a copy outside of an adjudicative proceeding, Pacific Power may seek a protective order authorizing highly confidential treatment or enter into non-disclosure agreements with parties, as appropriate, before any disclosure of Highly Confidential Attachment WUTC 1-2.

PREPARER: Chris Delinski, Chuck Tack, Bret Morgan

SPONSOR: To Be Determined

Despite PacifiCorp's diligent efforts, certain information protected from disclosure by the attorney-client privilege or other applicable privileges or law may have been included in its responses to these data requests. PacifiCorp did not intend to waive any applicable privileges or rights by the inadvertent disclosure of protected information, and PacifiCorp reserves its right to request the return or destruction of any privileged or protected materials that may have been inadvertently disclosed. Please inform PacifiCorp immediately if you become aware of any inadvertently disclosed information.

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WUTC Data Request 2

WUTC Data Request 2

DATA REQUESTS DIRECTED TO: Michael G. Wilding
REQUESTED BY: David Gomez
RE: Wilding, Prefiled direct testimony Exhibit No. MGW-1T

Background Section

In Mr. Wilding's prefiled direct testimony, he says Pacific assisted Talen during the 2018 Colstrip outage and derate by sending two of its coal industry expert engineers to assist Talen with troubleshooting the PM emission's exceedances. According to Mr. Wilding, in July 2018 a boiler tuning expert and an environmental chemistry expert were sent to the Colstrip plant to assist in the investigation into the 2018 Colstrip Unit 3 and 4 outage and derate. In addition, Mr. Wilding stated that Pacific management representatives helped provide feedback regarding potential approaches and ideas in identifying the cause of the 2018 Colstrip outage and derate.

In Docket 190222 (consolidated), Avista's response to UTC Staff Informal Data Request No. 5, SUBPART E, Attachment B – 2 of 4, contains an email to Avista's senior management from Mr. Jason Thackston, Senior Vice President of Energy Resources at Avista Corporation dated July 27, 2018. In the email, Mr. Thackston makes the following statement:

PacifiCorp has offered (and Talen accepted) to engage their specialists to come alongside AECOM and the other consultants. *Pac has had similar issues at other plants* and can apply what they've learned at those plants to the current situation at Colstrip.

Are the "similar" emission control issue(s) referred to by Mr. Thackston above involve the Jim Bridger Plant? If yes, provide:

- A description of the emission control issue(s), event(s) and the dates of their occurrence;
- Length of outage and/or derate (in days and hours);
- Whether a violation and/or penalty was assessed (including dollar amount of penalty) and by which agency and/or pollution control authority;
- The Washington UTC general rate case docket number where Pacific received recovery for capital and expense relating to the emission control issue(s) event(s) and outages and derates which occurred at the Jim Bridger Plant

Despite PacifiCorp's diligent efforts, certain information protected from disclosure by the attorney-client privilege or other applicable privileges or law may have been included in its responses to these data requests. PacifiCorp did not intend to waive any applicable privileges or rights by the inadvertent disclosure of protected information, and PacifiCorp reserves its right to request the return or destruction of any privileged or protected materials that may have been inadvertently disclosed. Please inform PacifiCorp immediately if you become aware of any inadvertently disclosed information.

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identified above; and

- Level of expense and capital for each emission control issue(s) event(s) charged to Washington ratepayers.

Response to WUTC Data Request 2

Pacific Power objects to the use of information developed from a separate proceeding with other utilities and outside the record in this case. Without waiving the foregoing objection, Pacific Power responds as follows:

No, the Jim Bridger Plant does not have “similar” emission control issue(s) to Colstrip; PacifiCorp’s coal fleet, including the Jim Bridger Plant, use different emissions control technology than Colstrip.

PREPARER: Chuck Tack

SPONSOR: To Be Determined

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WUTC Data Request 3

WUTC Data Request 3

DATA REQUESTS DIRECTED TO: Michael G. Wilding
REQUESTED BY: David Gomez
RE: Wilding, Prefiled direct testimony Exhibit No. MGW-1T

In his prefiled direct testimony, Mr. Wilding estimates the impact to Washington ratepayers of the 2018 Colstrip Unit 3 and 4 outage and derate at \$0.5 million (replacement power). Provide the work papers Mr. Wilding relied on for his estimates.

Response to WUTC Data Request 3

Please refer to Confidential Attachment WUTC 3 which provides support of the estimated replacement power costs associated with the Colstrip Unit 4 outage due to Mercury and Air Toxics Standards (MATS) compliance. An analysis of the Colstrip Unit 3 outage has not been included because in accordance with Order 08 in Docket UE-061546, only the company's ownership of Colstrip Unit 4 is included in the company's Washington base rates and computation of actual net power costs (NPC).

Pacific Power requests confidential treatment of Confidential Attachment WUTC 3 in accordance with Washington Administrative Code (WAC) 480-07-160. The confidential attachment includes commercially sensitive information, specifically estimated replacement power costs associated with the Colstrip Unit 4 outage due to MATS compliance. Unrestricted disclosure of such information would harm Pacific Power by an unfair competitive disadvantage. This commercially sensitive information is of significant commercial value, which could expose the company to competitive injury if disclosure is unrestricted. Accordingly, Pacific Power requests confidential treatment on the basis that the documents contain "valuable commercial information, including trade secrets or confidential marketing, cost, or financial information, or customer-specific usage and network configuration and design information," as provided in Revised Code of Washington (RCW) 80.04.095 and in accordance with WAC 480-07-160(2)(b). A public, redacted version is also provided.

PREPARER: Amie Stevenson

SPONSOR: Mike Wilding

Despite PacifiCorp's diligent efforts, certain information protected from disclosure by the attorney-client privilege or other applicable privileges or law may have been included in its responses to these data requests. PacifiCorp did not intend to waive any applicable privileges or rights by the inadvertent disclosure of protected information, and PacifiCorp reserves its right to request the return or destruction of any privileged or protected materials that may have been inadvertently disclosed. Please inform PacifiCorp immediately if you become aware of any inadvertently disclosed information.

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WUTC Data Request 4

WUTC Data Request 4

DATA REQUESTS DIRECTED TO: Michael G. Wilding
REQUESTED BY: David Gomez
RE: Wilding, Prefiled direct testimony Exhibit No. MGW-1T

- (a) For the years 2014 to 2018, list each occurrence of Rosebud Mine coal delivered to Units 3 and 4 of the Colstrip Electric Generating Station (CEGS), which did not meet the contractual specification contained in the ARCOSA and CTA and/or any other contract with the owners of the Rosebud Mine.
- (b) For each event listed in response to SUBPART A above, describe the actions of the CEGS's owners and/or Talen to resolve Rosebud Mine coal quality non-conformance. If, in resolving a Rosebud Mine coal quality non-conformance event, CEGS's owners and/or Talen employed a procedure and/or specification not described in the Amended Restated Coal Supply Agreement (ARCOSA), explain why.
- (c) List and quantify the duration of any outages and/or derates from the last four years (2014-2018) which were the result of coal quality nonconformance from the Rosebud Mine.

Response to WUTC Data Request 4

- (a) As reported by the operator during the period 2014 through 2018, there were no occurrences where coal delivered from the Rosebud Mine to Colstrip Unit 3 and Colstrip Unit 4 did not meet the contractual specification.
- (b) Not applicable.
- (c) There were no outages or de-rates in the period 2014 through 2018 that resulted from Rosebud Mine coal quality non-conformance.

PREPARER: Mike Johanson

SPONSOR: To Be Determined

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WUTC Data Request 5

WUTC Data Request 5

DATA REQUESTS DIRECTED TO: Michael G. Wilding
REQUESTED BY: David Gomez
RE: Wilding, Prefiled direct testimony Exhibit No. MGW-1T

The background provided below relates to subparts (a) and (b):

Contained within the Western Energy Company's (Westmoreland), Area F Final Environmental Impact Statement (expanding the Rosebud Mine), Section 1.2.2 Coal Combustion, Subsection 1.2.2.1 Colstrip Power Plant, Page 9, dated November of 2018, is the following statement:

The Rosebud Mine delivers between 7.7 and 9.95 million tons of coal annually to the Colstrip Power Plant primarily by covered conveyors (shown on Figure 2). Coal from Permit Areas A and B of the Rosebud Mine currently is used in Units 1 and 2 of the Colstrip Power Plant. Units 3 and 4 were originally limited to burning coal from Permit Areas C, D, and E, but in 2015 DEQ approved an amendment to the Certificate also allowing the use of coal from Permit Areas A, B, F, and G (DEQ 2015a). Currently, only coal from Area C is being burned in Units 3 and 4.

Available at:

<https://www.wrcc.osmre.gov/initiatives/westernEnergy/documentLibrary.shtm>.

In Docket UE-190324, Puget Sound Energy (PSE), in response to UTC Staff Informal Data Request No. 2 (PCA), states the following regarding the decision of to burn Area A coal from the Rosebud Mine:

SUBPART I: Since 2015, has Colstrip Units 3 and 4 burned any coal that was not mined from Area C of the Rosebud Mine?

PSE Response: Yes, in 2018 Units 3 and 4 burned coal that was not mined from Area C of the Rosebud Mine: a total of approximately 184,000 tons was purchased from Western Energy Company (WECO).

The decision to request coal from Rosebud Area A was part of the investigative process into the 2018 MATS PM issue. During individual unit diagnostic testing just prior to the late June official site-wide MATS PM testing, the operator's personnel observed an elevation in the unofficial MATS PM level. The facility took a broad approach to the investigation of the elevated level and one of the areas they explored was the effect coal quality on the boilers. To that end, the plant requested coal from Rosebud Area A to see if different coal would improve the MATS PM level. The Area A coal did not bring the MATS PM level into compliance range and the facility resumed burning Area C coal through the

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remainder of the year. During the time the Units were out of compliance level, it made no significant difference whether Area C or Area A coal was being burned. Colstrip Units 3 and 4 burned a total of 5,974,128.92 tons of coal in 2018, the 184,000 tons of Area A coal was a small portion of that amount.

The background provided below relates to subparts (c) and (d):

The methodology for determining Colstrip's compliance to the Mercury Air Toxics Standard ("MATS") is measured by averaging the emissions of all four units at the facility for a 30-boiler operating day rolling average. MDEQ, who administers compliance to MATS, approved of this methodology in 2015. Colstrip began meeting the MATS requirements starting in September of 2016 and was meeting those requirements until June of 2018 (start of the 2018 outage and derate of Colstrip).

In the first quarter of 2018, Talen detected an increase in particulate matter levels and even though Colstrip remained in compliance to MATS, it decided to conduct an investigation into why this was happening. In Q4 of 2017, particulate matter levels had been below normal.

The background provided below relates to subparts (e) and (f):

In Docket 190222 (consolidated), contains Avista's responses to UTC Staff Informal Data Request No. 4 (ERM), SUBPART L, Attachment G, are a series of emails related to the Mine Operating Committee's (MOC) draft of a Memorandum of Understanding (MOU) between parties to the Amended Restated Coal Supply Agreement (ARCSA). Three of the seven emails were generated by Mr. Bret Morgan, Manager Fuel Supply at PacifiCorp. According to the emails, the purpose of the MOU is to establish clear expectations for operation, testing and availability of the Area C coal sampler and analyzer operated and maintained by the Seller (WECO). According to the emails, the Area C coal sampler and analyzer at the mine was installed under the 2017 Annual Operating Plan (AOP) approved by the mine operating committee (MOC). The emails were sent between November 5th and November 20th, 2018.

At the beginning of Attachment G's email string, Mr. Mike Barnes, NorthWestern's MOC representative, makes the following statement:

MOC,

Given our desire to change from the plant sampler (worn out) to the mine sampler and given the fact the current contract outlines sampling on the Buyers side of the fence, WECO wants to memorialize the change in where the samples are taken and by whom. Since we had sampling guidelines established for sampling on WECO's side of the fence prior to any actual changes in sampling location being

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made, NorthWestern incorporated those guidelines into the attached MOU which would memorialize the changes (for where and by who) and memorialize the sampling guidelines by signature by all parties. Please review and let me know if your company is ok to execute.

Mike

Section 11 of the ARCSA states that “[a]t least One Representative sample from each twenty-four (24) hours of coal deliveries hereunder shall be taken by the operator [Talen] using buyer’s [Colstrip Owners] sampling equipment.”

- (a) Describe Talen’s, the other Colstrip owners’ and Pacific’s role in procuring Area A coal for the purposes of investigating Q1 2018 elevated PM levels at Colstrip Units 3 and 4.
- (b) Provide all minutes, notes, presentations, reports, correspondence, emails and documents provided to Pacific’s Management and/or Board of Directors since 2015 regarding coal fuel supply for Colstrip Units 3 & 4.
- (c) Provide all of the correspondence (including emails), documents, reports and analysis relating to Talen’s investigation into increase particulate matter levels in Q1 of 2018 referred to above.
- (d) Provide all presentations, documents, notes, minutes, emails and any other documentation provided to Pacific’s management and/or Board of Directors concerning the Q1 2018 investigation into increased particulate matter, the 2018 outage and derate of Colstrip Units 3 & 4. Include also all documentation, transcripts, notes, letters, correspondence memorializing decisions made by Pacific’s management and/or Board of Directors concerning the Q1 2018 investigation into increased particulate matter (referred to above) and the 2018 outage and derate of Units 3 & 4 (including decisions related to capital costs, expense, coal fuel supply and costs, and possible retirement of both units). If Pacific’s management and/or Board of Directors made any decisions regarding the Q1 2018 investigation into increased particulate matter and the 2018 Unit 3 & 4 outage and derate without memorializing them in a discoverable record, explain why.
- (e) What is the status of the plant’s coal sampler?
- (f) For the last four years, provide the dates when the plant’s coal sampler was not operational. For the days when the plant’s coal sampler was not operational, describe the remedial coal sampling procedures employed by plant personnel and the MOC to meet the requirements under Section 11 of the ARCSA.

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Response to WUTC Data Request 5

- (a) PacifiCorp had no direct involvement in procuring Area A coal. Talen, the operator of the plant, made the decision.
- (b) Pacific Power objects to this response as overly broad, unduly burdensome, not reasonably calculated to lead to admissible evidence, and outside the time period covered by this proceeding. Without waiving the foregoing objections:

During calendar year 2018, Pacific Power updates to management on coal fuel supply at Colstrip concerned ongoing negotiations with the Colstrip owners and Westmoreland regarding a new coal supply agreement (CSA), which included investigation into the possibility of coal quality challenges related to the 2018 Mercury and Air Toxics Standards (MATS) issues. The new CSA is still in negotiation, and Pacific Power considers all information concerning these negotiations as highly sensitive and/or privileged. Additionally, this information is not relevant to any coal costs incurred in 2018.

- (c) Pacific Power objects to this response as overly broad, unduly burdensome, not reasonably calculated to lead to admissible evidence. Pacific Power additionally objects to this response as requesting information that is protected from disclosure by attorney client privilege or other applicable privileges. Without waiving the foregoing objections, Pacific Power responds as follows:

Pacific Power is not aware of an investigation by Talen into the particulate matter levels in Q1 of 2018. The rise in particulate matter levels was the subject of additional monitoring, but was within compliance. The results of the investigation into the rise of particulate matter levels that caused the MATS issues are described in the root cause analysis (RCA). Please refer to Confidential Attachment WUTC 5-1 which contains the root cause analysis (RCA).

- (d) Pacific Power objects to this response as overly broad, unduly burdensome, not reasonably calculated to lead to admissible evidence, and outside the time period covered by this proceeding. Without waiving the foregoing objections, Pacific Power responds as follows:

Please refer to Confidential Attachment WUTC 5-2 which contains a cumulative, chronological record of the updates provided to Pacific Power's management on the 2018 Colstrip outage. The information redacted in this document is about units not included in Washington rates, outside the scope of this data request, or privileged. Additionally, Pacific Power is not the operator of the Colstrip plant

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- and has no independent decision-making authority on operations at the Colstrip plant.
- (e) The plant's coal sampler is no longer being used. A new sampler at the Rosebud mine is being used. A Memorandum of Understanding dated February 1, 2019, was signed by the Colstrip owners and Western Energy Company outlining the terms and conditions for the utilization of the mine's new sampler.
 - (f) Pacific Power is not the operator of the Colstrip and does not have that information in its possession or control.

Pacific Power requests confidential treatment of Confidential Attachment WUTC 5-1 and Confidential Attachment WUTC 5-2 in accordance with Washington Administrative Code (WAC) 480-07-160. Confidential Attachment WUTC 5-1 includes commercially sensitive information, specifically an RCA report of the 2018 Colstrip outage. Unrestricted disclosure of such information would harm Pacific Power by an unfair competitive disadvantage. Confidential Attachment WUTC 5-2 includes commercially sensitive information, specifically updates provided to Pacific Power's management on the 2018 Colstrip outage. Unrestricted disclosure of such information would harm Pacific Power and the Colstrip owners by an unfair competitive disadvantage. This commercially sensitive information is of significant commercial value, which could expose the company and the Colstrip owners to competitive injury if disclosure is unrestricted. Accordingly, Pacific Power requests confidential treatment on the basis that the documents contain "valuable commercial information, including trade secrets or confidential marketing, cost, or financial information, or customer-specific usage and network configuration and design information," as provided in Revised Code of Washington (RCW) 80.04.095 and in accordance with WAC 480-07-160(2)(b). These documents are confidential in their entirety.

PREPARER: Chuck Tack/ Bret Morgan

SPONSOR: To Be Determined

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August 20, 2019
WUTC Data Request 6

WUTC Data Request 6

DATA REQUESTS DIRECTED TO: Michael G. Wilding
REQUESTED BY: David Gomez
RE: Wilding, Prefiled direct testimony Exhibit No. MGW-1T

Background Section subparts (a) through (e)

In UE-190222 (consolidated), contains Avista's response to UTC Staff Informal Data Request No. 4 (ERM), SUBPART M, Attachment H. Attachment H contains an email communication titled: RE: Coal Contract Committee.msg dtd 9/27/2018. The email communication is between Mr. Jason Thackston, Avista's Senior Vice President, Energy Resources and Mr. Tom Dempsey, Avista's Manager Thermal Operations & Maintenance. In the email they discuss the current status of the work of the "Coal Contract Committee" including the payment of mine permitting costs for expansion of the Rosebud mine.

Additionally, in Attachment H contains an email titled Coal Contract Negotiation.msg dta 10/12/2016. Included as an addressee in this email is a Ms. Kathy Lake from PacifiCorp (Pacific Power).

From: Barnes, Michael [<mailto:Mike.Barnes@northwestern.com>]
Sent: Wednesday, October 12, 2016 11:19 AM
To: 'Rosemarie Spear - Talen Energy Marketing, LLC (Rosemarie.Spear@TalenEnergy.com)' <Rosemarie.Spear@TalenEnergy.com>; Morton, Charles L <charles.morton@pse.com> (charles.morton@pse.com) <charles.morton@pse.com>; Dempsey, Tom C <Tom.Dempsey@avistacorp.com>; Lake, Kathy <Kathy.Lake@pacificorp.com> (Kathy.Lake@pacificorp.com) <Kathy.Lake@pacificorp.com>; 'Angeline Chong' <Angeline.Chong@pgn.com>
Cc: kjd@sloverandloftus.com
Subject: [External] Contract with WECO

MOC

I just received a call from Kent Salitros regarding the new coal contract. He let me know that he and some WECO/Westmoreland personnel have been having discussions relative to where we stand on the current contract and asked that I reach out to the MOC in regard to the following two items. The items, he said, were deal breakers for WECO –

#1 leaving current reclamation activities out of the incentive calculation – he was, at least, honest about why they wanted it included – they could adjust the work completed during the course of a year in order to make sure they earned the

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incentive (the same thing they do today if it looks like the incentive may be in jeopardy) – he indicated it was the only substantial thing they could do shift the potential to earn the incentive in their favor (this leads to the reason I hate the incentive and have always hated the incentive – it is perverse incentive – you have all heard it before from me and it is likely too late to do something else).

#2 (and he said it is a much bigger issue) is the \$20M credit applying under the contract overall even if WECO does not get to Area G – according to them, they will not accept that provision under any circumstance – he stated it would be inherently unfair to them to have the 20M credit apply and for some reason, not be able to permit G (he noted they are not in control of whether a permit would be issued or not). In a scenario where G is not allowed to be permitted, WECO, under our proposal would be forced to give a 20M credit on Area F final reclamation and, at the same time, need to use the 20M in the reclamation account to reclaim the area C highwall that was scheduled to become Area G but could not as it was not permissible. I said what if you purposely stayed out of Area G in order to have the 20M credit not apply for some reason and it was not a result of the permit not being issued but something else, then what – he said he had no reason not to get to Area G since all of the development investment costs would be stranded and the only way to get them recovered is to get it permitted and mine coal from it. He stated he was only worried about this provision in the event the area G permit would not or could not be issued for some reason.

I let him know that I would pass the information onto the rest of the MOC as he requested. I also let him know that I thought it would be unfair to expect us to pay any bonding costs if we, as a group, ever agreed with them about item #2, without considering the 20M as a credit in the bonding calculation no matter the situation with the Area G permit.

He said they would like a reasonable proposal from us addressing both items – I committed to letting you know about the situation. We should talk about this in our next conversation with Kelvin
Mike

- (a) Is the Coal Contract Committee a subcommittee of the Colstrip Unit 3 and 4 Project Committee? If yes, provide the date of its formation and the composition of its members.
- (b) Provide all meeting minutes and accompanying documents generated by the Coal Contract Committee since its formation as required under Section 17 (c) of the Colstrip Unit 3 and 4 Ownership and Operating Committee.

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- (c) What coal mine permitting, bonding, development issues and/or costs are Mr. Dempsey, Mr. Thackston and Mr. Barnes referring to above? What are the final reclamation and reclamation credit impacts associated with an expansion of the Rosebud Mine and/or any other coal mine? Explain.
- (d) Has Pacific made any payments relating to bonding, development costs and/or permits for an expansion of the Rosebud Mine and/or any other coal mine? If yes, to whom were these payments made, when and how much (amount) and for which mine area(s) and/or mine(s).
- (e) Has Pacific already included any of these mine permitting costs in customer rates and/or are these costs Pacific plans to recover in its next general rate case? If yes, specify the general rate case docket number, amounts, location of work papers and whether these costs were a pro-forma adjustment or included in test year amounts.

Response to WUTC Data Request 6

- (a) No.
- (b) Pacific Power objects to the use of information developed from a separate proceeding with other utilities. Pacific Power additionally objects to this request on the grounds that it requests privileged information that is outside the scope of this proceeding and unlikely to lead to admissible evidence. Without waiving the foregoing objections, Pacific Power responds as follows:

Pacific Power is not familiar with the “Coal Contract Committee” referred to in the emails from Avista, and therefore does not have meeting minutes. However, there have been meetings with the owners of Colstrip regarding ongoing negotiations between the Colstrip owners and Westmoreland regarding a new coal supply agreement with Westmoreland. This new coal supply agreement (CSA) is still in negotiation, and Pacific Power considers all information concerning these negotiations to be highly sensitive and/or privileged.
- (c) Coal mine permitting, bonding, development, reclamation, etc. are all concepts and issues that were being discussed in October 2016 at the time that contract negotiations with Western Energy Company were just beginning. Final reclamation and a final reclamation credit were being discussed as well. However, due to the change in direction that the negotiations have taken with Westmoreland, the specific nature of these items are no longer being discussed as they are not relevant.

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- (d) As a part of the existing CSA with Westmoreland, all the Colstrip owners have made payments for bond premiums, and some development costs. The payments were made to Westmoreland under the terms and conditions of the existing CSA. In 2018, the total permitting and bonding costs incurred at the mine that were passed on to the Colstrip owners through the CSA totaled \$1.944 million. Under the CSA, PacifiCorp is responsible for its ownership share (10 percent) of these costs.

- (e) These mine costs are a part of the total fuel costs for the Colstrip plant. As such, fuel costs, which are a component of net power costs (NPC), are recovered in rates as part of the power cost adjustment mechanism (PCAM).

PREPARER: Bret Morgan

SPONSOR: To Be Determined

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DATA REQUESTS DIRECTED TO: Michael G. Wilding
REQUESTED BY: David Gomez
RE: Wilding, Prefiled direct testimony Exhibit No. MGW-1T

Background Section subparts (a) through (c)

Within UE-190222 (consolidated), contains Avista's response to UTC Staff Informal Data Request No. 05 (ERM), Attachment A. In Attachment A there is an email communication titled: RE: [External] FW: Root Cause Investigation on Units 3&4 dtd November 8, 2018. At the beginning of the message string there is an email from Mr. Shannon Brown, Senior Director, Montana Asset Management, Talen Energy dated October 12, 2018. It is provided below.

From: Brown, Shannon
Sent: Friday, October 12, 2018 12:35 PM
To: Jared Lathrop <Jared.Lathrop@pgn.com>; Barnes, Michael <Mike.Barnes@northwestern.com>; 'Atwood, Nancy' <Nancy.Atwood@pse.com>; Tack, Chuck <Chuck.Tack@Pacifcorp.com>; Tom Dempsey <tom.dempsey@avistacorp.com>
Cc: Lebsack, Dale <Dale.Lebesack@talenenergy.com>; Obie, Damon D <Damon.Obie@talenenergy.com>
Subject: Root Cause Investigation on Units 3&4

Dear Project Committee Members:

In response to prior emails from Jared regarding a root cause investigation ("RCA") into the recent MATs compliance issue, Talen Montana, LLC ("Talen"), in its capacity as Operator of Units 3&4, has prepared this draft proposal (the "Proposal") under the Units 3&4 Ownership and Operation Agreement (as amended, the "O&O Agreement") for your consideration. This Proposal is intended to be consistent with Jared's email dated October 3, 2018.

We intend to discuss this Proposal during the October 17, 2018 Project Committee meeting, modify the proposal (if necessary) as a result of feedback during the meeting, and request approval of the Proposal by the Project Committee via email.

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the O&O Agreement.

MATS Root Cause Analysis Proposal

Talen proposes to conduct an independent RCA into the Units 3&4 MATs issue as follows:

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1. A recognized independent expert in RCAs (the “RCA Expert”) will be retained pursuant to an RFP process to conduct an RCA into elevated particulate emissions causing the Units 3&4 MATS exceedance. *The RCA Expert will provide references and evidence of their process to Talen demonstrating that it is a viable, proven and effective method. While Coal experience would be beneficial and highly desirable, the RCA Expert will need to have a robust process.*
2. Talen’s outside legal counsel will retain the RCA Expert to best position Talen and the other Owners to argue that the RCA Expert’s work is protected by the common interest privilege and other similar protections.
3. Prior to retention, Talen and its counsel will advise the other Owners of the RCA Expert that it intends to retain, along with the background information, experience, and other relevant information obtained through the RFP process.
4. The Owners will execute a Common Interest and Joint Defense Agreement (“JDA”) prior to commencement of the RCA Expert’s work. A draft JDA was provided to the other Owners’ joint counsel (Steve Brown) for review on October 10, 2018.
5. All Owners will maintain confidentiality of the RCA Expert’s work, limit distribution of the RCA Expert’s work to only those with a need to know, and otherwise take reasonable steps to ensure the JDA’s protections are maintained for the RCA Expert’s work.
6. Talen and its outside legal counsel will be responsible for overseeing and managing the RCA Expert’s work.
7. The various consultants retained by Talen and the representatives from the other Owners who provided on-site technical support during Talen’s efforts to investigate and troubleshoot the causes of the deviation will directly participate with the RCA Expert and Talen in providing information, identifying potential causes and providing guidance as the RCA Expert investigates potential causes and prepares a draft RCA report.
8. The RCA Expert’s draft RCA report will be provided to all Owners for review and comment.
9. The RCA Expert’s proposed final RCA report will be provided to all Owners for review and comment and discussed during a Project Committee meeting before the final RCA report is issued.
10. In the event all Owners do not approve the proposed final RCA report and cannot reach agreement on the content or conclusions of the RCA report, the proposed final RCA report (as may be modified) will be submitted to a vote of the Project Committee. If approved by the Project Committee, the proposed final RCA report will be issued as the final RCA report.
11. The costs of the RCA Expert and related activities (e.g., costs of travel to the Project for those individuals identified in Paragraph 7) will be Costs of Operation under the Units 3&4 O&O Agreement.

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I look forward to seeing you next week.

Thanks,

Shannon Brown

- (a) In reference to Item No. 1 of Mr. Brown's email above, explain what Talen is referring to by "process" and "method" in its statement: "evidence of their process to Talen demonstrating that it is a viable, proven and effective method. While Coal experience would be beneficial and highly desirable, the RCA Expert will need to have a robust process".
- (b) In reference to Item No. 2 above, what common interest privilege and other similar protections is Mr. Brown referring to? Has Pacific power withheld and/or plan to withhold any information requested in discovery by any party in this case and/or its future General Rate Case under the "common interest privilege" and/or any other "similar protection" referred to in Item 2? If yes, cite all instances whereby Pacific Power invoked this privilege and withheld information from discovery.
- (c) In reference to Item No. 4 above, provide a copy of the Common Interest and Joint Defense Agreement ("JDA") referred to by Mr. Brown.

Confidential Response to WUTC Data Request 7

- (a) Pacific Power objects to this question as overbroad and to the use of information developed from a separate proceeding with other utilities. Without waiving the foregoing objections, Pacific Power responds as follows:

Mr. Brown is not an employee of Pacific Power, and Pacific Power cannot provide direct insight into Mr. Brown's meaning with this statement. However, Pacific Power understood this statement to mean that Mr. Brown would seek an experienced expert who had a proven, detailed, and thorough root cause analysis (RCA) process.

- (b) Pacific Power objects to this request as requesting information that is attorney-client privileged, work-product privileged and subject to other applicable privileges. Pacific Power additionally objects to this request as overbroad and not reasonably calculated to lead to admissible information. Pacific Power further objects to this request as requesting information about discovery in proceedings that have not been filed, or about proceedings that are outside the scope of this filing.
- (c) Pacific Power objects to this request as requesting information that is attorney-client privileged, work-product privileged and subject to other

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applicable privileges. Pacific Power additionally objects to this request as not reasonably calculated to lead to admissible information. Without waiving the foregoing objections, Pacific Power responds as follows: **[Begin**

Confidential] [REDACTED]

[End Confidential]

Pacific Power requests confidential treatment of Confidential Response to WUTC Data Request 7 in accordance with Washington Administrative Code (WAC) 480-07-160. The Confidential Response WUTC Data Request 7 includes confidential information that Pacific Power is contractually obligated to protect. Unrestricted disclosure of such information would harm Pacific Power and could violate contractual obligations that Pacific Power has to other parties. This confidential information is highly sensitive, and could expose the company to liability if exposed. Accordingly, Pacific Power requests confidential treatment on the basis that the documents contain “valuable commercial information, including trade secrets or confidential marketing, cost, or financial information, or customer-specific usage and network configuration and design information,” as provided in Revised Code of Washington (RCW) 80.04.095 and in accordance with WAC 480-07-160(2)(b). A public, redacted version is also provided.

PREPARER: Ajay Kumar / Chuck Tack

SPONSOR: To Be Determined