

**AVISTA CORP.
 RESPONSE TO REQUEST FOR INFORMATION**

<p>JURISDICTION: WASHINGTON CASE NO.: 200900-901-894 REQUESTER: UTC Staff TYPE: Data Request REQUEST NO.: Staff – 168</p>	<p>DATE PREPARED: 06/07/2021 WITNESS: Jason Thackston RESPONDER: Steve Wenke DEPT: GPSS TELEPHONE: (509) 495-4197 EMAIL: steve.wenke@avistacorp.com</p>
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Re: Colstrip

REQUEST:

- a. Confirm that the January 18, 2021, letter from Talen in Exh. JRT-21C refers to the [REDACTED] for 2021 only.
- b. Has NorthWestern approved the 2021 [REDACTED] referred to in Talen’s January 18, 2021 letter to the Owners provided in response to UTC Staff Data Request 127 (Exh. JRT-21C)? If yes, provide the contemporaneous documents and/or records memorializing NorthWestern’s approval of the 2021 [REDACTED] referred to in Talen’s January 18, 2021 letter.
- c. Explain why Thackston’s rebuttal testimony refers to February 12, 2021, as the date when the 2021 ARO/AOC budget was approved by the PNW Owners when the date on the document contained in Exh. JRT-23C is [REDACTED]?
- d. Avista’s response to UTC Staff Data Request No. 127C, Confidential Attachment U, Part 3, page 1 contains a January 25, 2021, email from [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 Confirm that the budget approved by the PNW Owners on [REDACTED], was for 2021 ARO/AOC work and not Dry Ash Disposal.
- e. Avista’s confidential response to UTC Staff Data Request No. 127, Attachment V, Part 2, contains a [REDACTED] for 2021. Explain why [REDACTED] chose not to be included with the other PNW Owners in their approval of Talen’s 2021 [REDACTED] request. Provide all contemporaneous documents

and/or records which support your response including correspondence, documents, emails and records from [REDACTED] relating to Talen's [REDACTED] request.

- f. According to news accounts and court records, at least three separate matters related to Colstrip operations are pending in federal court, one filed in the Eastern District of Washington, and two others in Montana. On May 4, 2021, Avista and the other PNW Owners filed a complaint in U.S. District Court in Montana listing as defendants Talen and NorthWestern. The case number associated with this complaint is: 1:21-cv-00047-SPW-KLD. Page 7, Line 26, of the complaint states the following:

“There is a dispute between plaintiffs and NorthWestern and, upon information and belief, there is the same dispute between plaintiffs and Talen concerning, among other things, the following: whether plaintiffs may terminate the Project by voting their combined 55% or greater ownership shares to do so; whether plaintiffs may close one unit by voting their combined 55% or greater ownership shares to do so; and whether plaintiffs are allowed to vote for or against budgets based on each plaintiff's own analysis of the prudence of those budgets.”

In light of Avista's and the other PNW Owners' complaint against Talen and NorthWestern and the various other legal proceedings in federal court, explain Thackston's rebuttal testimony that “Staff's concerns with the status of the 2021 capital budget have all been resolved.”

- g. According to Thackston's rebuttal testimony, the owners approved an operating budget for Colstrip on March 24, 2021. In Thackston's Exh. JRT-24C, Talen states that a “[REDACTED]” List all the owners that [REDACTED]. Explain the reason(s) these owners gave the Colstrip Unit 3 & 4 Project Committee for withholding their approval.

RESPONSE:

Please see Avista's **CONFIDENTIAL** response to data request Staff-DR-168C. Please note that Avista's response to Staff-DR-168C is **Confidential per Protective Order in UTC Dockets UE-200900 and UG-200901**.

- a. This needs to be clarified that the letter refers to the 2021 capital and O&M for the Overhaul only. It is not reflective of the entire plant budget. It is the overhaul portion only. Specifically, to the request, it is for 2021 only.
- b. Avista is not aware of how Northwestern Energy acted on the 2021 Unit 3 Overhaul capital and O&M budget referred to in Talen's January 18, 2021 letter. Northwestern Energy did send a letter to the NW Owners on February 23, 2021 which expressed their perspective on the Overhaul budget. This letter is attached here as requested.

In context, Talen took the input from the NW Owner group and provided the proposed Overhaul budget in the referenced January 18, 2021 letter. Ultimately, the decision of what to include and what to exclude and how to allocate the costs of the overhaul were Talen's and presented as Talen's proposal in Appendix A of the January 18 letter.

Staff-DR-168C Confidential Attachment - 1 - Letter February 23 2021 (RE Jan 7 letter to Neil Dennehy Plant Manager.pdf

- c. This was an error on Avista's part. The February 12 letter was incorrectly referenced and used in the JRT Testimony. The subject line on the February 12 letter references the 2021 AOC/ARO Budget. However, the body of the letter clearly references a partial release of \$6,694,000 toward the "General Release and Settlement Agreement", what is more commonly referred to as the Dry Ash Disposal project. The January 29th letter is the correct response to approval of the 2021 AOC/ARO budget portion.
- d. Avista can confirm that the January 29, 2021 letter is the response from the NW Owners approving the AOC/ARO portion of the budget.
- e. While the four NW Owners share a more common view of Colstrip operations and long term goals, each Owner still acts on behalf of its own interests. Avista was not made aware of the reasoning why PacifiCorp chose not to sign on to this letter with the other three NW Owners to approve this portion of the Dry Ash Disposal Project. We have no documentation related to PacifiCorp's rationale.

The issues in front of the courts are not related to the 2021 budget decision. The cited language from the referenced complaint does not reference a particular budget year and is not targeted toward approving any particular budget but contemplates a process of approval toward several questions.

In staff testimony, there were several references to the uncertainty around the 2021 budget process and speculation on not getting an approved budget for 2021 because of those uncertainties. There where various reasons cited for this concern. Rebuttal address those concerns by staff. In fact, while these issues did arise during the budget approval process, the Owners continued to move forward to resolve budget issues while other concerns identified moved through their course. Ultimately these did not impact budget decisions.

On March 24, 2021, a comprehensive 2021 budget for Colstrip was passed by the owners. With the approval of the budget, there are currently no annual budget issues to be addressed with Colstrip and the focus for 2021 is on cost management to the budget. Hopefully with the 2021 budget approved, this clarifies the rebuttal statement of: "Staff's concerns with the status of the 2021 capital budget have all been resolved."

- f. Avista is not aware of any Owner that did not approve the Colstrip 2021 Operating Budget on March 24, 2021.

Entire Document is CONFIDENTIAL per WAC 480-07-160

Staff-DR-168C Confidential Attachment – 1

Letter February 23 2021 (RE Jan 7 letter to Neil Dennehy Plant Manager