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BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190324
Puget Sound Energy
Power Cost Adjustment Mechanism Annual Report**

WUTC STAFF INFORMAL DATA REQUEST NO. 002

“CONFIDENTIAL” Table of Contents

DR NO.	“CONFIDENTIAL” Material
002	Shaded information is designated CONFIDENTIAL per WAC 480-07-160.

UTC STAFF DATA REQUEST NO. 2:

SUBPART A: Please set forth and describe the procedure contained in the ARCSA and CTA and/or in any other contract by which Westmoreland, PPL/Talen and/or Northwest Colstrip Owners conduct proximate and ultimate analysis of the coal fuel used by the plant to generate electricity. Please also include the frequency of these procedures (i.e., how often they are done). For example, describe the referenced standard (ASTM, ISO, etc.) and sampling plan which includes methods, frequency and representative sample size.

SUBPART B: Provide the coal specification referenced in the ARCSA and CTA, and/or any other contract with the owners of the Rosebud Mine and by which PPL/Talen and/or Northwest Colstrip Owners accept or reject coal shipments to the CGS. Also describe the ARCSA and CTA and/or any other contract’s procedure for the disposition of nonconforming coal and price adjustments based on coal quality.

SUBPART C: Provide the proximate and ultimate analysis (values) of Rosebud Mine’s coal for the last four years (2014-2018).

SUBPART D: For the years 2014 to 2018 list each occurrence of Rosebud Mine coal delivered to the CGS which did not meet the contractual specification contained in the ARCSA and CTA and/or any other contract with the owners of the Rosebud Mine (as provided in response to SUBPART B above).

SUBPART E: For each event listed in response to SUBPART D above, describe the actions of the parties to resolve Rosebud Mine coal quality non-conformance. If in resolving a Rosebud Mine coal quality non-conformance event, parties employed a procedure and/or specification not described in PSE’s response to SUBPARTS A and B above, explain why.

SUBPART F: List and quantify the duration of any CGS outages and/or derates from the last four years (2014-2018) which were the result of coal quality nonconformance from the Rosebud Mine.

SUBPART G: Describe the current status of the ARCSA and CTA. Are Colstrip Units 1, 2, 3 and 4 currently operating without a fuel contract? What is the current status of the renewal, given that we are less than six months away from contract expiration?

SUBPART H: Please provide all of the documents submitted under seal by PSE to the United States Bankruptcy Court, Southern District of Texas, Houston Division in objection to the Joint Chapter 11 Plan of Westmoreland Coal Company and Certain of its Debtor Affiliates (Case #: 18-35672, Docket Number 1157).

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

SUBPART J: If the answer to SUBPART J is yes, please provide (by year starting in 2015):

- The source(s) and amounts of the coal burned at Units 3 & 4 (i.e. Rosebud Mine Area F or Cloud Peak Energy's Spring Creek Mine);
- Cost-per-ton, by source, including any costs associated with transport;
- The dollar amount of these costs that were included in ERM actual costs; and
- Coal Fuel Specification, including the values and ranges for proximate and ultimate analysis of the coal fuel. If these values are different than the specifications in the ARCSA and CTA, explain why.

SUBPART K: Please provide all documents, email, correspondence, analyses, reports, work papers, and/or other information associated with the quality of coal fuel for Units 3 & 4.

SUBPART L: Please provide all notes, presentations, reports and documents provided to PSE's Management and/or Board of Directors since 2015 regarding coal fuel for Colstrip Units 3 & 4.

Response:

SUBPART A

Please refer to pages 29-32 of Attachment O to PSE's Response to WUTC Staff Informal Data Request No. 004 for information regarding the procedures by which Westmoreland, PPL/Talen and/or Northwest Colstrip Owners conduct proximate and ultimate analyses of the coal fuel used by Colstrip to generate electricity. The coal transportation agreement ("CTA") does not include coal quality specifications.

SUBPART B

Please refer to pages 29-32 of Attachment O to PSE's Response to WUTC Staff Informal Data Request No. 004 for the ARCOSA terms applicable to the Rosebud Mine coal specification and the procedures for non-conforming coal.

SUBPART C

PSE objects WUTC Staff Informal Data Request No. 002, Subpart C, as overbroad and neither relevant to this proceeding nor reasonably calculated to lead to the discovery of admissible evidence because Colstrip was in compliance with MATS PM regulations until June of 2018. Notwithstanding these objections, and subject thereto, PSE responds as follows:

PSE requested the coal analysis information from Talen MT, which provided the requested information for 2015 through early 2019. Please see the documents attached as follows:

- Attachment A - Coal 2015 to Q1_2019 Compsite.xlsx
- Attachment B - U34 2015-2019 Prox.xlsx
- Attachment C - Talen U34 6-4 to 6-29 SP-Ult-Maa

SUBPART D

Please see Attachment B to PSE's Response to WUTC Staff Informal Data Request No. 002, line 81, for coal deliveries that did not meet specifications.

SUBPART E

According to the information provided in Attachment B to PSE's Response to WUTC Staff Informal Data Request No. 002, the Rosebud Mine has historically maintained coal conformance a very high degree of the time. In the recent instance where coal quality was questionable, the plant operator communicated with mine management to bring coal performance back into specifications.

SUBPART F

Talen MT provided the following information related to Colstrip outages or derates from 2014-2018 directly related to coal quality:

- 12/24/2017 - 2.77 hours derate for high SO₂ Coal
- 01/01/2018 - 6.68 hours due to coal quality and cooling tower icing

SUBPART G

The Amended and Restated Coal Supply Agreement (“ARCSA”) and CTA are currently valid and the Colstrip facility is being delivered coal under terms of each agreement until the conclusion of 2019. The existing contract was the basis for the coal costs included in PSE’s 2018 PCA filing. The owners of Colstrip are currently negotiating for continued coal supply for the Colstrip facility.

SUBPART H

Stoel Rives acted as joint counsel for the four northwest owners of Colstrip in the referenced proceeding. PSE was only one of the four parties and as such cannot provide documents without permission of the other parties. That said PSE believes that the documents submitted under seal were contracts which PSE has already provided to the parties in response to subparts of WUTC Informal Data Request 002.


SUBPART I

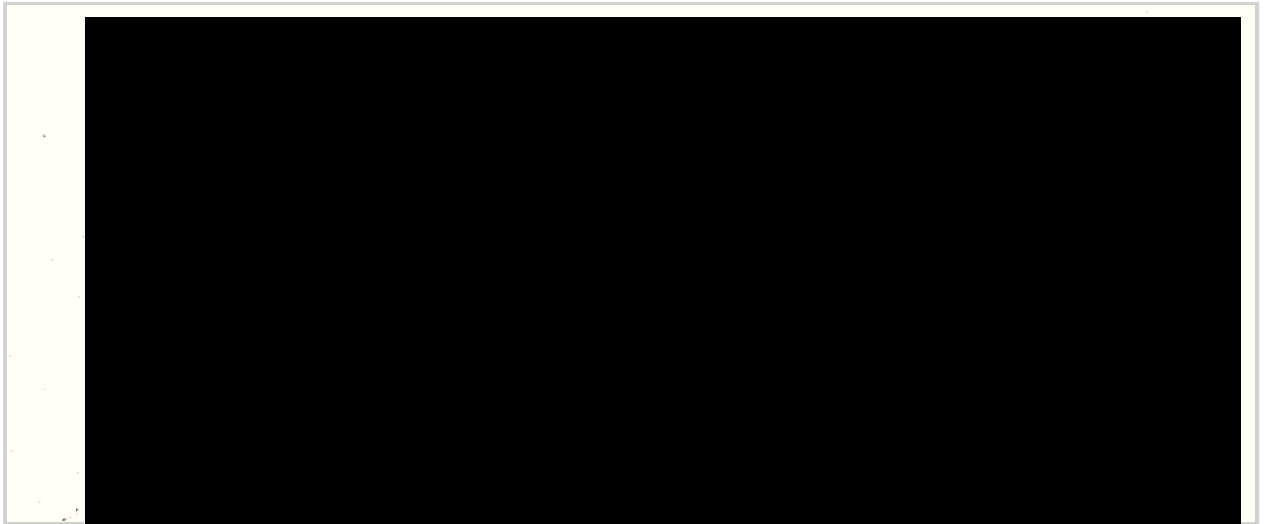
Yes, in 2018 Units 3 and 4 burned coal that was not mined from Area C of the Rosebud Mine: a total of approximately 184,000 tons was purchased from Western Energy Company (“WECO”).

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 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.

Shaded information is designated CONFIDENTIAL per WAC 480-07-160

SUBPART J

- In 2018 Colstrip Units 3 and 4 purchased from WECO approximately 184,000 tons in total of Rosebud Mine Area A coal; PSE's portion was 50,566 tons.
- The total cost per ton for PSE, with taxes and before transportation costs, was 
- The coal purchase (minus transportation cost) expense booked by PSE in 2019 for the 2018 Colstrip 3 and 4 Area A coal burned was approximately \$1.025 million. Transportation costs relate to the coal movement not the coal mining itself.
- Area A coal was used in place of Area C coal, so the alternate coal was paid for by PSE in the same manner that Area C coal would have been.
- Please see the coal fuel specification below for Area A and B coal. The specified values are different for this coal because it is mined under a contract for Units 1 and 2. Units 1 and 2 have boilers from a different manufacturer than that of Units 3 and 4 and therefore have different needs.



SUBPART K

Attached as Attachment D to PSE's Response to WUTC Staff Informal Data Request No. 002, please find a presentation to PSE's Energy Management Committee. Attachment D, along with the information PSE has provided in response to WUTC Staff

Data Request Nos. 001-004, amounts to all nonprivileged, responsive documents, email, correspondence, analyses, reports, work papers, and/or other information associated with the quality of coal fuel for Units 3 and 4 that are in our possession.

SUBPART L

PSE has no nonprivileged, responsive notes, presentations, reports and documents that were provided to PSE's Management and/or Board of Directors since 2015 regarding coal fuel for Colstrip Units 3 and 4, other than the items provided in PSE's Response to WUTC Staff Informal Data Request Nos. 001-004.

The Shaded Information in PSE's Response to WUTC Staff Informal Data Request No. 002 and Attachment D to PSE's Response to WUTC Staff Informal Data Request No. 002 are Designated Confidential per WAC 480-07-160.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190324
Puget Sound Energy
Power Cost Adjustment Mechanism Annual Report**

WUTC STAFF INFORMAL DATA REQUEST NO. 003

SUBPART A: Provide all presentations, notes, minutes, correspondence (including emails) between Talen, Owners of Units 3 and 4, MDEQ and PSE relating to the 2018 Colstrip Outage and Derate to Units 3 and 4.

SUBPART B: According to Mr. Roberts, Colstrip Unit 3 was taken out of service by Talen on June 28, 2018 and Unit 4 on June 29, 2018. He also states that Talen detected its violation of its Air Permit (#0513-14) on June 21, 2018 for Unit 3 and Unit 4 on June 26, 2018.

- Describe the actions taken by PSE and/or Talen to immediately address the violation of the air permit (including replacement power) in the seven-days between when the violation was detected and when Talen informed MDEQ.
- Provide a copy of the letter, email, correspondence and/or notice (including date) where Talen informed PSE that it was in violation of its air permit.

SUBPART C: Explain to whom or what is Mr. Roberts referring to by “internal and external efforts” and “manufacturer specifications.” Please list the individuals and/or entities involved in the investigations described in the background section above. Describe the activities of each such individual and/or entity in the investigation into root cause and implementation of corrective action related to the 2018 outage and derate of Colstrip Units 3 and 4. Provide the current status of the investigation(s) given the results of the initial investigation were inconclusive as to root cause and the remedial actions described by Mr. Roberts above may or may not have resolved the air pollution issues with Unit 3 and 4.

SUBPART D: Provide all reports, analysis, drafts, documents, work product, correspondence (including, but not limited to, email communications) generated by the individuals and/or entities, identified in SUBPART C above.

SUBPART E: Does PSE plan to file in this docket any of the materials it identified in its response to SUBPART C and/or any other materials related to the 2018 outage and derate of Units 3 and 4? Does the Company plan to supplement the prefiled direct testimony and/or exhibits of any of its witnesses? Will PSE introduce any new witnesses and testimony to this docket (Docket UE-190324)?

SUBPART F: Mr. Roberts indicates that “Talen MT is conducting a more in-depth analysis of the potential factors that caused the elevated particulate levels.” What is the current status of Talen’s “in-depth” analysis and when will it be completed?

SUBPART G: Provide all of the correspondence (including emails), documents, data, reports and analysis relating to Talen’s investigation into increase particulate matter levels in Q1 of 2018 referred to above.

SUBPART H: Provide all presentations, notes, minutes, emails and any other documentation provided to PSE’s management and/or Board of Directors concerning the Q1 2018 investigation into increased particulate matter (referred to in SUBPART F above) and the 2018 outage and derate of Colstrip Units 3 & 4. Include also all documentation, transcripts, notes, letters, correspondence memorializing decisions made by PSE’s management and/or Board of Directors concerning the Q1 2018 investigation into increased particulate matter (referred to in SUBPART F 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 PSE’s management and/or Board of Directors made any decisions regarding the Q1 2018 investigation into increased particulate matter (referred to in SUBPART F above) and the 2018 Unit 3 & 4 outage and derate without memorializing them in a discoverable record, explain why.

SUBPART I: Mr. Roberts says that “Talen MT is working with MDEQ to determine appropriate penalties and compliance measures, which may include more frequent particulate matter testing or daily scrubber monitoring.”¹ Does PSE know the dollar amount and timing of when these penalties and enforcement actions will be imposed by MDEQ? Will PSE seek recovery of its share of the environmental penalties and/or added compliance costs imposed by MDEQ on Colstrip Units 3 and 4 in this case or will they be included in PSE’s 2019 rate case?

¹ UE-190234, Roberts Exhibit No. RJR-1T, Page 6:16-18.

Response:

PSE objects to WUTC Staff Informal Data Request No. 003 to the extent it purports to impose obligations upon PSE in excess of those required by the Washington Utilities and Transportation Commission's discovery rules (WAC 480-07-400 through 480-08-425). Without waiving such objection, and subject thereto, PSE responds as follows:

SUBPART A

Puget Sound Energy ("PSE") objects to WUTC Staff Informal Data Request No. 003, Subpart A, as neither relevant to this proceeding nor reasonably calculated to lead to the discovery of admissible evidence to the extent it requests information regarding penalties or below-the-line costs. Without waiving such objection, and subject thereto, PSE responds as follows:

Please see Attachment A to WUTC Staff Informal Data Request No. 003 for correspondence between Talen, Owners of Units 3 and 4, Montana Department of Environmental Quality ("MDEQ") and PSE relating to the 2018 Colstrip Outage and Derate to Units 3 and 4. Please also refer to the information provided in PSE's Responses to WUTC Staff Informal Data Request Nos. 001, 002, and 004.

SUBPART B

The compliance particulate matter (PM) tests occurred on 6/21/18 for Unit 3 and 6/26/18 for Unit 4, but final results from that testing was not received until June 28, 2018. The test utilizes a medium that must be dried after the physical collection to determine the results. Talen informed MDEQ of the test results on the same day it received the results (June 28, 2018). Attachment A to PSE's Response to WUTC Staff Informal Data Request No. 003 provides the document sent to MDEQ in response to their information request related to the Units 3&4 MATS PM issue.

The PM MATS violation was communicated by telephone to the co-owners on June 27, 2018.

SUBPART C

Attached as Attachment B to WUTC Staff Informal Data Request No. 003, please find a letter provided to the Montana Department of Environmental Quality titled "Response to MDEQ Colstrip MATS Information Request 9_17_18.pdf". Section 5 describes the investigation into root cause and implementation of corrective action related to the 2018 outage and derate of Colstrip Units 3 and 4. Please note that Attachment B references a MS Excel spreadsheet entitled, "Colstrip PM MATS DEQ Submittal 2018-09-17". PSE

does not possess this spreadsheet, but PSE is contacting Talen MT to obtain a copy. PSE will supplement this informal data request and provide such copy to WUTC Staff when PSE receives it.

SUBPART D

Please see PSE's Response to WUTC Staff Informal Data Request No. 003, Subpart C, above.

SUBPART E

PSE has not contemplated filing additional testimony in this proceeding or whether it may be necessary to do so.

SUBPART F

The analysis of the potential factors that caused the elevated particulate levels is still in process and Talen MT has indicated the work product is anticipated to be complete in early June.

SUBPART G

PSE does not have any correspondence (including emails), documents, data, reports and analyses relating to Talen's investigation into increase particulate matter levels in Q1 of 2018 referred to above. As plant operator, Talen MT is tasked with maintaining the plant and, given that the facility was within compliance range, communication was not provided to PSE related to the 2018 Q1 elevated MATS PM tests.

SUBPART H

As stated in PSE's Response to WUTC Staff Information Data Request No. 003, Subpart G, PSE does not have any presentations, notes, minutes, emails and any other documentation provided to PSE's management and/or Board of Directors concerning the Q1 2018 investigation into increased particulate matter. PSE's management and/or Board of Directors did not make any decisions related to the Q1 2018 investigation into increased particulate matter so no documentation, transcripts, notes, letters, correspondence memorializing decisions are available.

Please see Attachment B to PSE's Response to WUTC Staff Informal Data Request No. 003 for documentation provided to PSE via Talen MT concerning the 2018 outage and derate of Colstrip Units 3 & 4.

SUBPART I

PSE does not know for certain the dollar amount and timing of when penalties and enforcement actions will be imposed by the MDEQ. In communication with Talen MT, who is working with MDEQ on behalf of the Colstrip facility, PSE understands the penalty is likely to be between \$400,000 - \$450,000 in total, with PSE responsible for approximately 25%. PSE does not know when MDEQ will file the penalty and enforcement provisions. Any penalties or costs associated with compliance will not be incorporated into this docket or included in PSE's 2019 general rate case.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190324
Puget Sound Energy
Power Cost Adjustment Mechanism Annual Report**

WUTC STAFF INFORMAL DATA REQUEST NO. 004

“CONFIDENTIAL” Table of Contents

DR NO.	“CONFIDENTIAL” Material
004	ATTACHMENT K and ATTACHMENT N to Puget Sound Energy’s Response to WUTC Staff Informal Data Request No. 004 are designated CONFIDENTIAL per WAC 480-07-160.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190324
Puget Sound Energy
Power Cost Adjustment Mechanism Annual Report**

WUTC STAFF INFORMAL DATA REQUEST NO. 004:

Mr. Roberts states that the “ownership consortium” is not directly involved in day-to-day operations at the CGS and instead provides “oversight” of the facility.¹

SUBPART A: Provide all agreements, contracts, amendments and all documents related to the CGS and to which PSE is a party. In particular, the Colstrip Ownership and Operation Agreement in its entirety, including any covenants and/or amendments currently in force.

SUBPART B: What specifically does Mr. Roberts mean by oversight and ownership consortium? In his response to this subpart, please provide a direct reference to the materials provided in response to SUBPART A above.

Response:

SUBPART A: Puget Sound Energy (“PSE”) objects to WUTC Staff Informal Data Request No. 004 as overbroad and unduly burdensome; the Colstrip facility is related to numerous agreement, contracts and amendments, given its long history and the nature of running a large electric generation facility. Notwithstanding such objections, and subject thereto, PSE responds as follows:

PSE has in good faith reviewed the records in its possession and provides the documents relevant to PSE’s ownership of the Colstrip facility. Please find the following agreements in the attachments:

Attachment A – Operations and Maintenance Agreement (Units 1&2) with amendments
Attachment B – Construction on Ownership Agreement (Units 1&2) with amendments
Attachment C – Ownership and Operations Agreement (Units 3&4) with amendments
Attachment D - Common Facilities Agreement

¹ UE-190234, Roberts Exhibit No. RJR-1T, Page 2:7-19.

Attachment E - Transmission Agreement (Units 1&2) dated July 30, 1971, with amendment
Attachment F- Long Term Service Agreement between All Owners (aka: Nichols Pumping Station Agreement)
Attachment G - Cheyenne Reservation Employment and Training Agreement dated April 25, 1980
Attachment H - Purchase Agreement to create a "Rural Special Improvement District No.74, dated March 29, 1982
Attachment I – Final Reclamation Settlement Agreement
Attachment J – Colstrip Project Transmission Agreement 2013
Attachment K – Coal Purchase and Sales Agreement Units 1 & 2
Attachment L – Coal Transportation Agreement with Amendments
Attachment M - 2013 Transmission Agreement Compliance Filing
Attachment N - 2016 PSE Agreement regarding final reclamation true up
Attachment O – Amended and Restated Coal Supply Agreement

ATTACHMENT K and ATTACHMENT N to Puget Sound Energy's Response to WUTC Staff Informal Data Request No. 004 are designated CONFIDENTIAL per WAC 480-07-160.

SUBPART B:

In relation to oversight, as referenced in the Prefiled Direct Testimony of Ronald J. Roberts, Exh. RJR-1T, Mr. Roberts is referring to the regular meetings and communication PSE has with the other owners and operator of Colstrip. PSE's owners' representative attends monthly owners meeting for both Units 1&2 and Units 3&4 at the plant facility. During the meeting the owners are provided updates on plant safety, fuels use, environmental work, generation performance, and financial issues. PSE receives regular updates on the plants load and status. The owners discuss and consider budgets, both operating and capital, on a monthly and annual basis. As necessary PSE personnel request additional communications or meetings with plant staff and the management of the operator Talen MT to discuss PSE needs and expectations.

Please see Attachment B, Section 10, and Attachment C, Section 17, for more information regarding owners/project committees and meetings. Also, please see Attachment A, Section III, subsections (a) and (b), and Attachment C, Section 1(r), and Section 3 regarding prudent utility practice and obligations of the operator.

By "ownership consortium", as referenced in Exh. RJR-1T, Mr. Roberts is simply referencing the six owners in Colstrip Units 1-4: PSE, Talen MT, Avista, Northwestern Energy, Portland General Electric, and PacifiCorp.

installation perils, and such other insurance as the Committee deems necessary, with reasonable limits and subject to appropriate exclusions, and deductibles. Self-insurance under the State of Montana's workers' compensation laws may be substituted for the referenced workers' compensation and employer's liability insurance and the Project Users agree to cooperate to establish a procedure whereby the cost of such self-insurance shall be levelized over a three (3) to five (5) year period.

(b) Each Owner and Project User shall ensure that each of its policies of insurance that may be applicable to any claims arising in connection with the Project shall provide a waiver of the insurer's rights of subrogation against, or name as additional assureds, all the other Owners and Project Users and their respective agents and employees. To the extent permitted by its insurance policies, each Owner and Project User waives any rights of subrogation against all the other Owners and Project Users, their agents and employees, for losses, costs, damages, or expenses arising out of the Construction, operation, maintenance, reconstruction or repair of the Project.

(c) Copies of all policies of insurance procured pursuant to Section 16(a) shall be provided to each Owner and each Project User. Upon request of an Owner or Project User, any Owner or Project User will provide copies of policies of insurance described in Section 16(b). Operator shall notify the Owners and Project Users of the assertion of any claim in excess of \$500,000 against the Project immediately upon assertion of the same, or of the occurrence of an event likely to result in the assertion of such a claim. All claims for lesser amounts shall be reported annually by Operator to the Owners and Project Users. The insurance program, policies and coverages shall be reviewed annually by the Committee.

17. Project Committee

(a) There is hereby established a Committee to facilitate effective cooperation, interchange of information and efficient management of the Project, on a prompt and orderly basis. The Committee shall be composed of not more than six (6) members. Each party (or its successors and assigns acting collectively) shall appoint one (1) Committee member. For purposes of this Section 17(a), Puget shall be one party and Montana shall be one party. Each Committee member shall have the right to vote the Project Share of the party (or its successors and assigns) that appointed such member. A member shall vote the entire Project Share represented by such member as a unit.

(b) Upon execution of this Agreement, each party shall notify all of the other parties of the Committee member initially appointed by it. Any party (or its successors and assigns acting collectively) may change its appointment by giving written notice of the change to all of the Project Users. Any party (or its

successors and assigns acting collectively) may appoint an alternate or alternates to serve on the Committee in the absence of the regular Committee member or to act on specified occasions or with respect to specified occasions or with respect to specified matters. Any reference herein to "Committee member" includes the member's alternate in the absence of the member.

(c) The 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.

(d) Any action which may be taken at a meeting of the Committee may be taken without a meeting if all Committee members consent in writing. The Committee may, by unanimous action, adopt written procedures for review and approval of matters requiring Committee approval, which procedures may include, but are not limited to, modifying of maximum allowable times for approval, waiver of portions of information required, and advance approvals.

(e) Operator shall use its best efforts to keep all members of the Committee informed of all significant matters with respect to Construction, operation and maintenance of the Project (including, without limitation, plans, specifications, engineering studies, environmental reports, budgets, estimates and schedules) and, when practicable, in time for members to comment thereon before decisions are made, and shall confer with the Committee, or separately with members thereof, during the development of any of Operator's proposals regarding such matters when practicable to do so. Upon request of any Committee member, Operator shall furnish or make available, with reasonable promptness and at reasonable times, any and all other information relating to Construction, operation and maintenance of the Project.

(f) Operator shall submit each of the matters listed below to the Committee for approval, which approval must be by a vote of Operator's Committee member, plus at least two other Committee members so that the Committee members voting for approval represent at least 55% of the total Project Shares:

(i) Any proposal made by two Committee members appointed by Project Users other than Operator except as provided in Sections 17(j) and 17(k);

- (ii) Construction and operating budgets and changes therein except as provided in Section 17(j);
- (iii) Any changes in the working fund in the Construction Trust Account or Operation Trust Account, except as provided in Sections 8(d) and 11(c);
- (iv) Award of any contract, approval of any change order, or payment of any controverted claim, in excess of \$500,000;
- (v) Insurance coverage, including limits and choice of insurers;
- (vi) Estimate of cost of repair or damage to the Project if in excess of \$2,000,000, recommendation whether to repair in whole or in part or to remove from service, and construction budget for repair of Project.
- (vii) Disposition of surplus property having a value of such minimum amount as is established by the Committee;
- (viii) Settlement of third party claims against the Project in excess of \$500,000;
- (ix) Any proposal by Operator to issue a purchase order to or contract with any other Project User for facilities, goods, services, or other items to be provided to the Project;
- (x) The establishment of the estimated date of the commencement of operation of each unit for purposes of Sections 3.2 and 3.5 of the Coal Agreement; and
- (xi) Any other action required to be taken by the Committee pursuant to this Agreement for which a procedure or voting percentage for reaching approval is not otherwise specifically provided.

(g) All proposals of Operator relating to any matters regarding the Construction, operation and maintenance of the Project submitted to the Committee under any provisions of the Project Agreements shall include itemized cost estimates and other detail sufficient to support a comprehensive review. Upon request, Operator shall furnish or make available all supporting reports, analyses, recommendations or other documents pertaining thereto. Operator shall prepare and furnish such documents to each Project User as may be required by any regulatory authority to be maintained by such Project User.

(h) If any matter submitted to the Committee under section 17(f) above is not approved by a vote within 10 days after the original submission to the Committee, or within such longer time as the Committee may decide upon unanimously, then each member of the Committee who declines to vote approval shall, upon demand of Operator or any Committee member voting for approval of the matter, specify in a written statement his reasons for declining approval, and shall also state therein what alternative, if any, is acceptable to him. Such statement shall be submitted to the other Committee members within 10 days after expiration of the later of (i) the member's receipt of a demand for a written statement of his reasons for declining approval or (ii) such longer period as the Committee may decide upon unanimously. Each member who has not submitted such written statement within the time provided in the preceding sentence shall be deemed to have approved the matter as submitted by Operator. Immediately after receipt of such statements from Committee members representing at least 45% of the total Project Shares, Operator may refer the disputed matter to arbitration pursuant to Section 18 of this Agreement. If Operator elects not to do so and does not submit an alternative proposal, Committee members representing at least 45% of the total Project Shares may refer such matter to arbitration pursuant to Section 18.

(i) Two Committee members appointed by Project Users other than Operator may submit to the Committee any proposal which conforms with the requirements imposed on Operator under Section 17(g) by serving a copy of such proposal on all other Committee members. Within 15 days after receipt of such proposal, Operator shall submit one or more written alternative proposals. Such an alternative proposal may be that the Project continue to be constructed, operated or maintained in the manner previously planned. The Committee shall meet with reasonable promptness and vote on such proposals. If the Committee approves in accordance with this section any of Operator's proposals, the proposal of the other Committee members shall be dismissed and Operator shall implement its approved proposal. If the Committee does not approve any of Operator's proposals, as they may be amended, the Committee shall vote on the proposal or proposals of the other Committee members and if the Committee approves in accordance with this section any such proposal, Operator shall proceed with the approved proposal. If the Committee does not approve any of the proposals submitted, it shall require submission of further proposals or it shall dismiss all proposals. If the Committee does not require further proposals or dismisses all proposals, the Committee member appointed by Operator or the Committee members submitting any such proposal, as the case may be, may submit its proposal to arbitration within 15 days after the Committee vote. The arbitrator shall then consider Operator's proposal and determine if its proposal is in accordance with Prudent Utility Practice. If the arbitrator so determines, Operator shall proceed accordingly and the proposal of the other Committee members shall be dismissed. If the arbitrator determines Operator's proposal is not in accordance with Prudent Utility Practice, he shall then consider the

proposal of such other Committee members and determine if such proposal of such other Committee members is in accordance with Prudent Utility Practice. If the arbitrator determines such proposal is in accordance with Prudent Utility Practice, Operator shall proceed with the proposal. If the arbitrator determines that none of the proposals conform with Prudent Utility Practice, he shall dismiss all proposals and terminate the arbitration.

(j) Proposals for Elective Capital Additions in excess of \$25,000 shall require approval of Committee members representing at least 85% of the total Project Shares.

(k) Proposals for the substitution or replacement of the Operator shall require approval of Committee members representing at least 65% of the total Project Shares.

(l) The Committee is the successor to the group known as the Steering Committee, and by execution of this Agreement, each Owner and Project User ratifies, confirms and adopts all prior actions of said Steering Committee.

(m) Any of the specific dollar limitations contained in subsections (iv), (vi) and (viii) of Section 17(f) and in Section 17(j) may be changed from time to time with approval of Committee members representing at least 85% of the total Project Shares.

18. Arbitration

Any controversies arising out of or relating to this Agreement which cannot be resolved through negotiations among the Project Users within thirty (30) days after inception of the matter in dispute shall, upon demand of any Project User involved in the controversy, be submitted to an Arbitrator having demonstrated expertise in the matter submitted. If the Project Users cannot mutually agree upon such Arbitrator, then upon petition of any Project User, such Arbitrator shall be appointed by the Superior Court of the State of Washington, in and for the County of Spokane. The arbitration shall be conducted in Spokane, Washington, pursuant to the Washington Arbitration Act, RCW Chapter 7.04 as the same may be amended from time to time. The Arbitrator shall render his decision in writing not later than thirty (30) days after the matter has been submitted to him, and such decision shall be conclusive and binding upon the Project Users. The costs incurred by any arbitration proceedings shall be charged to Costs of Construction or Costs of Operation, whichever may be appropriate, provided that each party shall bear its own attorney's fees and costs of witnesses.

19. Damage to the Project

(a) If the Project suffers damage to the extent that the estimate of the cost of repair is less than 20% of the then-

5. EXECUTIVE COMMITTEE

5.1 Establishment and Purpose.

(a) The Parties hereby establish an Executive Committee (the "Executive Committee") consisting of one representative with policy making authority from each Party. Upon execution of this Agreement, each Party shall promptly designate its representative on the Executive Committee by written notice given to the other Parties. Each Party may appoint an alternate representative to act in the absence of its designated representative.

(b) Buyers shall from time to time select a chair of the Executive Committee from among the members of the Executive Committee by the affirmative vote of Buyers owning in the aggregate not less than fifty-one percent (51%) of the Capacity; provided, however, that the vote and share of Capacity of any Party that owns or controls or is in common control with Seller shall be disregarded for purposes of determining whether the required fifty-one percent (51%) has been obtained. As used in the preceding sentence, "control" means possession, directly or indirectly, of the power to direct or cause direction of management and policies through ownership of voting securities, contract, voting trust or otherwise. The chair of the Executive Committee shall call meetings and establish agendas in consultation with the other Parties.

(c) The Executive Committee shall:

(i) Provide policy-level guidance to Seller and the Mine Operating Committee concerning Merchant Plant Practice and this Agreement; and

(ii) Resolve disputes as provided in Section 8.

5.2 Decisions.

The Executive Committee shall operate on a consensus basis in providing policy-level guidance to the Seller and Mine Operating Committee and must be unanimous in the resolution of disputes.

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.

5.4 Notice.

The chair of the Executive Committee shall give the other Parties not less than thirty days' notice of the annual meeting of the Executive Committee and not less than five days' notice of all other meetings of the Executive Committee. Each notice shall include the location of the meeting and an agenda prepared by the chair. The Parties may waive notice by unanimous written consent.

5.5 Quorum.

A quorum for a meeting shall exist if each Party's representative is present; provided, however, that if a Party fails to attend two consecutive properly called and noticed meetings, then a quorum for the second of such two consecutive meetings shall exist if each other Party's representative is present.

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.

5.7 Action Without Meeting.

In lieu of meetings, the Executive Committee may hold telephone conference calls with all Parties' representatives simultaneously. The Executive Committee, in lieu of deciding any matter at a meeting or by telephone conference, may act by instrument in writing signed by each Party's representative.

5.8 Costs.

Each Party shall bear for its own account all costs incurred by that Party's representative on the Executive Committee.

5.9 No Modification of Agreement.

The Executive Committee may not modify, amend, revise or otherwise change the terms and conditions set forth in this Agreement.

5.10 Cooperation.

The Parties shall cooperate with and provide the Executive Committee with information reasonably necessary for the Executive Committee to perform its duties.

6. MINE OPERATING COMMITTEE

Buyers shall participate with Seller in the planning and oversight of Area C operations through the Mine Operating Committee. Although the Mine Operating Committee and Seller shall work together on matters of joint concern, Seller shall not be a member of the Mine Operating Committee.

6.1 Establishment and Purpose.

(a) A Mine Operating Committee (the "Mine Operating Committee") is hereby established consisting of one representative appointed by each Buyer. Upon execution of this Agreement, each Buyer shall promptly designate its representative on the Mine Operating Committee by written notice given to the other Parties. Each Buyer may appoint one or more alternates to act in the absence of its designated representative. Each representative on the Mine Operating Committee may (at such representative's Party's cost) have such other personnel present at meetings of the Mine Operating Committee as such representative may desire. A designated representative of the Operator shall be a non-voting, ex officio member of the Mine Operating Committee.

(b) Buyers shall from time to time select a chair of the Mine Operating Committee by the affirmative vote of Buyers owning in the aggregate not less than fifty-one percent (51%) of the Capacity; provided, however, that the vote and share of Capacity of any Buyer that owns or controls Seller shall be disregarded for purposes of determining whether the required fifty-one percent (51%) has been obtained. As used in the preceding sentence, "control" means possession, directly or indirectly, of the power to direct or cause direction of management and policies through ownership of voting securities, contract, voting trust or otherwise. The chair of the Mine Operating Committee shall be responsible for calling meetings and establishing agendas in consultation with other Buyers.

(c) The Mine Operating Committee shall:

(i) Provide Seller with reports and analysis of operations and performance expectations with respect to Units 3 & 4 for use by Seller in developing the Annual Operating Plan.

(ii) Review and approve or disapprove the Annual Operating Plan (including all components thereof) and proposed revisions to an Approved Annual Operating Plan as provided in subsections 7.3, 7.4, 7.5, 7.6 and 7.7 of this Agreement, review and approve or disapprove acquisitions of Capital Assets as provided in subsections 7.4 and 7.8(a), and review monthly budget variance reports and quarterly budget projection reports as contemplated in subsection 7.8(b);

(iii) Meet with Seller to review any action taken and expenditure incurred by Seller in connection with an emergency affecting the Mine;

(iv) Monitor Seller's operations, performance and results relative to the Approved Annual Operating Plan and the individual components of such plan;

(v) Annually determine in consultation with Seller the Earned Portion of the Annual Incentive Fee Per Ton pursuant to subsection 12.7(b); and

(vi) Perform any other responsibility established for it under this Agreement or otherwise assigned to it in writing by the Executive Committee.

6.2 Decisions.

Each Buyer, acting through its appointed representative, shall have a vote on the Mine Operating Committee. A Buyer's representative or, in his/her absence, the alternate representative, may cast the Buyer's vote. The Mine Operating Committee shall make decisions by majority vote of Capacity of the Buyers, except that approval of the Annual Operating Plan or any revision thereto by the Mine Operating Committee and the determination of the Mine Operating Committee's position with respect to the Earned Portion of the Incentive Fee Per Ton pursuant to subsection 12.7(b) shall be by the super-majority vote specified in subsection 7.6. All Buyers shall be bound by any decision made by the Mine Operating Committee to approve or disapprove an Annual Operating Plan or any revision thereto and any determination by the Mine Operating Committee of its position with respect to the Earned Portion of the Incentive Fee Per Ton.

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.

6.4 Notice.

The chair of the Mine Operating Committee shall give not less than fifteen days' notice to the Parties of the meeting at which Seller presents its preliminary Annual Operating Plan and five days' notice of each other meeting of the Mine Operating Committee. Each meeting notice shall include an agenda prepared by the chair in consultation with the Mine Operating Committee and Seller. Buyers may waive notice by unanimous written consent.

6.5 Quorum.

A quorum for any meeting shall exist if each Buyer is represented by its member; provided, however, that if a Buyer fails to attend two consecutive properly called and noticed meetings, then a quorum for the second of such two consecutive meetings shall exist if a representative of each other Buyer is present, in which case a majority or super-majority vote of those other Buyers shall be considered the majority or super-majority vote of all Buyers for the purposes of conducting properly noticed business.

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.

6.7 Action Without Meeting.

In lieu of meetings, the Mine Operating Committee may hold telephone conference calls with all Buyers simultaneously and in which each Buyer shall be

represented by its representative. The Mine Operating Committee, in lieu of deciding any matter at a meeting or by telephone conference, may act by instrument in writing signed by the representatives of each Buyer on the Mine Operating Committee.

6.8 Costs.

Each Buyer shall bear for its own account all costs incurred by its representative on the Mine Operating Committee.

6.9 No Modification of Agreement.

The Mine Operating Committee may not modify, amend, revise or otherwise change the terms and conditions set forth in this Agreement.

6.10 Cooperation of the Parties.

Seller shall respond promptly and in good faith to Buyers' reasonable requests for supporting information concerning the proposed Annual Operating Plan. The Parties shall cooperate with and provide the Mine Operating Committee with information reasonably necessary for the Mine Operating Committee to perform its duties.

7. ANNUAL OPERATING PLAN

7.1 Operations Pursuant to Annual Operating Plan.

Seller shall, in consultation with the Mine Operating Committee, prepare an Annual Operating Plan for each Year beginning with 1999 pursuant to this Section 7, and such plan shall be consistent with Merchant Plant Practice and the terms of this Agreement. Unless otherwise mutually agreed in writing by all Parties, no Approved Annual Operating Plan shall obligate Seller to supply, or any Buyer to purchase, coal from areas of the Mine other than Area C. Seller shall conduct operations, incur expenses and acquire Capital Assets for Area C only pursuant to the Approved Annual Operating Plan, except as otherwise provided in subsections 7.6 and 7.9.

7.2 Purposes and Components of Annual Operating Plan.

The purposes of the Annual Operating Plan shall be to provide Seller and Buyers through the Mine Operating Committee with the tools to define fuel requirements and control costs to reasonable levels. The Annual Operating Plan shall consist of the following components:

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket UE-190324
Puget Sound Energy
Power Cost Adjustment Mechanism Annual Report**

WUTC STAFF INFORMAL DATA REQUEST NO. 008

“CONFIDENTIAL” “HIGHLY CONFIDENTIAL” Table of Contents

DR NO.	“CONFIDENTIAL” Material
008	Shaded information is designated as CONFIDENTIAL per Protective Order in WUTC Docket UE-190324 as marked in the Attachment A and B to PSE’s Response to WUTC Staff Informal Data Request No. 008.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket UE-190324
Puget Sound Energy
Power Cost Adjustment Mechanism Annual Report**

WUTC STAFF INFORMAL DATA REQUEST NO. 008:

RE: Minutes of the Executive Committee and the Mine Operating Committee.

Section 5.1 of The Amended Restated Coal Supply Agreement (“ARCSA”) dated August 24, 1998, provides:

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, Section 6.6 of the ARCSA provides:

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.

Please provide the following: (1) all minutes (including all attachments and/or enclosures) for each and every meeting of the Executive Committee ranging from October 1, 2017 to present; and, (2) all minutes (including all attachments and/or enclosures) for each and every meeting of the Mine Operating Committee ranging from October 1, 2017 to present.

Response:

The Executive Committee elected not to maintain and distribute notes of their meetings since committee discussions centered around on-going coal contract negotiations.

The Chair of Mine Operating Committee is Michael Barnes, Northwestern Energy. Mr. Barnes coordinates the Committee's operation and was contacted to ask for the meeting notes however he has been on vacation and unable to reply.

Attached as Attachment A to Puget Sound Energy ("PSE") Response to WUTC Staff Informal Data Request No. 008, please find the Mine Operating Committee notes for August 14, 2018. Attached as Attachment B to Puget Sound Energy ("PSE") Response to WUTC Staff Informal Data Request No. 008, please find the Mine Operating Committee notes for November 13, 2018. If Mr. Barnes provides additional notes, PSE will supplement this response at that time.

Shaded information is designated as CONFIDENTIAL per WAC 480-07-160 as marked in the Attachments A and B to PSE's Response to WUTC Staff Informal Data Request No. 008.

**ATTACHMENT A to PSE's Response to
WUTC Staff Informal
Data Request No. 008**

Shaded information is designated as CONFIDENTIAL per WAC 480-07-160

**ATTACHMENT B to PSE's Response to
WUTC Staff Informal
Data Request No. 008**

Shaded information is designated as CONFIDENTIAL per WAC 480-07-160

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket UE-190324
Puget Sound Energy
Power Cost Adjustment Mechanism Annual Report**

WUTC STAFF INFORMAL DATA REQUEST NO. 023:

RE: Documents demonstrating prudence re 2018 Colstrip Units 3 and 4 derate and outage

Please confirm/admit or deny that PSE has produced all contemporaneous documentation of all analyses and/or decision making relating to: (1) the elevated particulate matter levels at Colstrip Units 3 and 4 during Q1 2018; (2) the 2018 Colstrip Units 3 and 4 derate and outage; and/or (3) the acquisition and/or cost of replacement power associated with the 2018 Colstrip Units 3 and 4 derate and outage. If any such documents exist but have not been produced, produce them as soon as possible.

This documentation and/or information is needed to demonstrate to Staff the prudence of the Company's conduct, decision-making, and deliberative processes, as well as for Staff to know the elements the Company used in its decision making and the manner in which the Company valued each of those elements.

Response:

Puget Sound Energy ("PSE") objects to WUTC Staff Informal Data Request No. 023 insofar as such request purports to impose obligations upon PSE in excess of those required by the Washington Utilities and Transportation Commission's discovery rules (WAC 480-07-400 through 480-07-425) with regard to documentation outside of PSE's possession or control. PSE further objects to WUTC Staff Informal Data Request No. 023 as overbroad and unduly burdensome. Furthermore, as it relates to all categories of this request that are addressed below, PSE cannot confirm or deny whether all contemporaneous documentation that may be in the possession or control of Talen MT has been produced. Further, PSE cannot confirm or deny whether it has produced all the documents that have been produced by, or are in the possession or control of Avista, PacifiCorp, or any other entity. To the extent that WUTC Staff is aware of responsive documentation that has been produced by another entity but that has not been produced by PSE, then PSE hereby requests that WUTC Staff produce such documentation.

(1) PSE confirms it has produced all contemporaneous document and analyses in its possession or control related to the elevated particulate matter levels at Colstrip Units 3

and 4 during Q1 2018 because PSE did not receive or undertake any documentation or analysis related to the Q1 issues with MATS PM compliance. The Colstrip plant was within MATS PM compliance limits during Q1 2018. Talen MT, in its capacity as operator, did undertake investigation of the Q1 PM level in the normal course of work but did not find any indicators that would predict Q2 PM levels would deviate from compliance limits.

(2) PSE confirms it has produced all nonprivileged, contemporaneous documentation and analysis in its possession or control related to the elevated particulate matter levels at Colstrip Units 3 and 4 during the 2018 Colstrip Units 3 and 4 derate and outage.

(3) PSE identified additional information regarding contemporaneous documentation of analyses and/or decision making relating to the acquisition and/or cost of replacement power associated with the 2018 Colstrip Units 3 and 4 derate and outage. Attached as Attachment A to PSE's Response to WUTC Staff Data Request No. 023, please find an email to Senior Vice President David Mills that discusses PSE's management of energy supply in August 2018.

**ATTACHMENT A to PSE's Response to
WUTC Staff Informal
Data Request No. 023**