

**EXH. RJR-10  
DOCKET UE-200115  
COLSTRIP UNIT 4 SALE  
WITNESS: RONALD J. ROBERTS**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of the Application of  
PUGET SOUND ENERGY**

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

**Docket UE-200115**

**FIRST EXHIBIT (NONCONFIDENTIAL) TO THE  
PREFILED SUPPLEMENTAL DIRECT TESTIMONY OF**

**RONALD J. ROBERTS**

**ON BEHALF OF PUGET SOUND ENERGY**

**AUGUST 20, 2020**



Puget Sound Energy  
P.O. Box 97034  
Bellevue, WA 98009-9734  
PSE.com

**Steve R. Secrist**  
*Sr. Vice President, General Counsel,  
and Chief Ethics & Compliance Officer*

January 10, 2020

Talen Montana, LLC  
Mr. Dale Lebsack  
President  
1780 Hughes Landing, Suite 800  
The Woodlands, TX 77380

Re: Rights of First Refusal pursuant to the Ownership and Operation Agreement, dated May 6, 1981, as amended by Amendment No. 1 dated October 11, 1991, Amendment No. 2 dated July 13, 1998, Amendment No. 3 entered into in 2004, and Amendment No. 4 entered into in 2008, between Buyer, Seller, Portland General Electric Company, the Washington Water Power Company (now Avista) and Pacific Power & Light Company (now PacifiCorp)

Ladies and Gentlemen:

Any capitalized term not defined in this letter shall have the definition set forth in the Ownership and Operation Agreement.

Puget Sound Energy, Inc. (“PSE”), a Washington public utility corporation, has entered into a binding Colstrip Unit 4 Purchase and Sale Agreement, dated December 9, 2019 (the “*Purchase Agreement*”), pursuant to which it has agreed to sell to NorthWestern Corporation, a Delaware corporation (“*Buyer*”) and Buyer has agreed to buy PSE’s 25% Project Share in Colstrip Unit 4 for a price of \$1.00 (the “*Transaction*”). An execution copy of the Purchase Agreement is enclosed herewith.

Section 24 of the Ownership and Operation Agreement requires PSE to offer its Project Share to the other Project Users “at the amount of, and on terms not less advantageous than, those of a bona fide offer from a buyer able and willing to purchase such Owner’s or Project User’s interest.” The portion of such interest to be offered to each Project User must be equal to the proportionate interest of each Project User in the Project after excluding the interest being offered. Accordingly, PSE hereby formally offers to you the right to purchase your proportionate share of its Project Share. The Ownership and Operation Agreement requires that such offer be held open for a period of 90 days. Further, if at the end of the 90-day period, any Project User shall have failed to accept such offer, the proportionate interest offered to such Project User shall be offered on a pro rata basis to the other Project Users, who shall have a further period of 7 days

to accept the same. The process shall be repeated until all Project Users then being offered an interest shall have failed to accept such offer.

Should you choose to exercise your right of first refusal, you must submit, and be fully prepared and capable of executing and consummating, a purchase agreement that contains terms no less advantageous than the terms and conditions set forth in the attached Purchase Agreement.

Should you decline to exercise your right of first refusal, PSE respectfully requests that you expressly waive your right of first refusal and/or right of first offer under Section 24 of the Ownership and Operation Agreement with respect to the Transaction in order to expedite PSE's closing of the Transaction with the Buyer. If you are willing to waive such right, please countersign a copy of this letter below under "WAIVER" and return it to the undersigned as soon as possible. PSE has made the same request of all other Project Users.

If you do not affirmatively exercise your right to purchase your proportionate share of PSE's Project Share within 90 days of the date of this letter, your rights pursuant to Section 24 of the Ownership and Operation Agreement with respect to the Transaction will be deemed to be waived.

Thank you for your prompt consideration of this matter.

Very truly yours,



Steve Secrist  
Senior Vice President, General Counsel,  
Corporate Secretary and Chief Ethics & Compliance Officer

Enclosures

**WAIVER**

The undersigned hereby agrees to waive its right of first refusal and/or right of first offer under Section 24 of the Ownership and Operation Agreement in connection with the Transaction described above.

TALEN MONTANA, LLC

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

[ATTACHMENT: EXECUTED COPY OF PURCHASE AND SALE AGREEMENT]