

**EXH. RJR-12  
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**

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

**RONALD J. ROBERTS**

**ON BEHALF OF PUGET SOUND ENERGY**

**AUGUST 20, 2020**

**Damon D. Obie** • General Counsel and Secretary • Talen Montana, LLC  
1780 Hughes Landing, Suite 800 • The Woodlands, TX 77380 •  
(281) 203-5364 • [damon.obie@talenergy.com](mailto:damon.obie@talenergy.com)

April 8, 2020

(VIA EMAIL AND FEDERAL EXPRESS)

Steve Secrist  
Sr. Vice President, General Counsel  
Puget Sound Energy, Inc.  
10885 N.E. 4<sup>th</sup> Street  
Bellevue, WA 98004

Ron Roberts  
Director, Generation/Natural Gas Storage  
Puget Sound Energy, Inc.  
355 110<sup>th</sup> Ave. NE  
Bellevue, WA 98004

**Re: January 10, 2020 Letter (the “PSE January 10, 2020 Letter”) regarding “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)”**

Dear Steve and Ron:

Talen Montana, LLC (“Talen”) writes in further response to the PSE January 10, 2020 Letter referencing Section 24(f) of the Units 3&4 Ownership and Operation Agreement dated May 6, 1981 (as amended, the “O&O Agreement”).

Talen accepts the offer made in the PSE January 10, 2020 Letter to purchase its “proportionate share of its Project Share” of PSE’s 25% Project Share in the Colstrip Unit 4 on terms not less advantageous than those offered to NWE in the Colstrip Unit 4 Purchase and Sale Agreement, dated December 9, 2019 (the “NWE/PSE Purchase Agreement”).

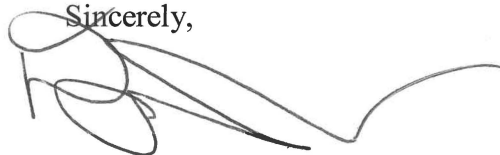
As noted in the PSE January 10, 2020 Letter, “if at the end of the 90 day period, any Project User shall have failed to accept such offer, the proportionate interest offered to such Project User shall be offered on a pro rata basis to the other Project Users, who shall have a further period of 7 days 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.” Upon the conclusion of that process, Talen will promptly execute a purchase agreement for the interest it ultimately acquires of PSE’s 25% Project Share in the Colstrip Unit 4 in accordance with the terms of the O&O Agreement.

Finally, as referenced in my March 20, 2020 letter, Talen disputes that PSE has complied with Section 24 of the O&O Agreement by failing to offer Talen the transmission assets being sold

pursuant to the Colstrip Transmission System Purchase and Sale Agreement dated December 10, 2019 between NWE and PSE. Talen's exercise of its Section 24 rights in this letter for the assets offered in the PSE January 10, 2020 Letter is not a waiver of Talen's claim for breach of Section 24, and Talen reserves all rights related to such breach. Talen will address the breach issue in a separate correspondence.

Please don't hesitate to call if you have any questions.

Sincerely,



Damon Obie  
General Counsel and Secretary

cc: Andrew Wright – General Counsel and Secretary, Talen Energy Corporation (via email)  
Heather Grahame – General Counsel, NorthWestern Corporation (via email)  
John Tabaracci – Corporate Counsel, NorthWestern Corporation (via email)  
Lisa Kaner – General Counsel, Portland General Electric Company (via email)  
Marian Durkin – General Counsel, Avista Corporation (via email)  
Michael Andrea – Senior Counsel, Avista Corporation (via email)  
Ryan Flynn – General Counsel, PacifiCorp (via email)  
Richard Garlish – General Counsel, Rocky Mountain Power (via email)