

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-200115

EXH. JRT-3

JASON R. THACKSTON

REPRESENTING AVISTA CORPORATION

**NorthWestern Energy
Docket No. 2019.12.101
CU4 Capacity Acquisition**

**Natural Resources Defense Council (NRDC)
Set 1 (001-019)**

Data Requests received May 19, 2020

All references to “attached” documents refer to documents that are being sent via electronic file transfer.

NRDC-001 Re: Vote Sharing Agreement
Witness: Hines

In testimony before the Washington Utilities and Transportation Commission seeking approval from that Commission for the same transaction proposed in this docket, Ronald J. Roberts, a witness for Puget Sound Energy, states:

The Vote Sharing Agreement is important to PSE because it provides certainty with respect to ambiguities within the Colstrip Units 3 & 4 Ownership and Operation Agreement that could have created difficulties for the owners of Colstrip Unit 3 to decommission and remediate that unit at the appropriate time. The Colstrip Units 3 & 4 Ownership and Operation Agreement contains provisions that determine the percentage vote required by the Colstrip Units 3 & 4 Project Committee on various matters, none of which address closure or decommissioning of a unit. Arguments could be made that any decision regarding the closure or decommissioning of one or both units must be unanimous. NorthWestern Energy would likely be the owner with the most difficulty approving the closure or decommissioning of Colstrip Unit 3 due to political and economic pressures in the State of Montana. At best, the owners of Colstrip Unit 3 & 4 would have been subject to potentially lengthy and costly litigation to determine the question whether unanimous consent were required under the Colstrip Units 3 & 4 Ownership and Operation Agreement to close or decommission Colstrip Unit 3. At worst, NorthWestern Energy could have had a *de facto* veto for any decision to close or decommission Colstrip Unit 3, even if all of the entities with an ownership interest in the unit thought that closure and decommissioning were appropriate.

The Vote Sharing Agreement resolves this ambiguity by providing PSE the sole right to vote the Shared Vote on any issue with respect to a Unit 3 Decommissioning Proposal. This provision effectively removes any “veto right” of NorthWestern Energy under the Colstrip Units 3 & 4 Ownership and Operation Agreement with respect to any vote regarding the closure and decommissioning of Colstrip Unit 3, when the time is appropriate.

Does NorthWestern Energy agree with the last paragraph of this excerpt from Mr. Roberts’s testimony? If not, why not?

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NRDC-001 cont'd

RESPONSE:

Not exactly. The Vote Sharing Agreement governs matters presented to the Project Committee. It is NorthWestern's position that the Ownership and Operation Agreement requires unanimous vote of the owners to decommission a unit. NorthWestern has no ownership interest in Unit 3 and no "veto right" on decommissioning that unit.