

**Exh. DCG-5C
Docket UE-200115
Witness: David C. Gomez
REDACTED VERSION**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of

DOCKET UE-200115

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**

**EXHIBIT TO
TESTIMONY OF**

David C. Gomez

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

PSE's Confidential Response to Staff DR No. 42

October 2, 2020

CONFIDENTIAL PER PROTECTIVE ORDER – REDACTED VERSION

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket UE-200115
Puget Sound Energy
Application Authorizing Sale of PSE Interest in Colstrip Unit 4**

WUTC STAFF DATA REQUEST NO. 042

“CONFIDENTIAL” Table of Contents

DR NO.	“CONFIDENTIAL” Material
042	Shaded information in Attachment A to Puget Sound Energy's Response to WUTC Staff Data Request No. 042 is designated as CONFIDENTIAL per Protective Order in Docket UE-200115.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket UE-200115
Puget Sound Energy
Application Authorizing Sale of PSE Interest in Colstrip Unit 4**

Background Section

According to Section 10 of the Colstrip O&O Agreement, the Operator (Talen) is to submit a budget to the Colstrip Project Committee by September 1 of each year of its estimated “Costs of Operation” by calendar months for the following operating year (beginning January 1). Section 10 goes on to say that the Colstrip Project Committee shall approve such budget or a revised budget by November 1st.

In Subsection 7.1(b)(iv) of both Roberts, Exhibit No. RJR-16 - Amendment No. 1 to Colstrip Unit 4 Purchase and Sale Agreement, dated as of August 14, 2020, between NorthWestern Energy and PSE and Roberts Exhibit No. 18 - Colstrip Unit 4 Purchase and Sale Agreement between Talen and PSE dated as of August 14, 2020 it states:

“With respect to any approvals of the Committee prior to the earliest of the effectiveness of the Vote Sharing Agreement, the termination of this Agreement, or the termination of the Colstrip Unit 4 Purchase and Sale Agreement dated as of [•], 2020, by and between Talen Montana and Seller: (A) in the case of any proposal to be voted upon under the Ownership and Operation Agreement that relates primarily to Colstrip Unit 4, and that does not involve the Common Facilities, Seller shall cast its vote in accordance with the joint instructions of Buyer and Talen Montana, if Buyer and Talen Montana are in agreement regarding how the vote should be cast, and if Buyer and Talen Montana are not in agreement regarding how to cast the vote, Seller shall abstain from voting on such proposal, (B) in the case of any vote arising from Seller’s ownership interest in Colstrip Units 1 & 2, or any proposal to be voted upon under the Ownership and Operation Agreement that relates primarily to Colstrip Unit 3, and that does not involve the Common Facilities, Seller shall have no obligation to confer with Buyer or Talen Montana under this Agreement regarding such vote, and (C) in the case of any proposal to be voted upon under the Ownership and Operation Agreement that relates to both Colstrip Unit 3 and Colstrip Unit 4 and/or Common Facilities, Buyer, Talen Montana, and Seller shall consult with one other in good faith prior to Seller casting the vote on such proposal;”

WUTC STAFF DATA REQUEST NO. 042:

Re: Colstrip Plant Operating and Maintenance Cost

- a. Please provide Talen's 2021 Operator budget (O&M and Capital) for Colstrip Units 3 and 4 submitted by Talen to the other Colstrip owners as provided for in Section 10 of the Colstrip O&O Agreement. Along with Talen's Operator budget for Colstrip Units 3 and 4, provide all other materials; i.e. analysis, documents, studies, incremental cost worksheets and correspondence which Talen and/or any other Colstrip owner provided to the other Colstrip owners as part of the 2021 Colstrip Operator budget cycle.
- b. If Talen has not prepared and submitted to the other Colstrip owners its 2021 Operator budget as required by Section 10 of the Colstrip O&O Agreement, explain why. Provide the date when Talen plans on submitting to the Colstrip Project Committee its 2021 Operator budget.
- c. Provide the date of the Project Committee meeting where the Colstrip owners will vote on the Operator's 2021 budget. Indicate if this budget has been revised from the original Operator budget submitted by Talen on September 1, 2020. Quantify and explain the revisions made to the Operator's budget and why.
- d. Given the information contained in Talen's Operator budget and Subsection 7.1(b)(iv) in the Background Section above, identify how the vote on the Operator's 2021 budget will be classified. Will the Operator's 2021 budget (prior to closing) be classified as a proposal to be voted upon under the Ownership and Operation Agreement that:
 1. ...relates primarily to Colstrip Unit 4, and that does not involve the Common Facilities;
 2. ...involves Seller's ownership interest in Colstrip Units 1 & 2 or relates primarily to Colstrip Unit 3, and that does not involve the Common Facilities; or
 3. ...relates to both Colstrip Unit 3 and Colstrip Unit 4 and/or Common Facilities.

If PSE does not know how Talen's Operator budget will be classified according to Subsection 7.1(b)(iv) with 37 working days left before the vote, explain why.

Response:

Puget Sound Energy (“PSE”) objects to WUTC Staff Data Request No. 042 to the extent it is unduly burdensome or expensive, in that the burden and expense of the proposed discovery outweighs its likely benefit, taking into account the importance of the issues at stake in this action, the amount in controversy, the parties' relative access to relevant information, PSE’s limited resources, and the importance of the discovery in resolving the issues the issues in this action. Subject to and without waiving this objection, PSE provides the following response.

- a. Attached as Attachment A to PSE’s Response to WUTC Staff Data Request No. 042 is a copy of the 2021 Operator budget (O&M and Capital) for Colstrip Units 3 and 4 submitted by Talen Montana, LLC (“Talen Montana”). Talen Montana provided multiple files in support of each of the capital line items identified in Attachment A to PSE’s Response to WUTC Staff Data Request No. 042, and it would be burdensome and expensive for PSE to review and mark each of the thousands of files for confidentiality. If WUTC Staff so desires, PSE could arrange for a videoconference to review line items that WUTC Staff identifies for further review.
- b. Please see the response to part a. above.
- c. The Project Committee is scheduled to vote on the proposed budget prior to November 1, 2020. Consistent with past practice, PSE anticipates that the members of the Project Committee will review the materials in September and October of 2020 and that the Project Committee may vote on the budget via email or other electronic means. Accordingly, PSE does not know the date on which each member of the Project Committee would submit a vote or the date on which such vote would become effective.
- d. The vote on the Operator’s 2021 budget would be classified as a matter that relates to both Colstrip Units 3 & 4 and/or Common Facilities. Accordingly, PSE will consult with each of NorthWestern Energy and Talen Montana in good faith regarding any issues regarding both Colstrip Units 3 & 4 and/or Common Facilities prior to voting on the Operator’s 2021 budget.

Shaded information in Attachment A to Puget Sound Energy’s Response to WUTC Staff Data Request No. 042 is designated as CONFIDENTIAL per Protective Order in Docket UE-200115.

ATTACHMENT A to PSE's Response to WUTC Staff Data Request No. 042

**PAGES 6 THROUGH 29
ARE REDACTED IN THEIR ENTIRETY**