

MCC-004 RE: Testimony, p. 5, l. 9

WITNESS: Dove

Please provide the financial analysis that was done in conjunction with Carlyle's due diligence pertaining to the acquisition of Park Water including but not limited to projected financial results (e.g., income statements, balance sheets, cash flow). If these due diligence analyses are in spreadsheet form, please provide them in an operating format with all formulas and links intact.

RESPONSE: Carlyle objects to this data request on the basis of relevance to the extent the request calls for (a) the detailed projected financial results (e.g. income statements, balance sheets, cash flow, etc.) and (b) the production of the analyses in a spreadsheet format with all formulas and links intact. The analysis conducted by Carlyle regarding the earnings that may be realized by Carlyle involve two components – earnings realized from a potential future sale of Park Water and earnings realized from new investments made in Mountain Water infrastructure. Carlyle has stated that it is not seeking rate recovery of any acquisition premium. Therefore, whether or not Carlyle has correctly calculated its earnings associated with a potential future sale of the asset can have no impact on customer rates and no impact on the issues in this case. As for new investments, the rate of return on equity associated with new investments in Mountain Water from Carlyle will be at authorized levels set by the Montana Public Service Commission. Therefore, whether Carlyle has correctly guessed at future capital expenditures or future Commission authorized rates of return on equity are also irrelevant to the issues in this case. In short, while Carlyle has agreed to provide the highly confidential financial analysis it used to decide whether or not to acquire Park Water in summary format, whether or not Carlyle's

analysis is correct or not can have no impact on the actual rates paid by Montana customers (which will be set by the Commission in future rate cases) and no bearing on the issues in this case. Therefore, while Carlyle agrees to provide its financial analysis in summary format to explain why, from Carlyle's perspective it is pursuing this investment, the level of detail requested by the MCC is irrelevant and not reasonably calculated to lead to the discovery of admissible evidence.

With respect to the summary of the financial analysis, the requested information is confidential and trade secret. On May 27, 2011 Carlyle filed a Motion for Protective Order. Once the Commission has granted the proposed Protective Order Carlyle will supplement this response with the requested information.

SUPPLEMENTAL RESPONSE: See Confidential Response Attachment MCC 4 on the enclosed CD.

SECOND SUPPLEMENTAL RESPONSE: See Confidential Response Attachment MCC-004(a) on the enclosed CD.

CERTIFICATE OF SERVICE

I hereby certify that on this, the 2nd day of August, 2011, the foregoing **CARLYLE INFRASTRUCTURE PARTNERS, LP'S SECOND SUPPLEMENTAL RESPONSES TO THE FIRST SET OF DATA REQUESTS FROM THE MONTANA CONSUMER COUNSEL** was served via electronic mail and U.S. mail unless otherwise indicated to the following:

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s/ Leah N. Buchanan