



April 22, 2014

Ms. Kate Whitney
Montana Public Service Commission
1701 Prospect Avenue
P.O. Box 202601
Helena, MT 59620-2601

RE: Docket No. D2013.12.85
PPLM Hydro Assets Purchase
MCC Set 1 Data Requests (001-015)
2nd UPDATE TO MCC-009 and MCC-010

Dear Ms. Whitney:

Enclosed for filing is a copy of NorthWestern Energy's 2nd updated response to MCC-009 and MCC-010 in MCC Set 1 data requests. A hard copy will be mailed to the most recent service list in this Docket this date. The Montana Public Service Commission and the Montana Consumer Counsel will be served by hand delivery this date. These data responses will also be e-filed on the PSC website and emailed to counsel of record.

Should you have questions please contact Joe Schwartzberger at 406 497-3362.

Sincerely,

Nedra Chase
Administrative Assistant
Regulatory Affairs

NC/nc
CC: Service List

CERTIFICATE OF SERVICE

I hereby certify that a copy of NorthWestern Energy's 2nd updated response to MCC-009 and MCC-010 to MCC Set 1 Data Requests in Docket D2013.12.85, the PPLM Hydro Assets Purchase, has been hand delivered to the Montana Public Service Commission and to the Montana Consumer Counsel this date. These updated responses will be e-filed on the PSC website and served on the most recent service list by mailing a copy thereof by first class mail, postage prepaid and will also be emailed to counsel of record.

Date: April 22, 2014



Nedra Chase
Administrative Assistant
Regulatory Affairs

**Docket No D2013.12.85
Hydro Assets Purchase
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NorthWestern Energy
Docket D2013.12.85
PPLM Hydro Assets Purchase

Montana Consumer Counsel (MCC)
Set 1 (001-015)

Data Requests received January 3, 2014

MCC-009

Regarding: Acquisition Analysis
Witness: All Relevant Witnesses

Please provide copies of all communications (and any attachments or documents related thereto) between PPLM (or any affiliate thereof) and NWE (or any affiliate or employee or advisor thereof) regarding NWE's potential acquisition of PPLM's hydroelectric properties.

RESPONSE:

NorthWestern objects to this data request to the extent that it seeks information or documents not relevant to the issues in this docket, which is beyond the permissible scope of discovery. The scope of discovery is limited to non-privileged matters that are relevant. M. R. Civ. P. 26(b)(1). The information sought must be reasonably calculated to the discovery of admissible evidence. *Id.* Initially, the party responding to discovery must make a good faith determination of relevance. If the party responding is not permitted to determine the relevance of material and is required to produce all material so that the requesting party can determine relevance, the limitation that irrelevant information or documents are not discoverable is violated. NorthWestern objects to this data request to the extent that it seeks information or documents that are protected by privilege or work product. Privileged information and documents are not discoverable. M. R. Civ. P. 26(b)(1), § 26-1-803, MCA. NorthWestern has provided a Privilege Log that complies with the provisions of M. R. Civ. P. 26(b)(6). The Privilege Log is located in the folder labeled "MCC-009" on the CD attached to Data Request MCC-006. NorthWestern objects to this data request to the extent that it is overly broad; seeks the production of documents without reference to a time period or with reference to a time period that has no relevance to the matters at issue in this proceeding; calls for the production of documents that are cumulative or contain duplicative information without a specific determination as to their relevance and the need for them, especially in light of the time and expense required to gather and produce the voluminous requested documents; and imposes on NorthWestern undue expense or unreasonable burden. There are over 7,400 emails and attachments that are potentially responsive to this data request. In a meeting with the MCC, NorthWestern suggested that the MCC narrow its request to seeking information about specific issues and involving particular individuals. NorthWestern provided the MCC a list of the issues by which emails and documents had been classified and agreed to identify the core individuals. The core NorthWestern team involved: Brian Bird, Heather Grahame, John Hines, Pat Corcoran, Michael Cashell, and Dan Rausch.

NorthWestern Energy
Docket D2013.12.85
PPLM Hydro Assets Purchase

Montana Consumer Counsel (MCC)
Set 1 (001-015)

Data Requests received January 3, 2014

MCC-009 cont'd

UPDATED RESPONSE (February 18, 2014):

NorthWestern appreciates MCC's willingness to limit the communications for purposes of this request to Brian Bird, Heather Grahame, John Hines, Pat Corcoran, Michael Cashell, and Dan Rausch. With this modification, NorthWestern is producing responsive, non-privileged documents. See the folder labeled "MCC-009" on the CD attached to MCC-006.

For purposes of this response, NorthWestern has defined "PPLM (or any affiliate thereof)" to include PPL, PPLM, UBS (PPL's financial advisor on the hydroelectric sale), and Simpson Thacher & Bartlett LLP (PPL's outside counsel). NorthWestern has defined "NorthWestern (or any affiliate or employee or advisor thereof)" to include NorthWestern, Credit Suisse (NorthWestern's financial advisor), Skadden, Arps, Slate, Meagher & Flom LLP (NorthWestern's outside counsel), Dorsey & Whitney LLP (NorthWestern's outside environmental counsel), and Shaw/CB&I (NorthWestern's Independent Engineer). In addition, NorthWestern has defined "communications" to mean both e-mail and mail communications, except for such communications relating to draft agreements, draft presentations, draft reports or draft analyses. Attachments or enclosures to responsive communications are also included. Responsive documents generated before February 11, 2013 are being produced to the extent they were not destroyed by NorthWestern pursuant to the Confidentiality Agreement discussed in earlier responses. The Confidentiality Agreement was filed as Attachment 1 to NorthWestern's response to PSC-003. NorthWestern is not providing any communications after September 26, 2013 as that is the date the agreement was signed.

SECOND UPDATED RESPONSE (April 22, 2014):

Please see the attached updated public version of page MCC_009_00000348 (initially provided on CD as part of the first Updated Response filed February 18, 2014). Information for 2013 has been made public on this page per Commission Order No. 7323g.

Also pursuant to Commission Order No. 7323g, protected versions of the MCC-009 pages identified in "NorthWestern Energy's Motion for Protective Order of Confidential Projections in MCC-009 and MCC-010 Responses and Brief in Support" filed February 18, 2014 have been provided on yellow paper to the Commission and the parties who signed the appropriate non-disclosure agreement. Public redacted versions of these pages were initially provided on CD as part of the first Updated Response filed February 18, 2014.

NorthWestern Energy
Docket D2013.12.85
PPLM Hydro Assets Purchase

Montana Consumer Counsel (MCC)
Set 1 (001-015)

Data Requests received January 3, 2014

MCC-009 cont'd

Pursuant to Commission Order No. 7323h, the protected version of the MCC-009 pages identified in "NorthWestern Energy's Motion for Protective Order of Confidential Report and Management Presentation in MCC-009 and MCC-010 Responses and Brief in Support" filed February 18, 2014 have been provided on yellow paper to the Commission and the parties who signed the appropriate non-disclosure agreement, which, in this case, is for Order No. 7323d. Public redacted versions of these pages were initially provided on CD as part of the first Updated Response filed February 18, 2014.

Power Marketing Contracts

	2H 2013	2014	2015	2016	2017	2018
	48.71					
	35.84					
	12.87					
	1,442,469					
	18,567,848					
	42.08					
	27.18					
	14.90					
	1,269,496					
	18,920,381					
	37,488,229					
	41.92					
	32.09					
	9.83					
	545,731					
	5,364,935					
	42,853,164					
	2,396,353					

NorthWestern Energy
Docket D2013.12.85
PPLM Hydro Assets Purchase

Montana Consumer Counsel (MCC)
Set 1 (001-015)

Data Requests received January 3, 2014

MCC-010

Regarding: Acquisition Analysis
Witness: All Relevant Witnesses

Please identify by date all meetings (in person or telephonic) that occurred between NWE (including employees or representatives thereof) and PPLM (or representatives or employees thereof) regarding any aspect of the potential hydroelectric property acquisition by NWE. Please identify the person or persons involved in those meetings and provide copies of all notes and other documents related to those meetings.

RESPONSE:

NorthWestern objects to this data request to the extent that it seeks information or documents not relevant to the issues in this docket, which is beyond the permissible scope of discovery. The scope of discovery is limited to non-privileged matters that are relevant. M. R. Civ. P. 26(b)(1). The information sought must be reasonably calculated to the discovery of admissible evidence. *Id.* Initially, the party responding to discovery must make a good faith determination of relevance. If the party responding is not permitted to determine the relevance of material and is required to produce all material so that the requesting party can determine relevance, the limitation that irrelevant information or documents are not discoverable is violated. NorthWestern objects to this data request to the extent that it seeks information or documents that are protected by privilege or work product. Privileged information and documents are not discoverable. M. R. Civ. P. 26(b)(1), § 26-1-803, MCA. NorthWestern has attached a Privilege Log that complies with the provisions of M. R. Civ. P. 26(b)(6). NorthWestern objects to this data request to the extent that it is overly broad; seeks the production of documents without reference to a time period or with reference to a time period that has no relevance to the matters at issue in this proceeding; calls for the production of documents that are cumulative or contain duplicative information without a specific determination as to their relevance and the need for them, especially in light of the time and expense required to gather and produce the voluminous requested documents; and imposes on NorthWestern undue expense or unreasonable burden.

NorthWestern Energy and its representatives had both in-person meetings and telephonic communications with PPLM regarding the potential hydroelectric acquisition. It is impossible to identify all of the telephonic communications that took place. NorthWestern does not have records of incoming calls to its landline telephones. For outgoing calls, its invoice from its telecommunications provider does not detail the call numbers. While NorthWestern can run an internal report by telephone number of outgoing calls, NorthWestern believes that internal program was not functioning for three months beginning in June 2013. Moreover, even if there were communications, the fact that a communication took place does not mean it is relevant. As

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Set 1 (001-015)

Data Requests received January 3, 2014

MCC-010 cont'd

over 70 individuals at NorthWestern had some role in the transaction, the burden of trying to identify any communication far outweighs any benefit.

As discussed with the MCC, NorthWestern recommends that the MCC narrow its request to seeking information about specific issues. The core NorthWestern team involved: Brian Bird, Heather Grahame, John Hines, Pat Corcoran, Michael Cashell and Dan Rausch.

Without waiving these objections, NorthWestern responds as follows:

NorthWestern interprets this request to concern meetings between May 2013 and the date that the Purchase and Sale Agreement was signed for PPLM's Hydro facilities.

In-person meetings:

- New York City. Aug. 27-28, 2013. The purpose of the meeting was to discuss and negotiate various provisions of the Purchase and Sale Agreement. The NorthWestern team was comprised of: Heather Grahame (Vice President and General Counsel), Brian Bird (Vice President and Chief Financial Officer), John Hines (Vice President – Supply), Michael Cashell (Vice President – Transmission), Pat Corcoran (Vice President – Government and Regulatory Affairs), and Dan Rausch (Treasurer). NorthWestern Energy representatives included NorthWestern's outside counsel: Andrew Brown (Dorsey & Whitney – Environmental Counsel); Lance Brasher (Partner, Skadden Arps); Ethan Schultz (Associate - Skadden Arps), and NorthWestern's financial advisor, Credit Suisse (Ahmad Masud, Michael Proskin and David Smith).

The PPL team was comprised of: Tom Douglass (Senior Counsel, PPL Services Corporation); Jeremy McGuire (Vice President – Strategic Development, PPL Strategic Development, LLC), Steve May (Vice President – Development, PPL Strategic Development, LLC), and Adam Star (Financial Analyst, PPL Strategic Development, LLC); UBS (Paul McNutt, Alan Felder, and Joon Lee); and PPL's outside counsel from Simpson Thacher & Bartlett LLP (David Lieberman, Brian Chisling).

The meeting involved negotiations over the Purchase and Sale Agreement. The attorneys were the lead negotiators and attorneys for both NorthWestern and PPL were in all of the meetings. Not all of the meeting participants other than the attorneys were in all of the meetings. In addition, NorthWestern and its representatives had both in-person meetings and telephonic communications with PPLM regarding the due diligence.

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MCC-010 cont'd

In-person or conference call due diligence meetings:

- Butte, MT. Aug 7, 2013. The purpose of the meeting was to introduce the due diligence teams, plan the site inspections and discuss operations of the hydro facilities. The NorthWestern team consisted of Bill Rhoads (General Manager, Generation), John Vandaveer (Manager, Hydro Transition), Mary Gail Sullivan (Manager, Environmental Permitting and Compliance), and Gary Wiseman, Shaw, NWE's Independent Engineer. PPL Attendees included Pete Simonich (Vice President and Chief Operating Officer, PPL Montana, LLC) Gordon Criswell (Director, Environmental and Engineering Compliance, PPL Montana, LLC), Dan Barbosa (UBS), Carrie Harris (Manager, Engineering and Projects, PPL Montana, LLC), Jon Jourdonnais (Manager, Hydro Regulatory and Environmental Compliance, PPL Montana, LLC), Jeremy Clotfelter (Manager Hydro Operations and Maintenance), Steve May (Vice President – Development, PPL Strategic Development, LLC), Dave Shultz (Business Development Director, PPL Strategic Development, LLC), Tom Douglass (Senior Counsel, PPL Services Corporation).

The meeting involved discussion about the hydro organization, FERC relationships, maintenance projects, license compliance approach, various mitigation strategies, monitoring studies, non-license environmental management, and issues that may be of concern.

- During the period of Aug 8, 2013-Aug 29, 2013, the NorthWestern team conducted site visits to each of the hydro facilities. The NWE team was comprised of Bill Rhoads (General Manager, Generation), John Vandaveer (Manager, Hydro Transition), Mary Gail Sullivan (Manager, Environmental Permitting and Compliance), and Gary Wiseman and Nicole Opela, Shaw, NorthWestern's Independent Engineer. John Hines (Vice President, Supply) joined the team for the site visit to Hauser. As the sites are owned by PPL, PPL representatives escorted NorthWestern on each of the due diligence site visits. Jeremy Clotfelter (Manager, Operations and Maintenance) and Dan Barbosa (UBS) facilitated the site visits to the Black Eagle, Rainbow, Cochrane, Ryan, Morony, Hauser and Holter. Carrie Harris (Manager, Engineering and Projects), Dan Barbosa (UBS) and Dave Orinski (Manager-Financial Analysis, PPL Strategic Development, LLC) facilitated the visits to Madison, Hebgen, and Mystic. Jon Jourdonnais (Manager, Hydro Regulatory and Environmental Compliance, PPL Montana, LLC), Dave Orinski (Manager-Financial Analysis, PPL Strategic Development, LLC), and Mike Poelman (UBS) and Roscoe Kronfuss (Hydro Supervisor, PPL Montana, LLC) facilitated the site visits to Thompson Falls and Kerr.

The due diligence is addressed in William T. Rhoads Prefiled Direct testimony.

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Data Requests received January 3, 2014

MCC-010 cont'd

- Conference Call. Aug 26, 2013. The purpose of the call was to follow up on issues that came up during the due diligence site visits. NorthWestern participants included Bill Rhoads (General Manager, Generation), John Vandaveer (Manager, Hydro Transition), Mary Gail Sullivan (Manager, Environmental Permitting and Compliance), Gary Wiseman and Nicole Opela, Shaw, NorthWestern's Independent Engineer, and Andy Brown and Kristin Statsny (Dorsey & Whitney LLP). PPL participants were Jon Jourdonnais (Manager, Hydro Regulatory and Environmental Compliance, PPL Montana, LLC), Jeremy Clotfelter (Manager, Hydro Operations & Maintenance, PPL Montana, LLC), Dave Kinnard (Assistant General Counsel, PPL Services Corporation), Pete Simonich (Vice President and Chief Operating Officer, PPL Montana, LLC), and Mike Poelman (UBS).

The topics discussed included Arctic grayling, demolition of old Rainbow powerhouse, Ryan drinking water system, and sewage lagoon at Hauser.

UPDATED RESPONSE (February 18, 2014):

NorthWestern appreciates MCC's willingness to define meetings to those involving three or more persons. With this modification, NorthWestern is supplementing the response it made on January 24, 2014 by providing Attachment 1, which contains a list of the meetings that occurred between NorthWestern and PPLM regarding the potential acquisition of PPLM's hydroelectric properties.

The MCC stated that its response to NorthWestern's objections to MCC-010 was the same as with respect to MCC-009 and that it was not seeking production of privileged material. NorthWestern has provided a Revised Privilege Log as Attachment 2 that complies with the provisions of M. R. Civ. P. 26(b)(6).

To provide this supplemental response, NorthWestern has checked Outlook Calendars of potential meeting participants. The time period covered is from September 2012—when PPL put the hydroelectric properties up for sale—to September 26, 2013, when the parties executed a Purchase and Sale Agreement to the extent the information regarding the meeting is available and the relevant documents were not destroyed pursuant to the request to return or destroy all documents issued by PPL to NorthWestern on February 11, 2013.¹

¹ As stated in previously filed responses to data requests, as is customary when a Seller enters into a Confidentiality Agreement to bidders for the potential sale of its business, Paragraph 6 of PPL's Sept. 12, 2012 Confidentiality Agreement with NorthWestern Energy required NorthWestern, as a condition of having access to PPL's confidential

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MCC-010 cont'd

For purposes of this response, NorthWestern has defined "PPLM (or representatives or employees thereof)" to include PPL, PPLM, UBS (PPL's financial advisor on the hydroelectric sale), and Simpson Thacher & Bartlett LLP (PPL's outside counsel). NorthWestern has defined "NWE (including employees or representatives thereof)" to include NorthWestern, Credit Suisse (NorthWestern's financial advisor), Skadden, Arps, Slate, Meagher & Flom LLP (NorthWestern's outside counsel), Dorsey & Whitney LLP (NorthWestern's outside environmental counsel), and Shaw/CB&I (NorthWestern's Independent Engineer).

NorthWestern is providing all "notes and other documents" related to these meetings in the folder labeled "MCC-010" on the CD attached to Data Request MCC-006. These are all of the notes and other documents related to the identified meetings NorthWestern has identified as responsive as of Tuesday February 18, 2014 with the exception of notes from Shaw/CB&I, NorthWestern's Independent Engineer. Shaw/CB&I is in the process of collective responsive notes and documents and NorthWestern will submit a supplement to its response as soon as those documents have been identified.

SECOND UPDATED RESPONSE (April 22, 2014):

Pursuant to Commission Order No. 7323g, the protected MCC-010 page identified in "NorthWestern Energy's Motion for Protective Order of Confidential Projections in MCC-009 and MCC-010 Responses and Brief in Support" filed February 18, 2014 has been provided on yellow paper to the Commission and the parties who signed the appropriate non-disclosure agreement. A redacted public version of this page was initially provided on CD as part of the first Updated Response filed February 18, 2014.

Pursuant to Commission Order No. 7323h, protected versions of the two MCC-010 pages identified in "NorthWestern Energy's Motion for Protective Order of Confidential Report and Management Presentation in MCC-009 and MCC-010 Responses and Brief in Support" filed February 18, 2014 have been provided on yellow paper to the Commission and the parties who signed the appropriate non-disclosure agreement, which, in this case, is for Order No. 7323d. Public redacted versions of these pages were initially provided on CD as part of the first Updated Response filed February 18, 2014.

information, to agree to return or destroy all confidential information it obtained from PPL at any time PPL so requests. The Confidentiality Agreement was filed as Attachment 1 to NorthWestern's response to PSC-003. When NorthWestern and PPL did not reach agreement for any of PPLM's assets, PPLM sent a letter to NorthWestern Energy on Feb. 11, 2013 (submitted as Attachment 2 to NorthWestern's response to PSC-003) requesting that NorthWestern destroy or return to PPL all Confidential Information.