



May 16, 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 9 Data Requests (209-216)

Dear Ms. Whitney:

Enclosed for filing is a copy of NorthWestern Energy's responses to MCC Set 9. 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,

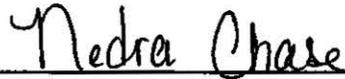
Nedra Chase
Administrative Assistant
Regulatory Affairs

NC/nc
CC: Service List

CERTIFICATE OF SERVICE

I hereby certify that a copy of NorthWestern Energy's response to MCC Set 9 Data Requests (209-216) 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 data request 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. They will also be emailed to counsel of record.

Date: May 16, 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 9 (209-216)

Data Requests served May 2, 2014

MCC-209

Regarding: Interconnected Transmission System
Witness: William T. Rhoads

On page WTR-14 of your Additional Issues testimony in this docket, you state that a pole line from the Mystic Plant to the point of interconnection, as well as another parallel pole, may be restructured in the next 5-20 years, and their costs have been included in the 20-year CapEx budget. Please direct to the specific Exhibit that shows these CapEx budgeted expenses and indicate the year and the specific amount of each expense.

RESPONSE:

See page 182 of 205 of Exhibit__(WTR-2.1).

NorthWestern Energy
Docket D2013.12.85
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Montana Consumer Counsel (MCC)
Set 9 (209-216)

Data Requests served May 2, 2014

MCC-210

Regarding: Major Investment Upgrades
Witness: John C. VanDaveer

On page JCV-5 of your Additional Issues testimony in this docket, you state "...the 20-year plan included the remaining major investment upgrades needed on the system that had not been addressed in the PPLM CapEx investments prior to 2013 and specifically planned from 2013 through 2017." Please provide a list of those major investment upgrades, including the year and the amount of the expense for each upgrade.

RESPONSE:

Please see the response to Data Request PSC-282.

NorthWestern Energy
Docket D2013.12.85
PPLM Hydro Assets Purchase

Montana Consumer Counsel (MCC)
Set 9 (209-216)

Data Requests served May 2, 2014

MCC-211

Regarding: Major Investment Upgrades
Witness: John C. VanDaveer

On page JCV-8 of your Additional Issues testimony, you state “NorthWestern conducted capital expenditure sensitivity analyses to illustrate the effect of potential variances to CapEx expenses.” Please provide a description of each of the sensitivity analyses that NWE performed and explain why it decided that the two scenarios where CapEx increased by 30% and decreased by 15% were the most representative of the potential variance of CapEx expenses.

RESPONSE:

The specific NorthWestern sensitivity analysis and results are described in the additional issues testimonies provided by Joe Stimatz and Travis Meyer.

All capital projects in a business unit’s annual workplan are not completely sustenance (required) projects. The assumption that an operation “needs” all annual forecasted capital assumes that the operation is managing a reactive business plan. NorthWestern develops and manages proactive business plans with integrated capital workplans. The most recent major testament to this is the Distribution System Infrastructure Project currently in progress to proactively upgrade the NorthWestern gas and electric infrastructure across our entire service territory. PPLM has managed its capital investment plans similarly as discussed throughout this docket with reference to past and forecast investments through 2017.

A diversified annual capital plan generally incorporates a combination of sustenance, economic, proactive and performance improvement initiatives. This integrated strategy improves safe performance and results in economic and operational benefit for the Company and its customers.

A diversified annual workplan provides the opportunity to adjust within the workplan for a reasonable level of unanticipated events without materially affecting overall operational performance. Reprioritization and schedule adjustment for discretionary, but important, workplan items are, generally, the only influence to address a reasonable level of unplanned issues. This is the essence of the statement “manage in the normal course of business” used in the NorthWestern employees’ testimony in the docket.

The Company recognizes that an event may occur that could cost more than the normal workplan management capability could cover. This type of an event is unlikely to have a high frequency of occurrence, but could arise from a planned project scope increase or unplanned event. Conversely, capital cost reductions are generally realized through project scope decreases or efficiency in work execution.

**NorthWestern Energy
Docket D2013.12.85
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**Montana Consumer Counsel (MCC)
Set 9 (209-216)**

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MCC-211 cont'd

For the infrequent event that would arise beyond the normal course of business adjustment ability, the +30%/-15% sensitivity analysis was performed to evaluate the impact to the valuation on record that supports the hydro acquisition case against the other resource cases. Changes above plan from planned/unplanned scope variances or cost increases are more likely to be greater than reductions for the type of infrequent events that may happen. Capital cost decreases can generally be associated to execution efficiencies and scope decreases. The 30% upper range increase equates to an additional \$2.55 million to cover unlikely and infrequent events. The examination of the 2008-2012 annual capital expenditures suggests that this level of additional cost would cover most items, if necessary, above defined workplan adjustment ability. The 15% target equates to an amount of \$1.15 million that conservatively covers scope reductions and efficiencies.

This sensitivity was applied to the annual \$8.5 million and evaluated to occur every year in the analysis which will not realistically occur every year. The results of the sensitivity analysis presented in the additional issues testimonies of Travis Meyer and Joe Stimatz show that this conservative analysis does not affect the hydro acquisition case benefit evaluated against the other resource cases.

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Docket D2013.12.85
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Montana Consumer Counsel (MCC)
Set 9 (209-216)

Data Requests served May 2, 2014

MCC-212

Regarding: Kerr Transfer
Witness: Mary Gail Sullivan

On page MGS-10 and MGS-11 of your Additional Issues testimony in this docket, you state that if Kerr does not transfer, it is expected the Fish and Wildlife Implementation Strategy ("FWIS") payment to CSKT would need to continue. Is this payment included in the \$4.5 million 2013 baseline table shown on page MGS-4 of your testimony; if so please indicate within which of the listed items it is included.

RESPONSE:

No. The FWIS payment is included in the O&M forecasted costs for 2013 under the line item Kerr FWIS provided in the response to Data Request MCC-028b.

NorthWestern Energy
Docket D2013.12.85
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Montana Consumer Counsel (MCC)
Set 9 (209-216)

Data Requests served May 2, 2014

MCC-213

Regarding: Superfund Issues
Witness: Mary Gail Sullivan

On page MGS-11 of your Additional Issues testimony in this docket, you state that the cost associated with the Anaconda Copper Mining Company ("ACM") Smelter and Refinery Superfund site will be allocated among the responsible parties. You also state on page MGS-12 that "if NorthWestern was named as a potentially liable party, it would have a strong case to shift the costs to the companies that owned and operated the facility from which the pollutants were released and/or that insurance may be available for such costs." However, the Anaconda Copper Mining Company has gone out of business. Please identify the responsible parties who owned and operated the facility from which the pollutants were released and who will be allocated these costs. Also, please provide the names of parties and the percentage share of liability for each. If specific percentages are not known, please provide best information available to you. Also, please identify the specific insurance coverage that you are referring to.

RESPONSE:

The Atlantic Richfield Company (ARCO) merged with the Anaconda Company in 1977 and British Petroleum purchased ARCO in 2000. ARCO is a subsidiary of BP America. The U.S. Environmental Protection Agency has identified BP-ARCO as a responsible party for the site investigation and remedial costs associated with the ACM Superfund site. Since the boundaries of the Black Eagle Superfund Site have not been defined, other parties may later be identified as responsible parties based on their ownership of property that falls within the Superfund site. In my judgment, however, even if other parties may technically be responsible parties under CERCLA, BP-ARCO should be allocated responsibility for payment of all site investigation and remedial costs given that the need for these cleanup activities is driven by the releases of hazardous substances from the smelter activities operated by the Anaconda Company.

With regard to the insurance referenced in my testimony, historical general liability policies may provide some coverage in the unlikely event NorthWestern were to incur costs associated with the ACM Superfund site.

NorthWestern Energy
Docket D2013.12.85
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Montana Consumer Counsel (MCC)
Set 9 (209-216)

Data Requests served May 2, 2014

MCC-214

Regarding: 20-year CapEx forecast.
Witness: Rick Miller

Please provide, in electronic format with formulas intact, the 20-year capital expenditure ("CapEx") forecast, developed by HDR, as stated in your Additional Issues testimony at page RM-6. Also, please provide for each of the assets the specific CapEx projects and the unspecified allocation of CapEx investments per year as stated on page RM-8 of your testimony, including all supporting documents, data and worksheets.

RESPONSE:

See the following file in the folder labeled "MCC-214" on the attached CD: "NorthWestern 20 Year Capex with Historical HDR 2014-04-10 merged with balanced cash flow.xlsx".

NorthWestern Energy
Docket D2013.12.85
PPLM Hydro Assets Purchase

Montana Consumer Counsel (MCC)
Set 9 (209-216)

Data Requests served May 2, 2014

MCC-215

Regarding: Stochastic Modeling Results.
Witness: Joseph M. Stimatz

Please provide, in electronic format with formulas intact, the data and workpapers used in preparing the tables shown on page JMS-2, "Stochastic Modeling Results (\$Billions)" for the scenarios 30% increase and 15% decrease in capital expenditures each year.

RESPONSE:

Please see the three Excel workbooks in the folder labeled "MCC-215" on the CD attached to MCC-214. The files "Exhibit__(TEM-3).xls" and "Exhibit__(TEM-4).xls" were used to calculate the revenue requirement for the 30% increase and 15% decrease scenarios, respectively, as described in the Additional Issues Testimony of Travis Meyer. The file "Stimatz AI Workpapers.xls" shows the NPV calculations for the portfolios.

NorthWestern Energy
Docket D2013.12.85
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Montana Consumer Counsel (MCC)
Set 9 (209-216)

Data Requests served May 2, 2014

MCC-216

Regarding: Stochastic Modeling Results.
Witness: Joseph M. Stimatz

In reference to the tables shown on page JMS-2, "Stochastic Modeling Results (\$Billions)" for the scenarios 30% increase and 15% decrease in capital expenditures each year, please provide, in electronic format, a chart similar to the one shown on page JMS-4 of your supplemental direct testimony, dated February 2014. Also, please provide all supporting data, spreadsheets and workpapers.

RESPONSE:

Please see the response to Data Request MCC-215. The charts are in the workbook "Stimatz AI Workpapers.xls."