



August 26, 2015

Ms. Kate Whitney  
Utility Division  
Montana Public Service Commission  
1701 Prospect Avenue  
PO Box 2022601  
Helena, Montana 59620-2601

**Re: Docket Nos. D2013.5.33/D2014.5.46 Electric Tracker  
MEIC Set 7 Data Requests (085-094)**

Dear Ms. Whitney:

Enclosed for filing is a copy of NorthWestern Energy's responses to MEIC Set 7 Data Requests in Docket Nos. D2013.5.33/D2014.5.46. It will be hand delivered to the Montana Public Service Commission and the Montana Consumer Counsel this date. It has also been mailed to the service list in this docket, 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,

Tracy Lowney Killoy  
Administrative Assistant

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of NorthWestern Energy's responses to MEIC Set 7 Data Requests (085-094) in Docket Nos. D2013.5.33/D2014.5.46 has been hand delivered to the Montana Public Service Commission and to the Montana Consumer Counsel this date. It has been e-filed on the PSC website, emailed to counsel of record, and served on the most recent service list by mailing a copy thereof by first class mail, postage prepaid.

Date: August 26, 2015

A handwritten signature in cursive script that reads "Tracy Lowney Killoy". The signature is written in black ink and is positioned above a horizontal line.

Tracy Lowney Killoy  
Administrative Assistant  
Regulatory Affairs

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D2013.5.33/D2014.5.46  
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**NorthWestern Energy**  
**Docket D2013.5.33/D2014.5.46**  
**Electric Tracker**

**Montana Environmental Information Center/Sierra Club**  
**Set 7 (085-094)**

Data Requests received August 12, 2015

MEIC-085     Subject: Utility Contracting  
                  Witness: Fred Lyon

Please reference page FL-5 through FL-8 of the Prefiled Rebuttal Testimony of Fred Lyon.

- a.     Please provide copies of each industry related writing by Mr. Lyon on the subject of contracting by an electric utility.
- b.     Please provide copies of the slides or other materials used in each presentation given by Mr. Lyon that addressed, in whole or in part, the subject of contracting by an electric utility.

RESPONSE:

- a.     See Exhibit \_\_ (FL-2) attached to the rebuttal testimony of Mr. Lyon. See also Attachments 1 and 2 in the "MEIC-085" folder on the attached CD
- b.     See Attachments 1 through 6 in the "MEIC-085" folder on the CD.

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MEIC-086    Subject: Utility Contracting  
                  Witness: Fred Lyon

Please reference page FL-10, line 22, through page FL-12, line 22, of the Prefiled Rebuttal Testimony of Fred Lyon. Please provide copies of the recital pages and relevant language from any other agreements, in the possession of Mr. Lyon or NorthWestern that address the issue of consequential damages related to maintenance or overhaul of power plant equipment.

RESPONSE:

NorthWestern does not have in its possession, custody, or control, any of the requested documents. The requested agreements are considered and treated by Mr. Lyon's clients as confidential. He has unsuccessfully requested their permission to provide them to NorthWestern for purposes of responding to this discovery request.

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MEIC-087     Subject: Business Interruption Insurance  
                  Witness: Fred Lyon

Please reference page FL-14, line 20, to page FL-15, line 15, of the Prefiled Rebuttal Testimony of Fred Lyon.

- a.     Provide a list of all of the IPPs of which Mr. Lyon is aware that purchase business interruption insurance for their power plant(s) and provide the documents that form the basis for Mr. Lyon's conclusion that each such IPP purchases that insurance.
- b.     Provide a list of all of the investor-owned utilities, of which Mr. Lyon is aware, that have purchased business interruption insurance for their power plant(s) and provide the documents that form the basis for Mr. Lyon's conclusion that each such IOU purchases that insurance.
- c.     Provide a list of all of the investor-owned utilities of which Mr. Lyon is aware that evaluated the costs and benefits of purchasing business interruption insurance for their power plant(s) and have decided not to do so and provide the documents which form the basis for Mr. Lyon's conclusion that each such IOU has evaluated and decided not to purchase business interruption insurance.

RESPONSE:

- a.     Of the IPPs that Mr. Lyon is aware of which have considered business interruption insurance, he was not directly involved with the evaluation and was thus unaware of whether they decided to procure such insurance. The ultimate decision would have depended upon the complex, integrated documents involved in an IPP transaction, including the Power Purchase Agreement and the lender requirements. Those IPPs that he knows have considered business interruption insurance are CSW Energy, Progress Energy UF Cogeneration, Reliant Energy Hunterstown, Cherokee County Co-Generation, and EcoElectrica.
- b.     Of the investor-owned utilities that Mr. Lyon has represented, he is not aware of any of them that have purchased business interruption insurance. He also has worked with municipal utilities in Florida, specifically the Florida Power Association and the Orlando Utilities Commission. It is his understanding based on public information that both utilities have not purchased business interruption insurance because of its high costs. See the article from the American Public Power Association's website in the "MEIC-087" folder on the CD attached to Data Request MEIC-085.

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MEIC-087 cont'd

- c. Of the investor-owned utilities that Mr. Lyon has represented, he was part of a project team that was fashioning the project delivery system, the risk profile, and related contracts. In those discussions, business interruption insurance would occasionally (but not always) be discussed among the project team and then rejected as not economical. Risk managers for IOUs recognized that the insurance was expensive and the deductibles/exclusions extensive so the need to formally inquire on a project specific basis was not necessary. On occasion, inquiry may have been made, but he has no knowledge or recollection of such inquiry. There are no documents responsive to this question.

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MEIC-088     Subject: Business Interruption Insurance  
                  Witness: Fred Lyon

Please reference page FL-15, line 23, to page FL-16, line 8, of the Prefiled Rebuttal Testimony of Fred Lyon.

- a.     Please provide all of the documents and other evidence that forms the basis for the statement that “It is well known in the industry that such insurance is expensive and because of its costs, limits, restrictions, and terms, not a cost effective option.”
- b.     Please provide all of the documents and other evidence that shows when this became “well known in the industry.”
- c.     Please provide all of the documents and other evidence that shows what NorthWestern knew prior to the 2013 outage about the cost effectiveness of outage insurance.

RESPONSE:

- a.     None. Mr. Lyon’s opinion is based upon 37 years of experience in the industry, participating in numerous negotiations where this insurance was occasionally discussed, general discussions with project and risk managers about insurance options, and industry contacts with whom insurance options were sometimes discussed.
- b.     None. See the response to subpart a, above.
- c.     Mr. Lyon was not involved with NorthWestern’s review and evaluation of outage insurance and so he has no documents responsive to this request.

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MEIC-089     Subject: Generator Failures  
                  Witness: Ron Halpern

Please reference page RAH-5, lines 9-13, of the Prefiled Rebuttal Testimony of Ronald A. Halpern.

- a.     Provide copies of the testimony filed by Mr. Halpern concern the 2000 Hunter core failure and the 2008 Gibson 4 generator failure.
- b.     Identify the company that was the vendor of the generators that failed at the Hunter plant in 2000 and the Gibson 4 plant in 2008, and the model of each of those generators.

RESPONSE:

- a.     See Attachments 1 and 2 in the "MEIC-089" folder on the CD attached to Data Request MEIC-085 for testimony concerning the Hunter core failure and see Attachment 3 concerning the Gibson 4 generator failure. Regarding the Hunter core failure, Mr. Halpern also testified on this matter in an Oregon Public Utility Commission case (Docket No. UM995/UE121/UC578) and filed rebuttal testimony in the 2002 Wyoming Public Service Commission case. Mr. Halpern does not have final, public versions of these testimonies and they are not available online.
- b.     The Hunter generator is a Westinghouse SN 1-85P0405 Hydrogen inner cooled generator. The Gibson generator is a GE 4A4W1 generator.

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MEIC-090 Subject: Colstrip Unit 4 Generator Overhaul  
Witness: Ron Halpern

Please reference page RAH-7, lines 13-16, of the Prefiled Rebuttal Testimony of Ronald A. Halpern. Please state the date when the following activities occurred during the May 2013 Colstrip Unit 4 generator overhaul:

- a. rotor insertion
- b. installation of the skid pan
- c. installation of the air gap baffles.

RESPONSE:

I am unaware of when each of the actions noted in subparts a through c above occurred during the May 2013 Colstrip Unit 4 generator overhaul.

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MEIC-091 Subject: Colstrip Unit 4 Generator Overhaul  
Witness: Ron Halpern

Please reference page RAH-7, lines 13-16, of the Prefiled Rebuttal Testimony of Ronald A. Halpern. To the extent that “damage from the skid pan” occurred, please state when Mr. Halpern believes that such damage would have occurred.”

RESPONSE:

To install the rotor in the stator, a skid pan is utilized to slide the rotor in. The damage could have occurred when the skid pan was being installed in the stator, when the rotor was placed on the sliding shoe of the skid pan, or when the skid pan was removed after the rotor was in place.

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MEIC-092    Subject: Generator Failures  
                  Witness: Robert Ward

Please reference page RTW-9, lines 13-16, of the Prefiled Rebuttal Testimony of Robert T. Ward.

- a.     Please provide a list of the dates of each catastrophic-type failure of large generators manufactured between 1976 and 1997 of which Mr. Ward is aware.
- b.     Specify the length of the power plant outage(s) that followed each such failure.
- c.     Specify the root cause of each such failure.

RESPONSE:

- a.     I do not remember the specific dates.
- b.     I do not remember the length of the outages.
- c.     The Hudson No. 2 and Labadie No. 1 were caused by mechanical failures of a zone ring on the rotor. The Willow Glen and Martin County generator failures were caused by loose laminations which resulted in foreign objects in the core. Sammis No. 6 failed due to the melting of a coil in the generator. The failure at El Rama resulted from a through bolt insulation. Hunter 1 is believed to have failed due to shorted laminations from a loose through bolt. Also, generators in Brazil, Ohio (Sammis), and Florida (Turkey Point) failed due to overfluxing operation.

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MEIC-093     Subject: Colstrip Units 3 and 4 Performance  
                  Witness: Michael Barnes

Please reference page MJB-5, lines 13-18, of the Prefiled Rebuttal Testimony of Michael J. Barnes.

- a.     Specify each of the other measures of generator performance that are used in the industry.
- b.     For each such measure, please provide the annual performance of Colstrip Unit 3 and Colstrip Unit 4, separately, under that measure in the years starting with 2009 and ending with 2014.

RESPONSE:

- a.     NorthWestern objects to Data Request MEIC-093a because it is overly broad and therefore seeks irrelevant information. Pursuant to Rule 26(b)(1) of the Montana Rules of Civil Procedure (“M. R. Civ. P.”), a party may only obtain discovery “relevant to any party’s claim or defense” and that “appears reasonably calculated to lead to the discovery of admissible evidence.” The Commission adopted M. R. Civ. P. 26 in its administrative rules. *See* ARM 38.2.3301. Discovery is irrelevant if it “has no bearing on [the] legitimate issues” in the docket. *Henricksen v. State*, 2004 MT 20, ¶ 44, 319 Mont. 307, 84 P. 3d 38. In *Henricksen*, the Supreme Court affirmed the district court’s decision to deny the State’s discovery requests for the other party’s financial documents, school transcripts or personnel records since the issue to be decided by the court involved the party’s mental and emotional states and not a claim for lost earnings or lost earning capacity. *Id.*

Before the Commission in this docket is NorthWestern’s electricity supply tracker. As required by law, the Commission established an “electricity cost recovery mechanism” that permits NorthWestern “to fully recover prudently incurred electricity supply costs.” *See* Mont. Code Ann. § 69-8-210(1). In this matter, NorthWestern filed applications requesting permission to track certain electricity supply costs incurred during two tracker years.<sup>1</sup> Specifically, it pertains to electricity supply costs incurred from July 1, 2012 to June 30, 2014. In Order No. 6925f in Docket No. D2008.6.69 (“Order”), the Commission granted NorthWestern the right to include its interest in Colstrip Unit No. 4 (“CU4”) in rate base as an electricity supply resource. Additionally, in that Order, ¶¶ 260-61, the Commission permitted NorthWestern to track costs from CU4 incurred in a tracker year. NorthWestern’s applications in this docket include requests to track the

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<sup>1</sup> The Commission consolidated NorthWestern’s 2013 Electricity Supply Tracker docket with its 2014 Electricity Supply Tracker docket. *See* Notice of Commission Action issued May 12, 2014.

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following variable costs related to CU4: fuel costs, property taxes, demand-side management lost revenues, and carrying costs. This docket also includes a request to recover certain replacement power costs resulting from an outage at CU4 that occurred in the second half of 2013. The issues in an electricity supply tracker docket involve requests to recover electricity supply costs that have been incurred during a tracker period. With respect to the replacement power costs, the Commission must determine if the costs were prudent. In order to determine if the replacement power costs were prudent, the Commission must look to see what NorthWestern knew or should have known at the time the costs were incurred.

This data request is overly broad and therefore irrelevant. First, it does not limit the request to performance measures for coal facilities, which is the type of facility at issue in this docket. Second, depending on the reason for inquiring, many different performance measures might be relevant. For example, a party may be looking at a facility to determine if it would be prudent to purchase that facility. In that case, the cost to run the facility compared to the revenue expected may be a performance measure relevant to the decision. In this case, that performance measure is irrelevant, however, and will not lead to the discovery of relevant information concerning whether or not the replacement power costs incurred because of the 2013 CU4 outage were prudently incurred.

Notwithstanding and without waiving said objection, NorthWestern provides the following response concerning reliability performance measures for coal facilities:

In the coal industry, the other performance measures that deal with and concern reliability of coal facilities include those statistics that are required to be reported to NERC or necessary to calculate those statistics reported to NERC as part of the GADS reporting requirement. These statistics include the following: service factor, availability factor, net capacity factor, net output factor, EAF, forced outage factor, equivalent forced outage factor, tons of coal, gallons of fuel, net heat rate, percentage of auxiliary power, service hours, period hours, forced outage hours, maintenance hours, planned outage hours, reserve outage hours, total outage hours, and equivalent lost production hours.

- b. See the public and protected response to Data Request MEIC-072c.

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MEIC-094     Subject: Michael J. Barnes Workpapers  
                  Witness: Michael Barnes

Please reference pages MJB-8 to MJB-16 and Exhibit MJB-2 of the Prefiled Rebuttal Testimony of Michael J. Barnes. Please provide, in electronic Excel-readable format, with all cells active, all of the workpapers for Mr. Barnes' Exhibit MJB-2 and any other workpapers and source documents that are not electronic spreadsheets.

RESPONSE:

See the Excel spreadsheet analysis and the Mid-C Historical Prices workbook containing data used in the analysis on the attached copyrighted CD. Please note that NorthWestern is relying on the "fair use" exemption of federal copyright law to supply these attachments for purposes of this docket only. No copies should be made, nor should the parties receiving this copyrighted information use it for any purposes other than for this docket. These documents have not been e-filed on the Commission website.

See also the documents provided on CD in response to Data Request MEIC-072c.