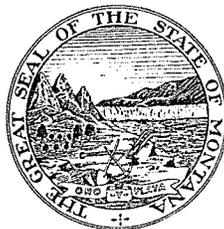


PUBLIC SERVICE COMMISSION
STATE OF MONTANA

Brad Johnson, Chairman
Travis Kavulla, Vice Chairman
Kirk Bushman, Commissioner
Roger Koopman, Commissioner
Bob Lake, Commissioner



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August 14, 2015

Mr. Joe Schwartzenberger
Regulatory Affairs Department
NorthWestern Energy
40 East Broadway
Butte, MT 59701

RE: Data requests in Consolidated Dockets D2013.5.33 and D2014.5.46

Dear Mr. Schwartzenberger:

Enclosed please find Data Requests of the Montana Public Service Commission to NorthWestern Energy (NWE) numbered PSC-050 through PSC-075 in the above-referenced consolidated Dockets. Please begin the response to each new numbered Data Request on a new page. Please respond by August 28, 2015. If you have any questions, please contact me at (406) 444-6191.

Sincerely,


Neil Templeton
Regulatory Division
Montana Public Service Commission

Service Date: August 14, 2015

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER OF NorthWestern)	REGULATORY DIVISION
Energy's 2012-2013 Electricity Supply)	
Tracker)	DOCKET NO. D2013.5.33
)	
IN THE MATTER OF NorthWestern)	DOCKET NO. D2014.5.46
Energy's 2013-2014 Electricity Supply)	
Tracker)	

DATA REQUESTS PSC-050 THROUGH PSC-075 OF THE
MONTANA PUBLIC SERVICE COMMISSION
TO
NORTHWESTERN ENERGY

PSC-050

Regarding: Colstrip Outages
Witness: Corcoran

- a. Please explain whether either of Colstrip Units 3 or 4 have experienced a forced outage since NWE filed direct testimony in this matter.
- b. If there has been a forced outage as identified in (a), please explain the circumstances, cause, and the length of the outage.

PSC-051

Regarding: CU4 Acquisition
Witness: Corcoran and Barnes

Please identify any place in NWE's application or representations that it made in D2008.6.69 where the company identified that the inter-lamination insulation on the 1985 generator was no longer considered state-of-the-art.

PSC-052

Regarding: Cost recovery of outage costs
Witness: Corcoran

For each of the other Colstrip Unit 4 regulated-utility co-owners, please explain whether or not their customers have had to bear the entirety of the replacement power costs resulting from the plant outage.

PSC-053

Regarding: Judgment Proceeds
Witness: Corcoran

You argue that including the replacement power costs in rates in these proceedings would not provide NWE with an opportunity for a double recovery in the event of the recovery of proceeds from successful litigation (6:21-7:7).

- a. In light of your contention, please identify where, in MCA 69-8-103(8), judgment proceeds could be considered an “electricity supply cost.”
- b. If NWE stands to pass through in their entirety the proceeds of successful, but time-consuming and costly litigation, please explain what financial incentive NWE itself has to embark on such litigation, regardless of its merits.

PSC-054

Regarding: LRAM Policy’s Influence on DSM Acquisition
Witness: Corcoran

You say that “NorthWestern has been **acting in reliance** upon Order No. 6674e [which established the LRAM program] ever since it was issued.” [emphasis added] (11:2-3). Are you suggesting that the absence of an LRAM would change NWE’s acquisition activities relative to DSM and, if so, how would they change?

PSC-055

Regarding: Documentation
Witness: Goetz

- a. Provide the “document indicating a declination by the insurer to pursue litigation on potential subrogation interests” (6:10-11)
- b. Provide all the documentation you relied on to make your statement that you “have reviewed information on general industry practice regarding limitation of consequential damages in contracts such as the PPL/Siemens contract involved here.” (6:11-14).

PSC-056

Regarding: Lack of Privity between NWE and Siemens

Witness: Goetz

- a. Is it common for a multi-owner electric generating unit to contract through a single plant operator for maintenance, with no privity among other owners?
- b. Do you believe it would be wise for NWE, in future relationships, to seek to establish privity by making itself a party to maintenance contracts?
- c. Would it be appropriate for the Commission to disallow costs from recovery for NWE if PPL, acting as the representative or agent of the co-owner NWE, had acted negligently or imprudently?

PSC-057

Regarding: Documentation

Witness: Lyon

- a. Provide the full citation to the textbook referred to on 6:17-19.
- b. When was the article provided as Exhibit__FL-2 published, and how has the risk tolerance of counterparties in the relationships you describe changed since then?
- c. Are all the exhibits FL-3 to FL-8 agreements for new construction projects, or are they agreements for maintenance similar to the Siemens-PPL arrangement?

PSC-058

Regarding: Outage Insurance

Witness: Lyon

- a. Describe how you are aware of the fact that IPPs “are more likely to purchase [outage] insurance” (14:20-21).
- b. Please provide the examples you are familiar with of IPPs who have purchased such insurance.
- c. Please explain why a thinly capitalized firm would be more likely to purchase outage insurance.
- d. Please explain why regulated utilities could not pass along the cost of outage insurance in their rates (14:23-24).

PSC-059

Regarding: Interlaminar Insulation

Witness: Halperin

You note in several places that in 1985 the interlaminar insulation, Alkophos, was “state-of-the-art” (8:22-23; 10:17), caveating this description with “at the time this machine was built” (9:18).

- a. Please describe what was state-of-the-art practice in interlaminar insulation, circa 2008 and 2009.
- b. Please describe what state-of-the-art practice is today.
- c. Provide any technical articles or publications you are aware of that describe the state-of-the-art practice in (a) and (b).

PSC-060

Regarding: Interlaminar Insulation Tests

Witness: Halperin

- a. Explain why prior tests would have found the insulation to be “acceptable” (10:20) but by the time of the outage there was “inadequate interlaminar insulation” (11:10).
- b. When was the last time the interlaminar insulation could have been tested?
- c. Please provide the years when the “core was tested several times during prior outages to determine if the insulation was acceptable and it ultimately passed those tests” (10:19-21), indicating whether it failed a test initially or at any time before it ultimately passed.
- d. Please provide the written results of the tests described in (c).
- e. Did the tests described in (c) test for the conditions described at 9:3-6? Explain.

PSC-061

Regarding: Definition of Terms

Witness: Halperin

- a. Please describe what an “air gap baffle” is, and how it is “insert[ed]” (11:11) into the generator.
- b. Please describe what a “skid pan” is and how it could be “damage[d]” (11:12).

PSC-062

Regarding: Documentation

Witness: Halperin

- a. Please provide Item No. 28 in Exhibit__(RAH-3), "Lessons Learned from Generator Failures". If it is a PowerPoint or other electronic file other than a Word document, please provide both a hard copy and an active digital form.
- b. Please provide Items No. 26 and 27 in Exhibit__(RAH-3). If either file is a PowerPoint or other electronic file other than a Word document, please provide both a hard copy and an active digital form.

PSC-063

Regarding: Operator Staff with Expertise in Generators

Witness: Halperin, Ward and/or Barnes

Mr. Halperin writes that, regarding aspects of generator operation such as procedures related to inspection of a generator's interlaminar insulation, that "most utilities rely on the OEM, in this case Siemens, to provide technical expertise for the inspection and repair of their generators."

- a. Please describe whether PPL and, now, Talen, has anyone on its staff with sufficient familiarity with this kind of generator to understand the "procedures related to inspection of a generator's interlaminar insulation."
- b. Please identify by name, address and contact information, any person you have identified in (a).

PSC-064

Regarding: Knowledge of Generators

Witness: Barnes

- a. Please describe generally your expertise on the topic of generators such as that at CU4, and particularly with the potential for or causes of generator failure.
- b. Did you ever express concerns to the plant operator or to Siemens about the plant's interlaminar insulation?
- c. Please describe what you knew about interlaminar insulation before the events of July 2013.

PSC-065

Regarding: Equivalent Availability Factor (EAF)
Witness: Barnes

What was the EAF of CU4 from its first day of operation to 1995?

PSC-066

Regarding: Hypothetical Insurance Costs
Witness: Barnes

- a. In Exhibit__ (MJB-2) you present a table showing the supposed costs and benefits of outage insurance for 2002 to 2014. When you calculated the “Payments on received as a result of BI insurance” [*sic*], please explain more precisely the data input for the “Annual actual Mid C price.” Was it an annualized price of Mid-C you used, or hourly or monthly?
- b. Please describe why there is not “Payments on received as a result of BI insurance” for 2014 in your hypothetical exhibit.
- c. Please provide all work papers and information you used to compile this exhibit.

PSC-067

Regarding: Hedging Outcomes and Hedging Strategy
Witness: Markovich

At (4:22-5:6) you testify:

On page 7, lines 2-12, Mr. Donkin asserts that the counterparties to these hedging transactions have more incentive to “beat the market” and so “NorthWestern appear[s] to be more likely [] the loser over time.” Do you agree with this assertion?

No. Such statements are factually unfounded and cannot be supported. For those comments to be true, the NorthWestern counterparties would have to be able to influence future market prices to ensure they win their “bets” with NorthWestern.

- a. Please explain in detail why a counterparty would have to be able to influence the market in order to expect profit from its fixed-for-float transactions with a fully regulated public utility.
- b. Please explain why more resources and/or aptitude to predict the market would not be sufficient to enable a counterparty to expect a profit from its fixed-for-float transactions with a fully regulated public utility.

- c. Please explain whether NorthWestern is willing to pay a premium for stable supply costs, and if not, why not. In other words, is NorthWestern willing to enter into off-system, fixed price transactions, the expected value of which exceed the expected value of forecast index prices plus transaction cost?
- d. Would such a premium contribute toward the positive expected return for the float counterparty?
- e. If you have empirical evidence to support the equivalence of fixed and float positions with respect to expected financial gain, please provide.

PSC-068

Regarding: Outage Cost Estimate

Witness: Markovich

- a. Please describe the significant differences in “the historical operation performance of CU3 and CU4” that you refer to in 11:19-20 that would lead them to operate significantly differently.
- b. Please explain the difference between the data used to populate the row labeled “Actual monthly spot purchase prices” in Exhibit__ (KJM-1) and the data used to populate Mr. Barnes’ data for the column entitled “Annual actual Mid C Price” for 2013 and 2014.

PSC-069

Regarding: Excel Updates

Witness: Schwartzenberger

Please provide updated electronic versions of Exhibit_(WMT-1) and Exhibit_(WMT-3).

PSC-070

Regarding: Transmission Costs

Witness: Markovich

- a. Please explain why there was a 52 “MW” off-system sale of excess “energy” to WAPA at Crossover during April 2014. *See* PSC-041.
- b. Please identify the line(s) in Mr. Bennett’s revised exhibits where this sale appears.
- c. Please explain whether this sale consisted of one-time or recurring transaction(s), and describe the nature of the transaction(s), including counterparty, price, and term.

- d. Please explain whether NorthWestern predicted having 52 MW of having excess energy in April 2014, and if so, provide documentation of having so predicted.
- e. Please identify and quantify the extent to which individual electricity supply resources caused NorthWestern to have 52 MW of excess energy in April 2014.

PSC-071

Regarding: Spion Kop Variable Revenues

Witness: Bennett

- a. Should line 44 of Exhibit_(FVB-8)13-14 represent the product of lines 39 and 40?
- b. Why were “NWE Spion Kop Revenues” (line 44 of Exhibit_(FVB-8)13-14) negative from January through June 2014? *See* PSC-042.

PSC-072

Regarding: DGGs Variable Costs

Witness: Bennett

- a. Please identify the specific language in Order 7219h that caused “the correcting entry to adjust fuel costs to actual market prices” in May 2014. *See* PSC-043.
- b. Please identify where in Order 7219h the Commission approved actual market prices.
- c. Please provide supporting workpapers for the May 2014 “MPSC-Related Fuel Adjustment” that appears on line 56, page 2 of Exhibit_(FVB-6)13-14 in Docket D2014.5.46.

PSC-073

Regarding: Revised Exhibits

Witness: Bennett

Please provide revised exhibits (including in electronic format) in which any errors or typos identified by NorthWestern to-date have been corrected. To these extent errors or typos have been identified in a data request, please use footnotes or an index to cross-reference specific corrections.

PSC-074

Regarding: Spot Market Transactions

Witness: Markovich

- a. Please confirm that “[o]ff system purchases and sales net out to zero each month regardless of the line item where they are shown” in Mr. Bennett’s Exhibits that show such information from July 2012 through June 2014. *See* PSC-045b.
- b. Please identify any months from July 2012 through June 2014 in which NorthWestern sold more energy than it purchased in the spot market, and quantify the net amount sold.
- c. Is it accurate to classify index-based sales used to effectuate Mid-C hedge transactions (entered into just prior to the start of the month) as spot sales?
- d. Is there a better category (i.e., line item) for index-based sales used to effectuate Mid-C hedge transactions (entered into just prior to the start of the month) that already appears in Mr. Bennett’s exhibits? *See* PSC-074.

PSC-075

Regarding: Estimating Imbalance and Tracker Modeling

Witness: Bennett

In response to PSC-047 you said that “the model used for the tracker. . . . is a balanced model. To project excess purchases or excess sales creates an arbitrary, speculative state in the model.”

- a. Did NorthWestern use the same model for the tracker before and after July 2012? Please identify the model and its source, and describe how it works.
- b. Please explain in detail how the model used for the tracker accounts for hours in which supply from owned and contracted resources exceeds retail customer load.
- c. Please identify, by month from July 2012 through June 2014, the number of times the model used for the tracker accounted for an hour in which supply from owned and contracted resources exceeded retail customer load.
- d. Please confirm that the model used for the tracker matches estimated resources with forecasted retail customer load *on an hourly basis*, that “imbalance” is an intra-hour service, and the model used for the tracker is not capable of intra-hour adjustments.
- e. Please describe the extent to which the limitations of the model used for the tracker are the reason that NorthWestern stopped estimating future imbalance, and describe any other reasons why it stopped estimating future imbalance expenses in July 2012.