

PUBLIC SERVICE COMMISSION STATE OF MONTANA

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February 13, 2014

Mr. Patrick R. Corcoran, Vice President
Government and Regulatory Affairs
NorthWestern Energy
40 East Broadway
Butte, MT 59701

RE: Data requests in Docket D2013.12.85

Dear Mr. Corcoran,

Enclosed please find data requests of the Montana Public Service Commission to NorthWestern Energy (NWE) numbered PSC-121 through PSC-129 in the above-referenced Docket. Please begin the response to each new numbered data request on a new page. If you have any questions, please contact me at (406) 444-6184.

Sincerely,

Dagan Lynch
Regulatory Division
Montana Public Service Commission

Service Date: February 13, 2014

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

IN THE MATTER OF the Application of) REGULATORY DIVISION
NorthWestern Energy's Application for)
Approval to Purchase and Operate PPL) DOCKET NO. D2013.12.85
Montana's Hydroelectric Facilities, for Approval)
of Inclusion of Generation Asset Cost of Service)
in Electricity Supply Rates, for Approval of)
Issuance of Securities to Complete the Purchase,
and for Related Relief

**DATA REQUESTS PSC-121 THROUGH PSC-129 OF THE
MONTANA PUBLIC SERVICE COMMISSION
TO
NORTHWESTERN ENERGY**

PSC-121

Regarding: DCF
Witness: Bird

- a. Did NWE conduct a sensitivity analysis on either the weighted average cost of capital or the perpetual growth rate?
- b. If so, please provide the work papers for each. If not, please explain why a sensitivity analysis was not conducted.

PSC-122

Regarding: EBITDA
Witness: Bird

- a. Did NWE account for cash required to fund working capital and replace old equipment in the EBITDA calculation?
- b. If yes, how? If no, why not?
- c. Does NWE have a standard input model to calculate EBITDA? If so, please provide the inputs NWE uses consistently.

PSC-123

Regarding: Financial Models

Witnesses: Meyer

- a. Travis E. Meyer's pre-filed direct testimony page 5, lines 7-10 mentions intangible factors. Is there an approximate percentage demonstrating to what extent these factors could impact the model?
- b. Please provide the work papers NWE used to account for these factors.

PSC-124

Regarding: DCF

Witnesses: Stimatz

- a. What value drivers were combined to reach the estimated market multiplier used for the terminal value in Exhibit_ (JMS-1)?
- b. Please identify the peer group used in estimating the market multipliers.
- c. Please provide the work papers used by NWE and Credit Suisse to develop the market multipliers.

PSC-125

Regarding: Terminal Value

Witnesses: Stimatz

- a. What if any sensitivity analyses were performed on the perpetual growth rate used in determining the terminal value in Exhibit_ (JMS-1)? If not, why?
- b. Please provide electronic copies of the sensitivity analysis if it was performed.

PSC-126

Regarding: DCF

Witnesses: Stimatz

What peer group did Credit Suisse use to determine the WACC? Please provide any and all work papers used by Credit Suisse to determine the recommended WACC.

PSC-127

Regarding: Precedent Utility Transactions

Witnesses: Masud

- a. Atlantic Power Corporation's Barra Predicted Beta seems high compared to the other three companies listed in the data set. Why would this company not be considered an outlier? (AM Exhibit 1 page 17 of 26).
- b. Brookfield Renewable Energy Partners LP's enterprise value/EBITDA seems high as compared to the other three companies listed in the data set. Why would this company not be considered an outlier? (AM Exhibit 1 page 17 of 26).

PSC-128

Regarding: Revenue Requirement

Witnesses: DiFronzo

Please explain the difference in the revenue requirement used in Exhibit_ (PZD-1) page 1 of 12 to the revenue requirement used in Exhibits (TEM-1) and (TEM-2).

PSC-129

Regarding: Blackstone

Witnesses: Applicable

- a. Did NWE consult with any other entities besides Blackstone for a fairness opinion?
If not, why?
- b. Does Blackstone or any member of the work team assigned to Project Mustang have any affiliation to or financial interest in the transaction?