

1 BEFORE THE PUBLIC UTILITIES COMMISSION  
 2 OF THE STATE OF SOUTH DAKOTA  
 3 \*\*\*\*\*  
 4 Docket No. GE06-001  
 5 IN THE MATTER OF THE MERGER  
 6 BETWEEN NORTHWESTERN CORPORATION  
 7 AND BBI GLACIER CORP., A SUBSIDIARY  
 8 OF BABCOCK & BROWN INFRASTRUCTURE LIMITED  
 9  
 10 Woods Law Firm  
 11 Sioux Falls, SD  
 12 September 27, 2006  
 13 9:00 o'clock a.m.  
 14 \*\*\*\*\*  
 15 DEPOSITION OF  
 16 Kendall Kliewer  
 17 \*\*\*\*\*  
 18 APPEARANCES:  
 19 Mr. David A. Gerdes  
 20 May, Adam, Gerdes & Thompson  
 21 Box 160  
 22 Pierre, SD 57501  
 23 for Northwestern Corporation  
 24  
 25 Mr. James E. Moore  
 Woods, Fuller, Shultz & Smith  
 300 South Phillips Avenue Suite 300  
 Sioux Falls, SD 57102  
 for Heartland Consumer Power  
 District and South Dakota Public  
 Power Company  
 Ms. Darla Pollman Rogers  
 Riter Rogers Wattier & Brown  
 Box 280  
 Pierre, SD 57501-0280  
 for East River Electric &  
 Basin Electric

1 STIPULATION  
 2 It is stipulated and agreed by and between  
 3 the above-named parties, through their  
 4 attorneys of record, whose appearances have  
 5 been hereinabove noted, that the deposition of  
 6 Kendall Kliewer may be taken at this time and  
 7 place, that is, at the offices of Woods,  
 8 Fuller, Shultz & Smith, Sioux Falls, South  
 9 Dakota, on the 27th day of September, 2006,  
 10 commencing at the hour of 9:00 o'clock a.m.;  
 11 said deposition taken before Jill M. Connelly,  
 12 Notary Public within and for the State of South  
 13 Dakota; said deposition taken for the purpose  
 14 of discovery or for use at trial or for each of  
 15 said purposes, and said deposition is taken in  
 16 accordance with the applicable Rules of Civil  
 17 Procedure as if taken pursuant to written  
 18 notice.  
 19 KENDALL KLIEWER,  
 20 called as a witness, being first duly sworn,  
 21 testified as follows:  
 22 MR. GERDES: Even though we have talked  
 23 about notice, may it be stipulated that the  
 24 deposition of Kendall Kliewer may be taken at  
 25 this time and place before Jill Connelly, a

1 INDEX TO WITNESS  
 2  
 3 Examination  
 4  
 5 BY Mr. Moore p. 4  
 6 BY Ms. Rogers p. 65  
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 9  
 10 INDEX TO EXHIBITS  
 11  
 12 Marked for Offered for  
 13 Identification Evidence  
 14  
 15 Exhibit 1 p. 34  
 16 (Northwestern Corporation FERC basis  
 17 revenue-South Dakota, Year ended  
 18 December 31, 2005)  
 19  
 20  
 21  
 22 \*\*\*\*\*  
 23 The original transcript of this deposition will  
 24 be given to Mr. Moore after the witness has  
 25 read and signed it.

1 Notary Public in and for the State of South  
 2 Dakota, and that this deposition will be  
 3 confidential subject to the Commission rules on  
 4 confidentiality, and it is for all purposes  
 5 authorized by the South Dakota Rules of Civil  
 6 Procedure, and we're taking it without prior  
 7 notice.  
 8 MR. MOORE: My only comment, I guess, is  
 9 that not having heard any of the answers to the  
 10 questions that I'm going to ask, I understand  
 11 that we have the right to object to any  
 12 portions of the deposition at a later date we  
 13 may think are not confidential pursuant to the  
 14 terms of the Stipulated Order that has been  
 15 agreed to and the Commission's own rules on  
 16 confidentiality.  
 17 MR. GERDES: I agree with that.  
 18 MS. ROGERS: I agree with that, yes.  
 19 EXAMINATION BY MR. MOORE:  
 20 Q. Mr. Kliewer, my name is James Moore. I'm here  
 21 on behalf of Heartland Consumers Power District  
 22 and South Dakota Power Company, who are  
 23 intervenors in the application of Northwestern  
 24 Corporation before the South Dakota Public  
 25 Utilities Commission.

1 I just want to ask you some questions  
 2 about Northwestern Corporation and about the  
 3 revenue calculations that have been submitted  
 4 to the Public Utilities Commission related to  
 5 an issue of jurisdiction.  
 6 I'll start by asking you some questions  
 7 about yourself. Can you tell me what your  
 8 position is with Northwestern Corporation?  
 9 A. Yes. I'm vice president and controller of  
 10 Northwestern Corporation.  
 11 Q. To whom do you report?  
 12 A. I report to the CFO, Brian Bird.  
 13 Q. Are there employees in the controller's office  
 14 at Northwestern Corporation that you supervise?  
 15 A. Yes.  
 16 Q. Who are they? Not by name, but by position.  
 17 A. I have two managers of accounting, an SEC  
 18 reporting manager, a manager of fixed assets  
 19 and accounts payable, and a director of  
 20 financial reporting.  
 21 Q. Is there any accounting staff that reports to  
 22 the chief financial officer that is not under  
 23 your oversight?  
 24 A. The tax director reports directly to the CFO.  
 25 Q. Outside of the people that we talked about

1 the SEC?  
 2 A. For the SEC we file quarterly reports or annual  
 3 reports is a Form 10K and then quarterly  
 4 reports are on Form 10Q.  
 5 Q. Do all of those reports -- what is your direct  
 6 involvement in the preparation of those  
 7 reports?  
 8 A. I oversee the drafting of those reports and  
 9 distribute drafts for comments to various  
 10 individuals throughout Northwestern, but I'm  
 11 directly responsible for the financial  
 12 statements and supporting the CEO and CFO  
 13 certification of those.  
 14 Q. What financial reporting does Northwestern do  
 15 to the South Dakota Public Utilities  
 16 Commission?  
 17 A. The South Dakota Public Utilities Commission is  
 18 very limited. We provide them monthly report  
 19 of our revenues, and that's about it, unless  
 20 they have specific requests.  
 21 Q. In what form is the monthly revenue report  
 22 provided to the South Dakota Public Utilities  
 23 Commission?  
 24 A. It's in an Excel file, and it's basically a  
 25 download from our SAP system, which is our

1 then, are there other people in the accounting  
 2 business at Northwestern Corporation?  
 3 A. There are staff of my direct reports, yes.  
 4 Q. How many people comprise the accounting  
 5 department?  
 6 A. 30 to 35, depending on the day.  
 7 Q. How many are them are employed in Sioux Falls?  
 8 A. I have three accountants in Sioux Falls,  
 9 including the manager.  
 10 Q. Can you describe for me generally what your  
 11 duties as the controller are?  
 12 A. I'm in charge of the accounting and financial  
 13 reportings that covers SEC reporting,  
 14 regulatory reporting or any financial  
 15 information that is sent to the South Dakota  
 16 Public Utilities Commission, the Nebraska  
 17 Public Service Commission, the Montana Public  
 18 Service Commission, and the FERC, Federal  
 19 Energy Regulatory Commission.  
 20 So I also supervise and review internal  
 21 accounting, monthly closing of the books that  
 22 feed up to our external reporting.  
 23 Q. Can you just describe for me the external  
 24 reporting that you do and the frequency with  
 25 which you do it? What do you have to do for

1 general accounting system that we track all our  
 2 revenues and costs.  
 3 Q. SAP stands for what?  
 4 A. SAP is the vendor. I'm not sure what it stands  
 5 for.  
 6 Q. It's a brand name?  
 7 A. It's a brand of software, yes.  
 8 Q. What financial information is contained in that  
 9 report?  
 10 A. The revenues of our South Dakota business. I  
 11 think in the past we provided both Nebraska and  
 12 South Dakota revenues, and we've gone to just  
 13 providing South Dakota revenues, I believe.  
 14 Q. Why in the past did you provide Nebraska  
 15 revenues to the South Dakota Public Utilities  
 16 Commission?  
 17 A. It was just probably an oversight. They  
 18 requested a report in both our Nebraska and  
 19 South Dakota revenues rolled up under the same  
 20 division within SAP, and we have what we call a  
 21 company code NPS in Nebraska regulator revenues  
 22 and South Dakota regulator revenues rolled up  
 23 into that.  
 24 Q. When did you discontinue providing Nebraska  
 25 revenues to the South Dakota PUC?

1 A. I don't remember that date. I would have to  
 2 find that out for you.  
 3 Q. Was that a unilateral decision Northwestern  
 4 Corporation made with respect to discontinuing  
 5 that reporting?  
 6 A. We talked with Dave Jacobson probably over a  
 7 year ago, maybe a year and a half ago, and  
 8 asked him what reporting he needed, because we  
 9 were discussing with him. We kind of stopped  
 10 sending it altogether on a monthly basis, just  
 11 because we have some concerns with providing  
 12 that information prior to issuing our SEC 10Qs  
 13 or 10Ks, since it's not public until that  
 14 time.  
 15 We had a discussion with Dave, and resumed  
 16 sending him the information. During that  
 17 discussion we talked about what he actually  
 18 needed, and he wanted -- what he wanted was  
 19 South Dakota revenues.  
 20 Q. Do you include anything else in the reporting  
 21 to the South Dakota PUC besides South Dakota  
 22 revenues, what you define as South Dakota  
 23 revenues?  
 24 A. Not that I remember, but it's been -- I have a  
 25 staff person that sends that every month to

1 Q. Does it contain only South Dakota revenues and  
 2 not total Northwestern Corporation revenues?  
 3 A. I can't remember what we started sending them.  
 4 I believe it is just South Dakota revenues.  
 5 Q. How about the Nebraska regulatory agency? What  
 6 reporting do you do for them?  
 7 A. Nebraska has an annual filing, and it's very --  
 8 it's a very brief filing. It's a couple  
 9 questions on number of customers, and we  
 10 provide an annual report along with that  
 11 filing.  
 12 Q. What about FERC? What reporting is required?  
 13 A. FERC requires quarterly reporting and annual  
 14 reporting. We have the annual reporting is a  
 15 FERC Form 1, and that contains our financial  
 16 statements. Those financial statements are  
 17 audited by our independent auditors, as well.  
 18 Then the quarterly reports are on a FERC  
 19 Form 3 or a FERC 3Q, I believe it's called.  
 20 Q. With what frequency does Northwestern  
 21 Corporation have an audited financial  
 22 statement?  
 23 A. Annually.  
 24 Q. And who presently is your auditor?  
 25 A. Deloitte & Touche.

1 him, and it's been a while since I looked  
 2 through the report.  
 3 Q. Who is the staff person responsible for that  
 4 report?  
 5 A. Her name is Mary Kay Stahl, S-T-A-H-L.  
 6 Q. On a monthly basis is it a one-page document, a  
 7 ten-page document?  
 8 A. I believe it's one page.  
 9 Q. Can you just describe for me the categories of  
 10 revenue information that would be provided in  
 11 that report?  
 12 A. No, I can't. I can't offhand. Like I said,  
 13 it's been a while since I looked at that  
 14 report.  
 15 Q. What reporting do you do to the Montana  
 16 regulatory agency?  
 17 A. We do an annual PSE filing for both I guess  
 18 three separate reports, one for electric, one  
 19 for natural gas, and one for propane in  
 20 Montana. That contains financial information.  
 21 Q. Information other than revenues?  
 22 A. Yes.  
 23 Q. Does the South Dakota reporting contain any  
 24 information other than revenues?  
 25 A. Not that I recall.

1 Q. Did they do the December 31, '05 audit?  
 2 A. Yes.  
 3 Q. Is it done on a calendar-year basis?  
 4 A. Yes.  
 5 Q. In addition to the outside reporting you  
 6 oversee on behalf of Northwestern Corporation,  
 7 what kind of internal reporting do you prepare  
 8 or oversee related to revenues of the  
 9 corporation?  
 10 A. Not very much. We have a monthly what we call  
 11 a pre-tax and post-tax reports. Our financial  
 12 planning analysis group prepares those, but I'm  
 13 involved in the review and determination  
 14 whether adjustments are required and the like.  
 15 Q. Other than the South Dakota Public Utilities  
 16 Commission, is there any agency or person to  
 17 whom Northwestern Corporation reports South  
 18 Dakota revenue?  
 19 A. Well, it would be included in the FERC filings.  
 20 Q. Is it broken out?  
 21 A. It's not broke out. It's on a consolidated  
 22 basis.  
 23 Q. Is it broken out in any report you provide,  
 24 other than to the South Dakota Public Utilities  
 25 Commission?

1 A. No.  
 2 Q. So is it fair to say the only reporting you  
 3 make to any public agency that would separately  
 4 identify South Dakota revenue of Northwestern  
 5 Corporation or any of its subsidiaries is to  
 6 the South Dakota Public Utilities Commission?  
 7 A. Yes.  
 8 Q. Because from my reading of your 10K to the SEC,  
 9 there's no breakout of revenues by state.  
 10 A. Correct.  
 11 Q. Your previous position at Northwestern was  
 12 chief accountant. Is that correct?  
 13 A. Yes.  
 14 Q. Who did you do as the chief accountant?  
 15 A. I was hired as chief accountant in November of  
 16 2002, and primarily to do technical accounting  
 17 research and oversee the SEC reporting.  
 18 Q. Did you have any previous position at  
 19 Northwestern Corporation?  
 20 A. No.  
 21 Q. Do you know who your employer actually is? Are  
 22 you an employee of Northwestern Corporation?  
 23 A. Yes.  
 24 Q. Do you have an employment contract?  
 25 A. No.

1 administration.  
 2 Q. What year was that?  
 3 A. May of '94.  
 4 MR. GERDES: And he is a Nebraska football  
 5 fan, by the way.  
 6 Q. My sympathies. I want to ask you a little  
 7 about Northwestern Corporation and its  
 8 corporate structure. My understanding, from  
 9 its reporting, is that Northwestern Corporation  
 10 is actually a Delaware corporation. Are you  
 11 familiar with the incorporation of  
 12 Northwestern?  
 13 A. Yes. I know it is a Delaware corporation,  
 14 yes.  
 15 Q. Can you tell me what wholly-owned subsidiaries  
 16 Northwestern Corporation has? We can do this  
 17 both as of today and as of December 31 of  
 18 2005.  
 19 Why don't we start with year end last  
 20 year, 12-31-05. What were the wholly-owned  
 21 subsidiaries of Northwestern Corporation?  
 22 A. Northwestern had underneath it Northwestern  
 23 Services Corporation. It was a wholly-owned  
 24 subsidiary.  
 25 Northwestern Services Corporation has its

1 Q. But you get a check from Northwestern  
 2 Corporation?  
 3 A. Yes.  
 4 Q. To your knowledge are all the employees who  
 5 work in the office in Sioux Falls employees of  
 6 Northwestern Corporation?  
 7 A. Yes.  
 8 Q. Can you tell me what you did before you started  
 9 work for Northwestern Corporation?  
 10 A. Sure. I was a CPA with KPMG in Lincoln,  
 11 Nebraska. I was a senior manager on the audit  
 12 side.  
 13 Q. How long were you there?  
 14 A. I was there right at five years.  
 15 Q. Were you employed before starting with KPMG?  
 16 A. I was. I worked for a small local firm in  
 17 Aurora, Nebraska, for my first two years out of  
 18 college.  
 19 Q. When did you obtain your -- when did you become  
 20 a CPA?  
 21 A. May of 1994.  
 22 Q. Can you just tell me about your education after  
 23 high school?  
 24 A. I graduated from the University of Nebraska in  
 25 Lincoln with a Bachelor of Science in business

1 own wholly-owned subsidiary called Nekota  
 2 Resources.  
 3 Northwestern -- I have to think about this  
 4 a little while, because we've changed a number  
 5 of times over the last few years. We also have  
 6 a captive insurance subsidiary that is Risk  
 7 Partners Assurance.  
 8 We have a subsidiary that's now named  
 9 Northwestern Investments, LLC. That was  
 10 formerly Northwestern Growth Corporation, and I  
 11 don't remember exactly when we converted it to  
 12 an LLC.  
 13 Those are, without seeing an org chart,  
 14 those are the only ones that I remember we have  
 15 and had as of year end.  
 16 Northwestern Investments also has some  
 17 wholly-owned subsidiaries. One is Montana  
 18 Megawatts, I believe. That one is a little bit  
 19 of a convoluted structure. There's three or  
 20 four subsidiaries within there. I don't  
 21 remember the exact legal names offhand.  
 22 And Northwestern Investments also had, as  
 23 of 12-31-05, had a subsidiary named Netexit,  
 24 Inc., which was liquidated and is in the -- the  
 25 actual legal structure has either been

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1 dissolved or is in the process. But it was  
 2 liquidated in May of 2006.  
 3 Also another subsidiary of Northwestern  
 4 Investments, LLC, is Blue Dot. I believe the  
 5 legal name is actually Blue Dot Services, LLC.  
 6 Q. Is Blue Dot still in existence?  
 7 A. It is.  
 8 Q. Is it doing business?  
 9 A. There's no business being done. It's just in  
 10 the process of winding down.  
 11 Q. Is there a corporate organizational chart?  
 12 A. There is.  
 13 Q. Is it a one-page document that lays out the  
 14 corporate structure of Northwestern and all of  
 15 its subsidiaries?  
 16 A. Yes.  
 17 Q. Could you provide that to your counsel?  
 18 A. Yes.  
 19 MR. MOORE: Could you provide it to me?  
 20 MR. GERDES: We'll look at it. I'm sure  
 21 it's producible. We'll make a determination.  
 22 If I have a problem, I'll let you know.  
 23 MR. MOORE: Thank you.  
 24 Q. Are you familiar with Northwestern Public  
 25 Service Corporation?

1 provide it, unless I have a problem with it.  
 2 Q. Tell me what business Northwestern Services  
 3 Corporation is in.  
 4 A. Northwestern Services Corporation has -- the  
 5 largest business underneath it is an  
 6 unregulated gas distribution business. That's  
 7 a division that sells gas to large primarily  
 8 ethanol customers and various other customers  
 9 throughout the state that aren't subject to  
 10 regulation.  
 11 Q. Does Northwestern Services Corporation do  
 12 business outside of South Dakota?  
 13 A. Well, it had. As part of the information that  
 14 was provided, there are some revenues under  
 15 Northwestern Services Corporation that related  
 16 to Nebraska, and it was a management services  
 17 agreement for capacity charges that were billed  
 18 through Nebraska regulated customers.  
 19 Q. Other than the sale of unregulated natural gas,  
 20 what business does Northwestern Services  
 21 Corporation do?  
 22 A. They also have a very limited amount of  
 23 revenues from servicing heaters, air  
 24 conditioners and the like. It's I believe  
 25 probably roughly half a million dollars a year,

1 A. There is not a legal entity called Northwestern  
 2 Public Service Corporation.  
 3 Q. Was there at any time in the last 10 years a  
 4 legal entity called Northwestern Public Service  
 5 Corporation to your knowledge?  
 6 A. I believe that was the name of what is now  
 7 Northwestern Corporation, but I do not remember  
 8 or do not know when it was changed.  
 9 Q. Let's start with Northwestern Services  
 10 Corporation. First of all, is that a  
 11 wholly-owned subsidiary of Northwestern  
 12 Corporation?  
 13 A. Yes.  
 14 Q. Do you know when it was incorporated?  
 15 A. I do not.  
 16 Q. Do you know whether it has employees?  
 17 A. There are no employees.  
 18 Q. Do you know who the officers and directors of  
 19 Northwestern Services Corporation are?  
 20 A. Not offhand. I have to look at a list.  
 21 Q. Is that information that's available through  
 22 the organizational chart?  
 23 A. It's a separate. We could provide that, as  
 24 well.  
 25 MR. GERDES: I'll take a look at it and

1 so a pretty small portion of the business.  
 2 Those services are kind of unregulated  
 3 services that are mainly provided to our  
 4 utility customers if there's nobody else in  
 5 those areas that can provide the service.  
 6 Q. Would those be all South Dakota customers?  
 7 A. Yes, I believe so.  
 8 Q. Does Northwestern Services Corporation have any  
 9 other business?  
 10 A. We also on occasion we have -- we will hold  
 11 properties in Northwestern Services Corporation  
 12 that typically in the past it's been when  
 13 employees were asked to relocate, and  
 14 Northwestern would purchase their home. Those  
 15 would be held there until they could be sold.  
 16 As of right now we don't have anything in that  
 17 area.  
 18 Then the only other piece of revenues or  
 19 services done by Northwestern Services Corp.  
 20 would be what's done under Nekota Resources,  
 21 and that's just the entity that holds the  
 22 unregulated gas pipelines.  
 23 Q. I thought Nekota was actually a subsidiary -- I  
 24 misunderstood. I wrote it down correctly. I  
 25 was thinking about it wrong. Nekota is a

1 subsidiary of Northwestern Services  
 2 Corporation.  
 3 A. Correct.  
 4 Q. And tell me again what Nekota does.  
 5 A. It owns a pipeline, about I believe 23 miles of  
 6 pipeline. It was established to hold that  
 7 pipeline to serve our unregulated customers.  
 8 Q. In South Dakota or in Nebraska?  
 9 A. In South Dakota.  
 10 Q. Is there any other business that provides  
 11 revenue to Northwestern Services Corporation?  
 12 A. No.  
 13 Q. Is there any external reporting that  
 14 Northwestern Corporation does that identifies  
 15 separately the income of Northwestern Services  
 16 Corporation?  
 17 A. Not by itself. Our SEC reports break down our  
 18 segments, and Northwestern Services Corporation  
 19 rolls up under -- most of it rolls up under  
 20 unregulated gas.  
 21 Q. Is there separate financial reporting that's  
 22 done for Northwestern Services Corporation?  
 23 A. Separate external financial reporting?  
 24 Q. That's fine. We can start there.  
 25 A. No.

1 and NEK and GRT. Those would show you the  
 2 revenues and costs of each of those company  
 3 codes or divisions.  
 4 Q. One of the attachments to the initial  
 5 disclosure Northwestern Corporation made to the  
 6 South Dakota PUC was in I believe Excel form.  
 7 When I looked at it in Excel form on the  
 8 computer, it had several attachments. Those  
 9 pages were indicated I believe as NPS and then  
 10 NEC, NCS and NEK. Are you familiar with that?  
 11 A. Yes.  
 12 Q. What I'm talking about.  
 13 A. Yes.  
 14 Q. Just so I understand exactly what it is I'm  
 15 looking at, as part of that document, the chart  
 16 that's attributable to NPS, is NPS a company  
 17 code?  
 18 A. Yes.  
 19 Q. What is NPS?  
 20 A. That is the regulated utility. It includes the  
 21 revenues from all our regulated electric and  
 22 natural gas customers.  
 23 Q. The next one I think is NEC. Correct?  
 24 A. Correct.  
 25 Q. Again, that's a company code?

1 Q. What internal financial reporting is done  
 2 within Northwestern Corporation for  
 3 Northwestern Services Corporation?  
 4 A. It rolls up through our consolidation, and we  
 5 have separate budgets. So we do a separate  
 6 budget to actual comparison every month.  
 7 Q. Is there a monthly financial statement that  
 8 would be produced for Northwestern Services  
 9 Corporation?  
 10 A. Not that we would typically do on a stand-alone  
 11 basis. It's included in our consolidated  
 12 results.  
 13 Q. When you say "our consolidated results," you  
 14 mean for internal or external purposes?  
 15 A. Both.  
 16 Q. Is it identified? Is there a place where I can  
 17 go in the report and see the revenue of  
 18 Northwestern Services Corporation?  
 19 A. Not that you could go, no. I could.  
 20 Q. Where do you go to identify the revenue of  
 21 Northwestern Services Corporation?  
 22 A. Within our SAP or -- our software that does our  
 23 accounting. Then we have what we term as  
 24 company codes. Company codes that are part of  
 25 Northwestern Services Corporation are NCS, NEC,

1 A. That's a company code, and that's the  
 2 unregulated gas sales under Northwestern  
 3 Services Corporation.  
 4 Q. Then NCS is a company code?  
 5 A. NCS is a company code. That's the company code  
 6 under Northwestern Services Corporation that we  
 7 report the revenues for the folks that do the  
 8 furnace and air conditioning repairs.  
 9 Q. And NEK?  
 10 A. NEK is the company code for Nekota.  
 11 Q. The last one that you mentioned that was not  
 12 part of the documents that were disclosed to  
 13 the PUC was I believe GRT.  
 14 A. GRT is the company code under Northwestern  
 15 Services Corporation. That's the one where we  
 16 hold the property. There were no revenues with  
 17 that, which is why we didn't provide it.  
 18 Q. Do I understand correctly that Northwestern  
 19 Services Corporation has nothing to do with  
 20 your regulated utility business, so there is no  
 21 revenue that would be reported under  
 22 Northwestern Services Corporation as part of  
 23 company code NPS?  
 24 A. That is correct. It does have the management  
 25 agreement related to Nebraska. So there's

1 revenues that come back through Northwestern  
 2 Services Corporation, and those are included in  
 3 the NEC company code. Those are kind of  
 4 indirectly related to regulated customers.  
 5 Q. When I look at the revenues identified as NPS,  
 6 is any of that coming from or through  
 7 Northwestern Services Corporation?  
 8 A. No.  
 9 Q. Are there any other company codes used to  
 10 identify revenue of Northwestern Services  
 11 Corporation?  
 12 A. No.  
 13 Q. Other than the categories that we've talked  
 14 about, is there any other revenue source of  
 15 Northwestern Services Corporation?  
 16 A. No.  
 17 Q. The second subsidiary we talked about was Risk  
 18 Partners Assurance. Correct?  
 19 A. Correct.  
 20 Q. What is the business of Risk Partners  
 21 Assurance?  
 22 A. It's very limited. It's a captive insurance  
 23 company. Northwestern is self-insured and  
 24 established that captive insurance company  
 25 several years ago. There's really not much

1 and start unregulated businesses. It held,  
 2 previously held the investments in Cornerstone  
 3 Propane, Expanets, Blue Dot. Those were all  
 4 subsequently failures and either liquidated or  
 5 sold off or otherwise disposed of. So we're  
 6 basically winding down Northwestern  
 7 Investments, LLC, as well.  
 8 Q. Does Northwestern Investments, LLC, derive any  
 9 revenue from South Dakota?  
 10 A. No.  
 11 Q. Does Northwestern Corporation have any other  
 12 subsidiary, wholly-owned or not, that does  
 13 business in South Dakota?  
 14 A. No, not that I remember. Can I caveat that  
 15 with after I look at the org chart again?  
 16 Q. Sure.  
 17 A. I don't believe there is.  
 18 Q. As at matter of corporate structure and  
 19 organization, who sells regulated electricity  
 20 to South Dakota consumers?  
 21 A. Northwestern Corporation is the legal entity  
 22 that sells it.  
 23 Q. Who sells regulated natural gas in South  
 24 Dakota?  
 25 A. Northwestern Corporation.

1 left. It's winding off, because we are not  
 2 insuring anything through it anymore.  
 3 Q. Is it a wholly-owned subsidiary?  
 4 A. Yes.  
 5 Q. Of Northwestern Corporation. Does it have any  
 6 employees?  
 7 A. No.  
 8 Q. You say it's not currently doing any business?  
 9 A. Not currently doing -- we're not currently  
 10 insuring anything through it, so it's kind of  
 11 winding down as claims are paid.  
 12 Q. The third wholly-owned subsidiary we talked  
 13 about was Northwestern Investments, LLC.  
 14 Correct?  
 15 A. Correct.  
 16 Q. Again, is that a wholly-owned subsidiary of  
 17 Northwestern Corporation?  
 18 A. Yes.  
 19 Q. Does it have any employees?  
 20 A. No.  
 21 Q. What is the business of Northwestern  
 22 Investments, LLC?  
 23 A. It was a holding company. As I said, it was  
 24 established as Northwestern Growth  
 25 Corporation. It was a holding company to hold

1 Q. Who sells unregulated electricity in  
 2 South Dakota?  
 3 A. There are no unregulated electricity sales.  
 4 Q. Unregulated natural gas sales in South Dakota?  
 5 A. Unregulated natural gas is Northwestern  
 6 Services Corporation.  
 7 Q. Tell me in general terms what the sources of  
 8 revenue for Northwestern Corporation are.  
 9 A. They are the ones you just mentioned.  
 10 Regulated electricity and natural gas sales in  
 11 South Dakota. We also have regulated natural  
 12 gas sales in Nebraska. And the largest  
 13 component of our business is our regulated  
 14 electric and natural gas sales in Montana. We  
 15 also have some unregulated electric sales in  
 16 Montana.  
 17 Q. It appears to me from your 10K reporting that  
 18 you report revenue in five segments, regulated  
 19 electric sales, regulated natural gas,  
 20 unregulated electric, unregulated natural gas,  
 21 and then all other. Correct?  
 22 A. Correct.  
 23 Q. We may be redundant at this point. What's  
 24 encompassed in all other revenue of  
 25 Northwestern Corporation?

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1 A. Do you have a copy of our 10K available?  
 2 Q. I do. The page you are looking for might be in  
 3 this.  
 4 A. The all other segment includes just the  
 5 revenues of the Northwestern -- I'm drawing a  
 6 blank -- Northwestern Services Corporation, the  
 7 component of their revenues that relates to the  
 8 servicing of furnaces and air conditioners.  
 9 It's under the piece we show under company code  
 10 NCS.  
 11 Q. Again, those reporting segments are not  
 12 necessarily identifiable by a corporate  
 13 entity.  
 14 A. Correct.  
 15 Q. For purposes of the external reporting that you  
 16 do, are there accounting rules that commonly  
 17 apply to all the reporting segments?  
 18 A. There is an accounting standard on segment  
 19 reporting, yes.  
 20 Q. Is that part of general accounting principles?  
 21 A. Yes.  
 22 Q. Is there any SEC accounting rule that applies  
 23 particularly to segment reporting?  
 24 A. There is not -- the SEC will comment on  
 25 reporting, but they are basically following the

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1 segment reporting issued under generally  
 2 accepted accounting principles, which I believe  
 3 is Statement of Financial Accounting Standards  
 4 No. 131.  
 5 Q. Is there any FERC accounting rule different  
 6 from the standard that you just named related  
 7 to segment reporting?  
 8 A. No.  
 9 Q. When I look at your 10K and see a financial  
 10 statement there, that is a consolidated  
 11 financial statement. Correct?  
 12 A. That's correct.  
 13 Q. It includes the business of Northwestern  
 14 Corporation and all of its wholly-owned  
 15 subsidiaries we've identified today. Correct?  
 16 A. Correct.  
 17 Q. Is there any other revenue contained in that  
 18 consolidated financial statement that's part of  
 19 your 10K reporting that we haven't discussed  
 20 today?  
 21 A. No.  
 22 Q. Northwestern's website says Northwestern  
 23 Corporation has 628,500 customers. Do you know  
 24 as of what date that was roughly an accurate  
 25 number?

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1 A. That would have been as of December 31, 2005.  
 2 Q. Do you know if that number has changed as of  
 3 today?  
 4 A. It does change, but very -- not very  
 5 substantially throughout the year.  
 6 Q. Are those all customers of Northwestern  
 7 Corporation?  
 8 A. Yes.  
 9 Q. If I live in South Dakota and purchase  
 10 regulated electricity from Northwestern  
 11 Corporation, who sends me a bill?  
 12 A. Northwestern Corporation.  
 13 Q. Whose name is on the bill?  
 14 A. It says Northwestern Energy. We do business as  
 15 Northwestern Energy.  
 16 Q. Is that true for regulated natural gas in South  
 17 Dakota?  
 18 A. Yes.  
 19 Q. And how about unregulated natural gas in South  
 20 Dakota? Whose name is on a bill that is sent  
 21 to a customer?  
 22 A. I don't know. I haven't looked at an  
 23 unregulated natural gas bill.  
 24 Q. Your website also indicates a breakdown between  
 25 electric and gas customers. I think it

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1 identifies 375,000 electric customers, 316,000  
 2 of those are Montana customers and 59,000 are  
 3 South Dakota customers. Those would be all  
 4 regulated services. Correct?  
 5 A. I believe that's all regulated. Yes.  
 6 Q. Does Northwestern have any -- well,  
 7 Northwestern Corporation has no unregulated  
 8 electric service in South Dakota. Correct?  
 9 A. Correct.  
 10 Q. Where is your unregulated electrical service?  
 11 A. In Montana.  
 12 Q. Can you just describe for me the scope or size  
 13 of that business?  
 14 A. Northwestern owns or leases a 30 percent  
 15 interest in a coal-fired generation plant in  
 16 Montana. That's in Colstrip, Montana. We call  
 17 it Colstrip Unit 4. It's unregulated in  
 18 Montana, so our portion of the generation we  
 19 turn around and sell as unregulated  
 20 electricity.  
 21 Q. Based on the 10K reporting for December 31,  
 22 2005, Northwestern Corporation showed total  
 23 revenue of \$1,165,750,000 roughly. Correct?  
 24 A. Correct.  
 25 Q. And that number is broken down into regulated



1 and unregulated income, again divided between  
 2 electric and gas sales. Correct?  
 3 A. Yes.  
 4 Q. And then there's a category for other income.  
 5 A. Yes.  
 6 Q. Again, there's no way I can tell from the 10K  
 7 reporting what portion of any of that income is  
 8 attributable to Northwestern Corporation's  
 9 business in South Dakota.  
 10 A. Correct.  
 11 Q. What was your role in the preparation of the  
 12 financial information that was provided to the  
 13 South Dakota Public Utilities Commission in  
 14 connection with this proceeding?  
 15 A. I had a couple of my staff people pull the  
 16 information together and I reviewed it, and  
 17 then provided it to Dave to provide to the  
 18 Commission.  
 19 Q. I just want to talk primarily about these two  
 20 pages, which I think were Exhibit 1, or maybe  
 21 Exhibit B. I'm not sure which.  
 22 A. On the latest response?  
 23 Q. This would be the initial disclosure, year  
 24 ending December 31, 2005.  
 25 A. Okay.

1 Total Northwestern FERC basis revenue of  
 2 \$1,084,668,000.  
 3 A. That is taken from our FERC Form 1 that was  
 4 filed for December 31 of 2005.  
 5 Q. Did you file that with FERC?  
 6 A. Yes.  
 7 Q. That number is different than the gross revenue  
 8 number that is part of your 10K reporting?  
 9 A. Correct.  
 10 Q. That revenue number for the same reporting  
 11 period, December 31, 2005, year end was  
 12 \$1,165,750,000. Correct?  
 13 A. Correct.  
 14 Q. Can you just explain for me in terms that I, as  
 15 a nonaccountant, will understand what the  
 16 difference is between those two total revenue  
 17 numbers?  
 18 MR. GERDES: Before you go forward, tell  
 19 me the total you've got that you used for the  
 20 FERC Form 1. I didn't write it down.  
 21 A. This number here. (Witness indicating).  
 22 MR. GERDES: The other one.  
 23 A. This number. (Witness indicating).  
 24 \$1,165,000,000.  
 25 MR. GERDES: Thank you.

1 MR. GERDES: Just so we're clear, this is  
 2 the two-page document that is headed  
 3 Northwestern Corporation, FERC Basis  
 4 Revenue-South Dakota, Year Ended December 31,  
 5 2005.  
 6 MR. MOORE: Let's mark it.  
 7 (Kliever Deposition Exhibit No. 1 was marked  
 8 for identification.)  
 9 Q. Looking at the first page of Exhibit 1, at-the  
 10 top it shows total South Dakota regulated  
 11 revenue. Correct? \$159,609,000.  
 12 A. Correct.  
 13 Q. That figure is comprised of both regulated  
 14 electric and regulated natural gas sales.  
 15 A. Yes.  
 16 Q. Those numbers again do not appear anywhere on  
 17 your public reporting, other than the reporting  
 18 you do to the South Dakota PUC.  
 19 A. Correct.  
 20 Q. But those numbers can be internally identified  
 21 by the company codes we talked about earlier.  
 22 A. Yes. Those would be on the company code NPS.  
 23 Q. They would all be NPS?  
 24 A. Yes.  
 25 Q. Tell me where the next number comes from.

1 A. There are a number of differences between,  
 2 because our SEC reporting is done on a  
 3 generally accepted accounting principles  
 4 basis. FERC reporting is done under regulatory  
 5 basis. A lot of things are similar, but there  
 6 are also a number of differences.  
 7 The largest single difference would be on  
 8 an SEC basis we have -- I guess before I jump  
 9 into that, I would point out that the South  
 10 Dakota revenues, if you were to look at these  
 11 total South Dakota regulated revenues of  
 12 \$159.6 million, those are consistent between  
 13 FERC and SEC reporting, because there are no  
 14 differences.  
 15 As I was saying, there are a number of  
 16 differences in our overall consolidated  
 17 revenue, because there are different  
 18 requirements under FERC. For instance, the  
 19 biggest one would be for SEC purposes when we  
 20 may buy electricity from Avista Corporation in  
 21 Montana, we'll buy some from them, and we'll  
 22 turn around and, based on our needs, we'll sell  
 23 them some electricity, because we're always  
 24 trying to balance out our system.  
 25 On an SEC basis those revenues and

1 expenses get netted together. So when you buy  
 2 and sell, you just take the net number, net  
 3 difference, and it either gets reported as  
 4 revenues or it gets reported as cost of sales,  
 5 depending on which position you are at at the  
 6 end of any given month.

7 For FERC reporting, their requirement is  
 8 that you gross that up. So if we're buying  
 9 from Avista, we buy \$100 million of electricity  
 10 from Avista, and we sell them \$50 million of  
 11 electricity. We would gross that up for FERC  
 12 purposes, and we would have \$50 million of  
 13 revenue and \$100 million of cost of sales.

14 SEC reporting, you would net them  
 15 together, and in that example you would only  
 16 show \$50 million of cost of sales, and you  
 17 would have no revenue associated with the  
 18 transactions with Avista.

19 That's the single largest difference.  
 20 There are also a number of differences --  
 21 Q. How much is the difference between the two  
 22 numbers we're talking about, how much of that  
 23 is accounted for by what you just described to  
 24 me?

25 A. Dave provided a response to the Commission. I

1 10K?

2 A. Yes.

3 Q. Is all of that revenue included in the total  
 4 Northwestern FERC basis revenue of  
 5 \$1,084,668,000?

6 A. No.

7 Q. Explain to me, first off, what part of that  
 8 revenue is not included, and, secondly, why.

9 A. None of that revenue is reported on a FERC  
 10 basis.

11 Q. So the \$1,084,000,000 total contains no  
 12 unregulated revenue from South Dakota.

13 A. Correct.

14 Q. Does it contain -- I'm sorry to interrupt you.  
 15 Does it contain unregulated revenue from any  
 16 other state in which Northwestern Corporation  
 17 does business, the FERC total basis revenue?

18 A. It does include our unregulated electric sales  
 19 from Colstrip, Montana.

20 Q. Now the harder question for you to make me  
 21 understand, which is why are those revenues not  
 22 included in the total FERC basis revenue?

23 A. These are not included. This is one of the big  
 24 differences between FERC reporting and SEC  
 25 reporting.

1 think you have that.

2 Q. I've seen that.

3 A. It is listed in there, and it is [REDACTED]  
 4 of that difference. We also kind of line up  
 5 together differences between those amounts.  
 6 Most of them are classification issues,  
 7 classification differences, because under FERC  
 8 reporting, depending on what type of activity  
 9 or sale it is, they may -- their reporting  
 10 requirements dictate it be reported in a  
 11 different account. So some of it gets netted  
 12 against expenses. Some of it gets put into  
 13 other income and the like.

14 Q. If I look at the total FERC basis revenue  
 15 number, that contains all of the South Dakota  
 16 regulated revenue. Correct?

17 A. Correct.

18 Q. The total revenue reported on your 10K also  
 19 contains all of the South Dakota regulated  
 20 revenue. Correct?

21 A. Correct.

22 Q. So let's move to the nonregulated South Dakota  
 23 revenue identified on Exhibit 1 of  
 24 \$154,070,000. Is all of that revenue included  
 25 in the total revenue reported on Northwestern's

1 Under SEC reporting, when you have  
 2 wholly-owned subsidiaries or even  
 3 majority-owned subsidiaries, you consolidate  
 4 those. So you are -- all this revenue comes  
 5 across, and then what you do is end up  
 6 eliminating the owner's equity or equity and  
 7 earnings of the sub. So you show everything on  
 8 a gross basis. In total you match what your  
 9 parent company has.

10 Under FERC reporting you don't  
 11 consolidate. You show it as -- you show it  
 12 under the equity method of accounting. You do  
 13 that for separate legal subsidiaries that  
 14 aren't regulated. That's the reason that our  
 15 Montana Colstrip unregulated electric sales are  
 16 included in the FERC revenues is that it's not  
 17 a separate legal entity.

18 In South Dakota these are separate legal  
 19 entities, and they are treated on equity method  
 20 of accounting, which means you don't  
 21 consolidate and you don't include the  
 22 revenues. You just include basically the net  
 23 income or loss in your total amounts.

24 Q. So where, for purposes of FERC reporting, does  
 25 the revenue of Northwestern Services

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1 Corporation show up?  
 2 A. It would show up in that line item, I believe  
 3 it's titled Equity and Earnings of Affiliated  
 4 Companies or Equity and Earnings of  
 5 Subsidiaries. If you were -- I guess a simple  
 6 example, if this \$154 million, that's only the  
 7 revenue. If we were to go down the full income  
 8 statement for these subsidiaries, and let's  
 9 just say you had costs of \$150 million and you  
 10 had net income of \$4 million, for your SEC  
 11 purposes you're going to show all those gross  
 12 and come across. So you'll include that \$154  
 13 million in revenues, \$150 million in cost of  
 14 sales, so you end up with net income of  
 15 \$4 million.

16 For FERC purposes, you don't show the  
 17 revenues. You don't show the costs. You show  
 18 one line item that says Equity and Earnings of  
 19 Subsidiaries, \$4 million. Then that would be  
 20 -- I don't remember exactly where it's at on  
 21 the FERC Form 1 income statement, but it's not  
 22 included in revenues. It's included in a  
 23 separate line item. I can go back and look and  
 24 tell you exactly where.

25 Q. Let's go to the next category of numbers on the

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1 first page of Exhibit 1 identified as NPS  
 2 Revenue. There you've got FERC IS and SEC IS.  
 3 Those numbers are the same, \$214,975,502.  
 4 Correct?

5 A. Yes.

6 Q. Tell me what those numbers are.

7 A. FERC IS stands for FERC Income Statement, and  
 8 SEC Income Statement. So those are the  
 9 revenues that show up in both cases. As I  
 10 mentioned earlier, there's no differences in  
 11 South Dakota between SEC purposes and FERC  
 12 purposes.

13 That's what we were trying to show is that  
 14 reconciliation down here, and then as you'll  
 15 note right below that, we break it out between  
 16 South Dakota Electric, South Dakota Gas, and  
 17 Nebraska Gas to tie out to \$214,975,000.

18 Q. So that is not actually total NPS revenue.

19 That's NPS revenue that you attribute to  
 20 South Dakota.

21 A. The \$214,975,000 is total NPS revenue.

22 Q. It is.

23 A. Yes. Right below that we show what we  
 24 attribute to South Dakota. The \$104.3 million  
 25 is electric, which ties out to the number at

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1 the top of the schedule. The \$55,290,000 is  
 2 natural gas, which ties out to the number at  
 3 the top of the schedule.

4 Then the only different piece is what is  
 5 attributable to our Nebraska regulated natural  
 6 gas sales.

7 Q. I understood that NPS was your company code for  
 8 basically all regulated revenue of Northwestern  
 9 Corporation.

10 A. In South Dakota, Nebraska. I'm sorry. We have  
 11 completely separate codes for Montana. Yes.

12 Q. What is the coding for Montana revenues? Are  
 13 they not part of NPS?

14 A. They are not part of NPS. It's a separate  
 15 company code. We call it MPU in our system.

16 Q. Is all Montana regulated revenue under that  
 17 code?

18 A. Yes.

19 Q. Looking at the second page of Exhibit 1, there  
 20 are three calculations there. Correct?

21 A. Correct.

22 Q. Could you explain to me -- before we get  
 23 there.

24 (A recess was taken)

25 Q. We were talking about the difference between

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1 SEC and FERC reporting. In Response to the  
 2 South Dakota PUC dated August 24, 2006, in  
 3 Paragraph 5 there was a question from the PUC  
 4 about the difference. I just want to ask you  
 5 about the response that was actually made there  
 6 in Paragraph 5.

7 A. Which question?

8 Q. The document dated August 24, 2006.

9 A. Question No. 5.

10 Q. The first sentence of the response says, "The  
 11 conversion from SEC reporting to FERC reporting  
 12 for revenue is based on the direct mapping of  
 13 the natural account to the FERC accounts."

14 A. Okay.

15 Q. Let's define some terms. If that doesn't work,  
 16 I'll give you another chance to explain to me  
 17 what that sentence says.

18 A. Okay.

19 Q. What do you mean by "direct mapping"?

20 A. Well, maybe we should start with the accounts  
 21 or what we have -- we call it the chart of  
 22 accounts. Natural chart of accounts is what we  
 23 have for -- what we call a natural chart of  
 24 accounts for SEC purposes. That's basically  
 25 you have revenues, cost of sales, and then we

1 have several account numbers within any of  
 2 these categories. We have operating expenses  
 3 on down the line.  
 4 Q. Is this part of general accounting principles?  
 5 A. Well it's basically every company may have a  
 6 separate -- everybody has a chart of accounts.  
 7 Your basic requirements are to break it down by  
 8 revenue, cost of sales, operating expenses,  
 9 taxes, interest expense, and some other  
 10 categories.

11 Every company will set up their chart of  
 12 accounts differently, but they all have to be  
 13 fairly consistent within those categories. So  
 14 you have your chart of accounts may say, okay,  
 15 I've got -- you may have one account number for  
 16 electricity sales, one account number for  
 17 natural gas sales, and one account number for  
 18 propane sales. Same thing down the line for  
 19 your cost of sales, you may do the same thing.  
 20 Then on down.

21 FERC prescribes a chart of accounts. It's  
 22 called a FERC chart of accounts. I think it's  
 23 actually called FERC Uniform System of  
 24 Accounts. They're very specific in how they  
 25 want things coded for FERC purposes. So they

1 guess the term "direct mapping" means we then  
 2 establish orders. So we've got say a revenue  
 3 account would be like 4,000. I sell you  
 4 electricity, send you an invoice for \$50, and I  
 5 code this revenue from you to Account 4000.

6 The mapping then is we establish orders  
 7 that designate for FERC purposes where this  
 8 would flow under the FERC uniform system of  
 9 accounts. The orders are -- I don't know how  
 10 they determine what to name them, but they are  
 11 just every single natural account on the income  
 12 statement has a FERC order assigned to it.  
 13 That's what the mapping is is that order.

14 After we finish our SEC reporting for any  
 15 given month -- internally we do it monthly.  
 16 Then we turn around and convert to the FERC  
 17 uniform system of accounts. Those are  
 18 system-generated reports that basically if I  
 19 had your revenue was coded to 4000 and it had  
 20 an order that was -- say it was an electric  
 21 order, it would take that number, take your  
 22 amount, turn around and convert it or put it in  
 23 that spot under the FERC reporting.

24 And say you had an invoice for you, as  
 25 well. It was electric, but maybe there was

1 have very descriptive information for the types  
 2 of revenue that would be in a certain FERC  
 3 account number. You can go to their book or  
 4 their guide, and you look at FERC Uniform  
 5 System of Accounts, and you can figure out  
 6 should this revenue be here or there.

7 So it's actually a little more cumbersome  
 8 or I guess if everybody is reporting  
 9 consistently on a FERC basis, then you know you  
 10 are getting apples to apples between  
 11 companies.

12 SEC reporting or GAP reporting is  
 13 different because there's not -- since there  
 14 are so many different types of industries  
 15 reporting under that method, you are basically  
 16 on your own to determine how you want to report  
 17 it in your chart of accounts.

18 So that's what we say. When we set our  
 19 SAP, our system is set up using natural --  
 20 using a natural chart of accounts or an SEC  
 21 accounting basis. So everything is coded that  
 22 way. When any invoice is entered into the  
 23 system, it's coded to an account number that  
 24 then for revenues would roll into revenues.

25 Then we actually have to establish -- I

1 some difference. Just a different area or  
 2 something that FERC decided they wanted it  
 3 reported differently. So I've got a different  
 4 order number for you.

5 For SEC reporting it would end up in the  
 6 same exact account. There's a different order  
 7 type to it when I convert to FERC, and that's  
 8 all kind of system generated, the conversion  
 9 is. Since it has that separate order assigned  
 10 to it, it takes and maps it to a different FERC  
 11 account for FERC purposes. I don't know, that  
 12 was probably way too long.

13 Q. Let's just talk about South Dakota unregulated  
 14 revenue. That is part of your SEC reporting  
 15 and included in your total revenue reported to  
 16 SEC. Correct?

17 A. Yes.

18 Q. How is that mapped to FERC?

19 A. It's mapped because it has a separate order  
 20 that takes it out of revenues for FERC purposes  
 21 and moves it down to equity and earnings of  
 22 subsidiary.

23 Q. So the order just carries it to a different  
 24 accounting category for FERC purposes.

25 A. Right.

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- 1 Q. Who determines the orders that are in place? I  
2 mean is that something you set up at  
3 Northwestern Corporation based on what FERC  
4 accounting requires, or does FERC accounting  
5 say here is the order that you have to use?  
6 A. No. We set it up. The orders are set up to  
7 get it to what FERC requires. We establish our  
8 own orders. It's using the IT folks go in and  
9 configure it so it goes to the right bucket in  
10 FERC.  
11 Q. The second sentence of the response in  
12 Paragraph 5 says, "For revenues each account is  
13 directly mapped to a FERC account so there is a  
14 one-to-one relationship between SEC reporting  
15 and FERC reporting."  
16 What I understand that sentence to say is  
17 that every line item showing revenue for  
18 purposes of SEC reporting has a corresponding  
19 line item under FERC accounting, but it may be  
20 different than it was for SEC reporting.  
21 A. Right.  
22 Q. The revenue doesn't disappear, but it may show  
23 up in a different category.  
24 A. Different place, exactly.  
25 Q. Let's go back to Exhibit 1 and talk about the

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- 1 three calculations that are done on the second  
2 page there.  
3 First of all, starting with Calculation  
4 No. 1, you've taken total South Dakota  
5 regulated revenue and unregulated revenue in  
6 South Dakota, and taken that total and  
7 determined what percentage it is of total  
8 grossed-up revenues for Northwestern  
9 Corporation. Correct?  
10 A. Correct.  
11 Q. So we have to answer the question, what is  
12 grossed-up revenue, and why are we looking at  
13 that as opposed to either the FERC revenue  
14 number that's on the first page of Exhibit 1 or  
15 the total revenue that you report for SEC  
16 purposes?  
17 First of all, explain to me what total  
18 grossed-up revenue is.  
19 A. Sure. The total grossed-up revenue, which is  
20 the \$1,261,354,865, is basically we start with  
21 our SEC reported revenue, and then there are a  
22 number of eliminations that are made.  
23 So you start with \$1,165,000,000. There  
24 are a number of eliminations that are made for  
25 intercompany sales. So maybe our unregulated

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- 1 electric segment in Montana sells to our  
2 regulated electric segment. So they recognize  
3 revenues. The regulated segment recognizes  
4 costs. We eliminate those out because it's all  
5 intercompany revenues.  
6 So what we did was add those, we grossed  
7 them up for this purpose to show you what -- I  
8 think it was basically looking at the  
9 definition under the statute, and we wanted to  
10 show what we considered to be gross revenues,  
11 which would have encompassed all the purchases  
12 or all the sales to whether they were  
13 intercompany or not.  
14 Q. Here is what I and someone with no accounting  
15 background don't understand. You've taken an  
16 SEC total revenue of \$1,165,000,000. You've  
17 grossed it up, and it becomes a larger number  
18 of \$1,261,000,000, and you can explain you've  
19 done that by process of eliminations of  
20 revenue.  
21 How do you go through eliminations of  
22 revenue between affiliates and come up with a  
23 larger total number?  
24 A. Well, this is adding those eliminations. This  
25 is adding those back. For SEC purposes we

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- 1 eliminated intercompany sales, but then what  
2 we're doing is saying maybe under this  
3 definition of gross revenues we should show all  
4 of our gross revenues. So we added -- we just  
5 basically reversed that elimination and added  
6 it back and said here is what our gross company  
7 revenues are.  
8 If you were looking -- if you were taking  
9 the SEC, the \$1.1 billion, you're adding  
10 roughly \$95,000,000 back. You're going to --  
11 if we were looking at this statement, you are  
12 also going to add \$95,000,000 to your cost of  
13 sales. That's what the elimination is.  
14 For SEC purposes, they say don't recognize  
15 that for revenue. You show it as -- you net it  
16 out. For this purpose we're saying, where  
17 they're asking for gross revenues, so let's  
18 show them our gross revenues. If you would  
19 take it one step down, you would also see  
20 higher cost of sales associated with that gross  
21 revenues.  
22 Q. Explain for me, if you can, why it makes sense  
23 to make that comparison as opposed to comparing  
24 total South Dakota regulated and unregulated  
25 revenue as a percentage of total SEC revenue.

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1 A. I don't know -- I guess when we were reviewing  
2 the statute and discussing with Dave and our  
3 internal general counsel, that was kind of the  
4 thought process was they are asking for gross  
5 revenues, so let's show them gross revenues.

6 Personally I think you could probably do  
7 it either way. It's just a matter of  
8 interpreting that statute and determining what  
9 everybody's comfort level is.

10 That's why we showed three calculations.  
11 We weren't sure how to interpret it. Let's  
12 show it a number of ways and let you guys help  
13 us.

14 Q. If we take total South Dakota regulated and  
15 unregulated revenue, we can agree that number  
16 is \$313,679,000. Correct?

17 A. You said South Dakota. I wouldn't agree it's  
18 all South Dakota, no. It's South Dakota  
19 regulated revenues. It's all of our  
20 unregulated gas revenues, which includes  
21 Nebraska.

22 Q. The Nebraska portion of that is what's  
23 attributable to the Nekota Resources?

24 A. No. The Nebraska portion does not show up --  
25 well, it is in the Northwestern Services

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1 Corporation, the \$152,870,000.

2 Q. But for purposes of submitting Exhibit 1 to the  
3 PUC, you've identified that number of  
4 \$152,000,000 as revenues of nonregulated South  
5 Dakota operations. Correct?

6 A. Correct.

7 Q. So if we have that number of \$313,679,000 as  
8 South Dakota revenue, and you take -- you  
9 determine what percentage that is of total SEC  
10 revenue reported for the same reporting period,  
11 \$1,165,750,000, it is, in fact, slightly more  
12 than 25 percent. My calculation was 26.9  
13 percent. Do you disagree with that?

14 A. No.

15 Q. If you take it as a percentage of the FERC  
16 revenue indicated on Exhibit 1 of  
17 \$1,084,668,000, again, that number is more than  
18 25 percent. It's naturally higher than the  
19 other comparison. My calculation was 28.  
20 percent. Again, you don't disagree with that  
21 calculation?

22 A. I wouldn't necessarily disagree. I would  
23 easily be able to tell if would be over 25  
24 percent. I would not agree that was the way to  
25 calculate it under a FERC basis, because the

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1 FERC revenue does not include the unregulated  
2 revenues.

3 Q. But the SEC total revenue does.

4 A. Correct.

5 Q. So because I still can't answer this question  
6 in my own mind, I'll just ask it again, and I  
7 apologize if I'm being redundant.

8 Why from just an accounting perspective  
9 does it make sense to you not to use the SEC  
10 total for purposes of determining what  
11 percentage of Northwestern Corporation's total  
12 revenue South Dakota revenues account for, and  
13 why do you use instead the grossed-up number?

14 A. Well, I think our rationale was because we're  
15 dealing with an entity that has oversight over  
16 our regulated operations. So does it make  
17 sense to start with SEC revenues, or does it  
18 make sense to start with FERC revenues? What  
19 makes sense?

20 That was, as we went through it initially,  
21 that was our interpretation was they're asking  
22 for gross revenues of this company. So let's  
23 go ahead and show gross revenues. As you  
24 noted, it's not on either basis of account.  
25 It's not on an SEC basis or a FERC basis.

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1 But if we were to come across through our  
2 accounting system and lay out and add up  
3 revenues for every single company code, you end  
4 up with basically this amount before you do any  
5 eliminations or any other type of adjustments.  
6 That was our purpose for showing then.

7 Q. Is there any rule that's part of generally  
8 accepted accounting principles that would  
9 suggest or require the comparison we're trying  
10 to make for purposes of applying the statute  
11 related to the PUC's jurisdiction over this  
12 particular transaction should be total  
13 grossed-up revenues, as you've calculated them  
14 as part of your submission to the PUC, as  
15 opposed to total SEC revenue? That's a long  
16 question. Did you understand it?

17 A. Can you repeat it?

18 Q. I'll rephrase it.

19 A. Before you do that, I would add one other  
20 comment on this. You asked earlier if the NPS  
21 or regulated revenue included revenues from any  
22 other unregulated sources. No, it doesn't. As  
23 I said, one reason for grossing this up is  
24 within the unregulated gas business, the  
25 \$154,000,000, there are intercompany revenues

1 within there. So some of those have to be  
 2 eliminated, and that's another reason.  
 3 When you asked why did we gross up and why  
 4 did that end up being a higher number, if you  
 5 don't gross up this number, then you have to  
 6 back some of this out. You have to figure out  
 7 what's the intercompany piece and back it out.  
 8 We were consistent, I guess, in the reporting.  
 9 Probably if we had to do it over again, we  
 10 would show both of them net.  
 11 Q. Can you identify today what intercompany  
 12 revenues are part of that unregulated revenue  
 13 figure?  
 14 A. All of the unregulated Nebraska revenue is part  
 15 of that number. If you look down under  
 16 Calculation 3, the \$99.5 million compared to  
 17 the \$154 million, that shows you roughly  
 18 fifty-four and a half million dollars would be  
 19 intercompany revenues.  
 20 Q. On the first page of Exhibit 1, Nebraska gas  
 21 revenue is part of NPS revenue, identified as  
 22 \$55 million.  
 23 A. That's a separate. Sorry. Let me clarify.  
 24 This Nebraska gas here is regulated gas.  
 25 Q. That's regulated.

1 under FERC or SEC, my answer is no. I think  
 2 your question is do any of those require us to  
 3 look at it under this calculation in that way.  
 4 For both FERC and SEC reporting, yes,  
 5 there are rules as to whether you would  
 6 eliminate revenues or show them gross. That  
 7 was one of the differences I described earlier  
 8 between SEC and FERC basis.  
 9 There's nothing out there that would say,  
 10 "Kendall, you should apply this in determining  
 11 how you do this calculation under the South  
 12 Dakota statute."  
 13 Q. Just a few more questions, and I'm about done.  
 14 I want to understand the difference between the  
 15 three calculations that were done as part of  
 16 your submission to the PUC. Tell me the  
 17 difference between the first calculation and  
 18 the second calculation.  
 19 A. The difference between the first and second --  
 20 Q. The South Dakota revenue numbers are the same.  
 21 Correct?  
 22 A. Correct.  
 23 Q. The difference is the total grossed-up  
 24 revenues.  
 25 A. Total grossed-up revenues.

1 A. That's completely separate than the  
 2 unregulated.  
 3 Q. It's coincidence those numbers are close.  
 4 A. That they're similar, right.  
 5 Q. Let me try my question one more time.  
 6 For purposes of determining the PUC's  
 7 jurisdiction in this case, we're trying to  
 8 determine whether Northwestern Corporation  
 9 receives more than 25 percent of its gross  
 10 revenue in this state, being South Dakota.  
 11 My question is, is there any principle or  
 12 rule of generally accepted accounting  
 13 principles that tells you for purposes of  
 14 making that determination that you need to use  
 15 the total grossed-up revenues, as you've  
 16 calculated them as part of your submission to  
 17 the PUC, instead of using the total revenue  
 18 reported to the SEC?  
 19 A. No.  
 20 Q. Is there any rule of FERC accounting that  
 21 requires you to use one or the other?  
 22 A. No.  
 23 Q. Is there any rule of SEC accounting that  
 24 requires you to use one or the other?  
 25 A. Not for this. When you say is there any rule

1 Q. In the second calculation it says "less  
 2 adjustments."  
 3 A. Correct.  
 4 Q. And you get a smaller grossed-up revenue  
 5 number. Correct?  
 6 A. Correct.  
 7 Q. So what are the adjustments that were done  
 8 there, and why did you do them?  
 9 A. As I note under Calculation 1, we started with  
 10 our SEC revenues and grossed them up for  
 11 intercompany eliminations. Then when we went  
 12 to the adjusted number under Calculation 2,  
 13 that was adjusting for various FERC differences  
 14 and reconciling between the SEC and FERC  
 15 revenue basis, and the difference is about  
 16 \$17 million, a little over \$17 million, I  
 17 believe. We listed that out in our response,  
 18 our August 24 response to Question No. 7.  
 19 Q. That's what I was afraid of. For purposes of  
 20 the deposition today, your response to Question  
 21 No. 7 in your August 24 submission to the PUC  
 22 explains the difference between total  
 23 grossed-up revenues in Calculation 1 and  
 24 Calculation 2. Is that correct?  
 25 A. Correct.

1 Q. Then explain for me Calculation 3. You have  
 2 the same grossed-up revenue number, but  
 3 different South Dakota revenue calculations.  
 4 Correct?  
 5 A. Correct.  
 6 Q. And you excluded Nebraska in Calculation 3. Is  
 7 that really the only difference?  
 8 A. That is the only difference, yes.  
 9 Q. I'm not sure I understand this. Why do you  
 10 either include Nebraska unregulated revenue as  
 11 part of South Dakota revenue, or why do you  
 12 exclude it?  
 13 A. That's why we laid it out, because when we were  
 14 trying to interpret the statute, we weren't  
 15 sure which way we should do it, I guess.  
 16 Our position is that we would exclude it,  
 17 because it's generated from our Nebraska  
 18 customers, but it ends up being -- the reason  
 19 that's included and we don't include say  
 20 Montana revenue here is because really within  
 21 our system we've kind of set up everything for  
 22 South Dakota and Nebraska reporting all rolls  
 23 up, as I said, under either company code NPS or  
 24 for the unregulated piece company code NCS.  
 25 Q. In the reporting you do on a monthly basis to

1 what do you need? What do you want? Will you  
 2 keep it confidential?" Kind of determined,  
 3 well, in this case if it's just South Dakota  
 4 revenue or even South Dakota and Nebraska  
 5 revenue, it's not material to our overall  
 6 Northwestern results if we're just providing  
 7 limited information like that.  
 8 So we at some point started up again. I  
 9 don't remember when that was.  
 10 Q. Since Northwestern emerged from bankruptcy in  
 11 November of 2004, have you reported revenues to  
 12 the South Dakota PUC on a monthly basis?  
 13 A. Yes.  
 14 Q. Is that something that PUC requires of all  
 15 regulated utilities in South Dakota, or is just  
 16 Northwestern doing that?  
 17 A. I do not know. I don't believe it's probably a  
 18 requirement. It was just a request Dave  
 19 Jacobson had.  
 20 Q. You aren't doing it as a result of any PUC  
 21 administrative rule or any statute.  
 22 A. No.  
 23 Q. You are doing it because someone at the PUC  
 24 asked you for it.  
 25 A. Correct.

1 the South Dakota PUC, is the Nebraska revenue  
 2 included?  
 3 A. That's what I do. I do not remember. I think  
 4 we stopped reporting Nebraska revenue sometime  
 5 ago, but I'd have to go back and look at the  
 6 latest report that's been provided.  
 7 Q. When did you start doing monthly reporting to  
 8 the South Dakota PUC?  
 9 A. I believe they did it for some time. Like I  
 10 say, we stopped probably -- we stopped right  
 11 around the time we filed for bankruptcy, which  
 12 was November -- September of 2003.  
 13 Then had some conversation with Dave  
 14 Jacobson of the staff. That would be sometime  
 15 in the first half of 2004, sometime between  
 16 January and June. I don't recall when. At  
 17 that time he was asking for the information.  
 18 We were explaining we had stopped because we  
 19 didn't want to -- I was not aware we were  
 20 providing it in the first place. We stopped  
 21 because we didn't want to run afowl of  
 22 regulations by providing information to them  
 23 that might be public and had not provided that  
 24 to other investors.  
 25 Once we talked with him, we said, "Okay,

1 Q. One more question with respect to the three  
 2 calculations. Calculation 3 has a different  
 3 South Dakota revenue number which excludes  
 4 Nebraska, and you've compared that to  
 5 grossed-up numbers, less adjustments, the same  
 6 total as in Calculation 2. Why not mix that  
 7 with the total grossed-up revenues you use in  
 8 Calculation 1?  
 9 A. It would have been a smaller percentage if we  
 10 used No. 1. So we just said --  
 11 Q. But without regard to the result, can you  
 12 explain to me why you would not make the  
 13 comparison or the percentage determination as a  
 14 result of using the revenue stream attributed  
 15 to South Dakota as part of Calculation 3 as a  
 16 percentage of the total grossed-up revenue that  
 17 exists in Calculation 1?  
 18 A. As I mentioned earlier, you would have some  
 19 differences. The Nebraska revenue is  
 20 intercompany revenue, so you would have to back  
 21 it off of both sides, both the gross revenues  
 22 and the South Dakota or in this calculation  
 23 what we end up with just South Dakota  
 24 revenues. I don't know. We would have to look  
 25 back and see if there would be any other



1 differences in that calculation.  
 2 Q. Here is the opinion question. For purposes of  
 3 applying the jurisdictional statute that's at  
 4 issue here, which of these three calculations  
 5 do you think is the correct calculation?  
 6 A. I believe Calculation 3 would be the correct  
 7 calculation.  
 8 Q. Why do you think that's correct compared to  
 9 Calculation 1 or 2?  
 10 A. Because we are excluding the Nebraska derived  
 11 revenue from that calculation.  
 12 MR. MOORE: That's all the questions I  
 13 have for you. Thank you.  
 14 EXAMINATION BY MS. ROGERS:  
 15 Q. Good morning. My name is Darla Rogers. I  
 16 represent East River Electric and Basin  
 17 Electric.  
 18 A. Okay.  
 19 Q. I don't have a lot of questions. I just came  
 20 along more for my information. If I'm a little  
 21 bit redundant here, I apologize for that.  
 22 A couple things with regard to some of the  
 23 subsidiaries you were talking about. One in  
 24 particular, you talked about the Risk Partners  
 25 Insurance.

1 A. I know they are. We file statutory reports for  
 2 them, but we contract that out to somebody else  
 3 to do most of that work. I don't know the  
 4 specifics of who actually regulates them.  
 5 Q. You file statutory reports. Do you know where?  
 6 A. No. That's what I said, we contract it out to  
 7 somebody else.  
 8 Q. That is something you could --  
 9 A. I could find out.  
 10 Q. I think this has been covered, but I want to  
 11 make sure I understand. On these monthly  
 12 reports to the South Dakota Public Utilities  
 13 Commission, this is not a requirement of any  
 14 PUC rule that you are aware of. Is that  
 15 correct?  
 16 A. That's my knowledge, yes.  
 17 Q. And you've been filing these since November of  
 18 2004 for sure? Is that my understanding?  
 19 A. We've been providing it to Dave Jacobson. I  
 20 wouldn't say filing.  
 21 Q. Providing it.  
 22 A. Yes. Definitely since November of 2004.  
 23 Q. We've talked about the revenues on the SEC  
 24 filing. We've talked about the revenues for  
 25 purposes of FERC filings. We also have these

1 A. Risk Partners Assurance.  
 2 Q. Assurance. Did I understand you to say it's a  
 3 supplemental insurance, or is it an actual  
 4 insurance business?  
 5 A. It's what we call a captive, so it's a separate  
 6 subsidiary. Captives were set up, they were a  
 7 little more prevalent a few years ago, but  
 8 basically for tax purposes. You could set up  
 9 captives so you could pay your premiums to that  
 10 company. They would be tax deductible, and  
 11 they are set aside.  
 12 Northwestern is self-insured, and that was  
 13 the way to get some tax deductions essentially  
 14 for setting up a separate insurance company and  
 15 following that set of rules.  
 16 Q. Is the entity licensed with a Division of  
 17 Insurance in any state?  
 18 A. That I don't know. It was set up in Bermuda, I  
 19 believe.  
 20 Q. The island Bermuda? Is that what we're talking  
 21 about?  
 22 A. I believe it was Bermuda. Yes.  
 23 Q. So you don't know if that entity is subject to  
 24 any insurance regulation anywhere in the  
 25 country?

1 PUC reports you don't file, but you provide.  
 2 How would the revenues you report to the  
 3 PUC on a monthly basis compare to either SEC or  
 4 FERC revenues?  
 5 A. Those reports we send are on an SEC basis.  
 6 They are only for that company code for NPS.  
 7 As I said, I believe it's just for the South  
 8 Dakota portion of that. But if you were to  
 9 look at a consolidating income statement, you  
 10 could bring that all the way across. At the  
 11 end it would match our SEC revenues.  
 12 Q. The other thing that is not real clear to me is  
 13 inclusion versus exclusion of Nebraska  
 14 unregulated revenues. Do I understand you to  
 15 say in the reports, the monthly reports you  
 16 provide to the PUC, unregulated Nebraska  
 17 revenue is included in those reports?  
 18 A. No. There is no unregulated revenue included  
 19 in those reports. What I'm not sure of is I  
 20 think we changed the reports sometime ago, so  
 21 we were only reporting South Dakota regulated  
 22 revenues. I know historically I think they  
 23 provided everything to include Nebraska  
 24 regulated natural gas revenues.  
 25 Q. The SEC revenues on the form we were talking

1 about.  
 2 A. The 10K?  
 3 Q. Yes. Does that not include both regulated and  
 4 unregulated revenue?  
 5 A. Yes.  
 6 Q. Then I thought you just said that the reports,  
 7 monthly reports you provided to the PUC would  
 8 follow the SEC basis?  
 9 A. Yes. We break them down by regulated versus  
 10 unregulated. The unregulated revenue shows up  
 11 under a separate company code, under the NCS  
 12 company code, which we don't provide to Dave as  
 13 part of that monthly report we send him.  
 14 Q. Would it be possible for us to get copies of  
 15 the monthly reports you provide to Dave?  
 16 MR. GERDES: I can take a look at that.  
 17 I'll produce it under the same -- based on the  
 18 other productions we're going to make. I'll  
 19 take a look at it, and if it's not a problem,  
 20 we will. You want them how far back? Calendar  
 21 '05?  
 22 MS. ROGERS: For sure calendar '05. I was  
 23 thinking of going back, since you know they've  
 24 been provided since November of '04.  
 25 MR. MOORE: I think maybe '04 and '05 to

1 revenues, and total company grossed-up revenues  
 2 less adjustments, and total company grossed-up  
 3 revenues less adjustments, the source of these  
 4 is not necessarily any rule or requirement.  
 5 This is just something you put together for  
 6 purposes of this docket. Is that correct?  
 7 A. That is correct. We have a reconciliation on a  
 8 quarterly basis that we pulled these numbers  
 9 from. As I noted, Calculation 1 we start with  
 10 the SEC revenues. We add back eliminations  
 11 that are made or that have been made. So,  
 12 yeah, we're starting with that number. We have  
 13 the eliminations. We would go on to show the  
 14 adjustments that are described in my answer to  
 15 -- in our answer to No. 7 on the August 24,  
 16 2006, response.  
 17 MS. ROGERS: That's all I have. Thank  
 18 you.  
 19 MR. MOORE: I have nothing else.  
 20 MR. GERDES: Under the rules you have a  
 21 right to read and sign this deposition, or  
 22 trusting the accuracy of the court reporter,  
 23 you can waive the reading and signing. Given  
 24 the detail of this, I would recommend you read  
 25 and sign it.

1 date.  
 2 Q. Nebraska unregulated revenue, that is included  
 3 in Calculation 1 and Calculation 2 of the  
 4 attachment to your brief.  
 5 A. Yes.  
 6 Q. Is the Nebraska unregulated revenue reported  
 7 anywhere else?  
 8 A. When you say "anywhere else," you mean  
 9 externally?  
 10 Q. Yes.  
 11 A. No. I mean it's included in the numbers in the  
 12 SEC reports that are filed, but there's nowhere  
 13 where you could separately distinguish it, no.  
 14 Q. For example, in your annual filings with the  
 15 Nebraska Public Utilities Commission?  
 16 A. No. As I noted, that's a very, I think there's  
 17 only three questions on the filing. Then our  
 18 annual report gets filed with it. There's very  
 19 limited information in the Nebraska filing.  
 20 They do not include unregulated revenues.  
 21 MS. ROGERS: I believe you marked this as  
 22 Exhibit 1. Is that correct?  
 23 MR. MOORE: Yes.  
 24 Q. Just so I understand again the source of your  
 25 gross, what you call total company grossed-up

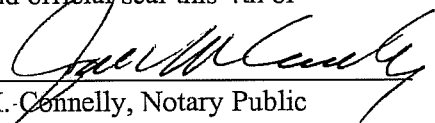
1 THE WITNESS: Sure:  
 2 (Witness excused)  
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1 STATE OF SOUTH DAKOTA )  
 2 :SS CERTIFICATE  
 3 COUNTY OF MINNEHAHA )  
 4 I, Jill M. Connelly, Court Reporter  
 5 and Notary Public within and for the State of  
 6 South Dakota:

7 DO HEREBY CERTIFY that the witness  
 8 was first duly sworn by me to testify to the  
 9 truth, the whole truth, and nothing but the  
 10 truth relative to the matter under  
 11 consideration, and that the foregoing pages  
 12 1 - 72, inclusive, are a true and correct  
 13 transcript of my stenotype notes made during  
 14 the time of the taking of the deposition of  
 15 this witness.

16 I FURTHER CERTIFY that I am not an  
 17 attorney for, nor related to the parties to  
 18 this action, and that I am in no way interested  
 19 in the outcome of this action.

20 In testimony whereof, I have hereto  
 21 set my hand and official seal this 4th of  
 22 October, 2006.



23 \_\_\_\_\_  
 24 Jill M. Connelly, Notary Public  
 25 My commission expires 3-26-11