



February 9, 2012

State of Montana  
Public Service Commission  
Travis Kavulla, Brad Molnar, John Vincent, Gail Gutsche, Bill Gallagher  
1701 Prospect Avenue  
Helena, Mt 59620

Cc: Bret Kenfield

Re: Opposition to Docket No. 02011.6.53 - Petition for a Waiver from Full Compliance with the Community Renewable Energy Project Purchase Obligation

Dear Commissioners,

WindPartners Finance and Kenfield Wind Project (hereafter known as Kenfield) oppose allowing NWE an exemption from complying with the CREP rules. NWE is making the following claims in their recent CREP waiver request that are false:

1. NorthWestern has undertaken all reasonable steps to procure energy credits ("Recs") and electricity output from community renewable energy projects ("CREP") but will be unable to achieve full compliance by January 1, 2012.
2. NorthWestern as described in this Petition and as supported by the testimony submitted with this Petition, (1) NorthWestern has undertaken all reasonable steps to procure Recs and electricity output from CREP's, (2) full compliance with § 69-3-2004(3)(b) cannot be achieved because sufficient CREP's do not exist.

Kenfield has made numerous attempts to receive a finance-able QF contract. One option discussed was to develop and commission the project as a CREP project which NWE seems to have rejected. I have outlined below a brief history of correspondence for the CREP portion of the conflict of which the backup information is provided on Page Three/Four below.

6/7/11. Frank emailed Bret Kenfield to ask if Bret would be interested to include the Kenfield project under the CREP program. Frank also wanted to see if the project could fit into the requirements of CREP if NWE was to certify the project as CREP eligible.

6/7/11 Mike Uda responded to our email that he also had a couple of other unnamed clients approached about CREP. It seemed that NWE was just fishing for information. Bret and I discussed if that is what it took to get the finance-able QF contract, we could make it work.

6/9/11 I, President of WPF, called Frank to discuss the CREP. I told him we are definitely interested and we could make it work. Frank and I discussed that to bring in the appropriate investors we need a PPA that does not have the onerous curtailment clauses that they inserted into the QF contract which was after we had already received an acceptable QF contract. I clarified that no one will ever invest in a project until these clauses are resolved. Frank appreciated our interest and said he would get back to us, but in reality I could tell the way the

conversation ended that he had no real intention of calling me back, which he never did. I did call back myself and left a message for Frank but never received a call.

Brief call history:

ATT 247	THU	06/09/2011	9:19AM	406-497-2536	BUTTE MT	9 MINS
---------	-----	------------	--------	--------------	----------	--------

ATT 375	MON	06/20/2011	3:38PM	406-497-2536	BUTTE MT	1 MINS
---------	-----	------------	--------	--------------	----------	--------

1/19/12 I emailed John Hines to see if they would be interested in the CREP. This request was in response to John's rejection of a proposal presented on 1/18/2012 requesting a PPA that either mirrored their Spion Kop terms, a PPA with a flat 6.5 Cent power rate, or 6 cents with five year ½ cent increases. I told him that Frank and I had discussed last summer our interest in the CREP program but we never heard back from Frank after he said he would. As of this date, we have now not heard back from John Hines if any interest. In addition, John stated on his rejection email that "NWE respectfully declines to enter into discussions regarding new additional intermittent resource contracts" which implies that they have no interest in any CREP projects.

1/25/12 I received the CREP waiver request that NWE filed. This was our first awareness that NWE is claiming they could not fulfill the CREP requirement.

The fact remains that Kenfield and presumably other projects in NWE territory are interested if necessary to do the project as a CREP. But, our personal opinion based on the numerous conversations and history with NWE is that NWE has no interest in either the CREP program or QF contracts and will do and say whatever it takes to create roadblocks and non-compliance. Kenfield remains interested in doing the project as CREP if necessary to get a finance-able PPA.

This issue is in addition to other issues with NWE. The history from Kenfield is that since 2005 Bret has been following the rules put in place by NWE and FERC but NWE changes the rules and put up ever-changing roadblocks. This has put Kenfield in the position spending capital for legal fees to attempt to receive what was to be required. It is an unfair playing field since NWE has the capital to create delays and operates as a monopoly.

In conclusion, Kenfield and WindPartners Finance oppose the request for waiver. It is only the roadblocks and the unwillingness of NWE that has caused the lack of CREP projects being completed.

Sincerely,  
Ken Valley  
President  
WindPartners Finance

Cc: Sincerely,  
Bret Kenfield  
Kenfield Wind Park I

**BACKUP INFORMATION PROVIDED WITH WPF LETTER DATED February 9, 2012**

---

**From:** ken@windpf.com  
**Sent:** Thursday, January 19, 2012 2:33 PM  
**To:** 'Hines, John'; Brogan, Al; Fine, David E  
**Cc:** bretcpa@aol.com  
**Subject:** RE: Kenfield Wind Park I

Hi John, this is disappointing. Another option is what about the CREP program. Bret and I had mentioned to Frank last summer when he called that we would be interested but then that was the end of Frank's implied interest. Would you be interested? The project can qualify for the CREP program.

Thanks,  
Ken Valley

---

**From:** Hines, John [mailto:John.Hines@northwestern.com]  
**Sent:** Thursday, January 19, 2012 1:53 PM  
**To:** ken@windpf.com; Brogan, Al; Fine, David E  
**Cc:** bretcpa@aol.com; Hines, John  
**Subject:** RE: Kenfield Wind Park I

Hi Ken,  
Thank you for contacting NWE regarding this potential QF wind project. Regarding generation acquisitions, NWE is guided primarily by its generation planning efforts including meeting its portfolio requirements, statutes, and administrative rules. At this point in time NWE is not seeking any additional intermittent resources for its portfolio; its most recent electric procurement plan provides the basis for this decision. NWE believes the 50 MW threshold for intermittent QF resources are still applicable. We have recently signed contracts with approximately 48 MW of new intermittent QF generation. Further, NWE is not aware of any these signed QF projects which are not planning on meeting their contract obligations. Therefore at this time NWE respectfully declines to enter into discussions regarding new additional intermittent resource contracts.  
Thank you again for reaching out to NWE.  
Regards  
John Hines

**John D Hines**  
Vice President - Supply  
cell: 406.459.2157  
office: 406.443.8994  
*john.hines@northwestern.com*

---

**From:** ken@windpf.com [mailto:ken@windpf.com]  
**Sent:** Wednesday, January 18, 2012 2:28 PM  
**To:** Hines, John  
**Cc:** bretcpa@aol.com  
**Subject:** Kenfield Wind Park I

Hi John, as you might be aware, WindPartners Finance is assisting Bret Kenfield on his wind project. We have various government bodies involved to attain a financeable PPA but we prefer to act as a partner with NWE. I last proposed to Frank Bennett a couple of options for a PPA but never heard back. I can offer a slightly lower rate since our manufacturers have offered recent price reductions. I propose Option 1 below to remain as offered, and also offer Option 2. with a 6.5 cent flat rate. Or 6 cents with an .50 cents escalator every five years. Also, it is my understanding that a couple of projects within the 50MW are likely not moving forward due to the contract terms. Thus your willingness to work with Kenfield might be an option to continue with fulfilling the 50MW until the PSC is able to increase the number. I appreciate in advance your interest in working with Kenfield to move the project forward and look forward to hearing from you.

Thanks,  
Ken Valley  
President  
WindPartners Finance, LLC  
900 IDS Center  
80 South Eighth Street  
Minneapolis, MN 55402  
[ken@windpf.com](mailto:ken@windpf.com)  
[www.windpf.com](http://www.windpf.com)  
612-371-2040 Office  
612-889-4780 Cell

---

From: Bennett, Frank V <[Frank.Bennett@northwestern.com](mailto:Frank.Bennett@northwestern.com)>  
To: 'bretcpa@aol.com' <[bretcpa@aol.com](mailto:bretcpa@aol.com)>  
Sent: Tue, Jun 7, 2011 6:31 am  
Subject: QF Agreement CREP status

NWE would like to understand if it can include Kenfield WindPark I, LLC in its Community Renewable Energy Project (CREP) required purchases within Montana. NorthWestern would like to clarify applicability before it files a request with the Montana Public Service Commission (MPSC) to ask that they certify your facility as a CREP eligible renewable resource.

NWE would like to have your clarification of the following newly approved requirements.

Please provide a response to the following newly adopted requirements of § 69-3-2003 (11)(c) Montana Code Annotated:

(c) business entities organized under the laws of Montana that:

- (i) have less than \$50 million of gross revenue;
- (ii) have less than \$100 million of assets; and
- (iii) have at least 50% of the equity interests, income interests, and voting interests owned by Montana Residents;

Having this information will allow us to make the appropriate decisions before we file any Petition with the MPSC.

Thank you.