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

IN THE MATTER OF the Petition of) REGULATORY DIVISION
Greycliff Wind Prime, LLC to Set Contract)
Terms and Conditions for a Qualifying) DOCKET NO. D2015.8.64
Small Power Production Facility)

NorthWestern Energy's Prehearing Memorandum

NorthWestern Corporation d/b/a NorthWestern Energy ("NorthWestern") files this Prehearing Memorandum pursuant to Amended Procedural Order No. 7436c ("Procedural Order").

I. Procedural Background

On August 17, 2015, Greycliff Wind Prime, LLC ("Greycliff") filed a *Petition to Have Commission Set Contract Terms and Conditions Pursuant to M.C.A. § 69-3-603* ("Petition") with the Montana Public Service Commission ("Commission"). On August 20, 2015, the Commission issued a *Notice of Petition and Intervention Deadline* establishing September 3, 2015 as the date by which any interested person who is directly affected by the Petition must request intervention. By *Notice of Staff Action*, issued on September 9, 2015, intervention was granted to NorthWestern and the Montana Consumer Counsel ("MCC").

Consistent with the procedural order in effect at the time, on November 16, 2015, NorthWestern filed testimony responding to the testimony filed by Greycliff on August 17, 2015 and providing an avoided cost calculation for the Greycliff project. The MCC also filed testimony by the required deadline. Due to changes to the project requested by Greycliff, including the commercial operation date, NorthWestern filed an updated avoided cost calculation in testimony filed on March 29, 2016. On April 29, 2016, Greycliff filed rebuttal testimony. It was agreed between NorthWestern and Greycliff that NorthWestern could file surrebuttal testimony by May 24, 2016, and that, given the fact that Greycliff is the applicant with the burden of proof, its witness, Mr. Roger Schiffman, could provide live rebuttal at hearing of NorthWestern's surrebuttal testimony filed on May 24, 2016.

During the course of this proceeding, Greycliff filed a *Motion for Summary Judgment* ("Motion"). After the Motion was fully briefed and the Commission held oral argument, the Commission denied the Motion. Order No. 7436b, ¶ 22. In that same decision, the Commission ordered Greycliff and NorthWestern to "negotiate for at least thirty days in an effort to mutually agree to contract terms and conditions, including an avoided cost rate, beginning on the service date of this Order [January 15, 2016.]" *Id.*, ¶ 23. Over the next thirty days plus two further two-week extensions, Greycliff and NorthWestern were unsuccessful at resolving all outstanding contested issues, including the appropriate avoided cost rate for the Greycliff project.

As such, the Commission issued a *Notice of Public Hearing* on May 12, 2016 setting the hearing in this matter to commence on May 31, 2016. NorthWestern submits this prehearing memorandum pursuant to the Procedural Order.

II. Contested Issues

The contested issues in this docket are as follows:

1. The appropriate avoided cost rate for the Greycliff project, including the appropriate adjustments for wind integration, supplemental reserves, spinning reserves, capacity, wind intermittency, and network upgrades;
2. Contract terms and conditions identified as contested by Greycliff and NorthWestern in the Joint Motion Regarding Contract Terms and Conditions filed on May 27, 2016; and
3. Whether Greycliff established a legally enforceable obligation.

III. Uncontested Issues

Except those issues identified above as contested issues, all other issues are uncontested.

IV. Witnesses

NorthWestern intends to call the following witnesses to testify at the hearing:

1. Bleau J. LaFave; and
2. Luke P. Hansen.

Mr. LaFave submitted Prefiled Response Testimony, Prefiled Additional Response Testimony, Prefiled Supplemental Response Testimony, Prefiled Revised Supplemental Response Testimony, and Prefiled Surrebuttal Testimony. Luke P. Hansen submitted Prefiled Response Testimony, Prefiled Revised Supplemental Response Testimony, and Prefiled Surrebuttal Testimony.

Mr. Patrick DiFronzo also filed Prefiled Supplemental Response Testimony (“DiFronzo Testimony”) in this docket. It was agreed by the parties and Commission staff that Mr. DiFronzo’s presence at the hearing was not necessary, and that his testimony would be admitted into the evidentiary record without his presence at the hearing. It was further agreed that if the need arises, Mr. DiFronzo would be available by telephone.

With the exception of the DiFronzo Testimony, NorthWestern intends to have its witnesses address all their prefiled testimonies at the time they are initially called to the stand.

V. Exhibits and Evidence

NorthWestern intends to introduce into evidence the following:

1. All prefiled testimonies identified above together with the internal exhibits, if any, attached to and incorporated in those testimonies;
2. As separately identified hearing exhibits, the corrected exhibits presented by Mr. LaFave and Mr. Hansen, which were previously provided during the course of discovery in this docket; and
3. Any document needed for impeachment.

NorthWestern will move that the following data requests and accompanying responses be made part of the evidentiary record at the hearing:

DATA REQUEST	WITNESS	ISSUE ADDRESSED
GWP-003	Bleau J. LaFave	Intermittency Adjustment
GWP-005	Bleau J. LaFave	Wind integration costs associated with regulation and operating reserves
PSC-012	Bleau J. LaFave and Luke P. Hansen	Exhibits and Models
PSC-014	Bleau J. LaFave	Valuing Intermittency
PSC-018	Casey Johnston and Bleau J. LaFave	Transmission Upgrade Costs
PSC-019	Bleau J. LaFave	Cost-Effectiveness and Avoided Costs
PSC-023(c) and (d)	Bleau J. LaFave	Avoidable Resources During Resource Surplus
PSC-049(b)	Luke P. Hansen	Thermal Asset Variable O&M and Fuel Prices
PSC-052(b)	Luke P. Hansen	PowerSimm Modeling and Avoidable Resources
PSC-054	Bleau J. LaFave	Valuing Intermittency

NWE-001	Walker	Calculation of Rate
NWE-004	Walker	Experience
NWE-005	Walker	Request for avoided cost rate
NWE-009	Walker	Wind Integration Rate
NWE-012(d) and (e)	Walker	Proposed Contract
PSC-001(d)	Walker	Greycliff Avoided Costs
PSC-007(b)	Walker	Avoided Cost Calculation Methods
PSC-010	Walker	Communication between Greycliff and NorthWestern
PSC-011	Walker	Greenfield Production

VI. Special Needs

None.

Respectfully submitted this 27th day of May, 2016.

NORTHWESTERN ENERGY

By:  _____
Sarah Norcott

Attorney for NorthWestern Energy

CERTIFICATE OF SERVICE

I hereby certify that NorthWestern Energy's Prehearing Memorandum in Docket No. D2015.8.64 has been hand delivered to the Montana Public Service Commission and the Montana Consumer Counsel this date. It has also been e-filed on the PSC website, emailed to counsel of record, and mailed to the remainder of the service list as follows:

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Date: May 27, 2016


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