

September 9, 2016

Mr. Will Rosquist
Administrator, Regulatory Division
Montana Public Service Commission
1701 Prospect Avenue
PO Box 2022601
Helena, Montana 59620-2601

**Re: Docket No. D2016.5.39 QF-1 Filing
PSC Set 2 Data Requests (021-022)**

Dear Mr. Rosquist:

Enclosed for filing is a copy of NorthWestern Energy's responses to PSC Set 2 Data Requests in Docket No. D2016.5.39. It has been hand delivered to the Montana Public Service Commission and the Montana Consumer Counsel this date. It has also been mailed to the remainder of the service list, e-filed on the PSC website, and emailed to counsel of record.

Should you have questions please contact Joe Schwartzberger at (406) 497-3362.

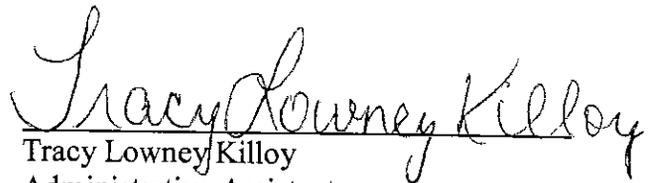
Sincerely,

Tracy Lowney Killoy
Administrative Assistant

CERTIFICATE OF SERVICE

I hereby certify that a copy of NorthWestern Energy's responses to the PSC Set 2 Data Requests (021-022) in Docket No. D2016.5.39 has been hand delivered to the Montana Public Service Commission and the Montana Consumer Counsel this date. It has also been mailed to the remainder of the service list, e-filed on the PSC website, and emailed to counsel of record.

Date: September 9, 2016


Tracy Lowney Killoy
Administrative Assistant
Regulatory Affairs

**Docket Service List
Docket No. D2016.5.39**

**Will Rosquist
Public Service Commission
1701 Prospect Ave
Helena MT 59620-2601**

**Jason Brown
Montana Consumer Counsel
PO Box 201703
Helena MT 59620-1703**

**John Alke
NorthWestern Energy
208 N Montana Ave Suite 205
Helena MT 59601**

**Tracy Lowney Killoy
NorthWestern Energy
11 E Park Street
Butte MT 59701**

**Joe Schwartzberger
NorthWestern Energy
11 E Park Street
Butte MT 59701**

**Jenny K Harbine
Earthjustice
313 East Main St.
Bozeman MT 59715**

**DarAnne Dunning
Luxan & Murfitt, PLLP
P O Box 1144
Helena MT 59624**

**Al Brogan
NorthWestern Energy
208 N Montana Ave Suite 205
Helena MT 59601**

**Eric Christensen
Cairncross Hempelmann
524 Second Ave, Suite 500
Seattle WA 98104**

**Mike J Uda
Uda Law Firm, P.C.
7 West Sixth Avenue
Power Block West, Suite 4H
Helena MT 59601**

NorthWestern Energy
Docket No. D2016.5.39
Application for Approval of Avoided Cost Tariff Schedule QF-1

Montana Public Service Commission
Set 2 (021-022)

Data Requests received August 29, 2016

PSC-021

Regarding: Follow-Up to Response to PSC-004
Witness: Mueller

Section 4.1 of NorthWestern's Small Generator Interconnection Procedures, included as Attachment N to NorthWestern's FERC Electric Tariff, states:

Reasonable Efforts The Transmission Provider shall make reasonable efforts to meet all time frames provided in these procedures unless the Transmission Provider and the Interconnection Customer agree to a different schedule. If the Transmission Provider cannot meet a deadline provided herein, it shall notify the Interconnection Customer, explain the reason for the failure to meet the deadline, and provide an estimated time by which it will complete the applicable interconnection procedure in the process.

- a. Is it NorthWestern's position that Section 4.1 of its Small Generator Interconnection Procedures allows NorthWestern to follow interconnection process timeframes that deviate from the specific timeframes in its tariff if the Interconnection Customer agrees to those timeframes? If not, please explain.
- b. Is it NorthWestern's position that because the timeframes contained in the Attachment to the response to data request PSC-004 were provided to and discussed with representatives of Cypress Creek and FLS Energy that these entities agreed to those timeframes? If not, please explain.
- c. Please provide any written documentation NorthWestern possesses showing that Cypress Creek and FLS Energy specifically agreed to the process and timeframes contained in the Attachment to the response to data request PSC-004.
- d. Does "a deadline provided herein" refer to a deadline in the agreed to "different schedule", to the five-day deadline of Section 3.5.7, or a deadline described elsewhere in the tariff?
- e. For all instances where NorthWestern failed to "meet a deadline provided herein", please provide, or identify previously provided communications from NorthWestern to its interconnection customers that "explain the reason for the failure to meet the deadline, and provide an estimated time by which it will complete the applicable interconnection procedure in the process."

NorthWestern Energy
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Montana Public Service Commission
Set 2 (021-022)

Data Requests received August 29, 2016

PSC-021 cont'd

RESPONSE:

- a. Yes.
- b. Yes.
- c. Please see the "PSC-021c" folder on the attached CD for emails responsive to this request. The difficulties of scheduling the required work for numerous proposed 3 MW projects was discussed with each developer early in the process; some discussions were in face-to-face meetings, which were not recorded or transcribed. NorthWestern provided a copy of its timelines (see Attachment provided in response to Data Request PSC-004d) to Amy Berg Pickett of Cypress Renewables as an email attachment on December 29, 2014 (among the emails provided in above-referenced folder). NorthWestern held an in-person meeting with Casey May from FLS Energy on October 14, 2015, prior to receiving any interconnection requests from FLS. The purpose of this meeting was to discuss NorthWestern's process for interconnection and timelines. NorthWestern also provided a written copy of the PSC-004d Attachment to Mr. May and reviewed the document with him, along with answering his questions about the interconnection queue and construction timing.
- d. There are numerous default deadlines in the tariff which are referenced in Section 4.1. See the Attachment provided in response to Data Request PSC-004d for a printed summary of default deadlines.
- e. NorthWestern does not believe it missed an applicable deadline.

NorthWestern Energy
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Montana Public Service Commission
Set 2 (021-022)

Data Requests received August 29, 2016

PSC-022

Regarding: Follow-Up to Response to PSC-004
Witness: Mueller

Section 3.5.7 of NorthWestern's Small Generator Interconnection Procedures, included as Attachment N to NorthWestern's FERC Electric Tariff, states:

Upon completion of the facilities study, and with the agreement of the Interconnection Customer to pay for Interconnection Facilities and Upgrades identified in the facilities study, the Transmission Provider shall provide the Interconnection Customer an executable interconnection agreement with five business days.

- a. Please explain what constitutes "agreement of the Interconnection Customer to pay for Interconnection Facilities and Upgrades identified in the facilities study".
- b. Please provide any documentation NorthWestern possesses showing whether or not either Cypress Creek or FLS Energy provided NorthWestern with such agreement.
- c. Is it NorthWestern's position that an "executable interconnection agreement" must include construction timeframes that have been mutually agreed to by NorthWestern and the Interconnection Customer? If so, please provide the basis for this position with reference to FERC rules or NorthWestern's FERC Electric Tariff.
- d. Would it have been possible for NorthWestern to provide an "executable interconnection agreement" containing construction schedules that NorthWestern deemed feasible within five business days? If not, please explain why. If so, please explain the reasons for the 30 day timeframe contained in the Attachment to the response to data request PSC-004.

RESPONSE:

- a. The referenced agreement is to pay the costs identified in the study for which the interconnection customer is responsible. The agreement is made by the customer either tendering the required costs in cash, or making acceptable credit arrangements. Any proposed credit facility must be reviewed and approved by NorthWestern's credit department. NorthWestern allows customers 30 days to provide comments on the draft Facilities Study report. NorthWestern considers the email from the customer indicating that they have no further questions on the study as their agreement to move to the negotiations of the Interconnection

NorthWestern Energy
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Application for Approval of Avoided Cost Tariff Schedule QF-1

Montana Public Service Commission
Set 2 (021-022)

Data Requests received August 29, 2016

PSC-022 cont'd

Agreement. Within 30 days of receipt of customer comments on the Facilities Study report, NorthWestern issues a draft Interconnection Agreement to the customer for review. NorthWestern considers the customer's notice that they are in agreement with the draft Interconnection Agreement as "the agreement of the Interconnection Customer to pay for Interconnection Facilities and Upgrades identified in the facilities study."

- b. See the "PSC-022b" folder on the CD attached to Data Request PSC-021 for emails documenting approval of the Facilities Study and the draft Interconnection Agreements for Cypress Creek and FLS projects that reached this phase in the process.
- c. Yes. Common sense indicates that an interconnection agreement requires the construction of the facilities needed for the requested interconnection. Since both NorthWestern and the interconnection customer build distinct portions of the required facilities, they need to agree to a construction schedule which matches their respective resource availability.
- d. No. The required construction needs to be coordinated between the two parties doing the construction work, each with limited resources. Moreover, when there are a significant number of interconnections to be constructed, NorthWestern may need to rely on third party contractors to do all or part of the work. Third party contracting adds another layer of complexity to the scheduling process. Because of the number of proposed 3 MW projects, the construction of the required communications equipment by qualified personnel was particularly challenging.