



September 23, 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 Avoided Cost Rate Filing
MCC Set 1 Data Requests (001-003)

Dear Mr. Rosquist:

Enclosed for filing is a copy of NorthWestern Energy's responses to the MCC Set 1 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 e-filed on the PSC website, emailed to counsel of record, and sent via First Class Mail to the remainder of the service list.

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

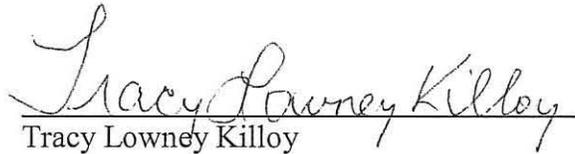
Sincerely,

Tracy Lowney Killoy
Administrative Assistant

CERTIFICATE OF SERVICE

I hereby certify that a copy of NorthWestern Energy's responses to the MCC Set 1 Data Requests (001-003) in Docket No. D2016.5.39, the QF-1 Avoided Cost Rate Filing, 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 Commission website, emailed to counsel of record, and sent via First Class Mail to the attached service list.

Date: September 23, 2016


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Administrative Assistant
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Docket No. D2016.5.39

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

Montana Consumer Counsel
Set 2 (001-003)

Data Requests received September 9, 2016

MCC-001 Regarding: Historic Electricity Prices
 Witness: John B. Bushnell

- a. On page eight of your testimony you state that because the 2015 Plan forecast does not start until 2016, historic electricity prices were used for the first three years. Why did NorthWestern Energy use historic electricity prices in the first three years of the model?
- b. Please identify any previous dockets in which NorthWestern used historical electric prices to set avoided cost rates.

RESPONSE:

- a. The study referenced in the question uses historic electricity prices because it is compared directly to a study that begins in 2012. Historic prices are used for those years for which historic prices are available; 2015 Plan forecast prices are used for the remainder of the forecast period.
- b. To the witness's knowledge, NorthWestern has never used historical electric prices to set avoided costs.

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

Montana Consumer Counsel
Set 2 (001-003)

Data Requests received September 9, 2016

MCC-002 Regarding: Avoided Cost of Capacity Before 2019
 Witness: John B. Bushnell

On page nine of your testimony you state that the avoided cost of capacity is based on the levelized capital cost of an Internal Combustion Engine (ICE) generation unit to be built in 2019. How does NorthWestern Energy's avoided cost calculation account for the avoided cost of capacity before 2019?

RESPONSE:

NorthWestern's avoided cost calculation does not account for the avoided cost of capacity before 2019.

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

Montana Consumer Counsel
Set 2 (001-003)

Data Requests received September 9, 2016

MCC-003 Regarding: 85% Exceedance Level
 Witness: John B. Bushnell

- a. On page 11 of your testimony you state that the 85% exceedance level was selected in part because it represents a level of reliability that is close to that of a Frame Combustion Turbine. Why wasn't the exceedance level calculated based on the reliability of an ICE unit, since that is the unit used to calculate the avoided cost of capacity?
- b. What would be the exceedance level if it were based on the reliability of an ICE unit?

RESPONSE:

- a. The reference to a Frame Combustion Turbine is in error. The testimony should have referenced an ICE unit.
- b. See the response to part a, above.