

Service Date: July 13, 2016

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

IN THE MATTER OF NorthWestern Energy's        )     REGULATORY DIVISION  
Application for Interim and Final Approval of     )  
Revised Tariff No. QF-1, Qualifying Facility     )     DOCKET NO. D2016.5.39  
Power Purchase                                     )

**NOTICE OF COMMISSION ACTION**

On May 3, 2016, NorthWestern Corporation, doing business as NorthWestern Energy ("NorthWestern") filed an *Application for Approval of Avoided Cost Tariff Schedule QF-1* ("Application") with the Montana Public Service Commission ("Commission"). NorthWestern requests that the Commission approve its new QF-1 tariff on both an interim and final basis. The proposed avoided cost rates would apply to Qualifying Facilities (QFs) with a nameplate capacity of three megawatts or less on May 3, 2016.

"Standard rates" for purchases from QFs are based on NorthWestern's "avoided costs," computed annually, reviewed by the Commission, made available to the public, and "applicable to all contracts with qualifying facilities which do not choose to negotiate a different rate." Mont. Admin. R. 38.5.1901(2)(j) (2016). In its Application, NorthWestern proposes to decrease standard rates.

On May 13, 2016, the Commission issued a *Notice of Application and Intervention Deadline*, setting an intervention deadline of June 10, 2016. On May 17, 2016, NorthWestern filed a *Motion for Emergency Suspension of the QF-1 Tariff for New Solar Qualifying Facilities with Nameplate Capacities Greater than 100 kW*, as well as the supporting affidavit of John B. Bushnell. On May 24, 2016, the Commission issued a *Notice of Emergency Motion and Opportunity to Comment and Request Hearing* ("Notice").

The Notice advised that "[u]pon its own motion or upon request by an interested party, the PSC may hold a hearing on June 9, 2016 at 2:00 p.m. at the PSC's business offices." The Commission issued a *Notice of Staff Action Setting Hearing* which confirmed that a hearing would be held. On June 9, 2016, the Commission held a hearing in this matter.

On June 16, 2016, at a properly noticed work session, the Commission voted to grant NorthWestern's motion and suspend its obligation under QF-1 tariff option 1(a) standard rates for solar projects greater than 100 kW pending issuance of a final order. The Commission issued a *Notice of Commission Action* on June 17, 2016. On June 27, 2016, via a *Notice of Staff Action*, the Commission clarified that requests for reconsideration should be held until after issuance of the final order.

On July 1, 2016, FLS Energy, Inc. (FLS) filed an application seeking rehearing on NorthWestern's *Motion for Emergency Suspension of the QF-1 Tariff for New Solar Qualifying Facilities with Nameplate Capacities Greater than 100 kW*. On July 7, 2016, the Commission held a work session to discuss and act on FLS's request for rehearing pursuant to Mont. Admin. R. 38.2.4805. FLS's request for rehearing is hereby DENIED.

The Commission finds that there are no material changes of fact or of law that have occurred since the conclusion of the hearing that would necessitate rehearing. The Commission further finds that the public interest does not require the reopening of the proceeding. The Commission reiterates that parties may seek reconsideration subsequent to the issuance of a final order addressing NorthWestern's *Motion for Emergency Suspension of the QF-1 Tariff for New Solar Qualifying Facilities with Nameplate Capacities Greater than 100 kW*.

The Commission however is concerned by allegations of FLS, specifically, that FLS had requested interconnection agreements from NorthWestern, and that NorthWestern is not meeting its legal obligation to provide interconnection agreements in a timely fashion. FLS Appl. for Rehr'g p. 2 (July 1, 2016). The Commission intends to further investigate these allegations in the course of this docket.

Done and dated this 13<sup>th</sup> day of July, 2016.

BY THE MONTANA PUBLIC SERVICE COMMISSION

BRAD JOHNSON, Chairman  
TRAVIS KAVULLA, Vice Chairman  
KIRK BUSHMAN, Commissioner  
ROGER KOOPMAN, Commissioner  
BOB LAKE, Commissioner