

Michael J. Rieley, P.C.
Attorney at Law

Power Block Building, Suite 4A
7 West Sixth Avenue
P.O. Box 1211
Helena, MT 59624
(406) 443-4433
Telecopier (406) 443-0039

E-Mail mikerattorney@msn.com

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Gwendolyn A. Vashro, DP, CLA, PLS
Paralegal

August 16, 2012

HAND DELIVERED

Mr. Jason T. Brown
Attorney at Law
Montana Public Service Commission
1701 Prospect Avenue
P.O. Box 202601
Helena, MT 59620-2601

Re: PPL EnergyPlus, LLC
Montana Renewable Portfolio Standard Compliance Year 2011
Docket No. N2012.1.1

Dear Jason:

Since PPL EnergyPlus, LLC (PPL EnergyPlus) has never been a Competitive Electricity Supplier (CES), your July 24, 2012, e-mail notification and opportunity to respond regarding PPL EnergyPlus's potential status as a Competitive Electricity Supplier (CES) for Compliance Year 2011, is once again greatly appreciated. This opportunity in turn has allowed time for PPL EnergyPlus to review the accuracy of NorthWestern's account information regarding the specific customer about which you inquired as having an average demand less than 5,000 kW. This customer is identified by Unique ID 1050 in Attachment 4 to NorthWestern's Restructured Utility Report filed March 30, 2012 (Report).

PPL EnergyPlus conducted a review of NorthWestern's Report and has confirmed that it was not a CES for Compliance Year 2011. The explanation for this conclusion is as follows:

1. NorthWestern's Report is off by one month. PPL EnergyPlus has compared the information for the customer represented by Unique ID 1050 (Ash Grove Cement) to the monthly 15-minute demand data supplied to PPL EnergyPlus from

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NorthWestern. A comparison of that data reveals NorthWestern's Report incorrectly provides data from December 2009 through November 2010 instead of January 2010 through December 2010 as required by ARM 38.5.8302. PPL EnergyPlus also checked another customer where the Unique ID is known (Cenex Harvest States) and discovered the same thing. Correcting for this error results in a demand of 4,901 kW for the period January 2010 through August 2010 for Ash Grove Cement. After August 2010 this customer was transferred from PPL EnergyPlus to PPL Treasure State, which is a CES.

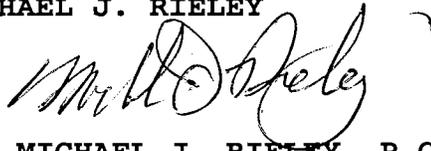
2. NorthWestern's Report reports demand at the meter level instead of the transmission level. In a January 14, 2010, e-mail to Todd Tregidga (a copy of this e-mail correspondence accompanies this letter), Will Rosquist confirmed that PPL EnergyPlus should report "sales and transmission level demand" by customer. Utilizing customer loss factors provided by NorthWestern (a copy of this e-mail correspondence also accompanies this letter), the loss factor for Ash Grove is 4.63%. Applying the loss factor results to Ash Grove's monthly demand at the transmission level for January 2010 through August 2010 yields a result of 5,128 kW, which exceeds the statutorily defined maximum qualification for being a "small customer," i.e. having a limit of "an average monthly demand of less than 5,000 kW."

For the foregoing reasons, PPL EnergyPlus is not a CES for 2011, nor has it ever been a CES since the 2005 Montana Renewable Power Production and Rural Economic Development Act was amended regarding CES filing requirements.

If you have any questions, please contact me.

Sincerely,

MICHAEL J. RIELEY



for MICHAEL J. RIELEY, P.C.

MJR/gv

Encs.

cc: Mr. Jesse Dillon

From: "Rosquist, Will" <wrosquist@mt.gov>
To: "Tregidga, Todd D" <TDTregidga@pplweb.com>
Sent: Thursday, January 14, 2010 3:43 PM
Subject: RE: Renewable Energy Standard

Yes, your understanding of the basis for the 2009 renewable energy obligation and the 2009 annual reporting requirements are both correct. Pursuant to 38.5.8302 (5), the annual report filed on or before March 31, 2010 will also demonstrate compliance with the renewable energy obligation, assuming PPL Energy Plus and/or PPL Treasure State are competitive electricity suppliers under the RPS statute. Presumably demonstrating compliance with the renewable energy obligation will also involve reporting the sales made in 2008 so that the 5% renewable energy obligation can be calculated.

Will Rosquist
Utility Division
Montana Public Service Commission
406-444-6359
wrosquist@mt.gov

From: Tregidga, Todd D [mailto:TDTregidga@pplweb.com]
Sent: Thursday, January 14, 2010 2:34 PM
To: Rosquist, Will
Subject: RE: Renewable Energy Standard

Will,

Thank you! I am sure this will be helpful.

For clarification purposes I would like to summarize what was discussed as it relates to the correct data year for the 2009 compliance year as follows:

- For the 2009 compliance year PPL's renewable energy obligation will be based on sales made in 2008.
- For the 2009 compliance year annual report to be filed on or before March 31, 2010, PPL will report 2009 sales and transmission level demand by customer.

Please confirm that the above is correct.

Thank you for all your help!!

Todd

From: Rosquist, Will [mailto:wrosquist@mt.gov]
Sent: Thursday, January 14, 2010 2:02 PM
To: Tregidga, Todd D
Subject: RE: Renewable Energy Standard

Todd:

Here is a link to Electric City Power's petition for certification of an eligible renewable resource.

<http://psc.mt.gov/eDocs/eDocuments/pdfFiles/D2009-5-61.pdf>

Will Rosquist
Utility Division
Montana Public Service Commission
406-444-6359
wrosquist@mt.gov

From: Tregidga, Todd D [mailto:TDTregidga@pplweb.com]
Sent: Wednesday, January 13, 2010 2:50 PM
To: Rosquist, Will
Subject: RE: Renewable Energy Standard

Will,

I am sure you would be ready with these documents, but I would ask that you have a copy of both the code (69-3-2003 & 2004) and the administrative rules (38.5.8302) in front of you when we talk tomorrow.

Thank you!!

Todd

From: Rosquist, Will [mailto:wrosquist@mt.gov]
Sent: Wednesday, January 13, 2010 2:18 PM
To: Tregidga, Todd D
Subject: RE: Renewable Energy Standard

How about tomorrow at 1:30 pm. I would like to have a few other people on our end on the phone to help answer the questions. We can call you from a conference room here if you let me know the number you want us to call you on.

Thanks.

Will Rosquist
Utility Division
Montana Public Service Commission
406-444-6359
wrosquist@mt.gov

From: Tregidga, Todd D [mailto:TDTregidga@pplweb.com]
Sent: Wednesday, January 13, 2010 11:43 AM
To: Rosquist, Will
Subject: Renewable Energy Standard

Will,

I am responsible for complying with the Renewable Energy Standards for PPL Energy Plus and PPL Treasure State. A contact at NorthWestern Energy indicated that you would be a good resource regarding questions on compliance and reporting. Somehow we made it through the first year's reporting cycle unscathed, but I do have a few questions as we approach this year's reporting. If you are not the right person for these types of questions please direct me to the right person. Otherwise, please propose a time that I could call you with a few questions.

As a heads up, the questions are in the following areas:

- Vintage of load/sales data used in the compliance calculation - seems like there are some discrepancies between the code and the rules.
- Some direction on the renewable energy credit petition process.
- Reporting forms that we should be using in support of this process.

Thank you!!

Todd Tregidga

Power Marketer
PPL EnergyPlus, LLC
45 Basin Creek Road
Butte, MT 59701
Ph: 406-533-3453
Cell: 406-490-5384
Fax: 406-533-0208
Email: tdtregidga@pplweb.com

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From: Donaldson, Marc E [Marc.Donaldson@northwestern.com]

Sent: Monday, March 08, 2010 4:52 PM

To: Otten, Robert C

Cc: Tregidga, Todd D

Subject: FW: Line Loss Factors for PPL Retail Customers

Bob,

I gathered this information from the imbalance detail and/or summary reports Tom provides each month. I used Jan 2010 data to calculate the weighted average for those customers with multiple accounts and loss factors. I'm not sure if these vary much from month to month.

Would you please verify the values, and provide any corrections to Todd as necessary?

Thanks,
Marc

Marc E. Donaldson, P.E.
Manager - Electric Transmission Services
NorthWestern Energy
40 E. Broadway
Butte, MT 59701
406-497-4717 work
406-490-8249 cell
406-497-2054 fax
marc.donaldson@northwestern.com

From: Tregidga, Todd D [mailto:TDTregidga@pplweb.com]

Sent: Monday, March 08, 2010 3:27 PM

To: Donaldson, Marc E

Subject: Line Loss Factors for PPL Retail Customers

Marc,

As mentioned on the phone, I would like to confirm the line loss factors for all twelve of my Retail Customers. The list of these customers is as follows:

Ash Grove Cement	4.63%
Aspen Air	4.00%
CHS Inc	3 accounts @ 4.63%, 1 account @ 5.51% -- 4.65% weighted average
Exxon Mobil	4.63%
Holcim US	4.63%
Luzenac America	2 accounts @ 4.63%, 2 accounts @ 8.51% -- 4.78% weighted average
Montana Resources	4.63%
REC Silicon	4.63%
Roseburg Forest Products	5.54%
Smurfit-Stone Container	4.63%
Stillwater Mining	1 account @ 4.63%, 1 account @ 4.00% -- 4.44% weighted average
Stimson Lumber	4.63%

I understand that some of these customers are served in more than one location, so I would need the factor to be reflective of all locations served by the respective Network Transmission Contract.

I know you asked me to copy Bob Otten as well, but I do not have his email address. Therefore, please forward this on to him.

Let me know if you have any questions or concerns with my request.

Thank you!!

Todd Tregidga

Power Marketer
PPL EnergyPlus, LLC
45 Basin Creek Road
Butte, MT 59701
Ph: 406-533-3453
Cell: 406-490-5384
Fax: 406-533-0208
Email: tdtregidga@pplweb.com

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