Montana Consumer Counsel

STATUS OF CASES

October 4, 2021

NORTHWESTERN ENERGY (‘‘NWE’’)

NWE Application for Preapproval of Capacity Resources, Docket 2021.02.022, filed 5/19/21.

NWE requested preapproval of two capacity resources and cost recovery of variable and purchased power costs through the PCCAM: (1) a 175 MW gas-fired plant in Laurel, MT to be owned by NWE with an estimated revenue requirement of $54,231,473; and (2) a 20-year agreement with a 50 MW battery storage facility in Yellowstone County owned by Beartooth Energy Storage, LLC. NWE calculates a typical monthly residential bill increase of $6.64 or 7.39% from just the Laurel Generating Station.

- NWE Application filed 5/19/21 without confidential exhibits.
- Notice of Application, Intervention Deadline, and Opportunity for Intervenor Comments on adequacy issued 5/20/21.
- Notice of Commission Action issued 7/2/21; notes that motions for protective orders are to be filed at the earliest possible time in a proceeding, and that Commission did not receive a substantially complete application until June 11, 2021; established supplemental deadlines for comments on adequacy.
- Order 7781x issued 7/26/21; finds application adequate as of filing of confidential exhibits on June 11, 2021; it includes a complete and through explanation and justification of all changes to its most recent long-term resource plan and three-year action plan and responds to Commission comments; it describes the resources as being in the public interest and consistent with the most recent long-term resource plan; it includes testimony and supporting work papers demonstrating the resources’ cost estimates, comparisons to each alternative resource the utility considered, and all relevant functional differences between each alternative; and it describes all due diligence and bid evaluation in connection with the RFP.
- NWE Motion to Suspend Procedural Schedule filed 9/21/21.

[pause for questions]

In this annual filing NWE tracks incremental electric supply power costs and trues up variations from base. NWE calculates an annual deferred account balance of $19,925,599 to be amortized over 12 months. With other adjustments (which reduce the request to $18,056,581 million), NWE calculates a typical monthly residential bill increase of $1.85 or 2.01%. NWE also requests approval to enter certain off-system fixed price hedge transactions.

- Notice of Application and Intervention Deadline issued 9/7/21.


NWE requests to increase the “Base PCC” from $61,703,497 to $78,658,125, and to increase QF base from $76,952,206 to $77,602,226. NWE calculates a typical monthly residential bill increase of $2.28 or 2.54%.

- NWE Supplement to Application to Update Base Power Costs and Credits in the PCCAM filed 6/15/21 proposes to use forward market prices from 6/30/21 instead of 3/10/21 and to update the proposal again to reflect any capacity contracts entered prior to hearing in this docket; calculating that further increasing the “Base PCC” to $85,458,196 and the QF base to $84,311,014 would result in a typical monthly residential bill increase of $3.93 or 4.38%.

- Notice of Application and Intervention Deadline issued 6/18/21.
- Interim Order 7788 issued 6/30/21 approving initially requested increase.
- MCC Petition for Intervention filed 7/9/21; granted 7/13/21.
- MCC Motion to Dismiss filed 8/2/21; NWE response filed 8/12/21; MCC Reply in Support of Motion to Dismiss filed 8/23/21.
- Oral argument held on 9/14/21.

[pause for questions]
NWE Gas Tracker, Docket 2020.07.083.

- December gas tracker filed 11/13/20.
  o Gas supply rate decrease from $3.01 to $2.99.
  o Residential Rate from $6.89 to $6.88.

- January gas tracker filed 12/15/20.
  o Gas supply rate decrease from $2.99 to $2.83.
  o Residential Rate from $6.88 to $6.86.

- February gas tracker filed 1/15/21.
  o Gas supply rate increase from $2.83 to $2.97.
  o Residential Rate from $6.86 to $7.00.

- March gas tracker filed 2/16/21.
  o Gas supply rate increase from $2.97 to $3.97.
  o Residential Rate from $7.00 to $8.00.

- April gas tracker filed 3/15/21.
  o Gas supply rate increase from $3.97 to $4.97.
  o Residential Rate from $8.00 to $9.00.

- May gas tracker filed 4/15/21.
  o Gas supply rate increase from $4.97 to $5.91.
  o Residential Rate from $9.00 to $9.94.

- June gas tracker filed 5/14/21.
  o Gas supply rate increase from $5.91 to $6.91.
  o Residential Rate from $9.94 to $10.94.

- Annual Gas Tracker filed 6/1/21.
  o July gas supply rate decrease from $6.91 to $3.26.
  o Residential Rate from $10.94 to $7.32.

- Interim Order 7787 issued 6/15/21; Amended Interim Order 7787a issued 6/16/21.

- Notice of Application and Intervention Deadline issued 7/6/21.

- MCC Petition for Intervention filed 7/19/21; granted 9/21/21.
NWE Gas Tracker, Docket 2021.07.098.
- August gas tracker filed 7/15/21.
  - Gas supply rate increase from $3.26 to $3.49.
  - Residential Rate from $7.32 to $7.55.
- September gas tracker filed 8/16/21.
  - Gas supply rate increase from $3.49 to $3.78.
  - Residential Rate from $7.55 to $7.83.
- October gas tracker filed 9/15/21.
  - Gas supply rate increase from $3.78 to $4.33.
  - Residential Rate from $7.83 to $8.39.

NWE Request for Partial Waiver of In-Person Notice, Docket 2021.08.109, filed 8/19/21.
NWE requests a waiver of the physical “door tag” notice requirement related to termination of service and instead allow other methods of communication such as email and certified mail; NWE cites cost savings, customer security, employee safety, and the Montana Metering Upgrade Project as reasons to do so.
- Notice of Application and Intervention Deadline issued 9/14/21.

Total gas supply rate increase from $0.9475/Mcf to $1.5171/Mcf effective 10/1/21.
- Notice of Application and Intervention Deadline issued 8/2/21.
- MCC Petition for Intervention filed 8/20; granted 8/24/21.
- Procedural Order 7803 issued 8/24/21.
- Interim Order 7745 issued 9/21/21.

- **Notice of Opportunity to Comment** issued 5/29/20 allowing comments on COVID-19 impacts on the FCRM scheduled to begin 7/1/20; comment requested on several topics, including need for adjustments to implementation date and length of the pilot period.

- NWE **Motion to Suspend Implementation of FCRM** filed 6/5/20 in Docket 2018.02.012 seeking to suspend implementation until after a final decision in this investigation docket.

- **MCC Comments** filed 7/6/20 arguing economic disruptions of COVID-19 have shifted risks to ratepayers; such impacts are likely to last several years; Commission should terminate decoupling experiment; if not terminated, it should indefinitely postpone until COVID-19 impacts are proven to have abated, and should implement a hard cap and reinstitute weather normalization.

- **Order 7742** issued 8/19/20 requiring additional information regarding the impacts of the pandemic on the FCRM to be filed by 2/14/21; keeping docket open pending a decision on appropriateness of moving forward with FCRM.

- NWE **Conjoined Motion for Reconsideration and Clarification** filed 8/27/20.

- **Notice of Commission Action** issued 9/9/20 granting NWE’s **Conjoined Motion** and allowing until 4/15/21 to file required information.

- NWE **Motion for Delayed Implementation of the FCRM** filed 4/15/21.

- **Notice of Motion and Opportunity to Comment** issued 4/22/21.

- Oral argument held 6/22/21.

- **Order Granting Extension 7742a** issued 7/29/21 delaying implementation of the FCRM by another year; requiring certain information related to loads, DSM implementation, bill arrearages, and shadow accounting to be filed by 4/15/22.


- **Order Denying Reconsideration 7742b** issued 9/15/21.

[pause for questions]
MONTANA-DAKOTA UTILITIES COMPANY ("MDU")

MDU Electric Tracker (Rate 58), Docket 2021.06.091, filed 6/16/21.
- July electric tracker filed 6/18/21.
  - Increase of $0.00226 secondary.
  - Total fuel and purchased power in tariff is $0.02241 /kWh.
- Interim Order 7789 issued 6/30/21.
- MCC Petition for Intervention filed 7/8/21; granted 7/30/21.
- Procedural Order 7789a issued 7/30/21.
- August electric tracker filed 7/16/21.
  - Decrease of $0.00693 secondary.
  - Total fuel and purchased power in tariff is $0.01548/kWh.
- September electric tracker filed 8/18/21.
  - Increase of $0.00621 secondary.
  - Total fuel and purchased power in tariff is $0.02169/kWh.
- October electric tracker filed 9/17/21.
  - Increase of $0.00071 secondary.
  - Total fuel and purchased power in tariff is $0.0224/kWh.

MDU Gas Tracker Filings (Rate 88), Docket 2021.09.113, filed 9/8/21.
In this annual tracker filing, MDU seeks a residential and firm general customer increase of $1.262/Dkt, consisting of a $0.352/Dkt increase in current gas cost and $0.971 increase in the unreflected cost component. Total residential rate of $7.920/Dkt.
- Notice of Commission Action issued 9/28/21 appointing a hearings examiner to be assigned by DOJ’s Agency Legal Services Bureau.

MDU seeks to implement a phased incentive program to provide declining reimbursements for conversion costs for certain customers to convert to alternative fuel sources, and for authority to impose special terms and conditions on customers wishing to continue to receive regulated natural gas distribution service in the Saco/Bowdoin area. Note: MDU’s previous Application for Authority to Discontinue Regulated Natural Gas Distribution in the Saco/Bowdoin Area filed 9/18/18 was withdrawn by MDU on 12/4/19 (see Docket 2018.09.057).

MDU’s Base Case resource plan includes retiring the Lewis & Clark 1 coal-fired unit on 3/31/21 and Heskett 1 and 2 coal-fired generating units by 3/31/22, having a capacity and energy contract through 5/31/26, and adding an 88 MW natural gas-fired simple cycle combustion turbine at the Heskett Station site (Heskett 4) in 2023 along with increased reliance on MISO market purchases. Two-year action plan includes issuing a new RFP for supply side and demand side resources and monitoring impacts to Coyote Station associated with the next round of regional haze reductions.

[pause for questions]
ENERGY WEST MONTANA & CUT BANK GAS COMPANY

EWM/CBGC Joint Application for Approval of Sale and Transfer of Stock, Docket 2021.01.015, filed 1/26/21.

EWM and Cut Bank Gas together with their parent Hearthstone Utilities, Inc. (HUI) and Ullico Infrastructure Master Fund jointly request approval of Transaction whereby HUI’s parent GEP Bison Holdings and its subsidiaries will become subsidiaries of Ullico Master Fund. Applicants state that the transaction is in the public interest, will not affect rates or service, and will not harm Montana ratepayers.

- Procedural Order 7775 issued 3/18/21.
- Stipulation and Settlement Agreement filed 7/26/21; previous regulatory conditions and ring fencing provisions remain in effect; applicants agree to a one-time bill credit of $125,000; applicants agree to not seek approval for an infrastructure investment recovery rider outside of a general rate case; applicants agree not to file a general rate case prior to 1/1/24; MCC agrees to not oppose the filing of a standalone proceeding to reflect federal income tax changes prior to 2024; applicants agree to an exit fee of $200,000 if UIF sells the majority of its interest in HUI or its subsidiaries within ten years.
- Hearing held 9/21/21.


EWM seeks to true up and finalize its monthly trackers for the year ending 3/31/21, reflecting an under-collection of $1,005,694 and over-refund of $458,618 from prior year amortization, for a net under-collection of $1,464,312; proposes residential rate of $5.12/mcf.


[pause for questions]
WATER UTILITIES

North Star Development Application for Water and Sewer Rate Increase, Docket 2010.06.060, filed 1/23/19.

This rate case application results from the Commission’s notification that North Star must file for replacement of its standard rates previously approved. Following two amendments to its application, North Star requests an increase to flat rates for water from $40/month to $297.70/month and sewer rates from $30.00/month to $189.76/month, for total rate of $487.46/month.

- Notice of Application and Intervention Deadline issued 1/30/19.
- MCC Petition for Intervention filed 2/20/19.
- North Star amended application filed 3/25/19 based on an engineering report.
- Notice of Commission Action issued 4/24/19; found North Star’s Application failed to satisfy minimum filing requirements because it did not report cost of net utility plant in service; allowed 30 days to refile and suggests considering operating ratio method.
- Notice of Staff Action issued 5/17/19 extending refile deadline to 6/22/19.
- North Star Supplementation of Application filed 6/21/19.
- Notice of Application and Intervention Deadline issued 7/24/19.
- Procedural Order 7105d issued 8/21/19.
- MCC Testimony of Paul Schulz filed 11/13/19; recommended overall revenue requirement of $231,873, resulting in combined water and wastewater rate of $49.72/month, plus $2/1000 gallons over 10,000; removes management fee for partner no longer with North Star; adjusted rate case expense to original estimate based on imprudence of expenditures; opposed “unregulated” charge for use over 20,000 gallons; supported $1.2 million original cost rate base with $123,678 deduction for hay field not used for service; proposed 10 year amortization for Aqua Flo $195,000 prepayment; explained why taxes should not be allowed for pass-through entities; recommended 2% equity capital structure and 9.8% ROE.
- Hearing held 1/29-30/20.
- Final Order 7105f issued 9/8/20; rebuttable presumption that utility investment was recovered through lot sales need not be applied in this case; general discussion of ratemaking principles and formulas; evidence indicates substantial portion of initial investment was recovered through lot sales and gross plant is now $1,211,762; 55.79 acre hay ground included in rate base as it was required by DEQ permitting; approves $26,497 depreciation expense based on non-land portion of plant; adopts 23% equity capital structure and 9.8% return on equity; affirms practice of disallowing income tax recovery for pass-through entities; rate case expense was increased 3 times from $30,000 to $85,000+; rate case expense was not prudently incurred and is set at $30,000; rate case expense should be amortized over rate application time periods which is 5 years in this case; amortizes Aqua Flo $195,000 payment over 40 years; accepts volumetric rate of
$2.00/1000 gallons over 10,000; orders revenue requirement of $232,201; rates of $55.93/month + $2.00/1000 gallons over 10,000.


- PSC Motion to Dismiss filed 10/23/20.
- North Star Amended Complaint filed 11/12/20.
- PSC Renewed Motion to Dismiss filed 12/28/20.
- MCC Motion to Intervene filed 1/22/21.
- Order on Motion to Dismiss granting dismissal issued 3/15/21.

**North Star Appeal to Montana Supreme Court**, Case No. DA 21-0224, filed 5/12/21.

- North Star Opening Brief filed 8/19/21.


- *Emergency Order to Show Cause 7744* issued 9/1/20; recites complaints and Commission understanding of service issues; concludes that Commission has insufficient facts to determine if water shut-off on 8/30 was the result of unavoidable accident or emergency sufficient to excuse service failure; orders 9/11/20 hearing to determine whether service failure and water restrictions violate 69-3-210, whether penalties are warranted, and appropriate actions.

- **Order 7744a** issued 9/8/20; requiring filing of witness information and books and records in possession of North Star relating to several specified questions pertaining to the investigation.

- Hearing held 9/11/20.

- North Star Motion filed 9/24/20, seeking authority to impose water use restriction fines of $50 x multiple of yearly offenses, plus $100/1000 gallons over 22,000.

- **Final Order 7744b** issued 1/13/21; Commission found temporary cessation of service was not caused by unavoidable accident or emergency; NS has long been aware of summer water constraints and at same time reduced maintenance services; cessation of service constitutes a violation of obligation to serve; $1000 fine assessed, but payment suspended for one year conditioned on good faith investigation into service improvements and no cessation of service; post-hearing requests for overuse fines and inverted rates are outside hearing record; appropriate to leave docket open and broaden inquiry into long term service ability of NS and status of water rights.

- Notice of Commission Action issued 6/30/21; directing North Star to address certain issues by 7/7/21 and listing five additional topics for future consideration.

- Notice of Commission Action issued 7/28/21; directing the parties to meet and confer regarding outstanding service quality issues; stating the Commission will consider next steps if the parties cannot reach an agreement by 8/2/21.
Notice of Commission Action issued 8/5/21; directing North Star to address its purported supply or delivery problem by: (a) securing two distribution pumps by 8/6/21; (b) reporting on these efforts by 8/9/21; (c) implementing an odd-even day watering schedule, which allows watering up to thirty minutes per day at ten gallons per minute, effective immediately through 9/30/21; and (d) address longer-term solutions regarding metering, supply, delivery, and notice by 4/1/22.

North Star Report as Directed by PSC Notice filed 8/9/21 attesting to ordering of pumps and installation of signs advertising new watering restrictions to homeowners.

North Star Report filed 8/10/21 attesting to installation of new distribution pump.

North Star Report on Second Distribution Pump filed 8/18/21 stating intention to keep the even-odd watering schedule in place for the foreseeable future.

North Star Report on Replacement of Defective Registers filed 9/21/21 attesting to replacement of 75 defective water meters and inability to replace 18 meters.


Circle H has been operating with interim standard rates and was required to submit this rate application. Circle H requests that rates be increased in phases with an initial increase from $50 to $67.56/month for 12 months and then to $85.12/month for a total 70% increase.

- MCC Petition for Intervention filed 9/18/20.
- Procedural Order 7752 issued 10/15/20.
- MCC Comments filed 11/25/20; stating the operating ration method (“ORM”), which includes a 25% adder to operating expenses, was intended as an alternative to a traditional rate filing after three years of “standard” rates; ORM was intended to address situations where rate base could not be established, and depreciation expense was never intended to be a component of the operating expenses under the ORM.

- Proposed Final Order 7752b issued 2/10/21 approving rate of $31.71/month.
- Final Order 7752c issued 5/27/21; excluding depreciation from the ORM calculation and approving a rate of $31.71 per month effective 4/1/21.
- Circle H Motion for Reconsideration filed 6/3/21.


Aquanet requests approval to charge standard rates effective 7/31/21 when it intends to begin offering water services in the Sundance Subdivision.

Wettington requested standard tariff rate of $50 per month.

- MCC filed Comments 11/23/15; asserting utilities must be in compliance with annual report requirement to adopt standard tariffs and while Wettington filed an annual report it is unclear that sufficient information has been provided for the PSC to appropriately analyze the Company’s financial status; PSC may deny adoption if utility has been operating pursuant to commission-approved rates and determines it would be unjust and unreasonable to approve adoption of standard rate.

- Notice of Commission Action issued 12/22/15: approval of partial increase to $42.50/month, based on MCC comments and failure to meet all DEQ testing requirements.

- Procedural Order No. 7502 issued 8/2/16.

- MCC Testimony of Paul Schulz filed 9/19/16; reviewed recently filed annual reports for 2012-2015 to identify trends and changes, did not receive complete responses to data requests; several unanswered questions remain, which makes it difficult to establish just and reasonable rates; to reduce regulatory process, recommends the Commission finalize the $42.50 rate; Wettington can apply for the $50 rate when it has more support.

- Notice of Commission Action issued 2/10/17, agreeing not enough info to support $50 rate, and continuing $42.50 rate.

- Commission 3-year compliance letter sent 8/9/18, advising that rate filing would be due 10/1/18.

- Order to Show Cause issued 1/11/19, stating that Wettington has not responded to 3-year notice, and has not responded to pressure and water quality complaint notices. Wettington must respond to complaints and file rate application by 2/6/19.

- Notice of Commission Action issued 3/1/19, extending show cause response date to 5/30/19.

- Notice of Commission Action issued 11/5/19, extending show cause response date to 12/20/19.

- Order to Show Cause 7755 issued 10/22/20, requiring filing by 11/30/20 of 2016-2019 annual reports, either a standard rate application or operating ratio method application, and confirmation that MDEQ issues have been resolved.

- Wettington request to increase rates from $42.50/month to $50/month received 11/30/20.

- Notice of Application and Intervention Deadline issued 12/21/20.

- MCC Petition for Intervention filed 1/8/21; granted 1/14/21.

- Procedural Order 7755a issued 1/21/21.

[pause for questions]
OTHER


ABACO seeks authority to establish service rates and terms and conditions for propane service at Big Sky Montana Mountain Village. ABACO seeks to set rates consistent with 2007 agreement with Boyne USA, Inc. Requested non-commodity revenue requirement is $1,002,177 (64% increase) and rates are $1.3179/gallon for Residential and $1.1733/gallon for Commercial, plus a $7.50/month Residential fixed charge.

- Notice of Application and Intervention Deadline issued 8/12/20.
- MCC Petition for Intervention filed 8/31/20.
- Procedural Order 7747 issued 10/1/20.
- MCC testimony filed 1/25/21; David Garrett recommended 9.0% ROE and capital structure of 49% debt, 51% equity for a 7.42% rate of return; Paul Schulz recommended revenue requirement of $459,877, a $6.50 monthly fixed charge and volumetric non-commodity rate of $.54373 per gallon.
- Stipulation and Settlement Agreement filed 4/28/21; agreed to annual revenue requirement of $580,000; agreed to a fixed charge of $7.00/month and single volumetric rate of $0.69/gallon for all customers effective 6/1/21; gas supply rate will continue to be set annually through RFP process; unless there is a material change to its customer base, ABACO agrees to not request any increase to customer charge or non-commodity rate until June 30, 2023 or later.

Qwest d/b/a CenturyLink Petition for Elimination of Performance Assurance Plan and Performance Indicator Definitions, Docket 2021.07.102, filed 7/13/21.

Citing recent state and federal decisions, Qwest d/b/a CenturyLink asks to eliminate the “PIPs” and “PAD” entirely.

- Notice of Petition and Opportunity to Intervene issued 7/30/21.
- MCC Petition for Intervention filed 8/31/21.
QUALIFYING FACILITIES (“QFs”)

Caithness Beaver Creek, LLC Petition to Set Terms and Conditions, Docket 2019.06.034, filed 6/12/19.

Caithness is a 60 MW wind plus 20 MW battery QF project located in Sweetgrass and Stillwater Counties claiming an LEO as of 5/2/19. Caithness sought a 25-year contract with avoided cost rates of $58.18/MWh in heavy load hours and $38.46/MWh in light load hours for energy, levelized capacity prices of $152.07/kWh/year, and a total around-the-clock rate of $49.10/MWh.

- Notice of Petition and Opportunity to Intervene issued 6/18/19.
- MCC Petition for Intervention filed 7/1/19; granted 7/2/19.
- NWE testimony filed 8/21/19, calculating rates of $6.75/MWh Light Load hours, and $20.25/MWh Heavy Load hours based on the marginal cost to serve load methodology.
- MCC Testimony of Jaime T. Stamatson filed 8/21/19: noted concerns with use of Typical Meteorological Year data to model avoided cost of energy and that the model results were double recent determinations of avoided energy cost; observes that the avoided cost of capacity value used is dated and that there is a wide discrepancy in capacity contribution estimates; supports measure and pay approach for avoided cost of capacity; urges carbon cost estimates not be added but project owners retain the REC values; states 25-year contracts are risky for ratepayers and provides examples of 15-year term agreements.

- Hearing held 10/21-24/19.
- Final Order 7680b issued 12/9/19; adopts avoided energy cost methodology of hourly modeling and marginal cost to serve load; rejects NWE’s use of declining heat rate to forecast electricity prices; adopts NWE’s use of forward electricity market prices through 2015 but then uses EIA Annual Energy Outlook Henry Hub escalator to forecast; finds that including battery operation in the avoided cost models would have had minimal effects; finds that avoided sales transmission costs are moot as a result of using marginal cost to serve load methodology; avoided cost estimates should include projects upon earlier of execution of PPA or filing of petition with the Commission; Caithness failed to support claimed operation of its batteries; adopts undisputed capacity value of $176.44/kW-year; rejects both parties’ capacity contribution calculations and determines for first three years value will be 5% of 120 MW after which NWE shall true up payments if capacity exceeds 5% of nameplate and thereafter use application of SPP method to actual capacity; finds carbon costs already incorporated in forward market prices; finds Caithness responsible for $5.1 million network upgrade costs; approves use of OATT for ancillary service costs but requires NWE to establish standards to qualify for self-supply; sets contract length of 20 years based on need to enhance financing of “unique and unproven nature of this project”; Caithness failed to establish an LEO; orders NWE to submit a compliance filing.

- Caithness Motion for Reconsideration filed 12/19/19.
- NWE Motion for Clarification and Reconsideration filed 12/19/19.
- Order on Reconsideration 7680c issued 2/7/20; reaffirms with further explanation adoption of hourly modeling and marginal cost to serve load methodology; reaffirms with further
explanation finding that battery operation had not been shown to impact avoided cost rate; modifies forward market price period from 6 years followed by energy information agency escalation rate to 4 years followed by escalation; affirms remainder of Final Order 7680b.


- District Court Order on Petition for Judicial Review issued 12/2/20: Caithness incurred an LEO as of 6/12/19 despite disagreement over price terms; adoption of hourly modeling was arbitrary and capricious because prior commission criticisms of transparency had not been satisfied; using marginal cost to serve load approach was arbitrary because the commission had not explained its departure from valuing Condition 3 at market price; must include carbon adder of $3.03/MWh; it was erroneous to use precedent of 4-year market forwards because Caithness had presented evidence that markets are illiquid after two years; Commission ignored record evidence on transmission differentials for energy sales and must base such adjustments on historical data; Commission arbitrarily excluded batteries from the avoided cost calculation; Commission is limited to a quasi-judicial function in reviewing petitions between QFs and utilities and may only make determinations about controversies; determination regarding default capacity contribution therefore exceeded statutory authority; commission acted properly in applying interim FERC OATT rates for ancillary services; 20-year contract term affirmed.

- Commission Order on Remand 7680d issued 8/9/21; declining requests to re-open the record to accept new evidence on remand issues; ordering the use of market prices in Condition 3; declining to remove Grizzly and Black Bear Wind from the avoided cost modeling; adopting Caithness’ battery modeling; ordering the use of actual, historic charges to calculate transmission basis differential; adopting NWE’s default capacity contribution and proposal to use 5-year rolling average based on the SPP method; approving a carbon adder of $3.03/MWh (later corrected to $2.25/MWh).


Jawbone is an 80 MW wind project located near Harlowton. It claims an LEO as of 12/21/20 and requests a 25-year contract with a net energy price of $38.76/MWh, which includes a $2.25/MWh carbon adder and a $6.29/MWh around-the-clock price for capacity payments.

- Notice of Petition and Opportunity to Intervene issued 1/5/21.
- MCC Petition for Intervention filed 1/15/21; granted 1/22/21.
- NWE testimony filed 3/3/21, calculating around-the-clock rates of $24.67/MWh off-peak and $35.54/MWh on-peak.
- MCC Testimony of Jaime T. Stamatson filed 3/3/21: it is preferrable to calculate avoided cost of energy based on marginal cost to serve load methodology; capacity contribution should be based on 5% of nameplate; Jawbone should retain its RECs to compensate for
carbon values; 25-year contract is risky, and 15-year contracts are shown to be sufficient; agrees that ancillary service costs should be based on NWE’s FERC tariffs.


NWE requests approval to implement specific procedures and agreements controlling interconnection of QFs to NWE’s transmission system.

- Notice of Application and Intervention Deadline issued 8/17/21.
- MCC Petition for Intervention filed 8/30/21; granted 9/2/21.

NWE Revisions to QF-1 Tariff based on Senate Bill 201, Docket 2021.09.111, filed 8/31/21.

NWE proposes that if it is subject to real and actual costs for compliance with environmental regulations and/or laws, then small QFs may elect to receive a bonus or adder provided it enters into a separate agreement to convey all RECs to NWE.

- Notice of Application and Intervention Deadline issued 9/10/21.


NWE petitions the Commission to initiate a rulemaking to reflect recent changes to FERC rules allowing avoided energy costs to be calculated only at the time of delivery, resulting in more accurate avoided cost rates over the term of the contract.

[pause for questions]