

Service Date: August 25, 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 STAFF 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 6, 2016, the Commission received written comments on NorthWestern's Motion from the Montana

Consumer Counsel, FLS Energy (FLS), Vote Solar and Montana Environmental Information Center (MEIC), Cypress Creek Renewables (“Cypress”), and Pacific Northwest Solar. On June 8, 2016, the Commission received written comments from the Montana Department of Environmental Quality. On June 9, 2016, the Commission held a hearing in this matter.

On June 16, 2016, the Commission issued a Notice of Commission Action granting NorthWestern's motion and suspending its obligation under QF-1 tariff option 1(a) standard rates for solar projects greater than 100 kW pending the issuance of a final order. On July 25, 2016, the Commission issued Order No. 7500 temporarily suspending the availability of Schedule QF-1 tariff option 1(a) standard rates for solar QFs larger than 100 kW.

On August 4, 2016, the MEIC filed a Motion for Reconsideration of Order No. 7500. FLS and Cypress also filed a Motion for Reconsideration on August 8, 2016. Section 38.2.4806(5) of the Administrative Rules of Montana provides: “A motion for reconsideration shall be deemed denied when it has not been acted upon within ten days of its filing.” By operation of law, both motions are hereby denied.

BY THE MONTANA PUBLIC SERVICE COMMISSION

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