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

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

NorthWestern Energy's Motion for Emergency Suspension of the QF-1 Tariff for New Solar Qualifying Facilities with Nameplate Capacities Greater than 100 kW

NorthWestern Corporation d/b/a NorthWestern Energy ("NorthWestern") respectfully requests the Montana Public Service Commission ("Commission") issue an emergency order temporarily suspending the current QF-1 tariff for any new solar qualifying facility ("QF") that has a nameplate capacity greater than 100 kilowatts ("kW") pending the Commission's decision in this docket ("Emergency Suspension").

As explained below, in the testimony accompanying NorthWestern's Application in this docket, and in the attached Affidavit of John Bushnell, the Emergency Suspension is necessary to protect NorthWestern's customers from irreparable harm during the pendency of this proceeding. The Commission has a legal obligation to ensure that rates paid to QFs by NorthWestern are just and reasonable to NorthWestern's customers and do not exceed NorthWestern's avoided cost. Current QF-1 rates do not meet these standards. Each 3-megawatt ("MW") solar QF contract at current QF-1 rates will cost NorthWestern's customers approximately $5.1 million more than NorthWestern's currently calculated avoided cost.

NorthWestern filed its Application and requested interim rates on May 3, 2016. In Prefiled Direct Testimony attached to the Application, John D. Hines stated, "Absent interim tariffs, QF developers will have a substantial period of time to execute contracts at the current avoided cost rate given the time it will take to process this QF application to completion." To illustrate and emphasize NorthWestern's concern regarding the need for interim rates, the Commission issued its Notice of Application and Intervention Deadline ten days later and set an intervention deadline of June 10, 2016, another four weeks later. This schedule requires emergency relief. In Prefiled Direct Testimony attached to the Application, John D. Hines also stated that NorthWestern had five solar QF contracts in place. Since then, one developer has submitted 21 contracts[1] for QF-1 standard offer solar projects totaling 63 MW and another has agreed to contract terms for an unspecified number of projects. The 63 MW represent an unnecessary cost of over $107 million that Montana customers will be responsible for paying.

Without the Emergency Suspension, NorthWestern will be required to enter into mandated standard offer solar QF contracts that will lock NorthWestern's customers into long-term obligations to pay more than NorthWestern's current avoided cost. Should the Commission fail to grant the Emergency Suspension or to immediately grant NorthWestern's Application for Interim Rate Adjustment, the Commission will not protect NorthWestern's customers.

I. BACKGROUND

A. PURPA's Avoided Cost Requirement

The Public Utility Regulatory Policies Act of 1978 ("PURPA") requires electric

[1] As described below, the developer signed draft versions of the contracts but did not sign the Execution Versions.

utilities to offer to purchase electric energy from QFs.[2] PURPA also specifies that the purchase prices to be paid to QFs be set by state regulatory commissions and that those prices may not exceed the incremental cost to the electric utility of alternative electric energy.[3] PURPA defines incremental cost (avoided cost) as the cost to the electric utility of the electric energy which, but for the purchase from the QF, the utility would generate or purchase from another source.[4] PURPA requires state regulatory commissions to ensure that the avoided cost rates paid to a QF by a public utility be just and reasonable to the utility's customers and in the public interest.[5] The Federal Energy Regulatory Commission's ("FERC") rules implementing PURPA prohibit state regulatory commissions from setting the price for purchases from a QF above a utility's avoided cost.[6] FERC requires that there be a standard offer rate available to QFs with a design capacity of 100 kW or less.[7]

B. Solar QF Development on NorthWestern's System

Development of a QF on NorthWestern's system generally requires two separate steps—interconnection to the system and execution of a power purchase agreement ("PPA"). QF developers take different approaches to these two steps. Some pursue them simultaneously while others address them sequentially with either one first. NorthWestern's Transmission Department manages interconnection. NorthWestern's Supply Department, sometimes assisted by the Legal Department, manages the negotiation and execution of PPAs. Due to FERC code of conduct restrictions, the Transmission Department may not disclose non-public transmission information to others; the Supply Department does not

[2] *See* 16 U.S.C. § 796 and 16 U.S.C. § 824a-3.
[3] 16 U.S. C. § 824a-3(b).
[4] 16 U.S.C. §824a-3(d), (defining "incremental cost") and 18 C.F.R. § 292.101(b)(6), (defining "avoided costs" the same).
[5] 16 U.S.C. § 824a-3(b)(1) and (2).
[6] 18 C.F.R. § 292.304(a)(2).
[7] 18 C.F.R. § 292.304(c)(1).

know which potential QFs are pursuing interconnection to NorthWestern's system.

Pursuant to the Commission's authorization, NorthWestern employs FERC's large generator interconnection process and small generator interconnection process for QFs. As described in the Prefiled Direct Testimony of Autumn M. Mueller attached to the Application, the formal interconnection process for standard offer QFs begins with a formal interconnection application, which is publically posted to the Interconnection Queue and progresses through three levels of studies, execution of a Small Generator Interconnection Agreement ("SGIA"), and construction. Ms. Mueller described six executed SGIAs,[8] 43 active solar formal interconnection requests, and 75 additional projects to whom NorthWestern had provided pre-application reports. Ms. Mueller opined that NorthWestern could have 285 MW more in the interconnection queue in the near future.

NorthWestern's Supply Department has been negotiating with several QF developers. The Supply Department has observed that some developers request a PPA for one project, or a small number of them, and then use that as a form PPA for many more projects. The Supply Department has negotiated most actively with three solar QF developers: Cypress Creek Renewables ("Cypress") of Santa Monica, California; Pacific Northwest Solar ("PNS") of Portland, Oregon; and FLS Energy ("FLS") of Asheville, North Carolina.

Cypress Creek Renewables

Cypress initiated negotiations with NorthWestern in early 2015. Based on information available at the time, NorthWestern believed that Cypress was seeking standard

[8] Review of the interconnection queue on NorthWestern's OASIS reveals that these projects are Magpie Solar, Green Meadow Solar, Deer Creek Road Coal 1, South Mills Solar 1, Ragen Ranch Solar 1, and River Bend Solar.

offer contracts for solar projects that were not eligible for them due to aggregated size associated with a co-location business model. Cypress then abandoned the co-location business model and sought standard offer contracts for single projects at each location. During the negotiation process, Cypress informed NorthWestern, "It is our intention to proceed with PPAs for our other projects under the same form immediately following execution of these first two. We have five other projects in this category." In October 2015, Cypress executed PPAs for the River Bend and Green Meadow projects; in November 2015, Cypress executed PPAs for the Deer Creek, Ragen Ranch, and South Mills projects. These five projects are the solar QFs with which NorthWestern has entered into PPAs. At Cypress's request, NorthWestern provided PPAs for four additional projects: Black Eagle, Fox, Great Divide, and Magpie; to date, Cypress has not executed any of them.

Pacific Northwest Solar

In January 2016, PNS requested PPAs for four projects: Benton, Bootlegger, Cottonwood, and Manta. The FERC Forms 556 for each of the projects showed nameplate capacity of 4 MW direct current and 3 MW alternating current. NorthWestern researched and consulted with FERC and Commission staff to determine if these projects were eligible for standard offer contracts. After reaching resolution on this issue that assured the projects would not deliver in excess of 3 MW, PNS and NorthWestern continued to negotiate other terms of the PPAs. On April 29, 2016, Jon Oostra, on behalf of NorthWestern, sent a draft PPA to PNS with the following explanation:

> Let me know if you have any questions or concerns with the updated language. For clarification, I complete an internal sign-off process with each negotiated PPA for the purpose of explaining to management the deviations from the standard form. If the language is acceptable to Pacific NW as drafted, I will start the process. I do not anticipate additional substantive changes at this stage (other than table of contents, clean up, etc.), but need to

> reserve the right until I have management-authority to finalize the form for execution.

Rather than responding to Mr. Oostra's request to let him know if the draft language was acceptable, PNS executed the draft version of the PPA for 15 projects.[9] The names of these projects matched the Forms 556 that PNS had filed prior to April 29, 2016, but for some of them, the geographic coordinates did not match. On May 5, 2016, PNS transmitted executed draft version PPAs for six additional projects, Lavina, Absarokee, Goosebill, Railroad, Curry, and Mills. PNS had filed Forms 556 for each of these on May 2, 2016. On May 6, 2016, Mr. Oostra provided PNS a final version of the PPA for the Cottonwood project. On May 9, 2016, PNS submitted 21 unsigned execution version QF-1 PPAs for solar projects consisting of 63 MW.

FLS Energy

In fall of 2015, FLS began filing formal interconnection requests for 3-MW solar projects. In October 2015, FLS requested NorthWestern's solar QF PPA form, returned a revised version, and began negotiations. FLS represented that it had "several projects under development in Montana" but did not provide any details as to number or location. Based on phone conversations, NorthWestern believes that FLS has approximately 30 projects in Montana and is purchasing some of the Cypress projects. FLS and NorthWestern are very close to finalizing PPA language. One of the primary remaining disputes involves the Guaranteed Commercial Operation Date for projects and related milestones. NorthWestern believes that once FLS and NorthWestern agree on a form PPA, FLS will flood NorthWestern with PPAs similar to what PNS did.

[9] The projects included the four PNS projects identified above plus Choteau, Stuckey, Ulm, Stanford, Geraldine, Dutton, Dry Creek, Gage, Boulder, Laredo, and Chester.

Other

In addition to these developers, NorthWestern is negotiating with Two Dot Wind and SE Consulting regarding standard offer solar QFs.

Prior to December 2014, NorthWestern had received one interconnection request for a solar project. In all of 2015, NorthWestern received 55 interconnection requests for solar projects eligible to be standard offer QFs. Over half of which were filed in the last two months of the year. Of these requests, 23 are either still active or have resulted in executed SGIAs. To date in 2016, NorthWestern received 35 interconnection requests for solar projects that are eligible to be standard offer QFs, of which 27 are still active. Prior to 2015, NorthWestern did not have any PPAs with solar QFs. In 2015, NorthWestern entered into five solar QF-1 PPAs and four more are still outstanding. To date in 2016, solar QFs have presented 21 solar QF-1 PPAs to NorthWestern that are awaiting signature. As described above, it is likely that QF developers will present more in the near future. To protect NorthWestern's customers and to fulfill the Commission's obligations to implement PURPA, it is essential that rates paid to solar QFs be as close as possible to NorthWestern's actual current avoided cost.

II. ARGUMENT

A. The Emergency Suspension is a Proper Exercise of the Commission's Authority and Obligation to Prevent Harm to NorthWestern's Customers.

NorthWestern is facing the immediate execution of solar QF-1 PPAs for 75 MW.[10] NorthWestern anticipates that soon it will confront additional requests for immediate execution of solar QF-1 PPAs. At least 80 MW of the 127.5 MW active in the Interconnection Queue are not associated with any of the projects that are included in the 75

[10] This consists of the 12 MW of Cypress PPAs and 63 MW of PNS PPAs.

MW, which QF developers have presented to NorthWestern for PPAs. In addition, NorthWestern believes that some of the QF developers that have been negotiating contracts have not applied for interconnection. One developer, FLS, indicated that it preferred to execute PPAs prior to interconnection agreements.

Based on the currently calculated avoided cost for solar projects, the existing solar QF-1 PPAs will impose nearly $24 million of extra expense on NorthWestern's customers.[11] The 75 MW of projects awaiting execution of PPAs will impose an additional $128 million of extra expense. The remaining 80 MW of projects in the interconnection queue would impose nearly $137 million additional extra expense. Given recent activity by QF developers, NorthWestern expects that additional projects will be presented during the pendency of this docket leading to even greater cost for our customers. Therefore, it is imperative that the Commission take steps to prevent some of this harm to customers by granting the Emergency Suspension.

Previously the Commission has taken appropriate action to protect a utility's customers from the effects of long-term QF contracts. In Docket No. D98.8.183, the Commission granted the Montana Power Company's request to suspend its Schedule LTQF-1, which permitted QF contracts of 5, 10, or 15 years and authorized a Schedule QF-1 pursuant to which all new QF contracts terminated on or before July 1, 2002.[12] Similarly, in 2003, the Commission approved an extension of Schedule QF-1 that provided for any new QF contracts to terminate on or before June 30, 2007.[13]

[11] 14 MW of projects at $5,136,876 average/3 MW project.
[12] Docket No. D98.8.183, Order No. 6124 (December 17, 1998).
[13] Docket No. D2002.6.63, Order No. 6459a (December 9, 2003).

Other States

Over a long history, other states have granted similar relief to protect utilities' customers. Earlier this year, in response to Idaho Power Company's Motion for Temporary Stay of its Obligation to Enter into New Power Purchase Agreements with Qualifying Facilities, the Oregon Public Utilities Commission ("OPUC") reduced the eligibility cap for standard contracts from 3 MW to 100 kW for solar QFs.[14] With a similar effect, in 2012, the OPUC suspended parts of Idaho Power's standard offer schedule and prohibited Idaho Power from entering into new standard offer contracts until Idaho Power's avoided costs were updated.[15]

In 2015, the Idaho Public Utilities Commission ("IPUC") responded to concerns raised by utilities that 20-year fixed price QF contracts were imposing harm on utilities' customers. First, within one week of the filing, the IPUC reduced the maximum contract length from 20 years to 5 years[16], and later reduced the maximum length of contracts to 2 years.[17] In May 1987, the IPUC ordered, "the compelled purchase of cogeneration and small power production under new long-term agreements be suspended until further Order of the Commission, but not beyond December 1, 1987."[18] The IPUC observed, "Prior experience of the Commission teaches us that whenever potential qualifying facilities sense a pending change in the Commission's policy with respect to prices, there is a flood of

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[14] *In the Matter of Idaho Power Co.*, UM 1725, Order No. 16-129 (March 29, 2016). The Oregon PUC denied the Temporary Stay due to FERC's requirement that there be a standard offer rate for QFs 100 kW and smaller. That concern is not an issue in this docket.

[15] *In the Matter of Idaho Power Co.*, UE 244, Order No. 12-042 (February 14, 2012).

[16] *In the Matter of Idaho Power Co.*, IPC-E-15-01, Order No. 33222 (February 6, 2015).

[17] *In the Matter of Idaho Power Company, In the Matter of Avista Corp, In the Matter of Rocky Mountain Power Company*, IPC-E-15-10, AVU-E-15-01,PAC-E-15-03, Order No.33357 (August 20, 2015).

[18] *In the Matter of the Review of the Idaho Public Utilities Commission's Policy Establishing Avoided Costs under the Public Utility Regulatory Policies Act of 1978 and Implementing Section 210 of the Act Requiring the Purchase of Electricity from Cogenerators and Small Power Producers*, Order No. 21249, 1987 WL 1490220 (Idaho P.U.C.) (May 1987).

applications seeking to obtain contracts at the existing rates. This is not in the public interest."[19]

In 2003, the California Public Utilities Commission ("CPUC") imposed a moratorium on new QF contracts while it considered its implementation of PURPA. The CPUC stated, "Thus, as to new QFs, we direct the utilities not to enter into any new contracts until we have issued a decision on the long-term procurement issues on which hearings have already been conducted, and which remain under consideration in this proceeding."[20]

In a 1987 response to an application from Public Service Company of Colorado, the Colorado Public Utilities Commission imposed a moratorium on executing any additional QF contracts for 60 days with a proviso that the moratorium could extend through the processing of a new docket containing a Comprehensive Plan.[21]

FERC

FERC has implied that states can stay a utility's obligation to enter into new QF purchase contracts under some circumstances. Southern California Edison Company and San Diego Gas and Electric Company each petitioned FERC for enforcement of PURPA.[22] The utilities asserted that the CPUC had ordered them to enter into long-term, fixed-priced contracts with QFs at prices in excess of their avoided costs.[23] FERC observed, "PURPA does not permit either the Commission, or the States in their implementation of PURPA, to

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[19] *Id.*
[20] *In re Order Instituting Rulemaking to Establish Policies, Cost Recovery Mechanisms for Generation Procurement, Renewable Resource Development,* Decision 03-12-062, 2003 WL 2318828 (Cal.P.U.C.) (December 18, 2003).
[21] *Application of the Public Service Company of Colorado for a Moratorium Regarding Independent Power Production Facilities*, Colo. PUC Dec. C87-1690 (December 16, 1987).
[22] *In re Southern California Edison Co.*, 70 FERC ¶ 61,215, ¶ 61,666 (February 23, 1995).
[23] *Id.*

require a purchase rate that exceeds avoided cost."[24] FERC found that the CPUC's procedure was unlawful under PURPA, that the utilities could not lawfully be compelled to enter into contracts resulting from the procedure, and opined, "we believe it would be appropriate for the [CPUC] to stay its requirements directing Edison and San Diego to purchase pending the outcome of further administrative proceedings."[25]

The narrow Emergency Suspension in this docket is a proper exercise of the Commission's authority to protect utility customers.

B. The Likelihood of Harm to NorthWestern's Customers Justifies the Emergency Suspension.

NorthWestern has requested a narrow, temporary Emergency Suspension. The Emergency Suspension would apply only to solar QFs larger than 100 kW that are seeking a standard offer contract. The Emergency Suspension would last only to the earlier of the Commission authorization of interim rates or a final order in this docket. The requested Emergency Suspension avoids any conflict with 18 C.F.R. § 292.304(c)(1), which requires standard offer rates for QFs with a design capacity of 100 kW or less. NorthWestern believes that ARM 38.5.1902(5) authorizes small solar QFs that would not be eligible for standard offer contracts due to the Emergency Suspension to seek a contract at rates computed at the time the QF requests a contract. Thus, the Emergency Suspension would not preclude a solar QF from entering into a long-term PPA.

The evidence in this docket, including the Affidavit of John Bushnell, and the prefiled direct testimony of John D. Hines, John B. Bushnell, and Autumn M. Mueller establish that:

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[24] *Id.* at ¶ 61,675.
[25] *Id.* at ¶¶ 61,677-61,678.

(1) the current QF-1 rates for solar QFs exceed NorthWestern's currently calculated avoided costs;

(2) solar QF developers are actively seeking PPAs for many additional contracts; and

(3) NorthWestern's customers are exposed to considerable risk that they will be required to pay far more for energy and capacity from solar QFs than NorthWestern would pay otherwise.

The Commission can protect NorthWestern's customers from this likely harm by granting the Emergency Suspension.

III. CONCLUSION

For all the reasons stated above, NorthWestern requests that the Commission issue an order suspending NorthWestern's obligations pursuant to Schedule QF-1 for solar QFs that exceed 100 kW until the earlier of the Commission's grant of interim rates or the issuance of a final order in this docket.

RESPECTFULLY SUBMITTED this 17th day of May 2016.

NORTHWESTERN ENERGY

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

IN THE MATTER OF NorthWestern's	)	REGULATORY DIVISION
Application for Approval of	)	DOCKET NO. D2016.5.39
Avoided Cost Tariff Schedule QF-1	)	

AFFIDAVIT OF JOHN B. BUSHNELL

State of Montana	)
	: ss.
County of Lewis and Clark	)

I, John B. Bushnell, being first duly sworn, depose and say:

1. I am a Lead Supply Planner for NorthWestern Corporation, a Delaware corporation, doing business as NorthWestern Energy ("NorthWestern"). In that capacity, I am responsible for developing avoided cost rates for Qualifying Facilities ("QFs") in NorthWestern's Montana jurisdiction.

2. I joined NorthWestern in 2010 as a Lead Supply Planner and have served in that capacity since that time. Effective June 1, 2016, my title will change to Manager, Energy Supply Planning & Regulatory.

3. I graduated from Iowa State University in Ames, Iowa in 1979 with a Bachelor's Degree in Farm Operation and from the University of Wisconsin in Madison, Wisconsin in 1984 with a Bachelor's Degree in Agricultural Economics. I attended Montana State University from 1984 through 1985 and completed coursework necessary to receive a Master's Degree in Applied Economics. In January of 1986 I began working as a Rate Analyst for the Montana Public Service Commission ("MPSC"). I have over 30 years' experience in the energy sector, including working as Rate Analyst for the MPSC, as a Rate Analyst for the Washington Utilities and Transportation Commission, as an economist for the Montana Consumer Counsel, as an economist and administrator for the Montana Office of the Northwest Power and Conservation Council, and in my current position as Lead Supply Planner for NorthWestern.

4. In my prepared prefiled testimony in this docket, I calculate the difference between the revenues a 3-megawatt ("MW") solar Photovoltaic ("solar PV") QF project would receive at current rates compared to the revenues the same project would receive under the proposed rates set forth in my prefiled testimony. A 3-MW solar PV QF will receive $5.1 million more under current tariffs than under proposed tariffs, over the life of a 25-year contract. A more detailed description of the $5.1 million overpayment calculation is contained in my prefiled testimony in this docket.

5. As explained in my prefiled testimony, the reduction in avoided cost rates, and revenues, is primarily due to reductions in the market prices of electricity and natural gas, which

in turn reduce price forecasts for electricity and natural gas. The price forecasts for electricity and natural gas are the primary determinant of NorthWestern's avoided cost of energy.

6. NorthWestern currently has five solar PV QF contracts in place ("PPAs"). Additionally, NorthWestern has been approached by developers that represent an undetermined number of 3-MW solar PV projects. The most active developers have been Cypress Creek Renewables of Santa Monica, California ("Cypress"), Pacific Northwest Solar of Portland, Oregon ("PNS") and FLS Energy of Ashville, North Carolina ("FLS").

7. NorthWestern executed two PPAs for solar PV with Cypress in October of 2015: River Bend and Green Meadow. Two additional PPAs were executed for solar PV with Cypress in November of 2015: Deer Creek, Ragan Ranch and South Mills. These five PPAs have a total installed capacity of 14 MW. Cypress has indicated an interest in developing, and NorthWestern has provided draft contracts for, four additional solar PV projects: Black Eagle, Fox, Great Divide and Magpie.

8. NorthWestern has been negotiating with PNS since January of 2016. PNS first requested contracts for four projects: Benton, Bootlegger, Cottonwood and Manta. Every QF project is required to self-certify their QF status with the Federal Energy Regulatory Commission ("FERC"), using Form 556. The 556 Forms for these four projects listed the nameplate capacity as 4 MW direct current ("MW_{dc}") and 3 MW alternating current ("MW_{ac}"). The installed capacity limit set forth in NorthWestern's QF-1 Tariff is 3 MW and is not differentiated as MW_{ac} or MW_{dc}. After consulting FERC and MPSC staff, and after being assured by PNS that these projects would not deliver in excess of 3 MW_{ac}, NorthWestern determined that the projects were eligible for standard offer contracts and continued to negotiate the contact terms for the four projects.

9. On April 29, 2016, Mr. Jon Oostra, acting on behalf of NorthWestern, send a draft PPA to PNS with the following explanation:

> Let me know if you have any questions or concerns with the updated language. For clarification, I complete an internal sign-off process with each negotiated PPA for the purpose of explaining to management the deviations from the standard form. If the language is acceptable to Pacific NW as drafted, I will start the process. I do not anticipate additional substantive changes at this stage (other than table of contents, clean up, etc.), but need to reserve the right until I have management-authority to finalize the form for execution.

10. Rather than responding to the draft PPA, PNS chose to submit 15 executed PPAs on that same day, April 29, 2016, using the draft contract language initially supplied to PNS by NorthWestern. Draft contract language contains a number of options and blanks which need to be filled in prior to contract execution. The names of these projects matched FERC Form 556, filed prior to April 29, 2016, but some of the geographic coordinates did not match.

11. On May 5, 2016, PNS submitted six additional executed PPAs using the same draft PPA language submitted with the previous 15 draft PPAs: Lavina, Absarokee, Goosebill, Railroad, Curry, and Mills. Each of these projects did have a FERC Form 556 on file, which PNS had submitted to FERC on May 2, 2016.

12. On May 6, 2016 Mr. Oostra provided PNS with a final draft, or executable draft, for PNS' Cottonwood project. PNS used the contract version supplied by Mr. Oostra to submit 21 PPAs totaling 63 MW of solar PV on May 9, 2016. PNS did not sign these PPAs. I am aware of no further progress on these contracts.

13. FLS Energy began contract negotiations with NorthWestern in October of 2015 and also began filing interconnection requests for 3-MW solar PV projects. Since the name of the developer is not listed in the transmission Interconnection Queue published on NorthWestern

OASIS ("Queue"), I do not know how many interconnection requests FLS has filed. However, FLS has indicated to NorthWestern that it has several projects under development in Montana. Based on telephone conversations, NorthWestern believes that FLS has about 30 projects under development in Montana; this number may include some projects that FLS is purchasing from Cypress. It is my understanding that NorthWestern and FLS are very close to finalizing PPA language. Once that language is finalized, NorthWestern believes FLS will submit numerous PPAs to NorthWestern, just as PNS has.

14. In addition to these three, very active, developers, NorthWestern is negotiating with Two Dot Wind and SE Consulting; both are 3-MW solar PV projects.

15. NorthWestern's Queue is a matter of public record. The Queue currently shows six executed interconnection agreements for 12 MW of solar PV generation. Although the developer's name is not listed in the Queue, the project name is. The project names for five of these agreements match the project names for the five signed contracts.

16. Prior to December of 2014, NorthWestern received only one request for interconnection of a solar generator. During 2015, NorthWestern received 55 requests for interconnection from solar generators, with over half coming in during the last two months of 2015. Of the 55 requests, six have signed interconnection agreements and another 17 remain active. The six signed agreements and 17 active requests total 68 MW of solar PV.

17. In total, 44 solar PV interconnection requests are showing active status in the Queue, representing 131.5 MW of capacity. All of these projects would be eligible for rates under the current QF-1 Tariff. Additional interest in solar PV QFs is likely to continue absent a suspension of the QF-1 Tariff. Without a suspension of the QF-1 Tariff for solar PV, NorthWestern's customers will be subject to substantial cost risk.

Further affiant sayeth not.

Dated this 17th day of May, 2016.

John B. Bushnell

Subscribed and sworn to before me this 17th day of May, 2016.

Gwendolyn A. Vashro

Printed Name of Notary: GWENDOLYN A. VASHRO
Residing at: Helena, Montana
My Commission Expires: January 8, 2018

(NOTARIAL SEAL)

GWENDOLYN A. VASHRO NOTARIAL SEAL STATE OF MONTANA

GWENDOLYN A. VASHRO
NOTARY PUBLIC for the
State of Montana
Residing at Helena, Montana
My Commission Expires
January 08, 2018

CERTIFICATE OF SERVICE

I hereby certify that the original and 10 copies of NorthWestern Energy's Motion for Emergency Suspension of the QF-1 Tariff for New Solar Qualifying Facilities with Nameplate Capacities Greater than 100 kW in Docket No. D2016.5.39 have been hand-delivered to the Montana Public Service Commission and three copies have been hand-delivered to the Montana Consumer Counsel this date. It has also been e-filed on the Commission website and sent via First Class Mail to the remainder of the attached service list which includes solar QF developers seeking interconnection for 3-megawatt facilities and QF developers on the service list in NorthWestern's last QF-1 filing in Docket No. D2014.1.5.

Date: May 17, 2016

Tracy Lowney Killoy

Tracy Lowney Killoy
Administrative Assistant
Regulatory Affairs

Docket Service List
Docket No. D2016.5.39

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