



August 31, 2015

via eFiling

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street N.E.
Washington, DC 20426

Re: *NorthWestern Corporation (Montana)*, Docket No. ER15-_____

Service Agreement No. 744 – Service Agreement for Firm Point-to-Point Transmission
Service between NorthWestern Corporation and Energy Keepers, Incorporated

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d, and 18 C.F.R. § 35.12 of the Federal Energy Regulatory Commission’s regulations, NorthWestern Corporation (“NorthWestern”) hereby submits for filing and acceptance a fully-executed Service Agreement for Firm Point-to-Point Transmission Service between NorthWestern, as the Transmission Provider, and Energy Keepers, Incorporated (“EKI”), as the Transmission Customer. This Agreement is designated as Service Agreement No. 744 under NorthWestern’s Montana Open Access Transmission Tariff (“OATT”). This filing supports NorthWestern’s planned transfer of the Kerr Hydroelectric Project (P-5) to the Confederated Salish and Kootenai Tribes of the Flathead Reservation (“CSKT”) on September 5, 2015 (“Conveyance Date”), as mandated by the Kerr Project License (the “License”).¹

NorthWestern is authorized to represent that EKI fully supports this filing.

I. Background

A. The Parties

NorthWestern is a regulated public utility engaged in the generation, transmission, and distribution of electricity and the supply and distribution of natural gas. Its facilities are located

¹ *Mont. Power Co.*, 32 FERC ¶ 61,070 (1985) (“Licensing Order”).



primarily in Montana and South Dakota. NorthWestern's Montana and South Dakota transmission facilities are not physically connected and are not in the same electric reliability region. Accordingly, NorthWestern maintains separate open access transmission tariffs for operations in each state. This filing concerns an agreement under NorthWestern's Montana OATT.

CSKT is a treaty sovereign Indian tribe² that is recognized by the United States as an Indian tribal government established pursuant to Section 16 of the Indian Reorganization Act.³ CSKT is currently a co-licensee of the Kerr Project with NorthWestern.

EKI is a corporation, wholly owned by CSKT with one share of common stock that cannot be encumbered or otherwise disposed of by CSKT. EKI was chartered by the United States Department of the Interior pursuant to Section 17 of the Indian Reorganization Act.⁴

CSKT's Tribal Council functions collectively as the shareholder's representative for all purposes regarding EKI. EKI currently has an application pending in Docket No. P-5 seeking a partial license transfer and co-licensee status under the License. Assuming that the Commission approves this application, CSKT and NorthWestern will remain co-licensees of the Kerr Project until the Conveyance Date, after which point NorthWestern will have no further interests, rights, or obligations as licensee under the License, and EKI will become a co-licensee with CSKT. NorthWestern will, however, remain the transmission provider for the Kerr facility and will provide transmission service for Kerr under NorthWestern's Montana OATT.

B. Kerr Project

On July 17, 1985, the Commission issued the current 50-year license for the Kerr Project to The Montana Power Company ("MPC"), NorthWestern's predecessor, and CSKT.⁵ The Licensing Order specified that after a term of years the Kerr Project could be transferred to full CSKT ownership. In 1999, MPC transferred its co-licensee interest in the Kerr project to PPL Montana, LLC. On November 18, 2014, NorthWestern acquired the Kerr Project from PPL Montana such that NorthWestern and the CSKT are currently co-licensees of the project.⁶

² Treaty of Hellgate, 12 STAT. 975 (July 16, 1855).

³ 25 U.S.C. § 476 (2012). See Indian Entities Recognized and Eligible to Receive Services from the United States Bureau of Indian Affairs, 79 FED. REG. 4748, 4749 (Jan. 29, 2014). CSKT is governed by a 10-member Tribal Council. CSKT has an established and federally-recognized constitution and bylaws, ratified October 4, 1935.

⁴ 25 U.S.C. § 477.

⁵ Licensing Order, *supra*.

⁶ *PPL Mont., LLC*, 148 FERC ¶ 62,072 (2014).



Under the terms of the License, CSKT has the option to have NorthWestern convey the Kerr Project to CSKT on the Conveyance Date. Under the terms of the License, upon NorthWestern's receipt of the Estimated Conveyance Price, on the Conveyance Date all of NorthWestern's interests in the Kerr Project will, without any further action on the part of NorthWestern, the Commission, or any other entity, vest in CSKT (the "Conveyance").⁷

On March 5, 2014, CSKT provided notice that it intended to exercise its option and acquire the Kerr Project on the Conveyance Date.⁸ Upon the Conveyance, CSKT will be the sole owner and operator of the Kerr Project until the License expires on September 4, 2035.⁹ Further, upon the Conveyance, NorthWestern will no longer be a licensee for the Kerr Project under the License.

C. Direct Assignment Facilities

NorthWestern, CSKT, and EKI are in the process of finalizing transmission contracts for the sale of electricity from the Kerr Project post-conveyance. **The instant Agreement involves a 12-MW point-to-point sale of electricity from the Kerr facility to Mission Valley Power across limited transmission facilities located entirely within the Kerr transmission switchyard, which remains a NorthWestern transmission facility. The power from the Kerr facility flows from the project over generator lead lines (to be owned by CSKT upon Conveyance) approximately a quarter mile to the Kerr switchyard, which is owned by NorthWestern.¹⁰ The switchyard is located approximately 30 yards from a substation owned by the Bonneville Power Administration ("BPA"). This NorthWestern switchyard and BPA substation are connected by a 42-MW transmission line. The transmission customer here is using only this line and the associated facilities within the Kerr switchyard to serve its Mission Valley Power load.**

The 115-kV portion of the facilities located in the Kerr switchyard are as follows:

Kerr 115-kV Switchyard

Kerr to Plains	TFalls A Line	96 MW
Kerr to TFalls	TFalls B Line	133 MW
Kerr to BPA (MVP Source)		42 MW
Overall 115-kV Capacity		271 MW

⁷ See Licensing Order at p. 61,181 (Ordering Paragraph (C)(1)).

⁸ Supplemental Information of the Confederated Salish and Kootenai Tribes of the Flathead Reservation, Project No. 5-000 (filed Mar. 5, 2014).

⁹ See Licensing Order at p. 61,181 (Ordering Paragraph (C)(1)).

¹⁰ This description of asset ownership is not intended to include those limited Kerr Project generation interconnection assets that are located within the Kerr switchyard.



The Kerr-to-BPA facilities (MVP Source) are the transmission assets that will be used to provide service under the Agreement from Kerr to the delivery point MVP. EKI is uniquely situated as the only customer that can deliver directly from the Kerr Project to Mission Valley Power over these discrete transmission facilities. The remainder of the facilities (Kerr-to-Plains and Kerr-to-TFalls), comprising 229 MW, are components of the BPAT point of delivery on NorthWestern's transmission system and are included in the ATC calculation for that delivery point.

II. Requests for Approval

NorthWestern requests approval of this non-conforming Agreement to provide service for the Mission Valley Power load from the Kerr facility. This Agreement is attached here at Attachment 1.

NorthWestern is proposing to charge the transmission customer a direct assignment facilities charge based on the total depreciated net book value of the 115-kV transmission facilities within the Kerr switchyard multiplied by an allocation factor based on the percentage 115-kV facilities within the Kerr switchyard that will be used by this transmission customer. The allocation factor represents the portion of 115-kV facilities that are used by the transmission customer to provide power to the Mission Valley Power point of delivery as a percentage of the total 115-kV facilities located within the Kerr switchyard. Here, the facilities used to provide service to the Mission Valley Power point of delivery are the Kerr-to-BPA (MVP Source) facilities, which comprise 42 MW of the total 271 MW of 115-kV facilities within the switchyard. Hence, NorthWestern developed an allocation factor of $42/271$, or 15.5%.

To develop the total annual revenue requirement for the Kerr-to-BPA (MVP Source) facilities that support the sole-use facilities in this Agreement, NorthWestern multiplied the total \$555,891 annual revenue requirement for all of the 115-kV transmission facilities within the Kerr switchyard by the $42/271$ allocation factor, which produces an annual revenue requirement of \$86,153. To produce a monthly rate under the agreement, NorthWestern divided this \$86,153 figure by 12, for a monthly rate of \$7,179, which is specified in section 8.3 of the specification for long-term firm point-to-point service in the Agreement. This direct assignment rate is relatively small compared to NorthWestern's stated point-to-point rate, but reasonably reflects the discrete facilities used to provide service under this Agreement. Further, in consideration for the rate, NorthWestern and the customer also agreed that the service here would not be appropriate to be redirected to other points on NorthWestern's Montana (NWMT) system.



III. Proposed Effective Date & Request for Waiver

Pursuant to 18 C.F.R. § 35.11 and for good cause shown, NorthWestern respectfully requests waiver of the prior notice filing requirement under 18 C.F.R. § 35.3 of the Commission's regulations to permit the Agreement to become effective on September 1, 2015. The Commission's policy permits waivers of the 60-day prior notice filing requirement in the case of uncontested filings that do not change rates.¹¹

IV. General Information

Pursuant to the Commission's regulations, NorthWestern provides the following information:

1. List of Documents Submitted

This filing includes the following documents:

- a. This transmittal letter; and
- b. Clean version of Service Agreement No. 744 - Service Agreement for Firm Point-to-Point Transmission Service between NorthWestern Corporation and Energy Keepers, Incorporated.

2. Names and Address of Persons to Whom a Copy of this Filing has been Provided

A copy of this filing has been provided to:

Energy Keepers, Incorporated
Attn: Daniel Howlett
110 Main Street, Suite 304
Polson, MT 59860

Confederated Salish and Kootenai Tribes of the Flathead Reservation
Attn: Fred Matt, Chair
PO Box 278
Pablo, MT 59855-0278

¹¹ See *Central Hudson Gas & Electric Co.*, 60 FERC ¶ 61,106, *reh'g denied*, 61 FERC ¶ 61,089 (1992), and *Prior Notice and Filing Requirements Under Part II of the Federal Power Act*, 64 FERC ¶ 61,139, *clarified*, 65 FERC ¶ 61,081 (1993).



Copies of this filing are available for public inspection during normal business hours at NorthWestern's Montana General Office, 40 East Broadway, Butte, Montana.

3. Description of the Filing

A description of this filing is set forth above.

4. Requisite Agreement

The parties have executed the Agreement. Accordingly, all requisite approval for the Agreement has been obtained.

5. Statement Regarding Inclusion of any Expenses or Costs in Cost of Service Statement that Have Been Alleged or Adjudged Illegal, Duplicative, or Unnecessary Costs that are Demonstrably the Product of Discriminatory Employment Practices

There are no expenses or costs that have been alleged or judged to be illegal, duplicative, or unnecessary that are demonstrably the product of discriminatory employment practices.

6. Cost of Service and Revenue Information to Support Filing

Because of the nature of the Agreement being submitted with this filing, NorthWestern respectfully requests waiver of the requirements in Section 35.12 to provide detailed cost information related to the Agreement. The direct assignment facilities charge is described in Section II, *supra*.

7. Concurrence and Designation

By execution of the Agreement, EKI has concurred with its terms.

8. Request for Waiver

NorthWestern respectfully submits that the requirements of Section 35.12 of the Commission's regulations that have not been specifically addressed herein are inapplicable to this filing. To the extent that the Commission determines the requirements of Section 35.12 or any other rules to be applicable, NorthWestern respectfully requests waiver of the requirements of such provisions.



V. Communications

Communications concerning this filing should be directed to the following persons, who should be included on the official service list compiled by the Secretary in this proceeding:

Michael Cashell
Vice President – Transmission
NorthWestern Energy
40 East Broadway
Butte, MT 59701
Phone: (406) 497-4575
michael.cashell@northwestern.com

M. Andrew McLain
Corporate Counsel & FERC Compliance Officer
NorthWestern Energy
208 N. Montana Avenue, Suite 205
Helena, MT 59601
Phone: (406) 443-8987
andrew.mclain@northwestern.com

VI. Conclusion

For the foregoing reasons, NorthWestern and EKI respectfully request the Commission to accept the enclosed Agreement for filing; grant waiver of the prior notice filing requirement to permit the Agreement to become effective September 1, 2015, as requested; and grant waiver of any other Commission regulations deemed applicable this filing.

Respectfully submitted,

s/ M. Andrew McLain

M. Andrew McLain

Corporate Counsel & FERC Compliance Officer

andrew.mclain@northwestern.com

○ 406-443-8987

MAM/dq

Attachment

cc: Energy Keepers, Incorporated

The Confederated Salish and Kootenai Tribes of the Flathead Reservation



Certificate of Service

I hereby certify that I have this day served the foregoing document upon each person designated in the foregoing transmittal letter, in accordance with Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010.

Dated this 31st day of August, 2015.

s/ M. Andrew McLain

M. Andrew McLain
Corporate Counsel & FERC Compliance Officer
NorthWestern Energy
208 N. Montana Avenue, Suite 205
Helena, MT 59601
(406) 443-8987
andrew.mclain@northwestern.com

Attachment 1

Service Agreement No. 744

Service Agreement for Firm Point-to-Point Transmission Service

by and between
NorthWestern Corporation
and
Energy Keepers, Incorporated

Clean Tariff Record

NorthWestern Corporation
(Montana)

FERC Electric Tariff Volume No. 5
Open Access Transmission Tariff

Form of Service Agreement For Firm Point-To-Point Transmission Service

- 1.0 This Service Agreement, dated as of 8/31/15 is entered into, by and between **NorthWestern Corporation** (the Transmission Provider) and **Energy Keepers, Inc.** ("Transmission Customer").
- 2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Firm Point-To-Point Transmission Service under the Tariff.
- 3.0 The Transmission Customer has provided to the Transmission Provider an Application deposit in the amount of \$9,219.00, in accordance with the provisions of Section 17.3 of the Tariff.
- 4.0 Service under this agreement shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.
- 5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
- 6.0 The Transmission Customer agrees that this agreement facilitates the transfer energy over a specific Point of Receipt and Point of Delivery as described in the Specifications of this agreement. The Transmission Customer agrees that this agreement does not provide the right to re-direct this transmission service to other Points of Receipt or Points of Delivery.
- 7.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

NorthWestern Corporation
ATTN: Manager – Grid Operations and Services
40 E. Broadway
Butte, MT 59701
Fax: (406) 497-2054

Transmission Customer:

Energy Keepers Inc.
ATTN: Daniel Howlett
110 Main Street suit 304
Polson, MT 59860
Fax: (406) 883-1183

8.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

NorthWestern Corporation

By: Michael H. Cashell

Name: Michael Cashell

Title: Vice President Transmission

Date: 8/31/15

Energy Keepers, Inc.

By: Travis Togo

Name: Travis Togo

Title: Director, Power Management

Date: 8/31/15

Specifications for Long-Term Firm Point-To-Point Transmission Service

- 1.0 Term of Transaction: 1 year per TSR # 81597603
- Start Date: September 1, 2015
- Termination Date: September 1, 2016
- 2.0 Description of capacity and energy to be transmitted by Transmission Provider including the electric Control Area in which the transaction originates.
- 12 MW originating in the NWMT control area.
- 3.0 Point(s) of Receipt: KERR
- Delivering Party: Energy Keepers, Inc.
- 4.0 Point(s) of Delivery: BPAT.NWMT - delivery will be at the interconnection of NorthWestern Energy and BPA at the 115 kV KERR bus to the MVP load.
- Receiving Party: Mission Valley Power (MVP) via the Bonneville Power Administration
- 5.0 Maximum amount of capacity and energy to be transmitted (Reserved Capacity):
- 12 MW
- 6.0 Designation of party(ies) subject to reciprocal service obligation:
- N/A
- 7.0 Name(s) of any Intervening Systems providing transmission service:
- Bonneville Power Administration

8.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

8.1 Transmission Charge:

N/A

8.2 System Impact and/or Facilities Study Charge(s):

N/A

8.3 Direct Assignment Facilities Charge:

\$7,179 per month, based upon an allocated cost for the use of facilities of the KERR 115 kV substation to deliver up to 12 MW of energy to the Mission Valley Power load which is served by the Bonneville Power Administration (BPA) and located in the BPA balancing authority area. The Point of delivery will be at the interconnection of NorthWestern Energy and BPA at the 115 kV KERR bus.

Revenue Requirement Calculation			
Kerr 115 kV Switchyard			
Annual Revenue Requirement		\$555,891	
Line Capacity			
Kerr to Plains	TFalls A Line	96	MW
Kerr to TFalls	TFalls B Line	133	MW
Kerr to BPA (MVP Source)		42	MW
Overall 115 kV Capacity		271	MW
Allocation for Delivery of energy to MVP			
42 MW / 271 MW * \$555,891		\$86,152.91	Annual
		\$7,179	Monthly

8.4 Ancillary Services Charges:

Maximum service charges as defined in the Tariff

FERC rendition of the electronically filed tariff records in Docket No. ER15-02576-000

Filing Data:

CID: C001789

Filing Title: SA 744 - Firm Point-to-Point TSA with Energy Keepers Inc.

Company Filing Identifier: 534

Type of Filing Code: 20

Associated Filing Identifier:

Tariff Title: NorthWestern Corporation - Electric Utility

Tariff ID: 10

Payment Confirmation:

Suspension Motion: N

Tariff Record Data:

Record Content Description, Tariff Record Title, Record Version Number, Option Code:

, SA 744 - Point-to-Point TSA with Energy Keepers, 1.0.0, A

Record Narrative Name: Service Agreement No 744 Service Agreement for Firm Point to Point Transmission Service between NorthWestern Corporation and Energy Keepers Incorporated

Tariff Record ID: 3417

Tariff Record Collation Value: 1561799940 Tariff Record Parent Identifier: 63

Proposed Date: 2015-09-01

Priority Order: 500

Record Change Type: New

Record Content Type: 1

Associated Filing Identifier:

Form of Service Agreement For Firm Point-To-Point Transmission Service

- 1.0 This Service Agreement, dated as of 8/31/15 is entered into, by and between NorthWestern Corporation (the Transmission Provider) and Energy Keepers, Inc. ("Transmission Customer").
- 2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Firm Point-To-Point Transmission Service under the Tariff.
- 3.0 The Transmission Customer has provided to the Transmission Provider an Application deposit in the amount of \$9,219.00, in accordance with the provisions of Section 17.3 of the Tariff.
- 4.0 Service under this agreement shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.
- 5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
- 6.0 The Transmission Customer agrees that this agreement facilitates the transfer energy over a specific Point of Receipt and Point of Delivery as described in the Specifications of this agreement. The Transmission Customer agrees that this agreement does not provide the right to re-direct this transmission service to other Points of Receipt or Points of Delivery.

7.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

NorthWestern Corporation
ATTN: Manager – Grid Operations and Services
40 E. Broadway
Butte, MT 59701
Fax: (406) 497-2054

Transmission Customer:

Energy Keepers Inc.
ATTN: Daniel Howlett
110 Main Street suit 304
Polson, MT 59860
Fax: (406) 883-1183

Document Content(s)

SA 744 - Letter re EKI LT PTP TSA.PDF.....1-8

SA 744 - Energy Keepers PTP TSA.PDF.....9-14

FERC GENERATED TARIFF FILING.RTF.....15-17