



July 23, 2014

via eFiling

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

Re: *NorthWestern Corporation (Montana)*, Docket No. ER14-____-000
Notice of Cancellation — Service Agreement Nos. 711 and 712

Dear Secretary Bose:

Pursuant to section 205 of the Federal Power Act (“FPA”), 16 U.S.C. § 824d, and section 35.15 of the regulations of the Federal Energy Regulatory Commission (“the Commission”), 18 C.F.R. § 35.15, NorthWestern Corporation (“NorthWestern”) hereby submits for filing Notices of Cancellation of NorthWestern’s Service Agreement Nos. 711 and 712 (the “Agreements”). The Agreements are transmission service agreements between NorthWestern and Gaelectric, LLC (“Gaelectric”) that were filed in unexecuted form and accepted by the Commission, effective May 31, 2014, in its May 30, 2014 order in Docket No. ER14-1616-000.¹ NorthWestern is cancelling these service agreements because Gaelectric rejected the Agreements and retracted its transmission service requests by stating that it does not agree to compensate NorthWestern at the rates, terms, and conditions determined by the Commission and demanding the immediate return of its security deposits.

NorthWestern respectfully requests that the Commission accept the Notices of Cancellation with an effective date of July 21, 2014, the date that Gaelectric’s transmission service requests were retracted and its security deposits refunded in full. NorthWestern requests waiver of the 60-day notice requirement under 18 C.F.R. § 35.15(a) to permit this requested effective date.

¹ *NorthWestern Corporation*, 147 FERC ¶ 61,171 (2014) (“May 30 Order”).



I. Background

As described in the May 30 Order, Gaelectric submitted several requests under the NorthWestern Montana Open Access Transmission Tariff (“NWMT OATT”) for firm point-to-point transmission service on NorthWestern’s transmission system for the output from Gaelectric’s planned Jawbone wind-generating project near Judith Gap, Montana. NorthWestern and Gaelectric could not agree on terms and conditions for two transmission service agreements (“TSAs”) totaling 330 MW — a 197-MW TSA and a 133-MW TSA. As a result, Gaelectric asked NorthWestern to file those two TSAs in unexecuted form with the Commission so that the Commission could resolve the parties’ dispute.

NorthWestern filed the two unexecuted TSAs as Service Agreement Nos. 711 and 712 in Docket No. ER14-1616-000. In the May 30 Order, the Commission accepted those Agreements, with an effective date of May 31, 2014. Gaelectric requested rehearing of the May 30 Order on June 27, 2014. This request for rehearing remains pending with the Commission.

After the Commission accepted Service Agreement Nos. 711 and 712 in the May 30 Order, NorthWestern informed Gaelectric that it intended to change the status of Gaelectric’s transmission service requests to ACCEPTED status and asked Gaelectric, in accordance with NAESB WEQ Standards Guidelines, to confirm the Agreements or withdraw the transmission service requests within 15 days.

On July 11, 2014, Gaelectric sent NorthWestern a letter in response to NorthWestern’s request for confirmation or withdrawal of the Agreements. See July 11, 2014 letter from Suedeem G. Kelly to Casey Johnston (“July 11 Letter”), attached hereto as Attachment A. In the July 11 Letter, Gaelectric stated it “does not now agree, to (i) compensate [NorthWestern] at whatever rate, terms, and conditions the Commission may ultimately determine to be just and reasonable or (ii) post security deposits for these requests.” July 11 Letter at 2. Gaelectric further stated that it “has no intention of accepting service under the terms and conditions [NorthWestern] has offered in the two unexecuted, non-conforming TSAs” and requested NorthWestern to “immediately return its security deposits in full with interest, as required by Section 17.3 of the OATT.” *Id.*

On July 15, 2014, NorthWestern sent Gaelectric a letter in response. See July 15, 2014 letter from Casey Johnston to Stacy Gasvoda (“July 15 Letter”), attached hereto as Attachment B. In the July 15 Letter, NorthWestern notified Gaelectric that, in light of the July 11 Letter, it was deeming the two Agreements accepted in the May 30 Order to be rejected by Gaelectric and would



return Gaelectric's security deposits in full, as requested by Gaelectric. NorthWestern also asked Gaelectric to provide wiring instructions to facilitate the return of the security deposits by July 21, 2014, and to notify NorthWestern immediately or no later than July 17 if this was unacceptable to Gaelectric.

On July 17, 2014, Gaelectric provided wiring instructions for the return of the security deposits. On July 21, 2014, NorthWestern returned Gaelectric's security deposits, in full, as required by Section 17.3 of the NWMT OATT and retracted the transmission service requests underlying Service Agreement Nos. 711 and 712.²

Service Agreement Nos. 711 and 712 both provide that transmission service would not commence until the completion of specific upgrades to the NorthWestern transmission system. Because Gaelectric did not confirm those Agreements after the May 30 Order in accordance with NAESB WEQ Standards Guidelines, NorthWestern did not commence construction of the required upgrades before the Agreements were rejected and Gaelectric's security deposits returned. Therefore, NorthWestern has not provided any services under the Agreements.

Because Service Agreement Nos. 711 and 712 were rejected, the underlying transmission service requests retracted, and Gaelectric's security deposits returned in full, NorthWestern is filing these Notices of Cancellation of Service Agreement Nos. 711 and 712. NorthWestern respectfully requests an effective date of July 21, 2014, for the Notices of Cancellation and seeks waiver of the 60-day notice requirement in 18 C.F.R. § 35.15 to allow for this requested effective date.

II. The Commission Should Accept the Notices of Cancellation

The Commission should accept the Notices of Cancellation of Service Agreement Nos. 711 and 712. Gaelectric has rejected those Agreements, and NorthWestern has retracted the transmission service requests underlying the Agreements. NorthWestern has also refunded Gaelectric's security deposits in full as requested by Gaelectric. As a result, the Agreements are a nullity and no longer serve any purpose.

² In addition to the unexecuted 197-MW TSA and 133-MW TSA accepted by the Commission in Docket No. ER14-1616, Gaelectric also executed a 130-MW TSA for transmission service from the Jawbone plant. In Docket No. EL14-41-000, Gaelectric filed a Complaint against NorthWestern seeking to delay the service commencement date for the 130-MW TSA. The executed 130-MW TSA at issue in Docket EL14-41 is not affected by this filing.



Further, Gaelectric's July 11 Letter confirms that Gaelectric is not willing to compensate NorthWestern at the rates, terms, and conditions the Commission ultimately determines or to post security deposits for the Agreements. Both of these commitments are requirements for this Commission to evaluate an unexecuted TSA under sections 15.3 and 19.4 of the NWMT OATT.

Finally, accepting the Notices of Cancellation will promote the public interest because it will allow NorthWestern to remove these retracted transmission service requests from its transmission service queue and, as a result, eliminate uncertainty for transmission customers that are junior to Gaelectric in the NorthWestern transmission queue.

III. Proposed Effective Date and Request for Waivers

NorthWestern requests an effective date of July 21, 2014, *i.e.*, the date that the transmission service requests underlying Service Agreement Nos. 711 and 712 were retracted and Gaelectric's security deposits refunded in full. NorthWestern requests waiver of the 60-day notice requirement in 18 C.F.R. § 35.15(a) to permit this requested effective date.

Section 35.15(a) authorizes the Commission to waive the notice requirement and allow a notice of cancellation to become effective as of a date prior to the date of the filing for "good cause shown." Good cause exists here to permit an effective date of July 21, 2014, for the Notices of Cancellation. Service Agreement Nos. 711 and 712 effectively became a nullity on July 21, 2014, when the underlying service requests were retracted and the security deposits returned. Also, no services are being provided, and no services have been provided, under those Agreements. Therefore, applying the 60-day notice requirement and delaying the effectiveness of the Notices of Cancellation beyond July 21, 2014, would serve no purpose.

IV. Communications

Please place the following individuals on the official service list for this proceeding:

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V. Persons Serviced

NorthWestern has served a copy of this filing on the Montana Public Service Commission, Gaelectric, and all parties to the proceeding in Docket No. ER14-1616.

VI. Contents of Filing

Included in this filing are the following materials:

- 1) This transmittal letter;
- 2) Attachment A - Gaelectric's July 11 Letter;
- 3) Attachment B – NorthWestern's July 15 Letter;
- 4) Attachment C – Cover Sheet cancelling Service Agreement No. 711; and
- 5) Attachment D – Cover Sheet cancelling Service Agreement No. 712.

VII. Conclusion

For the reasons stated herein, NorthWestern respectfully requests that the Commission accept the Notices of Cancellation, with an effective date of July 21, 2014.

Respectfully submitted,

s/ M. Andrew McLain

M. Andrew McLain

Corporate Counsel & FERC Compliance Officer

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○ (406) 443-8987



MAM/dq
Attachment

cc: Montana Public Service Commission
Gaelectric, LLC
Service List (Docket No. ER14-1616)



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 23rd day of July, 2014.

s/ M. Andrew McLain

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