

# Attachment A

Letter from Gaelectric to NorthWestern

July 11, 2014

# Akin Gump

STRAUSS HAUER & FELD LLP

SUEDEEN G. KELLY

202.887.4526/fax: 1.202.887.4288

skelly@akingump.com

July 11, 2014

Mr. Casey Johnston  
Director of Grid Operations  
NorthWestern Energy  
40 East Broadway Street  
Butte, MT 59701

Dear Mr. Johnston:

On July 7, 2014, you and Mike McGowan of NorthWestern Energy (“NWE”) notified Stacy Gasvoda, Head of Transmission for Gaelectric, LLC (“Gaelectric”) that NWE intends to change the status of Gaelectric’s transmission service requests (“TSRs”) for the Jawbone Wind Generation Project on NWE’s Open Access Same Time Information Site (“OASIS”). Specifically, NWE intends to change the TSRs’ status from STUDY status to ACCEPTED status, to indicate that “NWE has approved the purchase of transmission service.” You alerted Ms. Gasvoda that in accordance with NAESB WEQ Standards, Gaelectric is expected to state confirmation or withdrawal of the purchase within 15 calendar days of the status change on OASIS.

NWE informed Gaelectric that this action was being taken based on the Federal Energy Regulatory Commission’s (“Commission”) Order, issued on May 30, 2014 in Docket ER14-1616-000, accepting for filing two unexecuted non-conforming transmission service agreements (“TSAs”) that NWE proffered to Gaelectric. NWE proffered the TSAs in response to, and four years after, Gaelectric’s 2010 requests for long-term firm point-to-point transmission service on NWE’s transmission system. Gaelectric had requested that NWE file its proposed non-conforming TSAs with the Commission unexecuted, because Gaelectric could not accept TSAs that purport to provide long-term, firm transmission service but that, in fact, could be restated at any time with new upgrade requirements and costs assigned to Gaelectric. Recognizing the unique circumstances NWE faced, Gaelectric asked that, if the Commission were to accept NWE’s proposed non-conforming provisions, the Commission also include in the TSAs terms that would protect Gaelectric from being adversely affected by the contingencies attached to NWE’s provision of transmission service to Gaelectric. In your conversation with Ms. Gasvoda, you informed Gaelectric that NWE now considers these two TSAs to “have been executed by Gaelectric.”

Mr. Casey Johnston  
July 11, 2014  
Page 2

Gaelectric has not executed these TSAs, and the Commission's order accepting NWE's proposed contingencies and rejecting Gaelectric's requested provisions did not result in Gaelectric's de facto agreement to accept service under the rate, terms, and conditions it previously disputed. Indeed, as evidence of its continuing refusal to accept these terms, Gaelectric has filed with the Commission a Request for Rehearing of the Order it issued in Docket ER14-1616-000. Gaelectric has no intention of executing any TSAs between it and NWE containing such unfavorable terms.

As per Section 15.3 of the Open Access Transmission Tariff ("OATT"), Gaelectric has not agreed, and does not now agree, to (i) compensate NWE at whatever rate, terms, and conditions the Commission may ultimately determine to be just and reasonable, or (ii) post security deposits for these requests. In short, NWE's presumption that Gaelectric has accepted the terms contained in the unexecuted TSAs is unfounded.

Because Gaelectric has no intention of accepting service under the terms and conditions NWE has offered in the two unexecuted non-conforming TSAs, Gaelectric requests NWE immediately return its security deposits in full with interest, as required by Section 17.3 of the OATT.

Sincerely,



Suedeen G. Kelly

cc: Ms. Stacy M. Gasvoda

# Attachment B

Letter from NorthWestern to Gaelectric

July 15, 2014





To: Stacy Gasvoda

From: Casey Johnston

Date: July 15, 2014

Subject: TSR #'s 73946013 – 20 of 50 MW requested, 73946019, 73946023, 73946025, 73946029, 73946032, 73946040, 73946045, 73946048, 73946054, 73946055, 73946058

Dear Stacy:

Thank you for your letter dated July 11, 2014, in which you indicate that Gaelectric “has no intention of accepting service under [sic] the two unexecuted non-conforming TSAs” that FERC accepted in Docket No. ER14-1616. You further request that “NWE immediately return [Gaelectric’s] security deposits in full” under section 17.3 of the OATT.

Under section 17 of the OATT, all applicants for firm point-to-point transmission service must have a completed application on file with the transmission provider from the time it submits a valid request until it ceases taking service under the OATT. Under section 17.3 of the OATT, a completed application must also include a valid payment of security from the transmission customer. Section 17.3 states that “[i]f an application is withdrawn or the eligible customer decides not to enter into a Service Agreement . . . the deposit shall be refunded in full.”

Based the statements made by your attorney on your behalf in your July 11 letter, NorthWestern is notifying you that it is deeming the transmission service agreements accepted in ER14-1616 to be rejected by Gaelectric, as of July 11, 2014. We request that you provide wiring instructions by Thursday July 17, so that we can facilitate the return of your security deposit on Monday, July 21, 2014. If this is not acceptable to you, please let us know immediately or no later than Thursday, July 17.

Regards,

  
Casey E. Johnston

CC: Suedeen G. Kelly – Akin Gump