

122 FERC ¶ 61,120
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

February 8, 2008

In Reply Refer To:
NorthWestern Corporation
Docket No. ER08-332-000

Leonard, Street and Deinard, PA
The Army and Navy Club Building
1627 Eye Street N.W., Suite 610
Washington, D.C. 20006

Attention: Steven A. Weiler
Attorney for NorthWestern Corporation

Reference: Order Accepting Revised Tariff Sheets, Subject to Condition

Dear Mr. Weiler:

1. On December 13, 2007, NorthWestern Corporation (NorthWestern) submitted revised tariff sheets,¹ pursuant to section 205 of the Federal Power Act,² proposing to amend the provisions of Schedule 3 - Regulation and Frequency Response Service under its Open Access Transmission Tariff (OATT) for its Montana electric transmission facilities.³ NorthWestern's revised tariff sheets are accepted for filing effective February 1, 2008, subject to the outcome of the proceeding in Docket No. ER07-46-000.

¹ First Revised Sheet Nos. 74 and 75 under FERC Electric Tariff, Seventh Revised Volume No. 5 (MT).

² 16 U.S.C. § 824d (2000).

³ NorthWestern owns and operates transmission facilities in Montana and South Dakota that are neither physically connected, nor in the same North American Electric Reliability Council (NERC) region. This proceeding concerns NorthWestern's Montana facilities, acquired from Montana Power Company in 2002. NorthWestern maintains a separate OATT for its services in Montana.

2. NorthWestern states that it owns no rate-based generation, and must rely on contracts with third parties for the capacity and energy needed to provide ancillary services required under its OATT for its Montana electric transmission facilities. NorthWestern states that its currently effective Schedule 3 service does not provide for passing through changes in costs, therefore, it has proposed a formula rate mechanism to pass through the costs that it incurs to provide Schedule 3 service.

3. Notice of NorthWestern's filing was published in the *Federal Register*, 72 Fed. Reg. 71,883 (2007), with comments, interventions and protests due on or before January 7, 2007. An errata notice was subsequently issued on January 18, 2008 correcting the filing date included in the original notice. A motion to intervene and comments was filed jointly by PPL EnergyPlus, LLC and PPL Montana, LLC (jointly, PPL), and a motion to intervene and limited protest was filed by Central Montana Electric Power Cooperative, Inc. (Central Montana). Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2007), the timely, unopposed motions to intervene of PPL and Central Montana serve to make them parties to this proceeding.

4. Central Montana and PPL state that the same issue of how to pass through costs relating to NorthWestern's contracts for ancillary services (including Schedule 3 - Regulation and Frequency Response Service) is an integral part of NorthWestern's general rate case at Docket No. ER07-46-000, and is the subject of settlement discussions in that proceeding.⁴ Central Montana and PPL request that the Commission make any acceptance of NorthWestern's proposed Schedule 3 pass through mechanism in the instant docket subject to the outcome of NorthWestern's Schedule 3 tariff provisions in Docket No. ER07-46-000. Central Montana and PPL do not request suspension or rejection of the instant filing; rather, they seek to ensure a consistent outcome in these two proceedings regarding the common issue of how to pass through NorthWestern's costs relating to its contracts for ancillary services.

5. NorthWestern requests waiver of the Commission's prior notice requirement⁵ to permit the tariff sheets to be effective on February 1, 2008, in order to allow recovery of

⁴ NorthWestern's currently effective tariff sheets for Schedule 3 service were accepted for filing, suspended for five months to become effective May 18, 2007, subject to refund, and were set for hearing and settlement judge procedures in Docket No. ER07-46-000. *NorthWestern Corp.*, 117 FERC ¶ 61,293 (2006).

⁵ *Central Hudson Gas and Electric Company, et al.* 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).

costs incurred from third-party providers in January, 2008. For good cause shown, the Commission will grant waiver of section 35.11 of the Commission's regulations,⁶ and will accept NorthWestern's revised tariff sheets for filing effective February 1, 2008, subject to the outcome of the proceeding in Docket No. ER07-46-000.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

⁶ 18 C.F.R. §35.11 (2007).