

148 FERC ¶ 61,123
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

August 14, 2014

In Reply Refer To:
NorthWestern Corporation
Docket Nos. ER13-62-001
ER13-62-002

NorthWestern Corporation
208 N. Montana Avenue, #205
Helena, MT 59601

Attention: M. Andrew McClain
Attorney for NorthWestern Corporation

Dear Mr. McClain:

1. On June 30, 2014, you filed on behalf of NorthWestern Corporation (NorthWestern) a request for an extension of time until January 1, 2015 to submit a filing to comply with the requirements of Order No. 1000.¹ NorthWestern states that it is engaging in ongoing and active efforts to join and integrate into Southwest Power Pool, Inc. (SPP). NorthWestern notes that, upon its expected integration into SPP in October 2015, the SPP Open Access Transmission Tariff (OATT) will supersede NorthWestern's OATT. NorthWestern states that it will comply with the Order No. 1000 transmission planning requirements as of that date by participating as a transmission owner in the SPP regional transmission planning process.²

¹ *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, FERC Stats. & Regs. ¶ 31,323 (2011), *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh'g*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012).

² NorthWestern Request for Extension at 1-2.

2. NorthWestern explains that its South Dakota transmission system³ is located in the Mid-Continent Area Power Pool (MAPP). NorthWestern states that all of MAPP's other members are not public utilities and, to date, NorthWestern is the only MAPP member that has submitted a filing seeking to comply with Order No. 1000.⁴ NorthWestern also explains that its transmission system is fully subsumed within the footprint of Western Area Power Administration (Western) and that NorthWestern depends on Western for transmission services and transmission planning.⁵

3. On October 10, 2012, NorthWestern submitted revisions to its South Dakota OATT to comply with the regional transmission planning and cost allocation requirements of Order No. 1000. On April 18, 2013, the Commission issued an order finding that NorthWestern's filing partially complied with the regional transmission planning and cost allocation requirements adopted in Order No. 1000 and directed NorthWestern to submit a further compliance filing within 120 days of the date of issuance of that order.⁶ NorthWestern subsequently requested an extension of time to submit the further compliance filing because Western had begun to analyze other regional alternatives beyond MAPP membership, including possible membership in SPP or Midcontinent Independent System Operator, Inc. The Commission granted NorthWestern an extension of time to submit its further compliance filing of 180 days from the earlier of (i) December 31, 2013, or (ii) the date when Western completes its analysis of regional alternatives.⁷ The Commission also directed NorthWestern to submit an informational filing regarding the status of Western's analysis of regional alternatives no later than (i) 14 days after Western announced the results of its analysis, or (ii) January 14, 2014.⁸

³ NorthWestern owns transmission facilities in South Dakota and Montana, which are not physically connected, and maintains separate OATTs for its transmission operations in each state. The request for extension in this proceeding concerns only NorthWestern's South Dakota operations. *Id.* at 2, n.4.

⁴ *Id.* at 3.

⁵ *Id.* at 2-3.

⁶ *NorthWestern Corp.*, 143 FERC ¶ 61,056 (2013).

⁷ *NorthWestern Corp.*, 144 FERC ¶ 61,017, at P 16 (2013). The Commission denied NorthWestern's request for waiver of the regional transmission planning and cost allocation requirements of Order No. 1000. *Id.* P 13.

⁸ *Id.* P 16.

4. On January 14, 2014, NorthWestern filed an informational report notifying the Commission that Western had announced formal plans to pursue negotiations to join SPP.⁹ NorthWestern states that, in response to Western's announcement that it is formally negotiating membership in SPP, the MAPP Transmission Planning Committee met on January 28, 2014 and unanimously approved a motion to suspend MAPP's Order No. 1000 work until further action by the Transmission Planning Committee or so directed by the Transmission Planning Committee Chair. NorthWestern states that no further action related to Order No. 1000 has been taken in the MAPP transmission planning region since this motion was passed.¹⁰

5. NorthWestern states that since Western's announcement in early January 2014, NorthWestern has undertaken an independent effort to evaluate SPP membership compared to available alternatives. NorthWestern states that it expects that transferring functional control of its transmission facilities to SPP will provide significant benefits compared to its other options, assuming Western joins SPP. NorthWestern also explains that joining SPP as a transmission owner would allow it to participate in SPP's arrangements to comply with Order No. 1000, including participation in SPP's established regional transmission planning process. Thus, NorthWestern states that it expects to integrate into SPP on a timeline that parallels Western's integration, which is anticipated to be effective in October 2015.¹¹

6. In order to facilitate a timely transition to SPP, NorthWestern requests an additional extension of time to January 1, 2015 to comply with Order No. 1000. NorthWestern states that this extension will allow it to begin the numerous predicate steps necessary to pursue SPP membership, including regulatory approvals and technical and due-diligence issues associated with integration efforts.¹² As part of its extension request, NorthWestern commits to filing interim informational reports with the Commission, on September 15, 2014 and November 14, 2014, to keep the Commission informed of the status of Western's move to SPP and NorthWestern's timeline for membership and integration with SPP. NorthWestern states that, if the process is

⁹ NorthWestern January 14, 2014 Informational Filing.

¹⁰ NorthWestern Request for Extension at 5.

¹¹ *Id.* at 6.

¹² *Id.* at 7. NorthWestern also states that granting its extension request would be consistent with the Commission's decision to grant an extension in *East Kentucky Power Coop.*, 141 FERC ¶ 61,029 (2012).

significantly delayed or does not proceed and a further extension becomes necessary, it will make an additional filing at that time.¹³

7. NorthWestern also requests an alternative date for complying with Order No. 1000 in the event that NorthWestern's anticipated October 2015 integration into SPP is significantly delayed or does not proceed. NorthWestern states that, in that case, it will need additional time to take the necessary steps to become compliant with Order No. 1000. Thus, NorthWestern seeks an alternative extension of the Order No. 1000 compliance deadline for its filing until April 30, 2016. NorthWestern states that such an extension would provide a six-month buffer in which to achieve compliance in the event that it becomes apparent that NorthWestern will not be able to integrate into SPP.¹⁴

8. The Commission grants NorthWestern's motion for an extension of time until January 2, 2015 to make a further compliance filing so that NorthWestern can meet the regional compliance requirements of Order No. 1000 through its anticipated integration into SPP in October 2015. The compliance filing must address NorthWestern's compliance with the local and regional transmission planning and cost allocation requirements of Order No. 1000. In addition, the Commission accepts NorthWestern's commitment to file two interim informational reports with the Commission, one on September 15, 2014 and one November 14, 2014, regarding the status of Western's move to SPP and NorthWestern's timeline for membership and integration with SPP.¹⁵

9. The Commission will not address at this time NorthWestern's alternate request for an additional extension to April 30, 2016 if NorthWestern's planned integration into SPP is significantly delayed or does not proceed. If this further extension becomes necessary, NorthWestern should make an additional filing with the Commission.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

¹³ NorthWestern Request for Extension at 7.

¹⁴ *Id.* at 10.

¹⁵ Upon receipt, the Commission will not act on or notice these informational status reports.