



May 4, 2015

via eFiling

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

Re: *NorthWestern Corporation (South Dakota)*, Docket No. ER15-____-000

Order No. 1000 Interregional Compliance Filing

Dear Secretary Bose:

Pursuant to Section 206 of the Federal Power Act,¹ Order Nos. 1000, 1000-A, and 1000-B² of the Federal Energy Regulatory Commission (“Commission”), and the Commission’s July 8, 2013 Notice Granting an Extension of Time to Submit Interregional Compliance Filings,³ NorthWestern Corporation d/b/a NorthWestern Energy (“NorthWestern”), together with Southwest Power Pool, Inc. (“SPP”) (together, the “Filing Parties”), submits for filing this letter specifying its proposal to comply with the interregional planning and cost allocation requirements of Order No. 1000.

I. Background

A. NorthWestern

NorthWestern Energy is a public utility engaged in the generation, transmission, and distribution of electricity and the supply and transportation of natural gas with facilities located primarily in Montana and South Dakota. NorthWestern Energy’s Montana and South Dakota electric

¹ 16 U.S.C. 824e.

² *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, 76 FR 49842 (Aug. 11, 2011), FERC Stats. & Regs. ¶ 31,323 (2011), *order on reh’g and clarification*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh’g and clarification*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012) (hereinafter “Order No. 1000”).

³ Notice Granting an Extension of Time to Submit Interregional Compliance Filings, Docket No. RM10-23-000 (July 8, 2013) (“July Notice”).



transmission facilities are not physically connected and are not in the same electric reliability region. As a result, NorthWestern Energy maintains separate Open Access Transmission Tariffs (“OATTs”), each approved by the Commission, for transmission operations in each state. This filing concerns only NorthWestern Energy’s South Dakota OATT.

B. SPP

SPP is a Commission-approved Regional Transmission Organization (“RTO”).⁴ SPP is an Arkansas non-profit corporation with its principal place of business in Little Rock, Arkansas. SPP has 84 Members, including 14 investor-owned utilities, 11 municipal systems, 14 generation and transmission cooperatives, 8 state agencies, 13 independent power producers, 12 power marketers, 11 independent transmission companies, and 1 federal agency. As an RTO, SPP administers open access Transmission Service over approximately 48,930 miles of transmission lines covering portions of Arkansas, Kansas, Louisiana, Missouri, Nebraska, New Mexico, Oklahoma, and Texas, across the facilities of SPP’s Transmission Owners,⁵ and administers the Integrated Marketplace, a centralized day ahead and real-time energy and operating reserve market with locational marginal pricing and market-based congestion management.⁶

C. Order No. 1000

The Commission issued Order No. 1000 on July 21, 2011, directing public utility transmission providers, in consultation with their stakeholders, to implement a series of reforms to existing transmission planning and cost allocation processes to ensure that the rates, terms, and conditions of service provided by public utility transmission providers are just and reasonable and not unduly discriminatory or preferential.⁷ Indicating that Order No. 1000 “builds on Order No. 890,”⁸ the Commission directed public utility transmission providers to, amongst other requirements, coordinate, through their regional transmission planning processes, with each of their neighboring transmission planning regions within their interconnection to implement interregional transmission coordination procedures.⁹ The Commission also required public utility transmission providers to adopt in their OATTs a method or set of methods for

⁴ *Southwest Power Pool, Inc.*, 109 FERC ¶ 61,009 (2004), *order on reh’g*, 110 FERC ¶ 61,137 (2005).

⁵ *See Sw. Power Pool, Inc.*, 89 FERC ¶ 61,084 (1999); *Sw. Power Pool, Inc.*, 86 FERC ¶ 61,090 (1999); *Sw. Power Pool, Inc.*, 82 FERC ¶ 61,267, *order on reh’g*, 85 FERC ¶ 61,031 (1998).

⁶ *Sw. Power Pool, Inc.*, 146 FERC ¶ 61,130 (2014) (order approving the start-up and operation of the Integrated Marketplace effective March 1, 2014).

⁷ Order No. 1000 at P 795.

⁸ *Id.* at P 1.

⁹ Order No. 1000 at P 415.



allocating the costs of new transmission facilities selected in the regional transmission plan for purposes of cost allocation and interregional transmission facilities.¹⁰

Since the issuance of Order No. 1000, SPP has been actively and cooperatively engaged with its neighboring planning regions to develop interregional coordination and cost allocation procedures. SPP currently has open dockets before the Commission to develop parallel Tariff revisions relating to interregional coordination, project evaluation, and cost allocation with MISO,¹¹ and SERTP,¹² respectively. SPP's interregional coordination with MISO is chiefly through the interregional planning process provided in the Joint Operating Agreement between SPP and the Midcontinent Independent System Operator, Inc. ("MISO") ("JOA").¹³ The Filing Parties have also engaged in coordination discussions with the other members in the MAPP planning region.

D. Interregional Coordination between SPP and NorthWestern/MAPP

NorthWestern owns separate transmission facilities in South Dakota and Montana.¹⁴ NorthWestern's South Dakota facilities are part of the Eastern Interconnection and participate in MAPP. MAPP is an unincorporated association of municipal utilities and wholesale power cooperatives that, with the exception of NorthWestern, are not public utilities subject to the Commission's general Federal Power Act Jurisdiction.¹⁵ MAPP's interconnection with SPP is through SPP's seam with the Western Area Power Administration's Upper Great Plains Region ("Western-UGP"), which is not a public utility under the jurisdiction of the Commission. MAPP is also interconnected and has an Order No. 1000 compliance requirement for interregional coordination with MISO.

On October 10, 2012, NorthWestern submitted revisions to Attachment K of its South Dakota OATT Volume No. 2 to comply with the local and regional transmission planning and cost allocation requirements of Order No. 1000 ("October 2012 Filing").¹⁶ NorthWestern used MAPP's

¹⁰ *Id.* at P 482.

¹¹ *See, e.g.*, Docket Nos. ER13-1937-000, ER13-1938-000, ER13-1939-000.

¹² *See, e.g.*, Docket Nos. ER13-1923-000, ER13-1928-000, ER13-1930-000, ER13-1940-000, and ER13-1941-000.

¹³ The formal name of the JOA is the "Joint Operating Agreement between the Midwest Independent Transmission System Operator, Inc. and Southwest Power Pool, Inc." The JOA is a FERC-filed rate schedule of both MISO and SPP. The JOA is designated as MISO's Rate Schedule FERC No. 6; and as SPP's Rate Schedule FERC No. 9.

¹⁴ NorthWestern, *Request for Extension of Time to Submit Compliance Filing* at 2, Docket No. RM10-23-000 (June 12, 2013). The Montana and South Dakota facilities are not physically connected and not in the same North American Electric Reliability Council ("NERC") region. NorthWestern's Montana division is part of the Western Interconnection where it has filed regional and interregional planning and cost allocation plans following extensive consultation and coordination with stakeholders and neighboring regions. (*See* Docket Nos. ER13-67 and ER13-1448.) NorthWestern maintains separate OATTs for the Montana and South Dakota facilities.

¹⁵ *Id.* at 4.

¹⁶ *See NorthWestern Corp.*, Docket No. ER13-62-000, "Order 1000 Compliance Filing (South Dakota)" (Oct. 10, 2012).



Attachment K template as the basis for its October 2012 Filing. NorthWestern pointed out in its October 2012 Filing that MAPP is not jurisdictional, and that NorthWestern depends on the voluntary cooperation of the other MAPP members to implement transmission planning objectives through the MAPP planning process. On April 18, 2013, the Commission conditionally accepted NorthWestern's October 2012 Filing in part, rejected it in part, and required NorthWestern to make a further compliance.¹⁷

On June 12, 2013, NorthWestern filed a "Request for Waiver and Extension of Time to Submit Compliance Filing" in the Commission's Order No. 1000 rulemaking docket¹⁸ ("Waiver Request"). NorthWestern's Waiver Request stated that "[n]either MAPP nor, any of the other 23 MAPP members are required to comply with Order No. 1000, because none are Commission-jurisdictional utilities."¹⁹ NorthWestern's Waiver Request sought exemption from Order No. 1000's interregional planning and cost allocation requirements, arguing that: (1) NorthWestern is the sole jurisdictional public utility in MAPP; (2) NorthWestern depends on the voluntary cooperation of non-jurisdictional utilities that have no obligation to negotiate planning and cost allocation agreements with neighboring regions; and (3) MAPP had not concluded any such agreements.²⁰ NorthWestern also noted that Western-UGP was considering migrating from MAPP to an RTO which created significant uncertainty for NorthWestern's interregional planning.²¹ In the event that its Waiver was denied, NorthWestern further requested a 120-day extension to submit its Order 1000 interregional compliance filing from the date of such denial.²²

On June 13, 2013, SPP, together with MISO, submitted a joint motion for extension of time and expedited Commission action as it pertains to SPP and MISO's compliance requirements and respective development of an interregional coordination process with MAPP and NorthWestern.²³ The Commission granted SPP's extension request on July 8, 2013, and allowed SPP additional time to negotiate interregional coordination and cost allocation requirements of Order No. 1000 with MAPP and NorthWestern.²⁴ In the July Notice, the Commission granted SPP an extension of 120 days to submit an interregional compliance filing relative to MAPP with the extension commencing upon NorthWestern's submittal of its further regional compliance

¹⁷ *NorthWestern Corp.*, 143 FERC ¶ 61,056 (2013).

¹⁸ Commission Docket RM10-23-000.

¹⁹ Waiver Request at 5.

²⁰ *Id.* at 8.

²¹ *Id.* at 9.

²² *Id.* at 10.

²³ Joint Motion for Extension of Time and Expedited Commission Action of Midcontinent Independent System Operator, Inc. and Southwest Power Pool, Inc., Docket No. RM10-23-000 (June 13, 2013).

²⁴ *Notice Granting an Extension of Time to Submit Interregional Compliance Filings* (July 8, 2013), Docket No. RM10-23-000 ("July Notice").



filing.²⁵ On the same date as the July Notice, the Commission entered an order denying NorthWestern's Waiver Request and granting NorthWestern a 180-day extension to file its regional compliance filing, with such extension beginning to run from the earlier of December 31, 2013, or the date that Western-UGP determined whether it will join an RTO.²⁶

On January 14, 2014, NorthWestern made an informational filing indicating that Western-UGP had decided to begin formal negotiations to join SPP.²⁷ On January 28, 2014, the MAPP Transmission Planning Committee unanimously approved a motion indefinitely suspending all Order No. 1000 compliance efforts in the wake of Western-UGP's announcement that it would leave MAPP for SPP.²⁸ On June 30, 2014, NorthWestern sought a second extension of its Order No. 1000 regional compliance filing deadline, until January, 2015, citing the fact that it intended to meet its Order No. 1000 compliance obligation by integrating into SPP in October 2015.²⁹ The Commission granted this extension in an August 14, 2014 letter order.³⁰

NorthWestern made its regional compliance filing on January 2, 2015.³¹ The NorthWestern Compliance Filing recited that NorthWestern and SPP have executed a memorandum of understanding in preparation for an anticipated October 1, 2015 integration date.³² The NorthWestern Compliance Filing stated that, upon integration, SPP's OATT will supersede NorthWestern's South Dakota OATT, and that NorthWestern will "comply with the Order No. 1000 transmission planning requirements as of that date by participating as a transmission owner in the SPP Integrated Transmission Planning Process."³³ NorthWestern also stated that, while it would continue its participation in the MAPP regional and local planning processes until its integration into SPP, "MAPP has undergone significant change within the last 18 months related to efforts by [Western-UGP] and the other [Integrated System] members to transition from MAPP to SPP. Faced with this transition, the MAPP members ceased all Order No. 1000 compliance efforts."³⁴ NorthWestern requested a January 2, 2015 effective date for its proposed tariff changes. The Commission has not yet ruled on the NorthWestern Compliance Filing.

²⁵ *Id.*

²⁶ *NorthWestern Corporation*, 144 FERC ¶ 61,017 at P 16, Docket Nos. ER13-62-001 and ER13-62-002 (July 8, 2013).

²⁷ *NorthWestern, Informational Filing*, Docket Nos. ER13-62-001 & ER13-62-002 (Jan. 14, 2014).

²⁸ *NorthWestern, Request for Extension of Time to Comply with Order No. 1000* at 5, Docket Nos. ER13-62-001 & ER13-62-002 (citing Jan. 28 MAPP Transmission Planning Committee meeting minutes).

²⁹ *Id.* at 5.

³⁰ *NorthWestern Corporation*, 148 FERC ¶ 61,123 (Aug. 14, 2014).

³¹ *NorthWestern, OATT Order No. 1000 Compliance Filing*, Docket No. ER13-62-003 (Jan. 2, 2015) (*NorthWestern Compliance Filing*).

³² *Id.* at 2.

³³ *Id.* at 3.

³⁴ *Id.* at 2-3.



Since the Compliance Filing, NorthWestern has made further commitments to join SPP. On March 25, 2015, NorthWestern executed the SPP Membership and Bylaws Agreement. It is also actively developing a rate case filing that will facilitate the transition to SPP. In addition, SPP and NorthWestern have been actively engaged in the preparation of other documents and other operational processes to allow NorthWestern to become an SPP Transmission Owner, place its facilities under the Tariff, and begin participation in SPP's Order No. 1000 planning region.

II. Description of Order No. 1000 Compliance Filing

The pending integration of NorthWestern into SPP is the fundamental method for NorthWestern to achieve compliance with Order No. 1000's requirements for interregional planning coordination and cost allocation principles. Beginning October 1, 2015, NorthWestern will participate in SPP's Order No. 1000 compliant regional planning process and, in doing so, will have its Order No. 1000 interregional requirements satisfied by the interregional coordination that takes place between SPP and MISO pursuant to the JOA. The Filing Parties expect NorthWestern to fully integrate into SPP membership on October 1, 2015, and commit to filing updates in this docket apprising the Commission of any changes, if any, to NorthWestern's integration date.

III. Effective Date

The Filing Parties respectfully request that the Commission accept this compliance filing effective October 1, 2015, the date on which NorthWestern and Western-UGP are scheduled to integrate into SPP.

IV. Filing Information

A. Service

NorthWestern is providing a copy of this filing to all individuals listed on the service list compiled by the Commission's Secretary in this proceeding, as well as customers under NorthWestern's South Dakota OATT and the South Dakota Public Utilities Commission. In addition, this filing is available for public inspection at NorthWestern's Corporate Office, 3010 West 69th Street, Sioux Falls, South Dakota.



B. Request for Waivers

To the extent necessary to accept this compliance filing with an effective date of October 1, 2015, the Filing Parties respectfully request the Commission to waive any and all other requirements under Part 35 of the Commission's regulations and any other applicable rules.

C. Communications

Correspondence and communications with respect to this filing should be sent to, and NorthWestern requests the Secretary to include on the official service list, the following:

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V. Conclusion

For all of the foregoing reasons, the Filing Parties respectfully request that the Commission accept this filing as compliant with the Commission's interregional planning and cost allocation requirements, as specified in Order No. 1000.

Respectfully submitted,

s/ M. Andrew McLain

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Certificate of Service

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in these proceedings, in accordance with Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010.

Dated this 4th day of May, 2015.

s/ M. Andrew McLain

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