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August 3, 2017

By Electronic Filing

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

RE: NorthWestern Corporation (South Dakota), Docket No. ER17-000

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 (“FERC” or “Commission”), 18 C.F.R. § 35.15, NorthWestern Corporation d/b/a NorthWestern Energy, on behalf of its South Dakota operations (“NorthWestern”), hereby requests approval to terminate, with customer consent, a long-term firm point-to-point transmission service agreement (“TSA”) entered into under NorthWestern’s South Dakota Open Access Transmission Tariff (“OATT”) between NorthWestern and Rolling Thunder I Power Partners, LLC (referred to herein as “Titan”). The Titan TSA is designated as Service Agreement No. 19-SD under the South Dakota OATT.¹

The Titan TSA is being terminated because the facilities used to deliver power under the TSA were not transferred to SPP’s functional control as transmission facilities

¹ The Titan TSA, Service Agreement No. 19-SD, was accepted as a non-conforming service agreement by the Commission in Docket No. ER10-270-000. *NorthWestern Corp.*, Letter Order, Docket No. ER10-270-000 (Jan. 8, 2010). The Titan TSA has not been revised or amended since that time and, as a pre-existing agreement, was not filed in eTariff. See *Electronic Tariff Filings*, Order No. 714, FERC Stats. & Regs. ¶ 31,276 at PP 92-93 (2008).

under Attachment AI of the Southwest Power Pool (“SPP”) OATT. A state-jurisdictional replacement agreement between NorthWestern and Titan will govern delivery service over those facilities effective as of the effective date of the termination of the Titan TSA.

NorthWestern requests an effective date of October 3, 2017—i.e., 61 days after the date of this filing—for the termination of the Titan TSA. Titan does not object to the requested effective date.

I. Background

NorthWestern Energy is a public utility engaged in the generation, transmission, and distribution of electricity and the supply and transportation of natural gas. NorthWestern Energy owns and operates electric transmission facilities in both Montana and South Dakota. These transmission facilities are not physically connected and are not located in the same geographic regions. As a result, NorthWestern Energy maintains separate OATTs for its Montana and South Dakota operations. This filing involves only NorthWestern Energy’s South Dakota operations (which are referred to as “NorthWestern” in this filing).

NorthWestern owns transmission facilities in eastern South Dakota that serve approximately 63,200 retail customers, with a 2016 peak demand of approximately 330 MW and an annual electric load of approximately 1.66 million MWh. NorthWestern owns approximately 339 miles of 115-kV transmission facilities that span from the Western Area Power Administration’s (“Western”) Gavins Point substation near Yankton, South Dakota, to Montana-Dakota’s Ellendale substation in North Dakota. NorthWestern also owns approximately 260 miles of 69-kV lines and 595 miles of 34.5-kV lines in and around the load centers in its service territory.

On October 1, 2015, NorthWestern joined SPP and transferred functional control of its South Dakota transmission facilities to SPP. Transmission service over NorthWestern’s facilities that qualify as transmission facilities under Attachment AI of the SPP OATT is now provided by SPP under the SPP OATT.

Before it joined SPP, most of NorthWestern’s 115-kV transmission facilities were administered under Western’s OATT.² NorthWestern also served eleven long-term firm point-to-point transmission customers under the South Dakota OATT. These customers took point-to-point transmission service on NorthWestern’s lower voltage transmission facilities that were not subject to the Western OATT.

On September 30, 2015, in Docket No. ER15-2756, NorthWestern made a filing to terminate the transmission service agreements with nine of the transmission customers under the South Dakota OATT, including Titan. With respect to Titan, NorthWestern

² The Western OATT is a reciprocity tariff that was originally accepted for filing by the Commission in Docket No. NJ98-1-000.

stated that termination was appropriate because delivery service to Titan would be provided by SPP under the SPP OATT. Titan protested the filing on the grounds that there was uncertainty regarding whether Titan's service would continue without interruption under the SPP OATT or through other arrangements since it was not clear if NorthWestern facilities serving Titan qualified as transmission facilities under Attachment AI of the SPP OATT. The Commission approved termination of eight of the transmission service agreements, but rejected the notice of termination of the Titan TSA "without prejudice to NorthWestern filing a new notice of termination ... in a new filing pursuant to section 205 of the FPA once the issue of whether the facilities that serve [Titan] are included under the SPP OATT is resolved." *NorthWestern Corp.*, 153 FERC ¶ 61,271 at P 18 (2015).

The issue of whether NorthWestern's facilities that serve Titan are included under the SPP OATT has now been resolved. In Docket ER15-2069, the Commission approved a settlement agreement among NorthWestern, SPP, and certain other transmission owners in which NorthWestern agreed that certain facilities currently classified as transmission facilities under the South Dakota OATT, including facilities subject to the Titan TSA, do not qualify as transmission facilities under Attachment AI of the SPP OATT. *See NorthWestern Corp.*, 157 FERC ¶ 61,008 (2016). Service to Titan will be provided under an agreement between NorthWestern and Titan for point-to-point distribution only service pursuant to Rate No. 38 of NorthWestern's South Dakota Public Utilities Commission ("SDPUC")-jurisdictional Electric Rate Schedule. Revisions to Rate No. 38 designed to permit such service were approved by the SDPUC effective as of May 1, 2017. *In re NorthWestern Corp.*, Docket No. EL17-015, Order Approving Tariff Revisions (SDPUC May 5, 2017). The point-to-point distribution only service agreement provides that it will become effective the day after the effective date approved by the Commission for the termination of the Titan TSA.

II. Requests for Approval to Terminate the Titan TSA

NorthWestern requests Commission approval to terminate, effective October 3, 2017, the Titan TSA.

Because the facilities used to serve Titan were not transferred to SPP's functional control as transmission facilities under Attachment AI of the SPP OATT, service will be provided to Titan under a state-jurisdictional agreement that allows for delivery over those facilities and that replaces the Titan TSA. Therefore, the Titan TSA should be terminated.

NorthWestern has discussed the termination of the Titan TSA with Titan, and Titan has indicated that it does not object to the termination of the TSA.

III. Proposed Effective Date and Request for Waivers

NorthWestern respectfully requests that the Commission accept termination of the Titan TSA, with an effective date of October 3, 2017, as discussed above. This effective date is 61 days after this filing, consistent with section 35.15(a) of the Commission's regulations, 18 C.F.R. § 35.15(a).

NorthWestern requests waiver of any applicable requirement of 18 C.F.R. Part 35 that is required in order for the Commission to accept NorthWestern's filing, with the effective date requested herein.

IV. Communications

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

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V. Persons Served

NorthWestern has served a copy of this filing on SPP, the SDPUC and Titan.

VI. Conclusion

For the reasons stated herein, NorthWestern respectfully requests that the Commission accept the TSA termination as proposed herein.

Respectfully submitted,

/s/

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