



**Via Electronic Service**

May 4, 2021

Chair David Danner  
Commissioner Ann Rendahl  
Commissioner Jay Balasbas  
Washington Utilities and Transportation Commission  
621 Woodland Square Loop SE  
Lacey, WA 98503

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UTIL. AND TRANSP.  
COMMISSION

**Re: Request to Initiate Investigation into Prudency of Colstrip Operations  
Docket UE-210241**

Dear Chair Danner and Commissioners Rendahl and Balasbas:

Thank you for the opportunity to comment on the letter jointly submitted by non-governmental organizations (“NGOs”).<sup>1</sup> The NGOs request the Washington Utilities and Transportation Commission (“Commission”) “initiate a proceeding to investigate Colstrip’s ongoing expenses” and issue an order finding that continued funding to maintain and operate Colstrip is not consistent with prudent utility practice.<sup>2</sup> NorthWestern unequivocally urges the Commission to decline that request in light of the (1) commercial agreement that legally binds the Owners of Colstrip Units 3 and 4 regarding the future maintenance and operations of Colstrip, and (2) the arbitration that is focusing on the question of whether a decision to close one or more of Colstrip Units 3 and 4 under that agreement requires unanimity or some lesser majority to decide.

**NorthWestern’s Capacity Deficit**

NorthWestern proudly serves more than 700,000 customers in Montana. We are stewards of Montana’s critical energy infrastructure and providers of essential energy service. Colstrip represents an important capacity resource, which ensures reliable service to NorthWestern’s

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<sup>1</sup> The NGOs include: NW Energy Coalition, Climate Solutions, Washington Environmental Council, Western Grid Group, David Perk, Vashon Climate Action Group, Rebecca MacMullan, Climate Action Bainbridge, Sierra Club, and Coalition of Eastside Neighborhoods for Sensible Energy.

<sup>2</sup> NGO letter at 1.



Chair David Danner  
Commissioner Ann Rendahl  
Commissioner Jay Balasbas  
May 4, 2021  
Page 2

customers. Colstrip also provides key capacity and energy products to many larger Montana customers that do not receive supply service from NorthWestern.

NorthWestern's capacity deficit puts it and its customers in an extremely difficult position. On average, our existing capacity shortage requires us to obtain approximately 46% of our energy from the market, which means we are competing with other utilities for available energy at the best price for our customers. At times of peak demand in the region, the amount of available energy shrinks and the price of energy escalates significantly. This exposes our customers to volatile prices and an increasing risk that energy simply won't be available to purchase. Given the limited amount of available firm transmission, the ability to import power from out-of-state resources, is also exceedingly troubling especially during those critical weather events.

### **NorthWestern's Commitment to Reducing Carbon**

NorthWestern encourages the Commission to look beyond the characterization offered by the NGOs of it and of Colstrip. NorthWestern values sustainability, but understands that it must be balanced with real capacity requirements.

NorthWestern remains committed to reducing the carbon emissions from our operations. It is not widely understood or included in media accounts of the company, but NorthWestern is a leader in the electric utility industry in reducing its carbon emissions. Our Montana portfolio of energy resources already has more carbon-free energy than nearly any other investor owned utility in the United States, and almost twice as much as the total U.S. electric power industry. In Montana, we are closing in on being 70% carbon free while the total U.S. electric power industry is approximately 40% carbon free. Over the last decade, we reduced the carbon intensity of our energy generation in Montana by over 50%. We are committed to continuing to meet our goal of reducing our carbon intensity of our electric generation by 90% by 2045.

### **Allow the Arbitration Process to Conclude**

NorthWestern strongly urges the Commission to allow the six Owners of Colstrip Units 3 and 4 to work through the legal process proscribed in the Ownership and Operation Agreement which, as its name reflects, governs the ownership and operation of Colstrip Units 3 and 4. The Commission's concern "whether a complex investigation is appropriate at this juncture" is



Chair David Danner  
Commissioner Ann Rendahl  
Commissioner Jay Balasbas  
May 4, 2021  
Page 3

spot-on. NorthWestern respectfully submits that this would be the worst possible time to allow the regulatory process to cast doubt and add complication to the already existing legal process. Arbitration of the respective legal obligations of each Owner has commenced. The outcome of that arbitration will determine the future path for Colstrip. Moreover, NorthWestern respectfully reminds the Commission that while three of the Colstrip Units 3 and 4 Owners are subject to the regulatory jurisdiction of the Commission, the other three Owners, including NorthWestern, are not. NorthWestern, insofar as its interest in Colstrip is concerned, is subject to the jurisdiction of the Montana Public Service Commission.

In conclusion, NorthWestern asks that the Commission take a balanced approach and recognize the detrimental consequences to electric customers in Montana. A determination of the prudence of Colstrip is a complicated issue that will have serious interstate implications. The Commission should resist the temptation to put the NGO's political aspirations to close Colstrip ahead of an existing legal and deliberative process and the real needs of Montanans.

Sincerely,

*Heather H. Grahame*

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