

MEMORANDUM

To: Commissioners Kalk, Cramer, and Fetch
Fr: Jerry Lein
Da: July 31, 2012
Re: MDU QF Purchase Rates, Case No. PU-12-361

MDU has filed its annual update to its Cogeneration and Small Power Production Rates 95 and 96. These schedules set forth amounts MDU would pay for purchases from PURPA Qualifying Facilities (QFs) with generating capacity of 100 kW or less under Rate 95 and peaking QFs with 1,000 kW or less under Rate 96. MDU updated its filing on July 31, 2012 to correct an error in the energy rate stated in the original filing.

Generally, energy payments derived from MDU production cost modeling and capacity payments under Rate 96 are increased slightly. Metering charges are unchanged. With this filing MDU simplified its formula for capacity payments under Rate 96 such that payments would now be based on the facility's contribution to meeting MDU's monthly peak rather than on a capacity factor ratio.

MDU informs that it lost one of its two Rate 95 customers so it has only one customer remaining on Rate 95, and no customers under Rate 96. That one Rate 95 customer is not under the net billing option. MDU provided consumption data indicates the effect on that customer would be an increase in energy payments of 0.105 cents per kWh, totaling approximately \$0.64 per year assuming the customer's production does not change from last year.

JRL