

MEMORANDUM

To: Commissioners Kalk, Christmann and Fedorchak
Fr: Jerry Lein
Da: January 8, 2012
Re: 1/16/2012 Consent Agenda, NSP Updated Cogeneration Rates
Case No. PU-13-23

On January 2, 2012 NSP filed its annual update of cogeneration and small power production rate schedules as required under the federal Public Utilities Regulatory Policies Act of 1979 (PURPA) and Commission rules. These rate schedules provide standard rates for purchase of energy and generating capacity from small customer-owned Qualifying Facilities (QFs) as defined under PURPA. PURPA originally obligated utilities to purchase electricity delivered by QFs at a price equal to the costs the utility would have paid to generate the electricity itself or purchase it elsewhere (avoided costs). However, amendments to PURPA under the Energy Policy Act of 2005 allow FERC to relieve utilities of that purchase obligation if the FERC finds that the QF has access to energy markets such as the MISO energy market..

The filing includes revised tariff rates for NSP's Net Energy Billing Service, Purchase and "Sale Billing Service and Time of Day Purchase Service. Generally, metering charges are unchanged. Energy payments have decreased. Capacity payments have decreased during all periods except summer on-peak capacity payments have increased slightly.

NSP reports that it has only one customer under these rate schedules. That customer operates a small wind turbine generator under the net billing tariff. If we assume that customer's monthly energy usage and production patterns remain the same as last year, then the effect on that customer would be a decrease of \$1.73 per year in energy payments received from the company.

I recommend the Commission approve the filing.