

MEMORANDUM

To: Commissioners Kalk, Christmann, and Fedorchak

Fr: Jerry Lein

Da: July 3, 2013

Re: MDU QF Purchase Rates, Case No. PU-13-382

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

Generally, energy payments derived from MDU production cost modeling and capacity payments under Rate 96 are decreased slightly. Metering charges are decreased slightly for metering without instrument transformers and increased slightly for metering with instrument transformers. With this filing MDU simplified its capacity payments under Rate 96 by removing the differentiation for non-dispatchable capacity such that payments would now be based on the facility's MISO accredited capacity contribution.

MDU informs that it has only one customer on Rate 95, and no customers under Rate 96. The one Rate 95 customer is not under the net billing option so the effect on that customer would be a decrease in metering charges of 1.0 cent per day and a decrease in energy payments of 0.379 cents per kWh. MDU provided consumption data indicates the combined effect would be a savings to the customer of approximately \$2.40 per year assuming the customer's production does not change from last year.

JRL