

MEMORANDUM

To: Commissioners Kalk, Christmann and Fedorchak
Fr: Jerry Lein
Da: January 15, 2016
Re: 1/20/2016 Consent Agenda, NSP Updated Cogeneration Rates
Case No. PU-16-21

On January 4, 2016 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 the electricity elsewhere (avoided costs). 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 or SPP energy markets.

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 while energy and capacity payments have decreased.

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 in previous years, then there would be no effect on that customer because more power was consumed each month than was produced by the customer.

I recommend the Commission approve the filing.