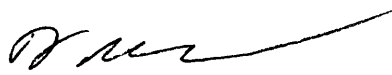


MEMORANDUM

To: Commissioners Fedorchak, Christmann, and Kroshus
Fr: Victor Schock 
Da: November 17, 2017
Re: MDU Cogeneration/Small Power Producer Rates, Case No. PU-17-383

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

The proposed changes include a small reduction of 0.092 cents per kWh in energy payments to customers under Rate 95. And a reduction of \$4.082 per Kw month capacity payments to customers under Rate 96. All other rates in these two schedules are unchanged.

MDU confirmed that it has two customers on Rate 95, and no customers under Rate 96. Of the two under Rate 95, only one is under the net billing option. The effect on these customers would be a decrease in energy payments of 0.092 cents per kWh. MDU estimates the effect on both customers would be a decrease in payments of approximately \$2 per month assuming the customers' production does not change from last year.

Staff has reviewed the filing, calculations and relevant assumptions. Based on this review staff recommends approval of the updated rate schedules.