

MEMORANDUM

To: Commissioners Kroshus, Fedorchak and Christmann

Fr: Adam Renfandt

Da: January 13, 2020

Re: Montana-Dakota Utilities Co. (MDU), Cogeneration/Small Power Producer, Tariff and Rates, Case No. PU-19-361

On November 6, 2019, MDU filed its annual update for Cogeneration/Small Power Producer Rates 95 and 96. The rates establish the amount MDU will pay for purchases from PURPA Qualifying Facilities (QFs) with generating capacities of 100 kW or less under Rate 95 and generating capacities operating as peaking QFs of 1,000 kW or less under Rate 96.

The proposed changes include an increase of 0.218 cents per kWh in energy payments to customers under Rate 95 and an increase of 0.039 and 0.212 cents per kWh for peak and off-peak periods, respectively, under Rate 96. Capacity payments under Rate 96 were adjusted to reflect monthly capacity payments through 2021, and the tariff language was modified to define capacity payments as the general price that cleared the MISO capacity auction for Zone 1 versus referring to actual clearing prices. Metering charges were increased for single and three phase services, both with and without instrument transformers. All other rates in the two schedules remain unchanged.

MDU reports eight customers on Rate 95 and no customers under Rate 96. The effect on these customers would be an increase in energy payments of 0.218 cents per kWh, offset by an increase in metering charges. Assuming year-over-year energy usage remains the same for 2019, MDU estimates the combined effect on all eight customers would be an increase in energy payments of approximately \$17 per year, offset by a \$40.15 per year increase in metering charges, for a combined net increase of approximately \$23 per year for all eight customers.

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