

MEMORANDUM

To: Commissioners Kroshus, Fedorchak and Christmann

Fr: Adam Renfandt

Da: October 30, 2020

Re: Montana-Dakota Utilities Co. (MDU), Cogeneration/Small Power Producer, Tariff and Rates, Case No. PU-20-428

On October 16, 2020, 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 a decrease of 0.205 cents per kWh in energy payments to customers under Rate 95 and a decrease of 0.250 and 0.197 cents per kWh for peak and off-peak periods, respectively, under Rate 96. MDU adjusted its Rate 96 monthly capacity payment to be the actual MISO capacity clearing price through 2030. Effective in 2031, when MDU cannot meet its capacity obligations via the MISO capacity auction, the monthly capacity payment will be based on the projected levelized cost of a new peaking turbine, or \$9.819 per Kw-month. All other rates in the two schedules remain unchanged.

MDU reports eleven customers on Rate 95 and no customers under Rate 96. Assuming year-over-year energy usage remains the same for 2021, MDU estimates the combined effect on all eleven customers would decrease energy payments of approximately \$19 per year for all eleven customers.

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