

MEMORANDUM

To: Commissioners Julie Fedorchak, Randy Christmann, and Brian Kroshus

Fr: Adam Renfandt

Da: November 10, 2021

Re: Montana-Dakota Utilities Co. (MDU), Cogeneration/Small Power Producer, Rates, Case No. PU-21-404

On October 13, 2021, 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 0.122 cents per kWh in energy payments to customers under Rate 95 and a decrease of 0.122 and 0.128 cents per kWh for peak and off-peak periods, respectively, under Rate 96. MDU adjusted its Rate 96 monthly capacity payment to reflect the projected levelized cost of a new peaking turbine starting in 2031 to \$9.655 per Kw-month, a decrease of \$0.164 per Kw-month. All other rates in the two schedules remain unchanged.

MDU reports eighteen 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 eighteen customers would decrease energy payments by approximately \$168 per year for all eighteen customers.

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