

MEMORANDUM

To: Commissioners Fedorchak, Christmann, and Haugen-Hoffart

Fr: Adam Renfandt

Da: October 31, 2022

Re: Montana-Dakota Utilities Co. (MDU), Cogeneration/Small Power Producer, Rates, Case No. PU-22-383

On October 12, 2022, 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 0.545 cents per kWh in energy payments to customers under Rate 95 and an increase of 0.798 and 0.549 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 \$9.630 per Kw-month, and updated the capacity payment rate through 2030 to the current MISO clearing price of \$7.20 per Kw-month.

Metering charges also increased slightly in both rate schedules

MDU reports 27 customers on Rate 95 and no customers under Rate 96. Assuming year-over-year energy usage remains the same for 2023, MDU estimates the combined effect on all 27 customers would be an increase in the total payment to all 27 customers by approximately \$726 per year.

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