

## MEMORANDUM

To: Commissioners Christmann, Haugen-Hoffart and Fedorchak

From: Chris Hanson Public Utility Analyst  
C.H.

Date: October 27, 2023

Re: Montana-Dakota Utilities Co. (MDU), Cogeneration/Small Power Producer, Rates, Case No. PU-23-328

On October 12, 2023, 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 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 0.123 cents per kWh in energy payments to customers under Rate 95 and a decrease of 0.064 cents per kWh for peak and an increase of 0.125 cents per kWh off-peak periods, 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 \$9.940 per Kw-month and updated the capacity payment rate through 2030 to the current MISO summer clearing price of \$0.30 per kWmonth.

There were no metering charges in the rate schedules.

MDU reports 33 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 33 customers would be an increase in the total payment by approximately \$203 per year.

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