

# Memorandum

To: Commissioners Christmann, Haugen-Hoffart and Fedorchak

From: Robert Frank Public Utility Analyst

RF

Date: November 4, 2024

Re: Montana-Dakota Utilities, Cogeneration/Small Power Producer, Rates, Case No. PU-24-358

On October 21, 2024, Montana-Dakota Utilities (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 0.053 cents per kWh in energy payments to customers under Rate 95 and a decrease of 0.008 and 0.056 cents per kWh for peak and off-peak periods, respectively, under Rate 96. MDU adjusted its Rate 96 monthly capacity payment through 2030 to the current MISO clearing price of \$0.9125 per Kw-month. Starting in 2031, the capacity payment rate has been updated to reflect the projected levelized cost of a new peaking turbine to \$8.964 per Kw.

MDU reviewed the applicable metering charges and determined no change is necessary in the annual update.

MDU reports serving 35 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 35 customers would be a decrease in the total payment by approximately \$77 per year.

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

C. Travis Jacobson