

Memorandum

To: Commissioners Christmann, Haugen-Hoffart and Kringstad

From: Robert Frank Public Utility Analyst

RF

Date: November 24, 2025

Re: Montana-Dakota Utilities Co., Cogeneration/Small Power Producer, Rates, Case No. PU-25-276

On October 29, 2025, Montana-Dakota Utilities Co. (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 requested effective start date for the updated rate schedule is for service rendered on or after January 1, 2026.

The proposed changes include an increase of 0.656 cents per kWh in energy payments to customers under Rate 95 and an increase of 0.687 and 0.656 cents per kWh for peak and off-peak periods, respectively, under Rate 96. MDU adjusted its Rate 96 monthly capacity payment through 2032 to the current MISO clearing price of \$6.31 per Kw-month. Starting in 2033, the capacity payment rate has been updated to reflect the projected levelized cost of a new peaking facility to \$17.785 per Kw.

MDU reviewed the applicable metering charges under Rates 95 and 96 and determined no change is necessary in the annual update.

As of September 30, 2025, MDU reports serving 39 customers on Rate 95 and no customers under Rate 96. Assuming year-over-year energy usage remains consistent with the previous 12-month period, MDU estimates the combined effect on all 39 customers would be an increase in the annual energy payments of \$1,122.

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

C. Travis Jacobson