

PUBLIC NOTICE

The Wyoming Public Service Commission (Commission) has given Montana-Dakota Utilities Company (MDU) authority to revise its avoided cost rates applicable to Qualifying Facilities (QFs) under its Parallel Generation Rate 57 Tariff (Rate 57) and therefore, also to the Company's net metering customers under its Net Metering Service Rate 58 Tariff (Rate 58) to reflect MDU's avoided power supply costs for 2018. The Commission's approval is for usage on and after June 25, 2018, and is subject to notice, protest, intervention petition, opportunity for hearing, refund, change, and such further action as deemed appropriate by the Commission.

The avoided energy cost is based on the percentage of energy MDU's resources supply. When the Sheridan, Wyoming, load is 25 MW or less, the Company's 25% share of Wygen III is able to supply the requirements. When the Sheridan load is greater than 25 MW, the additional requirements are provided via MDU's purchased power agreement with Black Hills Power, Inc. (BHP PPA). Based on the five-year average, MDU anticipates the Sheridan load will be 25 MW, or less, 15.1% of the time and greater than 25 MW 84.9% of the time. The relative weights applied to each resource's marginal cost produce the proposed weighted avoided energy cost of \$0.02986 per kWh. MDU states the avoided energy cost has increased from that currently authorized due to a change in the total costs reflected in the energy payment for both the Wygen III contract and the BHP PPA. The net result is an increase in the weighted average avoided energy cost of \$0.00672 per kWh from the currently effective rate. MDU additionally pays the avoided capacity payment rate to QFs that contribute to capacity savings. Currently, the capacity payment is \$16.30 and is proposed to be decreased by \$3.60 to \$12.70.

Presently, no customers are taking service under Rate 57. The avoided energy payment established for Rate 57, pursuant to Wyo. Stat. § 37-16-103(b), is the basis for payment of any annual kWh credit balance MDU customers taking service under the Company's Net Metering Service Rate 58 may accrue. MDU stated there are 39 customers presently taking service under Rate 58. The Company stated ten Rate 58 customers generated more energy than they used over the course of 2017, and MDU paid those customers a total of \$160.61. The Company stated the proposed avoided energy payment rate would increase the rate class's energy payments by \$46.65 if Rate 58 customers were to generate the same amount of energy in excess of their usage in 2018.

MDU's Application is on file with the Commission at its offices in Cheyenne, Wyoming, and in MDU's Wyoming business offices, and may be inspected by any interested persons during regular business hours.

Anyone desiring to file an intervention petition, request for a public hearing, statement, public comment, or protest in this matter must file with the Commission in writing on or before August 13, 2018. Intervention petitions and requests for a public hearing shall set forth the grounds on which they are made and the position and interest of the petitioner in this proceeding.

If you wish to intervene in this matter or request a public hearing that you will attend, or want to make a statement, a protest or a public comment, and you require reasonable accommodation for a disability, please contact the Commission at (307) 777-7427, or write to the Commission at 2515 Warren Avenue, Suite 300, Cheyenne, Wyoming 82002, to make

arrangements. Communications impaired persons may also contact the Commission by accessing Wyoming Relay at 711. Please mention Docket No. 20004-131-ET-18 (Record No. 14950) in your communications.

Dated: July 12, 2018.