
From: PUC
Sent: Tuesday, October 13, 2015 10:51 AM
To: 'GREGGHUBNER@GMAIL.COM'
Subject: EL14-106

Mr. Hubner:

If the wind is not blowing, NorthWestern Energy could not rely on the wind towers producing energy for their customers and they would need to rely on baseload or peaking generation (such as coal or natural gas) or purchase energy on the open market to supply power to their customers. However, as mentioned earlier, the federal PURPA law requires the utility to purchase wind power from QFs that meet certain criteria. PURPA is not enforced based on a daily wind power access, but rather the purchase agreements and federal compliance apply to a longer period. NorthWestern's customers would be paying for the wind power regardless whether the utility purchased it pursuant to federal law governing QFs or owned the wind generation. PUC staff does believe NorthWestern owning Beethoven is a better deal for customers' rates than the alternative of paying for it per the QF contracts.

You also reference Production Tax Credits available for wind generation projects. These are also governed by the federal government and this commission does not have regulatory authority over PTCs. However, this commission does ensure customers receive the rate benefits of the PTCs. All PTCs NorthWestern receives will be credited to its customers through the Delivered Cost of Fuel adjustment, reducing the rates customers pay. In fact, NorthWestern started crediting the PTCs to the Delivered Cost of Fuel adjustment on October 2, 2015. The estimated impact to a residential customer using an average of 750 kWh per month is a bill reduction of \$5.21.

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