

## MDU – Electricity

### Electricity supply:

Electricity supply = 916 kWh x \$0.04816 = **\$44.11**

The next fee on the customer's bill is the electricity consumed at the residence. A monthly bill is based on kWh used, in total, at the end of each month. Use or consumption is the basis of this charge. One watt-hour is the equivalent of 1 watt of power used for 1 hour. On the MDU bill, the customer used 916 kWh during the billing period. MDU bills its customers for supplying and delivering your energy, and is charged on a per unit basis at \$0.04816 per kWh. But how does MDU arrive at this roughly 5 cent per kWh charge?

The charge for a residential MDU user is often referred to as "Rate 10". This is the rate authorized by the PSC and applicable in all communities served for single-phase residential electric service for domestic purposes. The energy charge varies based on the seasons: October – May 4.816 cents per kWh and June – September 6.813 cents per kWh. It includes the fixed-costs for the generation, transmission, and distribution facilities MDU uses to meet its customer's needs. MDU owns a number of electric generating resources and co-owns a portion of its electric generating capacity with other utilities. MDU's generation, located throughout Montana, North Dakota, and South Dakota is utilized to serve the customers it serves in those three states through the interconnected transmission system. In Montana, MDU owns:

- Lewis & Clark Station – Sidney -- 50 megawatts
- Glendive Combustion Turbines – Glendive -- 75 megawatts
- Miles City Combustion Turbine – Miles City -- 25 megawatts
- Diamond Willow Wind Farm – Baker -- 30 megawatts

In August 2010, MDU filed an application with the PSC to increase its electric service rates in Montana. According to MDU, the reasons for the proposed rate increase were: increased investments in facilities, including in two wind farms; declining revenues from wholesale power sales; and recovery of development costs of three proposed, but subsequently abandoned, coal-fired generation projects in North Dakota and South Dakota. The PSC adopted a negotiated settlement between MDU and the Montana Consumer Counsel, setting the increase at about half what MDU had asked for. (Docket No. 2010.8.82 Order No. 7115d).

The PSC approves rates that allow MDU to earn a reasonable profit. MDU also pays state and local taxes as well as fees for the Consumer Counsel and the PSC. Those fees are part of MDU's rates. They are only adjusted up or down when MDU applies for a general rate case.