
From: PUC

Sent: Friday, October 09, 2015 1:31 PM

To: 'gregghubner@gmail.com'

Subject: EL14-106

Mr. Hubner:

If Beethoven was not built in the first place, NorthWestern Energy's customers would not be charged for the costs through the Delivered Cost of Fuel adjustment or base rates. However, NorthWestern would likely need to purchase other energy at times for customers' needs which would offset the reduction for Beethoven wind generation not being available. It is impossible to accurately quantify what this offset would be because such a calculation would depend on many factors such as market prices at every hour of every day and when Beethoven wind generation would have been available due to when the wind blows. Given the savings we've estimated NorthWestern's customers will see by NorthWestern owning Beethoven versus purchasing the energy pursuant to the QF contracts (\$44 million over 20 years), it is likely that the costs to replace this energy with other energy from market purchases would be higher. NorthWestern owning the wind farm eliminates the "middle man" and thereby that mark-up expense that exists when purchasing energy pursuant to a contract or on the open market.

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