

Utility may compromise with demand charge

## Wyoming irrigators: Peak-hour penalty is anti-agriculture

By DUSTIN BLEIZEFFER - Star-Tribune energy reporter | Posted: Monday, March 22, 2010

Dozens of irrigation farmers in the Sheridan area say that a "peak-hour" rate penalty imposed by Montana-Dakota Utilities Co. could force some farmers to abandon their operations and subdivide lands.

Irrigators say last year's new 12 to 8 p.m. peak-hour charge isn't fair because they have no choice but to run their irrigation pumps 24-7 during the brief run-off season.

In response, the utility said it may instead institute a demand charge for irrigators.

But whether it's a demand charge or a peak-hour premium, it's in addition to yet another general rate increase of 16 to 25 percent now pending at the Wyoming Public Service Commission.

"It means I can't irrigate. With the existing costs -- fertilizer, labor, diesel -- all these inputs are getting more expensive," said Bill Bensel.

Bensel, who takes water out of the Tongue River for his pivot irrigation operation, said the peak-hour premium -- along with other rate increases -- inflated his electric bill by about 40 percent last year.

"That rate increase did not cause irrigators to shift more to off-peak times. They just can't do it," said Bensel.

Several utilities have imposed peak-hour and demand charges in recent years. Utilities say the charges reflect the cost of having extra power and the facilities to deliver extra power on standby for those times of the day when energy demand is at its highest.

For example, a service territory might require 30 megawatts of power at 10 a.m. in the summer. But the demand may spike to 33 megawatts later in the afternoon and evening when people return home and crank up their air conditioners.

But the circumstances are a little different for irrigators. Bensel explained that he has a junior water right, and he sure wouldn't want to see the senior water right owner turn off his electric pumps and allow water to pass down the river just to avoid the peak-hour penalty.

The situation impacts some 131 irrigation accounts in and around the communities of Big Horn, Sheridan, Dayton and Ranchester.

Irrigators say the new peak-hour penalty isn't fair because irrigation districts haven't changed their energy demand much. And when it is irrigation season, electric pumps run steady for weeks at a time.

Rather, the biggest peak demand growth seems to be among residential and commercial customers, according to the Powder River Basin Resource Council, a landowner advocacy group.

"Irrigation is a relatively steady stream of demand throughout the day, whereas other uses, such as late-afternoon air conditioning and additional uses from customers returning home, are more likely the cause of the peak hours of 3:00-7:00 p.m.," the PRBRC wrote in its comments to the Public Service Commission.

MDU recently signed a settlement agreement with the Office of Wyoming Consumer Advocate in which the utility offered a demand charge in place of the peak-hour premium for irrigators.

"The alternative is to introduce a standard rate with a flat or non-time differentiated demand charge while providing an optional time-of-day schedule for those customers that may move loads to off-peak periods," said MDU spokesman Mark Hanson.

But some say the demand charge may be even more punitive to irrigators than the peak-hour charge.

"It's hard to justify \$10 per ton of hay when you're not getting a return on it. What the heck do you do?" said Bensel.

All MDU customers in the Sheridan area are looking at an additional 16 to 25 percent rate hike later this year, mostly because of MDU's decision to purchase an interest in the new Wygen III coal-fired power plant in Gillette.

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