

400 North Fourth Street
Bismarck, ND 58501
(701) 222-7900

July 21, 2010

Executive Secretary
North Dakota Public Service
Commission
State Capitol Building
Bismarck, ND 58505-0480

Re: Fuel Clause Adjustment (FCA)
Case No. PU-10-__

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith respectfully files an original and seven (7) copies of its fuel clause adjustment (FCA) per its Fuel Clause Rate 58. The attached statement shows the following:

Cost per Kwh	\$0.02064
Base Cost/Kwh Included in Current Rates	0.01303
Total Billing Adjustment	<u>\$0.00761</u>
Deferred generation development costs	0.00201
Total Adjustment billed under Rate 58	<u>\$0.00962</u>

The net effect of this FCA is to increase the rate by 0.250 cents per Kwh for service rendered in the month of August 2010. All of North Dakota's electric customers will be affected by this proposal. There were 76,138 electric customers in North Dakota as of June 30, 2010.

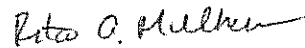
The increase in the FCA for August is caused by the fact that the lower cost month of February, used in the July calculation, was replaced by the higher cost month of June. The adjustment also reflects the implementation of the Big Stone II development costs, authorized in Case Nos. PU-09-731 and PU-09-733.

In response to Paragraph No. 11 of NDAC Section 69-09-02-39, Montana-Dakota purchases natural gas used for electric generation from its own gas operations or transports natural gas purchased from others under the applicable gas tariff approved and on file with the Commission in the state where the purchase is made or the transportation occurs.

Montana-Dakota submitted a check for the amount of \$600.00 on December 17, 2008. This payment will cover the filing fee associated with this monthly FCA filing, in accordance with North Dakota Century Code Section 49-05-05.

Please acknowledge receipt by stamping or initialing the duplicate copy of this letter attached hereto and returning the same in the enclosed self-addressed, stamped envelope.

Sincerely,



Rita A. Mulkern
Regulatory Analysis Manager

Attachment

**MONTANA-DAKOTA UTILITIES CO.
FUEL COST ADJUSTMENT - NORTH DAKOTA
AUGUST 2010 BILLING ADJUSTMENT SUMMARY**

	<u>Amount</u>
Current cost per Kwh 1/	\$0.02088
Surcharge Adjustment	<u>(0.00024)</u>
Total Cost per Kwh	\$0.02064
Less: Base Cost 2/	<u>0.01303</u>
Total Fuel Cost Adjustment	<u><u>\$0.00761</u></u>
Deferred generation development costs 3/	\$0.00201
Total Adjustment billed under Rate 58	<u><u>\$0.00962</u></u>

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2/ Base cost of fuel per Case No. PU-399-03-296, Order dated December 18, 2003.

3/ Development costs associated with Big Stone II pursuant to Order Adopting Settlement dated June 28, 2010 in Case Nos. PU-09-731 and PU-09-733.

**MONTANA-DAKOTA UTILITIES CO.
FUEL COST ADJUSTMENT - NORTH DAKOTA
AUGUST 2010 BILLING ADJUSTMENT**

	2010				Total
	March	April	May	June	
Fuel & Purchased Power Costs					
Account 151 and Natural Gas Used for Generation	\$3,990,411	\$3,432,231	\$2,470,987	\$2,658,027	\$12,551,656
Account 555 (Excludes Demand) 1/	330,746	651,775	1,429,435	1,524,583	3,936,539
Total Energy Related Costs	\$4,321,157	\$4,084,006	\$3,900,422	\$4,182,610	\$16,488,195
Fuel Costs - Sales for Resale	181,931	126,702	20,454	2,789	331,876
Net System Costs	\$4,139,226	\$3,957,304	\$3,879,968	\$4,179,821	\$16,156,319
Kwh Retail Sales	233,633,942	194,066,617	162,243,283	183,827,820	773,771,662
Cost Per Kwh	\$0.01772	\$0.02039	\$0.02391	\$0.02274	<u>\$0.02088</u>

**MONTANA-DAKOTA UTILITIES CO.
ACCOUNT 555
AUGUST 2010 BILLING ADJUSTMENT**

Account No.	Account Description	2010			
		March	April	May	June
555.111	Day-Ahead Asset Energy	\$93,699	\$552,094	\$1,850,192	\$2,235,995
555.114	Real-Time Asset Energy	(210,722)	(119,416)	(56,633)	144,431
555.117	Real-Time Excessive Energy	(41)	(630)	0	(688)
555.118	Real-Time Non-Excessive Energy	187,525	(285,982)	(286,621)	(489,801)
555.1211	Day-Ahead Asset Congestion	(9,025)	459,462	(90,906)	(383,869)
555.1215	Real-Time Asset Congestion	12,804	12,842	8,831	(14,820)
555.1219	Real-Time Non-Excessive Congestion	(15,408)	(177,336)	(19,966)	70,056
555.1221	Financial Transmission Rights Hourly Allocation	0	0	0	(104)
555.1223	Financial Transmission Rights Monthly Allocation	0	0	0	(102)
555.1225	Financial Transmission Rights Yearly Allocation	0	(82)	0	0
555.1226	Financial Transmission Rights Funding Guarantee Amt	0	82	0	(37)
555.1227	Financial Transmission Rights Guarantee Uplift Amt	0	714	0	60
555.1230	Revenue Rights Transaction	(3,148)	(3,148)	(3,148)	(17,343)
555.1231	Annual Transaction	0	0	0	3,655
555.1232	Revenue Rights Infeasible Uplift	1,118	1,118	1,118	1,001
555.1233	Revenue Rights Stage 2 Distribution	(53,748)	(53,757)	(53,451)	(47,394)
555.130	Real-Time Non-Excessive Loss	(30,793)	26,938	24,039	68,989
555.131	Day-Ahead Asset Loss	193,264	91,679	(82,440)	(146,295)
555.135	Real-Time Asset Loss	207,255	182,474	101,882	100,881
555.136	Real-Time Distribution of Loss	(57,113)	(48,959)	(36,543)	(40,568)
555.151	Day-Ahead Rev Suff Guarantee Distribution	3,793	5,006	7,534	13,891
555.153	Real-Time Miscellaneous	(642)	(686)	23,453	(674)
555.154	Real-Time Net Inadvertent Distribution	4,392	1,387	(463)	2,320
555.155	Real-Time Revenue Neutrality Uplift	24,072	38,574	46,774	25,129
555.156	R-T Rev Suff Guarantee First Pass Distribution	22,173	21,083	13,219	28,495
555.157	R-T Rev Suff Guarantee Make Whole Payment	(48,730)	(12,272)	(13,581)	(18,981)
555.159	Day Ahead Schedule 24	5,348	4,594	4,108	3,397
555.160	Real Time Schedule 24	443	592	461	537
555.162	Real Time Price Volume Make Whole Payment	(17,725)	(22,846)	(18,671)	(18,556)
555.1700	Day-Ahead Regulation Amount	(1,782)	(11,749)	(659)	(2,892)
555.1701	Day-Ahead Spinning Reserve Amount	(15,205)	(65,459)	(16,299)	(8,834)
555.1702	Day-Ahead Supplemental Reserve Amount	(10,061)	0	0	0
555.1710	Real-Time Net Regulation Adjustment	23	184	465	542
555.1711	Real-Time Excessive Deficient Energy Deployment	5	12	3	20
555.1713	Real-Time Regulation Amount	(2,365)	(1,638)	(6,571)	(4,570)
555.1714	Real-Time Spinning Reserve Amount	(2,779)	17,696	(571)	(11,070)
555.1715	Real-Time Supplemental Reserve Amount	2,775	0	0	0
555.1716	Real-Time Regulation Cost Distribution	20,859	16,600	15,647	17,414
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	18,851	13,592	10,838	9,836
555.1718	Real-Time Supplemental Reserve Cost Distribution	11,634	9,012	7,394	4,532
Total Account 555 Charges		<u>\$330,746</u>	<u>\$651,775</u>	<u>\$1,429,435</u>	<u>\$1,524,583</u>

**MONTANA-DAKOTA UTILITIES CO.
INFORMATIONAL SUPPLEMENT
TO RATE 58
NORTH DAKOTA**

	Current Adjustment in Cents per Kwh	Amount of Change in Cents per Kwh	Current Adjustment in Dollars per Kwh
January 2009	0.887	(0.103)	0.00887
February	0.950	0.063	0.00950
March	1.003	0.053	0.01003
April	0.720	(0.283)	0.00720
May	0.594	(0.126)	0.00594
June	0.389	(0.205)	0.00389
July	0.348	(0.041)	0.00348
August	0.342	(0.006)	0.00342
September	0.362	0.020	0.00362
October	0.403	0.041	0.00403
November	0.359	(0.044)	0.00359
December	0.368	0.009	0.00368
January 2010	0.344	(0.024)	0.00344
February	0.436	0.092	0.00436
March	0.547	0.111	0.00547
April	0.732	0.185	0.00732
May	0.722	(0.010)	0.00722
June	0.674	(0.048)	0.00674
July	0.712	0.038	0.00712
August	0.962	0.250	0.00962

Base rates effective on or after January 23, 2004. Base cost of fuel @ \$0.01303 per Kwh per Case No. PU-399-03-296