



# MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

September 17, 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                            | \$0.02487      |
| Base Cost/Kwh Included in Current Rates | <u>0.01303</u> |
| Total Billing Adjustment                | \$0.01184      |
| Deferred generation development costs   | <u>0.00201</u> |
| Total Adjustment billed under Rate 58   | \$0.01385      |

The net effect of this FCA is to increase the rate by 0.163 cents per Kwh for service rendered in the month of October 2010. All of North Dakota's electric customers will be affected by this proposal. There were 76,705 electric customers in North Dakota as of August 31, 2010.

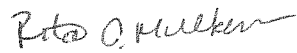
The increase in the FCA for October is caused by the fact that the lower cost month of April, used in the September calculation, was replaced by the higher cost month of August. The adjustment also reflects the Big Stone II development costs authorized in Case Nos. PU-09-731 and PU-09-733.

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  
OCTOBER 2010 BILLING ADJUSTMENT SUMMARY**

|  | <u>Amount</u>           |
|--|-------------------------|
| Current cost per Kwh 1/                  | \$0.02511               |
| Surcharge Adjustment                     | <u>(0.00024)</u>        |
| Total Cost per Kwh                       | \$0.02487               |
| Less: Base Cost 2/                       | <u>0.01303</u>          |
| Total Fuel Cost Adjustment               | <u><u>\$0.01184</u></u> |
| Deferred generation development costs 3/ | \$0.00201               |
| Total Adjustment billed under Rate 58    | <u><u>\$0.01385</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  
OCTOBER 2010 BILLING ADJUSTMENT**

|                                  | 2010        |             |             |             |              |
|----------------------------------|-------------|-------------|-------------|-------------|--------------|
|                                  | May         | June        | July        | August      | Total        |
| Fuel & Purchased Power Costs     |             |             |             |             |              |
| Account 151 and Natural Gas      |             |             |             |             |              |
| Used for Generation              | \$2,470,987 | \$2,658,027 | \$3,388,542 | \$3,969,039 | \$12,486,595 |
| Account 555 (Excludes Demand) 1/ | 1,429,435   | 1,524,583   | 2,002,103   | 1,494,526   | 6,450,647    |
| Total Energy Related Costs       | \$3,900,422 | \$4,182,610 | \$5,390,645 | \$5,463,565 | \$18,937,242 |
| Fuel Costs - Sales for Resale    | 20,454      | 2,789       | 10,250      | 51,558      | 85,051       |
| Net System Costs                 | \$3,879,968 | \$4,179,821 | \$5,380,395 | \$5,412,007 | \$18,852,191 |
| Kwh Retail Sales                 | 162,243,283 | 183,827,820 | 200,882,199 | 203,889,179 | 750,842,481  |
| Cost Per Kwh                     | \$0.02391   | \$0.02274   | \$0.02678   | \$0.02654   | \$0.02511    |

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

| Account No.               | Account Description                                 | 2010               |                    |                    |                    |
|---------------------------|---|--------------------|--------------------|--------------------|--------------------|
|                           |   | May                | June               | July               | August             |
| 555.111                   | Day-Ahead Asset Energy                              | \$1,850,192        | \$2,235,995        | \$3,000,643        | \$1,897,666        |
| 555.114                   | Real-Time Asset Energy                              | (56,633)           | 144,431            | (48,258)           | (42,011)           |
| 555.117                   | Real-Time Excessive Energy                          | 0                  | (688)              | (741)              | (35)               |
| 555.118                   | Real-Time Non-Excessive Energy                      | (286,621)          | (489,801)          | (779,300)          | (543,483)          |
| 555.1211                  | Day-Ahead Asset Congestion                          | (90,906)           | (383,869)          | (282,270)          | (53,315)           |
| 555.1215                  | Real-Time Asset Congestion                          | 8,831              | (14,820)           | 12,321             | 23,843             |
| 555.1219                  | Real-Time Non-Excessive Congestion                  | (19,966)           | 70,056             | 95,365             | (590)              |
| 555.1221                  | Financial Transmission Rights Hourly Allocation     | 0                  | (104)              | 17,540             | 7,398              |
| 555.1223                  | Financial Transmission Rights Monthly Allocation    | 0                  | (102)              | 0                  | (735)              |
| 555.1226                  | Financial Transmission Rights Funding Guarantee Amt | 0                  | (37)               | (362)              | 206                |
| 555.1227                  | Financial Transmission Rights Guarantee Uplift Amt  | 0                  | 60                 | (76)               | 228                |
| 555.1230                  | Revenue Rights Transaction                          | (3,148)            | (17,343)           | (17,343)           | (17,343)           |
| 555.1231                  | Annual Transaction                                  | 0                  | 3,655              | 3,655              | 3,655              |
| 555.1232                  | Revenue Rights Infeasible Uplift                    | 1,118              | 1,001              | 1,001              | 1,001              |
| 555.1233                  | Revenue Rights Stage 2 Distribution                 | (53,451)           | (47,394)           | (47,441)           | (47,350)           |
| 555.130                   | Real-Time Non-Excessive Loss                        | 24,039             | 68,989             | 99,259             | 60,509             |
| 555.131                   | Day-Ahead Asset Loss                                | (82,440)           | (146,295)          | (102,840)          | 71,395             |
| 555.135                   | Real-Time Asset Loss                                | 101,882            | 100,881            | 113,569            | 188,081            |
| 555.136                   | Real-Time Distribution of Loss                      | (36,543)           | (40,568)           | (82,669)           | (90,775)           |
| 555.151                   | Day-Ahead Rev Suff Guarantee Distribution           | 7,534              | 13,891             | 15,505             | 13,319             |
| 555.152                   | Day-Ahead Rev Suff Guarantee Make Whole Pmt         | 0                  | 0                  | (8,691)            | (28,849)           |
| 555.153                   | Real-Time Miscellaneous                             | 23,453             | (674)              | (381)              | (449)              |
| 555.154                   | Real-Time Net Inadvertent Distribution              | (463)              | 2,320              | 2,658              | 4,455              |
| 555.155                   | Real-Time Revenue Neutrality Uplift                 | 46,774             | 25,129             | 23,490             | 21,692             |
| 555.156                   | R-T Rev Suff Guarantee First Pass Distribution      | 13,219             | 28,495             | 43,619             | 72,356             |
| 555.157                   | R-T Rev Suff Guarantee Make Whole Payment           | (13,581)           | (18,981)           | (43,264)           | (57,733)           |
| 555.159                   | Day Ahead Schedule 24                               | 4,108              | 3,397              | 4,263              | 4,747              |
| 555.160                   | Real Time Schedule 24                               | 461                | 537                | 457                | 653                |
| 555.162                   | Real Time Price Volume Make Whole Payment           | (18,671)           | (18,556)           | (17,465)           | (14,004)           |
| 555.1700                  | Day-Ahead Regulation Amount                         | (659)              | (2,892)            | (2,202)            | (1,308)            |
| 555.1701                  | Day-Ahead Spinning Reserve Amount                   | (16,299)           | (8,834)            | (16,497)           | (8,055)            |
| 555.1710                  | Real-Time Net Regulation Adjustment                 | 465                | 542                | 6                  | 86                 |
| 555.1711                  | Real-Time Excessive Deficient Energy Deployment     | 3                  | 20                 | 20                 | 2                  |
| 555.1712                  | Real-Time Contingency Reserve Deployment            | 0                  | 0                  | 15                 | 0                  |
| 555.1713                  | Real-Time Regulation Amount                         | (6,571)            | (4,570)            | 137                | (946)              |
| 555.1714                  | Real-Time Spinning Reserve Amount                   | (571)              | (11,070)           | (15,185)           | (7,341)            |
| 555.1716                  | Real-Time Regulation Cost Distribution              | 15,647             | 17,414             | 18,051             | 20,139             |
| 555.1717                  | Real-Time Spinning Reserve Cost Distribution Amount | 10,838             | 9,836              | 11,477             | 12,258             |
| 555.1718                  | Real-Time Supplemental Reserve Cost Distribution    | 7,394              | 4,532              | 4,037              | 5,159              |
| Total Account 555 Charges |   | <u>\$1,429,435</u> | <u>\$1,524,583</u> | <u>\$2,002,103</u> | <u>\$1,494,526</u> |

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

|              | Current<br>Adjustment<br>in Cents<br>per Kwh | Amount of<br>Change in<br>Cents<br>per Kwh | Current<br>Adjustment<br>in Dollars<br>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  |
| September    | 1.222  | 0.260                                      | 0.01222  |
| October      | 1.385  | 0.163                                      | 0.01385  |

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