



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

March 15, 2011

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

Re: Fuel Clause Adjustment (FCA)
Case No. PU-11-__

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 | \$0.02106 |
| Base Cost/Kwh Included in Current Rates | 0.01303 |
| Total Billing Adjustment | <u>\$0.00803</u> |
| Deferred generation development costs | 0.00201 |
| Total Adjustment billed under Rate 58 | <u>\$0.01004</u> |

The net effect of this FCA is to decrease the rate by 0.001 cents per Kwh for service rendered in the month of April 2011. All of North Dakota's electric customers will be affected by this proposal. There were 77,486 electric customers in North Dakota as of February 28, 2011.

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

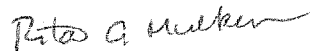
Exhibit B shows the calculation of the surcharge adjustment that will be applicable to Montana-Dakota's customers from April 1, 2011 through March 31, 2012. The total surcharge is \$0.00032 per Kwh, an increase of .056 cents per Kwh from the adjustment effective April 1, 2010.

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 in the amount of \$600.00 on October 14, 2010. 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 Affairs Manager

Attachment

**MONTANA-DAKOTA UTILITIES CO.
FUEL COST ADJUSTMENT - NORTH DAKOTA
APRIL 2011 BILLING ADJUSTMENT SUMMARY**

| | <u>Amount</u> |
|--|-------------------------|
| Current cost per Kwh 1/ | \$0.02074 |
| Surcharge Adjustment | <u>0.00032</u> |
| Total Cost per Kwh | \$0.02106 |
| Less: Base Cost 2/ | <u>0.01303</u> |
| Total Fuel Cost Adjustment | <u><u>\$0.00803</u></u> |
| Deferred generation development costs 3/ | \$0.00201 |
| Total Adjustment billed under Rate 58 | <u><u>\$0.01004</u></u> |

1/ Page 2.

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
APRIL 2011 BILLING ADJUSTMENT**

| | 2010 | | 2011 | | Total |
|--|-------------|-------------|-------------|-------------|------------------|
| | November | December | January | February | |
| Fuel & Purchased Power Costs | | | | | |
| Account 151 and Natural Gas Used for Generation | \$3,414,369 | \$4,146,903 | \$4,446,609 | \$3,540,094 | \$15,547,975 |
| Account 555 (Excludes Demand) 1/ | 656,781 | 1,213,089 | 837,641 | 1,142,682 | 3,850,193 |
| Total Energy Related Costs | \$4,071,150 | \$5,359,992 | \$5,284,250 | \$4,682,776 | \$19,398,168 |
| Fuel Costs - Sales for Resale | 40,636 | 22,122 | 70,553 | 42,287 | 175,598 |
| Net System Costs | \$4,030,514 | \$5,337,870 | \$5,213,697 | \$4,640,489 | \$19,222,570 |
| Kwh Retail Sales | 188,685,184 | 243,363,311 | 263,958,201 | 230,686,955 | 926,693,651 |
| Cost Per Kwh | \$0.02136 | \$0.02193 | \$0.01975 | \$0.02012 | <u>\$0.02074</u> |

**MONTANA-DAKOTA UTILITIES CO.
ACCOUNT 555
APRIL 2011 BILLING ADJUSTMENT**

| Account No. | Account Description | 2010 | | 2011 | |
|---------------------------|---|------------------|--------------------|------------------|--------------------|
| | | November | December | January | February |
| 555.111 | Day-Ahead Asset Energy | \$1,077,634 | \$1,578,144 | \$1,092,663 | \$1,734,164 |
| 555.112 | Day-Ahead Non-Asset Energy | (138,959) | 144,427 | | |
| 555.114 | Real-Time Asset Energy | 106,478 | 17,462 | 190,587 | (64,380) |
| 555.115 | Real-Time Non-Asset Energy | 142,737 | (147,279) | | |
| 555.117 | Real-Time Excessive Energy | 218 | (107) | 13 | (13) |
| 555.118 | Real-Time Non-Excessive Energy | (426,515) | (273,539) | (513,773) | (388,762) |
| 555.1211 | Day-Ahead Asset Congestion | (314,936) | (173,401) | (110,579) | (332,837) |
| 555.1213 | Day-Ahead Non-Asset Congestion | 6,741 | (7,649) | | |
| 555.1215 | Real-Time Asset Congestion | (26,547) | (9,046) | (3,134) | 8,435 |
| 555.1217 | Real-Time Non-Asset Congestion | 7,293 | (7,347) | | |
| 555.1219 | Real-Time Non-Excessive Congestion | 153,482 | (2,741) | 12,304 | 164,158 |
| 555.1221 | Financial Transmission Rights Hourly Allocation | (258) | (69) | | |
| 555.1223 | Financial Transmission Rights Monthly Allocation | (1,766) | (117) | | |
| 555.1226 | Financial Transmission Rights Funding Guarantee Amt | 1,637 | 117 | | |
| 555.1227 | Financial Transmission Rights Guarantee Uplift Amt | (1,683) | (117) | | |
| 555.1230 | Revenue Rights Transaction | (11,839) | (133) | (133) | (133) |
| 555.1231 | Annual Transaction | 1,009 | | | |
| 555.1232 | Revenue Rights Infeasible Uplift | 2,217 | 29 | 29 | 29 |
| 555.1233 | Revenue Rights Stage 2 Distribution | (46,997) | (62,205) | (61,914) | (61,923) |
| 555.130 | Real-Time Non-Excessive Loss | 46,145 | 17,117 | 38,323 | 53,370 |
| 555.131 | Day-Ahead Asset Loss | 14,826 | 62,098 | 87,392 | (16,720) |
| 555.133 | Day-Ahead Non-Asset Loss | 14,375 | (14,693) | | |
| 555.135 | Real-Time Asset Loss | 36,715 | 76,715 | 54,804 | 72,170 |
| 555.136 | Real-Time Distribution of Loss | (36,133) | (59,574) | (60,432) | (53,395) |
| 555.138 | Real-Time Non-Asset Loss | (6,806) | 7,353 | | |
| 555.151 | Day-Ahead Rev Suff Guarantee Distribution | 5,205 | 7,556 | 13,422 | 8,136 |
| 555.153 | Real-Time Miscellaneous | (431) | (535) | (1,233) | 535 |
| 555.154 | Real-Time Net Inadvertent Distribution | 1,190 | (16,086) | (4,836) | 9,473 |
| 555.155 | Real-Time Revenue Neutrality Uplift | 22,106 | 48,447 | 41,806 | 17,475 |
| 555.156 | R-T Rev Suff Guarantee First Pass Distribution | 46,559 | 35,345 | 43,581 | 21,758 |
| 555.157 | R-T Rev Suff Guarantee Make Whole Payment | (6,330) | | | (27,640) |
| 555.159 | Day Ahead Schedule 24 | 6,031 | 5,543 | 5,381 | 4,616 |
| 555.160 | Real Time Schedule 24 | 692 | 538 | 492 | 504 |
| 555.162 | Real Time Price Volume Make Whole Payment | (35,072) | (24,884) | (14,977) | (22,161) |
| 555.1700 | Day-Ahead Regulation Amount | (6,568) | (1,989) | (1,976) | (3,528) |
| 555.1701 | Day-Ahead Spinning Reserve Amount | (7,106) | (543) | (861) | (3,136) |
| 555.1710 | Real-Time Net Regulation Adjustment | 23 | 283 | 65 | 406 |
| 555.1711 | Real-Time Excessive Deficient Energy Deployment | 6 | 12 | 8 | (3) |
| 555.1713 | Real-Time Regulation Amount | 1,167 | (1,605) | (74) | (1,231) |
| 555.1714 | Real-Time Spinning Reserve Amount | 2,310 | (11,186) | (813) | (341) |
| 555.1716 | Real-Time Regulation Cost Distribution | 16,152 | 16,089 | 17,852 | 12,386 |
| 555.1717 | Real-Time Spinning Reserve Cost Distribution Amount | 7,739 | 6,605 | 9,755 | 7,577 |
| 555.1718 | Real-Time Supplemental Reserve Cost Distribution | 4,040 | 4,054 | 3,899 | 3,693 |
| Total Account 555 Charges | | <u>\$656,781</u> | <u>\$1,213,089</u> | <u>\$837,641</u> | <u>\$1,142,682</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 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 |
| November | 1.115 | (0.270) | 0.01115 |
| December | 1.114 | (0.001) | 0.01114 |
| | | | |
| January 2011 | 0.977 | (0.137) | 0.00977 |
| February | 0.868 | (0.109) | 0.00868 |
| March | 1.005 | 0.137 | 0.01005 |
| April | 1.004 | (0.001) | 0.01004 |

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

**MONTANA-DAKOTA UTILITIES CO.
COMPUTATION OF (OVER) / UNDER RECOVERED FUEL COST ADJUSTMENT
APPLICABLE TO NORTH DAKOTA
TO BE EFFECTIVE APRIL 1, 2011 THROUGH MARCH 31, 2012**

(Over)/under recovered electric costs @ January 31, 2011 \$462,833

Less: Projected recovery from rates already established

| | Volume | Rate | Amount |
|----------|-------------|-------------|----------|
| February | 152,258,182 | (\$0.00024) | (36,542) |
| March | 133,843,000 | (\$0.00024) | (32,122) |
| | 286,101,182 | | (68,664) |

Additional recovery required \$531,497

Projected sales volumes (Kwh)

| | |
|--------------|-------------|
| April 2011 | 123,456,000 |
| May | 122,663,000 |
| June | 127,246,000 |
| July | 153,264,000 |
| August | 146,270,000 |
| September | 132,372,000 |
| October | 124,638,000 |
| November | 137,221,000 |
| December | 151,123,000 |
| January 2012 | 151,849,000 |
| February | 144,378,000 |
| March | 138,491,000 |

Total 1,652,971,000

Total (over)/under recovered fuel cost adjustment
to be effective April 1, 2011 through March 31, 2012 **\$0.00032**

**MONTANA-DAKOTA UTILITIES CO.
COMPUTATION OF (OVER) / UNDER RECOVERED
UNRECOVERED FUEL COST ACCOUNT BALANCE
APPLICABLE TO NORTH DAKOTA**

| | <u>(Over) Under Recovery</u> | <u>Refunds & Other</u> | <u>Interest</u> | <u>Total Net Additions</u> | <u>Actual Kwh Sales</u> | <u>Adjustment Per Kwh</u> | <u>Total Adjustment Amount</u> | <u>Net Change- Additions less Adjustment</u> | <u>Cumulative Balance</u> |
|-----------------------------------|----------------------------------|--------------------------------|-----------------|--------------------------------|-----------------------------|-------------------------------|--|--|-------------------------------|
| Balance @ January 31, 2010 | | | | | | | | | <u>(\$825,793)</u> |
| February | \$314,958 | \$0 | (\$51) | \$314,907 | 142,736,378 | (\$0.00164) | (\$234,088) | \$548,995 | (\$276,798) |
| March | (265,205) | 0 | (24) | (265,229) | 152,596,451 | (0.00164) | (250,258) | (14,971) | (291,769) |
| April | (61,081) | 0 | (27) | (61,108) | 125,389,353 | (0.00024) | (30,093) | (31,015) | (322,784) |
| May | 254,523 | 0 | (15) | 254,508 | 103,539,959 | (0.00024) | (24,850) | 279,358 | (43,426) |
| June | 121,552 | 0 | 17 | 121,569 | 118,735,451 | (0.00024) | (28,497) | 150,066 | 106,640 |
| July | 871,530 | 486,731 1/ | 49 | 1,358,310 | 131,740,793 | (0.00024) | (31,618) | 1,389,928 | 1,496,568 |
| August | 560,995 | 0 | 128 | 561,123 | 149,506,296 | (0.00024) | (35,882) | 597,005 | 2,093,573 |
| September | (850,545) | 0 | 168 | (850,377) | 131,194,123 | (0.00024) | (31,487) | (818,890) | 1,274,683 |
| October | (156,567) | 0 | 88 | (156,479) | 115,323,296 | (0.00024) | (27,678) | (128,801) | 1,145,882 |
| November | (337,460) | 0 | 85 | (337,375) | 118,293,860 | (0.00024) | (28,391) | (308,984) | 836,898 |
| December | (80,900) | 0 | 62 | (80,838) | 158,024,129 | (0.00024) | (37,926) | (42,912) | 793,986 |
| January 2011 | <u>(373,069)</u> | <u>0</u> | <u>63</u> | <u>(373,006)</u> | <u>174,399,541</u> | <u>(0.00024)</u> | <u>(41,853)</u> | <u>(331,153)</u> | <u>462,833</u> |
| | (\$1,269) | \$486,731 | \$543 | \$486,005 | 1,621,479,630 | | (\$802,621) | \$1,288,626 | |
| Balance @ January 31, 2011 | | | | | | | | | <u>\$462,833</u> |

1/ Reflects correction to (over)/under recovery for the months of April 2009 - June 2010 to reclassify surcharge adjustment.

**MONTANA-DAKOTA UTILITIES CO.
COMPUTATION OF (OVER) UNDER RECOVERY OF FUEL COSTS
APPLICABLE TO NORTH DAKOTA**

| | <u>Kwh</u> | <u>Amount</u> | <u>Cost per Kwh</u> |
|-------------------------------|-------------|---------------|---------------------|
| FEBRUARY 2010 | | | |
| Purchased power (net) | 142,736,378 | \$2,943,874 | \$0.02062 |
| Base cost of purchased power | | | 0.01303 |
| (Over) Under recovery per kWh | | | 0.00759 |
| kWh billed | | | 142,736,378 |
| Fuel Cost adjustment (FCA) | | | 769,061 |
| (Over) Under recovery | | | \$314,958 |
| MARCH 2010 | | | |
| Purchased power (net) | 152,596,451 | \$2,703,494 | \$0.01772 |
| Base cost of purchased power | | | 0.01303 |
| (Over) Under recovery per kWh | | | 0.00469 |
| kWh billed | | | 152,596,451 |
| Fuel Cost adjustment (FCA) | | | 980,367 |
| (Over) Under recovery | | | (\$265,205) |
| APRIL 2010 | | | |
| Purchased power (net) | 125,389,353 | \$2,556,896 | \$0.02039 |
| Base cost of purchased power | | | 0.01303 |
| (Over) Under recovery per kWh | | | 0.00736 |
| kWh billed | | | 125,389,353 |
| Fuel Cost adjustment (FCA) | | | 984,154 |
| (Over) Under recovery | | | (\$61,081) |
| MAY 2010 | | | |
| Purchased power (net) | 103,539,959 | \$2,526,401 | \$0.02440 |
| Base cost of purchased power | | | 0.01303 |
| (Over) Under recovery per kWh | | | 0.01137 |
| kWh billed | | | 103,539,959 |
| Fuel Cost adjustment (FCA) | | | 922,753 |
| (Over) Under recovery | | | \$254,523 |
| JUNE 2010 | | | |
| Purchased power (net) | 118,735,451 | \$2,699,792 | \$0.02274 |
| Base cost of purchased power | | | 0.01303 |
| (Over) Under recovery per kWh | | | 0.00971 |
| kWh billed | | | 118,735,451 |
| Fuel Cost adjustment (FCA) | | | 1,031,117 |
| (Over) Under recovery | | | \$121,552 |
| JULY 2010 | | | |
| Purchased power (net) | 131,740,793 | \$3,528,518 | \$0.02678 |
| Base cost of purchased power | | | 0.01303 |
| (Over) Under recovery per kWh | | | 0.01375 |
| kWh billed | | | 131,740,793 |
| Fuel Cost adjustment (FCA) | | | 940,405 |
| (Over) Under recovery | | | \$871,530 |

**MONTANA-DAKOTA UTILITIES CO.
COMPUTATION OF (OVER) UNDER RECOVERY OF FUEL COSTS
APPLICABLE TO NORTH DAKOTA**

| | <u>Kwh</u> | <u>Amount</u> | <u>Cost per Kwh</u> |
|-------------------------------|-------------|---------------|---------------------|
| AUGUST 2010 | | | |
| Purchased power (net) | 149,506,296 | \$3,680,115 | \$0.02462 |
| Base cost of purchased power | | | 0.01303 |
| (Over) Under recovery per kWh | | | 0.01159 |
| kWh billed | | | 149,506,296 |
| Fuel Cost adjustment (FCA) | | | 1,171,053 |
| (Over) Under recovery | | | \$560,995 |
| SEPTEMBER 2010 | | | |
| Purchased power (net) | 131,194,123 | \$2,016,203 | \$0.01537 |
| Base cost of purchased power | | | 0.01303 |
| (Over) Under recovery per kWh | | | 0.00234 |
| kWh billed | | | 131,194,123 |
| Fuel Cost adjustment (FCA) | | | 1,157,289 |
| (Over) Under recovery | | | (\$850,545) |
| OCTOBER 2010 | | | |
| Purchased power (net) | 115,323,296 | \$2,623,453 | \$0.02275 |
| Base cost of purchased power | | | 0.01303 |
| (Over) Under recovery per kWh | | | 0.00972 |
| kWh billed | | | 115,323,296 |
| Fuel Cost adjustment (FCA) | | | 1,277,357 |
| (Over) Under recovery | | | (\$156,567) |
| NOVEMBER 2010 | | | |
| Purchased power (net) | 118,293,860 | \$2,526,891 | \$0.02136 |
| Base cost of purchased power | | | 0.01303 |
| (Over) Under recovery per kWh | | | 0.00833 |
| kWh billed | | | 118,293,860 |
| Fuel Cost adjustment (FCA) | | | 1,322,982 |
| (Over) Under recovery | | | (\$337,460) |
| DECEMBER 2010 | | | |
| Purchased power (net) | 158,024,129 | \$3,466,041 | \$0.02193 |
| Base cost of purchased power | | | 0.01303 |
| (Over) Under recovery per kWh | | | 0.00890 |
| kWh billed | | | 158,024,129 |
| Fuel Cost adjustment (FCA) | | | 1,487,887 |
| (Over) Under recovery | | | (\$80,900) |
| JANUARY 2011 | | | |
| Purchased power (net) | 174,399,541 | \$3,444,743 | \$0.01975 |
| Base cost of purchased power | | | 0.01303 |
| (Over) Under recovery per kWh | | | 0.00672 |
| kWh billed | | | 174,399,541 |
| Fuel Cost adjustment (FCA) | | | 1,545,387 |
| (Over) Under recovery | | | (\$373,069) |