



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

July 22, 2011

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

Re: Fuel and Purchased Power Adjustment
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 and purchased power adjustment (F&PP) pursuant to its Rate 58.

	<u>Primary</u>	<u>Secondary</u>
Base Fuel	\$0.02024	\$0.02087
Fuel and Purchased Power Adjustment	(0.00261)	(0.00304)
Subtotal	\$0.01731	\$0.01751
Margin Sharing Adjustment	0.00200	0.00200
Deferred Generation	0.00161	0.00161
Total Adjustment billed under Rate 58	<u>\$0.02124</u>	<u>\$0.02144</u>

Exhibit A is 1st Revised Sheet No. 42.3 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after August 1, 2011. Also included is a second affected tariff on which Montana-Dakota has indicated the revisions made by lining through the existing language which the Company proposes to delete and underlining the new language proposed.

Exhibit B, page 1 summarizes the fuel and power adjustment calculated pursuant to the terms of Rate 58 that will apply during the month of August 2011. Pages 2-4 show the calculation of the adjustment for August 2011.

The net effect of this F&PP adjustment is a decrease of 0.096 cents per Kwh for primary service customers and a decrease of 0.096 cents per Kwh for secondary service customers for service rendered in the month of August 2011. All of North Dakota's electric customers will be affected by this proposal. There were 77,881 electric customers in North Dakota as of June 30, 2011.

The decrease in the FCA for August is caused by the fact that the higher cost month of February, used in the July calculation, was replaced by the lower cost month of June. The adjustment also reflects the Big Stone II development costs established for the period August 1, 2011 through July 31, 2012 as 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 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

Proposed Fuel and Purchased Power Adjustment



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4
1st Revised Sheet No. 42.3
Canceling Original Sheet No. 42.3

FUEL AND PURCHASED POWER ADJUSTMENT Rate 58

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7. Fuel and Purchased Power Adjustment:

	Primary	Secondary
Base Fuel	2.024¢	2.087¢
Fuel and Purchased Power Adjustment	(0.261)	(0.304)
Subtotal	1.763¢	1.783¢
Margin Sharing Adjustment	0.200	0.200
Deferred Generation	0.161	0.161
Total FPPA	2.124¢	2.144¢

Date Filed: July 22, 2011

Effective Date:

Issued By: Tamie A. Aberle
Regulatory Affairs Manager

Case No.:



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4
Original Sheet No. 42.3

FUEL AND PURCHASED POWER ADJUSTMENT Rate 58

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7. Fuel and Purchased Power Adjustment:

	<u>Primary</u>	<u>Secondary</u>
Base Fuel	2.024¢	2.087¢
Fuel and Purchased Power Adjustment	(0.205) (0.261)	(0.248) (0.304)
Subtotal	<u>1.819</u> 1.763¢	<u>1.839</u> 1.783¢
Margin Sharing Adjustment	0.200	0.200
Deferred Generation	<u>0.20</u> 10.161	<u>0.20</u> 10.161
Total FPPA	<u>2.220</u> 2.124¢	<u>2.240</u> 2.144¢

Date Filed:

Effective Date:

Issued By: Tamie A. Aberle
Regulatory Affairs Manager

Case No.:

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	(\$0.00293)	(\$0.00336)
Prior Adjustment	<u>(0.00237)</u>	<u>(0.00280)</u>
Change in Current Adjustment	(0.00056)	(0.00056)
<u>Surcharge Adjustment:</u>		
Current Adjustment	0.00032	0.00032
Prior Adjustment	<u>0.00032</u>	<u>0.00032</u>
Change in Surcharge Adjustment	0.00000	0.00000
<u>Margin Sharing Adjustment:</u>		
Current Adjustment	0.00200	0.00200
Prior Adjustment	<u>0.00200</u>	<u>0.00200</u>
Change in Margin Sharing Adjustment	0.00000	0.00000
<u>Deferred Generation Development Costs: 1/</u>		
Current Adjustment	0.00161	0.00161
Prior Adjustment	<u>0.00201</u>	<u>0.00201</u>
Change in Deferred generation development costs	(0.00040)	(0.00040)
	<u><u>(\$0.00096)</u></u>	<u><u>(\$0.00096)</u></u>
Base Cost of Fuel 2/	\$0.02024	\$0.02087
Current Adjustment	(0.00293)	(0.00336)
Surcharge Adjustment	0.00032	0.00032
Margin Sharing Adjustment	0.00200	0.00200
Deferred generation development costs	<u>0.00161</u>	<u>0.00161</u>
Total Adjustment billed under Rate 58	<u><u>\$0.02124</u></u>	<u><u>\$0.02144</u></u>

- 1/ 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. Charge applicable August 1, 2011 through July 31, 2012 as filed on July 12, 2011.
- 2/ Established in Case No. PU-10-124, effective with service rendered July 22, 2011.

**MONTANA-DAKOTA UTILITIES CO.
FUEL AND PURCHASED POWER ADJUSTMENT - NORTH DAKOTA
AUGUST 2011**

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$13,087,654	\$8,565,707	\$1,121,569	\$7,444,138
Account 555 Energy	2,088,977	1,367,209	179,018	1,188,191
Account 555 Demand 4/	0	0	0	0
Account 575 Market Admin. 4/	0	0	0	0
Total Fuel & Purchased Power	\$15,176,631	\$9,932,916	\$1,300,587	\$8,632,329
Fuel Costs - Wholesale sales	406,672	266,162	34,850	231,312
System Costs	14,769,959	9,666,754	1,265,737	8,401,017
Wholesale sales Margin	0	0	0	0
Revenue from Sale of RECs 5/	0	(63,321)	(8,291)	(55,030)
Net System Costs	\$14,769,959	\$9,603,433	\$1,257,446	\$8,345,987
Kwh Retail Sales	839,355,117	549,347,471	72,638,290	476,709,181
Cost of Fuel - per Kwh		\$0.01748	\$0.01731	\$0.01751
Base cost of Fuel			0.02024	0.02087
Current Adjustment			(0.00293)	(0.00336)

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2/ Energy allocated on Allocation Factor No. 16, Interconnected Kwh sales and demand is allocated on Allocation Factor No. 15, Integrated System peak demand.

3/ Energy is allocated on Kwh sales at generation and demand is allocated on class Allocation Factor No. 2, Average and Excess Demand.

4/ Authorized in Case no. PU-10-124, costs for the month will be included in the month rates become effective.

5/ Allocated to North Dakota based on REC sales by unit and allocated between primary service and secondary service based on Kwh sales at generation.

**MONTANA-DAKOTA UTILITIES CO.
FUEL AND PURCHASED POWER TRACKING ADJUSTMENT - INTEGRATED SYSTEM
AUGUST 2011**

	2011				Total
	March	April	May	June	
Fuel & Purchased Power Costs					
Account 151 and 547	\$3,695,132	\$2,708,043	\$3,357,227	\$3,327,252	\$13,087,654
Account 555 Energy 1/	885,228	750,423	130,522	322,804	2,088,977
Account 555 Demand 2/	0	0	0	0	0
Account 575 Market Admin. 2/	0	0	0	0	0
Total Fuel & Purchased Power	\$4,580,360	\$3,458,466	\$3,487,749	\$3,650,056	\$15,176,631
Fuel Costs - Sales for Resale	15,262	2,741	211,407	177,262	406,672
System Costs	\$4,565,098	\$3,455,725	\$3,276,342	\$3,472,794	\$14,769,959
Sales for Resale - Margin	0	0	0	0	0
Total Costs - net of margin	\$4,565,098	\$3,455,725	\$3,276,342	\$3,472,794	\$14,769,959
Kwh Retail Sales	249,404,629	210,144,367	187,643,683	192,162,438	839,355,117
Cost Per Kwh	\$0.01830	\$0.01644	\$0.01746	\$0.01807	<u><u>\$0.01760</u></u>

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2/ Authorized in Case no. PU-10-124, costs for the month will be included in the month rates become effective.

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

Account No.	Account Description	2011			
		March	April	May	June
555.1	Purchased Power	\$14,000	(\$14,000)		\$3,189
555.111	Day-Ahead Asset Energy	1,734,986	2,005,575	\$546,412	664,331
555.114	Real-Time Asset Energy	19,528	(81,640)	(111,549)	119,506
555.117	Real-Time Excessive Energy	(21)	(63)	46	(52)
555.118	Real-Time Non-Excessive Energy	(577,900)	(579,415)	(201,260)	(161,856)
555.1211	Day-Ahead Asset Congestion	(462,980)	(681,452)	(356,708)	(277,538)
555.1215	Real-Time Asset Congestion	(12,788)	17,203	46,276	2,259
555.1219	Real-Time Non-Excessive Congestion	50,028	105,197	137,825	(23,347)
555.1221	Financial Transmission Rights Hourly Allocation	168	(699)	(2,113)	(70)
555.1223	Financial Transmission Rights Monthly Allocation		(15)	(73)	(79)
555.1225	Financial Transmission Rights Yearly Allocation		(360)		
555.1226	Financial Transmission Rights Funding Guarantee Amt	(14)	309	(79)	77
555.1227	Financial Transmission Rights Guarantee Uplift Amt	14	1,591	81	(69)
555.1230	Revenue Rights Transaction	(2,168)	(2,168)	(2,168)	(50,508)
555.1231	Annual Transaction	253	253	253	
555.1232	Revenue Rights Infeasible Uplift	533	533	533	4,585
555.1233	Revenue Rights Stage 2 Distribution	(51,126)	(51,022)	(51,275)	(38,961)
555.130	Real-Time Non-Excessive Loss	62,551	78,130	21,903	6,856
555.131	Day-Ahead Asset Loss	13,584	(102,877)	61,685	30,269
555.135	Real-Time Asset Loss	64,087	37,928	64,711	48,274
555.136	Real-Time Distribution of Loss	(56,546)	(36,243)	(32,744)	(31,007)
555.151	Day-Ahead Rev Suff Guarantee Distribution	11,006	8,322	6,300	9,455
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt		(2,242)	(38)	
555.153	Real-Time Miscellaneous	877		(2)	(179)
555.154	Real-Time Net Inadvertent Distribution	(3,015)	(89)	(4,826)	(3,445)
555.155	Real-Time Revenue Neutrality Uplift	50,649	47,434	42,864	7,881
555.156	R-T Rev Suff Guarantee First Pass Distribution	21,205	15,477	21,682	31,987
555.157	R-T Rev Suff Guarantee Make Whole Payment		(281)	(21,871)	(15,780)
555.159	Day Ahead Schedule 24	4,856	4,178	4,088	4,406
555.160	Real Time Schedule 24	485	580	617	537
555.162	Real Time Price Volume Make Whole Payment	(15,213)	(19,989)	(29,211)	(7,172)
555.1700	Day-Ahead Regulation Amount	(5,036)	(15,880)	(13,620)	(6,401)
555.1701	Day-Ahead Spinning Reserve Amount	(12,482)	(32,299)	(27,947)	(16,032)
555.1710	Real-Time Net Regulation Adjustment	115	89	198	312
555.1711	Real-Time Excessive Deficient Energy Deployment	31	13	1	7
555.1713	Real-Time Regulation Amount	1,734	3,611	1,253	242
555.1714	Real-Time Spinning Reserve Amount	3,141	12,719	(826)	(2,830)
555.1716	Real-Time Regulation Cost Distribution	14,637	15,482	15,100	11,920
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	11,546	11,659	9,759	8,235
555.1718	Real-Time Supplemental Reserve Cost Distribution	4,503	4,874	5,245	3,802
Total Account 555 Charges		<u>\$885,228</u>	<u>\$750,423</u>	<u>\$130,522</u>	<u>\$322,804</u>