



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

August 15, 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	(0.00088)	(0.00129)
Subtotal	\$0.01936	\$0.01958
Margin Sharing Adjustment	0.00200	0.00200
Deferred Generation	0.00161	0.00161
Total Adjustment billed under Rate 58	<u>\$0.02297</u>	<u>\$0.02319</u>

Exhibit A is 2nd Revised Sheet No. 42.3 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after September 1, 2011.

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 September 2011. Pages 2-4 show the calculation of the adjustment for September 2011. 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.

The net effect of this F&PP adjustment is an increase of 0.173 cents per Kwh for primary service customers and an increase of 0.175 cents per Kwh for secondary service customers for service rendered in the month of September 2011. All of North Dakota's electric customers will be affected by this proposal. There were 78,110 electric customers in North Dakota as of July 31, 2011.

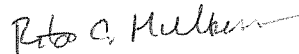
The increase in the FCA for September is caused by the fact that the lower cost month of March, used in the August calculation, was replaced by the higher cost month of July.

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

2nd Revised Sheet No. 42.3

Canceling 1st Revised 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	(0.088)	(0.129)
Subtotal	1.936¢	1.958¢
Margin Sharing Adjustment	0.200	0.200
Deferred Generation	0.161	0.161
Total FPPA	2.297¢	2.319¢

Date Filed: August 15, 2011

Effective Date:

Issued By: Tamie A. Aberle
Regulatory Affairs Manager

Case No.:

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	(\$0.00120)	(\$0.00161)
Prior Adjustment	<u>(0.00293)</u>	<u>(0.00336)</u>
Change in Current Adjustment	0.00173	0.00175
<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>0.00161</u>	<u>0.00161</u>
Change in Deferred generation development costs	0.00000	0.00000
	<u>\$0.00173</u>	<u>\$0.00175</u>
Base Cost of Fuel 2/	\$0.02024	\$0.02087
Current Adjustment	(0.00120)	(0.00161)
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>\$0.02297</u>	<u>\$0.02319</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
SEPTEMBER 2011**

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$14,525,629	\$9,471,211	\$1,309,083	\$8,162,128
Account 555 Energy	1,447,708	943,956	130,471	813,485
Account 555 Demand 4/	323,750	6,798	472	6,326
Account 575 Market Admin. 4/	36,751	733	93	640
Total Fuel & Purchased Power	\$16,333,838	\$10,422,698	\$1,440,119	\$8,982,579
Fuel Costs - Wholesale sales	712,786	464,761	64,238	400,523
System Costs	15,621,052	9,957,937	1,375,881	8,582,056
Wholesale sales Margin 5/	(206,826)	(46,001)	(5,823)	(40,178)
Revenue from Sale of RECs 6/	0	(63,321)	(8,752)	(54,569)
Net System Costs	\$15,414,226	\$9,848,615	\$1,361,306	\$8,487,309
Kwh Retail Sales	785,535,565	512,196,291	71,485,478	440,710,813
Cost of Fuel - per Kwh		\$0.01923	\$0.01904	\$0.01926
Base cost of Fuel			0.02024	0.02087
Current Adjustment			(0.00120)	(0.00161)

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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 with service rendered July 22, 2011.

Reflects 3% of sales at the new rates and allocated to North Dakota on July Kwh sales only.

5/ Authorized in Case No. PU-10-124 with service rendered July 22, 2011.

Reflects margin for July 22-31 and allocated on July Kwh sales only.

6/ 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
SEPTEMBER 2011**

	2011				Total
	April	May	June	July	
Fuel & Purchased Power Costs					
Account 151 and 547	\$2,708,043	\$3,357,227	\$3,327,252	\$5,133,107	\$14,525,629
Account 555 Energy 1/	750,423	130,522	322,804	243,959	1,447,708
Account 555 Demand 2/	0	0	0	323,750	323,750
Account 575 Market Admin. 2/	0	0	0	36,751	36,751
Total Fuel & Purchased Power	\$3,458,466	\$3,487,749	\$3,650,056	\$5,737,567	\$16,333,838
Fuel Costs - Sales for Resale	2,741	211,407	177,262	321,376	712,786
System Costs	\$3,455,725	\$3,276,342	\$3,472,794	\$5,416,191	\$15,621,052
Sales for Resale - Margin	0	0	0	(206,826)	(206,826)
Total Costs - net of margin	\$3,455,725	\$3,276,342	\$3,472,794	\$5,209,365	\$15,414,226
Kwh Retail Sales	210,144,367	187,643,683	192,162,438	195,585,077	785,535,565
Cost Per Kwh	\$0.01644	\$0.01746	\$0.01807	\$0.02663	<u><u>\$0.01962</u></u>

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2/ Authorized in Case No. PU-10-124, effective with service rendered July 22, 2011.

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

Account No.	Account Description	2011			
		April	May	June	July
555.1	Purchased Power	(\$14,000)		\$3,189	
555.111	Day-Ahead Asset Energy	2,005,575	\$546,412	664,331	(\$941,350)
555.114	Real-Time Asset Energy	(81,640)	(111,549)	119,506	321,742
555.117	Real-Time Excessive Energy	(63)	46	(52)	(81)
555.118	Real-Time Non-Excessive Energy	(579,415)	(201,260)	(161,856)	589,731
555.1211	Day-Ahead Asset Congestion	(681,452)	(356,708)	(277,538)	37,842
555.1215	Real-Time Asset Congestion	17,203	46,276	2,259	(25,618)
555.1219	Real-Time Non-Excessive Congestion	105,197	137,825	(23,347)	(59,498)
555.1221	Financial Transmission Rights Hourly Allocation	(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	309	(79)	77	
555.1227	Financial Transmission Rights Guarantee Uplift Amt	1,591	81	(69)	
555.1230	Revenue Rights Transaction	(2,168)	(2,168)	(50,508)	(50,508)
555.1231	Annual Transaction	253	253		
555.1232	Revenue Rights Infeasible Uplift	533	533	4,585	4,585
555.1233	Revenue Rights Stage 2 Distribution	(51,022)	(51,275)	(38,961)	(38,887)
555.130	Real-Time Non-Excessive Loss	78,130	21,903	6,856	(82,863)
555.131	Day-Ahead Asset Loss	(102,877)	61,685	30,269	373,497
555.135	Real-Time Asset Loss	37,928	64,711	48,274	83,124
555.136	Real-Time Distribution of Loss	(36,243)	(32,744)	(31,007)	(53,433)
555.151	Day-Ahead Rev Suff Guarantee Distribution	8,322	6,300	9,455	16,818
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(2,242)	(38)		(6,049)
555.153	Real-Time Miscellaneous		(2)	(179)	(266)
555.154	Real-Time Net Inadvertent Distribution	(89)	(4,826)	(3,445)	(8,906)
555.155	Real-Time Revenue Neutrality Uplift	47,434	42,864	7,881	30,136
555.156	R-T Rev Suff Guarantee First Pass Distribution	15,477	21,682	31,987	57,978
555.157	R-T Rev Suff Guarantee Make Whole Payment	(281)	(21,871)	(15,780)	(8,238)
555.159	Day Ahead Schedule 24	4,178	4,088	4,406	5,257
555.160	Real Time Schedule 24	580	617	537	503
555.162	Real Time Price Volume Make Whole Payment	(19,989)	(29,211)	(7,172)	(11,665)
555.1700	Day-Ahead Regulation Amount	(15,880)	(13,620)	(6,401)	(961)
555.1701	Day-Ahead Spinning Reserve Amount	(32,299)	(27,947)	(16,032)	(418)
555.1710	Real-Time Net Regulation Adjustment	89	198	312	95
555.1711	Real-Time Excessive Deficient Energy Deployment	13	1	7	25
555.1713	Real-Time Regulation Amount	3,611	1,253	242	(4)
555.1714	Real-Time Spinning Reserve Amount	12,719	(826)	(2,830)	(20,329)
555.1716	Real-Time Regulation Cost Distribution	15,482	15,100	11,920	18,145
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	11,659	9,759	8,235	8,498
555.1718	Real-Time Supplemental Reserve Cost Distribution	4,874	5,245	3,802	5,057
Total Account 555 Charges		<u>\$750,423</u>	<u>\$130,522</u>	<u>\$322,804</u>	<u>\$243,959</u>