



# MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

# ORIGINAL

December 15, 2011

RECEIVED

DEC 16 2011

PUBLIC SERVICE COMMISSION

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.

	Primary	Secondary
Base Fuel	\$0.02024	\$0.02087
Fuel and Purchased Power Adjustment	0.00093	0.00128
Subtotal	\$0.02117	\$0.02215
Margin Sharing Adjustment	0.00200	0.00200
Deferred Generation	0.00161	0.00161
Total Adjustment billed under Rate 58	<u>\$0.02478</u>	<u>\$0.02576</u>

Exhibit A is 6<sup>th</sup> Revised Sheet No. 42.3 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after January 1, 2012.

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 January 2012. Pages 2-4 show the calculation of the adjustment for January 2012. 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 a decrease of 0.028 cents per Kwh for primary service customers and a decrease of 0.047 cents per Kwh for secondary service customers for service rendered in the month of January 2012. All of North Dakota's electric customers will be affected by this proposal. There were 78,960 electric customers in North Dakota as of November 30, 2011.

The decrease in the FCA for January is caused by the fact that the higher cost month of July, used in the December calculation, was replaced by the lower cost month of November.

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 also submits herewith a check for \$600.00 in accordance with North Dakota Century Code Section 49-05-05. This payment is to cover the filing fee associated with the Fuel and Purchased Power adjustment filings for January 2012 through December 2012.

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

Exhibit A

# Proposed Fuel and Purchased Power Adjustment



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Electric Rate Schedule

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NDPSC Volume 4

6<sup>th</sup> Revised Sheet No. 42.3

Canceling 5<sup>th</sup> Revised 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	0.093	0.128
Subtotal	2.117¢	2.215¢
Margin Sharing Adjustment	0.200	0.200
Deferred Generation	0.161	0.161
Total FPPA	2.478¢	2.576¢

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**Date Filed:** December 15, 2011

**Effective Date:**

**Issued By:** Tamie A. Aberle  
Regulatory Affairs Manager

**Case No.:**

**MONTANA-DAKOTA UTILITIES CO.  
FUEL COST ADJUSTMENT - NORTH DAKOTA  
JANUARY 2012 BILLING ADJUSTMENT SUMMARY**

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	\$0.00061	\$0.00096
Prior Adjustment	0.00089	0.00143
Change in Current Adjustment	<u>(0.00028)</u>	<u>(0.00047)</u>
<u>Surcharge Adjustment:</u>		
Current Adjustment	0.00032	0.00032
Prior Adjustment	0.00032	0.00032
Change in Surcharge Adjustment	<u>0.00000</u>	<u>0.00000</u>
<u>Margin Sharing Adjustment:</u>		
Current Adjustment	0.00200	0.00200
Prior Adjustment	0.00200	0.00200
Change in Margin Sharing Adjustment	<u>0.00000</u>	<u>0.00000</u>
<u>Deferred Generation Development Costs: 1/</u>		
Current Adjustment	0.00161	0.00161
Prior Adjustment	0.00161	0.00161
Change in Deferred generation development costs	<u>0.00000</u>	<u>0.00000</u>
Total Change in Fuel and Purchased Power	<u><u>(\$0.00028)</u></u>	<u><u>(\$0.00047)</u></u>
Base Cost of Fuel 2/	\$0.02024	\$0.02087
Current Adjustment	0.00061	0.00096
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>\$0.02478</u></u>	<u><u>\$0.02576</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.

**MONTANA-DAKOTA UTILITIES CO.  
FUEL AND PURCHASED POWER ADJUSTMENT - NORTH DAKOTA  
JANUARY 2012**

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$12,303,277	\$8,043,766	\$1,093,354	\$6,950,412
Account 555 Energy	5,220,270	3,412,963	463,909	2,949,054
Account 555 Demand 4/	1,027,751	719,398	49,998	669,400
Account 575 Market Admin. 4/	155,931	101,946	13,857	88,089
<b>Total Fuel &amp; Purchased Power</b>	<b>\$18,707,229</b>	<b>\$12,278,073</b>	<b>\$1,621,118</b>	<b>\$10,656,955</b>
Fuel Costs - Wholesale sales	350,440	229,114	31,142	197,972
System Costs	18,356,789	12,048,959	1,589,976	10,458,983
Wholesale sales Margin 4/	(95,933)	(62,720)	(8,525)	(54,195)
Revenue from Sale of RECs 5/	0	0	0	0
<b>Net System Costs</b>	<b>\$18,260,856</b>	<b>\$11,986,239</b>	<b>\$1,581,451</b>	<b>\$10,404,788</b>
Kwh Retail Sales	845,165,413	552,561,163	75,842,506	476,718,657
Cost of Fuel - per Kwh		\$0.02169	\$0.02085	\$0.02183
Base cost of Fuel			0.02024	0.02087
Current Adjustment			0.00061	0.00096

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2/ Energy allocated on 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.

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  
JANUARY 2012**

	2011				Total
	August	September	October	November	
Fuel & Purchased Power Costs					
Account 151 and 547	\$4,461,534	\$2,899,194	\$2,053,355	\$2,889,194	\$12,303,277
Account 555 Energy 1/	728,032	1,019,626	1,655,971	1,816,641	5,220,270
Account 555 Demand 2/	345,000	323,750	345,000	14,001	1,027,751
Account 575 Market Admin. 2/	38,519	30,126	35,502	51,784	155,931
Total Fuel & Purchased Power	\$5,573,085	\$4,272,696	\$4,089,828	\$4,771,620	\$18,707,229
Fuel Costs - Sales for Resale	278,492	71,239	0	709	350,440
System Costs	\$5,294,593	\$4,201,457	\$4,089,828	\$4,770,911	\$18,356,789
Sales for Resale - Margin 2/	(94,875)	(1,156)	0	98	(95,933)
Total Costs - net of margin	\$5,199,718	\$4,200,301	\$4,089,828	\$4,771,009	\$18,260,856
Kwh Retail Sales	250,155,546	210,989,106	191,692,005	192,328,756	845,165,413
Cost Per Kwh	\$0.02079	\$0.01991	\$0.02134	\$0.02481	<u>\$0.02161</u>

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2/ Authorized in Case No. PU-10-124.

**MONTANA-DAKOTA UTILITIES CO.**  
**ACCOUNT 555**  
**JANUARY 2012 BILLING ADJUSTMENT**

Account No.	Account Description	2011			
		August	September	October	November
555.1	Purchased Power	\$1,103			\$1,740
555.111	Day-Ahead Asset Energy	(57,225)	\$1,126,123	\$2,663,870	2,499,363
555.114	Real-Time Asset Energy	128,836	91,546	118,921	104,705
555.117	Real-Time Excessive Energy	(196)	(26)		(83)
555.118	Real-Time Non-Excessive Energy	329,501	(70,062)	(444,142)	(219,100)
555.1211	Day-Ahead Asset Congestion	160,207	(157,371)	(602,155)	(595,394)
555.1215	Real-Time Asset Congestion	1,915	(3,836)	(23,995)	(37,291)
555.1219	Real-Time Non-Excessive Congestion	(88,789)	7,530	93,727	76,432
555.1230	Revenue Rights Transaction	(50,508)	(1,594)	(1,594)	(1,594)
555.1232	Revenue Rights Infeasible Uplift	4,585	258	258	258
555.1233	Revenue Rights Stage 2 Distribution	(38,812)	(71,742)	(71,748)	(71,485)
555.130	Real-Time Non-Excessive Loss	(37,304)	1,540	47,270	32,146
555.131	Day-Ahead Asset Loss	240,864	(25,719)	(202,654)	(107,095)
555.135	Real-Time Asset Loss	84,864	63,216	35,121	42,855
555.136	Real-Time Distribution of Loss	(73,125)	(7,599)	(38,165)	(21,039)
555.151	Day-Ahead Rev Suff Guarantee Distribution	9,508	7,196	5,272	10,803
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(3,723)	(3,317)	(2,117)	
555.153	Real-Time Miscellaneous	(554)	(98)	(197)	(210)
555.154	Real-Time Net Inadvertent Distribution	(10,533)	23,356	(26,027)	(7,584)
555.155	Real-Time Revenue Neutrality Uplift	53,206	3,766	66,124	56,711
555.156	R-T Rev Suff Guarantee First Pass Distribution	60,345	24,837	19,611	24,461
555.157	R-T Rev Suff Guarantee Make Whole Payment	(3,571)	(21)		
555.159	Day Ahead Schedule 24	5,158	4,204	4,344	5,154
555.160	Real Time Schedule 24	475	499	498	652
555.162	Real Time Price Volume Make Whole Payment	(10,881)	(8,304)	(2,821)	(1,409)
555.1700	Day-Ahead Regulation Amount	(3,180)	(2,600)	(2,350)	(1,586)
555.1701	Day-Ahead Spinning Reserve Amount	(2,664)	(3,354)	(8,635)	(2,223)
555.1710	Real-Time Net Regulation Adjustment	30	149	49	24
555.1711	Real-Time Excessive Deficient Energy Deployment	3	11		4
555.1713	Real-Time Regulation Amount	871	(1,219)	(573)	(90)
555.1714	Real-Time Spinning Reserve Amount	(7,010)	(1,362)	1,450	(136)
555.1716	Real-Time Regulation Cost Distribution	19,306	11,881	12,314	15,805
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	11,260	7,551	10,187	7,454
555.1718	Real-Time Supplemental Reserve Cost Distribution	4,070	4,187	4,128	4,393
<b>Total Account 555 Charges</b>		<b>\$728,032</b>	<b>\$1,019,626</b>	<b>\$1,655,971</b>	<b>\$1,816,641</b>