

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

January 13, 2012

RECEIVED

JAN 17 2012

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.

	<u>Primary</u>	<u>Secondary</u>
Base Fuel	\$0.02024	\$0.02087
Fuel and Purchased Power Adjustment	0.00158	0.00168
Subtotal	\$0.02182	\$0.02255
Margin Sharing Adjustment	0.00200	0.00200
Deferred Generation	0.00161	0.00161
Total Adjustment billed under Rate 58	<u>\$0.02543</u>	<u>\$0.02616</u>

Exhibit A is 7th Revised Sheet No. 42.3 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after February 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 February 2012. Pages 2-4 show the calculation of the adjustment for February 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 an increase of 0.065 cents per Kwh for primary service customers and an increase of 0.040 cents per Kwh for secondary service customers for service rendered in the month of February 2012. All of North Dakota's electric customers will be affected by this proposal. There were 79,319 electric customers in North Dakota as of December 31, 2011.

The increase in the FCA for February is caused by the fact that the lower cost month of August, used in the January calculation, was replaced by the higher cost month of December.

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 December 15, 2011. 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

Exhibit A

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

7th Revised Sheet No. 42.3

Canceling 6th Revised Sheet No. 42.3

FUEL AND PURCHASED POWER ADJUSTMENT Rate 58

Page 4 of 4

7. Fuel and Purchased Power Adjustment:

	Primary	Secondary
Base Fuel	2.024¢	2.087¢
Fuel and Purchased Power Adjustment	0.158	0.168
Subtotal	2.182¢	2.255¢
Margin Sharing Adjustment	0.200	0.200
Deferred Generation	0.161	0.161
Total FPPA	2.543¢	2.616¢

Date Filed: January 13, 2012

Effective Date:

Issued By: Tamie A. Aberle
Regulatory Affairs Manager

Case No.:

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	\$0.00126	\$0.00136
Prior Adjustment	0.00061	0.00096
Change in Current Adjustment	<u>\$0.00065</u>	<u>\$0.00040</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>\$0.00065</u></u>	<u><u>\$0.00040</u></u>
Base Cost of Fuel 2/	\$0.02024	\$0.02087
Current Adjustment	0.00126	0.00136
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>\$0.02543</u></u>	<u><u>\$0.02616</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
FEBRUARY 2012**

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$11,428,611	\$7,480,915	\$985,775	\$6,495,140
Account 555 Energy	6,226,411	4,075,670	537,059	3,538,611
Account 555 Demand 4/	707,381	495,147	34,413	460,734
Account 575 Market Admin. 4/	165,174	108,119	14,247	93,872
Total Fuel & Purchased Power	\$18,527,577	\$12,159,851	\$1,571,494	\$10,588,357
Fuel Costs - Wholesale sales	72,171	47,242	6,225	41,017
System Costs	18,455,406	12,112,609	1,565,269	10,547,340
Wholesale sales Margin 4/	(1,082)	(708)	(93)	(615)
Revenue from Sale of RECs 5/	0	0	0	0
Net System Costs	\$18,454,324	\$12,111,901	\$1,565,176	\$10,546,725
Kwh Retail Sales	835,936,274	547,185,314	72,813,003	474,372,311
Cost of Fuel - per Kwh		\$0.02213	\$0.02150	\$0.02223
Base cost of Fuel			0.02024	0.02087
Current Adjustment			0.00126	0.00136

1/ Page 3.

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
FEBRUARY 2012**

	2011				Total
	September	October	November	December	
Fuel & Purchased Power Costs					
Account 151 and 547	\$2,899,194	\$2,053,355	\$2,889,194	\$3,586,868	\$11,428,611
Account 555 Energy 1/	1,019,626	1,655,971	1,816,641	1,734,173	6,226,411
Account 555 Demand 2/	323,750	345,000	14,001	24,630	707,381
Account 575 Market Admin. 2/	30,126	35,502	51,784	47,762	165,174
Total Fuel & Purchased Power	\$4,272,696	\$4,089,828	\$4,771,620	\$5,393,433	\$18,527,577
Fuel Costs - Sales for Resale	71,239	0	709	223	72,171
System Costs	\$4,201,457	\$4,089,828	\$4,770,911	\$5,393,210	\$18,455,406
Sales for Resale - Margin 2/	(1,156)	0	98	(24)	(1,082)
Total Costs - net of margin	\$4,200,301	\$4,089,828	\$4,771,009	\$5,393,186	\$18,454,324
Kwh Retail Sales	210,989,106	191,692,005	192,328,756	240,926,407	835,936,274
Cost Per Kwh	\$0.01991	\$0.02134	\$0.02481	\$0.02239	<u>\$0.02208</u>

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

MONTANA-DAKOTA UTILITIES CO.
ACCOUNT 555
FEBRUARY 2012 BILLING ADJUSTMENT

Account No.	Account Description	2011			
		September	October	November	December
555.1	Purchased Power			\$1,740	
555.111	Day-Ahead Asset Energy	\$1,126,123	\$2,663,870	2,499,363	\$2,737,298
555.114	Real-Time Asset Energy	91,546	118,921	104,705	(257,612)
555.117	Real-Time Excessive Energy	(26)		(83)	(2,083)
555.118	Real-Time Non-Excessive Energy	(70,062)	(444,142)	(219,100)	(405,062)
555.1211	Day-Ahead Asset Congestion	(157,371)	(602,155)	(595,394)	(497,571)
555.1215	Real-Time Asset Congestion	(3,836)	(23,995)	(37,291)	93,892
555.1219	Real-Time Non-Excessive Congestion	7,530	93,727	76,432	84,798
555.1230	Revenue Rights Transaction	(1,594)	(1,594)	(1,594)	(106)
555.1232	Revenue Rights Infeasible Uplift	258	258	258	11
555.1233	Revenue Rights Stage 2 Distribution	(71,742)	(71,748)	(71,485)	(60,506)
555.130	Real-Time Non-Excessive Loss	1,540	47,270	32,146	38,831
555.131	Day-Ahead Asset Loss	(25,719)	(202,654)	(107,095)	(125,161)
555.135	Real-Time Asset Loss	63,216	35,121	42,855	50,777
555.136	Real-Time Distribution of Loss	(7,599)	(38,165)	(21,039)	(33,471)
555.151	Day-Ahead Rev Suff Guarantee Distribution	7,196	5,272	10,803	8,323
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(3,317)	(2,117)		
555.153	Real-Time Miscellaneous	(98)	(197)	(210)	(259)
555.154	Real-Time Net Inadvertent Distribution	23,356	(26,027)	(7,584)	(6,255)
555.155	Real-Time Revenue Neutrality Uplift	3,766	66,124	56,711	71,734
555.156	R-T Rev Suff Guarantee First Pass Distribution	24,837	19,611	24,461	18,547
555.157	R-T Rev Suff Guarantee Make Whole Payment	(21)			
555.159	Day Ahead Schedule 24	4,204	4,344	5,154	5,946
555.160	Real Time Schedule 24	499	498	652	786
555.162	Real Time Price Volume Make Whole Payment	(8,304)	(2,821)	(1,409)	(10,062)
555.1700	Day-Ahead Regulation Amount	(2,600)	(2,350)	(1,586)	(411)
555.1701	Day-Ahead Spinning Reserve Amount	(3,354)	(8,635)	(2,223)	(1,369)
555.1710	Real-Time Net Regulation Adjustment	149	49	24	1
555.1711	Real-Time Excessive Deficient Energy Deployment	11		4	85
555.1713	Real-Time Regulation Amount	(1,219)	(573)	(90)	(86)
555.1714	Real-Time Spinning Reserve Amount	(1,362)	1,450	(136)	(2,305)
555.1716	Real-Time Regulation Cost Distribution	11,881	12,314	15,805	13,933
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	7,551	10,187	7,454	6,968
555.1718	Real-Time Supplemental Reserve Cost Distribution	4,187	4,128	4,393	4,562
Total Account 555 Charges		\$1,019,626	\$1,655,971	\$1,816,641	\$1,734,173