

February 14, 2012

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

Re: Fuel and Purchased Power Adjustment  
 Case No. PU-12-\_\_

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	0.00244	0.00234
Subtotal	<u>\$0.02268</u>	<u>\$0.02321</u>
Margin Sharing Adjustment	0.00200	0.00200
Deferred Generation	0.00161	0.00161
Total Adjustment billed under Rate 58	<u>\$0.02629</u>	<u>\$0.02682</u>

Exhibit A is 8<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 March 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 March 2012. Pages 2-4 show the calculation of the adjustment for March 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 0.086 cents per Kwh for primary service customers and an increase of 0.066 cents per Kwh for secondary service customers for service rendered in the month of March 2012. All of North Dakota's electric customers will be affected by this proposal. There were 79,451 electric customers in North Dakota as of January 31, 2012.


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

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

# 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

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

Canceling 7<sup>th</sup> Revised Sheet No. 42.3

### FUEL AND PURCHASED POWER ADJUSTMENT Rate 58

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Page 4 of 4

#### 7. Fuel and Purchased Power Adjustment:

	<u>Primary</u>	<u>Secondary</u>
Base Fuel	2.024¢	2.087¢
Fuel and Purchased Power Adjustment	0.244	0.234
Subtotal	2.268¢	2.321¢
Margin Sharing Adjustment	0.200	0.200
Deferred Generation	0.161	0.161
Total FPPA	2.629¢	2.682¢

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Date Filed: February 14, 2012

Effective Date:

Issued By: Tamie A. Aberle  
Regulatory Affairs Manager

Case No.:

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	\$0.00212	\$0.00202
Prior Adjustment	<u>0.00126</u>	<u>0.00136</u>
Change in Current Adjustment	\$0.00086	\$0.00066
<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
Total Change in Fuel and Purchased Power	<u><u>\$0.00086</u></u>	<u><u>\$0.00066</u></u>
Base Cost of Fuel 2/	\$0.02024	\$0.02087
Current Adjustment	0.00212	0.00202
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>\$0.02629</u></u>	<u><u>\$0.02682</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  
MARCH 2012**

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$11,972,828	\$7,860,772	\$1,023,439	\$6,837,333
Account 555 Energy	7,467,856	4,903,028	638,353	4,264,675
Account 555 Demand 4/	411,258	295,496	20,537	274,959
Account 575 Market Admin. 4/	182,447	119,786	15,596	104,190
<b>Total Fuel &amp; Purchased Power</b>	<b>\$20,034,389</b>	<b>\$13,179,082</b>	<b>\$1,697,925</b>	<b>\$11,481,157</b>
Fuel Costs - Wholesale sales	3,988	2,618	341	2,277
System Costs	20,030,401	13,176,464	1,697,584	11,478,880
Wholesale sales Margin 4/	412	270	35	235
Revenue from Sale of RECs 5/	0	0	0	0
<b>Net System Costs</b>	<b>\$20,030,813</b>	<b>\$13,176,734</b>	<b>\$1,697,619</b>	<b>\$11,479,115</b>
Kwh Retail Sales	879,391,616	577,365,455	75,911,385	501,454,070
Cost of Fuel - per Kwh		\$0.02282	\$0.02236	\$0.02289
Base cost of Fuel			0.02024	0.02087
Current Adjustment			0.00212	0.00202

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  
MARCH 2012**

	2011			2012	Total
	October	November	December	January	
Fuel & Purchased Power Costs					
Account 151 and 547	\$2,053,355	\$2,889,194	\$3,586,868	\$3,443,411	\$11,972,828
Account 555 Energy 1/	1,655,971	1,816,641	1,734,173	2,261,071	7,467,856
Account 555 Demand 2/	345,000	14,001	24,630	27,627	411,258
Account 575 Market Admin. 2/	35,502	51,784	47,762	47,399	182,447
<b>Total Fuel &amp; Purchased Power</b>	<b>\$4,089,828</b>	<b>\$4,771,620</b>	<b>\$5,393,433</b>	<b>\$5,779,508</b>	<b>\$20,034,389</b>
Fuel Costs - Sales for Resale	0	709	223	3,056	3,988
System Costs	\$4,089,828	\$4,770,911	\$5,393,210	\$5,776,452	\$20,030,401
Sales for Resale - Margin 2/	0	98	(24)	338	412
<b>Total Costs - net of margin</b>	<b>\$4,089,828</b>	<b>\$4,771,009</b>	<b>\$5,393,186</b>	<b>\$5,776,790</b>	<b>\$20,030,813</b>
Kwh Retail Sales	191,692,005	192,328,756	240,926,407	254,444,448	879,391,616
Cost Per Kwh	\$0.02134	\$0.02481	\$0.02239	\$0.02270	<u>\$0.02278</u>

1/ Page 4.

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

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

Account No.	Account Description	2011			2012
		October	November	December	January
555.1	Purchased Power		\$1,740		\$5,513
555.111	Day-Ahead Asset Energy	\$2,663,870	2,499,363	\$2,737,298	1,917,257
555.114	Real-Time Asset Energy	118,921	104,705	(257,612)	128,487
555.117	Real-Time Excessive Energy		(83)	(2,083)	176
555.118	Real-Time Non-Excessive Energy	(444,142)	(219,100)	(405,062)	(346,747)
555.1211	Day-Ahead Asset Congestion	(602,155)	(595,394)	(497,571)	(181,956)
555.1215	Real-Time Asset Congestion	(23,995)	(37,291)	93,892	99,999
555.1219	Real-Time Non-Excessive Congestion	93,727	76,432	84,798	701,049
555.1230	Revenue Rights Transaction	(1,594)	(1,594)	(106)	(106)
555.1232	Revenue Rights Infeasible Uplift	258	258	11	12
555.1233	Revenue Rights Stage 2 Distribution	(71,748)	(71,485)	(60,506)	(59,934)
555.130	Real-Time Non-Excessive Loss	47,270	32,146	38,831	47,935
555.131	Day-Ahead Asset Loss	(202,654)	(107,095)	(125,161)	(98,022)
555.135	Real-Time Asset Loss	35,121	42,855	50,777	21,401
555.136	Real-Time Distribution of Loss	(38,165)	(21,039)	(33,471)	(43,797)
555.151	Day-Ahead Rev Suff Guarantee Distribution	5,272	10,803	8,323	4,747
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(2,117)			
555.153	Real-Time Miscellaneous	(197)	(210)	(259)	(4,489)
555.154	Real-Time Net Inadvertent Distribution	(26,027)	(7,584)	(6,255)	(6,844)
555.155	Real-Time Revenue Neutrality Uplift	66,124	56,711	71,734	50,818
555.156	R-T Rev Suff Guarantee First Pass Distribution	19,611	24,461	18,547	11,395
555.159	Day Ahead Schedule 24	4,344	5,154	5,946	5,382
555.160	Real Time Schedule 24	498	652	786	838
555.162	Real Time Price Volume Make Whole Payment	(2,821)	(1,409)	(10,062)	(9,755)
555.1700	Day-Ahead Regulation Amount	(2,350)	(1,586)	(411)	(773)
555.1701	Day-Ahead Spinning Reserve Amount	(8,635)	(2,223)	(1,369)	(2,529)
555.1710	Real-Time Net Regulation Adjustment	49	24	1	100
555.1711	Real-Time Excessive Deficient Energy Deployment		4	85	15
555.1712	Real-Time Contingency Reserve Deployment				35
555.1713	Real-Time Regulation Amount	(573)	(90)	(86)	7
555.1714	Real-Time Spinning Reserve Amount	1,450	(136)	(2,305)	323
555.1716	Real-Time Regulation Cost Distribution	12,314	15,805	13,933	10,705
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	10,187	7,454	6,968	5,707
555.1718	Real-Time Supplemental Reserve Cost Distribution	4,128	4,393	4,562	4,122
Total Account 555 Charges		\$1,655,971	\$1,816,641	\$1,734,173	\$2,261,071