

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

April 17, 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	<u>0.00087</u>	<u>(0.00017)</u>
Subtotal	\$0.02111	\$0.02070
Margin Sharing Adjustment	0.00200	0.00200
Deferred Generation	<u>0.00161</u>	<u>0.00161</u>
Total Adjustment billed under Rate 58	<u>\$0.02472</u>	<u>\$0.02431</u>

Exhibit A is 10th Revised Sheet No. 42.3 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after May 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 May 2012. Pages 2-4 show the calculation of the adjustment for May 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 0.198 cents per Kwh for primary service customers and a decrease of 0.200 cents per Kwh for secondary service customers for service rendered in the month of May 2012. All of North Dakota's electric customers will be affected by this proposal. There were 80,008 electric customers in North Dakota as of March 31, 2012.

The decrease in the FCA for May is caused by the fact that the higher cost month of November, used in the April calculation, was replaced by the lower cost month of March.

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 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4

10th Revised Sheet No. 42.3

Canceling 9th 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	0.087	(0.017)
Subtotal	2.111¢	2.070¢
Margin Sharing Adjustment	0.200	0.200
Deferred Generation	0.161	0.161
Total FPPA	2.472¢	2.431¢

Date Filed: April 17, 2012

Effective Date:

Issued By: Tamie A. Aberle
Regulatory Affairs Manager

Case No.:

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	(\$0.00016)	(\$0.00052)
Prior Adjustment	0.00182	0.00148
Change in Current Adjustment	<u>(\$0.00198)</u>	<u>(\$0.00200)</u>
 <u>Surcharge Adjustment:</u>		
Current Adjustment	0.00103	0.00035
Prior Adjustment	0.00103	0.00035
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:</u> 1/		
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>(\$0.00198)</u></u>	 <u><u>(\$0.00200)</u></u>
Base Cost of Fuel 2/	\$0.02024	\$0.02087
Current Adjustment	(0.00016)	(0.00052)
Surcharge Adjustment	0.00103	0.00035
Margin Sharing Adjustment	0.00200	0.00200
Deferred generation development costs	0.00161	0.00161
Total Adjustment billed under Rate 58	<u><u>\$0.02472</u></u>	<u><u>\$0.02431</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
MAY 2012**

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$13,753,576	\$9,141,193	\$1,095,058	\$8,046,135
Account 555 Energy	5,746,420	3,819,307	457,529	3,361,778
Account 555 Demand 4/	77,757	55,870	3,883	51,987
Account 575 Market Admin. 4/	190,207	126,419	15,144	111,275
Total Fuel & Purchased Power	\$19,767,960	\$13,142,789	\$1,571,614	\$11,571,175
Fuel Costs - Wholesale sales	38,040	25,283	3,029	22,254
System Costs	19,729,920	13,117,506	1,568,585	11,548,921
Wholesale sales Margin 4/	4,157	2,763	331	2,432
Revenue from Sale of RECs 5/	0	(73,316)	(8,783)	(64,533)
Net System Costs	\$19,734,077	\$13,046,953	\$1,560,133	\$11,486,820
Kwh Retail Sales	966,025,139	642,060,089	77,681,990	564,378,099
Cost of Fuel - per Kwh		\$0.02032	\$0.02008	\$0.02035
Base cost of Fuel			0.02024	0.02087
Current Adjustment			(0.00016)	(0.00052)

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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
MAY 2012**

	2011	2012			Total
	December	January	February	March	
Fuel & Purchased Power Costs					
Account 151 and 547	\$3,586,868	\$3,443,411	\$3,419,067	\$3,304,230	\$13,753,576
Account 555 Energy 1/	1,734,173	2,261,071	1,119,339	631,837	5,746,420
Account 555 Demand 2/	24,630	27,627	12,750	12,750	77,757
Account 575 Market Admin. 2/	47,762	47,399	49,091	45,955	190,207
Total Fuel & Purchased Power	\$5,393,433	\$5,779,508	\$4,600,247	\$3,994,772	\$19,767,960
Fuel Costs - Sales for Resale	223	3,056	1,069	33,692	38,040
System Costs	\$5,393,210	\$5,776,452	\$4,599,178	\$3,961,080	\$19,729,920
Sales for Resale - Margin 2/	(24)	338	(177)	4,020	4,157
Total Costs - net of margin	\$5,393,186	\$5,776,790	\$4,599,001	\$3,965,100	\$19,734,077
Kwh Retail Sales	240,926,407	254,444,448	232,965,791	237,688,493	966,025,139
Cost Per Kwh	\$0.02239	\$0.02270	\$0.01974	\$0.01668	\$0.02043

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

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

Account No.	Account Description	2012			
		December	January	February	March
555.1	Purchased Power		\$5,513		
555.111	Day-Ahead Asset Energy	\$2,737,298	1,917,257	\$1,557,351	\$914,024
555.114	Real-Time Asset Energy	(257,612)	128,487	4,611	272,868
555.117	Real-Time Excessive Energy	(2,083)	176	(40)	1,715
555.118	Real-Time Non-Excessive Energy	(405,062)	(346,747)	(243,503)	(437,056)
555.1211	Day-Ahead Asset Congestion	(497,571)	(181,956)	(207,995)	(218,982)
555.1215	Real-Time Asset Congestion	93,892	99,999	(7,107)	(46,455)
555.1219	Real-Time Non-Excessive Congestion	84,798	701,049	17,892	91,670
555.1230	Revenue Rights Transaction	(106)	(106)	(106)	(1,294)
555.1232	Revenue Rights Infeasible Uplift	11	12	12	206
555.1233	Revenue Rights Stage 2 Distribution	(60,506)	(59,934)	(73,327)	(88,759)
555.130	Real-Time Non-Excessive Loss	38,831	47,935	27,925	48,348
555.131	Day-Ahead Asset Loss	(125,161)	(98,022)	(41,685)	14,674
555.135	Real-Time Asset Loss	50,777	21,401	44,884	(20,345)
555.136	Real-Time Distribution of Loss	(33,471)	(43,797)	(37,136)	(31,755)
555.151	Day-Ahead Rev Suff Guarantee Distribution	8,323	4,747	5,689	8,158
555.153	Real-Time Miscellaneous	(259)	(4,489)		
555.154	Real-Time Net Inadvertent Distribution	(6,255)	(6,844)	(7,147)	(4,482)
555.155	Real-Time Revenue Neutrality Uplift	71,734	50,818	56,829	107,963
555.156	R-T Rev Suff Guarantee First Pass Distribution	18,547	11,395	5,693	10,120
555.159	Day Ahead Schedule 24	5,946	5,382	5,444	4,965
555.160	Real Time Schedule 24	786	838	636	747
555.162	Real Time Price Volume Make Whole Payment	(10,062)	(9,755)	(6,687)	(7,940)
555.1700	Day-Ahead Regulation Amount	(411)	(773)	(285)	(405)
555.1701	Day-Ahead Spinning Reserve Amount	(1,369)	(2,529)	(3,376)	(6,862)
555.1710	Real-Time Net Regulation Adjustment	1	100	69	(13)
555.1711	Real-Time Excessive Deficient Energy Deployment	85	15	25	21
555.1712	Real-Time Contingency Reserve Deployment		35		
555.1713	Real-Time Regulation Amount	(86)	7	(217)	(100)
555.1714	Real-Time Spinning Reserve Amount	(2,305)	323	(1,072)	988
555.1716	Real-Time Regulation Cost Distribution	13,933	10,705	11,517	10,042
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	6,968	5,707	6,597	5,827
555.1718	Real-Time Supplemental Reserve Cost Distribution	4,562	4,122	3,848	3,949
Total Account 555 Charges		<u>\$1,734,173</u>	<u>\$2,261,071</u>	<u>\$1,119,339</u>	<u>\$631,837</u>