

June 18, 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	(0.00047)	(0.00153)
Subtotal	\$0.01977	\$0.01934
Margin Sharing Adjustment	0.00200	0.00200
Deferred Generation	0.00161	0.00161
Total Adjustment billed under Rate 58	<u>\$0.02338</u>	<u>\$0.02295</u>

Exhibit A is 12th Revised Sheet No. 42.3 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after July 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 July 2012. Pages 2-4 show the calculation of the adjustment for July 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 0.047 cents per Kwh for primary service customers and a decrease of 0.048 cents per Kwh for secondary service customers for service rendered in the month of July 2012. All of North Dakota's electric customers will be affected by this proposal. There were 80,753 electric customers in North Dakota as of May 31, 2012.

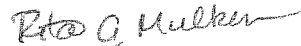
The decrease in the FCA for July is caused by the fact that the higher cost month of January, used in the June calculation, was replaced by the lower cost month of May.

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

12th Revised Sheet No. 42.3

Canceling 11th 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	(0.047)	(0.153)
Subtotal	1.977¢	1.934¢
Margin Sharing Adjustment	0.200	0.200
Deferred Generation	0.161	0.161
Total FPPA	2.338¢	2.295¢

Date Filed: June 18, 2012

Effective Date:

Issued By: Tamie A. Aberle
Regulatory Affairs Manager

Case No.:

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	(\$0.00150)	(\$0.00188)
Prior Adjustment	(0.00103)	(0.00140)
Change in Current Adjustment	<u>(\$0.00047)</u>	<u>(\$0.00048)</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: 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>(\$0.00047)</u></u>	 <u><u>(\$0.00048)</u></u>
Base Cost of Fuel 2/	\$0.02024	\$0.02087
Current Adjustment	(0.00150)	(0.00188)
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>\$0.02338</u></u>	<u><u>\$0.02295</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
JULY 2012**

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$11,680,356	\$7,742,905	\$1,021,078	\$6,721,827
Account 555 Energy	4,520,061	2,996,347	395,137	2,601,210
Account 555 Demand 4/	51,000	36,644	2,547	34,097
Account 575 Market Admin. 4/	155,617	103,158	13,604	89,554
Total Fuel & Purchased Power	\$16,407,034	\$10,879,054	\$1,432,366	\$9,446,688
Fuel Costs - Wholesale sales	48,948	32,448	4,279	28,169
System Costs	16,358,086	10,846,606	1,428,087	9,418,519
Wholesale sales Margin 4/	6,235	4,133	545	3,588
Revenue from Sale of RECs 5/	0	(73,316)	(9,668)	(63,648)
Net System Costs	\$16,364,321	\$10,777,423	\$1,418,964	\$9,358,459
Kwh Retail Sales	857,626,557	568,520,455	75,709,821	492,810,634
Cost of Fuel - per Kwh		\$0.01896	\$0.01874	\$0.01899
Base cost of Fuel			0.02024	0.02087
Current Adjustment			(0.00150)	(0.00188)

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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
JULY 2012**

	2012				Total
	February	March	April	May	
Fuel & Purchased Power Costs					
Account 151 and 547	\$3,419,067	\$3,304,230	\$2,275,710	\$2,681,349	\$11,680,356
Account 555 Energy 1/	1,119,339	631,837	1,285,326	1,483,559	4,520,061
Account 555 Demand 2/	12,750	12,750	12,750	12,750	51,000
Account 575 Market Admin. 2/	49,091	45,955	29,020	31,551	155,617
Total Fuel & Purchased Power	\$4,600,247	\$3,994,772	\$3,602,806	\$4,209,209	\$16,407,034
Fuel Costs - Sales for Resale	1,069	33,692	0	14,187	48,948
System Costs	\$4,599,178	\$3,961,080	\$3,602,806	\$4,195,022	\$16,358,086
Sales for Resale - Margin 2/	(177)	4,020	0	2,392	6,235
Total Costs - net of margin	\$4,599,001	\$3,965,100	\$3,602,806	\$4,197,414	\$16,364,321
Kwh Retail Sales	232,965,791	237,688,493	192,649,483	194,322,790	<u>857,626,557</u>
Cost Per Kwh	\$0.01974	\$0.01668	\$0.01870	\$0.02160	<u><u>\$0.01908</u></u>

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

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

Account No.	Account Description	2012			
		February	March	April	May
555.1	Purchased Power				\$2,412
555.111	Day-Ahead Asset Energy	\$1,557,351	\$914,024	\$2,221,145	2,038,810
555.114	Real-Time Asset Energy	4,611	272,868	(10,889)	33,968
555.117	Real-Time Excessive Energy	(40)	1,715	(1,908)	476
555.118	Real-Time Non-Excessive Energy	(243,503)	(437,056)	(451,247)	(354,894)
555.1211	Day-Ahead Asset Congestion	(207,995)	(218,982)	(407,696)	(286,011)
555.1215	Real-Time Asset Congestion	(7,107)	(46,455)	(79)	(17,405)
555.1219	Real-Time Non-Excessive Congestion	17,892	91,670	54,120	37,186
555.1225	Financial Transimission Rights Yearly Allocation			(67)	
555.1226	Financial Transmission Rights Funding Guarantee Amt			67	
555.1227	Financial Transmission Rights Guarantee Uplift Amt			(77)	
555.1230	Revenue Rights Transaction	(106)	(1,294)	(1,294)	(1,294)
555.1232	Revenue Rights Infeasible Uplift	12	206	206	206
555.1233	Revenue Rights Stage 2 Distribution	(73,327)	(88,759)	(88,555)	(88,756)
555.130	Real-Time Non-Excessive Loss	27,925	48,348	46,835	36,990
555.131	Day-Ahead Asset Loss	(41,685)	14,674	(190,634)	(83,620)
555.135	Real-Time Asset Loss	44,884	(20,345)	75,627	111,483
555.136	Real-Time Distribution of Loss	(37,136)	(31,755)	(21,379)	(23,940)
555.151	Day-Ahead Rev Suff Guarantee Distribution	5,689	8,158	5,659	9,942
555.153	Real-Time Miscellaneous			(3,345)	378
555.154	Real-Time Net Inadvertent Distribution	(7,147)	(4,482)	644	258
555.155	Real-Time Revenue Neutrality Uplift	56,829	107,963	39,801	65,535
555.156	R-T Rev Suff Guarantee First Pass Distribution	5,693	10,120	16,697	14,160
555.157	R-T Rev Suff Guarantee Make Whole Payment				(4,868)
555.159	Day Ahead Schedule 24	5,444	4,965	4,056	4,418
555.160	Real Time Schedule 24	636	747	544	605
555.162	Real Time Price Volume Make Whole Payment	(6,687)	(7,940)	(11,204)	(17,722)
555.1700	Day-Ahead Regulation Amount	(285)	(405)	(652)	(3,270)
555.1701	Day-Ahead Spinning Reserve Amount	(3,376)	(6,862)	(11,188)	(23,176)
555.1710	Real-Time Net Regulation Adjustment	69	(13)	87	77
555.1711	Real-Time Excessive Deficient Energy Deployment	25	21	21	62
555.1713	Real-Time Regulation Amount	(217)	(100)	(95)	143
555.1714	Real-Time Spinning Reserve Amount	(1,072)	988	(1,962)	3,256
555.1716	Real-Time Regulation Cost Distribution	11,517	10,042	10,745	12,997
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	6,597	5,827	8,038	10,738
555.1718	Real-Time Supplemental Reserve Cost Distribution	3,848	3,949	3,305	4,415
Total Account 555 Charges		<u>\$1,119,339</u>	<u>\$631,837</u>	<u>\$1,285,326</u>	<u>\$1,483,559</u>