

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

August 15, 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	0.00542	0.00491
Subtotal	\$0.02566	\$0.02578
Deferred Generation	0.00154	0.00154
Total Adjustment billed under Rate 58	<u>\$0.02720</u>	<u>\$0.02732</u>

Exhibit A is 4<sup>th</sup> Revised Sheet No. 42.2 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after September 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 September 2012. Pages 2-4 show the calculation of the adjustment for September 2012. The adjustment also reflects the Big Stone II development costs established for the period August 1, 2012 through July 31, 2013 as authorized in Case Nos. PU-09-731 and PU-09-733.

The net effect of this F&PP adjustment is an increase of 0.498 cents per Kwh for primary service customers and an increase of 0.527 cents per Kwh for secondary service customers for service rendered in the month of September 2012. All of North Dakota's electric customers will be affected by this proposal. There were 81,404 electric customers in North Dakota as of July 31, 2012.

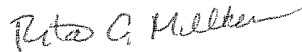
The increase in the FCA for September is caused by the fact that the lower cost month of March, used in the August calculation, was replaced by the higher cost month of July.

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 Cost Tracking 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

NDPSC Volume 4

4<sup>th</sup> Revised Sheet No. 42.2

Canceling 3<sup>rd</sup> Revised Sheet No. 42.2

### FUEL AND PURCHASED POWER ADJUSTMENT Rate 58

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2. Refunds from supplier(s) and market operators with respect to fuel and purchased power costs.
3. Carrying charges or credits at a rate equal to the three-month Treasury Bill rate as published monthly by the Federal Reserve Board.
4. The balance in the Deferred Fuel Cost Account shall be decreased each month by the amount of the Surcharge Adjustment multiplied by the Kwh sales for the month. The amount amortized shall be applied pro rata between the Deferred Fuel Cost Account and the interest balance.

#### 5. Other Adjustments:

The amortization of the Deferred Generation costs pursuant to Case No. PU-09-731 shall reflect the amount approved by the Commission. Costs shall be included in the Fuel and Purchased Power Adjustment on a per Kwh basis.

#### 6. Manner of Filing:

The Company shall file a monthly statement showing the calculation of the Fuel and Purchased Power Adjustment with the Commission prior to implementing the monthly adjustment. The adjustment in rates shall be effective with service rendered on and after the first day of each month, unless the Commission shall otherwise order.

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

	Primary	Secondary
Base Fuel	2.024¢	2.087¢
Fuel and Purchased Power Adjustment	0.542	0.491
Subtotal	2.566¢	2.578¢
Deferred Generation	0.154	0.154
Total FPPA	2.720¢	2.732¢

Date Filed: August 15, 2012

Effective Date:

Issued By:

Case No.:

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	\$0.00439	\$0.00456
Prior Adjustment	(0.00059)	(0.00071)
Change in Current Adjustment	<u>\$0.00498</u>	<u>\$0.00527</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>Deferred Generation Development Costs:</u> 1/		
Current Adjustment	0.00154	0.00154
Prior Adjustment	0.00154	0.00154
Change in Deferred generation development costs	<u>0.00000</u>	<u>0.00000</u>
 Total Change in Fuel and Purchased Power	 <u><u>\$0.00498</u></u>	 <u><u>\$0.00527</u></u>
 Base Cost of Fuel 2/	 \$0.02024	 \$0.02087
Current Adjustment	0.00439	0.00456
Surcharge Adjustment	0.00103	0.00035
Deferred generation development costs	0.00154	0.00154
Total Adjustment billed under Rate 58	<u><u>\$0.02720</u></u>	<u><u>\$0.02732</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, 2012 through July 31, 2013 as filed on July 12, 2012.
- 2/ Established in Case No. PU-10-124.

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

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$12,401,221	\$8,187,794	\$1,137,410	\$7,050,384
Account 555 Energy	7,421,952	4,900,277	680,723	4,219,554
Account 555 Demand 4/	676,250	485,898	33,770	452,128
Account 575 Market Admin. 4/	128,188	84,635	11,757	72,878
<b>Total Fuel &amp; Purchased Power</b>	<b>\$20,627,611</b>	<b>\$13,658,604</b>	<b>\$1,863,660</b>	<b>\$11,794,944</b>
Fuel Costs - Wholesale sales	26,595	17,559	2,439	15,120
System Costs	20,601,016	13,641,045	1,861,221	11,779,824
Wholesale sales Margin 4/	(1,220)	(805)	(112)	(693)
Revenue from Sale of RECs 5/	0	0	0	0
<b>Net System Costs</b>	<b>\$20,599,796</b>	<b>\$13,640,240</b>	<b>\$1,861,109</b>	<b>\$11,779,131</b>
Kwh Retail Sales	816,067,185	538,800,973	75,577,888	463,223,085
Cost of Fuel - per Kwh		\$0.02532	\$0.02463	\$0.02543
Base cost of Fuel			0.02024	0.02087
Current Adjustment			0.00439	0.00456

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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**  
**SEPTEMBER 2012**

	2012				Total
	April	May	June	July	
Fuel & Purchased Power Costs					
Account 151 and 547	\$2,275,710	\$2,681,349	\$2,719,324	\$4,724,838	\$12,401,221
Account 555 Energy 1/	1,285,326	1,483,559	1,765,525	2,887,542	7,421,952
Account 555 Demand 2/	12,750	12,750	331,750	319,000	676,250
Account 575 Market Admin. 2/	29,020	31,551	33,960	33,657	128,188
<b>Total Fuel &amp; Purchased Power</b>	<b>\$3,602,806</b>	<b>\$4,209,209</b>	<b>\$4,850,559</b>	<b>\$7,965,037</b>	<b>\$20,627,611</b>
Fuel Costs - Sales for Resale	0	14,187	5,955	6,453	26,595
System Costs	\$3,602,806	\$4,195,022	\$4,844,604	\$7,958,584	\$20,601,016
Sales for Resale - Margin 2/	0	2,392	296	(3,908)	(1,220)
<b>Total Costs - net of margin</b>	<b>\$3,602,806</b>	<b>\$4,197,414</b>	<b>\$4,844,900</b>	<b>\$7,954,676</b>	<b>\$20,599,796</b>
Kwh Retail Sales	192,649,483	194,322,790	198,361,989	230,732,923	816,067,185
Cost Per Kwh	\$0.01870	\$0.02160	\$0.02442	\$0.03448	<u>\$0.02524</u>

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

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

Account No.	Account Description	2012			
		April	May	June	July
555.1	Purchased Power		\$2,412		
555.111	Day-Ahead Asset Energy	\$2,221,145	2,038,810	\$2,816,436	\$3,137,203
555.114	Real-Time Asset Energy	(10,889)	33,968	55,331	(55,140)
555.115	Real-Time Non-Asset Energy				(198)
555.117	Real-Time Excessive Energy	(1,908)	476	903	(581)
555.118	Real-Time Non-Excessive Energy	(451,247)	(354,894)	(565,120)	(337,868)
555.1211	Day-Ahead Asset Congestion	(407,696)	(286,011)	(458,477)	256,780
555.1215	Real-Time Asset Congestion	(79)	(17,405)	9,571	7,480
555.1219	Real-Time Non-Excessive Congestion	54,120	37,186	(13,168)	(52,260)
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	(1,294)	(1,294)	(43,604)	(43,604)
555.1232	Revenue Rights Infeasible Uplift	206	206	564	564
555.1233	Revenue Rights Stage 2 Distribution	(88,555)	(88,756)	(65,743)	(65,743)
555.130	Real-Time Non-Excessive Loss	46,835	36,990	62,488	26,381
555.131	Day-Ahead Asset Loss	(190,634)	(83,620)	(158,165)	(52,369)
555.135	Real-Time Asset Loss	75,627	111,483	64,823	199,615
555.136	Real-Time Distribution of Loss	(21,379)	(23,940)	(24,285)	(16,592)
555.151	Day-Ahead Rev Suff Guarantee Distribution	5,659	9,942	8,514	14,737
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt			(918)	(11,642)
555.153	Real-Time Miscellaneous	(3,345)	378	(324)	(124)
555.154	Real-Time Net Inadvertent Distribution	644	258	(1,552)	(1,890)
555.155	Real-Time Revenue Neutrality Uplift	39,801	65,535	54,581	38,746
555.156	R-T Rev Suff Guarantee First Pass Distribution	16,697	14,160	20,034	34,626
555.157	R-T Rev Suff Guarantee Make Whole Payment		(4,868)	(1,261)	(23,804)
555.159	Day Ahead Schedule 24	4,056	4,418	4,854	6,086
555.160	Real Time Schedule 24	544	605	677	631
555.161	Real Time Schedule 24 Distribution				2
555.162	Real Time Price Volume Make Whole Payment	(11,204)	(17,722)	(11,765)	(25,777)
555.1700	Day-Ahead Regulation Amount	(652)	(3,270)	(757)	(329)
555.1701	Day-Ahead Spinning Reserve Amount	(11,188)	(23,176)	(8,047)	(12,700)
555.1710	Real-Time Net Regulation Adjustment	87	77	62	203
555.1711	Real-Time Excessive Deficient Energy Deployment	21	62	30	22
555.1713	Real-Time Regulation Amount	(95)	143	471	(806)
555.1714	Real-Time Spinning Reserve Amount	(1,962)	3,256	(9,439)	(189,283)
555.1716	Real-Time Regulation Cost Distribution	10,745	12,997	12,189	18,597
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	8,038	10,738	9,985	30,600
555.1718	Real-Time Supplemental Reserve Cost Distribution	3,305	4,415	6,637	5,979
Total Account 555 Charges		\$1,285,326	\$1,483,559	\$1,765,525	\$2,887,542