



**MONTANA-DAKOTA**  
UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

November 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 two (2) 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	0.00474	0.00456
Subtotal	<u>\$0.02498</u>	<u>\$0.02543</u>
Deferred Generation	0.00154	0.00154
Total Adjustment billed under Rate 58	<u>\$0.02652</u>	<u>\$0.02697</u>

Exhibit A is 7<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 December 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 December 2012. Pages 2-4 show the calculation of the adjustment for December 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 a decrease of 0.053 cents per Kwh for primary service customers and a decrease of 0.056 cents per Kwh for secondary service customers for service rendered in the month of December 2012. All of North Dakota's electric customers will be affected by this proposal. There were 82,527 electric customers in North Dakota as of October 31, 2012.

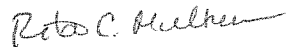
The decrease in the FCA for December is caused by the fact that the higher cost month of June, used in the November calculation, was replaced by the lower cost month of October.

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  
Director of Regulatory Affairs

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  
7<sup>th</sup> Revised Sheet No. 42.2  
Canceling 6<sup>th</sup> Revised Sheet No. 42.2

### FUEL AND PURCHASED POWER ADJUSTMENT Rate 58

Page 3 of 3

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:**

	<u>Primary</u>	<u>Secondary</u>
Base Fuel	2.024¢	2.087¢
Fuel and Purchased Power Adjustment	0.474	0.456
Subtotal	2.498¢	2.543¢
Deferred Generation	0.154	0.154
Total FPPA	2.652¢	2.697¢

Date Filed: November 15, 2012

Effective Date:

Issued By: Tamie A. Aberle  
Director - Regulatory Affairs

Case No.:

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	\$0.00371	\$0.00421
Prior Adjustment	0.00424	0.00477
Change in Current Adjustment	<u>(\$0.00053)</u>	<u>(\$0.00056)</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: 1/</u>		
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>(\$0.00053)</u></u>	 <u><u>(\$0.00056)</u></u>
Base Cost of Fuel 2/	\$0.02024	\$0.02087
Current Adjustment	0.00371	0.00421
Surcharge Adjustment	0.00103	0.00035
Deferred generation development costs	0.00154	0.00154
Total Adjustment billed under Rate 58	<u><u>\$0.02652</u></u>	<u><u>\$0.02697</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  
DECEMBER 2012**

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$16,227,003	\$10,722,076	\$1,422,291	\$9,299,785
Account 555 Energy	5,156,640	3,407,277	451,978	2,955,299
Account 555 Demand 4/	1,314,250	944,313	65,630	878,683
Account 575 Market Admin. 4/	133,619	88,289	11,712	76,577
<b>Total Fuel &amp; Purchased Power</b>	<b>\$22,831,512</b>	<b>\$15,161,955</b>	<b>\$1,951,611</b>	<b>\$13,210,344</b>
Fuel Costs - Wholesale sales	207,868	137,350	18,220	119,130
System Costs	22,623,644	15,024,605	1,933,391	13,091,214
Wholesale sales Margin 4/	(9,802)	(6,477)	(859)	(5,618)
Revenue from Sale of RECs 5/	0	0	0	0
<b>Net System Costs</b>	<b>\$22,613,842</b>	<b>\$15,018,128</b>	<b>\$1,932,532</b>	<b>\$13,085,596</b>
Kwh Retail Sales	911,720,368	602,423,964	80,697,286	521,726,678
Cost of Fuel - per Kwh		\$0.02493	\$0.02395	\$0.02508
Base cost of Fuel			0.02024	0.02087
Current Adjustment			0.00371	0.00421

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  
DECEMBER 2012**

	2012				Total
	July	August	September	October	
Fuel & Purchased Power Costs					
Account 151 and 547	\$4,724,838	\$4,436,307	\$3,270,447	\$3,795,411	\$16,227,003
Account 555 Energy 1/	2,887,542	1,226,275	460,313	582,510	5,156,640
Account 555 Demand 2/	319,000	344,500	331,750	319,000	1,314,250
Account 575 Market Admin. 2/	33,657	27,705	33,068	39,189	133,619
 Total Fuel & Purchased Power	 \$7,965,037	 \$6,034,787	 \$4,095,578	 \$4,736,110	 \$22,831,512
Fuel Costs - Sales for Resale	6,453	110,458	61,282	29,675	207,868
System Costs	\$7,958,584	\$5,924,329	\$4,034,296	\$4,706,435	\$22,623,644
Sales for Resale - Margin 2/	(3,908)	(8,927)	9,416	(6,383)	(9,802)
Total Costs - net of margin	\$7,954,676	\$5,915,402	\$4,043,712	\$4,700,052	\$22,613,842
 Kwh Retail Sales	 230,732,923	 258,598,987	 209,577,277	 212,811,181	 911,720,368
Cost Per Kwh	\$0.03448	\$0.02287	\$0.01929	\$0.02209	\$0.02480

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

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

Account No.	Account Description	2012			
		July	August	September	October
555.1	Purchased Power		\$1,213		
555.111	Day-Ahead Asset Energy	\$3,137,203	1,004,613	\$753,277	\$1,174,439
555.114	Real-Time Asset Energy	(55,140)	(103,577)	45,646	114,256
555.115	Real-Time Non-Asset Energy	(198)			
555.117	Real-Time Excessive Energy	(581)	(292)	(19)	(172)
555.118	Real-Time Non-Excessive Energy	(337,868)	(64,110)	(236,124)	(415,593)
555.1211	Day-Ahead Asset Congestion	256,780	186,129	(148,114)	(324,359)
555.1215	Real-Time Asset Congestion	7,480	6,497	(9,081)	(13,190)
555.1219	Real-Time Non-Excessive Congestion	(52,260)	73,107	41,258	22,056
555.1230	Revenue Rights Transaction	(43,604)	(43,604)	(24,965)	(24,965)
555.1232	Revenue Rights Infeasible Uplift	564	564	4,336	4,336
555.1233	Revenue Rights Stage 2 Distribution	(65,743)	(65,459)	(116,120)	(115,987)
555.130	Real-Time Non-Excessive Loss	26,381	15,922	26,500	51,750
555.131	Day-Ahead Asset Loss	(52,369)	44,750	31,927	(15,176)
555.135	Real-Time Asset Loss	199,615	129,460	60,910	61,687
555.136	Real-Time Distribution of Loss	(16,592)	(12,549)	(18,707)	(8,629)
555.151	Day-Ahead Rev Suff Guarantee Distribution	14,737	4,572	4,872	8,341
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(11,642)			(23)
555.153	Real-Time Miscellaneous	(124)	(3,003)	480	
555.154	Real-Time Net Inadvertent Distribution	(1,890)	(3,417)	(1,584)	(1,159)
555.155	Real-Time Revenue Neutrality Uplift	38,746	36,813	23,074	36,758
555.156	R-T Rev Suff Guarantee First Pass Distribution	34,626	12,159	7,877	10,470
555.157	R-T Rev Suff Guarantee Make Whole Payment	(23,804)	2		25
555.159	Day Ahead Schedule 24	6,086	4,799	5,065	5,450
555.160	Real Time Schedule 24	631	539	471	672
555.161	Real Time Schedule 24 Distribution	2			
555.162	Real Time Price Volume Make Whole Payment	(25,777)	(19,358)	(5,557)	(7,733)
555.1700	Day-Ahead Regulation Amount	(329)	(935)	(647)	(598)
555.1701	Day-Ahead Spinning Reserve Amount	(12,700)	(5,281)	(5,109)	(8,151)
555.1710	Real-Time Net Regulation Adjustment	203		11	63
555.1711	Real-Time Excessive Deficient Energy Deployment	22	36	21	54
555.1713	Real-Time Regulation Amount	(806)	229	42	(912)
555.1714	Real-Time Spinning Reserve Amount	(189,283)	(912)	2,165	479
555.1716	Real-Time Regulation Cost Distribution	18,597	13,294	9,912	14,107
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	30,600	7,695	5,767	7,838
555.1718	Real-Time Supplemental Reserve Cost Distribution	5,979	6,379	2,729	6,376
Total Account 555 Charges		<u>\$2,887,542</u>	<u>\$1,226,275</u>	<u>\$460,313</u>	<u>\$582,510</u>