

December 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 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	0.00282	0.00269
Subtotal	\$0.02306	\$0.02356
Deferred Generation	0.00154	0.00154
Total Adjustment billed under Rate 58	<u>\$0.02460</u>	<u>\$0.02510</u>

Exhibit A is 8<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 January 1, 2013.

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 January 2013. Pages 2-4 show the calculation of the adjustment for January 2013. 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 0.192 cents per Kwh for primary service customers and a decrease of 0.187 cents per Kwh for secondary service customers for service rendered in the month of January 2013. All of North Dakota's electric customers will be affected by this proposal. There were 82,965 electric customers in North Dakota as of November 30, 2012.

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

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 also submits herewith a check for \$600.00 in accordance with North Dakota Century Code Section 49-05-05. This payment is to cover the filing fee associated with the Fuel and Purchased Power adjustment filings for January 2013 through December 2013.

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

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

Canceling 7<sup>th</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:

	<u>Primary</u>	<u>Secondary</u>
Base Fuel	2.024¢	2.087¢
Fuel and Purchased Power Adjustment	0.282	0.269
Subtotal	2.306¢	2.356¢
Deferred Generation	0.154	0.154
Total FPPA	2.460¢	2.510¢

Date Filed: December 14, 2012

Effective Date:

Issued By: Tamie A. Aberle  
Director - Regulatory Affairs

Case No.:

**MONTANA-DAKOTA UTILITIES CO.  
FUEL COST ADJUSTMENT - NORTH DAKOTA  
JANUARY 2013 BILLING ADJUSTMENT SUMMARY**

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	\$0.00179	\$0.00234
Prior Adjustment	0.00371	0.00421
Change in Current Adjustment	<u>(\$0.00192)</u>	<u>(\$0.00187)</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>(\$0.00192)</u></u>	 <u><u>(\$0.00187)</u></u>
 Base Cost of Fuel 2/	 \$0.02024	 \$0.02087
Current Adjustment	0.00179	0.00234
Surcharge Adjustment	0.00103	0.00035
Deferred generation development costs	0.00154	0.00154
Total Adjustment billed under Rate 58	<u><u>\$0.02460</u></u>	<u><u>\$0.02510</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  
JANUARY 2013**

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$15,014,165	\$9,924,916	\$1,358,181	\$8,566,735
Account 555 Energy	4,169,998	2,756,522	377,218	2,379,304
Account 555 Demand 4/	1,339,750	962,635	66,903	895,732
Account 575 Market Admin. 4/	144,747	95,683	13,094	82,589
<b>Total Fuel &amp; Purchased Power</b>	<b>\$20,668,660</b>	<b>\$13,739,756</b>	<b>\$1,815,396</b>	<b>\$11,924,360</b>
Fuel Costs - Wholesale sales	221,260	146,261	20,015	126,246
System Costs	20,447,400	13,593,495	1,795,381	11,798,114
Wholesale sales Margin 4/	(12,010)	(7,939)	(1,086)	(6,853)
Revenue from Sale of RECs 5/	0	0	0	0
<b>Net System Costs</b>	<b>\$20,435,390</b>	<b>\$13,585,556</b>	<b>\$1,794,295</b>	<b>\$11,791,261</b>
Kwh Retail Sales	891,828,641	589,531,571	81,463,760	508,067,811
Cost of Fuel - per Kwh		\$0.02304	\$0.02203	\$0.02321
Base cost of Fuel			0.02024	0.02087
Current Adjustment			0.00179	0.00234

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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  
JANUARY 2013**

	2012				Total
	August	September	October	November	
Fuel & Purchased Power Costs					
Account 151 and 547	\$4,436,307	\$3,270,447	\$3,795,411	\$3,512,000	\$15,014,165
Account 555 Energy 1/	1,226,275	460,313	582,510	1,900,900	4,169,998
Account 555 Demand 2/	344,500	331,750	319,000	344,500	1,339,750
Account 575 Market Admin. 2/	27,705	33,068	39,189	44,785	144,747
<b>Total Fuel &amp; Purchased Power</b>	<b>\$6,034,787</b>	<b>\$4,095,578</b>	<b>\$4,736,110</b>	<b>\$5,802,185</b>	<b>\$20,668,660</b>
Fuel Costs - Sales for Resale	110,458	61,282	29,675	19,845	221,260
System Costs	\$5,924,329	\$4,034,296	\$4,706,435	\$5,782,340	\$20,447,400
Sales for Resale - Margin 2/	(8,927)	9,416	(6,383)	(6,116)	(12,010)
<b>Total Costs - net of margin</b>	<b>\$5,915,402</b>	<b>\$4,043,712</b>	<b>\$4,700,052</b>	<b>\$5,776,224</b>	<b>\$20,435,390</b>
Kwh Retail Sales	258,598,987	209,577,277	212,811,181	210,841,196	891,828,641
Cost Per Kwh	\$0.02287	\$0.01929	\$0.02209	\$0.02740	\$0.02291

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

**MONTANA-DAKOTA UTILITIES CO.  
ACCOUNT 555  
JANUARY 2013 BILLING ADJUSTMENT**

Account No.	Account Description	2012			
		August	September	October	November
555.1	Purchased Power	\$1,213			
555.111	Day-Ahead Asset Energy	1,004,613	\$753,277	\$1,174,439	\$2,512,555
555.114	Real-Time Asset Energy	(103,577)	45,646	114,256	48,951
555.117	Real-Time Excessive Energy	(292)	(19)	(172)	(134)
555.118	Real-Time Non-Excessive Energy	(64,110)	(236,124)	(415,593)	(263,952)
555.1211	Day-Ahead Asset Congestion	186,129	(148,114)	(324,359)	(327,975)
555.1215	Real-Time Asset Congestion	6,497	(9,081)	(13,190)	9,194
555.1219	Real-Time Non-Excessive Congestion	73,107	41,258	22,056	(9,658)
555.1230	Revenue Rights Transaction	(43,604)	(24,965)	(24,965)	(24,965)
555.1232	Revenue Rights Infeasible Uplift	564	4,336	4,336	4,336
555.1233	Revenue Rights Stage 2 Distribution	(65,459)	(116,120)	(115,987)	(115,987)
555.130	Real-Time Non-Excessive Loss	15,922	26,500	51,750	31,178
555.131	Day-Ahead Asset Loss	44,750	31,927	(15,176)	(107,723)
555.135	Real-Time Asset Loss	129,460	60,910	61,687	5,014
555.136	Real-Time Distribution of Loss	(12,549)	(18,707)	(8,629)	(15,445)
555.151	Day-Ahead Rev Suff Guarantee Distribution	4,572	4,872	8,341	7,758
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt			(23)	(46)
555.153	Real-Time Miscellaneous	(3,003)	480		39,908
555.154	Real-Time Net Inadvertent Distribution	(3,417)	(1,584)	(1,159)	292
555.155	Real-Time Revenue Neutrality Uplift	36,813	23,074	36,758	82,798
555.156	R-T Rev Suff Guarantee First Pass Distribution	12,159	7,877	10,470	24,604
555.157	R-T Rev Suff Guarantee Make Whole Payment	2		25	1
555.159	Day Ahead Schedule 24	4,799	5,065	5,450	5,850
555.160	Real Time Schedule 24	539	471	672	769
555.162	Real Time Price Volume Make Whole Payment	(19,358)	(5,557)	(7,733)	(26,081)
555.1700	Day-Ahead Regulation Amount	(935)	(647)	(598)	(1,539)
555.1701	Day-Ahead Spinning Reserve Amount	(5,281)	(5,109)	(8,151)	(6,071)
555.1710	Real-Time Net Regulation Adjustment		11	63	3
555.1711	Real-Time Excessive Deficient Energy Deployment	36	21	54	42
555.1713	Real-Time Regulation Amount	229	42	(912)	552
555.1714	Real-Time Spinning Reserve Amount	(912)	2,165	479	(2,251)
555.1716	Real-Time Regulation Cost Distribution	13,294	9,912	14,107	14,178
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	7,695	5,767	7,838	8,120
555.1718	Real-Time Supplemental Reserve Cost Distribution	6,379	2,729	6,376	6,624
Total Account 555 Charges		<u>\$1,226,275</u>	<u>\$460,313</u>	<u>\$582,510</u>	<u>\$1,900,900</u>