

January 15, 2013

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	0.00410	0.00392
Subtotal	\$0.02434	\$0.02479
Deferred Generation	0.00154	0.00154
Total Adjustment billed under Rate 58	<u>\$0.02588</u>	<u>\$0.02633</u>

Exhibit A is 9<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 February 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 February 2013. Pages 2-4 show the calculation of the adjustment for February 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 an increase of 0.128 cents per Kwh for primary service customers and an increase of 0.123 cents per Kwh for secondary service customers for service rendered in the month of February 2013. All of North Dakota's electric customers will be affected by this proposal. There were 83,208 electric customers in North Dakota as of December 31, 2012.

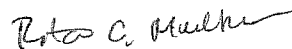
The increase in the FCA for February is caused by the fact that the lower cost month of August, used in the January calculation, was replaced by the higher cost month of December.

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 14, 2012. 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

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

Canceling 8<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	0.410	0.392
Subtotal	2.434¢	2.479¢
Deferred Generation	0.154	0.154
Total FPPA	2.588¢	2.633¢

Date Filed: January 15, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director - Regulatory Affairs

Case No.:

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	\$0.00307	\$0.00357
Prior Adjustment	0.00179	0.00234
Change in Current Adjustment	<u>\$0.00128</u>	<u>\$0.00123</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>\$0.00128</u></u>	 <u><u>\$0.00123</u></u>
Base Cost of Fuel 2/	\$0.02024	\$0.02087
Current Adjustment	0.00307	0.00357
Surcharge Adjustment	0.00103	0.00035
Deferred generation development costs	0.00154	0.00154
Total Adjustment billed under Rate 58	<u><u>\$0.02588</u></u>	<u><u>\$0.02633</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  
FEBRUARY 2013**

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$13,643,409	\$9,069,761	\$1,166,337	\$7,903,424
Account 555 Energy	6,126,196	4,072,526	523,711	3,548,815
Account 555 Demand 4/	1,327,000	953,474	66,266	887,208
Account 575 Market Admin. 4/	154,690	102,834	13,224	89,610
<b>Total Fuel &amp; Purchased Power</b>	<b>\$21,251,295</b>	<b>\$14,198,595</b>	<b>\$1,769,538</b>	<b>\$12,429,057</b>
Fuel Costs - Wholesale sales	110,802	73,658	9,472	64,186
System Costs	21,140,493	14,124,937	1,760,066	12,364,871
Wholesale sales Margin 4/	(3,083)	(2,049)	(263)	(1,786)
Revenue from Sale of RECs 5/	0	0	0	0
<b>Net System Costs</b>	<b>\$21,137,410</b>	<b>\$14,122,888</b>	<b>\$1,759,803</b>	<b>\$12,363,085</b>
Kwh Retail Sales	874,430,863	581,297,480	75,490,770	505,806,710
Cost of Fuel - per Kwh		\$0.02430	\$0.02331	\$0.02444
Base cost of Fuel			0.02024	0.02087
Current Adjustment			0.00307	0.00357

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  
FEBRUARY 2013**

	2012				Total
	September	October	November	December	
Fuel & Purchased Power Costs					
Account 151 and 547	\$3,270,447	\$3,795,411	\$3,512,000	\$3,065,551	\$13,643,409
Account 555 Energy 1/	460,313	582,510	1,900,900	3,182,473	6,126,196
Account 555 Demand 2/	331,750	319,000	344,500	331,750	1,327,000
Account 575 Market Admin. 2/	33,068	39,189	44,785	37,648	154,690
<b>Total Fuel &amp; Purchased Power</b>	<b>\$4,095,578</b>	<b>\$4,736,110</b>	<b>\$5,802,185</b>	<b>\$6,617,422</b>	<b>\$21,251,295</b>
Fuel Costs - Sales for Resale	61,282	29,675	19,845	0	110,802
System Costs	\$4,034,296	\$4,706,435	\$5,782,340	\$6,617,422	\$21,140,493
Sales for Resale - Margin 2/	9,416	(6,383)	(6,116)	0	(3,083)
<b>Total Costs - net of margin</b>	<b>\$4,043,712</b>	<b>\$4,700,052</b>	<b>\$5,776,224</b>	<b>\$6,617,422</b>	<b>\$21,137,410</b>
Kwh Retail Sales	209,577,277	212,811,181	210,841,196	241,201,209	874,430,863
Cost Per Kwh	\$0.01929	\$0.02209	\$0.02740	\$0.02744	<u>\$0.02417</u>

1/ Page 4.

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

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

Account No.	Account Description	2012			
		September	October	November	December
555.1	Purchased Power				
555.111	Day-Ahead Asset Energy	\$753,277	\$1,174,439	\$2,512,555	\$3,489,375
555.114	Real-Time Asset Energy	45,646	114,256	48,951	(16,113)
555.117	Real-Time Excessive Energy	(19)	(172)	(134)	(27)
555.118	Real-Time Non-Excessive Energy	(236,124)	(415,593)	(263,952)	(213,767)
555.1211	Day-Ahead Asset Congestion	(148,114)	(324,359)	(327,975)	29,523
555.1215	Real-Time Asset Congestion	(9,081)	(13,190)	9,194	(12,489)
555.1219	Real-Time Non-Excessive Congestion	41,258	22,056	(9,658)	(2,161)
555.1230	Revenue Rights Transaction	(24,965)	(24,965)	(24,965)	(78,672)
555.1232	Revenue Rights Infeasible Uplift	4,336	4,336	4,336	1,429
555.1233	Revenue Rights Stage 2 Distribution	(116,120)	(115,987)	(115,987)	(64,842)
555.130	Real-Time Non-Excessive Loss	26,500	51,750	31,178	13,036
555.131	Day-Ahead Asset Loss	31,927	(15,176)	(107,723)	(93,561)
555.135	Real-Time Asset Loss	60,910	61,687	5,014	79,317
555.136	Real-Time Distribution of Loss	(18,707)	(8,629)	(15,445)	(45,597)
555.151	Day-Ahead Rev Suff Guarantee Distribution	4,872	8,341	7,758	5,928
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt		(23)	(46)	
555.153	Real-Time Miscellaneous	480		39,908	
555.154	Real-Time Net Inadvertent Distribution	(1,584)	(1,159)	292	(59)
555.155	Real-Time Revenue Neutrality Uplift	23,074	36,758	82,798	62,944
555.156	R-T Rev Suff Guarantee First Pass Distribution	7,877	10,470	24,604	10,490
555.157	R-T Rev Suff Guarantee Make Whole Payment		25	1	(3,292)
555.159	Day Ahead Schedule 24	5,065	5,450	5,850	5,351
555.160	Real Time Schedule 24	471	672	769	529
555.162	Real Time Price Volume Make Whole Payment	(5,557)	(7,733)	(26,081)	(5,823)
555.1700	Day-Ahead Regulation Amount	(647)	(598)	(1,539)	(441)
555.1701	Day-Ahead Spinning Reserve Amount	(5,109)	(8,151)	(6,071)	(1,500)
555.1710	Real-Time Net Regulation Adjustment	11	63	3	4
555.1711	Real-Time Excessive Deficient Energy Deployment	21	54	42	11
555.1713	Real-Time Regulation Amount	42	(912)	552	274
555.1714	Real-Time Spinning Reserve Amount	2,165	479	(2,251)	(511)
555.1716	Real-Time Regulation Cost Distribution	9,912	14,107	14,178	13,226
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	5,767	7,838	8,120	6,043
555.1718	Real-Time Supplemental Reserve Cost Distribution	2,729	6,376	6,624	3,848
Total Account 555 Charges		\$460,313	\$582,510	\$1,900,900	\$3,182,473