

September 17, 2013

Executive Secretary
North Dakota Public Service
Commission
State Capitol Building
Bismarck, ND 58505-0480

Re: Fuel and Purchased Power Adjustment
Case No. PU-13-__

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	0.00651	0.00697
Total Adjustment billed under Rate 58	<u>\$0.02675</u>	<u>\$0.02784</u>

Exhibit A is 17th Revised Sheet No. 42.2 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after October 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 October 2013. Pages 2-4 show the calculation of the adjustment for October 2013.

The net effect of this F&PP adjustment is an increase of 0.227 cents per Kwh for primary service customers and an increase of 0.241 cents per Kwh for secondary service customers for service rendered in the month of October 2013. All of North Dakota's electric customers will be affected by this proposal. There were 84,084 electric customers in North Dakota as of August 31, 2013.

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

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
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
17th Revised Sheet No. 42.2
Canceling 16th 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. 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.

6. Fuel and Purchased Power Adjustment:

	Primary	Secondary
Base Fuel	2.024¢	2.087¢
Fuel and Purchased Power Adjustment	0.651	0.697
Total FPPA	2.675¢	2.784¢

Date Filed: September 17, 2013

Effective Date:

Issued By: Tamie A. Aberle
Director- Regulatory Affairs

Case No.:

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	\$0.00543	\$0.00605
Prior Adjustment	0.00316	0.00364
Change in Current Adjustment	<u>\$0.00227</u>	<u>\$0.00241</u>
 <u>Surcharge Adjustment:</u>		
Current Adjustment	0.00108	0.00092
Prior Adjustment	0.00108	0.00092
Change in Surcharge Adjustment	<u>0.00000</u>	<u>0.00000</u>
 Total Change in Fuel and Purchased Power	 <u><u>\$0.00227</u></u>	 <u><u>\$0.00241</u></u>
Base Cost of Fuel 1/	\$0.02024	\$0.02087
Current Adjustment	0.00543	0.00605
Surcharge Adjustment	0.00108	0.00092
Total Adjustment billed under Rate 58	<u><u>\$0.02675</u></u>	<u><u>\$0.02784</u></u>

1/ Established in Case No. PU-10-124.

**MONTANA-DAKOTA UTILITIES CO.
FUEL AND PURCHASED POWER ADJUSTMENT - NORTH DAKOTA
OCTOBER 2013**

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$14,901,945	\$9,994,252	\$1,351,465	\$8,642,787
Account 555 Energy	7,033,449	4,717,106	637,867	4,079,239
Account 555 Demand 4/	1,399,478	997,226	69,307	927,919
Account 575 Market Admin. 4/	156,501	104,960	14,193	90,767
Total Fuel & Purchased Power	\$23,491,373	\$15,813,544	\$2,072,832	\$13,740,712
Fuel Costs - Wholesale sales	182,828	122,617	16,581	106,036
System Costs	\$23,308,545	\$15,690,927	\$2,056,251	\$13,634,676
Wholesale sales Margin 4/	(36,310)	(24,352)	(3,293)	(21,059)
Revenue from Sale of RECs 5/	0	0	0	0
Total Costs - net of margin	\$23,272,235	\$15,666,575	\$2,052,958	\$13,613,617
Kwh Retail Sales	873,273,220	585,676,047	79,973,564	505,702,483
Cost Per Kwh		\$0.02675	\$0.02567	\$0.02692
Base Cost of Fuel			0.02024	0.02087
Current Adjustment			\$0.00543	\$0.00605

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
OCTOBER 2013

	2013				Total
	May	June	July	August	
Fuel & Purchased Power Costs					
Account 151 and 547	\$2,361,985	\$3,584,657	\$4,378,121	\$4,577,182	\$14,901,945
Account 555 Energy 1/	2,307,267	755,705	2,136,928	1,833,549	7,033,449
Account 555 Demand 2/	319,336	360,686	359,728	359,728	1,399,478
Account 575 Market Admin. 2/	30,206	39,901	43,387	43,007	156,501
Total Fuel & Purchased Power	\$5,018,794	\$4,740,949	\$6,918,164	\$6,813,466	\$23,491,373
Fuel Costs - Sales for Resale	3,376	167,940	9,414	2,098	182,828
System Costs	\$5,015,418	\$4,573,009	\$6,908,750	\$6,811,368	\$23,308,545
Sales for Resale - Margin 2/	(403)	(35,287)	(515)	(105)	(36,310)
Total Costs - net of margin	\$5,015,015	\$4,537,722	\$6,908,235	\$6,811,263	\$23,272,235
Kwh Retail Sales	215,398,404	186,653,783	234,715,315	236,505,718	873,273,220
Cost Per Kwh	\$0.02328	\$0.02431	\$0.02943	\$0.02880	<u>\$0.02665</u>

1/ Page 4.

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

MONTANA-DAKOTA UTILITIES CO.
ACCOUNT 555
OCTOBER 2013 BILLING ADJUSTMENT

Account No.	Account Description	2013			
		May	June	July	August
555.1	Purchased Power	\$2,300	\$2,303		
555.111	Day-Ahead Asset Energy	\$3,189,969	\$840,682	\$2,512,346	\$2,001,576
555.114	Real-Time Asset Energy	(16,771)	134,097	4,972	56,265
555.117	Real-Time Excessive Energy	10	(1,189)	(37)	(93)
555.118	Real-Time Non-Excessive Energy	(556,831)	52,763	(339,534)	(133,398)
555.1211	Day-Ahead Asset Congestion	(394,869)	(52,082)	(46,389)	(96,736)
555.1215	Real-Time Asset Congestion	(16,727)	(8,525)	1,405	(5,053)
555.1219	Real-Time Non-Excessive Congestion	181,733	(61,770)	1,106	665
555.1230	Revenue Rights Transaction	(19,636)	(177,437)	(177,437)	(177,437)
555.1232	Revenue Rights Infeasible Uplift	1,186	11,173	11,174	11,174
555.1233	Revenue Rights Stage 2 Distribution	(100,415)	(60,591)	(63,429)	(63,932)
555.130	Real-Time Non-Excessive Loss	69,265	(6,076)	38,322	12,233
555.131	Day-Ahead Asset Loss	(213,044)	37,511	(35,877)	35,149
555.135	Real-Time Asset Loss	85,513	(18,275)	132,539	137,185
555.136	Real-Time Distribution of Loss	(6,854)	(14,997)	(13,788)	(30,101)
555.151	Day-Ahead Rev Suff Guarantee Distribution	9,057	4,147	6,502	5,815
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(21)			
555.153	Real-Time Miscellaneous		(37)	3,899	(308)
555.154	Real-Time Net Inadvertent Distribution	(223)	3,394	(1,838)	8,350
555.155	Real-Time Revenue Neutrality Uplift	44,451	63,128	43,037	32,695
555.156	R-T Rev Suff Guarantee First Pass Distribution	50,891	7,453	47,857	20,149
555.157	R-T Rev Suff Guarantee Make Whole Payment	3,270	(3,272)	(12,188)	(7,226)
555.159	Day Ahead Schedule 24	4,088	4,779	5,649	6,792
555.160	Real Time Schedule 24	529	742	496	476
555.161	Real Time Schedule 24 Distribution	75	(75)		
555.162	Real Time Price Volume Make Whole Payment	(17,748)	(9,683)	(4,683)	(4,979)
555.1700	Day-Ahead Regulation Amount	(8,180)	(1,701)		
555.1701	Day-Ahead Spinning Reserve Amount	(21,347)	(9,858)	(982)	(384)
555.1710	Real-Time Net Regulation Adjustment	363	28	(1)	11
555.1711	Real-Time Excessive Deficient Energy Deployment	118	50	5	60
555.1713	Real-Time Regulation Amount	5,275	276	(56)	(140)
555.1714	Real-Time Spinning Reserve Amount	(5,928)	(6,120)	(7,114)	(9,076)
555.1716	Real-Time Regulation Cost Distribution	11,026	7,326	8,421	9,418
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	19,666	11,925	14,663	16,229
555.1718	Real-Time Supplemental Reserve Cost Distribution	7,076	5,616	7,887	8,170
Total Account 555 Charges		\$2,307,267	\$755,705	\$2,136,928	\$1,833,549