

June 18, 2013

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

Re: Case No. PU-13-_____
2013-2014 Avoided Costs Updates

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group Inc., herewith requests Commission approval to revise its Occasional Power Purchase Non-Time Differentiated Rate 95 and Parallel Generation Peaking Facility Purchase Rate 96 Time Differentiated. This filing is made in compliance with the Order in Case No. 10,000 and in accordance with the Cogeneration and Small Power Producer Rules, Section 69-09-07-09 of the North Dakota Administrative Code.

The methodology used to develop the proposed energy and capacity payments is consistent with the approved avoided cost rate tariffs. The proposed energy payments for Rates 95 and 96 were generated using Montana-Dakota's production costing model PLEXOS[®] for Power Systems (PLEXOS), reflecting a test year of July 2013 to June 2014. PLEXOS[®] is power market simulation software that Montana-Dakota began using in 2011. The proposed energy payments under Rates 95 and 96 reflect a decrease in the energy payment per Kwh attributable to a decrease in the forecasted Midcontinent Independent System Operators, Inc. (MISO) market prices and natural gas prices from those included in the currently approved energy payments. Montana-Dakota used the peaking facility approach, specifically, Montana-Dakota's new combustion turbine Heskett Station 3, to calculate the proposed capacity payments. The proposed capacity payments reflect an updated capital structure and depreciation rates thereby lowering the capacity payments. The data used to support the proposed energy and capacity payments is included as Attachment A.

The proposed metering charges for Rates 95 and 96 reflect updated meter costs, including the carrying charge and operation and maintenance expenses. The workpapers supporting the proposed meter charges are provided in Attachment B.

Montana-Dakota has updated the tariff language in Rate 96 concerning monthly capacity payments. The Company is proposing to (1) remove the distinction in capacity payment based on whether the resource is dispatchable or non-dispatchable and (2) the monthly capacity payments for a qualifying facility (QF) under Rate 96 will now be based upon the amount of qualifying capacity assigned to an eligible resource under MISO's Business Practices Manual BPM-011 Resource Adequacy. The change in tariff language recognizes that capacity payments should be paid for both dispatchable and non-dispatchable resources, based on the level a QF's capacity would be accredited in MISO and not at a level defined at the time of a QF's annual capability test, which would make the QF's generation resource viewed in a consistent manner as that of Montana-Dakota's generation resources.

Included herein is a second set of the affected tariffs on which Montana-Dakota has indicated the revisions requested by lining through the existing language which the Company proposes to delete and clearly highlighting the new language proposed. A report of tariff change reflecting Commission data requirements regarding filings is also attached hereto.

Montana-Dakota served one customer under Rate 95 as of May 31, 2013. The proposed annual change in revenue, assuming the same customer load and generation as the past twelve months, would be minimal. A monthly history of the energy purchased under Rate 95 is included as Attachment B.

Montana-Dakota respectfully requests that the rate schedules set forth herein be approved with an effective date of service rendered August 1, 2013.

Please refer all inquiries regarding this filing to:

Ms. Tamie A. Aberle
Director of Regulatory Affairs
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501

Also, please send copies of all written inquires, correspondence, and pleadings to:

Mr. Daniel S. Kuntz
Associate General Counsel
MDU Resources Group Inc.
P.O. Box 5650
Bismarck, ND 58506-5650

The original and seven (7) copies of this Letter of Transmittal and tariffs have been provided to the North Dakota Public Service Commission.

Montana-Dakota submitted a check for the amount of \$50 in accordance with North Dakota Century Code Section 49-05-05 on June 14, 2013. This payment will cover the filing fee associated with this filing.

Montana-Dakota respectfully requests that this filing be accepted as being in full compliance with the filing requirements of this Commission.

Please acknowledge receipt by stamping or initialing the duplicate copy of this letter attached hereto and returning the same in the enclosed self-addressed envelope.

Sincerely,



Tamie A. Aberle
Director of Regulatory Affairs

Attachments

cc: D. Kuntz



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
5th Revised Sheet No. 1.1
Canceling 4th Revised Sheet No. 1.1

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131	Selective Testing Plan for Watthour Meters	68-68.2
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140	Small Qualifying Facilities (SQF) General Rules	74-74.2

Date Filed: June 18, 2013

Effective Date:

Issued By: Tamie A. Aberle
Director – Regulatory Affairs

Case No.:



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
12th Revised Sheet No. 44
Canceling 11th Revised Sheet No. 44

OCCASIONAL POWER PURCHASE Rate 95 NON-TIME DIFFERENTIATED

Page 1 of 2

Availability:

To any qualifying cogeneration and small power production facilities for the purpose of generating occasional electric energy in parallel with the Company's system. This schedule is applicable to cogeneration and small power production facilities with a design capacity of 100 Kw or less, that are Qualifying Facilities (QF) as defined under 18 CFR, Part 292.

Rate:

Metering charge for single phase service: \$0.04 per day
With instrument transformers: \$0.14 per day

Metering charge for three phase service: \$0.11 per day
With instrument transformers: \$0.26 per day

Energy delivered to and accepted by Company by a QF shall be paid for by Company in accordance with one of the following two options, elected by the QF:

1. Simultaneous Purchase and Sale:

Energy sales to QF - Service provided to such customers by the Company shall be billed at the appropriate rate, by class of customers (i.e., residential, small and general electric service, etc.) that is currently on file with the Commission.

Energy purchases by Company:

Energy Payment = 2.599¢ per Kwh

2. Net Billing:

Energy generated will be compensated on a net billing basis. The Company will install a meter to measure the energy generated by the QF. The Company will also install a meter to measure the energy consumed by the QF. Metered generation will be subtracted from the metered consumption for the billing period.

Date Filed: June 18, 2013

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Director of Regulatory Affairs

Case No.:



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

10th Revised Sheet No. 44.1

Canceling 9th Revised Sheet No. 44.1

OCCASIONAL POWER PURCHASE Rate 95 NON-TIME DIFFERENTIATED

Page 2 of 2

If metered generation is less than metered consumption, the QF will be billed the applicable retail rate. If metered generation is greater than the metered consumption, the QF will be paid for each Kwh an amount equal to:
2.599¢ per Kwh

General Terms and Conditions:

1. Change of Rates: This schedule shall be reviewed annually, updated if necessary, and revised upon the Commission's approval.
2. The Company shall install appropriate metering facilities to record all flows of energy necessary to bill and pay in accordance with the charges and payments contained in this rate schedule.
3. The customer shall, with prior written consent of the Company, furnish, install and wire the necessary service entrance equipment, meter sockets, meter enclosure cabinets, or meter connection cabinets that may be required by the Company to properly meter usage and sales to the Company.
4. A written contract with the Company shall be signed stipulating the terms and conditions of the interconnection and sale of the electricity to the Company. The term of the contract hereunder shall be at least one year but less than five years.
5. In order to qualify for the net billing option, the generating equipment and the load of the facility must be located at the same "physical site". "Physical site" shall mean on the same tract of land and the generator output must be physically connected to the load service entrance.
6. For general terms and conditions covering QF's, see Rate 140.
7. All services provided by the Company under this and all other schedules are governed by the rules and regulations approved by the North Dakota Public Service Commission. Rates charged hereunder may be modified by Company at any time by making a unilateral rate application with the North Dakota Public Service Commission or its successor. The new rates shall be effective upon approval by the Commission.

Date Filed: June 18, 2013

Effective Date:

Issued By: Tamie A. Aberle
Director of Regulatory Affairs

Case No.:



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
12th Revised Sheet No. 45
Canceling 11th Revised Sheet No. 45

PARALLEL GENERATION PEAKING FACILITY PURCHASE Rate 96 TIME DIFFERENTIATED

Page 1 of 3

Availability:

To any qualifying cogeneration and small power production facilities for the purpose of generating electric energy in parallel with the Company's system. This schedule is applicable to cogeneration and small power production facilities with a design capacity of 1000 Kw or less, that operate as a peaking facility (defined below), and are Qualifying Facilities (QF) as defined under 18 CFR, Part 292.

Rate:

Metering charge for single phase service: \$ 0.14 per day
With instrument transformers: \$ 0.24 per day

Metering charge for three phase service: \$ 0.15 per day
With instrument transformers: \$ 0.30 per day

1. Capacity delivered to the Company:

Levelized payment for term of contract based on Table 1 below.

TABLE 1
Contract Length (YR.)

	5	10	15	20	25	30	35
\$/Kw-mo	9.933	10.587	11.209	11.794	12.334	12.827	13.272

Total capacity payment per month = Monthly capacity payments for a QF will be made pursuant to the applicable contract length from Table 1 presented above. Such payments shall be based upon the amount of qualifying capacity assigned to an eligible resource under BPM-011-Resource Adequacy of the MISO Tariff.

Capacity payments will be paid in the subsequent billing period.

Date Filed: June 18, 2013

Effective Date:

Issued By: Tamie A. Aberle
Director – Regulatory Affairs

Case No.:



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
12th Revised Sheet No. 45.1
Canceling 11th Revised Sheet No. 45.1

PARALLEL GENERATION PEAKING FACILITY PURCHASE Rate 96 TIME DIFFERENTIATED

Page 2 of 3

2. Energy Payment:

ON-PEAK

2.918¢ per Kwh

OFF-PEAK

2.585¢ per Kwh

Peak Periods: The On-Peak Period is defined as those hours between 12 p.m. and 8 p.m. local time, Monday through Friday in the months of June through September. The Off-Peak Period is defined as all other hours. Definitions of On-Peak and Off-Peak periods are subject to change with change in the Company's system operating characteristics.

Energy Sales to Qualifying Facilities:

Service provided to such customers by the Company shall be billed at the appropriate rate, by class of customers (i.e., residential, small and general electric service, etc.) that is currently on file with the Commission.

General Terms and Conditions:

1. Change of Rates: This schedule shall be reviewed annually, updated if necessary, and revised upon the Commission's approval.
2. Service under this schedule shall be on a simultaneous purchase and sale basis only.
3. The Company shall install appropriate metering facilities to record all flows of energy necessary to bill and pay in accordance with the charges and payments contained in this rate schedule.
4. The customer shall, with prior written consent of the Company, furnish, install and wire the necessary service entrance equipment, meter sockets, meter enclosure cabinets, or meter connection cabinets that may be required by the Company to properly meter usage and sales to the Company.
5. A written contract with the Company shall be signed stipulating the terms and conditions of the interconnection and sale of the electricity to the Company. The term of the contract hereunder shall be five years or more.

Date Filed: June 18, 2013

Effective Date:

Issued By: Tamie A. Aberle
Director – Regulatory Affairs

Case No.:



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
10th Revised Sheet No. 45.2
Canceling 9th Revised Sheet No. 45.2

PARALLEL GENERATION PEAKING FACILITY PURCHASE Rate 96 TIME DIFFERENTIATED

Page 3 of 3

6. Line loss considerations will be determined on a site specific basis.
7. For dispatchable units, generator outages must be pre-scheduled with Company to provide coordination with Company units.
8. A Peaking Unit is a unit not designed for continuous operation and is capable of supplying capacity and energy during periods of peak electric consumption. Generally, peaking units have a capacity factor of 20% or less.
9. For general terms and conditions covering QF's, see Rate 140.
10. All services provided by the Company under this and all other schedules are governed by the rules and regulations approved by the North Dakota Public Service Commission. Rates charged hereunder may be modified by Company at any time by making a unilateral rate application with the North Dakota Public Service Commission or its successor. The new rates shall be effective upon approval by the Commission.

Date Filed: June 18, 2013

Effective Date:

Issued By: Tamie A. Aberle
Director – Regulatory Affairs

Case No.:



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
3rd Revised Sheet No. 45.3
Canceling 2nd Revised Sheet No. 45.3

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Date Filed: June 18, 2013

Effective Date:

Issued By: Tamie A. Aberle
Director – Regulatory Affairs

Case No.:

Tariffs Reflecting Proposed Changes



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
4th Revised Sheet No. 1.1
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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
11th Revised Sheet No. 44
Canceling 10th Revised Sheet No. 44

OCCASIONAL POWER PURCHASE Rate 95 NON-TIME DIFFERENTIATED

Page 1 of 2

Availability:

To any qualifying cogeneration and small power production facilities for the purpose of generating occasional electric energy in parallel with the Company's system. This schedule is applicable to cogeneration and small power production facilities with a design capacity of 100 Kw or less, that are Qualifying Facilities (QF) as defined under 18 CFR, Part 292.

Rate:

Metering charge for single phase service:	\$ 0.05 <u>\$0.04</u> per day
With instrument transformers:	\$ 0.12 <u>\$0.14</u> per day
Metering charge for three phase service:	\$ 0.13 <u>\$0.11</u> per day
With instrument transformers:	\$ 0.22 <u>\$0.26</u> per day

Energy delivered to and accepted by Company by a QF shall be paid for by Company in accordance with one of the following two options, elected by the QF:

1. Simultaneous Purchase and Sale:

Energy sales to QF - Service provided to such customers by the Company shall be billed at the appropriate rate, by class of customers (i.e., residential, small and general electric service, etc.) that is currently on file with the Commission.

Energy purchases by Company:

Energy Payment = ~~2.9782~~ 2.599¢ per Kwh

2. Net Billing:

Energy generated will be compensated on a net billing basis. The Company will install a meter to measure the energy generated by the QF. The Company will also install a meter to measure the energy consumed by the QF. Metered generation will be subtracted from the metered consumption for the billing period.

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Case No.:



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

9th Revised Sheet No. 44.1

Canceling 8th Revised Sheet No. 44.1

OCCASIONAL POWER PURCHASE Rate 95 NON-TIME DIFFERENTIATED

Page 2 of 2

If metered generation is less than metered consumption, the QF will be billed the applicable retail rate. If metered generation is greater than the metered consumption, the QF will be paid for each Kwh an amount equal to:

~~2.9782~~2.599¢ per Kwh

General Terms and Conditions:

1. Change of Rates: This schedule shall be reviewed annually, updated if necessary, and revised upon the Commission's approval.
2. The Company shall install appropriate metering facilities to record all flows of energy necessary to bill and pay in accordance with the charges and payments contained in this rate schedule.
3. The customer shall, with prior written consent of the Company, furnish, install and wire the necessary service entrance equipment, meter sockets, meter enclosure cabinets, or meter connection cabinets that may be required by the Company to properly meter usage and sales to the Company.
4. A written contract with the Company shall be signed stipulating the terms and conditions of the interconnection and sale of the electricity to the Company. The term of the contract hereunder shall be at least one year but less than five years.
5. In order to qualify for the net billing option, the generating equipment and the load of the facility must be located at the same "physical site". "Physical site" shall mean on the same tract of land and the generator output must be physically connected to the load service entrance.
6. For general terms and conditions covering QF's, see Rate 140.
7. All services provided by the Company under this and all other schedules are governed by the rules and regulations approved by the North Dakota Public Service Commission. Rates charged hereunder may be modified by Company at any time by making a unilateral rate application with the North Dakota Public Service Commission or its successor. The new rates shall be effective upon approval by the Commission.

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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
11th Revised Sheet No. 45
Canceling 10th Revised Sheet No. 45

PARALLEL GENERATION PEAKING FACILITY PURCHASE Rate 96 TIME DIFFERENTIATED

Page 1 of 4

Availability:

To any qualifying cogeneration and small power production facilities for the purpose of generating electric energy in parallel with the Company's system. This schedule is applicable to cogeneration and small power production facilities with a design capacity of 1000 Kw or less, that operate as a peaking facility (defined below), and are Qualifying Facilities (QF) as defined under 18 CFR, Part 292.

~~I. FACILITIES CAPABLE OF PROVIDING DISPATCHABLE CAPACITY
AT THE TIME OF COMPANY'S SUMMER PEAK~~

Rate:

Metering charge for single phase service: ~~\$ 0.17~~ \$ 0.14 per day
With instrument transformers: ~~\$ 0.23~~ \$ 0.24 per day

Metering charge for three phase service: ~~\$ 0.19~~ \$ 0.15 per day
With instrument transformers: ~~\$ 0.28~~ \$ 0.30 per day

1. Capacity delivered to the Company:

Levelized payment for term of contract based on Table 1 below.

TABLE 1
Contract Length (YR.)

	5	10	15	20	25	30	35
\$/Kw-mo	<u>9.933</u>	<u>10.587</u>	<u>11.209</u>	<u>11.794</u>	<u>12.334</u>	<u>12.827</u>	<u>13.272</u>
	10.997	11.713	12.389	13.018	13.593	14.112	14.573

Total capacity payment per month = ~~The applicable contract length capacity payment from Table 1 times the maximum one hour net unit capacity, as demonstrated by an annual capability test.~~ Monthly capacity payments for a QF will be made pursuant to the applicable contract length from Table 1 presented above. Such payments shall be based upon the amount of qualifying capacity assigned to an eligible resource under BPM-011-Resource Adequacy of the MISO Tariff.

Date Filed:

Effective Date:

Issued By: Tamie A. Aberle
Director of Regulatory Affairs

Case No.:



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
11th Revised Sheet No. 45
Canceling 10th Revised Sheet No. 45

PARALLEL GENERATION PEAKING FACILITY PURCHASE Rate 96 TIME DIFFERENTIATED

Page 1 of 4

Capacity payments will be based on Montana-Dakota's peak hour and paid in the subsequent billing period.

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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
11th Revised Sheet No. 45.1
Canceling 10th Revised Sheet No. 45.1

PARALLEL GENERATION PEAKING FACILITY PURCHASE Rate 96 TIME DIFFERENTIATED

Page 2 of 4

2. Energy Payment:

ON-PEAK

3.0662.918¢ per Kwh

OFF-PEAK

2.9572.585¢ per Kwh

Peak Periods: The On-Peak Period is defined as those hours between 12 p.m. and 8 p.m. local time, Monday through Friday in the months of June through September. The Off-Peak Period is defined as all other hours. Definitions of On-Peak and Off-Peak periods are subject to change with change in the Company's system operating characteristics.

H. ~~FACILITIES WHICH ARE NOT DISPATCHABLE AND PROVIDE ENERGY AND CAPACITY ON AN "AS AVAILABLE" BASIS~~

Rate:

~~Metering charge for single phase service: \$ 5.20 per month~~

~~With instrument transformers: \$ 7.10 per month~~

~~Metering charge for three phase service: \$ 5.70 per month~~

~~With instrument transformers: \$ 8.50 per month~~

~~1. Total capacity payment per billing period equals the amount of metered net generation on Montana-Dakota's peak hour during the billing period times the applicable value from Table 1. The applicable capacity payment will be paid in the subsequent billing period.~~

~~2. Energy Payment:~~

~~ON-PEAK~~

~~OFF-PEAK~~

~~3.066¢ per Kwh~~

~~2.957¢ per Kwh~~

Date Filed:

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Issued By: Tamie A. Aberle
Director of Regulatory Affairs

Case No.:



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
9th Revised Sheet No. 45.2
Canceling 8th Revised Sheet No. 45.2

PARALLEL GENERATION PEAKING FACILITY PURCHASE Rate 96 TIME DIFFERENTIATED

Page 3 of 4

Energy Sales to Qualifying Facilities:

Service provided to such customers by the Company shall be billed at the appropriate rate, by class of customers (i.e., residential, small and general electric service, etc.) that is currently on file with the Commission.

General Terms and Conditions:

1. Change of Rates: This schedule shall be reviewed annually, updated if necessary, and revised upon the Commission's approval.
2. Service under this schedule shall be on a simultaneous purchase and sale basis only.
3. The Company shall install appropriate metering facilities to record all flows of energy necessary to bill and pay in accordance with the charges and payments contained in this rate schedule.
4. The customer shall, with prior written consent of the Company, furnish, install and wire the necessary service entrance equipment, meter sockets, meter enclosure cabinets, or meter connection cabinets that may be required by the Company to properly meter usage and sales to the Company.
5. A written contract with the Company shall be signed stipulating the terms and conditions of the interconnection and sale of the electricity to the Company. The term of the contract hereunder shall be five years or more.
6. Line loss considerations will be determined on a site specific basis.
7. For dispatchable units, generator outages must be pre-scheduled with Company to provide coordination with Company units.

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Director of Regulatory Affairs

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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
2nd Revised Sheet No. 45.3
Canceling 1st Revised Sheet No. 45.3

~~PARALLEL GENERATION PEAKING FACILITY
PURCHASE Rate 96 TIME DIFFERENTIATED~~

Page 4 of 4

8. A Peaking Unit is a unit not designed for continuous operation and is capable of supplying capacity and energy during periods of peak electric consumption. Generally, peaking units have a capacity factor of 20% or less.
9. For general terms and conditions covering QF's, see Rate 140.
10. All services provided by the Company under this and all other schedules are governed by the rules and regulations approved by the North Dakota Public Service Commission. Rates charged hereunder may be modified by Company at any time by making a unilateral rate application with the North Dakota Public Service Commission or its successor. The new rates shall be effective upon approval by the Commission.

RESERVED FOR FUTURE USE

Date Filed:

Effective Date:

Issued By: Tamie A. Aberle
Director of Regulatory Affairs

Case No.:

North Dakota Report of Tariff Schedule Change

Case No. PU-13-_____

Name of Utility: Montana-Dakota Utilities Co.

Address Main Office: 400 North Fourth Street, Bismarck ND 58501

NEW TARIFF DESIGNATION

<u>Table of Contents</u>	P.S.C. Tariff Volume <u>4</u>	Sheet No. <u>3rd Revised Sheet No. 1.1</u>
<u>Occasional Power Purchase Rate 95</u>	P.S.C. Tariff Volume <u>4</u>	Sheet No. <u>12th Revised Sheet No. 44</u>
<u>Occasional Power Purchase Rate 95</u>	P.S.C. Tariff Volume <u>4</u>	Sheet No. <u>10th Revised Sheet No. 44.1</u>
<u>Parallel Generation Peaking Facility Purchase</u>	P.S.C. Tariff Volume _____	Sheet No. _____
<u>Rate 96 Time Differentiated</u>	P.S.C. Tariff Volume <u>4</u>	Sheet No. <u>12th Revised Sheet No. 45</u>
<u>Parallel Generation Peaking Facility Purchase</u>	P.S.C. Tariff Volume _____	Sheet No. _____
<u>Rate 96 Time Differentiated</u>	P.S.C. Tariff Volume <u>4</u>	Sheet No. <u>12th Revised Sheet No. 45.1</u>
<u>Parallel Generation Peaking Facility Purchase</u>	P.S.C. Tariff Volume _____	Sheet No. _____
<u>Rate 96 Time Differentiated</u>	P.S.C. Tariff Volume <u>4</u>	Sheet No. <u>10th Revised Sheet No. 45.2</u>
<u>Reserved for Future Use</u>	P.S.C. Tariff Volume <u>4</u>	Sheet No. <u>3rd Revised Sheet No. 45.3</u>
_____	P.S.C. Tariff Volume _____	Sheet No. _____
_____	P.S.C. Tariff Volume _____	Sheet No. _____

Change: Rates

(State part of tariff affected by change, such as: applicability, availability, rates, etc.)

Reason for Change: Reflect updated meter and avoided energy and capacity costs.

Approximate annual reduction in revenue N/A

Approximate annual increase in revenue N/A

Points Affected	Estimated number of customers whose cost of service will be:		
	Reduced	Increased	Unchanged
	1		

Montana-Dakota Utilities Co.
 Tamie A. Aberle
 Director of Regulatory Affairs

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Lambda
July 2013 through June 2014**

Month	Year	Lambda		
		On-Peak \$/MWh	Off-Peak \$/MWh	Total \$/MWh
July	2013	\$31.22	\$30.65	\$30.79
August	2013	31.22	28.69	29.29
September	2013	21.48	21.41	21.43
October	2013		21.27	21.27
November	2013		21.29	21.29
December	2013		29.35	29.35
January	2014		30.35	30.35
February	2014		30.69	30.69
March	2014		22.57	22.57
April	2014		22.53	22.53
May	2014		22.64	22.64
June	2014	32.78	28.74	29.68
Average		\$29.18	\$25.85	\$25.99

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Monthly Capacity Payment Levels
Nominally Levelized \$/kW-Month
On Line Contract Year**

<u>Contract Length</u>	<u>2013 - 2014</u>
5	\$9.933
10	10.587
15	11.209
20	11.794
25	12.334
30	12.827
35	13.272

Montana-Dakota-Utilities Co.
Electric Utility - North Dakota
Monthly Capacity Payments Calculations
Payment in \$/kW-Month by Contract Length

Weighted Average Cost of Capital -
(Discount Rate) - 7.270%

Year	Annualized Cost of Avoided Capacity (\$/kW-Year)	Present Value of ACAC (\$/kW-Year)	Cumulative Present Value of ACAC (\$/kW-Year)	Monthly Capacity Payments		
				Contract Length (Years)	Capital Recovery Factor	Levelized Capacity Payment (\$/kW-Month)
2014	105.08	105.08	105.08	1		
2015	108.24	100.90	205.99	2		
2016	111.48	96.88	302.87	3		
2017	114.83	93.03	395.90	4		
2018	118.27	89.32	485.22	5	0.245656	\$9.933
2019	121.82	85.77	570.99	6		
2020	125.48	82.36	653.35	7		
2021	129.24	79.08	732.42	8		
2022	133.12	75.93	808.35	9		
2023	137.11	72.91	881.26	10	0.144160	\$10.587
2024	141.22	70.00	951.26	11		
2025	145.46	67.22	1,018.48	12		
2026	149.82	64.54	1,083.02	13		
2027	154.32	61.97	1,145.00	14		
2028	158.95	59.51	1,204.50	15	0.111674	\$11.209
2029	163.72	57.14	1,261.64	16		
2030	168.63	54.86	1,316.50	17		
2031	173.69	52.68	1,369.18	18		
2032	178.90	50.58	1,419.76	19		
2033	184.27	48.57	1,468.33	20	0.096383	\$11.794
2034	189.79	46.64	1,514.97	21		
2035	195.49	44.78	1,559.75	22		
2036	201.35	43.00	1,602.74	23		
2037	207.39	41.29	1,644.03	24		
2038	213.61	39.64	1,683.67	25	0.087908	\$12.334
2039	220.02	38.06	1,721.73	26		
2040	226.62	36.55	1,758.28	27		
2041	233.42	35.09	1,793.38	28		
2042	240.42	33.70	1,827.07	29		
2043	247.64	32.36	1,859.43	30	0.082783	\$12.827
2044	255.07	31.07	1,890.50	31		
2045	262.72	29.83	1,920.33	32		
2046	270.60	28.64	1,948.97	33		
2047	278.72	27.50	1,976.47	34		
2048	287.08	26.41	2,002.88	35	0.079519	\$13.272

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Calculation of Metering Charges - Rate 95
2013 - 2014 Avoided Cost Updates**

Rate 95	Single-Phase		Three-Phase	
	Without Instrument Transformer	With Instrument Transformer	Without Instrument Transformer	With Instrument Transformer
Estimated Meter Cost 1/	\$96	\$425	\$296	\$790
Levelized Fixed Charge Rate 2/	11.124%	11.124%	11.124%	11.124%
Annual Carrying Cost/Meter	\$10.68	\$47.28	\$32.93	\$87.88
Annual O&M Expense	4.77	4.77	7.16	7.16
Total Annual Cost of Meter	<u>\$15.45</u>	<u>\$52.05</u>	<u>\$40.09</u>	<u>\$95.04</u>
Calculated Monthly Charge	\$1.29	\$4.34	\$3.34	\$7.92
Monthly Metering Charge	\$1.30	\$4.30	\$3.30	\$7.90
Daily Metering Charge	0.04	0.14	0.11	0.26

1/ Including installation and testing.

2/ Reflective of capital costs, depreciation and taxes.

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Calculation of Metering Charges - Rate 96
2013 - 2014 Avoided Cost Updates**

Rate 96	Single-Phase TOD, Demand		Three-Phase TOD, Demand	
	Without Instrument Transformer	With Instrument Transformer	Without Instrument Transformer	With Instrument Transformer
Estimated Meter Cost 1/	\$322	\$651	\$332	\$826
Levelized Fixed Charge Rate 2/	11.124%	11.124%	11.124%	11.124%
Annual Carrying Cost/Meter	\$35.82	\$72.42	\$36.93	\$91.88
Annual O&M Expense	14.31	14.31	16.70	16.70
Total Annual Cost of Meter	<u>\$50.13</u>	<u>\$86.73</u>	<u>\$53.63</u>	<u>\$108.58</u>
Calculated Charge	\$4.18	\$7.23	\$4.47	\$9.05
Monthly Metering Charge	\$4.20	\$7.20	\$4.50	\$9.10
Daily Metering Charge	0.14	0.24	0.15	0.30

1/ Including installation and testing.

2/ Reflective of capital costs, depreciation and taxes.

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota**

**Rate 95 Customer History
Twelve Months Ended May 31, 2012**

	<u>Kwh Billed Customer 1/</u>	<u>Kwh Purchased under Rate 95</u>
June 2012	1,366	39
July	1,556	23
August	1,767	7
September	1,165	60
October	2,866	24
November	4,521	19
December	6,378	23
January 2013	7,750	17
February	6,936	16
March	7,405	23
April	6,192	26
May	3,166	43
Total	<u>51,068</u>	<u>320</u>

1/ Energy billed customers under other service's applicable tariff.