

December 13, 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	0.00563	0.00615
Total Adjustment billed under Rate 58	<u>\$0.02587</u>	<u>\$0.02702</u>

Exhibit A is the 20th Revised Sheet No. 42.2 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after January 1, 2014.

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 2014. Pages 2-4 show the calculation of the adjustment for January 2014.

The net effect of this F&PP adjustment is a decrease of 0.059 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 January 2014. All of North Dakota's electric customers will be affected by this proposal. There were 85,176 electric customers in North Dakota as of November 30, 2013.

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 2014 through December 2014.

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

20th Revised Sheet No. 42.2

Canceling 19th 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. 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	0.563	0.615
Total FPPA	2.587¢	2.702¢

Date Filed: December 13, 2013

Effective Date:

Issued By: Tamie A. Aberle
Director- Regulatory Affairs

Case No.:

**MONTANA-DAKOTA UTILITIES CO.
FUEL COST ADJUSTMENT - NORTH DAKOTA
JANUARY 2014 BILLING ADJUSTMENT SUMMARY**

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	\$0.00455	\$0.00523
Prior Adjustment	0.00514	0.00579
Change in Current Adjustment	<u>(\$0.00059)</u>	<u>(\$0.00056)</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>(\$0.00059)</u></u>	 <u><u>(\$0.00056)</u></u>
Base Cost of Fuel 1/	\$0.02024	\$0.02087
Current Adjustment	0.00455	0.00523
Surcharge Adjustment	0.00108	0.00092
Total Adjustment billed under Rate 58	<u><u>\$0.02587</u></u>	<u><u>\$0.02702</u></u>

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

MONTANA-DAKOTA UTILITIES CO.
FUEL AND PURCHASED POWER ADJUSTMENT - NORTH DAKOTA
JANUARY 2014

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$16,109,285	\$10,800,358	\$1,560,515	\$9,239,843
Account 555 Energy	5,893,605	3,951,326	570,917	3,380,409
Account 555 Demand 4/	1,436,812	1,023,829	71,156	952,673
Account 575 Market Admin. 4/	169,300	113,506	16,400	97,106
Total Fuel & Purchased Power	\$23,609,002	\$15,889,019	\$2,218,988	\$13,670,031
Fuel Costs - Wholesale sales	128,083	85,872	12,407	73,465
System Costs	\$23,480,919	\$15,803,147	\$2,206,581	\$13,596,566
Wholesale sales Margin 4/	(24,673)	(16,542)	(2,390)	(14,152)
Revenue from Sale of RECs 5/	(42,500)	(38,949)	(5,628)	(33,321)
Total Costs - net of margin	\$23,413,746	\$15,747,656	\$2,198,563	\$13,549,093
Kwh Retail Sales	906,675,258	607,874,130	88,681,400	519,192,730
Cost Per Kwh		\$0.02591	\$0.02479	\$0.02610
Base Cost of Fuel			0.02024	0.02087
Current Adjustment			<u>\$0.00455</u>	<u>\$0.00523</u>

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
JANUARY 2014

	2013				Total
	August	September	October	November	
Fuel & Purchased Power Costs					
Account 151 and 547	\$4,577,182	\$3,827,849	\$3,627,594	\$4,076,660	\$16,109,285
Account 555 Energy 1/	1,833,549	883,032	1,963,666	1,213,358	5,893,605
Account 555 Demand 2/	359,728	357,902	366,571	352,611	1,436,812
Account 575 Market Admin. 2/	43,007	45,304	39,440	41,549	169,300
Total Fuel & Purchased Power	\$6,813,466	\$5,114,087	\$5,997,271	\$5,684,178	\$23,609,002
Fuel Costs - Sales for Resale	2,098	99,648	19,632	6,705	128,083
System Costs	\$6,811,368	\$5,014,439	\$5,977,639	\$5,677,473	\$23,480,919
Sales for Resale - Margin 2/	(105)	(18,376)	(5,024)	(1,168)	(24,673)
Total Costs - net of margin	\$6,811,263	\$4,996,063	\$5,972,615	\$5,676,305	\$23,456,246
Kwh Retail Sales	236,505,718	236,758,313	227,724,179	205,687,048	906,675,258
Cost Per Kwh	\$0.02880	\$0.02110	\$0.02623	\$0.02760	\$0.02587

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

MONTANA-DAKOTA UTILITIES CO.
ACCOUNT 555
JANUARY 2014 BILLING ADJUSTMENT

Account No.	Account Description	2013		
		September	October	November
555.1	Purchased Power			
555.111	Day-Ahead Asset Energy	\$1,106,109	\$2,082,803	\$1,656,767
555.114	Real-Time Asset Energy	109,636	26,163	174,687
555.117	Real-Time Excessive Energy	(164)	(156)	(167)
555.118	Real-Time Non-Excessive Energy	(8,457)	(810,148)	(373,304)
555.1211	Day-Ahead Asset Congestion	(203,862)	591,979	(251,062)
555.1215	Real-Time Asset Congestion	(11,357)	10,415	(13,032)
555.1219	Real-Time Non-Excessive Congestion	(4,003)	113,112	(54,580)
555.1230	Revenue Rights Transaction	(163,007)	(163,007)	(163,007)
555.1232	Revenue Rights Infeasible Uplift	11,623	11,623	11,501
555.1233	Revenue Rights Stage 2 Distribution	(72,394)	(72,496)	(69,868)
555.130	Real-Time Non-Excessive Loss	(6,695)	96,967	32,028
555.131	Day-Ahead Asset Loss	47,922	(93,827)	(18,544)
555.135	Real-Time Asset Loss	6,266	122,394	162,761
555.136	Real-Time Distribution of Loss	(12,952)	(12,393)	(17,339)
555.151	Day-Ahead Rev Suff Guarantee Distribution	8,719	8,490	6,431
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(2,287)		
555.153	Real-Time Miscellaneous	(180)	(5,202)	1,167
555.154	Real-Time Net Inadvertent Distribution	7,527	2,752	(4,426)
555.155	Real-Time Revenue Neutrality Uplift	30,947	53,055	100,506
555.156	R-T Rev Suff Guarantee First Pass Distribution	30,851	30,956	21,234
555.157	R-T Rev Suff Guarantee Make Whole Payment	(5,330)	(32,886)	(3,359)
555.159	Day Ahead Schedule 24	6,160	5,806	6,484
555.160	Real Time Schedule 24	796	895	734
555.162	Real Time Price Volume Make Whole Payment	(10,096)	(15,827)	(13,217)
555.163	Real Time Resource Adequacy Auction Amount			(193)
555.1700	Day-Ahead Regulation Amount	(216)	(4,480)	(4,569)
555.1701	Day-Ahead Spinning Reserve Amount	(12,393)	(27,170)	(13,733)
555.1710	Real-Time Net Regulation Adjustment	32	571	31
555.1711	Real-Time Excessive Deficient Energy Deployment	27	52	31
555.1713	Real-Time Regulation Amount	(1,398)	1,199	3,726
555.1714	Real-Time Spinning Reserve Amount	1,866	1,620	469
555.1716	Real-Time Regulation Cost Distribution	6,877	9,657	10,704
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	13,185	16,452	13,451
555.1718	Real-Time Supplemental Reserve Cost Distribution	9,280	14,297	11,046
Total Account 555 Charges		<u>\$883,032</u>	<u>\$1,963,666</u>	<u>\$1,213,358</u>