

400 North Fourth Street
 Bismarck, ND 58501
 (701) 222-7900

January 14, 2014

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



Re: Fuel and Purchased Power Adjustment
 Case No. PU-14-__

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	0.00680	0.00723
Total Adjustment billed under Rate 58	<u>\$0.02704</u>	<u>\$0.02810</u>

Exhibit A is the 21st Revised Sheet No. 42.2 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after February 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 February 2014. Pages 2-4 show the calculation of the adjustment for February 2014.

The net effect of this F&PP adjustment is an increase of 0.117 cents per Kwh for primary service customers and an increase of 0.108 cents per Kwh for secondary service customers for service rendered in the month of February 2014. All of North Dakota's electric customers will be affected by this proposal. There were 85,594 electric customers in North Dakota as of December 31, 2013.

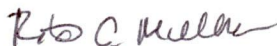
The increase in the FCA for February is caused by the fact that the lower cost month of August, used in the January calculation, was replaced by the higher cost month of December.

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 for \$600.00 on December 13, 2013. 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

21st Revised Sheet No. 42.2

Canceling 20th 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	0.680	0.723
Total FPPA	2.704¢	2.810¢

Date Filed: January 14, 2014

Effective Date:

Issued By: Tamie A. Aberle
Director- Regulatory Affairs

Case No.:

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	\$0.00572	\$0.00631
Prior Adjustment	<u>0.00455</u>	<u>0.00523</u>
Change in Current Adjustment	\$0.00117	\$0.00108
 <u>Surcharge Adjustment:</u>		
Current Adjustment	0.00108	0.00092
Prior Adjustment	<u>0.00108</u>	<u>0.00092</u>
Change in Surcharge Adjustment	0.00000	0.00000
 Total Change in Fuel and Purchased Power	 <u><u>\$0.00117</u></u>	 <u><u>\$0.00108</u></u>
 Base Cost of Fuel 1/	 \$0.02024	 \$0.02087
Current Adjustment	0.00572	0.00631
Surcharge Adjustment	<u>0.00108</u>	<u>0.00092</u>
Total Adjustment billed under Rate 58	<u><u>\$0.02704</u></u>	<u><u>\$0.02810</u></u>

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

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

	<u>Total 1/</u>	<u>Allocation to 2/ North Dakota</u>	<u>Allocation to 3/</u>	
			<u>Primary</u>	<u>Secondary</u>
Fuel & Purchased Power Costs				
Account 501 and 547	\$15,533,071	\$10,490,172	\$1,442,921	\$9,047,251
Account 555 Energy	8,754,126	5,912,049	813,201	5,098,848
Account 555 Demand 4/	1,457,895	1,038,852	72,200	966,652
Account 575 Market Admin. 4/	167,897	113,388	15,596	97,792
Total Fuel & Purchased Power	\$25,912,989	\$17,554,461	\$2,343,918	\$15,210,543
Fuel Costs - Wholesale sales	126,841	85,661	11,783	73,878
System Costs	\$25,786,148	\$17,468,800	\$2,332,135	\$15,136,665
Wholesale sales Margin 4/	(24,757)	(16,719)	(2,300)	(14,419)
Revenue from Sale of RECs 5/	(42,500)	(38,949)	(5,357)	(33,592)
Total Costs - net of margin	\$25,718,891	\$17,413,132	\$2,324,478	\$15,088,654
Kwh Retail Sales	954,688,787	644,743,666	89,550,921	555,192,745
Cost Per Kwh		\$0.02701	\$0.02596	\$0.02718
Base Cost of Fuel			0.02024	0.02087
Current Adjustment			\$0.00572	\$0.00631

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 2014

	2013				Total
	September	October	November	December	
Fuel & Purchased Power Costs					
Account 151 and 547	\$3,827,849	\$3,627,594	\$4,076,660	\$4,000,968	\$15,533,071
Account 555 Energy 1/	883,032	1,963,666	1,213,358	4,694,070	8,754,126
Account 555 Demand 2/	357,902	366,571	352,611	380,811	1,457,895
Account 575 Market Admin. 2/	45,304	39,440	41,549	41,604	167,897
Total Fuel & Purchased Power	\$5,114,087	\$5,997,271	\$5,684,178	\$9,117,453	\$25,912,989
Fuel Costs - Sales for Resale	99,648	19,632	6,705	856	126,841
System Costs	\$5,014,439	\$5,977,639	\$5,677,473	\$9,116,597	\$25,786,148
Sales for Resale - Margin 2/	(18,376)	(5,024)	(1,168)	(189)	(24,757)
Total Costs - net of margin	\$4,996,063	\$5,972,615	\$5,676,305	\$9,116,408	\$25,761,391
Kwh Retail Sales	236,758,313	227,724,179	205,687,048	284,519,247	954,688,787
Cost Per Kwh	\$0.02110	\$0.02623	\$0.02760	\$0.03204	\$0.02698

1/ Page 4.

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

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

Account No.	Account Description	2013			
		September	October	November	December
555.1	Purchased Power				
555.111	Day-Ahead Asset Energy	\$1,106,109	\$2,082,803	\$1,656,767	\$4,754,697
555.114	Real-Time Asset Energy	109,636	26,163	174,687	(29,331)
555.117	Real-Time Excessive Energy	(164)	(156)	(167)	(1,354)
555.118	Real-Time Non-Excessive Energy	(8,457)	(810,148)	(373,304)	(415,250)
555.1211	Day-Ahead Asset Congestion	(203,862)	591,979	(251,062)	359,438
555.1215	Real-Time Asset Congestion	(11,357)	10,415	(13,032)	(4,213)
555.1219	Real-Time Non-Excessive Congestion	(4,003)	113,112	(54,580)	9,877
555.1230	Revenue Rights Transaction	(163,007)	(163,007)	(163,007)	(151,556)
555.1232	Revenue Rights Infeasible Uplift	11,623	11,623	11,501	8,635
555.1233	Revenue Rights Stage 2 Distribution	(72,394)	(72,496)	(69,868)	(79,922)
555.130	Real-Time Non-Excessive Loss	(6,695)	96,967	32,028	24,460
555.131	Day-Ahead Asset Loss	47,922	(93,827)	(18,544)	43,157
555.135	Real-Time Asset Loss	6,266	122,394	162,761	109,653
555.136	Real-Time Distribution of Loss	(12,952)	(12,393)	(17,339)	(91,673)
555.151	Day-Ahead Rev Suff Guarantee Distribution	8,719	8,490	6,431	11,211
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(2,287)			
555.153	Real-Time Miscellaneous	(180)	(5,202)	1,167	837
555.154	Real-Time Net Inadvertent Distribution	7,527	2,752	(4,426)	(2,342)
555.155	Real-Time Revenue Neutrality Uplift	30,947	53,055	100,506	96,752
555.156	R-T Rev Suff Guarantee First Pass Distribution	30,851	30,956	21,234	54,084
555.157	R-T Rev Suff Guarantee Make Whole Payment	(5,330)	(32,886)	(3,359)	(14,896)
555.159	Day Ahead Schedule 24	6,160	5,806	6,484	6,889
555.160	Real Time Schedule 24	796	895	734	866
555.162	Real Time Price Volume Make Whole Payment	(10,096)	(15,827)	(13,217)	(21,335)
555.163	Real Time Resource Adequacy Auction Amount			(193)	35
555.1700	Day-Ahead Regulation Amount	(216)	(4,480)	(4,569)	(718)
555.1701	Day-Ahead Spinning Reserve Amount	(12,393)	(27,170)	(13,733)	(7,113)
555.1710	Real-Time Net Regulation Adjustment	32	571	31	25
555.1711	Real-Time Excessive Deficient Energy Deployment	27	52	31	129
555.1713	Real-Time Regulation Amount	(1,398)	1,199	3,726	459
555.1714	Real-Time Spinning Reserve Amount	1,866	1,620	469	(212)
555.1716	Real-Time Regulation Cost Distribution	6,877	9,657	10,704	11,305
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	13,185	16,452	13,451	13,359
555.1718	Real-Time Supplemental Reserve Cost Distribution	9,280	14,297	11,046	8,117
Total Account 555 Charges		<u>\$883,032</u>	<u>\$1,963,666</u>	<u>\$1,213,358</u>	<u>\$4,694,070</u>