

April 11, 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	0.00821	0.00831
Total Adjustment billed under Rate 58	<u>\$0.02845</u>	<u>\$0.02918</u>

Exhibit A is the 24<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 May 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 May 2014. Pages 2-4 show the calculation of the adjustment for May 2014.

The net effect of this F&PP adjustment is a decrease of 0.062 cents per Kwh for primary service customers and a decrease of 0.070 cents per Kwh for secondary service customers for service rendered in the month of May 2014. All of North Dakota's electric customers will be affected by this proposal. There were 86,461 electric customers in North Dakota as of March 31, 2014.

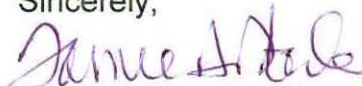
The decrease in the F&PP for May is caused by the fact that the higher cost month of November, used in the April calculation, was replaced by the lower cost month of March.

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,



Tamie A. Aberle  
Director of Regulatory Affairs

Attachment

# Proposed Fuel and Purchased Power 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  
24<sup>th</sup> Revised Sheet No. 42.2  
Canceling 23<sup>rd</sup> 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	0.821	0.831
Total FPPA	2.845¢	2.918¢

Date Filed: April 11, 2014

Effective Date:

Issued By: Tamie A. Aberle  
Director- Regulatory Affairs

Case No.:

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	\$0.00713	\$0.00739
Prior Adjustment	0.00775	0.00809
Change in Current Adjustment	<u>(\$0.00062)</u>	<u>(\$0.00070)</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>(\$0.00062)</u></u>	<u><u>(\$0.00070)</u></u>
Base Cost of Fuel 1/	\$0.02024	\$0.02087
Current Adjustment	0.00713	0.00739
Surcharge Adjustment	0.00108	0.00092
Total Adjustment billed under Rate 58	<u><u>\$0.02845</u></u>	<u><u>\$0.02918</u></u>

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

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

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$17,306,989	\$11,925,879	\$1,359,188	\$10,566,691
Account 555 Energy	14,146,466	9,748,030	1,110,980	8,637,050
Account 555 Demand 4/	1,479,269	1,068,445	74,257	994,188
Account 575 Market Admin. 4/	144,042	99,256	11,312	87,944
<b>Total Fuel &amp; Purchased Power</b>	<b>\$33,076,766</b>	<b>\$22,841,610</b>	<b>\$2,555,737</b>	<b>\$20,285,873</b>
Fuel Costs - Wholesale sales	9,205	6,343	723	5,620
System Costs	\$33,067,561	\$22,835,267	\$2,555,014	\$20,280,253
Wholesale sales Margin 4/	(5,782)	(3,984)	(454)	(3,530)
Revenue from Sale of RECs 5/	(67,833)	(62,165)	(7,085)	(55,080)
<b>Total Costs - net of margin</b>	<b>\$32,993,946</b>	<b>\$22,769,118</b>	<b>\$2,547,475</b>	<b>\$20,221,643</b>
Kwh Retail Sales	1,173,533,621	808,657,123	93,087,805	715,569,318
Cost Per Kwh		\$0.02816	\$0.02737	\$0.02826
Base Cost of Fuel			0.02024	0.02087
Current Adjustment			\$0.00713	\$0.00739

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.

	North Dakota	Primary	Secondary
Demand - Class Factor No. 2		6.950000%	93.050000%
Demand - Juris Factor No. 15	72.227925%		
Energy - 4 mo. rolling ave.	68.907879%	11.396965%	88.603035%
<u>Energy Calculation</u>			
Sales @ meter	808,657,123	93,087,805	715,569,318
Loss Factor (Case No. PU-10-124)		6.42000%	7.47000%
Adjust to generation	872,811,678	99,474,038	773,337,640
% at generation	100.000000%	11.396965%	88.603035%

**MONTANA-DAKOTA UTILITIES CO.**  
**FUEL AND PURCHASED POWER TRACKING ADJUSTMENT - INTEGRATED SYSTEM**  
**MAY 2014**

	2013	2014			Total
	December	January	February	March	
Fuel & Purchased Power Costs					
Account 151 and 547	\$4,000,968	\$4,643,349	\$4,381,224	\$4,281,448	\$17,306,989
Account 555 Energy 1/	4,694,070	3,592,783	3,337,088	2,522,525	14,146,466
Account 555 Demand 2/	380,811	370,274	371,142	357,042	1,479,269
Account 575 Market Admin. 2/	41,604	35,506	26,936	39,996	144,042
<b>Total Fuel &amp; Purchased Power</b>	<b>\$9,117,453</b>	<b>\$8,641,912</b>	<b>\$8,116,390</b>	<b>\$7,201,011</b>	<b>\$33,076,766</b>
Fuel Costs - Sales for Resale	856	225	1,577	6,547	9,205
System Costs	\$9,116,597	\$8,641,687	\$8,114,813	\$7,194,464	\$33,067,561
Sales for Resale - Margin 2/	(189)	(1,328)	(969)	(3,296)	(5,782)
<b>Total Costs - net of margin</b>	<b>\$9,116,408</b>	<b>\$8,640,359</b>	<b>\$8,113,844</b>	<b>\$7,191,168</b>	<b>\$33,061,779</b>
Kwh Retail Sales	284,519,247	333,975,939	269,795,546	285,242,889	1,173,533,621
Cost Per Kwh	\$0.03204	\$0.02587	\$0.03007	\$0.02521	<u>\$0.02817</u>

1/ Page 4.

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

**MONTANA-DAKOTA UTILITIES CO.**  
**ACCOUNT 555**  
**MAY 2014 BILLING ADJUSTMENT**

Account No.	Account Description	2014			
		December	January	February	March
555.1	Purchased Power				
555.111	Day-Ahead Asset Energy	\$4,754,697	\$4,506,755	\$4,192,850	\$3,835,331
555.114	Real-Time Asset Energy	(29,331)	(101,398)	205,369	321,472
555.117	Real-Time Excessive Energy	(1,354)	(482)	(836)	(124)
555.118	Real-Time Non-Excessive Energy	(415,250)	(767,779)	(715,980)	(636,639)
555.1211	Day-Ahead Asset Congestion	359,438	(96,046)	(457,020)	(976,491)
555.1215	Real-Time Asset Congestion	(4,213)	(26,612)	(3,459)	(78,012)
555.1219	Real-Time Non-Excessive Congestion	9,877	(117,565)	(100,157)	63,203
555.1230	Revenue Rights Transaction	(151,556)	(151,556)	(151,556)	(79,662)
555.1232	Revenue Rights Infeasible Uplift	8,635	8,681	8,681	12,544
555.1233	Revenue Rights Stage 2 Distribution	(79,922)	(82,103)	(82,103)	(72,196)
555.130	Real-Time Non-Excessive Loss	24,460	37,648	41,476	50,541
555.131	Day-Ahead Asset Loss	43,157	120,742	95,379	(11,279)
555.135	Real-Time Asset Loss	109,653	256,216	220,656	(2,985)
555.136	Real-Time Distribution of Loss	(91,673)	(69,221)	(75,853)	(30,228)
555.151	Day-Ahead Rev Suff Guarantee Distribution	11,211	26,671	28,453	55,429
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt		(2,904)	0	(5,902)
555.153	Real-Time Miscellaneous	837	6	0	(15,383)
555.154	Real-Time Net Inadvertent Distribution	(2,342)	(3,142)	1,782	9,753
555.155	Real-Time Revenue Neutrality Uplift	96,752	99,896	122,410	65,217
555.156	R-T Rev Suff Guarantee First Pass Distribution	54,084	13,641	78,631	83,348
555.157	R-T Rev Suff Guarantee Make Whole Payment	(14,896)	(8,701)	(46,636)	(72,567)
555.159	Day Ahead Schedule 24	6,889	5,291	5,001	5,215
555.160	Real Time Schedule 24	866	560	519	551
555.162	Real Time Price Volume Make Whole Payment	(21,335)	(13,525)	(32,927)	(15,976)
555.163	Real Time Resource Adequacy Auction Amount	35	159	0	0
555.1700	Day-Ahead Regulation Amount	(718)	(1,751)	(2,511)	(4,012)
555.1701	Day-Ahead Spinning Reserve Amount	(7,113)	(4,224)	(3,968)	(9,048)
555.1710	Real-Time Net Regulation Adjustment	25	8	91	111
555.1711	Real-Time Excessive Deficient Energy Deployment	129	117	183	34
555.1713	Real-Time Regulation Amount	459	255	(20)	1,662
555.1714	Real-Time Spinning Reserve Amount	(212)	(55,040)	(17,905)	(2,673)
555.1716	Real-Time Regulation Cost Distribution	11,305	8,069	11,097	10,570
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	13,359	10,435	11,288	13,741
555.1718	Real-Time Supplemental Reserve Cost Distribution	8,117	(367)	4,127	6,980
555.5	Purchased Power Cogeneration	0	49	26	0
Total Account 555 Charges		<u>\$4,694,070</u>	<u>\$3,592,783</u>	<u>\$3,337,088</u>	<u>\$2,522,525</u>