

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

May 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	0.00546	0.00558
Total Adjustment billed under Rate 58	<u>\$0.02570</u>	<u>\$0.02645</u>

Exhibit A is the 25th Revised Sheet No. 42.2 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after June 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 June 2014. Pages 2-4 show the calculation of the adjustment for June 2014.

The net effect of this F&PP adjustment is a decrease of 0.275 cents per Kwh for primary service customers and a decrease of 0.273 cents per Kwh for secondary service customers for service rendered in the month of June 2014. All of North Dakota's electric customers will be affected by this proposal. There were 86,731 electric customers in North Dakota as of April 30, 2014.

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

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 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4

25th Revised Sheet No. 42.2

Canceling 24th 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:

	<u>Primary</u>	<u>Secondary</u>
Base Fuel	2.024¢	2.087¢
Fuel and Purchased Power Adjustment	0.546	0.558
Total FPPA	2.570¢	2.645¢

Date Filed: May 14, 2014

Effective Date:

Issued By: Tamie A. Aberle
Director- Regulatory Affairs

Case No.:

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	\$0.00438	\$0.00466
Prior Adjustment	0.00713	0.00739
Change in Current Adjustment	<u>(\$0.00275)</u>	<u>(\$0.00273)</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>(\$0.00275)</u></u>	 <u><u>(\$0.00273)</u></u>
Base Cost of Fuel 1/	\$0.02024	\$0.02087
Current Adjustment	0.00438	0.00466
Surcharge Adjustment	0.00108	0.00092
Total Adjustment billed under Rate 58	<u><u>\$0.02570</u></u>	<u><u>\$0.02645</u></u>

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

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

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$16,945,258	\$11,692,431	\$1,373,454	\$10,318,977
Account 555 Energy	10,595,023	7,310,692	858,752	6,451,940
Account 555 Demand 4/	1,484,310	1,072,086	74,510	997,576
Account 575 Market Admin. 4/	138,876	95,826	11,256	84,570
Total Fuel & Purchased Power	\$29,163,467	\$20,171,035	\$2,317,972	\$17,853,063
Fuel Costs - Wholesale sales	55,171	38,069	4,472	33,597
System Costs	\$29,108,296	\$20,132,966	\$2,313,500	\$17,819,466
Wholesale sales Margin 4/	(24,033)	(16,583)	(1,948)	(14,635)
Revenue from Sale of RECs 5/	(66,674)	(61,103)	(7,177)	(53,926)
Total Costs - net of margin	\$29,017,589	\$20,055,280	\$2,304,375	\$17,750,905
Kwh Retail Sales	1,143,221,888	788,836,767	93,587,618	695,249,149
Cost Per Kwh		\$0.02542	\$0.02462	\$0.02553
Base Cost of Fuel			0.02024	0.02087
Current Adjustment			\$0.00438	\$0.00466

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
JUNE 2014

	2014				Total
	January	February	March	April	
Fuel & Purchased Power Costs					
Account 151 and 547	\$4,643,349	\$4,381,224	\$4,281,448	\$3,639,237	\$16,945,258
Account 555 Energy 1/	3,592,783	3,337,088	2,522,525	1,142,627	10,595,023
Account 555 Demand 2/	370,274	371,142	357,042	385,852	1,484,310
Account 575 Market Admin. 2/	35,506	26,936	39,996	36,438	138,876
Total Fuel & Purchased Power	\$8,641,912	\$8,116,390	\$7,201,011	\$5,204,154	\$29,163,467
Fuel Costs - Sales for Resale	225	1,577	6,547	46,822	55,171
System Costs	\$8,641,687	\$8,114,813	\$7,194,464	\$5,157,332	\$29,108,296
Sales for Resale - Margin 2/	(1,328)	(969)	(3,296)	(18,440)	(24,033)
Total Costs - net of margin	\$8,640,359	\$8,113,844	\$7,191,168	\$5,138,892	\$29,084,263
Kwh Retail Sales	333,975,939	269,795,546	285,242,889	254,207,514	1,143,221,888
Cost Per Kwh	\$0.02587	\$0.03007	\$0.02521	\$0.02022	<u>\$0.02544</u>

1/ Page 4.

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

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

Account No.	Account Description	2014			
		January	February	March	April
555.1	Purchased Power				
555.111	Day-Ahead Asset Energy	\$4,506,755	\$4,192,850	\$3,835,331	\$2,422,085
555.114	Real-Time Asset Energy	(101,398)	205,369	321,472	(190,660)
555.117	Real-Time Excessive Energy	(482)	(836)	(124)	266
555.118	Real-Time Non-Excessive Energy	(767,779)	(715,980)	(636,639)	(440,332)
555.1211	Day-Ahead Asset Congestion	(96,046)	(457,020)	(976,491)	(918,032)
555.1215	Real-Time Asset Congestion	(26,612)	(3,459)	(78,012)	141,308
555.1219	Real-Time Non-Excessive Congestion	(117,565)	(100,157)	63,203	12,699
555.1230	Revenue Rights Transaction	(151,556)	(151,556)	(79,662)	(79,662)
555.1232	Revenue Rights Infeasible Uplift	8,681	8,681	12,544	12,544
555.1233	Revenue Rights Stage 2 Distribution	(82,103)	(82,103)	(72,196)	(72,458)
555.130	Real-Time Non-Excessive Loss	37,648	41,476	50,541	33,657
555.131	Day-Ahead Asset Loss	120,742	95,379	(11,279)	(30,857)
555.135	Real-Time Asset Loss	256,216	220,656	(2,985)	136,440
555.136	Real-Time Distribution of Loss	(69,221)	(75,853)	(30,228)	(13,217)
555.151	Day-Ahead Rev Suff Guarantee Distribution	26,671	28,453	55,429	16,564
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(2,904)	0	(5,902)	0
555.153	Real-Time Miscellaneous	6	0	(15,383)	175
555.154	Real-Time Net Inadvertent Distribution	(3,142)	1,782	9,753	(4,223)
555.155	Real-Time Revenue Neutrality Uplift	99,896	122,410	65,217	109,462
555.156	R-T Rev Suff Guarantee First Pass Distribution	13,641	78,631	83,348	12,723
555.157	R-T Rev Suff Guarantee Make Whole Payment	(8,701)	(46,636)	(72,567)	0
555.159	Day Ahead Schedule 24	5,291	5,001	5,215	4,512
555.160	Real Time Schedule 24	560	519	551	621
555.162	Real Time Price Volume Make Whole Payment	(13,525)	(32,927)	(15,976)	(15,156)
555.163	Real Time Resource Adequacy Auction Amount	159	0	0	0
555.1700	Day-Ahead Regulation Amount	(1,751)	(2,511)	(4,012)	(7,383)
555.1701	Day-Ahead Spinning Reserve Amount	(4,224)	(3,968)	(9,048)	(13,358)
555.1710	Real-Time Net Regulation Adjustment	8	91	111	(40)
555.1711	Real-Time Excessive Deficient Energy Deployment	117	183	34	(12)
555.1713	Real-Time Regulation Amount	255	(20)	1,662	6,875
555.1714	Real-Time Spinning Reserve Amount	(55,040)	(17,905)	(2,673)	(4,779)
555.1716	Real-Time Regulation Cost Distribution	8,069	11,097	10,570	7,884
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	10,435	11,288	13,741	9,590
555.1718	Real-Time Supplemental Reserve Cost Distribution	(367)	4,127	6,980	5,390
555.5	Purchased Power Cogeneration	49	26	0	1
Total Account 555 Charges		<u>\$3,592,783</u>	<u>\$3,337,088</u>	<u>\$2,522,525</u>	<u>\$1,142,627</u>