

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

August 13, 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	0.00073	0.00135
Total Adjustment billed under Rate 58	<u>\$0.02097</u>	<u>\$0.02222</u>

Exhibit A is the 28<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 September 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 September 2014. Pages 2-4 show the calculation of the adjustment for September 2014.

The net effect of this F&PP adjustment is a decrease of 0.030 cents per Kwh for primary service customers and a decrease of 0.010 cents per Kwh for secondary service customers for service rendered in the month of September 2014. All of North Dakota's electric customers will be affected by this proposal. There were 87,493 electric customers in North Dakota as of July 31, 2014.

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

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

28<sup>th</sup> Revised Sheet No. 42.2

Canceling 27<sup>th</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	0.073	0.135
Total FPPA	2.097¢	2.222¢

Date Filed: August 13, 2014

Effective Date:

Issued By: Tamie A. Aberle  
Director- Regulatory Affairs

Case No.:

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	\$0.00144	\$0.00219
Prior Adjustment	0.00174	0.00229
Change in Current Adjustment	<u>(\$0.00030)</u>	<u>(\$0.00010)</u>
<u>Surcharge Adjustment:</u>		
Current Adjustment (Exhibit 3)	(0.00071)	(0.00084)
Prior Adjustment	<u>(0.00071)</u>	<u>(0.00084)</u>
Change in Surcharge Adjustment	0.00000	0.00000
 Total Change in Fuel and Purchased Power	 <u><u>(\$0.00030)</u></u>	 <u><u>(\$0.00010)</u></u>
 Base Cost of Fuel 1/	 \$0.02024	 \$0.02087
Current Adjustment	0.00144	0.00219
Surcharge Adjustment	<u>(0.00071)</u>	<u>(0.00084)</u>
Total Adjustment billed under Rate 58	<u><u>\$0.02097</u></u>	<u><u>\$0.02222</u></u>

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

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

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$14,614,707	\$9,962,980	\$1,513,527	\$8,449,453
Account 555 Energy	5,127,592	3,495,527	531,023	2,964,504
Account 555 Demand 4/	1,545,557	1,116,324	77,585	1,038,739
Account 575 Market Admin. 4/	126,497	86,234	13,100	73,134
<b>Total Fuel &amp; Purchased Power</b>	<b>\$21,414,353</b>	<b>\$14,661,065</b>	<b>\$2,135,235</b>	<b>\$12,525,830</b>
Fuel Costs - Wholesale sales	323,094	220,256	33,460	186,796
System Costs	\$21,091,259	\$14,440,809	\$2,101,775	\$12,339,034
Wholesale sales Margin 4/	(114,909)	(78,335)	(11,900)	(66,435)
Revenue from Sale of RECs 5/	341	313	48	265
<b>Total Costs - net of margin</b>	<b>\$20,976,691</b>	<b>\$14,362,787</b>	<b>\$2,089,923</b>	<b>\$12,272,864</b>
Kwh Retail Sales	922,154,531	628,641,208	96,417,594	532,223,614
Cost Per Kwh		\$0.02285	\$0.02168	\$0.02306
Base Cost of Fuel			0.02024	0.02087
Current Adjustment			\$0.00144	\$0.00219

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**  
**SEPTEMBER 2014**

	2014				Total
	April	May	June	July	
Fuel & Purchased Power Costs					
Account 151 and 547	\$3,639,237	\$3,669,611	\$3,315,710	\$3,990,149	\$14,614,707
Account 555 Energy 1/	1,142,627	1,262,251	1,320,548	1,402,166	5,127,592
Account 555 Demand 2/	385,852	371,346	386,783	401,576	1,545,557
Account 575 Market Admin. 2/	36,438	30,335	28,962	30,762	126,497
<b>Total Fuel &amp; Purchased Power</b>	<b>\$5,204,154</b>	<b>\$5,333,543</b>	<b>\$5,052,003</b>	<b>\$5,824,653</b>	<b>\$21,414,353</b>
Fuel Costs - Sales for Resale	46,822	220,497	38,054	17,721	323,094
System Costs	\$5,157,332	\$5,113,046	\$5,013,949	\$5,806,932	\$21,091,259
Sales for Resale - Margin 2/	(18,440)	(88,617)	(9,969)	2,117	(114,909)
<b>Total Costs - net of margin</b>	<b>\$5,138,892</b>	<b>\$5,024,429</b>	<b>\$5,003,980</b>	<b>\$5,809,049</b>	<b>\$20,976,350</b>
Kwh Retail Sales	254,207,514	215,405,687	217,143,261	235,398,069	922,154,531
Cost Per Kwh	\$0.02022	\$0.02333	\$0.02304	\$0.02468	<u>\$0.02275</u>

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

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

Account No.	Account Description	2014			
		April	May	June	July
555.1	Purchased Power		\$2,704	\$0	\$0
555.111	Day-Ahead Asset Energy	\$2,422,085	\$1,335,665	2,538,775	1,874,906
555.114	Real-Time Asset Energy	(190,660)	117,438	25,081	61,422
555.117	Real-Time Excessive Energy	266	3	(821)	(1,261)
555.118	Real-Time Non-Excessive Energy	(440,332)	(43,945)	(331,175)	171,947
555.1211	Day-Ahead Asset Congestion	(918,032)	(141,942)	(496,904)	(300,220)
555.1215	Real-Time Asset Congestion	141,308	(22,087)	2,073	19,615
555.1219	Real-Time Non-Excessive Congestion	12,699	(65,880)	24,258	(44,340)
555.1230	Revenue Rights Transaction	(79,662)	(79,662)	(276,881)	(276,881)
555.1232	Revenue Rights Infeasible Uplift	12,544	12,544	11,460	11,460
555.1233	Revenue Rights Stage 2 Distribution	(72,458)	(72,528)	(55,628)	(55,698)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	0	0	(2,034)	(16)
555.130	Real-Time Non-Excessive Loss	33,657	(7,267)	34,301	(20,608)
555.131	Day-Ahead Asset Loss	(30,857)	85,589	(28,914)	(60,673)
555.135	Real-Time Asset Loss	136,440	66,018	(18,686)	34,806
555.136	Real-Time Distribution of Loss	(13,217)	(19,607)	(49,174)	(17,808)
555.151	Day-Ahead Rev Suff Guarantee Distribution	16,564	20,061	13,468	6,730
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	0	(1,342)	0	0
555.153	Real-Time Miscellaneous	175	(25,683)	(28,824)	(1,553)
555.154	Real-Time Net Inadvertent Distribution	(4,223)	(8,969)	19,682	(5,303)
555.155	Real-Time Revenue Neutrality Uplift	109,462	30,279	35,364	52,507
555.156	R-T Rev Suff Guarantee First Pass Distribution	12,723	5,414	6,689	4,311
555.159	Day Ahead Schedule 24	4,512	4,236	3,315	3,637
555.160	Real Time Schedule 24	621	374	300	395
555.162	Real Time Price Volume Make Whole Payment	(15,156)	(7,836)	(9,038)	(9,159)
555.163	Real Time Resource Adequacy Auction Amount	0	0	(54,546)	(54,546)
555.1700	Day-Ahead Regulation Amount	(7,383)	(3,952)	(503)	(1,138)
555.1701	Day-Ahead Spinning Reserve Amount	(13,358)	(6,078)	(2,519)	(3,412)
555.1710	Real-Time Net Regulation Adjustment	(40)	(10)	(13)	(47)
555.1711	Real-Time Excessive Deficient Energy Deployment	(12)	23	18	52
555.1712	Real-Time Contingency Reserve Deployment	0	223	0	0
555.1713	Real-Time Regulation Amount	6,875	(139)	83	511
555.1714	Real-Time Spinning Reserve Amount	(4,779)	6,219	(450)	(1,000)
555.1716	Real-Time Regulation Cost Distribution	7,884	11,385	7,182	6,013
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	9,590	9,641	6,802	4,866
555.1718	Real-Time Supplemental Reserve Cost Distribution	5,390	6,095	2,997	2,640
555.5	Purchased Power Cogeneration	1	55,267	(55,190)	11
Total Account 555 Charges		\$1,142,627	\$1,262,251	\$1,320,548	\$1,402,166