MONTANA-DAKOTA
UTILITIES CO.
A Division of MDU Resources Group, Inc.

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

January 8, 2015

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

Re: Case No. PU-14-109
Compliance Filing - Generation
Resource Recovery Rider

Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc., herewith submits the original and two (2) copies of the following electric rate schedules provided in Attachment A, to be implemented effective with service rendered on and after January 9, 2015, in compliance with the Commission's approval to implement the rate adjustments to recover the Heskett Station III generation investment under the electric Generation Resource Recovery Rider (GRRR) tariff:

- Table of Contents 3rd Revised Sheet No. 1
- Residential Electric Service 5th Revised Sheet No. 3
- Optional Residential Thermal Energy Storage 3rd Revised Sheet No. 4.1
- Optional Time-of-Day Residential Electric Service 7th Revised Sheet No. 7
- Small General Electric Service 5th Revised Sheet No. 10
- Irrigation Power Service 4th Revised Sheet No. 14.1
- Optional Time-of-Day Small General Electric Service 7th Revised Sheet No. 15
- General Electric Service 4th Revised Sheet No. 18.1
- Optional Time-of-Day General Electric Service 7th Revised Sheet No. 19.1
- General Electric Space Heating Service 6th Revised Sheet No. 20.1
- Firm Service Economic Development 4th Revised Sheet No. 22.1
- Interruptible Large Power Demand Response 4th Revised Sheet No. 23.1
- Small Municipal Electric Service 5th Revised Sheet No. 25.1
- Municipal Pumping Service 5th Revised Sheet No. 32.1
- Generation Resource Recovery Rider Original Sheet No. 40
- Generation Resource Recovery Rider 1st Revised Sheet No. 40.1
- Fuel & Purchased Power Adjustment 4th Revised Sheet No. 42.1
- Fuel & Purchased Power Adjustment 33rd Revised Sheet No. 42.2

60 PU-14-109 Filed 01/08/2015 Pages: 20
Compliance filing – Generation Resource Recovery Rider electric rate schedules
Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc.
Tamie Aberle

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

Attachments

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

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State of North Dakota
Electric Rate Schedule

RESIDENTIAL ELECTRIC SERVICE Rate 10

Availability:

In all communities served for single-phase residential electric service for domestic purposes only.

Rate:

Basic Service Charge:	$0.35 per day
Energy Charge:	
October – May:	
First 750 Kwh per month	5.304¢ per Kwh
Over 750 Kwh per month	2.304¢ per Kwh
June – September:	5.304¢ per Kwh
Base Fuel and Purchased Power:	2.087¢ per Kwh

Minimum Bill:

Basic Service Charge.

Payment:

Bills will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100 or any amendments or alterations thereto.

Adjustment Clauses:

Bills are subject to the following adjustments or any amendments or alterations thereto:

1. Generation Resource Recovery Rider Rate 56
2. Environmental Cost Recovery Rider Rate 57
3. Fuel and Purchased Power Adjustment Rate 58
4. Transmission Cost Adjustment Rate 59

General Terms and Conditions:

The foregoing schedule is subject to Rates 100-112 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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State of North Dakota
Electric Rate Schedule

OPTIONAL RESIDENTIAL ELECTRIC THERMAL ENERGY STORAGE SERVICE Rate 13

Adjustment Clauses:

Bills are subject to the following adjustments or any amendments or alterations thereto:

1. Generation Resource Recovery Rider Rate 56
2. Environmental Cost Recovery Rider Rate 57
3. Fuel and Purchased Power Adjustment Rate 58
4. Transmission Cost Adjustment Rate 59

General Terms and Conditions:

1. Thermal storage space heating facilities can include the thermal storage device(s), air-source heat pumps, and associated air handling units.

2. Unless approved by the Company the maximum thermal storage facilities that may be connected under this rate schedule is 50 Kw.

3. The foregoing schedule is subject to Rates 100-112 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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State of North Dakota
Electric Rate Schedule

OPTIONAL TIME-OF-DAY RESIDENTIAL ELECTRIC SERVICE Rate 16

Availability:

In all communities served for single-phase residential electric service. The customer's wiring must be so arranged that all service can be measured through one meter.

Rate:

Basic Service Charge: $0.45 per day

On-Peak Energy:

For all Kwh's used during peak hours designated as 12 p.m. to 8 p.m. local time, Monday through Friday.

October – May	7.398¢ per Kwh
June – September	10.398¢ per Kwh

Off-Peak Energy:

For all energy not covered by the On-Peak rating period. 2.304¢ per Kwh

Base Fuel and Purchased Power: 2.087¢ per Kwh

Minimum Bill:

Basic Service Charge.

Payment:

Bills will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100 or any amendments or alterations thereto.

Adjustment Clauses:

Bills are subject to the following adjustments or any amendments or alterations thereto:

1. Generation Resource Recovery Rider Rate 56
2. Environmental Cost Recovery Rider Rate 57
3. Fuel and Purchased Power Adjustment Rate 58
4. Transmission Cost Adjustment Rate 59

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State of North Dakota
Electric Rate Schedule

SMALL GENERAL ELECTRIC SERVICE Rate 20

Availability:

In all communities served for all types of general electric service with billing demands that do not warrant the installation of a demand meter except outside lighting, standby, resale or other customers covered by special contracts or rate schedules applicable to specific services. The customer's wiring must be so arranged so that all service can be measured through one meter. If the customer does not connect his wiring into a single system, each meter shall constitute a separate billing unit.

Rate:

Basic Service Charge:	$0.70 per day
Energy Charge:	
October – May:	
First 750 Kwh per month	6.147¢ per Kwh
Over 750 Kwh per month	2.304¢ per Kwh
June – September:	6.147¢ per Kwh
Base Fuel and Purchased Power:	2.087¢ per Kwh

Minimum Bill:

Basic Service Charge.

Payment:

Bills will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100 or any amendments or alterations thereto.

Adjustment Clauses:

Bills are subject to the following adjustments or any amendments or alterations thereto:

1. Generation Resource Recovery Rider Rate 56
2. Environmental Cost Recovery Rider Rate 57
3. Fuel and Purchased Power Adjustment Rate 58
4. Transmission Cost Adjustment Rate 59

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State of North Dakota
Electric Rate Schedule

IRRIGATION POWER SERVICE Rate 25

Adjustment Clauses:

Bills are subject to the following adjustments or any amendments or alterations thereto:

1. Generation Resource Recovery Rider Rate 56
2. Environmental Cost Recovery Rider Rate 57
3. Fuel and Purchased Power Adjustment Rate 58
4. Transmission Cost Adjustment Rate 59

General Terms and Conditions:

The foregoing schedule is subject to Rates 100-112 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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Bismarck, ND 58501

State of North Dakota
Electric Rate Schedule

OPTIONAL TIME-OF-DAY SMALL GENERAL ELECTRIC SERVICE Rate 26

Availability:

In all communities served for all types of general electric service with billing demands that do not warrant the installation of a demand meter except outside lighting, standby, resale, or other customers covered by special contracts or rate schedules applicable to specific services. The customer's wiring must be arranged so that all service can be measured through one meter.

Rate:

Basic Service Charge:	$0.80 per day
On-Peak Energy:	
For all Kwh's used during peak hours designated as 12 p.m. to 8 p.m. local time, Monday through Friday.	
October – May	7.385¢ per Kwh
June – September	11.385¢ per Kwh
Off-Peak Energy:	
For all energy not covered by the On-Peak rating period.	2.304¢ per Kwh
Base Fuel and Purchased Power:	2.087¢ per Kwh

Minimum Bill:

Basic Service Charge.

Payment:

Bills will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100 or any amendments or alterations thereto.

Adjustment Clauses:

Bills are subject to the following adjustments or any amendments or alterations thereto:

1. Generation Resource Recovery Rider Rate 56
2. Environmental Cost Recovery Rider Rate 57
3. Fuel and Purchased Power Adjustment Rate 58
4. Transmission Cost Adjustment Rate 59

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State of North Dakota
Electric Rate Schedule

GENERAL ELECTRIC SERVICE Rate 30

Determination of Billing Demand:

The demand in kilowatts for billing purposes shall be the maximum 15 minute measured demand in the current month. Demands will be determined to the nearest one-tenth kilowatt. Customers whose loads have rapidly fluctuating and/or intermittent demand characteristics shall be subject to special rules and regulations.

Power Factor Clause:

The Company reserves the right to require the customer to install adequate equipment so that at all times it can operate its facilities to maintain a power factor between 90% lagging and 90% leading. If the customer operates outside this range, the maximum 15 minute integrated reactive kilovolt amperes in excess of 50% of the maximum 15 minute integrated kilowatt demand for the same month will be billed at $3.35 per Kvar of such excess demand.

Adjustment Clauses:

Bills are subject to the following adjustments or any amendments or alterations thereto:

1. Generation Resource Recovery Rider Rate 56
2. Environmental Cost Recovery Rider Rate 57
3. Fuel and Purchased Power Adjustment Rate 58
4. Transmission Cost Adjustment Rate 59

General Terms and Conditions:

1. Customers or their architects, contractors and electricians should consult with the Company before proceeding to design or erect installations in which there will be a substantial electric load, to make sure their equipment will meet requirements and receive adequate service.

2. Primary service rate is applicable to customers that own their own transformers, related equipment and distribution facilities downstream of the meter, satisfactory to the Company so customer can receive service and be metered at primary voltages of 2,400 volts or greater.

3. The foregoing schedule is subject to Rates 100-112 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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Electric Rate Schedule

OPTIONAL TIME-OF-DAY GENERAL ELECTRIC SERVICE Rate 31

On-Peak Energy:
For all Kwh's used during peak hours designated as 12 p.m. to 8 p.m. local time, Monday through Friday.

October – May	2.793¢ per Kwh
June – September	3.793¢ per Kwh

Off-Peak Energy:
For all energy not covered by the On-Peak rating period. 0.793¢ per Kwh

Base Fuel and Purchased Power: 2.087¢ per Kwh

Minimum Bill:
Basic Service Charge.

Payment:
Bills will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100 or any amendments or alterations thereto.

Adjustment Clauses:
Bills are subject to the following adjustments or any amendments or alterations thereto:

1. Generation Resource Recovery Rider Rate 56
2. Environmental Cost Recovery Rider Rate 57
3. Fuel and Purchased Power Adjustment Rate 58
4. Transmission Cost Adjustment Rate 59

Determination of On-Peak Billing Demand:
The demand in kilowatts for billing purposes shall be the maximum 15 minute measured demand for the on-peak period in the current month. Demands will be determined to the nearest one-tenth kilowatt. Customers whose loads have rapidly fluctuating and/or intermittent demand characteristics shall be subject to special rules and regulations.

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Electric Rate Schedule

GENERAL ELECTRIC SPACE HEATING SERVICE Rate 32

Determination of Billing Demand:

The demand in kilowatts for billing purposes shall be the maximum 15 minute measured demand in the current month. Demands will be determined to the nearest one-tenth kilowatt. Customers whose loads have rapidly fluctuating and/or intermittent demand characteristics shall be subject to special rules and regulations.

Power Factor Clause:

The Company reserves the right to require the customer to install adequate equipment so that at all times it can operate its facilities to maintain a power factor between 90% lagging and 90% leading. If the customer operates outside this range, the maximum 15 minute integrated reactive kilovolt amperes in excess of 50% of the maximum 15 minute integrated kilowatt demand for the same month will be billed at $3.35 per Kvar of such excess demand.

Adjustment Clauses:

Bills are subject to the following adjustments or any amendments or alterations thereto:

1. Generation Resource Recovery Rider Rate 56
2. Environmental Cost Recovery Rider Rate 57
3. Fuel and Purchased Power Adjustment Rate 58
4. Transmission Cost Adjustment Rate 59

General Terms and Conditions:

1. Customers or their architects, contractors and electricians should consult with the Company before proceeding to design or erect installations in which there will be a substantial electric load, to make sure their equipment will meet requirements and receive adequate service.

2. Primary service rate is applicable to customers that own their own transformers, related equipment and distribution facilities downstream of the meter, satisfactory to the Company so customer can receive service and be metered at primary voltages of 2,400 volts or greater.

3. The foregoing schedule is subject to Rates 100-112 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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State of North Dakota
Electric Rate Schedule

FIRM SERVICE ECONOMIC DEVELOPMENT Rate 34

Payment:

Bills will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100 or any amendments or alterations thereto.

Adjustment Clauses:

Bills are subject to the following adjustments or any amendments or alterations thereto:

1. Generation Resource Recovery Rider Rate 56
2. Environmental Cost Recovery Rider Rate 57
3. Fuel and Purchased Power Adjustment Rate 58
4. Transmission Cost Adjustment Rate 59

Right to Discontinue Service:

The Company reserves the right to refuse applicants who have not previously signed a contract for service under this rate if it determines either system capacity or system energy supply is projected to be insufficient, or if service reliability is expected to be at jeopardy.

Determination of Billing Demand:

The demand in kilowatts for billing purposes shall be the greater of the maximum 15 minute measured demand in the current month or 200 Kw. Demands will be determined to the nearest one-tenth kilowatt. Customers whose loads have rapidly fluctuating and/or intermittent demand characteristics shall be subject to special rules and regulations.

Power Factor Clause:

The Company reserves the right to require the customer to install adequate equipment so that at all times it can operate its facilities to maintain a power factor between 90% lagging and 90% leading. If the customer operates outside this range, the maximum 15 minute integrated reactive kilovolt amperes in excess of 50% of the maximum 15 minute integrated kilowatt demand for the same month will be billed at $3.35 per Kvar of such excess demand.

General Terms and Conditions:

1. The customer and the Company shall execute a contract for service to be effective under this rate for a period of five years from the date of service commencement.

Determination of Billing Demand:

The demand in kilowatts for billing purposes shall be the greater of the maximum 15 minute measured demand in the current month or 500 Kw. Demands will be determined to the nearest one-tenth kilowatt. Customers whose loads have rapidly fluctuating and/or intermittent demand characteristics shall be subject to special rules and regulations.

Power Factor Clause:

The Company reserves the right to require the customer to install adequate equipment so that at all times it can operate its facilities to maintain a power factor between 90% lagging and 90% leading. If the customer operates outside this range, the maximum 15 minute integrated reactive kilovolt amperes in excess of 50% of the maximum 15 minute integrated kilowatt demand for the same month will be billed at $3.35 per Kvar of such excess demand.

Adjustment Clauses:

Bills are subject to the following adjustments or any amendments or alterations thereto:

1. Generation Resource Recovery Rider Rate 56
2. Environmental Cost Recovery Rider Rate 57
3. Fuel and Purchased Power Adjustment Rate 58
4. Transmission Cost Adjustment Rate 59

General Terms and Conditions:

1. The customer shall execute an electric service agreement with the Company which will include, among other provisions, a minimum term of service and monthly Basic Service Charge payments to the Company. The monthly Basic Service Charge payments are determined on a customer by customer basis and shall include, but are not limited to, any additional costs incurred by Company for facilities, such as substations, electric lines, meters, switching devices, and circuit breakers that are necessary to provide service under this rate.

2. All equipment associated with the interruptible load must be of such voltage and electrical characteristics that it can be separately metered and served

SMALL MUNICIPAL ELECTRIC SERVICE
Rate 40 (CLOSED)

Minimum Bill:

Basic Service Charge.

Payment:

Bills will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100 or any amendments or alterations thereto.

Determination of Billing Demand:

The demand in kilowatts for billing purposes shall be the maximum 15 minute measured demand in the current month. Demands will be determined to the nearest one-tenth kilowatt. Customers whose loads have rapidly fluctuating and/or intermittent demand characteristics shall be subject to special rules and regulations.

Power Factor Clause:

The Company reserves the right to require the customer to install adequate equipment so that at all times it can operate its facilities to maintain a power factor between 90% lagging and 90% leading. If the customer operates outside this range, the maximum 15 minute integrated reactive kilovolt amperes in excess of 50% of the maximum 15 minute integrated kilowatt demand for the same month will be billed at $3.35 per Kvar of such excess demand.

Adjustment Clauses:

Bills are subject to the following adjustments or any amendments or alterations thereto:

1. Generation Resource Recovery Rider Rate 56
2. Environmental Cost Recovery Rider Rate 57
3. Fuel and Purchased Power Adjustment Rate 58
4. Transmission Cost Adjustment Rate 59

General Terms and Conditions:

1. Customers or their architects, contractors and electricians should consult with the Company before proceeding to design or erect installations in which there will be a substantial electric load, to make sure their equipment will meet requirements and receive adequate service.

Montana-Dakota Utilities Co.
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Bismarck, ND 58501

State of North Dakota
Electric Rate Schedule

MUNICIPAL PUMPING SERVICE Rate 48

Base Fuel and Purchased Power: 2.087¢ per Kwh

Discount: For contracts of ten years or more 10%

Minimum Bill:

Basic Service Charge plus Demand Charge.

Payment:

Bills will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100 or any amendments or alterations thereto.

Power Factor Clause:

The Company reserves the right to require the customer to install adequate equipment so that at all times it can operate its facilities to maintain a power factor between 90% lagging and 90% leading. If the customer operates outside this range, the maximum 15 minute integrated reactive kilovolt amperes in excess of 50% of the maximum 15 minute integrated kilowatt demand for the same month will be billed at $3.35 per Kvar of such excess demand.

Adjustment Clauses:

Bills are subject to the following adjustments or any amendments or alterations thereto:

1. Generation Resource Recovery Rider Rate 56
2. Environmental Cost Recovery Rider Rate 57
3. Fuel and Purchased Power Adjustment Rate 58
4. Transmission Cost Adjustment Rate 59

General Terms and Conditions:

1. Primary service rate is applicable to customers that own their own transformers, related equipment and distribution facilities downstream of the meter, satisfactory to the Company so customer can receive service and be metered at primary voltages of 2,400 volts or greater.

2. The foregoing schedule is subject to Rates 100-112 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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

Generation Resource Recovery Rider Rate 56

1. Applicability:

This rate schedule represents a Generation Resource Recovery Rider (GRRR) and specifies the procedure to be utilized to recover the jurisdictional costs associated with generation resource additions approved by the Commission but not recovered through retail rates. Costs to be recovered may include operations and maintenance expenditures, depreciation, taxes, and a current return on the project costs during construction. Costs being recovered under this tariff are currently not included in the rates established at the time of the Company's last general rate case.

2. Generation Resource Recovery Rider:

a. The North Dakota jurisdictional GRRR revenue requirement will be allocated to the customer classes based on the forecasted 12 month coincidental peak allocation factor for each class. The adjustment applied to the Residential and Small General Service Classes will be calculated based on the customer class revenue requirement and the forecasted Kwh for the forecasted period. The adjustment applied to the Large General Service Class will be calculated based on the customer class revenue requirement and the forecasted demand for the forecasted period and expressed as a KW charge. The return component of the revenue requirement calculation will be the authorized rate of return from the Company's most recent general rate case.

b. The GRRR is applicable to all retail customers for electric energy sold, except those served under lighting schedules and special contracts, and are allocated amongst the rate classes based on the an applicable demand factor.

c. The GRRR will be adjusted annually (or other period authorized by the Commission) to reflect the Company's most recent projected capital costs and related expenses for projects determined to be recoverable under this schedule.

d. A true-up will reflect any over or under collection of revenue under the GRRR based on actual expenditures from the preceding twelve month recovery period plus carrying charges or credits accrued at a rate equal to the three-month Treasury Bill rate as published monthly by the Federal Reserve Board.

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Electric Rate Schedule

Generation Resource Recovery Rider Rate 56

3. Time and Manner of the Filing:
Montana-Dakota shall file the GRRR at least 60 days prior to the proposed effective date. The filing by Montana-Dakota shall be made by means of a revised GRRR tariff sheet identifying the amounts of the adjustment, the derivation of the GRRR and the resulting GRRR by class.

4. Generation Resource Recovery Rider:

Residential	0.283¢ per Kwh
Small General	0.223¢ per Kwh
Large General	75.000¢ per KW

2. Natural gas and pipeline reservation charges recorded in Account No. 547
3. The net cost of purchases and costs linked to the utility's load serving obligation associated with participation in the wholesale electric energy markets as recorded in Account No. 555
4. Capacity purchases as recorded in Account No. 555.
5. Regional Market Administration expenses recorded in Account No. 575.
6. Less the cost of fuel and purchased power recovered from electric wholesale sales.
7. Less 100 percent of the wholesale sales margin.
8. Less the revenue from the sales of Renewable Energy Credits (RECs).

c. The cost per Kwh for the month is the sum of 3(b) above divided by retail sales volumes for the most recent four month period for the primary and secondary service classes.

4. Surcharge Adjustment:
All sales rate schedules shall be subject to a Surcharge Adjustment to be effective on April 1 each year. The Surcharge Adjustment per Kwh sold shall reflect the amortization of the applicable balance in the Deferred Fuel Cost Account calculated by dividing the applicable balance by the estimated Kwh sales for the twelve months following the effective date of the adjustment.

a. The balance in the Deferred Fuel Cost Account (Account 182.3) includes:

1. The current month over or under recovery, determined as follows:

i. Montana-Dakota shall determine each month the cost for that month's fuel and purchased power.

ii. Montana-Dakota shall subtract from the month's unit cost the unit cost reflected in rates for that month.

iii. The resulting difference (positive or negative) shall be multiplied by the Kwh's sold that month under each rate schedule.

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	0.334	0.483
Total FPPA	2.358¢	2.570¢