



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

December 12, 2014

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

Re: Fuel and Purchased Power Adjustment
Case No. PU-15-011

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	0.00334	0.00483
Total Adjustment billed under Rate 58	<u>\$0.02358</u>	<u>\$0.02570</u>

Exhibit A is the 32nd Revised Sheet No. 42.2 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after January 1, 2015.

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 January 2015. Pages 2-4 show the calculation of the adjustment for January 2015.

The net effect of this F&PP adjustment is an increase of 0.156 cents per Kwh for primary service customers and an increase of 0.180 cents per Kwh for secondary service customers for service rendered in the month of January 2015. All of North Dakota's electric customers will be affected by this proposal. There were 88,863 electric customers in North Dakota as of November 30, 2014.

The increase in the F&PP for January is caused by the fact that the lower cost month of July, used in the December calculation, was replaced by the higher cost month of November.

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 also has an agreement with its own gas operations associated with the pipeline utilized to transport firm natural gas service to the Heskett III Station pursuant to the order in Case Nos. PU-14-108 and PU-14-109.

Montana-Dakota also submits herewith a check for \$650.00 in accordance with North Dakota Century Code Section 49-05-05. This payment is to cover the filing fee associated with the Fuel and Purchased Power adjustment filings for January 2015 through December 2015.

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
32nd Revised Sheet No. 42.2
Canceling 31st 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	0.334	0.483
Total FPPA	2.358¢	2.570¢

Date Filed: December 12, 2014

Effective Date: Service rendered on and after January 1, 2015

Issued By: Tamie A. Aberle
Director- Regulatory Affairs

Case No.: PU-15-011



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6. Fuel and Purchased Power Adjustment:

	<u>Primary</u>	<u>Secondary</u>
Base Fuel	2.024¢	2.087¢
Fuel and Purchased Power Adjustment	<u>0.1780.334</u>	<u>0.3030.483</u>
Total FPPA	<u>2.2022.358¢</u>	<u>2.3902.570¢</u>

Date Filed: December 12, 2014

Effective Date: Service rendered on and after January 1, 2015

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**MONTANA-DAKOTA UTILITIES CO.
FUEL COST ADJUSTMENT - NORTH DAKOTA
JANUARY 2015 BILLING ADJUSTMENT SUMMARY**

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	\$0.00405	\$0.00567
Prior Adjustment	0.00249	0.00387
Change in Current Adjustment	<u>\$0.00156</u>	<u>\$0.00180</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>\$0.00156</u></u>	 <u><u>\$0.00180</u></u>
 Base Cost of Fuel 1/	 \$0.02024	 \$0.02087
Current Adjustment	0.00405	0.00567
Surcharge Adjustment	<u>(0.00071)</u>	<u>(0.00084)</u>
Total Adjustment billed under Rate 58	<u><u>\$0.02358</u></u>	<u><u>\$0.02570</u></u>

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

**MONTANA-DAKOTA UTILITIES CO.
FUEL AND PURCHASED POWER ADJUSTMENT - NORTH DAKOTA
JANUARY 2015**

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$15,323,432	\$10,351,008	\$1,660,418	\$8,690,590
Account 555 Energy	6,213,922	4,197,516	673,329	3,524,187
Account 555 Demand and 547 Pipeline Charges 4/	2,505,615	1,809,754	125,778	1,683,976
Account 575 Market Admin. 4/	130,308	88,023	14,120	73,903
Total Fuel & Purchased Power	\$24,173,277	\$16,446,301	\$2,473,645	\$13,972,656
Fuel Costs - Wholesale sales	171,254	115,682	18,557	97,125
System Costs	\$24,002,023	\$16,330,619	\$2,455,088	\$13,875,531
Wholesale sales Margin 4/	(36,982)	(24,981)	(4,007)	(20,974)
Revenue from Sale of RECs 5/	(95,340)	(87,374)	(14,016)	(73,358)
Total Costs - net of margin	\$23,869,701	\$16,218,264	\$2,437,065	\$13,781,199
Kwh Retail Sales	917,393,206	619,700,904	100,352,375	519,348,529
Cost Per Kwh		\$0.02617	\$0.02429	\$0.02654
Base Cost of Fuel			0.02024	0.02087
Current Adjustment			\$0.00405	\$0.00567

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 and PU-14-108.

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
JANUARY 2015

	2014				Total
	August	September	October	November	
Fuel & Purchased Power Costs					
Account 151 and 547	\$4,354,274	\$3,531,567	\$3,446,292	\$3,991,299	\$15,323,432
Account 555 Energy 1/	1,725,777	1,100,253	1,293,936	2,093,956	6,213,922
Account 555 Demand and 547 Pipeline Charges 2/	617,887	603,787	645,283	638,658	2,505,615
Account 575 Market Admin. 2/	27,965	25,153	31,122	46,068	130,308
Total Fuel & Purchased Power	\$6,725,903	\$5,260,760	\$5,416,633	\$6,769,981	\$24,173,277
Fuel Costs - Sales for Resale	61,404	71,781	32,631	5,438	171,254
System Costs	\$6,664,499	\$5,188,979	\$5,384,002	\$6,764,543	\$24,002,023
Sales for Resale - Margin 2/	(11,015)	(16,902)	(6,952)	(2,113)	(36,982)
Total Costs - net of margin	\$6,653,484	\$5,172,077	\$5,377,050	\$6,762,430	\$23,965,041
Kwh Retail Sales	241,828,577	234,393,006	237,523,380	203,648,243	917,393,206
Cost Per Kwh	\$0.02751	\$0.02207	\$0.02264	\$0.03321	\$0.02612

1/ Page 4.

2/ Authorized in Case No. PU-10-124 and PU-14-108.

MONTANA-DAKOTA UTILITIES CO.
ACCOUNT 555
JANUARY 2015 BILLING ADJUSTMENT

Account No.	Account Description	2014			
		August	September	October	November
555.1	Purchased Power	\$4,705	\$0	\$251,032	\$0
555.111	Day-Ahead Asset Energy	2,486,335	1,664,734	2,209,435	3,385,391
555.114	Real-Time Asset Energy	8,596	194,390	75,147	(11,166)
555.117	Real-Time Excessive Energy	(215)	(758)	(33)	(143)
555.118	Real-Time Non-Excessive Energy	(76,464)	(637,395)	(527,122)	(323,928)
555.1211	Day-Ahead Asset Congestion	10,738	(48,005)	(598,718)	(733,434)
555.1215	Real-Time Asset Congestion	(2,985)	(39,532)	(11,866)	7,814
555.1219	Real-Time Non-Excessive Congestion	(32,570)	171,216	157,055	(2,438)
555.1230	Revenue Rights Transaction	(276,881)	(223,348)	(223,348)	(223,348)
555.1232	Revenue Rights Infeasible Uplift	11,460	8,067	8,066	8,066
555.1233	Revenue Rights Stage 2 Distribution	(55,661)	(33,397)	(32,561)	(38,996)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(4,558)	7	(1,826)	(2,109)
555.130	Real-Time Non-Excessive Loss	15,006	78,573	67,808	25,713
555.131	Day-Ahead Asset Loss	(50,702)	(79,925)	(108,900)	(165,153)
555.135	Real-Time Asset Loss	(317,067)	59,045	10,876	130,912
555.136	Real-Time Distribution of Loss	(17,126)	(8,651)	(10,843)	(16,095)
555.151	Day-Ahead Rev Suff Guarantee Distribution	12,156	11,316	10,212	11,068
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	0	0		(5,719)
555.153	Real-Time Miscellaneous	(26)	(958)	(37)	7,548
555.154	Real-Time Net Inadvertent Distribution	(22,771)	520	2,277	2,136
555.155	Real-Time Revenue Neutrality Uplift	51,315	32,139	59,625	95,401
555.156	R-T Rev Suff Guarantee First Pass Distribution	28,099	11,285	12,683	13,990
555.159	Day Ahead Schedule 24	3,888	3,591	3,787	4,521
555.160	Real Time Schedule 24	525	486	522	444
555.162	Real Time Price Volume Make Whole Payment	(3,290)	(12,240)	(8,658)	(34,064)
555.163	Real Time Resource Adequacy Auction Amount	(58,182)	(52,728)	(56,364)	(51,292)
555.1700	Day-Ahead Regulation Amount	(1,307)	(10,060)	(6,532)	(2,765)
555.1701	Day-Ahead Spinning Reserve Amount	(3,475)	(10,200)	(14,097)	(13,121)
555.1710	Real-Time Net Regulation Adjustment	(5)	29	17	9
555.1711	Real-Time Excessive Deficient Energy Deployment	11	60	29	87
555.1713	Real-Time Regulation Amount	1,072	7,682	3,962	777
555.1714	Real-Time Spinning Reserve Amount	137	594	(7)	624
555.1716	Real-Time Regulation Cost Distribution	6,306	5,751	8,534	10,691
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	6,048	5,414	8,391	9,726
555.1718	Real-Time Supplemental Reserve Cost Distribution	2,651	2,548	5,387	2,806
555.5	Purchased Power Cogeneration	13	3	3	3
Total Account 555 Charges		<u>\$1,725,777</u>	<u>\$1,100,253</u>	<u>\$1,293,936</u>	<u>\$2,093,956</u>