



UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

September 17, 2015

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	0.00537	0.00635
Subtotal	<u>\$0.02561</u>	<u>\$0.02722</u>

Exhibit A is the 42nd Revised Sheet No. 42.2 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after October 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 October 2015. Pages 2-4 show the calculation of the adjustment for October 2015. The cost of fuel and purchased power reflects a four month historical average.

The net effect of this F&PP adjustment is an increase of 0.188 cents per Kwh for primary service customers and an increase of 0.170 cents per Kwh for secondary service customers for service rendered in the month of October 2015. The increase was largely the result of an increase in the cost per Kwh of generation because of lower wind production, as well as higher priced market purchases when comparing April to August 2015. The increase in the market price of energy is attributed to seasonal demand.

All of North Dakota's electric customers will be affected by this proposal. There were 91,202 electric customers in North Dakota as of August 31, 2015.

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

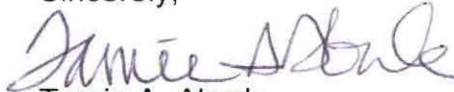
and on file with the Commission in the state where the purchase is made or the transportation occurs. Montana-Dakota also has an agreement with its own gas operations associated with the pipeline utilized to transport firm natural gas service to the Heskett III Station pursuant to the order in Case Nos. PU-14-108 and PU-14-109.

Montana-Dakota submitted a check for \$650.00 on December 12, 2014. This payment will cover the filing fee associated with the Fuel and Purchased Power adjustment filings for February 2015 through December 2015 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.

If you have any questions regarding this filing, please contact me at (701) 222-7856 or tamie.aberle@mdu.com.

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
42nd Revised Sheet No. 42.2
Canceling 41st Revised Sheet No. 42.2

FUEL AND PURCHASED POWER ADJUSTMENT Rate 58

Page 3 of 3

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	0.537	0.635
Total FPPA	2.561¢	2.722¢

Date Filed: September 17, 2015

Effective Date:

Issued By: Tamie A. Aberle
Director- Regulatory Affairs

Case No.: PU-15-011

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	\$0.00523	\$0.00612
Prior Filed Adjustment	0.00335	0.00442
Change in Current Adjustment	<u>\$0.00188</u>	<u>\$0.00170</u>
 <u>Surcharge Adjustment:</u>		
Current Adjustment	0.00014	0.00023
Prior Filed Adjustment	0.00014	0.00023
Change in Surcharge Adjustment	<u>0.00000</u>	<u>0.00000</u>
 Total Change in Fuel and Purchased Power	 <u><u>\$0.00188</u></u>	 <u><u>\$0.00170</u></u>
Base Cost of Fuel 1/	\$0.02024	\$0.02087
Current Adjustment	0.00523	0.00612
Surcharge Adjustment	0.00014	0.00023
Total Adjustment billed under Rate 58	<u><u>\$0.02561</u></u>	<u><u>\$0.02722</u></u>

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

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

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$11,157,719	\$7,560,033	\$1,303,398	\$6,256,635
Account 555 Energy	12,606,430	8,541,623	1,472,630	7,068,993
Account 555 Demand and 547 Pipeline Charges	1,521,360	1,098,369	76,337	1,022,032
Account 575 Market Admin.	117,155	79,380	13,686	65,694
Total Fuel & Purchased Power	\$25,402,664	\$17,279,405	\$2,866,051	\$14,413,354
Fuel Costs - Wholesale sales	874	592	102	490
System Costs	\$25,401,790	\$17,278,813	\$2,865,949	\$14,412,864
Wholesale sales Margin	548	371	64	307
Revenue from Sale of RECs 4/	(2,135)	(1,956)	(337)	(1,619)
Total Costs - net of margin	\$25,400,203	\$17,277,228	\$2,865,676	\$14,411,552
Kwh Retail Sales	954,063,099	646,435,769	112,494,266	533,941,503
Cost Per Kwh		\$0.02673	\$0.02547	\$0.02699
Base Cost of Fuel			0.02024	0.02087
Current Adjustment			\$0.00523	\$0.00612

1/ Page 3.

2/ Energy allocated on Kwh sales and demand is allocated on Allocation Factor No. 15, 2014 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 from PU-10-124.

4/ North Dakota's portion is allocated between primary and secondary based on Kwh sales at generation.

Factor No. 15 ND	72.196505%
Factor No. 2 Primary	6.950000%
Factor No. 2 Secondary	93.050000%

MONTANA-DAKOTA UTILITIES CO.
FUEL AND PURCHASED POWER TRACKING ADJUSTMENT - INTEGRATED SYSTEM
OCTOBER 2015

	2015				Total
	May	June	July	August	
Fuel & Purchased Power Costs					
Account 501 and 547	\$2,084,687	\$2,469,288	\$2,621,370	\$3,982,374	\$11,157,719
Account 555 Energy 1/ Account 555 Demand and 547 Pipeline Charges	2,205,379	2,964,303	4,725,431	2,711,317	12,606,430
Account 575 Market Admin.	584,832	285,756	314,298	336,474	1,521,360
	26,253	29,086	29,630	32,186	117,155
Total Fuel & Purchased Power	\$4,901,151	\$5,748,433	\$7,690,729	\$7,062,351	\$25,402,664
Fuel Costs - Sales for Resale	0	0	0	874	874
System Costs	\$4,901,151	\$5,748,433	\$7,690,729	\$7,061,477	\$25,401,790
Sales for Resale - Margin	0	0	0	548	548
Total Costs - net of margin	\$4,901,151	\$5,748,433	\$7,690,729	\$7,062,025	\$25,402,338
Kwh Retail Sales	202,938,311	230,643,971	259,080,285	261,400,532	954,063,099
Cost Per Kwh	\$0.02415	\$0.02492	\$0.02968	\$0.02702	<u>\$0.02663</u>

**MONTANA-DAKOTA UTILITIES CO.
ACCOUNT 555
OCTOBER 2015 BILLING ADJUSTMENT**

Account No.	Account Description	2015			
		May	June	July	August
555.1	Purchased Power	\$1,207	\$2,948	\$0	\$0
555.111	Day-Ahead Asset Energy	3,380,239	3,490,215	5,010,239	3,139,092
555.114	Real-Time Asset Energy	94,473	80,609	155,789	118,988
555.117	Real-Time Excessive Energy	(27)	(67)	(24)	(848)
555.118	Real-Time Non-Excessive Energy	(195,354)	(54,145)	(218,822)	(371,063)
555.1211	Day-Ahead Asset Congestion	(788,013)	(364,168)	(76,592)	(174,613)
555.1215	Real-Time Asset Congestion	(25,519)	(12,510)	(7,810)	(3,219)
555.1219	Real-Time Non-Excessive Congestion	50,535	(3,009)	4,710	107,729
555.1230	Revenue Rights Transaction	(173,427)	(67,938)	(67,938)	(67,938)
555.1232	Revenue Rights Infeasible Uplift	18,047	4,223	4,223	4,171
555.1233	Revenue Rights Stage 2 Distribution	(30,907)	(24,791)	(17,776)	(19,592)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(4,173)	(6,821)	(2)	(5,796)
555.130	Real-Time Non-Excessive Loss	23,959	5,230	19,818	53,004
555.131	Day-Ahead Asset Loss	(302,233)	(233,539)	(227,716)	(180,865)
555.135	Real-Time Asset Loss	95,864	90,397	113,849	73,263
555.136	Real-Time Distribution of Loss	(16,099)	(8,852)	(30,688)	(16,909)
555.151	Day-Ahead Rev Suff Guarantee Distribution	4,999	5,913	9,510	9,822
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	1	0	(531)	0
555.153	Real-Time Miscellaneous	467	264	(649)	911
555.154	Real-Time Net Inadvertent Distribution	(1,823)	619	(2,243)	899
555.155	Real-Time Revenue Neutrality Uplift	51,925	38,994	33,699	23,643
555.156	R-T Rev Suff Guarantee First Pass Distribution	6,863	11,692	15,205	26,198
555.157	R-T Rev Suff Guarantee Make Whole Payment	0	(6,918)	(13,396)	(25,402)
555.159	Day Ahead Schedule 24	2,958	3,806	4,001	4,471
555.160	Real Time Schedule 24	234	267	281	461
555.162	RT Price Volatility Make Whole Payment	(705)	(732)	(274)	(1,416)
555.1701	Day-Ahead Spinning Reserve Amount	(1,758)	(4,398)	(1,317)	(2,900)
555.1711	Real-Time Excessive Deficient Energy Deployment	1	3	(1)	25
555.1712	Real-Time Contingency Reserve Deployment	0	76	0	551
555.1714	Real-Time Spinning Reserve Amount	(425)	259	(1,159)	327
555.1716	Real-Time Regulation Cost Distribution	6,733	6,655	5,986	6,811
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	5,539	7,663	11,295	8,003
555.1718	Real-Time Supplemental Reserve Cost Distribution	1,793	2,356	3,743	3,489
555.5	Purchased Power Cogeneration	5	2	21	20
Total Account 555 Charges		<u>\$2,205,379</u>	<u>\$2,964,303</u>	<u>\$4,725,431</u>	<u>\$2,711,317</u>