



UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

December 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-16-011

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	0.00410	0.00485
Subtotal	\$0.02434	\$0.02572

Exhibit A is the 45th Revised Sheet No. 42.2 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after January 1, 2016.

Exhibit B, page 1 summarizes the fuel and purchase power adjustment calculated pursuant to the terms of Rate 58 that will apply during the month of January 2016. Pages 2-4 show the calculation of the adjustment for January 2016. The cost of fuel and purchased power reflects a four month historical average.

Montana-Dakota began taking service from the Southwest Power Pool (SPP) on October 1, 2015 upon Western Area Power Administration (WAPA) joining SPP to replace WAPA Network Integrated Transmission Service agreement. As such, Montana-Dakota will be responsible for additional energy related cost components, including marginal congestion and losses, for certain energy deliveries which rely on SPP transmission.

The net effect of this F&PP adjustment is a decrease of 0.022 cents per Kwh for primary service customers and a decrease of 0.017 cents per Kwh for secondary service customers for service rendered in the month of January 2016. The decrease was largely the result of lower MISO market prices reflecting seasonal demand.

All of North Dakota's electric customers will be affected by this proposal. There were 92,154 electric customers in North Dakota as of November 30, 2015.

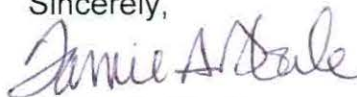
In response to Paragraph No. 11 of NDAC Section 69-09-02-39, Montana-Dakota purchases natural gas used for electric generation from its own gas operations or transports natural gas purchased from others under the applicable gas tariff approved and on file with the Commission in the state where the purchase 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 January 2016 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

45th Revised Sheet No. 42.2

Canceling 44th 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	0.410	0.485
Total FPPA	2.434¢	2.572¢

Date Filed: December 17, 2015

Effective Date: Service rendered on and after January 1, 2016

Issued By: Tamie A. Aberle
Director- Regulatory Affairs

Case No.: PU-16-011

**MONTANA-DAKOTA UTILITIES CO.
FUEL COST ADJUSTMENT - NORTH DAKOTA
JANUARY 2016 BILLING ADJUSTMENT SUMMARY**

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	\$0.00396	\$0.00462
Prior Filed Adjustment	0.00418	0.00479
Change in Current Adjustment	<u>(\$0.00022)</u>	<u>(\$0.00017)</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>(\$0.00022)</u></u>	 <u><u>(\$0.00017)</u></u>
Base Cost of Fuel 1/	\$0.02024	\$0.02087
Current Adjustment	0.00396	0.00462
Surcharge Adjustment	0.00014	0.00023
Total Adjustment billed under Rate 58	<u><u>\$0.02434</u></u>	<u><u>\$0.02572</u></u>

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

**MONTANA-DAKOTA UTILITIES CO.
FUEL AND PURCHASED POWER ADJUSTMENT - NORTH DAKOTA
JANUARY 2016**

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$12,750,813	\$8,662,751	\$1,507,665	\$7,155,086
Account 555 Energy	9,764,129	6,633,633	1,154,517	5,479,116
Account 555 Demand and 547 Pipeline Charges	1,246,937	900,245	62,567	837,678
Account 575 Market Admin.	122,621	83,307	14,499	68,808
Total Fuel & Purchased Power	\$23,884,500	\$16,279,936	\$2,739,248	\$13,540,688
Fuel Costs - Wholesale sales	1,155	785	137	648
System Costs	\$23,883,345	\$16,279,151	\$2,739,111	\$13,540,040
Wholesale sales Margin	661	449	78	371
Revenue from Sale of RECs 4/	0	0	0	0
Total Costs - net of margin	\$23,884,006	\$16,279,600	\$2,739,189	\$13,540,411
Kwh Retail Sales	948,489,027	644,392,200	113,199,068	531,193,132
Cost Per Kwh		\$0.02526	\$0.02420	\$0.02549
Base Cost of Fuel			0.02024	0.02087
Current Adjustment			<u>\$0.00396</u>	<u>\$0.00462</u>

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
JANUARY 2016

	2015				Total
	August	September	October	November	
Fuel & Purchased Power Costs					
Account 501 and 547	\$3,982,374	\$2,743,968	\$3,296,991	\$2,727,480	\$12,750,813
Account 555 Energy 1/	2,711,317	2,218,189	1,764,612	3,070,011	9,764,129
Account 555 Demand and 547 Pipeline Charges	336,474	284,688	326,170	299,605	1,246,937
Account 575 Market Admin.	32,186	26,694	30,353	33,388	122,621
Total Fuel & Purchased Power	\$7,062,351	\$5,273,539	\$5,418,126	\$6,130,484	\$23,884,500
Fuel Costs - Sales for Resale	874	281	0	0	1,155
System Costs	\$7,061,477	\$5,273,258	\$5,418,126	\$6,130,484	\$23,883,345
Sales for Resale - Margin	548	113	0	0	661
Total Costs - net of margin	\$7,062,025	\$5,273,371	\$5,418,126	\$6,130,484	\$23,884,006
Kwh Retail Sales	261,400,532	250,139,397	232,446,643	204,502,455	948,489,027
Cost Per Kwh	\$0.02702	\$0.02108	\$0.02331	\$0.02998	<u>\$0.02518</u>

MONTANA-DAKOTA UTILITIES CO.
ACCOUNT 555
JANUARY 2016 BILLING ADJUSTMENT

Account No.	Account Description	2015			
		August	September	October	November
	<u>Midcontinent Independent System Operators (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$3,139,092	\$2,971,808	\$2,391,866	\$3,489,279
555.114	Real-Time Asset Energy	118,988	89,879	17,840	(47,848)
555.117	Real-Time Excessive Energy	(848)	(234)	345	0
555.118	Real-Time Non-Excessive Energy	(371,063)	(258,249)	(293,092)	(485,996)
555.1211	Day-Ahead Asset Congestion	(174,613)	(454,392)	(245,364)	233,702
555.1215	Real-Time Asset Congestion	(3,219)	(4,915)	(4,832)	7,438
555.1219	Real-Time Non-Excessive Congestion	107,729	58,609	78,241	83,628
555.1230	Revenue Rights Transaction	(67,938)	(83,057)	(83,057)	(83,057)
555.1232	Revenue Rights Infeasible Uplift	4,171	6,361	6,387	6,387
555.1233	Revenue Rights Stage 2 Distribution	(19,592)	(40,669)	(41,716)	(41,716)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(5,796)	0	(673)	(767)
555.130	Real-Time Non-Excessive Loss	53,004	30,082	34,501	54,224
555.131	Day-Ahead Asset Loss	(180,865)	(153,396)	(155,437)	(281,480)
555.135	Real-Time Asset Loss	73,263	19,048	17,820	23,062
555.136	Real-Time Distribution of Loss	(16,909)	(4,650)	(8,498)	(6,217)
555.151	Day-Ahead Rev Suff Guarantee Distribution	9,822	7,011	8,571	3,835
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	0	(1,360)	(2)	0
555.153	Real-Time Miscellaneous	911	(3,286)	224	2,296
555.154	Real-Time Net Inadvertent Distribution	899	1,477	(3,011)	(3,708)
555.155	Real-Time Revenue Neutrality Uplift	23,643	34,993	23,003	54,553
555.156	R-T Rev Suff Guarantee First Pass Distribution	26,198	23,132	12,479	6,854
555.157	R-T Rev Suff Guarantee Make Whole Payment	(25,402)	(35,457)	(2,562)	474
555.159	Day Ahead Schedule 24	4,471	3,872	4,113	4,587
555.160	Real Time Schedule 24	461	455	553	253
555.162	RT Price Volatility Make Whole Payment	(1,416)	(1,717)	(6,066)	(5,455)
555.1701	Day-Ahead Spinning Reserve Amount	(2,900)	(2,632)	(6,283)	(7,642)
555.1711	Real-Time Excessive Deficient Energy Deployment	25	27	(1)	0
555.1712	Real-Time Contingency Reserve Deployment	551	0	0	0
555.1714	Real-Time Spinning Reserve Amount	327	(1,842)	(16)	1,679
555.1716	Real-Time Regulation Cost Distribution	6,811	5,397	6,259	6,099
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	8,003	7,243	7,462	6,279
555.1718	Real-Time Supplemental Reserve Cost Distribution	3,489	4,634	5,556	3,434
	<u>Southwest Power Pool (SPP)</u>				
555.185	RT Asset Losses	0	0	0	2,663
555.186	RT Over Collected Losses	0	0	0	(3,891)
555.1915	RT Asset Congestion	0	0	0	47,061
	<u>Other</u>				
555.5	Purchased Power Cogeneration	20	17	2	1
	Total Account 555 Charges	<u>\$2,711,317</u>	<u>\$2,218,189</u>	<u>\$1,764,612</u>	<u>\$3,070,011</u>