



UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

February 17, 2016

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	0.00345	0.00403
Subtotal	<u>\$0.02369</u>	<u>\$0.02490</u>

Exhibit A is the 47th Revised Sheet No. 42.2 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after March 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 March 2016. Pages 2-4 show the calculation of the adjustment for March 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 an increase of 0.001 cents per Kwh for primary service customers and a decrease of 0.008 cents per Kwh for secondary service customers for service rendered in the month of March 2016. The decrease was largely the result of the addition of Thunder Spirit Wind facility.

All of North Dakota's electric customers will be affected by this proposal. There were 92,506 electric customers in North Dakota as of January 31, 2016.

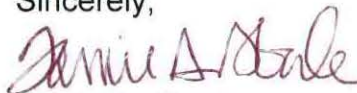
In response to Paragraph No. 11 of NDAC Section 69-09-02-39, Montana-Dakota purchases natural gas used for electric generation from its own gas operations or transports natural gas purchased from others under the applicable gas tariff approved and on file with the Commission in the state where the purchase 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 \$600.00 on January 15, 2016. This payment will cover the filing fee associated with the Fuel and Purchased Power adjustment filings for February 2016 through January 2017 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

47th Revised Sheet No. 42.2

Canceling 46th 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	0.345	0.403
Total FPPA	2.369¢	2.490¢

Date Filed: February 17, 2016

Effective Date:

Issued By: Tamie A. Aberle
Director- Regulatory Affairs

Case No.: PU-16-011

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	\$0.00331	\$0.00380
Prior Filed Adjustment	0.00330	0.00388
Change in Current Adjustment	<u>\$0.00001</u>	<u>(\$0.00008)</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>\$0.00001</u></u>	 <u><u>(\$0.00008)</u></u>
Base Cost of Fuel 1/	\$0.02024	\$0.02087
Current Adjustment	0.00331	0.00380
Surcharge Adjustment	0.00014	0.00023
Total Adjustment billed under Rate 58	<u><u>\$0.02369</u></u>	<u><u>\$0.02490</u></u>

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

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

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$13,606,118	\$9,225,992	\$1,490,241	\$7,735,751
Account 555 Energy	10,085,455	6,838,713	1,104,632	5,734,081
Account 555 Demand and 547 Pipeline Charges	1,208,940	868,874	60,387	808,487
Account 575 Market Admin.	147,366	99,925	16,141	83,784
Total Fuel & Purchased Power	\$25,047,879	\$17,033,504	\$2,671,401	\$14,362,103
Fuel Costs - Wholesale sales	33,206	22,516	3,637	18,879
System Costs	\$25,014,673	\$17,010,988	\$2,667,764	\$14,343,224
Wholesale sales Margin	8,595	5,828	941	4,887
Revenue from Sale of RECs 4/	(2,116)	(1,524)	(246)	(1,278)
Total Costs - net of margin	\$25,021,152	\$17,015,292	\$2,668,459	\$14,346,833
Kwh Retail Sales	1,024,629,037	694,777,138	113,290,632	581,486,506
Cost Per Kwh		\$0.02449	\$0.02355	\$0.02467
Base Cost of Fuel			0.02024	0.02087
Current Adjustment			\$0.00331	\$0.00380

1/ Page 3.

2/ Energy allocated on Kwh sales and demand is allocated on Allocation Factor No. 15, 2016 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	71.870735%
Factor No. 2 Primary	6.950000%
Factor No. 2 Secondary	93.050000%

**MONTANA-DAKOTA UTILITIES CO.
FUEL AND PURCHASED POWER TRACKING ADJUSTMENT - INTEGRATED SYSTEM
MARCH 2016**

	2015			2016	North Dakota Total
	October	November	December	January	
Fuel & Purchased Power Costs					
Account 501 and 547	\$3,296,991	\$2,727,480	\$3,308,629	\$4,273,018	\$13,606,118
Account 555 Energy 1/ Account 555 Demand and 547 Pipeline Charges	1,764,612	3,070,011	3,278,264	1,972,568	10,085,455
Account 575 Market Admin.	326,170	299,605	299,483	283,682	1,208,940
	30,353	33,388	36,994	46,631	147,366
Total Fuel & Purchased Power	\$5,418,126	\$6,130,484	\$6,923,370	\$6,575,899	\$25,047,879
Fuel Costs - Sales for Resale	0	0	0	33,206	33,206
System Costs	\$5,418,126	\$6,130,484	\$6,923,370	\$6,542,693	\$25,014,673
Sales for Resale - Margin	0	0	0	8,595	8,595
Total Costs - net of margin	\$5,418,126	\$6,130,484	\$6,923,370	\$6,551,288	\$25,023,268
Kwh Retail Sales	232,446,643	204,502,455	283,658,135	304,021,804	1,024,629,037
Cost Per Kwh	\$0.02331	\$0.02998	\$0.02441	\$0.02155	<u>\$0.02442</u>

**MONTANA-DAKOTA UTILITIES CO.
ACCOUNT 555
MARCH 2016 BILLING ADJUSTMENT**

Account No.	Account Description	2015			2016
		October	November	December	January
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$2,391,866	\$3,489,279	\$3,737,658	\$2,706,243
555.114	Real-Time Asset Energy	17,840	(47,848)	(35,788)	(119,306)
555.117	Real-Time Excessive Energy	345	0	(347)	(98)
555.118	Real-Time Non-Excessive Energy	(293,092)	(485,996)	(305,873)	(829,853)
555.1211	Day-Ahead Asset Congestion	(245,364)	233,702	(87,518)	44,628
555.1215	Real-Time Asset Congestion	(4,832)	7,438	7,089	8,759
555.1219	Real-Time Non-Excessive Congestion	78,241	83,628	35,047	71,095
555.1230	Revenue Rights Transaction	(83,057)	(83,057)	(42,633)	(42,633)
555.1232	Revenue Rights Infeasible Uplift	6,387	6,387	4,154	4,154
555.1233	Revenue Rights Stage 2 Distribution	(41,716)	(41,716)	(33,621)	(33,728)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(673)	(767)	(5,313)	(72)
555.130	Real-Time Non-Excessive Loss	34,501	54,224	35,561	70,216
555.131	Day-Ahead Asset Loss	(155,437)	(281,480)	(159,120)	(78,880)
555.135	Real-Time Asset Loss	17,820	23,062	50,286	116,965
555.136	Real-Time Distribution of Loss	(8,498)	(6,217)	(14,051)	(21,223)
555.151	Day-Ahead Rev Suff Guarantee Distribution	8,571	3,835	5,124	7,943
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(2)	0	0	0
555.153	Real-Time Miscellaneous	224	2,296	(622)	81,456
555.154	Real-Time Net Inadvertent Distribution	(3,011)	(3,708)	(2,961)	(7,558)
555.155	Real-Time Revenue Neutrality Uplift	23,003	54,553	45,642	65,626
555.156	R-T Rev Suff Guarantee First Pass Distribution	12,479	6,854	3,928	1,546
555.157	R-T Rev Suff Guarantee Make Whole Payment	(2,562)	474	0	0
555.158	Real-Time Uninstructed Deviation	0	0	(2)	2
555.159	Day Ahead Schedule 24	4,113	4,587	4,968	5,666
555.160	Real Time Schedule 24	553	253	522	737
555.162	RT Price Volatility Make Whole Payment	(6,066)	(5,455)	(6,205)	(1,524)
555.1701	Day-Ahead Spinning Reserve Amount	(6,283)	(7,642)	(6,047)	(4,749)
555.1711	Real-Time Excessive Deficient Energy Deployment	(1)	0	20	35
555.1714	Real-Time Spinning Reserve Amount	(16)	1,679	82	1,046
555.1716	Real-Time Regulation Cost Distribution	6,259	6,099	6,308	4,797
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	7,462	6,279	7,006	6,011
555.1718	Real-Time Supplemental Reserve Cost Distribution	5,556	3,434	3,830	2,639
	<u>Southwest Power Pool (SPP)</u>				
555.185	RT Asset Losses	0	2,663	(13,867)	2,007
555.186	RT Over Collected Losses	0	(3,891)	(21,353)	(12,595)
555.1915	RT Asset Congestion	0	47,061	66,359	(76,965)
	<u>Other</u>				
555.5	Purchased Power Cogeneration	2	1	1	181
	Total Account 555 Charges	\$1,764,612	\$3,070,011	\$3,278,264	\$1,972,568