



UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

April 19, 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	<u>(0.00169)</u>	<u>(0.00158)</u>
Subtotal	\$0.01855	\$0.01929

Exhibit A is the 49th Revised Sheet No. 42.2 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after May 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 May 2016. Pages 2-4 show the calculation of the adjustment for May 2016. The cost of fuel and purchased power reflects a four month historical average.

The net effect of this F&PP adjustment is a decrease of 0.323 cents per Kwh for primary service customers and a decrease of 0.332 cents per Kwh for secondary service customers for service rendered in the month of May 2016. The decrease was largely the result of the addition of the Thunder Spirit Wind facility.

All of North Dakota's electric customers will be affected by this proposal. There were 92,861 electric customers in North Dakota as of March 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

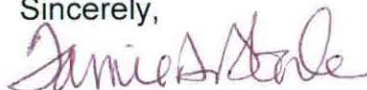
operations associated with the pipeline utilized to transport firm natural gas service to the Heskett III Station pursuant to the order in Case Nos. PU-14-108 and PU-14-109.

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

49th Revised Sheet No. 42.2

Canceling 48th 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	(0.169)	(0.158)
Total FPPA	1.855¢	1.929¢

Date Filed: April 19, 2016

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

Issued By: Tamie A. Aberle
Director- Regulatory Affairs

Case No.: PU-16-011

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	(\$0.00142)	(\$0.00112)
Prior Filed Adjustment	0.00181	0.00220
Change in Current Adjustment	<u>(\$0.00323)</u>	<u>(\$0.00332)</u>
 <u>Surcharge Adjustment:</u>		
Current Adjustment (Exhibit C)	(0.00027)	(0.00046)
Prior Filed Adjustment	<u>(0.00027)</u>	<u>(0.00046)</u>
Change in Surcharge Adjustment	0.00000	0.00000
 Total Change in Fuel and Purchased Power	 <u><u>(\$0.00323)</u></u>	 <u><u>(\$0.00332)</u></u>
 Base Cost of Fuel 1/	 \$0.02024	 \$0.02087
Current Adjustment	(0.00142)	(0.00112)
Surcharge Adjustment	<u>(0.00027)</u>	<u>(0.00046)</u>
Total Adjustment billed under Rate 58	<u><u>\$0.01855</u></u>	<u><u>\$0.01929</u></u>

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

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

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$13,782,324	\$9,425,252	\$1,443,933	\$7,981,319
Account 555 Energy	7,486,119	5,119,497	784,298	4,335,199
Account 555 Demand and 547 Pipeline Charges	1,199,392	862,012	59,910	802,102
Account 575 Market Admin.	160,529	109,780	16,818	92,962
Total Fuel & Purchased Power	\$22,628,364	\$15,516,541	\$2,304,959	\$13,211,582
Fuel Costs - Wholesale sales	33,206	22,709	3,479	19,230
System Costs	\$22,595,158	\$15,493,832	\$2,301,480	\$13,192,352
Wholesale sales Margin	(94,197)	(64,418)	(9,869)	(54,549)
Revenue from Sale of RECs 4/	(292,110)	(267,483)	(40,978)	(226,505)
Total Costs - net of margin	\$22,208,851	\$15,161,931	\$2,250,633	\$12,911,298
Kwh Retail Sales	1,130,582,951	773,166,335	119,583,987	653,582,348
Cost Per Kwh		\$0.01961	\$0.01882	\$0.01975
Base Cost of Fuel			0.02024	0.02087
Current Adjustment			(\$0.00142)	(\$0.00112)

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.

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

	2015	2016			North Dakota Total
	December	January	February	March	
Fuel & Purchased Power Costs					
Account 501 and 547	\$3,308,629	\$4,273,018	\$3,685,270	\$2,515,407	\$13,782,324
Account 555 Energy 1/	3,278,264	1,972,568	739,238	1,496,049	7,486,119
Account 555 Demand and 547 Pipeline Charges	299,483	283,682	316,055	300,172	1,199,392
Account 575 Market Admin.	36,994	46,631	43,560	33,344	160,529
Total Fuel & Purchased Power	\$6,923,370	\$6,575,899	\$4,784,123	\$4,344,972	\$22,628,364
Fuel Costs - Sales for Resale	0	33,206	0	0	33,206
System Costs	\$6,923,370	\$6,542,693	\$4,784,123	\$4,344,972	\$22,595,158
Sales for Resale - Margin	0	8,595	(92,278)	(10,514)	(94,197)
Total Costs - net of margin	\$6,923,370	\$6,551,288	\$4,691,845	\$4,334,458	\$22,500,961
Kwh Retail Sales	283,658,135	304,021,804	270,898,797	272,004,215	1,130,582,951
Cost Per Kwh	\$0.02441	\$0.02155	\$0.01732	\$0.01594	<u>\$0.01990</u>

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

Account No.	Account Description	2015	2016			
		December	January	February	March	
	<u>Midcontinent Independent System Operator (MISO)</u>					
555.111	Day-Ahead Asset Energy	\$3,737,658	\$2,706,243	\$1,472,832	\$2,784,510	
555.114	Real-Time Asset Energy	(35,788)	(119,306)	(20,896)	(40,439)	
555.117	Real-Time Excessive Energy	(347)	(98)	(8)	(495)	
555.118	Real-Time Non-Excessive Energy	(305,873)	(829,853)	(689,661)	(802,123)	
555.1211	Day-Ahead Asset Congestion	(87,518)	44,628	(99,379)	(456,689)	
555.1215	Real-Time Asset Congestion	7,089	8,759	4,438	13,442	
555.1219	Real-Time Non-Excessive Congestion	35,047	71,095	129,338	140,615	
555.1230	Revenue Rights Transaction	(42,633)	(42,633)	(42,633)	(6,206)	
555.1232	Revenue Rights Infeasible Uplift	4,154	4,154	4,154	1,953	
555.1233	Revenue Rights Stage 2 Distribution	(33,621)	(33,728)	(33,728)	(39,234)	
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(5,313)	(72)	(4,221)	(3,668)	
555.130	Real-Time Non-Excessive Loss	35,561	70,216	64,964	88,720	
555.131	Day-Ahead Asset Loss	(159,120)	(78,880)	(36,418)	(218,711)	
555.135	Real-Time Asset Loss	50,286	116,965	(17,364)	(143,657)	
555.136	Real-Time Distribution of Loss	(14,051)	(21,223)	(11,516)	6,074	
555.151	Day-Ahead Rev Suff Guarantee Distribution	5,124	7,943	3,898	5,723	
555.153	Real-Time Miscellaneous	(622)	81,456	6,672	8,994	
555.154	Real-Time Net Inadvertent Distribution	(2,961)	(7,558)	15,354	39,782	
555.155	Real-Time Revenue Neutrality Uplift	45,642	65,626	17,439	(30,485)	
555.156	R-T Rev Suff Guarantee First Pass Distribution	3,928	1,546	612	1,427	
555.158	Real-Time Uninstructed Deviation	(2)	2	0	0	
555.159	Day Ahead Schedule 24	4,968	5,666	5,045	4,396	
555.160	Real Time Schedule 24	522	737	843	820	
555.162	RT Price Volatility Make Whole Payment	(6,205)	(1,524)	(8,407)	(3,164)	
555.1701	Day-Ahead Spinning Reserve Amount	(6,047)	(4,749)	(5,094)	(12,799)	
555.1710	Real-Time Net Regulation Adjustment	0	0	62	0	
555.1711	Real-Time Excessive Deficient Energy Deployment	20	35	42	61	
555.1713	Real-Time Regulation Amount	0	0	(101)	0	
555.1714	Real-Time Spinning Reserve Amount	82	1,046	(2,122)	(557)	
555.1716	Real-Time Regulation Cost Distribution	6,308	4,797	4,756	4,698	
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	7,006	6,011	4,885	6,543	
555.1718	Real-Time Supplemental Reserve Cost Distribution	3,830	2,639	2,077	2,348	
	<u>Southwest Power Pool (SPP)</u>					
555.185	RT Asset Losses	(13,867)	2,007	36,588	51,126	
555.186	RT Over Collected Losses	(21,353)	(12,595)	(23,968)	(32,960)	
555.1915	RT Asset Congestion	66,359	(76,965)	(39,245)	126,003	
	<u>Other</u>					
555.5	Purchased Power Cogeneration		1	181	0	1
	Total Account 555 Charges	\$3,278,264	\$1,972,568	\$739,238	\$1,496,049	