

May 13, 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	(0.00319)	(0.00304)
Subtotal	\$0.01705	\$0.01783

Exhibit A is the 50th Revised Sheet No. 42.2 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after June 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 June 2016. Pages 2-4 show the calculation of the adjustment for June 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 0.1500 cents per Kwh for primary service customers and a decrease of 0.1460 cents per Kwh for secondary service customers for service rendered in the month of June 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 92,433 electric customers in North Dakota as of April 30, 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

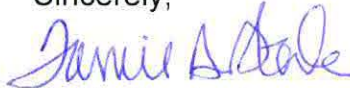
operations associated with the pipeline utilized to transport firm natural gas service to the Heskett III Station pursuant to the order in Case Nos. PU-14-108 and PU-14-109.

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

50th Revised Sheet No. 42.2

Canceling 49th 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	(0.319)	(0.304)
Total FPPA	1.705¢	1.783¢

Date Filed: May 13, 2016

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

Issued By: Tamie A. Aberle
Director- Regulatory Affairs

Case No.: PU-16-011

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	(\$0.00292)	(\$0.00258)
Prior Filed Adjustment	(0.00142)	(0.00112)
Change in Current Adjustment	<u>(\$0.00150)</u>	<u>(\$0.00146)</u>
 <u>Surcharge Adjustment:</u>		
Current Adjustment (Exhibit C)	(\$0.00027)	(\$0.00046)
Prior Filed Adjustment	(0.00027)	(0.00046)
Change in Surcharge Adjustment	<u>\$0.00000</u>	<u>\$0.00000</u>
 Total Change in Fuel and Purchased Power	 <u><u>(\$0.00150)</u></u>	 <u><u>(\$0.00146)</u></u>
 Base Cost of Fuel 1/	 \$0.02024	 \$0.02087
Current Adjustment	(0.00292)	(0.00258)
Surcharge Adjustment	(0.00027)	(0.00046)
Total Adjustment billed under Rate 58	<u><u>\$0.01705</u></u>	<u><u>\$0.01783</u></u>

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

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

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$12,798,329	\$8,760,822	\$1,376,411	\$7,384,411
Account 555 Energy	5,780,034	3,956,599	621,620	3,334,979
Account 555 Demand and 547 Pipeline Charges	1,197,907	860,945	59,836	801,109
Account 575 Market Admin.	153,353	104,975	16,493	88,482
Total Fuel & Purchased Power	\$19,929,623	\$13,683,341	\$2,074,360	\$11,608,981
Fuel Costs - Sales for Resales	33,206	22,730	3,571	19,159
Net System Costs	\$19,896,417	\$13,660,611	\$2,070,789	\$11,589,822
Wholesale sales Margin	(94,197)	(64,481)	(10,131)	(54,350)
Revenue from Sale of RECs 4/	(262,789)	(245,144)	(38,515)	(206,629)
Total Costs - net of margin	\$19,539,431	\$13,350,986	\$2,022,143	\$11,328,843
Kwh Retail Sales	1,075,198,182	736,003,897	116,737,465	619,266,432
Cost Per Kwh		\$0.01814	\$0.01732	\$0.01829
Base Cost of Fuel			0.02024	0.02087
Current Adjustment			(\$0.00292)	(\$0.00258)

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
JUNE 2016

	2016				North Dakota Total
	January	February	March	April	
Fuel & Purchased Power Costs					
Account 501 and 547	\$4,273,018	\$3,685,270	\$2,515,407	\$2,324,634	\$12,798,329
Account 555 Energy 1/ Account 555 Demand and 547 Pipeline Charges	1,972,568	739,238	1,496,049	1,572,179	5,780,034
Account 575 Market Admin.	283,682	316,055	300,172	297,998	1,197,907
	46,631	43,560	33,344	29,818	153,353
Total Fuel & Purchased Power	\$6,575,899	\$4,784,123	\$4,344,972	\$4,224,629	\$19,929,623
Fuel Costs - Sales for Resale	33,206	0	0	0	33,206
System Costs	\$6,542,693	\$4,784,123	\$4,344,972	\$4,224,629	\$19,896,417
Sales for Resale - Margin	8,595	(92,278)	(10,514)	0	(94,197)
Total Costs - Net of Margin	\$6,551,288	\$4,691,845	\$4,334,458	\$4,224,629	\$19,802,220
 Kwh Retail Sales	 304,021,804	 270,898,797	 272,004,215	 228,273,366	 <u>1,075,198,182</u>
Cost Per Kwh	\$0.02155	\$0.01732	\$0.01594	\$0.01851	<u><u>\$0.01842</u></u>

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

Account No.	Account Description	2016			
		January	February	March	April
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$2,706,243	\$1,472,832	\$2,784,510	\$2,862,434
555.114	Real-Time Asset Energy	(119,306)	(20,896)	(40,439)	(34,861)
555.117	Real-Time Excessive Energy	(98)	(8)	(495)	(785)
555.118	Real-Time Non-Excessive Energy	(829,853)	(689,661)	(802,123)	(756,173)
555.1211	Day-Ahead Asset Congestion	44,628	(99,379)	(456,689)	(549,552)
555.1215	Real-Time Asset Congestion	8,759	4,438	13,442	11,184
555.1219	Real-Time Non-Excessive Congestion	71,095	129,338	140,615	231,984
555.1230	Revenue Rights Transaction	(42,633)	(42,633)	(6,206)	(6,206)
555.1232	Revenue Rights Infeasible Uplift	4,154	4,154	1,953	1,953
555.1233	Revenue Rights Stage 2 Distribution	(33,728)	(33,728)	(39,234)	(38,805)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(72)	(4,221)	(3,668)	(2,928)
555.130	Real-Time Non-Excessive Loss	70,216	64,964	88,720	80,711
555.131	Day-Ahead Asset Loss	(78,880)	(36,418)	(218,711)	(283,926)
555.135	Real-Time Asset Loss	116,965	(17,364)	(143,657)	69,208
555.136	Real-Time Distribution of Loss	(21,223)	(11,516)	6,074	(3,965)
555.151	Day-Ahead Rev Suff Guarantee Distribution	7,943	3,898	5,723	5,516
555.153	Real-Time Miscellaneous	81,456	6,672	8,994	7,239
555.154	Real-Time Net Inadvertent Distribution	(7,558)	15,354	39,782	(7,110)
555.155	Real-Time Revenue Neutrality Uplift	65,626	17,439	(30,485)	28,062
555.156	R-T Rev Suff Guarantee First Pass Distribution	1,546	612	1,427	27,701
555.158	Real-Time Uninstructed Deviation	2	0	0	0
555.159	Day Ahead Schedule 24	5,666	5,045	4,396	4,375
555.160	Real Time Schedule 24	737	843	820	669
555.162	RT Price Volatility Make Whole Payment	(1,524)	(8,407)	(3,164)	(10,079)
555.1701	Day-Ahead Spinning Reserve Amount	(4,749)	(5,094)	(12,799)	(19,008)
555.1710	Real-Time Net Regulation Adjustment	0	62	0	0
555.1711	Real-Time Excessive Deficient Energy Deployment	35	42	61	86
555.1712	Real-Time Contingency Reserve Deployment	0	0	0	227
555.1713	Real-Time Regulation Amount	0	(101)	0	(34)
555.1714	Real-Time Spinning Reserve Amount	1,046	(2,122)	(557)	917
555.1716	Real-Time Regulation Cost Distribution	4,797	4,756	4,698	6,709
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	6,011	4,885	6,543	7,793
555.1718	Real-Time Supplemental Reserve Cost Distribution	2,639	2,077	2,348	2,529
	<u>Southwest Power Pool (SPP)</u>				
555.185	RT Asset Losses	2,007	36,588	51,126	(3,468)
555.186	RT Over Collected Losses	(12,595)	(23,968)	(32,960)	(44,183)
555.1915	RT Asset Congestion	(76,965)	(39,245)	126,003	(16,038)
	<u>Other</u>				
555.5	Purchased Power Cogeneration	181	0	1	3
	Total Account 555 Charges	\$1,972,568	\$739,238	\$1,496,049	\$1,572,179