



UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

July 18, 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  
August 2016

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	(0.00310)	(0.00275)
Subtotal	<u>\$0.01714</u>	<u>\$0.01812</u>

Exhibit A is the 52nd Revised Sheet No. 42.2 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after August 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 August 2016. Pages 2-4 show the calculation of the adjustment for August 2016. 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 0.070 cents per Kwh for primary service customers and an increase of 0.078 cents per Kwh for secondary service customers for service rendered in the month of August 2016. The increase was the result of an increase in the per unit cost of generation.

All of North Dakota's electric customers will be affected by this proposal. There were 92,844 electric customers in North Dakota as of June 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

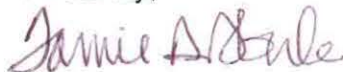
and on file with the Commission in the state where the purchase is made or the transportation occurs. Montana-Dakota also has an agreement with its own gas operations associated with the pipeline utilized to transport firm natural gas service to the Heskett III Station pursuant to the order in Case Nos. 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](mailto: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 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Electric Rate Schedule

NDPSC Volume 4

52<sup>nd</sup> Revised Sheet No. 42.2

Canceling 51<sup>st</sup> 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	(0.310)	(0.275)
Total FPPA	1.714¢	1.812¢

Date Filed: July 18, 2016

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

Issued By: Tamie A. Aberle  
Director- Regulatory Affairs

Case No.: PU-16-011

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	(\$0.00283)	(\$0.00229)
Prior Filed Adjustment	(0.00353)	(0.00307)
Change in Current Adjustment	<u>\$0.00070</u>	<u>\$0.00078</u>
 <u>Surcharge Adjustment:</u>		
Current Adjustment	(\$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>\$0.00070</u></u>	 <u><u>\$0.00078</u></u>
Base Cost of Fuel 1/	\$0.02024	\$0.02087
Current Adjustment	(0.00283)	(0.00229)
Surcharge Adjustment	(0.00027)	(0.00046)
Total Adjustment billed under Rate 58	<u><u>\$0.01714</u></u>	<u><u>\$0.01812</u></u>

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

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

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$11,007,922	\$7,504,692	\$1,329,953	\$6,174,739
Account 555 Energy	5,580,167	3,804,300	674,184	3,130,116
Account 555 Demand and 547 Pipeline Charges	1,183,547	850,624	59,118	791,506
Account 575 Market Admin.	126,138	85,995	15,240	70,755
<b>Total Fuel &amp; Purchased Power</b>	<b>\$17,897,774</b>	<b>\$12,245,611</b>	<b>\$2,078,495</b>	<b>\$10,167,116</b>
Less:				
Wholesale Sales Revenue	158,894	108,327	19,197	89,130
Revenue from Sale of RECs 4/	262,333	244,820	43,386	201,434
<b>Net System Costs</b>	<b>\$17,476,547</b>	<b>\$11,892,464</b>	<b>\$2,015,912</b>	<b>\$9,876,552</b>
Kwh Retail Sales	949,773,545	647,511,677	115,818,784	531,692,893
<b>Cost Per Kwh</b>	<b>\$0.01840</b>	<b>\$0.01837</b>	<b>\$0.01741</b>	<b>\$0.01858</b>
Base Cost of Fuel			\$0.02024	\$0.02087
Current Adjustment			(\$0.00283)	(\$0.00229)

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  
AUGUST 2016**

	2016				Total
	March	April	May	June	
Fuel & Purchased Power Costs					
Account 501 and 547	\$2,515,407	\$2,324,634	\$2,317,236	\$3,850,645	\$11,007,922
Account 555 Energy 1/ Account 555 Demand and 547 Pipeline Charges	1,496,049	1,572,179	1,733,759	778,180	5,580,167
Account 575 Market Admin.	300,172	297,998	289,683	295,694	1,183,547
	33,344	29,818	28,872	34,104	126,138
<b>Total Fuel &amp; Purchased Power</b>	<b>\$4,344,972</b>	<b>\$4,224,629</b>	<b>\$4,369,550</b>	<b>\$4,958,623</b>	<b>\$17,897,774</b>
Less:					
Wholesale Sales Revenue	10,514	0	6,560	141,820	158,894
Revenue from Sale of RECs	290,998	(29,321)	0	656	262,333
<b>Net System Costs</b>	<b>\$4,043,460</b>	<b>\$4,253,950</b>	<b>\$4,362,990</b>	<b>\$4,816,147</b>	<b>\$17,476,547</b>
 Kwh Retail Sales	 272,004,215	 228,273,366	 212,154,230	 237,341,734	 <u>949,773,545</u>
 Cost Per Kwh	 \$0.01487	 \$0.01864	 \$0.02057	 \$0.02029	 <u><u>\$0.01840</u></u>

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

Account No.	Account Description	2016			
		March	April	May	June
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$2,784,510	\$2,862,434	\$2,598,791	\$2,021,199
555.114	Real-Time Asset Energy	(40,439)	(34,861)	81,420	194,364
555.117	Real-Time Excessive Energy	(495)	(785)	(201)	477
555.118	Real-Time Non-Excessive Energy	(802,123)	(756,173)	(618,543)	(1,132,440)
555.1211	Day-Ahead Asset Congestion	(456,689)	(549,552)	(127,862)	(123,984)
555.1215	Real-Time Asset Congestion	13,442	11,184	(23,402)	(27,742)
555.1219	Real-Time Non-Excessive Congestion	140,615	231,984	99,976	89,129
555.1230	Revenue Rights Transaction	(6,206)	(6,206)	(6,206)	2,375
555.1232	Revenue Rights Infeasible Uplift	1,953	1,953	1,953	5,156
555.1233	Revenue Rights Stage 2 Distribution	(39,234)	(38,805)	(38,994)	(26,145)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(3,668)	(2,928)	(2,772)	(2,241)
555.130	Real-Time Non-Excessive Loss	88,720	80,711	66,288	124,081
555.131	Day-Ahead Asset Loss	(218,711)	(283,926)	(216,793)	(125,578)
555.135	Real-Time Asset Loss	(143,657)	69,208	(53,425)	(111,919)
555.136	Real-Time Distribution of Loss	6,074	(3,965)	(4,189)	(7,685)
555.151	Day-Ahead Rev Suff Guarantee Distribution	5,723	5,516	4,988	6,068
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	0	0	(179)	0
555.153	Real-Time Miscellaneous	8,994	7,239	5,172	6,760
555.154	Real-Time Net Inadvertent Distribution	39,782	(7,110)	(35,522)	21,714
555.155	Real-Time Revenue Neutrality Uplift	(30,485)	28,062	82,734	(9,702)
555.156	R-T Rev Suff Guarantee First Pass Distribution	1,427	27,701	2,479	12,878
555.157	R-T Rev Suff Guarantee Make Whole Payment	0	0	0	(12,538)
555.159	Day Ahead Schedule 24	4,396	4,375	3,794	4,423
555.160	Real Time Schedule 24	820	669	649	911
555.162	RT Price Volatility Make Whole Payment	(3,164)	(10,079)	(7,748)	(5,506)
555.1700	Day-Ahead Regulation Amount	0	0	0	(115)
555.1701	Day-Ahead Spinning Reserve Amount	(12,799)	(19,008)	(26,658)	(29,642)
555.1703	Day-Ahead Ramp Capability	0	0	(465)	(4,809)
555.1710	Real-Time Net Regulation Adjustment	0	0	0	(1)
555.1711	Real-Time Excessive Deficient Energy Deployment	61	86	108	40
555.1712	Real-Time Contingency Reserve Deployment	0	227	0	0
555.1713	Real-Time Regulation Amount	0	(34)	0	31
555.1714	Real-Time Spinning Reserve Amount	(557)	917	1,261	8,601
555.1716	Real-Time Regulation Cost Distribution	4,698	6,709	6,895	3,962
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	6,543	7,793	8,572	8,596
555.1718	Real-Time Supplemental Reserve Cost Distribution	2,348	2,529	2,816	2,305
555.172	Real-Time Ramp Capability	0	0	(329)	217
	<u>Southwest Power Pool (SPP)</u>				
555.185	RT Asset Losses	\$51,126	(\$3,468)	(\$41,814)	(\$8,361)
555.186	RT Over Collected Losses	(32,960)	(44,183)	(40,123)	(23,243)
555.1915	RT Asset Congestion	126,003	(16,038)	7,303	(83,462)
	<u>Other</u>				
555.1	Purchased Power	\$0	\$0	\$3,782	\$0
555.5	Purchased Power Cogeneration	1	3	3	6
	<b>Total Account 555 Charges</b>	<b>\$1,496,049</b>	<b>\$1,572,179</b>	<b>\$1,733,759</b>	<b>\$778,180</b>