

September 16, 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  
 October 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	0.00117	0.00163
Subtotal	<u>\$0.02141</u>	<u>\$0.02250</u>

Exhibit A is the 54<sup>th</sup> Revised Sheet No. 42.2 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after October 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 October 2016. Pages 2-4 show the calculation of the adjustment for October 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 0.112 cents per Kwh for primary service customers and an increase of 0.109 cents per Kwh for secondary service customers for service rendered in the month of October 2016. The increase was largely the result of a decrease of wind generation as a percentage of total generation resulting in an overall higher per unit cost of generation and higher MISO market prices.

All of North Dakota's electric customers will be affected by this proposal. There were 93,012 electric customers in North Dakota as of August 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](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

54<sup>th</sup> Revised Sheet No. 42.2

Canceling 53<sup>rd</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	0.117	0.163
Total FPPA	2.141¢	2.250¢

**Date Filed:** September 16, 2016

**Effective Date:** Service rendered on and after October 1, 2016

**Issued By:** Tamie A. Aberle  
Director- Regulatory Affairs

**Case No.:** PU-16-011

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	\$0.00144	\$0.00209
Prior Filed Adjustment	0.00032	0.00100
Change in Current Adjustment	<u>\$0.00112</u>	<u>\$0.00109</u>
 <u>Surcharge Adjustment:</u>		
Current Adjustment	(\$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>\$0.00112</u></u>	 <u><u>\$0.00109</u></u>
 Base Cost of Fuel 1/	 \$0.02024	 \$0.02087
Current Adjustment	0.00144	0.00209
Surcharge Adjustment	<u>(0.00027)</u>	<u>(0.00046)</u>
Total Adjustment billed under Rate 58	<u><u>\$0.02141</u></u>	<u><u>\$0.02250</u></u>

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

**MONTANA-DAKOTA UTILITIES CO.  
FUEL AND PURCHASED POWER COST TRACKING ADJUSTMENT - NORTH DAKOTA  
OCTOBER 2016**

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$15,443,990	\$10,526,776	\$1,883,061	\$8,643,715
Account 555 Energy	5,414,865	3,690,825	660,226	3,030,599
Account 555 Demand and 547 Pipeline Charges	1,274,137	915,732	63,643	852,089
Account 575 Market Admin.	127,660	87,014	15,565	71,449
<b>Total Fuel &amp; Purchased Power</b>	<b>\$22,260,652</b>	<b>\$15,220,347</b>	<b>\$2,622,495</b>	<b>\$12,597,852</b>
Less:				
Wholesale Sales Revenue	399,496	272,300	48,710	223,590
Revenue from Sale of RECs 4/	12,443	11,481	2,054	9,427
<b>Net System Costs</b>	<b>\$21,848,713</b>	<b>\$14,936,566</b>	<b>\$2,571,731</b>	<b>\$12,364,835</b>
<b>Kwh Retail Sales</b>	<b>963,977,278</b>	<b>657,056,417</b>	<b>118,629,191</b>	<b>538,427,226</b>
<b>Cost Per Kwh</b>	<b>\$0.02267</b>	<b>\$0.02273</b>	<b>\$0.02168</b>	<b>\$0.02296</b>
<b>Base Cost of Fuel</b>			<b>\$0.02024</b>	<b>\$0.02087</b>
<b>Current Adjustment</b>			<b>\$0.00144</b>	<b>\$0.00209</b>

1/ Page 3.

2/ Energy is allocated on Kwh sales and demand and pipeline is allocated on Allocation Factor No. 15, Integrated System 12 Month Peak Demand.

3/ Energy is allocated on Kwh sales and demand and pipeline 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 COST TRACKING ADJUSTMENT - INTEGRATED SYSTEM**  
**OCTOBER 2016**

	2016				Total
	May	June	July	August	
Fuel & Purchased Power Costs					
Account 501 and 547	\$2,317,236	\$3,850,645	\$4,913,419	\$4,362,690	\$15,443,990
Account 555 Energy 1/ Account 555 Demand and 547 Pipeline Charges	1,733,759	778,180	1,095,382	1,807,544	5,414,865
Account 575 Market Admin.	289,683	295,694	353,380	335,380	1,274,137
	28,872	34,104	35,845	28,839	127,660
<b>Total Fuel &amp; Purchased Power</b>	<b>\$4,369,550</b>	<b>\$4,958,623</b>	<b>\$6,398,026</b>	<b>\$6,534,453</b>	<b>\$22,260,652</b>
Less:					
Wholesale Sales Revenue	6,560	141,820	114,804	136,312	399,496
Revenue from Sale of RECs	0	656	11,787	0	12,443
<b>Net System Costs</b>	<b>\$4,362,990</b>	<b>\$4,816,147</b>	<b>\$6,271,435</b>	<b>\$6,398,141</b>	<b>\$21,848,713</b>
 Kwh Retail Sales	 212,154,230	 237,341,734	 236,566,634	 277,914,680	 <u>963,977,278</u>
 Cost Per Kwh	 \$0.02057	 \$0.02029	 \$0.02651	 \$0.02302	 <u><u>\$0.02267</u></u>

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

Account No.	Account Description	2016			
		May	June	July	August
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$2,598,791	\$2,021,199	\$1,626,613	\$2,094,610
555.114	Real-Time Asset Energy	81,420	194,364	123,443	215,138
555.117	Real-Time Excessive Energy	(201)	477	(200)	1,627
555.118	Real-Time Non-Excessive Energy	(618,543)	(1,132,440)	(369,261)	(845,472)
555.1211	Day-Ahead Asset Congestion	(127,862)	(123,984)	(51,901)	173,881
555.1215	Real-Time Asset Congestion	(23,402)	(27,742)	(15,681)	(31,904)
555.1219	Real-Time Non-Excessive Congestion	99,976	89,129	(16,083)	(6,013)
555.1230	Revenue Rights Transaction	(6,206)	2,375	2,375	2,375
555.1232	Revenue Rights Infeasible Uplift	1,953	5,156	5,156	5,156
555.1233	Revenue Rights Stage 2 Distribution	(38,994)	(26,145)	(23,981)	(25,063)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(2,772)	(2,241)	3	(3,310)
555.130	Real-Time Non-Excessive Loss	66,288	124,081	40,162	81,479
555.131	Day-Ahead Asset Loss	(216,793)	(125,578)	1,248	(36,399)
555.135	Real-Time Asset Loss	(53,425)	(111,919)	(37,474)	81,282
555.136	Real-Time Distribution of Loss	(4,189)	(7,685)	(7,587)	(5,186)
555.151	Day-Ahead Rev Suff Guarantee Distribution	4,988	6,068	5,936	5,362
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(179)	0	(467)	(367)
555.153	Real-Time Miscellaneous	5,172	6,760	4,882	8,584
555.154	Real-Time Net Inadvertent Distribution	(35,522)	21,714	(37,653)	(8,714)
555.155	Real-Time Revenue Neutrality Uplift	82,734	(9,702)	61,560	57,535
555.156	R-T Rev Suff Guarantee First Pass Distribution	2,479	12,878	19,820	25,712
555.157	R-T Rev Suff Guarantee Make Whole Payment	0	(12,538)	(15,568)	(27,481)
555.159	Day Ahead Schedule 24	3,794	4,423	4,970	4,792
555.160	Real Time Schedule 24	649	911	666	780
555.162	RT Price Volatility Make Whole Payment	(7,748)	(5,506)	(4,943)	(12,641)
555.1700	Day-Ahead Regulation Amount	0	(115)	0	0
555.1701	Day-Ahead Spinning Reserve Amount	(26,658)	(29,642)	(45,406)	(20,594)
555.1703	Day-Ahead Ramp Capability	(465)	(4,809)	(4,341)	(3,941)
555.1710	Real-Time Net Regulation Adjustment	0	(1)	0	0
555.1711	Real-Time Excessive Deficient Energy Deployment	108	40	147	226
555.1712	Real-Time Contingency Reserve Deployment	0	0	376	0
555.1713	Real-Time Regulation Amount	0	31	0	(10)
555.1714	Real-Time Spinning Reserve Amount	1,261	8,601	(1,490)	2,160
555.1716	Real-Time Regulation Cost Distribution	6,895	3,962	7,724	8,638
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	8,572	8,596	12,998	12,038
555.1718	Real-Time Supplemental Reserve Cost Distribution	2,816	2,305	8,764	8,056
555.172	Real-Time Ramp Capability	(329)	217	29	(145)
	<u>Southwest Power Pool (SPP)</u>				
555.185	RT Asset Losses	(\$41,814)	(\$8,361)	(\$40,716)	(\$78,144)
555.186	RT Over Collected Losses	(40,123)	(23,243)	(31,046)	(11,385)
555.1915	RT Asset Congestion	7,303	(83,462)	(127,705)	134,868
	<u>Other</u>				
555.1	Purchased Power	\$3,782	\$0	\$0	\$0
555.5	Purchased Power Cogeneration	3	6	13	14
	<b>Total Account 555 Charges</b>	<b>\$1,733,759</b>	<b>\$778,180</b>	<b>\$1,095,382</b>	<b>\$1,807,544</b>