

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

October 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
 November 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	0.00144	0.00192
Subtotal	<u>\$0.02168</u>	<u>\$0.02279</u>

Exhibit A is the 55th Revised Sheet No. 42.2 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after November 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 November 2016. Pages 2-4 show the calculation of the adjustment for November 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 0.027 cents per Kwh for primary service customers and an increase of 0.029 cents per Kwh for secondary service customers for service rendered in the month of November 2016. The increase was largely the result of higher MISO market prices.

All of North Dakota's electric customers will be affected by this proposal. There were 93,019 electric customers in North Dakota as of September 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

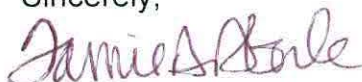
transportation occurs. Montana-Dakota also has an agreement with its own gas operations associated with the pipeline utilized to transport firm natural gas service to the Heskett III Station pursuant to the order in Case Nos. PU-14-108 and PU-14-109.

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

55th Revised Sheet No. 42.2

Canceling 54th 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	0.144	0.192
Total FPPA	2.168¢	2.279¢

Date Filed: October 17, 2016

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

Issued By: Tamie A. Aberle
Director- Regulatory Affairs

Case No.: PU-16-011

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	\$0.00171	\$0.00238
Prior Filed Adjustment	0.00144	0.00209
Change in Current Adjustment	<u>\$0.00027</u>	<u>\$0.00029</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>\$0.00027</u></u>	 <u><u>\$0.00029</u></u>
 Base Cost of Fuel 1/	 \$0.02024	 \$0.02087
Current Adjustment	0.00171	0.00238
Surcharge Adjustment	<u>(0.00027)</u>	<u>(0.00046)</u>
Total Adjustment billed under Rate 58	<u><u>\$0.02168</u></u>	<u><u>\$0.02279</u></u>

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

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

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$16,772,775	\$11,426,920	\$2,056,747	\$9,370,173
Account 555 Energy	5,428,103	3,698,046	665,616	3,032,430
Account 555 Demand and 547 Pipeline Charges	1,319,640	948,435	65,916	882,519
Account 575 Market Admin.	136,246	92,821	16,707	76,114
Total Fuel & Purchased Power	\$23,656,764	\$16,166,222	\$2,804,986	\$13,361,236
Less:				
Wholesale Sales Revenue	744,294	507,071	91,268	415,803
Revenue from Sale of RECs 4/	13,411	12,176	2,192	9,984
Net System Costs	\$22,899,059	\$15,646,975	\$2,711,526	\$12,935,449
Kwh Retail Sales	998,022,532	679,930,663	123,518,112	556,412,551
Cost Per Kwh	\$0.02294	\$0.02301	\$0.02195	\$0.02325
Base Cost of Fuel			\$0.02024	\$0.02087
Current Adjustment			\$0.00171	\$0.00238

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
NOVEMBER 2016**

	2016				Total
	June	July	August	September	
Fuel & Purchased Power Costs					
Account 501 and 547	\$3,850,645	\$4,913,419	\$4,362,690	\$3,646,021	\$16,772,775
Account 555 Energy 1/ Account 555 Demand and 547 Pipeline Charges	778,180	1,095,382	1,807,544	1,746,997	5,428,103
Account 575 Market Admin.	295,694	353,380	335,380	335,186	1,319,640
	34,104	35,845	28,839	37,458	136,246
Total Fuel & Purchased Power	\$4,958,623	\$6,398,026	\$6,534,453	\$5,765,662	\$23,656,764
Less:					
Wholesale Sales Revenue	141,820	114,804	136,312	351,358	744,294
Revenue from Sale of RECs	656	11,787	0	968	13,411
Net System Costs	\$4,816,147	\$6,271,435	\$6,398,141	\$5,413,336	\$22,899,059
 Kwh Retail Sales	 237,341,734	 236,566,634	 277,914,680	 246,199,484	 <u>998,022,532</u>
 Cost Per Kwh	 \$0.02029	 \$0.02651	 \$0.02302	 \$0.02199	 <u><u>\$0.02294</u></u>

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

Account No.	Account Description	2016			
		June	July	August	September
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$2,021,199	\$1,626,613	\$2,094,610	\$1,750,171
555.114	Real-Time Asset Energy	194,364	123,443	215,138	(5,601)
555.117	Real-Time Excessive Energy	477	(200)	1,627	19,576
555.118	Real-Time Non-Excessive Energy	(1,132,440)	(369,261)	(845,472)	(675,592)
555.1211	Day-Ahead Asset Congestion	(123,984)	(51,901)	173,881	808,460
555.1215	Real-Time Asset Congestion	(27,742)	(15,681)	(31,904)	(2,364)
555.1219	Real-Time Non-Excessive Congestion	89,129	(16,083)	(6,013)	(222,248)
555.1230	Revenue Rights Transaction	2,375	2,375	2,375	(52,109)
555.1232	Revenue Rights Infeasible Uplift	5,156	5,156	5,156	5,513
555.1233	Revenue Rights Stage 2 Distribution	(26,145)	(23,981)	(25,063)	(28,287)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(2,241)	3	(3,310)	(84)
555.130	Real-Time Non-Excessive Loss	124,081	40,162	81,479	91,885
555.131	Day-Ahead Asset Loss	(125,578)	1,248	(36,399)	(132,609)
555.135	Real-Time Asset Loss	(111,919)	(37,474)	81,282	139,719
555.136	Real-Time Distribution of Loss	(7,685)	(7,587)	(5,186)	(6,429)
555.151	Day-Ahead Rev Suff Guarantee Distribution	6,068	5,936	5,362	8,012
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	0	(467)	(367)	(10,056)
555.153	Real-Time Miscellaneous	6,760	4,882	8,584	5,206
555.154	Real-Time Net Inadvertent Distribution	21,714	(37,653)	(8,714)	3,954
555.155	Real-Time Revenue Neutrality Uplift	(9,702)	61,560	57,535	9,271
555.156	R-T Rev Suff Guarantee First Pass Distribution	12,878	19,820	25,712	11,490
555.157	R-T Rev Suff Guarantee Make Whole Payment	(12,538)	(15,568)	(27,481)	(38,020)
555.159	Day Ahead Schedule 24	4,423	4,970	4,792	5,647
555.160	Real Time Schedule 24	911	666	780	1,208
555.162	RT Price Volatility Make Whole Payment	(5,506)	(4,943)	(12,641)	(23,436)
555.1700	Day-Ahead Regulation Amount	(115)	0	0	0
555.1701	Day-Ahead Spinning Reserve Amount	(29,642)	(45,406)	(20,594)	(19,293)
555.1703	Day-Ahead Ramp Capability	(4,809)	(4,341)	(3,941)	(3,005)
555.1710	Real-Time Net Regulation Adjustment	(1)	0	0	0
555.1711	Real-Time Excessive Deficient Energy Deployment	40	147	226	453
555.1712	Real-Time Contingency Reserve Deployment	0	376	0	0
555.1713	Real-Time Regulation Amount	31	0	(10)	(7)
555.1714	Real-Time Spinning Reserve Amount	8,601	(1,490)	2,160	(4,614)
555.1716	Real-Time Regulation Cost Distribution	3,962	7,724	8,638	6,141
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	8,596	12,998	12,038	8,185
555.1718	Real-Time Supplemental Reserve Cost Distribution	2,305	8,764	8,056	4,455
555.172	Real-Time Ramp Capability	217	29	(145)	(726)
	<u>Southwest Power Pool (SPP)</u>				
555.185	RT Asset Losses	(\$8,361)	(\$40,716)	(\$78,144)	(\$65,060)
555.186	RT Over Collected Losses	(23,243)	(31,046)	(11,385)	(17,498)
555.1915	RT Asset Congestion	(83,462)	(127,705)	134,868	174,687
	<u>Other</u>				
555.1	Purchased Power	\$0	\$0	\$0	\$0
555.5	Purchased Power Cogeneration	6	13	14	2
	Total Account 555 Charges	\$778,180	\$1,095,382	\$1,807,544	\$1,746,997