



**MONTANA-DAKOTA**  
UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

November 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  
December 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	0.00282	0.00337
Subtotal	<u>\$0.02306</u>	<u>\$0.02424</u>

Exhibit A is the 56<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 December 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 December 2016. Pages 2-4 show the calculation of the adjustment for December 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 0.138 cents per Kwh for primary service customers and an increase of 0.145 cents per Kwh for secondary service customers for service rendered in the month of December 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 93,008 electric customers in North Dakota as of October 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

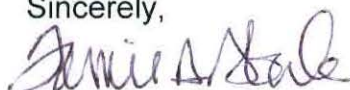
transportation occurs. Montana-Dakota also has an agreement with its own gas operations associated with the pipeline utilized to transport firm natural gas service to the Heskett III Station pursuant to the order in Case Nos. PU-14-108 and PU-14-109.

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

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

Canceling 55<sup>th</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	0.282	0.337
Total FPPA	2.306¢	2.424¢

Date Filed: November 18, 2016

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

Issued By: Tamie A. Aberle  
Director- Regulatory Affairs

Case No.: PU-16-011

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	\$0.00309	\$0.00383
Prior Filed Adjustment	0.00171	0.00238
Change in Current Adjustment	<u>\$0.00138</u>	<u>\$0.00145</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>\$0.00138</u></u>	 <u><u>\$0.00145</u></u>
Base Cost of Fuel 1/	\$0.02024	\$0.02087
Current Adjustment	0.00309	0.00383
Surcharge Adjustment	(0.00027)	(0.00046)
Total Adjustment billed under Rate 58	<u><u>\$0.02306</u></u>	<u><u>\$0.02424</u></u>

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

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

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$15,982,688	\$10,849,093	\$1,954,407	\$8,894,686
Account 555 Energy	6,880,244	4,670,329	841,335	3,828,994
Account 555 Demand and 547 Pipeline Charges	1,351,712	971,485	67,518	903,967
Account 575 Market Admin.	132,450	89,907	16,196	73,711
<b>Total Fuel &amp; Purchased Power</b>	<b>\$24,347,094</b>	<b>\$16,580,814</b>	<b>\$2,879,456</b>	<b>\$13,701,358</b>
Less:				
Wholesale Sales Revenue	652,628	443,006	79,805	363,201
Revenue from Sale of RECs 4/	13,594	12,304	2,217	10,087
<b>Net System Costs</b>	<b>\$23,680,872</b>	<b>\$16,125,504</b>	<b>\$2,797,434</b>	<b>\$13,328,070</b>
Kwh Retail Sales	971,494,340	659,453,063	119,899,977	539,553,086
<b>Cost Per Kwh</b>	<b>\$0.02438</b>	<b>\$0.02445</b>	<b>\$0.02333</b>	<b>\$0.02470</b>
Base Cost of Fuel			\$0.02024	\$0.02087
Current Adjustment			\$0.00309	\$0.00383

1/ Page 3.

2/ Energy is allocated on Kwh sales and demand and pipeline are 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**  
**DECEMBER 2016**

	2016				Total
	July	August	September	October	
Fuel & Purchased Power Costs					
Account 501 and 547	\$4,913,419	\$4,362,690	\$3,646,021	\$3,060,558	\$15,982,688
Account 555 Energy 1/ Account 555 Demand and 547 Pipeline Charges	1,095,382	1,807,544	1,746,997	2,230,321	6,880,244
Account 575 Market Admin.	353,380	335,380	335,186	327,766	1,351,712
	35,845	28,839	37,458	30,308	132,450
<b>Total Fuel &amp; Purchased Power</b>	<b>\$6,398,026</b>	<b>\$6,534,453</b>	<b>\$5,765,662</b>	<b>\$5,648,953</b>	<b>\$24,347,094</b>
Less:					
Wholesale Sales Revenue	114,804	136,312	351,358	50,154	652,628
Revenue from Sale of RECs	11,787	0	968	839	13,594
<b>Net System Costs</b>	<b>\$6,271,435</b>	<b>\$6,398,141</b>	<b>\$5,413,336</b>	<b>\$5,597,960</b>	<b>\$23,680,872</b>
 Kwh Retail Sales	 236,566,634	 277,914,680	 246,199,484	 210,813,542	 <u>971,494,340</u>
 Cost Per Kwh	 \$0.02651	 \$0.02302	 \$0.02199	 \$0.02655	 <u><u>\$0.02438</u></u>

**MONTANA-DAKOTA UTILITIES CO.  
ACCOUNT 555  
DECEMBER 2016 BILLING ADJUSTMENT**

Account No.	Account Description	2016			
		July	August	September	October
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$1,626,613	\$2,094,610	\$1,750,171	\$3,206,249
555.114	Real-Time Asset Energy	123,443	215,138	(5,601)	140,030
555.117	Real-Time Excessive Energy	(200)	1,627	19,576	8,596
555.118	Real-Time Non-Excessive Energy	(369,261)	(845,472)	(675,592)	(1,160,601)
555.1211	Day-Ahead Asset Congestion	(51,901)	173,881	808,460	4,230
555.1215	Real-Time Asset Congestion	(15,681)	(31,904)	(2,364)	(20,846)
555.1219	Real-Time Non-Excessive Congestion	(16,083)	(6,013)	(222,248)	49,671
555.1230	Revenue Rights Transaction	2,375	2,375	(52,109)	(52,109)
555.1232	Revenue Rights Infeasible Uplift	5,156	5,156	5,513	5,513
555.1233	Revenue Rights Stage 2 Distribution	(23,981)	(25,063)	(28,287)	(28,367)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	3	(3,310)	(84)	(1,089)
555.130	Real-Time Non-Excessive Loss	40,162	81,479	91,885	110,798
555.131	Day-Ahead Asset Loss	1,248	(36,399)	(132,609)	(251,108)
555.135	Real-Time Asset Loss	(37,474)	81,282	139,719	45,009
555.136	Real-Time Distribution of Loss	(7,587)	(5,186)	(6,429)	(5,754)
555.151	Day-Ahead Rev Suff Guarantee Distribution	5,936	5,362	8,012	9,596
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(467)	(367)	(10,056)	(645)
555.153	Real-Time Miscellaneous	4,882	8,584	5,206	8,105
555.154	Real-Time Net Inadvertent Distribution	(37,653)	(8,714)	3,954	22,789
555.155	Real-Time Revenue Neutrality Uplift	61,560	57,535	9,271	36,927
555.156	R-T Rev Suff Guarantee First Pass Distribution	19,820	25,712	11,490	9,472
555.157	R-T Rev Suff Guarantee Make Whole Payment	(15,568)	(27,481)	(38,020)	(15,600)
555.159	Day Ahead Schedule 24	4,970	4,792	5,647	5,269
555.160	Real Time Schedule 24	666	780	1,208	1,020
555.162	RT Price Volatility Make Whole Payment	(4,943)	(12,641)	(23,436)	(2,416)
555.1700	Day-Ahead Regulation Amount	0	0	0	(184)
555.1701	Day-Ahead Spinning Reserve Amount	(45,406)	(20,594)	(19,293)	(22,638)
555.1703	Day-Ahead Ramp Capability	(4,341)	(3,941)	(3,005)	(2,710)
555.1710	Real-Time Net Regulation Adjustment	0	0	0	6
555.1711	Real-Time Excessive Deficient Energy Deployment	147	226	453	583
555.1712	Real-Time Contingency Reserve Deployment	376	0	0	0
555.1713	Real-Time Regulation Amount	0	(10)	(7)	167
555.1714	Real-Time Spinning Reserve Amount	(1,490)	2,160	(4,614)	1,948
555.1716	Real-Time Regulation Cost Distribution	7,724	8,638	6,141	9,703
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	12,998	12,038	8,185	12,672
555.1718	Real-Time Supplemental Reserve Cost Distribution	8,764	8,056	4,455	4,690
555.172	Real-Time Ramp Capability	29	(145)	(726)	36
	<u>Southwest Power Pool (SPP)</u>				
555.185	RT Asset Losses	(\$40,716)	(\$78,144)	(\$65,060)	(\$36,572)
555.186	RT Over Collected Losses	(31,046)	(11,385)	(17,498)	8,526
555.1915	RT Asset Congestion	(127,705)	134,868	174,687	129,353
	<u>Other</u>				
555.5	Purchased Power Cogeneration	\$13	\$14	\$2	\$2
<b>Total Account 555 Charges</b>		<b>\$1,095,382</b>	<b>\$1,807,544</b>	<b>\$1,746,997</b>	<b>\$2,230,321</b>