

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

December 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-17-011
January 2017

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	0.00209	0.00265
Subtotal	\$0.02233	\$0.02352

Exhibit A is the 57th Revised Sheet No. 42.2 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after January 1, 2017.

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 January 2017. Pages 2-4 show the calculation of the adjustment for January 2017. 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 0.073 cents per Kwh for primary service customers and a decrease of 0.072 cents per Kwh for secondary service customers for service rendered in the month of January 2017. The decrease was largely the result of lower MISO market prices.

All of North Dakota's electric customers will be affected by this proposal. There were 92,941 electric customers in North Dakota as of November 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
57th Revised Sheet No. 42.2
Canceling 56th 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:

	<u>Primary</u>	<u>Secondary</u>
Base Fuel	2.024¢	2.087¢
Fuel and Purchased Power Adjustment	0.209	0.265
Total FPPA	2.233¢	2.352¢

Date Filed: December 16, 2016

Effective Date: Service rendered on and after January 1, 2017

Issued By: Tamie A. Aberle
Director- Regulatory Affairs

Case No.: PU-17-011

**MONTANA-DAKOTA UTILITIES CO.
FUEL COST ADJUSTMENT - NORTH DAKOTA
JANUARY 2017 BILLING ADJUSTMENT SUMMARY**

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	\$0.00236	\$0.00311
Prior Filed Adjustment	0.00309	0.00383
Change in Current Adjustment	<u>(\$0.00073)</u>	<u>(\$0.00072)</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>(\$0.00073)</u></u>	 <u><u>(\$0.00072)</u></u>
Base Cost of Fuel 1/	\$0.02024	\$0.02087
Current Adjustment	0.00236	0.00311
Surcharge Adjustment	<u>(0.00027)</u>	<u>(0.00046)</u>
Total Adjustment billed under Rate 58	<u><u>\$0.02233</u></u>	<u><u>\$0.02352</u></u>

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

**MONTANA-DAKOTA UTILITIES CO.
FUEL AND PURCHASED POWER COST TRACKING ADJUSTMENT - NORTH DAKOTA
JANUARY 2017**

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$15,251,192	\$10,351,058	\$1,890,445	\$8,460,613
Account 555 Energy	6,358,828	4,315,768	788,202	3,527,566
Account 555 Demand and 547 Pipeline Charges	1,309,831	941,385	65,426	875,959
Account 575 Market Admin.	133,449	90,572	16,541	74,031
Total Fuel & Purchased Power	\$23,053,300	\$15,698,783	\$2,760,614	\$12,938,169
Less:				
Wholesale Sales Revenue	607,703	412,451	75,327	337,124
Revenue from Sale of RECs 4/	144,307	103,714	18,942	84,772
Net System Costs	\$22,301,290	\$15,182,618	\$2,666,345	\$12,516,273
Kwh Retail Sales	942,972,748	640,000,200	117,967,060	522,033,140
Cost Per Kwh	\$0.02365	\$0.02372	\$0.02260	\$0.02398
Base Cost of Fuel			\$0.02024	\$0.02087
Current Adjustment			\$0.00236	\$0.00311

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
JANUARY 2017**

	2016				Total
	August	September	October	November	
Fuel & Purchased Power Costs					
Account 501 and 547	\$4,362,690	\$3,646,021	\$3,060,558	\$4,181,923	\$15,251,192
Account 555 Energy 1/ Account 555 Demand and 547 Pipeline Charges	1,807,544	1,746,997	2,230,321	573,966	6,358,828
Account 575 Market Admin.	335,380	335,186	327,766	311,499	1,309,831
	28,839	37,458	30,308	36,844	133,449
Total Fuel & Purchased Power	\$6,534,453	\$5,765,662	\$5,648,953	\$5,104,232	\$23,053,300
Less:					
Wholesale Sales Revenue	136,312	351,358	50,154	69,879	607,703
Revenue from Sale of RECs	0	968	839	142,500	144,307
Net System Costs	\$6,398,141	\$5,413,336	\$5,597,960	\$4,891,853	\$22,301,290
 Kwh Retail Sales	 277,914,680	 246,199,484	 210,813,542	 208,045,042	 <u>942,972,748</u>
 Cost Per Kwh	 \$0.02302	 \$0.02199	 \$0.02655	 \$0.02351	 <u><u>\$0.02365</u></u>

MONTANA-DAKOTA UTILITIES CO.
ACCOUNT 555
JANUARY 2017 BILLING ADJUSTMENT

Account No.	Account Description	2016			
		August	September	October	November
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$2,094,610	\$1,750,171	\$3,206,249	\$1,696,500
555.114	Real-Time Asset Energy	215,138	(5,601)	140,030	(65,059)
555.117	Real-Time Excessive Energy	1,627	19,576	8,596	1,557
555.118	Real-Time Non-Excessive Energy	(845,472)	(675,592)	(1,160,601)	(778,686)
555.1211	Day-Ahead Asset Congestion	173,881	808,460	4,230	(280,566)
555.1215	Real-Time Asset Congestion	(31,904)	(2,364)	(20,846)	15,161
555.1219	Real-Time Non-Excessive Congestion	(6,013)	(222,248)	49,671	155,030
555.1230	Revenue Rights Transaction	2,375	(52,109)	(52,109)	(52,109)
555.1232	Revenue Rights Infeasible Uplift	5,156	5,513	5,513	5,513
555.1233	Revenue Rights Stage 2 Distribution	(25,063)	(28,287)	(28,367)	(28,367)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(3,310)	(84)	(1,089)	(1,139)
555.130	Real-Time Non-Excessive Loss	81,479	91,885	110,798	77,125
555.131	Day-Ahead Asset Loss	(36,399)	(132,609)	(251,108)	(86,489)
555.135	Real-Time Asset Loss	81,282	139,719	45,009	(1,496)
555.136	Real-Time Distribution of Loss	(5,186)	(6,429)	(5,754)	(5,605)
555.151	Day-Ahead Rev Suff Guarantee Distribution	5,362	8,012	9,596	4,701
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(367)	(10,056)	(645)	0
555.153	Real-Time Miscellaneous	8,584	5,206	8,105	7,072
555.154	Real-Time Net Inadvertent Distribution	(8,714)	3,954	22,789	11,742
555.155	Real-Time Revenue Neutrality Uplift	57,535	9,271	36,927	28,666
555.156	R-T Rev Suff Guarantee First Pass Distribution	25,712	11,490	9,472	2,118
555.157	R-T Rev Suff Guarantee Make Whole Payment	(27,481)	(38,020)	(15,600)	(3,579)
555.159	Day Ahead Schedule 24	4,792	5,647	5,269	5,937
555.160	Real Time Schedule 24	780	1,208	1,020	968
555.162	RT Price Volatility Make Whole Payment	(12,641)	(23,436)	(2,416)	(10,058)
555.1700	Day-Ahead Regulation Amount	0	0	(184)	0
555.1701	Day-Ahead Spinning Reserve Amount	(20,594)	(19,293)	(22,638)	(20,590)
555.1703	Day-Ahead Ramp Capability	(3,941)	(3,005)	(2,710)	(2,989)
555.1710	Real-Time Net Regulation Adjustment	0	0	6	(6)
555.1711	Real-Time Excessive Deficient Energy Deployment	226	453	583	388
555.1712	Real-Time Contingency Reserve Deployment	0	0	0	0
555.1713	Real-Time Regulation Amount	(10)	(7)	167	(47)
555.1714	Real-Time Spinning Reserve Amount	2,160	(4,614)	1,948	(2,275)
555.1716	Real-Time Regulation Cost Distribution	8,638	6,141	9,703	8,971
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	12,038	8,185	12,672	9,325
555.1718	Real-Time Supplemental Reserve Cost Distribution	8,056	4,455	4,690	3,651
555.172	Real-Time Ramp Capability	(145)	(726)	36	(603)
	<u>Southwest Power Pool (SPP)</u>				
555.185	RT Asset Losses	(\$78,144)	(\$65,060)	(\$36,572)	(\$32,785)
555.186	RT Over Collected Losses	(11,385)	(17,498)	8,526	7,010
555.1915	RT Asset Congestion	134,868	174,687	129,353	(95,144)
	<u>Other</u>				
555.5	Purchased Power Cogeneration	\$14	\$2	\$2	\$123
Total Account 555 Charges		\$1,807,544	\$1,746,997	\$2,230,321	\$573,966