



UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

January 18, 2017

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
February 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	0.00237	0.00290
Subtotal	<u>\$0.02261</u>	<u>\$0.02377</u>

Exhibit A is the 58th Revised Sheet No. 42.2 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after February 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 February 2017. Pages 2-4 show the calculation of the adjustment for February 2017. 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 0.028 cents per Kwh for primary service customers and an increase of 0.025 cents per Kwh for secondary service customers for service rendered in the month of February 2017. The increase was largely the result of increased generation costs and lower wholesale sales revenue.

All of North Dakota's electric customers will be affected by this proposal. There were 92,980 electric customers in North Dakota as of December 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 also submits herewith a check for \$600.00 in accordance with North Dakota Century Code Section 49-05-05. This payment is to cover the filing fee associated with the Fuel and Purchased Power adjustment filing for February 2017 through January 2018.

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

58th Revised Sheet No. 42.2

Canceling 57th 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	0.237	0.290
Total FPPA	2.261¢	2.377¢

Date Filed: January 18, 2017

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

Issued By: Tamie A. Aberle
Director- Regulatory Affairs

Case No.: PU-17-011

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	\$0.00264	\$0.00336
Prior Filed Adjustment	0.00236	0.00311
Change in Current Adjustment	<u>\$0.00028</u>	<u>\$0.00025</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>\$0.00028</u></u>	 <u><u>\$0.00025</u></u>
Base Cost of Fuel 1/	\$0.02024	\$0.02087
Current Adjustment	0.00264	0.00336
Surcharge Adjustment	(0.00027)	(0.00046)
Total Adjustment billed under Rate 58	<u><u>\$0.02261</u></u>	<u><u>\$0.02377</u></u>

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

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

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$15,715,075	\$10,679,608	\$1,915,979	\$8,763,629
Account 555 Energy	6,034,751	4,101,080	735,756	3,365,324
Account 555 Demand and 547 Pipeline Charges	1,299,062	933,645	64,888	868,757
Account 575 Market Admin.	152,691	103,765	18,616	85,149
Total Fuel & Purchased Power	\$23,201,579	\$15,818,098	\$2,735,239	\$13,082,859
Less:				
Wholesale Sales Revenue	498,760	338,946	60,809	278,137
Revenue from Sale of RECs 4/	145,456	104,540	18,755	85,785
Net System Costs	\$22,557,363	\$15,374,612	\$2,655,675	\$12,718,937
Kwh Retail Sales	943,068,944	640,888,227	116,047,280	524,840,947
Cost Per Kwh	<u>\$0.02392</u>	<u>\$0.02399</u>	\$0.02288	\$0.02423
Base Cost of Fuel			<u>\$0.02024</u>	<u>\$0.02087</u>
Current Adjustment			<u>\$0.00264</u>	<u>\$0.00336</u>

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
FEBRUARY 2017

	2016				Total
	September	October	November	December	
Fuel & Purchased Power Costs					
Account 501 and 547	\$3,646,021	\$3,060,558	\$4,181,923	\$4,826,573	\$15,715,075
Account 555 Energy 1/ Account 555 Demand and 547 Pipeline Charges	1,746,997	2,230,321	573,966	1,483,467	6,034,751
Account 575 Market Admin.	335,186	327,766	311,499	324,611	1,299,062
	37,458	30,308	36,844	48,081	152,691
Total Fuel & Purchased Power	\$5,765,662	\$5,648,953	\$5,104,232	\$6,682,732	\$23,201,579
Less:					
Wholesale Sales Revenue	351,358	50,154	69,879	27,369	498,760
Revenue from Sale of RECs	968	839	142,500	1,149	145,456
Net System Costs	\$5,413,336	\$5,597,960	\$4,891,853	\$6,654,214	\$22,557,363
 Kwh Retail Sales	 246,199,484	 210,813,542	 208,045,042	 278,010,876	 <u>943,068,944</u>
 Cost Per Kwh	 \$0.02199	 \$0.02655	 \$0.02351	 \$0.02394	 <u><u>\$0.02392</u></u>

**MONTANA-DAKOTA UTILITIES CO.
ACCOUNT 555
FEBRUARY 2017 BILLING ADJUSTMENT**

Account No.	Account Description	2016			
		September	October	November	December
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$1,750,171	\$3,206,249	\$1,696,500	\$3,654,363
555.114	Real-Time Asset Energy	(5,601)	140,030	(65,059)	(7,660)
555.117	Real-Time Excessive Energy	19,576	8,596	1,557	555
555.118	Real-Time Non-Excessive Energy	(675,592)	(1,160,601)	(778,686)	(1,459,281)
555.1211	Day-Ahead Asset Congestion	808,460	4,230	(280,566)	(728,577)
555.1215	Real-Time Asset Congestion	(2,364)	(20,846)	15,161	(3,697)
555.1219	Real-Time Non-Excessive Congestion	(222,248)	49,671	155,030	230,794
555.1230	Revenue Rights Transaction	(52,109)	(52,109)	(52,109)	(33,592)
555.1232	Revenue Rights Infeasible Uplift	5,513	5,513	5,513	4,618
555.1233	Revenue Rights Stage 2 Distribution	(28,287)	(28,367)	(28,367)	(40,681)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(84)	(1,089)	(1,139)	(3,834)
555.130	Real-Time Non-Excessive Loss	91,885	110,798	77,125	154,159
555.131	Day-Ahead Asset Loss	(132,609)	(251,108)	(86,489)	(164,020)
555.135	Real-Time Asset Loss	139,719	45,009	(1,496)	(18,060)
555.136	Real-Time Distribution of Loss	(6,429)	(5,754)	(5,605)	(21,470)
555.151	Day-Ahead Rev Suff Guarantee Distribution	8,012	9,596	4,701	10,726
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(10,056)	(645)	0	(2,840)
555.153	Real-Time Miscellaneous	5,206	8,105	7,072	7,321
555.154	Real-Time Net Inadvertent Distribution	3,954	22,789	11,742	659
555.155	Real-Time Revenue Neutrality Uplift	9,271	36,927	28,666	32,223
555.156	R-T Rev Suff Guarantee First Pass Distribution	11,490	9,472	2,118	7,968
555.157	R-T Rev Suff Guarantee Make Whole Payment	(38,020)	(15,600)	(3,579)	(31,073)
555.159	Day Ahead Schedule 24	5,647	5,269	5,937	6,946
555.160	Real Time Schedule 24	1,208	1,020	968	1,099
555.162	RT Price Volatility Make Whole Payment	(23,436)	(2,416)	(10,058)	(6,826)
555.1700	Day-Ahead Regulation Amount	0	(184)	0	(119)
555.1701	Day-Ahead Spinning Reserve Amount	(19,293)	(22,638)	(20,590)	(13,878)
555.1703	Day-Ahead Ramp Capability	(3,005)	(2,710)	(2,989)	(2,643)
555.1710	Real-Time Net Regulation Adjustment	0	6	(6)	1
555.1711	Real-Time Excessive Deficient Energy Deployment	453	583	388	279
555.1713	Real-Time Regulation Amount	(7)	167	(47)	30
555.1714	Real-Time Spinning Reserve Amount	(4,614)	1,948	(2,275)	3,434
555.1716	Real-Time Regulation Cost Distribution	6,141	9,703	8,971	11,777
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	8,185	12,672	9,325	11,404
555.1718	Real-Time Supplemental Reserve Cost Distribution	4,455	4,690	3,651	5,888
555.172	Real-Time Ramp Capability	(726)	36	(603)	(55)
	<u>Southwest Power Pool (SPP)</u>				
555.185	RT Asset Losses	(\$65,060)	(\$36,572)	(\$32,785)	(\$7,668)
555.186	RT Over Collected Losses	(17,498)	8,526	7,010	19,924
555.1915	RT Asset Congestion	174,687	129,353	(95,144)	(134,728)
	<u>Other</u>				
555.5	Purchased Power Cogeneration	\$2	\$2	\$123	\$1
	Total Account 555 Charges	\$1,746,997	\$2,230,321	\$573,966	\$1,483,467