

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

February 17, 2017

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
March 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	0.00246	0.00280
Subtotal	<u>\$0.02270</u>	<u>\$0.02367</u>

Exhibit A is the 59th Revised Sheet No. 42.2 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after March 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 March 2017. Pages 2-4 show the calculation of the adjustment for March 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 0.009 cents per Kwh for primary service customers and a decrease of 0.010 cents per Kwh for secondary service customers for service rendered in the month of March 2017. The monthly change was largely the result of the primary and secondary volume allocations.

All of North Dakota's electric customers will be affected by this proposal. There were 92,950 electric customers in North Dakota as of January 31, 2017.

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

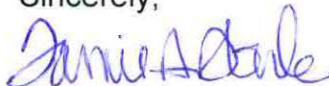
transportation occurs. Montana-Dakota also has an agreement with its own gas operations associated with the pipeline utilized to transport firm natural gas service to the Heskett III Station pursuant to the order in Case Nos. PU-14-108 and PU-14-109.

Montana-Dakota submitted a check for \$600.00 on January 18, 2017. This payment will cover the filing fee associated with the Fuel and Purchased Power adjustment filings for February 2017 through January 2018 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

59th Revised Sheet No. 42.2

Canceling 58th 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	0.246	0.280
Total FPPA	2.270¢	2.367¢

Date Filed: February 17, 2017

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

Issued By: Tamie A. Aberle
Director- Regulatory Affairs

Case No.: PU-17-011

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	\$0.00273	\$0.00326
Prior Filed Adjustment	0.00264	0.00336
Change in Current Adjustment	<u>\$0.00009</u>	<u>(\$0.00010)</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>\$0.00009</u></u>	<u><u>(\$0.00010)</u></u>
Base Cost of Fuel 1/	\$0.02024	\$0.02087
Current Adjustment	0.00273	0.00326
Surcharge Adjustment	<u>(0.00027)</u>	<u>(0.00046)</u>
Total Adjustment billed under Rate 58	<u><u>\$0.02270</u></u>	<u><u>\$0.02367</u></u>

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

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

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$15,977,660	\$10,952,955	\$1,798,761	\$9,154,194
Account 555 Energy	7,546,773	5,173,440	849,614	4,323,826
Account 555 Demand and 547 Pipeline Charges	1,274,949	910,457	63,277	847,180
Account 575 Market Admin.	153,955	105,539	17,332	88,207
Total Fuel & Purchased Power	\$24,953,337	\$17,142,391	\$2,728,984	\$14,413,407
Less:				
Wholesale Sales Revenue	148,332	101,684	16,699	84,985
Revenue from Sale of RECs 4/	325,507	233,113	38,283	194,830
Net System Costs	\$24,479,498	\$16,807,594	\$2,674,002	\$14,133,592
Kwh Retail Sales	1,024,178,497	702,091,618	116,393,233	585,698,385
Cost Per Kwh	<u>\$0.02390</u>	<u>\$0.02394</u>	\$0.02297	\$0.02413
Base Cost of Fuel			<u>\$0.02024</u>	<u>\$0.02087</u>
Current Adjustment			<u>\$0.00273</u>	<u>\$0.00326</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	71.411233%
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
MARCH 2017

	2016			2017	Total
	October	November	December	January	
Fuel & Purchased Power Costs					
Account 501 and 547	\$3,060,558	\$4,181,923	\$4,826,573	\$3,908,606	\$15,977,660
Account 555 Energy 1/ Account 555 Demand and 547 Pipeline Charges	2,230,321	573,966	1,483,467	3,259,019	7,546,773
Account 575 Market Admin.	327,766	311,499	324,611	311,073	1,274,949
	30,308	36,844	48,081	38,722	153,955
Total Fuel & Purchased Power	\$5,648,953	\$5,104,232	\$6,682,732	\$7,517,420	\$24,953,337
Less:					
Wholesale Sales Revenue	50,154	69,879	27,369	930	148,332
Revenue from Sale of RECs	839	142,500	1,149	181,019	325,507
Net System Costs	\$5,597,960	\$4,891,853	\$6,654,214	\$7,335,471	\$24,479,498
 Kwh Retail Sales	 210,813,542	 208,045,042	 278,010,876	 327,309,037	 <u>1,024,178,497</u>
 Cost Per Kwh	 \$0.02655	 \$0.02351	 \$0.02394	 \$0.02241	 <u><u>\$0.02390</u></u>

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

Account No.	Account Description	2016			2017
		October	November	December	January
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$3,206,249	\$1,696,500	\$3,654,363	\$4,958,317
555.114	Real-Time Asset Energy	140,030	(65,059)	(7,660)	57,786
555.117	Real-Time Excessive Energy	8,596	1,557	555	211
555.118	Real-Time Non-Excessive Energy	(1,160,601)	(778,686)	(1,459,281)	(1,245,539)
555.1211	Day-Ahead Asset Congestion	4,230	(280,566)	(728,577)	(284,094)
555.1215	Real-Time Asset Congestion	(20,846)	15,161	(3,697)	(3,474)
555.1219	Real-Time Non-Excessive Congestion	49,671	155,030	230,794	14,570
555.1230	Revenue Rights Transaction	(52,109)	(52,109)	(33,592)	(33,592)
555.1232	Revenue Rights Infeasible Uplift	5,513	5,513	4,618	4,621
555.1233	Revenue Rights Stage 2 Distribution	(28,367)	(28,367)	(40,681)	(41,911)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(1,089)	(1,139)	(3,834)	6
555.130	Real-Time Non-Excessive Loss	110,798	77,125	154,159	99,372
555.131	Day-Ahead Asset Loss	(251,108)	(86,489)	(164,020)	(128,878)
555.135	Real-Time Asset Loss	45,009	(1,496)	(18,060)	(72,216)
555.136	Real-Time Distribution of Loss	(5,754)	(5,605)	(21,470)	(15,132)
555.151	Day-Ahead Rev Suff Guarantee Distribution	9,596	4,701	10,726	6,955
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(645)	0	(2,840)	0
555.153	Real-Time Miscellaneous	8,105	7,072	7,321	38,798
555.154	Real-Time Net Inadvertent Distribution	22,789	11,742	659	3,135
555.155	Real-Time Revenue Neutrality Uplift	36,927	28,666	32,223	8,877
555.156	R-T Rev Suff Guarantee First Pass Distribution	9,472	2,118	7,968	11,262
555.157	R-T Rev Suff Guarantee Make Whole Payment	(15,600)	(3,579)	(31,073)	0
555.159	Day Ahead Schedule 24	5,269	5,937	6,946	5,868
555.160	Real Time Schedule 24	1,020	968	1,099	1,074
555.162	RT Price Volatility Make Whole Payment	(2,416)	(10,058)	(6,826)	(5,918)
555.1700	Day-Ahead Regulation Amount	(184)	0	(119)	0
555.1701	Day-Ahead Spinning Reserve Amount	(22,638)	(20,590)	(13,878)	(7,505)
555.1703	Day-Ahead Ramp Capability	(2,710)	(2,989)	(2,643)	(1,394)
555.1710	Real-Time Net Regulation Adjustment	6	(6)	1	0
555.1711	Real-Time Excessive Deficient Energy Deployment	583	388	279	240
555.1712	Real-Time Contingency Reserve Deployment	0	0	0	50
555.1713	Real-Time Regulation Amount	167	(47)	30	0
555.1714	Real-Time Spinning Reserve Amount	1,948	(2,275)	3,434	(1,935)
555.1716	Real-Time Regulation Cost Distribution	9,703	8,971	11,777	11,937
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	12,672	9,325	11,404	9,736
555.1718	Real-Time Supplemental Reserve Cost Distribution	4,690	3,651	5,888	4,047
555.172	Real-Time Ramp Capability	36	(603)	(55)	(409)
	<u>Southwest Power Pool (SPP)</u>				
555.185	RT Asset Losses	(\$36,572)	(\$32,785)	(\$7,668)	(\$58,663)
555.186	RT Over Collected Losses	8,526	7,010	19,924	9,179
555.1915	RT Asset Congestion	129,353	(95,144)	(134,728)	(86,496)
	<u>Other</u>				
555.5	Purchased Power Cogeneration	\$2	\$123	\$1	\$134
	Total Account 555 Charges	\$2,230,321	\$573,966	\$1,483,467	\$3,259,019