

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

April 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-17-011  
 May 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	0.00026	0.00029
Total	<u>\$0.02050</u>	<u>\$0.02116</u>

Exhibit A is the 61<sup>st</sup> Revised Sheet No. 42.2 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after May 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 May 2017. Pages 2-4 show the calculation of the adjustment for May 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 0.094 cents per Kwh for primary service customers and a decrease of 0.101 cents per Kwh for secondary service customers for service rendered in the month of May 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 March 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](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

61<sup>st</sup> Revised Sheet No. 42.2

Canceling 60<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	0.026	0.029
Total FPPA	2.050¢	2.116¢

Date Filed: April 17, 2017

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

Issued By: Tamie A. Aberle  
Director- Regulatory Affairs

Case No.: PU-17-011

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	\$0.00047	\$0.00081
Prior Filed Adjustment	0.00141	0.00182
Change in Current Adjustment	<u>(\$0.00094)</u>	<u>(\$0.00101)</u>
<u>Surcharge Adjustment:</u>		
Current Adjustment	(\$0.00021)	(\$0.00052)
Prior Filed Adjustment	(0.00021)	(0.00052)
Change in Surcharge Adjustment	<u>\$0.00000</u>	<u>\$0.00000</u>
Total Change in Fuel and Purchased Power	<u><u>(\$0.00094)</u></u>	<u><u>(\$0.00101)</u></u>
Base Cost of Fuel 1/	\$0.02024	\$0.02087
Current Adjustment	0.00047	0.00081
Surcharge Adjustment	<u>(0.00021)</u>	<u>(0.00052)</u>
Total Adjustment billed under Rate 58	<u><u>\$0.02050</u></u>	<u><u>\$0.02116</u></u>

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

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

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$17,470,305	\$12,095,906	\$1,894,423	\$10,201,483
Account 555 Energy	6,514,246	4,510,265	706,383	3,803,882
Account 555 Demand and 547 Pipeline Charges	1,251,471	893,691	62,112	831,579
Account 575 Market Admin.	167,906	116,253	18,207	98,046
<b>Total Fuel &amp; Purchased Power</b>	<b>\$25,403,928</b>	<b>\$17,616,115</b>	<b>\$2,681,125</b>	<b>\$14,934,990</b>
Less:				
Wholesale Sales Revenue	132,405	91,673	14,358	77,315
Revenue from Sale of RECs 4/	246,165	183,028	28,665	154,363
<b>Net System Costs</b>	<b>\$25,025,358</b>	<b>\$17,341,414</b>	<b>\$2,638,102</b>	<b>\$14,703,312</b>
Kwh Retail Sales	1,163,621,318	805,655,880	127,384,735	678,271,145
Cost Per Kwh	<u>\$0.02151</u>	<u>\$0.02152</u>	\$0.02071	\$0.02168
Base Cost of Fuel			<u>\$0.02024</u>	<u>\$0.02087</u>
Current Adjustment			<u>\$0.00047</u>	<u>\$0.00081</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**  
**MAY 2017**

	2016	2017			Total
	December	January	February	March	
Fuel & Purchased Power Costs					
Account 501 and 547	\$4,826,573	\$3,908,606	\$4,171,364	\$4,563,762	\$17,470,305
Account 555 Energy 1/ Account 555 Demand and 547 Pipeline Charges	1,483,467	3,259,019	969,261	802,499	6,514,246
Account 575 Market Admin.	324,611	311,073	309,991	305,796	1,251,471
	48,081	38,722	32,343	48,760	167,906
Total Fuel & Purchased Power	\$6,682,732	\$7,517,420	\$5,482,959	\$5,720,817	\$25,403,928
Less:					
Wholesale Sales Revenue	27,369	930	38,680	65,426	132,405
Revenue from Sale of RECs	1,149	181,019	0	63,997	246,165
Net System Costs	\$6,654,214	\$7,335,471	\$5,444,279	\$5,591,394	\$25,025,358
Kwh Retail Sales	278,010,876	327,309,037	267,898,552	290,402,853	1,163,621,318
Cost Per Kwh	\$0.02394	\$0.02241	\$0.02032	\$0.01925	\$0.02151

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

Account No.	Account Description	2016	2017		
		December	January	February	March
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$3,654,363	\$4,958,317	\$1,981,753	\$2,154,949
555.114	Real-Time Asset Energy	(7,660)	57,786	(45,784)	(112,106)
555.117	Real-Time Excessive Energy	555	211	1,294	685
555.118	Real-Time Non-Excessive Energy	(1,459,281)	(1,245,539)	(680,601)	(766,470)
555.1211	Day-Ahead Asset Congestion	(728,577)	(284,094)	(166,973)	(510,204)
555.1215	Real-Time Asset Congestion	(3,697)	(3,474)	12,564	21,771
555.1219	Real-Time Non-Excessive Congestion	230,794	14,570	81,952	151,471
555.1230	Revenue Rights Transaction	(33,592)	(33,592)	(33,592)	(16,624)
555.1232	Revenue Rights Infeasible Uplift	4,618	4,621	4,620	4,272
555.1233	Revenue Rights Stage 2 Distribution	(40,681)	(41,911)	(41,370)	(32,208)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(3,834)	6	(2,595)	(2,456)
555.130	Real-Time Non-Excessive Loss	154,159	99,372	73,036	80,243
555.131	Day-Ahead Asset Loss	(164,020)	(128,878)	(100,824)	(98,254)
555.135	Real-Time Asset Loss	(18,060)	(72,216)	(34,002)	25,236
555.136	Real-Time Distribution of Loss	(21,470)	(15,132)	(1,998)	(2,007)
555.151	Day-Ahead Rev Suff Guarantee Distribution	10,726	6,955	3,127	7,280
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(2,840)	0	0	(12)
555.153	Real-Time Miscellaneous	7,321	38,798	(43)	60,250
555.154	Real-Time Net Inadvertent Distribution	659	3,135	7,580	9,631
555.155	Real-Time Revenue Neutrality Uplift	32,223	8,877	82,400	42,705
555.156	R-T Rev Suff Guarantee First Pass Distribution	7,968	11,262	872	3,769
555.157	R-T Rev Suff Guarantee Make Whole Payment	(31,073)	0	0	(791)
555.159	Day Ahead Schedule 24	6,946	5,868	5,575	6,281
555.160	Real Time Schedule 24	1,099	1,074	735	888
555.162	RT Price Volatility Make Whole Payment	(6,826)	(5,918)	(4,425)	(6,229)
555.1700	Day-Ahead Regulation Amount	(119)	0	0	(228)
555.1701	Day-Ahead Spinning Reserve Amount	(13,878)	(7,505)	(12,590)	(22,274)
555.1703	Day-Ahead Ramp Capability	(2,643)	(1,394)	(1,139)	(4,706)
555.1710	Real-Time Net Regulation Adjustment	1	0	0	0
555.1711	Real-Time Excessive Deficient Energy Deployment	279	240	247	228
555.1712	Real-Time Contingency Reserve Deployment	0	50	0	80
555.1713	Real-Time Regulation Amount	30	0	(26)	132
555.1714	Real-Time Spinning Reserve Amount	3,434	(1,935)	(180)	2,167
555.1716	Real-Time Regulation Cost Distribution	11,777	11,937	9,316	10,780
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	11,404	9,736	7,305	11,968
555.1718	Real-Time Supplemental Reserve Cost Distribution	5,888	4,047	2,450	4,206
555.172	Real-Time Ramp Capability	(55)	(409)	(259)	(60)
	<u>Southwest Power Pool (SPP)</u>				
555.185	RT Asset Losses	(\$7,668)	(\$58,663)	(\$63,199)	(\$76,706)
555.186	RT Over Collected Losses	19,924	9,179	(6,623)	7,528
555.1915	RT Asset Congestion	(134,728)	(86,496)	(109,342)	(152,686)
	<u>Other</u>				
555.5	Purchased Power Cogeneration	\$1	\$134	\$0	\$0
	<b>Total Account 555 Charges</b>	<b>\$1,483,467</b>	<b>\$3,259,019</b>	<b>\$969,261</b>	<b>\$802,499</b>