



UTILITIES CO.
A Division of MDU Resources Group, Inc.

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

ORIGINAL

May 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
June 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	(0.00029)	(0.00022)
Total	<u>\$0.01995</u>	<u>\$0.02065</u>

Exhibit A is the 62nd Revised Sheet No. 42.2 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after June 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 June 2017. Pages 2-4 show the calculation of the adjustment for June 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 0.055 cents per Kwh for primary service customers and a decrease of 0.051 cents per Kwh for secondary service customers for service rendered in the month of June 2017. The change is the result of a decrease in the per unit cost of purchase power and generation reflecting seasonal demand and volume changes.

All of North Dakota's electric customers will be affected by this proposal. There were 92,888 electric customers in North Dakota as of April 30, 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

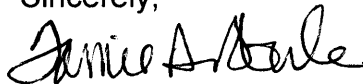
and on file with the Commission in the state where the purchase is made or the transportation occurs. Montana-Dakota also has an agreement with its own gas operations associated with the pipeline utilized to transport firm natural gas service to the Heskett III Station pursuant to the order in Case Nos. 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

62nd Revised Sheet No. 42.2

Canceling 61st 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	(0.029)	(0.022)
Total FPPA	1.995¢	2.065¢

Date Filed: May 17, 2017

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

Issued By: Tamie A. Aberle
Director- Regulatory Affairs

Case No.: PU-17-011

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	(\$0.00008)	\$0.00030
Prior Filed Adjustment	0.00047	0.00081
Change in Current Adjustment	<u>(\$0.00055)</u>	<u>(\$0.00051)</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>(\$0.00055)</u></u>	 <u><u>(\$0.00051)</u></u>
Base Cost of Fuel 1/	\$0.02024	\$0.02087
Current Adjustment	(0.00008)	0.00030
Surcharge Adjustment	(0.00021)	(0.00052)
Total Adjustment billed under Rate 58	<u><u>\$0.01995</u></u>	<u><u>\$0.02065</u></u>

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

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

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$15,464,587	\$10,692,337	\$1,713,800	\$8,978,537
Account 555 Energy	6,617,177	4,575,168	733,322	3,841,846
Account 555 Demand and 547 Pipeline Charges	1,229,945	878,319	61,043	817,276
Account 575 Market Admin.	151,813	104,965	16,824	88,141
Total Fuel & Purchased Power	\$23,463,522	\$16,250,789	\$2,524,989	\$13,725,800
Less:				
Wholesale Sales Revenue	122,518	84,710	13,578	71,132
Revenue from Sale of RECs 4/	182,066	124,221	19,911	104,310
Net System Costs	\$23,158,938	\$16,041,858	\$2,491,500	\$13,550,358
Kwh Retail Sales	1,104,717,519	763,810,340	123,590,299	640,220,041
Cost Per Kwh	<u>\$0.02096</u>	<u>\$0.02100</u>	\$0.02016	\$0.02117
Base Cost of Fuel			<u>\$0.02024</u>	<u>\$0.02087</u>
Current Adjustment			<u>(\$0.00008)</u>	<u>\$0.00030</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
JUNE 2017

	2017				Total
	January	February	March	April	
Fuel & Purchased Power Costs					
Account 501 and 547	\$3,908,606	\$4,171,364	\$4,563,762	\$2,820,855	\$15,464,587
Account 555 Energy 1/ Account 555 Demand and 547 Pipeline Charges	3,259,019	969,261	802,499	1,586,398	6,617,177
Account 575 Market Admin.	311,073	309,991	305,796	303,085	1,229,945
	<u>38,722</u>	<u>32,343</u>	<u>48,760</u>	<u>31,988</u>	<u>151,813</u>
Total Fuel & Purchased Power	\$7,517,420	\$5,482,959	\$5,720,817	\$4,742,326	\$23,463,522
Less:					
Wholesale Sales Revenue	930	38,680	65,426	17,482	122,518
Revenue from Sale of RECs	<u>181,019</u>	<u>0</u>	<u>63,997</u>	<u>(62,950)</u>	<u>182,066</u>
Net System Costs	\$7,335,471	\$5,444,279	\$5,591,394	\$4,787,794	\$23,158,938
 Kwh Retail Sales	 327,309,037	 267,898,552	 290,402,853	 219,107,077	 <u>1,104,717,519</u>
 Cost Per Kwh	 \$0.02241	 \$0.02032	 \$0.01925	 \$0.02185	 <u><u>\$0.02096</u></u>

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

Account No.	Account Description	2017			
		January	February	March	April
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$4,958,317	\$1,981,753	\$2,154,949	\$2,905,183
555.114	Real-Time Asset Energy	57,786	(45,784)	(112,106)	32,428
555.117	Real-Time Excessive Energy	211	1,294	685	1,389
555.118	Real-Time Non-Excessive Energy	(1,245,539)	(680,601)	(766,470)	(682,703)
555.1211	Day-Ahead Asset Congestion	(284,094)	(166,973)	(510,204)	(509,096)
555.1215	Real-Time Asset Congestion	(3,474)	12,564	21,771	(3,546)
555.1219	Real-Time Non-Excessive Congestion	14,570	81,952	151,471	137,805
555.1230	Revenue Rights Transaction	(33,592)	(33,592)	(16,624)	(16,624)
555.1232	Revenue Rights Infeasible Uplift	4,621	4,620	4,272	4,271
555.1233	Revenue Rights Stage 2 Distribution	(41,911)	(41,370)	(32,208)	(31,976)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	6	(2,595)	(2,456)	(1,096)
555.130	Real-Time Non-Excessive Loss	99,372	73,036	80,243	72,716
555.131	Day-Ahead Asset Loss	(128,878)	(100,824)	(98,254)	(252,765)
555.135	Real-Time Asset Loss	(72,216)	(34,002)	25,236	16,144
555.136	Real-Time Distribution of Loss	(15,132)	(1,998)	(2,007)	(1,634)
555.151	Day-Ahead Rev Suff Guarantee Distribution	6,955	3,127	7,280	8,288
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	0	0	(12)	0
555.153	Real-Time Miscellaneous	38,798	(43)	60,250	13,964
555.154	Real-Time Net Inadvertent Distribution	3,135	7,580	9,631	(2,996)
555.155	Real-Time Revenue Neutrality Uplift	8,877	82,400	42,705	56,656
555.156	R-T Rev Suff Guarantee First Pass Distribution	11,262	872	3,769	15,880
555.157	R-T Rev Suff Guarantee Make Whole Payment	0	0	(791)	(1,541)
555.159	Day Ahead Schedule 24	5,868	5,575	6,281	4,771
555.160	Real Time Schedule 24	1,074	735	888	773
555.162	RT Price Volatility Make Whole Payment	(5,918)	(4,425)	(6,229)	(2,977)
555.1700	Day-Ahead Regulation Amount	0	0	(228)	0
555.1701	Day-Ahead Spinning Reserve Amount	(7,505)	(12,590)	(22,274)	(23,639)
555.1703	Day-Ahead Ramp Capability	(1,394)	(1,139)	(4,706)	(4,402)
555.1711	Real-Time Excessive Deficient Energy Deployment	240	247	228	246
555.1712	Real-Time Contingency Reserve Deployment	50	0	80	67
555.1713	Real-Time Regulation Amount	0	(26)	132	0
555.1714	Real-Time Spinning Reserve Amount	(1,935)	(180)	2,167	1,950
555.1716	Real-Time Regulation Cost Distribution	11,937	9,316	10,780	10,183
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	9,736	7,305	11,968	14,533
555.1718	Real-Time Supplemental Reserve Cost Distribution	4,047	2,450	4,206	3,493
555.172	Real-Time Ramp Capability	(409)	(259)	(60)	66
	<u>Southwest Power Pool (SPP)</u>				
555.185	RT Asset Losses	(\$58,663)	(\$63,199)	(\$76,706)	(\$68,813)
555.186	RT Over Collected Losses	9,179	(6,623)	7,528	5,915
555.1915	RT Asset Congestion	(86,496)	(109,342)	(152,686)	(116,516)
	<u>Other</u>				
555.5	Purchased Power Cogeneration	\$134	\$0	\$0	\$1
	Total Account 555 Charges	\$3,259,019	\$969,261	\$802,499	\$1,586,398