

June 15, 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
July 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	(0.00102)	(0.00082)
Total	<u>\$0.01922</u>	<u>\$0.02005</u>

Exhibit A is the 63rd Revised Sheet No. 42.2 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after July 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 July 2017. Pages 2-4 show the calculation of the adjustment for July 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 0.060 cents per Kwh for secondary service customers for service rendered in the month of July 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 92,881 electric customers in North Dakota as of May 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

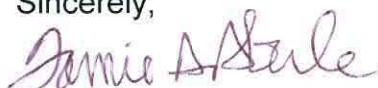
transportation occurs. Montana-Dakota also has an agreement with its own gas operations associated with the pipeline utilized to transport firm natural gas service to the Heskett III Station pursuant to the order in Case Nos. PU-14-108 and PU-14-109.

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

63rd Revised Sheet No. 42.2

Canceling 62nd 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	(0.102)	(0.082)
Total FPPA	1.922¢	2.005¢

Date Filed: June 15, 2017

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

Issued By: Tamie A. Aberle
Director- Regulatory Affairs

Case No.: PU-17-011

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	(\$0.00081)	(\$0.00030)
Prior Filed Adjustment	(0.00008)	0.00030
Change in Current Adjustment	<u>(\$0.00073)</u>	<u>(\$0.00060)</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>(\$0.00073)</u></u>	<u><u>(\$0.00060)</u></u>
Base Cost of Fuel 1/	\$0.02024	\$0.02087
Current Adjustment	(0.00081)	(0.00030)
Surcharge Adjustment	(0.00021)	(0.00052)
Total Adjustment billed under Rate 58	<u><u>\$0.01922</u></u>	<u><u>\$0.02005</u></u>

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

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

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$15,670,313	\$10,759,565	\$1,839,273	\$8,920,292
Account 555 Energy	3,412,164	2,342,863	400,496	1,942,367
Account 555 Demand and 547 Pipeline Charges	1,224,668	874,551	60,781	813,770
Account 575 Market Admin.	150,635	103,429	17,680	85,749
Total Fuel & Purchased Power	\$20,457,780	\$14,080,408	\$2,318,230	\$11,762,178
Less:				
Wholesale Sales Revenue	269,242	184,867	31,602	153,265
Revenue from Sale of RECs 4/	1,047	(5,047)	(863)	(4,184)
Net System Costs	\$20,187,491	\$13,900,588	\$2,287,491	\$11,613,097
Kwh Retail Sales	993,679,276	682,281,010	117,726,333	564,554,677
Cost Per Kwh	\$0.02032	\$0.02037	\$0.01943	\$0.02057
Base Cost of Fuel			\$0.02024	\$0.02087
Current Adjustment			(\$0.00081)	(\$0.00030)

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
JULY 2017

	2017				Total
	February	March	April	May	
Fuel & Purchased Power Costs					
Account 501 and 547	\$4,171,364	\$4,563,762	\$2,820,855	\$4,114,332	\$15,670,313
Account 555 Energy 1/	969,261	802,499	1,586,398	54,006	3,412,164
Account 555 Demand and 547 Pipeline Charges	309,991	305,796	303,085	305,796	1,224,668
Account 575 Market Admin.	32,343	48,760	31,988	37,544	150,635
Total Fuel & Purchased Power	\$5,482,959	\$5,720,817	\$4,742,326	\$4,511,678	\$20,457,780
Less:					
Wholesale Sales Revenue	38,680	65,426	17,482	147,654	269,242
Revenue from Sale of RECs	0	63,997	(62,950)	0	1,047
Net System Costs	\$5,444,279	\$5,591,394	\$4,787,794	\$4,364,024	\$20,187,491
 Kwh Retail Sales	 267,898,552	 290,402,853	 219,107,077	 216,270,794	 <u>993,679,276</u>
Cost Per Kwh	\$0.02032	\$0.01925	\$0.02185	\$0.02018	<u><u>\$0.02032</u></u>

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

Account No.	Account Description	2017			
		February	March	April	May
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$1,981,753	\$2,154,949	\$2,905,183	\$1,052,615
555.114	Real-Time Asset Energy	(45,784)	(112,106)	32,428	(6,186)
555.117	Real-Time Excessive Energy	1,294	685	1,389	1,742
555.118	Real-Time Non-Excessive Energy	(680,601)	(766,470)	(682,703)	(460,927)
555.1211	Day-Ahead Asset Congestion	(166,973)	(510,204)	(509,096)	(277,985)
555.1215	Real-Time Asset Congestion	12,564	21,771	(3,546)	9,179
555.1219	Real-Time Non-Excessive Congestion	81,952	151,471	137,805	171,261
555.1230	Revenue Rights Transaction	(33,592)	(16,624)	(16,624)	(16,624)
555.1232	Revenue Rights Infeasible Uplift	4,620	4,272	4,271	4,273
555.1233	Revenue Rights Stage 2 Distribution	(41,370)	(32,208)	(31,976)	(32,966)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(2,595)	(2,456)	(1,096)	(1,018)
555.130	Real-Time Non-Excessive Loss	73,036	80,243	72,716	49,891
555.131	Day-Ahead Asset Loss	(100,824)	(98,254)	(252,765)	(25,426)
555.135	Real-Time Asset Loss	(34,002)	25,236	16,144	(60,573)
555.136	Real-Time Distribution of Loss	(1,998)	(2,007)	(1,634)	(2,907)
555.151	Day-Ahead Rev Suff Guarantee Distribution	3,127	7,280	8,288	7,285
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	0	(12)	0	0
555.153	Real-Time Miscellaneous	(43)	60,250	13,964	11,929
555.154	Real-Time Net Inadvertent Distribution	7,580	9,631	(2,996)	7,236
555.155	Real-Time Revenue Neutrality Uplift	82,400	42,705	56,656	31,142
555.156	R-T Rev Suff Guarantee First Pass Distribution	872	3,769	15,880	6,781
555.157	R-T Rev Suff Guarantee Make Whole Payment	0	(791)	(1,541)	(23,155)
555.159	Day Ahead Schedule 24	5,575	6,281	4,771	5,413
555.160	Real Time Schedule 24	735	888	773	926
555.162	RT Price Volatility Make Whole Payment	(4,425)	(6,229)	(2,977)	(11,283)
555.1700	Day-Ahead Regulation Amount	0	(228)	0	0
555.1701	Day-Ahead Spinning Reserve Amount	(12,590)	(22,274)	(23,639)	(48,830)
555.1703	Day-Ahead Ramp Capability	(1,139)	(4,706)	(4,402)	(6,840)
555.1711	Real-Time Excessive Deficient Energy Deployment	247	228	246	348
555.1712	Real-Time Contingency Reserve Deployment	0	80	67	0
555.1713	Real-Time Regulation Amount	(26)	132	0	(57)
555.1714	Real-Time Spinning Reserve Amount	(180)	2,167	1,950	3,607
555.1716	Real-Time Regulation Cost Distribution	9,316	10,780	10,183	11,329
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	7,305	11,968	14,533	17,764
555.1718	Real-Time Supplemental Reserve Cost Distribution	2,450	4,206	3,493	8,455
555.172	Real-Time Ramp Capability	(259)	(60)	66	(546)
	<u>Southwest Power Pool (SPP)</u>				
555.185	RT Asset Losses	(\$63,199)	(\$76,706)	(\$68,813)	(\$88,413)
555.186	RT Over Collected Losses	(6,623)	7,528	5,915	6,606
555.1915	RT Asset Congestion	(109,342)	(152,686)	(116,516)	(292,462)
	<u>Other</u>				
555.1	Purchased Power	\$0	\$0	\$0	\$2,420
555.5	Purchased Power Cogeneration	0	0	1	2
	Total Account 555 Charges	\$969,261	\$802,499	\$1,586,398	\$54,006