



UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

July 14, 2017

Executive Secretary
North Dakota Public Service Commission
State Capitol Building
600 East Boulevard
Bismarck, ND 58505-0480

Re: Fuel and Purchased Power Adjustment
Case No. PU-17-011
August 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.

Exhibit A is the 64th Revised Sheet No. 42.2 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after August 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 August 2017. Pages 2 through 4 show the calculation of the adjustment which is based on a four month historical average cost of fuel and purchased power.

The net effect of this F&PP adjustment is an increase of 0.052 cents per Kwh for primary service customers and an increase of 0.058 cents per Kwh for secondary service customers for service rendered in the month of August 2017 from current effective rates as shown below. The increase was the variance of seasonal demand and volume changes.

	<u>Primary</u>	<u>Secondary</u>
F&PP Effective August 1, 2017	\$0.01974	\$0.02063
F&PP Effective July 1, 2017	0.01922	0.02005
Change	<u>\$0.00052</u>	<u>\$0.00058</u>

All of Montana-Dakota's retail electric customers in North Dakota will be affected by this proposal. There were 92,917 electric customers in North Dakota as of June 30, 2017.

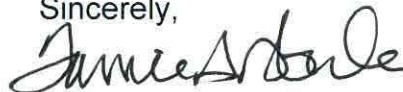
In response to Paragraph No. 11 of NDAC Section 69-09-02-39, Montana-Dakota purchases natural gas used for electric generation from its own gas operations or transports natural gas purchased from others under the applicable gas tariff approved and on file with the Commission in the state where the purchase 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

64th Revised Sheet No. 42.2

Canceling 63rd 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	(0.050)	(0.024)
Total FPPA	1.974¢	2.063¢

Date Filed: July 14, 2017

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

Issued By: Tamie A. Aberle
Director- Regulatory Affairs

Case No.: PU-17-011

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

	<u>Primary</u>	<u>Secondary</u>
Current Adjustment (Page 2)	(\$0.00029)	\$0.00028
Prior Filed Adjustment	(0.00081)	(0.00030)
Change in Current Adjustment	\$0.00052	\$0.00058
 <u>Surcharge Adjustment</u>		
Current Adjustment	(\$0.00021)	(\$0.00052)
Prior Filed Adjustment	(0.00021)	(0.00052)
Change in Surcharge Adjustment	\$0.00000	\$0.00000
 Total Change in Fuel and Purchased Power	 <u>\$0.00052</u>	 <u>\$0.00058</u>
Base Cost of Fuel 1/	\$0.02024	\$0.02087
Current Adjustment	(0.00029)	0.00028
Surcharge Adjustment	(0.00021)	(0.00052)
Total Adjustment billed under Rate 58	<u>\$0.01974</u>	<u>\$0.02063</u>

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

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

	<u>Total 1/</u>	<u>Allocation to 2/ North Dakota</u>	<u>Allocation to 3/</u>	
			<u>Primary</u>	<u>Secondary</u>
Fuel & Purchased Power Costs				
Account 501 and 547	\$15,576,794	\$10,618,008	\$1,868,933	\$8,749,075
Account 555 Energy	3,314,708	2,259,489	397,705	1,861,784
Account 555 Demand and 547 Pipeline Charges	1,209,542	863,749	60,031	803,718
Account 575 Market Admin.	152,719	104,102	18,324	85,778
Total Fuel & Purchased Power	\$20,253,763	\$13,845,348	\$2,344,993	\$11,500,355
Less:				
Wholesale Sales Revenue	277,410	189,098	33,284	155,814
Revenue from Sale of RECs 4/	1,047	(5,047)	(888)	(4,159)
Net System Costs	\$19,975,306	\$13,661,297	\$2,312,597	\$11,348,700
Kwh Retail Sales	957,202,057	652,482,074	115,918,600	536,563,474
Cost Per Kwh	\$0.02087	\$0.02094	\$0.01995	\$0.02115
Base Cost of Fuel			<u>\$0.02024</u>	<u>\$0.02087</u>
Current Adjustment			<u>(\$0.00029)</u>	<u>\$0.00028</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 are 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.

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
AUGUST 2017

	2017				Total
	March	April	May	June	
Fuel & Purchased Power Costs					
Account 501 and 547	\$4,563,762	\$2,820,855	\$4,114,332	\$4,077,845	\$15,576,794
Account 555 Energy 1/	802,499	1,586,398	54,006	871,805	3,314,708
Account 555 Demand and					
547 Pipeline Charges	305,796	303,085	305,796	294,865	1,209,542
Account 575 Market Admin.	48,760	31,988	37,544	34,427	152,719
Total Fuel & Purchased Power	\$5,720,817	\$4,742,326	\$4,511,678	\$5,278,942	\$20,253,763
Less:					
Wholesale Sales Revenue	65,426	17,482	147,654	46,848	277,410
Revenue from Sale of RECs	63,997	(62,950)	0	0	1,047
Net System Costs	\$5,591,394	\$4,787,794	\$4,364,024	\$5,232,094	\$19,975,306
 Kwh Retail Sales	 290,402,853	 219,107,077	 216,270,794	 231,421,333	 <u>957,202,057</u>
Cost Per Kwh	\$0.01925	\$0.02185	\$0.02018	\$0.02261	<u><u>\$0.02087</u></u>

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

Account No.	Account Description	2017			
		March	April	May	June
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$2,154,949	\$2,905,183	\$1,052,615	\$1,836,529
555.114	Real-Time Asset Energy	(112,106)	32,428	(6,186)	54,507
555.117	Real-Time Excessive Energy	685	1,389	1,742	1,291
555.118	Real-Time Non-Excessive Energy	(766,470)	(682,703)	(460,927)	(349,714)
555.1211	Day-Ahead Asset Congestion	(510,204)	(509,096)	(277,985)	(366,136)
555.1215	Real-Time Asset Congestion	21,771	(3,546)	9,179	12,861
555.1219	Real-Time Non-Excessive Congestion	151,471	137,805	171,261	84,661
555.1230	Revenue Rights Transaction	(16,624)	(16,624)	(16,624)	(65,499)
555.1232	Revenue Rights Infeasible Uplift	4,272	4,271	4,273	6,187
555.1233	Revenue Rights Stage 2 Distribution	(32,208)	(31,976)	(32,966)	(24,429)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(2,456)	(1,096)	(1,018)	(1,270)
555.130	Real-Time Non-Excessive Loss	80,243	72,716	49,891	34,586
555.131	Day-Ahead Asset Loss	(98,254)	(252,765)	(25,426)	(99,086)
555.135	Real-Time Asset Loss	25,236	16,144	(60,573)	11,969
555.136	Real-Time Distribution of Loss	(2,007)	(1,634)	(2,907)	(3,265)
555.151	Day-Ahead Rev Suff Guarantee Distribution	7,280	8,288	7,285	4,857
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(12)	0	0	0
555.153	Real-Time Miscellaneous	60,250	13,964	11,929	7,010
555.154	Real-Time Net Inadvertent Distribution	9,631	(2,996)	7,236	2,973
555.155	Real-Time Revenue Neutrality Uplift	42,705	56,656	31,142	37,228
555.156	Real-Time Rev Suff Guarantee First Pass Distribution	3,769	15,880	6,781	12,886
555.157	Real-Time Rev Suff Guarantee Make Whole Payment	(791)	(1,541)	(23,155)	0
555.159	Day-Ahead Schedule 24	6,281	4,771	5,413	4,489
555.160	Real-Time Schedule 24	888	773	926	693
555.162	Real-Time Price Volatility Make Whole Payment	(6,229)	(2,977)	(11,283)	(11,183)
555.1700	Day-Ahead Regulation Amount	(228)	0	0	0
555.1701	Day-Ahead Spinning Reserve Amount	(22,274)	(23,639)	(48,830)	(31,284)
555.1703	Day-Ahead Ramp Capability	(4,706)	(4,402)	(6,840)	(3,384)
555.1711	Real-Time Excessive Deficient Energy Deployment	228	246	348	258
555.1712	Real-Time Contingency Reserve Deployment	80	67	0	0
555.1713	Real-Time Regulation Amount	132	0	(57)	(10)
555.1714	Real-Time Spinning Reserve Amount	2,167	1,950	3,607	5,340
555.1716	Real-Time Regulation Cost Distribution	10,780	10,183	11,329	9,867
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	11,968	14,533	17,764	11,642
555.1718	Real-Time Supplemental Reserve Cost Distribution	4,206	3,493	8,455	1,866
555.172	Real-Time Ramp Capability	(60)	66	(546)	(92)
	<u>Southwest Power Pool (SPP)</u>				
555.185	Real-Time Asset Losses	(\$76,706)	(\$68,813)	(\$88,413)	(\$32,096)
555.186	Real-Time Over Collected Losses	7,528	5,915	6,606	(34,776)
555.1915	Real-Time Asset Congestion	(152,686)	(116,516)	(292,462)	(197,141)
555.192	Auction Revenue Rights-Daily	0	0	0	(3,925)
555.1921	Auction Revenue Rights-Annual	0	0	0	(46,611)
	<u>Other</u>				
555.1	Purchased Power	\$0	\$0	\$2,420	\$0
555.5	Purchased Power Cogeneration	0	1	2	6
	Total Account 555 Charges	\$802,499	\$1,586,398	\$54,006	\$871,805