



UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

July 28, 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 Nos. PU-17-011 & PU-16-666
August 2017 - Compliance Update

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith respectfully files an original and two (2) copies of an update to its August 2017 fuel and purchased power adjustment (F&PP) pursuant to its Rate 58 and the Commission's order issued on June 16, 2017 in Case No. PU-16-666.

Exhibit A, page 1 summarizes the fuel and purchase power adjustment calculated pursuant to the terms of Rate 58 that will be effective with the implementation of final rates in Case No. PU-16-666. 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 as updated from the similar exhibits provided in the compliance filing submitted on July 14, 2017.

On July 26, 2017, the Commission approved the 2016 Electric Rate Increase Compliance Tariffs. This filing incorporates updates to the Fuel and Purchased Power Adjustment Rate 58, specifically adding reagents and sand to the previous submitted charges effective August 1, 2017.

The net effect of this F&PP adjustment is an increase of 0.125 cents per Kwh for primary service customers and an increase of 0.099 cents per Kwh for secondary service customers for service rendered on or after August 7, 2017 from current effective rates as shown below. The increase is due to the inclusion of the cost of reagent and sand as mentioned above.

	<u>Primary</u>	<u>Secondary</u>
F&PP Effective August 7, 2017	\$0.02099	\$0.02162
F&PP Effective August 1, 2017	0.01974	0.02063
Change	<u>\$0.00125</u>	<u>\$0.00099</u>

153 PU-16-666 Filed 07/28/2017 Pages: 6
Compliance update - August 2017 fuel and purchased power adjustment
Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc.

17 PU-17-11 Filed 07/28/2017 Pages: 6
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The current and historical Fuel and Purchased Power Adjustment for primary and secondary service customers can be found at www.montana-dakota.com/rates-and-services.

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

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

	<u>Primary</u>	<u>Secondary</u>
Current Cost of Fuel (Page 2)	\$0.02120	\$0.02214
Prior Cost of Fuel	0.01995	0.02115
Change in Cost of Fuel	<u>\$0.00125</u>	<u>\$0.00099</u>
 <u>Surcharge Adjustment</u>		
Current Adjustment	(\$0.00021)	(\$0.00052)
Prior Adjustment	(0.00021)	(0.00052)
Change in Surcharge Adjustment	<u>\$0.00000</u>	<u>\$0.00000</u>
 Cost of Fuel	 \$0.02120	 \$0.02214
Surcharge Adjustment	(0.00021)	(0.00052)
Total	<u><u>\$0.02099</u></u>	<u><u>\$0.02162</u></u>

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

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$15,576,794	\$10,618,008	\$1,869,457	\$8,748,551
Account 502 Reagent and Sand	994,330	677,791	119,335	558,456
Account 555 Energy	3,314,708	2,259,489	397,816	1,861,673
Account 555 Demand and 547 Pipeline Charges	1,209,542	863,749	84,734	779,015
Account 575 Market Admin.	152,719	104,102	18,329	85,773
Total Fuel & Purchased Power	\$21,248,093	\$14,523,139	\$2,489,671	\$12,033,468
Less:				
Wholesale Sales Revenue	277,410	189,098	33,294	155,804
Revenue from Sale of RECs 4/	1,047	(5,047)	(889)	(4,158)
Net System Costs	\$20,969,636	\$14,339,088	\$2,457,266	\$11,881,822
Kwh Retail Sales	957,202,057	652,482,074	115,918,600	536,563,474
Cost Per Kwh	\$0.02191	\$0.02198	\$0.02120	\$0.02214

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 at generation and demand and pipeline are allocated on class Allocation Factor No. 2, Coincident Peak Demand from PU-16-666.

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	9.810000%
Factor No. 2 Secondary	90.190000%

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 502 Reagent and Sand	213,601	104,343	450,011	226,375	994,330
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	\$5,934,418	\$4,846,669	\$4,961,689	\$5,505,317	\$21,248,093
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	\$5,804,995	\$4,892,137	\$4,814,035	\$5,458,469	\$20,969,636
 Kwh Retail Sales	 290,402,853	 219,107,077	 216,270,794	 231,421,333	 <u>957,202,057</u>
 Cost Per Kwh	 \$0.01999	 \$0.02233	 \$0.02226	 \$0.02359	 <u><u>\$0.02191</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