



UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

August 16, 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
September 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 (F&PP) adjustment pursuant to its Rate 58.

Exhibit A, page 1 summarizes the fuel and purchase power adjustment calculated pursuant to the terms of Rate 58 that will apply during the month of September 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 0.295 cents per Kwh for primary service customers and an increase of 0.308 cents per Kwh for secondary service customers for service rendered in the month of September 2017 from current effective rates as shown below. The increase was largely the result of higher MISO market prices.

	Primary	Secondary
F&PP Effective September 1, 2017	\$0.02394	\$0.02470
F&PP Effective August 7, 2017	0.02099	0.02162
Change	\$0.00295	\$0.00308

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.

All of Montana-Dakota's retail electric customers in North Dakota will be affected by this proposal. There were 92,882 electric customers in North Dakota as of July 31, 2017.

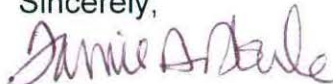
In response to Paragraph No. 11 of NDAC Section 69-09-02-39, Montana-Dakota purchases natural gas used for electric generation from its own gas operations or transports natural gas purchased from others under the applicable gas tariff approved and on file with the Commission in the state where the purchase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

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

	<u>Primary</u>	<u>Secondary</u>
Current Cost of Fuel (Page 2)	\$0.02415	\$0.02522
Prior Cost of Fuel	0.02120	0.02214
Change in Cost of Fuel	<u>\$0.00295</u>	<u>\$0.00308</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	 \$0.02415	 \$0.02522
Surcharge Adjustment	(0.00021)	(0.00052)
Total	<u><u>\$0.02394</u></u>	<u><u>\$0.02470</u></u>

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

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$15,775,948	\$10,708,941	\$1,932,353	\$8,776,588
Account 502 Reagent and Sand	1,006,192	683,018	123,246	559,772
Account 555 Energy	4,431,603	3,008,236	542,815	2,465,421
Account 555 Demand and 547 Pipeline Charges	1,224,977	874,771	85,815	788,956
Account 575 Market Admin.	141,370	95,964	17,316	78,648
Total Fuel & Purchased Power	\$22,580,090	\$15,370,930	\$2,701,545	\$12,669,385
Less:				
Wholesale Sales Revenue	247,381	167,926	30,301	137,625
Revenue from Sale of RECs 4/	(62,950)	(57,981)	(10,462)	(47,519)
Net System Costs	\$22,395,659	\$15,260,985	\$2,681,706	\$12,579,279
Kwh Retail Sales	898,462,875	609,889,543	111,040,694	498,848,849
Cost Per Kwh	\$0.02493	\$0.02502	\$0.02415	\$0.02522

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
SEPTEMBER 2017**

	2017				Total
	April	May	June	July	
Fuel & Purchased Power Costs					
Account 501 and 547	\$2,820,855	\$4,114,332	\$4,077,845	\$4,762,916	\$15,775,948
Account 502 Reagent and Sand	104,343	450,011	226,375	225,463	1,006,192
Account 555 Energy 1/ Account 555 Demand and 547 Pipeline Charges	1,586,398	54,006	871,805	1,919,394	4,431,603
Account 575 Market Admin.	303,085	305,796	294,865	321,231	1,224,977
	31,988	37,544	34,427	37,411	141,370
 Total Fuel & Purchased Power	 \$4,846,669	 \$4,961,689	 \$5,505,317	 \$7,266,415	 \$22,580,090
Less:					
Wholesale Sales Revenue	17,482	147,654	46,848	35,397	247,381
Revenue from Sale of RECs	(62,950)	0	0	0	(62,950)
 Net System Costs	 \$4,892,137	 \$4,814,035	 \$5,458,469	 \$7,231,018	 \$22,395,659
 Kwh Retail Sales	 219,107,077	 216,270,794	 231,421,333	 231,663,671	 898,462,875
 Cost Per Kwh	 \$0.02233	 \$0.02226	 \$0.02359	 \$0.03121	 <u>\$0.02493</u>

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

Account No.	Account Description	2017			
		April	May	June	July
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$2,905,183	\$1,052,615	\$1,836,529	\$3,026,840
555.114	Real-Time Asset Energy	32,428	(6,186)	54,507	88,142
555.117	Real-Time Excessive Energy	1,389	1,742	1,291	2,101
555.118	Real-Time Non-Excessive Energy	(682,703)	(460,927)	(349,714)	(954,201)
555.1211	Day-Ahead Asset Congestion	(509,096)	(277,985)	(366,136)	(82,026)
555.1215	Real-Time Asset Congestion	(3,546)	9,179	12,861	(13,231)
555.1219	Real-Time Non-Excessive Congestion	137,805	171,261	84,661	91,406
555.1230	Revenue Rights Transaction	(16,624)	(16,624)	(65,499)	(65,499)
555.1232	Revenue Rights Infeasible Uplift	4,271	4,273	6,187	6,187
555.1233	Revenue Rights Stage 2 Distribution	(31,976)	(32,966)	(24,429)	(25,055)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(1,096)	(1,018)	(1,270)	(1,701)
555.130	Real-Time Non-Excessive Loss	72,716	49,891	34,586	101,250
555.131	Day-Ahead Asset Loss	(252,765)	(25,426)	(99,086)	(183,114)
555.135	Real-Time Asset Loss	16,144	(60,573)	11,969	100,561
555.136	Real-Time Distribution of Loss	(1,634)	(2,907)	(3,265)	(2,306)
555.151	Day-Ahead Rev Suff Guarantee Distribution	8,288	7,285	4,857	4,609
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	0	0	0	(6,720)
555.153	Real-Time Miscellaneous	13,964	11,929	7,010	7,290
555.154	Real-Time Net Inadvertent Distribution	(2,996)	7,236	2,973	3,503
555.155	Real-Time Revenue Neutrality Uplift	56,656	31,142	37,228	43,223
555.156	Real-Time Rev Suff Guarantee First Pass Distribution	15,880	6,781	12,886	16,111
555.157	Real-Time Rev Suff Guarantee Make Whole Payment	(1,541)	(23,155)	0	(14,613)
555.159	Day-Ahead Schedule 24	4,771	5,413	4,489	5,140
555.160	Real-Time Schedule 24	773	926	693	820
555.162	Real-Time Price Volatility Make Whole Payment	(2,977)	(11,283)	(11,183)	(11,621)
555.1701	Day-Ahead Spinning Reserve Amount	(23,639)	(48,830)	(31,284)	(22,077)
555.1703	Day-Ahead Ramp Capability	(4,402)	(6,840)	(3,384)	(5,617)
555.1711	Real-Time Excessive Deficient Energy Deployment	246	348	258	281
555.1712	Real-Time Contingency Reserve Deployment	67	0	0	325
555.1713	Real-Time Regulation Amount	0	(57)	(10)	0
555.1714	Real-Time Spinning Reserve Amount	1,950	3,607	5,340	4,315
555.1716	Real-Time Regulation Cost Distribution	10,183	11,329	9,867	10,934
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	14,533	17,764	11,642	11,200
555.1718	Real-Time Supplemental Reserve Cost Distribution	3,493	8,455	1,866	4,667
555.172	Real-Time Ramp Capability	66	(546)	(92)	(58)
	<u>Southwest Power Pool (SPP)</u>				
555.185	Real-Time Asset Losses	(\$68,813)	(\$88,413)	(\$32,096)	(\$158,656)
555.186	Real-Time Over Collected Losses	5,915	6,606	(34,776)	(65,191)
555.1915	Real-Time Asset Congestion	(116,516)	(292,462)	(197,141)	8,770
555.192	Auction Revenue Rights-Daily	0	0	(3,925)	(6,642)
555.1921	Auction Revenue Rights-Annual	0	0	(46,611)	0
	<u>Other</u>				
555.1	Purchased Power	\$0	\$2,420	\$0	\$0
555.5	Purchased Power Cogeneration	1	2	6	47
	Total Account 555 Charges	\$1,586,398	\$54,006	\$871,805	\$1,919,394