

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

September 18, 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  
October 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 October 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 a decrease of 0.030 cents per Kwh for primary service customers and a decrease of 0.034 cents per Kwh for secondary service customers for service rendered in the month of October 2017 from current effective rates as shown below. The decrease is related to the variance of seasonal demand and volume changes.

	Primary	Secondary
F&PP Effective October 1, 2017	\$0.02364	\$0.02436
F&PP Effective September 1, 2017	0.02394	0.02470
Change	(\$0.00030)	(\$0.00034)

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](http://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 92,969 electric customers in North Dakota as of August 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](mailto:tamie.aberle@mdu.com).

Sincerely,



Tamie A. Aberle  
Director of Regulatory Affairs

Attachment

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

	<u>Primary</u>	<u>Secondary</u>
Current Cost of Fuel (Page 2)	\$0.02385	\$0.02488
Prior Cost of Fuel	0.02415	0.02522
Change in Cost of Fuel	<u>(\$0.00030)</u>	<u>(\$0.00034)</u>
 <u>Surcharge Adjustment</u>		
Current Adjustment	(\$0.00021)	(\$0.00052)
Prior Adjustment	<u>(0.00021)</u>	<u>(0.00052)</u>
Change in Surcharge Adjustment	\$0.00000	\$0.00000
 Cost of Fuel	 \$0.02385	 \$0.02488
Surcharge Adjustment	<u>(0.00021)</u>	<u>(0.00052)</u>
Total	<u><u>\$0.02364</u></u>	<u><u>\$0.02436</u></u>

**MONTANA-DAKOTA UTILITIES CO.**  
**FUEL AND PURCHASED POWER COST TRACKING ADJUSTMENT - NORTH DAKOTA**  
**OCTOBER 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	\$17,189,314	\$11,653,139	\$2,112,934	\$9,540,205
Account 502 Reagent and Sand	1,157,278	784,553	142,254	642,299
Account 555 Energy	4,230,336	2,867,869	519,999	2,347,870
Account 555 Demand and 547 Pipeline Charges	1,241,447	886,533	86,969	799,564
Account 575 Market Admin.	142,159	96,374	17,474	78,900
	<u>\$23,960,534</u>	<u>\$16,288,468</u>	<u>\$2,879,630</u>	<u>\$13,408,838</u>
Total Fuel & Purchased Power				
Less:				
Wholesale Sales Revenue	303,522	205,766	37,309	168,457
Revenue from Sale of RECs 4/	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net System Costs	\$23,657,012	\$16,082,702	\$2,842,321	\$13,240,381
Kwh Retail Sales	960,857,829	651,393,639	119,171,806	532,221,833
Cost Per Kwh	\$0.02462	\$0.02469	<u>\$0.02385</u>	<u>\$0.02488</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 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**  
**OCTOBER 2017**

	2017				Total
	May	June	July	August	
Fuel & Purchased Power Costs					
Account 501 and 547	\$4,114,332	\$4,077,845	\$4,762,916	\$4,234,221	\$17,189,314
Account 502 Reagent and Sand	450,011	226,375	225,463	255,429	1,157,278
Account 555 Energy 1/	54,006	871,805	1,919,394	1,385,131	4,230,336
Account 555 Demand and 547 Pipeline Charges	305,796	294,865	321,231	319,555	1,241,447
Account 575 Market Admin.	37,544	34,427	37,411	32,777	142,159
<b>Total Fuel &amp; Purchased Power</b>	<b>\$4,961,689</b>	<b>\$5,505,317</b>	<b>\$7,266,415</b>	<b>\$6,227,113</b>	<b>\$23,960,534</b>
Less:					
Wholesale Sales Revenue	147,654	46,848	35,397	73,623	303,522
Revenue from Sale of RECs	0	0	0	0	0
<b>Net System Costs</b>	<b>\$4,814,035</b>	<b>\$5,458,469</b>	<b>\$7,231,018</b>	<b>\$6,153,490</b>	<b>\$23,657,012</b>
 Kwh Retail Sales	 216,270,794	 231,421,333	 231,663,671	 281,502,031	 <u>960,857,829</u>
Cost Per Kwh	\$0.02226	\$0.02359	\$0.03121	\$0.02186	<u><u>\$0.02462</u></u>

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

Account No.	Account Description	2017			
		May	June	July	August
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$1,052,615	\$1,836,529	\$3,026,840	\$2,337,730
555.114	Real-Time Asset Energy	(6,186)	54,507	88,142	(69,845)
555.117	Real-Time Excessive Energy	1,742	1,291	2,101	1,675
555.118	Real-Time Non-Excessive Energy	(460,927)	(349,714)	(954,201)	(359,826)
555.1211	Day-Ahead Asset Congestion	(277,985)	(366,136)	(82,026)	(233,187)
555.1215	Real-Time Asset Congestion	9,179	12,861	(13,231)	12,332
555.1219	Real-Time Non-Excessive Congestion	171,261	84,661	91,406	137,703
555.1230	Revenue Rights Transaction	(16,624)	(65,499)	(65,499)	(65,499)
555.1232	Revenue Rights Infeasible Uplift	4,273	6,187	6,187	6,187
555.1233	Revenue Rights Stage 2 Distribution	(32,966)	(24,429)	(25,055)	(25,761)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(1,018)	(1,270)	(1,701)	(1,625)
555.130	Real-Time Non-Excessive Loss	49,891	34,586	101,250	41,812
555.131	Day-Ahead Asset Loss	(25,426)	(99,086)	(183,114)	(162,520)
555.135	Real-Time Asset Loss	(60,573)	11,969	100,561	49,436
555.136	Real-Time Distribution of Loss	(2,907)	(3,265)	(2,306)	(1,910)
555.151	Day-Ahead Rev Suff Guarantee Distribution	7,285	4,857	4,609	2,726
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	0	0	(6,720)	(2,753)
555.153	Real-Time Miscellaneous	11,929	7,010	7,290	(2,882)
555.154	Real-Time Net Inadvertent Distribution	7,236	2,973	3,503	4,366
555.155	Real-Time Revenue Neutrality Uplift	31,142	37,228	43,223	11,690
555.156	Real-Time Rev Suff Guarantee First Pass Distribution	6,781	12,886	16,111	8,307
555.157	Real-Time Rev Suff Guarantee Make Whole Payment	(23,155)	0	(14,613)	(18,022)
555.159	Day-Ahead Schedule 24	5,413	4,489	5,140	4,694
555.160	Real-Time Schedule 24	926	693	820	681
555.162	Real-Time Price Volatility Make Whole Payment	(11,283)	(11,183)	(11,621)	(3,270)
555.1701	Day-Ahead Spinning Reserve Amount	(48,830)	(31,284)	(22,077)	(33,301)
555.1703	Day-Ahead Ramp Capability	(6,840)	(3,384)	(5,617)	(8,292)
555.1711	Real-Time Excessive Deficient Energy Deployment	348	258	281	198
555.1712	Real-Time Contingency Reserve Deployment	0	0	325	0
555.1713	Real-Time Regulation Amount	(57)	(10)	0	0
555.1714	Real-Time Spinning Reserve Amount	3,607	5,340	4,315	4,073
555.1716	Real-Time Regulation Cost Distribution	11,329	9,867	10,934	9,908
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	17,764	11,642	11,200	10,876
555.1718	Real-Time Supplemental Reserve Cost Distribution	8,455	1,866	4,667	2,310
555.172	Real-Time Ramp Capability	(546)	(92)	(58)	7
	<u>Southwest Power Pool (SPP)</u>				
555.185	Real-Time Asset Losses	(\$88,413)	(\$32,096)	(\$158,656)	(\$222,061)
555.186	Real-Time Over Collected Losses	6,606	(34,776)	(65,191)	(88,829)
555.1915	Real-Time Asset Congestion	(292,462)	(197,141)	8,770	41,813
555.192	Auction Revenue Rights-Daily	0	(3,925)	(6,642)	(4,659)
555.1921	Auction Revenue Rights-Annual	0	(46,611)	0	0
	<u>Other</u>				
555.1	Purchased Power	\$2,420	\$0	\$0	\$833
555.5	Purchased Power Cogeneration	2	6	47	16
	<b>Total Account 555 Charges</b>	<b>\$54,006</b>	<b>\$871,805</b>	<b>\$1,919,394</b>	<b>\$1,385,131</b>