

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

October 13, 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
 November 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 November 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 0.008 cents per Kwh for primary service customers and an increase of 0.010 cents per Kwh for secondary service customers for service rendered in the month of November 2017 from current effective rates as shown below. The increase is related to the variance of seasonal demand and volume changes.

	Primary	Secondary
F&PP Effective November 1, 2017	\$0.02372	\$0.02446
F&PP Effective October 1, 2017	0.02364	0.02436
Change	\$0.00008	\$0.00010

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 92,866 electric customers in North Dakota as of September 30, 2017.

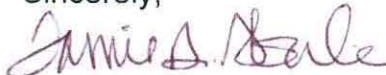
In response to Paragraph No. 11 of NDAC Section 69-09-02-39, Montana-Dakota purchases natural gas used for electric generation from its own gas operations or transports natural gas purchased from others under the applicable gas tariff approved and on file with the Commission in the state where the purchase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

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

	<u>Primary</u>	<u>Secondary</u>
Current Cost of Fuel (Page 2)	\$0.02393	\$0.02498
Prior Cost of Fuel	0.02385	0.02488
Change in Cost of Fuel	<u>\$0.00008</u>	<u>\$0.00010</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	 \$0.02393	 \$0.02498
Surcharge Adjustment	(0.00021)	(0.00052)
Total	<u><u>\$0.02372</u></u>	<u><u>\$0.02446</u></u>

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

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$17,509,662	\$11,864,738	\$2,211,859	\$9,652,879
Account 502 Reagent and Sand	996,912	675,518	125,932	549,586
Account 555 Energy	4,583,699	3,105,965	579,023	2,526,942
Account 555 Demand and 547 Pipeline Charges	1,250,709	893,147	87,618	805,529
Account 575 Market Admin.	138,729	94,004	17,525	76,479
Total Fuel & Purchased Power	\$24,479,711	\$16,633,372	\$3,021,957	\$13,611,415
Less:				
Wholesale Sales Revenue	349,624	236,909	44,165	192,744
Revenue from Sale of RECs 4/	3,724	2,659	496	2,163
Net System Costs	\$24,126,363	\$16,393,804	\$2,977,296	\$13,416,508
Kwh Retail Sales	976,111,393	661,423,747	124,406,104	537,017,643
Cost Per Kwh	\$0.02472	\$0.02479	\$0.02393	\$0.02498

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
NOVEMBER 2017

	2017				Total
	June	July	August	September	
Fuel & Purchased Power Costs					
Account 501 and 547	\$4,077,845	\$4,762,916	\$4,234,221	\$4,434,680	\$17,509,662
Account 502 Reagent and Sand	226,375	225,463	255,429	289,645	996,912
Account 555 Energy 1/ Account 555 Demand and 547 Pipeline Charges	871,805	1,919,394	1,385,131	407,369	4,583,699
Account 575 Market Admin.	294,865	321,231	319,555	315,058	1,250,709
	34,427	37,411	32,777	34,114	138,729
Total Fuel & Purchased Power	\$5,505,317	\$7,266,415	\$6,227,113	\$5,480,866	\$24,479,711
Less:					
Wholesale Sales Revenue	46,848	35,397	73,623	193,756	349,624
Revenue from Sale of RECs	0	0	0	3,724	3,724
Net System Costs	\$5,458,469	\$7,231,018	\$6,153,490	\$5,283,386	\$24,126,363
 Kwh Retail Sales	 231,421,333	 231,663,671	 281,502,031	 231,524,358	 976,111,393
 Cost Per Kwh	 \$0.02359	 \$0.03121	 \$0.02186	 \$0.02282	 <u>\$0.02472</u>

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

Account No.	Account Description	2017			
		June	July	August	September
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$1,836,529	\$3,026,840	\$2,337,730	\$1,356,443
555.114	Real-Time Asset Energy	54,507	88,142	(69,845)	(256,524)
555.117	Real-Time Excessive Energy	1,291	2,101	1,675	1,160
555.118	Real-Time Non-Excessive Energy	(349,714)	(954,201)	(359,826)	(635,901)
555.1211	Day-Ahead Asset Congestion	(366,136)	(82,026)	(233,187)	(119,250)
555.1215	Real-Time Asset Congestion	12,861	(13,231)	12,332	100,108
555.1219	Real-Time Non-Excessive Congestion	84,661	91,406	137,703	161,907
555.1230	Revenue Rights Transaction	(65,499)	(65,499)	(65,499)	(161,065)
555.1232	Revenue Rights Infeasible Uplift	6,187	6,187	6,187	1,940
555.1233	Revenue Rights Stage 2 Distribution	(24,429)	(25,055)	(25,761)	(2,400)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(1,270)	(1,701)	(1,625)	(134)
555.130	Real-Time Non-Excessive Loss	34,586	101,250	41,812	72,921
555.131	Day-Ahead Asset Loss	(99,086)	(183,114)	(162,520)	(41,454)
555.135	Real-Time Asset Loss	11,969	100,561	49,436	142,403
555.136	Real-Time Distribution of Loss	(3,265)	(2,306)	(1,910)	(4,298)
555.151	Day-Ahead Rev Suff Guarantee Distribution	4,857	4,609	2,726	7,319
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	0	(6,720)	(2,753)	(9,543)
555.153	Real-Time Miscellaneous	7,010	7,290	(2,882)	12,524
555.154	Real-Time Net Inadvertent Distribution	2,973	3,503	4,366	(2,271)
555.155	Real-Time Revenue Neutrality Uplift	37,228	43,223	11,690	59,137
555.156	Real-Time Rev Suff Guarantee First Pass Distribution	12,886	16,111	8,307	11,909
555.157	Real-Time Rev Suff Guarantee Make Whole Payment	0	(14,613)	(18,022)	(23,443)
555.159	Day-Ahead Schedule 24	4,489	5,140	4,694	4,460
555.160	Real-Time Schedule 24	693	820	681	790
555.162	Real-Time Price Volatility Make Whole Payment	(11,183)	(11,621)	(3,270)	(4,830)
555.1700	Day-Ahead Regulation Amount	0	0	0	(1,335)
555.1701	Day-Ahead Spinning Reserve Amount	(31,284)	(22,077)	(33,301)	(33,846)
555.1703	Day-Ahead Ramp Capability	(3,384)	(5,617)	(8,292)	(11,065)
555.1710	Real-Time Net Regulation Adjustment	0	0	0	(12)
555.1711	Real-Time Excessive Deficient Energy Deployment	258	281	198	341
555.1712	Real-Time Contingency Reserve Deployment	0	325	0	220
555.1713	Real-Time Regulation Amount	(10)	0	0	985
555.1714	Real-Time Spinning Reserve Amount	5,340	4,315	4,073	3,902
555.1716	Real-Time Regulation Cost Distribution	9,867	10,934	9,908	9,557
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	11,642	11,200	10,876	9,892
555.1718	Real-Time Supplemental Reserve Cost Distribution	1,866	4,667	2,310	3,063
555.172	Real-Time Ramp Capability	(92)	(58)	7	397
	<u>Southwest Power Pool (SPP)</u>				
555.185	Real-Time Asset Losses	(\$32,096)	(\$158,656)	(\$222,061)	(\$169,060)
555.186	Real-Time Over Collected Losses	(34,776)	(65,191)	(88,829)	(53,137)
555.1915	Real-Time Asset Congestion	(197,141)	8,770	41,813	(20,922)
555.192	Auction Revenue Rights-Daily	(3,925)	(6,642)	(4,659)	(3,532)
555.1921	Auction Revenue Rights-Annual	(46,611)	0	0	0
	<u>Other</u>				
555.1	Purchased Power	\$0	\$0	\$833	\$0
555.5	Purchased Power Cogeneration	6	47	16	13
	Total Account 555 Charges	\$871,805	\$1,919,394	\$1,385,131	\$407,369