

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

November 17, 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  
December 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 December 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 0.079 cents per Kwh for primary service customers and a decrease of 0.074 cents per Kwh for secondary service customers for service rendered in the month of December 2017 from current effective rates as shown below. The decrease was largely the result of an increase of wind generation as a percentage of total generation resulting in an overall lower per unit cost of generation.

	<u>Primary</u>	<u>Secondary</u>
F&PP Effective December 1, 2017	\$0.02293	\$0.02372
F&PP Effective November 1, 2017	0.02372	0.02446
Change	(\$0.00079)	(\$0.00074)

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 92,926 electric customers in North Dakota as of October 31, 2017.

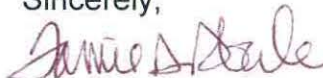
In response to Paragraph No. 11 of NDAC Section 69-09-02-39, Montana-Dakota purchases natural gas used for electric generation from its own gas operations or transports natural gas purchased from others under the applicable gas tariff approved and on file with the Commission in the state where the purchase 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  
DECEMBER 2017 BILLING ADJUSTMENT SUMMARY**

	<u>Primary</u>	<u>Secondary</u>
Current Cost of Fuel (Page 2)	\$0.02314	\$0.02424
Prior Cost of Fuel	0.02393	0.02498
Change in Cost of Fuel	<u>(\$0.00079)</u>	<u>(\$0.00074)</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	 \$0.02314	 \$0.02424
Surcharge Adjustment	<u>(0.00021)</u>	<u>(0.00052)</u>
Total	<u><u>\$0.02293</u></u>	<u><u>\$0.02372</u></u>

**MONTANA-DAKOTA UTILITIES CO.  
FUEL AND PURCHASED POWER COST TRACKING ADJUSTMENT - NORTH DAKOTA  
DECEMBER 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	\$16,561,816	\$11,246,336	\$2,173,324	\$9,073,012
Account 502 Reagent and Sand	979,471	665,112	128,531	536,581
Account 555 Energy	4,748,162	3,224,250	623,077	2,601,173
Account 555 Demand and 547 Pipeline Charges	1,271,045	907,669	89,042	818,627
Account 575 Market Admin.	<u>152,975</u>	<u>103,878</u>	<u>20,074</u>	<u>83,804</u>
 Total Fuel & Purchased Power	 \$23,713,469	 \$16,147,245	 \$3,034,048	 \$13,113,197
Less:				
Wholesale Sales Revenue	422,192	286,690	55,402	231,288
Revenue from Sale of RECs 4/	<u>48,524</u>	<u>44,512</u>	<u>8,602</u>	<u>35,910</u>
 Net System Costs	 \$23,242,753	 \$15,816,043	 \$2,970,044	 \$12,845,999
 Kwh Retail Sales	 969,605,050	 658,412,376	 128,363,450	 530,048,926
 Cost Per Kwh	 \$0.02397	 \$0.02402	 <u>\$0.02314</u>	 <u>\$0.02424</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  
DECEMBER 2017**

	2017				Total
	July	August	September	October	
Fuel & Purchased Power Costs					
Account 501 and 547	\$4,762,916	\$4,234,221	\$4,434,680	\$3,129,999	\$16,561,816
Account 502 Reagent and Sand	225,463	255,429	289,645	208,934	979,471
Account 555 Energy 1/ Account 555 Demand and 547 Pipeline Charges	1,919,394	1,385,131	407,369	1,036,268	4,748,162
Account 575 Market Admin.	321,231	319,555	315,058	315,201	1,271,045
	<u>37,411</u>	<u>32,777</u>	<u>34,114</u>	<u>48,673</u>	<u>152,975</u>
Total Fuel & Purchased Power	\$7,266,415	\$6,227,113	\$5,480,866	\$4,739,075	\$23,713,469
Less:					
Wholesale Sales Revenue	35,397	73,623	193,756	119,416	422,192
Revenue from Sale of RECs	<u>0</u>	<u>0</u>	<u>3,724</u>	<u>44,800</u>	<u>48,524</u>
Net System Costs	\$7,231,018	\$6,153,490	\$5,283,386	\$4,574,859	\$23,242,753
 Kwh Retail Sales	 231,663,671	 281,502,031	 231,524,358	 224,914,990	 <u>969,605,050</u>
Cost Per Kwh	\$0.03121	\$0.02186	\$0.02282	\$0.02034	<u><u>\$0.02397</u></u>

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

Account No.	Account Description	2017			
		July	August	September	October
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$3,026,840	\$2,337,730	\$1,356,443	\$2,538,061
555.114	Real-Time Asset Energy	88,142	(69,845)	(256,524)	(34,409)
555.117	Real-Time Excessive Energy	2,101	1,675	1,160	720
555.118	Real-Time Non-Excessive Energy	(954,201)	(359,826)	(635,901)	(985,412)
555.1211	Day-Ahead Asset Congestion	(82,026)	(233,187)	(119,250)	(540,598)
555.1215	Real-Time Asset Congestion	(13,231)	12,332	100,108	3,018
555.1219	Real-Time Non-Excessive Congestion	91,406	137,703	161,907	202,341
555.1230	Revenue Rights Transaction	(65,499)	(65,499)	(161,065)	(161,065)
555.1232	Revenue Rights Infeasible Uplift	6,187	6,187	1,940	1,940
555.1233	Revenue Rights Stage 2 Distribution	(25,055)	(25,761)	(2,400)	(2,400)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(1,701)	(1,625)	(134)	(368)
555.130	Real-Time Non-Excessive Loss	101,250	41,812	72,921	116,930
555.131	Day-Ahead Asset Loss	(183,114)	(162,520)	(41,454)	(223,824)
555.135	Real-Time Asset Loss	100,561	49,436	142,403	126,555
555.136	Real-Time Distribution of Loss	(2,306)	(1,910)	(4,298)	(6,211)
555.151	Day-Ahead Rev Suff Guarantee Distribution	4,609	2,726	7,319	6,023
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(6,720)	(2,753)	(9,543)	(122)
555.153	Real-Time Miscellaneous	7,290	(2,882)	12,524	8,374
555.154	Real-Time Net Inadvertent Distribution	3,503	4,366	(2,271)	(1,474)
555.155	Real-Time Revenue Neutrality Uplift	43,223	11,690	59,137	73,237
555.156	Real-Time Rev Suff Guarantee First Pass Distribution	16,111	8,307	11,909	10,618
555.157	Real-Time Rev Suff Guarantee Make Whole Payment	(14,613)	(18,022)	(23,443)	(2,088)
555.159	Day-Ahead Schedule 24	5,140	4,694	4,460	4,876
555.160	Real-Time Schedule 24	820	681	790	923
555.162	Real-Time Price Volatility Make Whole Payment	(11,621)	(3,270)	(4,830)	(2,887)
555.1700	Day-Ahead Regulation Amount	0	0	(1,335)	(99)
555.1701	Day-Ahead Spinning Reserve Amount	(22,077)	(33,301)	(33,846)	(23,937)
555.1703	Day-Ahead Ramp Capability	(5,617)	(8,292)	(11,065)	(4,780)
555.1710	Real-Time Net Regulation Adjustment	0	0	(12)	0
555.1711	Real-Time Excessive Deficient Energy Deployment	281	198	341	387
555.1712	Real-Time Contingency Reserve Deployment	325	0	220	0
555.1713	Real-Time Regulation Amount	0	0	985	36
555.1714	Real-Time Spinning Reserve Amount	4,315	4,073	3,902	4,763
555.1716	Real-Time Regulation Cost Distribution	10,934	9,908	9,557	11,959
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	11,200	10,876	9,892	11,244
555.1718	Real-Time Supplemental Reserve Cost Distribution	4,667	2,310	3,063	1,896
555.172	Real-Time Ramp Capability	(58)	7	397	15
	<u>Southwest Power Pool (SPP)</u>				
555.185	Real-Time Asset Losses	(\$158,656)	(\$222,061)	(\$169,060)	(\$128,751)
555.186	Real-Time Over Collected Losses	(65,191)	(88,829)	(53,137)	(75,893)
555.1915	Real-Time Asset Congestion	8,770	41,813	(20,922)	110,227
555.192	Auction Revenue Rights-Daily	(6,642)	(4,659)	(3,532)	(3,559)
	<u>Other</u>				
555.1	Purchased Power	\$0	\$833	\$0	\$0
555.5	Purchased Power Cogeneration	47	16	13	2
	Total Account 555 Charges	<u>\$1,919,394</u>	<u>\$1,385,131</u>	<u>\$407,369</u>	<u>\$1,036,268</u>