



UTILITIES CO.

A Division of MDU Resources Group, Inc.

400 North Fourth Street

Bismarck, ND 58501

(701) 222-7900

January 12, 2018

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-18-011
February 2018

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 February 2018. 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 0.085 cents per Kwh for primary service customers and an increase of 0.085 cents per Kwh for secondary service customers for service rendered in the month of February 2018 from current effective rates as shown below. The increase was largely the result of a per unit increase in MISO market prices.

	Primary	Secondary
F&PP Effective February 1, 2018	\$0.02292	\$0.02370
F&PP Effective January 1, 2018	0.02207	0.02285
Change	\$0.00085	\$0.00085

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 92,833 electric customers in North Dakota as of December 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 also submits here a check for \$600.00 in accordance with North Dakota Century Code Section 49-05-05. This payment is to cover the filing fee associated with the Fuel and Purchased Power adjustment filing for February 2018 through January 2019.

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
FEBRUARY 2018 BILLING ADJUSTMENT SUMMARY**

	<u>Primary</u>	<u>Secondary</u>
Current Cost of Fuel (Page 2)	\$0.02313	\$0.02422
Prior Cost of Fuel	0.02228	0.02337
Change in Cost of Fuel	<u>\$0.00085</u>	<u>\$0.00085</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	 \$0.02313	 \$0.02422
Surcharge Adjustment	<u>(0.00021)</u>	<u>(0.00052)</u>
Total	<u><u>\$0.02292</u></u>	<u><u>\$0.02370</u></u>

**MONTANA-DAKOTA UTILITIES CO.
FUEL AND PURCHASED POWER COST TRACKING ADJUSTMENT - NORTH DAKOTA
FEBRUARY 2018**

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$15,666,443	\$10,682,642	\$2,036,991	\$8,645,651
Account 502 Reagent and Sand	977,487	666,529	127,096	539,434
Account 555 Energy	5,062,175	3,451,799	658,197	2,793,602
Account 555 Demand and 547 Pipeline Charges	1,244,201	888,499	87,162	801,337
Account 575 Market Admin.	169,395	115,507	22,025	93,482
Total Fuel & Purchased Power	\$23,119,701	\$15,804,976	\$2,931,471	\$12,873,506
Less:				
Wholesale Sales Revenue	413,681	282,081	53,788	228,293
Revenue from Sale of RECs 4/	63,224	103,900	19,812	84,088
Net System Costs	\$22,642,796	\$15,418,995	\$2,857,871	\$12,561,125
Kwh Retail Sales	941,736,610	642,151,848	123,535,139	518,616,709
Cost Per Kwh	\$0.02404	\$0.02401	\$0.02313	\$0.02422

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
FEBRUARY 2018

	2017				Total
	September	October	November	December	
Fuel & Purchased Power Costs					
Account 501 and 547	\$4,434,680	\$3,129,999	\$4,184,568	\$3,917,196	\$15,666,443
Account 502 Reagent and Sand	289,645	208,934	218,743	260,165	977,487
Account 555 Energy 1/	407,369	1,036,268	1,540,780	2,077,758	5,062,175
Account 555 Demand and 547 Pipeline Charges	315,058	315,201	311,055	302,887	1,244,201
Account 575 Market Admin.	34,114	48,673	40,420	46,188	169,395
Total Fuel & Purchased Power	\$5,480,866	\$4,739,075	\$6,295,566	\$6,604,194	\$23,119,701
Less:					
Wholesale Sales Revenue	193,756	119,416	100,509	0	413,681
Revenue from Sale of RECs	3,724	44,800	14,700	0	63,224
Net System Costs	\$5,283,386	\$4,574,859	\$6,180,357	\$6,604,194	\$22,642,796
 Kwh Retail Sales	 231,524,358	 224,914,990	 222,039,979	 263,257,283	 <u>941,736,610</u>
 Cost Per Kwh	 \$0.02282	 \$0.02034	 \$0.02783	 \$0.02509	 <u><u>\$0.02404</u></u>

MONTANA-DAKOTA UTILITIES CO.
ACCOUNT 555
FEBRUARY 2018 BILLING ADJUSTMENT

Account No.	Account Description	2017			
		September	October	November	December
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$1,356,443	\$2,538,061	\$2,351,084	\$3,518,511
555.114	Real-Time Asset Energy	(256,524)	(34,409)	126,245	210,333
555.117	Real-Time Excessive Energy	1,160	720	433	533
555.118	Real-Time Non-Excessive Energy	(635,901)	(985,412)	(818,643)	(1,107,632)
555.1211	Day-Ahead Asset Congestion	(119,250)	(540,598)	(346,636)	(181,149)
555.1215	Real-Time Asset Congestion	100,108	3,018	2,503	8,607
555.1219	Real-Time Non-Excessive Congestion	161,907	202,341	119,528	109,070
555.1230	Revenue Rights Transaction	(161,065)	(161,065)	(161,065)	(90,241)
555.1232	Revenue Rights Infeasible Uplift	1,940	1,940	1,940	2,529
555.1233	Revenue Rights Stage 2 Distribution	(2,400)	(2,400)	(2,400)	(26,134)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(134)	(368)	(417)	(3,817)
555.130	Real-Time Non-Excessive Loss	72,921	116,930	78,971	99,265
555.131	Day-Ahead Asset Loss	(41,454)	(223,824)	(117,207)	(155,050)
555.135	Real-Time Asset Loss	142,403	126,555	703	(10,192)
555.136	Real-Time Distribution of Loss	(4,298)	(6,211)	(11,910)	(27,406)
555.151	Day-Ahead Rev Suff Guarantee Distribution	7,319	6,023	6,925	7,165
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(9,543)	(122)	0	0
555.153	Real-Time Miscellaneous	12,524	8,374	8,911	6,553
555.154	Real-Time Net Inadvertent Distribution	(2,271)	(1,474)	3,512	3,623
555.155	Real-Time Revenue Neutrality Uplift	59,137	73,237	34,296	63,082
555.156	Real-Time Rev Suff Guarantee First Pass Distribution	11,909	10,618	8,154	4,510
555.157	Real-Time Rev Suff Guarantee Make Whole Payment	(23,443)	(2,088)	(2,056)	(17,091)
555.159	Day-Ahead Schedule 24	4,460	4,876	6,004	6,046
555.160	Real-Time Schedule 24	790	923	872	1,072
555.161	Real Time Schedule 24 Distribution	0	0	28	(28)
555.162	Real-Time Price Volatility Make Whole Payment	(4,830)	(2,887)	(3,082)	(3,886)
555.1700	Day-Ahead Regulation Amount	(1,335)	(99)	0	0
555.1701	Day-Ahead Spinning Reserve Amount	(33,846)	(23,937)	(11,257)	(2,723)
555.1703	Day-Ahead Ramp Capability	(11,065)	(4,780)	(2,580)	(655)
555.1710	Real-Time Net Regulation Adjustment	(12)	0	0	2
555.1711	Real-Time Excessive Deficient Energy Deployment	341	387	290	194
555.1712	Real-Time Contingency Reserve Deployment	220	0	183	0
555.1713	Real-Time Regulation Amount	985	36	(5)	(5)
555.1714	Real-Time Spinning Reserve Amount	3,902	4,763	357	(3,851)
555.1716	Real-Time Regulation Cost Distribution	9,557	11,959	10,228	10,577
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	9,892	11,244	10,322	7,560
555.1718	Real-Time Supplemental Reserve Cost Distribution	3,063	1,896	1,816	2,241
555.1720	Real-Time Ramp Capability	397	15	(327)	(533)
	<u>Southwest Power Pool (SPP)</u>				
555.185	Real-Time Asset Losses	(\$169,060)	(\$128,751)	(\$54,073)	(\$49,904)
555.186	Real-Time Over Collected Losses	(53,137)	(75,893)	(86,735)	(51,488)
555.1915	Real-Time Asset Congestion	(20,922)	110,227	390,503	(256,779)
555.1920	Auction Revenue Rights-Daily	(3,532)	(3,559)	(4,636)	(2,669)
	<u>Other</u>				
555.1	Purchased Power	\$0	\$0	\$0	\$7,517
555.5	Purchased Power Cogeneration	13	2	1	1
	Total Account 555 Charges	<u>\$407,369</u>	<u>\$1,036,268</u>	<u>\$1,540,780</u>	<u>\$2,077,758</u>