



UTILITIES CO.

A Division of MDU Resources Group, Inc.

400 North Fourth Street

Bismarck, ND 58501

(701) 222-7900

February 16, 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
March 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 March 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 0.012 cents per Kwh for primary service customers and a decrease of 0.004 cents per Kwh for secondary service customers for service rendered in the month of March 2018 from current effective rates as shown below. The monthly change was largely the result of the primary and secondary volume allocations.

	<u>Primary</u>	<u>Secondary</u>
F&PP Effective March 1, 2018	\$0.02304	\$0.02366
F&PP Effective February 1, 2018	0.02292	0.02370
Change	\$0.00012	(\$0.00004)

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 92,795 electric customers in North Dakota as of January 31, 2018.

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 12, 2018. This payment will cover the filing fee associated with the Fuel and Purchased Power adjustment filings for February 2018 through January 2019 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
MARCH 2018 BILLING ADJUSTMENT SUMMARY**

	<u>Primary</u>	<u>Secondary</u>
Current Cost of Fuel (Page 2)	\$0.02325	\$0.02418
Prior Cost of Fuel	0.02313	0.02422
Change in Cost of Fuel	<u>\$0.00012</u>	<u>(\$0.00004)</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	 \$0.02325	 \$0.02418
Surcharge Adjustment	<u>(0.00021)</u>	<u>(0.00052)</u>
Total	<u><u>\$0.02304</u></u>	<u><u>\$0.02366</u></u>

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

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$16,411,193	\$11,297,712	\$2,006,159	\$9,291,553
Account 502 Reagent and Sand	996,606	686,079	121,829	564,250
Account 555 Energy	6,578,969	4,529,061	804,235	3,724,826
Account 555 Demand and 547 Pipeline Charges	1,240,519	881,290	86,455	794,835
Account 575 Market Admin.	178,613	122,960	21,834	101,126
Total Fuel & Purchased Power	\$25,405,900	\$17,517,102	\$3,040,512	\$14,476,590
Less:				
Wholesale Sales Revenue	255,148	175,648	31,190	144,458
Revenue from Sale of RECs 4/	59,500	101,241	17,978	83,263
Net System Costs	\$25,091,252	\$17,240,213	\$2,991,344	\$14,248,869
Kwh Retail Sales	1,042,899,978	717,948,041	128,639,015	589,309,026
Cost Per Kwh	\$0.02406	\$0.02401	\$0.02325	\$0.02418

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 71.042017%

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
MARCH 2018**

	2017			2018	Total
	October	November	December	January	
Fuel & Purchased Power Costs					
Account 501 and 547	\$3,129,999	\$4,184,568	\$3,917,196	\$5,179,430	\$16,411,193
Account 502 Reagent and Sand	208,934	218,743	260,165	308,764	996,606
Account 555 Energy 1/ Account 555 Demand and 547 Pipeline Charges	1,036,268	1,540,780	2,077,758	1,924,163	6,578,969
Account 575 Market Admin.	315,201	311,055	302,887	311,376	1,240,519
	48,673	40,420	46,188	43,332	178,613
Total Fuel & Purchased Power	\$4,739,075	\$6,295,566	\$6,604,194	\$7,767,065	\$25,405,900
Less:					
Wholesale Sales Revenue	119,416	100,509	0	35,223	255,148
Revenue from Sale of RECs	44,800	14,700	0	0	59,500
Net System Costs	\$4,574,859	\$6,180,357	\$6,604,194	\$7,731,842	\$25,091,252
 Kwh Retail Sales	 224,914,990	 222,039,979	 263,257,283	 332,687,726	 <u>1,042,899,978</u>
Cost Per Kwh	\$0.02034	\$0.02783	\$0.02509	\$0.02324	<u><u>\$0.02406</u></u>

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

Account No.	Account Description	2017			2018
		October	November	December	January
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$2,538,061	\$2,351,084	\$3,518,511	\$3,479,854
555.114	Real-Time Asset Energy	(34,409)	126,245	210,333	246,027
555.117	Real-Time Excessive Energy	720	433	533	(10,673)
555.118	Real-Time Non-Excessive Energy	(985,412)	(818,643)	(1,107,632)	(1,534,529)
555.1211	Day-Ahead Asset Congestion	(540,598)	(346,636)	(181,149)	(461,228)
555.1215	Real-Time Asset Congestion	3,018	2,503	8,607	(4,920)
555.1219	Real-Time Non-Excessive Congestion	202,341	119,528	109,070	220,778
555.1230	Revenue Rights Transaction	(161,065)	(161,065)	(90,241)	(90,241)
555.1232	Revenue Rights Infeasible Uplift	1,940	1,940	2,529	2,529
555.1233	Revenue Rights Stage 2 Distribution	(2,400)	(2,400)	(26,134)	(26,096)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(368)	(417)	(3,817)	2
555.130	Real-Time Non-Excessive Loss	116,930	78,971	99,265	162,749
555.131	Day-Ahead Asset Loss	(223,824)	(117,207)	(155,050)	(68,101)
555.135	Real-Time Asset Loss	126,555	703	(10,192)	101,305
555.136	Real-Time Distribution of Loss	(6,211)	(11,910)	(27,406)	(33,766)
555.151	Day-Ahead Rev Suff Guarantee Distribution	6,023	6,925	7,165	15,729
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(122)	0	0	(9,947)
555.153	Real-Time Miscellaneous	8,374	8,911	6,553	5,083
555.154	Real-Time Net Inadvertent Distribution	(1,474)	3,512	3,623	7,207
555.155	Real-Time Revenue Neutrality Uplift	73,237	34,296	63,082	9,330
555.156	Real-Time Rev Suff Guarantee First Pass Distribution	10,618	8,154	4,510	25,082
555.157	Real-Time Rev Suff Guarantee Make Whole Payment	(2,088)	(2,056)	(17,091)	(129,901)
555.159	Day-Ahead Schedule 24	4,876	6,004	6,046	6,436
555.160	Real-Time Schedule 24	923	872	1,072	938
555.161	Real Time Schedule 24 Distribution	0	28	(28)	0
555.162	Real-Time Price Volatility Make Whole Payment	(2,887)	(3,082)	(3,886)	(4,525)
555.1700	Day-Ahead Regulation Amount	(99)	0	0	(4)
555.1701	Day-Ahead Spinning Reserve Amount	(23,937)	(11,257)	(2,723)	(12,325)
555.1703	Day-Ahead Ramp Capability	(4,780)	(2,580)	(655)	(2,335)
555.1710	Real-Time Net Regulation Adjustment	0	0	2	(3)
555.1711	Real-Time Excessive Deficient Energy Deployment	387	290	194	204
555.1712	Real-Time Contingency Reserve Deployment	0	183	0	335
555.1713	Real-Time Regulation Amount	36	(5)	(5)	(30)
555.1714	Real-Time Spinning Reserve Amount	4,763	357	(3,851)	(7,872)
555.1716	Real-Time Regulation Cost Distribution	11,959	10,228	10,577	14,037
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	11,244	10,322	7,560	15,427
555.1718	Real-Time Supplemental Reserve Cost Distribution	1,896	1,816	2,241	5,857
555.1720	Real-Time Ramp Capability	15	(327)	(533)	(753)
	<u>Southwest Power Pool (SPP)</u>				
555.185	Real-Time Asset Losses	(\$128,751)	(\$54,073)	(\$49,904)	(\$34,936)
555.186	Real-Time Over Collected Losses	(75,893)	(86,735)	(51,488)	(97,492)
555.1915	Real-Time Asset Congestion	110,227	390,503	(256,779)	130,529
555.1920	Auction Revenue Rights-Daily	(3,559)	(4,636)	(2,669)	(3,850)
	<u>Other</u>				
555.1	Purchased Power	\$0	\$0	\$7,517	\$8,091
555.5	Purchased Power Cogeneration	2	1	1	161
	Total Account 555 Charges	\$1,036,268	\$1,540,780	\$2,077,758	\$1,924,163