



**UTILITIES CO.**  
*A Division of MDU Resources Group, Inc.*

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

April 18, 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  
 May 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 May 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 a decrease of 0.183 cents per Kwh for primary service customers and a decrease of 0.192 cents per Kwh for secondary service customers for service rendered in the month of May 2018 from current effective rates as shown below. The decrease was largely the result of a per unit decrease in MISO market prices.

	<u>Primary</u>	<u>Secondary</u>
F&PP Effective May 1, 2018	\$0.02225	\$0.02292
F&PP Effective April 1, 2018	0.02408	0.02484
Change	(\$0.00183)	(\$0.00192)

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 92,760 electric customers in North Dakota as of March 31, 2018.

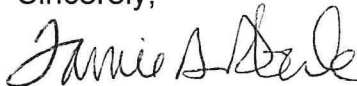
In response to Paragraph No. 11 of NDAC Section 69-09-02-39, Montana-Dakota purchases natural gas used for electric generation from its own gas operations or transports natural gas purchased from others under the applicable gas tariff approved and on file with the Commission in the state where the purchase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

Sincerely,



Tamie A. Aberle  
Director of Regulatory Affairs

Attachment

**MONTANA-DAKOTA UTILITIES CO.  
FUEL COST ADJUSTMENT - NORTH DAKOTA  
MAY 2018 BILLING ADJUSTMENT SUMMARY**

	<u>Primary</u>	<u>Secondary</u>
Current Cost of Fuel (Page 2)	\$0.02240	\$0.02317
Prior Cost of Fuel	0.02423	0.02509
Change in Cost of Fuel	<u>(\$0.00183)</u>	<u>(\$0.00192)</u>
 <u>Surcharge Adjustment</u>		
Current Adjustment	(\$0.00015)	(\$0.00025)
Prior Adjustment	(0.00015)	(0.00025)
Change in Surcharge Adjustment	<u>\$0.00000</u>	<u>\$0.00000</u>
 Cost of Fuel	 \$0.02240	 \$0.02317
Surcharge Adjustment	(0.00015)	(0.00025)
Total	<u><u>\$0.02225</u></u>	<u><u>\$0.02292</u></u>

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

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$18,533,447	\$12,819,342	\$2,036,383	\$10,782,959
Account 502 Reagent	798,057	552,006	87,687	464,319
Account 502 Sand	405,922	280,771	44,601	236,170
Account 555 Energy	6,066,712	4,196,265	666,587	3,529,678
Account 555 Demand and 547 Pipeline Charges	1,314,250	933,670	91,593	842,077
Account 575 Market Admin.	181,923	125,834	19,989	105,845
<b>Total Fuel &amp; Purchased Power</b>	<b>\$27,300,311</b>	<b>\$18,907,887</b>	<b>\$2,946,840</b>	<b>\$15,961,048</b>
Less:				
Wholesale Sales Revenue	138,651	95,903	15,234	80,669
Revenue from Sale of RECs 4/	102,043	141,021	22,402	118,619
<b>Net System Costs</b>	<b>\$27,059,617</b>	<b>\$18,670,963</b>	<b>\$2,909,204</b>	<b>\$15,761,760</b>
<b>Kwh Retail Sales</b>	<b>1,171,081,651</b>	<b>810,021,823</b>	<b>129,862,770</b>	<b>680,159,053</b>
<b>Cost Per Kwh</b>	<b>\$0.02311</b>	<b>\$0.02305</b>	<b>\$0.02240</b>	<b>\$0.02317</b>

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**  
**MAY 2018**

	2017	2018			Total
	December	January	February	March	
Fuel & Purchased Power Costs					
Account 501 and 547	\$3,917,196	\$5,179,430	\$4,805,577	\$4,631,244	\$18,533,447
Account 502 Reagent	248,476	199,048	152,095	198,438	798,057
Account 502 Sand	11,689	109,717	136,587	147,929	405,922
Account 555 Energy 1/	2,077,758	1,924,163	1,505,472	559,319	6,066,712
Account 555 Demand and 547 Pipeline Charges	302,887	311,376	384,496	315,491	1,314,250
Account 575 Market Admin.	46,188	43,332	37,340	55,063	181,923
<b>Total Fuel &amp; Purchased Power</b>	<b>\$6,604,194</b>	<b>\$7,767,066</b>	<b>\$7,021,567</b>	<b>\$5,907,484</b>	<b>\$27,300,311</b>
Less:					
Wholesale Sales Revenue	0	35,223	10,237	93,191	138,651
Revenue from Sale of RECs	0	0	102,043	0	102,043
<b>Net System Costs</b>	<b>\$6,604,194</b>	<b>\$7,731,843</b>	<b>\$6,909,287</b>	<b>\$5,814,293</b>	<b>\$27,059,617</b>
 Kwh Retail Sales	 263,257,283	 332,687,726	 278,349,234	 296,787,408	 <u>1,171,081,651</u>
 Cost Per Kwh	 \$0.02509	 \$0.02324	 \$0.02482	 \$0.01959	 <u><u>\$0.02311</u></u>

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

Account No.	Account Description	2017	2018		
		December	January	February	March
<u>Midcontinent Independent System Operator (MISO)</u>					
555.111	Day-Ahead Asset Energy	\$3,518,511	\$3,479,854	\$2,528,870	\$1,700,695
555.114	Real-Time Asset Energy	210,333	246,027	13,984	(116,590)
555.117	Real-Time Excessive Energy	533	(10,673)	12,324	(422)
555.118	Real-Time Non-Excessive Energy	(1,107,632)	(1,534,529)	(896,488)	(450,275)
555.1211	Day-Ahead Asset Congestion	(181,149)	(461,228)	(99,016)	(143,328)
555.1215	Real-Time Asset Congestion	8,607	(4,920)	3,427	2,914
555.1219	Real-Time Non-Excessive Congestion	109,070	220,778	(14,785)	(8,342)
555.1230	Revenue Rights Transaction	(90,241)	(90,241)	(90,241)	(106,546)
555.1232	Revenue Rights Infeasible Uplift	2,529	2,529	2,529	1,391
555.1233	Revenue Rights Stage 2 Distribution	(26,134)	(26,096)	(26,074)	(22,497)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(3,817)	2	(3,277)	(3,681)
555.130	Real-Time Non-Excessive Loss	99,265	162,749	62,208	48,856
555.131	Day-Ahead Asset Loss	(155,050)	(68,101)	(37,361)	(30,410)
555.135	Real-Time Asset Loss	(10,192)	101,305	217,460	(32,555)
555.136	Real-Time Distribution of Loss	(27,406)	(33,766)	(23,888)	(3,256)
555.151	Day-Ahead Rev Suff Guarantee Distribution	7,165	15,729	5,009	6,099
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	0	(9,947)	0	0
555.153	Real-Time Miscellaneous	6,553	5,083	16,802	8,310
555.154	Real-Time Net Inadvertent Distribution	3,623	7,207	188	5,057
555.155	Real-Time Revenue Neutrality Uplift	63,082	9,330	26,215	64,186
555.156	Real-Time Rev Suff Guarantee First Pass Distribution	4,510	25,082	5,393	2,927
555.157	Real-Time Rev Suff Guarantee Make Whole Payment	(17,091)	(129,901)	(6,007)	0
555.159	Day-Ahead Schedule 24	6,046	6,436	5,703	6,213
555.160	Real-Time Schedule 24	1,072	938	803	865
555.161	Real Time Schedule 24 Distribution	(28)	0	0	0
555.162	Real-Time Price Volatility Make Whole Payment	(3,886)	(4,525)	(2,128)	(5,643)
555.1700	Day-Ahead Regulation Amount	0	(4)	0	0
555.1701	Day-Ahead Spinning Reserve Amount	(2,723)	(12,325)	(8,496)	(15,448)
555.1703	Day-Ahead Ramp Capability	(655)	(2,335)	(1,510)	(4,649)
555.1710	Real-Time Net Regulation Adjustment	2	(3)	0	0
555.1711	Real-Time Excessive Deficient Energy Deployment	194	204	171	166
555.1712	Real-Time Contingency Reserve Deployment	0	335	0	0
555.1713	Real-Time Regulation Amount	(5)	(30)	0	0
555.1714	Real-Time Spinning Reserve Amount	(3,851)	(7,872)	(1,078)	1,921
555.1716	Real-Time Regulation Cost Distribution	10,577	14,037	9,705	7,873
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	7,560	15,427	8,773	9,373
555.1718	Real-Time Supplemental Reserve Cost Distribution	2,241	5,857	1,562	1,593
555.1720	Real-Time Ramp Capability	(533)	(753)	225	191
<u>Southwest Power Pool (SPP)</u>					
555.185	Real-Time Asset Losses	(\$49,904)	(\$34,936)	(\$95,505)	(\$38,400)
555.186	Real-Time Over Collected Losses	(51,488)	(97,492)	(158,065)	(49,476)
555.1915	Real-Time Asset Congestion	(256,779)	130,529	37,678	(284,947)
555.1920	Auction Revenue Rights-Daily	(2,669)	(3,850)	(4,620)	(2,310)
<u>Other</u>					
555.1	Purchased Power	\$7,517	\$8,091	\$14,982	\$9,463
555.5	Purchased Power Cogeneration	1	161	0	1
Total Account 555 Charges		<u>\$2,077,758</u>	<u>\$1,924,163</u>	<u>\$1,505,472</u>	<u>\$559,319</u>

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