

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

May 17, 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  
June 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 June 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 0.115 cents per Kwh for primary and secondary service customers for service rendered in the month of June 2018 from current effective rates as shown below. The change was the result of a decrease in the per unit cost of purchase power and generation reflecting seasonal demand and volume changes.

	Primary	Secondary
F&PP Effective June 1, 2018	\$0.02110	\$0.02177
F&PP Effective May 1, 2018	0.02225	0.02292
Change	(\$0.00115)	(\$0.00115)

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 92,761 electric customers in North Dakota as of April 30, 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  
JUNE 2018 BILLING ADJUSTMENT SUMMARY**

	<u>Primary</u>	<u>Secondary</u>
Current Cost of Fuel (Page 2)	\$0.02125	\$0.02202
Prior Cost of Fuel	0.02240	0.02317
Change in Cost of Fuel	<u>(\$0.00115)</u>	<u>(\$0.00115)</u>
 <u>Surcharge Adjustment</u>		
Current Adjustment	(\$0.00015)	(\$0.00025)
Prior Adjustment	<u>(0.00015)</u>	<u>(0.00025)</u>
Change in Surcharge Adjustment	\$0.00000	\$0.00000
 Cost of Fuel	 \$0.02125	 \$0.02202
Surcharge Adjustment	<u>(0.00015)</u>	<u>(0.00025)</u>
Total	<u><u>\$0.02110</u></u>	<u><u>\$0.02177</u></u>

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

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$17,497,967	\$12,121,105	\$1,923,333	\$10,197,772
Account 502 Reagent	642,278	444,916	70,598	374,318
Account 502 Sand	503,882	349,047	55,386	293,661
Account 555 Energy	5,507,551	3,815,163	605,376	3,209,787
Account 555 Demand and 547 Pipeline Charges	1,326,458	942,343	92,444	849,899
Account 575 Market Admin.	186,929	129,489	20,547	108,942
<b>Total Fuel &amp; Purchased Power</b>	<b>\$25,665,065</b>	<b>\$17,802,063</b>	<b>\$2,767,684</b>	<b>\$15,034,379</b>
Less:				
Wholesale Sales Revenue	150,622	104,338	16,556	87,782
Revenue from Sale of RECs 4/	155,505	144,892	22,991	121,901
<b>Net System Costs</b>	<b>\$25,358,938</b>	<b>\$17,552,833</b>	<b>\$2,728,137</b>	<b>\$14,824,696</b>
Kwh Retail Sales	1,157,400,473	801,748,717	128,394,209	673,354,508
Cost Per Kwh	\$0.02191	\$0.02189	<u>\$0.02125</u>	<u>\$0.02202</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	71.042017%
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  
JUNE 2018**

	2018				Total
	January	February	March	April	
Fuel & Purchased Power Costs					
Account 501 and 547	\$5,179,430	\$4,805,577	\$4,631,244	\$2,881,716	\$17,497,967
Account 502 Reagent	199,048	152,095	198,438	92,697	642,278
Account 502 Sand	109,717	136,587	147,929	109,649	503,882
Account 555 Energy 1/ Account 555 Demand and 547 Pipeline Charges	1,924,163	1,505,472	559,319	1,518,597	5,507,551
Account 575 Market Admin.	311,376	384,496	315,491	315,095	1,326,458
	43,332	37,340	55,063	51,194	186,929
<b>Total Fuel &amp; Purchased Power</b>	<b>\$7,767,066</b>	<b>\$7,021,567</b>	<b>\$5,907,484</b>	<b>\$4,968,948</b>	<b>\$25,665,065</b>
Less:					
Wholesale Sales Revenue	35,223	10,237	93,191	11,971	150,622
Revenue from Sale of RECs	0	102,043	0	53,462	155,505
<b>Net System Costs</b>	<b>\$7,731,843</b>	<b>\$6,909,287</b>	<b>\$5,814,293</b>	<b>\$4,903,515</b>	<b>\$25,358,938</b>
 Kwh Retail Sales	 332,687,726	 278,349,234	 296,787,408	 249,576,105	 <u>1,157,400,473</u>
 Cost Per Kwh	 \$0.02324	 \$0.02482	 \$0.01959	 \$0.01965	 <u><u>\$0.02191</u></u>

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

Account No.	Account Description	2018			
		January	February	March	April
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$3,479,854	\$2,528,870	\$1,700,695	\$2,818,405
555.114	Real-Time Asset Energy	246,027	13,984	(116,590)	(66,772)
555.117	Real-Time Excessive Energy	(10,673)	12,324	(422)	958
555.118	Real-Time Non-Excessive Energy	(1,534,529)	(896,488)	(450,275)	(687,399)
555.1211	Day-Ahead Asset Congestion	(461,228)	(99,016)	(143,328)	(211,441)
555.1215	Real-Time Asset Congestion	(4,920)	3,427	2,914	8,806
555.1219	Real-Time Non-Excessive Congestion	220,778	(14,785)	(8,342)	34,200
555.1230	Revenue Rights Transaction	(90,241)	(90,241)	(106,546)	(106,546)
555.1232	Revenue Rights Infeasible Uplift	2,529	2,529	1,391	1,392
555.1233	Revenue Rights Stage 2 Distribution	(26,096)	(26,074)	(22,497)	(22,326)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	2	(3,277)	(3,681)	(1,552)
555.130	Real-Time Non-Excessive Loss	162,749	62,208	48,856	71,617
555.131	Day-Ahead Asset Loss	(68,101)	(37,361)	(30,410)	(160,082)
555.135	Real-Time Asset Loss	101,305	217,460	(32,555)	(54,709)
555.136	Real-Time Distribution of Loss	(33,766)	(23,888)	(3,256)	(4,364)
555.151	Day-Ahead Rev Suff Guarantee Distribution	15,729	5,009	6,099	8,822
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(9,947)	0	0	0
555.153	Real-Time Miscellaneous	5,083	16,802	8,310	21,097
555.154	Real-Time Net Inadvertent Distribution	7,207	188	5,057	4,310
555.155	Real-Time Revenue Neutrality Uplift	9,330	26,215	64,186	23,123
555.156	Real-Time Rev Suff Guarantee First Pass Distribution	25,082	5,393	2,927	16,319
555.157	Real-Time Rev Suff Guarantee Make Whole Payment	(129,901)	(6,007)	0	0
555.159	Day-Ahead Schedule 24	6,436	5,703	6,213	5,528
555.160	Real-Time Schedule 24	938	803	865	864
555.161	Real Time Schedule 24 Distribution	0	0	0	0
555.162	Real-Time Price Volatility Make Whole Payment	(4,525)	(2,128)	(5,643)	(2,694)
555.1700	Day-Ahead Regulation Amount	(4)	0	0	0
555.1701	Day-Ahead Spinning Reserve Amount	(12,325)	(8,496)	(15,448)	(5,452)
555.1703	Day-Ahead Ramp Capability	(2,335)	(1,510)	(4,649)	(1,480)
555.1710	Real-Time Net Regulation Adjustment	(3)	0	0	0
555.1711	Real-Time Excessive Deficient Energy Deployment	204	171	166	213
555.1712	Real-Time Contingency Reserve Deployment	335	0	0	0
555.1713	Real-Time Regulation Amount	(30)	0	0	0
555.1714	Real-Time Spinning Reserve Amount	(7,872)	(1,078)	1,921	(411)
555.1716	Real-Time Regulation Cost Distribution	14,037	9,705	7,873	10,492
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	15,427	8,773	9,373	11,198
555.1718	Real-Time Supplemental Reserve Cost Distribution	5,857	1,562	1,593	1,545
555.1720	Real-Time Ramp Capability	(753)	225	191	(188)
	<u>Southwest Power Pool (SPP)</u>				
555.185	Real-Time Asset Losses	(\$34,936)	(\$95,505)	(\$38,400)	(\$53,953)
555.186	Real-Time Over Collected Losses	(97,492)	(158,065)	(49,476)	(70,494)
555.1915	Real-Time Asset Congestion	130,529	37,678	(284,947)	(72,736)
555.1920	Auction Revenue Rights-Daily	(3,850)	(4,620)	(2,310)	(2,703)
555.1921	Auction Revenue Rights-Annual	0	0	0	(1,688)
	<u>Other</u>				
555.1	Purchased Power	\$8,091	\$14,982	\$9,463	\$6,698
555.5	Purchased Power Cogeneration	161	0	1	0
	<b>Total Account 555 Charges</b>	<b>\$1,924,163</b>	<b>\$1,505,472</b>	<b>\$559,319</b>	<b>\$1,518,597</b>