

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

June 15, 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
July 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 July 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 0.001 cents per Kwh for primary service customers and an increase of .011 cents per Kwh for secondary service customers for service rendered in the month of July 2018 from current effective rates as shown below. The change was the result of an increase in the per unit cost of purchase power and generation reflecting seasonal demand and volume changes.

	<u>Primary</u>	<u>Secondary</u>
F&PP Effective July 1, 2018	\$0.02109	\$0.02188
F&PP Effective June 1, 2018	0.02110	0.02177
Change	(\$0.00001)	\$0.00011

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 92,764 electric customers in North Dakota as of May 31, 2018.

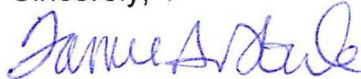
In response to Paragraph No. 11 of NDAC Section 69-09-02-39, Montana-Dakota purchases natural gas used for electric generation from its own gas operations or transports natural gas purchased from others under the applicable gas tariff approved and on file with the Commission in the state where the purchase 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
JULY 2018 BILLING ADJUSTMENT SUMMARY**

	<u>Primary</u>	<u>Secondary</u>
Current Cost of Fuel (Page 2)	\$0.02124	\$0.02213
Prior Cost of Fuel	0.02125	0.02202
Change in Cost of Fuel	<u>(\$0.00001)</u>	<u>\$0.00011</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	\$0.02124	\$0.02213
Surcharge Adjustment	(0.00015)	(0.00025)
Total	<u><u>\$0.02109</u></u>	<u><u>\$0.02188</u></u>

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

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$16,075,769	\$11,096,327	\$1,878,750	\$9,217,577
Account 502 Reagent	980,469	676,770	114,586	562,184
Account 502 Sand	59,372	40,982	6,939	34,043
Account 555 Energy	4,852,222	3,349,254	567,072	2,782,182
Account 555 Demand and 547 Pipeline Charges	1,330,538	945,241	92,728	852,513
Account 575 Market Admin.	180,520	124,604	21,097	103,507
Total Fuel & Purchased Power	\$23,478,890	\$16,233,178	\$2,681,172	\$13,552,006
Less:				
Wholesale Sales Revenue	162,584	112,224	19,001	93,223
Revenue from Sale of RECs 4/	155,505	144,892	24,532	120,360
Net System Costs	\$23,160,801	\$15,976,062	\$2,637,639	\$13,338,423
Kwh Retail Sales	1,053,185,580	726,963,133	124,207,077	602,756,056
Cost Per Kwh	\$0.02199	\$0.02198	\$0.02124	\$0.02213

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
JULY 2018

	2018				Total
	February	March	April	May	
Fuel & Purchased Power Costs					
Account 501 and 547	\$4,805,577	\$4,631,244	\$2,881,716	\$3,757,232	\$16,075,769
Account 502 Reagent	152,095	198,438	92,697	537,239	980,469
Account 502 Sand	136,587	147,929	109,649	(334,793)	59,372
Account 555 Energy 1/ Account 555 Demand and 547 Pipeline Charges	1,505,472	559,319	1,518,597	1,268,834	4,852,222
Account 575 Market Admin.	384,496	315,491	315,095	315,456	1,330,538
	37,340	55,063	51,194	36,923	180,520
Total Fuel & Purchased Power	\$7,021,567	\$5,907,484	\$4,968,948	\$5,580,891	\$23,478,890
Less:					
Wholesale Sales Revenue	10,237	93,191	11,971	47,185	162,584
Revenue from Sale of RECs	102,043	0	53,462	0	155,505
Net System Costs	\$6,909,287	\$5,814,293	\$4,903,515	\$5,533,706	\$23,160,801
 Kwh Retail Sales	 278,349,234	 296,787,408	 249,576,105	 228,472,833	 <u>1,053,185,580</u>
 Cost Per Kwh	 \$0.02482	 \$0.01959	 \$0.01965	 \$0.02422	 <u><u>\$0.02199</u></u>

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

Account No.	Account Description	2018			
		February	March	April	May
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$2,528,870	\$1,700,695	\$2,818,405	\$1,864,995
555.114	Real-Time Asset Energy	13,984	(116,590)	(66,772)	(19,220)
555.117	Real-Time Excessive Energy	12,324	(422)	958	2,802
555.118	Real-Time Non-Excessive Energy	(896,488)	(450,275)	(687,399)	(244,123)
555.1211	Day-Ahead Asset Congestion	(99,016)	(143,328)	(211,441)	(73,447)
555.1215	Real-Time Asset Congestion	3,427	2,914	8,806	7,196
555.1219	Real-Time Non-Excessive Congestion	(14,785)	(8,342)	34,200	51,909
555.1230	Revenue Rights Transaction	(90,241)	(106,546)	(106,546)	(106,546)
555.1232	Revenue Rights Infeasible Uplift	2,529	1,391	1,392	1,392
555.1233	Revenue Rights Stage 2 Distribution	(26,074)	(22,497)	(22,326)	(22,384)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(3,277)	(3,681)	(1,552)	(1,468)
555.130	Real-Time Non-Excessive Loss	62,208	48,856	71,617	32,704
555.131	Day-Ahead Asset Loss	(37,361)	(30,410)	(160,082)	(90,604)
555.135	Real-Time Asset Loss	217,460	(32,555)	(54,709)	117,675
555.136	Real-Time Distribution of Loss	(23,888)	(3,256)	(4,364)	(1,787)
555.151	Day-Ahead Rev Suff Guarantee Distribution	5,009	6,099	8,822	5,361
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	0	0	0	(1,682)
555.153	Real-Time Miscellaneous	16,802	8,310	21,097	7,705
555.154	Real-Time Net Inadvertent Distribution	188	5,057	4,310	549
555.155	Real-Time Revenue Neutrality Uplift	26,215	64,186	23,123	33,280
555.156	Real-Time Rev Suff Guarantee First Pass Distribution	5,393	2,927	16,319	14,807
555.157	Real-Time Rev Suff Guarantee Make Whole Payment	(6,007)	0	0	(11,915)
555.159	Day-Ahead Schedule 24	5,703	6,213	5,528	5,801
555.160	Real-Time Schedule 24	803	865	864	920
555.162	Real-Time Price Volatility Make Whole Payment	(2,128)	(5,643)	(2,694)	(4,797)
555.1701	Day-Ahead Spinning Reserve Amount	(8,496)	(15,448)	(5,452)	(18,357)
555.1703	Day-Ahead Ramp Capability	(1,510)	(4,649)	(1,480)	(4,722)
555.1711	Real-Time Excessive Deficient Energy Deployment	171	166	213	367
555.1714	Real-Time Spinning Reserve Amount	(1,078)	1,921	(411)	611
555.1716	Real-Time Regulation Cost Distribution	9,705	7,873	10,492	9,807
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	8,773	9,373	11,198	11,451
555.1718	Real-Time Supplemental Reserve Cost Distribution	1,562	1,593	1,545	4,455
555.1720	Real-Time Ramp Capability	225	191	(188)	(88)
	<u>Southwest Power Pool (SPP)</u>				
555.185	Real-Time Asset Losses	(\$95,505)	(\$38,400)	(\$53,953)	(\$67,624)
555.186	Real-Time Over Collected Losses	(158,065)	(49,476)	(70,494)	(63,285)
555.1915	Real-Time Asset Congestion	37,678	(284,947)	(72,736)	(170,700)
555.1920	Auction Revenue Rights-Daily	(4,620)	(2,310)	(2,703)	(6,751)
555.1921	Auction Revenue Rights-Annual	0	0	(1,688)	0
	<u>Other</u>				
555.1	Purchased Power	\$14,982	\$9,463	\$6,698	\$4,532
555.5	Purchased Power Cogeneration	0	1	0	15
	Total Account 555 Charges	\$1,505,472	\$559,319	\$1,518,597	\$1,268,834