



UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

July 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
August 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 August 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 0.080 cents per Kwh for primary service customers and a decrease of 0.069 cents per Kwh for secondary service customers for service rendered in the month of August 2018 from current effective rates as shown below. The decrease was largely the result of an annual SPP Auction Revenue Rights credit.

	Primary	Secondary
F&PP Effective August 1, 2018	\$0.02029	\$0.02119
F&PP Effective July 1, 2018	0.02109	0.02188
Change	(\$0.00080)	(\$0.00069)

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 92,801 electric customers in North Dakota as of June 30, 2018.

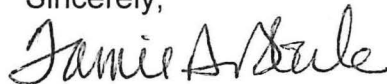
In response to Paragraph No. 11 of NDAC Section 69-09-02-39, Montana-Dakota purchases natural gas used for electric generation from its own gas operations or transports natural gas purchased from others under the applicable gas tariff approved and on file with the Commission in the state where the purchase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

Sincerely,



Tamie A. Aberle
Director of Regulatory Affairs

Attachment

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

	<u>Primary</u>	<u>Secondary</u>
Current Cost of Fuel (Page 2)	\$0.02044	\$0.02144
Prior Cost of Fuel	0.02124	0.02213
Change in Cost of Fuel	<u>(\$0.00080)</u>	<u>(\$0.00069)</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	 \$0.02044	 \$0.02144
Surcharge Adjustment	<u>(0.00015)</u>	<u>(0.00025)</u>
Total	<u><u>\$0.02029</u></u>	<u><u>\$0.02119</u></u>

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

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 Coal and 547 Gas	\$15,885,439	\$10,977,489	\$1,994,095	\$8,983,394
Account 502 Reagent	1,028,145	710,490	129,063	581,427
Account 502 Sand	(43,732)	(30,221)	(5,490)	(24,731)
Account 555 Energy	3,319,246	2,293,735	416,664	1,877,071
Account 555 Demand and 547 Pipeline Charges	1,337,983	950,530	93,247	857,283
Account 575 Market Admin.	184,815	127,715	23,200	104,515
Total Fuel & Purchased Power	\$21,711,896	\$15,029,738	\$2,650,779	\$12,378,959
Less:				
Wholesale Sales Revenue	268,958	185,861	33,762	152,099
Revenue from Sale of RECs 4/	53,462	49,526	8,997	40,529
Net System Costs	\$21,389,476	\$14,794,351	\$2,608,020	\$12,186,331
Kwh Retail Sales	1,007,256,244	696,055,346	127,576,896	568,478,450
Cost Per Kwh	\$0.02124	\$0.02125	\$0.02044	\$0.02144

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
AUGUST 2018

	2018				Total
	March	April	May	June	
Fuel & Purchased Power Costs					
Account 501 Coal and 547 Gas	\$4,631,244	\$2,881,716	\$3,757,232	\$4,615,247	\$15,885,439
Account 502 Reagent	198,438	92,697	537,239	199,771	1,028,145
Account 502 Sand	147,929	109,649	(334,793)	33,483	(43,732)
Account 555 Energy 1/ 547 Pipeline Charges	559,319	1,518,597	1,268,834	(27,504)	3,319,246
Account 575 Market Admin.	315,491	315,095	315,456	391,941	1,337,983
	55,063	51,194	36,923	41,635	184,815
Total Fuel & Purchased Power	\$5,907,484	\$4,968,948	\$5,580,891	\$5,254,573	\$21,711,896
Less:					
Wholesale Sales Revenue	93,191	11,971	47,185	116,611	268,958
Revenue from Sale of RECs	0	53,462	0	0	53,462
Net System Costs	\$5,814,293	\$4,903,515	\$5,533,706	\$5,137,962	\$21,389,476
 Kwh Retail Sales	 296,787,408	 249,576,105	 228,472,833	 232,419,898	 <u>1,007,256,244</u>
 Cost Per Kwh	 \$0.01959	 \$0.01965	 \$0.02422	 \$0.02211	 <u><u>\$0.02124</u></u>

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

Account No.	Account Description	2018			
		March	April	May	June
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$1,700,695	\$2,818,405	\$1,864,995	\$1,602,459
555.114	Real-Time Asset Energy	(116,590)	(66,772)	(19,220)	136,422
555.117	Real-Time Excessive Energy	(422)	958	2,802	3,122
555.118	Real-Time Non-Excessive Energy	(450,275)	(687,399)	(244,123)	(398,332)
555.1211	Day-Ahead Asset Congestion	(143,328)	(211,441)	(73,447)	(96,051)
555.1215	Real-Time Asset Congestion	2,914	8,806	7,196	(19,026)
555.1219	Real-Time Non-Excessive Congestion	(8,342)	34,200	51,909	51,318
555.1230	Revenue Rights Transaction	(106,546)	(106,546)	(106,546)	(34,511)
555.1232	Revenue Rights Infeasible Uplift	1,391	1,392	1,392	2,949
555.1233	Revenue Rights Stage 2 Distribution	(22,497)	(22,326)	(22,384)	(24,014)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(3,681)	(1,552)	(1,468)	(2,038)
555.130	Real-Time Non-Excessive Loss	48,856	71,617	32,704	49,616
555.131	Day-Ahead Asset Loss	(30,410)	(160,082)	(90,604)	(82,175)
555.135	Real-Time Asset Loss	(32,555)	(54,709)	117,675	53,632
555.136	Real-Time Distribution of Loss	(3,256)	(4,364)	(1,787)	(5,737)
555.151	Day-Ahead Rev Suff Guarantee Distribution	6,099	8,822	5,361	6,128
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	0	0	(1,682)	(135)
555.153	Real-Time Miscellaneous	8,310	21,097	7,705	17,822
555.154	Real-Time Net Inadvertent Distribution	5,057	4,310	549	(995)
555.155	Real-Time Revenue Neutrality Uplift	64,186	23,123	33,280	74,458
555.156	Real-Time Rev Suff Guarantee First Pass Distribution	2,927	16,319	14,807	13,291
555.157	Real-Time Rev Suff Guarantee Make Whole Payment	0	0	(11,915)	(34,199)
555.159	Day-Ahead Schedule 24	6,213	5,528	5,801	5,013
555.160	Real-Time Schedule 24	865	864	920	726
555.162	Real-Time Price Volatility Make Whole Payment	(5,643)	(2,694)	(4,797)	(2,346)
555.1701	Day-Ahead Spinning Reserve Amount	(15,448)	(5,452)	(18,357)	(10,728)
555.1703	Day-Ahead Ramp Capability	(4,649)	(1,480)	(4,722)	(4,401)
555.1711	Real-Time Excessive Deficient Energy Deployment	166	213	367	235
555.1714	Real-Time Spinning Reserve Amount	1,921	(411)	611	869
555.1716	Real-Time Regulation Cost Distribution	7,873	10,492	9,807	8,296
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	9,373	11,198	11,451	8,918
555.1718	Real-Time Supplemental Reserve Cost Distribution	1,593	1,545	4,455	2,498
555.1720	Real-Time Ramp Capability	191	(188)	(88)	25
	<u>Southwest Power Pool (SPP)</u>				
555.185	Real-Time Asset Losses	(\$38,400)	(\$53,953)	(\$67,624)	(\$219,857)
555.186	Real-Time Over Collected Losses	(49,476)	(70,494)	(63,285)	(141,085)
555.1915	Real-Time Asset Congestion	(284,947)	(72,736)	(170,700)	(102,548)
555.1920	Auction Revenue Rights-Daily	(2,310)	(2,703)	(6,751)	(57,908)
555.1921	Auction Revenue Rights-Annual	0	(1,688)	0	(829,232)
	<u>Other</u>				
555.1	Purchased Power	\$9,463	\$6,698	\$4,532	\$0
555.5	Purchased Power Cogeneration	1	0	15	17
	Total Account 555 Charges	\$559,319	\$1,518,597	\$1,268,834	(\$27,504)