

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

August 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
 September 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 September 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 0.193 cents per Kwh for primary service customers and an increase of 0.207 cents per Kwh for secondary service customers for service rendered in the month of September 2018 from current effective rates as shown below. The increase was largely the result of a per unit increase in MISO market prices.

	Primary	Secondary
F&PP Effective September 1, 2018	\$0.02222	\$0.02326
F&PP Effective August 1, 2018	0.02029	0.02119
Change	\$0.00193	\$0.00207

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 92,866 electric customers in North Dakota as of July 31, 2018.

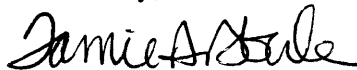
In response to Paragraph No. 11 of NDAC Section 69-09-02-39, Montana-Dakota purchases natural gas used for electric generation from its own gas operations or transports natural gas purchased from others under the applicable gas tariff approved and on file with the Commission in the state where the purchase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

	<u>Primary</u>	<u>Secondary</u>
Current Cost of Fuel (Page 2)	\$0.02237	\$0.02351
Prior Cost of Fuel	0.02044	0.02144
Change in Cost of Fuel	<u>\$0.00193</u>	<u>\$0.00207</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	<u>\$0.00000</u>	<u>\$0.00000</u>
 Cost of Fuel	 \$0.02237	 \$0.02351
Surcharge Adjustment	<u>(0.00015)</u>	<u>(0.00025)</u>
Total	<u><u>\$0.02222</u></u>	<u><u>\$0.02326</u></u>

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

	<u>Total 1/</u>	<u>Allocation to 2/ North Dakota</u>	<u>Allocation to 3/ Primary</u>	<u>Secondary</u>
Fuel & Purchased Power Costs				
Account 501 Coal and 547 Gas	\$16,361,319	\$11,370,057	\$2,137,514	\$9,232,543
Account 502 Reagent	1,059,438	736,241	138,410	597,831
Account 502 Sand	(158,936)	(110,450)	(20,764)	(89,686)
Account 555 Energy	3,674,353	2,553,437	480,033	2,073,404
Account 555 Demand and 547 Pipeline Charges	1,414,828	1,005,122	98,602	906,520
Account 575 Market Admin.	170,415	118,427	22,264	96,163
Total Fuel & Purchased Power	<u>\$22,521,417</u>	<u>\$15,672,834</u>	<u>\$2,856,059</u>	<u>\$12,816,775</u>
Less:				
Wholesale Sales Revenue	\$227,451	\$158,064	\$29,715	\$128,349
Sale of RECs Revenue 4/	53,462	49,526	9,311	40,215
Total Revenue	<u>\$280,913</u>	<u>\$207,590</u>	<u>\$39,026</u>	<u>\$168,564</u>
Net System Costs	\$22,240,504	\$15,465,244	\$2,817,033	\$12,648,211
Kwh Retail Sales	955,566,828	664,057,035	<u>125,952,495</u>	<u>538,104,540</u>
Cost Per Kwh	\$0.02327	\$0.02329	<u><u>\$0.02237</u></u>	<u><u>\$0.02351</u></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
SEPTEMBER 2018

	2018				Total
	April	May	June	July	
Fuel & Purchased Power Costs					
Account 501 Coal and 547 Gas	\$2,881,716	\$3,757,232	\$4,615,247	\$5,107,124	\$16,361,319
Account 502 Reagent	92,697	537,239	199,771	229,731	1,059,438
Account 502 Sand	109,649	(334,793)	33,483	32,725	(158,936)
Account 555 Energy 1/	1,518,597	1,268,834	(27,504)	914,426	3,674,353
Account 555 Demand and 547 Pipeline Charges	315,095	315,456	391,941	392,336	1,414,828
Account 575 Market Admin.	51,194	36,923	41,635	40,663	170,415
Total Fuel & Purchased Power	<u>\$4,968,948</u>	<u>\$5,580,891</u>	<u>\$5,254,573</u>	<u>\$6,717,005</u>	<u>\$22,521,417</u>
Less:					
Wholesale Sales Revenue	\$11,971	\$47,185	\$116,611	\$51,684	\$227,451
Sale of RECs Revenue	53,462	0	0	0	53,462
Total Revenue	<u>\$65,433</u>	<u>\$47,185</u>	<u>\$116,611</u>	<u>\$51,684</u>	<u>\$280,913</u>
Net System Costs	\$4,903,515	\$5,533,706	\$5,137,962	\$6,665,321	\$22,240,504
Kwh Retail Sales	249,576,105	228,472,833	232,419,898	245,097,992	<u>955,566,828</u>
Cost Per Kwh	\$0.01965	\$0.02422	\$0.02211	\$0.02719	<u><u>\$0.02327</u></u>

MONTANA - DAKOTA UTILITIES CO.
ACCOUNT 555 ENERGY
SEPTEMBER 2018 BILLING ADJUSTMENT

Account No.	Account Description	2018			
		April	May	June	July
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$2,818,405	\$1,864,995	\$1,602,459	\$1,548,984
555.114	Real-Time Asset Energy	(66,772)	(19,220)	136,422	(76,604)
555.117	Real-Time Excessive Energy	958	2,802	3,122	3,756
555.118	Real-Time Non-Excessive Energy	(687,399)	(244,123)	(398,332)	(130,057)
555.1211	Day-Ahead Asset Congestion	(211,441)	(73,447)	(96,051)	33,979
555.1215	Real-Time Asset Congestion	8,806	7,196	(19,026)	19,157
555.1219	Real-Time Non-Excessive Congestion	34,200	51,909	51,318	(65,684)
555.1230	Revenue Rights Transaction	(106,546)	(106,546)	(34,511)	(34,511)
555.1232	Revenue Rights Infeasible Uplift	1,392	1,392	2,949	2,949
555.1233	Revenue Rights Stage 2 Distribution	(22,326)	(22,384)	(24,014)	(24,013)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(1,552)	(1,468)	(2,038)	(20)
555.130	Real-Time Non-Excessive Loss	71,617	32,704	49,616	6,469
555.131	Day-Ahead Asset Loss	(160,082)	(90,604)	(82,175)	11,545
555.135	Real-Time Asset Loss	(54,709)	117,675	53,632	102,053
555.136	Real-Time Distribution of Loss	(4,364)	(1,787)	(5,737)	(1,771)
555.151	Day-Ahead Rev Suff Guarantee Distribution	8,822	5,361	6,128	3,732
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	0	(1,682)	(135)	(1,264)
555.153	Real-Time Miscellaneous	21,097	7,705	17,822	25,066
555.154	Real-Time Net Inadvertent Distribution	4,310	549	(995)	9,229
555.155	Real-Time Revenue Neutrality Uplift	23,123	33,280	74,458	20,303
555.156	Real-Time Rev Suff Guarantee First Pass Distribution	16,319	14,807	13,291	16,206
555.157	Real-Time Rev Suff Guarantee Make Whole Payment	0	(11,915)	(34,199)	(11,078)
555.159	Day-Ahead Schedule 24	5,528	5,801	5,013	5,382
555.160	Real-Time Schedule 24	864	920	726	599
555.162	Real-Time Price Volatility Make Whole Payment	(2,694)	(4,797)	(2,346)	(5,042)
555.1701	Day-Ahead Spinning Reserve Amount	(5,452)	(18,357)	(10,728)	(8,473)
555.1703	Day-Ahead Ramp Capability	(1,480)	(4,722)	(4,401)	(4,877)
555.1711	Real-Time Excessive Deficient Energy Deployment	213	367	235	159
555.1714	Real-Time Spinning Reserve Amount	(411)	611	869	(2,295)
555.1715	Real-Time Supplemental Reserve Amount	0	0	0	(496)
555.1716	Real-Time Regulation Cost Distribution	10,492	9,807	8,296	7,832
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	11,198	11,451	8,918	7,604
555.1718	Real-Time Supplemental Reserve Cost Distribution	1,545	4,455	2,498	1,114
555.1720	Real-Time Ramp Capability	(188)	(88)	25	(365)
	<u>Southwest Power Pool (SPP)</u>				
555.185	Real-Time Asset Losses	(\$53,953)	(\$67,624)	(\$219,857)	(\$193,473)
555.186	Real-Time Over Collected Losses	(70,494)	(63,285)	(141,085)	(124,926)
555.1915	Real-Time Asset Congestion	(72,736)	(170,700)	(102,548)	(147,314)
555.1920	Auction Revenue Rights-Daily	(2,703)	(6,751)	(57,908)	(79,502)
555.1921	Auction Revenue Rights-Annual	(1,688)	0	(829,232)	0
	<u>Other</u>				
555.1	Purchased Power	\$6,698	\$4,532	\$0	\$0
555.5	Purchased Power Cogeneration	0	15	17	73
	Total Account 555 Energy Charges	\$1,518,597	\$1,268,834	(\$27,504)	\$914,426