



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

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

September 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
October 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 October 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 0.126 cents per Kwh for primary service customers and an increase of 0.131 cents per Kwh for secondary service customers for service rendered in the month of October 2018 from current effective rates as shown below. The per unit increase was the result of higher generation costs, primarily lower wind generation.

	<u>Primary</u>	<u>Secondary</u>
F&PP Effective October 1, 2018	\$0.02348	\$0.02457
F&PP Effective September 1, 2018	0.02222	0.02326
Change	\$0.00126	\$0.00131

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 92,874 electric customers in North Dakota as of August 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
OCTOBER 2018 BILLING ADJUSTMENT SUMMARY**

	<u>Primary</u>	<u>Secondary</u>
Current Cost of Fuel (Page 2)	\$0.02363	\$0.02482
Prior Cost of Fuel	0.02237	0.02351
Change in Cost of Fuel	<u>\$0.00126</u>	<u>\$0.00131</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	 \$0.02363	 \$0.02482
Surcharge Adjustment	<u>(0.00015)</u>	<u>(0.00025)</u>
Total	<u><u>\$0.02348</u></u>	<u><u>\$0.02457</u></u>

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

	<u>Total 1/</u>	<u>Allocation to 2/ North Dakota</u>	<u>Allocation to 3/</u>	
			<u>Primary</u>	<u>Secondary</u>
Fuel & Purchased Power Cost				
Account 501 Coal and 547 Gas	\$18,578,877	\$12,863,252	\$2,439,857	\$10,423,395
Account 502 Reagent	1,264,909	875,771	166,113	709,658
Account 502 Sand	(234,231)	(162,172)	(30,760)	(131,412)
Account 555 Energy	3,225,715	2,233,353	423,615	1,809,738
Account 555 Demand and 547 Pipeline Charges	1,491,994	1,059,943	103,980	955,963
Account 575 Market Admin.	152,441	105,544	20,019	85,525
Total F&PP Cost	<u>\$24,479,705</u>	<u>\$16,975,691</u>	<u>\$3,122,824</u>	<u>\$13,852,867</u>
Less:				
Wholesale Sales Revenue	\$253,773	\$175,702	\$33,327	\$142,375
Sale of RECs Revenue 4/	0	0	0	0
Total Revenue	<u>\$253,773</u>	<u>\$175,702</u>	<u>\$33,327</u>	<u>\$142,375</u>
Net System Cost	\$24,225,932	\$16,799,989	\$3,089,497	\$13,710,492
Kwh Retail Sales	986,716,140	683,161,778	<u>130,732,723</u>	<u>552,429,055</u>
Cost Per Kwh	\$0.02455	\$0.02459	<u><u>\$0.02363</u></u>	<u><u>\$0.02482</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
OCTOBER 2018

	2018				Total
	May	June	July	August	
Fuel & Purchased Power Cost					
Account 501 Coal and 547 Gas	\$3,757,232	\$4,615,247	\$5,107,124	\$5,099,274	\$18,578,877
Account 502 Reagent	537,239	199,771	229,731	298,168	1,264,909
Account 502 Sand	(334,793)	33,483	32,725	34,354	(234,231)
Account 555 Energy 1/ Account 555 Demand and 547 Pipeline Charges	1,268,834	(27,504)	914,426	1,069,959	3,225,715
Account 575 Market Admin.	315,456	391,941	392,336	392,261	1,491,994
	36,923	41,635	40,663	33,220	152,441
Total F&PP Cost	<u>\$5,580,891</u>	<u>\$5,254,573</u>	<u>\$6,717,005</u>	<u>\$6,927,236</u>	<u>\$24,479,705</u>
Less:					
Wholesale Sales Revenue	\$47,185	\$116,611	\$51,684	\$38,293	\$253,773
Sale of RECs Revenue	0	0	0	0	0
Total Revenue	<u>\$47,185</u>	<u>\$116,611</u>	<u>\$51,684</u>	<u>\$38,293</u>	<u>\$253,773</u>
Net System Cost	\$5,533,706	\$5,137,962	\$6,665,321	\$6,888,943	\$24,225,932
Kwh Retail Sales	228,472,833	232,419,898	245,097,992	280,725,417	<u>986,716,140</u>
Cost Per Kwh	\$0.02422	\$0.02211	\$0.02719	\$0.02454	<u><u>\$0.02455</u></u>

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

Account No.	Account Description	2018			
		May	June	July	August
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$1,864,995	\$1,602,459	\$1,548,984	\$1,829,389
555.114	Real-Time Asset Energy	(19,220)	136,422	(76,604)	(60,845)
555.117	Real-Time Excessive Energy	2,802	3,122	3,756	16,095
555.118	Real-Time Non-Excessive Energy	(244,123)	(398,332)	(130,057)	(330,602)
555.1211	Day-Ahead Asset Congestion 1/	(73,447)	(96,051)	33,979	0
555.1215	Real-Time Asset Congestion 1/	7,196	(19,026)	19,157	0
555.1219	Real-Time Non-Excessive Congestion 1/	51,909	51,318	(65,684)	0
555.1230	Revenue Rights Transaction	(106,546)	(34,511)	(34,511)	(34,511)
555.1232	Revenue Rights Infeasible Uplift	1,392	2,949	2,949	2,949
555.1233	Revenue Rights Stage 2 Distribution	(22,384)	(24,014)	(24,013)	(24,013)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(1,468)	(2,038)	(20)	(1,488)
555.130	Real-Time Non-Excessive Loss 1/	32,704	49,616	6,469	0
555.131	Day-Ahead Asset Loss 1/	(90,604)	(82,175)	11,545	0
555.135	Real-Time Asset Loss	117,675	53,632	102,053	33,157
555.136	Real-Time Distribution of Loss	(1,787)	(5,737)	(1,771)	(8,588)
555.151	Day-Ahead Rev Suff Guarantee Distribution	5,361	6,128	3,732	4,262
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(1,682)	(135)	(1,264)	(606)
555.153	Real-Time Miscellaneous	7,705	17,822	25,066	7,535
555.154	Real-Time Net Inadvertent Distribution	549	(995)	9,229	349
555.155	Real-Time Revenue Neutrality Uplift	33,280	74,458	20,303	(594)
555.156	Real-Time Rev Suff Guarantee First Pass Distribution	14,807	13,291	16,206	12,144
555.157	Real-Time Rev Suff Guarantee Make Whole Payment	(11,915)	(34,199)	(11,078)	(3,403)
555.159	Day-Ahead Schedule 24	5,801	5,013	5,382	5,572
555.160	Real-Time Schedule 24	920	726	599	565
555.162	Real-Time Price Volatility Make Whole Payment	(4,797)	(2,346)	(5,042)	(4,520)
555.1701	Day-Ahead Spinning Reserve Amount	(18,357)	(10,728)	(8,473)	(9,177)
555.1703	Day-Ahead Ramp Capability	(4,722)	(4,401)	(4,877)	(3,721)
555.1711	Real-Time Excessive Deficient Energy Deployment	367	235	159	176
555.1714	Real-Time Spinning Reserve Amount	611	869	(2,295)	(2,846)
555.1715	Real-Time Supplemental Reserve Amount	0	0	(496)	(46)
555.1716	Real-Time Regulation Cost Distribution	9,807	8,296	7,832	7,958
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	11,451	8,918	7,604	9,167
555.1718	Real-Time Supplemental Reserve Cost Distribution	4,455	2,498	1,114	1,722
555.1720	Real-Time Ramp Capability	(88)	25	(365)	(386)
	<u>Southwest Power Pool (SPP)</u>				
555.185	Real-Time Asset Losses	(\$67,624)	(\$219,857)	(\$193,473)	(\$193,004)
555.186	Real-Time Over Collected Losses	(63,285)	(141,085)	(124,926)	(144,582)
555.1915	Real-Time Asset Congestion	(170,700)	(102,548)	(147,314)	(41,760)
555.1920	Auction Revenue Rights-Daily	(6,751)	(57,908)	(79,502)	(2,155)
555.1921	Auction Revenue Rights-Annual	0	(829,232)	0	0
	<u>Other</u>				
555.1	Purchased Power	\$4,532	\$0	\$0	\$5,719
555.5	Purchased Power Cogeneration	15	17	73	47
	Total Account 555 Energy Charges	\$1,268,834	(\$27,504)	\$914,426	\$1,069,959

1/ Effective August 2018, MISO changed from hourly to five minute increments. Therefore, the information is no longer available in detail and is reported in Day-Ahead and Real-Time Energy.