

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

October 16, 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
November 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 November 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 0.026 cents per Kwh for primary service customers and a decrease of 0.022 cents per Kwh for secondary service customers for service rendered in the month of November 2018 from current effective rates as shown below. The decrease was largely the result of a per unit decrease in MISO market prices.

	<u>Primary</u>	<u>Secondary</u>
F&PP Effective October 1, 2018	\$0.02322	\$0.02435
F&PP Effective September 1, 2018	0.02348	0.02457
Change	(\$0.00026)	(\$0.00022)

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 92,854 electric customers in North Dakota as of September 30, 2018.

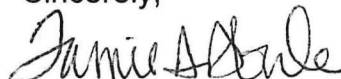
In response to Paragraph No. 11 of NDAC Section 69-09-02-39, Montana-Dakota purchases natural gas used for electric generation from its own gas operations or transports natural gas purchased from others under the applicable gas tariff approved and on file with the Commission in the state where the purchase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

	<u>Primary</u>	<u>Secondary</u>
Current Cost of Fuel (Page 2)	\$0.02337	\$0.02460
Prior Cost of Fuel	0.02363	0.02482
Change in Cost of Fuel	<u>(\$0.00026)</u>	<u>(\$0.00022)</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	 \$0.02337	 \$0.02460
Surcharge Adjustment	<u>(0.00015)</u>	<u>(0.00025)</u>
Total	<u><u>\$0.02322</u></u>	<u><u>\$0.02435</u></u>

**MONTANA - DAKOTA UTILITIES CO.
FUEL AND PURCHASED POWER COST TRACKING ADJUSTMENT - NORTH DAKOTA
NOVEMBER 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				
Accounts 501 Coal and 547 Gas	\$18,885,722	\$13,055,441	\$2,451,103	\$10,604,338
Account 502 Reagent	949,588	656,437	123,243	533,194
Account 502 Sand	143,275	99,044	18,595	80,449
Account 555 Energy	2,516,120	1,739,359	326,557	1,412,802
Accounts 555 Demand and 547 Pipeline Charges	1,568,625	1,114,383	109,321	1,005,062
Account 575 Market Admin.	155,247	107,320	20,149	87,171
Total F&PP Cost	<u>\$24,218,577</u>	<u>\$16,771,984</u>	<u>\$3,048,968</u>	<u>\$13,723,016</u>
Less:				
Wholesale Sales Revenue	\$263,920	\$182,444	\$34,253	\$148,191
Sale of RECs Revenue 4/	6,347	4,509	847	3,662
Total Revenue	<u>\$270,267</u>	<u>\$186,953</u>	<u>\$35,100</u>	<u>\$151,853</u>
Net System Cost	\$23,948,310	\$16,585,031	\$3,013,868	\$13,571,163
Kwh Retail Sales	984,690,130	680,702,799	<u>128,938,847</u>	<u>551,763,952</u>
Cost Per Kwh	\$0.02432	\$0.02436	<u><u>\$0.02337</u></u>	<u><u>\$0.02460</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
NOVEMBER 2018**

	2018				Total
	June	July	August	September	
Fuel & Purchased Power Cost					
Accounts 501 Coal and 547 Gas	\$4,615,247	\$5,107,124	\$5,099,274	\$4,064,077	\$18,885,722
Account 502 Reagent	199,771	229,731	298,168	221,918	949,588
Account 502 Sand	33,483	32,725	34,354	42,713	143,275
Account 555 Energy 1/	(27,504)	914,426	1,069,959	559,239	2,516,120
Accounts 555 Demand and 547 Pipeline Charges	391,941	392,336	392,261	392,087	1,568,625
Account 575 Market Admin.	41,635	40,663	33,220	39,729	155,247
Total F&PP Cost	<u>\$5,254,573</u>	<u>\$6,717,005</u>	<u>\$6,927,236</u>	<u>\$5,319,763</u>	<u>\$24,218,577</u>
Less:					
Wholesale Sales Revenue	\$116,611	\$51,684	\$38,293	\$57,332	\$263,920
Sale of RECs Revenue	0	0	0	6,347	6,347
Total Revenue	<u>\$116,611</u>	<u>\$51,684</u>	<u>\$38,293</u>	<u>\$63,679</u>	<u>\$270,267</u>
Net System Cost	\$5,137,962	\$6,665,321	\$6,888,943	\$5,256,084	\$23,948,310
Kwh Retail Sales	232,419,898	245,097,992	280,725,417	226,446,823	<u>984,690,130</u>
Cost Per Kwh	\$0.02211	\$0.02719	\$0.02454	\$0.02321	<u><u>\$0.02432</u></u>

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

Account No.	Account Description	2018			
		June	July	August	September
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$1,602,459	\$1,548,984	\$1,829,389	\$1,345,739
555.114	Real-Time Asset Energy	136,422	(76,604)	(60,845)	(4,792)
555.117	Real-Time Excessive Energy	3,122	3,756	16,095	1,639
555.118	Real-Time Non-Excessive Energy	(398,332)	(130,057)	(330,602)	(290,615)
555.1211	Day-Ahead Asset Congestion 1/	(96,051)	33,979	0	0
555.1215	Real-Time Asset Congestion 1/	(19,026)	19,157	0	0
555.1219	Real-Time Non-Excessive Congestion 1/	51,318	(65,684)	0	0
555.1230	Revenue Rights Transaction	(34,511)	(34,511)	(34,511)	(65,838)
555.1232	Revenue Rights Infeasible Uplift	2,949	2,949	2,949	8,772
555.1233	Revenue Rights Stage 2 Distribution	(24,014)	(24,013)	(24,013)	(19,186)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(2,038)	(20)	(1,488)	(96)
555.130	Real-Time Non-Excessive Loss 1/	49,616	6,469	0	0
555.131	Day-Ahead Asset Loss 1/	(82,175)	11,545	0	0
555.135	Real-Time Asset Loss	53,632	102,053	33,157	62,667
555.136	Real-Time Distribution of Loss	(5,737)	(1,771)	(8,588)	(2,312)
555.151	Day-Ahead Rev Suff Guarantee Distribution	6,128	3,732	4,262	3,856
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(135)	(1,264)	(606)	(434)
555.153	Real-Time Miscellaneous	17,822	25,066	7,535	14,440
555.154	Real-Time Net Inadvertent Distribution	(995)	9,229	349	(3,779)
555.155	Real-Time Revenue Neutrality Uplift	74,458	20,303	(594)	5,070
555.156	Real-Time Rev Suff Guarantee First Pass Distribution	13,291	16,206	12,144	16,387
555.157	Real-Time Rev Suff Guarantee Make Whole Payment	(34,199)	(11,078)	(3,403)	(37,223)
555.159	Day-Ahead Schedule 24	5,013	5,382	5,572	5,601
555.160	Real-Time Schedule 24	726	599	565	885
555.162	Real-Time Price Volatility Make Whole Payment	(2,346)	(5,042)	(4,520)	(9,475)
555.1701	Day-Ahead Spinning Reserve Amount	(10,728)	(8,473)	(9,177)	(34,482)
555.1702	Day-Ahead Supplemental Reserve Amount	0	0	0	(51)
555.1703	Day-Ahead Ramp Capability	(4,401)	(4,877)	(3,721)	(5,683)
555.1711	Real-Time Excessive Deficient Energy Deployment	235	159	176	252
555.1713	Real-Time Regulation Amount	0	0	0	(7)
555.1714	Real-Time Spinning Reserve Amount	869	(2,295)	(2,846)	(2,877)
555.1715	Real-Time Supplemental Reserve Amount	0	(496)	(46)	(5,818)
555.1716	Real-Time Regulation Cost Distribution	8,296	7,832	7,958	7,224
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	8,918	7,604	9,167	9,410
555.1718	Real-Time Supplemental Reserve Cost Distribution	2,498	1,114	1,722	3,529
555.1720	Real-Time Ramp Capability	25	(365)	(386)	(459)
	<u>Southwest Power Pool (SPP)</u>				
555.185	Real-Time Asset Losses	(\$219,857)	(\$193,473)	(\$193,004)	(\$167,244)
555.186	Real-Time Over Collected Losses	(141,085)	(124,926)	(144,582)	(161,490)
555.1915	Real-Time Asset Congestion	(102,548)	(147,314)	(41,760)	(113,501)
555.1920	Auction Revenue Rights-Daily	(57,908)	(79,502)	(2,155)	(908)
555.1921	Auction Revenue Rights-Annual	(829,232)	0	0	0
	<u>Other</u>				
555.1	Purchased Power	\$0	\$0	\$5,719	\$0
555.5	Purchased Power Cogeneration	17	73	47	38
	Total Account 555 Energy Charges	(\$27,504)	\$914,426	\$1,069,959	\$559,239

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.