



UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

November 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  
December 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 December 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 0.190 cents per Kwh for secondary service customers for service rendered in the month of December 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 December 1, 2018 | \$0.02515 | \$0.02625 |
| F&PP Effective November 1, 2018 | 0.02322   | 0.02435   |
| Change                          | \$0.00193 | \$0.00190 |

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](http://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 92,823 electric customers in North Dakota as of October 31, 2018.

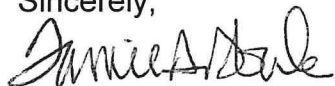
In response to Paragraph No. 11 of NDAC Section 69-09-02-39, Montana-Dakota purchases natural gas used for electric generation from its own gas operations or transports natural gas purchased from others under the applicable gas tariff approved and on file with the Commission in the state where the purchase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

Sincerely,



Tamie A. Aberle  
Director of Regulatory Affairs

Attachment

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

|                                 | <u>Primary</u>          | <u>Secondary</u>        |
|---------------------------------|-------------------------|-------------------------|
| Current Cost of Fuel (Page 2)   | \$0.02530               | \$0.02650               |
| Prior Cost of Fuel              | 0.02337                 | 0.02460                 |
| Change in Cost of Fuel          | <u>\$0.00193</u>        | <u>\$0.00190</u>        |
| <br><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               |
| <br>Cost of Fuel                | <br>\$0.02530           | <br>\$0.02650           |
| Surcharge Adjustment            | <u>(0.00015)</u>        | <u>(0.00025)</u>        |
| Total                           | <u><u>\$0.02515</u></u> | <u><u>\$0.02625</u></u> |

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

|   | <u>Total 1/</u>     | <u>Allocation to 2/<br/>North Dakota</u> | <u>Allocation to 3/<br/>Primary</u> | <u>Secondary</u>        |
|---|---------------------|--|-------------------------------------|-------------------------|
| Fuel & Purchased Power Cost                     |                     |  |                                     |                         |
| Accounts 501 Coal and 547 Gas                   | \$17,670,822        | \$12,139,552                             | \$2,268,709                         | \$9,870,843             |
| Account 502 Reagent                             | 1,025,962           | 704,818                                  | 131,720                             | 573,098                 |
| Account 502 Sand                                | 147,348             | 101,226                                  | 18,918                              | 82,308                  |
| Account 555 Energy                              | 5,511,300           | 3,786,169                                | 707,581                             | 3,078,588               |
| Accounts 555 Demand and<br>547 Pipeline Charges | 1,487,167           | 1,056,513                                | 103,644                             | 952,869                 |
| Account 575 Market Admin.                       | 162,850             | 111,875                                  | 20,908                              | 90,967                  |
| Total F&PP Cost                                 | <u>\$26,005,449</u> | <u>\$17,900,153</u>                      | <u>\$3,251,480</u>                  | <u>\$14,648,673</u>     |
| Less:   |                     |  |                                     |                         |
| Wholesale Sales Revenue                         | \$193,297           | \$132,792                                | \$24,817                            | \$107,975               |
| Sale of RECs Revenue 4/                         | 6,347               | 4,509                                    | 843                                 | 3,666                   |
| Total Revenue                                   | <u>\$199,644</u>    | <u>\$137,301</u>                         | <u>\$25,660</u>                     | <u>\$111,641</u>        |
| Net System Cost                                 | \$25,805,805        | \$17,762,852                             | \$3,225,820                         | \$14,537,032            |
| Kwh Retail Sales                                | 984,247,439         | 676,161,137                              | <u>127,493,108</u>                  | <u>548,668,029</u>      |
| Cost Per Kwh                                    | \$0.02622           | \$0.02627                                | <u><u>\$0.02530</u></u>             | <u><u>\$0.02650</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  
DECEMBER 2018**

|  | 2018               |                    |                    |                    | Total                   |
|--|--------------------|--------------------|--------------------|--------------------|-------------------------|
|  | July               | August             | September          | October            |                         |
| Fuel & Purchased Power Cost  |                    |                    |                    |                    |                         |
| Accounts 501 Coal and 547 Gas  | \$5,107,124        | \$5,099,274        | \$4,064,077        | \$3,400,347        | \$17,670,822            |
| Account 502 Reagent  | 229,731            | 298,168            | 221,918            | 276,145            | 1,025,962               |
| Account 502 Sand   | 32,725             | 34,354             | 42,713             | 37,556             | 147,348                 |
| Account 555 Energy 1/<br>Accounts 555 Demand and<br>547 Pipeline Charges | 914,426            | 1,069,959          | 559,239            | 2,967,676          | 5,511,300               |
| Account 575 Market Admin.  | 392,336            | 392,261            | 392,087            | 310,483            | 1,487,167               |
| Total F&PP Cost  | 40,663             | 33,220             | 39,729             | 49,238             | 162,850                 |
|  | <u>\$6,717,005</u> | <u>\$6,927,236</u> | <u>\$5,319,763</u> | <u>\$7,041,445</u> | <u>\$26,005,449</u>     |
| Less:  |                    |                    |                    |                    |                         |
| Wholesale Sales Revenue  | \$51,684           | \$38,293           | \$57,332           | \$45,988           | \$193,297               |
| Sale of RECs Revenue   | 0                  | 0                  | 6,347              | 0                  | 6,347                   |
| Total Revenue  | <u>\$51,684</u>    | <u>\$38,293</u>    | <u>\$63,679</u>    | <u>\$45,988</u>    | <u>\$199,644</u>        |
| Net System Cost  | \$6,665,321        | \$6,888,943        | \$5,256,084        | \$6,995,457        | \$25,805,805            |
| Kwh Retail Sales   | 245,097,992        | 280,725,417        | 226,446,823        | 231,977,207        | <u>984,247,439</u>      |
| Cost Per Kwh   | \$0.02719          | \$0.02454          | \$0.02321          | \$0.03016          | <u><u>\$0.02622</u></u> |

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

| Account No. | Account Description                                    | 2018             |                    |                  |                    |
|-------------|--|------------------|--------------------|------------------|--------------------|
|             |  | July             | August             | September        | October            |
|             | <u>Midcontinent Independent System Operator (MISO)</u> |                  |                    |                  |                    |
| 555.111     | Day-Ahead Asset Energy                                 | \$1,548,984      | \$1,829,389        | \$1,345,739      | \$3,733,501        |
| 555.114     | Real-Time Asset Energy                                 | (76,604)         | (60,845)           | (4,792)          | 37,545             |
| 555.117     | Real-Time Excessive Energy                             | 3,756            | 16,095             | 1,639            | 947                |
| 555.118     | Real-Time Non-Excessive Energy                         | (130,057)        | (330,602)          | (290,615)        | (838,849)          |
| 555.1211    | Day-Ahead Asset Congestion 1/                          | 33,979           | 0                  | 0                | 0                  |
| 555.1215    | Real-Time Asset Congestion 1/                          | 19,157           | 0                  | 0                | 0                  |
| 555.1219    | Real-Time Non-Excessive Congestion 1/                  | (65,684)         | 0                  | 0                | 0                  |
| 555.1230    | Revenue Rights Transaction                             | (34,511)         | (34,511)           | (65,838)         | (65,838)           |
| 555.1232    | Revenue Rights Infeasible Uplift                       | 2,949            | 2,949              | 8,772            | 8,772              |
| 555.1233    | Revenue Rights Stage 2 Distribution                    | (24,013)         | (24,013)           | (19,186)         | (19,186)           |
| 555.1234    | Auction Revenue Rights Real-Time MVP Distribution      | (20)             | (1,488)            | (96)             | (228)              |
| 555.130     | Real-Time Non-Excessive Loss 1/                        | 6,469            | 0                  | 0                | 0                  |
| 555.131     | Day-Ahead Asset Loss 1/                                | 11,545           | 0                  | 0                | 0                  |
| 555.135     | Real-Time Asset Loss                                   | 102,053          | 33,157             | 62,667           | (74,887)           |
| 555.136     | Real-Time Distribution of Loss                         | (1,771)          | (8,588)            | (2,312)          | (21,790)           |
| 555.151     | Day-Ahead Rev Suff Guarantee Distribution              | 3,732            | 4,262              | 3,856            | 6,526              |
| 555.152     | Day-Ahead Rev Suff Guarantee Make Whole Pmt            | (1,264)          | (606)              | (434)            | (514)              |
| 555.153     | Real-Time Miscellaneous                                | 25,066           | 7,535              | 14,440           | 7,727              |
| 555.154     | Real-Time Net Inadvertent Distribution                 | 9,229            | 349                | (3,779)          | 279                |
| 555.155     | Real-Time Revenue Neutrality Uplift                    | 20,303           | (594)              | 5,070            | 53,207             |
| 555.156     | Real-Time Rev Suff Guarantee First Pass Distribution   | 16,206           | 12,144             | 16,387           | 17,721             |
| 555.157     | Real-Time Rev Suff Guarantee Make Whole Payment        | (11,078)         | (3,403)            | (37,223)         | (81,280)           |
| 555.159     | Day-Ahead Schedule 24                                  | 5,382            | 5,572              | 5,601            | 5,457              |
| 555.160     | Real-Time Schedule 24                                  | 599              | 565                | 885              | 990                |
| 555.162     | Real-Time Price Volatility Make Whole Payment          | (5,042)          | (4,520)            | (9,475)          | 235                |
| 555.1701    | Day-Ahead Spinning Reserve Amount                      | (8,473)          | (9,177)            | (34,482)         | (23,622)           |
| 555.1702    | Day-Ahead Supplemental Reserve Amount                  | 0                | 0                  | (51)             | 0                  |
| 555.1703    | Day-Ahead Ramp Capability                              | (4,877)          | (3,721)            | (5,683)          | (4,452)            |
| 555.1711    | Real-Time Excessive Deficient Energy Deployment        | 159              | 176                | 252              | 281                |
| 555.1713    | Real-Time Regulation Amount                            | 0                | 0                  | (7)              | 0                  |
| 555.1714    | Real-Time Spinning Reserve Amount                      | (2,295)          | (2,846)            | (2,877)          | (11,288)           |
| 555.1715    | Real-Time Supplemental Reserve Amount                  | (496)            | (46)               | (5,818)          | (956)              |
| 555.1716    | Real-Time Regulation Cost Distribution                 | 7,832            | 7,958              | 7,224            | 11,620             |
| 555.1717    | Real-Time Spinning Reserve Cost Distribution Amount    | 7,604            | 9,167              | 9,410            | 15,757             |
| 555.1718    | Real-Time Supplemental Reserve Cost Distribution       | 1,114            | 1,722              | 3,529            | 2,863              |
| 555.1720    | Real-Time Ramp Capability                              | (365)            | (386)              | (459)            | (421)              |
|             | <u>Southwest Power Pool (SPP)</u>                      |                  |                    |                  |                    |
| 555.185     | Real-Time Asset Losses                                 | (\$193,473)      | (\$193,004)        | (\$167,244)      | (\$52,869)         |
| 555.186     | Real-Time Over Collected Losses                        | (124,926)        | (144,582)          | (161,490)        | (131,639)          |
| 555.1915    | Real-Time Asset Congestion                             | (147,314)        | (41,760)           | (113,501)        | 391,973            |
| 555.1920    | Auction Revenue Rights-Daily                           | (79,502)         | (2,155)            | (908)            | 93                 |
| 555.1921    | Auction Revenue Rights-Annual                          | 0                | 0                  | 0                | 0                  |
|             | <u>Other</u>   |                  |                    |                  |                    |
| 555.1       | Purchased Power  | \$0              | \$5,719            | \$0              | \$0                |
| 555.5       | Purchased Power Cogeneration                           | 73               | 47                 | 38               | 1                  |
|             | <b>Total Account 555 Energy Charges</b>                | <b>\$914,426</b> | <b>\$1,069,959</b> | <b>\$559,239</b> | <b>\$2,967,676</b> |

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.