



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

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

December 14, 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
 January 2019

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 January 2019. 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 0.191 cents per Kwh for primary service customers and an increase of 0.189 cents per Kwh for secondary service customers for service rendered in the month of January 2019 from current effective rates as shown below. The increase was largely the result of a per unit increase in MISO market prices.

	<u>Primary</u>	<u>Secondary</u>
F&PP Effective January 1, 2019	\$0.02706	\$0.02814
F&PP Effective December 1, 2018	<u>0.02515</u>	<u>0.02625</u>
Change	\$0.00191	\$0.00189

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 92,860 electric customers in North Dakota as of November 30, 2018.

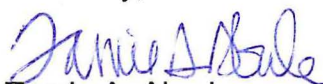
In response to Paragraph No. 11 of NDAC Section 69-09-02-39, Montana-Dakota purchases natural gas used for electric generation from its own gas operations or transports natural gas purchased from others under the applicable gas tariff approved and on file with the Commission in the state where the purchase 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
JANUARY 2019 BILLING ADJUSTMENT SUMMARY**

	<u>Primary</u>	<u>Secondary</u>
Current Cost of Fuel (Page 2)	\$0.02721	\$0.02839
Prior Cost of Fuel	0.02530	0.02650
Change in Cost of Fuel	<u>\$0.00191</u>	<u>\$0.00189</u>
 <u>Surcharge Adjustment</u>		
Current Adjustment	(\$0.00015)	(\$0.00025)
Prior Adjustment	(0.00015)	(0.00025)
Change in Surcharge Adjustment	<u>\$0.00000</u>	<u>\$0.00000</u>
 Cost of Fuel	 \$0.02721	 \$0.02839
Surcharge Adjustment	(0.00015)	(0.00025)
Total	<u><u>\$0.02706</u></u>	<u><u>\$0.02814</u></u>

**MONTANA - DAKOTA UTILITIES CO.
FUEL AND PURCHASED POWER COST TRACKING ADJUSTMENT - NORTH DAKOTA
JANUARY 2019**

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Cost				
Accounts 501 Coal and 547 Gas	\$17,087,464	\$11,601,907	\$2,151,082	\$9,450,825
Account 502 Reagent	940,593	638,636	118,408	520,228
Account 502 Sand	154,112	104,638	19,401	85,237
Account 555 Energy	7,597,463	5,158,464	956,418	4,202,046
Accounts 555 Demand and 547 Pipeline Charges	1,409,869	1,001,599	98,257	903,342
Account 575 Market Admin.	185,992	126,283	23,414	102,869
Total F&PP Cost	<u>\$27,375,493</u>	<u>\$18,631,527</u>	<u>\$3,366,980</u>	<u>\$15,264,547</u>
Less:				
Wholesale Sales Revenue	\$225,468	\$153,086	\$28,383	\$124,703
Sale of RECs Revenue 4/	6,347	4,509	836	3,673
Total Revenue	<u>\$231,815</u>	<u>\$157,595</u>	<u>\$29,219</u>	<u>\$128,376</u>
Net System Cost	\$27,143,678	\$18,473,932	\$3,337,761	\$15,136,171
Kwh Retail Sales	965,927,054	655,837,300	122,684,904	533,152,396
Cost Per Kwh	\$0.02810	\$0.02817	<u>\$0.02721</u>	<u>\$0.02839</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
JANUARY 2019

	2018				Total
	August	September	October	November	
Fuel & Purchased Power Cost					
Accounts 501 Coal and 547 Gas	\$5,099,274	\$4,064,077	\$3,400,347	\$4,523,766	\$17,087,464
Account 502 Reagent	298,168	221,918	276,145	144,362	940,593
Account 502 Sand	34,354	42,713	37,556	39,489	154,112
Account 555 Energy 1/	1,069,959	559,239	2,967,676	3,000,589	7,597,463
Accounts 555 Demand and					
547 Pipeline Charges	392,261	392,087	310,483	315,038	1,409,869
Account 575 Market Admin.	33,220	39,729	49,238	63,805	185,992
Total F&PP Cost	<u>\$6,927,236</u>	<u>\$5,319,763</u>	<u>\$7,041,445</u>	<u>\$8,087,049</u>	<u>\$27,375,493</u>
Less:					
Wholesale Sales Revenue	\$38,293	\$57,332	\$45,988	\$83,855	\$225,468
Sale of RECs Revenue	0	6,347	0	0	6,347
Total Revenue	<u>\$38,293</u>	<u>\$63,679</u>	<u>\$45,988</u>	<u>\$83,855</u>	<u>\$231,815</u>
Net System Cost	\$6,888,943	\$5,256,084	\$6,995,457	\$8,003,194	\$27,143,678
Kwh Retail Sales	280,725,417	226,446,823	231,977,207	226,777,607	<u>965,927,054</u>
Cost Per Kwh	\$0.02454	\$0.02321	\$0.03016	\$0.03529	<u><u>\$0.02810</u></u>

MONTANA - DAKOTA UTILITIES CO.
ACCOUNT 555 ENERGY
JANUARY 2019 BILLING ADJUSTMENT

Account No.	Account Description	2018			
		August	September	October	November
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$1,829,389	\$1,345,739	\$3,733,501	\$3,694,049
555.114	Real-Time Asset Energy	(60,845)	(4,792)	37,545	48,933
555.117	Real-Time Excessive Energy	16,095	1,639	947	2,648
555.118	Real-Time Non-Excessive Energy	(330,602)	(290,615)	(838,849)	(964,915)
555.1230	Revenue Rights Transaction	(34,511)	(65,838)	(65,838)	(65,838)
555.1232	Revenue Rights Infeasible Uplift	2,949	8,772	8,772	8,772
555.1233	Revenue Rights Stage 2 Distribution	(24,013)	(19,186)	(19,186)	(19,186)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(1,488)	(96)	(228)	(199)
555.135	Real-Time Asset Loss	33,157	62,667	(74,887)	(90,828)
555.136	Real-Time Distribution of Loss	(8,588)	(2,312)	(21,790)	(28,246)
555.151	Day-Ahead Rev Suff Guarantee Distribution	4,262	3,856	6,526	10,586
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(606)	(434)	(514)	0
555.153	Real-Time Miscellaneous	7,535	14,440	7,727	12,566
555.154	Real-Time Net Inadvertent Distribution	349	(3,779)	279	(1,983)
555.155	Real-Time Revenue Neutrality Uplift	(594)	5,070	53,207	33,062
555.156	Real-Time Rev Suff Guarantee First Pass Distribution	12,144	16,387	17,721	12,502
555.157	Real-Time Rev Suff Guarantee Make Whole Payment	(3,403)	(37,223)	(81,280)	(14,813)
555.159	Day-Ahead Schedule 24	5,572	5,601	5,457	6,408
555.160	Real-Time Schedule 24	565	885	990	1,007
555.162	Real-Time Price Volatility Make Whole Payment	(4,520)	(9,475)	235	(555)
555.1701	Day-Ahead Spinning Reserve Amount	(9,177)	(34,482)	(23,622)	(10,279)
555.1702	Day-Ahead Supplemental Reserve Amount	0	(51)	0	0
555.1703	Day-Ahead Ramp Capability	(3,721)	(5,683)	(4,452)	(2,973)
555.1711	Real-Time Excessive Deficient Energy Deployment	176	252	281	333
555.1713	Real-Time Regulation Amount	0	(7)	0	0
555.1714	Real-Time Spinning Reserve Amount	(2,846)	(2,877)	(11,288)	(471)
555.1715	Real-Time Supplemental Reserve Amount	(46)	(5,818)	(956)	0
555.1716	Real-Time Regulation Cost Distribution	7,958	7,224	11,620	13,405
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	9,167	9,410	15,757	13,662
555.1718	Real-Time Supplemental Reserve Cost Distribution	1,722	3,529	2,863	1,749
555.1720	Real-Time Ramp Capability	(386)	(459)	(421)	(574)
	<u>Southwest Power Pool (SPP)</u>				
555.185	Real-Time Asset Losses	(\$193,004)	(\$167,244)	(\$52,869)	\$1,634
555.186	Real-Time Over Collected Losses	(144,582)	(161,490)	(131,639)	(114,251)
555.1915	Real-Time Asset Congestion	(41,760)	(113,501)	391,973	449,735
555.1920	Auction Revenue Rights-Daily	(2,155)	(908)	93	1,020
	<u>Other</u>				
555.1	Purchased Power	\$5,719	\$0	\$0	\$3,627
555.5	Purchased Power Cogeneration	47	38	1	2
	Total Account 555 Energy Charges	\$1,069,959	\$559,239	\$2,967,676	\$3,000,589