



**UTILITIES CO.**  
*A Subsidiary of MDU Resources Group, Inc.*

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

January 17, 2019

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-19-011  
 February 2019

Montana-Dakota Utilities Co. (Montana-Dakota), a Subsidiary 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 February 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 a decrease of 0.026 cents per Kwh for primary service customers and a decrease of 0.032 cents per Kwh for secondary service customers for service rendered in the month of February 2019 from current effective rates as shown below. The decrease was largely the result of an increase of wind generation as a percentage of total generation and an increase in wholesale sales and REC revenue credits resulting in an overall lower per unit cost of generation.

	<u>Primary</u>	<u>Secondary</u>
F&PP Effective February 1, 2019	\$0.02680	\$0.02782
F&PP Effective January 1, 2019	0.02706	0.02814
Change	(\$0.00026)	(\$0.00032)

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 92,861 electric customers in North Dakota as of December 31, 2018.

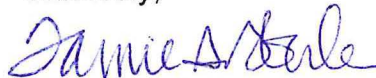
In response to Paragraph No. 11 of NDAC Section 69-09-02-39, Montana-Dakota purchases natural gas used for electric generation from its own gas operations or transports natural gas purchased from others under the applicable gas tariff approved and on file with the Commission in the state where the purchase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

	<u>Primary</u>	<u>Secondary</u>
Current Cost of Fuel (Page 2)	\$0.02695	\$0.02807
Prior Cost of Fuel	<u>0.02721</u>	<u>0.02839</u>
Change in Cost of Fuel	(\$0.00026)	(\$0.00032)
 <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	 \$0.02695	 \$0.02807
Surcharge Adjustment	<u>(0.00015)</u>	<u>(0.00025)</u>
Total	<u><u>\$0.02680</u></u>	<u><u>\$0.02782</u></u>

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

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Cost				
Accounts 501 Coal and 547 Gas	\$17,040,856	\$11,609,394	\$2,101,302	\$9,508,092
Account 502 Reagent	959,464	653,652	118,311	535,341
Account 502 Sand	166,630	113,520	20,547	92,973
Account 555 Energy	7,603,546	5,180,055	937,591	4,242,464
Accounts 555 Demand and 547 Pipeline Charges	1,332,932	946,942	92,895	854,047
Account 575 Market Admin.	205,495	139,997	25,339	114,658
<b>Total F&amp;PP Cost</b>	<b>\$27,308,923</b>	<b>\$18,643,560</b>	<b>\$3,295,985</b>	<b>\$15,347,575</b>
Less:				
Wholesale Sales Revenue	\$635,360	\$432,851	\$78,346	\$354,505
Sale of RECs Revenue 4/	149,347	138,153	25,006	113,147
<b>Total Revenue</b>	<b>\$784,707</b>	<b>\$571,004</b>	<b>\$103,352</b>	<b>\$467,652</b>
Net System Cost	\$26,524,216	\$18,072,556	\$3,192,633	\$14,879,923
Kwh Retail Sales	952,098,180	648,634,284	118,458,811	530,175,473
Cost Per Kwh	\$0.02786	\$0.02786	\$0.02695	\$0.02807

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**  
**FEBRUARY 2019**

	2018				Total
	September	October	November	December	
Fuel & Purchased Power Cost					
Accounts 501 Coal and 547 Gas	\$4,064,077	\$3,400,347	\$4,523,766	\$5,052,666	\$17,040,856
Account 502 Reagent	221,918	276,145	144,362	317,039	959,464
Account 502 Sand	42,713	37,556	39,489	46,872	166,630
Account 555 Energy 1/ Accounts 555 Demand and 547 Pipeline Charges	559,239	2,967,676	3,000,589	1,076,042	7,603,546
Account 575 Market Admin.	392,087	310,483	315,038	315,324	1,332,932
Total F&PP Cost	39,729	49,238	63,805	52,723	205,495
	<u>\$5,319,763</u>	<u>\$7,041,445</u>	<u>\$8,087,049</u>	<u>\$6,860,666</u>	<u>\$27,308,923</u>
Less:					
Wholesale Sales Revenue	\$57,332	\$45,988	\$83,855	\$448,185	\$635,360
Sale of RECs Revenue	6,347	0	0	143,000	149,347
Total Revenue	<u>\$63,679</u>	<u>\$45,988</u>	<u>\$83,855</u>	<u>\$591,185</u>	<u>\$784,707</u>
Net System Cost	\$5,256,084	\$6,995,457	\$8,003,194	\$6,269,481	\$26,524,216
Kwh Retail Sales	226,446,823	231,977,207	226,777,607	266,896,543	<u>952,098,180</u>
Cost Per Kwh	\$0.02321	\$0.03016	\$0.03529	\$0.02349	<u><u>\$0.02786</u></u>

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

Account No.	Account Description	2018			
		September	October	November	December
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$1,345,739	\$3,733,501	\$3,694,049	\$1,860,741
555.114	Real-Time Asset Energy	(4,792)	37,545	48,933	(20,082)
555.117	Real-Time Excessive Energy	1,639	947	2,648	269
555.118	Real-Time Non-Excessive Energy	(290,615)	(838,849)	(964,915)	(852,811)
555.1230	Revenue Rights Transaction	(65,838)	(65,838)	(65,838)	(7,662)
555.1232	Revenue Rights Infeasible Uplift	8,772	8,772	8,772	2,850
555.1233	Revenue Rights Stage 2 Distribution	(19,186)	(19,186)	(19,186)	(23,984)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(96)	(228)	(199)	(5,189)
555.135	Real-Time Asset Loss	62,667	(74,887)	(90,828)	(98,096)
555.136	Real-Time Distribution of Loss	(2,312)	(21,790)	(28,246)	(16,270)
555.151	Day-Ahead Rev Suff Guarantee Distribution	3,856	6,526	10,586	9,024
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(434)	(514)	0	0
555.153	Real-Time Miscellaneous	14,440	7,727	12,566	27,084
555.154	Real-Time Net Inadvertent Distribution	(3,779)	279	(1,983)	6,031
555.155	Real-Time Revenue Neutrality Uplift	5,070	53,207	33,062	19,012
555.156	Real-Time Rev Suff Guarantee First Pass Distribution	16,387	17,721	12,502	4,129
555.157	Real-Time Rev Suff Guarantee Make Whole Payment	(37,223)	(81,280)	(14,813)	(24,577)
555.159	Day-Ahead Schedule 24	5,601	5,457	6,408	6,746
555.160	Real-Time Schedule 24	885	990	1,007	1,053
555.162	Real-Time Price Volatility Make Whole Payment	(9,475)	235	(555)	(1,784)
555.1701	Day-Ahead Spinning Reserve Amount	(34,482)	(23,622)	(10,279)	(6,720)
555.1702	Day-Ahead Supplemental Reserve Amount	(51)	0	0	0
555.1703	Day-Ahead Ramp Capability	(5,683)	(4,452)	(2,973)	(1,479)
555.1711	Real-Time Excessive Deficient Energy Deployment	252	281	333	290
555.1713	Real-Time Regulation Amount	(7)	0	0	0
555.1714	Real-Time Spinning Reserve Amount	(2,877)	(11,288)	(471)	(3,397)
555.1715	Real-Time Supplemental Reserve Amount	(5,818)	(956)	0	0
555.1716	Real-Time Regulation Cost Distribution	7,224	11,620	13,405	13,514
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	9,410	15,757	13,662	10,733
555.1718	Real-Time Supplemental Reserve Cost Distribution	3,529	2,863	1,749	1,818
555.1720	Real-Time Ramp Capability	(459)	(421)	(574)	(606)
	<u>Southwest Power Pool (SPP)</u>				
555.185	Real-Time Asset Losses	(\$167,244)	(\$52,869)	\$1,634	(\$48,273)
555.186	Real-Time Over Collected Losses	(161,490)	(131,639)	(114,251)	(85,337)
555.1915	Real-Time Asset Congestion	(113,501)	391,973	449,735	308,303
555.1920	Auction Revenue Rights-Daily	(908)	93	1,020	712
	<u>Other</u>				
555.1	Purchased Power	\$0	\$0	\$3,627	\$0
555.5	Purchased Power Cogeneration	38	1	2	0
	<b>Total Account 555 Energy Charges</b>	<b>\$559,239</b>	<b>\$2,967,676</b>	<b>\$3,000,589</b>	<b>\$1,076,042</b>