



UTILITIES CO.

A Subsidiary of MDU Resources Group, Inc.

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

February 15, 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
March 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 March 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 0.020 cents per Kwh for primary service customers and an increase of 0.004 cents per Kwh for secondary service customers for service rendered in the month of March 2019 from current effective rates as shown below. The increase was largely the result of a per unit increase in MISO market prices partially offset by an increase in wholesale sales.

	Primary	Secondary
F&PP Effective March 1, 2019	\$0.02700	\$0.02786
F&PP Effective February 1, 2019	0.02680	0.02782
Change	\$0.00020	\$0.00004

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 92,822 electric customers in North Dakota as of January 31, 2019.

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 herewith submits a check for \$600.00. This payment will cover the filing fee associated with the Fuel and Purchased Power adjustment filings for March 2019 through February 2020 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.
ELECTRIC INTEGRATED SYSTEM - NORTH DAKOTA
FUEL AND PURCHASED POWER ADJUSTMENT
MARCH ADJUSTMENT**

	<u>Primary</u>	<u>Secondary</u>
Current Cost of Fuel (Page 2)	\$0.02715	\$0.02811
Prior Cost of Fuel	0.02695	0.02807
Change in Cost of Fuel	<u>\$0.00020</u>	<u>\$0.00004</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	 \$0.02715	 \$0.02811
Surcharge Adjustment	<u>(0.00015)</u>	<u>(0.00025)</u>
Total	<u><u>\$0.02700</u></u>	<u><u>\$0.02786</u></u>

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC INTEGRATED SYSTEM - NORTH DAKOTA
FUEL AND PURCHASED POWER ADJUSTMENT
FUEL AND PURCHASED POWER COST TRACKING**

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Cost				
Accounts 501 Coal and 547 Gas	\$18,043,071	\$12,352,513	\$2,124,931	\$10,227,582
Account 502 Reagent	970,073	664,124	114,245	549,879
Account 502 Sand	159,844	109,431	18,825	90,606
Account 555 Energy	8,904,678	6,096,254	1,048,703	5,047,551
Accounts 555 Demand and 547 Pipeline Charges	1,256,244	890,993	87,406	803,587
Account 575 Market Admin.	200,322	137,143	23,592	113,551
Total F&PP Cost	<u>\$29,534,232</u>	<u>\$20,250,458</u>	<u>\$3,417,702</u>	<u>\$16,832,756</u>
Less:				
Wholesale Sales Revenue	\$699,712	\$479,032	\$82,405	\$396,627
Sale of RECs Revenue 4/	143,000	133,644	22,990	110,654
Total Revenue	<u>\$842,712</u>	<u>\$612,676</u>	<u>\$105,395</u>	<u>\$507,281</u>
Net System Cost	\$28,691,520	\$19,637,782	\$3,312,307	\$16,325,475
Kwh Retail Sales	1,026,593,099	702,818,532	122,001,146	580,817,386
Cost Per Kwh	\$0.02795	\$0.02794	<u>\$0.02715</u>	<u>\$0.02811</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	70.925157%
Factor No. 2 Primary	9.810000%
Factor No. 2 Secondary	90.190000%

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC INTEGRATED SYSTEM - NORTH DAKOTA
FUEL AND PURCHASED POWER ADJUSTMENT
FUEL AND PURCHASED POWER COST TRACKING**

	2018			2019	Total
	October	November	December	January	
Fuel & Purchased Power Cost					
Accounts 501 Coal and 547 Gas	\$3,400,347	\$4,523,766	\$5,052,666	\$5,066,292	\$18,043,071
Account 502 Reagent	276,145	144,362	317,039	232,527	970,073
Account 502 Sand	37,556	39,489	46,872	35,927	159,844
Account 555 Energy 1/ Accounts 555 Demand and 547 Pipeline Charges	2,967,676	3,000,589	1,076,042	1,860,371	8,904,678
Account 575 Market Admin.	310,483	315,038	315,324	315,399	1,256,244
Total F&PP Cost	49,238	63,805	52,723	34,556	200,322
	<u>\$7,041,445</u>	<u>\$8,087,049</u>	<u>\$6,860,666</u>	<u>\$7,545,072</u>	<u>\$29,534,232</u>
Less:					
Wholesale Sales Revenue	\$45,988	\$83,855	\$448,185	\$121,684	\$699,712
Sale of RECs Revenue	0	0	143,000	0	143,000
Total Revenue	<u>\$45,988</u>	<u>\$83,855</u>	<u>\$591,185</u>	<u>\$121,684</u>	<u>\$842,712</u>
Net System Cost	\$6,995,457	\$8,003,194	\$6,269,481	\$7,423,388	\$28,691,520
Kwh Retail Sales	231,977,207	226,777,607	266,896,543	300,941,742	<u>1,026,593,099</u>
Cost Per Kwh	\$0.03016	\$0.03529	\$0.02349	\$0.02467	<u><u>\$0.02795</u></u>

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC INTEGRATED SYSTEM
FUEL AND PURCHASED POWER ADJUSTMENT
ACCOUNT 555 ENERGY**

Account No.	Account Description	2018			2019
		October	November	December	January
<u>Midcontinent Independent System Operator (MISO)</u>					
555.111	Day-Ahead Asset Energy	\$3,733,501	\$3,694,049	\$1,860,741	\$3,027,648
555.114	Real-Time Asset Energy	37,545	48,933	(20,082)	(102,128)
555.117	Real-Time Excessive Energy	947	2,648	269	372
555.118	Real-Time Non-Excessive Energy	(838,849)	(964,915)	(852,811)	(623,515)
555.1230	Revenue Rights Transaction	(65,838)	(65,838)	(7,662)	(7,662)
555.1232	Revenue Rights Infeasible Uplift	8,772	8,772	2,850	2,851
555.1233	Revenue Rights Stage 2 Distribution	(19,186)	(19,186)	(23,984)	(23,701)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(228)	(199)	(5,189)	37
555.135	Real-Time Asset Loss	(74,887)	(90,828)	(98,096)	(163,714)
555.136	Real-Time Distribution of Loss	(21,790)	(28,246)	(16,270)	(41,180)
555.151	Day-Ahead Rev Suff Guarantee Distribution	6,526	10,586	9,024	7,209
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(514)	0	0	(2,011)
555.153	Real-Time Miscellaneous	7,727	12,566	27,084	14,730
555.154	Real-Time Net Inadvertent Distribution	279	(1,983)	6,031	(4,029)
555.155	Real-Time Revenue Neutrality Uplift	53,207	33,062	19,012	41,348
555.156	Real-Time Rev Suff Guarantee First Pass Distribution	17,721	12,502	4,129	7,549
555.157	Real-Time Rev Suff Guarantee Make Whole Payment	(81,280)	(14,813)	(24,577)	(93,437)
555.159	Day-Ahead Schedule 24	5,457	6,408	6,746	6,586
555.160	Real-Time Schedule 24	990	1,007	1,053	971
555.162	Real-Time Price Volatility Make Whole Payment	235	(555)	(1,784)	(1,068)
555.1701	Day-Ahead Spinning Reserve Amount	(23,622)	(10,279)	(6,720)	(7,759)
555.1703	Day-Ahead Ramp Capability	(4,452)	(2,973)	(1,479)	(1,146)
555.1711	Real-Time Excessive Deficient Energy Deployment	281	333	290	153
555.1714	Real-Time Spinning Reserve Amount	(11,288)	(471)	(3,397)	(18,097)
555.1715	Real-Time Supplemental Reserve Amount	(956)	0	0	(11,267)
555.1716	Real-Time Regulation Cost Distribution	11,620	13,405	13,514	9,718
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	15,757	13,662	10,733	11,704
555.1718	Real-Time Supplemental Reserve Cost Distribution	2,863	1,749	1,818	2,170
555.1720	Real-Time Ramp Capability	(421)	(574)	(606)	(564)
<u>Southwest Power Pool (SPP)</u>					
555.185	Real-Time Asset Losses	(\$52,869)	\$1,634	(\$48,273)	(\$5,229)
555.186	Real-Time Over Collected Losses	(131,639)	(114,251)	(85,337)	(115,602)
555.1915	Real-Time Asset Congestion	391,973	449,735	308,303	(51,531)
555.1920	Auction Revenue Rights-Daily	93	1,020	712	964
<u>Other</u>					
555.1	Purchased Power	\$0	\$3,627	\$0	\$0
555.5	Purchased Power Cogeneration	1	2	0	1
Total Account 555 Energy		<u>\$2,967,676</u>	<u>\$3,000,589</u>	<u>\$1,076,042</u>	<u>\$1,860,371</u>