



UTILITIES CO.

A Subsidiary of MDU Resources Group, Inc.

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

April 18, 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  
May 2019

Montana-Dakota Utilities Co. (Montana-Dakota) 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 May 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 0.229 cents per Kwh for primary service customers and a decrease of 0.238 cents per Kwh for secondary service customers for service rendered in the month of May 2019 from current effective rates as shown below. The change was the result of a decrease in the per unit cost of purchase power and generation reflecting seasonal demand and volume changes.

	<u>Primary</u>	<u>Secondary</u>
F&PP Effective May 1, 2019	\$0.02681	\$0.02745
F&PP Effective April 1, 2019	0.02910	0.02983
Change	(\$0.00229)	(\$0.00238)

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 92,832 electric customers in North Dakota as of March 31, 2019.

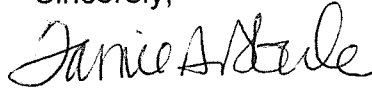
In response to Paragraph No. 11 of NDAC Section 69-09-02-39, Montana-Dakota purchases natural gas used for electric generation from its own gas operations or transports natural gas purchased from others under the applicable gas tariff approved and on file with the Commission in the state where the purchase 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 submitted a check for \$600.00 on March 18, 2019. 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](mailto: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  
MAY ADJUSTMENT**

	<u>Primary</u>	<u>Secondary</u>
Current Cost of Fuel (Page 2)	\$0.02578	\$0.02655
Prior Cost of Fuel	0.02807	0.02893
Change in Cost of Fuel	<u>(\$0.00229)</u>	<u>(\$0.00238)</u>
 <u>Surcharge Adjustment</u>		
Current Adjustment	\$0.00103	\$0.00090
Prior Adjustment	0.00103	0.00090
Change in Surcharge Adjustment	<u>\$0.00000</u>	<u>\$0.00000</u>
Cost of Fuel	\$0.02578	\$0.02655
Surcharge Adjustment	0.00103	0.00090
Total	<u><u>\$0.02681</u></u>	<u><u>\$0.02745</u></u>

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

	<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	\$19,866,213	\$13,823,589	\$2,123,409	\$11,700,180
Account 502 Reagent	1,028,935	715,968	109,978	605,990
Account 502 Sand	146,767	102,125	15,687	86,438
Account 555 Energy	8,884,963	6,182,461	949,673	5,232,788
Accounts 555 Demand and 547 Pipeline Charges	1,287,065	912,853	89,551	823,302
Account 575 Market Admin.	186,064	129,470	19,888	109,582
Total F&PP Cost	<u>\$31,400,007</u>	<u>\$21,866,466</u>	<u>\$3,308,186</u>	<u>\$18,558,280</u>
Less:				
Wholesale Sales Revenue	\$749,278	\$521,373	\$80,087	\$441,286
Sale of RECs Revenue 4/	143,401	134,019	20,586	113,433
Total Revenue	<u>\$892,679</u>	<u>\$655,392</u>	<u>\$100,673</u>	<u>\$554,719</u>
Net System Cost	\$30,507,328	\$21,211,074	\$3,207,513	\$18,003,561
Kwh Retail Sales	1,153,277,571	802,489,913	<u>124,414,650</u>	<u>678,075,263</u>
Cost Per Kwh	\$0.02645	\$0.02643	<u><u>\$0.02578</u></u>	<u><u>\$0.02655</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	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
	December	January	February	March	
Fuel & Purchased Power Cost					
Accounts 501 Coal and 547 Gas	\$5,052,666	\$5,066,292	\$4,604,040	\$5,143,215	\$19,866,213
Account 502 Reagent	317,039	232,527	271,976	207,393	1,028,935
Account 502 Sand	46,872	35,927	32,679	31,289	146,767
Account 555 Energy 1/ Accounts 555 Demand and 547 Pipeline Charges	1,076,042	1,860,371	4,120,447	1,828,103	8,884,963
Account 575 Market Admin.	315,324	315,399	314,391	341,951	1,287,065
Total F&PP Cost	52,723	34,556	42,756	56,029	186,064
	<u>\$6,860,666</u>	<u>\$7,545,072</u>	<u>\$9,386,289</u>	<u>\$7,607,980</u>	<u>\$31,400,007</u>
Less:					
Wholesale Sales Revenue	\$448,185	\$121,684	\$8,306	\$171,103	\$749,278
Sale of RECs Revenue	143,000	0	0	401	143,401
Total Revenue	<u>\$591,185</u>	<u>\$121,684</u>	<u>\$8,306</u>	<u>\$171,504</u>	<u>\$892,679</u>
Net System Cost	\$6,269,481	\$7,423,388	\$9,377,983	\$7,436,476	\$30,507,328
Kwh Retail Sales	266,896,543	300,941,742	284,038,545	301,400,741	<u>1,153,277,571</u>
Cost Per Kwh	\$0.02349	\$0.02467	\$0.03302	\$0.02467	<u><u>\$0.02645</u></u>

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

Account No.	Account Description	2018			
		December	January	February	March
<u>Midcontinent Independent System Operator (MISO)</u>					
555.111	Day-Ahead Asset Energy	\$1,860,741	\$3,027,648	\$4,045,712	\$1,684,093
555.114	Real-Time Asset Energy	(20,082)	(102,128)	(77,147)	(34,244)
555.117	Real-Time Excessive Energy	269	372	523	1,010
555.118	Real-Time Non-Excessive Energy	(852,811)	(623,515)	(572,608)	(467,921)
555.1230	Revenue Rights Transaction	(7,662)	(7,662)	(7,662)	(8,764)
555.1232	Revenue Rights Infeasible Uplift	2,850	2,851	2,850	3,521
555.1233	Revenue Rights Stage 2 Distribution	(23,984)	(23,701)	(24,073)	(8,505)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(5,189)	37	(5,227)	(5,242)
555.135	Real-Time Asset Loss	(98,096)	(163,714)	16,401	(53,337)
555.136	Real-Time Distribution of Loss	(16,270)	(41,180)	(81,629)	(14,237)
555.151	Day-Ahead Rev Suff Guarantee Distribution	9,024	7,209	8,442	8,827
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	0	(2,011)	(80)	0
555.153	Real-Time Miscellaneous	27,084	14,730	12,057	15,949
555.154	Real-Time Net Inadvertent Distribution	6,031	(4,029)	(5,759)	1,742
555.155	Real-Time Revenue Neutrality Uplift	19,012	41,348	92,656	35,509
555.156	Real-Time Rev Suff Guarantee First Pass Distribution	4,129	7,549	14,590	8,994
555.157	Real-Time Rev Suff Guarantee Make Whole Payment	(24,577)	(93,437)	(197,387)	(17,463)
555.159	Day-Ahead Schedule 24	6,746	6,586	6,067	7,160
555.160	Real-Time Schedule 24	1,053	971	853	975
555.162	Real-Time Price Volatility Make Whole Payment	(1,784)	(1,068)	(1,602)	(1,950)
555.1701	Day-Ahead Spinning Reserve Amount	(6,720)	(7,759)	(1,443)	(5,836)
555.1702	Day-Ahead Supplemental Reserve Amount	0	0	0	(72)
555.1703	Day-Ahead Ramp Capability	(1,479)	(1,146)	(148)	(1,190)
555.1711	Real-Time Excessive Deficient Energy Deployment	290	153	182	214
555.1714	Real-Time Spinning Reserve Amount	(3,397)	(18,097)	(5,595)	(843)
555.1715	Real-Time Supplemental Reserve Amount	0	(11,267)	(1,213)	(58)
555.1716	Real-Time Regulation Cost Distribution	13,514	9,718	8,547	10,116
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	10,733	11,704	7,640	9,881
555.1718	Real-Time Supplemental Reserve Cost Distribution	1,818	2,170	2,161	3,117
555.1720	Real-Time Ramp Capability	(606)	(564)	(653)	(138)
<u>Southwest Power Pool (SPP)</u>					
555.185	Real-Time Asset Losses	(\$48,273)	(\$5,229)	\$137,490	\$97,455
555.186	Real-Time Over Collected Losses	(85,337)	(115,602)	(79,856)	(118,492)
555.1915	Real-Time Asset Congestion	308,303	(51,531)	819,464	662,636
555.1920	Auction Revenue Rights-Daily	712	964	643	643
<u>Other</u>					
555.1	Purchased Power	\$0	\$0	\$6,250	\$14,553
555.5	Purchased Power Cogeneration	0	1	1	0
Total Account 555 Energy		<u>\$1,076,042</u>	<u>\$1,860,371</u>	<u>\$4,120,447</u>	<u>\$1,828,103</u>