

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

May 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
June 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 June 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 0.115 cents per Kwh for primary service customers and a decrease of 0.113 cents per Kwh for secondary service customers for service rendered in the month of June 2019 from current effective rates as shown below. The per unit decrease was the result of lower generation costs, primarily higher wind generation, and lower per unit MISO market prices.

	Primary	Secondary
F&PP Effective June 1, 2019	\$0.02566	\$0.02632
F&PP Effective May 1, 2019	0.02681	0.02745
Change	(\$0.00115)	(\$0.00113)

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.

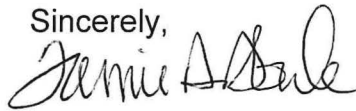
All of Montana-Dakota's retail electric customers in North Dakota will be affected by this proposal. There were 92,853 electric customers in North Dakota as of April 30, 2019.

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.

Sincerely,

Tamie A. Aberle
Director of Regulatory Affairs

Attachment

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

	<u>Primary</u>	<u>Secondary</u>
Current Cost of Fuel (Page 2)	\$0.02463	\$0.02542
Prior Cost of Fuel	0.02578	0.02655
Change in Cost of Fuel	<u>(\$0.00115)</u>	<u>(\$0.00113)</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	 \$0.02463	 \$0.02542
Surcharge Adjustment	0.00103	0.00090
Total	<u><u>\$0.02566</u></u>	<u><u>\$0.02632</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	\$16,953,714	\$11,791,884	\$1,856,120	\$9,935,764
Account 502 Reagent	846,544	588,800	92,681	496,119
Account 502 Sand	104,670	72,802	11,460	61,342
Account 555 Energy	9,742,444	6,776,201	1,066,618	5,709,583
Accounts 555 Demand and 547 Pipeline Charges	1,286,667	912,571	89,523	823,048
Account 575 Market Admin.	173,998	121,022	19,050	101,972
Total F&PP Cost	<u>\$29,108,037</u>	<u>\$20,263,280</u>	<u>\$3,135,452</u>	<u>\$17,127,828</u>
Less:				
Wholesale Sales Revenue	\$316,642	\$220,235	\$34,666	\$185,569
Sale of RECs Revenue 4/	401	375	59	316
Total Revenue	<u>\$317,043</u>	<u>\$220,610</u>	<u>\$34,725</u>	<u>\$185,885</u>
Net System Cost	\$28,790,994	\$20,042,670	\$3,100,727	\$16,941,943
Kwh Retail Sales	1,139,350,508	792,456,999	<u>125,892,396</u>	<u>666,564,603</u>
Cost Per Kwh	\$0.02527	\$0.02529	<u>\$0.02463</u>	<u>\$0.02542</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**

	2019				Total
	January	February	March	April	
Fuel & Purchased Power Cost					
Accounts 501 Coal and 547 Gas	\$5,066,292	\$4,604,040	\$5,143,215	\$2,140,167	\$16,953,714
Account 502 Reagent	232,527	271,976	207,393	134,648	846,544
Account 502 Sand	35,927	32,679	31,289	4,775	104,670
Account 555 Energy 1/	1,860,371	4,120,447	1,828,103	1,933,523	9,742,444
Accounts 555 Demand and 547 Pipeline Charges	315,399	314,391	341,951	314,926	1,286,667
Account 575 Market Admin.	34,556	42,756	56,029	40,657	173,998
Total F&PP Cost	<u>\$7,545,072</u>	<u>\$9,386,289</u>	<u>\$7,607,980</u>	<u>\$4,568,696</u>	<u>\$29,108,037</u>
Less:					
Wholesale Sales Revenue	\$121,684	\$8,306	\$171,103	\$15,549	\$316,642
Sale of RECs Revenue	0	0	401	0	401
Total Revenue	<u>\$121,684</u>	<u>\$8,306</u>	<u>\$171,504</u>	<u>\$15,549</u>	<u>\$317,043</u>
Net System Cost	\$7,423,388	\$9,377,983	\$7,436,476	\$4,553,147	\$28,790,994
Kwh Retail Sales	300,941,742	284,038,545	301,400,741	252,969,480	<u>1,139,350,508</u>
Cost Per Kwh	\$0.02467	\$0.03302	\$0.02467	\$0.01800	<u><u>\$0.02527</u></u>

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

Account No.	Account Description	2019			
		January	February	March	April
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$3,027,648	\$4,045,712	\$1,684,093	\$2,586,234
555.114	Real-Time Asset Energy	(102,128)	(77,147)	(34,244)	29,287
555.117	Real-Time Excessive Energy	372	523	1,010	2,634
555.118	Real-Time Non-Excessive Energy	(623,515)	(572,608)	(467,921)	(653,102)
555.1230	Revenue Rights Transaction	(7,662)	(7,662)	(8,764)	(8,764)
555.1232	Revenue Rights Infeasible Uplift	2,851	2,850	3,521	3,521
555.1233	Revenue Rights Stage 2 Distribution	(23,701)	(24,073)	(8,505)	(8,505)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	37	(5,227)	(5,242)	(2,169)
555.135	Real-Time Asset Loss	(163,714)	16,401	(53,337)	(102,733)
555.136	Real-Time Distribution of Loss	(41,180)	(81,629)	(14,237)	(8,628)
555.151	Day-Ahead Rev Suff Guarantee Distribution	7,209	8,442	8,827	6,119
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(2,011)	(80)	0	0
555.153	Real-Time Miscellaneous	14,730	12,057	15,949	8,634
555.154	Real-Time Net Inadvertent Distribution	(4,029)	(5,759)	1,742	(7,424)
555.155	Real-Time Revenue Neutrality Uplift	41,348	92,656	35,509	23,173
555.156	Real-Time Rev Suff Guarantee First Pass Distribution	7,549	14,590	8,994	4,436
555.157	Real-Time Rev Suff Guarantee Make Whole Payment	(93,437)	(197,387)	(17,463)	(4,378)
555.159	Day-Ahead Schedule 24	6,586	6,067	7,160	5,530
555.160	Real-Time Schedule 24	971	853	975	840
555.162	Real-Time Price Volatility Make Whole Payment	(1,068)	(1,602)	(1,950)	(3,925)
555.1701	Day-Ahead Spinning Reserve Amount	(7,759)	(1,443)	(5,836)	(9,333)
555.1702	Day-Ahead Supplemental Reserve Amount	0	0	(72)	0
555.1703	Day-Ahead Ramp Capability	(1,146)	(148)	(1,190)	(749)
555.1711	Real-Time Excessive Deficient Energy Deployment	153	182	214	285
555.1714	Real-Time Spinning Reserve Amount	(18,097)	(5,595)	(843)	3,492
555.1715	Real-Time Supplemental Reserve Amount	(11,267)	(1,213)	(58)	(33)
555.1716	Real-Time Regulation Cost Distribution	9,718	8,547	10,116	8,251
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	11,704	7,640	9,881	10,514
555.1718	Real-Time Supplemental Reserve Cost Distribution	2,170	2,161	3,117	2,140
555.1720	Real-Time Ramp Capability	(564)	(653)	(138)	190
	<u>Southwest Power Pool (SPP)</u>				
555.185	Real-Time Asset Losses	(\$5,229)	\$137,490	\$97,455	\$5,112
555.186	Real-Time Over Collected Losses	(115,602)	(79,856)	(118,492)	(105,955)
555.1915	Real-Time Asset Congestion	(51,531)	819,464	662,636	145,111
555.1920	Auction Revenue Rights-Daily	964	643	643	(7,007)
	<u>Other</u>				
555.1	Purchased Power	\$0	\$6,250	\$14,553	\$10,705
555.5	Purchased Power Cogeneration	1	1	0	20
	Total Account 555 Energy	<u>\$1,860,371</u>	<u>\$4,120,447</u>	<u>\$1,828,103</u>	<u>\$1,933,523</u>