



UTILITIES CO.

A Subsidiary of MDU Resources Group, Inc.

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

July 12, 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
August 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 August 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 0.345 cents per Kwh for primary service customers and a decrease of 0.332 cents per Kwh for secondary service customers for service rendered in the month of August 2019 from current effective rates as shown below. The decrease was largely the result of an annual SPP Auction Revenue Rights credit.

	<u>Primary</u>	<u>Secondary</u>
F&PP Effective August 1, 2019	\$0.02125	\$0.02211
F&PP Effective July 1, 2019	0.02470	0.02543
Change	<u>(\$0.00345)</u>	<u>(\$0.00332)</u>

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 92,944 electric customers in North Dakota as of June 30, 2019.

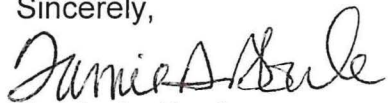
In response to Paragraph No. 11 of NDAC Section 69-09-02-39, Montana-Dakota purchases natural gas used for electric generation from its own gas operations or transports natural gas purchased from others under the applicable gas tariff approved and on file with the Commission in the state where the purchase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

	<u>Primary</u>	<u>Secondary</u>
Current Cost of Fuel (Page 2)	\$0.02022	\$0.02121
Prior Cost of Fuel	0.02367	0.02453
Change in Cost of Fuel	<u>(\$0.00345)</u>	<u>(\$0.00332)</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	\$0.02022	\$0.02121
Surcharge Adjustment	0.00103	0.00090
Total	<u>\$0.02125</u>	<u>\$0.02211</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	\$12,422,248	\$8,566,628	\$1,511,091	\$7,055,537
Account 502 Reagent	609,305	420,189	74,118	346,071
Account 502 Sand	92,295	63,648	11,227	52,421
Account 555 Energy	6,240,017	4,303,239	759,060	3,544,179
Accounts 555 Demand and 547 Pipeline Charges	1,362,612	966,435	94,807	871,628
Account 575 Market Admin.	180,715	124,625	21,983	102,642
Total F&PP Cost	<u>\$20,907,192</u>	<u>\$14,444,764</u>	<u>\$2,472,286</u>	<u>\$11,972,478</u>
Less:				
Wholesale Sales Revenue	\$221,137	\$152,500	\$26,900	\$125,600
Sale of RECs Revenue 4/	5,107	3,713	655	3,058
Total Revenue	<u>\$226,244</u>	<u>\$156,213</u>	<u>\$27,555</u>	<u>\$128,658</u>
Net System Cost	\$20,680,948	\$14,288,551	\$2,444,731	\$11,843,820
Kwh Retail Sales	985,069,754	679,323,604	<u>120,911,548</u>	<u>558,412,056</u>
Cost Per Kwh	\$0.02099	\$0.02103	<u><u>\$0.02022</u></u>	<u><u>\$0.02121</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**

	2019				Total
	March	April	May	June	
Fuel & Purchased Power Cost					
Accounts 501 Coal and 547 Gas	\$5,143,215	\$2,140,167	\$1,862,555	\$3,276,311	\$12,422,248
Account 502 Reagent	207,393	134,648	119,421	147,843	609,305
Account 502 Sand	31,289	4,775	24,167	32,064	92,295
Account 555 Energy 1/ Accounts 555 Demand and 547 Pipeline Charges	1,828,103	1,933,523	2,093,522	384,869	6,240,017
Account 575 Market Admin.	341,951	314,926	315,362	390,373	1,362,612
Total F&PP Cost	<u>\$7,607,980</u>	<u>\$4,568,696</u>	<u>\$4,450,862</u>	<u>\$4,279,654</u>	<u>\$20,907,192</u>
Less:					
Wholesale Sales Revenue	\$171,103	\$15,549	\$15,195	\$19,290	\$221,137
Sale of RECs Revenue	401	0	4,706	0	5,107
Total Revenue	<u>\$171,504</u>	<u>\$15,549</u>	<u>\$19,901</u>	<u>\$19,290</u>	<u>\$226,244</u>
Net System Cost	\$7,436,476	\$4,553,147	\$4,430,961	\$4,260,364	\$20,680,948
Kwh Retail Sales	301,400,741	252,969,480	220,575,894	210,123,639	<u>985,069,754</u>
Cost Per Kwh	\$0.02467	\$0.01800	\$0.02009	\$0.02028	<u><u>\$0.02099</u></u>

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

Account No.	Account Description	2019			
		March	April	May	June
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$1,684,093	\$2,586,234	\$2,706,434	\$1,871,585
555.114	Real-Time Asset Energy	(34,244)	29,287	(44,031)	68,401
555.117	Real-Time Excessive Energy	1,010	2,634	(232)	12,854
555.118	Real-Time Non-Excessive Energy	(467,921)	(653,102)	(396,999)	(394,894)
555.1230	Revenue Rights Transaction	(8,764)	(8,764)	(8,764)	(97,152)
555.1232	Revenue Rights Infeasible Uplift	3,521	3,521	3,521	1,529
555.1233	Revenue Rights Stage 2 Distribution	(8,505)	(8,505)	(8,505)	(26,197)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(5,242)	(2,169)	(2,001)	(2,439)
555.135	Real-Time Asset Loss	(53,337)	(102,733)	(114,696)	(61,588)
555.136	Real-Time Distribution of Loss	(14,237)	(8,628)	(2,613)	(1,367)
555.151	Day-Ahead Rev Suff Guarantee Distribution	8,827	6,119	5,211	3,683
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	0	0	0	(104)
555.153	Real-Time Miscellaneous	15,949	8,634	27,934	17,649
555.154	Real-Time Net Inadvertent Distribution	1,742	(7,424)	1,063	1,611
555.155	Real-Time Revenue Neutrality Uplift	35,509	23,173	19,825	27,271
555.156	Real-Time Rev Suff Guarantee First Pass Distribution	8,994	4,436	5,176	9,333
555.157	Real-Time Rev Suff Guarantee Make Whole Payment	(17,463)	(4,378)	(13,651)	(611)
555.159	Day-Ahead Schedule 24	7,160	5,530	4,266	4,420
555.160	Real-Time Schedule 24	975	840	799	748
555.162	Real-Time Price Volatility Make Whole Payment	(1,950)	(3,925)	(2,516)	(1,279)
555.1701	Day-Ahead Spinning Reserve Amount	(5,836)	(9,333)	(6,825)	(11,254)
555.1702	Day-Ahead Supplemental Reserve Amount	(72)	0	(18)	(11)
555.1703	Day-Ahead Ramp Capability	(1,190)	(749)	(287)	(1,155)
555.1711	Real-Time Excessive Deficient Energy Deployment	214	285	44	55
555.1714	Real-Time Spinning Reserve Amount	(843)	3,492	(1,969)	2,521
555.1715	Real-Time Supplemental Reserve Amount	(58)	(33)	38	(45)
555.1716	Real-Time Regulation Cost Distribution	10,116	8,251	8,522	7,020
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	9,881	10,514	8,789	6,651
555.1718	Real-Time Supplemental Reserve Cost Distribution	3,117	2,140	1,741	1,742
555.1720	Real-Time Ramp Capability	(138)	190	(94)	(14)
	<u>Southwest Power Pool (SPP)</u>				
555.185	Real-Time Asset Losses	\$97,455	\$5,112	(\$19,384)	(\$102,011)
555.186	Real-Time Over Collected Losses	(118,492)	(105,955)	(41,907)	(88,728)
555.1915	Real-Time Asset Congestion	662,636	145,111	(28,137)	(117,528)
555.1920	Auction Revenue Rights-Daily	643	(7,007)	(9,770)	(64,165)
555.1921	Auction Revenue Rights-Annual	0	0	0	(681,669)
	<u>Other</u>				
555.1	Purchased Power	\$14,553	\$10,705	\$2,520	\$0
555.5	Purchased Power Cogeneration	0	20	38	7
	Total Account 555 Energy	<u>\$1,828,103</u>	<u>\$1,933,523</u>	<u>\$2,093,522</u>	<u>\$384,869</u>