



UTILITIES CO.

A Subsidiary of MDU Resources Group, Inc.

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

August 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
September 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 September 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 0.186 cents per Kwh for primary service customers and an increase of 0.205 cents per Kwh for secondary service customers for service rendered in the month of September 2019 from current effective rates as shown below. The per unit increase was the result of higher generation costs.

	Primary	Secondary
F&PP Effective September 1, 2019	\$0.02311	\$0.02416
F&PP Effective August 1, 2019	0.02125	0.02211
Change	\$0.00186	\$0.00205

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 92,896 electric customers in North Dakota as of July 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.

Sincerely,



Tamie A. Aberle
Director of Regulatory Affairs

Attachment

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC INTEGRATED SYSTEM - NORTH DAKOTA
FUEL AND PURCHASED POWER ADJUSTMENT
SEPTEMBER 2019 ADJUSTMENT

	<u>Primary</u>	<u>Secondary</u>
Current Cost of Fuel (Page 2)	\$0.02208	\$0.02326
Prior Cost of Fuel	0.02022	0.02121
Change in Cost of Fuel	<u>\$0.00186</u>	<u>\$0.00205</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	\$0.02208	\$0.02326
Surcharge Adjustment	0.00103	0.00090
Total	<u><u>\$0.02311</u></u>	<u><u>\$0.02416</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	\$14,539,171	\$10,096,039	\$1,918,736	\$8,177,303
Account 502 Reagent	731,464	507,930	96,531	411,399
Account 502 Sand	95,930	66,614	12,660	53,954
Account 555 Energy	4,422,151	3,070,753	583,592	2,487,161
Accounts 555 Demand and 547 Pipeline Charges	1,419,936	1,007,092	98,796	908,296
Account 575 Market Admin.	164,166	113,997	21,665	92,332
Total F&PP Cost	<u>\$21,372,818</u>	<u>\$14,862,425</u>	<u>\$2,731,980</u>	<u>\$12,130,445</u>
Less:				
Wholesale Sales Revenue	\$145,965	\$101,358	\$19,263	\$82,095
Sale of RECs Revenue 4/	4,706	3,338	634	2,704
Total Revenue	<u>\$150,671</u>	<u>\$104,696</u>	<u>\$19,897</u>	<u>\$84,799</u>
Net System Cost	\$21,222,147	\$14,757,729	\$2,712,083	\$12,045,646
Kwh Retail Sales	925,491,592	640,751,188	<u>122,856,703</u>	<u>517,894,485</u>
Cost Per Kwh	\$0.02293	\$0.02303	<u><u>\$0.02208</u></u>	<u><u>\$0.02326</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
	April	May	June	July	
Fuel & Purchased Power Cost					
Accounts 501 Coal and 547 Gas	\$2,140,167	\$1,862,555	\$3,276,311	\$7,260,138	\$14,539,171
Account 502 Reagent	134,648	119,421	147,843	329,552	731,464
Account 502 Sand	4,775	24,167	32,064	34,924	95,930
Account 555 Energy 1/ Accounts 555 Demand and 547 Pipeline Charges	1,933,523	2,093,522	384,869	10,237	4,422,151
Account 575 Market Admin.	314,926	315,362	390,373	399,275	1,419,936
Total F&PP Cost	40,657	35,835	48,194	39,480	164,166
	<u>\$4,568,696</u>	<u>\$4,450,862</u>	<u>\$4,279,654</u>	<u>\$8,073,606</u>	<u>\$21,372,818</u>
Less:					
Wholesale Sales Revenue	\$15,549	\$15,195	\$19,290	\$95,931	\$145,965
Sale of RECs Revenue	0	4,706	0	0	4,706
Total Revenue	<u>\$15,549</u>	<u>\$19,901</u>	<u>\$19,290</u>	<u>\$95,931</u>	<u>\$150,671</u>
Net System Cost	\$4,553,147	\$4,430,961	\$4,260,364	\$7,977,675	\$21,222,147
Kwh Retail Sales	252,969,480	220,575,894	210,123,639	241,822,579	<u>925,491,592</u>
Cost Per Kwh	\$0.01800	\$0.02009	\$0.02028	\$0.03299	<u><u>\$0.02293</u></u>

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

Account No.	Account Description	2019			
		April	May	June	July
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$2,586,234	\$2,706,434	\$1,871,585	\$1,341,765
555.114	Real-Time Asset Energy	29,287	(44,031)	68,401	11,253
555.117	Real-Time Excessive Energy	2,634	(232)	12,854	1,846
555.118	Real-Time Non-Excessive Energy	(653,102)	(396,999)	(394,894)	(606,808)
555.1230	Revenue Rights Transaction	(8,764)	(8,764)	(97,152)	(97,152)
555.1232	Revenue Rights Infeasible Uplift	3,521	3,521	1,529	1,529
555.1233	Revenue Rights Stage 2 Distribution	(8,505)	(8,505)	(26,197)	(26,466)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(2,169)	(2,001)	(2,439)	(16)
555.135	Real-Time Asset Loss	(102,733)	(114,696)	(61,588)	33,078
555.136	Real-Time Distribution of Loss	(8,628)	(2,613)	(1,367)	(1,368)
555.151	Day-Ahead Rev Suff Guarantee Distribution	6,119	5,211	3,683	4,037
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	0	0	(104)	(375)
555.153	Real-Time Miscellaneous	8,634	27,934	17,649	13,891
555.154	Real-Time Net Inadvertent Distribution	(7,424)	1,063	1,611	84
555.155	Real-Time Revenue Neutrality Uplift	23,173	19,825	27,271	28,460
555.156	Real-Time Rev Suff Guarantee First Pass Distribution	4,436	5,176	9,333	12,045
555.157	Real-Time Rev Suff Guarantee Make Whole Payment	(4,378)	(13,651)	(611)	(4,429)
555.159	Day-Ahead Schedule 24	5,530	4,266	4,420	5,145
555.160	Real-Time Schedule 24	840	799	748	823
555.162	Real-Time Price Volatility Make Whole Payment	(3,925)	(2,516)	(1,279)	(15,474)
555.1701	Day-Ahead Spinning Reserve Amount	(9,333)	(6,825)	(11,254)	(25,615)
555.1702	Day-Ahead Supplemental Reserve Amount	0	(18)	(11)	(634)
555.1703	Day-Ahead Ramp Capability	(749)	(287)	(1,155)	(3,455)
555.1710	Real-Time Net Regulation Adjustment	0	0	0	1
555.1711	Real-Time Excessive Deficient Energy Deployment	285	44	55	68
555.1713	Real-Time Regulation Amount	0	0	0	(41)
555.1714	Real-Time Spinning Reserve Amount	3,492	(1,969)	2,521	3,212
555.1715	Real-Time Supplemental Reserve Amount	(33)	38	(45)	(536)
555.1716	Real-Time Regulation Cost Distribution	8,251	8,522	7,020	7,679
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	10,514	8,789	6,651	8,382
555.1718	Real-Time Supplemental Reserve Cost Distribution	2,140	1,741	1,742	3,125
555.1720	Real-Time Ramp Capability	190	(94)	(14)	231
	<u>Southwest Power Pool (SPP)</u>				
555.185	Real-Time Asset Losses	\$5,112	(\$19,384)	(\$102,011)	(\$112,982)
555.186	Real-Time Over Collected Losses	(105,955)	(41,907)	(88,728)	(81,303)
555.1915	Real-Time Asset Congestion	145,111	(28,137)	(117,528)	(371,465)
555.1920	Auction Revenue Rights-Daily	(7,007)	(9,770)	(64,165)	(118,345)
555.1921	Auction Revenue Rights-Annual	0	0	(681,669)	0
	<u>Other</u>				
555.1	Purchased Power	\$10,705	\$2,520	\$0	\$0
555.5	Purchased Power Cogeneration	20	38	7	47
	Total Account 555 Energy	<u>\$1,933,523</u>	<u>\$2,093,522</u>	<u>\$384,869</u>	<u>\$10,237</u>