

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

September 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
 October 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 October 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 0.119 cents per Kwh for primary service customers and an increase of 0.124 cents per Kwh for secondary service customers for service rendered in the month of October 2019 from current effective rates as shown below. The per unit increase was the result of higher generation costs, partially due to lower wind generation.

	Primary	Secondary
F&PP Effective October 1, 2019	\$0.02430	\$0.02540
F&PP Effective September 1, 2019	0.02311	0.02416
Change	\$0.00119	\$0.00124

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 92,946 electric customers in North Dakota as of August 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
OCTOBER 2019 ADJUSTMENT

	<u>Primary</u>	<u>Secondary</u>
Current Cost of Fuel (Page 2)	\$0.02327	\$0.02450
Prior Cost of Fuel	<u>0.02208</u>	<u>0.02326</u>
Change in Cost of Fuel	\$0.00119	\$0.00124
<u>Surcharge Adjustment</u>		
Current Adjustment	\$0.00103	\$0.00090
Prior Adjustment	<u>0.00103</u>	<u>0.00090</u>
Change in Surcharge Adjustment	\$0.00000	\$0.00000
Cost of Fuel	\$0.02327	\$0.02450
Surcharge Adjustment	<u>0.00103</u>	<u>0.00090</u>
Total	<u><u>\$0.02430</u></u>	<u><u>\$0.02540</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	\$17,949,354	\$12,435,808	\$2,355,417	\$10,080,391
Account 502 Reagent	828,171	573,780	108,677	465,103
Account 502 Sand	121,665	84,293	15,966	68,327
Account 555 Energy	2,369,040	1,641,336	310,879	1,330,457
Accounts 555 Demand and 547 Pipeline Charges	1,498,018	1,062,472	104,229	958,243
Account 575 Market Admin.	148,368	102,793	19,470	83,323
Total F&PP Cost	<u>\$22,914,616</u>	<u>\$15,900,482</u>	<u>\$2,914,638</u>	<u>\$12,985,844</u>
Less:				
Wholesale Sales Revenue	\$315,575	\$218,639	\$41,412	\$177,227
Sale of RECs Revenue 4/	4,706	3,338	632	2,706
Total Revenue	<u>\$320,281</u>	<u>\$221,977</u>	<u>\$42,044</u>	<u>\$179,933</u>
Net System Cost	\$22,594,335	\$15,678,505	\$2,872,594	\$12,805,911
Kwh Retail Sales	934,292,165	646,126,173	<u>123,469,429</u>	<u>522,656,744</u>
Cost Per Kwh	\$0.02418	\$0.02427	<u>\$0.02327</u>	<u>\$0.02450</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
	May	June	July	August	
Fuel & Purchased Power Cost					
Accounts 501 Coal and 547 Gas	\$1,862,555	\$3,276,311	\$7,260,138	\$5,550,350	\$17,949,354
Account 502 Reagent	119,421	147,843	329,552	231,355	828,171
Account 502 Sand	24,167	32,064	34,924	30,510	121,665
Account 555 Energy 1/	2,093,522	384,869	10,237	(119,588)	2,369,040
Accounts 555 Demand and 547 Pipeline Charges	315,362	390,373	399,275	393,008	1,498,018
Account 575 Market Admin.	35,835	48,194	39,480	24,859	148,368
Total F&PP Cost	<u>\$4,450,862</u>	<u>\$4,279,654</u>	<u>\$8,073,606</u>	<u>\$6,110,494</u>	<u>\$22,914,616</u>
Less:					
Wholesale Sales Revenue	\$15,195	\$19,290	\$95,931	\$185,159	\$315,575
Sale of RECs Revenue	4,706	0	0	0	4,706
Total Revenue	<u>\$19,901</u>	<u>\$19,290</u>	<u>\$95,931</u>	<u>\$185,159</u>	<u>\$320,281</u>
Net System Cost	\$4,430,961	\$4,260,364	\$7,977,675	\$5,925,335	\$22,594,335
Kwh Retail Sales	220,575,894	210,123,639	241,822,579	261,770,053	<u>934,292,165</u>
Cost Per Kwh	\$0.02009	\$0.02028	\$0.03299	\$0.02264	<u><u>\$0.02418</u></u>

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

Account No.	Account Description	2019			
		May	June	July	August
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$2,706,434	\$1,871,585	\$1,341,765	\$611,503
555.114	Real-Time Asset Energy	(44,031)	68,401	11,253	(9,615)
555.117	Real-Time Excessive Energy	(232)	12,854	1,846	(138)
555.118	Real-Time Non-Excessive Energy	(396,999)	(394,894)	(606,808)	(314,386)
555.1230	Revenue Rights Transaction	(8,764)	(97,152)	(97,152)	(97,152)
555.1232	Revenue Rights Infeasible Uplift	3,521	1,529	1,529	1,529
555.1233	Revenue Rights Stage 2 Distribution	(8,505)	(26,197)	(26,466)	(26,330)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(2,001)	(2,439)	(16)	(1,203)
555.135	Real-Time Asset Loss	(114,696)	(61,588)	33,078	117,043
555.136	Real-Time Distribution of Loss	(2,613)	(1,367)	(1,368)	(465)
555.151	Day-Ahead Rev Suff Guarantee Distribution	5,211	3,683	4,037	3,719
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	0	(104)	(375)	(168)
555.153	Real-Time Miscellaneous	27,934	17,649	13,891	10,874
555.154	Real-Time Net Inadvertent Distribution	1,063	1,611	84	5,525
555.155	Real-Time Revenue Neutrality Uplift	19,825	27,271	28,460	22,050
555.156	Real-Time Rev Suff Guarantee First Pass Distribution	5,176	9,333	12,045	5,258
555.157	Real-Time Rev Suff Guarantee Make Whole Payment	(13,651)	(611)	(4,429)	(2,802)
555.159	Day-Ahead Schedule 24	4,266	4,420	5,145	5,056
555.160	Real-Time Schedule 24	799	748	823	727
555.162	Real-Time Price Volatility Make Whole Payment	(2,516)	(1,279)	(15,474)	(11,585)
555.1701	Day-Ahead Spinning Reserve Amount	(6,825)	(11,254)	(25,615)	(16,050)
555.1702	Day-Ahead Supplemental Reserve Amount	(18)	(11)	(634)	0
555.1703	Day-Ahead Ramp Capability	(287)	(1,155)	(3,455)	(3,858)
555.1710	Real-Time Net Regulation Adjustment	0	0	1	0
555.1711	Real-Time Excessive Deficient Energy Deployment	44	55	68	44
555.1713	Real-Time Regulation Amount	0	0	(41)	0
555.1714	Real-Time Spinning Reserve Amount	(1,969)	2,521	3,212	3,869
555.1715	Real-Time Supplemental Reserve Amount	38	(45)	(536)	(45)
555.1716	Real-Time Regulation Cost Distribution	8,522	7,020	7,679	8,056
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	8,789	6,651	8,382	7,489
555.1718	Real-Time Supplemental Reserve Cost Distribution	1,741	1,742	3,125	1,311
555.1720	Real-Time Ramp Capability	(94)	(14)	231	153
	<u>Southwest Power Pool (SPP)</u>				
555.185	Real-Time Asset Losses	(\$19,384)	(\$102,011)	(\$112,982)	(\$168,137)
555.186	Real-Time Over Collected Losses	(41,907)	(88,728)	(81,303)	(113,173)
555.1915	Real-Time Asset Congestion	(28,137)	(117,528)	(371,465)	(55,481)
555.1920	Auction Revenue Rights-Daily	(9,770)	(64,165)	(118,345)	(103,251)
555.1921	Auction Revenue Rights-Annual	0	(681,669)	0	0
	<u>Other</u>				
555.1	Purchased Power	\$2,520	\$0	\$0	\$0
555.5	Purchased Power Cogeneration	38	7	47	45
	Total Account 555 Energy	<u>\$2,093,522</u>	<u>\$384,869</u>	<u>\$10,237</u>	<u>(\$119,588)</u>