



UTILITIES CO.

A Subsidiary of MDU Resources Group, Inc.

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

November 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
December 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 December 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 0.085 cents per Kwh for primary service customers and a decrease of 0.095 cents per Kwh for secondary service customers for service rendered in the month of December 2019 from current effective rates as shown below. The per unit decrease was the result of lower generation costs, primarily due to higher wind generation.

	Primary	Secondary
F&PP Effective December 1, 2019	\$0.02381	\$0.02489
F&PP Effective November 1, 2019	0.02466	0.02584
Change	(\$0.00085)	(\$0.00095)

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 92,993 electric customers in North Dakota as of October 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
DECEMBER 2019 ADJUSTMENT**

	<u>Primary</u>	<u>Secondary</u>
Current Cost of Fuel (Page 2)	\$0.02278	\$0.02399
Prior Cost of Fuel	<u>0.02363</u>	<u>0.02494</u>
Change in Cost of Fuel	(\$0.00085)	(\$0.00095)
 <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	 \$0.02278	 \$0.02399
Surcharge Adjustment	<u>0.00103</u>	<u>0.00090</u>
Total	<u><u>\$0.02381</u></u>	<u><u>\$0.02489</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	\$20,656,512	\$14,338,974	\$2,766,061	\$11,572,913
Account 502 Reagent	1,011,304	702,009	135,421	566,588
Account 502 Sand	132,549	92,011	17,749	74,262
Account 555 Energy	370,465	257,163	49,608	207,555
Accounts 555 Demand and 547 Pipeline Charges	1,486,258	1,054,131	103,410	950,721
Account 575 Market Admin.	151,920	105,457	20,343	85,114
Total F&PP Cost	<u>\$23,809,008</u>	<u>\$16,549,745</u>	<u>\$3,092,592</u>	<u>\$13,457,153</u>
Less:				
Wholesale Sales Revenue	\$724,716	\$503,070	\$97,045	\$406,025
Sale of RECs Revenue 4/	126,630	118,224	22,806	95,418
Total Revenue	<u>\$851,346</u>	<u>\$621,294</u>	<u>\$119,851</u>	<u>\$501,443</u>
Net System Cost	\$22,957,662	\$15,928,451	\$2,972,741	\$12,955,710
Kwh Retail Sales	966,000,782	670,561,451	<u>130,501,052</u>	<u>540,060,399</u>
Cost Per Kwh	\$0.02377	\$0.02375	<u><u>\$0.02278</u></u>	<u><u>\$0.02399</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
	July	August	September	October	
Fuel & Purchased Power Cost					
Accounts 501 Coal and 547 Gas	\$7,260,138	\$5,550,350	\$4,500,225	\$3,345,799	\$20,656,512
Account 502 Reagent	329,552	231,355	260,178	190,219	1,011,304
Account 502 Sand	34,924	30,510	34,331	32,784	132,549
Account 555 Energy 1/	10,237	(119,588)	106,407	373,409	370,465
Accounts 555 Demand and 547 Pipeline Charges	399,275	393,008	392,942	301,033	1,486,258
Account 575 Market Admin.	39,480	24,859	38,784	48,797	151,920
Total F&PP Cost	<u>\$8,073,606</u>	<u>\$6,110,494</u>	<u>\$5,332,867</u>	<u>\$4,292,041</u>	<u>\$23,809,008</u>
Less:					
Wholesale Sales Revenue	\$95,931	\$185,159	\$343,196	\$100,430	\$724,716
Sale of RECs Revenue	0	0	0	126,630	126,630
Total Revenue	<u>\$95,931</u>	<u>\$185,159</u>	<u>\$343,196</u>	<u>\$227,060</u>	<u>\$851,346</u>
Net System Cost	\$7,977,675	\$5,925,335	\$4,989,671	\$4,064,981	\$22,957,662
Kwh Retail Sales	241,822,579	261,770,053	226,670,328	235,737,822	<u>966,000,782</u>
Cost Per Kwh	\$0.03299	\$0.02264	\$0.02201	\$0.01724	<u><u>\$0.02377</u></u>

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

Account No.	Account Description	2019			
		July	August	September	October
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$1,341,765	\$611,503	\$587,103	\$1,501,955
555.114	Real-Time Asset Energy	11,253	(9,615)	64,444	16,184
555.117	Real-Time Excessive Energy	1,846	(138)	(29)	98
555.118	Real-Time Non-Excessive Energy	(606,808)	(314,386)	(150,171)	(719,490)
555.1230	Revenue Rights Transaction	(97,152)	(97,152)	(157,326)	(157,325)
555.1232	Revenue Rights Infeasible Uplift	1,529	1,529	3,813	3,813
555.1233	Revenue Rights Stage 2 Distribution	(26,466)	(26,330)	(16,659)	(16,652)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(16)	(1,203)	(16)	(132)
555.135	Real-Time Asset Loss	33,078	117,043	131,163	48,684
555.136	Real-Time Distribution of Loss	(1,368)	(465)	(2,421)	(5,680)
555.151	Day-Ahead Rev Suff Guarantee Distribution	4,037	3,719	3,709	6,461
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(375)	(168)	0	0
555.153	Real-Time Miscellaneous	13,891	10,874	17,607	15,839
555.154	Real-Time Net Inadvertent Distribution	84	5,525	138	827
555.155	Real-Time Revenue Neutrality Uplift	28,460	22,050	13,162	28,677
555.156	Real-Time Rev Suff Guarantee First Pass Distribution	12,045	5,258	4,351	5,141
555.157	Real-Time Rev Suff Guarantee Make Whole Payment	(4,429)	(2,802)	(2,825)	(2,236)
555.159	Day-Ahead Schedule 24	5,145	5,056	5,066	5,148
555.160	Real-Time Schedule 24	823	727	856	997
555.162	Real-Time Price Volatility Make Whole Payment	(15,474)	(11,585)	(5,593)	(2,780)
555.1701	Day-Ahead Spinning Reserve Amount	(25,615)	(16,050)	(13,648)	(7,540)
555.1702	Day-Ahead Supplemental Reserve Amount	(634)	0	0	0
555.1703	Day-Ahead Ramp Capability	(3,455)	(3,858)	(3,180)	(932)
555.1710	Real-Time Net Regulation Adjustment	1	0	0	0
555.1711	Real-Time Excessive Deficient Energy Deployment	68	44	20	(2)
555.1713	Real-Time Regulation Amount	(41)	0	0	0
555.1714	Real-Time Spinning Reserve Amount	3,212	3,869	1,376	(263)
555.1715	Real-Time Supplemental Reserve Amount	(536)	(45)	(10)	(198)
555.1716	Real-Time Regulation Cost Distribution	7,679	8,056	7,510	9,664
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	8,382	7,489	6,081	7,681
555.1718	Real-Time Supplemental Reserve Cost Distribution	3,125	1,311	1,403	1,926
555.1720	Real-Time Ramp Capability	231	153	95	4
	<u>Southwest Power Pool (SPP)</u>				
555.185	Real-Time Asset Losses	(\$112,982)	(\$168,137)	(\$135,070)	(\$106,587)
555.186	Real-Time Over Collected Losses	(81,303)	(113,173)	(130,718)	(130,301)
555.1915	Real-Time Asset Congestion	(371,465)	(55,481)	(37,741)	(38,298)
555.1920	Auction Revenue Rights-Daily	(118,345)	(103,251)	(86,108)	(91,278)
	<u>Other</u>				
555.5	Purchased Power Cogeneration	47	45	25	4
	Total Account 555 Energy	<u>\$10,237</u>	<u>(\$119,588)</u>	<u>\$106,407</u>	<u>\$373,409</u>