



UTILITIES CO.

A Subsidiary of MDU Resources Group, Inc.

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

December 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-20-011
January 2020

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 January 2020. 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 0.181 cents per Kwh for primary service customers and a decrease of 0.185 cents per Kwh for secondary service customers for service rendered in the month of January 2020 from current effective rates as shown below. The per unit decrease was the result of lower generation costs, primarily due to higher wind generation.

	<u>Primary</u>	<u>Secondary</u>
F&PP Effective January 1, 2020	\$0.02200	\$0.02304
F&PP Effective December 1, 2019	0.02381	0.02489
Change	(\$0.00181)	(\$0.00185)

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 93,047 electric customers in North Dakota as of November 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
JANUARY 2020 ADJUSTMENT**

	<u>Primary</u>	<u>Secondary</u>
Current Cost of Fuel (Page 2)	\$0.02097	\$0.02214
Prior Cost of Fuel	<u>0.02278</u>	<u>0.02399</u>
Change in Cost of Fuel	(\$0.00181)	(\$0.00185)
 <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	 \$0.02097	 \$0.02214
Surcharge Adjustment	<u>0.00103</u>	<u>0.00090</u>
Total	<u><u>\$0.02200</u></u>	<u><u>\$0.02304</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	\$18,055,870	\$12,494,412	\$2,424,940	\$10,069,472
Account 502 Reagent	890,909	616,497	119,651	496,846
Account 502 Sand	124,471	86,132	16,717	69,415
Account 555 Energy	1,225,876	848,289	164,638	683,651
Accounts 555 Demand and 547 Pipeline Charges	1,416,025	1,004,318	98,524	905,794
Account 575 Market Admin.	163,510	113,147	21,960	91,187
Total F&PP Cost	<u>\$21,876,661</u>	<u>\$15,162,795</u>	<u>\$2,846,430</u>	<u>\$12,316,365</u>
Less:				
Wholesale Sales Revenue	\$899,653	\$622,547	\$120,825	\$501,722
Sale of RECs Revenue 4/	126,630	118,224	22,945	95,279
Total Revenue	<u>\$1,026,283</u>	<u>\$740,771</u>	<u>\$143,770</u>	<u>\$597,001</u>
Net System Cost	\$20,850,378	\$14,422,024	\$2,702,660	\$11,719,364
Kwh Retail Sales	952,351,504	658,228,293	<u>128,880,702</u>	<u>529,347,591</u>
Cost Per Kwh	\$0.02189	\$0.02191	<u><u>\$0.02097</u></u>	<u><u>\$0.02214</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
	August	September	October	November	
Fuel & Purchased Power Cost					
Accounts 501 Coal and 547 Gas	\$5,550,350	\$4,500,225	\$3,345,799	\$4,659,496	\$18,055,870
Account 502 Reagent	231,355	260,178	190,219	209,157	890,909
Account 502 Sand	30,510	34,331	32,784	26,846	124,471
Account 555 Energy 1/ Accounts 555 Demand and 547 Pipeline Charges	(119,588)	106,407	373,409	865,648	1,225,876
Account 575 Market Admin.	393,008	392,942	301,033	329,042	1,416,025
Total F&PP Cost	<u>\$6,110,494</u>	<u>\$5,332,867</u>	<u>\$4,292,041</u>	<u>\$6,141,259</u>	<u>\$21,876,661</u>
Less:					
Wholesale Sales Revenue	\$185,159	\$343,196	\$100,430	\$270,868	\$899,653
Sale of RECs Revenue	0	0	126,630	0	126,630
Total Revenue	<u>\$185,159</u>	<u>\$343,196</u>	<u>\$227,060</u>	<u>\$270,868</u>	<u>\$1,026,283</u>
Net System Cost	\$5,925,335	\$4,989,671	\$4,064,981	\$5,870,391	\$20,850,378
Kwh Retail Sales	261,770,053	226,670,328	235,737,822	228,173,301	<u>952,351,504</u>
Cost Per Kwh	\$0.02264	\$0.02201	\$0.01724	\$0.02573	<u><u>\$0.02189</u></u>

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

Account No.	Account Description	2019			
		August	September	October	November
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$611,503	\$587,103	\$1,501,955	\$1,412,829
555.114	Real-Time Asset Energy	(9,615)	64,444	16,184	20,752
555.117	Real-Time Excessive Energy	(138)	(29)	98	(440)
555.118	Real-Time Non-Excessive Energy	(314,386)	(150,171)	(719,490)	(524,724)
555.1230	Revenue Rights Transaction	(97,152)	(157,326)	(157,325)	(157,326)
555.1232	Revenue Rights Infeasible Uplift	1,529	3,813	3,813	3,813
555.1233	Revenue Rights Stage 2 Distribution	(26,330)	(16,659)	(16,652)	(16,653)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(1,203)	(16)	(132)	(138)
555.135	Real-Time Asset Loss	117,043	131,163	48,684	(6,239)
555.136	Real-Time Distribution of Loss	(465)	(2,421)	(5,680)	(5,098)
555.151	Day-Ahead Rev Suff Guarantee Distribution	3,719	3,709	6,461	5,616
555.152	Day-Ahead Rev Suff Guarantee Make Whole Pmt	(168)	0	0	0
555.153	Real-Time Miscellaneous	10,874	17,607	15,839	13,048
555.154	Real-Time Net Inadvertent Distribution	5,525	138	827	660
555.155	Real-Time Revenue Neutrality Uplift	22,050	13,162	28,677	5,099
555.156	Real-Time Rev Suff Guarantee First Pass Distribution	5,258	4,351	5,141	3,053
555.157	Real-Time Rev Suff Guarantee Make Whole Payment	(2,802)	(2,825)	(2,236)	(2,137)
555.159	Day-Ahead Schedule 24	5,056	5,066	5,148	6,045
555.160	Real-Time Schedule 24	727	856	997	1,086
555.162	Real-Time Price Volatility Make Whole Payment	(11,585)	(5,593)	(2,780)	(5,568)
555.1701	Day-Ahead Spinning Reserve Amount	(16,050)	(13,648)	(7,540)	(6,120)
555.1703	Day-Ahead Ramp Capability	(3,858)	(3,180)	(932)	(2,394)
555.1711	Real-Time Excessive Deficient Energy Deployment	44	20	(2)	24
555.1714	Real-Time Spinning Reserve Amount	3,869	1,376	(263)	(693)
555.1715	Real-Time Supplemental Reserve Amount	(45)	(10)	(198)	(544)
555.1716	Real-Time Regulation Cost Distribution	8,056	7,510	9,664	9,988
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	7,489	6,081	7,681	4,519
555.1718	Real-Time Supplemental Reserve Cost Distribution	1,311	1,403	1,926	713
555.1720	Real-Time Ramp Capability	153	95	4	(2)
	<u>Southwest Power Pool (SPP)</u>				
555.185	Real-Time Asset Losses	(\$168,137)	(\$135,070)	(\$106,587)	\$1,312
555.186	Real-Time Over Collected Losses	(113,173)	(130,718)	(130,301)	(90,394)
555.1915	Real-Time Asset Congestion	(55,481)	(37,741)	(38,298)	275,389
555.1920	Auction Revenue Rights-Daily	(103,251)	(86,108)	(91,278)	(82,524)
	<u>Other</u>				
555.1	Purchased Power	\$0	\$0	\$0	\$2,695
555.5	Purchased Power Cogeneration	45	25	4	1
	Total Account 555 Energy	<u>(\$119,588)</u>	<u>\$106,407</u>	<u>\$373,409</u>	<u>\$865,648</u>