



UTILITIES CO.

A Subsidiary of MDU Resources Group, Inc.

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

January 17, 2020

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
February 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 February 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 an increase of 0.005 cents per Kwh for primary service customers and a decrease of 0.003 cents per Kwh for secondary service customers for service rendered in the month of February 2020 from current effective rates as shown below. The primary and secondary rates had a marginal change to the fuel cost driven by the allocation of the demand and pipeline charges.

	Primary	Secondary
F&PP Effective February 1, 2020	\$0.02205	\$0.02301
F&PP Effective January 1, 2020	0.02200	0.02304
Change	\$0.00005	(\$0.00003)

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 93,065 electric customers in North Dakota as of December 31, 2019.

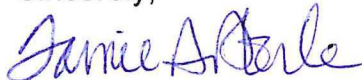
In response to Paragraph No. 11 of NDAC Section 69-09-02-39, Montana-Dakota purchases natural gas used for electric generation from its own gas operations or transports natural gas purchased from others under the applicable gas tariff approved and on file with the Commission in the state where the purchase 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
FEBRUARY 2020 ADJUSTMENT**

	<u>Primary</u>	<u>Secondary</u>
Current Cost of Fuel (Page 2)	\$0.02102	\$0.02211
Prior Cost of Fuel	<u>0.02097</u>	<u>0.02214</u>
Change in Cost of Fuel	\$0.00005	(\$0.00003)
 <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	 \$0.02102	 \$0.02211
Surcharge Adjustment	<u>0.00103</u>	<u>0.00090</u>
Total	<u><u>\$0.02205</u></u>	<u><u>\$0.02301</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	\$16,409,335	\$11,416,897	\$2,174,727	\$9,242,170
Account 502 Reagent	931,076	647,802	123,395	524,407
Account 502 Sand	129,201	89,892	17,123	72,769
Account 555 Energy	2,938,831	2,044,710	389,483	1,655,227
Accounts 555 Demand and 547 Pipeline Charges	1,337,900	948,908	93,088	855,820
Account 575 Market Admin.	192,958	134,252	25,573	108,679
Total F&PP Cost	<u>\$21,939,301</u>	<u>\$15,282,461</u>	<u>\$2,823,389</u>	<u>\$12,459,072</u>
Less:				
Wholesale Sales Revenue	\$747,741	\$520,246	\$99,098	\$421,148
Sale of RECs Revenue 4/	126,630	118,224	22,520	95,704
Total Revenue	<u>\$874,371</u>	<u>\$638,470</u>	<u>\$121,618</u>	<u>\$516,852</u>
Net System Cost	\$21,064,930	\$14,643,991	\$2,701,771	\$11,942,220
Kwh Retail Sales	963,616,106	668,753,583	<u>128,518,630</u>	<u>540,234,953</u>
Cost Per Kwh	\$0.02186	\$0.02190	<u><u>\$0.02102</u></u>	<u><u>\$0.02211</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
	September	October	November	December	
Fuel & Purchased Power Cost					
Accounts 501 Coal and 547 Gas	\$4,500,225	\$3,345,799	\$4,659,496	\$3,903,815	\$16,409,335
Account 502 Reagent	260,178	190,219	209,157	271,522	931,076
Account 502 Sand	34,331	32,784	26,846	35,240	129,201
Account 555 Energy 1/	106,407	373,409	865,648	1,593,367	2,938,831
Accounts 555 Demand and 547 Pipeline Charges	392,942	301,033	329,042	314,883	1,337,900
Account 575 Market Admin.	38,784	48,797	51,070	54,307	192,958
Total F&PP Cost	<u>\$5,332,867</u>	<u>\$4,292,041</u>	<u>\$6,141,259</u>	<u>\$6,173,134</u>	<u>\$21,939,301</u>
Less:					
Wholesale Sales Revenue	\$343,196	\$100,430	\$270,868	\$33,247	\$747,741
Sale of RECs Revenue	0	126,630	0	0	126,630
Total Revenue	<u>\$343,196</u>	<u>\$227,060</u>	<u>\$270,868</u>	<u>\$33,247</u>	<u>\$874,371</u>
Net System Cost	\$4,989,671	\$4,064,981	\$5,870,391	\$6,139,887	\$21,064,930
Kwh Retail Sales	226,670,328	235,737,822	228,173,301	273,034,655	<u>963,616,106</u>
Cost Per Kwh	\$0.02201	\$0.01724	\$0.02573	\$0.02249	<u><u>\$0.02186</u></u>

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

Account No.	Account Description	2019			
		September	October	November	December
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$587,103	\$1,501,955	\$1,412,829	\$2,632,287
555.114	Real-Time Asset Energy	64,444	16,184	20,752	9,340
555.117	Real-Time Excessive Energy	(29)	98	(440)	461
555.118	Real-Time Non-Excessive Energy	(150,171)	(719,490)	(524,724)	(732,347)
555.1230	Revenue Rights Transaction	(157,326)	(157,325)	(157,326)	(79,967)
555.1232	Revenue Rights Infeasible Uplift	3,813	3,813	3,813	1,921
555.1233	Revenue Rights Stage 2 Distribution	(16,659)	(16,652)	(16,653)	(32,730)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(16)	(132)	(138)	(4,575)
555.135	Real-Time Asset Loss	131,163	48,684	(6,239)	(19,020)
555.136	Real-Time Distribution of Loss	(2,421)	(5,680)	(5,098)	(14,589)
555.151	Day-Ahead Rev Suff Guarantee Distribution	3,709	6,461	5,616	5,940
555.153	Real-Time Miscellaneous	17,607	15,839	13,048	15,732
555.154	Real-Time Net Inadvertent Distribution	138	827	660	1,946
555.155	Real-Time Revenue Neutrality Uplift	13,162	28,677	5,099	28,592
555.156	Real-Time Rev Suff Guarantee First Pass Distribution	4,351	5,141	3,053	6,103
555.157	Real-Time Rev Suff Guarantee Make Whole Payment	(2,825)	(2,236)	(2,137)	(2,993)
555.159	Day-Ahead Schedule 24	5,066	5,148	6,045	5,817
555.160	Real-Time Schedule 24	856	997	1,086	985
555.162	Real-Time Price Volatility Make Whole Payment	(5,593)	(2,780)	(5,568)	(2,246)
555.1701	Day-Ahead Spinning Reserve Amount	(13,648)	(7,540)	(6,120)	(2,279)
555.1703	Day-Ahead Ramp Capability	(3,180)	(932)	(2,394)	(683)
555.1711	Real-Time Excessive Deficient Energy Deployment	20	(2)	24	5
555.1714	Real-Time Spinning Reserve Amount	1,376	(263)	(693)	(934)
555.1715	Real-Time Supplemental Reserve Amount	(10)	(198)	(544)	0
555.1716	Real-Time Regulation Cost Distribution	7,510	9,664	9,988	10,808
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	6,081	7,681	4,519	4,598
555.1718	Real-Time Supplemental Reserve Cost Distribution	1,403	1,926	713	1,274
555.1720	Real-Time Ramp Capability	95	4	(2)	(19)
	<u>Southwest Power Pool (SPP)</u>				
555.185	Real-Time Asset Losses	(\$135,070)	(\$106,587)	\$1,312	(\$27,434)
555.186	Real-Time Over Collected Losses	(130,718)	(130,301)	(90,394)	(126,047)
555.1915	Real-Time Asset Congestion	(37,741)	(38,298)	275,389	28,628
555.1920	Auction Revenue Rights-Daily	(86,108)	(91,278)	(82,524)	(120,193)
	<u>Other</u>				
555.1	Purchased Power	\$0	\$0	\$2,695	\$4,986
555.5	Purchased Power Cogeneration	25	4	1	0
	Total Account 555 Energy	\$106,407	\$373,409	\$865,648	\$1,593,367