



UTILITIES CO.

A Subsidiary of MDU Resources Group, Inc.

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

February 19, 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
March 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 March 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 0.076 cents per Kwh for primary service customers and a decrease of 0.094 cents per Kwh for secondary service customers for service rendered in the month of March 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.

	Primary	Secondary
F&PP Effective March 1, 2020	\$0.02129	\$0.02207
F&PP Effective February 1, 2020	0.02205	0.02301
Change	(\$0.00076)	(\$0.00094)

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 93,057 electric customers in North Dakota as of January 31, 2020.

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
MARCH 2020 ADJUSTMENT**

	<u>Primary</u>	<u>Secondary</u>
Current Cost of Fuel (Page 2)	\$0.02026	\$0.02117
Prior Cost of Fuel	0.02102	0.02211
Change in Cost of Fuel	<u>(\$0.00076)</u>	<u>(\$0.00094)</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	 \$0.02026	 \$0.02117
Surcharge Adjustment	0.00103	0.00090
Total	<u><u>\$0.02129</u></u>	<u><u>\$0.02207</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	\$15,879,002	\$11,112,073	\$1,988,536	\$9,123,537
Account 502 Reagent	858,348	600,669	107,491	493,178
Account 502 Sand	141,878	99,286	17,768	81,518
Account 555 Energy	4,320,742	3,023,641	541,089	2,482,552
Accounts 555 Demand and 547 Pipeline Charges	1,260,216	912,150	89,482	822,668
Account 575 Market Admin.	213,005	149,060	26,675	122,385
Total F&PP Cost	<u>\$22,673,191</u>	<u>\$15,896,879</u>	<u>\$2,771,041</u>	<u>\$13,125,838</u>
Less:				
Wholesale Sales Revenue	\$470,300	\$329,115	\$58,896	\$270,219
Sale of RECs Revenue 4/	126,630	118,224	21,157	97,067
Total Revenue	<u>\$596,930</u>	<u>\$447,339</u>	<u>\$80,053</u>	<u>\$367,286</u>
Net System Cost	\$22,076,261	\$15,449,540	\$2,690,988	\$12,758,552
Kwh Retail Sales	1,054,824,106	735,540,279	<u>132,813,749</u>	<u>602,726,530</u>
Cost Per Kwh	\$0.02093	\$0.02100	<u><u>\$0.02026</u></u>	<u><u>\$0.02117</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	72.380469%
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			2020	Total
	October	November	December	January	
Fuel & Purchased Power Cost					
Accounts 501 Coal and 547 Gas	\$3,345,799	\$4,659,496	\$3,903,815	\$3,969,892	\$15,879,002
Account 502 Reagent	190,219	209,157	271,522	187,450	858,348
Account 502 Sand	32,784	26,846	35,240	47,008	141,878
Account 555 Energy 1/ Accounts 555 Demand and 547 Pipeline Charges	373,409	865,648	1,593,367	1,488,318	4,320,742
Account 575 Market Admin.	301,033	329,042	314,883	315,258	1,260,216
Total F&PP Cost	48,797	51,070	54,307	58,831	213,005
	<u>\$4,292,041</u>	<u>\$6,141,259</u>	<u>\$6,173,134</u>	<u>\$6,066,757</u>	<u>\$22,673,191</u>
Less:					
Wholesale Sales Revenue	\$100,430	\$270,868	\$33,247	\$65,755	\$470,300
Sale of RECs Revenue	126,630	0	0	0	126,630
Total Revenue	<u>\$227,060</u>	<u>\$270,868</u>	<u>\$33,247</u>	<u>\$65,755</u>	<u>\$596,930</u>
Net System Cost	\$4,064,981	\$5,870,391	\$6,139,887	\$6,001,002	\$22,076,261
Kwh Retail Sales	235,737,822	228,173,301	273,034,655	317,878,328	<u>1,054,824,106</u>
Cost Per Kwh	\$0.01724	\$0.02573	\$0.02249	\$0.01888	<u><u>\$0.02093</u></u>

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

Account No.	Account Description	2019			2020
		October	November	December	January
	<u>Midcontinent Independent System Operator (MISO)</u>				
555.111	Day-Ahead Asset Energy	\$1,501,955	\$1,412,829	\$2,632,287	\$2,702,025
555.114	Real-Time Asset Energy	16,184	20,752	9,340	(103,539)
555.117	Real-Time Excessive Energy	98	(440)	461	(332)
555.118	Real-Time Non-Excessive Energy	(719,490)	(524,724)	(732,347)	(843,068)
555.1230	Revenue Rights Transaction	(157,325)	(157,326)	(79,967)	(79,967)
555.1232	Revenue Rights Infeasible Uplift	3,813	3,813	1,921	1,921
555.1233	Revenue Rights Stage 2 Distribution	(16,652)	(16,653)	(32,730)	(32,730)
555.1234	Auction Revenue Rights Real-Time MVP Distribution	(132)	(138)	(4,575)	(250)
555.135	Real-Time Asset Loss	48,684	(6,239)	(19,020)	(72,294)
555.136	Real-Time Distribution of Loss	(5,680)	(5,098)	(14,589)	(19,130)
555.151	Day-Ahead Rev Suff Guarantee Distribution	6,461	5,616	5,940	6,036
555.153	Real-Time Miscellaneous	15,839	13,048	15,732	(26)
555.154	Real-Time Net Inadvertent Distribution	827	660	1,946	2,683
555.155	Real-Time Revenue Neutrality Uplift	28,677	5,099	28,592	21,894
555.156	Real-Time Rev Suff Guarantee First Pass Distribution	5,141	3,053	6,103	841
555.157	Real-Time Rev Suff Guarantee Make Whole Payment	(2,236)	(2,137)	(2,993)	0
555.159	Day-Ahead Schedule 24	5,148	6,045	5,817	5,942
555.160	Real-Time Schedule 24	997	1,086	985	1,059
555.162	Real-Time Price Volatility Make Whole Payment	(2,780)	(5,568)	(2,246)	(3,544)
555.164	Real-Time Schedule 49	0	0	0	11,132
555.1701	Day-Ahead Spinning Reserve Amount	(7,540)	(6,120)	(2,279)	(4,778)
555.1703	Day-Ahead Ramp Capability	(932)	(2,394)	(683)	(1,002)
555.1711	Real-Time Excessive Deficient Energy Deployment	(2)	24	5	47
555.1714	Real-Time Spinning Reserve Amount	(263)	(693)	(934)	(6,654)
555.1715	Real-Time Supplemental Reserve Amount	(198)	(544)	0	0
555.1716	Real-Time Regulation Cost Distribution	9,664	9,988	10,808	9,245
555.1717	Real-Time Spinning Reserve Cost Distribution Amount	7,681	4,519	4,598	5,791
555.1718	Real-Time Supplemental Reserve Cost Distribution	1,926	713	1,274	1,530
555.1720	Real-Time Ramp Capability	4	(2)	(19)	(59)
	<u>Southwest Power Pool (SPP)</u>				
555.185	Real-Time Asset Losses	(\$106,587)	\$1,312	(\$27,434)	\$22,157
555.186	Real-Time Over Collected Losses	(130,301)	(90,394)	(126,047)	(72,765)
555.1915	Real-Time Asset Congestion	(38,298)	275,389	28,628	7,685
555.1920	Auction Revenue Rights-Daily	(91,278)	(82,524)	(120,193)	(76,606)
	<u>Other</u>				
555.1	Purchased Power	\$0	\$2,695	\$4,986	\$5,074
555.5	Purchased Power Cogeneration	4	1	0	0
	Total Account 555 Energy	\$373,409	\$865,648	\$1,593,367	\$1,488,318