

April 16, 2021

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-21-011
May 2021

Montana-Dakota Utilities Co. (Montana-Dakota) electronically submits its Fuel and Purchased Power (F&PP) adjustment pursuant to its Rate 58. In response to the COVID-19 pandemic, Montana-Dakota has provided an electronic copy only to further reduce the potential spread of the virus.

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 May 2021. 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 0.590 cents per Kwh for primary service customers and a decrease of 0.603 cents per Kwh for secondary service customers for service rendered in the month of May 2021 from current effective rates as shown below. The decrease was the result of accounting for the cold weather event the region experienced in February 2021. Due to differing business transactions in the RTO's, Montana-Dakota experienced a price increase in MISO that was offset by a payment from SPP. MISO's price increase was recorded in February 2021 and the SPP payment was recorded in March 2021.

| | <u>Primary</u> | <u>Secondary</u> |
|------------------------------|----------------|------------------|
| F&PP Effective May 1, 2021 | \$0.02096 | \$0.02181 |
| F&PP Effective April 1, 2021 | 0.02686 | 0.02784 |
| Change | (\$0.00590) | (\$0.00603) |

The current and historical Fuel and Purchased Power Adjustment for primary and secondary service customers can be found by selecting the Fuel and Purchased Power Adjustment link at <https://www.montana-dakota.com/rates-services/rates-tariffs>.

All of Montana-Dakota's retail electric customers in North Dakota will be affected by this proposal. There were 93,396 electric customers in North Dakota as of March 31, 2021.

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 3, 2021. This payment will cover the filing fee associated with the Fuel and Purchased Power adjustment filings for March 2021 through February 2022 in accordance with North Dakota Century Code Section 49-05-05.

Montana-Dakota respectfully requests this electronic filing, in lieu of an original and two (2) physical copies, be accepted as being in full compliance with the filing requirements of this Commission.

If you have any questions regarding this filing, please contact me at (701) 222-7855 or Travis.Jacobson@mdu.com.

Sincerely,

/s/ Travis R. Jacobson

Travis R. Jacobson
Director of Regulatory Affairs

Attachment

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC INTEGRATED SYSTEM - NORTH DAKOTA
FUEL AND PURCHASED POWER ADJUSTMENT
MAY 2021 ADJUSTMENT**

| | <u>Primary</u> | <u>Secondary</u> |
|---------------------------------|-------------------------|-------------------------|
| Current Cost of Fuel (Page 2) | \$0.02093 | \$0.02181 |
| Prior Cost of Fuel | 0.02683 | 0.02784 |
| Change in Cost of Fuel | <u>(\$0.00590)</u> | <u>(\$0.00603)</u> |
| <u>Surcharge Adjustment</u> | | |
| Current Adjustment | \$0.00003 | \$0.00000 |
| Prior Adjustment | 0.00003 | 0.00000 |
| Change in Surcharge Adjustment | <u>\$0.00000</u> | <u>\$0.00000</u> |
| Cost of Fuel | \$0.02093 | \$0.02181 |
| Surcharge Adjustment | 0.00003 | 0.00000 |
| Total | <u><u>\$0.02096</u></u> | <u><u>\$0.02181</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 | \$17,946,356 | \$12,712,271 | \$2,305,162 | \$10,407,109 |
| Account 502 Reagent | 1,004,857 | 711,789 | 129,071 | 582,718 |
| Account 502 Sand | 163,022 | 115,476 | 20,940 | 94,536 |
| Account 555 Energy | 3,971,045 | 2,812,883 | 510,070 | 2,302,813 |
| Accounts 555 Demand and 547 Pipeline Charges | 1,260,648 | 895,846 | 87,882 | 807,964 |
| Account 575 Market Admin. | 176,187 | 124,802 | 22,631 | 102,171 |
| Total F&PP Cost | <u>\$24,522,115</u> | <u>\$17,373,067</u> | <u>\$3,075,756</u> | <u>\$14,297,311</u> |
| Less: | | | | |
| Wholesale Sales Revenue | \$435,359 | \$308,386 | \$55,921 | \$252,465 |
| Sale of RECs Revenue 4/ | 384,949 | 359,006 | 65,100 | 293,906 |
| Total Revenue | <u>\$820,308</u> | <u>\$667,392</u> | <u>\$121,021</u> | <u>\$546,371</u> |
| Net System Cost | \$23,701,807 | \$16,705,675 | \$2,954,735 | \$13,750,940 |
| Kwh Retail Sales | 1,094,308,141 | 771,561,926 | <u>141,167,917</u> | <u>630,394,009</u> |
| Cost Per Kwh | \$0.02166 | \$0.02165 | <u><u>\$0.02093</u></u> | <u><u>\$0.02181</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 | 71.062334% |
| 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**

| | 2020 | 2021 | | | Total |
|---|--------------------|--------------------|---------------------|------------------|-------------------------|
| | December | January | February | March | |
| Fuel & Purchased Power Cost | | | | | |
| Accounts 501 Coal and 547 Gas | \$4,452,819 | \$4,492,842 | \$4,611,329 | \$4,389,366 | \$17,946,356 |
| Account 502 Reagent | 268,701 | 239,422 | 253,476 | 243,258 | 1,004,857 |
| Account 502 Sand | 38,059 | 37,875 | 41,531 | 45,557 | 163,022 |
| Account 555 Energy 1/ | 1,543,235 | 1,124,167 | 5,493,880 | (4,190,237) | 3,971,045 |
| Accounts 555 Demand and 547 Pipeline Charges | 315,465 | 315,908 | 313,651 | 315,624 | 1,260,648 |
| Account 575 Market Admin. | 51,772 | 44,696 | 49,587 | 30,132 | 176,187 |
| Total F&PP Cost | <u>\$6,670,051</u> | <u>\$6,254,910</u> | <u>\$10,763,454</u> | <u>\$833,700</u> | <u>\$24,522,115</u> |
| Less: | | | | | |
| Wholesale Sales Revenue | \$113,958 | \$142,682 | \$113,379 | \$65,340 | \$435,359 |
| Sale of RECs Revenue | 3,400 | 378,000 | 2,198 | 1,351 | 384,949 |
| Total Revenue | <u>\$117,358</u> | <u>\$520,682</u> | <u>\$115,577</u> | <u>\$66,691</u> | <u>\$820,308</u> |
| Net System Cost | \$6,552,693 | \$5,734,228 | \$10,647,877 | \$767,009 | \$23,701,807 |
| Kwh Retail Sales | 270,936,656 | 274,114,316 | 263,858,496 | 285,398,673 | <u>1,094,308,141</u> |
| Cost Per Kwh | \$0.02419 | \$0.02092 | \$0.04035 | \$0.00269 | <u><u>\$0.02166</u></u> |

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

| Account No. | Account Description | 2020 | 2021 | | |
|-------------|--|--------------------|--------------------|--------------------|----------------------|
| | | December | January | February | March |
| | <u>Midcontinent Independent System Operator (MISO)</u> | | | | |
| 555.111 | Day-Ahead Asset Energy | \$1,939,810 | \$1,732,200 | \$7,066,033 | \$1,386,179 |
| 555.114 | Real-Time Asset Energy | (5,517) | 46,200 | (109,771) | (58,737) |
| 555.117 | Real-Time Excessive Energy | 125 | (225) | (611) | 412 |
| 555.118 | Real-Time Non-Excessive Energy | (969,111) | (547,511) | (1,287,647) | (398,113) |
| 555.1230 | Revenue Rights Transaction | (100,274) | (100,274) | (100,274) | (76,648) |
| 555.1232 | Revenue Rights Infeasible Uplift | 1,336 | 1,336 | 1,336 | 268 |
| 555.1233 | Revenue Rights Stage 2 Distribution | (16,741) | (16,741) | (16,741) | (8,773) |
| 555.1234 | Auction Revenue Rights Real-Time MVP Distribution | (3,221) | 8 | (2,793) | (2,992) |
| 555.135 | Real-Time Asset Loss | 68,213 | 141,784 | 222,884 | 47,955 |
| 555.136 | Real-Time Distribution of Loss | (30,786) | (27,664) | (193,982) | (36,299) |
| 555.151 | Day-Ahead Rev Suff Guarantee Distribution | 10,298 | 4,886 | 24,282 | 8,663 |
| 555.152 | Day-Ahead Rev Suff Guarantee Make Whole Pmt | 0 | 0 | (6,729) | (21) |
| 555.153 | Real-Time Miscellaneous | 88 | 149 | 399 | (205) |
| 555.154 | Real-Time Net Inadvertent Distribution | (1,428) | 928 | 876 | 1,143 |
| 555.155 | Real-Time Revenue Neutrality Uplift | 73,780 | 46,946 | (234,020) | 157,644 |
| 555.156 | Real-Time Rev Suff Guarantee First Pass Distribution | 3,981 | 2,519 | 162,857 | 3,774 |
| 555.157 | Real-Time Rev Suff Guarantee Make Whole Payment | 0 | 0 | (35,261) | 0 |
| 555.159 | Day-Ahead Schedule 24 | 5,871 | 5,977 | 6,417 | 5,113 |
| 555.160 | Real-Time Schedule 24 | 1,182 | 974 | 1,186 | 1,087 |
| 555.162 | Real-Time Price Volatility Make Whole Payment | (5,329) | (8,439) | (32,473) | (18,992) |
| 555.164 | Real-Time Schedule 49 | 4,008 | 2,396 | 2,595 | 3,812 |
| 555.1700 | Day-Ahead Regulation Amount | (165) | (278) | (390) | (183) |
| 555.1701 | Day-Ahead Spinning Reserve Amount | (12,277) | (12,484) | (41,092) | (30,787) |
| 555.1702 | Day-Ahead Supplemental Reserve Amount | 0 | 0 | (4,991) | 0 |
| 555.1703 | Day-Ahead Ramp Capability | (430) | (374) | (228) | (931) |
| 555.1710 | Real-Time Net Regulation Adjustment | 1 | 0 | 144 | 12 |
| 555.1711 | Real-Time Excessive Deficient Energy Deployment | 18 | 186 | 43 | (26) |
| 555.1712 | Real-Time Contingency Reserve Deployment | 0 | 0 | 0 | 497 |
| 555.1713 | Real-Time Regulation Amount | 66 | 140 | (457) | 566 |
| 555.1714 | Real-Time Spinning Reserve Amount | (1,349) | 1,352 | (246) | 4,879 |
| 555.1715 | Real-Time Supplemental Reserve Amount | 0 | 0 | (6,238) | 0 |
| 555.1716 | Real-Time Regulation Cost Distribution | 10,969 | 9,993 | 20,009 | 13,067 |
| 555.1717 | Real-Time Spinning Reserve Cost Distribution Amount | 7,155 | 5,606 | 18,762 | 12,323 |
| 555.1718 | Real-Time Supplemental Reserve Cost Distribution | 1,083 | 804 | 24,976 | 1,293 |
| 555.1719 | Real-Time Demand Response Allocation Uplift | 1,811 | 803 | 10,802 | 970 |
| 555.1720 | Real-Time Ramp Capability | (194) | (354) | (97) | (101) |
| | <u>Southwest Power Pool (SPP)</u> | | | | |
| 555.185 | Real-Time Asset Losses | \$47,684 | (\$1,231) | \$116,744 | (\$1,329,138) |
| 555.186 | Real-Time Over Collected Losses | (121,526) | (105,880) | (99,688) | (4,253,778) |
| 555.1915 | Real-Time Asset Congestion | 631,600 | (62,984) | (15,149) | 264,092 |
| 555.1920 | Auction Revenue Rights-Daily | 0 | 0 | 0 | 0 |
| 555.1921 | Auction Revenue Rights-Annual | 0 | 0 | 0 | 0 |
| | <u>Other</u> | | | | |
| 555.1 | Purchased Power | \$2,357 | \$3,352 | \$2,293 | \$111,454 |
| 555.5 | Purchased Power Cogeneration | 147 | 67 | 120 | 284 |
| | Total Account 555 Energy | \$1,543,235 | \$1,124,167 | \$5,493,880 | (\$4,190,237) |