



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4
3rd Revised Sheet No. 42
Canceling 2nd Revised Sheet No. 42

FUEL AND PURCHASED POWER ADJUSTMENT Rate 58

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1. Applicability:

This rate schedule sets forth the procedure to be used in calculating the Fuel and Purchased Power Adjustment (FPPA). It specifies the procedure to be utilized to adjust the rates for electricity sold under Montana-Dakota's rate schedules in order to reflect: (a) changes in Montana-Dakota's average cost of fuel and purchased power, including electric wholesale sales margin credits as allocated to North Dakota; and (b) amortization of the Deferred Fuel Cost Account.

2. Effective Date and Limitation on Adjustments:

- a. Unless otherwise ordered by the Commission, the effective dates of the Fuel and Purchased Power Adjustment shall be service rendered on and after the first day of each month. The effective date of the adjustment for amortization of the Deferred Fuel Cost Account shall be April 1 of each year.
- b. Montana-Dakota shall file an adjustment to reflect changes in its average cost of electric supply only when the amount of change in such adjustment is at least .001 cents per Kwh. The adjustment to be effective April 1 shall be filed each year, regardless of the amount of the change.

3. Fuel and Purchased Power Adjustment:

- a. The monthly Fuel and Purchased Power Adjustment shall be calculated separately for primary service and secondary service customers and shall reflect the changes in Montana-Dakota's cost of fuel and purchased power as compared to the cost of fuel and purchased power approved in its base rates plus the annual Surcharge Adjustment. The base fuel and purchased power cost shall be 2.024¢ per Kwh for primary service and 2.087¢ per Kwh for secondary service as established in the most recent general rate case.
- b. The cost of fuel and purchased power shall be calculated separately for primary service customers and secondary service customers, and shall be the sum of the following costs for the most recent four month period, as allocated to North Dakota and to the primary and secondary customer classes:
 1. The cost of fossil and other fuels recorded in Account Nos. 501 and 547.

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Regulatory Affairs Manager

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2. The net cost of purchases and costs linked to the utility's load serving obligation associated with participation in wholesale electric energy and capacity markets and capacity purchases as recorded in Account No. 555.
 3. Regional Market Administration expenses recorded in Account No. 575.
 4. Less the cost of fuel and purchased power recovered from electric wholesale sales.
 5. Less 100 percent of the wholesale sales margin.
 6. Less the revenue from the sales of Renewable Energy Credits (RECs).
- c. The cost per Kwh for the month is the sum of 3(b) above divided by retail sales volumes for the most recent four month period for the primary and secondary service classes.

4. Surcharge Adjustment:

All sales rate schedules shall be subject to a Surcharge Adjustment to be effective on April 1 each year. The Surcharge Adjustment per Kwh sold shall reflect the amortization of the applicable balance in the Deferred Fuel Cost Account calculated by dividing the applicable balance by the estimated Kwh sales for the twelve months following the effective date of the adjustment.

- a. The balance in the Deferred Fuel Cost Account (Account 182.3) includes:
1. The current month over or under recovery, determined as follows:
 - i. Montana-Dakota shall determine each month the unit cost for that month's fuel and purchased power.
 - ii. Montana-Dakota shall subtract from the month's unit cost the unit cost reflected in rates for that month.
 - iii. The resulting difference (positive or negative) shall be multiplied by the Kwh's sold that month under each rate schedule.

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2. Refunds from supplier(s) and market operators with respect to fuel and purchased power costs.
3. Carrying charges or credits at a rate equal to the three-month Treasury Bill rate as published monthly by the Federal Reserve Board.
4. The balance in the Deferred Fuel Cost Account shall be decreased each month by the amount of the Surcharge Adjustment multiplied by the Kwh sales for the month. The amount amortized shall be applied pro rata between the Deferred Fuel Cost Account and the interest balance.
5. **Other Adjustments:**

The amortization of the Margin Sharing Adjustment balance and the Deferred Generation costs shall be included in the Fuel and Purchased Power Adjustment on a per Kwh basis.

 1. The balance in the Margin Sharing Adjustment as of the time final rates in Case No. PU-10-124 become effective shall be divided by projected annual sales volumes to determine the adjustment per Kwh. This adjustment will cease twelve months after final rates are effective and any remaining balance, whether positive or negative, shall be added (deducted) to the deferred account.
 2. The amortization of the Deferred Generation costs pursuant to Case No. PU-09-731 shall reflect the amount approved by the Commission.
6. **Manner of Filing:**

The Company shall file a monthly statement showing the calculation of the Fuel and Purchased Power Adjustment with the Commission prior to implementing the monthly adjustment. The adjustment in rates shall be effective with service rendered on and after the first day of each month, unless the Commission shall otherwise order.

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7. Fuel and Purchased Power Adjustment:

	Primary	Secondary
Base Fuel	2.024¢	2.087¢
Fuel and Purchased Power Adjustment	0.158	0.168
Subtotal	2.182¢	2.255¢
Margin Sharing Adjustment	0.200	0.200
Deferred Generation	0.161	0.161
Total FPPA	2.543¢	2.616¢

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