



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
2nd Revised Sheet No. 42
Canceling 1st Revised Sheet No. 42

FUEL CLAUSE Rate 58

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There shall be added to or deducted from the net monthly bill computed according to the applicable schedule .001¢ (one thousandth of one cent) per kilowatt-hour for each .001¢ increase above or decrease below the base fuel cost per kilowatt-hour. The base fuel cost shall be 1.303¢ per Kwh.

The fuel cost shall be the energy related fuel and purchased power costs plus the annual Surcharge Adjustment.

- A. The energy related fuel and purchased power costs shall include the sum of the following costs for the most recent four month period:
1. The cost of fossil and other fuels, including but not limited to tire derived fuel (TDF) and refuse derived fuel (RDF) consumed in the Company's own generating stations and the Company's share of fuel consumed in jointly owned generating stations as recorded in Account 151.
 2. The net energy cost of energy purchases as recorded in Account 555 exclusive of capacity or demand charges including but not limited to:
 - a. Energy that is purchased on an economic dispatch basis;
 - b. Energy purchased from a renewable energy source, including but not limited to hydropower, wood, windpower, and biomass;
 - c. Net costs linked to the utility's load serving obligation, associated with participation in wholesale electric energy markets operated by Regional Transmission Organizations, Independent System Operators or similar entities that have received Federal Energy Regulatory Commission approval to operate the energy markets.
 3. The actual identifiable fossil and other fuel costs associated with energy purchased for reasons other than identified in (2) above, less;
 4. The cost of fossil and other fuel recovered through intersystem sales, including the fuel costs and/or renewable energy costs related to economy energy sales and other energy sold on an economic dispatch basis.

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Vice President -
Regulatory Affairs

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- B. The sum of the costs calculated in A. shall be divided by all kilowatt hours sold excluding intersystem sales for the most recent four month period as herein defined to arrive at the cost per kwh.
- C. 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 Unrecovered 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.
1. The balance in the Unrecovered Fuel Cost Account (Account 182.3) includes:
 - a. The current month over or under recovery, determined as follows:
 1. Montana-Dakota shall determine each month the unit cost for that month's fuel and purchased power.
 2. Montana-Dakota shall subtract from the month's unit cost the unit cost reflected in rates for that month.
 3. The resulting difference (positive or negative) shall be multiplied by the kwhs sold that month under each rate schedule.
 - b. Refunds from supplier(s) and market operators with respect to fuel and purchased power costs.
 - c. Carrying charges or credits at a rate equal to the three-month Treasury Bill rate as published monthly by the Federal Reserve Board.
 - d. The balance in the Unrecovered 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 Unrecovered Fuel Cost Account and the interest balance.

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- D. The Company shall file a monthly statement showing the calculation of the Fuel Cost 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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