



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.
400 N 4th Street
Bismarck, ND 58501

State of Montana Electric Rate Schedule

Volume No. 4
7th Revised Sheet No. 23
Canceling 6th Revised Sheet No. 23

CONTRACT SERVICE Rate 35

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AVAILABILITY:

For the Denbury Onshore LLC accounts designated in the Electric Service Agreement dated January 22, 1998, and October 28, 1998.

RATE:

Basic Service Charge:	\$91.03 per month
Demand Charge:	
October – May	\$6.03 per Kw
June – September	\$7.17 per Kw
Energy Charge:	2.052¢ per Kwh
Base Fuel and Purchased Power:	2.347¢ per Kwh

MINIMUM BILL:

Basic Service Charge plus Demand Charge.

PAYMENT:

Bills will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100 or any amendments or alterations thereto.

ADJUSTMENT CLAUSES:

Bills are subject to the following adjustments as provided in the referenced rates, or any amendments or alterations thereto:

- Electric Universal System Benefits Charge Rate 55

DETERMINATION OF BILLING DEMAND:

The demand in kilowatts for billing purposes shall be the greater of the maximum 15 minute measured demand in the current month or 50 Kw. Demands will be determined to the nearest one-tenth kilowatt.

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POWER FACTOR CLAUSE:

Montana-Dakota reserves the right to require Denbury Onshore LLC to install adequate equipment so that at all times it can operate its facilities to maintain a power factor between 90% lagging and 90% leading. If Denbury Onshore LLC operates outside this range, the maximum 15 minute integrated reactive kilovolt amperes in excess of 50% of the maximum 15 minute integrated kilowatt demand for the same month will be billed at \$3.35 per Kvar of such excess demand.

GENERAL TERMS AND CONDITIONS:

The foregoing schedule is subject to Rates 100-131 and any amendments or alterations thereto or additional rules and regulations promulgated by Montana-Dakota under the laws of the state.

FUEL AND PURCHASED POWER COST TRACKING ADJUSTMENT:

The following sets forth the procedure to be used in calculating the Electric Fuel and Purchased Power Cost (Fuel and Power Cost) Tracking Adjustment for Contact Service Rate 35. It specifies the procedure to be utilized to adjust the rates for electricity sold in order to reflect: (a) changes in Montana-Dakota's average cost of fuel and purchased power (b) amortization of the Unreflected Fuel Cost Account and (c) changes in Montana-Dakota's electric wholesale sales margins as allocated to Contract Service Rate 35.

1. EFFECTIVE DATE AND LIMITATION ON ADJUSTMENTS:

Unless otherwise ordered by the Commission, the effective date of the Fuel and Power Cost Tracking Adjustment and amortization of the Unreflected Fuel Cost Account shall be service rendered on and after January 1 each year.

2. FUEL AND POWER COST TRACKING ADJUSTMENT:

- a. The Fuel and Power Cost Tracking Adjustment shall reflect ninety (90) percent of 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 Unreflected Fuel Cost Adjustment. The base

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fuel cost shall be 2.347¢ per Kwh as established in the most recent general rate case.

- b. The cost of fuel and purchased power shall be calculated separately for Rate 35, and shall be the sum of the following estimated costs for the annual period the adjustment shall be in effect, as allocated to Montana and to Contract Service Rate 35, taking into account applicable line losses:
 - 1. The cost of fossil and other fuels and reagents as recorded in Account Nos. 501, 502 and 547.
 - 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 as recorded in Account 555, less;
 - 3. The cost of fuel and purchased power recovered from electric wholesale sales.
- c. The cost per Kwh for the year is the sum of 2(b) above divided by projected Contract Service Rate 35 sales volumes for the period the adjustment will be in effect.
- d. The difference between the base cost of fuel and purchased power and the calculated cost in 2(b) multiplied by ninety (90) percent.
- e. Ninety (90) percent of wholesale sales margin shall be divided by the projected Contract Service Rate 35 for the period the adjustment will in effect.
- f. The Annual Fuel and Power Cost Tracking Adjustment shall be the sum of 2(d) and 2(e).

3. UNREFLECTED FUEL COST ADJUSTMENT:

Contract Service Rate 35 shall be subject to an Unreflected Fuel Cost Adjustment to be effective on January of each year. The Unreflected Fuel Cost Adjustment per Kwh shall reflect amortization of the applicable balance in the Unreflected Fuel

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Cost Account calculated by dividing the applicable balance by the estimated Kwh sales for the twelve months following the effective date of the adjustment.

4. UNREFLECTED FUEL COST ACCOUNT:

- a. Items to be included in the Unreflected Fuel Cost Account are:
 - 1. Amounts under recovered or over recovered for fuel and purchased power each month as calculated in accordance with Subsection 4(b).
 - 2. Refunds received with respect to fuel and purchased power. Such refunds received shall be credited to the Unreflected Fuel Cost Account.
 - 3. 90 percent of the off-system sales margin amounts (over) or under the base amount established in the most recent rate case.
- b. The amount to be included in the Unreflected Fuel Cost Account in order to reflect the items specified in Subsection 4(a)(1) and (2) shall be calculated as follows:
 - 1. Montana-Dakota shall first determine each month the unit cost for that month's fuel and purchased power.
 - 2. Montana-Dakota shall then subtract from each month's unit cost the cost of fuel and purchased power included in rates for that month.
 - 3. The resulting difference (which may be positive or negative) shall be multiplied by ninety (90) percent and by the Kwh sold during that month under Contract Service Rate 35. 90 percent of the resulting amounts shall be reflected in an Unreflected Fuel Cost Account for each rate schedule.
 - 4. Carrying charges or credits at a rate equal to the overall rate of return established in the most recent general rate case.
- c. Reduction of Amounts in the Unreflected Fuel Cost Account:
 - 1. The amounts in the Unreflected Fuel Cost Account shall be decreased each month by an amount determined by multiplying the currently effective Unreflected Fuel Cost adjustment included in rates for that

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month (as calculated in Subsection 4) by the Kwh sold during that month under Contract Service Rate 35. The Account shall be increased in the event the adjustment is a negative amount. The amount amortized shall be applied pro rata between the Unrecovered Fuel Cost Account and the interest balance.

5. TIME AND MANNER OF FILING:

- a. Each filing by Montana-Dakota shall be made by means of a revised fuel and power cost schedule provided in Subsection 6 identifying the amount of the adjustment.
- b. Each filing shall be accompanied by detailed computations which clearly show the derivation of the relevant amounts.
- c. Effective April 1, 2016 the unrecovered balance of Public Service Commission and Montana Consumer Counsel taxes of \$399,742 shall be recovered from all classes over a three-year period on a percent of revenue basis, with any over or under recovery of that amount included in the Unreflected Fuel Cost Account. The Deferred Tax Recovery Rate is 0.3310% and shall be applied to the Basic Service Charge, Energy and Demand components of each bill.

6. EFFECTIVE ADJUSTMENT:

Effective Date	Current Adjustment ¢ per Kwh	Amount of Change ¢ per Kwh
2/1/2017	(0.136¢)	0.342¢

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