



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

6th Revised Sheet No. 42

Canceling 5th 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 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 Montana-Dakota's cost of fuel and purchased power plus the annual Surcharge Adjustment.
- 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 and reagents, including sand, recorded in Account Nos. 501, 502 and 547.

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2. Natural gas and pipeline reservation charges recorded in Account No. 547
 3. The net cost of purchases and costs linked to the utility's load serving obligation associated with participation in the wholesale electric energy markets as recorded in Account No. 555
 4. Capacity purchases as recorded in Account No. 555.
 5. Regional Market Administration expenses recorded in Account No. 575.
 6. Less 100 percent of the wholesale sales revenue.
 7. 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 cost for that month's fuel and purchased power.
 - ii. Montana-Dakota shall subtract from the month's cost determined in 4.a.1.i the revenue collected under the Fuel and Purchased Power Adjustment for that month.

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iii. The resulting difference (positive or negative) shall be included separately for primary and secondary service classes.

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.

5. 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.

6. Fuel and Purchased Power Adjustment:

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.

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