



Notice of Annual Update to the Electric and Gas Tax Tracking Adjustments Effective January 1, 2021

On November 25, 2020, Montana-Dakota Utilities Co. (Montana-Dakota) filed an application with the Montana Public Service Commission (Commission) to update its electric and gas Tax Tracking Adjustment rates in accordance with the Company's electric and gas Tax Tracking Adjustment tariffs authorized by the Montana Public Service Commission in 2017. The Tax Tracking Adjustment tariffs provide for the automatic adjustment and tracking of any state and local taxes and fees paid by Montana-Dakota in the State of Montana. An example of a tax included in the determination of the Company's electric and gas Tax Tracking Adjustment rates is the level of property taxes assessed Montana-Dakota on its electric and gas operations in Montana. The Tax Tracking Adjustments are shown as separate line items in the detailed portion of customers' bills.

The Company's tariffs are in accordance with Section 69-3-308 of the Montana Code Annotated (MCA) which provides for: (1) the application of annual amended rates to go into effect January 1 following the date of change in taxes paid on an interim basis, subject to any adjustments ordered by the Commission. If the level of taxes and fees authorized by the Commission is less than the taxes and fees being recovered through the rates implemented January 1, 2021, Montana-Dakota will refund the difference to customers. (2) A public utility separately disclosing on a customer's bill the amount of state and local taxes and fees assessed the public utility that the customer is paying for as part of its electric and/or gas service rates.

Electric Tax Tracking Adjustment

Effective January 1, 2021, the Tax Tracking Adjustment will be 11.4837%. The Tax Tracking Adjustment is applicable to the amounts billed under the Basic Service Charge, Energy Charge, and Demand Charge of all electric rate schedules as shown in the following Residential Rate 10 example:

Basic Service Charge 30 Days at \$0.19.....	\$5.70
Energy Charge 767 Kwh x \$0.06520.....	\$50.01
Fuel & Purchased Power 767 Kwh x \$0.02052	\$15.74
USBC 767 Kwh x \$0.001566.....	\$1.20
Tax Tracking Adjustment 11.4837% x \$55.71	\$6.40
<i>(where \$5.70 + \$50.01 = \$55.71)</i>	
Total Charges.....	\$79.05

A residential customer using 767 Kwh monthly will see an increase of \$0.51 per month or 0.60% per month.

Gas Tax Tracking Adjustment

Effective January 1, 2021, the Tax Tracking Adjustment will be 29.9694%. The Tax Tracking Adjustment is applicable to the amounts billed under the Basic Service Charge and Distribution Delivery Charges of all gas rate schedules as shown in the following Residential Rate 60 example:

Basic Service Charge 30 Days x \$0.26.....	\$7.80
Distribution Delivery Charge 7.0 Dk x \$1.034.....	\$7.24
Cost of Gas 7.0 Dk x \$4.131	\$28.92
USBC 7.0 Dk x \$0.0655.....	\$0.46
CTA 7.0 Dk x \$0.014.....	\$0.10
Tax Tracking Adjustment 29.9694% x \$15.04	\$4.51
<i>(where \$7.80 + \$7.24 = \$15.04)</i>	
Total Charges.....	\$49.03

A residential customer using 7.0 Dk monthly will see an increase of \$1.51 per month or 3% per month.

For further information, the applicable rates, rules, and regulations are available at www.montana-dakota.com or by calling 1-800-638-3278.