

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
INCOME STATEMENT  
TWELVE MONTHS ENDING DECEMBER 31, 2019**

	<u>Total Company</u>	<u>Montana</u>	<u>Other</u>	<u>Reference</u>
Operating Revenues				
Sales	\$250,390,686	\$71,144,129	\$179,246,557	Rule 38.5.164
Transportation	5,164,366	1,164,843	3,999,523	Rule 38.5.164
Other	5,343,823	779,282	4,564,541	Rule 38.5.164
Total Revenues	<u>\$260,898,875</u>	<u>\$73,088,254</u>	<u>\$187,810,621</u>	
Operating Expenses				
Operation and Maintenance				
Cost of Gas	\$160,585,358	\$43,700,214	\$116,885,144	Rule 38.5.157
Other O&M	52,052,792	15,074,103	36,978,689	Rule 38.5.157
Total O&M	<u>212,638,150</u>	<u>58,774,317</u>	<u>153,863,833</u>	
Depreciation	21,094,552	5,499,733	15,594,819	Rule 38.5.165
Taxes Other Than Income	10,606,542	6,550,522	4,056,020	Rule 38.5.173
Current Income Taxes	(2,724,986)	(731,048)	(1,993,938)	Rule 38.5.169
Deferred Income Taxes	3,566,449	399,692	3,166,757	Rule 38.5.169
Total Expenses	<u>\$245,180,707</u>	<u>\$70,493,216</u>	<u>\$174,687,491</u>	
Operating Income	<u><u>\$15,718,168</u></u>	<u><u>\$2,595,038</u></u>	<u><u>\$13,123,130</u></u>	
Rate Base	<u><u>\$292,063,324</u></u>	<u><u>\$70,203,933</u></u>	<u><u>\$221,859,391</u></u>	
Rate of Return	<u><u>5.382%</u></u>	<u><u>3.696%</u></u>	<u><u>5.915%</u></u>	

**MONTANA-DAKOTA UTILITIES CO.**  
**AVERAGE RATE BASE**  
**GAS UTILITY - MONTANA**  
**TWELVE MONTHS ENDED DECEMBER 31, 2019**

	Total Company	Montana	Other	Reference
Gas Plant in Service	\$601,063,919	\$148,470,597	\$452,593,322	Rule 38.5.123
Accumulated Reserve for Depreciation	261,294,936	73,497,092	187,797,844	Rule 38.5.133
Net Gas Plant in Service	<u>\$339,768,983</u>	<u>\$74,973,505</u>	<u>\$264,795,478</u>	
Additions				
Materials and Supplies	\$4,086,773	\$1,050,264	\$3,036,509	Rule 38.5.141
Fuel Stocks	38,773	0	38,773	Rule 38.5.141
Gas in Underground Storage	3,042,264	3,042,264	0	Rule 38.5.141
Prepayments	1,313,749	1,238,187	75,562	Rule 38.5.141
Loss on Debt	711,577	151,623	559,954	Rule 38.5.141
Provision for Pensions & Benefits	8,759,566	8,759,566	0	Rule 38.5.141
Provision for Injuries & Damages	(13,176)	(13,176)	0	Rule 38.5.141
Provision for Postretirement	0	0	0	Rule 38.5.141
Preferred Stock Redemption	96,458	18,627	77,831	Rule 38.5.141
Total Additions	<u>\$18,035,984</u>	<u>\$14,247,355</u>	<u>\$3,788,629</u>	
Total Before Deductions	\$357,804,967	\$89,220,860	\$268,584,107	
Deductions				
Accumulated Deferred Income Taxes	\$52,168,530	\$16,679,641	\$35,488,889	Rule 38.5.169
Customer Advances	13,573,113	2,337,286	11,235,827	Rule 38.5.141
Total Deductions	<u>\$65,741,643</u>	<u>\$19,016,927</u>	<u>\$46,724,716</u>	
Total Rate Base	<u><u>\$292,063,324</u></u>	<u><u>\$70,203,933</u></u>	<u><u>\$221,859,391</u></u>	

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**SUMMARY OF PRO FORMA ADJUSTMENTS**

	Adjustment No.	Pro Forma Adjustment	Reference
<b>Revenue</b>			
Current Rates	1	(\$711,816)	Rule 38.5.164 Statement H, page 3
Normal Weather	2	(8,276,642)	Rule 38.5.164 Statement H, page 4
Annualized Volumes	3	441,964	Rule 38.5.164 Statement H, page 5
Other Revenue	4	(46,997)	Rule 38.5.164 Statement H, page 20
Total Adjustments to Revenue		(\$8,593,491)	
<b>Expenses</b>			
Cost of Gas	5	(\$6,377,683)	Rule 38.5.157 Statement G, page 3
Other O&M			
Labor	6	\$138,208	Rule 38.5.157 Statement G, page 6
Benefits	7	140,957	Rule 38.5.157 Statement G, page 7
Vehicles & Work Equipment	8	47,715	Rule 38.5.157 Statement G, page 8
Company Consumption	9	(4,015)	Rule 38.5.157 Statement G, page 9
Uncollectible Accounts	10	(47,870)	Rule 38.5.157 Statement G, page 10
Advertising	11	(46,770)	Rule 38.5.157 Statement G, page 11
Software Maintenance	12	108,751	Rule 38.5.157 Statement G, page 12
Insurance	13	(75,062)	Rule 38.5.157 Statement G, page 13
Industry Dues	14	14,150	Rule 38.5.157 Statement G, page 14
Regulatory Commission Expense	15	51,908	Rule 38.5.157 Statement G, page 15
Materials	16	8,258	Rule 38.5.157 Statement G, page 16
Total Adjustments to Other O&M		\$336,230	
Depreciation Expense	17	\$620,794	Rule 38.5.165 Statement I, page 2
<b>Taxes Other than Income</b>			
Ad Valorem	18	\$829,289	Rule 38.5.174 Statement K, page 1
Payroll Taxes	19	10,058	Rule 38.5.174 Statement K, page 2
MCC and PSC Taxes	20	147,486	Rule 38.5.174 Statement K, page 3
Total Adj. to Taxes Other than Income		\$986,833	
<b>Current Income Taxes</b>			
Interest Annualization	21	\$335,122	Rule 38.5.169 Statement J, page 6
Tax Depreciation on Plant Additions	22	8,393	Rule 38.5.169 Statement J, page 7
Income Taxes on Pro Forma Adj.	23	(1,185,800)	Rule 38.5.169 Statement J, page 5
Elimination of Closing/Filing and Prior Period	24	226,468	Rule 38.5.169 Statement J, page 8
Total Adj. to Current Income Taxes		(\$959,332)	
<b>Deferred Income Taxes</b>			
Plant Additions	22	\$2,210	Rule 38.5.169 Statement J, page 7
Plant Related EDITs - ARAM	25	1,667	Rule 38.5.169 Statement J, page 11
Elimination of Closing/Filing and Prior Period	24	(220,036)	Rule 38.5.169 Statement J, page 8
Total Adj. to Deferred Income Taxes		(\$216,159)	
Total Expenses		(\$5,609,317)	
Net Adjustments to Operating Income		(\$2,984,174)	

**MONTANA-DAKOTA UTILITIES CO**  
**GAS UTILITY - MONTANA**  
**SUMMARY OF PRO FORMA RATE BASE ADJUSTMENTS**

	<u>Adjustment</u>	<u>Amount</u>	<u>Reference</u>	
<u>Plant in Service</u>				
Plant Additions	A	\$13,100,411	Rule 38.5.123	Statement C, page 2
<u>Accumulated Reserve</u>				
Plant Additions	B	4,761,422	Rule 38.5.133	Statement D, page 2
Total Gas Plant in Service		<u>\$8,338,989</u>		
<u>Additions:</u>				
Materials and Supplies	C	\$188,481	Rule 38.5.143	Statement E, page 1
Gas in Underground Storage	D	(148,663)	Rule 38.5.143	Statement E, page 2
Prepaid Insurance	E	141,452	Rule 38.5.143	Statement E, page 3
Prepaid Demand and Commodity	F	(466,103)	Rule 38.5.143	Statement E, page 4
Unamortized Loss on Debt	G	(16,042)	Rule 38.5.143	Statement E, page 5
Provision for Pensions & Benefits	H	1,445,093	Rule 38.5.143	Statement E, page 6
Provision for Injuries & Damages	I	(2,897)	Rule 38.5.143	Statement E, page 7
Provision for Postretirement	J	365,634	Rule 38.5.143	Statement E, page 8
Unamort. Redemption Cost of Pref. Stk.	K	(1,339)	Rule 38.5.143	Statement E, page 9
Total Additions		<u>\$1,505,616</u>		
<u>Deductions:</u>				
Accumulated Def. Inc. Tax				
Liberalized Depreciation	L	\$264,821	Rule 38.5.169	Statement J, page 9
Excess Plant Deferred Income Taxes	M	(297,859)	Rule 38.5.169	Statement J, page 9
Full Normalization	M	(57,659)	Rule 38.5.169	Statement J, page 9
Excess Deferrals - Non-Plant	M	25,007	Rule 38.5.169	Statement J, page 9
Excess Deferrals - Non-Plant Pension	M	(187,326)	Rule 38.5.169	Statement J, page 9
Excess Deferrals - Non-Plant Insurance	M	366	Rule 38.5.169	Statement J, page 9
Prepaid Demand Charges	N	26,597	Rule 38.5.169	Statement J, page 9
Customer Advances	N	17,239	Rule 38.5.169	Statement J, page 9
Unamortized Loss on Debt	G	(4,389)	Rule 38.5.169	Statement J, page 9
Pensions & Benefits	H	353,594	Rule 38.5.169	Statement J, page 9
Injuries and Damages	I	(707)	Rule 38.5.169	Statement J, page 9
Postretirement	J	89,188	Rule 38.5.169	Statement J, page 9
Customer Advances for Construction	O	(83,697)	Rule 38.5.143	Statement E, page 10
Total Deductions		<u>\$145,175</u>		
Total Pro Forma Adjustments		<u><u>\$9,699,430</u></u>		

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
PRO FORMA INCOME STATEMENT  
TWELVE MONTHS ENDING DECEMBER 31, 2019**

	<u>Per Books</u>	<u>Pro Forma Adjustments</u>	<u>Total Adjusted Amount</u>
Operating Revenues			
Sales	\$71,144,129	(\$8,588,781)	\$62,555,348
Transportation	1,164,843	42,287	1,207,130
Other	779,282	(46,997)	732,285
Total Revenues	<u>\$73,088,254</u>	<u>(\$8,593,491)</u>	<u>\$64,494,763</u>
Operating Expenses			
Operation and Maintenance			
Cost of Gas	\$43,700,214	(\$6,377,683)	\$37,322,531
Other O&M	15,074,103	336,230	15,410,333
Total O&M	<u>58,774,317</u>	<u>(6,041,453)</u>	<u>52,732,864</u>
Depreciation	5,499,733	620,794	6,120,527
Taxes Other Than Income	6,550,522	986,833	7,537,355
Current Income Taxes	(731,048)	(959,332)	(1,690,380)
Deferred Income Taxes	399,692	(216,159)	183,533
Total Expenses	<u>\$70,493,216</u>	<u>(\$5,609,317)</u>	<u>\$64,883,899</u>
Operating Income	<u>\$2,595,038</u>	<u>(\$2,984,174)</u>	<u>(\$389,136)</u>
Rate Base	<u>\$70,203,933</u>	<u>\$9,699,430</u>	<u>\$79,903,363</u>
Rate of Return	<u>3.696%</u>		<u>-0.487%</u>

**MONTANA-DAKOTA UTILITIES CO.**  
**AVERAGE RATE BASE**  
**GAS UTILITY - MONTANA**  
**TWELVE MONTHS ENDED DECEMBER 31, 2019**  
**PRO FORMA**

	Average Balance @ 12/31/2019	Pro Forma Adjustments	Pro Forma
Gas Plant in Service	\$148,470,597	\$13,100,411	\$161,571,008
Accumulated Reserve for Depreciation	73,497,092	4,761,422	78,258,514
Net Gas Plant in Service	<u>\$74,973,505</u>	<u>\$8,338,989</u>	<u>\$83,312,494</u>
Additions			
Materials and Supplies	\$1,050,264	\$188,481	\$1,238,745
Gas in Underground Storage	3,042,264	(148,663)	2,893,601
Prepayments	1,238,187	(324,651)	913,536
Unamortized Gain (Loss) on Debt	151,623	(16,042)	135,581
Provision for Pensions & Benefits	8,759,566	1,445,093	10,204,659
Provision for Injuries & Damages	(13,176)	(2,897)	(16,073)
Provision for Postretirement	0	365,634	365,634
Unamort. Redemption Cost of Pref. Stk.	18,627	(1,339)	17,288
Total Additions	<u>\$14,247,355</u>	<u>\$1,505,616</u>	<u>\$15,752,971</u>
Total Before Deductions	\$89,220,860	\$9,844,605	\$99,065,465
Deductions			
Accumulated Deferred Income Taxes	\$16,679,641	\$228,872	\$16,908,513
Customer Advances	2,337,286	(83,697)	2,253,589
Total Deductions	<u>\$19,016,927</u>	<u>\$145,175</u>	<u>\$19,162,102</u>
Total Rate Base	<u><u>\$70,203,933</u></u>	<u><u>\$9,699,430</u></u>	<u><u>\$79,903,363</u></u>

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**PRO FORMA OPERATING INCOME AND RATE OF RETURN**  
**REFLECTING ADDITIONAL REVENUE REQUIREMENTS**

	Before Additional Revenue Requirements 1/	<b>Additional Revenue Requirements</b>	Reflecting Additional Revenue Requirements
<b>Operating Revenues</b>			
Sales	\$62,555,348	<b>\$8,559,701</b>	\$71,115,049
Transportation	1,207,130		1,207,130
Other	732,285		732,285
Total Revenues	<u>\$64,494,763</u>	<u>\$8,559,701</u>	<u>\$73,054,464</u>
<b>Operating Expenses</b>			
Operation and Maintenance			
Cost of Gas	\$37,322,531		\$37,322,531
Other O&M	15,410,333		15,410,333
Total O&M	<u>52,732,864</u>		<u>52,732,864</u>
Depreciation	6,120,527		6,120,527
Taxes Other Than Income	7,537,355	\$48,448 2/	7,585,803
Current Income Taxes	(1,690,380)	2,241,226 2/	550,846
Deferred Income Taxes	183,533		183,533
Total Expenses	<u>\$64,883,899</u>	<u>\$2,289,674</u>	<u>\$67,173,573</u>
Operating Income	<u>(\$389,136)</u>	<u>\$6,270,024</u>	<u>\$5,880,888</u>
Rate Base	<u>\$79,903,363</u>		<u>\$79,903,363</u>
<b>Rate of Return</b>	<u><b>-0.487%</b></u>		<u><b>7.360%</b></u>

1/ See Rule 38.5.175, page 5 and 6.

2/ Reflects taxes at 26.3325% after deducting Consumer Counsel tax of 0.127% and PSC tax of 0.439%.

**MONTANA-DAKOTA UTILITIES CO.**  
**NONCONSOLIDATED BALANCE SHEET**  
**December 31, 2018 AND**  
**December 31, 2019**

	2018	2019
<u>Assets and Other Debits</u>		
Utility Plant	\$2,663,919,506	\$2,884,982,013
Construction Work in Progress	165,864,516	73,597,988
Less Acc. Provision for Depreciation and Amortization	967,632,867	1,051,780,047
Net Utility Plant	\$1,862,151,155	\$1,906,799,954
Gas Stored Underground - Noncurrent	\$1,718,566	\$1,584,292
<u>Other Property and Investments</u>		
Nonutility Property	\$16,931,362	\$17,183,717
(Less) Accum. Prov. for Depr. And Amort.	6,199,490	7,014,058
Investment in Subsidiary Companies	1,790,885,738	0
Other investments	76,201,921	35,472,517
Net Other Property and Investments	\$1,877,819,531	\$45,642,176
<u>Current and Accrued Assets</u>		
Cash	(\$273,799)	\$3,101,977
Special Deposits	617,411	8,351
Working Fund	312,522	404,400
Temporary Cash Investments	1,178,164	0
Customer Accounts Receivable	27,283,245	25,441,438
Other Accounts Receivable	14,756,480	4,742,209
(Less) Accum.Prov. For Uncollectible Acct. - Credit	779,796	607,757
Accounts Receivable from Assoc.Companies	36,014,729	4,082,412
Fuel Stock	4,784,694	4,557,811
Plant Materials and Operating Supplies	21,026,434	23,683,940
Gas Stored Underground - Current	8,508,246	10,136,688
Prepayments	5,480,655	6,316,901
Accrued Utility Revenues	47,151,553	43,690,970
Total Current and Accrued Assets	\$166,060,538	\$125,559,340
<u>Deferred Debits</u>		
Unamortized Debt Expenses	\$2,581,364	\$3,366,323
Unrecovered Plant and Regulatory Study Costs	2,508,004	2,051,519
Other Regulatory Assets	214,409,347	248,309,102
Prelim. Survey and Investigation Charges (Common)	57,531	175,485
Prelim. Survey and Investigation Charges (Electric)	1,112,510	2,025,691
Prelim. Survey and Investigation Charges (Natural Gas)	11,624	466,818
Clearing Accounts	(31,304)	(51,596)
Miscellaneous Deferred Debits	28,836,015	30,927,165
Unamortized Loss on Reacquired Debt	4,154,385	3,582,671
Accumulated Deferred Income Taxes	51,529,326	34,336,206
Unrecovered Purchased Gas Costs	(2,576,502)	(7,260,615)
Total Deferred Debits	\$302,592,300	\$317,928,769
Total Assets and Other Debits	<u>\$4,210,342,090</u>	<u>\$2,397,514,531</u>



**MONTANA-DAKOTA UTILITIES CO.**  
**NONCONSOLIDATED BALANCE SHEET**  
**December 31, 2018 AND**  
**December 31, 2019**

	2018	2019
<u>Liabilities and Other Credits</u>		
<u>Proprietary Capital</u>		
Common Stock Issued	\$196,564,907	\$1,000
Premium on Capital Stock	1,255,155,546	138,653,236
(Less) Capital Stock Expense	6,579,697	0
Retained Earnings	642,942,878	666,173,397
Unappropriated Undistributed Sub Earnings	520,659,042	0
(Less) Reacquired Capital Stock	3,625,813	0
Accumulated Other Comprehensive Income	(38,342,046)	(5,845,725)
Total Proprietary Capital	\$2,566,774,817	\$798,981,908
<u>Long-Term Debt</u>		
Other Long-Term Debt	\$788,725,495	\$858,114,076
<u>Other Noncurrent Liabilities</u>		
Accumulated Provision for Injuries and Damages	\$190,410	\$919,830
Accumulated Provision for Pensions and Benefits	41,383,945	15,956,506
Accumulated Provision for Rate Refunds	15,514,270	1,003,000
Asset Retirement Obligations	142,922,575	157,784,448
Total Other Noncurrent Liabilities	\$200,011,200	\$175,663,784
<u>Current and Accrued Liabilities</u>		
Accounts Payable	\$48,869,177	\$42,766,713
Accounts Payable to Associated Companies	12,438,043	7,440,437
Customer Deposits	1,443,059	1,981,246
Taxes Accrued	24,703,900	12,804,780
Interest Accrued	6,739,759	7,768,377
Dividends Declared	39,695,262	9,970,000
Tax Collections Payable	1,181,720	1,049,033
Miscellaneous Current and Accrued Liabilities	31,208,839	27,235,388
Total Current and Accrued Assets	\$166,279,759	\$111,015,974
<u>Deferred Credits</u>		
Customer Advances for Construction	\$20,525,735	\$17,699,064
Accumulated Deferred Investment Tax Credit	3,377,889	4,060,897
Other Deferred Credits	83,378,564	44,742,469
Other Regulatory Liabilities	164,617,567	155,076,682
Accumulated Deferred Income Taxes	216,651,064	232,159,677
Total Deferred Credits	\$488,550,819	\$453,738,789
Total Liabilities and Equity	\$4,210,342,090	\$2,397,514,531

**MONTANA-DAKOTA UTILITIES CO.**  
**NONCONSOLIDATED BALANCE SHEET**  
**MARCH 31, 2019 AND**  
**MARCH 31, 2020**

	2019	2020
<u>Assets and Other Debits</u>		
Utility Plant	\$2,781,629,059	\$2,912,950,501
Construction Work in Progress	55,183,451	68,068,077
Less Acc. Provision for Depreciation and Amortization	986,471,884	1,076,269,924
Net Utility Plant	\$1,850,340,626	\$1,904,748,654
Gas Stored Underground - Noncurrent	\$1,403,200	\$1,500,205
<u>Other Property and Investments</u>		
Nonutility Property	\$16,943,646	\$17,189,842
(Less) Accum. Prov. for Depr. And Amort.	6,402,506	7,219,386
Other investments	35,672,887	34,643,793
Net Other Property and Investments	\$46,214,027	\$44,614,249
<u>Current and Accrued Assets</u>		
Cash	\$3,641,698	\$35,067,736
Special Deposits	697,866	9,997
Working Fund	304,970	271,693
Customer Accounts Receivable	32,793,657	32,065,473
Other Accounts Receivable	3,225,319	5,377,553
(Less) Accum. Prov. For Uncollectible Acct. - Credit	875,130	1,050,695
Accounts Receivable from Assoc. Companies	3,381,192	2,980,931
Fuel Stock	3,267,816	5,216,296
Plant Materials and Operating Supplies	23,686,804	22,823,161
Stores Expense Undistributed	9,293	13,432
Gas Stored Underground - Current	69,295	26,545
Prepayments	3,248,582	3,200,687
Accrued Utility Revenues	40,463,263	31,704,601
Total Current and Accrued Assets	\$113,914,625	\$137,707,410
<u>Deferred Debits</u>		
Unamortized Debt Expenses	\$2,495,151	\$3,225,801
Unrecovered Plant and Regulatory Study Costs	2,394,342	1,936,624
Other Regulatory Assets	226,070,402	258,180,117
Prelim. Survey and Investigation Charges (Common)	71,591	197,354
Prelim. Survey and Investigation Charges (Electric)	1,151,202	2,127,386
Prelim. Survey and Investigation Charges (Natural Gas)	182,749	481,370
Clearing Accounts	933,646	702,288
Miscellaneous Deferred Debits	26,450,150	31,789,558
Unamortized Loss on Reacquired Debt	4,011,457	3,439,743
Accumulated Deferred Income Taxes	43,534,729	34,112,116
Unrecovered Purchased Gas Costs	(4,498,726)	(11,731,945)
Total Deferred Debits	\$302,796,693	\$324,460,412
Total Assets and Other Debits	\$2,314,669,171	\$2,413,030,930

**MONTANA-DAKOTA UTILITIES CO.**  
**NONCONSOLIDATED BALANCE SHEET**  
**MARCH 31, 2019 AND**  
**MARCH 31, 2020**

	2019	2020
<u>Liabilities and Other Credits</u>		
<u>Proprietary Capital</u>		
Common Stock Issued	\$1,000	\$1,000
Premium on Capital Stock	137,531,923	138,992,703
Retained Earnings	659,996,244	675,254,449
Accumulated Other Comprehensive Income	(4,845,636)	(5,845,725)
Total Proprietary Capital	<u>\$792,683,531</u>	<u>\$808,402,427</u>
<u>Long-Term Debt</u>		
Other Long-Term Debt	\$783,122,618	\$874,511,087
<u>Other Noncurrent Liabilities</u>		
Accumulated Provision for Injuries and Damages	\$694,183	\$1,567,221
Accumulated Provision for Pensions and Benefits	14,780,528	15,683,530
Accumulated Provision for Rate Refunds	4,257,934	1,194,118
Asset Retirement Obligations	145,930,552	159,748,324
Total Other Noncurrent Liabilities	<u>\$165,663,197</u>	<u>\$178,193,193</u>
<u>Current and Accrued Liabilities</u>		
Accounts Payable	\$36,113,040	\$29,295,066
Accounts Payable to Associated Companies	8,194,389	9,967,222
Customer Deposits	1,532,622	2,013,318
Taxes Accrued	18,323,994	11,136,493
Interest Accrued	6,369,778	9,436,028
Dividends Declared	10,000,000	10,900,000
Tax Collections Payable	2,018,150	1,202,843
Miscellaneous Current and Accrued Liabilities	27,559,347	24,605,361
Total Current and Accrued Assets	<u>\$110,111,320</u>	<u>\$98,556,331</u>
<u>Deferred Credits</u>		
Customer Advances for Construction	\$19,154,921	\$17,438,848
Accumulated Deferred Investment Tax Credit	3,561,558	4,344,961
Other Deferred Credits	59,058,346	45,186,064
Other Regulatory Liabilities	163,329,344	152,094,822
Accumulated Deferred Income Taxes	217,984,336	234,303,197
Total Deferred Credits	<u>\$463,088,505</u>	<u>\$453,367,892</u>
Total Liabilities and Equity	<u><u>\$2,314,669,171</u></u>	<u><u>\$2,413,030,930</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

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## **Definitions**

The following abbreviations and acronyms used in the Notes are defined below:

### **Abbreviation or Acronym**

<b>AFUDC</b>	Allowance for funds used during construction
<b>ASC</b>	FASB Accounting Standards Codification
<b>ASU</b>	FASB Accounting Standards Update
<b>Big Stone Station</b>	475-MW coal-fired electric generating facility near Big Stone City, South Dakota (22.7 percent ownership)
<b>BSSE</b>	345-kilovolt transmission line from Ellendale, North Dakota, to Big Stone City, South Dakota (50 percent ownership)
<b>Centennial</b>	Centennial Energy Holdings, Inc., a direct wholly owned subsidiary of MDU Resources
<b>Company</b>	Montana-Dakota Utilities Co., a direct wholly owned subsidiary of MDU Energy Capital as of January 1, 2019 (formerly a public utility division of MDU Resources prior to the closing of the Holding Company Reorganization)
<b>Coyote Creek</b>	Coyote Creek Mining Company, LLC, a subsidiary of The North American Coal Corporation
<b>Coyote Station</b>	427-MW coal fired electric generating facility near Beulah, North Dakota (25 percent ownership)
<b>EBITDA</b>	Earnings before interest, taxes, depreciation, and amortization
<b>FASB</b>	Financial Accounting Standards Board
<b>FERC</b>	Federal Energy Regulatory Commission
<b>GAAP</b>	Accounting principles generally accepted in the United States of America
<b>Great Plains</b>	Great Plains Natural Gas Co., a public utility division of the Company as of January 1, 2019 (formerly a public utility division of MDU Resources prior to the closing of the Holding Company Reorganization)
<b>Holding Company Reorganization</b>	The internal holding company reorganization completed on January 1, 2019, pursuant to the agreement and plan of merger, dated as of December 31, 2018, by and among the Company, MDU Resources and MDUR Newco Sub, which resulted in MDU Resources becoming a holding company and indirectly owning all of the outstanding capital stock of the Company
<b>MDU Energy Capital</b>	MDU Energy Capital, LLC, a direct wholly owned subsidiary of MDU Resources
<b>MDUR Newco</b>	MDUR Newco, Inc., a public holding company created by implementing the Holding Company Reorganization, now known as MDU Resources

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<b>MDUR Newco Sub</b>	MDUR Newco Sub, Inc., a direct, wholly owned subsidiary of MDUR Newco, which was merged with and into the Company in the Holding Company Reorganization
<b>MDU Resources</b>	MDU Resources Group, Inc. (formerly known as MDUR Newco), which, as the context requires, refers to the previous MDU Resources Group, Inc., prior to January 1, 2019, and the new holding company of the same name after January 1, 2019.
<b>MISO</b>	Midcontinent Independent System Operator, Inc.
<b>Montana-Dakota</b>	Montana-Dakota Utilities Co., a direct wholly owned subsidiary of MDU Energy Capital as of January 1, 2019, (formerly a public utility division of MDU Resources prior to the closing of the Holding Company Reorganization), now known as the Company
<b>MNPUC</b>	Minnesota Public Utilities Commission
<b>MTPSC</b>	Montana Public Service Commission
<b>MW</b>	Megawatt
<b>NDPSC</b>	North Dakota Public Service Commission
<b>SDPUC</b>	South Dakota Public Utilities Commission
<b>TCJA</b>	Tax Cuts and Jobs Act
<b>WBI Holdings</b>	WBI Holdings, Inc., a direct wholly owned subsidiary of Centennial
<b>Wygen III</b>	100-MW coal-fired electric generating facility near Gillette, Wyoming (25 percent ownership)
<b>WYPSC</b>	Wyoming Public Service Commission

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## Notes to Financial Statements

### Note 1 - Summary of Significant Accounting Policies

#### Basis of presentation

The Company is incorporated under the laws of the state of Delaware and is a wholly owned subsidiary of MDU Energy Capital. The Company is made up of Montana-Dakota and Great Plains, a public utility division of Montana-Dakota.

On January 2, 2019, MDU Resources announced the completion of the Holding Company Reorganization, which resulted in Montana-Dakota becoming a subsidiary of MDU Resources. The purpose of the reorganization was to make the public utility division into a subsidiary of the holding company, just as the other operating companies are wholly owned subsidiaries. Authorization for the reorganization was granted by the FERC in Docket No. EC18-51-000. The Company has also received approval for the reorganization by the various state jurisdictions in which it operates.

As approved by the FERC, the amounts presented in the accompanying notes to the financial statements prior to January 1, 2019, relate to the corporate structure prior to the Holding Company Reorganization.

Montana-Dakota generates, transmits, and distributes electricity and distributes natural gas in Montana, North Dakota, South Dakota, and Wyoming. Great Plains distributes natural gas in western Minnesota and southeastern North Dakota. These operations also supply related value-added services. The Company provides service to approximately 143,000 electric and 302,000 natural gas residential, commercial, industrial and municipal customers in 288 communities and adjacent rural areas as of December 31, 2019.

Montana-Dakota and Great Plains are regulated businesses which account for certain income and expense items under the provisions of regulatory accounting, which requires them to defer as regulatory assets or liabilities certain items that would have otherwise been reflected as expense or income, respectively, based on the expected regulatory treatment in future rates. The expected recovery or flowback of these deferred items generally is based on specific ratemaking decisions or precedent for each item. Regulatory assets and liabilities are being amortized consistently with the regulatory treatment established by the FERC and the applicable state public service commissions. See Note 4 for more information regarding the nature and amounts of these regulatory deferrals.

Montana-Dakota is subject to regulation by the FERC, NDPSC, MTPSC, SDPUC, and WYPSC. Great Plains is subject to regulation by the MNPUC and the NDPSC.

The Company has ownership interests in the assets, liabilities and expenses of jointly owned electric generating facilities.

The financial statements were prepared in accordance with the accounting requirements of the FERC set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than GAAP. These requirements differ from GAAP related to the presentation of certain items including, but not limited to, the current portion of long-term debt, deferred income taxes, cost of removal liabilities, operating leases, and current unrecovered purchased gas costs. If GAAP were followed, utility plant, other property and investments would increase by \$144.1 million; current and accrued assets would decrease by \$9.8 million; deferred debits would decrease by \$73.5 million; long-term debt would decrease by \$3.4 million; current and accrued liabilities would increase by \$27.6 million; and deferred credits and other noncurrent liabilities would increase by \$36.7 million as of December 31, 2019. Furthermore, operating revenues would increase by \$5.6 million and operating expenses, excluding income taxes, would increase by \$4.4 million for the twelve months ended December 31, 2019. In addition, net cash provided by operating activities would increase by \$4.6 million; net cash used in investing activities would increase by \$4.5 million; net

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cash provided by financing activities would decrease by \$1.1 million; and the net change in cash and cash equivalents would be a decrease of \$1.1 million for the twelve months ended December 31, 2019.

On December 22, 2017, President Trump signed into law the TCJA which includes lower corporate tax rates, repealing the domestic production deduction, disallowance of immediate expensing for regulated utility property and modifying or repealing many other business deductions and credits. The reduction in the corporate tax rate was effective on January 1, 2018. The effects of the change in tax laws or rates must be accounted for in the period of enactment, which resulted in the Company making reasonable estimates of the impact of the reduction in corporate tax rate on the Company's net deferred tax liabilities during the fourth quarter of 2017. The SEC issued rules that allowed for a measurement period of up to one year after the enactment date of the TCJA to finalize the recording of the related tax impacts. At December 31, 2018, the Company finalized the estimates from the fourth quarter of 2017 and no material adjustments were recorded to income from continuing operations during the twelve months ended December 31, 2018.

Management has also evaluated the impact of events occurring after December 31, 2019, up to the date of issuance of these financial statements. For more information on the Company's subsequent events, see Note 17.

#### **Cash and cash equivalents**

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

#### **Accounts receivable and allowance for doubtful accounts**

Accounts receivable consists primarily of trade receivables from the sale of goods and services which are recorded at the invoiced amount. The total balance of receivables past due 90 days or more was \$515,000 and \$640,000 at December 31, 2019 and 2018, respectively.

The allowance for doubtful accounts is determined through a review of past due balances and other specific account data. Account balances are written off when management determines the amounts to be uncollectible. The Company's allowance for doubtful accounts at December 31, 2019 and 2018 was \$608,000 and \$780,000, respectively.

Accounts receivable also consists of accrued unbilled revenue representing revenues recognized in excess of amounts billed. Accrued unbilled revenue was \$43.7 million and \$47.2 million at December 31, 2019 and 2018, respectively.

#### **Inventories and natural gas in storage**

Natural gas in storage is valued at cost using the last-in, first-out method. All other inventories are valued at lower of cost or net realizable value using the average cost method. The portion of the cost of natural gas in storage expected to be used within 12 months was included in inventories. Inventories at December 31 consisted of:

	2019	2018
	(In thousands)	
Plant materials and operating supplies	\$ 23,684	\$ 21,026
Gas stored underground-current	10,136	8,508
Fuel stock	4,558	4,785
Total	\$ 38,378	\$ 34,319

The remainder of natural gas in storage, which largely represents the cost of gas required to maintain pressure levels for normal operating purposes, was \$1.6 million and \$1.7 million at December 31, 2019 and 2018, respectively.



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### Investments

The Company's investments include the cash surrender value of life insurance policies, an insurance contract, and other miscellaneous investments. The Company measures its investment in the insurance contract at fair value with any unrealized gains and losses recorded on the Statement of Income. The Company has not elected the fair value option for its other investments. For more information, see Notes 5 and 12.

### Property, plant and equipment

Additions to property, plant and equipment are recorded at cost. When regulated assets are retired, or otherwise disposed of in the ordinary course of business, the original cost of the asset is charged to accumulated depreciation. With respect to the retirement or disposal of all other assets, the resulting gains or losses are recognized as a component of income. The Company is permitted to capitalize AFUDC on regulated construction projects and to include such amounts in rate base when the related facilities are placed in service. The amount of AFUDC for the years ended December 31 were as follows:

	2019	2018
	(In thousands)	
AFUDC - borrowed	\$ 1,703	\$ 1,283
AFUDC - equity	\$ 669	\$ 1,027

Property, plant and equipment are depreciated on a straight-line basis over the average useful lives of the assets. The Company collects removal costs for plant assets in regulated utility rates. These amounts are included in accumulated provision for depreciation, and amortization.

Property, plant and equipment at December 31 was as follows:

	2019	2018	Weighted Average Depreciable Life in Years
	(Dollars in thousands, where applicable)		
Electric:			
Generation	\$ 1,139,059	\$ 1,131,484	48
Distribution	443,780	430,750	46
Transmission	445,485	302,315	65
Construction in progress	66,664	161,742	-
Other	126,759	117,133	15
Natural gas distribution:			
Distribution	589,079	547,788	47
Construction in progress	7,190	4,122	-
Other	140,564	134,450	17
Less accumulated depreciation, and amortization	1,051,780	967,633	
Net utility plant	\$ 1,906,800	\$ 1,862,151	
Nonutility property	\$ 17,184	\$ 16,931	
Less accumulated depreciation, and amortization	7,014	6,199	
Net nonutility property	\$ 10,170	\$ 10,732	

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#### **Impairment of long-lived assets**

The Company reviews the carrying values of its long-lived assets, excluding goodwill, whenever events or changes in circumstances indicate that such carrying values may not be recoverable. The determination of whether an impairment has occurred is based on an estimate of undiscounted future cash flows attributable to the assets, compared to the carrying value of the assets. If impairment has occurred, the amount of the impairment recognized is determined by estimating the fair value of the assets and recording a loss if the carrying value is greater than the fair value. No impairment losses were recorded in 2019 and 2018. Unforeseen events and changes in circumstances could require the recognition of impairment losses at some future date.

#### **Regulatory assets and liabilities**

The Company accounts for certain income and expense items under the provisions of regulatory accounting, which requires these businesses to defer as regulatory assets or liabilities certain items that would have otherwise been reflected as expense or income. The Company records regulatory assets or liabilities at the time the Company determines the amounts to be recoverable in current or future rates.

#### **Goodwill**

Goodwill represents the excess of the purchase price over the fair value of identifiable net tangible and intangible assets acquired in a business combination. Goodwill is required to be tested for impairment annually, which the Company completes in the fourth quarter, or more frequently if events or changes in circumstances indicate that goodwill may be impaired.

The Company has determined that the reporting units for its goodwill impairment test are its operating segments, or components of an operating segment, that constitute a business for which discrete financial information is available and for which segment management regularly reviews the operating results. Goodwill impairment, if any, is measured by comparing the fair value of each reporting unit to its carrying value. If the fair value of a reporting unit exceeds its carrying value, the goodwill of the reporting unit is not impaired. If the carrying value of a reporting unit exceeds its fair value, the Company must record an impairment loss for the amount that the carrying value of the reporting unit, including goodwill, exceeds the fair value of the reporting unit. For the years ended December 31, 2019 and 2018, there were no impairment losses recorded. At December 31, 2019, the fair value of the natural gas distribution reporting unit substantially exceeded its carrying value.

Determining the fair value of a reporting unit requires judgment and the use of significant estimates which include assumptions about the Company's future revenue, profitability and cash flows, amount and timing of estimated capital expenditures, inflation rates, risk adjusted capital cost, operational plans, and current and future economic conditions, among others. The fair value of each reporting unit is determined using a weighted combination of income and market approaches. The Company uses a discounted cash flow methodology for its income approach. Under the income approach, the discounted cash flow model determines fair value based on the present value of projected cash flows over a specified period and a residual value related to future cash flows beyond the projection period. Both values are discounted using a rate which reflects the best estimate of the risk adjusted capital cost at each reporting unit. A risk adjusted capital cost of 4.0 percent was utilized in the goodwill impairment test performed in the fourth quarter of 2019. The goodwill impairment test also utilized a long-term growth rate projection of 1.7 percent in the goodwill impairment test performed in the fourth quarter of 2019. Under the market approach, the Company estimates fair value using various multiples derived from enterprise value to EBITDA for comparative peer companies for each respective reporting unit. These multiples are applied to operating data for each reporting unit to arrive at an indication of fair value. In addition, the Company adds a reasonable control premium when calculating the fair value utilizing the peer multiples, which is estimated as the premium that would be received in a sale in an orderly

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transaction between market participants. The Company believes that the estimates and assumptions used in its impairment assessments are reasonable and based on available market information.

#### **Revenue recognition**

Revenue is recognized when a performance obligation is satisfied by transferring control over a product or service to a customer. Revenue is measured based on consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. The Company is considered an agent for certain taxes collected from customers. As such, the Company presents revenues net of these taxes at the time of sale to be remitted to governmental authorities, including sales and use taxes.

The Company generates revenue from the sales of electric and natural gas products and services, which includes retail and transportation services. The Company establishes a customer's retail or transportation service account based on the customer's application/contract for service, which indicates approval of a contract for service. The contract identifies an obligation to provide service in exchange for delivering or standing ready to deliver the identified commodity; and the customer is obligated to pay for the service as provided in the applicable tariff. The product sales are based on a fixed rate that includes a base and per-unit rate, which are included in approved tariffs as determined by state or federal regulatory agencies. The quantity of the commodity consumed or transported determines the total per-unit revenue. The service provided, along with the product consumed or transported, are a single performance obligation because both are required in combination to successfully transfer the contracted product or service to the customer. Revenues are recognized over time as customers receive and consume the products and services. The method of measuring progress toward the completion of the single performance obligation is on a per-unit output method basis, with revenue recognized based on the direct measurement of the value to the customer of the goods or services transferred to date. For contracts governed by the Company's utility tariffs, amounts are billed monthly with the amount due between 15 and 22 days of receipt of the invoice depending on the applicable state's tariff. For other contracts not governed by tariff, payment terms are net 30 days. At this time, the Company has no material obligations for returns, refunds or other similar obligations.

The Company recognizes all other revenues when services are rendered or goods are delivered.

#### **Asset retirement obligations**

The Company records the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the Company capitalizes a cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, the Company either settles the obligation for the recorded amount or incurs a regulatory asset or liability.

#### **Legal costs**

The Company expenses external legal fees as they are incurred.

#### **Natural gas costs recoverable or refundable through rate adjustments**

Under the terms of certain orders of the applicable state public service commissions, the Company is deferring natural gas commodity, transportation and storage costs that are greater or less than amounts presently being recovered through its existing rate schedules. Such orders generally provide that these amounts are recoverable or refundable through rate adjustments within a period of 12 months from the time such costs are paid. Natural gas costs refundable through rate adjustments were \$7.3 million and \$2.6 million at December 31, 2019 and 2018, respectively, and included in unrecovered purchased gas costs.

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### Income taxes

MDU Resources and its subsidiaries file consolidated federal income tax returns and combined and separate state income tax returns. Federal income taxes paid by MDU Resources, as parent of the consolidated group, are allocated to the individual subsidiaries based on the ratio of the separate company computations of tax. MDU Resources makes a similar allocation for state income taxes paid in connection with combined state filings. MDU Resources provides deferred federal and state income taxes on all temporary differences between the book and tax basis of the Company's assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. Taxes recoverable from customers have been recorded as regulatory assets. Taxes refundable to customers and excess deferred income tax balances associated with the Company's rate-regulated activities have been recorded as regulatory liabilities. These regulatory liabilities are expected to be reflected as a reduction in future rates charged to customers in accordance with applicable regulatory procedures.

The Company uses the deferral method of accounting for investment tax credits and amortizes the credits on regulated electric plant over various periods that conform to the ratemaking treatment prescribed by the applicable state public service commissions.

The Company records uncertain tax positions in accordance with accounting guidance on accounting for income taxes on the basis of a two-step process in which (1) the Company determines whether it is more-likely-than-not that the tax position will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of the tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. Tax positions that do not meet the more-likely-than-not criteria are reflected as a tax liability. The Company recognizes interest and penalties accrued related to unrecognized tax benefits in interest and penalties, respectively.

### Use of estimates

The preparation of financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Estimates are used for items such as long-lived assets and goodwill; property depreciable lives; tax provisions; uncollectible accounts; environmental and other loss contingencies; regulatory assets expected to be recovered in rates charged to customers; unbilled revenues; actuarially determined benefit costs; asset retirement obligations; and the valuation of stock-based compensation. As additional information becomes available, or actual amounts are determinable, the recorded estimates are revised. Consequently, operating results can be affected by revisions to prior accounting estimates.

### New accounting standards

#### Recently adopted accounting standards

**ASU 2016-02 - Leases** In February 2016, the FASB issued this ASU guidance relating to ASC 842 - *Leases*. The guidance required lessees to recognize a lease liability and a right-of-use asset on the balance sheet for operating and financing leases. The guidance remained largely the same for lessors, although some changes were made to better align lessor accounting with the new lessee accounting and to align with the revenue recognition standard. The guidance also required additional disclosures, both quantitative and qualitative, related to operating and financing leases for the lessee and sales-type, direct financing and operating leases for the lessor. The Company adopted the standard for its GAAP financial statements on January 1, 2019.

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In December 2018, the FERC issued guidance to provide clarity on how regulated entities can implement the lease accounting guidance within the framework and regulatory intent of the FERC's existing requirements for lease accounting. The FERC guidance permits entities to record operating leases that may be capitalized under ASU No. 2016-02 in the FERC balance sheet accounts that have already been established for capital lease assets and liabilities. All other provisions of lease accounting are not affected by this accounting guidance, and the accounting guidance is intended to have no impact on the existing ratemaking treatment or practices. For entities that elect this option, additional disclosures would be required within their FERC filings. The Company has elected to not record operating leases on its FERC financial statements. Therefore, this standard does not have an impact on the Company's FERC financial statements or disclosures.

**ASU 2017-04 - Simplifying the Test for Goodwill Impairment** In January 2017, the FASB issued guidance on simplifying the test for goodwill impairment by eliminating Step 2, which required an entity to measure the amount of impairment loss by comparing the implied fair value of reporting unit goodwill with the carrying amount of such goodwill. This guidance requires entities to perform a quantitative impairment test, previously Step 1, to identify both the existence of impairment and the amount of impairment loss by comparing the fair value of a reporting unit to its carrying amount. Entities will continue to have the option of performing a qualitative assessment to determine if the quantitative impairment test is necessary. The guidance also requires additional disclosures if an entity has one or more reporting units with zero or negative carrying amounts of net assets. The Company early adopted the guidance on a prospective basis beginning with the preparation of its 2019 goodwill impairment test in the fourth quarter of 2019. The adoption of the guidance did not have a material impact on its results of operations, financial position, cash flows or disclosures.

**ASU 2018-15 - Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract** In August 2018, the FASB issued guidance on the accounting for implementation costs of a hosting arrangement that is a service contract. The guidance aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract similar to the costs incurred to develop or obtain internal-use software and such capitalized costs to be expensed over the term of the hosting arrangement. Costs incurred during the preliminary and postimplementation stages should continue to be expensed as activities are performed. The capitalized costs are required to be presented on the balance sheet in the same line the prepayment for the fees associated with the hosting arrangement would be presented. In addition, the expense related to the capitalized implementation costs should be presented in the same line on the income statement as the fees associated with the hosting element of the arrangements. The Company adopted the guidance for its GAAP financial statements effective January 1, 2019, on a prospective basis. For FERC financial statements, the Company will functionalize these costs within the FERC plant accounts or in miscellaneous intangible plant, if appropriate. Additionally, the amortization of these costs will be reported as depreciation and amortization. The adoption of the guidance did not have a material impact on its results of operations, financial position, cash flows or disclosures.

**Recently issued accounting standards not yet adopted**

**ASU 2016-13 - Measurement of Credit Losses on Financial Instruments** In June 2016, the FASB issued guidance on the measurement of credit losses on certain financial instruments. The guidance introduces a new impairment model known as the current expected credit loss model that will replace the incurred loss impairment methodology currently included under GAAP. This guidance requires entities to present certain investments in debt securities, trade accounts receivable and other financial assets at their net carrying value of the amount expected to be collected on the financial statements. The Company adopted the guidance on January 1, 2020.

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The Company formed an implementation team to review and assess existing financial assets to identify and evaluate the financial assets subject to the new current expected credit loss model. The Company assessed the impact of the guidance on its processes and internal controls and has identified and updated existing internal controls and processes to ensure compliance with the new guidance, such modifications were deemed insignificant. During the assessment phase, the Company completed checklists to identify the complete portfolio of assets subject to the current expected credit loss model. The Company determined the guidance did not have a material impact on its results of operations, financial position, cash flows or disclosures and did not record a material cumulative effect adjustment upon adoption.

**ASU 2018-13 - Changes to the Disclosure Requirements for Fair Value Measurement** In August 2018, the FASB issued guidance on modifying the disclosure requirements on fair value measurements as part of the disclosure framework project. The guidance modifies, among other things, the disclosures required for Level 3 fair value measurements, including the range and weighted average of significant unobservable inputs. The guidance removes, among other things, the disclosure requirement to disclose transfers between Levels 1 and 2. The guidance will be effective for the Company on January 1, 2020, including interim periods, with early adoption permitted. Level 3 fair value measurement disclosures should be applied prospectively while all other amendments should be applied retrospectively. The Company continues to evaluate the effects the adoption of the new guidance will have on its disclosures in the first quarter of 2020.

**ASU 2018-14 - Changes to the Disclosure Requirements for Defined Benefit Plans** In August 2018, the FASB issued guidance on modifying the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans as part of the disclosure framework project. The guidance removes disclosures that are no longer considered cost beneficial, clarifies the specific requirements of disclosures and adds disclosure requirements identified as relevant. The guidance adds, among other things, the requirement to include an explanation for significant gains and losses related to changes in benefit obligations for the period. The guidance removes, among other things, the disclosure requirement to disclose the amount of net periodic benefit costs to be amortized over the next fiscal year from accumulated other comprehensive income (loss) and the effects a one percentage point change in assumed health care cost trend rates will have on certain benefit components. The guidance will be effective for the Company on January 1, 2021, and must be applied on a retrospective basis with early adoption permitted. The Company is evaluating the effects the adoption of the new guidance will have on its disclosures.

**ASU 2019-12 - Simplifying the Accounting for Income Taxes** In December 2019, the FASB issued guidance on simplifying the accounting for income taxes by removing certain exceptions in ASC 740 and providing simplification amendments. The guidance removes exceptions on intraperiod tax allocations and reporting and provides simplification on accounting for franchise taxes, tax basis goodwill and tax law changes. The guidance will be effective for the Company on January 1, 2021, with early adoption permitted. Transition requirements vary among the exceptions and amendments which include retrospective, modified retrospective and prospective application. The Company does not expect the guidance to have a material impact on its results of operations, financial position, cash flows and disclosures.

#### **Accumulated other comprehensive income (loss)**

The Company's accumulated other comprehensive income (loss) is comprised of postretirement liability adjustments.

The postretirement liability adjustment in other comprehensive loss was \$5.8 million, net of tax of \$1.9 million, for the year ended December 31, 2019.

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The after-tax changes in the components of accumulated other comprehensive loss were as follows:

	Postretirement Liability Adjustment	Subsidiary Other Comprehensive Loss	Total Accumulated Other Comprehensive Loss
Twelve Months Ended December 31, 2019			
	(In thousands)		
Balance at December 31, 2018	\$ (4,846)	\$ (33,496)	\$ (38,342)
Adjustment for Holding Company Reorganization	---	33,496	33,496
Other comprehensive income before reclassifications	(1,230)	---	(1,230)
Amounts reclassified from accumulated other comprehensive loss	230	---	230
Net current-period other comprehensive income	(1,000)	---	(1,000)
<b>Balance at December 31, 2019</b>	<b>\$ (5,846)</b>	<b>\$ ---</b>	<b>\$ (5,846)</b>

	Postretirement Liability Adjustment	Subsidiary Other Comprehensive Loss	Total Accumulated Other Comprehensive Loss
Twelve Months Ended December 31, 2018			
	(In thousands)		
Balance at December 31, 2017	\$ (4,803)	\$ (32,531)	\$ (37,334)
Other comprehensive income before reclassifications	903	3,333	4,236
Amounts reclassified from accumulated other comprehensive loss	99	2,616	2,715
Net current-period other comprehensive income	1,002	5,949	6,951
Reclassification adjustment of prior period tax effects related to TCJA included in accumulated other comprehensive loss	(1,045)	(6,914)	(7,959)
<b>Balance at December 31, 2018</b>	<b>\$ (4,846)</b>	<b>\$ (33,496)</b>	<b>\$ (38,342)</b>

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The following amounts were reclassified out of accumulated other comprehensive loss into net income. The amounts presented in parenthesis indicate a decrease to net income on the Statement of Income. The reclassifications were as follows:

Twelve Months Ended December 31,	2019	2018	Location on Statement of Income
	(In thousands)		
Amortization of postretirement liability losses included in net periodic benefit cost	\$ (304)	\$ (131)	(a)
	74	32	Income taxes
	(230)	(99)	
Subsidiary reclassifications out of accumulated other comprehensive loss	---	(2,616)	Equity in earnings of Subsidiary Companies
Total reclassifications	\$ (230)	\$ (2,715)	

(a) Included in net periodic benefit cost (credit). For more information, see Note 12.

## Note 2 - Revenue from contracts with customer

Revenue is recognized when a performance obligation is satisfied by transferring control over a product or service to a customer. Revenue is measured based on consideration specified in a contract with a customer and excludes any sales incentives and amounts collected on behalf of third parties. The Company is considered an agent for certain taxes collected from customers. As such, the Company presents revenues net of these taxes at the time of sale to be remitted to governmental authorities, including sales and use taxes.

As part of the adoption of ASC 606 - *Revenue from Contracts with Customers*, the Company elected the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Company otherwise would have recognized is 12 months or less.



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### Disaggregation

In the following table, revenue is disaggregated by the type of customer or service provided. The Company believes this level of disaggregation best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The table also includes a reconciliation of the disaggregated revenue by reportable segments.

Year Ended December 31, 2019	Electric	Natural Gas Distribution	Total
(In thousands)			
Residential utility sales	\$ 125,369	\$ 162,461	\$ 287,830
Commercial utility sales	141,596	113,569	255,165
Industrial utility sales	37,765	6,503	44,268
Other utility sales	7,408	---	7,408
Natural gas transportation	---	6,988	6,988
Other	35,574	6,516	42,090
Revenues from contracts with customers	347,712	296,037	643,749
Revenues out of scope	4,013	2,454	6,467
Total external operating revenues	\$ 351,725	\$ 298,491	\$ 650,216

Year Ended December 31, 2018	Electric	Natural Gas Distribution	Total
(In thousands)			
Residential utility sales	\$ 121,477	\$ 160,022	\$ 281,499
Commercial utility sales	136,236	109,631	245,867
Industrial utility sales	34,353	5,672	40,025
Other utility sales	7,556	---	7,556
Natural gas transportation	---	6,423	6,423
Other	31,568	9,431	40,999
Revenues from contracts with customers	331,190	291,179	622,369
Revenues out of scope	3,933	1,475	5,408
Total external operating revenues	\$ 335,123	\$ 292,654	\$ 627,777

### Note 3 - Goodwill and Other Intangible Assets

The carrying amount of goodwill, which is related to the natural gas distribution business, remained unchanged at \$4.8 million for the years ended December 31, 2019 and 2018. This amount is included in miscellaneous deferred debits. No impairments have been recorded in any periods.

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#### Note 4 - Regulatory Assets and Liabilities

The following table summarizes the individual components of unamortized regulatory assets and liabilities as of December 31:

	Estimated Recovery Period*	2019	2018
(In thousands)			
Regulatory assets:			
Pension and postretirement benefits (a)	(h)	\$ 94,630	\$ 96,595
Plant to be retired (a)	---	32,932	---
Asset retirement obligations (a) (b)	Over plant lives	17,317	13,763
Taxes recoverable from customers (a)	Over plant lives	8,027	8,179
Unamortized loss on required debt	Up to 7 years	3,583	4,154
Costs related to identifying generation development (c)	Up to 7 years	2,051	2,508
Unrecovered purchased gas costs	Up to 1 year	(7,261)	(2,577)
Other (a) (d) (e)	Up to 19 years	8,748	13,832
Total regulatory assets		160,027	136,454
Regulatory liabilities:			
Taxes refundable to customers (f)		138,393	148,015
Plant removal and decommissioning costs (b) (f)		55,539	56,095
Pension and postretirement benefits (f)		13,832	10,309
Accumulated provision for rate refunds		1,003	15,514
Other (f) (g)		7,007	6,209
Total regulatory liabilities		215,774	236,142
Net regulatory position		\$ (55,747)	\$ (99,688)

\* Estimated recovery period for regulatory assets currently being recovered in rates charged to customers.

(a) Included in other regulatory assets on the Comparative Balance Sheet.

(b) Included in accumulated provision for depreciation, and amortization on the Comparative Balance Sheet.

(c) Included in unrecovered plant and regulatory study costs on the Comparative Balance Sheet.

(d) Included in prepayments on the Comparative Balance Sheet.

(e) Included in miscellaneous deferred debits on the Comparative Balance Sheet.

(f) Included in other regulatory liabilities on the Comparative Balance Sheet.

(g) Included in accumulated deferred investment tax credits on the Comparative Balance Sheet.

(h) Recovered as expense is incurred.

The regulatory assets are expected to be recovered in rates charged to customers. A portion of the Company's regulatory assets are not earning a return; however, these regulatory assets are expected to be recovered from customers in future rates. As of December 31, 2019 and 2018, approximately \$126.9 million and \$119.4 million respectively, of regulatory assets were not earning a rate of return.

In February 2019, the Company announced that it intends to retire three aging coal-fired electric generating units in early 2021 and early 2022. The Company has accelerated the depreciation related to these facilities in property, plant and equipment and has recorded the difference between the accelerated depreciation, in accordance with GAAP, and the depreciation approved for rate-making purposes as regulatory assets. The Company expects to recover the regulatory assets related to the plants to be retired in future rates.

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If, for any reason, the Company's regulated business ceases to meet the criteria for application of regulatory accounting for all or part of their operations, the regulatory assets and liabilities relating to those portions ceasing to meet such criteria would be removed from the balance sheet and included in the statement of income or accumulated other comprehensive income (loss) in the period in which the discontinuance of regulatory accounting occurs.

#### **Note 5 - Fair Value Measurements**

The Company measures its investments in certain fixed-income and equity securities at fair value with changes in fair value recognized in income. The Company anticipates using these investments, which consist of an insurance contract, to satisfy its obligations under its unfunded, nonqualified defined benefit plan for executive officers and certain key management employees, and invests in these fixed-income and equity securities for the purpose of earning investment returns and capital appreciation. These investments, which totaled \$22.7 million and \$49.2 million at December 31, 2019 and 2018, respectively, are classified as Other Investments on the Comparative Balance Sheet. The net unrealized gain on these investments for the year ended December 31, 2019, was \$3.4 million. The net unrealized loss on these investments for the year ended December 31, 2018, was \$2.4 million. The change in fair value, which is considered part of the cost of the plan, is classified in Other Income and Deductions as Life Insurance on the Statement of Income.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The fair value ASC establishes a hierarchy for grouping assets and liabilities, based on the significance of inputs. The estimated fair values of the Company's assets and liabilities measured on a recurring basis are determined using the market approach. The Company's Level 2 money market funds are valued at the net asset value of shares held at the end of the period, based on published market quotations on active markets, or using other known sources including pricing from outside sources. The estimated fair value of the Company's Level 2 insurance contract is based on contractual cash surrender values that are determined primarily by investments in managed separate accounts of the insurer. These amounts approximate fair value. The managed separate accounts are valued based on other observable inputs or corroborated market data.

Though the Company believes the methods used to estimate fair value are consistent with those used by other market participants, the use of other methods or assumptions could result in a different estimate of fair value. For the years ended December 31, 2019 and 2018, there were no transfers between Levels 1 and 2.

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The Company's assets measured at fair value on a recurring basis were as follows:

Fair Value Measurements at December 31, 2019, Using					Balance at December 31, 2019			
Quoted Prices In Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)					
(In thousands)								
Assets:								
Money market funds	\$	—	\$	1,107	\$	—	\$	1,107
Insurance contract*		—		22,669		—		22,669
Total assets measured at fair value	\$	—	\$	23,776	\$	—	\$	23,776

\*The insurance contract invests approximately 51 percent in fixed-income investments, 23 percent in common stock of large-cap companies, 12 percent in common stock of mid-cap companies, 10 percent in common stock of small-cap companies, 3 percent in target date investments and 1 percent in cash equivalents.

Fair Value Measurements at December 31, 2018, Using					Balance at December 31, 2018			
Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)						
(In thousands)								
Assets:								
Money market funds	\$	—	\$	5,045	\$	—	\$	5,045
Insurance contract*		—		49,213		—		49,213
Total assets measured at fair value	\$	—	\$	54,258	\$	—	\$	54,258

\*The insurance contract invests approximately 53 percent in fixed-income investments, 21 percent in common stock of large-cap companies, 11 percent in common stock of mid-cap companies, 10 percent in common stock of small-cap companies, 3 percent in target date investments and 2 percent in cash equivalents.

The Company applies the provisions of the fair value measurement standard to its nonrecurring, non-financial measurements, including long-lived asset impairments. These assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances. The Company reviews the carrying value of its long-lived assets, excluding goodwill, whenever events or changes in circumstances indicate that such carrying amounts may not be recoverable.

In the second quarter of 2019, the Company reviewed a non-utility investment for impairment. This was a cost-method investment and was written down to zero using the income approach to determine its fair value, requiring the Company to record a write-down of \$2.0 million, before tax. The fair value of this investment was categorized as Level 3 in the fair value hierarchy. The reduction is reflected in Other Investments on the Company's Comparative Balance Sheet, as well as within Other Income and Deductions as Other Deductions on the Statement of Income.

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The Company's long-term debt is not measured at fair value on the Comparative Balance Sheet and the fair value is being provided for disclosure purposes only. The fair value was categorized as Level 2 in the fair value hierarchy and was based on discounted future cash flows using current market interest rates. The estimated fair value of the Company's Level 2 long-term debt at December 31 was as follows:

	2019	2018
	(In thousands)	
Carrying Amount	\$ 858,114	\$ 788,725
Fair Value	\$ 934,279	\$ 795,113

The carrying amounts of the Company's remaining financial instruments included in current assets and current liabilities approximate their fair values.

#### Note 6 - Debt

Certain debt instruments of the Company contain restrictive and financial covenants and cross default provisions. In order to borrow under the debt agreements, the Company must be in compliance with the applicable covenants and certain other conditions all of which the Company was in compliance with at December 31, 2019. In the event the Company does not comply with the applicable covenants and other conditions, alternative sources of funding may need to be pursued.

The following table summarizes the outstanding revolving credit facilities of the Company:

Company	Facility	Facility Limit	Amount Outstanding at December 31, 2019	Amount Outstanding at December 31, 2018	Letters of Credit at December 31, 2018	Expiration Date
(Dollars in millions)						

Montana-Dakota Utilities Co.	Commercial paper/Revolving credit agreement	(a) \$ 175.0	\$ 118.6	(b) \$ 48.5	(b) \$ ---	12/19/24
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- (a) The commercial paper program is supported by a revolving credit agreement with various banks (provisions allow for increased borrowings, at the option of the Company on stated conditions, up to a maximum of \$225.0 million). There were no amounts outstanding under the revolving credit agreement at December 31, 2019, and \$48.5 million was outstanding at December 31, 2018.
- (b) Amount outstanding included in other long-term debt on the Comparative Balance Sheet.

The commercial paper program is supported by a revolving credit agreement. While the amount of commercial paper outstanding does not reduce available capacity under the revolving credit agreement, the Company does not issue commercial paper in an aggregate amount exceeding the available capacity under its credit agreement.

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The following includes information related to the preceding table.

**Long-term debt**

**Long-term Debt Outstanding** Long-term debt outstanding at December 31 was as follows:

	2019	2018
	(In thousands)	
Senior notes at a weighted average rate of 4.47%, due on dates ranging from July 15, 2024 to November 18, 2059	\$ 730,000	\$ 530,000
Commercial paper at an interest rate of 2.03%, supported by revolving credit agreement	118,600	48,500
Term loan agreements at an interest rate of 2.00%, due on September 3, 2032	9,100	209,800
Other note at a rate of 6.0%, due on November 30, 2038	414	425
Total long-term debt	\$ 858,114	\$ 788,725

On January 1, 2019, MDU Resources' revolving credit agreement and commercial paper program became the Company's revolving credit agreement and commercial paper program as a result of the Holding Company Reorganization. The outstanding balance of the revolving credit agreement was also transferred to the Company. All of the related terms and covenants of the credit agreements remained the same. For more information on the reorganization see Note 1.

On December 19, 2019, the Company amended and restated its revolving credit agreement extending the maturity date to December 19, 2024. The Company's revolving credit agreement supports its commercial paper program. Commercial paper borrowings under this agreement are classified as long-term debt as they are intended to be refinanced on a long-term basis through continued commercial paper borrowings.

The credit agreement contains customary covenants and provisions, including covenants of the Company not to permit, as of the end of any fiscal quarter, the ratio of funded debt to total capitalization (determined on a consolidated basis) to be greater than 65 percent. Other covenants include limitations on the sale of certain assets and on the making of certain loans and investments.

On July 24, 2019, the Company entered into a \$200.0 million note purchase agreement with maturity dates ranging from October 17, 2039 to November 18, 2059, at a weighted average interest rate of 3.95 percent. The agreement contains customary covenants and provisions, including a covenant of the Company not to permit, at any time, the ratio of total debt to total capitalization to be greater than 65 percent.

The Company's ratio of total debt to total capitalization at December 31, 2019, was 52 percent.

**Schedule of Debt Maturities** Long-term debt maturities for the five years and thereafter following December 31, 2019, were as follows:

	2020	2021	2022	2023	2024	Thereafter
	(In thousands)					
Long-term debt maturities	\$700	\$700	\$700	\$700	\$179,300	\$676,014

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#### Note 7 - Asset Retirement Obligations

The Company records obligations related to retirement costs of natural gas distribution mains and lines, decommissioning of certain electric generating facilities, special handling and disposal of hazardous materials at certain electric generating facilities, natural gas distribution facilities and buildings, and certain other obligations as asset retirement obligations.

A reconciliation of the Company's liability for the years ended December 31 was as follows:

	2019	2018
	(In thousands)	
Balance at beginning of year	\$ 142,923	\$ 127,809
Liabilities incurred	7,100	6,293
Liabilities settled	(2,349)	(1,006)
Accretion expense *	7,289	6,690
Revisions in estimates	2,821	3,137
Balance at end of year	\$ 157,784	\$ 142,923

\* Includes \$7.3 million and \$6.7 million in 2019 and 2018, respectively, related to regulatory assets.

The Company believes that largely all expenses related to asset retirement obligations at the Company's regulated operations will be recovered in rates over time and, accordingly, defers such expenses as regulatory assets. For more information on the Company's regulatory assets and liabilities, see Note 4.

#### Note 8 - Common Stock

Prior to the Holding Company Reorganization, the Company held common stock. For the year ended December 31, 2018, the dividend declared on common stock was \$.7950 per common share. Dividends on common stock were paid quarterly to the stockholders of record less than 30 days prior to the distribution date. For the year ended December 31, 2018, the dividends declared to common stockholders were \$155.7 million.

#### Note 9 - Stock-Based Compensation

Total stock-based compensation expense (after tax) was \$1.7 million and \$1.2 million in 2019 and 2018, respectively.

As of December 31, 2019, total remaining unrecognized compensation expense related to stock-based compensation was approximately \$2.6 million (before income taxes) which will be amortized over a weighted average period of 1.6 years.

#### Stock awards

Non-employee directors received shares of common stock in addition to and in lieu of cash payment for directors' fees. Shares of common stock were issued under the non-employee director stock compensation plan or the non-employee director long-term incentive compensation plan in 2018. There were 38,605 shares with a fair value of \$1.0 million issued to non-employee directors during the year ended December 31, 2018.

#### Restricted stock awards

In February 2018, the Company granted restricted stock awards under the long-term performance-based incentive plan to certain key employees. The restricted stock awards granted will vest after three years. The grant-date fair value is the market price of the Company's stock on the grant date. The restricted stock awards became the obligation of the holding company after the reorganization.

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#### Performance share awards

Due to the Holding Company Reorganization, the Company had no target grants of performance shares outstanding at December 31, 2019.

#### Note 10 - Income Taxes

Income before income taxes for the years ended December 31, 2019 and 2018, respectively was \$54.6 million and \$57.0 million.

Income tax expense (benefit) for the years ended December 31 was as follows:

	2019	2018
	(In thousands)	
Current:		
Federal	\$ (26,940)	\$ (15,223)
State	(3,042)	(295)
	<u>(29,982)</u>	<u>(15,518)</u>
Deferred:		
Income taxes:		
Federal	13,512	8,835
State	3,230	877
Investment tax credit - net	683	1,547
	<u>17,425</u>	<u>11,259</u>
Total income tax expense	\$ <u>(12,557)</u>	\$ <u>(4,259)</u>

The changes included in the TCJA were broad and complex. The SEC issued, and the FASB adopted, rules that allowed for a measurement period of up to one year after the enactment date of the TCJA to finalize the recording of the related tax impacts. The Company has reviewed the impacts of the TCJA and completed its assessment of the transitional impacts during the period ending December 31, 2018, of which there were no such material adjustments.

The Company has recorded regulatory liabilities in FERC account 254 for excess deferred income taxes, including gross ups, to reflect the future revenue reduction required to return previously collected income taxes to customers. The balance of the excess deferred income tax regulatory liability, including gross ups, was \$138.3 million and \$148.1 million as of December 31, 2019 and 2018, respectively.

Total plant-related excess deferred taxes, those originating in FERC accounts 281 or 282, were \$138.1 million and \$148.1 million, as of December 31, 2019 and 2018, respectively, and were largely considered protected. The Company has proposed in all of its state jurisdictions to amortize both protected and non-protected plant-related excess deferred taxes on an ARAM basis which is based on plant lives. See Note 1 for more information on the Company's weighted average depreciable lives. All state jurisdictions have approved this treatment.

Non-plant-related excess deferred taxes originating in FERC account 190 were (\$2.2) million and (\$3.2) million, as of December 31, 2019 and 2018, respectively.

Non-plant-related excess deferred taxes originating in FERC account 283 were \$2.3 million and \$3.2 million, as of December 31, 2019 and 2018, respectively. These excess deferred taxes are being amortized on a straight-line basis over periods ranging from 1-10 years as



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approved by the respective state jurisdictions.

Amortization of the excess deferred taxes are being recorded to FERC Accounts 410.1 and 411.1 as appropriate. For the year ended December 31, 2019, the amortization of excess deferred taxes, including gross ups, has reduced the related regulatory liabilities by \$9.8 million.

Components of deferred tax assets and deferred tax liabilities at December 31 were as follows:

	2019	2018
	(In thousands)	
Deferred tax assets:		
Postretirement	\$ 17,805	\$ 23,695
Production Tax Credits	5,343	8,015
Compensation-related	4,593	7,903
Customer advances	4,155	4,988
Other	2,440	6,928
Total deferred tax assets	34,336	51,529
Deferred tax liabilities:		
Depreciation and basis differences on property, plant and equipment	190,246	183,229
Postretirement	26,953	26,206
Plants to be retired	8,610	620
Cost recovery mechanisms	1,569	1,688
Other	4,782	4,908
Total deferred tax liabilities	232,160	216,651
Net deferred income tax liability	\$ (197,824)	\$ (165,122)

As of December 31, 2019 and 2018, the Company had a federal income tax credit carryforward of \$5.3 million and \$8.0 million respectively. The federal income tax credit carryforwards will expire in 2040 if not utilized. As of December 31, 2019 and 2018, no valuation allowances have been recorded associated with previously identified deferred tax assets. Changes in tax regulations or assumptions regarding current and future taxable income could require valuation allowances in the future.

The following table reconciles the change in the net deferred income tax liability from December 31, 2018, to December 31, 2019, to deferred income tax expense:

	2019
	(In thousands)
Change in net deferred income tax liability from the preceding table	\$ 32,702
Deferred taxes associated with TCJA enactment for regulated activities	(7,449)
Deferred taxes associated with corporate reorganization	(6,811)
Deferred taxes associated with other comprehensive income (loss)	323
Other	(1,340)
Deferred income tax expense for the period	\$ 17,425

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Total income tax expense differs from the amount computed by applying the statutory federal income tax rate to income before taxes. The reasons for this difference were as follows:

Years ended December 31,	2019		2018	
	Amount	%	Amount	%
(Dollars in thousands)				
Computed tax at federal statutory rate	\$ 11,459	21.0	\$ 11,959	21.0
Increases (reductions) resulting from:				
Production tax credit	(15,843)	(29.0)	(11,759)	(20.6)
Excess deferred income tax amortization	(7,449)	(13.7)	(5,364)	(9.4)
Amortization and deferral of investment tax credit	683	1.3	(120)	(0.2)
R&D tax credit	(245)	(0.4)	(669)	(1.2)
Deductible K-Plan dividends	(568)	(1.0)	(644)	(1.1)
AFUDC equity	219	0.4	(215)	(0.4)
State income taxes, net of federal income tax	179	0.3	2,163	3.8
Nonqualified benefit plan	(1,234)	(2.3)	182	0.3
Other	242	0.4	208	0.3
Total income tax expense	\$ (12,557)	(23.0)	\$ (4,259)	(7.5)

MDU Resources and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state and local jurisdictions. The Company is no longer subject to U.S. federal income tax examinations by tax authorities for years ending prior to 2015. With few exceptions, as of December 31, 2019, the Company is no longer subject to state and local income tax examinations by tax authorities for years ending prior to 2015.

For the years ended December 31, 2019 and 2018, total reserves for uncertain tax positions were not material. The Company recognizes interest related to uncertain tax positions in interest expense and penalties related to income taxes in income tax expense.

#### Note 11 - Cash Flow Information

Cash expenditures for interest and income taxes for the years ended December 31 were as follows:

	2019	2018
	(In thousands)	
Interest, net of AFUDC – borrowed of \$1,703 and \$1,283 in 2019 and 2018, respectively	\$ 30,215	\$ 32,841
Income taxes refunded, net	\$ (14,869)	\$ (36,926)

Noncash investing and financing transactions at December 31 were as follows:

	2019	2018
	(In thousands)	
Property, plant and equipment additions in accounts payable	\$ 15,832	\$ 12,907
Issuance of common stock in connection with acquisition by a subsidiary	\$ ---	\$ 18,186

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**Note 12 - Employee Benefit Plans**

**Pension and other postretirement benefit plans**

The Company has noncontributory qualified defined benefit pension plans and other postretirement benefit plans for certain eligible employees. The Company uses a measurement date of December 31 for all of its pension and postretirement benefit plans.

Prior to 2013, all of the Company's defined benefit pension plans were frozen. These employees were eligible to receive additional defined contribution plan benefits. In October 2018, the Company transferred the liability of certain participants in the defined benefit pension plan, who are currently receiving benefits to an annuity company. The transfer of the benefit payments for these participants reduced the Company's liability and future premiums.

Effective January 1, 2010, eligibility to receive retiree medical benefits was modified. Employees who had attained age 55 with 10 years of continuous service by December 31, 2010, were provided the option to choose between a pre-65 comprehensive medical plan coupled with a Medicare supplement or a specified company funded Retiree Reimbursement Account, regardless of when they retire. All other eligible employees must meet the new eligibility criteria of age 60 and 10 years of continuous service at the time they retire to be eligible for a specified company funded Retiree Reimbursement Account. Employees hired after December 31, 2009, will not be eligible for retiree medical benefits.

In 2012, the Company modified health care coverage for certain retirees. Effective January 1, 2013, post-65 coverage was replaced by a fixed-dollar subsidy for retirees and spouses to be used to purchase individual insurance through an exchange.

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Changes in benefit obligation and plan assets for the years ended December 31, 2019 and 2018, and amounts recognized in the Comparative Balance Sheet at December 31, 2019 and 2018, were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2019	2018	2019	2018
(In thousands)				
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 192,341	\$ 250,889	\$ 31,688	\$ 40,128
Service cost	---	---	373	621
Interest cost	7,468	8,183	1,176	1,257
Plan participants' contributions	---	---	459	731
Actuarial (gain) loss	19,782	(17,944)	1,365	(4,389)
Benefits paid	(12,861)	(21,159)	(2,418)	(2,749)
Benefit obligation at end of year	206,730	219,969	32,643	35,599
Change in net plan assets:				
Fair value of plan assets at beginning of year	146,292	192,712	41,865	50,531
Actual gain (loss) on plan assets	27,664	(11,422)	8,150	(1,551)
Employer contribution	15,453	7,200	6	70
Plan participants' contributions	---	---	459	731
Benefits paid	(12,861)	(21,159)	(2,417)	(2,749)
Fair value of net plan assets at end of year	176,548	167,331	48,063	47,032
Funded status – over (under)	\$ (30,182)	\$ (52,638)	\$ 15,420	\$ 11,433
Amounts recognized in the Comparative Balance Sheet at December 31:				
Other deferred debits (credits)	\$ (30,182)	\$ (52,638)	\$ 15,420	\$ 11,433
Net amount recognized	\$ (30,182)	\$ (52,638)	\$ 15,420	\$ 11,433
Amounts recognized in regulatory assets or liabilities:				
Actuarial (gain) loss	\$ 94,491	\$ 103,455	\$ (3,940)	\$ 599
Prior service credit	---	---	(5,691)	(7,253)
Total	\$ 94,491	\$ 103,455	\$ (9,631)	\$ (6,654)

Employer contributions and benefits paid in the preceding table include only those amounts contributed directly to, or paid directly from, plan assets. The table above includes amounts related to regulated operations, which are recorded as regulatory assets or liabilities and are expected to be reflected in rates charged to customers over time. For more information on regulatory assets and liabilities, see Note 4.

Unrecognized pension actuarial losses in excess of 10 percent of the greater of the projected benefit obligation or the market-related value of assets are amortized over the average life expectancy of plan participants for frozen plans. The market-related value of assets is determined using a five-year average of assets.

The pension plans all have accumulated benefit obligations in excess of plan assets. The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for these plans at December 31 were as follows:

	2019	2018
	(In thousands)	
Projected benefit obligation	\$ 206,730	\$ 219,969
Accumulated benefit obligation	\$ 206,730	\$ 219,969
Fair value of plan assets	\$ 176,548	\$ 167,331

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Components of net periodic benefit cost (credit) for the Company's pension and other postretirement benefit plans for the years ended December 31 were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2019	2018	2019	2018
(In thousands)				
Components of net periodic benefit cost (credit):				
Service cost	\$ ---	\$ ---	\$ 373	\$ 621
Interest cost	7,468	8,183	1,176	1,257
Expected return on assets	(8,751)	(11,352)	(2,476)	(2,754)
Amortization of prior service credit	---	---	(932)	(976)
Recognized net actuarial loss	2,662	3,890	---	---
Net periodic benefit cost (credit), including amount capitalized	1,379	721	(1,859)	(1,852)
Less amount capitalized	---	---	87	119
Net periodic benefit cost (credit)	1,379	721	(1,946)	(1,971)
Other changes in plan assets and benefit obligations recognized in regulatory assets or liabilities:				
Net (gain) loss	906	4,831	(4,515)	(84)
Amortization of actuarial loss	(2,871)	(3,890)	---	---
Amortization of prior service credit	---	---	946	976
Total recognized in regulatory assets or liabilities	(1,965)	941	(3,569)	892
Total recognized in net periodic benefit cost (credit) and regulatory assets or liabilities	\$ (586)	\$ 1,662	\$ (5,515)	\$ (1,079)

The estimated net loss for the defined benefit pension plans that will be amortized from regulatory assets or liabilities into net periodic benefit cost in 2020 is \$3.5 million. The estimated net loss and prior service credit for the other postretirement benefit plans that will be amortized from regulatory assets or liabilities into net periodic benefit credit in 2020 are \$0 and \$864,000, respectively. Prior service credit is amortized over the average remaining service period of active participants.

Weighted average assumptions used to determine benefit obligations at December 31 were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2019	2018	2019	2018
Discount rate	2.96 %	4.02 %	2.97 %	4.03 %
Expected return on plan assets	6.25 %	6.75 %	5.75 %	5.75 %

Weighted average assumptions used to determine net periodic benefit cost (credit) for the years ended December 31 were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2019	2018	2019	2018
Discount rate	4.02 %	3.38 %	4.03 %	3.38 %
Expected return on plan assets	6.25 %	6.75 %	5.75 %	5.75 %

The expected rate of return on pension plan assets is based on a targeted asset allocation range determined by the funded ratio of the plan. As of December 31, 2019, the expected rate of return on pension plan assets is based on the targeted asset allocation range of 40 percent to 50 percent equity securities and 50 percent to 60 percent fixed-income securities and the expected rate of return from these asset categories. The expected rate

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of return on other postretirement plan assets is based on the targeted asset allocation of 30 percent equity securities and 70 percent fixed-income securities and the expected rate of return from these asset categories. The expected return on plan assets for other postretirement benefits reflects insurance-related investment costs.

Health care rate assumptions for the Company's other postretirement benefit plans as of December 31 were as follows:

	2019	2018
Health care trend rate assumed for next year	7.4 %	8.0 %
Health care cost trend rate - ultimate	4.5 %	4.5 %
Year in which ultimate trend rate achieved	2024	2024

The Company's other postretirement benefit plans include health care and life insurance benefits for certain retirees. The plans underlying these benefits may require contributions by the retiree depending on such retiree's age and years of service at retirement or the date of retirement. The Company contributes a flat dollar amount to the monthly premiums, which is updated annually on January 1.

Assumed health care cost trend rates may have a significant effect on the amounts reported for the health care plans. A one percentage point change in the assumed health care cost trend rates would have had the following effects at December 31, 2019:

	1 Percentage Point Increase	1 Percentage Point Decrease
	(In thousands)	
Effect on total of service and interest cost components	\$ 43	\$ (37)
Effect on postretirement benefit obligation	\$ 610	\$ (539)

In 2019, the Company contributed an additional \$12.4 million to its defined benefit pension plans, which increased the funded status and decreased future expenses for the plans. The Company does not expect to contribute to its defined benefit pension and postretirement benefit plans in 2020.

The following benefit payments, which reflect future service, as appropriate, and expected Medicare Part D subsidies at December 31, 2019, are as follows:

Years	Pension Benefits	Other Postretirement Benefits	Expected Medicare Part D Subsidy
	(In thousands)		
2020	\$ 12,205	\$ 2,214	\$ 64
2021	12,275	2,175	59
2022	12,359	2,135	55
2023	12,413	2,095	50
2024	12,419	2,056	45
2025– 2029	60,152	9,594	152

Outside investment managers manage the Company's pension and postretirement assets. The Company's investment policy with respect to pension and other postretirement assets is to make investments solely in the interest of the participants and beneficiaries of the plans and for the exclusive purpose of providing benefits accrued and defraying the reasonable expenses of administration. The Company strives to maintain investment diversification to assist in minimizing the risk of large losses. The Company's policy guidelines allow for investment of funds in cash equivalents, fixed-income securities and equity securities. The guidelines prohibit investment in commodities and futures contracts, equity private

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placement, employer securities, leveraged or derivative securities, options, direct real estate investments, precious metals, venture capital and limited partnerships. The guidelines also prohibit short selling and margin transactions. The Company's practice is to periodically review and rebalance asset categories based on its targeted asset allocation percentage policy.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The fair value ASC establishes a hierarchy for grouping assets and liabilities, based on the significance of inputs. The estimated fair values of the Company's pension plans' assets are determined using the market approach.

The carrying value of the pension plans' Level 2 cash equivalents approximates fair value and is determined using observable inputs in active markets or the net asset value of shares held at year end, which is determined using other observable inputs including pricing from outside sources.

The estimated fair value of the pension plans' Level 1 equity securities is based on the closing price reported on the active market on which the individual securities are traded. The estimated fair value of the pension plans' Level 1 and Level 2 collective and mutual funds are based on the net asset value of shares held at year end, based on either published market quotations on active markets or other known sources including pricing from outside sources. The estimated fair value of the pension plans' Level 2 corporate and municipal bonds is determined using other observable inputs, including benchmark yields, reported trades, broker/dealer quotes, bids, offers, future cash flows and other reference data. The estimated fair value of the pension plans' Level 1 U.S. Government securities are valued based on quoted prices on an active market.

The estimated fair value of the pension plans' Level 2 U.S. Government securities are valued mainly using other observable inputs, including benchmark yields, reported trades, broker/dealer quotes, bids, offers, to be announced prices, future cash flows and other reference data. Some of these securities are valued using pricing from outside sources.

Though the Company believes the methods used to estimate fair value are consistent with those used by other market participants, the use of other methods or assumptions could result in a different estimate of fair value. For the years ended December 31, 2019 and 2018, there were no transfers between Levels 1 and 2.

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The fair value of the Company's pension plans' assets (excluding cash) by class were as follows:

	Fair Value Measurements at December 31, 2019, Using				Balance at December 31, 2019	
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)			
	(In thousands)					
Assets:						
Cash equivalents	\$	---	\$	12,647	\$	12,647
Equity securities:						
U.S. companies		6,987		---		6,987
International companies		---		453		453
Collective and mutual funds *		77,773		28,466		106,239
Corporate bonds		---		39,039		39,039
Municipal bonds		---		5,717		5,717
U.S. Government securities		3,526		1,007		4,533
Total assets measured at fair value	\$	88,286	\$	87,329	\$	175,615

\*Collective and mutual funds invest approximately 29 percent in common stock of international companies, 21 percent in common stock of large-cap U.S. companies, 18 percent in U.S. Government securities, 9 percent in corporate bonds, 6 percent in cash equivalents and 17 percent in other investments.

	Fair Value Measurements at December 31, 2018, Using				Balance at December 31, 2018	
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)			
	(In thousands)					
Assets:						
Cash equivalents	\$	---	\$	2,680	\$	2,680
Equity securities:						
U.S. companies		6,000		---		6,000
International companies		---		526		526
Collective and mutual funds *		79,347		28,051		107,398
Corporate bonds		---		39,744		39,744
Municipal bonds		---		5,775		5,775
U.S. Government securities		261		3,205		3,466
Total assets measured at fair value	\$	85,608	\$	79,981	\$	165,589

\*Collective and mutual funds invest approximately 27 percent in common stock of international companies, 31 percent in corporate bonds, 18 percent in common stock of large-cap U.S. companies, 5 percent in cash equivalents and 19 percent in other investments.



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The estimated fair values of the Company's other postretirement benefit plans' assets are determined using the market approach.

The estimated fair value of the other postretirement benefit plans' Level 2 cash equivalents is valued at the net asset value of shares held at year end, based on published market quotations on active markets, or using other known sources including pricing from outside sources.

The estimated fair value of the other postretirement benefit plans' Level 1 equity securities is based on the closing price reported on the active market on which the individual securities are traded.

The estimated fair value of the other postretirement benefit plans' Level 2 insurance contract is based on contractual cash surrender values that are determined primarily by investments in managed separate accounts of the insurer. These amounts approximate fair value. The managed separate accounts are valued based on other observable inputs or corroborated market data.

Though the Company believes the methods used to estimate fair value are consistent with those used by other market participants, the use of other methods or assumptions could result in a different estimate of fair value. For the years ended December 31, 2019 and 2018, there were no transfers between Levels 1 and 2.

The fair value of the Company's other postretirement benefit plans' assets (excluding cash) by asset class were as follows:

Fair Value Measurements at December 31, 2019, Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2019
	(In thousands)			
Assets:				
Cash equivalents	\$ ---	\$ 2,041	\$ ---	\$ 2,041
Equity securities:				
U.S. companies	1,054	---	---	1,054
Insurance contract*	5	44,963	---	44,968
<b>Total assets measured at fair value</b>	<b>\$ 1,059</b>	<b>\$ 47,004</b>	<b>\$ ---</b>	<b>\$ 48,063</b>

\*The insurance contract invests approximately 50 percent in corporate bonds, 25 percent in common stock of large-cap U.S. companies, 7 percent in U.S. Government securities, 7 percent in common stock of small-cap U.S. companies and 11 percent in other investments.

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Fair Value Measurements at December 31, 2018, Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2018
(In thousands)				
Assets:				
Cash equivalents	\$ ---	\$ 2,187	\$ ---	\$ 2,187
Equity securities:				
U.S. companies	841	---	---	841
Insurance contract*	---	44,004	---	44,004
Total assets measured at fair value	\$ 841	\$ 46,191	\$ ---	\$ 47,032

\*The insurance contract invests approximately 51 percent in corporate bonds, 23 percent in common stock of large-cap U.S. companies, 7 percent in U.S. Government securities, 7 percent in common stock of small-cap U.S. companies and 12 percent in other investments.

#### Nonqualified benefit plans

In addition to the qualified defined benefit pension plans reflected in the table at the beginning of this note, the Company also has unfunded, nonqualified defined benefit plans for executive officers and certain key management employees that generally provide for defined benefit payments at age 65 following the employee's retirement or, upon death, to their beneficiaries for a 15-year period. In February 2016, the Company froze the unfunded, nonqualified defined benefit plans to new participants and eliminated benefit increases. Vesting for participants not fully vested was retained.

The projected benefit obligation and accumulated benefit obligation for these plans at December 31 were as follows:

	2019	2018
	(In thousands)	
Projected benefit obligation	\$ 17,059	\$ 47,176
Accumulated benefit obligation	\$ 17,059	\$ 47,176

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Components of net periodic benefit cost for these plans for the years ended December 31 were as follows:

	2019	2018
	(In thousands)	
Components of net periodic benefit cost:		
Service cost	\$ 109	\$ 185
Interest cost	606	1,586
Recognized net actuarial loss	59	290
Net periodic benefit cost	\$ 774	\$ 2,061

Weighted average assumptions used at December 31 were as follows:

	2019	2018
Benefit obligation discount rate	2.71%	3.85%
Benefit obligation rate of compensation increase	N/A	N/A
Net periodic benefit cost discount rate	3.85%	3.18%
Net periodic benefit cost rate of compensation increase	N/A	N/A

The amount of future benefit payments for the unfunded, nonqualified defined benefit plans at December 31, 2019, are expected to aggregate as follows:

	2020	2021	2022	2023	2024	2025-2029
	(In thousands)					
Nonqualified benefits	\$ 1,640	\$ 1,616	\$ 1,619	\$ 1,664	\$ 1,594	5,386

In 2012, the Company established a nonqualified defined contribution plan for certain key management employees. Expenses incurred under this plan for 2019 and 2018 were \$227,000 and \$96,000, respectively.

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The amount of investments that the Company anticipates using to satisfy obligations under these plans at December 31 was as follows:

	2019	2018
	(In thousands)	
Investments		
Insurance contract*	\$ 22,669	\$ 49,213
Life insurance**	10,996	19,122
Other	1,108	5,054
Total investments	\$ 34,773	\$ 73,389

\* For more information on the insurance contract, see Note 5.

\*\*Investments of life insurance are carried on plan participants (payable upon the employee's death).

#### Defined contribution plans

The Company sponsors various defined contribution plans for eligible employees, and the costs incurred under these plans were \$9.1 million in 2019 and \$10.6 million in 2018.

#### Note 13 - Jointly Owned Facilities

The financial statements include the Company's ownership interests in three coal-fired electric generating facilities (Big Stone Station, Coyote Station and Wygen III) and one major transmission line (BSSE). Each owner of the jointly owned facilities is responsible for financing its investment.

The Company's share of the jointly owned facilities operating expenses was reflected in the appropriate categories of operating expenses (electric fuel and purchased power, operation and maintenance, and taxes, other than income) in the Statement of Income.

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At December 31, the Company's share of the cost of utility plant in service, construction work in progress and related accumulated depreciation for the jointly owned facilities was as follows:

	Ownership Percentage	2019	2018
		(In thousands)	
Big Stone Station:	22.7%		
Utility plant in service		\$ 152,836	\$ 156,534
Construction work in progress		518	92
Less accumulated depreciation		46,266	49,345
		\$ 107,088	\$ 107,281
BSSE:	50.0%		
Utility plant in service		\$ 105,767	\$ ---
Construction work in progress		---	105,846
Less accumulated depreciation		1,232	---
		\$ 104,535	\$ 105,846
Coyote Station:	25.0%		
Utility plant in service		\$ 160,235	\$ 155,236
Construction work in progress		21	1,920
Less accumulated depreciation		107,638	105,565
		\$ 52,618	\$ 51,591
Wygen III:	25.0%		
Utility plant in service		\$ 67,869	\$ 65,382
Construction work in progress		112	220
Less accumulated depreciation		10,482	9,174
		\$ 57,499	\$ 56,428

#### Note 14 - Regulatory Matters

The Company regularly reviews the need for electric and natural gas rate changes in each of the jurisdictions in which service is provided. The Company files for rate adjustments to seek recovery of operating costs and capital investments, as well as reasonable returns as allowed by regulators. As indicated below, certain regulatory proceedings and cases may also contain recurring mechanisms that can have an annual true-up. Examples of these recurring mechanisms include infrastructure riders, transmission trackers, renewable resource cost adjustment riders, as well as weather normalization and decoupling mechanisms. The following paragraphs summarize the Company's significant regulatory proceedings and cases by jurisdiction including the status of each open request. The Company is unable to predict the ultimate outcome of these matters, the timing of final decisions of the various regulators and courts, or the effect on the Company's results of operations, financial position or cash flows.

#### MNPUC

On September 27, 2019, Great Plains filed an application with the MNPUC for a natural gas rate increase of approximately \$2.9 million annually or approximately 12.0 percent above current rates. The requested increase was primarily to recover investments in facilities to enhance safety and reliability and the depreciation and taxes associated with the increase in investment. On November 22, 2019, Great Plains received approval to implement an interim rate increase of approximately \$2.6 million or approximately 11.0 percent, subject to refund, effective January 1, 2020. This matter is pending before the MNPUC.

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#### **MTPSC**

On November 1, 2019, Montana-Dakota submitted an application with the MTPSC requesting the use of deferred accounting for the treatment of costs related to the retirement of Lewis & Clark Station in Sidney, Montana, and units 1 and 2 at Heskett Station near Mandan, North Dakota. This matter is pending before the MTPSC.

#### **NDPSC**

Montana-Dakota has a transmission cost adjustment rider that allows annual updates to rates for actual costs for transmission-related projects and services. On July 19, 2019, Montana-Dakota filed a change to its transmission cost adjustment rates to reflect projected charges for July 2019 through June 2020 assessed to Montana-Dakota for transmission-related services provided by MISO and Southwest Power Pool, along with the projected transmission service revenues or credits received for the same time period. Montana-Dakota also requested recovery of six transmission capital projects. Total revenues of approximately \$9.2 million, which reflects a true-up of the prior period adjustment, were requested resulting in an increase of approximately \$600,000 or approximately 7.2 percent over current rates, which includes approximately \$1.5 million related to transmission capital projects. On October 22, 2019, the NDPSC approved the rates as requested. The rates were effective October 28, 2019.

Montana-Dakota has a renewable resource cost adjustment rate tariff that allows for annual adjustments for recent projected capital costs and related expenses for projects determined to be recoverable under the tariff. On November 1, 2019, Montana-Dakota filed an annual update to its renewable resource cost adjustment requesting to recover a revised revenue requirement of approximately \$14.7 million annually, not including the prior period true-up adjustment. The update reflects a decrease of approximately \$800,000 from the revenues currently included in rates. On February 19, 2020, the NDPSC approved the increase with rates effective on March 1, 2020.

On August 28, 2019, Montana-Dakota filed an application with the NDPSC for an advanced determination of prudence and a certificate of public convenience and necessity to construct, own and operate Heskett Unit 4, an 88-MW simple-cycle natural gas-fired combustion turbine peaking unit at the existing Heskett Station near Mandan, North Dakota. A settlement agreement with the NDPSC Advocacy Staff was filed on April 2, 2020. A public hearing is scheduled for April 30, 2020.

On September 16, 2019, Montana-Dakota submitted an application with the NDPSC requesting the use of deferred accounting for the treatment of costs related to the retirement of Lewis & Clark Station in Sidney, Montana, and units 1 and 2 at Heskett Station near Mandan, North Dakota. A settlement agreement with the NDPSC Advocacy Staff was filed on April 2, 2020. A public hearing is scheduled for April 30, 2020.

#### **SDPUC**

On November 8, 2019, Montana-Dakota submitted an application with the SDPUC requesting the use of deferred accounting for the treatment of costs related to the retirement of Lewis & Clark Station in Sidney, Montana, and units 1 and 2 at Heskett Station near Mandan, North Dakota. The SDPUC approved the use of deferred accounting treatment as requested on January 7, 2020.

Montana-Dakota has a transmission cost recovery rider that allows annual updates to rates for actual costs for transmission-related projects and services. On February 28, 2020, Montana-Dakota filed a change to its transmission cost recovery rates to reflect projected charges for 2020 assessed to Montana-Dakota for transmission-related services provided by MISO and Southwest Power Pool, along with the projected transmission service revenues or credits received for the same time period. Montana-Dakota also requested recovery of two transmission capital projects. Total revenues of approximately \$764,000, which reflects a true-up of the prior period adjustment, were requested resulting in a decrease of approximately \$15,000 or approximately 1.9 percent under current rates, which includes

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approximately \$87,000 related to transmission capital projects. This matter is pending before the SDPUC.

Montana-Dakota has an infrastructure rider rate tariff that allows for annual adjustments for recent projected capital costs and related expenses for projects determined to be recoverable under the tariff. On February 28, 2020, Montana-Dakota filed an annual update to its infrastructure rider requesting to recover a revenue requirement of approximately \$1.3 million annually, including the prior period true-up adjustment, an increase of approximately \$300,000 from revenues currently included in rates. This matter is pending before the SDPUC.

#### **WYPSC**

On May 23, 2019, Montana-Dakota filed an application with the WYPSC for a natural gas rate increase of approximately \$1.1 million annually or approximately 7.0 percent above current rates. The requested increase was to recover increased operating expenses and investments in distribution facilities to improve system safety and reliability. On December 17, 2019, Montana-Dakota filed a settlement agreement with the WYPSC. On January 15, 2020, the WYPSC approved the settlement, as adjusted to reflect an annual increase in revenues of approximately \$828,000 or approximately 5.5 percent, with rates effective March 1, 2020.

#### **FERC**

On December 9, 2019, MISO accepted Montana-Dakota's annual revenue requirement update to its transmission formula rates under the MISO tariff for its multi-value project for approximately \$13.1 million, which was effective January 1, 2020. The update effective January 1, 2020, reflects the reduced return on equity order issued by the FERC on November 21, 2019.

#### **Note 15 - Commitments and Contingencies**

The Company is party to claims and lawsuits arising out of its business, which may include, but are not limited to, matters involving property damage, personal injury, and environmental, contractual, statutory and regulatory obligations. The Company accrues a liability for those contingencies when the incurrence of a loss is probable, and the amount can be reasonably estimated. If a range of amounts can be reasonably estimated and no amount within the range is a better estimate than any other amount, then the minimum of the range is accrued. The Company does not accrue liabilities when the likelihood that the liability has been incurred is probable, but the amount cannot be reasonably estimated or when the liability is believed to be only reasonably possible or remote. For contingencies where an unfavorable outcome is probable or reasonably possible and which are material, the Company discloses the nature of the contingency and, in some circumstances, an estimate of the possible loss. Accruals are based on the best information available, but in certain situations management is unable to estimate an amount or range of a reasonably possible loss including, but not limited to when: (1) the damages are unsubstantiated or indeterminate, (2) the proceedings are in the early stages, (3) numerous parties are involved, or (4) the matter involves novel or unsettled legal theories.

At December 31, 2019 and 2018, the Company accrued liabilities, which have not been discounted, of \$920,000 and \$190,000, respectively. The accruals are for contingencies, including litigation and environmental matters. This includes amounts that have been accrued for matters discussed in Environmental matters within this note. The Company will continue to monitor each matter and adjust accruals as might be warranted based on new information and further developments. Management believes that the outcomes with respect to probable and reasonably possible losses in excess of the amounts accrued, net of insurance recoveries, while uncertain, either cannot be estimated or will not have a material effect upon the Company's financial position, results of operations or cash flows. Legal costs are expensed as they are incurred.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2019	Year/Period of Report 2019/Q4
Montana-Dakota Utilities Co.			
NOTES TO FINANCIAL STATEMENTS (Continued)			

#### Environmental matters

**Manufactured Gas Plant Sites** A claim has been made against Montana-Dakota for cleanup of environmental contamination at a manufactured gas plant site operated by Montana-Dakota and its predecessors. Any accruals related to this claim are reflected in regulatory assets. For more information see Note 4.

Demand has been made of Montana-Dakota to participate in investigation and remediation of environmental contamination at a site in Missoula, Montana. The site operated as a former manufactured gas plant from approximately 1907 to 1938 when it was converted to a butane-air plant that operated until 1956. Montana-Dakota or its predecessors owned or controlled the site for a period of the time it operated as a manufactured gas plant and Montana-Dakota operated the butane-air plant from 1940 to 1951, at which time it sold the plant. There are no documented wastes or by-products resulting from the mixing or distribution of butane-air gas. Preliminary assessment of a portion of the site provided a recommended remedial alternative for that portion of approximately \$560,000. However, the recommended remediation would not address any potential contamination to adjacent parcels that may be impacted by contamination from the manufactured gas plant. Montana-Dakota and another party agreed to voluntarily investigate and remediate the site and that Montana-Dakota will pay two-thirds of the costs for further investigation and remediation of the site. Montana-Dakota received notice from a prior insurance carrier that it will participate in payment of defense costs incurred in relation to the claim. Montana-Dakota has accrued \$375,000 for the remediation of this site.

#### Operating leases

The Company leases certain equipment, facilities and land under operating lease agreements.

The future operating lease undiscounted cash flows as of December 31, 2019, were:

	2020	2021	2022	2023	2024	Thereafter
	(In thousands)					
Operating leases	\$1,662	\$1,589	\$1,394	\$1,346	\$1,340	\$26,111

Total lease costs were \$2.1 million for the year ended December 31, 2019.

#### Purchase commitments

The Company has entered into various commitments, largely consisting of contracts for natural gas and coal supply, purchased power, natural gas transportation and storage contracts, employee service; and information technology. Certain of these contracts are subject to variability in volume and price. The commitment terms vary in length up to 21 years. The commitments under these contracts as of December 31, 2019, were:

	2020	2021	2022	2023	2024	Thereafter
	(In thousands)					
Purchase commitments	\$173,184	\$74,193	\$39,013	\$31,441	\$11,035	\$60,105

These commitments were not reflected in the Company's financial statements. Amounts purchased under various commitments for the years ended December 31, 2019 and 2018, were \$314.5 million and \$292.6 million, respectively.



Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2019	Year/Period of Report 2019/Q4
Montana-Dakota Utilities Co.			
NOTES TO FINANCIAL STATEMENTS (Continued)			

## Guarantees

**Fuel Contract** Coyote Station entered into a coal supply agreement with Coyote Creek that provides for the purchase of coal necessary to supply the coal requirements of the Coyote Station for the period May 2016 through December 2040. Coal purchased under the coal supply agreement is reflected in inventories on the Company's Comparative Balance Sheets and is recovered from customers as a component of electric fuel and purchased power.

The coal supply agreement transfers all operating and economic risk to the Coyote Station owners, as the agreement is structured so that the price of the coal will cover all costs of operations, as well as future reclamation costs. The Coyote Station owners are also providing a guarantee of the value of the assets of Coyote Creek as they would be required to buy the assets at book value should they terminate the contract prior to the end of the contract term and are providing a guarantee of the value of the equity of Coyote Creek in that they are required to buy the entity at the end of the contract term at equity value. The authority to direct the activities of the entity is shared by the four unrelated owners of the Coyote Station, with no primary beneficiary existing.

At December 31, 2019, the Company's exposure to loss as a result of the agreement, based on the Company's ownership percentage, was \$36.0 million.

## Note 16 - Related-Party Transactions

The Company provides and receives certain services to/from associated companies. The amount charged for services provided to the Company was \$82.2 million and \$63.5 million for the years ended December 31, 2019 and 2018, respectively, largely transportation, storage and gathering services provided by subsidiaries of WBI Holdings related to the Company's natural gas distribution operations. Certain support services are also provided to the Company, which includes costs for payroll, pension and other post retirement benefits. The Company records its allocated share of the MDU Resources pension and other post retirement benefit plans, which are included in miscellaneous deferred debits and other deferred credits. The amount charged for services received from the Company was \$33.7 million and \$112.0 million for the years ended December 31, 2019 and 2018, respectively.

The following details the amounts included in the Comparative Balance Sheet related to associated companies at December 31:

	2019	2018
	<i>(In thousands)</i>	
Accounts receivable from associated companies	\$ 4,082	\$ 36,015
Accounts payable to associated companies	7,440	12,438
Dividend declared	9,970	---
Miscellaneous deferred debits	12,313	14,033
Other deferred credits	10,970	18,770

## Note 17 - Subsequent Event

In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. Measures put in place by governmental leaders to help limit the spread may have a significant impact on economic activity in the near term. The Company is monitoring the related impacts however, it will take time before the Company can fully determine the impact of COVID-19 on the Company's results of operations, financial position and cash flows.

**MONTANA-DAKOTA UTILITIES CO.**  
**NONCONSOLIDATED INCOME STATEMENT**  
**TWELVE MONTHS ENDING DECEMBER 31, 2019**

Operating Income

Electric Utility

Operating Revenues	\$350,587,922
Operating Expenses:	
Operation Expenses	\$187,548,433
Maintenance Expenses	23,435,480
Depreciation Expenses	58,494,519
Taxes Other Than Income Taxes	16,653,953
Income Taxes:	
Federal Taxes on Income	(24,273,767)
State Taxes on Income	(1,257,985)
Deferred Income Taxes	13,816,622
Total Electric Expenses	<u>\$274,417,255</u>
Net Electric Operation	\$76,170,667

Gas Utility

Operating Revenues	\$294,786,889
Operating Expenses:	
Operation Expenses	\$235,372,091
Maintenance Expenses	6,979,893
Depreciation Expenses	23,975,718
Taxes Other Than Income Taxes	11,875,589
Income Taxes:	
Federal Taxes on Income	(2,392,242)
State Taxes on Income	(730,708)
Deferred Income Taxes	3,463,240
Total Gas Expenses	<u>\$278,543,581</u>
Net Gas Operation	\$16,243,308

Net Utility Operating Income \$92,413,975

Revenues from Merchandising, Jobbing and Contract Work	\$5,885
(Less) Costs and Exp. Of Merch., Jobbing and Contract Work	21,079
Revenues from Nonutility Operations	4,834,950
(Less) Expense from Nonutility Operations	2,790,768
Interest and Dividend Income	1,834,040
Allowance for Other Funds Used During Construction	669,240
Miscellaneous Nonoperating Income	11,838
Gain on Disposition of Property	217,354
Total Other Income	<u>\$4,761,460</u>

Loss on Disposition of Property	\$5,636
Miscellaneous Income Deductions	(1,713,616)
Total Other Income Deductions	<u>(\$1,707,980)</u>

**MONTANA-DAKOTA UTILITIES CO.**  
**NONCONSOLIDATED INCOME STATEMENT**  
**TWELVE MONTHS ENDING DECEMBER 31, 2019**

Taxes other than Income Taxes	\$50,525
Income Taxes - Federal	(273,929)
Income Taxes - State	(1,053,024)
Provision for Deferred Income Taxes	(537,902)
Investment Tax Credits	(683,008)
Total Taxes on Other Income and Deductions	<u>(\$1,131,322)</u>
Net Other Income and Deductions	\$7,600,762
Interest On Long-Term Debt	\$32,946,514
Amortization of Debt Discount and Expense	353,931
Amortization of Loss on Reacquired Debt	571,714
Other Interest Expense	723,763
(Less) Allow for Borrowed Funds Used during Const.	<u>1,703,307</u>
Net Interest Charges	<u>\$32,892,615</u>
Net Income	<u><u>\$67,122,122</u></u>

**MONTANA-DAKOTA UTILITIES CO.**  
**NONCONSOLIDATED INCOME STATEMENT**  
**THREE MONTHS ENDING MARCH 31, 2020**

Operating Income

Electric Utility

Operating Revenues	\$86,104,211
Operating Expenses:	
Operation Expenses	\$46,311,865
Maintenance Expenses	4,372,435
Depreciation Expenses	15,525,904
Taxes Other Than Income Taxes	4,425,654
Income Taxes:	
Federal Taxes on Income	(5,849,369)
State Taxes on Income	(289,464)
Deferred Income Taxes	2,572,412
Total Electric Expenses	<u>\$67,069,437</u>
Net Electric Operation	\$19,034,774

Gas Utility

Operating Revenues	\$104,664,606
Operating Expenses:	
Operation Expenses	\$80,729,653
Maintenance Expenses	1,758,158
Depreciation Expenses	6,372,672
Taxes Other Than Income Taxes	3,012,509
Income Taxes:	
Federal Taxes on Income	3,749,146
State Taxes on Income	799,407
Deferred Income Taxes	(2,274,373)
Total Gas Expenses	<u>\$94,147,172</u>
Net Gas Operation	\$10,517,434

Net Utility Operating Income \$29,552,208

Revenues from Merchandising, Jobbing and Contract Work	\$1,120
(Less) Costs and Exp. Of Merch., Jobbing and Contract Work	(4,000)
Revenues from Nonutility Operations	1,025,854
(Less) Expense from Nonutility Operations	587,975
Interest and Dividend Income	418,173
Allowance for Other Funds Used During Construction	25,319
Miscellaneous Nonoperating Income	12,558
Total Other Income	<u>\$899,049</u>

Miscellaneous Income Deductions \$1,635,443

**MONTANA-DAKOTA UTILITIES CO.**  
**NONCONSOLIDATED INCOME STATEMENT**  
**THREE MONTHS ENDING MARCH 31, 2020**

Taxes other than Income Taxes	\$12,244
Income Taxes - Federal	25,745
Income Taxes - State	(386,326)
Provision for Deferred Income Taxes	(13,234)
Investment Tax Credits	(284,064)
Total Taxes on Other Income and Deductions	<u>(\$77,507)</u>
Net Other Income and Deductions	(\$658,887)
Interest On Long-Term Debt	\$8,880,926
Amortization of Debt Discount and Expense	91,911
Amortization of Loss on Reacquired Debt	142,929
Other Interest Expense	134,758
(Less) Allow for Borrowed Funds Used during Const.	354,544
Net Interest Charges	<u>\$8,895,980</u>
Net Income	<u><u>\$19,997,341</u></u>

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**MONTANA-DAKOTA UTILITIES CO.  
SUMMARY OF PLANT IN SERVICE  
GAS UTILITY - MONTANA  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019**

Function	Balance @ 12/31/2018	Balance @ 12/31/2019	Average Balance @ 12/31/2019	Pro Forma Adjustment 1/	Pro Forma Balance
Distribution	\$112,244,335	\$123,387,069	\$117,815,705	\$9,968,256	\$127,783,961
General	14,095,900	14,382,749	14,239,327	1,624,009	15,863,336
General Intangible	612,458	790,531	701,495	115,176	816,671
Common	5,984,366	6,459,545	6,221,961	568,982	6,790,943
Common Intangible	9,115,436	9,868,782	9,492,109	823,988	10,316,097
Total	<u>\$142,052,495</u>	<u>\$154,888,676</u>	<u>\$148,470,597</u>	<u>\$13,100,411</u>	<u>\$161,571,008</u>

1/ See Rule 38.5.123, Statement C, pages 3-4.

**MONTANA-DAKOTA UTILITIES CO.  
PLANT IN SERVICE  
GAS UTILITY - MONTANA  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019**

Function	Balance @ 12/31/2018	Balance @ 12/31/2019	Average Balance @ 12/31/2019	Additions to Plant 1/	Pro Forma Plant Balance	Average Pro Forma Plant Balance	Pro Forma Adjustment
Distribution	\$112,244,335	\$123,387,069	\$117,815,705	\$8,793,781	\$132,180,850	\$127,783,961	\$9,968,256
General	14,095,900	14,382,749	14,239,327	2,961,170	17,343,919	15,863,336	1,624,009
General Intangible	612,458	790,531	701,495	52,280	842,811	816,671	115,176
Common	5,984,366	6,459,545	6,221,961	662,795	7,122,340	6,790,943	568,982
Common Intangible	<u>9,115,436</u>	<u>9,868,782</u>	<u>9,492,109</u>	<u>894,631</u>	<u>10,763,413</u>	<u>10,316,097</u>	<u>823,988</u>
Total	<u>\$142,052,495</u>	<u>\$154,888,676</u>	<u>\$148,470,597</u>	<u>\$13,364,657</u>	<u>\$168,253,333</u>	<u>\$161,571,008</u>	<u>\$13,100,411</u>

1/ See Rule 38.5.124, Statement C, pages 5-7.

**MONTANA-DAKOTA UTILITIES CO.  
PLANT IN SERVICE  
GAS UTILITY - MONTANA  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019  
ADJUSTMENT A**

Acct. No.	Account	Balance @ 12/31/2018	Balance @ 12/31/2019	Average Balance @ 12/31/2019	Plant Additions 1/	Pro Forma Balance	Average Pro Forma Balance	Adjustment
<u>Distribution Plant</u>								
374.1	Land	\$15,633	\$15,717	\$15,675		\$15,717	\$15,717	\$42
374.2	Rights of Way	27,265	22,846	25,056		22,846	22,846	(\$2,210)
375	Structures & Improvements	248,297	233,795	241,046		233,795	233,795	(\$7,251)
376	Mains	43,625,856	48,456,803	46,041,330	\$3,906,819	52,363,622	50,410,213	4,368,883
378	Meas. & Reg. Equip.-General	797,907	771,906	784,907	208,233	980,139	876,023	91,116
379	Meas. & Reg. Equip.-City Gate	161,108	168,795	164,952	261,357	430,152	299,474	134,522
380	Services	37,534,211	42,353,059	39,943,635	2,332,784	44,685,843	43,519,451	3,575,816
381	Meters	23,862,474	24,902,419	24,382,447	1,265,783	26,168,202	25,535,311	1,152,864
383	Service Regulators	3,320,047	3,652,061	3,486,054	247,653	3,899,714	3,775,887	289,833
385	Ind. Meas. & Reg. Station Eqpt.	431,100	431,100	431,100		431,100	431,100	0
387.1	Cathodic Protection Equip.	2,079,928	2,238,059	2,158,994	571,152	2,809,211	2,523,635	364,641
387.2	Other Distribution Equip.	140,509	140,509	140,509		140,509	140,509	0
	Total Distribution Plant	\$112,244,335	\$123,387,069	\$117,815,705	\$8,793,781	\$132,180,850	\$127,783,961	\$9,968,256
<u>General Plant</u>								
389	Land	\$859,196	\$1,049,494	\$954,345		\$1,049,494	\$1,049,494	\$95,149
390	Structures and Improvements	4,734,016	4,755,023	4,744,520	\$1,647,257	6,402,280	5,578,652	\$834,132
391.1	Office Furniture and Fixtures	169,282	165,223	167,253		165,223	165,223	(2,030)
391.3	Computer Equip. - PC	16,448	9,913	13,181		9,913	9,913	(3,268)
392.1	Transport. Equip.-Trailers	157,199	157,187	157,193		157,187	157,187	(6)
392.2	Transport. Equip.-Vehicles	3,404,747	3,330,099	3,367,423	435,000	3,765,099	3,547,598	180,175
393	Stores Equipment	14,253	14,253	14,253		14,253	14,253	0
394.1	Tools, Shop & Garage Equip.	1,510,493	1,607,819	1,559,156	231,337	1,839,156	1,723,488	164,332
394.3	Vehicle Maintenance Equip.	36,373	36,373	36,373		36,373	36,373	0
395	Laboratory Equipment	37,448	54,382	45,915	7,617	61,999	58,191	12,276
396.1	Work Equipment Trailers	307,220	308,538	307,879		308,538	308,538	659
396.2	Power Operated Equip.	2,266,335	2,323,102	2,294,719	360,300	2,683,402	2,503,252	208,533
397.1	Radio Comm. Equip.-Fixed	320,650	320,620	320,635	32,017	352,637	336,629	15,994
397.2	Radio Comm. Equip.-Mobile	182,598	185,535	184,067	222,667	408,202	296,869	112,802
397.3	Telephone and Telex Equip.	37,289	37,299	37,294		37,299	37,299	5
397.6	SCADA System	0	0	0	299	299	150	150
397.8	Network Equipment	0	0	0	24,676	24,676	12,338	12,338
398	Miscellaneous Equipment	42,353	27,889	35,121		27,889	27,889	(7,232)
	Total General Plant	\$14,095,900	\$14,382,749	\$14,239,327	\$2,961,170	\$17,343,919	\$15,863,336	\$1,624,009
303	Intangible Plant - General	\$612,458	\$790,531	\$701,495	\$52,280	\$842,811	\$816,671	\$115,176



**MONTANA-DAKOTA UTILITIES CO.  
PLANT IN SERVICE  
GAS UTILITY - MONTANA  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019  
ADJUSTMENT A**

Acct. No.	Account	Balance @ 12/31/2018	Balance @ 12/31/2019	Average Balance @ 12/31/2019	Plant Additions 1/	Pro Forma Balance	Average Pro Forma Balance	Adjustment
	<u>Common Plant</u>							
389	Land	\$241,247	\$247,358	\$244,303		\$247,358	\$247,358	\$3,055
390	Structures and Improvements	3,422,466	3,665,831	3,544,149	166,693	3,832,524	3,749,177	205,028
391.1	Office Furniture and Fixtures	175,390	186,994	181,192	57,965	244,959	215,977	34,785
391.3	Computer Equip.-PC	184,520	198,404	191,462	70,308	268,712	233,558	42,096
391.5	Computer Equip.-Other	113,180	181,250	147,215	17,187	198,437	189,844	42,629
392.1	Transport. Equip.-Trailers	216	219	218		219	219	1
392.2	Transport. Equip.-Vehicles	804,451	870,570	837,511	109,398	979,968	925,269	87,758
392.3	Aircraft	443,143	449,256	446,200		449,256	449,256	3,056
393	Stores Equipment	27,288	36,096	31,692		36,096	36,096	4,404
394.1	Tools, Shop & Garage Equip.	83,010	85,881	84,446	8,562	94,443	90,162	5,716
394.3	Vehicle Maint. Equip.	4,980	4,823	4,902		4,823	4,823	(79)
394.4	Vehicle Refueling Equip.	930	943	937		943	943	6
397.1	Radio Comm. Equip.-Fixed	174,476	185,633	180,055	20,514	206,147	195,889	15,834
397.2	Radio Comm. Equip.-Mobile	118,820	109,152	113,986	94,098	203,250	156,201	42,215
397.3	General Tele. Comm. Equip.	67,372	68,798	68,085	18,651	87,449	78,124	10,039
397.5	Supervisory & Tele. Equip.	1,319	1,337	1,328		1,337	1,337	9
397.8	Network Equipment	14,734	45,677	30,206	99,419	145,096	95,387	65,181
398	Miscellaneous Equipment	106,824	121,323	114,074		121,323	121,323	7,249
	Total Common Plant	\$5,984,366	\$6,459,545	\$6,221,961	\$662,795	\$7,122,340	\$6,790,943	\$568,982
303	Intangible Plant - Common	\$9,115,436	\$9,868,782	\$9,492,109	\$894,631	\$10,763,413	\$10,316,097	\$823,988
	Total Gas Plant in Service	<u>\$142,052,495</u>	<u>\$154,888,676</u>	<u>\$148,470,597</u>	<u>\$13,364,657</u>	<u>\$168,253,333</u>	<u>\$161,571,008</u>	<u>\$13,100,411</u>

1/ See Rule 38.5.124, Statement C, pages 5-7.

**MONTANA-DAKOTA UTILITIES CO.**  
**DETAILED COST OF PLANT**  
**GAS UTILITY**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019**

Acct. No.	Account	Balance @ 12/31/18	Additions	Retirements	Transfers	Balance 12/31/19
	<u>Distribution Plant</u>					
374.1	Land	\$1,172,767	(\$15,286)	(\$10)	\$45,083	\$1,202,554
374.2	Rights of Way	1,448,167	13,341	0	(4,419)	1,457,089
375	Structures & Improvements	1,581,740	9,280	(14,710)	(3,352)	1,572,958
376	Mains	236,993,217	14,646,550	(1,112,186)	(45,000)	250,482,581
378	Meas. & Reg. Equip.-General	3,901,308	313,704	(185,381)	0	4,029,631
379	Meas. & Reg. Equip.-City Gate	9,752,736	1,228,037	(24,638)	7,688	10,963,823
380	Services	116,452,531	13,141,295	(412,144)	0	129,181,682
381	Positive Meters	77,208,561	5,504,296	(1,777,501)	(366,423)	80,568,933
383	Service Regulators	10,751,819	1,207,039	(86,067)	(50,225)	11,822,566
385	Ind. Meas. & Reg. Station Eqpt.	2,432,838	92,509	(34,766)	0	2,490,581
386.1	Misc. Property on Customer Premise	113,207	0	(113,207)	0	0
386.2	Other Property on Cust. Premise	1,680	0	0	0	1,680
387.1	Cathodic Protection Equip.	4,655,554	476,911	(23,459)	0	5,109,006
387.2	Other Distribution Equip.	712,699	0	0	0	712,699
	Total Distribution Plant	\$467,178,824	\$36,617,676	(3,784,069)	(416,648)	\$499,595,783
	<u>General Plant</u>					
389	Land	\$2,446,490	\$190,133	(\$33,542)	\$0	\$2,603,081
390	Structures and Improvements	14,464,762	185,809	(198,689)	0	14,451,882
391.1	Furniture and Fixtures	299,052	9,754	(16,999)	0	291,807
391.3	Computer Equip. - PC	66,506	1,030	(56,593)	0	10,943
391.5	Computer Equip. - Other	0	0	0	0	0
392.1	Trans. Equip., Non-Unitized	453,335	0	(3,167)	0	450,168
392.2	Trans. Equip., Unitized	10,891,941	1,827,292	(1,207,087)	17,219	11,529,365
393	Stores Equipment	57,183	5,089	0	0	62,272
394.1	Miscellaneous Tools - Utilized	4,874,525	541,639	(111,027)	0	5,305,137
394.3	Vehicle Maintenance Equipment	36,373	0	0	0	36,373
394.4	Vehicle Refueling Equipment	0	0	0	0	0
395	Laboratory Equipment	226,862	54,740	0	0	281,602
396.1	Power Operated Equip.	10,689,765	4,249,153	(5,104,955)	(232,103)	9,601,860
396.2	Work Equipment Trailers	1,130,649	58,619	(32,660)	0	1,156,608
397.1	Fixed Radio Comm. Equipment	1,129,653	162	(10,670)	0	1,119,145

**MONTANA-DAKOTA UTILITIES CO.  
DETAILED COST OF PLANT  
GAS UTILITY  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019**

Acct. No.	Account	Balance @ 12/31/18	Additions	Retirements	Transfers	Balance 12/31/19
397.2	Moblile Radio Comm. Equipment	464,953	0	(2,062)	5,832	468,723
397.3	General Telephone Comm. Equipment	140,015	0	(14,135)	0	125,880
397.8	Network Equipment	0	0	0	9,064	9,064
398	Miscellaneous Equipment	90,747	(26,768)	0	0	63,979
	Total General Plant	<u>\$47,462,811</u>	<u>\$7,096,652</u>	<u>(\$6,791,586)</u>	<u>(\$199,988)</u>	<u>\$47,567,889</u>
303	Intangible Plant - General	10,054,337	499,378			10,553,715
	Common Plant - Gas 1/	27,337,792	2,048,636	(707,906)	694,744	29,373,265
	Common Intangible Plant 2/	32,847,996	2,563,235	(108,873)	462,091	35,764,449
	Acquisition Adjustment	97,266				97,266
	Total Gas Plant in Service	<u><u>\$584,979,026</u></u>	<u><u>\$48,825,577</u></u>	<u><u>(\$11,392,434)</u></u>	<u><u>\$540,199</u></u>	<u><u>\$622,952,367</u></u>

- 1/ Common plant is either directly assigned or allocated to gas and electric plant. Total common plant additions, retirements, transfers and blending adjustments for the twelve months ended December 31, 2019 are \$2,048,636, (\$707,906), (\$19,684) and \$714,428, respectively.
- 2/ Common plant is either directly assigned or allocated to gas and electric plant. Total common plant additions, retirements, transfers and blending adjustments for the twelve months ended December 31, 2019 are \$2,563,235, (\$108,873), \$0 and \$462,091, respectively.

**MONTANA-DAKOTA UTILITIES CO.  
BOOK CHANGES IN GAS PLANT IN SERVICE  
TWELVE MONTHS ENDING DECEMBER 31, 2019**

Work Order #	Description	Location	Construction Period	Date Placed In Service	Beginning Balance	Major Additions	Major Retirements	Transfers	Ending Balance
					\$524,695,972				
FP-315285	Construct Main to Serve New Facility in Menoken	ND	5/1/2019-9/13/2019	9/13/2019		1,752,683			
FP-316059	System Safety and Integrity (SSIP) Mains Replacement in Rapid City, SD	SD	5/1/2019-12/31/2019	12/31/2019		1,331,648			
FP-316064	System Safety and Integrity (SSIP) Services Replacement in Rapid City, SD	SD	5/1/2019-12/31/2019	12/31/2019		1,150,766			
FP-317481	Install Distribution System in Gwinner	ND	4/1/2019-10/18/2019	10/18/2019		890,493			
FP-317482	Install Distribution System in Milnor	ND	4/1/2019-9/13/2019	9/13/2019		875,493			
FP-316065	System Safety and Integrity (SSIP) Services Replacement in Powell, WY	WY	5/1/2018-10/1/2018	10/1/2018		758,059			
	Major Projects Subtotal				524,695,972	6,759,142			
	Miscellaneous Projects					37,454,564	(10,575,655)	(616,636)	
	Subtotal				524,695,972	44,213,706	(10,575,655)	(616,636)	557,717,387
	Common Plant Allocated to Gas				60,185,788	4,611,871	(816,779)	1,156,835	65,137,714
	Total Gas Plant				584,881,760	\$48,825,577	(\$11,392,434)	\$540,199	\$622,855,101

**MONTANA-DAKOTA UTILITIES CO.**  
**2020 PLANT ADDITIONS SUMMARY**  
**GAS UTILITY - MONTANA**

	<u>Montana</u>
Distribution	\$8,793,781
General	
Other	\$518,613
Structures & Improvements	1,647,257
Vehicles	435,000
Work Equipment	<u>360,300</u>
Total General	<u>\$2,961,170</u>
General Intangible	\$52,280
Common	
Other	\$299,209
Structures & Improvements	166,693
Computer Equipment	87,495
Vehicles	<u>109,398</u>
Total Common Plant	<u>\$662,795</u>
Common Intangible	\$894,631
Total Additions	<u><u>\$13,364,657</u></u>

**MONTANA-DAKOTA UTILITIES CO.  
2020 PLANT ADDITIONS  
GAS UTILITY - MONTANA**

Funding Project	Acct. #	Description	Montana	Growth Related	Total Amount
<b><u>Distribution</u></b>					
Various	376	Mains Replace	\$475,528		\$475,528
Various	376	Mains Growth	0	\$697,023	697,023
FP-316057	376	Glendive Safety & Integrity Mains Project	3,237,337		3,237,337
FP-318094	376	HPSS Replacements	118,990		118,990
FP-318913	376	Replace Main to Remove Riverside Tap - Billings	74,964		74,964
FP-318101	378	Regulator Station Growth	0	71,394	71,394
FP-318176	378	Regulator Station Replace	89,243		89,243
FP-318985	378	Install Line Heater - Belle Creek Station	118,990		118,990
FP-318688	379	Regulator Station	261,357		261,357
Various	380	Service Lines Growth	0	1,340,115	1,340,115
Various	380	Service Lines Replacement	239,237		239,237
FP-316062	380	Sys Safety & Integrity Plan - Services Replace	1,963,406		1,963,406
FP-317152	380	Replace Plastic Service w/ Steel Riser	115,862		115,862
FP-318923	380	Replace Services to Remove Riverside Tap - Laurel	14,279		14,279
FP-100911	381	Meters	1,265,783	427,742	1,693,525
FP-100913	383	Regulators	247,653	83,689	331,342
FP-316066	387.1	Cathodic Protection	571,152		571,152
		Total Distribution	\$8,793,781	\$2,619,963	\$11,413,744
<b><u>General</u></b>					
FP-316952	390	Build Office/Shop - Glasgow	\$1,559,425		\$1,559,425
FP-318998	390	Purchase Fencing & Sign - Glasgow	87,832		87,832
FP-100960	392.2	Vehicles	435,000		435,000
Various	394.1	Tools & Minor Work Equipment	109,753		109,753
FP-318290	394.1	Purchase Electrofusion Machine - Glendive	4,085		4,085
FP-318291	394.1	Purchase Plastic Squeeze Tools - Miles City	4,085		4,085
FP-318320	394.1	Sensit Gold GLT Trainer	6,638		6,638
FP-318358	394.1	Purchase Calibration Station - Wolf Point	7,893		7,893
FP-318693	394.1	Purchase Core Drill - Wolf Point	6,550		6,550
FP-318694	394.1	Purchase Odorator - Wolf Point	5,392		5,392
FP-318814	394.1	Purchase Boring Tool System - Wolf Point	5,236		5,236
FP-318900	394.1	Purchase 2 Sets Mueller Tools - Billings	35,746		35,746
FP-318907	394.1	Purchase Bore Rig Drill Rods - Billings	25,533		25,533

**MONTANA-DAKOTA UTILITIES CO.  
2020 PLANT ADDITIONS  
GAS UTILITY - MONTANA**

Funding Project	Acct. #	Description	Montana	Growth Related	Total Amount
FP-318911	394.1	Purchase 2 Remote Methane Leak Detectors	20,426		20,426
FP-318885	395	Upgrade to Model 6 Prover	7,617		7,617
FP-100980	396.2	Work Equipment	360,300		360,300
FP-316757	397.1	Fixed Network Expansion	20,426		20,426
Various	397.1	Fixed Network Equipment	11,591		11,591
FP-315398	397.2	Communication Equipment	9,721		9,721
FP-316491	397.2	Replace Mobile Radio System	212,946		212,946
FP-318201	397.6	SCADA System	299		299
FP-318203	397.8	IT Network Equipment	3,739		3,739
FP-319009	397.8	Install Networking Equipment - Glasgow	20,937		20,937
		Total General	\$2,961,170	\$0	\$2,961,170
		<b><u>General Intangible</u></b>			
FP-316359	303	SCADA System Enhancements	\$13,330		\$13,330
FP-316450	303	PCAD Enhancements	27,934		27,934
FP-318453	303	SCADA Autosol Metretek	11,016		11,016
		Total General Intangible	\$52,280	\$0	\$52,280
		<b><u>Common</u></b>			
FP-317010	390	Replace Warehouse Lighting w/LED - Wolf Point	\$13,203		\$13,203
FP-317030	390	Replace Ceiling Tiles - Regional Office	7,820		7,820
FP-317059	390	Replace Verticle Blinds - Regional Office	1,582		1,582
Various	390	Replace Carpet - Wolf Point & Regional Office	11,491		11,491
FP-317098	390	Replace Lighting w/ LED - Regional Office	3,866		3,866
Various	390	Remodel Restrooms - G.O. & Annex	97,227		97,227
FP-318845	390	Concrete Pad - Regional Office	2,109		2,109
FP-319185	390	Communication Building - Bismarck	29,395		29,395
FP-100755	391.1	Office Equipment	40,201		40,201
FP-318982	391.1	Office Furniture	17,764		17,764
FP-100014	391.3	Toughbook Replacements	24,351		24,351
FP-100756	391.3	Personal Computers & Peripherals	11,348		11,348
FP-311597	391.3	Itron Mobile Radio	15,793		15,793
FP-316892	391.3	Replace UPS Batteries	2,157		2,157
FP-316917	391.3	Purchase Replacement Display Devices	12,164		12,164

**MONTANA-DAKOTA UTILITIES CO.  
2020 PLANT ADDITIONS  
GAS UTILITY - MONTANA**

Funding Project	Acct. #	Description	Montana	Growth Related	Total Amount
FP-319141	391.3	Purchase Zonar V4R Units	4,495		4,495
FP-317563	391.5	Computer Equipment	17,187		17,187
FP-100719	392.2	Vehicles	109,398		109,398
Various	394.1	Minor Work Equipment	8,562		8,562
FP-100744	397.1	Communication Equipment	18,113		18,113
FP-316755	397.1	Fixed Network Expansion	2,401		2,401
FP-300071	397.2	Replace Mobile Collectors	3,647		3,647
FP-316128	397.2	Replace Mobile Radio System	90,451		90,451
FP-318970	397.3	Replace Cisco Telephone	18,651		18,651
FP-318189	397.8	Common Fixed Network Equipment	3,596		3,596
FP-318205	397.8	Common IT Network Equipment	95,823		95,823
		Total Common	\$662,795	\$0	\$662,795
<b><u>Common - Intangible</u></b>					
FP-100550	303	Maximo	\$730,778		\$730,778
FP-100575	303	Customer Self Service Web/IVR	22,939		22,939
FP-200714	303	GIS Enhancements	16,856		16,856
FP-316021	303	GIS System Upgrade	82,367		82,367
FP-316104	303	GIS Pipeline Inspection System	14,382		14,382
FP-317095	303	JDEdwards migration to Oracle DB	8,596		8,596
FP-318360	303	Purchase Sierra AirLink Manager	5,393		5,393
FP-318407	303	Upgrade FDM Software	4,944		4,944
FP-318844	303	Dashboard Implementation for CSC	3,865		3,865
FP-318890	303	GIS Offline Mobile Maps Implementation	3,686		3,686
FP-319008	303	Large Volume Customer Website	825		825
		Total Common Intangible	\$894,631	\$0	\$894,631
Total Plant Additions			<u>\$13,364,657</u>	<u>\$2,619,963</u>	<u>\$15,984,620</u>



**MONTANA-DAKOTA UTILITIES CO.  
METHODS AND PROCEDURES FOLLOWED IN CAPITALIZING  
THE ALLOWANCE FOR FUNDS USED DURING  
CONSTRUCTION AND OTHER CONSTRUCTION OVERHEADS**

Montana-Dakota's Allowance for Funds Used During Construction (AFUDC) policy statement sets forth the procedure used to determine work order charges AFUDC should be applied to.

1. The AFUDC rate is calculated at the beginning of the accounting year and applied to work order balances, including AFUDC only in June and December, each month. The estimated AFUDC rate will be reviewed quarterly.

2. Work orders eligible for AFUDC application are those that provide construction duration of at least thirty (30) calendar days and a budget estimate of at least \$50,000.

3. AFUDC is applied to eligible work orders in the month following the first month any charges are applied to the work order.

The current AFUDC policy became effective in July 2019. The changes in the policy were made to align the procedure with industry standards and to align the procedure at the companies within the MDU Resources Utility Group.

**MONTANA-DAKOTA UTILITIES CO.  
SIGNIFICANT CHANGES IN  
INTANGIBLE PLANT**

There have been significant changes in Common and Electric intangible plant during the year ending December 31, 2019. These additions and upgrades are summarized below:

- GIS Data Conversion (\$2.4M)
- Maximo Software Installed (\$1.7M)
- PowerPlan Accounting Software Upgrade (\$0.4M)
- WAPA Interconnect at Miles City (\$1.4M)
- Landworks Software Purchase (\$3.1M)

There have been no significant changes in Gas intangible plant during the year ending December 31, 2019.

**MONTANA-DAKOTA UTILITIES CO.  
WORKING PAPERS ON PLANT  
NOT USED & USEFUL**

Montana-Dakota has no such plant.

**MONTANA-DAKOTA UTILITIES CO.  
DESCRIPTION OF PROPERTY RECORDS**

The Company's Continuing Property Records are maintained in accordance with the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission (FERC). The Plant Accounting System, which is computerized, records additions to utility plant at original cost (including overhead costs and an allowance for funds used during construction) through charges to work orders maintained in the Plant Accounting Construction Work in Progress (CWIP) System. As construction projects are completed and the plant is placed in service, the costs accumulated in related work orders are transferred to Account 106, Completed Construction Not Classified. When detailed work order information is available the costs are then transferred from Account 106 to the appropriate sub plant account of Account 101, Plant in Service. Such costs in Accounts 101 and 106 are recovered from utility customers through depreciation charges to cost of service. Upon retirement or other disposition of the plant property units, in the ordinary course of business, the original cost is transferred from Account 101 and charged to Account 108, Accumulated Provision for Depreciation of Utility Plant, plus or minus any net salvage.

**MONTANA-DAKOTA UTILITIES CO.  
SUMMARY OF ACCUMULATED RESERVE FOR DEPRECIATION  
GAS UTILITY - MONTANA  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019**

Function	Balance @ 12/31/2018	Balance @ 12/31/2019	Average Balance @ 12/31/2019	Pro Forma Adjustment 1/	Pro Forma Balance
Distribution	\$61,674,988	\$64,240,111	\$62,957,550	\$3,713,615	\$66,671,165
General	3,493,859	3,221,837	3,357,848	163,029	3,520,877
General Intangible	200,830	258,679	229,755	63,217	292,972
Common	2,396,347	2,465,009	2,430,678	170,759	2,601,437
Common Intangible	4,205,459	4,837,062	4,521,261	650,802	5,172,063
Total	<u>\$71,971,483</u>	<u>\$75,022,698</u>	<u>\$73,497,092</u>	<u>\$4,761,422</u>	<u>\$78,258,514</u>

1/ See Rule 38.5.133, Statement D, page 2.

**MONTANA-DAKOTA UTILITIES CO.  
SUMMARY OF ACCUMULATED RESERVE FOR DEPRECIATION  
GAS UTILITY - MONTANA  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019  
ADJUSTMENT B**

Function	Balance @ 12/31/2018	Balance @ 12/31/2019	Average Balance @ 12/31/2019	Provision for Depreciation 1/	Pro Forma Balance	Average Pro Forma Balance	Pro Forma Adjustment
Distribution	\$61,674,988	\$64,240,111	\$62,957,550	\$4,862,107	\$69,102,218	\$66,671,165	\$3,713,615
General	3,493,859	3,221,837	3,357,848	598,079	3,819,916	3,520,877	163,029
General Intangible	200,830	258,679	229,755	68,586	327,265	292,972	63,217
Common	2,396,347	2,465,009	2,430,678	272,856	2,737,865	2,601,437	170,759
Common Intangible	4,205,459	4,837,062	4,521,261	670,001	5,507,063	5,172,063	650,802
Total	<u>\$71,971,483</u>	<u>\$75,022,698</u>	<u>\$73,497,092</u>	<u>\$6,471,629</u>	<u>\$81,494,327</u>	<u>\$78,258,514</u>	<u>\$4,761,422</u>

1/ See Rule 38.5.165, Statement I, pages 2-4 for the provision for depreciation.

**MONTANA-DAKOTA UTILITIES CO.  
BOOK CHANGES IN ACCUMULATED PROVISION FOR  
DEPRECIATION AND AMORTIZATION - GAS UTILITY  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019**

	Beginning Balance 12/31/2018	Annual Provision	Retirements (Original Cost)	Salvage	Removal Costs	Reclass/ Adjustments	Ending Balance 12/31/2019
<u>Gas Utility</u>							
Account 111 - Intangible	\$2,229,801	\$483,825	\$0	\$0	\$0	\$0	\$2,713,626
Account 108							
Production	0	0	0	0	0	0	0
Distribution	216,390,201	16,984,562	(3,784,069)	3,450	(1,731,368)	(127,607)	227,735,169
General	10,959,560	1,692,551	(6,791,586)	4,646,402	(35,354)	(111,381)	10,360,192
Total Account 108	227,349,761	18,677,113	(10,575,655)	4,649,852	(1,766,722)	(238,988)	238,095,361
Total	<u>\$229,579,562</u>	<u>\$19,160,938</u>	<u>(\$10,575,655)</u>	<u>\$4,649,852</u>	<u>(\$1,766,722)</u>	<u>(\$238,988)</u>	<u>\$240,808,987</u>
Common 1/	\$25,890,850	\$3,069,125	(\$816,779)	\$127,094	(\$19,566)	\$392,394	\$28,643,118

1/ Common Plant is assigned by state on an actual site and use basis when applicable, and the remainder is allocated by state to gas and electric on a plant in service basis. Total common changes for the twelve months ended December 31, 2019 are:

	Beginning Balance 12/31/2018	Annual Provision	Retirements (Original Cost)	Salvage	Removal Costs	Adjustments	Ending Balance 12/31/2019
<u>Common Utility</u>							
Account 111	\$32,078,217	\$3,941,654	(\$266,846)				\$35,753,025
Account 108	27,222,959	2,372,920	(1,951,124)	331,310	(60,776)	(26,477)	27,888,812
Total Accounts 111 and 108	<u>\$59,301,176</u>	<u>\$6,314,574</u>	<u>(\$2,217,970)</u>	<u>\$331,310</u>	<u>(\$60,776)</u>	<u>(\$26,477)</u>	<u>\$63,641,837</u>

**MONTANA-DAKOTA UTILITIES CO.  
PROCEDURES FOLLOWED IN DEPRECIATING OR  
AMORTIZING PLANT AND RECORDING ABANDONMENT**

There has been no policy change with respect to the methodology employed or procedures followed in depreciating and amortizing plant investments and recording plant abandonments since the end of the year reported in the company's last FERC Form 1.



**MONTANA-DAKOTA UTILITIES CO.  
ALLOCATION OF OVERALL ACCUMULATED RESERVE  
ACCOUNTS TO FUNCTIONAL GROUPS OF PLANTS**

This schedule is not applicable because the Company provides and records its accumulated reserves for depreciation by functional groups of plant accounts.

**MONTANA-DAKOTA UTILITIES CO.  
SUMMARY OF WORKING CAPITAL AND OTHER DEDUCTIONS  
GAS UTILITY - MONTANA  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019**

<u>Working Capital</u>	<u>Balance @ 12/31/18</u>	<u>Balance @ 12/31/19</u>	<u>Average</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Balances</u>	<u>Adjustment</u>
Materials and Supplies	\$943,252	\$1,157,276	\$1,050,264	\$188,481	\$1,238,745	C
Gas in Underground Storage	3,086,252	2,998,276	3,042,264	(148,663)	2,893,601	D
Prepayments						
Insurance	24,264	31,571	27,918	141,452	169,370	E
Demand and Commodity	1,144,393	1,276,145	1,210,269	(466,103)	744,166	F
Unamortized Loss on Debt	163,574	139,671	151,623	(16,042)	135,581	G
Provision for Pensions & Benefits	7,690,465	9,828,667	8,759,566	1,445,093	10,204,659	H
Provision for Injuries & Damages	(10,279)	(16,073)	(13,176)	(2,897)	(16,073)	I
Provision for Post Retirement	0	0	0	365,634	365,634	J
Unamort. Redemption Cost of Pref. Stock	19,296	17,957	18,627	(1,339)	17,288	K
Total Working Capital	<u>\$13,061,217</u>	<u>\$15,433,490</u>	<u>\$14,247,355</u>	<u>\$1,505,616</u>	<u>\$15,752,971</u>	
Customer Advances for Construction	<u>\$2,384,217</u>	<u>\$2,290,354</u>	<u>\$2,337,286</u>	<u>(\$83,697)</u>	<u>\$2,253,589</u>	O

**MONTANA-DAKOTA UTILITIES CO.  
MATERIALS AND SUPPLIES  
GAS UTILITY - MONTANA  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019  
ADJUSTMENT C**

	<u>Per Books</u>	<u>Pro Forma 1/</u>	<u>Pro Forma Adjustment</u>
December 2018	\$943,252	\$1,157,276	
January 2019	935,503	1,137,692	
February	967,664	1,168,538	
March	1,103,096	1,103,096	
April	1,097,908	1,097,908	
May	1,109,738	1,109,738	
June	1,299,904	1,299,904	
July	1,345,024	1,345,024	
August	1,377,879	1,377,879	
September	1,329,408	1,329,408	
October	1,451,257	1,451,257	
November	1,368,692	1,368,692	
December	1,157,276	1,157,276	
Beginning and ending average	<u>\$1,050,264</u>		
Thirteen month average		<u>\$1,238,745</u>	<u>\$188,481</u>

1/ Reflects actual balances December 2018 through February 2020. March to December 2020 reflect per books 2019.

**MONTANA-DAKOTA UTILITIES CO.  
GAS IN UNDERGROUND STORAGE  
GAS UTILITY - MONTANA  
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2019  
ADJUSTMENT D**

	<u>Per Books</u>	<u>Pro Forma 1/</u>	<u>Pro Forma Adjustment</u>
December 2018	\$3,086,252	\$2,998,276	
January 2019	1,138,725	1,817,561	
February	(858,714)	632,180	
March	(971,661)	58,238	
April	(679,272)	718,426	
May	(22,556)	1,573,033	
June	1,232,297	2,670,270	
July	2,874,336	3,767,506	
August	4,481,005	4,577,781	
September	5,547,119	5,233,860	
October	5,447,771	5,736,109	
November	4,203,097	4,771,219	
December	2,998,276	3,062,350	
Beginning and ending average	<u>\$3,042,264</u>		
Thirteen month average		<u>\$2,893,601</u>	<u>(\$148,663)</u>

1/ Reflects actual balances December 2018 through February 2020. March through December 2020 reflect expected storage injection and withdrawal volumes and forecasted pricing.

**MONTANA-DAKOTA UTILITIES CO.  
PREPAID INSURANCE  
GAS UTILITY - MONTANA  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019  
ADJUSTMENT E**

	<u>Per Books</u>	<u>Pro Forma 1/</u>	<u>Pro Forma Adjustment</u>
December 2018	\$24,264	\$31,571	
January 2019	348,881	346,108	
February	316,689	323,020	
March	293,605	290,065	
April	252,929	257,110	
May	222,685	224,155	
June	190,168	191,200	
July	157,510	158,245	
August	124,853	125,290	
September	95,786	92,335	
October	62,410	59,382	
November	65,786	68,252	
December	31,571	35,082	
Beginning and ending average	<u>\$27,918</u>		
Thirteen month average		<u>\$169,370</u>	<u>\$141,452</u>

1/ Reflects actual balances December 2018 through February 2020. March to December 2020 reflects Pro Forma expenses.

**MONTANA-DAKOTA UTILITIES CO.  
PREPAID DEMAND AND COMMODITY CHARGES  
GAS UTILITY - MONTANA  
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2019  
ADJUSTMENT F**

	<u>Per Books</u>	<u>Pro Forma 1/</u>	<u>Pro Forma Adjustment</u>
December 2018	\$1,144,393	\$1,276,145	
January 2019	(379,225)	(371,876)	
February	(1,439,130)	(1,488,733)	
March	(2,039,507)	(2,204,293)	
April	(1,909,772)	(2,103,517)	
May	(1,154,861)	(1,239,684)	
June	8,148	23,124	
July	1,156,437	1,269,082	
August	2,316,790	2,511,816	
September	3,356,751	3,637,299	
October	3,522,388	3,838,410	
November	2,805,877	3,086,846	
December	1,276,145	1,439,533	
Beginning and ending average	<u>\$1,210,269</u>		
Thirteen month average		<u>\$744,166</u>	<u>(\$466,103)</u>

1/ Reflects actual balances December 2018 through February 2020. March to December 2020 are based on storage activity and average pricing.

**MONTANA-DAKOTA UTILITIES CO.  
UNAMORTIZED GAIN(LOSS) ON DEBT  
ACCUMULATED DEFERRED INCOME TAXES  
GAS UTILITY - MONTANA  
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2019  
ADJUSTMENT G**

	<u>Loss on Debt</u>	<u>Accumulated Deferred Income Taxes</u>
Balance at December 31, 2018	\$163,574	(\$42,614)
Balance at December 31, 2019	139,671	(36,342)
Average Balance	<u>\$151,623</u>	<u>(\$39,478)</u>
2020 Amortization 1/	<u>(8,180)</u>	<u>2,505</u>
Balance at December 31, 2020	\$131,491	(\$33,837)
Average Balance at December 31, 2020	<u>\$135,581</u>	<u>(\$35,089)</u>
Pro Forma Adjustment	<u><u>(\$16,042)</u></u>	<u><u>\$4,389</u></u>

1/ Includes annual amortization and reallocation.

January 2020 Reallocation:	16,792
Annual Amortization:	<u>(24,972)</u>
2020 Ending Balance:	(8,180)

1/ Includes annual DIT activity and reallocation.

January 2020 Reallocation:	(3,915)
Annual Amortization:	<u>6,420</u>
2020 Ending Balance:	2,505

**MONTANA-DAKOTA UTILITIES CO.  
PROVISION FOR PENSIONS AND BENEFITS  
ACCUMULATED DEFERRED INCOME TAXES ON PENSIONS AND BENEFITS  
GAS UTILITY - MONTANA  
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2019  
ADJUSTMENT H**

	<u>Total</u>	<u>Provision for Pensions and Benefits</u>	<u>DIT on Pensions and Benefits</u>
Balance at December 31, 2018	\$5,789,928	\$7,690,465	(\$1,900,537)
Balance at December 31, 2019	<u>7,373,323</u>	<u>9,828,667</u>	<u>(2,455,344)</u>
Average Balance	\$6,581,625	\$8,759,566	(\$2,177,941)
Balance at December 31, 2020	<u>7,972,925</u>	<u>10,580,651</u>	<u>(2,607,726)</u>
Pro Forma change in balance	(599,602)	(751,984)	152,382
Average Balance	\$7,673,124	\$10,204,659	(\$2,531,535)
Pro Forma Adjustment	<u><u>\$1,091,499</u></u>	<u><u>\$1,445,093</u></u>	<u><u>(\$353,594)</u></u>



**MONTANA-DAKOTA UTILITIES CO.**  
**PROVISION FOR INJURIES AND DAMAGES**  
**ACCUMULATED DEFERRED INCOME TAXES ON INJURIES AND DAMAGES**  
**GAS UTILITY - MONTANA**  
**FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2019**  
**ADJUSTMENT I**

	<u>Total</u>	<u>Provision for Injuries and Damages</u>	<u>DIT on Injuries and Damages</u>
Balance at December 31, 2018	(\$7,772)	(\$10,279)	\$2,507
Balance at December 31, 2019	<u>(12,152)</u>	<u>(16,073)</u>	<u>3,921</u>
Average Balance	(\$9,962)	(\$13,176)	\$3,214
Balance at December 31, 2020	<u>(12,152)</u>	<u>(16,073)</u>	<u>3,921</u>
Average Balance	(\$12,152)	(\$16,073)	\$3,921
Pro Forma Adjustment	<u><u>(\$2,190)</u></u>	<u><u>(\$2,897)</u></u>	<u><u>\$707</u></u>

**MONTANA-DAKOTA UTILITIES CO.  
PROVISION FOR POST RETIREMENT  
ACCUMULATED DEFERRED POST RETIREMENT  
GAS UTILITY - MONTANA  
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2019  
ADJUSTMENT J**

	<u>Total</u>	<u>Provision for Post Retirement</u>	<u>DIT for Post Retirement</u>
Balance at December 31, 2018	\$0	\$0	\$0
Balance at December 31, 2019	<u>0</u>	<u>0</u>	<u>0</u>
Average Balance	\$0	\$0	\$0
Balance at December 31, 2020	<u>276,446</u>	<u>365,634</u>	<u>(89,188)</u>
Average Balance	\$276,446	\$365,634	(\$89,188)
Pro Forma Adjustment	<u><u>\$276,446</u></u>	<u><u>\$365,634</u></u>	<u><u>(\$89,188)</u></u>

**MONTANA-DAKOTA UTILITIES CO.  
UNAMORTIZED REDEMPTION OF PREFERRED STOCK COST  
GAS UTILITY - MONTANA  
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2019  
ADJUSTMENT K**

	Unamortized Loss on Preferred Stock
Balance at December 31, 2018	<u>\$19,296</u>
Balance at December 31, 2019	17,957
Average Balance	\$18,627
Amortization 1/	(\$1,339)
Pro Forma Balance	<u><u>\$17,288</u></u>

1/ Amortization period of 15 years.

**MONTANA-DAKOTA UTILITIES CO.  
CUSTOMER ADVANCES FOR CONSTRUCTION  
GAS UTILITY - MONTANA  
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2019  
ADJUSTMENT O**

	<u>Per Books</u>	<u>Pro Forma 1/</u>	<u>Pro Forma Adjustment</u>
December 2018	\$2,384,217	\$2,290,354	
January 2019	2,367,084	2,250,525	
February	2,362,405	2,250,525	
March	2,440,975	2,250,525	
April	2,454,646	2,250,525	
May	2,466,351	2,250,525	
June	2,323,799	2,250,525	
July	2,322,728	2,250,525	
August	2,355,792	2,250,525	
September	2,469,865	2,250,525	
October	2,464,285	2,250,525	
November	2,475,486	2,250,525	
December	2,290,354	2,250,525	
Beginning and ending average	<u>\$2,337,286</u>		
13 month average		<u>\$2,253,589</u>	<u>(\$83,697)</u>

1/ Reflects actual balances December 2018 through February 2020. March - December 2020 remain at February 2020 level.

**MONTANA-DAKOTA UTILITIES CO.**  
**UTILITY CAPITAL STRUCTURE**  
**TWELVE MONTHS ENDING DECEMBER 31, 2019**  
**PRO FORMA 2020**

	<u>Balance</u>	<u>Ratio</u>	<u>Cost</u>	<u>Required Return</u>
<b><u>2019 - Average</u></b>				
Long Term Debt	\$730,419,786	46.456%	4.820%	2.239%
Short Term Debt 1/	54,408,951	3.461%	3.095%	0.107%
Common Equity	787,435,493	50.083%	10.200%	5.108%
Total	<u>\$1,572,264,230</u>	<u>100.000%</u>		<u>7.454%</u>
 <b><u>Pro Forma 2020 - Average</u></b>				
Long Term Debt	\$730,407,514	44.718%	4.718%	2.110%
Short Term Debt 1/	82,849,388	5.072%	2.548%	0.129%
Common Equity	820,111,996	50.210%	10.200%	5.121%
Total	<u>\$1,633,368,898</u>	<u>100.000%</u>		<u>7.360%</u>

1/ Reflects average monthly balance.

**MONTANA-DAKOTA UTILITIES CO.**  
**AVERAGE UTILITY COMMON EQUITY**  
**TWELVE MONTHS ENDING DECEMBER 31, 2019**  
**PRO FORMA 2020**

<u>Description</u>	<u>Amount</u>
Common Equity - 12/31/2018	<u>\$2,566,774,816</u>
Investment in Subsidiaries	<u>1,790,885,738</u>
Utility Common Equity - 12/31/2018	<u><u>\$775,889,078</u></u>
Common Equity - 12/31/2019	<u>\$798,981,908</u>
Average @ 12/31/2019	\$787,435,493
Common Equity - 12/31/2020	<u>\$841,242,084</u>
Average @ 12/31/2020	<u><u>\$820,111,996</u></u>

**MONTANA-DAKOTA UTILITIES CO.**  
**AVERAGE LONG-TERM DEBT**  
**TWELVE MONTHS ENDING DECEMBER 31, 2017**  
**PRO FORMA 2020**

	Balance Outstanding	Annual Cost	Adjusted Embedded Cost
Balance at 12/31/2018	\$730,000,000	\$35,874,090	4.914%
Minot Air Force Base Payable	425,495	25,530	6.000%
Amortization of Gain/Loss		43,469 1/	
Balance at 12/31/2018	<u>\$730,425,495</u>	<u>\$35,943,089</u>	<u>4.921%</u>
Balance at 12/31/2019	\$730,000,000	\$34,395,090	4.712%
Minot Air Force Base Payable	414,076	24,845	6.000%
Amortization of Gain/Loss		43,469 1/	
Total @ 12/31/2019	<u>\$730,414,076</u>	<u>\$34,463,404</u>	<u>4.718%</u>
Average @ 12/31/2019	<u>\$730,419,786</u>	<u>\$35,203,247</u>	<u>4.820%</u>
Balance at 12/31/2020	730,000,000	34,395,090	4.712%
Minot Air Force Base Payable	400,952	24,057	6.000%
Amortization of Gain/Loss		43,469 1/	
Total @ 12/31/20	<u>\$730,400,952</u>	<u>\$34,462,616</u>	<u>4.718%</u>
Average @ 12/31/2020	<u>\$730,407,514</u>	<u>\$34,463,010</u>	<u>4.718%</u>

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**MONTANA-DAKOTA UTILITIES CO.  
LONG-TERM DEBT CAPITAL  
DECEMBER 31, 2019**

Description	Date of Issuance	Date of Maturity	Interest Rate	Principal Amount of Issue	Gross Proceeds	Underwriters' Commission		Loss on Reacquisition Redemption and Issuance Expense	
						Amount	% Gross Proceeds	Amount	% Gross Proceeds
Unsecured Long-Term Debt									
5.98% - Senior Note	12/15/03	12/15/33	5.980%	\$30,000,000	\$30,000,000	\$624,465	2.082%	0	0.000%
6.33% - Senior Note	08/24/06	08/24/26	6.330%	100,000,000	100,000,000	344,061	0.344%	10,532,009	10.532%
5.18% - Senior Note	04/15/14	04/15/44	5.180%	50,000,000	50,000,000	239,178	0.478%	0	0.000%
4.24% - Senior Note	07/15/14	07/15/24	4.240%	60,000,000	60,000,000	291,263	0.485%	0	0.000%
4.34% - Senior Note	07/15/14	07/15/26	4.340%	40,000,000	40,000,000	197,042	0.493%	0	0.000%
3.78% - Senior Note	10/29/15	10/30/25	3.780%	87,000,000	87,000,000	471,997	0.543%	0	0.000%
4.87% - Senior Note	10/29/15	10/30/45	4.870%	11,000,000	11,000,000	59,461	0.541%	0	0.000%
4.03% - Senior Note	12/10/15	12/10/30	4.030%	52,000,000	52,000,000	286,355	0.551%	0	0.000%
4.15% - Senior Note	11/21/16	11/21/46	4.150%	40,000,000	40,000,000	226,084	0.565%	0	0.000%
3.73% - Senior Note	03/21/17	03/21/37	3.730%	40,000,000	40,000,000	173,637	0.434%	0	0.000%
3.36% - Senior Note	03/21/17	03/21/32	3.360%	20,000,000	20,000,000	86,071	0.430%	0	0.000%
3.66% - Senior Note	10/17/19	10/17/39	3.660%	50,000,000	50,000,000	234,202	0.468%	0	0.000%
3.98% - Senior Note	10/17/19	10/17/49	3.980%	50,000,000	50,000,000	234,202	0.468%	0	0.000%
4.08% - Senior Note	11/18/19	11/18/59	4.080%	100,000,000	100,000,000	435,969	0.436%	0	0.000%
Total Long-Term Debt Capital				\$730,000,000	\$730,000,000	\$3,903,987		\$10,532,009	

<u>Description</u>	<u>Net Proceeds</u>		<u>Cost of Money 1/</u>	<u>Principal Outstanding</u>	<u>Annual Cost</u>	<u>Embedded Cost</u>
	<u>Amount</u>	<u>Per Unit</u>				
<u>Unsecured Long-Term Debt</u>						
5.98% - Senior Note	\$29,375,535	97.918%	6.210%	\$30,000,000	\$1,863,000	
6.33% - Senior Note	89,123,930	89.124%	7.514%	100,000,000	7,514,000	
5.18% - Senior Note	49,760,822	99.522%	5.280%	50,000,000	2,640,000	
4.24% - Senior Note	59,708,737	99.515%	4.346%	60,000,000	2,607,600	
4.34% - Senior Note	39,802,958	99.507%	4.442%	40,000,000	1,776,800	
3.78% - Senior Note	86,528,003	99.457%	3.883%	87,000,000	3,378,210	
4.87% - Senior Note	10,940,539	99.459%	4.964%	11,000,000	546,040	
4.03% - Senior Note	51,713,645	99.449%	4.122%	52,000,000	2,143,440	
4.15% - Senior Note	39,773,916	99.435%	4.228%	40,000,000	1,691,200	
3.73% - Senior Note	39,826,363	99.566%	3.797%	40,000,000	1,518,800	
3.36% - Senior Note	19,913,929	99.570%	3.425%	20,000,000	685,000	
3.66% - Senior Note	49,765,798	99.532%	3.728%	50,000,000	1,864,000	
3.98% - Senior Note	49,765,798	99.532%	4.046%	50,000,000	2,023,000	
4.08% - Senior Note	99,564,031	99.564%	4.144%	100,000,000	4,144,000	
Total Long-Term Debt Capital	<u>\$715,564,004</u>			<u>\$730,000,000</u>	<u>\$34,395,090</u>	<u>4.712%</u>

1/ Yield to maturity based upon the life, net proceeds and semiannual compounding of stated interest rate.



**MONTANA-DAKOTA UTILITIES CO.  
LONG-TERM DEBT CAPITAL  
DECEMBER 31, 2020**

Description	Date of Issuance	Date of Maturity	Interest Rate	Principal Amount of Issue	Gross Proceeds	Underwriters' Commission		Loss on Reacquirement Redemption and Issuance Expense	
						Amount	% Gross Proceeds	Amount	% Gross Proceeds
Unsecured Long-Term Debt:									
5.98% - Senior Note	12/15/03	12/15/33	5.980%	\$30,000,000	\$30,000,000	\$624,465	2.082%	\$0	0.000%
6.33% - Senior Note	08/24/06	08/24/26	6.330%	100,000,000	100,000,000	344,061	0.344%	10,532,009	10.532%
5.18% - Senior Note	04/15/14	04/15/44	5.180%	50,000,000	50,000,000	239,178	0.478%	0	0.000%
4.24% - Senior Note	07/15/14	07/15/24	4.240%	60,000,000	60,000,000	291,263	0.485%	0	0.000%
4.34% - Senior Note	07/15/14	07/15/26	4.340%	40,000,000	40,000,000	197,042	0.493%	0	0.000%
3.78% - Senior Note	10/29/15	10/30/25	3.780%	87,000,000	87,000,000	471,997	0.543%	0	0.000%
4.87% - Senior Note	10/29/15	10/30/45	4.870%	11,000,000	11,000,000	59,461	0.541%	0	0.000%
4.03% - Senior Note	12/10/15	12/10/30	4.030%	52,000,000	52,000,000	286,355	0.551%	0	0.000%
4.15% - Senior Note	11/21/16	11/21/46	4.150%	40,000,000	40,000,000	226,084	0.565%	0	0.000%
3.73% - Senior Note	03/21/17	03/21/37	3.730%	40,000,000	40,000,000	173,637	0.434%	0	0.000%
3.36% - Senior Note	03/21/17	03/21/32	3.360%	20,000,000	20,000,000	86,071	0.430%	0	0.000%
3.66% - Senior Note	10/17/19	10/17/39	3.660%	50,000,000	50,000,000	234,202	0.468%	0	0.000%
3.98% - Senior Note	10/17/19	10/17/49	3.980%	50,000,000	50,000,000	234,202	0.468%	0	0.000%
4.08% - Senior Note	11/18/19	11/18/59	4.080%	100,000,000	100,000,000	435,969	0.436%	0	0.000%
Total Long-Term Debt Capital				<u>\$730,000,000</u>	<u>\$730,000,000</u>	<u>\$3,903,987</u>		<u>\$10,532,009</u>	

<u>Description</u>	Net Proceeds		Cost of Money 1/	Principal Outstanding	Annual Cost	Embedded Cost
	Amount	Per Unit				
Unsecured Long-Term Debt:						
5.98% - Senior Note	\$29,375,535	97.918%	6.210%	\$30,000,000	\$1,863,000	
6.33% - Senior Note	89,123,930	89.124%	7.514%	100,000,000	7,514,000	
5.18% - Senior Note	49,760,822	99.522%	5.280%	50,000,000	2,640,000	
4.24% - Senior Note	59,708,737	99.515%	4.346%	60,000,000	2,607,600	
4.34% - Senior Note	39,802,958	99.507%	4.442%	40,000,000	1,776,800	
3.78% - Senior Note	86,528,003	99.457%	3.883%	87,000,000	3,378,210	
4.87% - Senior Note	10,940,539	99.459%	4.964%	11,000,000	546,040	
4.03% - Senior Note	51,713,645	99.449%	4.122%	52,000,000	2,143,440	
4.15% - Senior Note	39,773,916	99.435%	4.228%	40,000,000	1,691,200	
3.73% - Senior Note	39,826,363	99.566%	3.797%	40,000,000	1,518,800	
3.36% - Senior Note	19,913,929	99.570%	3.425%	20,000,000	685,000	
3.66% - Senior Note	49,765,798	99.532%	3.728%	50,000,000	1,864,000	
3.98% - Senior Note	49,765,798	99.532%	4.046%	50,000,000	2,023,000	
4.08% - Senior Note	99,564,031	99.564%	4.144%	100,000,000	4,144,000	
Total Long-Term Debt Capital	<u>\$715,564,004</u>			<u>\$730,000,000</u>	<u>\$34,395,090</u>	<u>4.712%</u>

1/ Yield to maturity based upon the life, net proceeds and semiannual compounding of stated interest rate.

**MONTANA-DAKOTA UTILITIES CO.**  
**AMORTIZATION OF LOSS ON REACQUIRED DEBT**  
**TWELVE MONTHS ENDING DECEMBER 31, 2019**  
**PRO FORMA 2020**

<u>Acct. 1890 - Unamortized Loss</u>	<u>Amortization</u>
PCN Notes Loss/Unamortized Expense - 2018	\$43,469
PCN Notes Loss/Unamortized Expense - 2019	43,469
PCN Notes Loss/Unamortized Expense - 2020	43,469

**MONTANA-DAKOTA UTILITIES CO.**  
**AVERAGE SHORT-TERM DEBT**  
**TWELVE MONTHS ENDING DECEMBER 31, 2019**  
**PRO FORMA 2020**

	Balance Outstanding	Annual Cost	Average Cost
<u>2019</u>			
Average Balance 1/	\$54,408,951	\$1,319,268	2.425%
Amortization of Fees 2/		364,468	
Total	<u>\$54,408,951</u>	<u>\$1,683,736</u>	<u>3.095%</u>
 <u>Pro Forma 2020</u>			
Average Balance 1/	\$82,849,388	\$1,734,291	2.093%
Amortization of Fees 2/		376,786	
Total	<u>\$82,849,388</u>	<u>\$2,111,077</u>	<u>2.548%</u>

- 1/ Twelve month average balance.  
2/ Negotiation and commitment fees.

**MONTANA-DAKOTA UTILITIES CO.  
AVERAGE PREFERRED STOCK  
TWELVE MONTHS ENDING DECEMBER 31, 2019**

Montana-Dakota Utilities Co. has no preferred stock for the 12 months ending December 31, 2019.

**MONTANA-DAKOTA UTILITIES CO.  
COMMON STOCK  
FOR THE PERIOD ENDING DECEMBER 31, 2019**

Montana-Dakota became a subsidiary of MDU Energy Capital, LLC., which is a direct subsidiary of MDU Resources Group, Inc. As such, Montana-Dakota has 1,000 shares of \$1 per Common Share, all of which is held by MDU Energy Capital, LLC.

Montana-Dakota no longer has publicly traded stock, issues dividends, or had any changes in par or stated value price since the reorganization authorized in Docket No. D2018.1.6.

**MONTANA-DAKOTA UTILITIES CO.  
REACQUISITION OF BONDS OR PREFERRED STOCK  
FOR THE EIGHTEEN MONTH PERIOD ENDING DECEMBER 31, 2019**

First Mortgage Bonds

Montana-Dakota does not have any bonds outstanding. All First Mortgage Bonds have been replaced with unsecured notes.

Retired October 11, 2019 at the original maturity date. No gains or losses were incurred after reacquisition:

\$100,000,000, LIBOR Floating Rate Note due October 11, 2019

Retired November 14, 2019 at the original maturity date. No gains or losses were incurred after reacquisition:

\$100,000,000, LIBOR Floating Rate Note due November 14, 2019

Preferred Stock

Montana-Dakota does not have any preferred stock.

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**SUMMARY OF OPERATION AND MAINTENANCE EXPENSES**  
**TWELVE MONTHS ENDING DECEMBER 31, 2019**

	<u>Montana</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma</u>
Cost of Gas	\$43,700,214	(\$6,377,683)	\$37,322,531
Other Gas Supply	181,270	10,488	191,758
Distribution	6,688,274	113,680	6,801,954
Customer Accounting	1,977,424	(18,381)	1,959,043
Customer Service	242,589	(426)	242,163
Sales	104,579	(29,732)	74,847
Administrative and General	<u>5,879,967</u>	<u>260,601</u>	<u>6,140,568</u>
Total O&M Expenses	<u><u>\$58,774,317</u></u>	<u><u>(\$6,041,453)</u></u>	<u><u>\$52,732,864</u></u>

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**SUMMARY OF OPERATION AND MAINTENANCE EXPENSES**  
**TWELVE MONTHS ENDING DECEMBER 31, 2019**

Account No.	Description	Per Books	Pro Forma Adjustments	Pro Forma
	<u>Cost of Gas and Other Gas Supply Expenses</u>			
804	Natural Gas City Gate Purchases	\$44,193,748		
805.1	Purchased Gas Cost Adjustments	468,191		
808.1	Gas Withdrawn from Storage	(961,725)		
813	Other Gas Supply Expenses	181,270		
	Total Other Gas Supply Expenses	<u>\$43,881,484</u>	<u>(\$6,367,195)</u>	<u>\$37,514,289</u>
	<u>Distribution Expenses</u>			
	<u>Operation</u>			
870	Supervision and Engineering	\$1,179,958		
871	Distribution Load Dispatching	9,172		
874	Mains and Services	1,700,342		
875	Measuring & Reg. Station Exp. - General	61,353		
876	Measuring & Reg. Station Exp. - Industrial	5,405		
877	Measuring & Reg. Station Exp. - CG	845		
878	Meters and House Regulators	446,651		
879	Customer Installations	587,873		
880	Other Expenses	1,323,898		
881	Rents	34,412		
	Total Operation Expenses	<u>\$5,349,909</u>		
	<u>Maintenance</u>			
885	Supervision & Engineering	\$303,097		
886	Structures & Improvements	7,864		
887	Mains	142,908		
889	Measuring & Reg. Station Exp. - General	90,740		
890	Measuring & Reg. Station Exp. - Industrial	42,503		
877	Measuring & Reg. Station Exp. - CG	7,273		
892	Services	345,410		
893	Meters and House Regulators	223,072		
894	Other Equipment	175,498		
	Total Maintenance Expenses	<u>\$1,338,365</u>		
	Total Distribution Expenses	<u>\$6,688,274</u>	<u>\$113,680</u>	<u>\$6,801,954</u>



**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**SUMMARY OF OPERATION AND MAINTENANCE EXPENSES**  
**TWELVE MONTHS ENDING DECEMBER 31, 2019**

Account No.	Description	Per Books	Pro Forma Adjustments	Pro Forma
	<u>Customer Accounts Expenses</u>			
	<u>Operation</u>			
901	Supervision	\$67,999		
902	Meter Reading Expenses	231,261		
903	Customer Records and Collection Exp.	1,291,056		
904	Uncollectible Accounts	296,544		
905	Misc. Customer Accounts Expenses	90,564		
	Total Customer Accounts Expenses	<u>\$1,977,424</u>	<u>(\$18,381)</u>	<u>\$1,959,043</u>
	<u>Customer Service &amp; Information Expenses</u>			
	<u>Operation</u>			
907	Supervision	\$44,906		
908	Customer Assistance Expenses	148,430		
909	Informational and Instructional Expenses	49,253		
	Total Customer Service & Info. Exp.	<u>\$242,589</u>	<u>(\$426)</u>	<u>\$242,163</u>
	<u>Sales Expenses</u>			
	<u>Operation</u>			
911	Supervision	\$834		
912	Demonstrating and Selling Expenses	70,478		
913	Advertising Expenses	30,913		
916	Misc. Sales Expenses	2,354		
	Total Sales Expenses	<u>\$104,579</u>	<u>(\$29,732)</u>	<u>\$74,847</u>
	<u>Administrative &amp; General Expenses</u>			
	<u>Operation</u>			
920	Administrative and General Salaries	\$1,813,007		
921	Office Supplies and Expenses	848,445		
923	Outside Services Employed	61,328		
924	Property Insurance	152,539		
925	Injuries and Damages	478,913		
926	Employee Pensions and Benefits	1,801,946		
928	Regulatory Commission Expenses	89,541		
930	Miscellaneous General Expenses	167,582		
931	Rents	342,118		
	Total Operation Expenses	<u>\$5,755,419</u>		
	<u>Maintenance</u>			
935	Maintenance of General Plant	<u>\$124,548</u>		
	Total Maintenance Expenses	<u>\$124,548</u>		
	Total Administrative & General Expenses	<u>\$5,879,967</u>	<u>\$260,601</u>	<u>\$6,140,568</u>
	Total Operation & Maintenance Expenses	<u>\$58,774,317</u>	<u>(\$6,041,453)</u>	<u>\$52,732,864</u>

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
OPERATION & MAINTENANCE EXPENSE  
TWELVE MONTHS ENDING DECEMBER 31, 2019  
PRO FORMA**

<u>Function</u>	<u>Pro Forma</u>	<u>Cost of Gas</u>	<u>Labor</u>	<u>Benefits</u>	<u>Vehicles &amp; Work Equipment</u>	<u>Company Consumption</u>	<u>Uncollectible Accounts</u>
Cost of Gas	\$37,322,531	\$37,322,531					
Other Gas Supply	191,758		\$161,395		\$300		
Distribution	6,801,954		4,731,601		468,964	\$50,588	\$2,166
Customer Accounting	1,959,043		1,203,888		48,837		248,674
Customer Service	242,163		50,748		2,245		
Sales	74,847		60,854		1,589		
Administrative & General	6,140,568		1,899,494	\$1,911,960	15,419	28,859	
Total Other O&M	15,410,333	0	8,107,980	1,911,960	537,354	79,447	250,840
Total O&M	<u>\$52,732,864</u>	<u>\$37,322,531</u>	<u>\$8,107,980</u>	<u>\$1,911,960</u>	<u>\$537,354</u>	<u>\$79,447</u>	<u>\$250,840</u>
Adjustment No.		5	6	7	8	9	10
Page No.		3	6	7	8	9	10

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
OPERATION & MAINTENANCE EXPENSE  
TWELVE MONTHS ENDING DECEMBER 31, 2019  
PRO FORMA**

<u>Function</u>	<u>Advertising</u>	<u>Software Maintenance</u>	<u>Insurance</u>	<u>Industry Dues</u>	<u>Regulatory Commission Expense</u>	<u>Materials</u>	<u>CTA</u>	<u>All Other O&amp;M</u>
Cost of Gas								
Other Gas Supply		\$11,201						\$18,862
Distribution		32,648				\$422,506		1,093,481
Customer Accounting		21,518				1,842		434,284
Customer Service	\$42,764						\$141,103	5,303
Sales								12,404
Administrative & General		450,201	\$477,896	\$61,065	\$141,450	13,652	1,546	1,139,026
Total Other O&M	\$42,764	\$515,568	477,896	61,065	141,450	438,000	142,649	2,703,360
Total O&M	\$42,764	\$515,568	\$477,896	\$61,065	\$141,450	\$438,000	\$142,649	\$2,703,360
Adjustment No.	11	12	13	14	15	16		
Page No.	11	12	13	14	15	16	17	18

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**COST OF GAS**  
**ADJUSTMENT NO. 5**

	Annualized Pro Forma Dk Sales 1/	Dk Adjusted for Distribution Losses 2/	Commodity Charge 3/	Pro Forma Cost of Gas
Residential	<u>5,912,347</u>	<u>5,955,225</u>	<u>\$3.726</u>	<u>\$22,189,168</u>
Firm General Service	3,922,806	3,951,255	3.726	14,722,376
Small Interruptible	118,305	119,163	2.238	266,687
Large Interruptible	<u>64,013</u>	<u>64,477</u>	2.238	<u>144,300</u>
Total	<u><u>10,017,471</u></u>	<u><u>10,090,120</u></u>		<u><u>\$37,322,531</u></u>
Per Books Cost of Gas				<u>43,700,214</u>
Pro Forma Adjustment				<u><u>(\$6,377,683)</u></u>

1/ See Rule 38.5.164, Statement H, page 2.

2/ Distribution loss factor of .72%.

3/ April 2020 gas cost tracking adjustment adjusted to reflect annual commodity costs.

**MONTANA-DAKOTA UTILITIES CO.  
COST OF GAS  
GAS UTILITY - MONTANA  
NORMALIZED**

	Normalized Dk Sales 1/	Dk Adjusted for Distribution Losses 2/	Commodity Charge 3/	Normalized Cost of Gas
Residential	5,880,470	5,923,116	\$3.726	\$22,069,530
Firm General Service	3,880,201	3,908,341	3.726	14,562,479
Small Interruptible	118,305	119,163	2.238	266,687
Large Interruptible	64,013	64,477	2.238	144,300
Total	<u>9,942,989</u>	<u>10,015,097</u>		<u>\$37,042,996</u>

1/ Per Rule 38.5.164, Statement H, Page 2.

2/ Distribution loss factor of .72%.

3/ April 2020 gas cost tracking adjustment adjusted to reflect annual commodity costs.

**MONTANA-DAKOTA UTILITIES CO.  
COST OF GAS  
GAS UTILITY - MONTANA  
PER BOOKS @ CURRENT RATES**

	Per Books Dk Sales 1/	Dk Adjusted for Distribution Losses 2/	Commodity Charge 3/	Pro Forma Cost of Gas
Residential	6,860,062	6,909,813	\$3.726	\$25,745,963
Firm General Service	4,508,771	4,541,470	3.726	16,921,517
Small Interruptible	110,247	111,047	2.238	248,523
Large Interruptible	81,536	82,127	2.238	183,800
Total	<u>11,560,616</u>	<u>11,644,457</u>		<u>\$43,099,803</u>

1/ Per Rule 38.5.164, Statement H, Page 2.

2/ Distribution loss factor of .72%.

3/ April 2020 gas cost tracking adjustment adjusted to reflect annual commodity costs.

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**LABOR EXPENSE**  
**TWELVE MONTHS ENDING DECEMBER 31, 2019**  
**ADJUSTMENT NO. 6**

	Per Books	Pro Forma	Pro Forma Adjustment
Other Gas Supply	\$158,644	\$161,395	\$2,751
Distribution	4,650,946	4,731,601	80,655
Customer Accounting	1,183,367	1,203,888	20,521
Customer Service	49,883	50,748	865
Sales	59,817	60,854	1,037
A&G	1,867,115	1,899,494	32,379
Total Labor	<u>\$7,969,772</u>	<u>\$8,107,980</u>	<u>\$138,208</u>

	Per Books	Pro Forma	
5110 Straight Time	\$6,334,325	\$6,564,261	1/
5120 Premium Time	469,055	486,082	1/
5130 Bonuses & Comm.	225,735	215,300	2/
5131 Incentive Comp.	859,641	758,423	3/
5150 Meals	1,168	1,168	
5193 Vacation	79,848	82,746	1/
	<u>\$7,969,772</u>	<u>\$8,107,980</u>	

1/ Reflects a 3.63% increase based on the weighted average increase as shown below:

	Total Wages	% of Total	% Increase	Weighted Increase
Union Wages	\$35,078,558	37.04173%	3.00%	1.11%
Non-Union Wages	59,621,549	62.95827%	4.00%	2.52%
Total Wages Paid	94,700,107	100.00000%		3.63%

2/ Reflects the actual 2020 stock compensation and miscellaneous bonuses.

3/ Reflects an average incentive level of 11.41% of straight time and vacation.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
BENEFITS EXPENSE  
TWELVE MONTHS ENDING DECEMBER 31, 2019  
ADJUSTMENT NO. 7**

	Per Books	Pro Forma	Pro Forma Adjustment
Medical/Dental	\$994,427	1,083,925 1/	\$89,498
Pension expense	129,259	156,533 2/	27,274
Post-retirement	(171,961)	(177,515) 3/	(5,554)
401-K	762,478	790,156 4/	27,678
Workers compensation	40,618	42,092 4/	1,474
Other Benefits	16,182	16,769 4/	587
Total Benefits	<u>\$1,771,003</u>	<u>\$1,911,960</u>	<u>\$140,957</u>

1/ Reflects an increase of 9.0% for the actual increase in premium expense effective 1/1/2020.

2/ Total Company pension expense based on the 2020 actuarial estimate.

	Per Books	Actuarial Est.	
Bargaining	\$655,000	\$810,000	
Non-Bargaining	724,000	860,000	
Total	<u>\$1,379,000</u>	<u>\$1,670,000</u>	21.10%

3/ Total Company post-retirement expense based on the 2020 actuarial estimate.

	Per Books	Actuarial Est.	
Total	<u>(\$1,859,000)</u>	<u>(\$1,919,000)</u>	3.23%

4/ Based on the straight time labor increase of 3.63%.



**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
VEHICLES AND WORK EQUIPMENT  
TWELVE MONTHS ENDING DECEMBER 31, 2019  
ADJUSTMENT NO. 8**

	Per Books	Pro Forma 1/	Pro Forma Adjustment
Other Gas Supply	\$271	\$300	\$29
Distribution	427,323	468,964	41,641
Customer Accounting	44,500	48,837	4,337
Customer Service	2,044	2,245	201
Sales	1,445	1,589	144
A&G	14,056	15,419	1,363
Total Vehicles and Work Equipment	<u>\$489,639</u>	<u>\$537,354</u>	<u>\$47,715</u>

1/ Based on pro forma plant and current depreciation rates.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
COMPANY CONSUMPTION  
TWELVE MONTHS ENDING DECEMBER 31, 2019  
ADJUSTMENT NO. 9**

	Per Books Total	Pro Forma	Pro Forma Adjustment
Distribution	\$54,179	\$50,588	(\$3,591)
A&G	29,283	28,859	(424)
Total	<u>\$83,462</u>	<u>\$79,447</u>	<u>(\$4,015)</u>

	Per Books Electric	Pro Forma 1/	Pro Forma Adjustment
Distribution	\$27,000	\$28,035	\$1,035
A&G	21,866	22,704	838
Total Electric	<u>\$48,866</u>	<u>\$50,739</u>	<u>\$1,873</u>

	Per Books Gas	Pro Forma 2/	Pro Forma Adjustment
Distribution	\$27,179	\$22,553	(\$4,626)
A&G	7,417	6,155	(1,262)
Total Gas	<u>\$34,596</u>	<u>\$28,708</u>	<u>(\$5,888)</u>

1/ Reflects volumes at current rates.

2/ Reflects normalized volumes at current rates.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
UNCOLLECTIBLE ACCOUNTS  
TWELVE MONTHS ENDING DECEMBER 31, 2019  
ADJUSTMENT NO. 10**

	Per Books	Pro Forma 1/	Pro Forma Adjustment
Distribution	\$2,166	\$2,166	\$0
Customer Accounting	296,544	248,674	(47,870)
Total Uncollectible Accounts	<u>\$298,710</u>	<u>\$250,840</u>	<u>(\$47,870)</u>

1/ Based on three-year average ratio of write-offs applied to projected revenues.

Total Pro Forma Sales Revenue	\$63,762,478
Three-Year Average Write-Offs	<u>0.39%</u>
	\$248,674

<u>Twelve months ending</u>	Net Write-Offs	Sales and Trans. Rev	%
12/31/2017	\$252,197	\$68,310,443	0.37%
12/31/2018	287,624	71,914,302	0.40%
12/31/2019	<u>290,493</u>	<u>72,713,448</u>	<u>0.40%</u>
	\$830,314	\$212,938,193	0.39%

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
ADVERTISING  
TWELVE MONTHS ENDING DECEMBER 31, 2019  
ADJUSTMENT NO. 11**

	<u>Per Books</u>	<u>Pro Forma</u>	<u>Pro Forma Adjustment</u>
Customer Service	\$44,256	\$42,764	(\$1,492)
Sales	30,913	0	(30,913)
A&G	14,365	0	(14,365)
Total Advertising	<u>\$89,534</u>	<u>\$42,764</u>	<u>(\$46,770)</u>

- 1/ Eliminates promotional and institutional advertising expenses and informational expenses not applicable to Montana gas operations.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
SOFTWARE MAINTENANCE  
TWELVE MONTHS ENDING DECEMBER 31, 2019  
ADJUSTMENT NO. 12**

	<u>Per Books</u>	<u>Pro Forma 1/</u>	<u>Pro Forma Adjustment</u>
Other Gas Supply	\$3,493	\$11,201	\$7,708
Distribution	46,002	32,648	(13,354)
Customer Accounting	16,774	21,518	4,744
A&G	340,548	450,201	109,653
Total Software Maintenance	<u>\$406,817</u>	<u>\$515,568</u>	<u>\$108,751</u>

1/ Pro Forma based on current and estimated levels.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
INSURANCE EXPENSE  
TWELVE MONTHS ENDING DECEMBER 31, 2019  
ADJUSTMENT NO. 13**

	Per Books	Pro Forma 1/	Pro Forma Adjustment
Director's & Officer's Liability Insurance	\$32,256	34,736	\$2,480
Excess Liability			
Fiduciary Liability	7,172	7,169	(3)
Employment Liability	2,846	2,261	(585)
Employee Practice Liability	233,422	233,453	31
Property - All Risk	150,535	141,339	(9,196)
Blanket Crime	1,812	1,811	(1)
Special Contingency	193	199	6
Self Insurance 2/	124,722	56,928	(67,794)
Total Insurance	<u>\$552,958</u>	<u>\$477,896</u>	<u>(\$75,062)</u>

1/ Adjusted to reflect insurance expense at current levels.

2/ Pro Forma based on 5 year average.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
INDUSTRY DUES  
TWELVE MONTHS ENDING DECEMBER 31, 2019  
ADJUSTMENT NO. 14**

	<u>Per Books</u>	<u>Pro Forma</u>		<u>Pro Forma Adjustment</u>
American Collectors Association	\$76	\$76		\$0
American Gas Association	26,435	41,655	1/	15,220
Billings Industrial Revitalization	100	100		0
Chamber of Commerce-Baker	88	53	2/	(35)
Chamber of Commerce-Billings	4,824	2,339	1/ 2/	(2,485)
Chamber of Commerce-Glasgow	160	96	2/	(64)
Chamber of Commerce-Hardin	250	150	2/	(100)
Chamber of Commerce-Laurel	160	306	1/ 2/	146
Chamber of Commerce-Miles City	440	300	1/ 2/	(140)
Chamber of Commerce-Poplar	37	22	2/	(15)
Chamber of Commerce-Sidney	165	150	1/ 2/	(15)
Chamber of Commerce-Wolf Point	300	180	2/	(120)
Common Ground Alliance	213	369	1/	156
Dawson County Economic Development	660	1,155	1/	495
Energy Solutions Center	2,159	2,189	1/	30
Glendive Lions Club	33	33		0
Home Builders Association of Billings	0	487	1/	487
MetraPark - Billings	1,000	1,000		0
Midwest Energy Association	0	3,691	1/	3,691
Montana Petroleum Association	425	425		0
Montana Water Resources Association	243	243		0
National Energy and Utility Affordability Coalition	96	96		0
Quest Oracle Community	29	29		0
Richland Economic Development	660	1,011	1/	351
Utility Solid Waste Activities Group	973	973		0
Utility Telecom Council	1,224	1,224		0
West Associates	113	113		0
Western Energy Institute	2,431	2,431		0
Western Region Economic Development	169	169	1/	0
Other 3/	3,452	0	3/	(3,452)
Total Industry Dues	<u>\$46,915</u>	<u>\$61,065</u>		<u>\$14,150</u>

1/ Updated to reflect 2020 actuals.

2/ Pro Forma reflects the elimination of lobbying expenses as a percentage (40%) of annual dues per Docket No. 88.6.15.

3/ Corporate crosscharges removed.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
REGULATORY COMMISSION EXPENSE  
TWELVE MONTHS ENDING DECEMBER 31, 2019  
ADJUSTMENT NO. 15**

	Per Books	Pro Forma	Pro Forma Adjustment
Rate Case Expense 1/	\$73,125	\$118,638	\$45,513
Recurring Level of Expense	16,417	18,764	2,347
Depreciation Study Expense 2/	0	4,048	4,048
Total Regulatory Commission Expense	<u>\$89,542</u>	<u>\$141,450</u>	<u>\$51,908</u>

1/ Reflects a three year amortization of rate case expense.

2/ Expenses related to the Common and Gas depreciation studies. Amortized over five years.



**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
MATERIALS  
TWELVE MONTHS ENDING DECEMBER 31, 2019  
ADJUSTMENT NO. 16**

	<u>Per Books</u>	<u>Pro Forma</u>	<u>Pro Forma Adjustment</u>
Distribution 1/	\$414,177	\$422,506	\$8,329
Customer Accounting	1,955	1,842	(113)
A&G	13,610	13,652	42
Total Materials	<u>\$429,742</u>	<u>\$438,000</u>	<u>\$8,258</u>

1/ Pro Forma reflects increase to Billings region to support increased replacement projects.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
CONSERVATION TRACKING ADJUSTMENT  
TWELVE MONTHS ENDING DECEMBER 31, 2019**

	<u>Per Books</u>	<u>Pro Forma</u>	<u>Pro Forma Adjustment</u>
Customer Service	\$141,103	\$141,103	\$0
A&G	1,546	1,546	0
Total CTA	<u>\$142,649</u>	<u>\$142,649</u>	<u>\$0</u>

1/ Projected CTA expense to remain at current level.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
OTHER O&M  
TWELVE MONTHS ENDING DECEMBER 31, 2019**

<u>Function</u>	<u>Per Books O&amp;M</u>	<u>Items Adjusted Individually</u>	<u>Other O&amp;M</u>
Other Gas Supply	\$181,270	\$162,408	\$18,862
Distribution	6,688,274	5,594,793	1,093,481
Customer Accounting	1,977,424	1,543,140	434,284
Customer Service	242,589	237,286	5,303
Sales	104,579	92,175	12,404
Administrative and General	5,879,967	4,740,941	1,139,026
Total Other O&M	<u>\$15,074,103</u>	<u>\$12,370,743</u>	<u>\$2,703,360</u>

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
OPERATION & MAINTENANCE EXPENSE  
TWELVE MONTHS ENDING DECEMBER 31, 2019  
PER BOOKS**

<u>Function</u>	<u>Per Books</u>	<u>Cost of Gas</u>	<u>Labor</u>	<u>Benefits</u>	<u>Vehicles &amp; Work Equipment</u>	<u>Company Consumption</u>	<u>Uncollectible Accounts</u>
Cost of Gas	\$43,700,214	\$43,700,214					
Other Gas Supply	181,270		\$158,644		\$271		
Distribution	6,688,274		4,650,946		427,323	\$54,179	\$2,166
Customer Accounting	1,977,424		1,183,367		44,500		296,544
Customer Service	242,589		49,883		2,044		0
Sales	104,579		59,817		1,445		
Administrative & General	5,879,967		1,867,115	\$1,771,003	14,056	29,283	
Total Other O&M	\$15,074,103	\$0	\$7,969,772	\$1,771,003	\$489,639	\$83,462	\$298,710
 Total O&M	 \$58,774,317	 \$43,700,214	 \$7,969,772	 \$1,771,003	 \$489,639	 \$83,462	 \$298,710

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
OPERATION & MAINTENANCE EXPENSE  
TWELVE MONTHS ENDING DECEMBER 31, 2019  
PER BOOKS**

<u>Function</u>	<u>Advertising</u>	<u>Software Maintenance</u>	<u>Insurance</u>	<u>Industry Dues</u>	<u>Regulatory Commission Expense</u>	<u>Materials</u>	<u>CTA</u>	<u>Total items adjusted individually</u>	<u>Other O&amp;M</u>
Cost of Gas								\$43,700,214	
Other Gas Supply		\$3,493						162,408	\$18,862
Distribution		46,002				\$414,177		5,594,793	1,093,481
Customer Accounting		16,774				\$1,955		1,543,140	434,284
Customer Service	\$44,256						\$141,103	237,286	5,303
Sales	30,913							92,175	12,404
Administrative & General	14,365	340,548	\$552,958	\$46,915	\$89,542	\$13,610	\$1,546	4,740,941	1,139,026
Total Other O&M	<u>\$89,534</u>	<u>\$406,817</u>	<u>\$552,958</u>	<u>\$46,915</u>	<u>\$89,542</u>	<u>\$429,742</u>	<u>\$142,649</u>	<u>\$12,370,743</u>	<u>\$2,703,360</u>
Total O&M	<u>\$89,534</u>	<u>\$406,817</u>	<u>\$552,958</u>	<u>\$46,915</u>	<u>\$89,542</u>	<u>\$429,742</u>	<u>\$142,649</u>	<u>\$56,070,957</u>	<u>\$2,703,360</u>

**MONTANA-DAKOTA UTILITIES CO.  
COST OF GAS - GAS UTILITY  
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2019**

The cost of gas for the twelve months ending December 31, 2019 is on Rule 38.5.156,  
Statement G, page 1. The adjusted cost of gas is on Rule 38.5.157, Statement G, page 3.

**MONTANA-DAKOTA UTILITIES CO.  
ADMINISTRATIVE AND GENERAL  
OPERATION AND MAINTENANCE EXPENSES  
GAS UTILITY  
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2019**

Administrative and general operation and maintenance expenses by account are shown on Rule 38.5.156, Statement G, page 2 and 3. See Rule 38.5.159, Statement G, page 2 for advertising expense detail. See Rule 38.5.160 for details on intercompany transactions.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
ADVERTISING  
TWELVE MONTHS ENDING DECEMBER 31, 2019**

	<u>Montana</u>
<u>Informational - Account 909 1/</u>	
5711 Radio	\$8,035
5712 Newspaper	2,864
5715 Other	<u>33,357</u>
Total	<u>\$44,256</u>
 <u>Promotional - Account 913</u>	
5711 Radio	
5712 Newspaper	2,892
5715 Other	<u>28,021</u>
Total	<u>\$30,913</u>
 <u>Institutional - Account 930.1 2/</u>	
5711 Radio	\$35
5712 Newspaper	655
5715 Other	<u>13,675</u>
Total	<u>\$14,365</u>
 Total Advertising	 <u><u>\$89,534</u></u>
 Summary	
Radio	\$8,070
Newspaper	6,411
Other	<u>75,053</u>
Total	<u><u>\$89,534</u></u>

1/ Excludes \$4,997 charged to the Conservation Tracking Adjustment.

2/ Includes \$68 of Advertising charged to Customer Accounting and Distribution.



## AFFILIATE TRANSACTIONS - PRODUCTS &amp; SERVICES PROVIDED TO UTILITY - GAS

Year: 2019

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility
1	<b>KNIFE RIVER CORPORATION</b>	Expense	Actual Costs Incurred			
2		Materials		\$50		\$8
3						
4		Capital	Actual Costs Incurred			
5		Contract Services		17,312		1,296
6						
7		Other				
8		Balance Sheet Accts		50		0
9						
10						
11						
12						
13		Total Knife River Corporation Operating Revenues for the Year 2019			\$2,190,717,000	
14		Excludes Intersegment Eliminations				
15	<b>TOTAL</b>	<b>Grand Total Affiliate Transactions</b>		\$17,412	0.0008%	\$1,304
16	<b>WBI ENERGY, INC.</b>	Natural Gas	Actual Costs Incurred			
17		Purchases/Transportation		\$57,635,241		\$16,037,332
18						
19		Expense	Actual Costs Incurred			
20		Contract Services		24,299		13,634
21		Materials		15,429		1,139
22		Miscellaneous		6,699		1,815
23						
24		Capital	Actual Costs Incurred			
25		Contract Services		635,705		52,744
26		Materials		132,702		27,804
27		Miscellaneous		2,069		1,662
28						
29		Other				
30		Balance Sheet Accounts		2,595		0
31						
32						
33						
34		Total WBI Energy, Inc Operating Revenues for the Year 2019			\$140,444,000	
35		Excludes Intersegment Eliminations				
36	<b>TOTAL</b>	<b>Grand Total Affiliate Transactions</b>		\$58,454,739	41.6214%	\$16,136,130

## AFFILIATE TRANSACTIONS - PRODUCTS &amp; SERVICES PROVIDED TO UTILITY - GAS

Year: 2019

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility
1	<b>MDU CONSTRUCTION SERVICES GROUP, INC.</b>	Expense Contract Services	Actual Costs Incurred	\$890,017		\$0
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16	<b>TOTAL</b>	<b>Grand Total Affiliate Transactions</b>		\$890,017	0.0481%	\$0

## AFFILIATE TRANSACTIONS - PRODUCTS &amp; SERVICES PROVIDED TO UTILITY - GAS

Year: 2019

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility
1	<b>CENTENNIAL HOLDINGS CAPITAL, LLC</b>	Expense	Actual Costs Incurred			
2		Corporate Aircraft		\$17,556		\$7,989
3		Miscellaneous		818,815		205,286
4						
5		Capital				
6		Corporate Aircraft	Actual Costs Incurred	11,662		2,534
7						
8						
9		Other				
10		Balance Sheet Accounts		4,344,140		0
11						
12						
13		Total Centennial Holdings Capital, LLC Operating Revenues for the Year 2019			\$16,551,000	
14		Excludes Intersegment Eliminations				
15	<b>TOTAL</b>	<b>Grand Total Affiliate Transactions</b>		\$5,192,173	31.3708%	\$215,809

## AFFILIATE TRANSACTIONS - PRODUCTS &amp; SERVICES PROVIDED TO UTILITY - GAS

Year: 2019

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility
1	MDU ENERGY CAPITAL	Expense	Actual Costs Incurred			
2		Cost of Service		\$307,121		\$82,864
3		Office Expenses		85,294		21,557
4		Payroll		107,236		22,634
5		Miscellaneous		19,053		3,565
6						
7		Capital	Actual Costs Incurred			
8		Contract Services		119,178		28,554
9		Payroll		33,837		10,871
10		Material		3,756		1,037
11		Miscellaneous		11,983		2,591
12						
13		Other Transactions/Reimbursements	Actual Costs Incurred			
14		Clearing		(7,771)		0
15		Balance Sheet Accounts		22,536		0
16						
17						
18						
19		Total MDU Energy Capital Operating Revenues for the Year 2019			\$565,951,000	
20						
21	TOTAL	Grand Total Affiliate Transactions		\$702,223	0.1241%	\$173,673

## AFFILIATE TRANSACTIONS - PRODUCTS &amp; SERVICES PROVIDED TO UTILITY - GAS

Year: 2019

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility
1	<b>MDU RESOURCES GROUP, INC.</b>					
2		Corporate Overhead	Various Corporate Overhead			
3		Advertising	Allocation Methodologies	\$28,989		\$7,268
4		Air Service	and/or Actual Costs Incurred	7,278		1,825
5		Audit Costs		44,457		11,146
6		Automobile		4,454		1,117
7		Bank Services		19,935		4,998
8		Corporate Aircraft		12,708		3,186
9		Consultant Fees		109,463		27,443
10		Contract Services		205,323		51,476
11		Directors Expense		424,276		106,369
12		Employee Benefits		13,220		3,315
13		Employee Reimbursable Expense		25,193		6,316
14		Entertainment		66		17
15		Insurance		128,659		32,256
16		Legal Retainer Fees		27,483		6,890
17		Meal Allowance		2		1
18		Meals		17,974		4,506
19		Industry Dues & Licenses		16,532		4,145
20		Office Expenses		6,595		1,654
21		Permits & Filing Fees		5,999		1,504
22		Postage		20		5
23		Payroll		4,134,965		1,036,677
24		Reference Materials		27,662		6,935
25		Rental		2,046		513
26		Seminars & Meeting Registrations		21,911		5,493
27		Software Maintenance		235,614		59,071
28		Telephone/Cell Expenses		41,487		10,401
29		Safety Training		92		23
30		Uniforms		299		75
31						

## AFFILIATE TRANSACTIONS - PRODUCTS &amp; SERVICES PROVIDED TO UTILITY - GAS

Year: 2019

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility
1	MDU RESOURCES GROUP, INC.	Expense	Actual Costs Incurred			
2		Cost of Service		\$11,031		\$2,821
3		Office Expenses		146,521		34,497
4		Payroll		787		194
5		Miscellaneous		653,903		161,955
6						
7		Capital	Actual Costs Incurred			
8		Contract Services		4,509		1,089
9		Payroll		638,542		145,423
10		Miscellaneous		31,529		6,492
11						
12		Other Transactions/Reimbursements	Actual Costs Incurred			
13		Clearing		215,602		
14		Balance Sheet Accounts		533,214		
15		Miscellaneous		34,681		8,670
16						
17		Total MDU Resources Group, Inc. Operating Revenues for the Year 2019			\$0	
18						
19						
20						
21						
22						
23	<b>TOTAL</b>	<b>Grand Total Affiliate Transactions</b>		\$7,833,021	0.0000%	\$1,755,766

## AFFILIATE TRANSACTIONS - PRODUCTS &amp; SERVICES PROVIDED BY UTILITY

Year: 2019

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	KNIFE RIVER					
2	CORPORATION	Other Direct Charges	Actual Costs Incurred			
3		Contract Services		\$44,577		
4		Communications		116,521		
5		Employee Discounts		24,340		
6		Electric Consumption		152,483		
7		Gas Consumption		126,150		\$56,680
8		Bank Fees		9,077		
9		Computer/Software Support		64,311		
10		Office Expense		623		
11		Cost of Service 1/		710,252		156,683
12		Auto		(1,777)		
13		Employee Benefits		2,611		
14		<b>Total Other Direct Charges</b>		\$1,249,168	0.06212%	\$213,363
15						
16		OTHER TRANSACTIONS/REIMBURSEMENTS	Actual Costs Incurred			
17		Miscellaneous Reimbursements		(135,562)		
18		<b>Total Other Transactions/Reimbursements</b>		(\$135,562)	-0.00674%	\$0
19						
20		<b>Grand Total Affiliate Transactions</b>		\$1,113,606	0.05538%	\$213,363
21						
22						
23		<b>Total Knife River Corporation Operating Expenses for 2019 - Excludes Intersegment Eliminations</b>			\$2,010,762,000	

1/ Montana-Dakota Utilities Co. cost of service amounts are calculated for the general office complex, the printing department, and the budget and forecast system. The general office complex amounts are payroll and floor space costs for employees that perform services for MDU Resources. These include accounts payable, general accounting, fixed asset accounting, and miscellaneous other services. The charges are based on the percentage of system users that are MDU Resources employees. Both the general office complex and amounts for MDU Resources are allocated to affiliated companies based on corporate overhead allocation factors. The printing department amount is allocated to affiliated companies based on the direct printing images processed for them and their percentage of the corporate overhead allocation for the corporate printed image amount.

## AFFILIATE TRANSACTIONS - PRODUCTS &amp; SERVICES PROVIDED BY UTILITY

Year: 2019

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	WBI ENERGY, INC.					
2		Other Direct Charges	Actual Costs Incurred			
3		Auto		\$2,097		
4		Bank Fees		934		
5		Computer/Software Support		37,309		
6		Contract Services		330,680		
7		Electric Consumption		625,743		\$469,517
8		Gas Consumption		38,362		26,523
9		Cost of Service 1/		68,075		15,017
10		Misc Employee Benefits		25,932		
11		Misc Employee Discount		32,542		
12		Dues, Permits and Filing Fees		7,938		
13		Office Expense		9,825		
14		Training Registration		973		
15		Travel		491		
16		Payroll		75,125		
17		<b>Total Other Direct Charges</b>		1,256,026	1.2861%	511,057
18						
19		OTHER TRANSACTIONS/REIMBURSEMENTS	Actual Costs Incurred			
20		Miscellaneous Reimbursements		(508,335)		
21		<b>Total Other Transactions/Reimbursements</b>		(\$508,335)	-0.5205%	\$0
22						
23		<b>Grand Total Affiliate Transactions</b>		\$747,691	0.7656%	\$511,057
24						
25						
26		<b>Total WBI Energy Operating Expenses for 2019 - Excludes Intersegment Eliminations</b>			\$97,662,000	

1/ Montana-Dakota Utilities Co. cost of service amounts are calculated for the general office complex, the printing department, and the budget and forecast system. The general office complex amounts are payroll and floor space costs for employees that perform services for MDU Resources. These include accounts payable, general accounting, fixed asset accounting, and miscellaneous other services. The charges are based on the percentage of system users that are MDU Resources employees. Both the general office complex and amounts for MDU Resources are allocated to affiliated companies based on corporate overhead allocation factors. The printing department amount is allocated to affiliated companies based on the direct printing images processed for them and their percentage of the corporate overhead allocation for the corporate printed image amount.



## AFFILIATE TRANSACTIONS - PRODUCTS &amp; SERVICES PROVIDED BY UTILITY

Year: 2019

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	MDU CONSTRUCTION SERVICES GROUP INC	Other Direct Charges	Actual Costs Incurred			
2		Bank Fees		\$18,655		
3		Communication Services		1,901		
4		Computer/Software Support		233,405		
5		Contract Services		2,344		
6		Cost of Service 1/		153,408		\$33,843
7		Gas Consumption		4,951		4,951
8		Misc Employee Benefits		7,686		
9		Office Expense		7,382		
10		Travel		1,318		
11		Training Registration		130		
12		<b>Total Other Direct Charges</b>		\$431,180	25.0273%	\$38,794
13		OTHER TRANSACTIONS/REIMBURSEMENTS	Actual Costs Incurred			
14		Miscellaneous Reimbursements		(99,523)		
15		<b>Total Other Transactions/Reimbursements</b>		(\$99,523)	-5.7767%	\$0
16						
17		<b>Grand Total Affiliate Transactions</b>		\$331,657	19.2506%	\$38,794
18						
19		<b>Total MDU Construction Services Group, Inc. Operating Expenses for 2019</b>			\$1,722,840	
20		<b>Excludes Intersegment Eliminations</b>				
21						

1/ Montana-Dakota Utilities Co. cost of service amounts are calculated for the general office complex, the printing department, and the budget and forecast system. The general office complex amounts are payroll and floor space costs for employees that perform services for MDU Resources. These include accounts payable, general accounting, fixed asset accounting, and miscellaneous other services. The charges are based on the percentage of system users that are MDU Resources employees. Both the general office complex and amounts for MDU Resources are allocated to affiliated companies based on corporate overhead allocation factors. The printing department amount is allocated to affiliated companies based on the direct printing images processed for them and their percentage of the corporate overhead allocation for the corporate printed image amount.

## AFFILIATE TRANSACTIONS - PRODUCTS &amp; SERVICES PROVIDED BY UTILITY

Year: 2019

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	CENTENNIAL ENERGY RESOURCES INT	MONTANA-DAKOTA UTILITIES CO.	Actual Costs Incurred		0.7357%	
2		Other Direct Charges				
3		Bank Fees		\$515		
4					0.7357%	
5		<b>Total Montana-Dakota Utilities Co.</b>		\$515		\$0
6					0.7357%	
7		<b>Grand Total Affiliate Transactions</b>		\$515		\$0
8						
9		<b>Total Centennial Energy Resources International Operating Expenses for 2019</b>			\$70,000	
10		<b>Excludes Intersegment Eliminations</b>				

Company Name: Montana-Dakota Utilities Co.

**SCHEDULE 7**

**AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY**

Year: 2019

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	CENTENNIAL HOLDINGS	Other Direct Charges Bank Fees Contract Services Materials Office Expense Travel	Actual Costs Incurred		0.8941%	
2	CAPITAL CORP. AND					
3	FUTURESOURCE			\$229		
4				34,195		
5				109,198		
6				11,540		
7				2,654		
8		<b>Total Montana-Dakota Utilities Co.</b>		\$157,816	-3.2128%	\$0
9						
10		OTHER TRANSACTIONS/REIMBURSEMENTS				
11		Miscellaneous Reimbursements		(\$567,091)		
12		<b>Total Other Transactions/Reimbursements</b>		(\$567,091)		\$0
13						
14		<b>Grand Total Affiliate Transactions</b>		(\$409,275)	-2.3187%	\$0
15						
16		<b>Total CHCC Operating Expenses for 2019</b>			\$17,651,000	
17		<b>Excludes Intersegment Eliminations</b>				

## AFFILIATE TRANSACTIONS - PRODUCTS &amp; SERVICES PROVIDED BY UTILITY

Year: 2019

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	MDU ENERGY					
2	CAPITAL 1/	Other Direct Charges	Actual Costs Incurred			
3		Bank Fees		\$673		
4		Contract Services		4,740,535		
5		Employee Benefits		29,015		
6		Filing Fees		8,828		
7						
8		Intercompany Settlements				
9		O&M	Actual Costs Incurred			
10		Bank Fees		1,135		
11		Communications		289,832		
12		Contract Services		433,867		
13		Cost of Service 2/		1,882,835		\$415,357
14		Employee Benefits		129,597		
15		Marketing		8,053		
16		Material		14,305		
17		Miscellaneous		607,494		
18		Office Expenses		102,822		
19		Payroll		16,223,579		
20		SISP		122,016		
21		Software Maintenance		2,080,137		
22		Sponsorship		595		
23		Travel		344,495		
24						
25		Other	Actual Costs Incurred			
26		Audit		(1,455)		
27		LTIP		387,651		
28		Payflex		(32,314)		
29		Prepaid		102,452		
30		Miscellaneous		163,434		
31						
32						

## AFFILIATE TRANSACTIONS - PRODUCTS &amp; SERVICES PROVIDED BY UTILITY

Year: 2019

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	MDU ENERGY	MONTANA-DAKOTA UTILITIES CO.	Actual Costs Incurred		6.3147%	
2	CAPITAL 1/	Capital				
3		Contract Services		\$1,897,335		
4		Material		234,874		
5		Misc Employee Benefit		7,807		
6		Misc Other		257,046		
7		Office Expenses		6,122		
8		Payroll		2,295,348		
9		Travel		50,185		
10		Equipment		131,638		
11		<b>Total Other Direct Charges &amp; Intercompany Settlements</b>	Actual Costs Incurred	\$32,519,936		\$415,357
12						
13		OTHER TRANSACTIONS/REIMBURSEMENTS				
14		Miscellaneous Reimbursements		(\$752,481)		
15		<b>Total Other Transactions/Reimbursements</b>		(\$752,481)	-0.1461%	\$0
16						
17		<b>Grand Total Affiliate Transactions</b>		\$31,767,455	6.1686%	\$415,357
18						
19		<b>Total MDU Energy Capital Operating Expenses for 2019</b>			\$514,986,000	
20		<b>Excludes Intersegment Eliminations</b>				

1/ MDU Energy Capital is the parent company for Cascade Natural Gas Company, Intermountain Gas Company, and Montana Dakota.

This schedule only reflects amounts for Cascade Natural Gas Company and Intermountain Gas Company.

2/ Montana-Dakota Utilities Co. cost of service amounts are calculated for the general office complex, the printing department, and the budget and forecast system. The general office complex amounts are payroll and floor space costs for employees that perform services for MDU Resources. These include accounts payable, general accounting, fixed asset accounting, and miscellaneous other services. The charges are based on the percentage of system users that are MDU Resources employees. Both the general office complex and amounts for MDU Resources are allocated to affiliated companies based on corporate overhead allocation factors. The printing department amount is allocated to affiliated companies based on the direct printing images processed for them and their percentage of the corporate overhead allocation for the corporate printed image amount.

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Year: 2019

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	CENTENNIAL ENERGY HOLDING INC	Other Direct Charges Bank Fees Contract Services Miscellaneous <b>Total Other Direct Charges</b>  <b>Grand Total Affiliate Transactions</b>	Actual Costs Incurred			
2						
3						
4				\$260		
5				26,743		
6				27,713		
7				\$54,716		\$0
8						
9				\$54,716		\$0
10						
11						
12						

Company Name: Montana-Dakota Utilities Co.

**SCHEDULE 7**

**AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY**

Year: 2019

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	MDU RESOURCES					
2	GROUP INC.	Other Direct Charges	Actual Costs Incurred			
3		Audit Costs		\$139,554		
4		Communication Services		2,573		
5		Computer/Software Support		55,595		
6		Contract Services		2,291		
7		Miscellaneous		7,396		
8		Misc Employee Benefits		16,118		
9		Office Expense		472		
10		Payroll		21,989		
11		Travel		14,477		
12		<b>Total Other Direct Charges</b>		\$260,465		\$0
13						
14		OTHER TRANSACTIONS/REIMBURSEMENTS	Actual Costs Incurred			
15		Miscellaneous Reimbursements		(118,465)		
16		<b>Total Other Transactions/Reimbursements</b>		(\$118,465)		\$0
17						
18		<b>Grand Total Affiliate Transactions</b>		\$142,000		\$0
19						
20		<b>Total MDU Resources Group Inc. Operating Expenses for 2019</b>				
21		<b>Excludes Intersegment Eliminations</b>			\$0	

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
SUMMARY OF REVENUES  
TWELVE MONTHS ENDING DECEMBER 31, 2019**

	<u>Per Books</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma</u>
<u>Sales</u>			
Residential	\$44,160,599	(\$5,946,352)	\$38,214,247
Firm General	27,647,434	(3,914,535)	23,732,899
Small Interruptible	504,575	(84,138)	420,437
Large Interruptible	285,029	(97,264)	187,765
Unbilled Revenue	<u>(1,453,508)</u>	<u>1,453,508</u>	<u>0</u>
Total Sales	<u>\$71,144,129</u>	<u>(\$8,588,781)</u>	<u>\$62,555,348</u>
 <u>Transportation</u>			
Small Interruptible	\$603,456	(\$35,333)	\$568,123
Large Interruptible	570,720	68,287	639,007
Unbilled Revenue	<u>(9,333)</u>	<u>9,333</u>	<u>0</u>
Total Transportation	<u>\$1,164,843</u>	<u>\$42,287</u>	<u>\$1,207,130</u>
 Total Sales and Transportation	 <u><u>\$72,308,972</u></u>	 <u><u>(\$8,546,494)</u></u>	 <u><u>\$63,762,478</u></u>
 <u>Other Revenue</u>			
Misc. Service Revenue	\$67,086	(\$5,499)	\$61,588
Rent from Property	318,031	24,953	342,984
Other Revenue	<u>394,165</u>	<u>(66,452)</u>	<u>327,713</u>
Total Other Revenue	<u><u>\$779,282</u></u>	<u><u>(\$46,997)</u></u>	<u><u>\$732,285</u></u>
 Total Operating Revenue	 <u><u>\$73,088,254</u></u>	 <u><u>(\$8,593,491)</u></u>	 <u><u>\$64,494,763</u></u>



**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
SALES AND TRANSPORTATION REVENUES  
TWELVE MONTHS ENDING DECEMBER 31, 2019**

	Per Books 1/		Per Books @ Current Rates 1/		Normalized @ Current Rates 2/		Annualized @ Current Rates 3/	
	Dk	Revenue	Dk	Revenue	Dk	Revenue	Dk	Revenue
<u>Sales</u>								
Residential	6,860,062	\$44,160,599	6,860,062	\$42,907,029	5,880,470	\$38,015,815	5,912,347	\$38,214,247
Firm General Service	4,508,771	27,647,434	4,508,771	26,896,719	3,880,201	23,489,367	3,922,806	23,732,899
Small Interruptible	124,243	504,575	110,247	395,771	118,305	420,437	118,305	420,437
Large Interruptible	85,465	285,029	81,536	236,929	64,013	187,765	64,013	187,765
Unbilled Revenue	0	(1,453,508)	0	0	0	0	0	0
Total Sales	11,578,541	\$71,144,129	11,560,616	\$70,436,448	9,942,989	\$62,113,384	10,017,471	\$62,555,348
<u>Transportation</u>								
Small Interruptible	637,389	\$603,456	651,386	\$593,248	615,207	\$568,123	615,207	\$568,123
Large Interruptible	2,538,682	570,720	2,542,610	567,460	2,918,891	639,007	2,918,891	639,007
Unbilled Revenue	0	(9,333)	0	0	0	0	0	0
Total Transportation	3,176,071	\$1,164,843	3,193,996	\$1,160,708	3,534,098	\$1,207,130	3,534,098	\$1,207,130
Total	14,754,612	\$72,308,972	14,754,612	\$71,597,156	13,477,087	\$63,320,514	13,551,569	\$63,762,478

1/ See Rule 38.5.164, Statement H, page 3.

2/ See Rule 38.5.164, Statement H, page 4.

3/ See Rule 38.5.164, Statement H, page 5.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
SALES AND TRANSPORTATION REVENUE  
TWELVE MONTHS ENDING DECEMBER 31, 2019  
ADJUSTMENT NO. 1**

	Per Books		Per Books @ Current Rates		
	Dk	Revenue	Dk	Revenue 1/	Adjustment
<u>Sales</u>					
Residential	6,860,062	\$44,160,599	6,860,062	\$42,907,029	(\$1,253,570)
Firm General Service	4,508,771	27,647,434	4,508,771	26,896,719	(750,715)
Small Interruptible	124,243	504,575	110,247	395,771	(108,804)
Large Interruptible	85,465	285,029	81,536	236,929	(48,100)
Unbilled Revenue	0	(1,453,508)	0	0	1,453,508
Total Sales	11,578,541	\$71,144,129	11,560,616	\$70,436,448	(\$707,681)
<u>Transportation</u>					
Small Interruptible	637,389	\$603,456	651,386	\$593,248	(\$10,208)
Large Interruptible	2,538,682	570,720	2,542,610	567,460	(3,260)
Unbilled Revenue	0	(9,333)	0	0	9,333
Total Transportation	3,176,071	\$1,164,843	3,193,996	\$1,160,708	(\$4,135)
Total	14,754,612	\$72,308,972	14,754,612	\$71,597,156	(\$711,816)

1/ Basic service charge and distribution rates effective with service rendered on and after June 15, 2018, Docket No. 2017.9.79. Cost of gas calculated using 2020 commodity gas rate and demand costs as of April 2020. The tax tracking adjustment rate is effective with service rendered on and after January 1, 2020 in Docket No. 2019.09.069 which is applicable to amounts billed under the Basic Service Charge and Distribution Delivery Charge.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
SALES AND TRANSPORTATION REVENUE  
TWELVE MONTHS ENDING DECEMBER 31, 2019  
ADJUSTMENT NO. 2**

	Per Books @ Current Rates		Normalized Dk @ Current Rates		
	Dk	Revenue	Dk	Revenue 1/	Adjustment
<u>Sales</u>					
Residential	6,860,062	\$42,907,029	5,880,470	\$38,015,815	(\$4,891,214)
Firm General Service	4,508,771	26,896,719	3,880,201	23,489,367	(3,407,352)
Small Interruptible	110,247	395,771	118,305	420,437	24,666
Large Interruptible	81,536	236,929	64,013	187,765	(49,164)
Unbilled Revenue	0	0	0	0	0
Total Sales	11,560,616	\$70,436,448	9,942,989	\$62,113,384	(8,323,064)
<u>Transportation</u>					
Small Interruptible	651,386	\$593,248	615,207	\$568,123	(\$25,125)
Large Interruptible	2,542,610	567,460	2,918,891	639,007	71,547
Unbilled Revenue	0	0	0	0	0
Total Transportation	3,193,996	\$1,160,708	3,534,098	\$1,207,130	\$46,422
Total	14,754,612	\$71,597,156	13,477,087	\$63,320,514	(\$8,276,642)

1/ Basic service charge and distribution rates effective with service rendered on and after June 15, 2018, Docket No. 2017.9.79. Cost of gas calculated using 2020 commodity gas rate and demand costs as of April 2020. The tax tracking adjustment rate is effective with service rendered on and after January 1, 2020 in Docket No. 2019.09.069 which is applicable to amounts billed under the Basic Service Charge and Distribution Delivery Charge.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
SALES AND TRANSPORTATION REVENUE  
TWELVE MONTHS ENDING DECEMBER 31, 2019  
ADJUSTMENT NO. 3**

	Normalized Dk @ Current Rates		Annualized Dk @ Current Rates		
	Dk	Revenue	DK	Revenue 1/	Adjustment
<u>Sales</u>					
Residential	5,880,470	\$38,015,815	5,912,347	\$38,214,247	\$198,432
Firm General Service	3,880,201	23,489,367	3,922,806	23,732,899	243,532
Small Interruptible	118,305	420,437	118,305	420,437	0
Large Interruptible	64,013	187,765	64,013	187,765	0
Unbilled Revenue	0	0	0	0	0
Total Sales	9,942,989	\$62,113,384	10,017,471	\$62,555,348	\$441,964
<u>Transportation</u>					
Small Interruptible	615,207	\$568,123	615,207	\$568,123	\$0
Large Interruptible	2,918,891	639,007	2,918,891	639,007	0
Unbilled Revenue	0	0	0	0	0
Total Transportation	3,534,098	\$1,207,130	3,534,098	\$1,207,130	\$0
Total	<u>13,477,087</u>	<u>\$63,320,514</u>	<u>13,551,569</u>	<u>\$63,762,478</u>	<u>\$441,964</u>

1/ Basic service charge and distribution rates effective with service rendered on and after June 15, 2018, Docket No. 2017.9.79. Cost of gas calculated using 2020 commodity gas rate and demand costs as of April 2020. The tax tracking adjustment rate is effective with service rendered on and after January 1, 2020 in Docket No. 2019.09.069 which is applicable to amounts billed under the Basic Service Charge and Distribution Delivery Charge.

**Montana-Dakota Utilities Co.**  
**Gas Utility - Montana**  
**Summary of Revenue**  
**Twelve Months Ended December 31, 2019**

Rate Reporting Class	Per Books		Per Books @ Current Rates 1/		Normalized		Annualized	
	Dk	Revenue	Dk	Revenue	Dk	Revenues	Dk	Revenues
<b>Sales</b>								
Residential								
Residential	6,860,062	\$44,160,599	6,860,062	\$42,907,029	5,880,470	\$38,015,815	5,912,347	\$38,214,247
Total Residential	<u>6,860,062</u>	<u>44,160,599</u>	<u>6,860,062</u>	<u>42,907,029</u>	<u>5,880,470</u>	<u>38,015,815</u>	<u>5,912,347</u>	<u>38,214,247</u>
Firm General								
Firm General	4,495,337	27,579,142	4,495,337	26,819,974	3,867,172	23,414,877	3,909,777	23,658,409
Optional Seasonal	13,434	68,292	13,434	76,745	13,029	74,490	13,029	74,490
Total Firm General	<u>4,508,771</u>	<u>27,647,434</u>	<u>4,508,771</u>	<u>26,896,719</u>	<u>3,880,201</u>	<u>23,489,367</u>	<u>3,922,806</u>	<u>23,732,899</u>
Small Interruptible								
Sales	124,243	504,575	110,247	395,771	118,305	420,437	118,305	420,437
Transport	637,389	603,456	651,386	593,248	615,207	568,123	615,207	568,123
Total Small Interruptible	<u>761,632</u>	<u>1,108,031</u>	<u>761,633</u>	<u>989,019</u>	<u>733,512</u>	<u>988,560</u>	<u>733,512</u>	<u>988,560</u>
Large Interruptible								
Sales	85,465	285,029	81,536	236,929	64,013	187,765	64,013	187,765
Transport	2,538,682	570,720	2,542,610	567,460	2,918,891	639,007	2,918,891	639,007
Total Large Interruptible	<u>2,624,147</u>	<u>855,749</u>	<u>2,624,146</u>	<u>804,389</u>	<u>2,982,904</u>	<u>826,772</u>	<u>2,982,904</u>	<u>826,772</u>
Total Sales	11,578,541	\$72,597,637	11,560,616	\$70,436,448	9,942,989	\$62,113,384	10,017,471	\$62,555,348
Total Transport	3,176,071	1,174,176	3,193,996	1,160,708	3,534,098	1,207,130	3,534,098	1,207,130
<b>Total Sales &amp; Transportation</b>	<u>14,754,612</u>	<u>\$73,771,813</u>	<u>14,754,612</u>	<u>\$71,597,156</u>	<u>13,477,087</u>	<u>\$63,320,514</u>	<u>13,551,569</u>	<u>\$63,762,478</u>

1/ Basic service charge and distribution rates effective with service rendered on and after June 15, 2018, Docket No. 2017.9.79. Cost of gas calculated using 2020 commodity gas rate and demand costs as of April 2020. The tax tracking adjustment rate is effective with service rendered on and after January 1, 2020 in Docket No. 2019.09.069 which is applicable to amounts billed under the Basic Service Charge and Distribution Delivery Charge.

**Montana-Dakota Utilities Co.**  
**Gas Utility - Montana**  
**Summary of Revenue**  
**Twelve Months Ended December 31, 2019**

Rate Reporting Class	Per Books					
	Billing Units	Dk	Revenue			
			Basic Service Charge	Distribution Charge 1/	Cost of Gas	Total
Residential						
Rate 60	76,034	6,860,062	\$7,167,680	\$10,734,693	\$26,258,226	\$44,160,599
Total Residential	76,034	6,860,062	7,167,680	10,734,693	26,258,226	44,160,599
Firm General - Rate 70						
Small Meters	7,432	1,277,484	1,214,368	2,539,488	4,902,810	8,656,666
Large Meters	2,515	3,217,853	823,785	5,824,952	12,273,739	18,922,476
	9,947	4,495,337	2,038,153	8,364,440	17,176,549	27,579,142
Optional Seasonal - Rate 72						
Small Meters						0
Large Meters	5	13,434	1,607	23,910	42,775	68,292
	5	13,434	1,607	23,910	42,775	68,292
Total Firm General	9,952	4,508,771	2,039,760	8,388,350	17,219,324	27,647,434
Small Interruptible						
Rate 71	20	124,243	53,325	118,908	332,342	504,575
Rate 81	27	637,389	74,025	529,431		603,456
Total Small Interruptible	47	761,632	127,350	648,339	332,342	1,108,031
Large Interruptible						
Rate 85	1	85,465	7,942	51,360	225,727	285,029
Rate 82	4	2,538,682	27,228	543,492		570,720
Total Large Interruptible	5	2,624,147	35,170	594,852	225,727	855,749
Total Sales	86,007	11,578,541	\$9,268,707	\$19,293,311	\$44,035,619	\$72,597,637
Total Transportation	31	3,176,071	101,253	1,072,923		1,174,176
Total Sales & Transportation	86,038	14,754,612	\$9,369,960	\$20,366,234	\$44,035,619	\$73,771,813

1/ Includes amounts billed under Gas Tax Tracking Adjustment Rate 87.

**Montana-Dakota Utilities Co.**  
**Gas Utility - Montana**  
**Summary of Revenue**  
**Twelve Months Ended December 31, 2019**

Rate Reporting Class	Per Books @ Current Rates						
	Billing Units	Dk	Revenue				Total
			Basic Service Charge	Distribution Charge 1/	Gas Tax Tracking Adjustment 1/	Cost of Gas	
Residential							
Rate 60	76,034	6,860,062	\$7,215,627	\$7,093,304	\$2,852,285	\$25,745,813	\$42,907,029
Total Residential	76,034	6,860,062	7,215,627	7,093,304	2,852,285	25,745,813	42,907,029
Firm General - Rate 70							
Small Meters	7,432	1,277,484	1,220,706	1,775,703	597,292	4,794,397	8,388,098
Large Meters	2,515	3,217,853	826,178	4,472,816	1,056,280	12,076,602	18,431,876
	9,947	4,495,337	2,046,884	6,248,519	1,653,572	16,870,999	26,819,974
Optional Seasonal - Rate 72							
Small Meters							
Large Meters	5	13,434	1,643	18,673	4,050	52,379	76,745
	5	13,434	1,643	18,673	4,050	52,379	76,745
Total Firm General	9,952	4,508,771	2,048,527	6,267,192	1,657,622	16,923,378	26,896,719
Small Interruptible							
Rate 71	18	110,247	48,600	74,196	24,478	248,497	395,771
Rate 81	29	651,386	78,300	416,347	98,601		593,248
Total Small Interruptible	47	761,633	126,900	490,543	123,079	248,497	989,019
Large Interruptible							
Rate 85	1	81,536	6,807	37,507	8,833	183,782	236,929
Rate 82	4	2,542,610	27,228	445,917	94,315		567,460
Total Large Interruptible	5	2,624,146	34,035	483,424	103,148	183,782	804,389
Total Sales	86,005	11,560,616	\$9,319,561	\$13,472,199	\$4,543,218	\$43,101,470	\$70,436,448
Total Transportation	33	3,193,996	105,528	862,264	192,916		1,160,708
Total Sales & Transportation	86,038	14,754,612	\$9,425,089	\$14,334,463	\$4,736,134	\$43,101,470	\$71,597,156

1/ Basic service charge and distribution rates effective with service rendered on and after June 15, 2018, Docket No. 2017.9.79. Cost of gas calculated using 2020 commodity gas rate and demand costs as of April 2020. The tax tracking adjustment rate is effective with service rendered on and after January 1, 2020 in Docket No. 2019.09.069 which is applicable to amounts billed under the Basic Service Charge and Distribution Delivery Charge.

**Montana-Dakota Utilities Co.**  
**Gas Utility - Montana**  
**Summary of Revenue**  
**Twelve Months Ended December 31, 2019**

Rate Reporting Class	Normalized @ Current Rates						
	Billing Units	Dk	Revenue				Total
			Basic Service Charge	Distribution Charge	Gas Tax Tracking Adjustment	Cost of Gas	
Residential							
Rate 60	76,034	5,880,470	\$7,215,627	\$6,080,406	\$2,650,378	\$22,069,404	\$38,015,815
Total Residential	76,034	5,880,470	7,215,627	6,080,406	2,650,378	22,069,404	38,015,815
Firm General - Rate 70							
Small Meters	7,432	1,068,573	1,220,706	1,485,316	539,408	4,010,354	7,255,784
Large Meters 1/	2,514	2,798,599	825,849	3,890,053	940,049	10,503,142	16,159,093
	9,946	3,867,172	2,046,555	5,375,369	1,479,457	14,513,496	23,414,877
Optional Seasonal - Rate 72							
Small Meters							
Large Meters	5	13,029	1,643	18,110	3,937	50,800	74,490
	5	13,029	1,643	18,110	3,937	50,800	74,490
Total Firm General	9,951	3,880,201	2,048,198	5,393,479	1,483,394	14,564,296	23,489,367
Small Interruptible							
Rate 71	18	118,305	48,600	79,619	25,559	266,659	420,437
Rate 81	29	615,207	78,300	395,398	94,425		568,123
Total Small Interruptible	47	733,512	126,900	475,017	119,984	266,659	988,560
Large Interruptible							
Rate 85	1	64,013	6,807	29,446	7,227	144,285	187,765
Rate 82	4	2,918,891	27,228	505,573	106,206		639,007
Total Large Interruptible	5	2,982,904	34,035	535,019	113,433	144,285	826,772
Total Sales	86,004	9,942,989	\$9,319,232	\$11,582,950	\$4,166,558	\$37,044,644	\$62,113,384
Total Transportation	33	3,534,098	105,528	900,971	200,631		1,207,130
Total Sales & Transportation	86,037	13,477,087	\$9,424,760	\$12,483,921	\$4,367,189	\$37,044,644	\$63,320,514

1/ Reflects the loss of a large Rate 70 customer occurring in 2020 in addition to normalizing the reflect of weather.



**Montana-Dakota Utilities Co.**  
**Gas Utility - Montana**  
**Summary of Revenue**  
**Twelve Months Ended December 31, 2019**

Rate Reporting Class	Annualized @ Current Rates						
	Revenue						
	Billing Units	Dk	Basic Service Charge	Distribution Charge	Gas Tax Tracking Adjustment	Cost of Gas	Total
Residential							
Rate 60	76,379	5,912,347	\$7,248,367	\$6,113,367	\$2,663,475	\$22,189,038	\$38,214,247
Total Residential	76,379	5,912,347	7,248,367	6,113,367	2,663,475	22,189,038	38,214,247
Firm General - Rate 70							
Small Meters	7,474	1,076,027	1,227,605	1,495,678	542,848	4,038,329	7,304,460
Large Meters 1/	2,525	2,833,750	829,463	3,938,913	950,509	10,635,064	16,353,949
	9,999	3,909,777	2,057,068	5,434,591	1,493,357	14,673,393	23,658,409
Optional Seasonal - Rate 72							
Small Meters							
Large Meters	5	13,029	1,643	18,110	3,937	50,800	74,490
	5	13,029	1,643	18,110	3,937	50,800	74,490
Total Firm General	10,004	3,922,806	2,058,711	5,452,701	1,497,294	14,724,193	23,732,899
Small Interruptible							
Rate 71	18	118,305	48,600	79,619	25,559	266,659	420,437
Rate 81	29	615,207	78,300	395,398	94,425		568,123
Total Small Interruptible	47	733,512	126,900	475,017	119,984	266,659	988,560
Large Interruptible							
Rate 85	1	64,013	6,807	29,446	7,227	144,285	187,765
Rate 82	4	2,918,891	27,228	505,573	106,206		639,007
Total Large Interruptible	5	2,982,904	34,035	535,019	113,433	144,285	826,772
Total Sales	86,402	10,017,471	\$9,362,485	\$11,675,133	\$4,193,555	\$37,324,175	\$62,555,348
Total Transportation	33	3,534,098	105,528	900,971	200,631		1,207,130
Total Sales & Transportation	86,435	13,551,569	\$9,468,013	\$12,576,104	\$4,394,186	\$37,324,175	\$63,762,478

1/ Reflects the loss of a large Rate 70 customer occurring in 2020 in addition to normalizing the reflect of weather.

**Montana-Dakota Utilities Co.  
Gas Utility - Montana  
Summary of Current Rates 1/**

	<u>Basic Service Charge</u>	<u>Distribution Delivery Charge</u>	<u>Cost of Gas</u>	<u>Gas Property Tax Tracker 1/</u>
Residential - Rate 60	\$0.26 per day	\$1.034	\$3.753	19.9336%
Firm General - Rate 70		1.390	3.753	19.9336%
Small Meters	0.45 per day			
Large Meters	0.90 per day			
Optional Seasonal - Rate 72		1.390	3.899	19.9336%
Small Meters	0.45 per day			
Large Meters	0.90 per day			
Small Interruptible Sales - Rate 71	225.00 per month		2.254	19.9336%
Maximum Rate per dk		0.673		
Minimum Rate per dk		0.101		
Large Interruptible Sales - Rate 85	567.25 per month		2.254	19.9336%
Maximum Rate per dk		0.460		
Minimum Rate per dk		0.050		
Small Interruptible Transport - Rate 81	225.00 per month			19.9336%
Maximum Rate per dk		0.673		
Minimum Rate per dk		0.101		
Large Interruptible Transport - Rate 82	567.25 per month			19.9336%
Maximum Rate per dk		0.460		
Minimum Rate per dk		0.050		

1/ Basic service charge and distribution rates effective with service rendered on and after June 15, 2018, Docket No. 2017.9.79. Cost of gas calculated using 2020 commodity gas rate and demand costs as of April 2020. The tax tracking adjustment rate is effective with service rendered on and after January 1, 2020 in Docket No. 2019.09.069 which is applicable to amounts billed under the Basic Service Charge and Distribution Delivery Charge.

**Montana-Dakota Utilities Co.  
Gas Utility - Montana  
Calculation of Revenues 1/  
Twelve Months Ended December 31, 2019**

Residential - Rate 60	Rate	Per Books at Current Rates		Normalized		Annualized	
		Billing Units	Revenue	Billing Units	Revenue	Billing Units	Revenue
Basic Service Charge	\$0.26 per day	76,034	\$7,215,627	76,034	\$7,215,627	76,379	\$7,248,367
Distribution Delivery Charge	1.034 per dk	6,860,062	7,093,304	5,880,470	6,080,406	5,912,347	6,113,367
Gas Tax Tracking Adjustment	19.9336% 2/	\$14,308,931	2,852,285	\$13,296,033	2,650,378	\$13,361,734	2,663,475
Cost of Gas	3.753 per dk	6,860,062	<u>25,745,813</u>	5,880,470	<u>22,069,404</u>	5,912,347	<u>22,189,038</u>
Total Revenue			<u>\$42,907,029</u>		<u>\$38,015,815</u>		<u>\$38,214,247</u>

1/ Basic service charge and distribution rates effective with service rendered on and after June 15, 2018, Docket No. 2017.9.79. Cost of gas calculated using 2020 commodity gas rate and demand costs as of April 2020. The tax tracking adjustment rate is effective with service rendered on and after January 1, 2020 in Docket No. 2019.09.069 which is applicable to amounts billed under the Basic Service Charge and Distribution Delivery Charge.

**Montana-Dakota Utilities Co.  
Gas Utility - Montana  
Calculation of Revenues 1/  
Twelve Months Ended December 31, 2019**

Firm General - Rate 70 Small Meters	Rate	Per Books at Current Rates		Normalized		Annualized	
		Billing Units	Revenue	Billing Units	Revenue	Billing Units	Revenue
Basic Service Charge	\$0.45 per day	7,432	\$1,220,706	7,432	\$1,220,706	7,474	\$1,227,605
Distribution Delivery Charge	1.390 per dk	1,277,484	1,775,703	1,068,573	1,485,316	1,076,027	1,495,678
Gas Tax Tracking Adjustment	19.9336% 2/	\$2,996,409	597,292	\$2,706,022	539,408	\$2,723,283	542,848
Cost of Gas	3.753 per dk	1,277,484	<u>4,794,397</u>	1,068,573	<u>4,010,354</u>	1,076,027	<u>4,038,329</u>
Total Revenue			<u><u>\$8,388,098</u></u>		<u><u>\$7,255,784</u></u>		<u><u>\$7,304,460</u></u>

1/ Basic service charge and distribution rates effective with service rendered on and after June 15, 2018, Docket No. 2017.9.79. Cost of gas calculated using 2020 commodity gas rate and demand costs as of April 2020. The tax tracking adjustment rate is effective with service rendered on and after January 1, 2020 in Docket No. 2019.09.069 which is applicable to amounts billed under the Basic Service Charge and Distribution Delivery Charge.

**Montana-Dakota Utilities Co.  
Gas Utility - Montana  
Calculation of Revenues 1/  
Twelve Months Ended December 31, 2019**

Firm General - Rate 70 Large Meters	Rate	Per Books at Current Rates		Normalized 2/		Annualized 2/	
		Billing Units	Revenue	Billing Units	Revenue	Billing Units	Revenue
Basic Service Charge	\$0.90 per day	2,515	\$826,178	2,514	\$825,849	2,525	\$829,463
Distribution Delivery Charge	1.390 per dk	3,217,853	4,472,816	2,798,599	3,890,053	2,833,750	3,938,913
Gas Tax Tracking Adjustment	19.9336% 2/	\$5,298,994	1,056,280	\$4,715,902	940,049	\$4,768,376	950,509
Cost of Gas	3.753 per dk	3,217,853	<u>12,076,602</u>	2,798,599	<u>10,503,142</u>	2,833,750	<u>10,635,064</u>
Total Revenue			<u>\$18,431,876</u>		<u>\$16,159,093</u>		<u>\$16,353,949</u>

1/ Basic service charge and distribution rates effective with service rendered on and after June 15, 2018, Docket No. 2017.9.79. Cost of gas calculated using 2020 commodity gas rate and demand costs as of April 2020. The tax tracking adjustment rate is effective with service rendered on and after January 1, 2020 in Docket No. 2019.09.069 which is applicable to amounts billed under the Basic Service Charge and Distribution Delivery Charge.

2/ Reflects the loss of a large Rate 70 customer occurring in 2020 in addition to normalizing the reflect of weather.

3/ Effective with service rendered on and after January 1, 2020, Docket No. 2019.09.069. Applicable to amounts billed under the Basic Service Charge and Distribution Delivery Charge.

**Montana-Dakota Utilities Co.  
Gas Utility - Montana  
Calculation of Revenues 1/  
Twelve Months Ended December 31, 2019**

Optional Seasonal Rate 72 - Large Meters	Rate	Per Books at Current Rates		Normalized		Annualized	
		Billing Units	Revenue	Billing Units	Revenue	Billing Units	Revenue
Basic Service Charge	\$0.90 per day	5	\$1,643	5	\$1,643	5	\$1,643
Distribution Delivery Charge	1.390 per dk	13,434	18,673	13,029	18,110	13,029	18,110
Gas Tax Tracking Adjustment	19.9336% 2/	\$20,316	4,050	\$19,753	3,937	\$19,753	3,937
Cost of Gas	3.899 per dk	13,434	<u>52,379</u>	13,029	<u>50,800</u>	13,029	<u>50,800</u>
Total Revenue			<u><u>\$76,745</u></u>		<u><u>\$74,490</u></u>		<u><u>\$74,490</u></u>

1/ Basic service charge and distribution rates effective with service rendered on and after June 15, 2018, Docket No. 2017.9.79. Cost of gas calculated using 2020 commodity gas rate and demand costs as of April 2020. The tax tracking adjustment rate is effective with service rendered on and after January 1, 2020 in Docket No. 2019.09.069 which is applicable to amounts billed under the Basic Service Charge and Distribution Delivery Charge.

**Montana-Dakota Utilities Co.  
Gas Utility - Montana  
Calculation of Revenues 1/  
Twelve Months Ended December 31, 2019**

Small Interruptible - Rate 71	Rate	Per Books at Current Rates		Normalized		Annualized	
		Billing Units	Revenue	Billing Units	Revenue	Billing Units	Revenue
Basic Service Charge	\$225.00 per month	18	\$48,600	18	\$48,600	18	\$48,600
Distribution Delivery Charge	0.673 per dk	110,247	74,196	118,305	79,619	118,305	79,619
Gas Tax Tracking Adjustment	19.9336% 2/	\$122,796	24,478	\$128,219	25,559	\$128,219	25,559
Cost of Gas	2.254 per dk	110,247	<u>248,497</u>	118,305	<u>266,659</u>	118,305	<u>266,659</u>
Total Revenue			<u>\$395,771</u>		<u>\$420,437</u>		<u>\$420,437</u>

1/ Basic service charge and distribution rates effective with service rendered on and after June 15, 2018, Docket No. 2017.9.79. Cost of gas calculated using 2020 commodity gas rate and demand costs as of April 2020. The tax tracking adjustment rate is effective with service rendered on and after January 1, 2020 in Docket No. 2019.09.069 which is applicable to amounts billed under the Basic Service Charge and Distribution Delivery Charge.

**Montana-Dakota Utilities Co.  
Gas Utility - Montana  
Calculation of Revenues 1/  
Twelve Months Ended December 31, 2019**

Large Interruptible - Rate 85	Rate	Per Books at Current Rates		Normalized		Annualized	
		Billing Units	Revenue	Billing Units	Revenue	Billing Units	Revenue
Basic Service Charge	\$567.25 per month	1	\$6,807	1	\$6,807	1	\$6,807
Distribution Delivery Charge	0.460 per dk	81,536	37,507	64,013	29,446	64,013	29,446
Gas Tax Tracking Adjustment	19.9336% 2/	\$44,314	8,833	\$36,253	7,227	\$36,253	7,227
Cost of Gas	2.254 per dk	81,536	<u>183,782</u>	64,013	<u>144,285</u>	64,013	<u>144,285</u>
Total Revenue			<u>\$236,929</u>		<u>\$187,765</u>		<u>\$187,765</u>

1/ Basic service charge and distribution rates effective with service rendered on and after June 15, 2018, Docket No. 2017.9.79. Cost of gas calculated using 2020 commodity gas rate and demand costs as of April 2020. The tax tracking adjustment rate is effective with service rendered on and after January 1, 2020 in Docket No. 2019.09.069 which is applicable to amounts billed under the Basic Service Charge and Distribution Delivery Charge.



**Montana-Dakota Utilities Co.  
Gas Utility - Montana  
Calculation of Revenues 1/  
Twelve Months Ended December 31, 2019**

Small IT Transport - Rate 81	Rate	Per Books at Current Rates		Normalized		Annualized	
		Billing Units	Revenue	Billing Units	Revenue	Billing Units	Revenue
Basic Service Charge							
@ Maximum Rate	\$225.00 per month	28	\$75,600	28	\$75,600	28	\$75,600
@ Contract Rate	225.00 per month	<u>1</u>	<u>2,700</u>	<u>1</u>	<u>2,700</u>	<u>1</u>	<u>2,700</u>
		29	78,300	29	78,300	29	78,300
Distribution Delivery Charge							
@ Maximum Rate	\$0.673 per dk	612,862	412,456	582,626	392,107	582,626	392,107
@ Contract Rate							
1109523233	\$0.101 per dk	<u>38,524</u>	<u>3,891</u>	<u>32,581</u>	<u>3,291</u>	<u>32,581</u>	<u>3,291</u>
		651,386	416,347	615,207	395,398	615,207	395,398
Gas Tax Tracking Adjustment							
@ Maximum Rate	19.9336% 2/	\$488,056	97,287	\$467,707	93,231	\$467,707	93,231
@ Contract Rate	19.9336% 2/	\$6,591	<u>1,314</u>	\$5,991	<u>1,194</u>	\$5,991	<u>1,194</u>
			98,601		94,425		94,425
Total Revenue @ Max Rate			585,343		560,938		560,938
Total Revenue @ Contract Rate			<u>7,905</u>		<u>7,185</u>		<u>7,185</u>
Total Revenue			<u>\$593,248</u>		<u>\$568,123</u>		<u>\$568,123</u>

1/ Basic service charge and distribution rates effective with service rendered on and after June 15, 2018, Docket No. 2017.9.79. Cost of gas calculated using 2020 commodity gas rate and demand costs as of April 2020. The tax tracking adjustment rate is effective with service rendered on and after January 1, 2020 in Docket No. 2019.09.069 which is applicable to amounts billed under the Basic Service Charge and Distribution Delivery Charge.

**Montana-Dakota Utilities Co.  
Gas Utility - Montana  
Calculation of Revenues 1/  
Twelve Months Ended December 31, 2019**

Large IT Transport - Rate 82	Rate	Per Books at Current Rates		Normalized		Annualized	
		Billing Units	Revenue	Billing Units	Revenue	Billing Units	Revenue
Basic Service Charge							
@ Maximum Rate	\$567.25 per month	1	\$6,807	1	\$6,807	1	\$6,807
@ Contract Rate	567.25 per month	3	20,421	3	20,421	3	20,421
		4	27,228	4	27,228	4	27,228
Distribution Delivery Charge							
@ Maximum Rate	\$0.460 per dk	104,024	47,851	94,888	43,648	94,888	43,648
@ Contract Rate							
2924492286	\$0.087 per dk	582,056	50,639	679,749	59,138	679,749	59,138
8842718514	0.165 per dk	212,563	35,073	184,888	30,507	184,888	30,507
9608405602	0.190 per dk	1,643,967	312,354	1,959,366	372,280	1,959,366	372,280
		2,542,610	445,917	2,918,891	505,573	2,918,891	505,573
Gas Tax Tracking Adjustment							
@ Maximum Rate	19.9336% 2/	\$54,658	10,895	\$50,455	10,057	\$50,455	10,057
@ Contract Rate	19.9336% 2/	\$418,487	83,420	\$482,346	96,149	\$482,346	96,149
			94,315		106,206		106,206
Total Revenue @ Max Rate			65,553		60,512		60,512
Total Revenue @ Contract Rate			501,907		578,495		578,495
Total Revenue			<u>\$567,460</u>		<u>\$639,007</u>		<u>\$639,007</u>

1/ Basic service charge and distribution rates effective with service rendered on and after June 15, 2018, Docket No. 2017.9.79. Cost of gas calculated using 2020 commodity gas rate and demand costs as of April 2020. The tax tracking adjustment rate is effective with service rendered on and after January 1, 2020 in Docket No. 2019.09.069 which is applicable to amounts billed under the Basic Service Charge and Distribution Delivery Charge.

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**OTHER OPERATING REVENUES**  
**TWELVE MONTHS ENDING DECEMBER 31, 2019**  
**ADJUSTMENT NO. 4**

	<u>Per Books</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma</u>
<u>Miscellaneous Service Revenue</u>			
Seasonal Reconnect Fee	\$4,968	\$290	\$5,258
Reconnect Fee - Nonpayment	16,222	(431)	15,791
NSF Check Fees	44,870	(5,358)	39,513
Energy diversion	1,026	0 1/	1,026
Total Miscellaneous Service Revenue	<u>\$67,086</u>	<u>(\$5,499)</u>	<u>\$61,588</u>
 Rent from Property	 \$318,031	 \$24,953 1/	 \$342,984
 <u>Other Revenue</u>			
Sale of Sundry Junk Material	\$1,787	\$0	\$1,787
Patronage Dividends	4,538	0	4,538
Meter Reading for Others	60,935	0	60,935
Late Payment Revenue	64,202	2,111 2/	66,313
Miscellaneous	7,338	0	7,338
Gain/(Loss) on Disposal of Property	0	743 3/	743
Penalty Revenue	111,904	(69,291) 4/	42,613
Conservation Tracking Adj	143,461	(15)	143,446
Total Other Revenue	<u>\$394,165</u>	<u>(\$66,452)</u>	<u>\$327,713</u>
 Total Other Operating Revenue	 <u><u>\$779,282</u></u>	 <u><u>(\$46,997)</u></u>	 <u><u>\$732,285</u></u>

1/ Reflects annualized 2020 revenue.

2/ Late payment revenue is based on a Pro Forma Percentage (0.104%) applied to Pro Forma sales and transportation revenue. Pro Forma projection is based on a three year average of late payment revenue to sales and transportation revenue.

3/ Amortization of gain/(loss) on sale of plant over five year period.

4/ Restates penalty revenue to a three year average.

**MONTANA-DAKOTA UTILITIES CO.**  
**SUMMARY OF DEPRECIATION EXPENSE**  
**GAS UTILITY - MONTANA**  
**FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2019**

<u>Function</u>	<u>2019 Per Books</u>	<u>Pro Forma Adjustment 1/</u>	<u>Pro Forma Expense 2/</u>
Distribution	\$4,407,779	\$454,328	\$4,862,107
General	242,520	41,147	283,667
General Intangible	58,563	10,023	68,586
Common	182,838	51,989	234,827
Common - Intangible	606,694	63,307	670,001
Pref. Stock Redemption Amort.	1,339	0	1,339
Total	<u>\$5,499,733</u>	<u>\$620,794</u>	<u>\$6,120,527</u>

1/ Depreciation and amortization rates approved in Docket No. D2017.9.79.

2/ See Rule 38.5.165, Statement I, page 2.

**MONTANA-DAKOTA UTILITIES CO.**  
**AVERAGE DEPRECIATION EXPENSE**  
**GAS UTILITY - MONTANA**  
**FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2019**  
**ADJUSTMENT NO. 17**

<u>Function</u>	<u>2019 Per Books</u>	<u>Pro Forma Expense</u>	<u>Pro Forma Adjustment</u>
Distribution 1/	\$4,407,779	\$4,862,107	\$454,328
General 1/	242,520	283,667	41,147
General Intangible 1/	58,563	68,586	10,023
Common 1/	182,838	234,827	51,989
Common - Intangible 1/	606,694	670,001	63,307
Total	<u>\$5,498,394</u>	<u>\$6,119,188</u>	<u>\$620,794</u>
 Pref. Stock Redemption Amort. 2/	 \$1,339	 \$1,339	 \$0
 Total Depreciation Expense	 <u><u>\$5,499,733</u></u>	 <u><u>\$6,120,527</u></u>	 <u><u>\$620,794</u></u>
  Pro Forma Accumulated Reserve Provision			  <u><u>\$6,471,629</u></u>

1/ Average annual depreciation expense on pro forma plant in service, see Rule 38.5.165, Statement I, pages 3-4.

2/ See Rule 38.5.143, Statement E, page 9.

**MONTANA-DAKOTA UTILITIES CO**  
**AVERAGE DEPRECIATION EXPENSE**  
**GAS UTILITY - MONTANA**  
**FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2019**  
**ADJUSTMENT NO. 17**

Acct. No.	Account	Pro Forma Average Plant 1/	Depreciation Rate	Annual Depreciation	Accumulated Reserve
	<u>Distribution Plant</u>				
374.1	Land	\$15,717		\$0	\$0
374.2	Rights of Way	22,846	1.37%	313	313
375	Structures & Improvements	233,795	2.49%	5,821	5,821
376	Mains	50,410,213	2.44%	1,230,009	1,230,009
378	Meas. & Reg. Equip.-General	876,023	2.40%	21,025	21,025
379	Meas. & Reg. Equip.-City Gate	299,474	2.50%	7,487	7,487
380	Services	43,519,451	5.61%	2,441,441	2,441,441
381	Meters	25,535,311	4.13%	1,054,608	1,054,608
383	Service Regulators	3,775,887	1.47%	55,506	55,506
385	Ind. Meas. & Reg. Station Eqpt.	431,100	2.69%	11,597	11,597
387.1	Cathodic Protection Equip.	2,523,635	1.24%	31,293	31,293
387.2	Other Distribution Equip.	140,509	2.14%	3,007	3,007
	Total Distribution Plant	\$127,783,961		\$4,862,107	\$4,862,107
	<u>General Plant</u>				
389	Land	\$1,049,494		\$0	\$0
390	Structures and Improvements	5,578,652	2.42%	135,003	135,003
391.1	Office Furniture and Fixtures	165,223	3.89%	6,427	6,427
391.3	Computer Equip. - PC	9,913	17.22%	1,707	1,707
392.1	Transport. Equip.-Trailers	157,187	0.38% 2/		597
392.2	Transport. Equip.-Vehicles	3,547,598	7.25% 2/		257,201
393	Stores Equipment	14,253	2.71%	386	386
394.1	Tools, Shop & Garage Equip.	1,723,488	5.62%	96,860	96,860
394.3	Vehicle Maintenance Equip.	36,373	5.62%	2,044	2,044
395	Laboratory Equipment	58,191	2.06%	1,199	1,199
396.1	Work Equipment Trailers	308,538	1.23% 2/		3,795
396.2	Power Operated Equip.	2,503,252	2.11% 2/		52,819
397.1	Radio Comm. Equip.-Fixed	336,629	6.26%	21,073	21,073
397.2	Radio Comm. Equip.-Mobile	296,869	6.34%	18,821	18,821
397.3	Telephone and Telex Equip.	37,299	8.67%	3,234	3,234
397.6	Scade System	150	0.00%	0	0
397.8	Network Equipment	12,338	0.00%	0	0
398	Miscellaneous Equipment	27,889	-11.07%	(3,087)	(3,087)
	Total General Plant	\$15,863,336		\$283,667	\$598,079
303	Intangible Plant - General	\$816,671	4/	\$68,586	\$68,586

**MONTANA-DAKOTA UTILITIES CO**  
**AVERAGE DEPRECIATION EXPENSE**  
**GAS UTILITY - MONTANA**  
**FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2019**  
**ADJUSTMENT NO. 17**

Acct. No.	Account	Pro Forma Average Plant 1/	Depreciation Rate	Annual Depreciation	Accumulated Reserve
	<u>Common Plant</u>				
389	Land	\$247,358		\$0	\$0
390	Structures and Improvements	3,749,177	1.46%	54,738	54,738
391.1	Office Furniture and Fixtures	215,977	6.67%	14,406	14,406
391.3	Computer Equip.-PC	233,558	20.00%	46,712	46,712
391.5	Computer Equip.-Other	189,844	20.00%	37,969	37,969
392.1	Transport. Equip.-Trailers	219	4.17% 3/		0
392.2	Transport. Equip.-Vehicles	925,269	4.11% 2/		38,029
392.3	Aircraft	449,256	4.00%	17,970	17,970
393	Stores Equipment	36,096	3.33%	1,202	1,202
394.1	Tools, Shop & Garage Equip.	90,162	5.56%	5,013	5,013
394.3	Vehicle Maint. Equip.	4,823	5.00%	241	241
394.4	Vehicle Refueling Equip.	943	5.00%	47	47
397.1	Radio Comm. Equip.-Fixed	195,889	6.67%	13,066	13,066
397.2	Radio Comm. Equip.-Mobile	156,201	6.67%	10,419	10,419
397.3	General Tele. Comm. Equip.	78,124	10.00%	7,812	7,812
397.5	Supervisory & Tele. Equip.	1,337	6.67%	89	89
397.8	Network Equipment	95,387	20.00%	19,077	19,077
398	Miscellaneous Equipment	121,323	5.00%	6,066	6,066
	Total Common Plant	<u>\$6,790,943</u>		<u>\$234,827</u>	<u>\$272,856</u>
303	Intangible Plant - Common	\$10,316,097	4/	\$670,001	\$670,001
	Total Gas Plant in Service	<u><u>\$161,571,008</u></u>		<u><u>\$6,119,188</u></u>	<u><u>\$6,471,629</u></u>

1/ See Rule 38.5.123, Statement C, pages 3-4.

2/ Charged to a clearing account.

3/ Fully amortized/depreciated.

4/ Amortization based on the life of each item.

**MONTANA-DAKOTA UTILITIES CO.  
DEPRECIATION EXPENSE CHARGED TO OTHER THAN  
PRESRIBED DEPRECIATION AND AMORTIZATION EXPENSE**

The Company charges all depreciation and amortization expense to prescribed accounts with the exception of the depreciation of transportation and work equipment in FERC plant accounts 392 and 396 is charged to FERC clearing account 184.00.



**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**SUMMARY OF ADJUSTMENTS TO PER BOOKS TAXABLE INCOME**  
**TWELVE MONTHS ENDING DECEMBER 31, 2019**

<b><u>Operating Income</u></b>	<b><u>Adjustment No.</u></b>	<b><u>Pro Forma Adjustment</u></b>	<b><u>Reference</u></b>
<b><u>Current Income Taxes</u></b>			
Interest Expense Annualization 1/	21	\$335,122	Statement J, Page 6
Tax Depreciation on Plant Additions 1/	22	8,393	Statement J, Page 7
Total Adjustment to Taxable Income		<u>\$343,515</u>	
Income Taxes on Pro Forma Adjustments	23	(1,185,800)	Statement J, Page 5
Elimination of Closing/Filing and prior-period	24	226,468	Statement J, Page 8
Total Adjustment to Current Income Taxes		<u>(\$959,332)</u>	
<b><u>Deferred Income Taxes</u></b>			
Elimination of Closing/Filing and prior-period	24	(220,036)	Statement J, Page 8
Deferred Income Taxes on Plant Additions	22	2,210	Statement J, Page 10
Excess Deferreds Plant Related	25	1,667	Statement J, Page 11
Total Adjustment to Deferred Income Taxes		<u>(\$216,159)</u>	
<b><u>Rate Base</u></b>			
Accumulated Deferred Income Taxes -			
Liberalized Depreciation	L	264,821	Statement J, Page 9
Excess Plant Deferred Income Taxes	M	(297,859)	Statement J, Page 9
Full Normalization	M	(57,659)	Statement J, Page 9
Excess Deferreds - Non-Plant	M	25,007	Statement J, Page 9
Excess Deferreds - Non-Plant Pension	N	(187,326)	Statement J, Page 9
Excess Deferreds - Non-Plant Insurance	N	366	Statement J, Page 9
Prepaid Demand Charges	N	26,597	Statement J, Page 9
Unamortized Loss on Debt	G	(4,389)	Statement J, Page 9
Provision for Pensions & Benefits	H	353,594	Statement J, Page 9
Provision for Injuries & Damages	I	(707)	Statement J, Page 9
Provision for Postretirement	J	89,188	Statement J, Page 9
Customer Advances	N	17,239	Statement J, Page 9
Total Adjustment to Current Income Taxes		<u>\$228,872</u>	

1/ Amount is shown before income tax effect.

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**CALCULATION OF RECORDED STATE AND FEDERAL INCOME TAXES**  
**TWELVE MONTHS ENDING DECEMBER 31, 2019**

	<u>Montana</u>
Operating Revenue	\$73,088,254
Operating Expense:	
O&M Expense	58,774,317
Depreciation Expense	5,499,733
Taxes Other than Income	6,550,522
Total Operating Expense	<u>70,824,572</u>
Operating Income	2,263,682
Interest Expense	1,453,914
Book Taxable Income before Adjustments	809,768
Deductions and Adjustments to Book Income:	
Tax Deductions 1/	2,728,434
Total Deductions and Adjustments	<u>2,728,434</u>
Taxable Income - Before State Income Tax	(1,918,666)
Less: State Income Taxes	(101,577)
Other Closing/Filing Adjustment	0
Federal Taxable Income	<u>(1,817,089)</u>
Federal Income Taxes @ 21%	(381,589)
Credits and Adjustments	(21,414)
State Income Taxes	(101,577)
Federal and State Income Taxes	<u>(504,580)</u>
Closing/Filing and Prior Period Adjustment	<u>(226,468)</u>
Total Federal and State Income Taxes	<u><u>(\$731,048)</u></u>

1/ See page 3.

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**CALCULATION OF RECORDED STATE AND FEDERAL INCOME TAXES**  
**TWELVE MONTHS ENDED DECEMBER 31, 2019**

	<u>Montana</u>
<b><u>Timing Deductions &amp; Adjustments</u></b>	
Bad Debt Expense	(5,906)
Bonus & 401k Profit Sharing	(712,259)
Customer Advances	93,863
AFUDC - Debt/Capitalized Interest	(5,770)
Deferred Medicare Part D	23,073
Property Timing Differences	1,468,326
Prepaid Demand Charge	202,007
Prepaid Expense	6,476
Property Insurance	(5,692)
Sundry Reserves	32,463
Vacation Pay	14,465
MT Ad Valorem Tax Tracker	(1,183,551)
MT Conservation Tracker	40,002
Pension Expense	3,374,684
Deferred Pension Expense	(1,059,972)
Postretirement Benefits Cost (FAS 158)	712,249
Deferred Postretirement Benefit Costs (FAS 106)	(453,395)
Management Incentive	10,158
Manufactured Gas Plant Sites	134,487
Preferred Stock Redemption	(1,338)
PCB Related Income	5,716
Performance Share Program	97,661
Regulatory Commission Expense	(73,125)
Unamortized Loss on Reacquired Debt	(22,288)
<b><u>Permanent Deductions &amp; Adjustments</u></b>	
AFUDC CWIP	(2,312)
AFUDC Equity	(30,816)
Dividend Received Deduction	4,673
50% Meals and Entertainment	(27,441)
100% Entertainment	(100)
Qualified Transportation Fringe - Parking	(16,971)
Fuel Tax Credit	(1,819)
Performance Share Program	111,273
Accrued Tax Interest	(387)
Total M-1 Deductions	<u><u>\$2,728,434</u></u>

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
DEFERRED INCOME TAXES  
TWELVE MONTHS ENDING DECEMBER 31, 2019**

	<u>Montana</u>
<b><u>Timing Deductions &amp; Adjustments</u></b>	
Bad Debt Expense	(1,555)
Bonus & 401k Profit Sharing	(176,112)
Customer Advances	24,716
AFUDC - Debt/Capitalized Interest	(793)
Deferred Medicare Part D	5,705
Property Timing Differences	358,271
Prepaid Demand Charge	53,193
Prepaid Expense	1,601
Property Insurance	(1,446)
Sundry Reserves	8,245
Vacation Pay	559
MT Ad Valorem Tax Tracker	(311,655)
MT Conservation Tracker	10,533
Pension Expense	649,331
Deferred Pension Expense	(76,960)
Postretirement Benefits Cost (FAS 158)	176,110
Deferred Postretirement Benefit Costs (FAS 106)	(112,106)
Management Incentive	2,512
Manufactured Gas Plant Sites	35,413
Preferred Stock Redemption	(352)
PCB Related Income	1,450
Performance Share Program	23,028
Regulatory Commission Expense	(19,255)
Unamortized Loss on Reacquired Debt	(5,799)
ND Deferred Pension Regulatory Asset	(15,169)
<b><u>Gas Utility - Amortization of Excess ADITs</u></b>	
TCJA Excess Plant - ARAM	(270,537)
TCJA Excess Nonplant - Other - 5 Year (Not in RB)	40,340
TCJA Excess Nonplant - Rate Base - 5 Year	25,007
TCJA Excess Nonplant Pension - 5 Yr	(187,326)
TCJA Excess Nonplant Insurance - 5 Yr	366
South Georgia Normalization	(57,659)
<b><u>Gas Utility - Other Deferred Income Tax Adjustments</u></b>	
Closing/Filing and Prior Period Adjustment	<u>220,036</u>
 Total Utility	 <u><u>\$399,692</u></u>

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
CALCULATION OF ADJUSTMENT TO  
CURRENT INCOME TAXES  
ADJUSTMENT NO. 23**

	<u>Pro Forma Adjustments</u>
<b>Operating Revenues</b>	
Sales Revenues	(\$8,588,781)
Transportation Revenues	42,287
Other Revenues	(46,997)
Total Operating Revenues	<u>(8,593,491)</u>
<b>Operating Expenses</b>	
Operation and Maintenance	
Cost of Gas	(6,377,683)
Other O&M	336,230
Total O&M	<u>(6,041,453)</u>
Depreciation Expense	620,794
Taxes other Than Income	986,833
Total Operating Expenses	<u>(4,433,826)</u>
<b>Gross Adjustments to Operating Income</b>	(4,159,665)
Deductions and Adjustments to Book Income:	
Interest Annualization 1/	335,122
Tax Depreciation on Plant 2/	8,393
Total Adjustments to Taxable Income	<u>343,515</u>
Taxable Income	(4,503,180)
Federal & State Income Taxes @ 26.3325%	(\$1,185,800)
Elimination of Federal & State Prior Period Adj. 3/	226,468
Total Adjustment to Current Income Taxes	<u><u>(\$959,332)</u></u>

1/ Rule 38.5.169, Statement J, page 6.

2/ Rule 38.5.169, Statement J, page 7.

3/ Rule 38.5.169, Statement J, page 8.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
ADJUSTMENT FOR INTEREST EXPENSE ANNUALIZATION  
ADJUSTMENT NO. 21**

	<u>Per Books</u>	<u>Pro Forma Adjustment</u>	<u>Pro Forma</u>
Rate Base 1/	\$70,203,933	\$9,699,430	\$79,903,363
Weighted Cost of Debt 2/			2.239%
Interest Expense - Pro Forma			\$1,789,036
Interest Charges as Recorded 3/			<u>1,453,914</u>
Interest Expense Annualization Adjustment			<u><u>\$335,122</u></u>

1/ Rule 38.5.175, Overall Cost of Service, page 6.

2/ Rule 38.5.146, Statement F, page 1, Long and Short Term Debt.

3/ Rule 38.5.169, Statement J, page 2.

**MONTANA-DAKOTA UTILITIES CO.  
DEFERRED INCOME TAX ON PLANT  
GAS UTILITY - MONTANA  
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2019  
ADJUSTMENT NO. 22**

Tax Depreciation 1/	\$6,480,022
Book Depreciation 2/	6,471,629
Net Depreciation on Plant	<u>\$8,393</u>
Total Deferred Income Taxes on Plant	<u>\$2,210</u>

1/ See Rule 38.5.169, Statement J, page 10.

2/ See Rule 38.5.165, Statement I, page 2, includes depreciation on  
accounts charged to clearing accounts.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
ADJUSTMENT TO CURRENT AND DEFERRED INCOME TAXES  
FOR ROUNDING AND PRIOR YEAR'S AND CLOSING/FILING  
TWELVE MONTHS ENDING DECEMBER 31, 2019  
ADJUSTMENT NO. 24**

Adjustment to Current Federal Income Taxes to Eliminate Closing/Filing and Prior Period Adjustments	<u><u>\$226,468</u></u>
Adjustment to Deferred Income Taxes to Eliminate Closing/Filing and Prior Period Adjustments	<u><u>(\$220,036)</u></u>



**MONTANA-DAKOTA UTILITIES CO.**  
**ACCUMULATED DEFERRED INCOME TAXES**  
**GAS UTILITY - MONTANA**  
**FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2019**

	Balance @ 12/31/2018	Balance @ 12/31/2019	Average Balance @ 12/31/2019	Adjustments	Pro Forma Balance	Pro Forma Average Balance	Pro Forma Adjustment	Adjustment
Liberalized Depreciation	\$9,353,233	\$9,880,664	\$9,616,948	\$2,210 1/	\$9,882,874	\$9,881,769	\$264,821	L
Excess Plant Deferred Income Taxes	4,635,801	4,308,954	4,472,378	(268,870) 2/	4,040,084	4,174,519	(297,859)	M
Full Normalization	172,980	115,320	144,150	(57,659) 2/	57,661	86,491	(57,659)	M
Excess Deferreds - Non-Plant	(100,028)	(75,021)	(87,525)	25,007 2/	(50,014)	(62,518)	25,007	M
Excess Deferreds - Non-Plant Pension	749,304	561,978	655,641	(187,326) 2/	374,652	468,315	(187,326)	M
Excess Deferreds - Non-Plant Insurance	(1,465)	(1,099)	(1,282)	366 2/	(733)	(916)	366	M
Prepaid Demand Charges	254,075	307,269	280,672	0	307,269	307,269	26,597	N
Unamortized Loss on Debt	42,614	36,342	39,478	(2,505) 3/	33,837	35,089	(4,389)	G
Provision for Pensions & Benefits	1,900,537	2,455,344	2,177,941	152,382 4/	2,607,726	2,531,535	353,594	H
Provision for Injuries & Damages	(2,507)	(3,921)	(3,214)	0	(3,921)	(3,921)	(707)	I
Provision for Postretirement	0	0	0	89,188 5/	89,188	89,188	89,188	J
Customer Advances	(627,904)	(603,188)	(615,546)	9,762 6/	(593,426)	(598,307)	17,239	N
Balance	<u>\$16,376,640</u>	<u>\$16,982,642</u>	<u>\$16,679,641</u>	<u>(\$237,445)</u>	<u>\$16,745,197</u>	<u>\$16,908,513</u>	<u>\$228,872</u>	

1/ Deferred taxes on plant additions. See Rule 38.5.169, Statement J, page 10.

2/ See Rule 38.5.169, Statement J, page 11.

3/ See Rule 38.5.143, Statement E, page 5.

4/ See Rule 38.5.143, Statement E, page 6.

5/ See Rule 38.5.143, Statement E, page 8.

6/ See Rule 38.5.169, Statement J, page 12.

**MONTANA-DAKOTA UTILITIES CO.  
TAX DEPRECIATION ON PLANT ADDITIONS  
GAS UTILITY - MONTANA  
ADJUSTMENT L**

<u>Pro Forma Plant Additions</u>	<u>Plant Additions</u>	<u>Annual Book Depreciation</u>	<u>Book Depr. 1/ for Taxes</u>	<u>Tax 2/ Depreciation</u>	<u>Book/Tax Difference</u>	<u>Deferred Income Taxes</u>
Distribution	\$8,793,781	\$300,726	\$150,363	\$329,767	\$179,404	\$47,242
General						
Other	\$518,613	\$29,279	\$14,640	\$74,110	\$59,470	\$15,660
Structures & Improvements	1,647,257	39,864	19,932	22,913	2,981	785
Vehicles	435,000	31,538	15,769	87,000	71,231	18,757
Work Equipment	360,300	7,602	3,801	51,487	47,686	12,557
Total General	<u>\$2,961,170</u>	<u>\$108,283</u>	<u>\$54,142</u>	<u>\$235,510</u>	<u>\$181,368</u>	<u>\$47,759</u>
General Intangible	\$52,280	\$8,098	\$4,049	\$8,715	\$4,666	\$1,229
Common						
Other	\$299,209	\$33,735	\$16,868	\$42,757	\$25,889	\$6,817
Structures & Improvements	166,693	2,434	1,217	2,319	1,102	290
Computer Equipment	87,495	17,499	8,750	17,499	8,749	2,304
Vehicles	109,398	4,496	2,248	21,880	19,632	5,170
Total Common Plant	<u>\$662,795</u>	<u>\$58,164</u>	<u>\$29,083</u>	<u>\$84,455</u>	<u>\$55,372</u>	<u>\$14,581</u>
Common Intangible	<u>\$894,631</u>	<u>\$84,581</u>	<u>\$42,291</u>	<u>\$149,135</u>	<u>\$106,844</u>	<u>\$28,135</u>
Total Depreciable Additions	<u><u>\$13,364,657</u></u>	<u><u>\$559,852</u></u>	\$279,928	\$807,582	\$527,654	\$138,946
Total Depreciation Existing Plant			<u>\$6,191,701</u>	<u>\$5,672,440</u>	<u>(\$519,261)</u>	<u>(\$136,736)</u>
Grand Total Depreciation Adjustment			<u><u>\$6,471,629</u></u>	<u><u>\$6,480,022</u></u>	<u><u>\$8,393</u></u>	<u><u>\$2,210</u></u>

1/ Annual depreciation divided by 2 to reflect half year convention for 2020 Pro Forma additions.

2/ Tax depreciation rates are:

Distribution	3.750%
General & Common	14.290%
Structures & Improvements	1.391%
Transportation & Computer	20.000%
Intangible	16.670%

**MONTANA-DAKOTA UTILITIES CO.**  
**ADJUSTMENT TO ACCUMULATED DEFERRED INCOME TAXES**  
**TO REFLECT FULL NORMALIZATION**  
**GAS UTILITY - MONTANA**  
**FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2019**  
**ADJUSTMENT M**  
**ADJUSTMENT 25**

Amortization of deferred taxes to reflect full normalization	<u>(\$57,659)</u>	<u>Adjustment</u> M
<b>Non Plant Excess Deferred Income Taxes</b>		
Deferred Amortization	<u>\$25,007</u>	M
Deferred Amortization - Pension	<u>(\$187,326)</u>	M
Deferred Amortization - Insurance	<u>\$366</u>	M
<b>Plant Related Excess Deferred Income Taxes</b>		
Per Books 2019 ARAM	<u>(\$270,537)</u>	
Pro Forma 2020 ARAM	<u>(\$268,870)</u>	
Pro Forma Adjustment to Expense	<u>\$1,667</u>	25

**MONTANA-DAKOTA UTILITIES CO.  
ACCUMULATED DEFERRED INCOME TAXES  
GAS UTILITY - MONTANA  
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2019  
ADJUSTMENT N**

	Balance @ 12/31/2018	Balance @ 12/31/2019	Average Balance @ 12/31/2019	Pro Forma Balance	Pro Forma Average Balance	Pro Forma Adjustment
Prepaid Demand Charges	\$254,075	\$307,269	\$280,672	\$307,269	\$307,269	\$26,597
Customer Advances 1/	(627,904)	(603,188)	(615,546)	(593,426)	(598,307)	17,239
Balance	<u>(\$473,857)</u>	<u>(\$370,940)</u>	<u>(\$422,399)</u>	<u>(\$336,171)</u>	<u>(\$353,556)</u>	<u>\$68,843</u>

1/ See Rule 38.5.143, Statement E, page 10, reflects the changes to February 2020 ending balance.

**MONTANA-DAKOTA UTILITIES CO.**  
**ANALYSIS OF ACCUMULATED DEFERRED INCOME TAXES**  
**GAS UTILITY - MONTANA**  
**DECEMBER 31, 2018 AND DECEMBER 31, 2019**

	Total Company		Montana		
	Balance 12/31/18	Balance 12/31/19	Balance 12/31/18	Balance 12/31/19	Average Balance
<u>Gas Utility - Rate Base Deductions:</u>					
Depreciation, Retirements and Other Timing					
Differences Required to be Normalized	\$36,360,845	\$37,474,899	\$9,353,233	\$9,880,664	\$9,616,948
Excess Plant Deferred Income Taxes	19,042,595	18,445,969	4,635,801	4,308,954	4,472,378
Full Normalization	681,661	447,899	172,980	115,320	144,150
Excess Deferreds - Non-Plant	(1,367,637)	(739,678)	(100,028)	(75,021)	(87,525)
Excess Deferreds - Non-Plant Pension	749,304	561,978	749,304	561,978	655,641
Excess Deferreds - Non-Plant Insurance	(1,465)	(1,099)	(1,465)	(1,099)	(1,282)
Contributions In Aid of Construction	(2,949,013)	(3,356,077)	0	0	0
Unamortized Loss on Debt	187,805	159,341	42,614	36,342	39,478
Provision for Pension & Benefits	1,900,537	2,455,344	1,900,537	2,455,344	2,177,941
Provision for Injuries & Damages	(2,507)	(3,921)	(2,507)	(3,921)	(3,214)
Provision for Postretirement	0	0	0	0	0
Gain on Building Sale	(66,560)	(97,594)	0	0	0
Loss on Buidling Sale	194,460	184,696	0	0	0
Prepaid Demand Charges	254,075	307,269	254,075	307,269	280,672
Rate Case Expense	9,965	0	0	0	0
Customer Advances	(3,746,074)	(2,749,957)	(627,904)	(603,188)	(615,546)
 Total Rate Base Deductions	<u>\$51,247,991</u>	<u>\$53,089,069</u>	<u>\$16,376,640</u>	<u>\$16,982,642</u>	<u>\$16,679,641</u>

**MONTANA-DAKOTA UTILITIES CO.**  
**CALCULATION OF RECORDED STATE AND FEDERAL INCOME TAXES**  
**TAX DEDUCTIONS**  
**TWELVE MONTHS ENDING DECEMBER 31, 2019**

	Gas	Electric	Total Company	Non- Regulated	Total Company
<b><u>Property M-1s</u></b>					
AFUDC Equity	\$ (130,045)	\$ (1,554,321)	\$ (1,684,366)	\$ 669,240	\$ (1,015,126)
CWIP	39,028	(1,010,451)	(971,423)	-	(971,423)
Contributions in Aid of Construction (CIAC)	(1,744,972)	(6,493,007)	(8,237,979)	(3,286,281)	(11,524,260)
Net Negative Salvage	-	(2,375,259)	(2,375,259)	-	(2,375,259)
Property Timing Differences	5,965,592	26,268,315	32,233,907	2,657,762	34,891,669
Decommissioning	-	(836,267)	(836,267)	-	(836,267)
Total Property M-1s	\$ 4,129,603	\$ 13,999,010	\$ 18,128,613	\$ 40,721	\$ 18,169,334
<b><u>Other M-1s</u></b>					
Reserved Revenue	\$ 2,120,994	\$ 11,990,276	\$ 14,111,270	\$ -	\$ 14,111,270
Bonus & 401k Profit Sharing	(2,472,701)	(4,134,221)	(6,606,922)	-	(6,606,922)
Bad Debts Expense	2,229	166,097	168,326	-	168,326
Property Insurance Recovery	55,872	187,724	243,596	-	243,596
Property Insurance Reserve	(79,208)	(266,131)	(345,339)	-	(345,339)
Vacation Pay	(230,918)	(255,070)	(485,988)	-	(485,988)
Customer Advances	4,085,411	(644,606)	3,440,805	-	3,440,805
Prepaid Demand Charge	1,415,982	-	1,415,982	-	1,415,982
Prepaid Expenses	22,484	37,592	60,076	-	60,076
F&PP Deferral	-	(329,125)	(329,125)	-	(329,125)
MT Ad Valorem Tax Tracker	(1,183,551)	(394,449)	(1,578,000)	-	(1,578,000)
MT Conservation Tracking Adjustment	40,002	-	40,002	-	40,002
ND Transmission Tracker	-	(940,716)	(940,716)	-	(940,716)
ND Renewable Resource Recovery Rider	-	1,514,288	1,514,288	-	1,514,288
Sundry Reserves	133,082	447,144	580,226	-	580,226
MT PSC/MCC Tax Deferral	-	(53,821)	(53,821)	-	(53,821)
SD Infrastructure Rider	-	156,378	156,378	-	156,378
Mor-Gran-Sou Capacity Revenue	-	81,806	81,806	-	81,806
WAPA Fiber Demand Revenue	-	49,315	49,315	-	49,315
Pension	11,715,664	8,802,137	20,517,801	-	20,517,801
Pension - Intercompany	(2,598,719)	(1,952,453)	(4,551,172)	-	(4,551,172)
Postretirement	2,472,669	2,140,661	4,613,330	-	4,613,330
Postretirement - Intercompany	220,471	190,868	411,339	-	411,339
Management Incentive	35,265	122,491	157,756	-	157,756
Performance Share Program	234,776	(264,427)	(29,651)	-	(29,651)
PCB Related Income	23,285	-	23,285	-	23,285
Unamortized Loss on Reacquired Debt	(104,241)	(456,432)	(560,673)	-	(560,673)
Preferred Stock Redemption Amortization - Reg Asset	(6,931)	(32,226)	(39,157)	-	(39,157)
MISO MPV Reserve	-	414,550	414,550	-	414,550

**MONTANA-DAKOTA UTILITIES CO.**  
**CALCULATION OF RECORDED STATE AND FEDERAL INCOME TAXES**  
**TAX DEDUCTIONS**  
**TWELVE MONTHS ENDING DECEMBER 31, 2019**

Manufactured Gas Plant Site - Missoula - Reg Asset	397,922	-	397,922	-	397,922
Manufactured Gas Plant Site - Missoula - Reg Liability	(375,000)	-	(375,000)	-	(375,000)
Manufactured Gas Plant Site - Billings - Reg Asset	111,565	-	111,565	-	111,565
Regulatory Commission Expense - Rate Base	(47,453)	(34,925)	(82,378)	-	(82,378)
Regulatory Commission Expense - Non Rate Base	(161,732)	(16,393)	(178,125)	-	(178,125)
Pension - Reg Asset	(3,679,833)	(2,764,709)	(6,444,542)	-	(6,444,542)
Pension Intercompany - Reg Asset	2,598,719	1,952,453	4,551,172	-	4,551,172
Postretirement - Reg Asset	(1,574,020)	(1,362,674)	(2,936,694)	-	(2,936,694)
Postretirement - Intercompany - Reg Asset	(220,471)	(190,868)	(411,339)	-	(411,339)
Deferred Pension Expense - ND Gas - Reg Asset	(72,235)	-	(72,235)	-	(72,235)
Deferred Postretirement Expense - ND Gas - Reg Liability	98,916	-	98,916	-	98,916
Deferred Medicare Part D	80,101	69,346	149,447	-	149,447
Abandoned Power Plant Cost Recovery	-	(456,485)	(456,485)	-	(456,485)
Retired Power Plant	-	60,853	60,853	-	60,853
Gain on Building Sale - Reg Liability	17,564	43,618	61,182	-	61,182
Loss on Building Sale - Reg Asset	(40,007)	(105,713)	(145,720)	-	(145,720)
MT Decommissioning Amortization	-	3,280,963	3,280,963	-	3,280,963
Plant Closure - Reg Asset	-	32,931,862	32,931,862	-	32,931,862
Plant Closure - Reg Liability	-	(1,397,370)	(1,397,370)	-	(1,397,370)
Contract Demand	(144,726)	-	(144,726)	-	(144,726)
Partnership Ordinary Income/Loss	-	-	-	(387,638)	(387,638)
SISP/SERP Expense	-	-	-	(853,726)	(853,726)

Total Other M-1's	\$ 12,891,227	\$ 48,587,608	\$ 61,478,835	\$ (1,241,364)	\$ 60,237,471
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**Permanent M-1s**

Dividend Received Deduction	\$ 16,224	\$ 27,125	\$ 43,349	-	\$ 43,349
50% Meals and Entertainment	(95,265)	(159,278)	(254,543)	(633)	(255,176)
100% Entertainment	(345)	(578)	(923)	-	(923)
Qualified Transportation Fringe - Parking	(58,918)	(98,508)	(157,426)	-	(157,426)
Fuel Tax Credit - Perm	(6,315)	(10,558)	(16,873)	-	(16,873)
Performance Share Program - Perm	386,299	645,870	1,032,169	-	1,032,169
Accrued Tax Interest	(1,767)	(6,311)	(8,078)	-	(8,078)
Lobbying Expenses	-	-	-	(185,115)	(185,115)
401(k) Dividend Deduction	-	-	-	2,706,567	2,706,567
Unrealized Gain/Losses on SISP/SERP Investments	-	-	-	5,356,257	5,356,257
SISP/SERP Premium & CSV	-	-	-	519,834	519,834

Total Permanent M-1's	\$ 239,913	\$ 397,762	\$ 637,675	\$ 8,396,910	\$ 9,034,585
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Total M-1s Deductions	\$ 17,260,743	\$ 62,984,380	\$ 80,245,123	\$ 7,196,267	\$ 87,441,390
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**MONTANA-DAKOTA UTILITIES CO.**  
**CALCULATION OF RECORDED STATE AND FEDERAL INCOME TAXES**  
**TAX DEDUCTIONS**  
**TWELVE MONTHS ENDING DECEMBER 31, 2019**

Operating Revenue	\$ 260,898,876	\$ 350,587,923	\$ 611,486,799	\$ -	\$ 611,486,799
Non-Utility Income (before income taxes)	-	-	-	5,733,631	5,733,631
Total Revenue	<u>\$ 260,898,876</u>	<u>\$ 350,587,923</u>	<u>\$ 611,486,799</u>	<u>\$ 5,733,631</u>	<u>\$ 617,220,430</u>
Operating Expense:					
O&M Expense	\$ 212,638,150	\$ 210,983,913	\$ 423,622,063	\$ 1,098,232	\$ 424,720,295
Depreciation Expense	21,094,552	58,494,518	79,589,070		79,589,070
Taxes Other than Income	10,606,542	16,653,953	27,260,495	50,525	27,311,020
Total Operating Expense	<u>\$ 244,339,244</u>	<u>\$ 286,132,384</u>	<u>\$ 530,471,628</u>	<u>\$ 1,148,757</u>	<u>\$ 531,620,385</u>
Operating Income	\$ 16,559,632	\$ 64,455,539	\$ 81,015,171	\$ 4,584,874	\$ 85,600,045
Interest Expense	6,727,661	25,340,081	32,067,742	(1,834,040)	30,233,702
Book Taxable Income before Adjustments	<u>\$ 9,831,971</u>	<u>\$ 39,115,458</u>	<u>\$ 48,947,429</u>	<u>\$ 6,418,914</u>	<u>\$ 55,366,343</u>
Deductions and Adjustments to Book Income:					
Tax Deductions 1/	\$ 17,260,743	\$ 62,984,380	\$ 80,245,123	\$ 7,196,267	\$ 87,441,390
Total Deductions and Adjustments	<u>\$ 17,260,743</u>	<u>\$ 62,984,380</u>	<u>\$ 80,245,123</u>	<u>\$ 7,196,267</u>	<u>\$ 87,441,390</u>
Taxable Income - Before State Income Tax	\$ (7,428,772)	\$ (23,868,922)	\$ (31,297,694)	\$ (777,353)	\$ (32,075,047)
Less: Deductible State Income Taxes	321,880	1,029,564	1,351,444	1,533,385	2,884,829
Federal Taxable Income	<u>\$ (7,106,892)</u>	<u>\$ (22,839,358)</u>	<u>\$ (29,946,250)</u>	<u>\$ 756,032</u>	<u>\$ (29,190,218)</u>
Federal Income Taxes @ 21%	\$ (1,492,447)	\$ (4,796,265)	\$ (6,288,713)	\$ 158,767	\$ (6,129,946)
Credits and Adjustments	(81,474)	(25,853,257)	(25,934,731)	-	(25,934,731)
State Income Taxes	(321,880)	(1,029,564)	(1,351,444)	(1,533,385)	2,884,829
Federal and State Income Taxes	<u>\$ (1,895,801)</u>	<u>\$ (31,679,086)</u>	<u>\$ (33,574,888)</u>	<u>\$ (1,374,618)</u>	<u>\$ (29,179,848)</u>
Closing and Prior Year's Adjustment	\$ (829,185)	\$ 6,147,334	\$ 5,318,149	\$ 47,665	\$ 5,365,814
Total Federal and State Income Taxes	<u>\$ (2,724,986)</u>	<u>\$ (25,531,752)</u>	<u>\$ (28,256,739)</u>	<u>\$ (1,326,953)</u>	<u>\$ (23,814,034)</u>

1/ See Rule 38.5.169, Statement J, page 15



**MONTANA-DAKOTA UTILITIES CO./GREAT PLAINS NATURAL GAS CO.**  
**ACCUMULATED DEFERRED INCOME TAXES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Total Company	Electric	Gas	Non-Utility
<u>Account 190:</u>				
January 2019	\$46,595,361	\$23,445,697	\$15,449,491	\$7,700,173
February	43,558,189	21,656,618	14,220,298	7,681,273
March	43,534,729	21,004,980	14,871,472	7,658,277
April	41,084,593	18,733,206	14,712,276	7,639,111
May	42,102,847	19,363,526	14,871,653	7,867,668
June	37,719,170	17,112,836	12,349,901	8,256,433
July	38,645,212	16,617,128	13,787,855	8,240,229
August	37,811,360	16,544,619	13,436,009	7,830,732
September	35,863,052	14,321,229	13,727,296	7,814,527
October	35,838,062	14,404,687	13,635,052	7,798,323
November	40,178,514	18,431,767	13,945,750	7,800,997
December	34,336,206	16,221,004	12,054,782	6,060,420

Account 281: (L&C Pollution Control)

January 2019	(\$915,321)	(\$915,321)
February	(976,113)	(976,113)
March	(1,036,905)	(1,036,905)
April	(1,097,697)	(1,097,697)
May	(1,158,490)	(1,158,490)
June	(1,219,282)	(1,219,282)
July	(1,280,074)	(1,280,074)
August	(1,340,866)	(1,340,866)
September	(1,401,659)	(1,401,659)
October	(1,462,451)	(1,462,451)
November	(1,516,278)	(1,516,278)
December	(884,588)	(884,588)

Account 282: (Other Property)

January 2019	(\$183,116,257 )	(\$150,291,707)	(\$30,381,505)	(\$2,443,045)
February	(183,863,123 )	(151,033,877)	(30,398,525)	(2,430,721)
March	(184,611,020 )	(151,776,473)	(30,416,150)	(2,418,397)
April	(185,350,670 )	(152,511,464)	(30,433,133)	(2,406,073)
May	(186,090,552 )	(153,246,538)	(30,450,265)	(2,393,749)
June	(186,832,025 )	(153,982,848)	(30,467,752)	(2,381,425)
July	(187,559,845 )	(154,706,929)	(30,483,815)	(2,369,101)
August	(188,225,553 )	(155,366,882)	(30,501,894)	(2,356,777)
September	(188,942,494 )	(156,078,216)	(30,519,824)	(2,344,454)
October	(189,675,755 )	(156,806,081)	(30,534,544)	(2,332,130)
November	(191,405,162 )	(157,992,978)	(31,012,045)	(2,400,139)
December	(189,360,967 )	(155,225,570)	(32,494,230)	(1,641,167)

**MONTANA-DAKOTA UTILITIES CO./GREAT PLAINS NATURAL GAS CO.**  
**ACCUMULATED DEFERRED INCOME TAXES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Total Company	Electric	Gas	Non-Utility
<u>Account 283: (Other)</u>				
January 2019	(\$32,023,003)	(\$15,965,646)	(\$15,974,479)	(\$82,878)
February	(32,028,300)	(16,165,184)	(15,780,238)	(82,878)
March	(32,336,410)	(16,352,365)	(15,901,167)	(82,878)
April	(32,274,312)	(16,253,384)	(15,938,050)	(82,878)
May	(32,330,923)	(16,284,357)	(15,963,688)	(82,878)
June	(31,538,276)	(16,468,848)	(15,069,428)	---
July	(33,536,035)	(16,540,172)	(16,995,863)	---
August	(34,718,221)	(16,669,276)	(18,048,945)	---
September	(35,877,600)	(16,789,345)	(19,088,255)	---
October	(36,021,064)	(16,717,139)	(19,303,925)	---
November	(35,019,470)	(16,545,265)	(18,474,205)	---
December	(41,914,124)	(24,404,077)	(17,510,047)	---
<u>Total Company</u>				
January 2019	(\$169,459,220)	(\$143,726,977)	(\$30,906,493)	\$5,174,250
February	(173,309,349)	(146,518,558)	(31,958,465)	5,167,674
March	(174,449,606)	(148,160,763)	(31,445,845)	5,157,002
April	(177,638,087)	(151,129,340)	(31,658,907)	5,150,160
May	(177,477,119)	(151,325,858)	(31,542,300)	5,391,041
June	(181,870,414)	(154,558,141)	(33,187,279)	5,875,008
July	(183,730,742)	(155,910,047)	(33,691,823)	5,871,128
August	(186,473,280)	(156,832,405)	(35,114,830)	5,473,955
September	(190,358,699)	(159,947,989)	(35,880,783)	5,470,073
October	(191,321,208)	(160,580,984)	(36,203,417)	5,466,193
November	(187,762,397)	(157,622,755)	(35,540,500)	5,400,858
December	(197,823,471)	(164,293,229)	(37,949,495)	4,419,253

**MONTANA-DAKOTA UTILITIES CO.**  
**ANALYSIS OF ACCUMULATED DEFERRED INCOME TAXES**  
**GAS UTILITY - MONTANA**  
**DECEMBER 31, 2018 AND DECEMBER 31, 2019**

	Total Gas Utility	
	Balance	Balance
Gas Utility - Timing Differences:	12/31/2018	12/31/2019
Partnership Ordinary Income/Loss	\$31,416	\$1,029
Postretirement Benefit Costs	1,297,394	1,917,689
Contingency Reserve	97,772	97,772
Manufactured Gas Plant Site - Billings	148,596	177,973
Manufactured Gas Plant Site - Missoula	0	6,036
Regulatory Commission Expense	134,371	92,540
Deferred Pension Expense - ND Gas	51,418	33,789
Prepaid Demand Charges (excluding MT)	492,285	777,995
Prepaid Expenses	52,045	48,963
Purchased Gas Adjustment	59	59
MT Ad Valorem Tax Tracker	323,388	11,733
MT Conservation Tracking Adjustment	30,966	41,499
AFUDC Equity	647,768	608,866
Non-utility Plant	2,052,390	1,941,475
Excess Deferred Income Taxes	1,496,464	955,396
AFUDC CWIP	(92,035)	(81,750)
Contract Demand	0	(35,320)
SISP Expense	(3,292,184)	(1,499,689)
Non-Utility C. I. A. C. 'S	(282,607)	(378,133)
SISP ( OCI )	(804,494)	(667,783)
Board of Directors Retirement Benefits	(133,142)	0
Deferred Compensation - Directors	(239,677)	0
Management Incentive	(258,198)	(15,879)
Performance Share Program	(490,319)	0
PCB Related Income	(12,580)	(6,900)
Deferred Postretirement Benefit costs	(1,277,812)	(1,695,249)
Deferred Medicare Part D	(56,625)	(39,987)
Uniform Capitalization	(224,846)	(224,494)
Bad Debts Expense	(57,615)	(57,360)
Reserved Revenues	(469,722)	0
Bonus & 401k Profit Sharing	(736,997)	(1,037,881)
Vacation Pay	(982,427)	(784,549)
Sundry Reserves	(52,307)	(13,869)
Preferred Stock Redemption Amortization	23,933	22,273
Net Normalization (FAS109)	(25,412,605)	(23,365,439)
	<u>(\$27,995,927)</u>	<u>(\$23,169,195)</u>
Total Gas Utility	<u>\$27,995,927</u>	<u>\$23,169,195</u>

**MONTANA-DAKOTA UTILITIES CO.  
COMPUTATION OF INCOME TAX LIABILITY AND TAX SAVINGS  
BASED ON MDU RESOURCES GROUP, INC.  
CONSOLIDATED FEDERAL INCOME TAX RETURN  
FOR THE 2019 TAX YEAR**

	<u>Montana-Dakota Utilities Co.</u>	<u>MDU Resources Group, Inc. 1/</u>
Net Taxable Income (Loss)	<u>\$20,293,919</u>	<u>\$138,280,637</u>
Federal Income Tax:		
Statutory Taxes @ 21%	\$4,261,723	\$29,038,934
Less Tax Credits:		
Increasing Research Activities	(\$214,523)	(\$1,415,330)
Renewable Electricity Production	(\$20,234,032)	(\$20,234,032)
Work Opportunity	<u>(\$2,400)</u>	<u>(\$136,088)</u>
General Business Credit	(\$20,450,955)	(\$21,785,450)
Credit for Prior Year Minimum Tax	<u>\$0</u>	<u>(\$7,253,484)</u>
Tax Credits Utilized	(\$20,450,955)	(\$29,038,934)
Total Tax	<u>\$0</u>	<u>\$0</u>
Tax Savings Arising From Consolidation	<u>\$0</u>	

Montana-Dakota Utilities Co. is a member of a group that files a consolidated Federal Income Tax Return. There are no tax savings available to Montana-Dakota Utilities Co. as a result of being included in a consolidated tax return during the test period.

1/ Reflects MDU Resources Group, Inc. and includible subsidiaries.

**MDU RESOURCES GROUP, INC.**  
**RECONCILIATION OF NET INCOME PER BOOKS WITH**  
**TAXABLE INCOME PER FEDERAL INCOME TAX RETURN**  
**FOR THE 2018 TAX YEAR**

Docket No. 2020.06.\_\_\_\_  
Rule 38.5.170  
Statement J  
Page 1 of 2

<b>M-1</b>		<b>2018</b>
<b>Line No.</b>		
<b>1</b>	<b>Net Income (Loss) per Books</b>	<b>\$272,318,357</b>
<b>2</b>	<b>Federal Income Tax per Books</b>	<b>(\$7,797,810)</b>
<b>3</b>	<b>Excess of Capital Losses Over Capital Gains</b>	<b>0</b>
<b>4</b>	<b>Income Subject to Tax Not Recorded on Books This Year:</b>	
	Other	
	Dividends Received from Subsidiary Companies	\$121,069,600
	Contributions in Aid of Construction	7,090,688
	MN Decoupling	545,857
	Recovery Riders	111,707
	Reserved Revenue	15,514,270
	State Income Tax Accrual per Return	541,212
	Federal Non-highway Use Tax Credit	20,171
	Work Opportunity Tax Credit	2,400
	Total Other	<u>\$144,895,905</u>
<b>5</b>	<b>Expenses Recorded on Books This Year Not Deducted on This Return:</b>	
	Depreciation	\$68,850,610
	Meals & Entertainment	234,683
	Other	
	State Income Tax Accrual per Books	\$1,799,879
	Bad Debt Expense per Books	2,569,037
	Amortization per Books	5,144,186
	Amortization of Loss on Bond Retirements	571,714
	Capitalized Interest Expense	1,141,697
	Book Depreciation Charged to Expense	1,343,862
	Capitalized Tax Depreciation	2,105,346
	Capitalized Property Taxes	1,918,287
	Capitalized Pensions	54,765
	Capitalized Vacation Pay	63,314
	Loss on Buildings - Reg Asset	75,526
	Lobbying Expense	156,316
	Penalties	200
	Qualified Transportation Fringe - Parking	166,399
	Management Incentive Compensation	696,837
	Deferred Compensation for Directors	432,153
	Accrued Bonus Pay	6,585,151
	Accrued Vacation Pay	227,217
	Preferred Stock Redemption Amortization - Reg Asset	23,333
	Prepaid Demand Charges	506,240
	Rate Case Expense	69,019
	Sundry Reserves	609,345
	Abandoned Power Plant Cost Recovery	451,648
	Unrecovered Purchased Gas Cost	1,697,523
	MT PSC/MCC Tax Deferral	194,011
	ND Transmission Cost Adjustment	2,506,742
	Total Other	<u>\$31,109,747</u>
<b>6</b>	<b>Total of Lines 1 Through 5</b>	<u><b>\$509,611,492</b></u>

**MDU RESOURCES GROUP, INC.**  
**RECONCILIATION OF NET INCOME PER BOOKS WITH**  
**TAXABLE INCOME PER FEDERAL INCOME TAX RETURN**  
**FOR THE 2018 TAX YEAR**

<b>M-1</b>		<b>2018</b>
<b>Line No.</b>		
<b>7</b>	<b>Income Recorded on Books This Year Not Included on This Return:</b>	
	Other	
	Equity in Earnings of Subsidiary Companies	\$216,359,388
	Supplemental Income Security Plan	911,205
	Allowance for Borrowed Funds Used During Construction	1,282,817
	Allowance for Other Funds Used During Construction	1,026,572
	Book Gain (Loss) on Disposition of Property	744
	Ordinary Gain (Loss) on Retirement of Assets - Tax	2,477,735
	JT Venture & Partnership Income (Loss)	47,828
	Customer Advances	3,159,185
	WAPA Fiber Demand Revenue	49,315
	Mor-Gran-Sou Capacity Revenue	81,806
	Total Other	<u>\$225,396,595</u>
<b>8</b>	<b>Deductions on This Return Not Charged Against Book Income This Year:</b>	
	Depreciation	\$98,321,175
	Other	
	Charitable Contributions Carryover Utilized	\$1,299,081
	Bad Debt Expense per Return	2,350,679
	Cost of Removal	44,664
	Capitalized Overheads	18,600
	Prepaid Expenses	58,533
	Capitalized Meals & Entertainment	74,270
	Fuel & Purchased Power Deferral	329,125
	MT Decommissioning	1,342,439
	Retired Power Plant	60,853
	Manufactured Gas Plant - Billings	80,406
	Gain on Building Sale - Reg Liability	61,182
	Property Insurance Adjustment	70,743
	Casualty Losses-Storm Damages	22,110
	Tax Repairs	18,059,916
	Amortization of Sec. 169 Pollution Control Facilities	5,972,035
	Deferred Compensation - Net Deferral	1,870,539
	401 (k) Dividend Deduction	3,066,056
	Medicare Part D Subsidy	299,823
	Pension Expense per Return	6,474,269
	Performance Share Awards Program - Dividends	39,797
	Performance Share Awards Program per Books	2,889,264
	Domestic Production Activities Deduction	0
	Total Other	<u>\$44,484,384</u>
<b>9</b>	<b>Add Lines 7 and 8</b>	<u>\$368,202,154</u>
<b>10</b>	<b>Income (Form 1120, Page 1, Line 28) - Line 6 less Line 9</b>	\$141,409,338
	<b>Less: Special Deductions</b>	\$121,115,419
	<b>Taxable Income (Form 1120, Page 1, Line 30)</b>	<u>\$20,293,919</u>

**MONTANA-DAKOTA UTILITIES CO.  
DIFFERENCE IN BOOK AND TAX DEPRECIATION - GAS UTILITY  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019**

Tax Depreciation

Depreciation	\$21,373,583
Allowance for Funds Used During Construction - Book Interest	23,707
Allowance for Funds Used During Construction - Tax Interest	(24,287)
Contributions in Aid of Construction	(2,661,766)
Allowance for Funds Used During Construction - Equity	6,607
Tax Repairs	5,032,000
Book Depreciation Charged to Expense	(401,469)
Capitalized Tax Depreciation	(1,014,412)
Capitalized Property Taxes	(21,515)
Capitalized Pensions	-
Capitalized Vacation Pay	-
Capitalized Meals & Entertainment	-
Contributions in Aid of Construction-Not Yet in Service	(4,440)
Allowance For Funds Used During Construction – Book Interest Not Yet in Service	36,467
Allowance For Funds Used During Construction – Tax Interest Not Yet in Service	(94,657)
Allowance For Funds Used During Construction – Equity Not Yet in Service	<u>10,902</u>

Total Gas	<u><u>\$22,258,720</u></u>
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Book Depreciation

Depreciation Expense	\$17,800,583
Amortization Expense	<u>402,791</u>

Total Book Depreciation	<u><u>\$18,203,374</u></u>
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Tax over Book Depreciation	<u><u>\$4,057,346</u></u>
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NOTE: Excludes Common plant activity allocation to Gas Utility.

**MONTANA DAKOTA UTILITIES, CO.**  
**CLAIMED ALLOWANCES FOR STATE INCOME TAXES**  
**ACCRUAL AND PAYMENT RECORD**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019**

	Reserve for State Inc. Tax <u>Beg. Balance</u>	(Payments)/ Refunds	Provisions	Reserve for State Inc. Tax <u>End. Balance</u>
January	\$1,868,655	\$ (78)	\$872,596	\$2,741,173
February	2,741,173	(49)	(388,598)	2,352,526
March	2,352,526	62	(273,271)	2,079,317
April	2,079,317	1,999,971	(208,623)	3,870,665
May	3,870,665	(16)	(84,879)	3,785,770
June	3,785,770	265,981	(436,335)	3,615,416
July	3,615,416	(22)	(54,628)	3,560,766
August	3,560,766	(97)	(387,680)	3,172,989
September	3,172,989	2,540,966	(344,555)	5,369,400
October	5,369,400	(89)	(48,588)	5,320,723
November	5,320,723	(1,627,182)	249,470 1/	3,943,011
December	3,943,011	<u>(1,625,256)</u>	<u>(1,936,626)</u>	381,129
		<u>\$1,554,191</u>	<u>(\$3,041,717)</u>	

1/ Provision for:

November Provision	\$282,034
2019 Closing/Filing Adj.	<u>(32,564)</u>
	<u>\$249,470</u>



**MONTANA DAKOTA UTILITIES CO.**  
**CLAIMED ALLOWANCES FOR STATE INCOME TAXES**  
**ACCRUAL OF STATE INCOME TAXES - GAS UTILITY**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019**

	<u>Montana</u>	<u>North Dakota</u>	<u>Total Gas</u>
Federal Taxable Income	-	(\$7,106,891)	(\$7,106,891)
North Dakota Adjustments			
Dividend Deduction	-	\$16,224	\$16,224
Depreciation: ACRS/ADR	-	(34,421)	(34,421)
Other	-	(59,263)	(59,263)
State Income Taxes	-	(321,880)	(321,880)
	<u>                    </u>	<u>(\$7,506,231)</u>	<u>(\$7,506,231)</u>
Apportionment Factor	<u>                    -</u>	<u>62.0320%</u>	<u>62.0320%</u>
North Dakota Taxable Income	<u>                    -</u>	<u>(\$4,656,265)</u>	<u>(\$4,656,265)</u>
Federal Taxable Income	(\$7,106,891)	-	(\$7,106,891)
Montana Adjustments			
Dividend Deduction	\$16,224	-	\$16,224
Fuel Tax Credit	(5,846)	-	(5,846)
Other	(59,263)	-	(59,263)
State Income Taxes	(321,880)	-	(321,880)
	<u>(\$7,477,656)</u>	<u>                    </u>	<u>(\$7,477,656)</u>
Apportionment Factor	<u>18.1935%</u>	<u>                    -</u>	<u>18.1935%</u>
Montana Taxable Income	<u>(\$1,360,447)</u>	<u>                    -</u>	<u>(\$1,360,447)</u>
Federal Taxable Income	(\$7,106,891)	(\$7,106,891)	(\$7,106,891)
Minnesota Adjustments			
Bonus Depreciation	-	-	-
Dividend Deduction	\$16,224	\$16,224	\$16,224
Other	(59,263)	(59,263)	(59,263)
State Income Taxes	(321,880)	(321,880)	(321,880)
	<u>(\$7,471,810)</u>	<u>(\$7,471,810)</u>	<u>(\$7,471,810)</u>
Apportionment Factor	<u>1.3311%</u>	<u>2.6792%</u>	<u>4.0103%</u>
Minnesota Taxable Income	<u>(\$99,457)</u>	<u>(\$200,185)</u>	<u>(\$299,642)</u>
State Income Taxes:			
Montana (6.75%)	(\$91,830)	-	(\$91,830)
North Dakota (4.31%)	-	(\$200,685)	(200,685)
Minnesota (9.8%)	(9,747)	(19,618)	(29,365)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total State Income Taxes	<u>(\$101,577)</u>	<u>(\$220,303)</u>	<u>(\$321,880)</u>

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**TAXES OTHER THAN INCOME**  
**TWELVE MONTHS ENDING DECEMBER 31, 2019**

<u>Type of Tax</u>	<u>Per Books</u>	<u>Pro Forma</u>	<u>Pro Forma Adjustments</u>	<u>Adjustment No.</u>
Ad Valorem				
Distribution	\$5,184,929	\$5,933,452	\$748,523	
General	409,345	468,577	59,232	
Common	126,143	144,099	17,956	
Intangible	27,233	30,811	3,578	
Total Ad Valorem Taxes	<u>\$5,747,650</u>	<u>\$6,576,939</u>	<u>\$829,289</u>	18
O&M Related Taxes - Other				
Payroll Taxes	\$579,378	\$589,436	\$10,058	19
Delaware Franchise	8,669	8,669	0	
Total O&M Related Taxes	<u>\$588,047</u>	<u>\$598,105</u>	<u>\$10,058</u>	
Revenue Taxes				
Montana PSC	\$180,144	\$280,474	\$100,330	20
Montana Consumer Counsel	33,983	81,139	47,156	20
	<u>\$214,127</u>	<u>\$361,613</u>	<u>\$147,486</u>	
Other				
Highway Use Tax	\$443	\$443	\$0	
Secretary of State	255	255	0	
Total Other	<u>\$698</u>	<u>\$698</u>	<u>\$0</u>	
Total Taxes Other Than Income	<u><u>\$6,550,522</u></u>	<u><u>\$7,537,355</u></u>	<u><u>\$986,833</u></u>	

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
AD VALOREM TAXES  
ADJUSTMENT NO. 18**

**Montana Direct Ad Valorem Taxes**

<u>Function</u>	<u>Per Books</u>	<u>Pro Forma 1/</u>	<u>Pro Forma Adjustments</u>
Distribution	\$5,172,929	\$5,921,452	\$748,523
General	409,345	468,577	59,232
Common	103,778	118,795	15,017
Total	<u>\$5,686,052</u>	<u>\$6,508,824</u>	<u>\$822,772</u>

**Allocated Ad Valorem Taxes**

<u>Function</u>	<u>Per Books</u>	<u>Pro Forma 2/</u>	<u>Pro Forma Adjustments</u>
Common	\$22,365	\$25,304	\$2,939
Intangible	27,233	30,811	3,578
Total	<u>\$49,598</u>	<u>\$56,115</u>	<u>\$6,517</u>

**Tribal Ad Valorem Taxes**

<u>Function</u>	<u>Per Books</u>	<u>Pro Forma</u>	<u>Pro Forma Adjustments</u>
Distribution	\$12,000	\$12,000	\$0
Total Ad Valorem Taxes	<u>\$5,747,650</u>	<u>\$6,576,939</u>	<u>\$829,289</u>

- 1/ Based on the increase of 14.47% in the assessed ad valorem for Montana-Dakota's natural gas properties, per Docket No. D2019.9.69.  
2/ Pro forma increase is based on the change in the ad valorem allocated to Montana-Dakota's natural gas operations.

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**PAYROLL TAXES**  
**TWELVE MONTHS ENDING DECEMBER 31, 2019**  
**ADJUSTMENT NO. 19**

	<u>Per Books</u>	<u>Pro Forma 1/</u>	<u>Pro Forma Adjustment</u>
Payroll Taxes	<u>\$579,378</u>	<u>\$589,436</u>	<u>\$10,058</u>

1/ Pro Forma labor expense multiplied by ratio of 2019 payroll taxes to 2019 labor expense. Also includes \$797 from CTA.

	<u>Per Books 2019</u>	<u>Pro Forma</u>
Payroll Taxes	<u>\$579,378</u>	<u>\$588,639</u>
Payroll Taxes in CTA	<u>(797)</u>	<u>797</u>
Net Payroll Taxes	<u>\$578,581</u>	<u>\$589,436</u>
Gas Labor	\$7,969,772	\$8,107,980
% Payroll Taxes to Labor	7.26%	

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
ADJUSTMENT TO CONSUMER COUNSEL TAX  
AND PSC TAX  
TWELVE MONTHS ENDING DECEMBER 31, 2019  
ADJUSTMENT NO. 20**

Pro Forma Revenue 1/	\$63,762,478
Miscellaneous Revenue 2/	<u>126,875</u>
Taxable Revenue	\$63,889,353
Consumer Counsel Tax @ 0.127% 3/	\$81,139
Per Books Consumer Counsel Tax	<u>33,983</u>
Pro Forma Adjustment	\$47,156
PSC Tax @ 0.439% 3/	\$280,474
Per Books PSC Tax	<u>180,144</u>
Pro Forma Adjustment	\$100,330
Pro Forma Adjustment	<u><u>\$147,486</u></u>

1/ Rule 38.5.164, Statement H, page 5.

2/ Includes revenues for reconnect fees, NSF check fees, and  
late payment revenue.

3/ Tax rate effective October 1, 2019.

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**Embedded Class Cost of Service Study**  
**Cost of Service by Component**  
**Pro Forma 2020**

	Total Montana	Residential			Total Residential
		Demand	Energy	Customer	
Rate Base	70,203,934	10,145,162	1,506,663	40,287,030	51,938,855
Adjustments to Rate Base	9,699,429	1,599,316	(190,586)	5,946,592	7,355,322
Pro Forma Rate Base	79,903,363	11,744,478	1,316,077	46,233,622	59,294,177
Operating Income for Proposed Return	5,880,887	864,394	96,863	3,402,795	4,364,052
Current Operating Income	2,595,038	(2,117,067)	7,591,563	(7,009,545)	(1,535,049)
Adjustment to Operating Income	(2,984,176)	(37,659)	(1,251,983)	(572,295)	(1,861,937)
Required Increase in Operating Income	6,270,025	3,019,120	(6,242,717)	10,984,635	7,761,038
Related Taxes for Increase					
Federal Income	2,241,229	1,079,189	(2,231,468)	3,926,472	2,774,193
Revenue Tax	48,448	23,328	(48,237)	84,878	59,969
Total Increase in Revenue	8,559,703	4,121,637	(8,522,422)	14,995,986	10,595,201
Retail Revenue Before Increase					
Per Books	73,088,254	11,476,976	24,895,111	7,508,745	43,880,832
Pro Forma Adjustments	(8,593,491)	(1,475,474)	(3,863,969)	241,640	(5,097,803)
Total Retail Revenue Before Increase	64,494,763	10,001,502	21,031,142	7,750,385	38,783,029
Total Cost of Service Required from Rates	73,054,466	14,123,139	12,508,720	22,746,371	49,378,230
Less Cost of Gas	37,322,531	9,924,146	12,265,022	0	22,189,168
Net Distribution Cost of Service	35,731,935	4,198,993	243,698	22,746,371	27,189,062
Pro Forma Rate of Return	(0.487%)	(18.347%)	481.703%	(16.399%)	(5.729%)
Pro Forma Billing Units					
Dk	13,551,569	5,912,347	5,912,347	5,912,347	
Bills	1,037,220			916,548	
Unit Cost of Service					
Energy cost per Dk			\$0.041		
Demand cost per DK		\$0.710			
Customer Cost Per Month				\$24.820	

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**Embedded Class Cost of Service Study**  
**Cost of Service by Component**  
**Pro Forma 2020**

	Total Montana	Small Firm General			Total Small Firm General	Large Firm General			Total Large Firm General
		Demand	Energy	Customer		Demand	Energy	Customer	
Rate Base	70,203,934	2,203,182	243,561	4,511,455	6,958,198	4,295,332	773,341	4,434,340	9,503,013
Adjustments to Rate Base	9,699,429	329,582	(30,065)	666,286	965,803	698,769	(98,989)	498,492	1,098,272
Pro Forma Rate Base	79,903,363	2,532,764	213,496	5,177,741	7,924,001	4,994,101	674,352	4,932,832	10,601,285
Operating Income for Proposed Return	5,880,887	186,411	15,713	381,082	583,206	367,566	49,632	363,056	780,254
Current Operating Income	2,595,038	(440,938)	1,627,854	(493,546)	693,370	(921,172)	4,379,522	(639,757)	2,818,593
Adjustment to Operating Income	(2,984,176)	(7,708)	(146,103)	(56,451)	(210,262)	(15,725)	(814,779)	(64,153)	(894,657)
Required Increase in Operating Income	6,270,025	635,057	(1,466,038)	931,079	100,098	1,304,463	(3,515,111)	1,066,966	(1,143,682)
Related Taxes for Increase									
Federal Income	2,241,229	227,002	(524,037)	332,816	35,781	466,283	(1,256,482)	381,389	(408,810)
Revenue Tax	48,448	4,907	(11,328)	7,194	773	10,079	(27,161)	8,244	(8,838)
Total Increase in Revenue	8,559,703	866,966	(2,001,403)	1,271,089	136,652	1,780,825	(4,798,754)	1,456,599	(1,561,330)
Retail Revenue Before Increase									
Per Books	73,088,254	2,399,740	4,921,665	1,242,184	8,563,589	5,039,715	12,807,001	857,873	18,704,589
Pro Forma Adjustments	(8,593,491)	(308,519)	(921,988)	40,496	(1,190,011)	(647,951)	(1,573,754)	24,168	(2,197,537)
Total Retail Revenue Before Increase	64,494,763	2,091,221	3,999,677	1,282,680	7,373,578	4,391,764	11,233,247	882,041	16,507,052
Total Cost of Service Required from Rates	73,054,466	2,958,187	1,998,274	2,553,769	7,510,230	6,172,589	6,434,493	2,338,640	14,945,722
Less Cost of Gas	37,322,531	2,075,122	1,963,231	0	4,038,353	4,358,168	6,325,855	0	10,684,023
Net Distribution Cost of Service	35,731,935	883,065	35,043	2,553,769	3,471,877	1,814,421	108,638	2,338,640	4,261,699
Pro Forma Rate of Return	(0.487%)	(17.714%)	694.042%	(10.622%)	6.097%	(18.760%)	528.618%	(14.270%)	18.148%
Pro Forma Billing Units									
Dk	13,551,569	1,076,027	1,076,027	1,076,027		2,846,779	2,846,779	2,846,779	
Bills	1,037,220			89,688				30,360	
Unit Cost of Service									
Energy cost per Dk			\$0.033				\$0.038		
Demand cost per DK		\$0.821				\$0.637			
Customer Cost Per Month				\$28.470				\$77.030	

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**Embedded Class Cost of Service Study**  
**Cost of Service by Component**  
**Pro Forma 2020**

	Total Montana	Small Interruptible			Total Small Interruptible	Large Interruptible			Total Large Interruptible
		Demand	Energy	Customer		Demand	Energy	Customer	
Rate Base	70,203,934	523,497	25,961	331,985	881,443	849,222	18,464	54,739	922,425
Adjustments to Rate Base	9,699,429	96,035	(2,928)	33,722	126,829	149,041	(1,186)	5,348	153,203
Pro Forma Rate Base	79,903,363	619,532	23,033	365,707	1,008,272	998,263	17,278	60,087	1,075,628
Operating Income for Proposed Return	5,880,887	45,598	1,695	26,916	74,209	73,472	1,272	4,422	79,166
Current Operating Income	2,595,038	(117,685)	461,345	(1,574)	342,086	(169,495)	436,526	9,007	276,038
Adjustment to Operating Income	(2,984,176)	(9,852)	(23,579)	(4,827)	(38,258)	(15,600)	37,957	(1,419)	20,938
Required Increase in Operating Income	6,270,025	173,135	(436,071)	33,317	(229,619)	258,567	(473,211)	(3,166)	(217,810)
Related Taxes for Increase									
Federal Income	2,241,229	61,887	(155,875)	11,910	(82,078)	92,425	(169,150)	(1,132)	(77,857)
Revenue Tax	48,448	1,338	(3,369)	257	(1,774)	1,998	(3,656)	(24)	(1,682)
Total Increase in Revenue	8,559,703	236,360	(595,315)	45,484	(313,471)	352,990	(646,017)	(4,322)	(297,349)
Retail Revenue Before Increase									
Per Books	73,088,254	79,136	886,852	128,193	1,094,181	35,029	774,980	35,054	845,063
Pro Forma Adjustments	(8,593,491)	(9,609)	(90,279)	2,367	(97,521)	(3,579)	(6,661)	(379)	(10,619)
Total Retail Revenue Before Increase	64,494,763	69,527	796,573	130,560	996,660	31,450	768,319	34,675	834,444
Total Cost of Service Required from Rates	73,054,466	305,887	201,258	176,044	683,189	384,440	122,302	30,353	537,095
Less Cost of Gas	37,322,531	64,633	202,054	0	266,687	24,065	120,235	0	144,300
Net Distribution Cost of Service	35,731,935	241,254	(796)	176,044	416,502	360,375	2,067	30,353	392,795
Pro Forma Rate of Return	(0.487%)	(20.586%)	1900.603%	(1.750%)	30.133%	(18.542%)	2746.169%	12.628%	27.610%
Pro Forma Billing Units									
Dk	13,551,569	733,512	733,512	733,512		2,982,904	2,982,904	2,982,904	
Bills	1,037,220			564				60	
Unit Cost of Service									
Energy cost per Dk			-\$0.001				\$0.001		
Demand cost per DK		\$0.329				\$0.121			
Customer Cost Per Month				\$312.130				\$505.880	



**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**Embedded Class Cost of Service Study**  
**Summary Report**  
**Twelve Months Ended December 31, 2019**  
**Pro Forma 2020**

Operating Income and Rate of Return	Total Montana	Total Residential	Total Small Firm General	Total Large Firm General	Total Small Interruptible	Total Large Interruptible
Sales Revenues	72,308,972	43,283,886	8,489,086	18,613,867	1,085,352	836,781
Adjustments to Sales Revenues	(8,546,494)	(5,069,639)	(1,184,626)	(2,185,428)	(96,792)	(10,009)
Total Sales Revenues	63,762,478	38,214,247	7,304,460	16,428,439	988,560	826,772
Other Revenues	779,282	596,946	74,503	90,722	8,829	8,282
Adjustments to Other Revenues	(46,997)	(28,164)	(5,385)	(12,109)	(729)	(610)
Total Other Revenues	732,285	568,782	69,118	78,613	8,100	7,672
Total Operating Revenues	64,494,763	38,783,029	7,373,578	16,507,052	996,660	834,444
Operating Expense						
Cost of Gas	43,700,214	26,102,440	5,126,650	11,924,548	337,970	208,606
Adj. to Cost of Gas	(6,377,683)	(3,913,272)	(1,088,297)	(1,240,525)	(71,283)	(64,306)
Total Cost of Gas	37,322,531	22,189,168	4,038,353	10,684,023	266,687	144,300
Other O&M Expense	15,074,103	11,570,996	1,441,780	1,745,898	170,354	145,075
Adjustments to Other O&M	336,230	247,569	32,897	46,726	4,848	4,190
Total Other O&M Expense	15,410,333	11,818,565	1,474,677	1,792,624	175,202	149,265
Total Operation & Maintenance Expense	52,732,864	34,007,733	5,513,030	12,476,647	441,889	293,565
Depreciation Expense	5,499,732	4,289,506	535,443	569,544	55,846	49,393
Adjustment to Depreciation Expense	620,794	463,337	61,518	78,711	8,437	8,791
Total Depreciation Expense	6,120,526	4,752,843	596,961	648,255	64,283	58,184
Taxes Other Than Income Taxes	6,550,522	4,860,672	650,359	860,195	89,306	89,990
Adjustment to Taxes Other Than Income	986,833	713,701	100,030	145,478	13,848	13,776
Total Taxes Other Than Income	7,537,355	5,574,373	750,389	1,005,673	103,154	103,766

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**Embedded Class Cost of Service Study**  
**Summary Report**  
**Twelve Months Ended December 31, 2019**  
**Pro Forma 2020**

Operating Income and Rate of Return	Total Montana	Total Residential	Total Small Firm General	Total Large Firm General	Total Small Interruptible	Total Large Interruptible
Current Income Taxes - Fed. & State	(731,047)	(1,703,342)	77,043	731,775	93,139	70,338
Adjustment to Current Income Taxes	(959,332)	(584,971)	(64,563)	(306,497)	(12,258)	8,957
Total Current Income Taxes	(1,690,379)	(2,288,313)	12,480	425,278	80,881	79,295
Deferred Income Taxes	399,692	295,609	38,944	54,036	5,480	5,623
Adjustment to Deferred Income Tax	(216,159)	(162,234)	(21,333)	(26,773)	(2,854)	(2,965)
Total Deferred Income Taxes	183,533	133,375	17,611	27,263	2,626	2,658
Total Operating Expenses	64,883,899	42,180,011	6,890,471	14,583,116	692,833	537,468
Pro Forma Operating Income	(389,136)	(3,396,982)	483,107	1,923,936	303,827	296,976
Rate Base	70,203,934	51,938,855	6,958,198	9,503,013	881,443	922,425
Adjustment to Rate Base	9,699,429	7,355,322	965,803	1,098,272	126,829	153,203
Total Pro Forma Rate Base	79,903,363	59,294,177	7,924,001	10,601,285	1,008,272	1,075,628
Pro Forma Rate of Return	-0.487%	-5.729%	6.097%	18.148%	30.133%	27.610%

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**Embedded Class Cost of Service Study**  
**Twelve Months Ended December 31, 2019**  
**Pro Forma 2020**

			4	5	6	
	Allocation Factor	Total Montana	Residential			Total Residential
			Demand	Energy	Customer	
<b>Rate Base</b>						
Gas Plant in Service						
Production Plant	3	0	0	0	0	0
Distribution Plant						
Land	13	15,675	5,713	0	4,852	10,565
Rights of Way	13	25,056	9,133	0	7,755	16,888
Structures & Improvements	13	223,905	81,611	0	69,298	150,909
Direct to Small IT	Direct	12,419	0	0	0	0
Direct to Large IT	Direct	4,722	0	0	0	0
Mains - \$46,041,330						
Demand Related 65%	2	29,926,865	16,781,525	0	0	16,781,525
Customer Related 35%	9	16,114,466	0	0	14,249,799	14,249,799
Meas. & Reg. Equip. - General	13	784,907	286,089	0	242,929	529,018
Meas. & Reg. Equip. - City Gate	13	65,410	23,841	0	20,245	44,086
Direct to Small IT	Direct	83,476	0	0	0	0
Direct to Large IT	Direct	16,066	0	0	0	0
Services	37	39,943,635	0	0	34,359,780	34,359,780
Meters	10	24,382,447	0	0	17,325,236	17,325,236
Service Regulators	10	3,445,634	0	0	2,448,336	2,448,336
Direct to Small Firm General	Direct	13,718	0	0	0	0
Direct to Large Firm General	Direct	14,181	0	0	0	0
Direct to Small IT	Direct	12,521	0	0	0	0
Ind. Meas. & Reg. Station Equipment	13	406,963	148,333	0	125,956	274,289
Direct to Small IT	Direct	9,705	0	0	0	0
Direct to Large IT	Direct	14,432	0	0	0	0
Cathodic Protection & Other Equipment	13	2,299,503	838,142	0	711,695	1,549,837
Distribution Plant		117,815,706	18,174,387	0	69,565,881	87,740,268
General Plant	15	14,239,327	2,196,575	0	8,407,805	10,604,380
Intangible Plant - General	15	701,495	108,213	0	414,208	522,421
Common Plant	15	6,221,961	959,807	0	3,673,840	4,633,647
Intangible Plant - Common Excluding CC&B	15	2,845,510	438,952	0	1,680,170	2,119,122
Intangible Plant - Common (CC&B)	8	6,646,600	0	0	5,873,322	5,873,322
Gas Plant Leased to Others	15	0	0	0	0	0

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**Embedded Class Cost of Service Study**  
**Twelve Months Ended December 31, 2019**  
**Pro Forma 2020**

			7	8	9		10	11	12	
	Allocation	Total	Firm General-Meter < 500 cubic feet			Total Small	Firm General > 500 cubic feet			Total Large
	Factor	Montana	Demand	Energy	Customer	Firm General	Demand	Energy	Customer	Firm General
Rate Base										
Gas Plant in Service										
Production Plant	3	0	0	0	0	0	0	0	0	0
Distribution Plant										
Land	13	15,675	1,189	0	473	1,662	2,484	0	159	2,643
Rights of Way	13	25,056	1,901	0	756	2,657	3,970	0	254	4,224
Structures & Improvements	13	223,905	16,991	0	6,752	23,743	35,477	0	2,273	37,750
Direct to Small IT	Direct	12,419	0	0	0	0	0	0	0	0
Direct to Large IT	Direct	4,722	0	0	0	0	0	0	0	0
Mains - \$46,041,330										
Demand Related 65%	2	29,926,865	3,493,809	0	0	3,493,809	7,295,083	0	0	7,295,083
Customer Related 35%	9	16,114,466	0	0	1,388,401	1,388,401	0	0	467,435	467,435
Meas. & Reg. Equip. - General	13	784,907	59,562	0	23,669	83,231	124,366	0	7,969	132,335
Meas. & Reg. Equip. - City Gate	13	65,410	4,964	0	1,972	6,936	10,364	0	664	11,028
Direct to Small IT	Direct	83,476	0	0	0	0	0	0	0	0
Direct to Large IT	Direct	16,066	0	0	0	0	0	0	0	0
Services	37	39,943,635	0	0	4,050,854	4,050,854	0	0	1,442,851	1,442,851
Meters	10	24,382,447	0	0	2,034,460	2,034,460	0	0	4,591,089	4,591,089
Service Regulators	10	3,445,634	0	0	287,502	287,502	0	0	648,795	648,795
Direct to Small Firm General	Direct	13,718	0	0	13,718	13,718	0	0	0	0
Direct to Large Firm General	Direct	14,181	0	0	0	0	0	0	14,181	14,181
Direct to Small IT	Direct	12,521	0	0	0	0	0	0	0	0
Ind. Meas. & Reg. Station Equipment	13	406,963	30,882	0	12,272	43,154	64,482	0	4,132	68,614
Direct to Small IT	Direct	9,705	0	0	0	0	0	0	0	0
Direct to Large IT	Direct	14,432	0	0	0	0	0	0	0	0
Cathodic Protection & Other Equipment	13	2,299,503	174,496	0	69,343	243,839	364,348	0	23,346	387,694
Distribution Plant		117,815,706	3,783,794	0	7,890,172	11,673,966	7,900,574	0	7,203,148	15,103,722
General Plant	15	14,239,327	457,313	0	953,614	1,410,927	954,871	0	870,580	1,825,451
Intangible Plant - General	15	701,495	22,529	0	46,979	69,508	47,041	0	42,889	89,930
Common Plant	15	6,221,961	199,826	0	416,688	616,514	417,237	0	380,405	797,642
Intangible Plant - Common Excluding CC&B	15	2,845,510	91,387	0	190,565	281,952	190,816	0	173,972	364,788
Intangible Plant - Common (CC&B)	8	6,646,600	0	0	574,729	574,729	0	0	194,550	194,550
Gas Plant Leased to Others	15	0	0	0	0	0	0	0	0	0

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			13	14	15		16	17	18	
	Allocation Factor	Total Montana	Small Interruptible			Total Small Interruptible	Large Interruptible			Total Large Interruptible
			Demand	Energy	Customer		Demand	Energy	Customer	
Rate Base										
Gas Plant in Service										
Production Plant	3	0	0	0	0	0	0	0	0	0
Distribution Plant										
Land	13	15,675	313	0	3	316	489	0	0	489
Rights of Way	13	25,056	501	0	4	505	782	0	0	782
Structures & Improvements	13	223,905	4,473	0	39	4,512	6,987	0	4	6,991
Direct to Small IT	Direct	12,419	8,072	0	4,347	12,419	0	0	0	0
Direct to Large IT	Direct	4,722	0	0	0	0	3,069	0	1,653	4,722
Mains - \$46,041,330										
Demand Related 65%	2	29,926,865	919,818	0	0	919,818	1,436,630	0	0	1,436,630
Customer Related 35%	9	16,114,466	0	0	8,079	8,079	0	0	752	752
Meas. & Reg. Equip. - General	13	784,907	15,681	0	138	15,819	24,491	0	13	24,504
Meas. & Reg. Equip. - City Gate	13	65,410	1,307	0	11	1,318	2,041	0	1	2,042
Direct to Small IT	Direct	83,476	54,259	0	29,217	83,476	0	0	0	0
Direct to Large IT	Direct	16,066	0	0	0	0	10,443	0	5,623	16,066
Services	37	39,943,635	0	0	82,449	82,449	0	0	7,701	7,701
Meters	10	24,382,447	0	0	368,603	368,603	0	0	63,059	63,059
Service Regulators	10	3,445,634	0	0	52,090	52,090	0	0	8,911	8,911
Direct to Small Firm General	Direct	13,718	0	0	0	0	0	0	0	0
Direct to Large Firm General	Direct	14,181	0	0	0	0	0	0	0	0
Direct to Small IT	Direct	12,521	0	0	12,521	12,521	0	0	0	0
Ind. Meas. & Reg. Station Equipment	13	406,963	8,130	0	71	8,201	12,698	0	7	12,705
Direct to Small IT	Direct	9,705	6,308	0	3,397	9,705	0	0	0	0
Direct to Large IT	Direct	14,432	0	0	0	0	9,381	0	5,051	14,432
Cathodic Protection & Other Equipment	13	2,299,503	45,940	0	403	46,343	71,752	0	38	71,790
Distribution Plant		117,815,706	1,064,802	0	561,372	1,626,174	1,578,763	0	92,813	1,671,576
General Plant	15	14,239,327	128,693	0	67,848	196,541	190,811	0	11,217	202,028
Intangible Plant - General	15	701,495	6,340	0	3,343	9,683	9,400	0	553	9,953
Common Plant	15	6,221,961	56,233	0	29,647	85,880	83,376	0	4,902	88,278
Intangible Plant - Common Excluding CC&B	15	2,845,510	25,717	0	13,558	39,275	38,131	0	2,242	40,373
Intangible Plant - Common (CC&B)	8	6,646,600	0	0	3,614	3,614	0	0	385	385
Gas Plant Leased to Others	15	0	0	0	0	0	0	0	0	0

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			4	5	6	
			Residential			
	Allocation Factor	Total Montana	Demand	Energy	Customer	Total Residential
Total Gas Plant in Service		148,470,599	21,877,934	0	89,615,226	111,493,160
Less: Accumulated Depreciation						
Production Plant	3	0	0	0	0	0
Distribution Plant						
Rights of Way	13	26,746	9,749	0	8,276	18,025
Structures & Improvements	17	208,932	70,738	0	60,067	130,805
Mains	13	23,196,308	8,454,782	0	7,179,261	15,634,043
Meas. & Reg. Equip. - General	18	585,906	213,556	0	181,337	394,893
Meas. & Reg. Equip. - City Gate	19	171,949	24,852	0	21,100	45,952
Services	37	27,503,367	0	0	23,658,579	23,658,579
Meters	10	8,968,128	0	0	6,372,410	6,372,410
Service Regulators	20	1,084,570	0	0	761,718	761,718
Ind. Meas. & Reg. Station Equipment	21	133,630	45,979	0	39,043	85,022
Cathodic Protection & Other Equipment	13	1,078,016	392,924	0	333,646	726,570
Distribution Plant		62,957,552	9,212,580	0	38,615,437	47,828,017
General Plant	15	3,357,847	517,985	0	1,982,686	2,500,671
Intangible Plant - General	15	229,755	35,442	0	135,662	171,104
Common Plant	15	2,430,679	374,959	0	1,435,227	1,810,186
Intangible Plant - Common Excluding CC&B	15	1,884,553	290,713	0	1,112,759	1,403,472
Intangible Plant - Common (CC&B)	8	2,636,707	0	0	2,329,947	2,329,947
Gas Plant Leased to Others	15	0	0	0	0	0
Less: Total Accumulated Reserve for Depreciation		73,497,093	10,431,679	0	45,611,718	56,043,397
Net Gas Plant in Service		74,973,506	11,446,255	0	44,003,508	55,449,763
CWIP in Service	15	0	0	0	0	0
Total Gas Plant in Service		74,973,506	11,446,255	0	44,003,508	55,449,763
Additions						
Materials & Supplies	15	1,050,264	162,015	0	620,144	782,159
Prepaid Insurance	24	27,918	4,262	0	16,386	20,648
Gas in Underground Storage	33	3,042,264	808,945	999,757	0	1,808,702
Prepaid Demand/Commodity	33	1,210,269	321,813	397,722	0	719,535
Provision for Injuries & Damages	24	(13,176)	(2,012)	0	(7,734)	(9,746)
Provision for Pension & Benefits	31	8,759,566	799,226	109,184	5,815,500	6,723,910
Unamortized Loss on Debt	24	151,623	23,148	0	88,991	112,139
Unamortized Redemption of Pref. Stock	24	18,627	2,844	0	10,933	13,777
Total Additions		14,247,355	2,120,241	1,506,663	6,544,220	10,171,124
Total Before Deductions		89,220,861	13,566,496	1,506,663	50,547,728	65,620,887

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	Allocation Factor	Total Montana	7	8	9	10	11	12	Total Large Firm General	
			Firm General-Meter < 500 cubic feet			Firm General > 500 cubic feet				
			Demand	Energy	Customer	Total Small Firm General	Demand	Energy		Customer
Total Gas Plant in Service		148,470,599	4,554,849	0	10,072,747	14,627,596	9,510,539	0	8,865,544	18,376,083
Less: Accumulated Depreciation										
Production Plant	3	0	0	0	0	0	0	0	0	0
Distribution Plant										
Rights of Way	13	26,746	2,030	0	807	2,837	4,238	0	272	4,510
Structures & Improvements	17	208,932	14,727	0	5,852	20,579	30,750	0	1,970	32,720
Mains	13	23,196,308	1,760,233	0	699,497	2,459,730	3,675,371	0	235,501	3,910,872
Meas. & Reg. Equip. - General	18	585,906	44,461	0	17,668	62,129	92,835	0	5,949	98,784
Meas. & Reg. Equip. - City Gate	19	171,949	5,175	0	2,056	7,231	10,804	0	692	11,496
Services	37	27,503,367	0	0	2,789,234	2,789,234	0	0	993,481	993,481
Meters	10	8,968,128	0	0	748,296	748,296	0	0	1,688,652	1,688,652
Service Regulators	20	1,084,570	0	0	93,715	93,715	0	0	206,263	206,263
Ind. Meas. & Reg. Station Equipment	21	133,630	9,573	0	3,804	13,377	19,988	0	1,281	21,269
Cathodic Protection & Other Equipment	13	1,078,016	81,804	0	32,508	114,312	170,808	0	10,945	181,753
Distribution Plant		62,957,552	1,918,003	0	4,393,437	6,311,440	4,004,794	0	3,145,006	7,149,800
General Plant	15	3,357,847	107,841	0	224,877	332,718	225,173	0	205,296	430,469
Intangible Plant - General	15	229,755	7,379	0	15,387	22,766	15,407	0	14,047	29,454
Common Plant	15	2,430,679	78,064	0	162,784	240,848	162,998	0	148,610	311,608
Intangible Plant - Common Excluding CC&B	15	1,884,553	60,525	0	126,209	186,734	126,376	0	115,220	241,596
Intangible Plant - Common (CC&B)	8	2,636,707	0	0	227,995	227,995	0	0	77,178	77,178
Gas Plant Leased to Others	15	0	0	0	0	0	0	0	0	0
Less: Total Accumulated Reserve for Depreciation		73,497,093	2,171,812	0	5,150,689	7,322,501	4,534,748	0	3,705,357	8,240,105
Net Gas Plant in Service		74,973,506	2,383,037	0	4,922,058	7,305,095	4,975,791	0	5,160,187	10,135,978
CWIP in Service	15	0	0	0	0	0	0	0	0	0
Total Gas Plant in Service		74,973,506	2,383,037	0	4,922,058	7,305,095	4,975,791	0	5,160,187	10,135,978
Additions										
Materials & Supplies	15	1,050,264	33,730	0	70,337	104,067	70,429	0	64,212	134,641
Prepaid Insurance	24	27,918	887	0	1,833	2,720	1,853	0	1,922	3,775
Gas in Underground Storage	33	3,042,264	169,149	160,028	0	329,177	355,246	515,638	0	870,884
Prepaid Demand/Commodity	33	1,210,269	67,291	63,662	0	130,953	141,324	205,130	0	346,454
Provision for Injuries & Damages	24	(13,176)	(419)	0	(865)	(1,284)	(874)	0	(907)	(1,781)
Provision for Pension & Benefits	31	8,759,566	166,393	19,871	651,555	837,819	347,427	52,573	614,542	1,014,542
Unamortized Loss on Debt	24	151,623	4,819	0	9,954	14,773	10,063	0	10,436	20,499
Unamortized Redemption of Pref. Stock	24	18,627	592	0	1,223	1,815	1,236	0	1,282	2,518
Total Additions		14,247,355	442,442	243,561	734,037	1,420,040	926,704	773,341	691,487	2,391,532
Total Before Deductions		89,220,861	2,825,479	243,561	5,656,095	8,725,135	5,902,495	773,341	5,851,674	12,527,510

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	Allocation Factor	Total Montana	Small Interruptible			Total Small Interruptible	Large Interruptible			Total Large Interruptible
			Demand	Energy	Customer		Demand	Energy	Customer	
Total Gas Plant in Service		148,470,599	1,281,785	0	679,382	1,961,167	1,900,481	0	112,112	2,012,593
Less: Accumulated Depreciation										
Production Plant	3	0	0	0	0	0	0	0	0	0
Distribution Plant										
Rights of Way	13	26,746	534	0	5	539	835	0	0	835
Structures & Improvements	17	208,932	10,874	0	3,802	14,676	8,716	0	1,436	10,152
Mains	13	23,196,308	463,418	0	4,070	467,488	723,796	0	379	724,175
Meas. & Reg. Equip. - General	18	585,906	11,705	0	103	11,808	18,282	0	10	18,292
Meas. & Reg. Equip. - City Gate	19	171,949	57,925	0	30,468	88,393	13,014	0	5,863	18,877
Services	37	27,503,367	0	0	56,770	56,770	0	0	5,303	5,303
Meters	10	8,968,128	0	0	135,576	135,576	0	0	23,194	23,194
Service Regulators	20	1,084,570	0	0	20,102	20,102	0	0	2,772	2,772
Ind. Meas. & Reg. Station Equipment	21	133,630	4,475	0	1,075	5,550	6,844	0	1,568	8,412
Cathodic Protection & Other Equipment	13	1,078,016	21,537	0	189	21,726	33,637	0	18	33,655
Distribution Plant		62,957,552	570,468	0	252,160	822,628	805,124	0	40,543	845,667
General Plant	15	3,357,847	30,348	0	16,000	46,348	44,996	0	2,645	47,641
Intangible Plant - General	15	229,755	2,076	0	1,095	3,171	3,079	0	181	3,260
Common Plant	15	2,430,679	21,968	0	11,582	33,550	32,572	0	1,915	34,487
Intangible Plant - Common Excluding CC&B	15	1,884,553	17,032	0	8,980	26,012	25,254	0	1,485	26,739
Intangible Plant - Common (CC&B)	8	2,636,707	0	0	1,434	1,434	0	0	153	153
Gas Plant Leased to Others	15	0	0	0	0	0	0	0	0	0
Less: Total Accumulated Reserve for Depreciation		73,497,093	641,892	0	291,251	933,143	911,025	0	46,922	957,947
Net Gas Plant in Service		74,973,506	639,893	0	388,131	1,028,024	989,456	0	65,190	1,054,646
CWIP in Service	15	0	0	0	0	0	0	0	0	0
Total Gas Plant in Service		74,973,506	639,893	0	388,131	1,028,024	989,456	0	65,190	1,054,646
Additions										
Materials & Supplies	15	1,050,264	9,492	0	5,004	14,496	14,074	0	827	14,901
Prepaid Insurance	24	27,918	238	0	145	383	368	0	24	392
Gas in Underground Storage	33	3,042,264	5,268	16,470	0	21,738	1,962	9,801	0	11,763
Prepaid Demand/Commodity	33	1,210,269	2,096	6,552	0	8,648	780	3,899	0	4,679
Provision for Injuries & Damages	24	(13,176)	(112)	0	(68)	(180)	(174)	0	(11)	(185)
Provision for Pension & Benefits	31	8,759,566	49,313	2,939	46,740	98,992	70,932	4,764	8,607	84,303
Unamortized Loss on Debt	24	151,623	1,294	0	785	2,079	2,001	0	132	2,133
Unamortized Redemption of Pref. Stock	24	18,627	159	0	96	255	246	0	16	262
Total Additions		14,247,355	67,748	25,961	52,702	146,411	90,189	18,464	9,595	118,248
Total Before Deductions		89,220,861	707,641	25,961	440,833	1,174,435	1,079,645	18,464	74,785	1,172,894



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			4	5	6	
	Allocation	Total	Residential			Total
	Factor	Montana	Demand	Energy	Customer	Residential
Deductions						
Accumulated Deferred Income Tax	24	(16,679,641)	(2,546,492)	0	(9,789,629)	(12,336,121)
Accumulated Investment Tax Credit	24	0	0	0	0	0
Customer Advances For Construction	Direct	(2,337,286)	(874,842)	0	(471,069)	(1,345,911)
Total Deductions		(19,016,927)	(3,421,334)	0	(10,260,698)	(13,682,032)
Total Rate Base		70,203,934	10,145,162	1,506,663	40,287,030	51,938,855
<b>Income Statement</b>						
Gas Operating Revenues						
Retail Sales & Transportation						
Residential	Direct	44,160,599	11,619,981	25,372,938	7,167,680	44,160,599
Firm General	Direct	27,647,434	0	0	0	0
Small Interruptible	Direct	1,108,031	0	0	0	0
Large Interruptible	Direct	855,749	0	0	0	0
Total Sales & Transportation Revenues		73,771,813	11,619,981	25,372,938	7,167,680	44,160,599
Other Operating Revenue						
Miscellaneous						
Reconnect Fees	11	21,190	0	0	18,736	18,736
NSF Check Fees	11	44,870	0	0	39,674	39,674
Miscellaneous	24	1,026	157	0	601	758
Rent From Gas Property	24	318,031	48,554	0	186,659	235,213
Other Gas Revenues						
Miscellaneous	31	228,059	20,808	2,843	151,408	175,059
Late Payment and Penalty Revenues	31	166,106	15,156	2,070	110,280	127,506
Total Other Operating Revenue		779,282	84,675	4,913	507,358	596,946
Unbilled Revenue	26	(1,462,841)	(227,680)	(482,740)	(166,293)	(876,713)
Total Operating Revenues		73,088,254	11,476,976	24,895,111	7,508,745	43,880,832
Operation & Maintenance Expenses						
Cost of Purchased Gas	Direct	43,700,214	11,619,980	14,482,460	0	26,102,440
Production Expense						
Production Expense	3	0	0	0	0	0
Other Gas Supply Expenses	3	181,270	0	106,986	0	106,986
Total Production Expense		181,270	0	106,986	0	106,986

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			7	8	9		10	11	12	
			Firm General-Meter < 500 cubic feet				Firm General > 500 cubic feet			
	Allocation Factor	Total Montana	Demand	Energy	Customer	Total Small Firm General	Demand	Energy	Customer	Total Large Firm General
Deductions										
Accumulated Deferred Income Tax	24	(16,679,641)	(530,163)	0	(1,095,029)	(1,625,192)	(1,106,983)	0	(1,148,006)	(2,254,989)
Accumulated Investment Tax Credit	24	0	0	0	0	0	0	0	0	0
Customer Advances For Construction	Direct	(2,337,286)	(92,134)	0	(49,611)	(141,745)	(500,180)	0	(269,328)	(769,508)
Total Deductions		(19,016,927)	(622,297)	0	(1,144,640)	(1,766,937)	(1,607,163)	0	(1,417,334)	(3,024,497)
Total Rate Base		70,203,934	2,203,182	243,561	4,511,455	6,958,198	4,295,332	773,341	4,434,340	9,503,013
Income Statement										
Gas Operating Revenues										
Retail Sales & Transportation										
Residential	Direct	44,160,599	0	0	0	0	0	0	0	0
Firm General	Direct	27,647,434	2,429,719	5,012,579	1,214,368	8,656,666	5,102,892	13,062,484	825,392	18,990,768
Small Interruptible	Direct	1,108,031	0	0	0	0	0	0	0	0
Large Interruptible	Direct	855,749	0	0	0	0	0	0	0	0
Total Sales & Transportation Revenues		73,771,813	2,429,719	5,012,579	1,214,368	8,656,666	5,102,892	13,062,484	825,392	18,990,768
Other Operating Revenue										
Miscellaneous										
Reconnect Fees	11	21,190	0	0	1,833	1,833	0	0	621	621
NSF Check Fees	11	44,870	0	0	3,882	3,882	0	0	1,314	1,314
Miscellaneous	24	1,026	33	0	67	100	68	0	71	139
Rent From Gas Property	24	318,031	10,109	0	20,879	30,988	21,107	0	21,889	42,996
Other Gas Revenues										
Miscellaneous	31	228,059	4,332	517	16,964	21,813	9,045	1,369	16,000	26,414
Late Payment and Penalty Revenues	31	166,106	3,155	377	12,355	15,887	6,588	997	11,653	19,238
Total Other Operating Revenue		779,282	17,629	894	55,980	74,503	36,808	2,366	51,548	90,722
Unbilled Revenue	26	(1,462,841)	(47,608)	(91,808)	(28,164)	(167,580)	(99,985)	(257,849)	(19,067)	(376,901)
Total Operating Revenues		73,088,254	2,399,740	4,921,665	1,242,184	8,563,589	5,039,715	12,807,001	857,873	18,704,589
Operation & Maintenance Expenses										
Cost of Purchased Gas	Direct	43,700,214	2,429,719	2,696,931	0	5,126,650	5,102,892	6,821,656	0	11,924,548
Production Expense										
Production Expense	3	0	0	0	0	0	0	0	0	0
Other Gas Supply Expenses	3	181,270	0	19,471	0	19,471	0	51,514	0	51,514
Total Production Expense		181,270	0	19,471	0	19,471	0	51,514	0	51,514

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			13	14	15		16	17	18	
	Allocation Factor	Total Montana	Small Interruptible			Total Small Interruptible	Large Interruptible			Total Large Interruptible
			Demand	Energy	Customer		Demand	Energy	Customer	
Deductions										
Accumulated Deferred Income Tax	24	(16,679,641)	(142,359)	0	(86,349)	(228,708)	(220,128)	0	(14,503)	(234,631)
Accumulated Investment Tax Credit	24	0	0	0	0	0	0	0	0	0
Customer Advances For Construction	Direct	(2,337,286)	(41,785)	0	(22,499)	(64,284)	(10,295)	0	(5,543)	(15,838)
Total Deductions		(19,016,927)	(184,144)	0	(108,848)	(292,992)	(230,423)	0	(20,046)	(250,469)
Total Rate Base		70,203,934	523,497	25,961	331,985	881,443	849,222	18,464	54,739	922,425
Income Statement										
Gas Operating Revenues										
Retail Sales & Transportation										
Residential	Direct	44,160,599	0	0	0	0	0	0	0	0
Firm General	Direct	27,647,434	0	0	0	0	0	0	0	0
Small Interruptible	Direct	1,108,031	75,677	905,004	127,350	1,108,031	0	0	0	0
Large Interruptible	Direct	855,749	0	0	0	0	28,178	792,401	35,170	855,749
Total Sales & Transportation Revenues		73,771,813	75,677	905,004	127,350	1,108,031	28,178	792,401	35,170	855,749
Other Operating Revenue										
Miscellaneous										
Reconnect Fees	11	21,190	0	0	0	0	0	0	0	0
NSF Check Fees	11	44,870	0	0	0	0	0	0	0	0
Miscellaneous	24	1,026	9	0	5	14	14	0	1	15
Rent From Gas Property	24	318,031	2,714	0	1,646	4,360	4,197	0	277	4,474
Other Gas Revenues										
Miscellaneous	31	228,059	1,284	77	1,217	2,578	1,847	124	224	2,195
Late Payment and Penalty Revenues	31	166,106	935	56	886	1,877	1,345	90	163	1,598
Total Other Operating Revenue		779,282	4,942	133	3,754	8,829	7,403	214	665	8,282
Unbilled Revenue	26	(1,462,841)	(1,483)	(18,285)	(2,911)	(22,679)	(552)	(17,635)	(781)	(18,968)
Total Operating Revenues		73,088,254	79,136	886,852	128,193	1,094,181	35,029	774,980	35,054	845,063
Operation & Maintenance Expenses										
Cost of Purchased Gas	Direct	43,700,214	75,677	262,293	0	337,970	28,178	180,428	0	208,606
Production Expense										
Production Expense	3	0	0	0	0	0	0	0	0	0
Other Gas Supply Expenses	3	181,270	0	2,141	0	2,141	0	1,158	0	1,158
Total Production Expense		181,270	0	2,141	0	2,141	0	1,158	0	1,158

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			4	5	6	
	Allocation	Total	Residential			Total
	Factor	Montana	Demand	Energy	Customer	Residential
Distribution Expenses						
Operation						
Distribution Load Dispatching	1	9,172	0	4,002	0	4,002
Mains and Services	22	1,700,342	331,853	0	961,248	1,293,101
Measuring Stations - General	18	61,353	22,362	0	18,989	41,351
Measuring Stations - Industrial	21	5,405	1,860	0	1,580	3,440
Measuring Stations - City Gate	19	845	122	0	104	226
Meters & House Regulators	16	446,651	0	0	316,914	316,914
Customer Installations	10	587,873	0	0	417,721	417,721
Other Gas Distribution	27	1,323,898	167,720	1,884	808,262	977,866
Rents	27	34,412	4,360	49	21,008	25,417
Supervision & Engineering	27	1,179,958	149,485	1,680	720,384	871,549
Total Operation Expense		5,349,909	677,762	7,615	3,266,210	3,951,587
Maintenance						
Structures & Improvements	17	7,864	2,663	0	2,262	4,925
Mains	13	142,908	52,088	0	44,232	96,320
Measuring Stations - General	18	90,740	33,074	0	28,084	61,158
Measuring Stations - Industrial	21	42,503	14,624	0	12,419	27,043
Measuring Stations - City Gate	19	7,273	1,051	0	893	1,944
Services	37	345,410	0	0	297,123	297,123
Meters & House Regulators	16	223,072	0	0	158,276	158,276
Other Equipment	28	175,498	21,127	0	110,896	132,023
Supervision & Engineering	28	303,097	36,487	0	191,527	228,014
Total Maintenance Expense		1,338,365	161,114	0	845,712	1,006,826
Total Distribution Expenses		6,688,274	838,876	7,615	4,111,922	4,958,413
Customer Accounts	8	67,999	0	0	60,088	60,088
Meter Reading	10	231,261	0	0	164,326	164,326
Customer Records & Collection	43	1,291,056	0	0	1,118,669	1,118,669
Uncollectible Accounts	11	296,544	0	0	262,202	262,202
Miscellaneous Customer Accounts	8	90,564	0	0	80,028	80,028
Customer Service & Information	8	242,589	0	0	214,365	214,365
Sales Expenses	8	104,579	0	0	92,412	92,412
Administration & General Expenses	30	5,879,967	536,490	73,291	3,903,726	4,513,507
Total Gas O&M Expenses		58,774,317	12,995,346	14,670,352	10,007,738	37,673,436

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			7	8	9		10	11	12		
			Firm General-Meter < 500 cubic feet				Firm General > 500 cubic feet				
	Allocation Factor	Total Montana	Demand	Energy	Customer	Total Small Firm General	Demand	Energy	Customer	Total Large Firm General	
Distribution Expenses											
Operation											
Distribution Load Dispatching	1	9,172	0	728	0	728	0	1,927	0	1,927	
Mains and Services	22	1,700,342	69,090	0	107,561	176,651	144,259	0	37,776	182,035	
Measuring Stations - General	18	61,353	4,656	0	1,850	6,506	9,721	0	623	10,344	
Measuring Stations - Industrial	21	5,405	387	0	154	541	808	0	52	860	
Measuring Stations - City Gate	19	845	25	0	10	35	53	0	3	56	
Meters & House Regulators	16	446,651	0	0	37,434	37,434	0	0	84,207	84,207	
Customer Installations	10	587,873	0	0	49,052	49,052	0	0	110,693	110,693	
Other Gas Distribution	27	1,323,898	34,918	343	92,318	127,579	72,909	907	109,878	183,694	
Rents	27	34,412	908	9	2,400	3,317	1,895	24	2,856	4,775	
Supervision & Engineering	27	1,179,958	31,122	306	82,281	113,709	64,982	809	97,931	163,722	
Total Operation Expense		5,349,909	141,106	1,386	373,060	515,552	294,627	3,667	444,019	742,313	
Maintenance											
Structures & Improvements	17	7,864	554	0	220	774	1,157	0	74	1,231	
Mains	13	142,908	10,844	0	4,309	15,153	22,643	0	1,451	24,094	
Measuring Stations - General	18	90,740	6,886	0	2,736	9,622	14,377	0	921	15,298	
Measuring Stations - Industrial	21	42,503	3,045	0	1,210	4,255	6,357	0	407	6,764	
Measuring Stations - City Gate	19	7,273	219	0	87	306	457	0	29	486	
Services	37	345,410	0	0	35,030	35,030	0	0	12,477	12,477	
Meters & House Regulators	16	223,072	0	0	18,696	18,696	0	0	42,056	42,056	
Other Equipment	28	175,498	4,398	0	12,714	17,112	9,184	0	11,720	20,904	
Supervision & Engineering	28	303,097	7,596	0	21,959	29,555	15,861	0	20,241	36,102	
Total Maintenance Expense		1,338,365	33,542	0	96,961	130,503	70,036	0	89,376	159,412	
Total Distribution Expenses		6,688,274	174,648	1,386	470,021	646,055	364,663	3,667	533,395	901,725	
Customer Accounts											
Meter Reading	10	231,261	0	0	19,296	19,296	0	0	43,545	43,545	
Customer Records & Collection	43	1,291,056	0	0	125,174	125,174	0	0	44,602	44,602	
Uncollectible Accounts	11	296,544	0	0	25,657	25,657	0	0	8,685	8,685	
Miscellaneous Customer Accounts	8	90,564	0	0	7,831	7,831	0	0	2,651	2,651	
Customer Service & Information	8	242,589	0	0	20,977	20,977	0	0	7,101	7,101	
Sales Expenses	8	104,579	0	0	9,043	9,043	0	0	3,061	3,061	
Administration & General Expenses	30	5,879,967	111,693	13,339	437,364	562,396	233,215	35,290	412,519	681,024	
Total Gas O&M Expenses		58,774,317	2,716,060	2,731,127	1,121,243	6,568,430	5,700,770	6,912,127	1,057,549	13,670,446	

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	Allocation Factor	Total Montana	Small Interruptible			Total Small Interruptible	Large Interruptible			Total Large Interruptible
			13 Demand	14 Energy	15 Customer		16 Demand	17 Energy	18 Customer	
Distribution Expenses										
Operation										
Distribution Load Dispatching	1	9,172	0	496	0	496	0	2,019	0	2,019
Mains and Services	22	1,700,342	18,189	0	1,790	19,979	28,409	0	167	28,576
Measuring Stations - General	18	61,353	1,226	0	11	1,237	1,914	0	1	1,915
Measuring Stations - Industrial	21	5,405	181	0	43	224	277	0	63	340
Measuring Stations - City Gate	19	845	285	0	150	435	64	0	29	93
Meters & House Regulators	16	446,651	0	0	6,943	6,943	0	0	1,153	1,153
Customer Installations	10	587,873	0	0	8,887	8,887	0	0	1,520	1,520
Other Gas Distribution	27	1,323,898	9,361	234	8,393	17,988	14,439	951	1,381	16,771
Rents	27	34,412	243	6	218	467	375	25	36	436
Supervision & Engineering	27	1,179,958	8,343	208	7,480	16,031	12,869	847	1,231	14,947
Total Operation Expense		5,349,909	37,828	944	33,915	72,687	58,347	3,842	5,581	67,770
Maintenance										
Structures & Improvements	17	7,864	409	0	143	552	328	0	54	382
Mains	13	142,908	2,855	0	25	2,880	4,459	0	2	4,461
Measuring Stations - General	18	90,740	1,813	0	16	1,829	2,831	0	2	2,833
Measuring Stations - Industrial	21	42,503	1,423	0	342	1,765	2,177	0	499	2,676
Measuring Stations - City Gate	19	7,273	2,450	0	1,289	3,739	550	0	248	798
Services	37	345,410	0	0	713	713	0	0	67	67
Meters & House Regulators	16	223,072	0	0	3,468	3,468	0	0	576	576
Other Equipment	28	175,498	1,827	0	1,224	3,051	2,112	0	296	2,408
Supervision & Engineering	28	303,097	3,155	0	2,114	5,269	3,647	0	510	4,157
Total Maintenance Expense		1,338,365	13,932	0	9,334	23,266	16,104	0	2,254	18,358
Total Distribution Expenses		6,688,274	51,760	944	43,249	95,953	74,451	3,842	7,835	86,128
Customer Accounts	8	67,999	0	0	37	37	0	0	4	4
Meter Reading	10	231,261	0	0	3,496	3,496	0	0	598	598
Customer Records & Collection	43	1,291,056	0	0	2,039	2,039	0	0	572	572
Uncollectible Accounts	11	296,544	0	0	0	0	0	0	0	0
Miscellaneous Customer Accounts	8	90,564	0	0	49	49	0	0	5	5
Customer Service & Information	8	242,589	0	0	132	132	0	0	14	14
Sales Expenses	8	104,579	0	0	57	57	0	0	6	6
Administration & General Expenses	30	5,879,967	33,102	1,973	31,375	66,450	47,614	3,198	5,778	56,590
Total Gas O&M Expenses		58,774,317	160,539	267,351	80,434	508,324	150,243	188,626	14,812	353,681

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			4	5	6	
			Residential			
	Allocation Factor	Total Montana	Demand	Energy	Customer	Total Residential
O&M Excl. Cost of Gas and A&G		9,194,136	838,876	114,601	6,104,012	7,057,489
O&M Excl. Cost of Gas		15,074,103	1,375,366	187,892	10,007,738	11,570,996
Depreciation Expense						
Production Plant	3	0	0	0	0	0
Distribution Plant						
Rights of Way	13	318	116	0	99	215
Structures & Improvements	17	5,915	2,003	0	1,698	3,701
Mains	13	1,097,725	400,108	0	339,746	739,854
Meas. & Reg. Equip. - General	18	18,923	6,897	0	5,858	12,755
Meas. & Reg. Equip. - City Gate	19	4,204	608	0	517	1,125
Services	37	2,176,630	0	0	1,872,351	1,872,351
Meters	10	1,012,201	0	0	719,231	719,231
Service Regulators	20	51,263	0	0	36,004	36,004
Ind. Meas. & Reg. Station Equipment	21	11,597	3,990	0	3,389	7,379
Cathodic Protection & Other Equipment	13	29,002	10,570	0	8,978	19,548
Total Distribution Plant		4,407,778	424,292	0	2,987,871	3,412,163
General Plant	15	242,520	37,411	0	143,199	180,610
Amort. of Intangible Plant - General	15	58,563	9,034	0	34,580	43,614
Common Plant	15	182,838	28,205	0	107,959	136,164
Amort. of Intangible Plant - Common (less CC&B)	15	145,042	22,374	0	85,642	108,016
Amort. of Intangible Plant - CC&B	8	461,652	0	0	407,942	407,942
Preferred Stock Redemption Amortization	15	1,339	207	0	790	997
Total Depreciation Expense		5,499,732	521,523	0	3,767,983	4,289,506
Taxes Other Than Income						
Ad Valorem Taxes-Production	3	0	0	0	0	0
Ad Valorem Taxes-Other	15	5,747,650	886,639	0	3,393,778	4,280,417
Other Taxes - Payroll, Franchise, Other	31	588,745	53,717	7,338	390,870	451,925
Other Taxes - Revenue	26	214,127	33,327	70,663	24,340	128,330
Total Taxes Other Than Income Taxes		6,550,522	973,683	78,001	3,808,988	4,860,672
Total Operating Expense		70,824,571	14,490,552	14,748,353	17,584,709	46,823,614
Interest Expense	24	1,453,914	221,970	0	853,333	1,075,303
Taxable Income Before Adjustments		809,769	(3,235,546)	10,146,758	(10,929,297)	(4,018,085)

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			7	8	9		10	11	12		
			Firm General-Meter < 500 cubic feet				Firm General > 500 cubic feet				
	Allocation Factor	Total Montana	Demand	Energy	Customer	Total Small Firm General	Demand	Energy	Customer	Total Large Firm General	
O&M Excl. Cost of Gas and A&G		9,194,136	174,648	20,857	683,879	879,384	364,663	55,181	645,030	1,064,874	
O&M Excl. Cost of Gas		15,074,103	286,341	34,196	1,121,243	1,441,780	597,878	90,471	1,057,549	1,745,898	
Depreciation Expense											
Production Plant	3	0	0	0	0	0	0	0	0	0	
Distribution Plant											
Rights of Way	13	318	24	0	10	34	50	0	3	53	
Structures & Improvements	17	5,915	417	0	166	583	871	0	56	927	
Mains	13	1,097,725	83,300	0	33,102	116,402	173,931	0	11,145	185,076	
Meas. & Reg. Equip. - General	18	18,923	1,436	0	571	2,007	2,998	0	192	3,190	
Meas. & Reg. Equip. - City Gate	19	4,204	127	0	50	177	264	0	17	281	
Services	37	2,176,630	0	0	220,741	220,741	0	0	78,625	78,625	
Meters	10	1,012,201	0	0	84,458	84,458	0	0	190,592	190,592	
Service Regulators	20	51,263	0	0	4,429	4,429	0	0	9,749	9,749	
Ind. Meas. & Reg. Station Equipment	21	11,597	831	0	330	1,161	1,735	0	111	1,846	
Cathodic Protection & Other Equipment	13	29,002	2,201	0	875	3,076	4,595	0	294	4,889	
Total Distribution Plant		4,407,778	88,336	0	344,732	433,068	184,444	0	290,784	475,228	
General Plant	15	242,520	7,789	0	16,242	24,031	16,263	0	14,827	31,090	
Amort. of Intangible Plant - General	15	58,563	1,881	0	3,922	5,803	3,927	0	3,580	7,507	
Common Plant	15	182,838	5,872	0	12,245	18,117	12,261	0	11,179	23,440	
Amort. of Intangible Plant - Common (less CC&B)	15	145,042	4,658	0	9,714	14,372	9,726	0	8,868	18,594	
Amort. of Intangible Plant - CC&B	8	461,652	0	0	39,919	39,919	0	0	13,513	13,513	
Preferred Stock Redemption Amortization	15	1,339	43	0	90	133	90	0	82	172	
Total Depreciation Expense		5,499,732	108,579	0	426,864	535,443	226,711	0	342,833	569,544	
Taxes Other Than Income											
Ad Valorem Taxes-Production	3	0	0	0	0	0	0	0	0	0	
Ad Valorem Taxes-Other	15	5,747,650	184,593	0	384,923	569,516	385,430	0	351,406	736,836	
Other Taxes - Payroll, Franchise, Other	31	588,745	11,184	1,336	43,792	56,312	23,351	3,534	41,304	68,189	
Other Taxes - Revenue	26	214,127	6,969	13,439	4,123	24,531	14,636	37,743	2,791	55,170	
Total Taxes Other Than Income Taxes		6,550,522	202,746	14,775	432,838	650,359	423,417	41,277	395,501	860,195	
Total Operating Expense		70,824,571	3,027,385	2,745,902	1,980,945	7,754,232	6,350,898	6,953,404	1,795,883	15,100,185	
Interest Expense	24	1,453,914	46,213	0	95,450	141,663	96,492	0	100,068	196,560	
Taxable Income Before Adjustments		809,769	(673,858)	2,175,763	(834,211)	667,694	(1,407,675)	5,853,597	(1,038,078)	3,407,844	



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		13	14	15		16	17	18	
		Small Interruptible			Total Small Interruptible	Large Interruptible			Total Large Interruptible
	Allocation Factor	Total Montana	Demand	Energy	Customer	Demand	Energy	Customer	
O&M Excl. Cost of Gas and A&G		9,194,136	51,760	3,085	49,059	103,904	74,451	5,000	88,485
O&M Excl. Cost of Gas		15,074,103	84,862	5,058	80,434	170,354	122,065	8,198	145,075
Depreciation Expense									
Production Plant	3	0	0	0	0	0	0	0	0
Distribution Plant									
Rights of Way	13	318	6	0	0	6	10	0	10
Structures & Improvements	17	5,915	308	0	108	416	247	0	288
Mains	13	1,097,725	21,930	0	193	22,123	34,252	0	34,270
Meas. & Reg. Equip. - General	18	18,923	378	0	3	381	590	0	590
Meas. & Reg. Equip. - City Gate	19	4,204	1,415	0	745	2,160	318	0	461
Services	37	2,176,630	0	0	4,493	4,493	0	0	420
Meters	10	1,012,201	0	0	15,302	15,302	0	0	2,618
Service Regulators	20	51,263	0	0	950	950	0	0	131
Ind. Meas. & Reg. Station Equipment	21	11,597	388	0	93	481	594	0	730
Cathodic Protection & Other Equipment	13	29,002	579	0	5	584	905	0	905
Total Distribution Plant		4,407,778	25,004	0	21,892	46,896	36,916	0	40,423
General Plant	15	242,520	2,192	0	1,156	3,348	3,250	0	3,441
Amort. of Intangible Plant - General	15	58,563	529	0	279	808	785	0	831
Common Plant	15	182,838	1,652	0	871	2,523	2,450	0	2,594
Amort. of Intangible Plant - Common (less CC&B)	15	145,042	1,311	0	691	2,002	1,944	0	2,058
Amort. of Intangible Plant - CC&B	8	461,652	0	0	251	251	0	0	27
Preferred Stock Redemption Amortization	15	1,339	12	0	6	18	18	0	19
Total Depreciation Expense		5,499,732	30,700	0	25,146	55,846	45,363	0	49,393
Taxes Other Than Income									
Ad Valorem Taxes-Production	3	0	0	0	0	0	0	0	0
Ad Valorem Taxes-Other	15	5,747,650	51,946	0	27,387	79,333	77,020	0	81,548
Other Taxes - Payroll, Franchise, Other	31	588,745	3,314	198	3,141	6,653	4,767	320	5,666
Other Taxes - Revenue	26	214,127	217	2,677	426	3,320	81	2,581	2,776
Total Taxes Other Than Income Taxes		6,550,522	55,477	2,875	30,954	89,306	81,868	2,901	89,990
Total Operating Expense		70,824,571	246,716	270,226	136,534	653,476	277,474	191,527	493,064
Interest Expense	24	1,453,914	12,409	0	7,527	19,936	19,188	0	20,452
Taxable Income Before Adjustments		809,769	(179,989)	616,626	(15,868)	420,769	(261,633)	583,453	331,547

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			4	5	6	
	Allocation	Total	Residential			Total
	Factor	Montana	Demand	Energy	Customer	Residential
Deductions						
Purchased Gas Adjustment	33	0	0	0	0	0
Other Income Tax Charges	24	2,728,434	416,552	0	1,601,376	2,017,928
Preferred Stock Dividends Paid	24	0	0	0	0	0
Total Deductions		2,728,434	416,552	0	1,601,376	2,017,928
Taxable Income (Before State Income Tax)		(1,918,665)	(3,652,098)	10,146,758	(12,530,673)	(6,036,013)
Less: State Income Tax & Misc. Adjustment	35	(101,577)	(193,348)	537,185	(663,392)	(319,555)
Federal Taxable Income		(1,817,088)	(3,458,750)	9,609,573	(11,867,281)	(5,716,458)
Federal Income Tax						
@ Current Rate of 21%	21.00%	(381,588)	(726,338)	2,018,010	(2,492,129)	(1,200,457)
State Income Taxes	35	(101,577)	(193,348)	537,185	(663,392)	(319,555)
Credits and Adjustments	40	(21,414)	(3,269)	0	(12,567)	(15,836)
Rounding & Prior Year's Adjustments - Federal	24	(226,468)	(34,575)	0	(132,919)	(167,494)
Federal and State Income Taxes		(731,047)	(957,530)	2,555,195	(3,301,007)	(1,703,342)
Rounding & Prior Year's Adjustment - State	24	0	0	0	0	0
Federal & State Income Taxes		(731,047)	(957,530)	2,555,195	(3,301,007)	(1,703,342)
Deferred Income Taxes						
Purchased Gas Adjustment	33	0	0	0	0	0
Other Deferred Income Tax Chgs	24	399,692	61,021	0	234,588	295,609
Closing/Filing & Out of Period	24	0	0	0	0	0
Total Deferred Income Taxes		399,692	61,021	0	234,588	295,609
Total Operating Expenses		70,493,216	13,594,043	17,303,548	14,518,290	45,415,881
Total Operating Income		2,595,038	(2,117,067)	7,591,563	(7,009,545)	(1,535,049)

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	Allocation Factor	Total Montana	Firm General-Meter < 500 cubic feet			Total Small Firm General	Firm General > 500 cubic feet			Total Large Firm General
			Demand	Energy	Customer		Demand	Energy	Customer	
Deductions										
Purchased Gas Adjustment	33	0	0	0	0	0	0	0	0	0
Other Income Tax Charges	24	2,728,434	86,723	0	179,123	265,846	181,079	0	187,789	368,868
Preferred Stock Dividends Paid	24	0	0	0	0	0	0	0	0	0
Total Deductions		2,728,434	86,723	0	179,123	265,846	181,079	0	187,789	368,868
Taxable Income (Before State Income Tax)		(1,918,665)	(760,581)	2,175,763	(1,013,334)	401,848	(1,588,754)	5,853,597	(1,225,867)	3,038,976
Less: State Income Tax & Misc. Adjustment	35	(101,577)	(40,266)	115,188	(53,647)	21,275	(84,111)	309,898	(64,899)	160,888
Federal Taxable Income		(1,817,088)	(720,315)	2,060,575	(959,687)	380,573	(1,504,643)	5,543,699	(1,160,968)	2,878,088
Federal Income Tax										
@ Current Rate of 21%	21.00%	(381,588)	(151,266)	432,721	(201,534)	79,921	(315,975)	1,164,177	(243,803)	604,399
State Income Taxes	35	(101,577)	(40,266)	115,188	(53,647)	21,275	(84,111)	309,898	(64,899)	160,888
Credits and Adjustments	40	(21,414)	(681)	0	(1,406)	(2,087)	(1,421)	0	(1,474)	(2,895)
Rounding & Prior Year's Adjustments - Federal	24	(226,468)	(7,198)	0	(14,868)	(22,066)	(15,030)	0	(15,587)	(30,617)
Federal and State Income Taxes		(731,047)	(199,411)	547,909	(271,455)	77,043	(416,537)	1,474,075	(325,763)	731,775
Rounding & Prior Year's Adjustment - State	24	0	0	0	0	0	0	0	0	0
Federal & State Income Taxes		(731,047)	(199,411)	547,909	(271,455)	77,043	(416,537)	1,474,075	(325,763)	731,775
Deferred Income Taxes										
Purchased Gas Adjustment	33	0	0	0	0	0	0	0	0	0
Other Deferred Income Tax Chgs	24	399,692	12,704	0	26,240	38,944	26,526	0	27,510	54,036
Closing/Filing & Out of Period	24	0	0	0	0	0	0	0	0	0
Total Deferred Income Taxes		399,692	12,704	0	26,240	38,944	26,526	0	27,510	54,036
Total Operating Expenses		70,493,216	2,840,678	3,293,811	1,735,730	7,870,219	5,960,887	8,427,479	1,497,630	15,885,996
Total Operating Income		2,595,038	(440,938)	1,627,854	(493,546)	693,370	(921,172)	4,379,522	(639,757)	2,818,593

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		13	14	15		16	17	18	
		Small Interruptible			Total	Large Interruptible			Total
	Allocation Factor	Total Montana	Demand	Energy	Customer	Small Interruptible	Demand	Energy	Customer
Deductions									
Purchased Gas Adjustment	33	0	0	0	0	0	0	0	0
Other Income Tax Charges	24	2,728,434	23,287	0	14,125	37,412	36,008	0	2,372
Preferred Stock Dividends Paid	24	0	0	0	0	0	0	0	0
Total Deductions		2,728,434	23,287	0	14,125	37,412	36,008	0	2,372
Taxable Income (Before State Income Tax)		(1,918,665)	(203,276)	616,626	(29,993)	383,357	(297,641)	583,453	7,355
Less: State Income Tax & Misc. Adjustment	35	(101,577)	(10,762)	32,645	(1,588)	20,295	(15,758)	30,889	389
Federal Taxable Income		(1,817,088)	(192,514)	583,981	(28,405)	363,062	(281,883)	552,564	6,966
Federal Income Tax									
@ Current Rate of 21%	21.00%	(381,588)	(40,428)	122,636	(5,965)	76,243	(59,195)	116,038	1,463
State Income Taxes	35	(101,577)	(10,762)	32,645	(1,588)	20,295	(15,758)	30,889	389
Credits and Adjustments	40	(21,414)	(183)	0	(111)	(294)	(283)	0	(19)
Rounding & Prior Year's Adjustments - Federal	24	(226,468)	(1,933)	0	(1,172)	(3,105)	(2,989)	0	(197)
Federal and State Income Taxes		(731,047)	(53,306)	155,281	(8,836)	93,139	(78,225)	146,927	1,636
Rounding & Prior Year's Adjustment - State	24	0	0	0	0	0	0	0	0
Federal & State Income Taxes		(731,047)	(53,306)	155,281	(8,836)	93,139	(78,225)	146,927	1,636
Deferred Income Taxes									
Purchased Gas Adjustment	33	0	0	0	0	0	0	0	0
Other Deferred Income Tax Chgs	24	399,692	3,411	0	2,069	5,480	5,275	0	348
Closing/Filing & Out of Period	24	0	0	0	0	0	0	0	0
Total Deferred Income Taxes		399,692	3,411	0	2,069	5,480	5,275	0	348
Total Operating Expenses		70,493,216	196,821	425,507	129,767	752,095	204,524	338,454	26,047
Total Operating Income		2,595,038	(117,685)	461,345	(1,574)	342,086	(169,495)	436,526	9,007

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			4	5	6	
			Residential			
	Allocation	Total				Total
	Factor	Montana	Demand	Energy	Customer	Residential
<b>Summary of Pro Forma Rate Base Adjustments</b>						
<b>Plant</b>						
Production	3	0	0	0	0	0
Plant Additions - Adj. A						
Land	13	42	15	0	14	29
Right of Way	13	(2,210)	(805)	0	(685)	(1,490)
Distribution- Mains Demand Related	2	2,839,774	1,592,407	0	0	1,592,407
Distribution- Mains Customer Related	9	1,529,109	0	0	1,352,170	1,352,170
Meas. & Reg. Equip. General	13	91,116	33,211	0	28,201	61,412
Meas. & Reg. Equip. City Gate	13	134,522	49,032	0	41,634	90,666
Services	37	3,575,816	0	0	3,075,941	3,075,941
Meters	10	1,152,864	0	0	819,182	819,182
Service Regulators	10	289,833	0	0	205,943	205,943
Cathodic Protection & Other Equip	13	364,641	132,907	0	112,857	245,764
Structures & Improvements	13	(7,251)	(2,643)	0	(2,244)	(4,887)
Total Distribution Plant Additions		9,968,256	1,804,124	0	5,633,013	7,437,137
General	15	1,739,185	268,289	0	1,026,924	1,295,213
Common Plant	15	568,982	87,772	0	335,963	423,735
Common Intangible - Excluding CC&B	15	816,322	125,927	0	482,008	607,935
Common Intangible - CC&B	8	7,665	0	0	6,774	6,774
Total Plant Additions - Adj. A		13,100,410	2,286,112	0	7,484,682	9,770,794
<b>Accumulated Reserve for Depreciation</b>						
Plant Additions - Adj. B						
Production	3	0	0	0	0	0
Distribution	23	3,713,615	580,609	0	2,185,405	2,766,014
General	15	226,246	34,901	0	133,590	168,491
Common	15	170,759	26,341	0	100,827	127,168
Common Intangible - Excluding CC&B	15	644,691	99,451	0	380,666	480,117
Common Intangible - CC&B	8	6,111	0	0	5,401	5,401
Total Accumulated Reserve - Adj. B		4,761,422	741,302	0	2,805,889	3,547,191
CWIP in Service Pending Reclassification	15	0	0	0	0	0
Net Adjustment to Plant		8,338,988	1,544,810	0	4,678,793	6,223,603
<b>Additions</b>						
Materials and Supplies - Adj. C	15	188,481	29,075	0	111,292	140,367
Gas in Underground Storage - Adj. D	33	(148,663)	(39,530)	(48,854)	0	(88,384)
Prepaid Insurance - Adj. E	24	141,452	21,596	0	83,021	104,617
Prepaid Demand and Commodity - Adj. F	33	(466,103)	(123,937)	(153,172)	0	(277,109)
Unamortized Loss on Debt - Adj. G	24	(16,042)	(2,449)	0	(9,415)	(11,864)
Provision for Pensions & Benefits - Adj. H	31	1,445,093	131,851	18,012	959,402	1,109,265
Provision for Injuries & Damages - Adj. I	24	(2,897)	(442)	0	(1,701)	(2,143)
Provision for Postretirement - Adj. J	31	365,634	33,361	4,557	242,746	280,664
Unamort. Redemption Cost of Pref. Stk. - Adj. K	24	(1,339)	(204)	0	(786)	(990)
Total		1,505,616	49,321	(179,457)	1,384,559	1,254,423

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			7	8	9	10	11	12		
			Firm General-Meter < 500 cubic feet				Firm General > 500 cubic feet			
	Allocation Factor	Total Montana	Demand	Energy	Customer	Total Small Firm General	Demand	Energy	Customer	Total Large Firm General
Summary of Pro Forma Rate Base Adjustments										
Plant										
Production	3	0	0	0	0	0	0	0	0	0
Plant Additions - Adj. A										
Land	13	42	3	0	1	4	7	0	0	7
Right of Way	13	(2,210)	(168)	0	(67)	(235)	(350)	0	(22)	(372)
Distribution- Mains Demand Related	2	2,839,774	331,529	0	0	331,529	692,234	0	0	692,234
Distribution- Mains Customer Related	9	1,529,109	0	0	131,746	131,746	0	0	44,355	44,355
Meas. & Reg. Equip. General	13	91,116	6,914	0	2,748	9,662	14,437	0	925	15,362
Meas. & Reg. Equip. City Gate	13	134,522	10,208	0	4,057	14,265	21,315	0	1,366	22,681
Services	37	3,575,816	0	0	362,639	362,639	0	0	129,166	129,166
Meters	10	1,152,864	0	0	96,194	96,194	0	0	217,078	217,078
Service Regulators	10	289,833	0	0	24,184	24,184	0	0	54,574	54,574
Cathodic Protection & Other Equip	13	364,641	27,670	0	10,996	38,666	57,776	0	3,702	61,478
Structures & Improvements	13	(7,251)	(550)	0	(219)	(769)	(1,149)	0	(74)	(1,223)
Total Distribution Plant Additions		9,968,256	375,606	0	632,279	1,007,885	784,270	0	451,070	1,235,340
General	15	1,739,185	55,856	0	116,474	172,330	116,628	0	106,332	222,960
Common Plant	15	568,982	18,274	0	38,105	56,379	38,155	0	34,787	72,942
Common Intangible - Excluding CC&B	15	816,322	26,217	0	54,669	80,886	54,742	0	49,909	104,651
Common Intangible - CC&B	8	7,665	0	0	663	663	0	0	224	224
Total Plant Additions - Adj. A		13,100,410	475,953	0	842,190	1,318,143	993,795	0	642,322	1,636,117
Accumulated Reserve for Depreciation										
Plant Additions - Adj. B										
Production	3	0	0	0	0	0	0	0	0	0
Distribution	23	3,713,615	120,879	0	247,677	368,556	252,396	0	222,444	474,840
General	15	226,246	7,266	0	15,152	22,418	15,172	0	13,832	29,004
Common	15	170,759	5,484	0	11,436	16,920	11,451	0	10,440	21,891
Common Intangible - Excluding CC&B	15	644,691	20,705	0	43,175	63,880	43,232	0	39,416	82,648
Common Intangible - CC&B	8	6,111	0	0	528	528	0	0	179	179
Total Accumulated Reserve - Adj. B		4,761,422	154,334	0	317,968	472,302	322,251	0	286,311	608,562
CWIP in Service Pending Reclassification	15	0	0	0	0	0	0	0	0	0
Net Adjustment to Plant		8,338,988	321,619	0	524,222	845,841	671,544	0	356,011	1,027,555
Additions										
Materials and Supplies - Adj. C	15	188,481	6,053	0	12,623	18,676	12,639	0	11,524	24,163
Gas in Underground Storage - Adj. D	33	(148,663)	(8,266)	(7,820)	0	(16,086)	(17,359)	(25,197)	0	(42,556)
Prepaid Insurance - Adj. E	24	141,452	4,496	0	9,286	13,782	9,388	0	9,736	19,124
Prepaid Demand and Commodity - Adj. F	33	(466,103)	(25,915)	(24,518)	0	(50,433)	(54,427)	(79,001)	0	(133,428)
Unamortized Loss on Debt - Adj. G	24	(16,042)	(510)	0	(1,053)	(1,563)	(1,065)	0	(1,104)	(2,169)
Provision for Pensions & Benefits - Adj. H	31	1,445,093	27,450	3,278	107,489	138,217	57,316	8,673	101,383	167,372
Provision for Injuries & Damages - Adj. I	24	(2,897)	(92)	0	(190)	(282)	(192)	0	(199)	(391)
Provision for Postretirement - Adj. J	31	365,634	6,945	829	27,197	34,971	14,502	2,194	25,652	42,348
Unamort. Redemption Cost of Pref. Stk. - Adj. K	24	(1,339)	(43)	0	(88)	(131)	(89)	0	(92)	(181)
Total		1,505,616	10,118	(28,231)	155,264	137,151	20,713	(93,331)	146,900	74,282

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			13	14	15		16	17	18	
	Allocation	Total	Small Interruptible			Total	Large Interruptible			Total
	Factor	Montana	Demand	Energy	Customer	Small Interruptible	Demand	Energy	Customer	Large Interruptible
Summary of Pro Forma Rate Base Adjustments										
Plant										
Production	3	0	0	0	0	0	0	0	0	0
Plant Additions - Adj. A										
Land	13	42	1	0	0	1	1	0	0	1
Right of Way	13	(2,210)	(44)	0	0	(44)	(69)	0	0	(69)
Distribution- Mains Demand Related	2	2,839,774	87,282	0	0	87,282	136,322	0	0	136,322
Distribution- Mains Customer Related	9	1,529,109	0	0	767	767	0	0	71	71
Meas. & Reg. Equip. General	13	91,116	1,820	0	16	1,836	2,843	0	1	2,844
Meas. & Reg. Equip. City Gate	13	134,522	2,687	0	24	2,711	4,197	0	2	4,199
Services	37	3,575,816	0	0	7,381	7,381	0	0	689	689
Meters	10	1,152,864	0	0	17,428	17,428	0	0	2,982	2,982
Service Regulators	10	289,833	0	0	4,382	4,382	0	0	750	750
Cathodic Protection & Other Equip	13	364,641	7,285	0	64	7,349	11,378	0	6	11,384
Structures & Improvements	13	(7,251)	(145)	0	(1)	(146)	(226)	0	0	(226)
Total Distribution Plant Additions		9,968,256	98,886	0	30,061	128,947	154,446	0	4,501	158,947
General	15	1,739,185	15,719	0	8,287	24,006	23,306	0	1,370	24,676
Common Plant	15	568,982	5,142	0	2,711	7,853	7,625	0	448	8,073
Common Intangible - Excluding CC&B	15	816,322	7,378	0	3,890	11,268	10,939	0	643	11,582
Common Intangible - CC&B	8	7,665	0	0	4	4	0	0	0	0
Total Plant Additions - Adj. A		13,100,410	127,125	0	44,953	172,078	196,316	0	6,962	203,278
Accumulated Reserve for Depreciation										
Plant Additions - Adj. B										
Production	3	0	0	0	0	0	0	0	0	0
Distribution	23	3,713,615	33,819	0	17,188	51,007	50,370	0	2,828	53,198
General	15	226,246	2,045	0	1,078	3,123	3,032	0	178	3,210
Common	15	170,759	1,543	0	814	2,357	2,288	0	135	2,423
Common Intangible - Excluding CC&B	15	644,691	5,827	0	3,072	8,899	8,639	0	508	9,147
Common Intangible - CC&B	8	6,111	0	0	3	3	0	0	0	0
Total Accumulated Reserve - Adj. B		4,761,422	43,234	0	22,155	65,389	64,329	0	3,649	67,978
CWIP in Service Pending Reclassification	15	0	0	0	0	0	0	0	0	0
Net Adjustment to Plant		8,338,988	83,891	0	22,798	106,689	131,987	0	3,313	135,300
Additions										
Materials and Supplies - Adj. C	15	188,481	1,703	0	898	2,601	2,526	0	148	2,674
Gas in Underground Storage - Adj. D	33	(148,663)	(257)	(805)	0	(1,062)	(96)	(479)	0	(575)
Prepaid Insurance - Adj. E	24	141,452	1,207	0	732	1,939	1,867	0	123	1,990
Prepaid Demand and Commodity - Adj. F	33	(466,103)	(807)	(2,523)	0	(3,330)	(301)	(1,502)	0	(1,803)
Unamortized Loss on Debt - Adj. G	24	(16,042)	(137)	0	(83)	(220)	(212)	0	(14)	(226)
Provision for Pensions & Benefits - Adj. H	31	1,445,093	8,135	485	7,711	16,331	11,702	786	1,420	13,908
Provision for Injuries & Damages - Adj. I	24	(2,897)	(25)	0	(15)	(40)	(38)	0	(3)	(41)
Provision for Postretirement - Adj. J	31	365,634	2,058	123	1,951	4,132	2,961	199	359	3,519
Unamort. Redemption Cost of Pref. Stk. - Adj. K	24	(1,339)	(11)	0	(7)	(18)	(18)	0	(1)	(19)
Total		1,505,616	11,866	(2,720)	11,187	20,333	18,391	(996)	2,032	19,427

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			4	5	6	
	Allocation Factor	Total Montana	Residential			Total Residential
			Demand	Energy	Customer	
<b>Deductions</b>						
Accumulated Def. Inc. Tax						
Liberalized Depreciation - Adj. L	41	264,821	39,606	0	159,150	198,756
Excess Plant Deferred Income Taxes - Adj. M	41	(297,859)	(44,547)	0	(179,006)	(223,553)
Full Normalization - Adj. M	41	(57,659)	(8,623)	0	(34,653)	(43,276)
Excess Deferrals - Non-Plant - Adj. M	31	25,007	2,282	312	16,602	19,196
Excess Deferrals - Non-Plant Pension - Adj. M	31	(187,326)	(17,092)	(2,335)	(124,365)	(143,792)
Excess Deferrals - Non-Plant Insurance - Adj. M	31	366	33	5	243	281
Prepaid Demand Charges - Adj. N	33	26,597	7,072	8,740	0	15,812
Customer Advances - Adj. N	41	17,239	2,578	0	10,360	12,938
Unamortized Loss on Debt - Adj. G	41	(4,389)	(656)	0	(2,639)	(3,295)
Pensions & Benefits - Adj. H	31	353,594	32,262	4,407	234,753	271,422
Injuries and Damages - Adj. I	24	(707)	(108)	0	(415)	(523)
Postretirement - Adj. J	41	89,188	13,339	0	53,600	66,939
Customer Advances for Construction - Adj. O	Direct	(83,697)	(31,331)	0	(16,870)	(48,201)
Total		145,175	(5,185)	11,129	116,760	122,704
Total Pro Forma Adjustments - Rate Base		9,699,429	1,599,316	(190,586)	5,946,592	7,355,322
<b>Pro Forma Adjustments - Operating Income</b>						
Pro Forma Revenue Adjustments						
Revenue Adjustments - Adj. No. 1-3 to Proforma						
Residential	Direct	(5,946,352)	(1,695,839)	(4,331,200)	80,687	(5,946,352)
Firm General	Direct	(3,914,535)				0
Small Interruptible	Direct	(119,471)				0
Large Interruptible	Direct	(28,977)				0
Total Retail Sales Adjustment		(10,009,335)	(1,695,839)	(4,331,200)	80,687	(5,946,352)
Tax Tracker Revenue	Direct					
Unbilled Revenue	26	1,462,841	227,680	482,740	166,293	876,713
Total		(8,546,494)	(1,468,159)	(3,848,460)	246,980	(5,069,639)
Other Revenue - Adj. No. 4	26	(46,997)	(7,315)	(15,509)	(5,340)	(28,164)
Total Pro Forma Revenue Adjustments		(8,593,491)	(1,475,474)	(3,863,969)	241,640	(5,097,803)



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			7	8	9		10	11	12	
			Firm General-Meter < 500 cubic feet				Firm General > 500 cubic feet			
	Allocation Factor	Total Montana	Demand	Energy	Customer	Total Small Firm General	Demand	Energy	Customer	Total Large Firm General
Deductions										
Accumulated Def. Inc. Tax										
Liberalized Depreciation - Adj. L	41	264,821	8,246	0	17,890	26,136	17,217	0	15,584	32,801
Excess Plant Deferred Income Taxes - Adj. M	41	(297,859)	(9,274)	0	(20,122)	(29,396)	(19,365)	0	(17,528)	(36,893)
Full Normalization - Adj. M	41	(57,659)	(1,795)	0	(3,895)	(5,690)	(3,749)	0	(3,393)	(7,142)
Excess Deferrals - Non-Plant - Adj. M	31	25,007	475	57	1,860	2,392	992	150	1,754	2,896
Excess Deferrals - Non-Plant Pension - Adj. M	31	(187,326)	(3,558)	(425)	(13,934)	(17,917)	(7,430)	(1,124)	(13,142)	(21,696)
Excess Deferrals - Non-Plant Insurance - Adj. M	31	366	7	1	27	35	15	2	26	43
Prepaid Demand Charges - Adj. N	33	26,597	1,479	1,399	0	2,878	3,106	4,508	0	7,614
Customer Advances - Adj. N	41	17,239	537	0	1,165	1,702	1,121	0	1,014	2,135
Unamortized Loss on Debt - Adj. G	41	(4,389)	(137)	0	(296)	(433)	(285)	0	(258)	(543)
Pensions & Benefits - Adj. H	31	353,594	6,717	802	26,301	33,820	14,024	2,122	24,807	40,953
Injuries and Damages - Adj. I	24	(707)	(22)	0	(46)	(68)	(47)	0	(49)	(96)
Postretirement - Adj. J	41	89,188	2,777	0	6,025	8,802	5,798	0	5,248	11,046
Customer Advances for Construction - Adj. O	Direct	(83,697)	(3,297)	0	(1,775)	(5,072)	(17,909)	0	(9,644)	(27,553)
Total		145,175	2,155	1,834	13,200	17,189	(6,512)	5,658	4,419	3,565
Total Pro Forma Adjustments - Rate Base		9,699,429	329,582	(30,065)	666,286	965,803	698,769	(98,989)	498,492	1,098,272
Pro Forma Adjustments - Operating Income										
Pro Forma Revenue Adjustments										
Revenue Adjustments - Adj. No. 1-3 to Proforma										
Residential	Direct	(5,946,352)				0				0
Firm General	Direct	(3,914,535)	(354,597)	(1,010,846)	13,237	(1,352,206)	(744,724)	(1,823,319)	5,714	(2,562,329)
Small Interruptible	Direct	(119,471)				0				0
Large Interruptible	Direct	(28,977)				0				0
Total Retail Sales Adjustment		(10,009,335)	(354,597)	(1,010,846)	13,237	(1,352,206)	(744,724)	(1,823,319)	5,714	(2,562,329)
Tax Tracker Revenue	Direct									
Unbilled Revenue	26	1,462,841	47,608	91,808	28,164	167,580	99,985	257,849	19,067	376,901
Total		(8,546,494)	(306,989)	(919,038)	41,401	(1,184,626)	(644,739)	(1,565,470)	24,781	(2,185,428)
Other Revenue - Adj. No. 4	26	(46,997)	(1,530)	(2,950)	(905)	(5,385)	(3,212)	(8,284)	(613)	(12,109)
Total Pro Forma Revenue Adjustments		(8,593,491)	(308,519)	(921,988)	40,496	(1,190,011)	(647,951)	(1,573,754)	24,168	(2,197,537)

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			13	14	15		16	17	18		
		Allocation Factor	Total Montana	Small Interruptible			Total Small Interruptible	Large Interruptible			Total Large Interruptible
				Demand	Energy	Customer		Demand	Energy	Customer	
<b>Deductions</b>											
	</										

**MONTANA-DAKOTA UTILITIES CO.**  
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			4	5	6	
	Allocation	Total	Residential			Total
	Factor	Montana	Demand	Energy	Customer	Residential
<b>OPERATION &amp; MAINTENANCE EXPENSES</b>						
Cost of Gas - Adj. No. 5	Direct	(6,377,683)	(1,695,834)	(2,217,438)		(3,913,272)
Production Adj.	3	0	0	0	0	0
Labor Expense - Adj. No. 6						
Other Gas Supply	30	2,751	251	34	1,827	2,112
Production	3	0	0	0	0	0
Distribution	29	80,655	10,116	92	49,587	59,795
Customer Accounting	8	20,521	0	0	18,134	18,134
Customer Service	8	865	0	0	765	765
Sales	8	1,037	0	0	916	916
A&G	30	32,379	2,954	404	21,497	24,855
Total -Labor Expense - Adj. No. 6		138,208	13,321	530	92,726	106,577
Benefits Expense - Adj. No. 7	30	140,957	12,861	1,757	93,580	108,198
Vehicles & Work Equipment - Adj. No. 8	30	47,715	4,354	595	31,678	36,627
Company Consumption - Adj. No. 9	30	(4,015)	(366)	(50)	(2,666)	(3,082)
Uncollectible Accounts - Adj. No. 10	11	(47,870)	0	0	(42,326)	(42,326)
Advertising - Adj. No. 11	8	(46,770)	0	0	(41,329)	(41,329)
Software Maintenance - Adj. No. 12	30	108,751	9,922	1,356	72,200	83,478
Insurance - Adj. No. 13	30	(75,062)	(6,849)	(936)	(49,832)	(57,617)
Industry Dues - Adj. No. 14	30	14,150	1,291	176	9,392	10,859
Regulatory Commission Expense - Adj. No. 15	30	51,908	4,736	647	34,462	39,845
Materials - Adj. No. 16	30	8,258	753	103	5,483	6,339
Total (Adjustments 8-16)		336,230	40,023	4,178	203,368	247,569
Total Adjustments to O&M		(6,041,453)	(1,655,811)	(2,213,260)	203,368	(3,665,703)
<b>DEPRECIATION EXPENSE</b>						
Average Annual Depreciation - Adj. No. 17						
Production Plant	3	0	0	0	0	0
Distribution Plant	23	454,328	71,032	0	267,367	338,399
General Plant	41	51,170	7,653	0	30,752	38,405
Common	41	115,296	17,243	0	69,290	86,533
Pref. Stock Redemption Amort.	41	0	0	0	0	0
Total Average Annual Depreciation Adj. 17		620,794	95,928	0	367,409	463,337

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	Allocation Factor	Total Montana	7	8	9	Total Small Firm General	10 11 12 Firm General > 500 cubic feet			Total Large Firm General
			Firm General-Meter < 500 cubic feet				Demand	Energy	Customer	
			Demand	Energy	Customer					
OPERATION & MAINTENANCE EXPENSES										
Cost of Gas - Adj. No. 5	Direct	(6,377,683)	(354,597)	(733,700)		(1,088,297)	(744,724)	(495,801)		(1,240,525)
Production Adj.	3	0	0	0	0	0	0	0	0	0
Labor Expense - Adj. No. 6										
Other Gas Supply	30	2,751	52	6	205	263	109	17	193	319
Production	3	0	0	0	0	0	0	0	0	0
Distribution	29	80,655	2,106	17	5,668	7,791	4,398	44	6,432	10,874
Customer Accounting	8	20,521	0	0	1,774	1,774	0	0	601	601
Customer Service	8	865	0	0	75	75	0	0	25	25
Sales	8	1,037	0	0	90	90	0	0	30	30
A&G	30	32,379	615	73	2,408	3,096	1,284	194	2,272	3,750
Total -Labor Expense - Adj. No. 6		138,208	2,773	96	10,220	13,089	5,791	255	9,553	15,599
Benefits Expense - Adj. No. 7	30	140,957	2,678	320	10,485	13,483	5,591	846	9,889	16,326
Vehicles & Work Equipment - Adj. No. 8	30	47,715	906	108	3,549	4,563	1,892	286	3,348	5,526
Company Consumption - Adj. No. 9	30	(4,015)	(76)	(9)	(299)	(384)	(159)	(24)	(282)	(465)
Uncollectible Accounts - Adj. No. 10	11	(47,870)	0	0	(4,142)	(4,142)	0	0	(1,402)	(1,402)
Advertising - Adj. No. 11	8	(46,770)	0	0	(4,044)	(4,044)	0	0	(1,369)	(1,369)
Software Maintenance - Adj. No. 12	30	108,751	2,066	247	8,089	10,402	4,313	653	7,630	12,596
Insurance - Adj. No. 13	30	(75,062)	(1,426)	(170)	(5,583)	(7,179)	(2,977)	(451)	(5,266)	(8,694)
Industry Dues - Adj. No. 14	30	14,150	269	32	1,053	1,354	561	85	993	1,639
Regulatory Commission Expense - Adj. No. 15	30	51,908	986	118	3,861	4,965	2,059	312	3,642	6,013
Materials - Adj. No. 16	30	8,258	157	19	614	790	328	50	579	957
Total (Adjustments 8-16)		336,230	8,333	761	23,803	32,897	17,399	2,012	27,315	46,726
Total Adjustments to O&M		(6,041,453)	(346,264)	(732,939)	23,803	(1,055,400)	(727,325)	(493,789)	27,315	(1,193,799)
DEPRECIATION EXPENSE										
Average Annual Depreciation - Adj. No. 17										
Production Plant	3	0	0	0	0	0	0	0	0	0
Distribution Plant	23	454,328	14,788	0	30,301	45,089	30,878	0	27,214	58,092
General Plant	41	51,170	1,593	0	3,457	5,050	3,327	0	3,011	6,338
Common	41	115,296	3,590	0	7,789	11,379	7,496	0	6,785	14,281
Pref. Stock Redemption Amort.	41	0	0	0	0	0	0	0	0	0
Total Average Annual Depreciation Adj. 17		620,794	19,971	0	41,547	61,518	41,701	0	37,010	78,711

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			13	14	15		16	17	18	
	Allocation	Total	Small Interruptible			Total	Large Interruptible			Total
	Factor	Montana	Demand	Energy	Customer	Small Interruptible	Demand	Energy	Customer	Large Interruptible
OPERATION & MAINTENANCE EXPENSES										
Cost of Gas - Adj. No. 5	Direct	(6,377,683)	(11,044)	(60,239)		(71,283)	(4,113)	(60,193)		(64,306)
Production Adj.	3	0	0	0	0	0	0	0	0	0
Labor Expense - Adj. No. 6										
Other Gas Supply	30	2,751	15	1	15	31	22	1	3	26
Production	3	0	0	0	0	0	0	0	0	0
Distribution	29	80,655	624	11	522	1,157	898	46	94	1,038
Customer Accounting	8	20,521	0	0	11	11	0	0	1	1
Customer Service	8	865	0	0	0	0	0	0	0	0
Sales	8	1,037	0	0	1	1	0	0	0	0
A&G	30	32,379	182	11	173	366	262	18	32	312
Total -Labor Expense - Adj. No. 6		138,208	821	23	722	1,566	1,182	65	130	1,377
Benefits Expense - Adj. No. 7	30	140,957	794	47	752	1,593	1,141	77	139	1,357
Vehicles & Work Equipment - Adj. No. 8	30	47,715	269	16	255	540	386	26	47	459
Company Consumption - Adj. No. 9	30	(4,015)	(23)	(1)	(21)	(45)	(33)	(2)	(4)	(39)
Uncollectible Accounts - Adj. No. 10	11	(47,870)	0	0	0	0	0	0	0	0
Advertising - Adj. No. 11	8	(46,770)	0	0	(25)	(25)	0	0	(3)	(3)
Software Maintenance - Adj. No. 12	30	108,751	612	36	580	1,228	881	59	107	1,047
Insurance - Adj. No. 13	30	(75,062)	(423)	(25)	(401)	(849)	(608)	(41)	(74)	(723)
Industry Dues - Adj. No. 14	30	14,150	80	5	76	161	115	8	14	137
Regulatory Commission Expense - Adj. No. 15	30	51,908	292	17	277	586	420	28	51	499
Materials - Adj. No. 16	30	8,258	46	3	44	93	67	4	8	79
Total (Adjustments 8-16)		336,230	2,468	121	2,259	4,848	3,551	224	415	4,190
Total Adjustments to O&M		(6,041,453)	(8,576)	(60,118)	2,259	(66,435)	(562)	(59,969)	415	(60,116)
DEPRECIATION EXPENSE										
Average Annual Depreciation - Adj. No. 17										
Production Plant	3	0	0	0	0	0	0	0	0	0
Distribution Plant	23	454,328	4,137	0	2,103	6,240	6,162	0	346	6,508
General Plant	41	51,170	446	0	229	675	664	0	38	702
Common	41	115,296	1,005	0	517	1,522	1,496	0	85	1,581
Pref. Stock Redemption Amort.	41	0	0	0	0	0	0	0	0	0
Total Average Annual Depreciation Adj. 17		620,794	5,588	0	2,849	8,437	8,322	0	469	8,791

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			4	5	6	
	Allocation Factor	Total Montana	Residential			Total Residential
			Demand	Energy	Customer	
TAXES OTHER THAN INCOME						
Ad Valorem Taxes - Adj. No. 18						
Production Plant	3	0	0	0	0	0
Distribution Plant	42	748,523	115,468	0	441,976	557,443
General Plant	42	59,232	9,137	0	34,975	44,112
Common Plant	42	21,534	3,322	0	12,714	16,035
Total Ad Valorem Taxes		829,289	127,927	0	489,665	617,590
Payroll Taxes - Adj. No. 19	31	10,058	918	125	6,678	7,721
MCC & PSC Tax - Adj. 20	26	147,486	22,955	48,671	16,764	88,390
Total Adjustments to Taxes Other than Income		986,833	151,800	48,796	513,107	713,701
CURRENT INCOME TAXES						
Interest Annualization - Adj. No. 21	41	335,122	50,120	0	201,399	251,519
Tax Depreciation on Plant Additions - Adj. No. 22	41	8,393	1,255	0	5,044	6,299
		343,515	51,375	0	206,443	257,818
Net Adjustments to Operating Income		(4,503,180)	(118,766)	(1,699,505)	(1,048,687)	(2,866,956)
Income Taxes on Pro Forma Adj. - Adj. No. 24 0.263325	(Calculated)	(1,185,800)	(31,274)	(447,522)	(276,144)	(754,942)
Elimination of Closing/Filing&Res. - Adj. No. 25	41	226,468	33,870	0	136,101	169,971
Total Adjustments to Current Income Taxes		(959,332)	2,596	(447,522)	(140,043)	(584,971)
DEFERRED INCOME TAXES						
Plant Additions - Adj. No. 22	41	3,877	580	0	2,330	2,910
Elimination of Closing/Filing - Adj. No. 25	41	(220,036)	(32,908)	0	(132,236)	(165,144)
Other Tax Deductions	24	0	0	0	0	0
Total Adjustments to Deferred Income Taxes		(216,159)	(32,328)	0	(129,906)	(162,234)
Total Adjustments:		(2,984,174)	(37,659)	(1,251,983)	(572,295)	(1,861,937)

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			7	8	9		10	11	12	
	Allocation	Total	Firm General-Meter < 500 cubic feet			Total Small	Firm General > 500 cubic feet			Total Large
	Factor	Montana	Demand	Energy	Customer	Firm General	Demand	Energy	Customer	Firm General
TAXES OTHER THAN INCOME										
Ad Valorem Taxes - Adj. No. 18										
Production Plant	3	0	0	0	0	0	0	0	0	0
Distribution Plant	42	748,523	24,040	0	50,129	74,169	50,195	0	45,764	95,959
General Plant	42	59,232	1,902	0	3,967	5,869	3,972	0	3,621	7,593
Common Plant	42	21,534	692	0	1,442	2,134	1,444	0	1,317	2,761
Total Ad Valorem Taxes		829,289	26,634	0	55,538	82,172	55,611	0	50,702	106,313
Payroll Taxes - Adj. No. 19	31	10,058	191	23	748	962	399	60	706	1,165
MCC & PSC Tax - Adj. 20	26	147,486	4,800	9,256	2,840	16,896	10,081	25,997	1,922	38,000
Total Adjustments to Taxes Other than Income		986,833	31,625	9,279	59,126	100,030	66,091	26,057	53,330	145,478
CURRENT INCOME TAXES										
Interest Annualization - Adj. No. 21	41	335,122	10,435	0	22,639	33,074	21,788	0	19,721	41,509
Tax Depreciation on Plant Additions - Adj. No. 22	41	8,393	261	0	567	828	546	0	494	1,040
		343,515	10,696	0	23,206	33,902	22,334	0	20,215	42,549
Net Adjustments to Operating Income		(4,503,180)	(24,547)	(198,328)	(107,186)	(330,061)	(50,752)	(1,106,022)	(113,702)	(1,270,476)
Income Taxes on Pro Forma Adj. - Adj. No. 24 0.263325	(Calculated)	(1,185,800)	(6,464)	(52,225)	(28,225)	(86,913)	(13,364)	(291,243)	(29,941)	(334,548)
Elimination of Closing/Filing&Res. - Adj. No. 25	41	226,468	7,051	0	15,299	22,350	14,724	0	13,327	28,051
Total Adjustments to Current Income Taxes		(959,332)	587	(52,225)	(12,926)	(64,563)	1,360	(291,243)	(16,614)	(306,497)
DEFERRED INCOME TAXES										
Plant Additions - Adj. No. 22	41	3,877	121	0	262	383	252	0	228	480
Elimination of Closing/Filing - Adj. No. 25	41	(220,036)	(6,851)	0	(14,865)	(21,716)	(14,305)	0	(12,948)	(27,253)
Other Tax Deductions	24	0	0	0	0	0	0	0	0	0
Total Adjustments to Deferred Income Taxes		(216,159)	(6,730)	0	(14,603)	(21,333)	(14,053)	0	(12,720)	(26,773)
Total Adjustments:		(2,984,174)	(7,708)	(146,103)	(56,451)	(210,262)	(15,725)	(814,779)	(64,153)	(894,657)

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**Embedded Class Cost of Service Study**  
**Twelve Months Ended December 31, 2019**  
**Pro Forma 2020**

			13	14	15		16	17	18	
	Allocation Factor	Total Montana	Small Interruptible			Total Small Interruptible	Large Interruptible			Total Large Interruptible
			Demand	Energy	Customer		Demand	Energy	Customer	
TAXES OTHER THAN INCOME										
Ad Valorem Taxes - Adj. No. 18										
Production Plant	3	0	0	0	0	0	0	0	0	0
Distribution Plant	42	748,523	6,765	0	3,567	10,332	10,030	0	590	10,620
General Plant	42	59,232	535	0	282	817	794	0	47	841
Common Plant	42	21,534	195	0	103	298	289	0	17	306
Total Ad Valorem Taxes		829,289	7,495	0	3,952	11,447	11,113	0	654	11,767
Payroll Taxes - Adj. No. 19	31	10,058	57	3	54	114	81	5	10	96
MCC & PSC Tax - Adj. 20	26	147,486	149	1,844	294	2,287	56	1,778	79	1,913
Total Adjustments to Taxes Other than Income		986,833	7,701	1,847	4,300	13,848	11,250	1,783	743	13,776
CURRENT INCOME TAXES										
Interest Annualization - Adj. No. 21	41	335,122	2,922	0	1,502	4,424	4,349	0	247	4,596
Tax Depreciation on Plant Additions - Adj. No. 22	41	8,393	73	0	38	111	109	0	6	115
		343,515	2,995	0	1,540	4,535	4,458	0	253	4,711
Net Adjustments to Operating Income		(4,503,180)	(17,317)	(32,008)	(8,581)	(57,906)	(27,047)	51,525	(2,259)	22,219
Income Taxes on Pro Forma Adj. - Adj. No. 24 0.263325	(Calculated)	(1,185,800)	(4,560)	(8,429)	(2,260)	(15,248)	(7,122)	13,568	(595)	5,851
Elimination of Closing/Filing&Res. - Adj. No. 25	41	226,468	1,975	0	1,015	2,990	2,939	0	167	3,106
Total Adjustments to Current Income Taxes		(959,332)	(2,585)	(8,429)	(1,245)	(12,258)	(4,183)	13,568	(428)	8,957
DEFERRED INCOME TAXES										
Plant Additions - Adj. No. 22	41	3,877	34	0	17	51	50	0	3	53
Elimination of Closing/Filing - Adj. No. 25	41	(220,036)	(1,919)	0	(986)	(2,905)	(2,856)	0	(162)	(3,018)
Other Tax Deductions	24	0	0	0	0	0	0	0	0	0
Total Adjustments to Deferred Income Taxes		(216,159)	(1,885)	0	(969)	(2,854)	(2,806)	0	(159)	(2,965)
Total Adjustments:		(2,984,174)	(9,852)	(23,579)	(4,827)	(38,258)	(15,600)	37,957	(1,419)	20,938



**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
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ALLOCATION FACTOR REPORT  
TWELVE MONTHS ENDED DECEMBER 31, 2019  
PRO FORMA AVERAGE PLANT**

	Total Montana	Residential		
		Demand	Energy	Customer
1 Dk Throughput	13,551,569 100.000000%	0 0.000000%	5,912,347 43.628505%	0 0.000000%
2 Peak Day Design @ Distribution	127,800 100.000000%	71,664 56.075119%	0 0.000000%	0 0.000000%
3 Dk Sales	10,017,471 100.000000%	0 0.000000%	5,912,347 59.020354%	0 0.000000%
5 Peak Day Design	131,159 100.000000%	72,167 55.022529%	0 0.000000%	0 0.000000%
8 Average Customers	86,435 100.000000%	0 0.000000%	0 0.000000%	76,379 88.365824%
9 Average Customers @ Distribution	85,772 100.000000%	0 0.000000%	0 0.000000%	75,847 88.428624%
10 Total Weighted Customers	107,491 100.000000%	0 0.000000%	0 0.000000%	76,379 71.056183%
11 Average Res. & Firm General Cust.	86,383 100.000000%	0 0.000000%	0 0.000000%	76,379 88.419018%
12 Weighted Customers @ Distribution	106,328 100.000000%	0 0.000000%	0 0.000000%	75,847 71.333045%
13 Distribution Mains	46,041,331 100.000000%	16,781,525 36.448828%	0 0.000000%	14,249,799 30.950014%
15 Distribution Plant	117,815,706 100.000000%	18,174,387 15.426116%	0 0.000000%	69,565,881 59.046355%

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
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TWELVE MONTHS ENDED DECEMBER 31, 2019  
PRO FORMA AVERAGE PLANT**

	Total Montana	Small Firm General			Large Firm General		
		Demand	Energy	Customer	Demand	Energy	Customer
1 Dk Throughput	13,551,569 100.000000%	0 0.000000%	1,076,027 7.940239%	0 0.000000%	0 0.000000%	2,846,779 21.007007%	0 0.000000%
2 Peak Day Design @ Distribution	127,800 100.000000%	14,920 11.674491%	0 0.000000%	0 0.000000%	31,153 24.376369%	0 0.000000%	0 0.000000%
3 Dk Sales	10,017,471 100.000000%	0 0.000000%	1,076,027 10.741504%	0 0.000000%	0 0.000000%	2,846,779 28.418141%	0 0.000000%
5 Peak Day Design	131,159 100.000000%	15,090 11.505120%	0 0.000000%	0 0.000000%	31,692 24.163039%	0 0.000000%	0 0.000000%
8 Average Customers	86,435 100.000000%	0 0.000000%	0 0.000000%	7,474 8.646960%	0 0.000000%	0 0.000000%	2,530 2.927055%
9 Average Customers @ Distribution	85,772 100.000000%	0 0.000000%	0 0.000000%	7,390 8.615865%	0 0.000000%	0 0.000000%	2,488 2.900714%
10 Total Weighted Customers	107,491 100.000000%	0 0.000000%	0 0.000000%	8,969 8.343954%	0 0.000000%	0 0.000000%	20,240 18.829483%
11 Average Res. & Firm General Cust.	86,383 100.000000%	0 0.000000%	0 0.000000%	7,474 8.652165%	0 0.000000%	0 0.000000%	2,530 2.928817%
12 Weighted Customers @ Distribution	106,328 100.000000%	0 0.000000%	0 0.000000%	8,868 8.340230%	0 0.000000%	0 0.000000%	19,904 18.719434%
13 Distribution Mains	46,041,331 100.000000%	3,493,809 7.588419%	0 0.000000%	1,388,401 3.015554%	7,295,083 15.844640%	0 0.000000%	467,435 1.015251%
15 Distribution Plant	117,815,706 100.000000%	3,783,794 3.211621%	0 0.000000%	7,890,172 6.697046%	7,900,574 6.705875%	0 0.000000%	7,203,148 6.113912%

**MONTANA-DAKOTA UTILITIES CO.  
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TWELVE MONTHS ENDED DECEMBER 31, 2019  
PRO FORMA AVERAGE PLANT**

	Total Montana	Small Interruptible			Large Interruptible		
		Demand	Energy	Customer	Demand	Energy	Customer
1 Dk Throughput	13,551,569 100.000000%	0 0.000000%	733,512 5.412746%	0 0.000000%	0 0.000000%	2,982,904 22.011503%	0 0.000000%
2 Peak Day Design @ Distribution	127,800 100.000000%	3,928 3.073552%	0 0.000000%	0 0.000000%	6,135 4.800469%	0 0.000000%	0 0.000000%
3 Dk Sales	10,017,471 100.000000%	0 0.000000%	118,305 1.180987%	0 0.000000%	0 0.000000%	64,013 0.639014%	0 0.000000%
5 Peak Day Design	131,159 100.000000%	4,038 3.078706%	0 0.000000%	0 0.000000%	8,172 6.230606%	0 0.000000%	0 0.000000%
8 Average Customers	86,435 100.000000%	0 0.000000%	0 0.000000%	47 0.054376%	0 0.000000%	0 0.000000%	5 0.005785%
9 Average Customers @ Distribution	85,772 100.000000%	0 0.000000%	0 0.000000%	43 0.050133%	0 0.000000%	0 0.000000%	4 0.004664%
10 Total Weighted Customers	107,491 100.000000%	0 0.000000%	0 0.000000%	1,625 1.511754%	0 0.000000%	0 0.000000%	278 0.258626%
11 Average Res. & Firm General Cust.	86,383 100.000000%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%
12 Weighted Customers @ Distribution	106,328 100.000000%	0 0.000000%	0 0.000000%	1,487 1.398503%	0 0.000000%	0 0.000000%	222 0.208788%
13 Distribution Mains	46,041,331 100.000000%	919,818 1.997809%	0 0.000000%	8,079 0.017547%	1,436,630 3.120305%	0 0.000000%	752 0.001633%
15 Distribution Plant	117,815,706 100.000000%	1,064,802 0.903786%	0 0.000000%	561,372 0.476483%	1,578,763 1.340028%	0 0.000000%	92,813 0.078778%

**MONTANA-DAKOTA UTILITIES CO.  
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PRO FORMA AVERAGE PLANT**

	Total Montana	Residential		
		Demand	Energy	Customer
16 Meters & Regulators	27,868,501 100.000000%	0 0.000000%	0 0.000000%	19,773,572 70.953124%
17 Structures & Improvements	241,046 100.000000%	81,611 33.857023%	0 0.000000%	69,298 28.748868%
18 Meas. & Reg. Sta. Eqpt.- General	784,907 100.000000%	286,089 36.448777%	0 0.000000%	242,929 30.950036%
19 Meas. & Reg. Eqpt.- City Gate	164,952 100.000000%	23,841 14.453296%	0 0.000000%	20,245 12.273268%
20 Service Regulators	3,486,054 100.000000%	0 0.000000%	0 0.000000%	2,448,336 70.232302%
21 Ind. Meas. & Reg. Sta. Eqpt.	431,100 100.000000%	148,333 34.408026%	0 0.000000%	125,956 29.217351%
22 Mains & Services	85,984,966 100.000000%	16,781,525 19.516813%	0 0.000000%	48,609,579 56.532648%
23 Pro Forma Distribution Plant	127,783,962 100.000000%	19,978,511 15.634600%	0 0.000000%	75,198,894 58.848461%
24 Net Gas Plant in Service	74,973,506 100.000000%	11,446,255 15.267066%	0 0.000000%	44,003,508 58.692078%
25 Total Gas Plant in Service	148,470,599 100.000000%	21,877,934 14.735533%	0 0.000000%	89,615,226 60.358902%
26 Pro Forma Operating Revenue	63,762,478 100.000000%	9,924,142 15.564235%	21,041,738 33.000189%	7,248,367 11.367761%

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PRO FORMA AVERAGE PLANT**

	Total Montana	Small Firm General			Large Firm General		
		Demand	Energy	Customer	Demand	Energy	Customer
16 Meters & Regulators	27,868,501 100.000000%	0 0.000000%	0 0.000000%	2,335,680 8.381075%	0 0.000000%	0 0.000000%	5,254,065 18.853059%
17 Structures & Improvements	241,046 100.000000%	16,991 7.048862%	0 0.000000%	6,752 2.801125%	35,477 14.717938%	0 0.000000%	2,273 0.942974%
18 Meas. & Reg. Sta. Eqpt.- General	784,907 100.000000%	59,562 7.588415%	0 0.000000%	23,669 3.015516%	124,366 15.844680%	0 0.000000%	7,969 1.015280%
19 Meas. & Reg. Eqpt.- City Gate	164,952 100.000000%	4,964 3.009360%	0 0.000000%	1,972 1.195499%	10,364 6.283040%	0 0.000000%	664 0.402541%
20 Service Regulators	3,486,054 100.000000%	0 0.000000%	0 0.000000%	301,220 8.640715%	0 0.000000%	0 0.000000%	662,976 19.017950%
21 Ind. Meas. & Reg. Sta. Eqpt.	431,100 100.000000%	30,882 7.163535%	0 0.000000%	12,272 2.846671%	64,482 14.957550%	0 0.000000%	4,132 0.958478%
22 Mains & Services	85,984,966 100.000000%	3,493,809 4.063279%	0 0.000000%	5,439,255 6.325821%	7,295,083 8.484138%	0 0.000000%	1,910,286 2.221651%
23 Pro Forma Distribution Plant	127,783,962 100.000000%	4,159,400 3.255025%	0 0.000000%	8,522,451 6.669421%	8,684,844 6.796505%	0 0.000000%	7,654,218 5.989968%
24 Net Gas Plant in Service	74,973,506 100.000000%	2,383,037 3.178505%	0 0.000000%	4,922,058 6.565063%	4,975,791 6.636732%	0 0.000000%	5,160,187 6.882681%
25 Total Gas Plant in Service	148,470,599 100.000000%	4,554,849 3.067846%	0 0.000000%	10,072,747 6.784338%	9,510,539 6.405672%	0 0.000000%	8,865,544 5.971246%
26 Pro Forma Operating Revenue	63,762,478 100.000000%	2,075,122 3.254456%	4,001,733 6.276000%	1,227,605 1.925278%	4,358,168 6.835004%	11,239,165 17.626613%	831,106 1.303441%

**MONTANA-DAKOTA UTILITIES CO.  
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PRO FORMA AVERAGE PLANT**

	Total Montana	Small Interruptible			Large Interruptible		
		Demand	Energy	Customer	Demand	Energy	Customer
16 Meters & Regulators	27,868,501 100.000000%	0 0.000000%	0 0.000000%	433,214 1.554493%	0 0.000000%	0 0.000000%	71,970 0.258249%
17 Structures & Improvements	241,046 100.000000%	12,545 5.204401%	0 0.000000%	4,386 1.819570%	10,056 4.171818%	0 0.000000%	1,657 0.687421%
18 Meas. & Reg. Sta. Eqpt.- General	784,907 100.000000%	15,681 1.997816%	0 0.000000%	138 0.017582%	24,491 3.120242%	0 0.000000%	13 0.001656%
19 Meas. & Reg. Eqpt.- City Gate	164,952 100.000000%	55,566 33.686163%	0 0.000000%	29,228 17.719094%	12,484 7.568262%	0 0.000000%	5,624 3.409477%
20 Service Regulators	3,486,054 100.000000%	0 0.000000%	0 0.000000%	64,611 1.853414%	0 0.000000%	0 0.000000%	8,911 0.255619%
21 Ind. Meas. & Reg. Sta. Eqpt.	431,100 100.000000%	14,438 3.349107%	0 0.000000%	3,468 0.804454%	22,079 5.121550%	0 0.000000%	5,058 1.173278%
22 Mains & Services	85,984,966 100.000000%	919,818 1.069743%	0 0.000000%	90,528 0.105284%	1,436,630 1.670792%	0 0.000000%	8,453 0.009831%
23 Pro Forma Distribution Plant	127,783,962 100.000000%	1,163,688 0.910668%	0 0.000000%	591,433 0.462838%	1,733,209 1.356359%	0 0.000000%	97,314 0.076155%
24 Net Gas Plant in Service	74,973,506 100.000000%	639,893 0.853492%	0 0.000000%	388,131 0.517691%	989,456 1.319741%	0 0.000000%	65,190 0.086951%
25 Total Gas Plant in Service	148,470,599 100.000000%	1,281,785 0.863326%	0 0.000000%	679,382 0.457587%	1,900,481 1.280039%	0 0.000000%	112,112 0.075511%
26 Pro Forma Operating Revenue	63,762,478 100.000000%	64,633 0.101365%	797,027 1.249994%	126,900 0.199020%	24,065 0.037742%	768,672 1.205524%	34,035 0.053378%

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
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TWELVE MONTHS ENDED DECEMBER 31, 2019  
PRO FORMA AVERAGE PLANT**

	Total	Residential		
	Montana	Demand	Energy	Customer
27 All Other Dist. Operation Exp.	2,811,641 100.000000%	356,197 12.668652%	4,002 0.142337%	1,716,556 61.051748%
28 All Other Dist. Maintenance Exp.	859,770 100.000000%	103,500 12.038103%	0 0.000000%	543,289 63.190039%
29 Distribution O&M	6,688,274 100.000000%	838,876 12.542489%	7,615 0.113856%	4,111,922 61.479568%
30 O&M Excl. Cost of Gas and A&G	9,194,136 100.000000%	838,876 9.124033%	114,601 1.246458%	6,104,012 66.390274%
31 O&M Excl. Cost of Gas	15,074,103 100.000000%	1,375,366 9.124032%	187,892 1.246456%	10,007,738 66.390271%
33 Cost of Gas	37,322,531 100.000000%	9,924,146 26.590229%	12,265,022 32.862246%	0 0.000000%
35 Taxable Income	(1,918,665) 100.000000%	(3,652,098) 190.345787%	10,146,758 -528.844691%	(12,530,673) 653.093323%
37 Weighted Services @ Distribution	88,173 100.000000%	0 0.000000%	0 0.000000%	75,847 86.020664%
40 Total Tax Deductions & Adjustments	2,728,434 100.000000%	416,552 15.267073%	0 0.000000%	1,601,376 58.692130%
41 Total Pro Forma Plant	161,571,009 100.000000%	24,164,046 14.955682%	0 0.000000%	97,099,908 60.097356%
42 Per Books Ad Valorem Tax	5,747,650 100.000000%	886,639 15.426113%	0 0.000000%	3,393,778 59.046359%
43 Customer Records and Collections	1,291,055 100.000000%	0 0.000000%	0 0.000000%	1,118,668 86.647611%

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**EMBEDDED CLASS COST OF SERVICE STUDY**  
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**PRO FORMA AVERAGE PLANT**

	Total Montana	Small Firm General			Large Firm General		
		Demand	Energy	Customer	Demand	Energy	Customer
27 All Other Dist. Operation Exp.	2,811,641 100.000000%	74,158 2.637534%	728 0.025892%	196,061 6.973188%	154,841 5.507140%	1,927 0.068536%	233,354 8.299566%
28 All Other Dist. Maintenance Exp.	859,770 100.000000%	21,548 2.506252%	0 0.000000%	62,288 7.244728%	44,991 5.232911%	0 0.000000%	57,415 6.677949%
29 Distribution O&M	6,688,274 100.000000%	174,648 2.611257%	1,386 0.020723%	470,021 7.027538%	364,663 5.452274%	3,667 0.054827%	533,395 7.975077%
30 O&M Excl. Cost of Gas and A&G	9,194,136 100.000000%	174,648 1.899559%	20,857 0.226851%	683,879 7.438208%	364,663 3.966256%	55,181 0.600176%	645,030 7.015667%
31 O&M Excl. Cost of Gas	15,074,103 100.000000%	286,341 1.899556%	34,196 0.226853%	1,121,243 7.438207%	597,878 3.966259%	90,471 0.600175%	1,057,549 7.015668%
33 Cost of Gas	37,322,531 100.000000%	2,075,122 5.559971%	1,963,231 5.260176%	0 0.000000%	4,358,168 11.677043%	6,325,855 16.949159%	0 0.000000%
35 Taxable Income	(1,918,665) 100.000000%	(760,581) 39.641157%	2,175,763 -113.399838%	(1,013,334) 52.814535%	(1,588,754) 82.805180%	5,853,597 -305.086975%	(1,225,867) 63.891664%
37 Weighted Services @ Distribution	88,173 100.000000%	0 0.000000%	0 0.000000%	8,942 10.141427%	0 0.000000%	0 0.000000%	3,185 3.612217%
40 Total Tax Deductions & Adjustments	2,728,434 100.000000%	86,723 3.178490%	0 0.000000%	179,123 6.565048%	181,079 6.636737%	0 0.000000%	187,789 6.882666%
41 Total Pro Forma Plant	161,571,009 100.000000%	5,030,802 3.113679%	0 0.000000%	10,914,937 6.755505%	10,504,334 6.501373%	0 0.000000%	9,507,866 5.884636%
42 Per Books Ad Valorem Tax	5,747,650 100.000000%	184,593 3.211626%	0 0.000000%	384,923 6.697050%	385,430 6.705871%	0 0.000000%	351,406 6.113907%
43 Customer Records and Collections	1,291,055 100.000000%	0 0.000000%	0 0.000000%	125,174 9.695449%	0 0.000000%	0 0.000000%	44,602 3.454661%



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PRO FORMA AVERAGE PLANT**

	Total Montana	Small Interruptible			Large Interruptible		
		Demand	Energy	Customer	Demand	Energy	Customer
27 All Other Dist. Operation Exp.	2,811,641 100.000000%	19,881 0.707096%	496 0.017641%	17,824 0.633936%	30,664 1.090609%	2,019 0.071809%	2,933 0.104316%
28 All Other Dist. Maintenance Exp.	859,770 100.000000%	8,950 1.040976%	0 0.000000%	5,996 0.697396%	10,345 1.203229%	0 0.000000%	1,448 0.168417%
29 Distribution O&M	6,688,274 100.000000%	51,760 0.773892%	944 0.014114%	43,249 0.646639%	74,451 1.113157%	3,842 0.057444%	7,835 0.117145%
30 O&M Excl. Cost of Gas and A&G	9,194,136 100.000000%	51,760 0.562968%	3,085 0.033554%	49,059 0.533590%	74,451 0.809766%	5,000 0.054382%	9,034 0.098258%
31 O&M Excl. Cost of Gas	15,074,103 100.000000%	84,862 0.562966%	5,058 0.033554%	80,434 0.533591%	122,065 0.809766%	8,198 0.054385%	14,812 0.098261%
33 Cost of Gas	37,322,531 100.000000%	64,633 0.173174%	202,054 0.541373%	0 0.000000%	24,065 0.064478%	120,235 0.322151%	0 0.000000%
35 Taxable Income	(1,918,665) 100.000000%	(203,276) 10.594658%	616,626 -32.138284%	(29,993) 1.563222%	(297,641) 15.512922%	583,453 -30.409321%	7,355 -0.383339%
37 Weighted Services @ Distribution	88,173 100.000000%	0 0.000000%	0 0.000000%	182 0.206412%	0 0.000000%	0 0.000000%	17 0.019280%
40 Total Tax Deductions & Adjustments	2,728,434 100.000000%	23,287 0.853493%	0 0.000000%	14,125 0.517696%	36,008 1.319731%	0 0.000000%	2,372 0.086936%
41 Total Pro Forma Plant	161,571,009 100.000000%	1,408,910 0.872007%	0 0.000000%	724,335 0.448308%	2,096,797 1.297756%	0 0.000000%	119,074 0.073698%
42 Per Books Ad Valorem Tax	5,747,650 100.000000%	51,946 0.903778%	0 0.000000%	27,387 0.476490%	77,020 1.340026%	0 0.000000%	4,528 0.078780%
43 Customer Records and Collections	1,291,055 100.000000%	0 0.000000%	0 0.000000%	2,039 0.157959%	0 0.000000%	0 0.000000%	572 0.044320%

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**ALLOCATION OF REVENUE INCREASE & RATE DESIGN RESULTS**  
**Pro Forma 2020 - 2020.06.\_\_\_\_**

Rate Class	Billing Determinants 1/							Pro Forma with 1/1/21 Tax Tracker Increase		
	Customers	Dk	Basic Service Charge	Distribution Delivery	Tax Tracking Adjustment	Gas Costs	Total Revenues	Revs Excl Tax Tracker	1/1/21 Tax Increase	1/1/21 Total Revenue
Residential	76,379	5,912,347	\$7,248,367	\$6,113,367	\$2,663,475	\$22,189,038	\$38,214,247	\$35,550,772	\$513,879	\$38,728,126
Firm General										
Small Firm General	7,474	1,076,027	1,227,605	1,495,678	542,848	4,038,329	7,304,460	6,761,612	104,734	7,409,194
Large Firm General	2,530	2,846,779	831,106	3,957,023	954,446	10,685,864	16,428,439	15,473,993	184,146	16,612,585
Total Firm General	10,004	3,922,806	2,058,711	5,452,701	1,497,294	14,724,193	23,732,899	22,235,605	288,880	24,021,779
Small Interruptible										
Sales	18	118,305	48,600	79,619	25,559	266,659	420,437	394,878	4,931	425,368
Transportation @ ceiling	28	582,626	75,600	392,107	93,231		560,938	467,707	17,987	578,925
Transportation @ Flex	1	32,581	2,700	3,291	1,194		7,185	5,991	230	7,415
Total Small IT	47	733,512	126,900	475,017	119,984	266,659	988,560	868,576	23,148	1,011,708
Large Interruptible										
Sales @ ceiling	1	64,013	6,807	29,446	7,227	144,285	187,765	180,538	1,394	189,159
Transportation @ ceiling	1	94,888	6,807	43,648	10,057		60,512	50,455	1,940	62,452
Transportation @ Flex	3	2,824,003	20,421	461,925	96,149		578,495	482,346	18,550	597,045
Total Large IT	5	2,982,904	34,035	535,019	113,433	144,285	826,772	713,339	21,884	848,656
Total Montana	86,435	13,551,569	\$9,468,013	\$12,576,104	\$4,394,186	\$37,324,175	\$63,762,478	\$59,368,292	\$847,791	\$64,610,269

Rate Class	Embedded COS Before Increase 2/			Required @ Overall Return					Cost of Service 3/
	Operating Income	Rate Base	Rate Of Return	Operating Income 3/	Increase in Revenue	Tax Tracker	Base Rates	% Increase	
Residential	-\$3,396,986	\$59,294,177	-5.73%	\$4,364,052	\$10,595,201	\$1,724,952	\$8,870,249	27.73%	\$48,809,448
Firm General									
Small Firm General	483,108	7,924,001	6.10%	583,206	136,652	124,886	11,766	1.87%	7,441,112
Large Firm General	1,923,936	10,601,285	18.15%	780,254	-1,561,330	219,309	-1,780,639	-9.50%	14,867,109
Total Firm General	2,407,044	18,525,286	12.99%	1,363,460	-1,424,678	344,195	-1,768,873	-6.00%	22,308,221
Small Interruptible	303,828	1,008,272	30.13%	74,209	-313,471	27,463	-340,934	-31.71%	675,089
Large Interruptible	296,976	1,075,628	27.61%	79,166	-297,349	18,031	-315,380	-35.97%	529,423
Total Montana	-\$389,138	\$79,903,363	-0.49%	\$5,880,887	\$8,559,703	\$2,114,641	\$6,445,062	13.42%	\$72,322,181

1/ Rule 38.5.164, Statement H, page 10.  
2/ Rule 38.5.176, Statement L, Schedule L-1.  
3/ Net of Other Revenues.

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**ALLOCATION OF REVENUE INCREASE & RATE DESIGN RESULTS**  
**Pro Forma 2020 - 2020.06.\_\_\_\_**

Rate Class	Target Rate Design Excluding Tax Tracker		Rate Design Results							Total Increase in Revenues				
	Increase In Revenue	% Increase	Basic Service Charge	Distribution Delivery	Dist. Rev Excl Tracker	Tax Tracker	Cost of Gas	Total Revenue	Rate of Return	Distribution Increase	1/1/21 Tax Increase	Base Tax Increase	Total Increase 5/	% Increase
Residential 1/	\$5,846,146	16.44%	\$10,593,767	\$8,614,290	\$19,208,057	\$4,388,427	\$22,189,038	\$45,785,522	3.62%	\$5,846,323	\$513,879	\$1,211,073	\$7,571,275	19.81%
Firm General														
Small Firm General 2/	199,053	2.94%	1,636,806	1,285,852	2,922,658	667,734	4,038,329	7,628,721	9.09%	199,375	104,734	20,152	324,261	4.44%
Large Firm General 2/	349,979	2.26%	1,616,038	3,521,465	5,137,503	1,173,755	10,685,864	16,997,122	22.08%	349,374	184,146	35,163	568,683	3.46%
Total Firm General	549,032	2.47%	3,252,844	4,807,317	8,060,161	1,841,489	14,724,193	24,625,843	16.52%	548,749	288,880	55,315	892,944	3.76%
Small Interruptible														
Sales 3/	9,372		67,392	78,673	146,065	33,371	266,659	446,095		17,846	4,931	2,881	25,658	6.10%
Transportation @ ceiling	34,186		104,832	387,444	492,276	112,469	0	604,745		24,569	17,987	1,251	43,807	7.81%
Transportation @ Flex	0		3,744	3,291	7,035	1,607	0	8,642		1,044	230	183	1,457	20.28%
Total Small IT	43,558	5.01%	175,968	469,408	645,376	147,447	266,659	1,059,482	35.29%	43,459	23,148	4,315	70,922	7.17%
Large Interruptible														
Sales @ ceiling 4/	2,650		6,807	32,007	38,814	8,868	144,285	191,967		2,561	1,394	247	4,202	2.24%
Transportation @ ceiling 4/	3,688		6,807	47,444	54,251	12,395	0	66,646		3,796	1,940	398	6,134	10.14%
Transportation @ Flex 4/	0		20,421	461,925	482,346	110,201	0	592,547		0	18,550	-4,498	14,052	2.43%
Total Large IT	6,338	0.89%	34,035	541,376	575,411	131,464	144,285	851,160	29.27%	6,357	21,884	-3,853	24,388	2.95%
Total Montana	\$6,445,074	10.86%	\$14,056,614	\$14,432,391	\$28,489,005	\$6,508,827	\$37,324,175	\$72,322,007	7.36%	\$6,444,888	\$847,791	\$1,266,850	\$8,559,529	13.42%

Proposed Base Tax Tracker Rate (\$6,508,827 / \$28,489,005) = 22.8468%

1/ Rule 38.5.177, Statement M, page 3.

2/ Rule 38.5.177, Statement M, page 4.

3/ Rule 38.5.177, Statement M, page 5.

4/ Rule 38.5.177, Statement M, page 6.

5/ Rule 38.5.175, page 7.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
RATE DESIGN & RECONCILIATION  
RESIDENTIAL GAS SERVICE - RATE 60  
Pro Forma 2020 - 2020.06.\_\_\_\_**

			Current		Proposed		
			Rate	Amount	Rate	Amount	Change
<b>Residential Rate 60</b>							
Basic Service Charge	76,379	Customers	\$0.26	\$7,248,367	\$0.38	\$10,593,767	\$3,345,400
Distribution Charge	5,912,347	Dk	1.034	6,113,367	1.457	8,614,290	2,500,923
Cost of Gas	5,912,347	Dk	3.753	<u>22,189,038</u>	3.753	<u>22,189,038</u>	0
Distribution Revenue Excluding Tax Tracker Adj.				\$13,361,734		\$19,208,057	\$5,846,323
Tax Tracker Adjustment		Percent	19.9336%	2,663,475	22.8468%	4,388,427	1,724,952
Total Revenue Rate 60				\$38,214,247		\$45,785,522	\$7,571,275
<b>Excluding Tax Tracker Adjustment</b>							
Total Distribution Revenues Per Design				\$19,208,057			
Target Distribution Revenues				<u>19,207,880</u>			
Difference				<u><u>\$177</u></u>			
Current Non-Gas Revenues				\$13,361,734			
Proposed Revenue Increase				<u>5,846,146</u>			
Total Revenue Requirement				<u>\$19,207,880</u>			
Less:							
Basic Service Charge Revenues				<u>10,593,767</u>			
Remaining Revenues To Be Collected				8,614,113			
Total Rate 60 Consumption				5,912,347			
Distribution Delivery Charge				\$1.457			

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
RATE DESIGN & RECONCILIATION  
FIRM GENERAL GAS SERVICE - RATES 70 & 72  
Pro Forma 2020 - 2020.06.\_\_\_\_**

			Current		Proposed		Change
			Rate	Amount	Rate	Amount	
<b>Firm General Rate 70</b>							
Basic Service Chg < 500	7,474	Customers:	\$0.45	\$1,227,605	\$0.60	\$1,636,806	\$409,201
Basic Service Chg > 500	2,530	Customers:	0.90	831,105	\$1.75	1,616,038	784,933
Subtotal	10,004			\$2,058,710		\$3,252,844	1,194,134
Distribution Delivery < 500	1,076,027	Dk	1.390	1,495,678	1.195	1,285,852	(209,826)
Distribution Delivery > 500	2,846,779	Dk	1.390	3,957,023	1.237	3,521,465	(435,558)
Cost of Gas < 500	1,076,027	Dk	3.753	4,038,329	3.753	4,038,329	0
Cost of Gas > 500	2,833,750	Dk	3.753	10,635,064	3.753	10,635,064	0
Cost of Gas > 500 seasonal	13,029	Dk	3.899	50,800	3.899	50,800	0
Distribution Revenue Excluding Tax Tracker Adj.				7,511,411		8,060,161	548,750
Tax Tracker Adjustment < 500		Percent	19.9336%	542,848	22.8468%	667,734	124,886
Tax Tracker Adjustment > 500		Percent	19.9336%	954,446	22.8468%	1,173,755	219,309
				1,497,294		1,841,489	344,195
Total Rates 70 and 72 Revenue				\$23,732,898		\$24,625,843	\$892,945
<b>Excluding Tax Tracker Adjustment</b>							
Total Distribution Revenues Per Design				\$8,060,161			
Target Distribution Revenues				8,060,443			
Difference				(\$282)			
				Small Firm	Large Firm		
Current Non-Gas Revenues				\$2,723,283	\$4,788,128		
Proposed Revenue Increase				199,053	349,979		
Total Revenue Requirement				\$2,922,336	\$5,138,107		
Less:							
Basic Service Charge Revenues				1,636,806	1,616,038		
Remaining Revenues To Be Collected				1,285,530	3,522,069		
Total Rates 70 & 72 Consumption				1,076,027	2,846,779		
Distribution Delivery Charge				\$1.195	\$1.237		

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**RATE DESIGN & RECONCILIATION**  
**SMALL INTERRUPTIBLE - RATES 71 & 81**  
**Pro Forma 2020 - 2020.06.\_\_\_\_**

			Current		Proposed		Change
			Rate	Amount	Rate	Amount	
Basic Service Charge							
Rate 71 Sales	18	Customers	\$225.00	\$48,600	\$312.00	\$67,392	\$18,792
Rate 81 Ceiling	28	Customers	225.00	75,600	312.00	104,832	29,232
Rate 81 Flex	1	Customers	225.00	2,700	312.00	3,744	1,044
Subtotal	47			126,900		\$175,968	\$49,068
Distribution Delivery							
Rate 71 Sales	118,305	Dk	\$0.673	79,619	\$0.665	78,673	(946)
Rate 81 Ceiling	582,626	Dk	0.673	392,107	0.665	387,444	(4,663)
Rate 81 Flex	32,581	Dk	1/	3,291	1/	3,291	0
Cost of Gas	118,305	Dk	2.254	266,659	2.254	266,659	0
Distribution Revenue Excluding Tax Tracker Adj.				601,917		642,085	43,459
Tax Tracker Adjustment - 71		Percent	19.9336%	25,559	22.8468%	33,371	7,812
Tax Tracker Adjustment - 81 Ceiling		Percent	19.9336%	93,231	22.8468%	112,469	19,238
Tax Tracker Adjustment - 81 Flex		Percent	19.9336%	1,194	22.8468%	1,607	413
Total Rates 71 and 81 Revenue				\$988,560		\$1,059,482	\$70,922

**Excluding Tax Tracker Adjustment**

Total Distribution Revenues Per Design	\$645,376
Target Distribution Revenues	645,475
Difference	(\$99)

Current Distribution Delivery Revenues	\$601,917
Proposed Revenue Increase	43,558
Total Revenue Requirement	\$645,475

Less:

Basic Service Charge Revenue @ Ceiling	175,968
Flex Distribution Revenue	3,291

Remaining Revenues To Be Collected \$466,216

Total Throughput Rates 71 & 81 @ Ceiling 700,931

Distribution Delivery Charge \$0.665

1/ Flexed Contracts

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**RATE DESIGN & RECONCILIATION**  
**LARGE INTERRUPTIBLE SERVICE - RATE 82 & 85**  
**Pro Forma 2020 - 2020.06.\_\_\_\_**

CLASS			Current		Proposed		Change
			Rate	Amount	Rate	Amount	
Basic Service Charge							
Rate 85	1	Customers	\$567.25	\$6,807	\$567.25	\$6,807	\$0
Rate 82 Ceiling	1	Customers	567.25	6,807	567.25	6,807	0
Rate 82 Flex	3	Customers	567.25	20,421	567.25	20,421	0
Subtotal				34,035		34,035	\$0
Distribution Delivery							
Rate 85 Sales	64,013	Dk	0.460	\$29,446	0.500	\$32,007	2,561
Rate 82 Ceiling	94,888	Dk	0.460	43,648	0.500	47,444	3,796
Rate 82 Flex	2,824,003	Dk	1/	461,925	1/	461,925	0
Cost of Gas	64,013	Dk	2.254	144,285	2.254	144,285	0
Tax Tracker Adj - 85		Percent	19.9336%	7,227	22.8468%	8,868	1,641
Tax Tracker Adj. - 82 Max		Percent	19.9336%	10,057	22.8468%	12,395	2,338
Tax Tracker Adj. - 82 Flex	1/	Percent	19.9336%	96,149	22.8468%	110,201	14,052
Distribution Revenue Excluding Tax Tracker Adj.				569,054		575,411	6,357
Total Revenue				\$826,772		\$851,160	\$24,388

**Excluding Tax Tracker Adjustment**

Total Distribution Revenues Per Design	\$575,411
Target Distribution Revenues	575,392
Difference	\$19

Current Distribution Delivery Revenues at Ceiling	\$86,708
Proposed Revenue Increase	6,338
Total Revenue Requirement at Ceiling	\$93,046
Less: Basic Service Charge	\$13,614
Remaining Revenues to be collected	\$79,432
DK @ Ceiling	158,901
Distribution Delivery Charge	\$0.500

1/ Flexed Contracts

Customer ID	Bills	Base Rev	Dk	Rate	Dist Rev	Total Rev
1	12	6,807	1,959,366	0.190	372,281	379,088
2	12	6,807	184,888	0.165	30,507	37,314
3	12	6,807	679,749	0.087	59,137	65,944
Total	36	\$20,421	2,824,003		\$461,925	\$482,346

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**Bill Comparison Annual Effects**  
**Residential - Rate 60**

Overall Annual Effect in Dollars				Overall Annual Effect by Percent			
Range	Total		Average	Range	Total		Average
	Customers	Customers	Monthly Use		Customers	Customers	Monthly Use
> than (\$0)	0	0	-	> than (00%)	0	0	-
\$0 to \$25	1	1	0.0	0% to 3%	0	0	-
\$25 to \$50	68	69	0.7	3% to 5%	0	0	-
\$50 to \$75	3,682	3,751	2.3	5% to 7%	0	0	-
\$75 to \$100	26,669	30,420	5.2	7% to 10%	0	0	-
\$100 to \$125	26,361	56,781	8.2	10% to 15%	1,860	1,860	21.2
\$125 to \$150	7,790	64,571	11.9	15% to 20%	39,956	41,816	9.1
\$150 to \$200	2,915	67,486	16.7	20% to 25%	21,783	63,599	5.0
\$200 to \$250	419	67,905	24.6	> than 25%	4,432	68,031	2.2
> than \$250	126	68,031	38.0				

**Current Rates**

BSC (per Day)	\$	0.26
Distribution Charge	\$	1.034
Tax Tracker		19.9336%
Cost of Gas	\$	3.7530

**MDU Rate 60 Rates**

BSC (per Day)	\$	0.38
Distribution Charge	\$	1.4570
Tax Tracker 1/		22.8468%
Cost of Gas	\$	3.7530



**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
Bill Comparison Annual Effects  
Firm General Gas Service Rate 70 - Small**

Overall Annual Effect in Dollars				Overall Annual Effect by Percent			
Range	Customers	Total Customers	Average Monthly Use	Range	Customers	Total Customers	Average Monthly Use
> than (\$0)	765	765	46.5	> than (00%)	763	763	46.5
\$0 to \$25	885	1,650	-	0% to 3%	1,558	2,321	21.1
\$25 to \$50	2,105	3,755	18.7	3% to 5%	875	3,196	25.0
\$50 to \$75	3,115	6,870	12.8	5% to 7%	769	3,965	22.0
\$75 to \$100	0	6,870	13.4	7% to 10%	878	4,843	7.1
\$100 to \$150	0	6,870	13.8	10% to 15%	948	5,791	4.7
\$150 to \$200	0	6,870	-	15% to 20%	477	6,268	2.8
\$200 to \$250	0	6,870	-	20% to 25%	234	6,502	1.7
> than \$250	0	6,870	-	> than 25%	368	6,870	0.4

**Current Rates**

BSC (per Day)	\$	0.45
Distribution Charge	\$	1.390
Tax Tracker		19.9336%
Cost of Gas	\$	3.753

**MDU Rate 70 (>500 cf/hr) Rates**

BSC (per Day)	\$	0.60
Distribution Charge	\$	1.195
Tax Tracker 1/		22.8468%
Cost of Gas	\$	3.753

1/ Rule 38.5.177, Statement M, page 2.

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - MONTANA**  
**Bill Comparison Annual Effects**  
**Firm General Gas Service Rate 70 - Large**

Overall Annual Effect in Dollars				Overall Annual Effect by Percent			
Range	Customers	Total Customers	Average Monthly Use	Range	Customers	Total Customers	Average Monthly Use
> than (\$750)	36	36	1,124.8	> than (03%)	0	0	-
(\$750) to (\$500)	21	57	568.4	(3%) to (0%)	227	227	462.0
(\$500) to (\$250)	37	94	422.9	0% to 3%	461	688	145.5
(\$250) to (\$100)	51	145	313.0	3% to 5%	298	986	87.2
(\$100) to \$0	81	226	248.5	5% to 7%	256	1,242	65.5
\$0 to \$25	22	248	213.0	7% to 10%	305	1,547	49.6
\$25 to \$50	28	276	197.8	10% to 15%	327	1,874	35.5
\$50 to \$75	48	324	184.8	15% to 20%	160	2,034	24.9
\$75 to \$100	34	358	167.6	20% to 25%	96	2,130	18.6
\$100 to \$150	121	479	147.4	> than 25%	241	2,371	8.1
> than \$150	0	479	-				

**Current Rates**

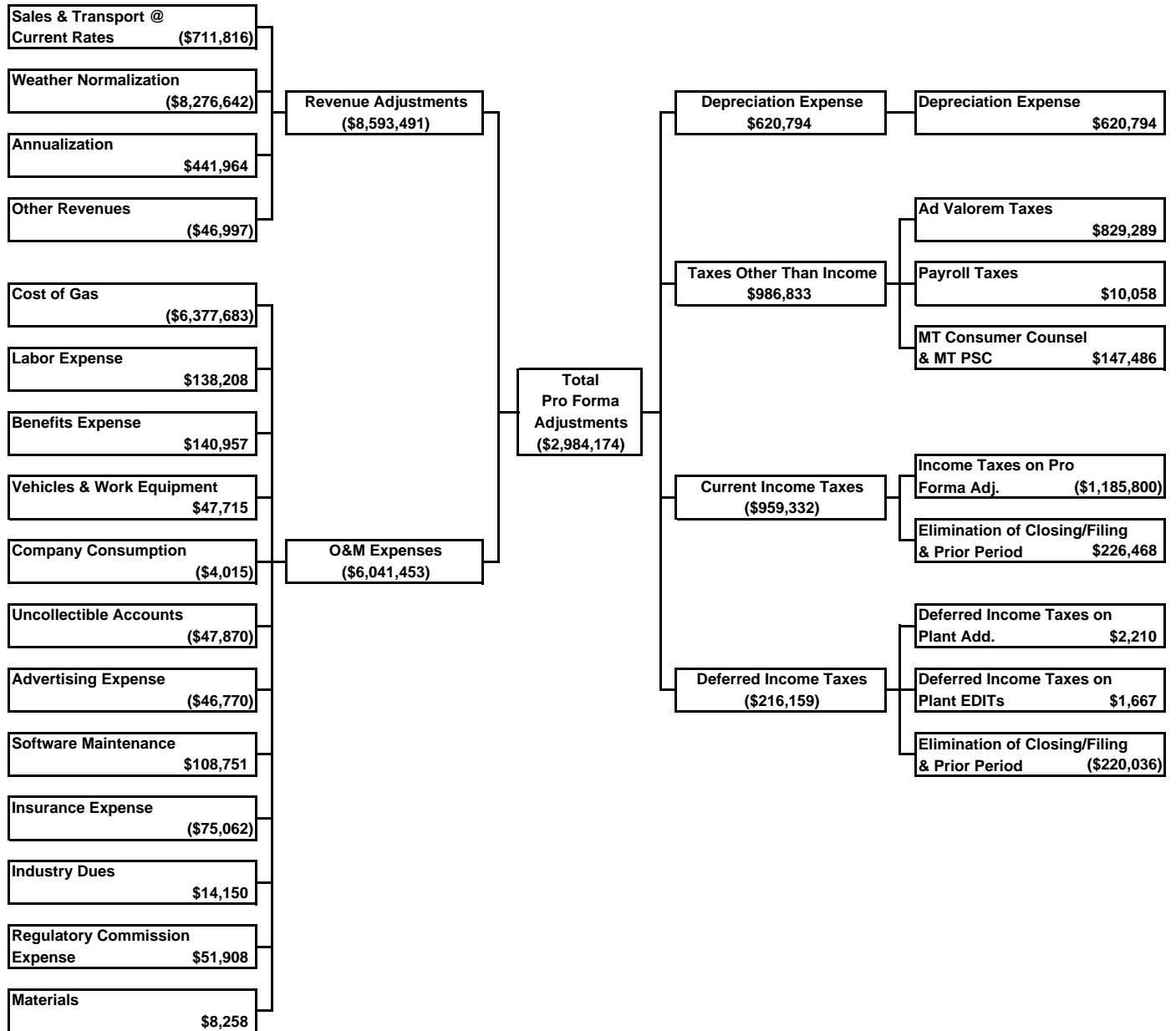
BSC (per Day)	\$ 0.90
Distribution Charge	\$ 1.390
Tax Tracker	19.9336%
Cost of Gas	\$ 3.753

**MDU Rate 70 (>500 cf/hr) Rates**

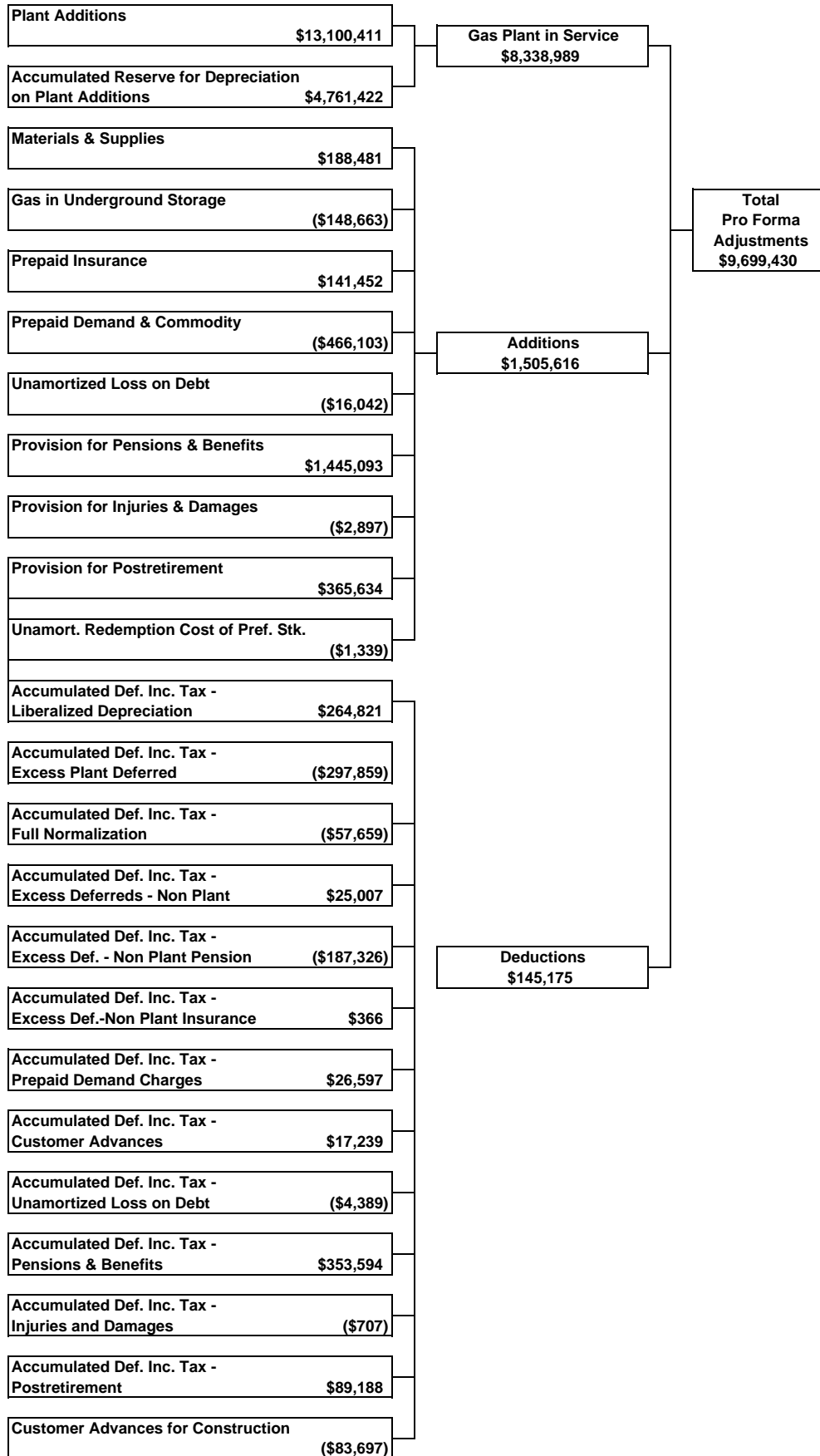
BSC (per Day)	\$ 1.75
Distribution Charge	\$ 1.237
Tax Tracker 1/	22.8468%
Cost of Gas	\$ 3.753

1/ Rule 38.5.177, Statement M, page 2.

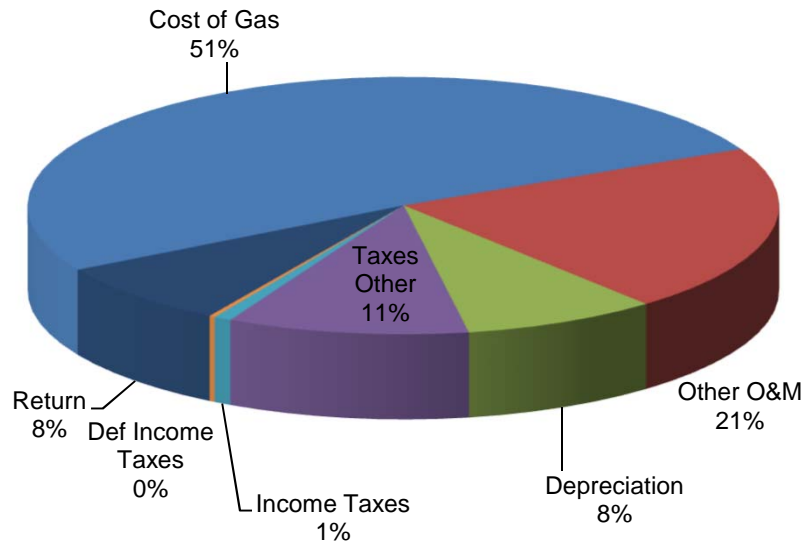
**MONTANA-DAKOTA UTILITIES CO.**  
**FLOWCHART OF PRO FORMA ADJUSTMENTS TO OPERATING INCOME**



**MONTANA-DAKOTA UTILITIES CO.**  
**FLOWCHART OF PRO FORMA ADJUSTMENTS TO RATE BASE**



**MONTANA-DAKOTA UTILITIES CO.  
SUMMARY OF REVENUE REQUIREMENTS**

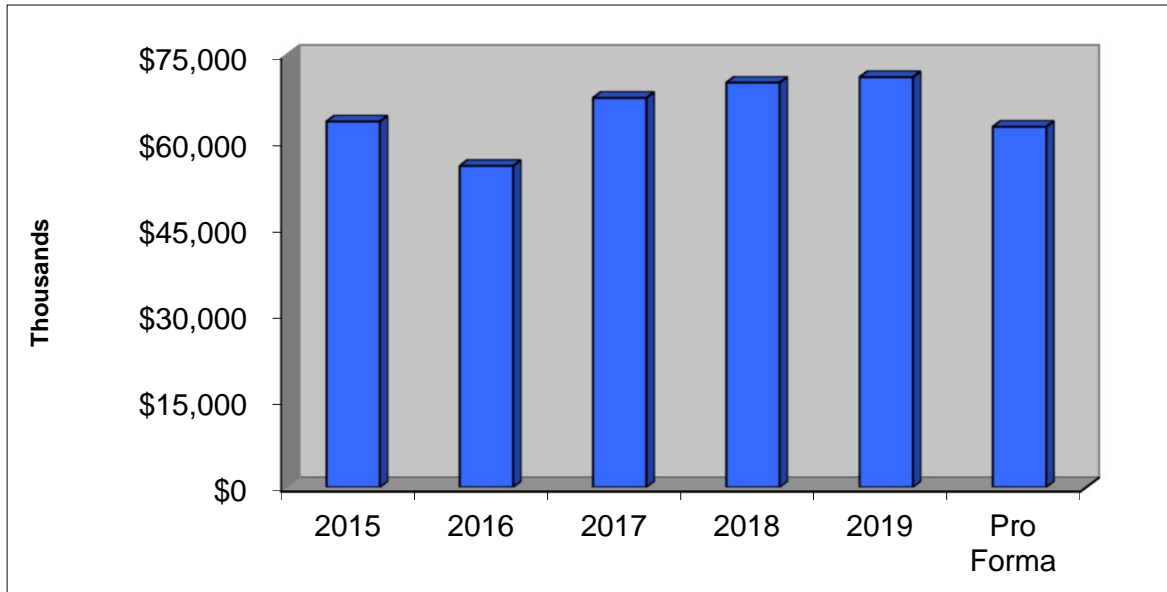


Revenue Requirement	
Cost of Gas	\$37,322,531
Other O&M	15,410,333
Depreciation	6,120,527
Taxes Other	7,585,803
Income Taxes	550,846
Def Income Taxes	183,533
Return	5,880,888
Miscellaneous Revenue	(732,285)
<b>Total</b>	<b>\$72,322,176</b>

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
SUMMARY OF INCOME STATEMENTS  
2020 - PRO FORMA**

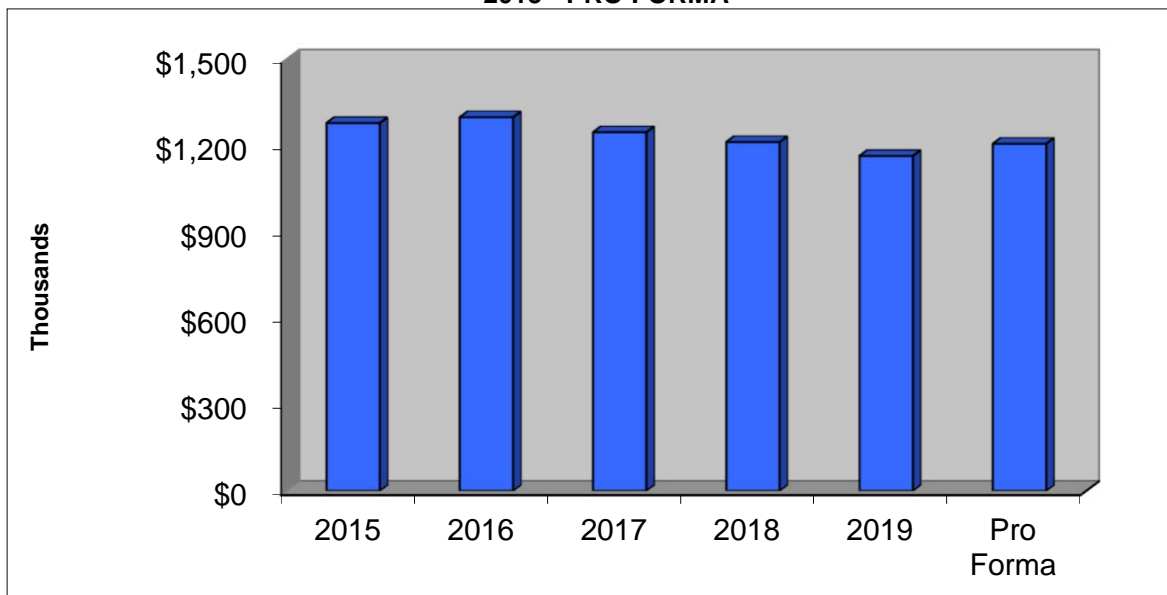
	Pro Forma	2019	2018	2017	2016	2015	Authorized 2017
<u>Revenues</u>							
Sales	\$ 62,555,348	\$ 71,144,129	\$ 70,173,757	\$ 67,549,522	\$ 55,781,839	\$ 63,466,828	\$ 68,706,944
Transportation	1,207,130	1,164,843	1,213,031	1,247,486	1,298,998	1,278,574	1,137,554
Other	732,285	779,282	686,460	671,917	476,751	432,196	504,931
Total Revenues	<u>\$ 64,494,763</u>	<u>\$ 73,088,254</u>	<u>\$ 72,073,248</u>	<u>\$ 69,468,925</u>	<u>\$ 57,557,588</u>	<u>\$ 65,177,598</u>	<u>\$ 70,349,429</u>
<u>O&amp;M Expenses</u>							
Cost of Gas	\$ 37,322,531.00	\$ 43,700,214.00	\$ 43,200,663.00	\$ 42,565,488.00	\$ 33,821,847.00	\$ 41,700,847.00	\$ 43,577,264.00
Other Gas Supply	191,758	181,270	159,095	183,555	208,061	172,550	213,751
Distribution	6,801,954	6,688,274	6,175,603	5,467,524	4,776,039	4,568,424	4,731,057
Customer Accounting	1,959,043	1,977,424	1,997,427	2,050,753	2,157,114	1,983,065	2,288,090
Customer Service & Info.	242,163	242,589	192,720	76,540	80,602	77,915	81,729
Sales	74,847	104,579	101,951	100,763	88,224	149,993	56,318
Administrative & General	6,140,568	5,879,967	5,454,199	4,904,291	4,764,007	4,254,676	4,843,413
Other O&M	15,410,333	15,074,103	14,080,995	12,783,426	12,074,047	11,206,623	12,214,358
Total O&M	<u>\$ 52,732,864</u>	<u>\$ 58,774,317</u>	<u>\$ 57,281,658</u>	<u>\$ 55,348,914</u>	<u>\$ 45,895,894</u>	<u>\$ 52,907,470</u>	<u>\$ 55,791,622</u>
Depreciation & Amortization	\$ 6,120,527	\$ 5,499,733	\$ 5,206,060	\$ 5,026,367	\$ 4,783,297	\$ 4,477,040	\$ 4,641,836
<u>Taxes Other Than Income</u>							
Ad Valorem	\$ 6,576,939	\$ 5,747,650	\$ 5,023,182	\$ 4,470,205	\$ 4,087,312	\$ 3,613,351	\$ 4,678,130
O&M Related	598,105	588,047	522,791	511,464	473,893	421,483	488,561
Revenue	361,613	214,127	357,073	226,997	269,338	471,487	200,720
Other	698	698	695	631	604	624	604
Total Taxes Other	<u>\$ 7,537,355</u>	<u>\$ 6,550,522</u>	<u>\$ 5,903,741</u>	<u>\$ 5,209,297</u>	<u>\$ 4,831,147</u>	<u>\$ 4,506,945</u>	<u>\$ 5,368,015</u>
<u>Income Taxes</u>							
Current Income Taxes	\$ (1,690,380)	\$ (731,048)	\$ 482,635	\$ (251,261)	\$ 1,132,862	\$ 2,369,293	\$ 1,116,371
Deferred Income Taxes	183,533	399,692	(106,349)	1,239,433	(735,217)	(1,529,178)	(451,400)
Total Income Taxes	<u>\$ (1,506,847)</u>	<u>\$ (331,356)</u>	<u>\$ 376,286</u>	<u>\$ 988,172</u>	<u>\$ 397,645</u>	<u>\$ 840,115</u>	<u>\$ 664,971</u>
Net Income	<u><u>\$ (389,136)</u></u>	<u><u>\$ 2,595,038</u></u>	<u><u>\$ 3,305,503</u></u>	<u><u>\$ 2,896,175</u></u>	<u><u>\$ 1,649,605</u></u>	<u><u>\$ 2,446,028</u></u>	<u><u>\$ 3,882,985</u></u>

**MONTANA-DAKOTA UTILITIES CO.  
SUMMARY OF SALES REVENUE  
2015 - PRO FORMA**



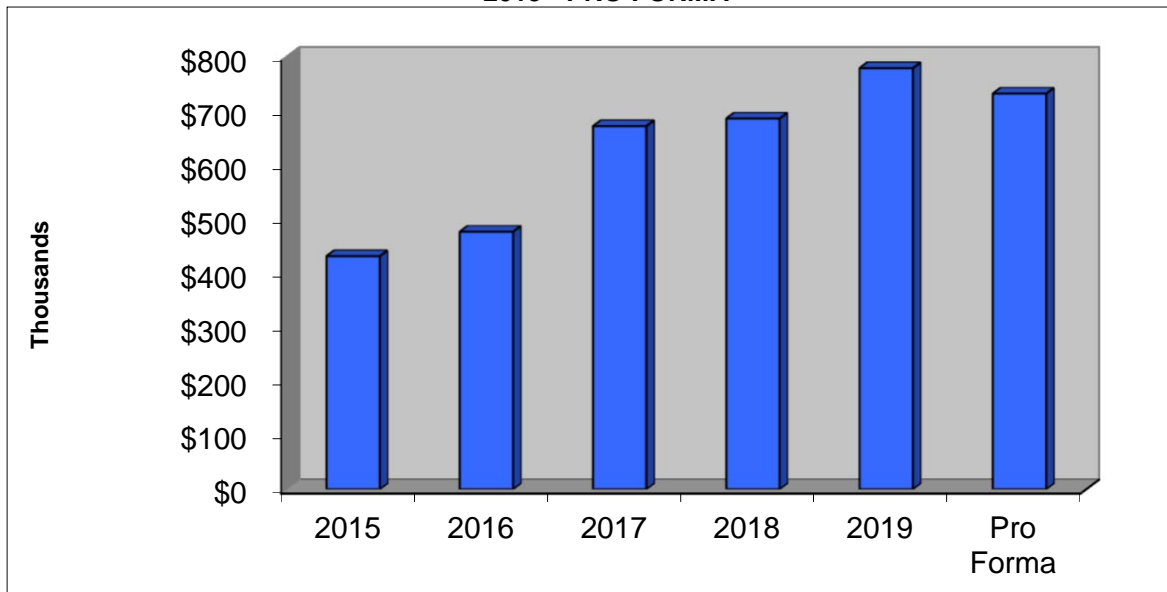
Sales Revenue					
2015	2016	2017	2018	2019	Pro Forma
\$63,466,828	\$55,781,839	\$67,549,522	\$70,173,757	\$71,144,129	\$62,555,348

**MONTANA-DAKOTA UTILITIES CO.  
SUMMARY OF TRANSPORTATION REVENUE  
2015 - PRO FORMA**



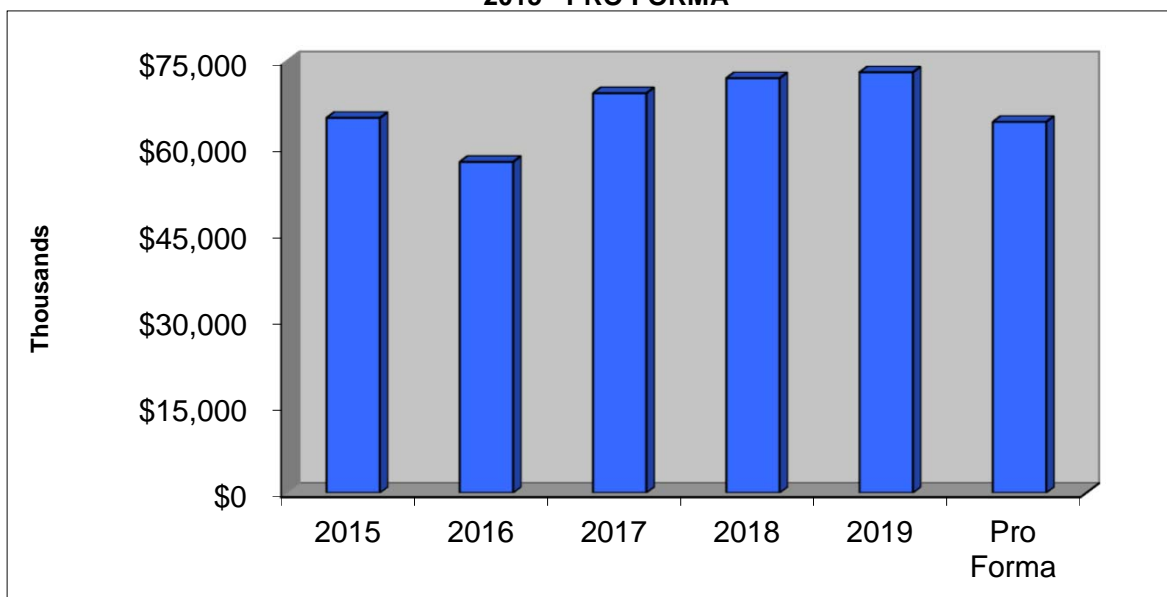
Transportation Revenue					
2015	2016	2017	2018	2019	Pro Forma
\$1,278,574	\$1,298,998	\$1,247,486	\$1,213,031	\$1,164,843	\$1,207,130

**MONTANA-DAKOTA UTILITIES CO.  
SUMMARY OF OTHER REVENUE  
2015 - PRO FORMA**



Other Revenue					
2015	2016	2017	2018	2019	Pro Forma
\$432,196	\$476,751	\$671,917	\$686,460	\$779,282	\$732,285

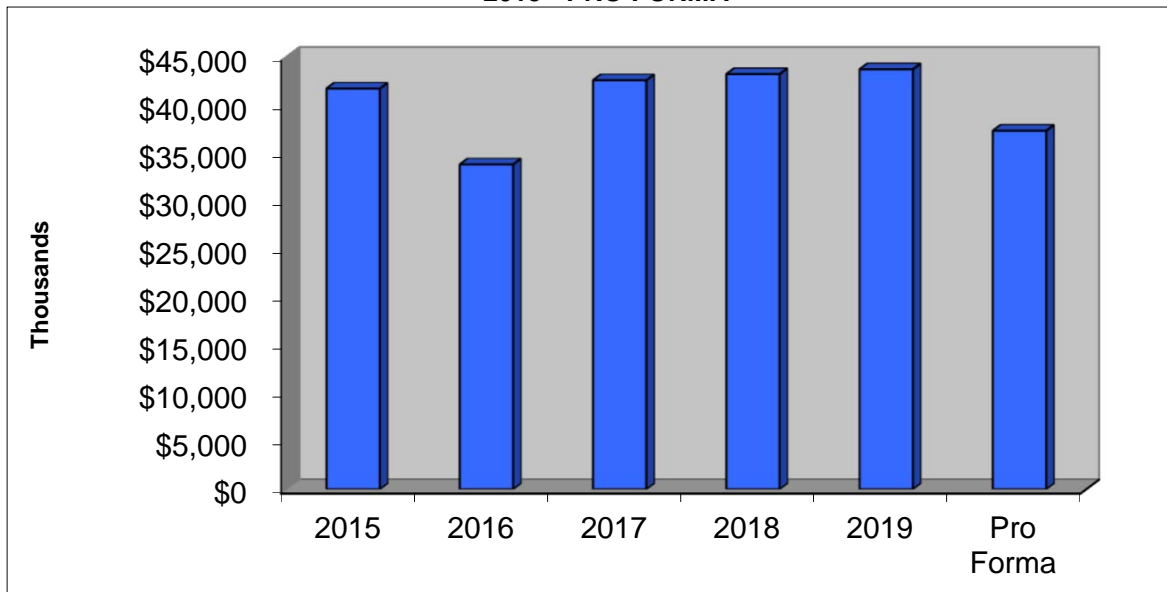
**MONTANA-DAKOTA UTILITIES CO.  
SUMMARY OF TOTAL REVENUE  
2015 - PRO FORMA**



Total Revenue					
2015	2016	2017	2018	2019	Pro Forma
\$65,177,598	\$57,557,588	\$69,468,925	\$72,073,248	\$73,088,254	\$64,494,763

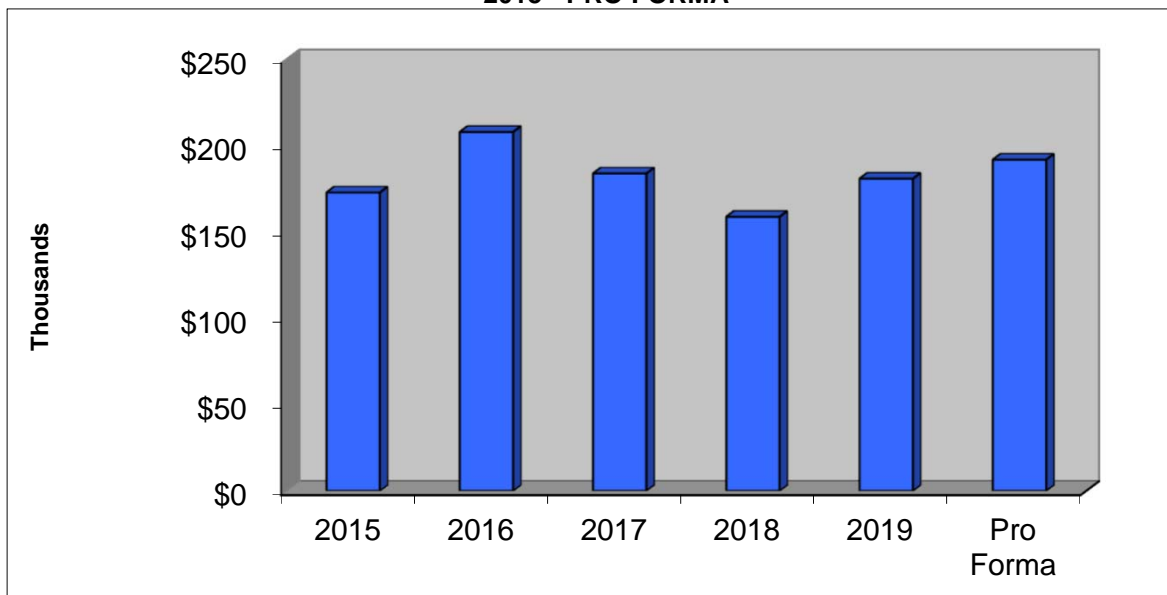


**MONTANA-DAKOTA UTILITIES CO.  
SUMMARY OF COST OF GAS  
2015 - PRO FORMA**



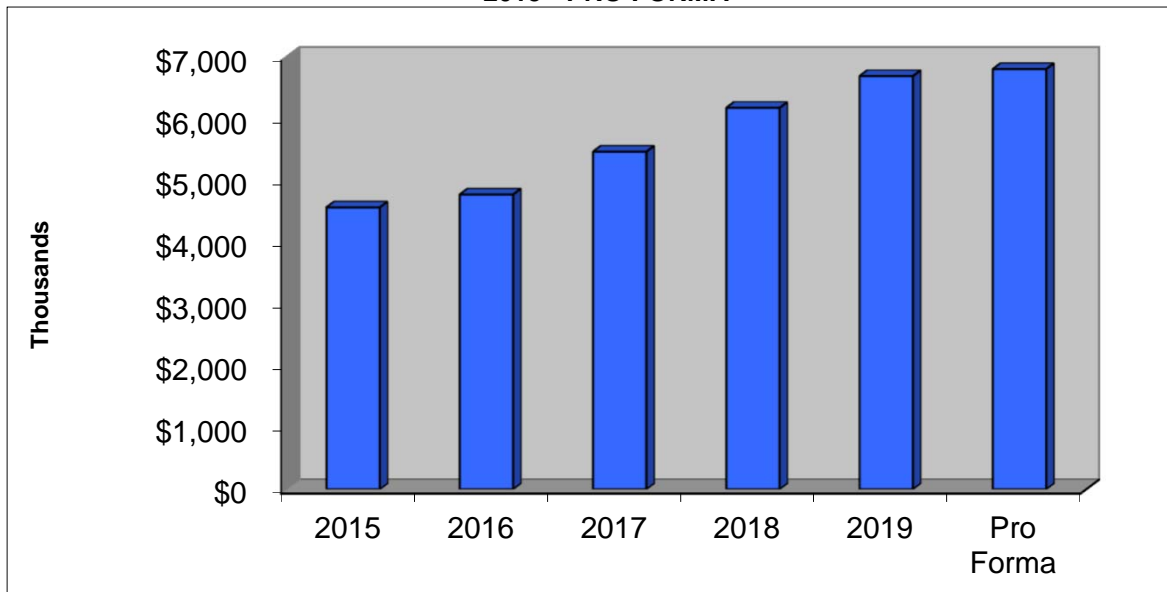
Cost of Gas					
2015	2016	2017	2018	2019	Pro Forma
\$41,700,847	\$33,821,847	\$42,565,488	\$43,200,663	\$43,700,214	\$37,322,531

**MONTANA-DAKOTA UTILITIES CO.  
SUMMARY OF OTHER GAS SUPPLY O&M  
2015 - PRO FORMA**



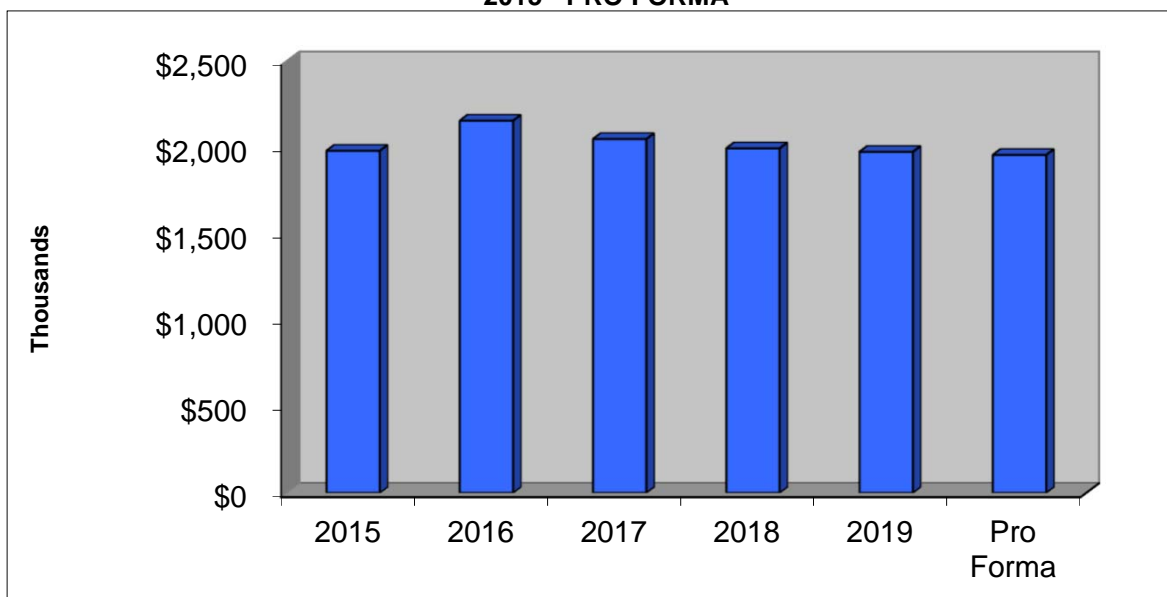
Other Gas Supply O&M					
2015	2016	2017	2018	2019	Pro Forma
\$172,550	\$208,061	\$183,555	\$159,095	\$181,270	\$191,758

**MONTANA-DAKOTA UTILITIES CO.  
SUMMARY OF DISTRIBUTION O&M  
2015 - PRO FORMA**



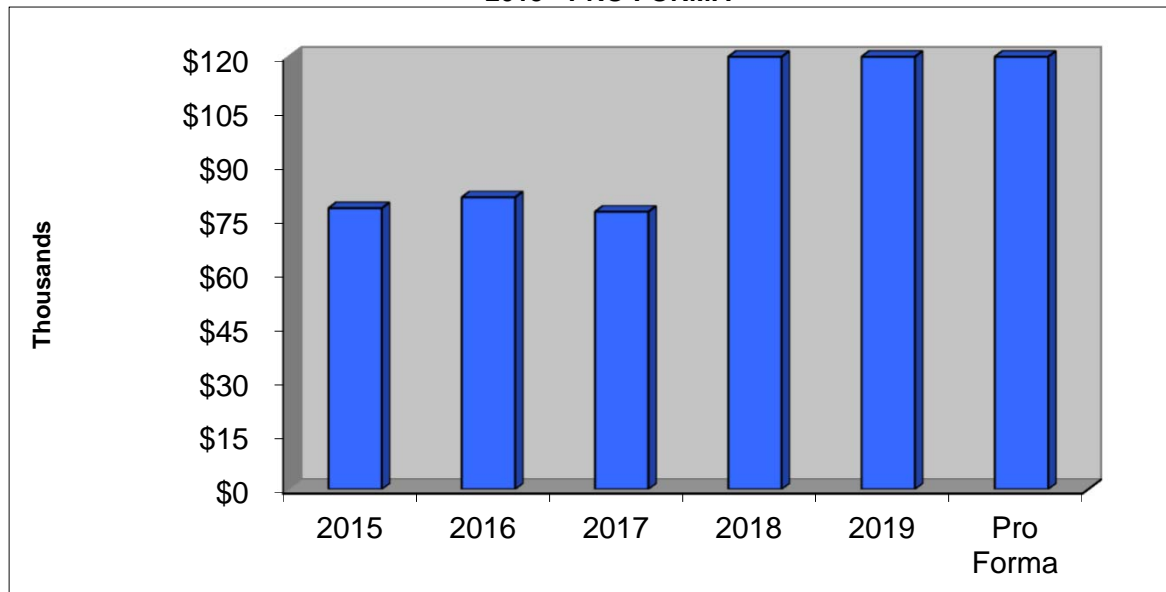
Distribution O&M					
2015	2016	2017	2018	2019	Pro Forma
\$4,568,424	\$4,776,039	\$5,467,524	\$6,175,603	\$6,688,274	\$6,801,954

**MONTANA-DAKOTA UTILITIES CO.  
SUMMARY OF CUSTOMER ACCOUNTING O&M  
2015 - PRO FORMA**



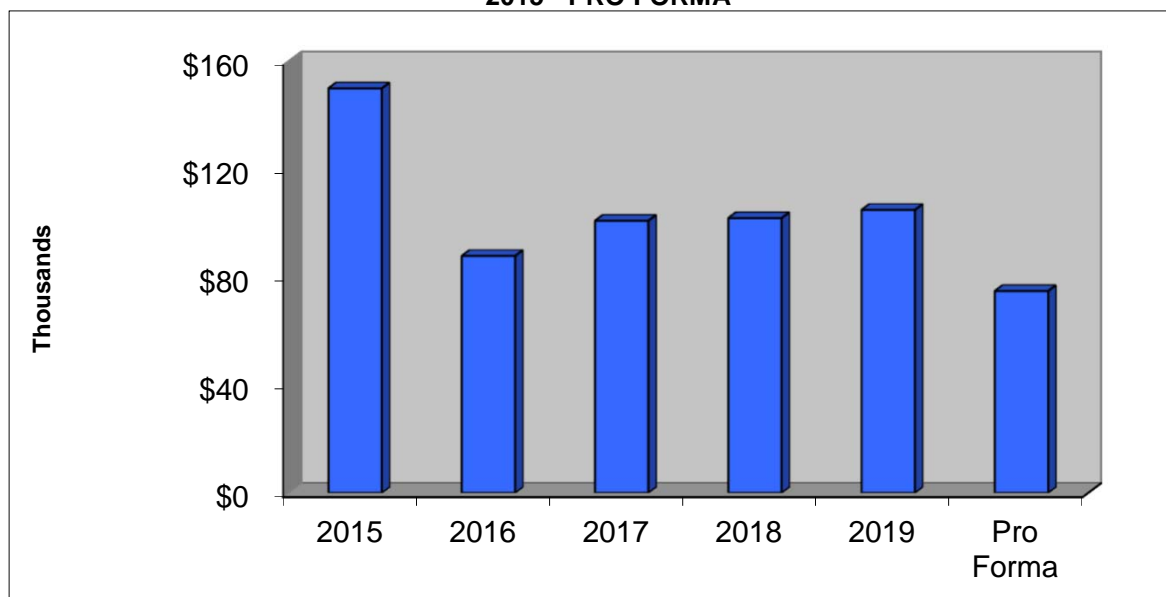
Customer Accounting O&M					
2015	2016	2017	2018	2019	Pro Forma
\$1,983,065	\$2,157,114	\$2,050,753	\$1,997,427	\$1,977,424	\$1,959,043

**MONTANA-DAKOTA UTILITIES CO.  
SUMMARY OF CUSTOMER SERVICE & INFORMATION O&M  
2015 - PRO FORMA**



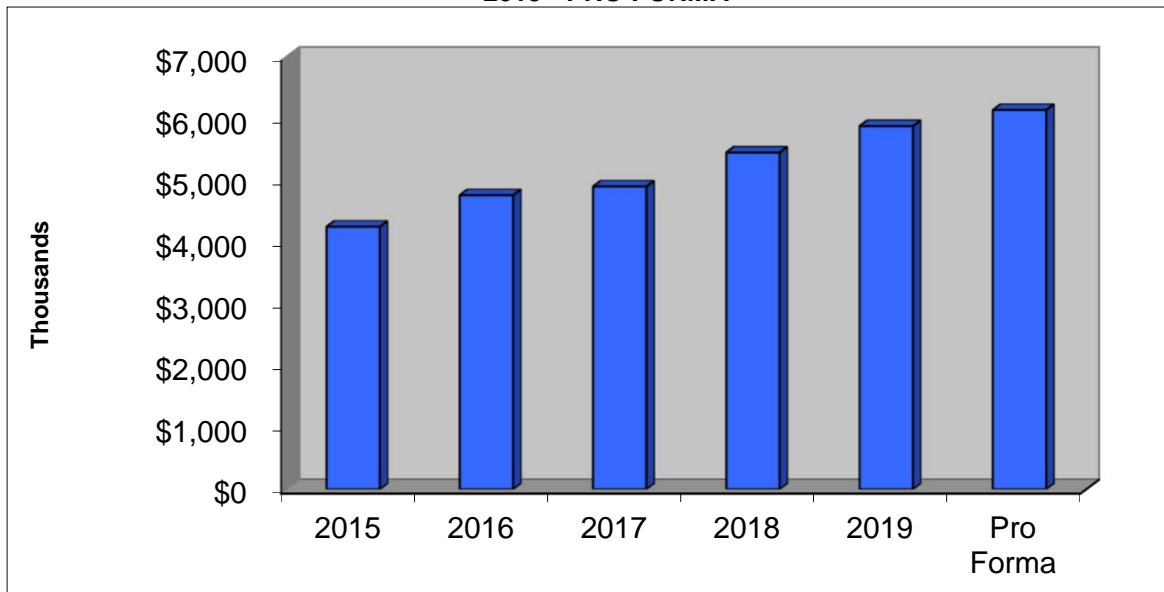
Customer Service & Information O&M					
2015	2016	2017	2018	2019	Pro Forma
\$77,915	\$80,602	\$76,540	\$192,720	\$242,589	\$242,163

**MONTANA-DAKOTA UTILITIES CO.  
SUMMARY OF SALES O&M  
2015 - PRO FORMA**



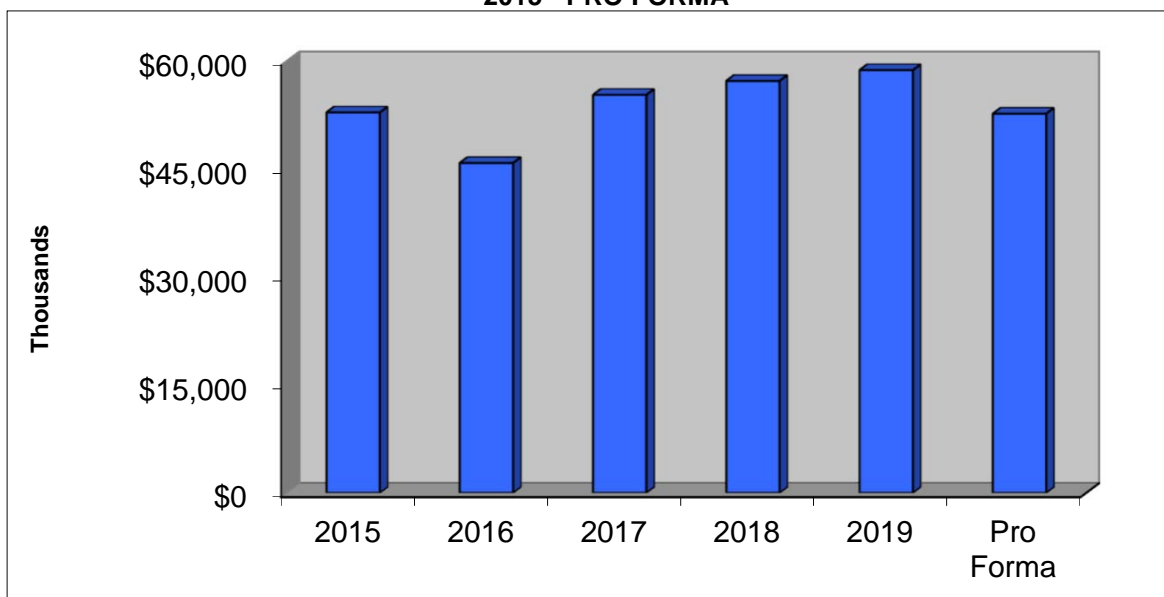
Sales O&M					
2015	2016	2017	2018	2019	Pro Forma
\$149,993	\$88,224	\$100,763	\$101,951	\$104,579	\$74,847

**MONTANA-DAKOTA UTILITIES CO.  
SUMMARY OF ADMINISTRATIVE & GENERAL O&M  
2015 - PRO FORMA**



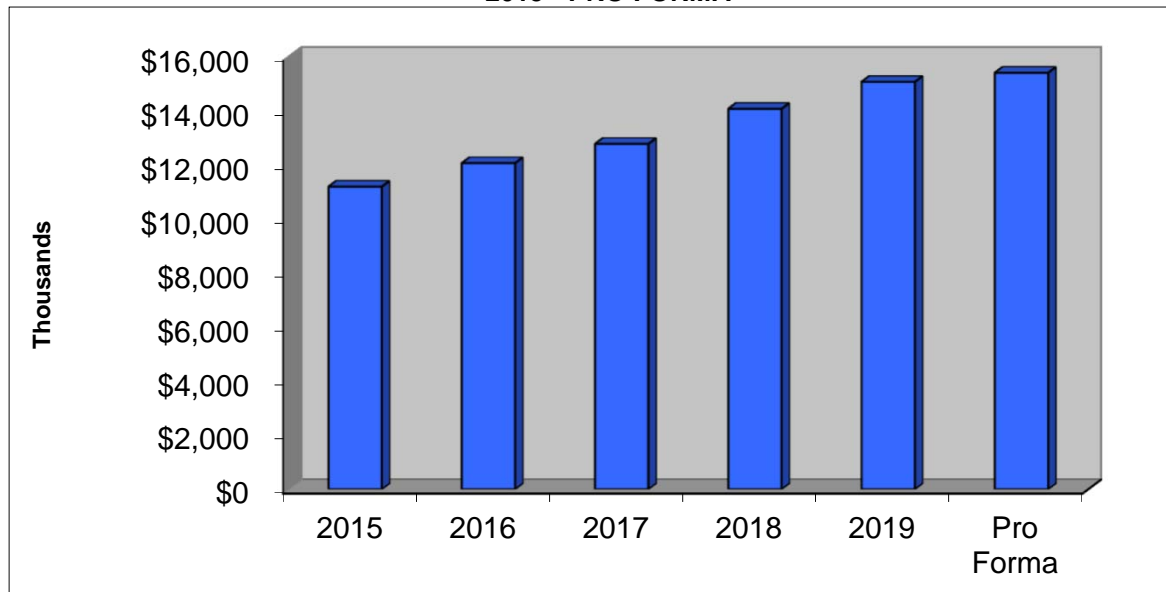
Administrative & General O&M					
2015	2016	2017	2018	2019	Pro Forma
\$4,254,676	\$4,764,007	\$4,904,291	\$5,454,199	\$5,879,967	\$6,140,568

**MONTANA-DAKOTA UTILITIES CO.  
SUMMARY OF TOTAL O&M  
2015 - PRO FORMA**



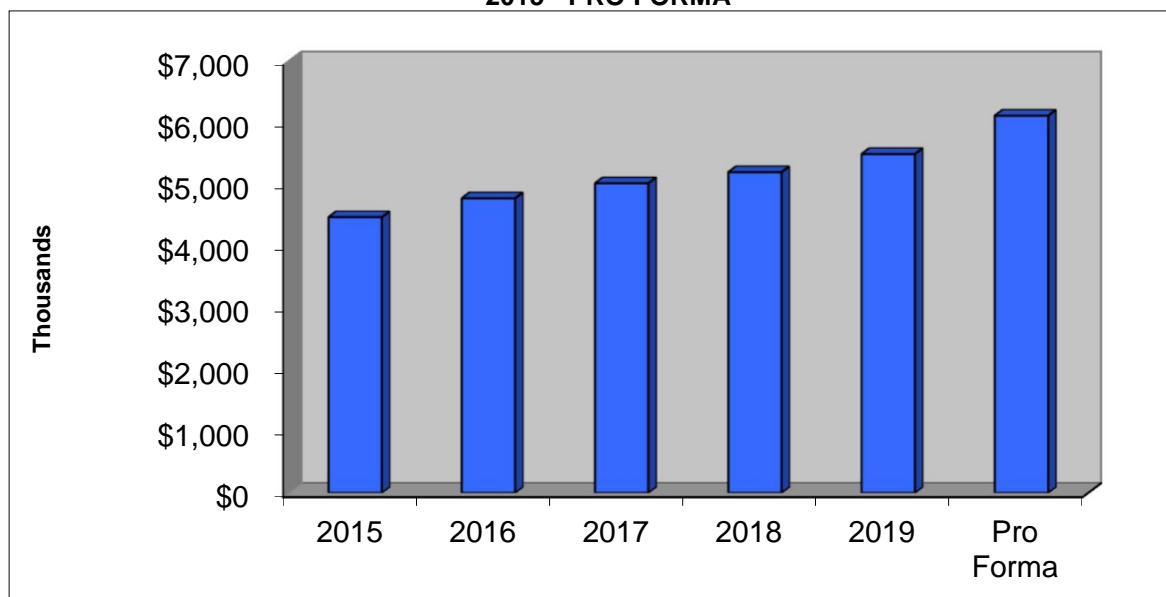
Total O&M					
2015	2016	2017	2018	2019	Pro Forma
\$52,907,470	\$45,895,894	\$55,348,914	\$57,281,658	\$58,774,317	\$52,732,864

**MONTANA-DAKOTA UTILITIES CO.  
SUMMARY OF O&M EXCLUDING COST OF GAS  
2015 - PRO FORMA**



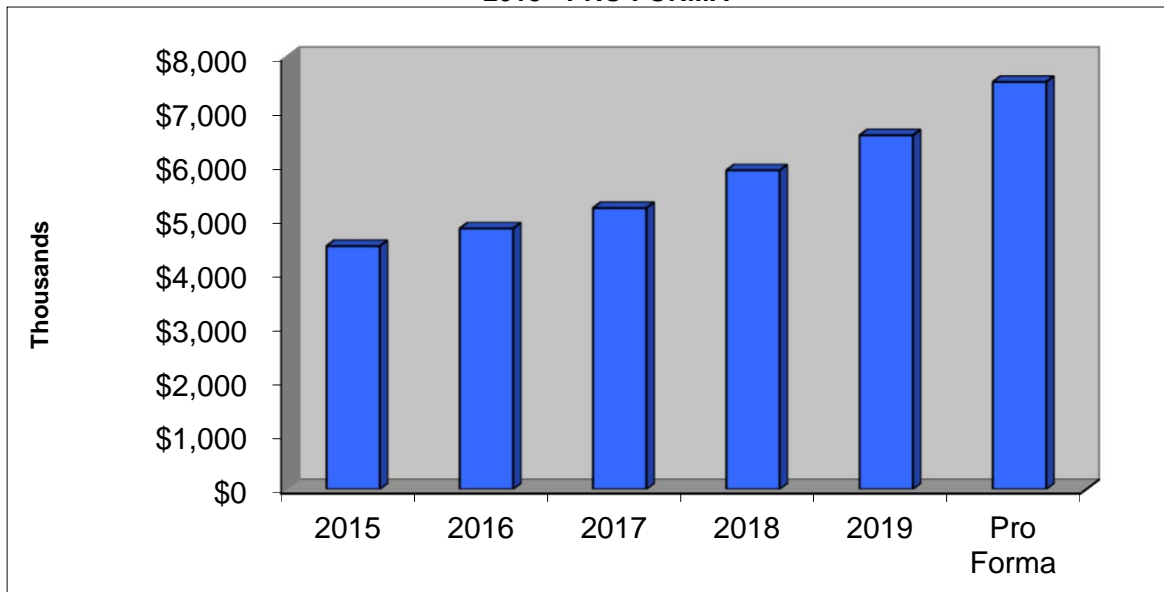
O&M Excluding Cost of Gas					
2015	2016	2017	2018	2019	Pro Forma
\$11,206,623	\$12,074,047	\$12,783,426	\$14,080,995	\$15,074,103	\$15,410,333

**MONTANA-DAKOTA UTILITIES CO.  
SUMMARY OF DEPRECIATION & AMORTIZATION EXPENSE  
2015 - PRO FORMA**



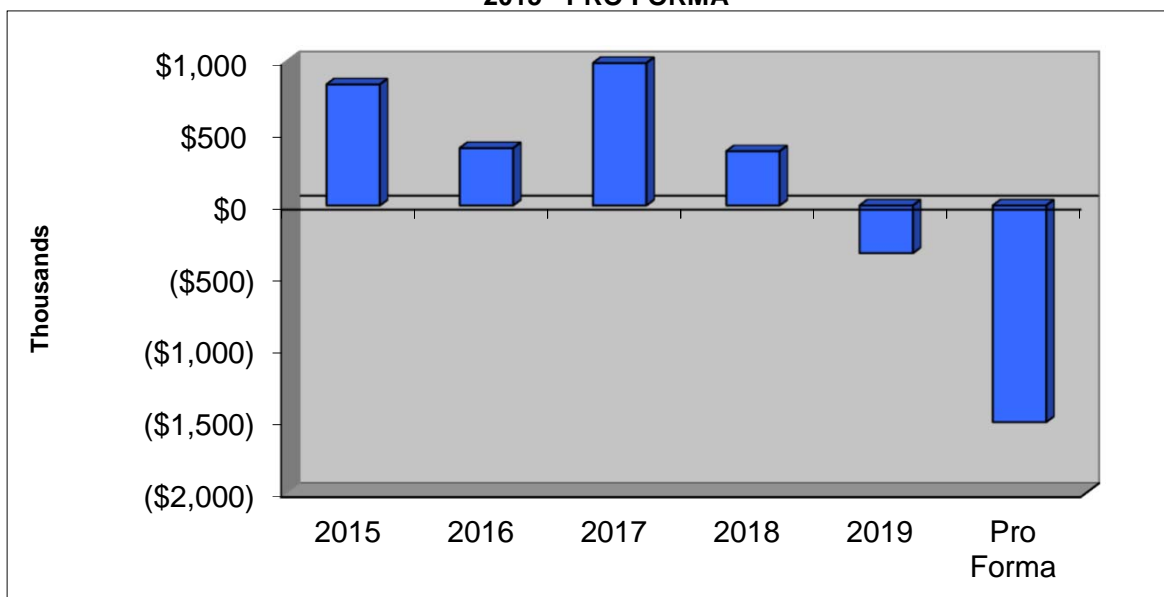
Depreciation & Amortization Expense					
2015	2016	2017	2018	2019	Pro Forma
\$4,477,040	\$4,783,297	\$5,026,367	\$5,206,060	\$5,499,733	\$6,120,527

**MONTANA-DAKOTA UTILITIES CO.  
SUMMARY OF TAXES OTHER THAN INCOME  
2015 - PRO FORMA**



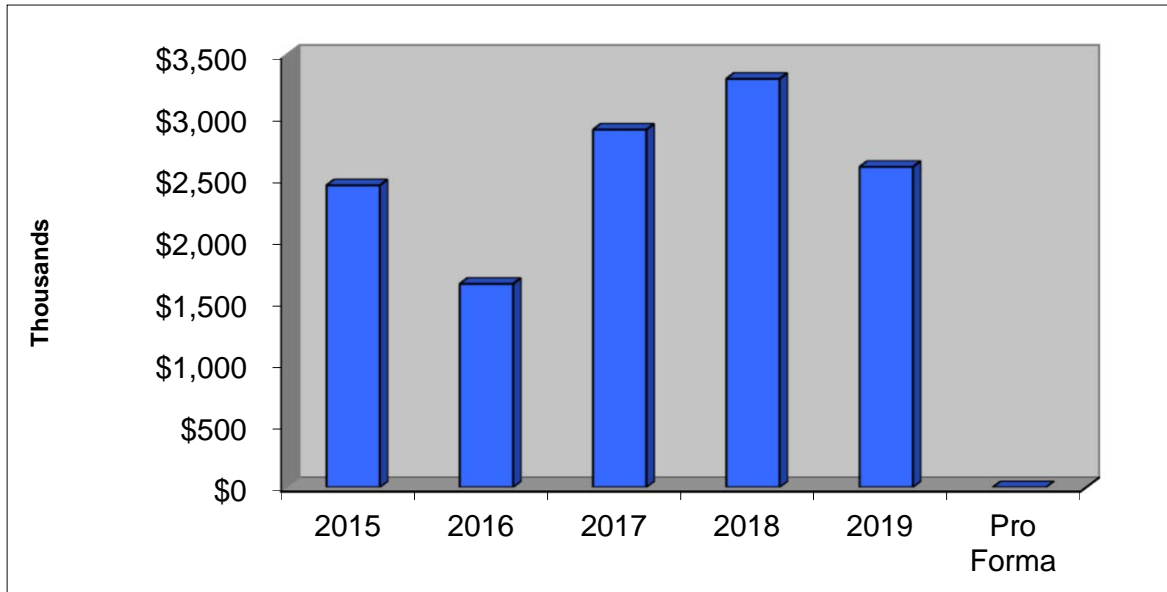
Taxes Other Than Income					
2015	2016	2017	2018	2019	Pro Forma
\$4,506,945	\$4,831,147	\$5,209,297	\$5,903,741	\$6,550,522	\$7,537,355

**MONTANA-DAKOTA UTILITIES CO.  
SUMMARY OF INCOME TAXES  
2015 - PRO FORMA**



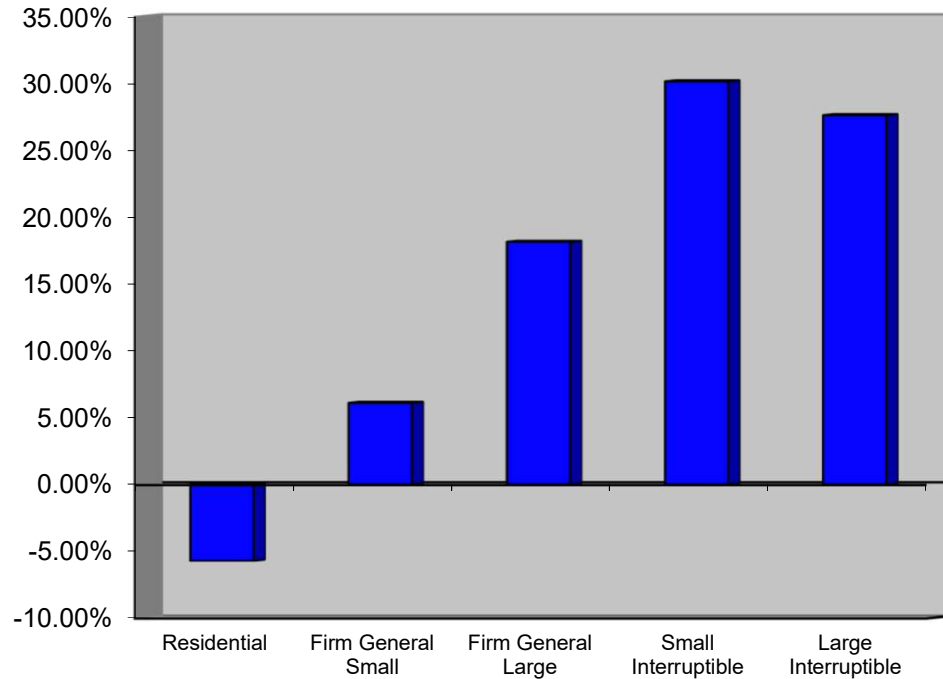
Income Taxes					
2015	2016	2017	2018	2019	Pro Forma
\$840,115	\$397,645	\$988,172	\$376,286	(\$331,356)	(\$1,506,847)

**MONTANA-DAKOTA UTILITIES CO.  
SUMMARY OF NET INCOME  
2015 - PRO FORMA**



Net Income					
2015	2016	2017	2018	2019	Pro Forma
\$2,446,028	\$1,649,605	\$2,896,175	\$3,305,503	\$2,595,038	(\$389,136)

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
EMBEDDED CLASS COST OF SERVICE**

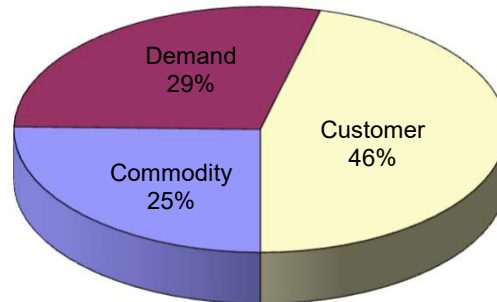


Pro Forma Rate of Return			
Residential	-5.729%	Small Interruptible	30.133%
Firm General Small	6.097%	Large Interruptible	27.610%
Firm General Large	18.148%		



**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
EMBEDDED CLASS COST OF SERVICE  
COST OF SERVICE BY COMPONENT**

**Class Cost of Service - Residential**

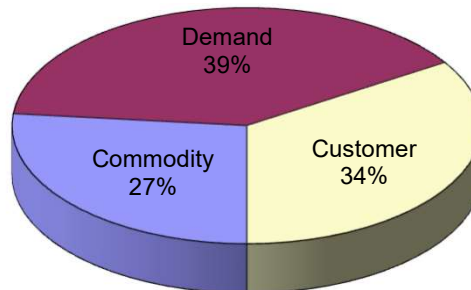


Commodity	\$12,508,720
Demand	\$14,123,139
Customer	\$22,746,371



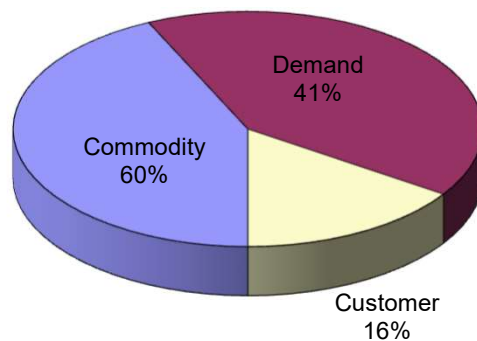
**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
EMBEDDED CLASS COST OF SERVICE  
COST OF SERVICE BY COMPONENT**

**Class Cost of Service - Firm General-Small**



Commodity	\$1,998,274
Demand	\$2,958,187
Customer	\$2,553,769

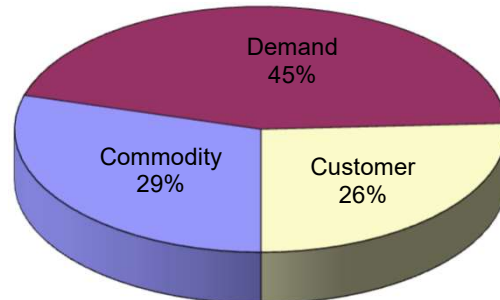
**Class Cost of Service - Firm General-Large**



Commodity	\$6,434,493
Demand	\$6,172,589
Customer	\$2,338,640

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
EMBEDDED CLASS COST OF SERVICE  
COST OF SERVICE BY COMPONENT**

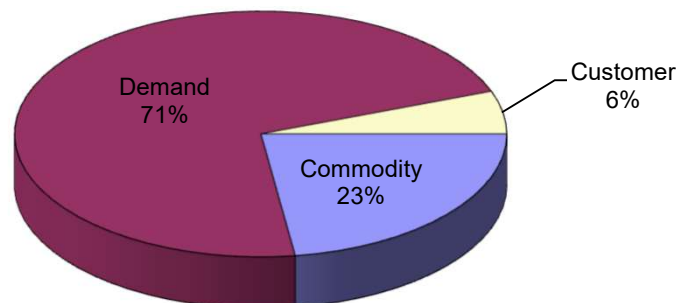
**Class Cost of Service - Small Interruptible**



Commodity	\$201,258
Demand	\$305,887
Customer	\$176,044

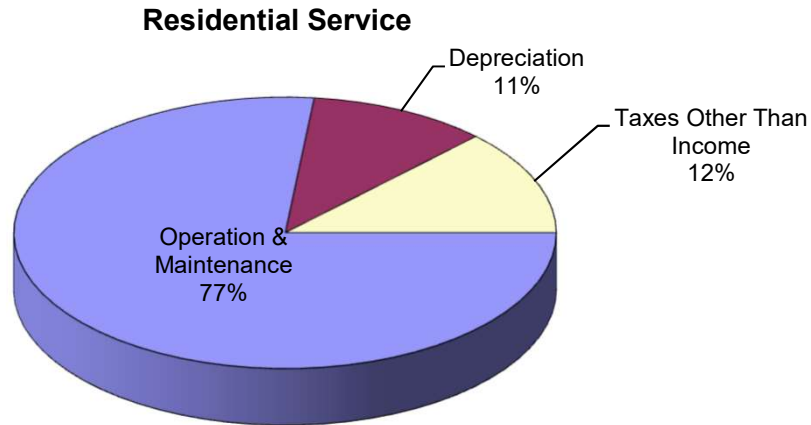
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**Class Cost of Service - Large Interruptible**



Commodity	\$122,302
Demand	\$384,440
Customer	\$30,353

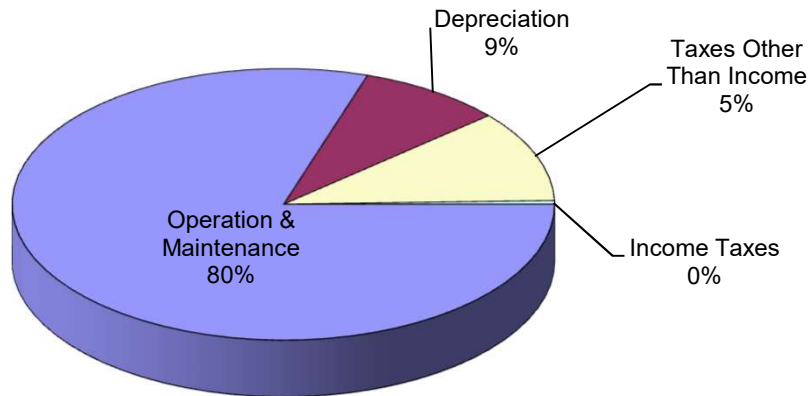
**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
EMBEDDED CLASS COST OF SERVICE  
PRO FORMA 2020**



Operation & Maintenance	\$34,007,733	Taxes Other Than Income	\$5,574,373
Depreciation	\$4,752,843	Income Taxes	(\$2,154,938)

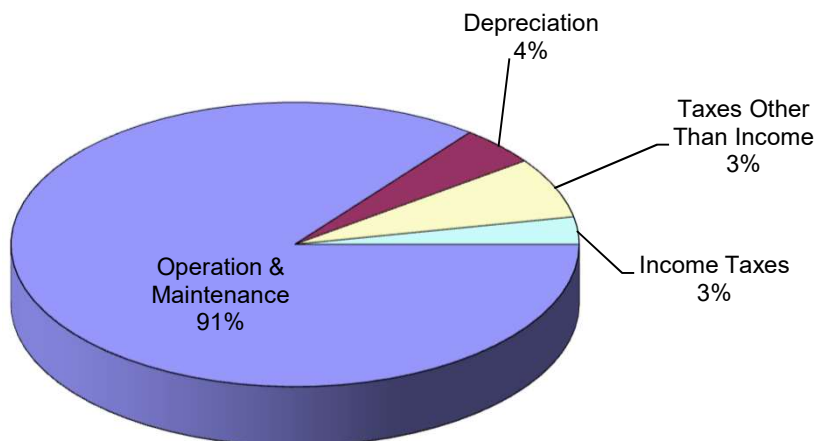
**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
EMBEDDED CLASS COST OF SERVICE  
PRO FORMA 2020**

**Firm General Service-Small**



Operation & Maintenance	\$5,513,030	Taxes Other Than Income	\$750,389
Depreciation	\$596,961	Income Taxes	\$30,091

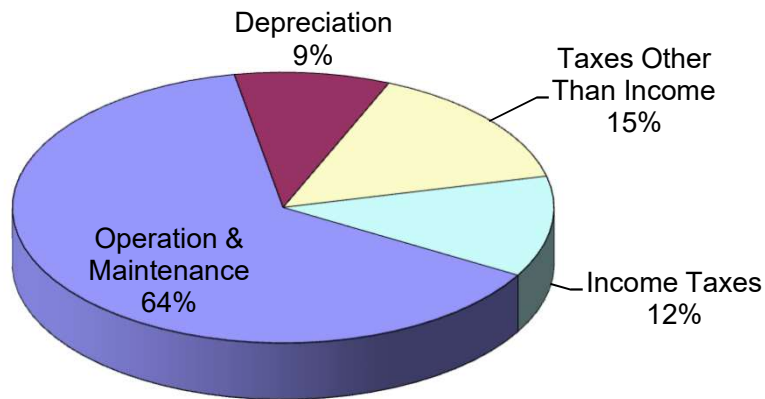
**Firm General Service-Large**



Operation & Maintenance	\$12,476,647	Taxes Other Than Income	\$1,005,673
Depreciation	\$648,255	Income Taxes	\$452,541

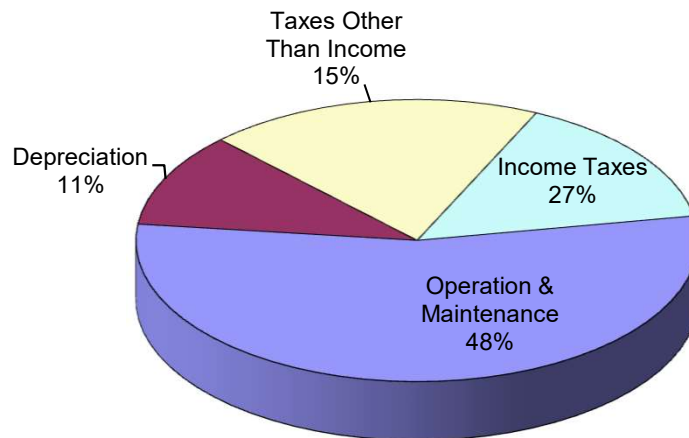
**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
EMBEDDED CLASS COST OF SERVICE  
PRO FORMA 2020**

**Small Interruptible Service**



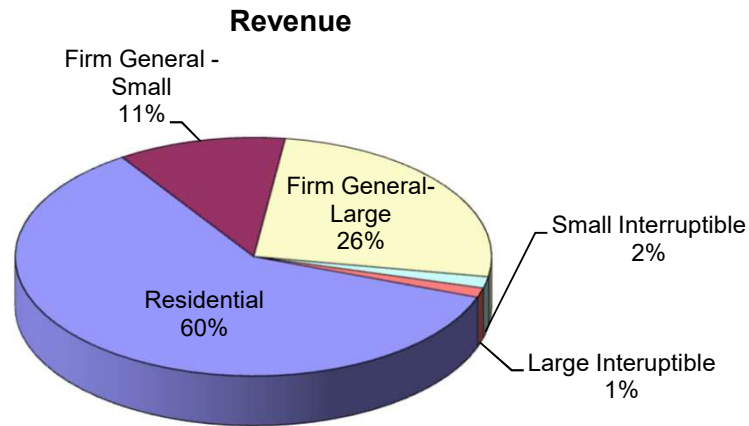
Operation & Maintenance	\$441,889	Taxes Other Than Income	\$103,154
Depreciation	\$64,283	Income Taxes	\$83,507

**Large Interruptible Service**



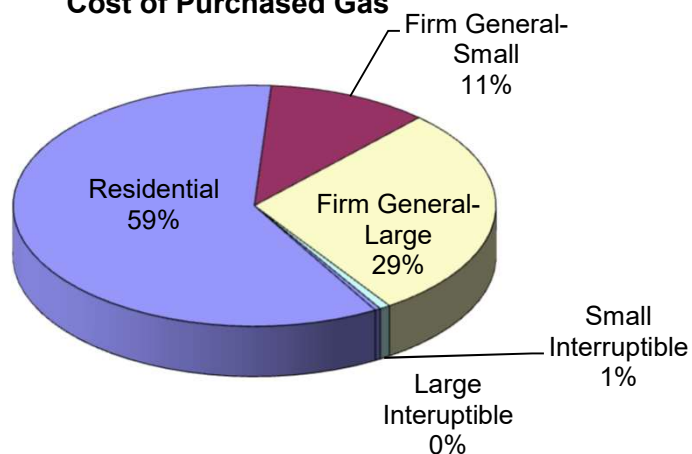
Operation & Maintenance	\$293,565	Taxes Other Than Income	\$103,766
Depreciation	\$58,184	Income Taxes	\$81,953

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
EMBEDDED - PRO FORMA 2020  
FUNCTIONALIZED COST BY CLASS**



Residential	\$38,783,029	Small Interruptible	\$996,660
Firm General-Small	\$7,373,578	Large Interruptible	\$834,444
Firm General-Large	\$16,507,052		

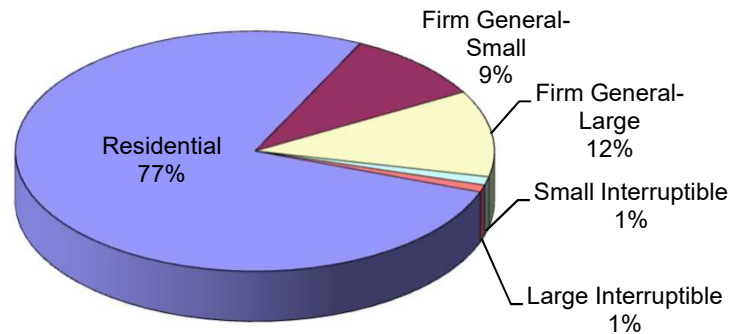
**Cost of Purchased Gas**



Residential	\$22,189,168	Small Interruptible	\$266,687
Firm General-Small	\$4,038,353	Large Interruptible	\$144,300
Firm General-Large	\$10,684,023		

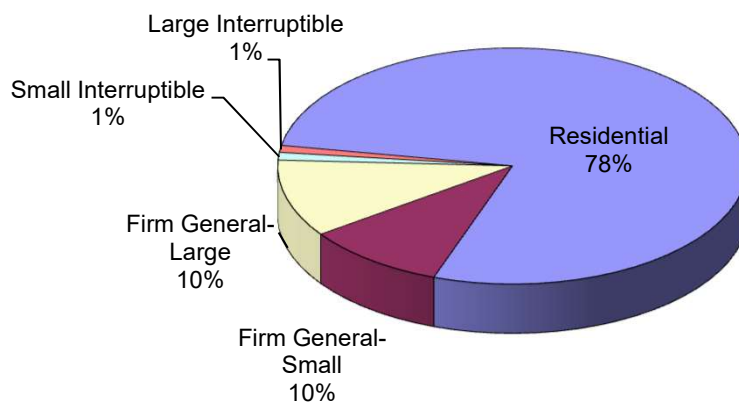
**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
EMBEDDED - PRO FORMA 2020  
FUNCTIONALIZED COST BY CLASS**

**Other O&M Expense**



Residential	\$11,818,565	Small Interruptible	\$175,202
Firm General-Small	\$1,474,677	Large Interruptible	\$149,265
Firm General-Large	\$1,792,624		

**Depreciation Expense**

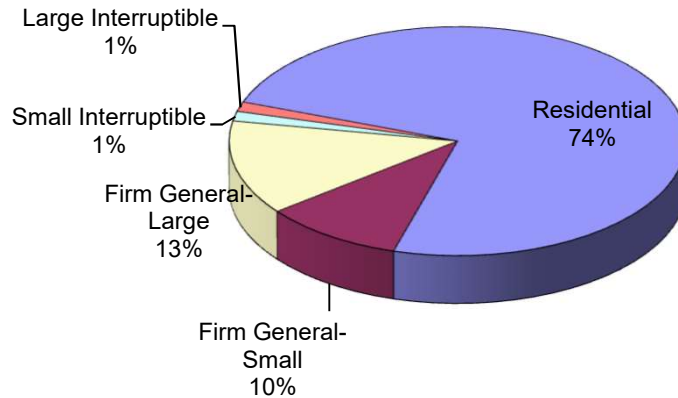


Residential	\$4,752,843	Small Interruptible	\$64,283
Firm General-Small	\$596,961	Large Interruptible	\$58,184
Firm General-Large	\$648,255		



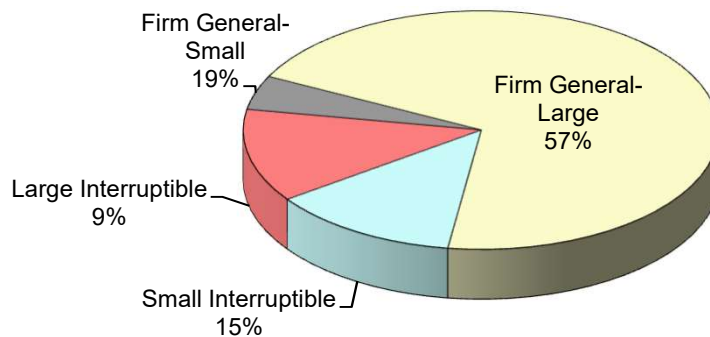
**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
EMBEDDED - PRO FORMA 2020  
FUNCTIONALIZED COST BY CLASS**

**Taxes Other Than Income**



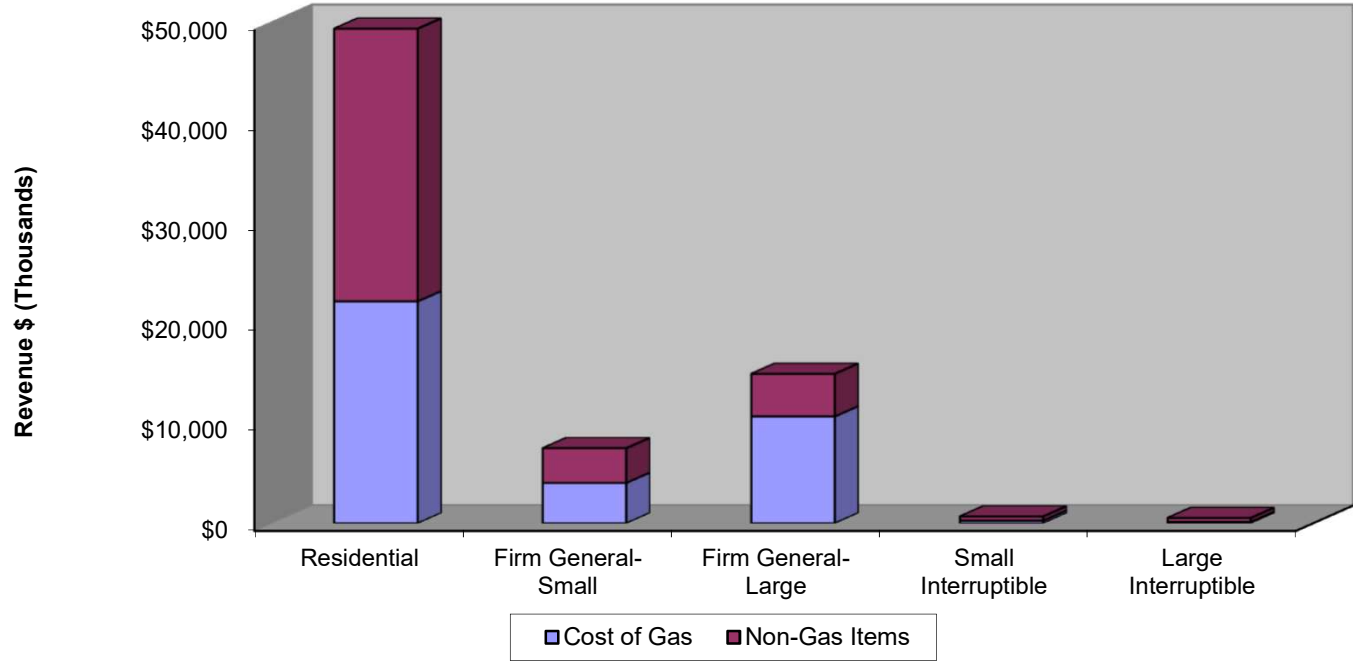
Residential	\$5,574,373	Small Interruptible	\$103,154
Firm General-Small	\$750,389	Large Interruptible	\$103,766
Firm General-Large	\$1,005,673		

**Income Taxes**



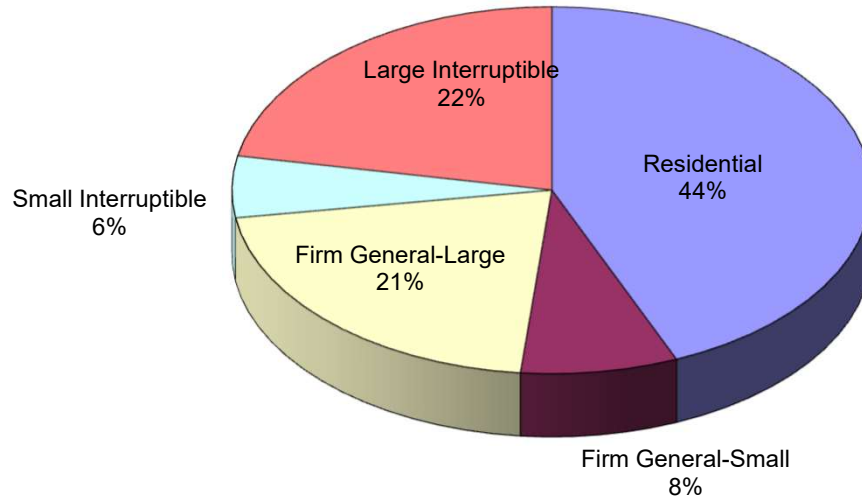
Residential	(\$2,154,938)	Small Interruptible	\$83,507
Firm General-Small	\$30,091	Large Interruptible	\$81,953
Firm General-Large	\$452,541		

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - MONTANA  
EMBEDDED - PRO FORMA 2020  
FUNCTIONALIZED COST BY CLASS**

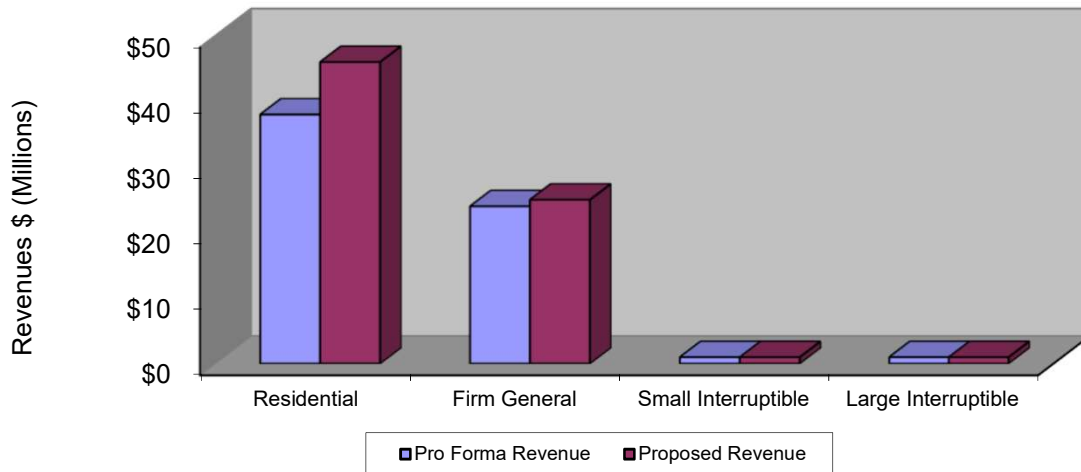


	Residential	Firm General Small	Firm General Large	Small Interruptible	Large Interruptible
Cost of Gas	\$22,189,168	\$4,038,353	\$10,684,023	\$266,687	\$144,300
Non-Gas Items	\$27,189,062	\$3,471,877	\$4,261,699	\$416,502	\$392,795

# **MONTANA-DAKOTA UTILITIES CO. GAS UTILITY - MONTANA**



Pro Forma Billing Determinants Dk			
Residential	5,912,347	Small Interruptible	733,512
Firm General-Small	1,076,027	Large Interruptible	2,982,904
Firm General-Large	2,846,779		



	Residential	Firm General	Small Interruptible	Large Interruptible
Pro Forma Revenue	\$38,214,247	\$23,732,899	\$988,560	\$826,772
Proposed Revenue	\$45,785,522	\$24,625,843	\$1,059,482	\$851,160
Percent Increase	19.81%	3.76%	7.17%	2.95%