

**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>\$15,718,168</u>	<u>\$2,595,038</u>	<u>\$13,123,130</u>	
Rate Base	<u>\$292,063,324</u>	<u>\$70,203,933</u>	<u>\$221,859,391</u>	
Rate of Return	<u>5.382%</u>	<u>3.696%</u>	<u>5.915%</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>	
<b>Additions</b>				
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	
<b>Deductions</b>				
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		<u>(\$8,593,491)</u>	
<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		<u>\$336,230</u>	
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		<u>\$986,833</u>	
<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		<u>(\$959,332)</u>	
<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		<u>(\$216,159)</u>	
Total Expenses		<u>(\$5,609,317)</u>	
Net Adjustments to Operating Income		<u><u>(\$2,984,174)</u></u>	

**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%.