

STATEMENT A

MDU RESOURCES GROUP, INC.
NONCONSOLIDATED BALANCE SHEET
DECEMBER 31, 2008 AND
DECEMBER 31, 2009

| | 2008 | 2009 |
|---|---------------------|---------------------|
| <u>Assets and Other Debits</u> | | |
| Utility Plant | \$1,106,816,262 | \$1,154,090,875 |
| Construction Work in Progress | 69,079,327 | 119,044,863 |
| Less Acc. Provision for Depreciation and Amortization | 623,400,887 | 646,166,325 |
| Net Utility Plant | 552,494,702 | 626,969,413 |
| Gas Stored Underground - Noncurrent | 3,166,622 | 3,865,481 |
| <u>Other Property and Investments</u> | | |
| Nonutility Property | 3,707,024 | 4,065,076 |
| (Less) Accum. Prov. for Depr. And Amort. | 1,117,112 | 1,207,227 |
| Investment in Subsidiary Companies | 2,478,164,341 | 2,240,332,380 |
| Other investments | 35,032,098 | 41,701,031 |
| Net Other Property and Investments | 2,515,786,351 | 2,284,891,260 |
| <u>Current and Accrued Assets</u> | | |
| Cash | 181,115 | 5,039,802 |
| Special Deposits | 1,200 | 1,200 |
| Working Fund | 113,921 | 63,569 |
| Temporary Cash Investments | 1,938,468 | 25,000,000 |
| Customer Accounts Receivable | 29,930,415 | 26,120,425 |
| Other Accounts Receivable | 2,394,649 | 3,182,572 |
| (Less) Accum. Prov. For Uncollectible Acct. - Credit | 285,809 | 233,779 |
| Notes Receivable from Assoc. Companies | 57,000,000 | |
| Accounts Receivable from Assoc. Companies | 26,427,125 | 33,121,406 |
| Fuel Stock | 4,099,005 | 4,613,409 |
| Plant Materials and Operating Supplies | 10,225,093 | 9,812,475 |
| Merchandise | 1,742,091 | 974,586 |
| Stores Expense Undistributed | | (1,699) |
| Gas Stored Underground - Current | 8,529,714 | 17,640,699 |
| Prepayments | 4,865,549 | 4,950,903 |
| Interest and Dividends Receivable | | 139 |
| Accrued Utility Revenues | 46,729,484 | 35,878,909 |
| Miscellaneous Current and Accrued Assets | 2,560 | |
| Total Current and Accrued Assets | 193,894,580 | 166,164,616 |
| <u>Deferred Debits</u> | | |
| Unamortized Debt Expenses | 1,191,582 | 1,217,947 |
| Other Regulatory Assets | 88,196,422 | 80,661,452 |
| Prelim. Survey and Investigation Charges (Electric) | 579,901 | 283,502 |
| Other Prelim. Survey and Investigation Charges | 2,084 | |
| Clearing Accounts | (191,726) | (232,048) |
| Miscellaneous Deferred Debits | 26,229,986 | 22,623,810 |
| Unamortized Loss on Reacquired Debt | 9,990,648 | 10,285,123 |
| Accumulated Deferred Income Taxes | 60,304,833 | 55,095,783 |
| Unrecovered Purchased Gas Costs | 24,225,488 | (9,339,438) |
| Total Deferred Debits | 210,529,218 | 160,596,131 |
| Total Assets and Other Debits | \$3,475,871,473 | \$3,242,486,901 |

MDU RESOURCES GROUP, INC.
NONCONSOLIDATED BALANCE SHEET
DECEMBER 31, 2008 AND
DECEMBER 31, 2009

| | 2008 | 2009 |
|---|---------------------|---------------------|
| <u>Liabilities and Other Credits</u> | | |
| <u>Proprietary Capital</u> | | |
| Common Stock Issued | \$184,208,283 | \$188,389,265 |
| Preferred Stock Issued | 15,000,000 | 15,000,000 |
| Premium on Capital Stock | 941,909,202 | 1,019,788,138 |
| (Less) Capital Stock Expense | 3,610,416 | 4,110,305 |
| Retained Earnings | 436,608,753 | 472,482,478 |
| Unappropriated Undistributed Sub Earnings | 1,180,220,338 | 904,556,156 |
| (Less) Reacquired Capital Stock | 3,625,813 | 3,625,813 |
| Accumulated Other Comprehensive Income | 10,365,311 | (20,832,825) |
| Total Proprietary Capital | 2,761,075,658 | 2,571,647,094 |
| <u>Long-Term Debt</u> | | |
| Bonds | 235,500,000 | 280,000,000 |
| Other Long-Term Debt | 80,708,867 | 1,102,591 |
| (Less) Unamortized Discount on Long-Term Debt-Debit | 1,837 | |
| Total Long-Term Debt | 316,207,030 | 281,102,591 |
| <u>Other Noncurrent Liabilities</u> | | |
| Accumulated Provision for Injuries and Damages | 1,582,142 | 1,486,612 |
| Accumulated Provision for Pensions and Benefits | 59,371,415 | 54,313,944 |
| Asset Retirement Obligations | 2,691,414 | 3,302,103 |
| Total Other Noncurrent Liabilities | 63,644,971 | 59,102,659 |
| <u>Current and Accrued Liabilities</u> | | |
| Accounts Payable | 33,220,974 | 30,573,900 |
| Accounts Payable to Associated Companies | 7,119,598 | 5,802,650 |
| Customer Deposits | 2,408,988 | 2,239,734 |
| Taxes Accrued | (840,838) | 14,803,275 |
| Interest Accrued | 4,206,271 | 5,058,554 |
| Dividends Declared | 28,639,606 | 29,748,761 |
| Tax Collections Payable | 1,578,001 | 1,986,880 |
| Miscellaneous Current and Accrued Liabilities | 25,765,992 | 24,937,206 |
| Total Current and Accrued Assets | 102,098,592 | 115,150,960 |
| <u>Deferred Credits</u> | | |
| Customer Advances for Construction | 5,289,755 | 5,924,550 |
| Accumulated Deferred Investment Tax Credit | 361,334 | 162,069 |
| Other Deferred Credits | 101,962,554 | 81,150,481 |
| Other Regulatory Liabilities | 9,003,884 | 8,593,585 |
| Accumulated Deferred Income Taxes | 116,227,695 | 119,652,912 |
| Total Deferred Credits | 232,845,222 | 215,483,597 |
| Total Liabilities and Equity | \$3,475,871,473 | \$3,242,486,901 |

Notes to Financial Statements

| | | | |
|---|---|------------------------------|--|
| Name of Respondent MDU Resources Group, Inc. | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report 12/31/2009 | Year/Period of Report End of <u>2009/Q4</u> |
|---|---|------------------------------|--|

NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.
7. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
8. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
9. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

PAGE 122 INTENTIONALLY LEFT BLANK
SEE PAGE 123 FOR REQUIRED INFORMATION.

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| NOTES TO FINANCIAL STATEMENTS (Continued) | | | |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

Basis of presentation

The consolidated financial statements of the Company include the accounts of the following businesses: electric, natural gas distribution, construction services, pipeline and energy services, natural gas and oil production, construction materials and contracting, and other. The electric, natural gas distribution, and pipeline and energy services businesses are substantially all regulated. Construction services, natural gas and oil production, construction materials and contracting, and other are nonregulated. For further descriptions of the Company's businesses, see Note 15. The statements also include the 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 as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These requirements differ from generally accepted accounting principles (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, and current unrecovered purchased gas costs.

The Respondent owns two wholly owned subsidiaries, Centennial Energy Holdings, Inc. and MDU Energy Capital, LLC. As required by the FERC for Form 1 report purposes, MDU Resources Group, Inc. reports its subsidiary investments using the equity method rather than consolidating the assets, liabilities, revenues and expenses of the subsidiaries, as required by GAAP. If GAAP were followed, utility plant, other property and investments would increase by \$1.1 billion; current and accrued assets would increase by \$895.5 million; deferred debits would increase by \$729.2 million; long-term debt would increase by \$1.2 billion; other noncurrent liabilities and current and accrued liabilities would increase by \$492.9 million; deferred credits would increase by \$1.0 billion as of December 31, 2009. Furthermore, operating revenues would increase by \$3.7 billion and operating expenses, excluding income taxes, would increase by \$3.9 billion for the twelve months ended December 31, 2009. In addition, net cash provided by operating activities would increase by \$623.3 million; net cash used in investing activities would increase by \$322.8 million; net cash used in financing activities would increase by \$205.8 million; the effect of exchange rate changes on cash would increase by \$782,000; and the net change in cash and cash equivalents would be an increase of \$95.5 million for the twelve months ended December 31, 2009. Reporting its subsidiary investments using the equity method rather than GAAP has no effect on net income or retained earnings.

The Company's notes to the financial statements are presented consolidated with its subsidiary investments and prepared in conformity with GAAP. Accordingly, certain footnotes are not reflective of the Company's FERC basis financial statements contained herein.

The Company's regulated businesses are subject to various state and federal agency regulations. The accounting policies followed by these businesses are generally subject to the Uniform System of Accounts of the FERC. These accounting policies differ in some respects from those used by the Company's nonregulated businesses.

The Company's regulated businesses account 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, 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

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| NOTES TO FINANCIAL STATEMENTS (Continued) | | | |

the FERC and the applicable state public service commissions. See Note 6 for more information regarding the nature and amounts of these regulatory deferrals.

Depreciation, depletion and amortization expense is reported separately on the Consolidated Statements of Income and therefore is excluded from the other line items within operating expenses.

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.

Allowance for doubtful accounts

The Company's allowance for doubtful accounts as of December 31, 2009 and 2008, was \$16.6 million and \$13.7 million, respectively.

Natural gas in storage

Natural gas in storage for the Company's regulated operations is generally carried at average cost, or cost using the last-in, first-out method. The portion of the cost of natural gas in storage expected to be used within one year was included in inventories and was \$35.6 million and \$27.6 million at December 31, 2009 and 2008, respectively. The remainder of natural gas in storage, which largely represents the cost of the gas required to maintain pressure levels for normal operating purposes, was included in other assets and was \$59.6 million and \$43.4 million at December 31, 2009 and 2008, respectively.

Inventories

Inventories, other than natural gas in storage for the Company's regulated operations, consisted primarily of aggregates held for resale of \$80.1 million and \$89.1 million, materials and supplies of \$58.1 million and \$70.3 million, asphalt oil of \$23.0 million and \$22.1 million, and other inventories of \$53.0 million and \$52.4 million, as of December 31, 2009 and 2008, respectively. These inventories were stated at the lower of average cost or market value.

Investments

The Company's investments include its equity method investments as discussed in Note 4, the cash surrender value of life insurance policies, investments in fixed-income and equity securities and auction rate securities. Under the equity method, investments are initially recorded at cost and adjusted for dividends and undistributed earnings and losses. On January 1, 2008, the Company elected to measure its investments in certain fixed-income and equity securities at fair value with any unrealized gains and losses recorded on the Consolidated Statements of Income. These investments had previously been accounted for as available-for-sale investments and were recorded at fair value with any unrealized gains and losses, net of income taxes, recorded in accumulated other comprehensive income (loss) on the Consolidated Balance Sheets until realized. The Company accounts for auction rate securities as available-for-sale. For more information, see Notes 8 and 16 and comprehensive income (loss) in this note.

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, except for natural gas and oil production properties as described in natural gas and oil properties in this note, 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. In addition, the Company capitalizes interest, when applicable, on certain construction projects associated with its other operations. The amount of AFUDC and interest capitalized was \$11.5 million, \$9.0 million and \$7.1 million in 2009, 2008 and 2007, respectively. Generally, property, plant and equipment are depreciated on a straight-line basis over the average useful lives of the assets, except

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| NOTES TO FINANCIAL STATEMENTS (Continued) | | | |

for depletable aggregate reserves, which are depleted based on the units-of-production method, and natural gas and oil production properties, which are amortized on the units-of-production method based on total reserves. The Company collects removal costs for plant assets in regulated utility rates. These amounts are recorded as regulatory liabilities, which are included in other liabilities.

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| MDU Resources Group, Inc. | | | |
| NOTES TO FINANCIAL STATEMENTS (Continued) | | | |

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

| | 2009 | 2008 | Weighted Average Depreciable Life in Years |
|---|--------------|--------------|---|
| <i>(Dollars in thousands, where applicable)</i> | | | |
| Regulated: | | | |
| Electric: | | | |
| Generation | \$ 486,710 | \$ 408,851 | 58 |
| Distribution | 230,795 | 219,501 | 36 |
| Transmission | 146,373 | 142,081 | 44 |
| Other | 77,913 | 78,292 | 12 |
| Natural gas distribution: | | | |
| Distribution | 1,218,124 | 1,260,651 | 39 |
| Other | 238,084 | 168,836 | 21 |
| Pipeline and energy services: | | | |
| Transmission | 351,019 | 322,276 | 52 |
| Gathering | 41,815 | 41,825 | 19 |
| Storage | 33,701 | 32,592 | 52 |
| Other | 33,283 | 31,925 | 27 |
| Nonregulated: | | | |
| Construction services: | | | |
| Land | 4,526 | 4,526 | — |
| Buildings and improvements | 15,110 | 12,913 | 23 |
| Machinery, vehicles and equipment | 87,462 | 84,042 | 7 |
| Other | 9,138 | 9,820 | 5 |
| Pipeline and energy services: | | | |
| Gathering | 202,467 | 201,323 | 17 |
| Other | 12,914 | 10,980 | 10 |
| Natural gas and oil production: | | | |
| Natural gas and oil properties | 1,993,594 | 2,443,946 | * |
| Other | 35,200 | 33,456 | 9 |
| Construction materials and contracting: | | | |
| Land | 127,928 | 127,279 | — |
| Buildings and improvements | 65,778 | 68,356 | 20 |
| Machinery, vehicles and equipment | 925,747 | 932,545 | 12 |
| Construction in progress | 3,733 | 11,488 | — |
| Aggregate reserves | 391,803 | 384,361 | ** |
| Other: | | | |
| Land | 2,942 | 2,942 | — |
| Other | 30,423 | 27,430 | 19 |
| Less accumulated depreciation, depletion and amortization | 2,872,465 | 2,761,319 | |
| Net property, plant and equipment | \$ 3,894,117 | \$ 4,300,918 | |

* Amortized on the units-of-production method based on total proved reserves at an Mcf equivalent average rate of \$1.64, \$2.00 and \$1.59 for the years ended December 31, 2009, 2008 and 2007, respectively. Includes natural gas and oil production properties accounted for under the full-cost method, of which \$178.2 million and \$232.1 million were excluded from amortization at December 31, 2009 and 2008, respectively.

** Depleted on the units-of-production method.

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Impairment of long-lived assets

The Company reviews the carrying values of its long-lived assets, excluding goodwill and natural gas and oil properties, 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 significant impairment losses were recorded in 2009, 2008 and 2007. Unforeseen events and changes in circumstances could require the recognition of other impairment losses at some future date.

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 is completed in the fourth quarter, or more frequently if events or changes in circumstances indicate that goodwill may be impaired. For more information on goodwill, see Note 5.

Natural gas and oil properties

The Company uses the full-cost method of accounting for its natural gas and oil production activities. Under this method, all costs incurred in the acquisition, exploration and development of natural gas and oil properties are capitalized and amortized on the units-of-production method based on total proved reserves. Any conveyances of properties, including gains or losses on abandonments of properties, are treated as adjustments to the cost of the properties with no gain or loss recognized.

Capitalized costs are subject to a "ceiling test" that limits such costs to the aggregate of the present value of future net cash flows from proved reserves discounted at 10 percent, as mandated under the rules of the SEC, plus the cost of unproved properties less applicable income taxes. Future net revenue was estimated based on end-of-quarter spot market prices adjusted for contracted price changes prior to the fourth quarter of 2009. Effective December 31, 2009, the Modernization of Oil and Gas Reporting rules issued by the SEC changed the pricing used to estimate reserves and associated future cash flows to SEC Defined Prices. Prior to that date, if capitalized costs exceeded the full-cost ceiling at the end of any quarter, a permanent noncash write-down was required to be charged to earnings in that quarter unless subsequent price changes eliminated or reduced an indicated write-down. Effective December 31, 2009, if capitalized costs exceed the full-cost ceiling at the end of any quarter, a permanent noncash write-down is required to be charged to earnings in that quarter regardless of subsequent price changes.

Due to low natural gas and oil prices that existed on March 31, 2009, and December 31, 2008, the Company's capitalized costs under the full-cost method of accounting exceeded the full-cost ceiling at March 31, 2009, and December 31, 2008. Accordingly, the Company was required to write down its natural gas and oil producing properties. The noncash write-downs amounted to \$620.0 million and \$135.8 million (\$384.4 million and \$84.2 million after tax) for the years ended December 31, 2009 and 2008, respectively.

The Company hedges a portion of its natural gas and oil production and the effects of the cash flow hedges were used in determining the full-cost ceiling. The Company would have recognized additional write-downs of its natural gas and oil properties of \$107.9 million (\$66.9 million after tax) at March 31, 2009, and \$79.2 million (\$49.1 million after tax) at December 31, 2008, if the effects of cash flow hedges had not been considered in calculating the full-cost ceiling. For more information on the Company's cash flow hedges, see Note 7.

At December 31, 2009, the Company's full-cost ceiling exceeded the Company's capitalized cost. However, sustained downward movements in natural gas and oil prices subsequent to

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December 31, 2009, could result in a future write-down of the Company's natural gas and oil properties.

The following table summarizes the Company's natural gas and oil properties not subject to amortization at December 31, 2009, in total and by the year in which such costs were incurred:

| | Year Costs Incurred | | | | |
|--|-----------------------|----------|-----------|----------|-------------------|
| | Total | 2009 | 2008 | 2007 | 2006 and prior |
| | <i>(In thousands)</i> | | | | |
| Acquisition | \$122,806 | \$4,287 | \$81,954 | \$7,972 | \$28,593 |
| Development | 20,377 | 9,997 | 7,149 | 3,231 | — |
| Exploration | 28,216 | 19,311 | 8,093 | 811 | 1 |
| Capitalized interest | 6,815 | 1,336 | 3,865 | 478 | 1,136 |
| Total costs not subject to amortization | \$178,214 | \$34,931 | \$101,061 | \$12,492 | \$29,730 |

Costs not subject to amortization as of December 31, 2009, consisted primarily of unevaluated leaseholds, drilling costs, seismic costs and capitalized interest associated primarily with natural gas and oil development in the Paradox Basin in Utah; Big Horn Basin in Wyoming; east Texas properties; and CBNG in the Powder River Basin of Wyoming and Montana. The Company expects that the majority of these costs will be evaluated within the next five years and included in the amortization base as the properties are evaluated and/or developed.

Revenue recognition

Revenue is recognized when the earnings process is complete, as evidenced by an agreement between the customer and the Company, when delivery has occurred or services have been rendered, when the fee is fixed or determinable and when collection is reasonably assured. The Company recognizes utility revenue each month based on the services provided to all utility customers during the month. Accrued unbilled revenue which is included in receivables, net, represents revenues recognized in excess of amounts billed. Accrued unbilled revenue at Montana-Dakota, Cascade and Intermountain was \$92.6 million and \$123.2 million at December 31, 2009 and 2008, respectively. The Company recognizes construction contract revenue at its construction businesses using the percentage-of-completion method as discussed later. The Company recognizes revenue from natural gas and oil production properties only on that portion of production sold and allocable to the Company's ownership interest in the related well. The Company recognizes all other revenues when services are rendered or goods are delivered. The Company presents revenues net of taxes collected from customers at the time of sale to be remitted to governmental authorities, including sales and use taxes.

Percentage-of-completion method

The Company recognizes construction contract revenue from fixed-price and modified fixed-price construction contracts at its construction businesses using the percentage-of-completion method, measured by the percentage of costs incurred to date to estimated total costs for each contract. If a loss is anticipated on a contract, the loss is immediately recognized. Costs and estimated earnings in excess of billings on uncompleted contracts of \$28.8 million and \$40.1 million at December 31, 2009 and 2008, respectively, represent revenues recognized in excess of amounts billed and were included in receivables, net. Billings in excess of costs and estimated earnings on uncompleted contracts of \$49.3 million and \$106.9 million at December 31, 2009 and 2008, respectively, represent billings in excess of revenues recognized and were included in accounts payable. Amounts representing balances billed but not paid by customers under retainage provisions in contracts amounted to \$45.4 million and \$86.9 million at December 31, 2009 and 2008, respectively. The amounts expected to be paid within one year or less are included in

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| NOTES TO FINANCIAL STATEMENTS (Continued) | | | |

receivables, net, and amounted to \$44.0 million and \$67.7 million at December 31, 2009 and 2008, respectively. The long-term retainage which was included in deferred charges and other assets - other was \$1.4 million and \$19.2 million at December 31, 2009 and 2008, respectively.

Derivative instruments

The Company's policy allows the use of derivative instruments as part of an overall energy price, foreign currency and interest rate risk management program to efficiently manage and minimize commodity price, foreign currency and interest rate risk. The Company's policy prohibits the use of derivative instruments for speculating to take advantage of market trends and conditions, and the Company has procedures in place to monitor compliance with its policies. The Company is exposed to credit-related losses in relation to derivative instruments in the event of nonperformance by counterparties.

The Company's policy generally allows the hedging of monthly forecasted natural gas and oil production at Fidelity for a period up to 36 months from the time the Company enters into the hedge. The Company's policy requires that interest rate derivative instruments not exceed a period of 24 months and foreign currency derivative instruments not exceed a 12-month period. The Company's policy allows the hedging of monthly forecasted purchases of natural gas at Cascade and Intermountain for a period up to three years.

The Company's policy requires that each month as physical natural gas and oil production at Fidelity occurs and the commodity is sold, the related portion of the derivative agreement for that month's production must settle with its counterparties. Settlements represent the exchange of cash between the Company and its counterparties based on the notional quantities and prices for each month's physical delivery as specified within the agreements. The fair value of the remaining notional amounts on the derivative agreements is recorded on the balance sheet as an asset or liability measured at fair value, with the unrealized gains or losses recognized as a component of accumulated other comprehensive income (loss). The Company's policy also requires settlement of natural gas derivative instruments at Cascade and Intermountain monthly and all interest rate derivative transactions must be settled over a period that will not exceed 90 days, and any foreign currency derivative transaction settlement periods may not exceed a 12-month period. The Company has policies and procedures that management believes minimize credit-risk exposure. Accordingly, the Company does not anticipate any material effect on its financial position or results of operations as a result of nonperformance by counterparties. For more information on derivative instruments, see Note 7.

The Company's swap and collar agreements are reflected at fair value, based upon futures prices, volatility and time to maturity, among other things.

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 gain or loss at its nonregulated operations or incurs a regulatory asset or liability at its regulated operations. For more information on asset retirement obligations, see Note 10.

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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 ranging from 12 to 28 months from the time such costs are paid. Natural gas costs refundable through rate adjustments were \$37.4 million and \$64,000 at December 31, 2009 and 2008, respectively, which is included in other accrued liabilities. Natural gas costs recoverable through rate adjustments were \$982,000 and \$51.7 million at December 31, 2009 and 2008, respectively, which is included in prepayments and other current assets.

Insurance

Certain subsidiaries of the Company are insured for workers' compensation losses, subject to deductibles ranging up to \$1 million per occurrence. Automobile liability and general liability losses are insured, subject to deductibles ranging up to \$1 million per accident or occurrence. These subsidiaries have excess coverage above the primary automobile and general liability policies on a claims first-made and reported basis beyond the deductible levels. The subsidiaries of the Company are retaining losses up to the deductible amounts accrued on the basis of estimates of liability for claims incurred and for claims incurred but not reported.

Income taxes

The Company provides deferred federal and state income taxes on all temporary differences between the book and tax basis of the Company's assets and liabilities. Excess deferred income tax balances associated with the Company's rate-regulated activities have been recorded as a regulatory liability and are included in other 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 and natural gas distribution plant over various periods that conform to the ratemaking treatment prescribed by the applicable state public service commissions.

Tax positions taken or expected to be taken in an income tax return are evaluated for recognition using a more-likely-than-not threshold, and those tax positions requiring recognition are measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon ultimate settlement with a taxing authority. The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income taxes.

Foreign currency translation adjustment

The functional currency of the Company's investment in the Brazilian Transmission Lines, as further discussed in Note 4, is the Brazilian Real. Translation from the Brazilian Real to the U.S. dollar for assets and liabilities is performed using the exchange rate in effect at the balance sheet date. Revenues and expenses are translated on a year-to-date basis using weighted average daily exchange rates. Adjustments resulting from such translations are reported as a separate component of other comprehensive income (loss) in common stockholders' equity.

Transaction gains and losses resulting from the effect of exchange rate changes on transactions denominated in a currency other than the functional currency of the reporting entity would be recorded in income.

Earnings (loss) per common share

Basic earnings (loss) per common share were computed by dividing earnings (loss) on common stock by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per common share were computed by dividing earnings on common stock

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by the total of the weighted average number of shares of common stock outstanding during the year, plus the effect of outstanding stock options, restricted stock grants and performance share awards. In 2008 and 2007, there were no shares excluded from the calculation of diluted earnings per share. Diluted loss per common share for 2009 was computed by dividing the loss on common stock by the weighted average number of shares of common stock outstanding during the year. Due to the loss on common stock for 2009, the effect of outstanding stock options, restricted stock grants and performance share awards was excluded from the computation of diluted loss per common share as their effect was antidilutive. Common stock outstanding includes issued shares less shares held in treasury.

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 impairment testing of long-lived assets, goodwill and natural gas and oil properties; fair values of acquired assets and liabilities under the purchase method of accounting; natural gas and oil reserves; aggregate reserves; property depreciable lives; tax provisions; uncollectible accounts; environmental and other loss contingencies; accumulated provision for revenues subject to refund; costs on construction contracts; unbilled revenues; actuarially determined benefit costs; asset retirement obligations; the valuation of stock-based compensation; and the fair value of derivative instruments. 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.

Cash flow information

Cash expenditures for interest and income taxes were as follows:

| Years ended December 31, | 2009 | 2008 | 2007 |
|-------------------------------------|-----------------------|------------|------------|
| | <i>(In thousands)</i> | | |
| Interest, net of amount capitalized | \$ 81,267 | \$ 77,152 | \$ 74,404 |
| Income taxes | \$ 39,807 | \$ 113,212 | \$ 214,573 |

Income taxes paid for the year ended December 31, 2007, were higher than the amount paid for the years ended December 31, 2009 and 2008, primarily due to higher estimated quarterly tax payments paid in 2007 due in large part to the gain on the sale of the domestic independent power production assets as discussed in Note 3.

New accounting standards

Codification In June 2009, the FASB established the ASC as the source of authoritative generally accepted accounting principles recognized by the FASB. The ASC is a reorganization of GAAP into a topical format. It was effective for the Company in the third quarter of 2009. The adoption of the Codification required the Company to revise its disclosures when referencing generally accepted accounting principles.

Fair Value Measurements and Disclosures In September 2006, the FASB established guidance that defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The guidance applies under other accounting pronouncements that require or permit fair value measurements with certain exceptions and was effective for the Company on January 1, 2008. In February 2008, this guidance was revised to delay the effective date for certain nonfinancial assets and nonfinancial liabilities to January 1, 2009. The types of assets and liabilities that are recognized at fair value effective January 1, 2009, due to the delayed effective date, include nonfinancial assets and nonfinancial liabilities initially measured at fair value in a business combination or new basis event, certain fair value measurements associated with goodwill impairment testing, indefinite-lived intangible assets and nonfinancial

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long-lived assets measured at fair value for impairment assessment, and asset retirement obligations initially measured at fair value. The adoption of the fair value measurements and disclosure guidance, including the application to certain nonfinancial assets and nonfinancial liabilities with a delayed effective date of January 1, 2009, did not have a material effect on the Company's financial position or results of operations.

Business Combinations In December 2007, the FASB issued guidance related to business combinations that requires an acquirer to recognize and measure the assets acquired, liabilities assumed and any noncontrolling interests in the acquiree at the acquisition date, measured at their fair values as of that date, with limited exception. The business combination guidance also requires that acquisition-related costs will be generally expensed as incurred, and expands the disclosure requirements for business combinations. In addition, the business combination guidance was amended and clarified to address application issues raised in regard to initial recognition and measurement, subsequent measurement and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. This guidance and its amendments were effective for the Company on January 1, 2009. The adoption of the business combination guidance and its amendments did not have a material effect on the Company's financial position or results of operations.

Noncontrolling Interests In December 2007, the FASB established accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. This guidance was effective for the Company on January 1, 2009. The adoption of the noncontrolling interest guidance did not have a material effect on the Company's financial position or results of operations.

Derivative Instruments and Hedging Activities In March 2008, the FASB released guidance related to derivative instruments and hedging activities that requires enhanced disclosures about an entity's derivative and hedging activities including how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for, and how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. This guidance was effective for the Company on January 1, 2009. The adoption of the derivative instruments and hedging activities guidance requires additional disclosures regarding the Company's derivative instruments; however, it did not impact the Company's financial position or results of operations.

Pensions and Other Postretirement Benefits In December 2008, the FASB issued guidance on an employer's disclosures about plan assets of a defined benefit pension or other postretirement plan to provide users of financial statements with an understanding of how investment allocation decisions are made, the major categories of plan assets, the inputs and valuation techniques used to measure the fair value of plan assets, the effect of fair value measurements using significant unobservable inputs on changes in plan assets for the period and significant concentrations of risk within plan assets. This guidance was effective for the Company on January 1, 2009. The adoption of the pension and other postretirement benefits guidance required additional disclosures regarding the Company's defined benefit pension and other postretirement plans in the annual financial statements; however, it did not impact the Company's financial position or results of operations.

Modernization of Oil and Gas Reporting In January 2009, the SEC adopted final rules amending its oil and gas reporting requirements. The new rules include changes to the pricing used to estimate reserves, the ability to include nontraditional resources in reserves, the use of new technology for determining reserves and permitting disclosure of probable and possible reserves. The final rules were effective on December 31, 2009. For information on the impacts of adopting the SEC's final rules for oil and gas reporting, see Supplementary Financial Information.

Financial Instruments In April 2009, the FASB issued guidance that requires disclosures about the fair value of financial instruments for interim reporting periods of publicly

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traded companies as well as in annual financial statements, which was effective for the Company in the second quarter of 2009. The adoption of the financial instruments guidance required additional disclosures regarding the Company's fair value of financial instruments; however, it did not impact the Company's financial position or results of operations.

Subsequent Events In May 2009, the FASB issued subsequent events guidance which establishes standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. In addition it requires disclosure of the date through which the Company has evaluated subsequent events and whether it represents the date the financial statements were issued or were available to be issued. This guidance was effective for the Company on June 30, 2009. The adoption of the subsequent events guidance did not have a material effect on the Company's financial position or results of operations.

Variable Interest Entities In June 2009, the FASB issued guidance related to variable interest entities which changes how a reporting entity determines when an entity that is insufficiently capitalized or is not controlled through voting rights should be consolidated and modifies the approach for determining the primary beneficiary of a variable interest entity. This guidance will require a reporting entity to provide additional disclosures about its involvement with variable interest entities and any significant changes in risk exposure due to that involvement. The guidance related to variable interest entities was effective for the Company on January 1, 2010. The adoption of this guidance did not have a material effect on the Company's financial position or results of operations.

Oil and Gas Reserve Estimation and Disclosure In January 2010, the FASB issued guidance related to oil and gas reserve estimation and disclosure requirements, which aligned the current oil and gas reserve estimation and disclosures with those of the SEC's final rule, Modernization of Oil and Gas Reporting, and requires disclosure in the first annual period of the estimated effect of the initial application of the guidance. The guidance related to oil and gas reserve estimation and disclosure was effective for the Company on December 31, 2009. For more information on the effects of adopting the oil and gas reserve estimation and disclosure guidance, see Supplementary Financial Information.

Improving Disclosure About Fair Value Measurements In January 2010, the FASB issued guidance related to improving disclosures about fair value measurements. The guidance requires separate disclosures of the amounts of transfers in and out of Level 1 and Level 2 fair value measurements and a description of the reason for such transfers. In the reconciliation for Level 3 fair value measurements using significant unobservable inputs, information about purchases, sales, issuances and settlements shall be presented separately. These disclosures are required for interim and annual reporting periods and were effective for the Company on January 1, 2010, except for the disclosures related to the purchases, sales, issuances and settlements in the roll forward activity of Level 3 fair value measurements, which are effective on January 1, 2011. The guidance will require additional disclosures but will not impact the Company's financial position or results of operations.

Comprehensive income (loss)

Comprehensive income (loss) is the sum of net income (loss) as reported and other comprehensive income (loss). The Company's other comprehensive income (loss) resulted from gains (losses) on derivative instruments qualifying as hedges, postretirement liability adjustments, foreign currency translation adjustments and gains on available-for-sale investments. For more information on derivative instruments, see Note 7.

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The components of other comprehensive income (loss), and their related tax effects for the years ended December 31, 2009, 2008 and 2007, were as follows:

| | 2009 | 2008 | 2007 |
|--|-----------------------|-----------------|------------------|
| | <i>(In thousands)</i> | | |
| Other comprehensive income (loss): | | | |
| Net unrealized gain (loss) on derivative instruments qualifying as hedges: | | | |
| Net unrealized gain (loss) on derivative instruments arising during the period, net of tax of \$(2,509), \$30,414 and \$3,989 in 2009, 2008 and 2007, respectively | \$(4,094) | \$ 49,623 | \$6,508 |
| Less: Reclassification adjustment for gain on derivative instruments included in net income, net of tax of \$29,170, \$3,795 and \$12,504 in 2009, 2008 and 2007, respectively | 47,590 | 6,175 | 20,013 |
| Net unrealized gain (loss) on derivative instruments qualifying as hedges | (51,684) | 43,448 | (13,505) |
| Postretirement liability adjustment, net of tax of \$6,291, \$(8,750) and \$1,835 in 2009, 2008 and 2007, respectively | 9,918 | (13,751) | 3,012 |
| Foreign currency translation adjustment, net of tax of \$6,814, \$(6,108) and \$3,606 in 2009, 2008 and 2007, respectively | 10,568 | (9,534) | 7,177 |
| Net unrealized gain on available-for-sale investments, net of tax of \$270 in 2007 | — | — | 405 |
| Total other comprehensive income (loss) | \$(31,198) | \$20,163 | \$(2,911) |

The after-tax components of accumulated other comprehensive income (loss) as of December 31, 2009, 2008 and 2007, were as follows:

| | Net Unrealized Gain (Loss) on Derivative Instruments Qualifying as Hedges | Post- retirement Liability Adjustment | Foreign Currency Translation Adjustment | Net Unrealized Gain on Available- for-sale Investments | Total Accumulated Other Comprehensive Income (Loss) |
|-------------------------------------|---|--|--|--|---|
| | <i>(In thousands)</i> | | | | |
| Balance at December 31, 2007 | \$ 5,938 | \$(21,330) | \$ 5,594 | \$405 | \$ (9,393) |
| Balance at December 31, 2008 | \$49,386 | \$(35,081) | \$(3,940) | \$ — | \$ 10,365 |
| Balance at December 31, 2009 | \$ (2,298) | \$(25,163) | \$ 6,628 | \$ — | \$(20,833) |

Note 2 - Acquisitions

In 2009, the Company acquired a pipeline and energy services business in Montana which was not material. The total purchase consideration for this business and purchase price adjustments with respect to certain other acquisitions made prior to 2009, consisting of the Company's common stock and cash, was \$22.0 million.

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In 2008, the Company acquired a construction services business in Nevada; natural gas properties in Texas; construction materials and contracting businesses in Alaska, California, Idaho and Texas; and Intermountain, a natural gas distribution business, as discussed below. The total purchase consideration for these businesses and properties and purchase price adjustments with respect to certain other acquisitions made prior to 2008, consisting of the Company's common stock and cash and the outstanding indebtedness of Intermountain, was \$624.5 million.

On October 1, 2008, the acquisition of Intermountain was finalized and Intermountain became an indirect wholly owned subsidiary of the Company. Intermountain's service area is in Idaho.

In 2007, the Company acquired construction materials and contracting businesses in North Dakota, Texas and Wyoming; a construction services business in Nevada; and Cascade, a natural gas distribution business, as discussed below. The total purchase consideration for these businesses and properties and purchase price adjustments with respect to certain other acquisitions made prior to 2007, consisting of the Company's common stock and cash and the outstanding indebtedness of Cascade, was \$526.3 million.

On July 2, 2007, the acquisition of Cascade was finalized and Cascade became an indirect wholly owned subsidiary of the Company. Cascade's natural gas service areas are in Washington and Oregon.

The above acquisitions were accounted for under the purchase method of accounting and, accordingly, the acquired assets and liabilities assumed have been preliminarily recorded at their respective fair values as of the date of acquisition. On the above acquisition made in 2009, a final fair market value is pending the completion of the review of the relevant assets and liabilities as of the acquisition date. The results of operations of the acquired businesses and properties are included in the financial statements since the date of each acquisition. Pro forma financial amounts reflecting the effects of the above acquisitions are not presented, as such acquisitions were not material to the Company's financial position or results of operations.

Note 3 - Discontinued Operations

Innovatum, a component of the pipeline and energy services segment, specialized in cable and pipeline magnetization and location. During the third quarter of 2006, the Company initiated a plan to sell Innovatum because the Company determined that Innovatum is a non-strategic asset. During the fourth quarter of 2006, the stock and a portion of the assets of Innovatum were sold and the Company sold the remaining assets of Innovatum in January 2008. The loss on disposal of Innovatum was not material.

During the fourth quarter of 2006, the Company initiated a plan to sell certain of the domestic assets of Centennial Resources. The plan to sell was based on the increased market demand for independent power production assets, combined with the Company's desire to efficiently fund future capital needs. The Company subsequently committed to a plan to sell CEM due to strong interest in the operations of CEM during the bidding process for the domestic independent power production assets in the first quarter of 2007.

In July 2007, Centennial Resources sold its domestic independent power production business consisting of Centennial Power and CEM to Bicient Power LLC (formerly known as Montana Acquisition Company LLC). The transaction was valued at \$636 million, which included the assumption of approximately \$36 million of project-related debt. The gain on the sale of the assets, excluding the gain on the sale of Hartwell as discussed in Note 4, was approximately \$85.4 million (after tax).

The Company's consolidated financial statements and accompanying notes for prior periods present the results of operations of Innovatum and the domestic independent power production assets as discontinued operations. In addition, the assets and liabilities of these operations were treated as held for sale, and as a result, no depreciation,

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depletion and amortization expense was recorded from the time each of the assets was classified as held for sale.

Operating results related to Innovatum for the year ended December 31, 2007, were as follows:

| | 2007 |
|---|-----------------------|
| | <i>(In thousands)</i> |
| Operating revenues | \$ 1,748 |
| Loss from discontinued operations before income tax benefit | (210) |
| Income tax benefit | (316) |
| Income from discontinued operations, net of tax | \$ 106 |

Operating results related to the domestic independent power production assets for the year ended December 31, 2007, were as follows:

| | 2007 |
|---|-----------------------|
| | <i>(In thousands)</i> |
| Operating revenues | \$ 125,867 |
| Income from discontinued operations (including gain on disposal in 2007 of \$142.4 million) before income tax expense | 177,666 |
| Income tax expense | 68,438 |
| Income from discontinued operations, net of tax | \$ 109,228 |

Revenues at the former independent power production operations were recognized based on electricity delivered and capacity provided, pursuant to contractual commitments and, where applicable, revenues were recognized ratably over the terms of the related contract. Arrangements with multiple revenue-generating activities were recognized with the multiple deliverables divided into separate units of accounting based on specific criteria and revenues of the arrangements allocated to the separate units based on their relative fair values.

Note 4 - Equity Method Investments

Investments in companies in which the Company has the ability to exercise significant influence over operating and financial policies are accounted for using the equity method. The Company's equity method investments at December 31, 2009 and 2008, include the Brazilian Transmission Lines.

In August 2006, MDU Brasil acquired ownership interests in companies owning the Brazilian Transmission Lines. The interests involve the ENTE (13.3-percent ownership interest), ERTE (13.3-percent ownership interest) and ECTE (25-percent ownership interest) electric transmission lines, which are primarily in northeastern and southern Brazil. The transmission contracts provide for revenues denominated in the Brazilian Real, annual inflation adjustments and change in tax law adjustments and have between 21 and 23 years remaining under the contracts. Alusa and CEMIG hold the remaining ownership interests, with CELESC also having an ownership interest in ECTE. The functional currency for the Brazilian Transmission Lines is the Brazilian Real.

In the fourth quarter of 2009, multiple sales agreements were signed with three separate parties for the Company to sell its ownership interests in the Brazilian Transmission Lines. This sale is pending regulatory approvals. One of the parties will purchase 15.6 percent of the Company's ownership interests over a four-year period. The other parties will purchase 84.4 percent of the Company's ownership interests at the financial close of the transaction.

In September 2004, Centennial Resources, through indirect wholly owned subsidiaries,

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acquired a 50 percent ownership interest in Hartwell, which owns a 310-MW natural gas-fired electric generating facility near Hartwell, Georgia. In July 2007, the Company sold its ownership interest in Hartwell, and realized a gain of \$10.1 million (\$6.1 million after tax) from the sale which is recorded in earnings from equity method investments on the Consolidated Statements of Income.

At December 31, 2009 and 2008, the investments in which the Company held an equity method interest had total assets of \$387.0 million and \$294.7 million, respectively, and long-term debt of \$176.7 million and \$158.0 million, respectively. The Company's investment in its equity method investments was approximately \$62.4 million and \$44.4 million, including undistributed earnings of \$9.3 million and \$6.8 million, at December 31, 2009 and 2008, respectively.

Note 5 - Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill for the year ended December 31, 2009, were as follows:

| | Balance as of January 1, 2009 | Goodwill Acquired During the Year* | Balance as of December 31, 2009 |
|--|--|---|--|
| <i>(In thousands)</i> | | | |
| Electric | \$ — | \$ — | \$ — |
| Natural gas distribution | 344,952 | 784 | 345,736 |
| Construction services | 95,619 | 4,508 | 100,127 |
| Pipeline and energy services | 1,159 | 6,698 | 7,857 |
| Natural gas and oil production | — | — | — |
| Construction materials and contracting | 174,005 | 1,738 | 175,743 |
| Other | — | — | — |
| Total | \$ 615,735 | \$ 13,728 | \$ 629,463 |

* Includes purchase price adjustments that were not material related to acquisitions in a prior period.

The changes in the carrying amount of goodwill for the year ended December 31, 2008, were as follows:

| | Balance as of January 1, 2008 | Goodwill Acquired During the Year* | Balance as of December 31, 2008 |
|--|--|---|--|
| <i>(In thousands)</i> | | | |
| Electric | \$ — | \$ — | \$ — |
| Natural gas distribution | 171,129 | 173,823 | 344,952 |
| Construction services | 91,385 | 4,234 | 95,619 |
| Pipeline and energy services | 1,159 | — | 1,159 |
| Natural gas and oil production | — | — | — |
| Construction materials and contracting | 162,025 | 11,980 | 174,005 |
| Other | — | — | — |
| Total | \$ 425,698 | \$ 190,037 | \$ 615,735 |

* Includes purchase price adjustments that were not material related to acquisitions in a prior period.

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Other amortizable intangible assets at December 31 were as follows:

| | 2009 | 2008 |
|--------------------------|-----------------------|-----------|
| | <i>(In thousands)</i> | |
| Customer relationships | \$ 24,942 | \$ 21,842 |
| Accumulated amortization | (9,500) | (6,985) |
| | 15,442 | 14,857 |
| Noncompete agreements | 12,377 | 10,080 |
| Accumulated amortization | (6,675) | (5,126) |
| | 5,702 | 4,954 |
| Other | 10,859 | 10,949 |
| Accumulated amortization | (3,026) | (2,368) |
| | 7,833 | 8,581 |
| Total | \$ 28,977 | \$ 28,392 |

Amortization expense for intangible assets for the years ended December 31, 2009, 2008 and 2007, was \$5.0 million, \$5.1 million and \$4.4 million, respectively. Estimated amortization expense for intangible assets is \$4.5 million in 2010, \$4.0 million in 2011, \$3.9 million in 2012, \$3.4 million in 2013, \$3.0 million in 2014 and \$10.2 million thereafter.

Note 6 - Regulatory Assets and Liabilities

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

| | 2009 | 2008 |
|---|-----------------------|------------|
| | <i>(In thousands)</i> | |
| Regulatory assets: | | |
| Pension and postretirement benefits (a) | \$ 91,078 | \$ 119,868 |
| Deferred income taxes* | 85,712 | 46,855 |
| Natural gas supply derivatives (a) (b) | 27,900 | 89,813 |
| Costs related to potential generation development (a) | 15,499 | — |
| Long-term debt refinancing costs (a) | 12,089 | 9,991 |
| Taxes recoverable from customers (a) | 10,102 | 4,824 |
| Plant costs (a) | 7,775 | 8,534 |
| Natural gas cost recoverable through rate adjustments (b) | 982 | 51,699 |
| Other (a) (b) | 12,242 | 7,978 |
| Total regulatory assets | 263,379 | 339,562 |
| Regulatory liabilities: | | |
| Plant removal and decommissioning costs (c) | 251,143 | 94,737 |
| Deferred income taxes* | 53,835 | 65,909 |
| Natural gas costs refundable through rate adjustments (d) | 37,356 | 64 |
| Taxes refundable to customers (c) | 34,571 | 25,642 |
| Natural gas supply derivatives (c) | — | 5,540 |
| Other (c) (d) | 17,767 | 7,460 |
| Total regulatory liabilities | 394,672 | 199,352 |
| Net regulatory position | \$ (131,293) | \$ 140,210 |

* Represents deferred income taxes related to regulatory assets and liabilities.

(a) Included in deferred charges and other assets on the Consolidated Balance Sheets.

(b) Included in prepayments and other current assets on the Consolidated Balance Sheets.

(c) Included in other liabilities on the Consolidated Balance Sheets.

(d) Included in other accrued liabilities on the Consolidated Balance Sheets.

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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. In 2009, the Company determined that plant removal costs related to recent acquisitions should be reclassified from accumulated depreciation to a regulatory liability. This reclassification is reflected in the preceding table.

If, for any reason, the Company's regulated businesses cease 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 as an extraordinary item in the period in which the discontinuance of regulatory accounting occurs.

Note 7 - Derivative Instruments

Derivative instruments, including certain derivative instruments embedded in other contracts, are required to be recorded on the balance sheet as either an asset or liability measured at fair value. The Company's policy is to not offset fair value amounts for derivative instruments, and as a result the Company's derivative assets and liabilities are presented gross on the Consolidated Balance Sheets. Changes in the derivative instrument's fair value are recognized currently in earnings unless specific hedge accounting criteria are met. Accounting for qualifying hedges allows derivative gains and losses to offset the related results on the hedged item in the income statement and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting treatment.

In the event a derivative instrument being accounted for as a cash flow hedge does not qualify for hedge accounting because it is no longer highly effective in offsetting changes in cash flows of a hedged item; if the derivative instrument expires or is sold, terminated or exercised; or if management determines that designation of the derivative instrument as a hedge instrument is no longer appropriate, hedge accounting would be discontinued and the derivative instrument would continue to be carried at fair value with changes in its fair value recognized in earnings. In these circumstances, the net gain or loss at the time of discontinuance of hedge accounting would remain in accumulated other comprehensive income (loss) until the period or periods during which the hedged forecasted transaction affects earnings, at which time the net gain or loss would be reclassified into earnings. In the event a cash flow hedge is discontinued because it is unlikely that a forecasted transaction will occur, the derivative instrument would continue to be carried on the balance sheet at its fair value, and gains and losses that had accumulated in other comprehensive income (loss) would be recognized immediately in earnings. In the event of a sale, termination or extinguishment of a foreign currency derivative, the resulting gain or loss would be recognized immediately in earnings. The Company's policy requires approval to terminate a derivative instrument prior to its original maturity. As of December 31, 2009, the Company had no outstanding foreign currency or interest rate hedges.

Cascade and Intermountain

At December 31, 2009, Cascade and Intermountain held natural gas swap agreements, with total forward notional volumes of 12.1 million MMBtu, which were not designated as hedges. Cascade and Intermountain utilize natural gas swap agreements to manage a portion of their regulated natural gas supply portfolios in order to manage fluctuations in the price of natural gas related to core customers in accordance with authority granted by the IPUC, WUTC and OPUC. Core customers consist of residential, commercial and smaller industrial customers. The fair value of the derivative instrument must be estimated as of the end of each reporting period and is recorded on the Consolidated Balance Sheets as an asset or a liability. Cascade and Intermountain record periodic changes in the fair market value of the derivative instruments on the Consolidated Balance Sheets as a regulatory asset or a regulatory liability, and settlements of these arrangements are expected to be recovered through the purchased gas cost adjustment mechanism. Gains and losses on the settlements

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of these derivative instruments are recorded as a component of purchased natural gas sold on the Consolidated Statements of Income as they are recovered through the purchased gas cost adjustment mechanism. Under the terms of these arrangements, Cascade and Intermountain will either pay or receive settlement payments based on the difference between the fixed strike price and the monthly index price applicable to each contract. For the year ended December 31, 2009, Cascade and Intermountain recorded the decrease in the fair market value of the derivative instruments of \$61.9 million in regulatory assets.

Certain of Cascade's derivative instruments contain credit-risk-related contingent features that permit the counterparties to require collateralization if Cascade's derivative liability positions exceed certain dollar thresholds. The dollar thresholds in certain of Cascade's agreements are determined and may fluctuate based on Cascade's credit rating on its debt. In addition, Cascade's and Intermountain's derivative instruments contain cross-default provisions that state if the entity fails to make payment with respect to certain of its indebtedness, in excess of specified amounts, the counterparties could require early settlement or termination of such entity's derivative instruments in liability positions. The aggregate fair value of Cascade and Intermountain's derivative instruments with credit-risk-related contingent features that are in a liability position at December 31, 2009, was \$27.9 million. The aggregate fair value of assets that would have been needed to settle the instruments immediately if the credit-risk-related contingent features were triggered on December 31, 2009, was \$27.9 million.

Fidelity

At December 31, 2009, Fidelity held natural gas swaps and collar agreements with total forward notional volumes of 26.5 million MMBtu, natural gas basis swaps with total forward notional volumes of 15.1 million MMBtu, and oil swaps and collar agreements with total forward notional volumes of 2.0 million Bbl, all of which were designated as cash flow hedging instruments. Fidelity utilizes these derivative instruments to manage a portion of the market risk associated with fluctuations in the price of natural gas and oil and basis differentials on its forecasted sales of natural gas and oil production.

The fair value of the derivative instruments must be estimated as of the end of each reporting period and is recorded on the Consolidated Balance Sheets as an asset or liability. Changes in the fair value attributable to the effective portion of hedging instruments, net of tax, are recorded in stockholders' equity as a component of accumulated other comprehensive income (loss). At the date the natural gas and oil quantities are settled, the amounts accumulated in other comprehensive income (loss) are reported in the Consolidated Statements of Income. To the extent that the hedges are not effective, the ineffective portion of the changes in fair market value is recorded directly in earnings. The proceeds received for natural gas and oil production are generally based on market prices.

For the years ended December 31, 2009, 2008 and 2007, the amount of hedge ineffectiveness was immaterial, and there were no components of the derivative instruments' gain or loss excluded from the assessment of hedge effectiveness. Gains and losses must be reclassified into earnings as a result of the discontinuance of cash flow hedges if it is probable that the original forecasted transactions will not occur. There were no such reclassifications into earnings as a result of the discontinuance of hedges.

Gains and losses on derivative instruments that are reclassified from accumulated other comprehensive income (loss) to current-period earnings are included in operating revenues on the Consolidated Statements of Income. For further information regarding the gains and losses on derivative instruments qualifying as cash flow hedges that were recognized in other comprehensive income (loss) and the gains and losses reclassified from accumulated other comprehensive income (loss) into earnings, see Note 1.

As of December 31, 2009, the maximum term of the swap and collar agreements, in which the exposure to the variability in future cash flows for forecasted transactions is being hedged, is 24 months. The Company estimates that over the next 12 months net losses of approximately \$3.8 million (after tax) will be reclassified from accumulated other

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comprehensive loss into earnings, subject to changes in natural gas and oil market prices, as the hedged transactions affect earnings.

Certain of Fidelity's derivative instruments contain cross-default provisions that state if Fidelity fails to make payment with respect to certain indebtedness, in excess of specified amounts, the counterparties could require early settlement or termination of derivative instruments in liability positions. The aggregate fair value of Fidelity's derivative instruments with credit-risk-related contingent features that are in a liability position at December 31, 2009, was \$13.9 million. The aggregate fair value of assets that would have been needed to settle the instruments immediately if the credit-risk-related contingent features were triggered on December 31, 2009, was \$13.9 million.

The location and fair value of all of the Company's derivative instruments on the Consolidated Balance Sheets as of December 31, 2009, were as follows:

| | Asset Derivatives | | Liability Derivatives | |
|---|---|------------|---|------------|
| | Location on Consolidated Balance Sheets | Fair Value | Location on Consolidated Balance Sheets | Fair Value |
| <i>(In thousands)</i> | | | | |
| Commodity derivatives designated as hedges: | | | | |
| Commodity derivative instruments | | \$ 7,761 | Commodity derivative instruments | \$13,763 |
| Other assets - noncurrent | | 2,734 | Other liabilities - noncurrent | 114 |
| Total derivatives designated as hedges | | 10,495 | | 13,877 |
| Commodity derivatives not designated as hedges: | | | | |
| Commodity derivative instruments | | — | Commodity derivative instruments | 23,144 |
| Other assets - noncurrent | | — | Other liabilities - noncurrent | 4,756 |
| Total derivatives not designated as hedges | | — | | 27,900 |
| Total derivatives | | \$10,495 | | \$41,777 |

Note 8 - Fair Value Measurements

On January 1, 2008, the Company elected to measure its investments in certain fixed-income and equity securities at fair value with changes in fair value recognized in income. These investments had previously been accounted for as available-for-sale investments. The Company anticipates using these investments to satisfy its obligations under its unfunded, nonqualified benefit plans 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 \$34.8 million and \$27.7 million as of December 31, 2009 and 2008, respectively, are classified as Investments on the Consolidated Balance Sheets. The increase in the fair value of these investments for the year ended December 31, 2009, was \$7.1 million (before tax). The decrease in the fair value of these investments for the year ended December 31, 2008, was \$8.6 million (before tax). The change in fair value, which is considered part of the cost of the plan, is classified in operation and maintenance expense on the Consolidated Statements of Income. The Company did not elect the fair value option for its remaining available-for-sale securities, which are auction rate securities. The Company's auction rate securities, which totaled \$11.4 million at December 31, 2009 and 2008, are

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accounted for as available-for-sale and are recorded at fair value. The fair value of the auction rate securities approximate cost and, as a result, there are no accumulated unrealized gains or losses recorded in accumulated other comprehensive income (loss) on the Consolidated Balance Sheets related to these investments.

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 statement establishes a hierarchy for grouping assets and liabilities, based on the significance of inputs. The Company's assets and liabilities measured at fair value on a recurring basis are as follows:

| Fair Value Measurements at December 31, 2009, Using | | | | | |
|--|---|---|--|---|------------------------------------|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Collateral Provided to Counterparties | Balance at December 31, 2009 |
| <i>(In thousands)</i> | | | | | |
| Assets: | | | | | |
| Money market funds | \$ 9,124 | \$ 151,000 | \$ — | \$ — | \$ 160,124 |
| Available-for-sale securities | 9,078 | 37,141 | — | — | 46,219 |
| Commodity derivative instruments - current | — | 7,761 | — | — | 7,761 |
| Commodity derivative instruments - noncurrent | — | 2,734 | — | — | 2,734 |
| Total assets measured at fair value | \$18,202 | \$ 198,636 | \$ — | \$ — | \$ 216,838 |
| Liabilities: | | | | | |
| Commodity derivative instruments - current | \$ — | \$ 36,907 | \$ — | \$ — | \$ 36,907 |
| Commodity derivative instruments - noncurrent | — | 4,870 | — | — | 4,870 |
| Total liabilities measured at fair value | \$ — | \$ 41,777 | \$ — | \$ — | \$ 41,777 |

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Fair Value Measurements at
December 31, 2008, Using

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Collateral Provided to Counterparties | Balance at December 31, 2008 |
|---|---|---|--|---|------------------------------------|
| <i>(In thousands)</i> | | | | | |
| Assets: | | | | | |
| Available-for-sale securities | \$27,725 | \$ 11,400 | \$ — | \$ — | \$ 39,125 |
| Commodity derivative instruments - current | — | 78,164 | — | — | 78,164 |
| Commodity derivative instruments - noncurrent | — | 3,222 | — | — | 3,222 |
| Total assets measured at fair value | \$27,725 | \$ 92,786 | \$ — | \$ — | \$120,511 |
| Liabilities: | | | | | |
| Commodity derivative instruments - current | \$ — | \$ 67,629 | \$ — | \$ 11,100 | \$ 56,529 |
| Commodity derivative instruments - noncurrent | — | 23,534 | — | — | 23,534 |
| Total liabilities measured at fair value | \$ — | \$ 91,163 | \$ — | \$ 11,100 | \$ 80,063 |

The estimated fair value of the Company's Level 1 money market funds is valued at the net asset value of shares held by the Company, based on published market quotations in active markets. The estimated fair value of the Company's Level 1 available-for-sale securities is based on quoted market prices in active markets for identical equity and fixed-income securities. The estimated fair value of the Company's Level 2 money market funds and available-for-sale securities is based on comparable market transactions or underlying investments. The estimated fair value of the Company's Level 2 commodity derivative instruments is based upon futures prices, volatility and time to maturity, among other things.

The Company's long-term debt is not measured at fair value on the Consolidated Balance Sheets and the fair value is being provided for disclosure purposes only. The estimated fair value of the Company's long-term debt was based on quoted market prices of the same or similar issues. The estimated fair value of the Company's long-term debt at December 31 was as follows:

| | 2009 | | 2008 | |
|-----------------------|--------------------|---------------|--------------------|---------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| <i>(In thousands)</i> | | | | |
| Long-term debt | \$1,499,306 | \$1,566,331 | \$1,647,302 | \$1,577,907 |

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

Note 9 - Debt

Certain debt instruments of the Company and its subsidiaries, including those discussed below, contain restrictive covenants and cross-default provisions. In order to borrow under the respective credit agreements, the Company and its subsidiaries must be in

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compliance with the applicable covenants and certain other conditions, all of which the Company and its subsidiaries, as applicable, were in compliance with at December 31, 2009. In the event the Company and its subsidiaries do not comply with the applicable covenants and other conditions, alternative sources of funding may need to be pursued.

The following table summarizes the outstanding credit facilities of the Company and its subsidiaries:

| Company | Facility | Facility Limit | Amount Outstanding at December 31, 2009 | Amount Outstanding at December 31, 2008 | Letters of Credit at December 31, 2009 | Expiration Date |
|---|---|----------------|---|---|--|-----------------|
| <i>(Dollars in millions)</i> | | | | | | |
| MDU Resources Group, Inc. | Commercial paper/Revolving credit agreement (a) | \$125.0 | \$ — (b) | \$ 22.5 (b) | \$ — | 6/21/11 |
| MDU Energy Capital, LLC | Master shelf agreement | \$175.0 | \$165.0 | \$165.0 | \$ — | 8/14/10 (c) |
| Cascade Natural Gas Corporation | Revolving credit agreement | \$ 50.0 (d) | \$ — | \$ 48.1 | \$ 1.9 (e) | 12/28/12 (f) |
| Intermountain Gas Company | Revolving credit agreement | \$ 65.0 (g) | \$ 10.3 | \$ 36.5 | \$ — | 8/31/10 |
| Centennial Energy Holdings, Inc. | Commercial paper/Revolving credit agreement (h) | \$400.0 | \$ — (b) | \$150.0 (b) | \$26.4 (e) | 12/13/12 |
| Williston Basin Interstate Pipeline Company | Uncommitted long-term private shelf agreement | \$125.0 | \$ 87.5 | \$ 72.5 | \$ — | 12/23/10 (i) |

(a) The \$125 million commercial paper program is supported by a revolving credit agreement with various banks totaling \$125 million (provisions allow for increased borrowings, at the option of the Company on stated conditions, up to a maximum of \$150 million). There were no amounts outstanding under the credit agreement.

(b) Amount outstanding under commercial paper program.

(c) Or such time as the agreement is terminated by either of the parties thereto.

(d) Certain provisions allow for increased borrowings, up to a maximum of \$75 million.

(e) The outstanding letters of credit, as discussed in Note 19, reduce amounts available under the credit agreement.

(f) Provisions allow for an extension of up to two years upon consent of the banks.

(g) Certain provisions allow for increased borrowings, up to a maximum of \$70 million.

(h) The \$400 million commercial paper program is supported by a revolving credit agreement with various banks totaling \$400 million (provisions allow for increased borrowings, at the option of Centennial on stated conditions, up to a maximum of \$450 million). There were no amounts outstanding under the credit agreement.

(i) Certain provisions allow for an extension to December 23, 2011.

In order to maintain the Company's and Centennial's respective commercial paper programs in the amounts indicated above, both the Company and Centennial must have revolving credit agreements in place at least equal to the amount of their commercial paper programs. While the amount of commercial paper outstanding does not reduce available capacity under the respective revolving credit agreements, the Company and Centennial do not issue commercial paper in an aggregate amount exceeding the available capacity under their credit agreements.

The following includes information related to the preceding table.

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Short-term borrowings

MDU Resources Group, Inc. The Company had \$57.0 million outstanding under a \$175 million term loan agreement at December 31, 2008. This agreement expired on March 24, 2009.

Cascade Natural Gas Corporation Any borrowings under the \$50 million revolving credit agreement would be classified as short-term borrowings as Cascade intends to repay the borrowings within one year.

Cascade's credit agreement contains customary covenants and provisions, including a covenant of Cascade not to permit, at any time, the ratio of total debt to total capitalization to be greater than 65 percent. Cascade's credit agreement also contains cross-default provisions. These provisions state that if Cascade fails to make any payment with respect to any indebtedness or contingent obligation, in excess of a specified amount, under any agreement that causes such indebtedness to be due prior to its stated maturity or the contingent obligation to become payable, Cascade will be in default under the credit agreement. Certain of Cascade's financing agreements and Cascade's practices limit the amount of subsidiary indebtedness.

Intermountain Gas Company The weighted average interest rate for borrowings outstanding under the credit agreement at December 31, 2009, was 3.25 percent. The credit agreement contains customary covenants and provisions, including covenants of Intermountain not to permit, as of the end of any fiscal quarter, (A) the ratio of funded debt to total capitalization (determined on a consolidated basis) to be greater than 65 percent, or (B) the ratio of Intermountain's earnings before interest, taxes, depreciation and amortization to interest expense (determined on a consolidated basis), for the 12-month period ended each fiscal quarter, to be less than 2 to 1. Other covenants include limitations on the sale of certain assets and on the making of certain loans and investments.

Intermountain's credit agreement contains cross-default provisions. These provisions state that if (i) Intermountain fails to make any payment with respect to any indebtedness or guarantee in excess of \$5 million, (ii) any other event occurs that would permit the holders of indebtedness or the beneficiaries of guarantees to become payable, or (iii) certain conditions result in an early termination date under any swap contract, then Intermountain shall be in default under the revolving credit agreement.

Long-term debt

MDU Resources Group, Inc. The Company's revolving credit agreement supports its commercial paper program. The commercial paper borrowings are classified as long-term debt as they are intended to be refinanced on a long-term basis through continued commercial paper borrowings.

The Company's credit agreement contains customary covenants and provisions, including covenants of the Company not to permit, as of the end of any fiscal quarter, (A) the ratio of funded debt to total capitalization (determined on a consolidated basis) to be greater than 65 percent or (B) the ratio of funded debt to capitalization (determined with respect to the Company alone, excluding its subsidiaries) to be greater than 65 percent. Also included is a covenant that does not permit the ratio of the Company's earnings before interest, taxes, depreciation and amortization to interest expense (determined with respect to the Company alone, excluding its subsidiaries), for the 12-month period ended each fiscal quarter, to be less than 2.5 to 1. Other covenants include restrictions on the sale of certain assets and on the making of certain investments.

There are no credit facilities that contain cross-default provisions between the Company and any of its subsidiaries.

In November 2009, the Company completed a defeasance of its outstanding 8.60% Secured Medium-Term Notes, Series A, due April 1, 2012 (8.60% Notes), by depositing approximately

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\$5.5 million with the Mortgage trustee. The \$5.5 million deposit will be used solely to satisfy the principal and remaining interest obligations on the 8.60% Notes. These securities are the only remaining first mortgage bonds outstanding under the Mortgage, other than \$30.0 million of first mortgage bonds which were held by the Indenture trustee for the benefit of the senior note holders. In connection with the defeasance of the 8.60% Notes, the Mortgage was discharged and the lien of the Indenture was discharged so that the Company's 5.98% Senior Notes due 2033 are now unsecured.

MDU Energy Capital, LLC The master shelf agreement contains customary covenants and provisions, including covenants of MDU Energy Capital not to permit (A) the ratio of its total debt (on a consolidated basis) to adjusted total capitalization to be greater than 70 percent, or (B) the ratio of subsidiary debt to subsidiary capitalization to be greater than 65 percent, or (C) the ratio of Intermountain's total debt (determined on a consolidated basis) to total capitalization to be greater than 65 percent. The agreement also includes a covenant requiring the ratio of MDU Energy Capital earnings before interest and taxes to interest expense (on a consolidated basis), for the 12-month period ended each fiscal quarter, to be greater than 1.5 to 1. In addition, payment obligations under the master shelf agreement may be accelerated upon the occurrence of an event of default (as described in the agreement).

Centennial Energy Holdings, Inc. Centennial's revolving credit agreement supports its commercial paper program. The Centennial commercial paper borrowings are classified as long-term debt as Centennial intends to refinance these borrowings on a long-term basis through continued Centennial commercial paper borrowings.

Centennial's credit agreement and the Centennial uncommitted long-term master shelf agreement contain customary covenants and provisions, including a covenant of Centennial and certain of its subsidiaries, not to permit, as of the end of any fiscal quarter, the ratio of total debt to total capitalization to be greater than 65 percent (for the \$400 million credit agreement) and 60 percent (for the master shelf agreement). The master shelf agreement also includes a covenant that does not permit the ratio of Centennial's earnings before interest, taxes, depreciation and amortization to interest expense, for the 12-month period ended each fiscal quarter, to be less than 1.75 to 1. Other covenants include minimum consolidated net worth, limitation on priority debt and restrictions on the sale of certain assets and on the making of certain loans and investments.

Pursuant to a covenant under the credit agreement, Centennial may only make distributions to the Company in an amount up to 100 percent of Centennial's consolidated net income after taxes for the immediately preceding fiscal year. The write-down of the natural gas and oil properties in 2009 would have negatively affected Centennial's ability to make distributions to the Company in 2010, however, in November 2009, the lenders under the credit agreement consented to permit Centennial to make distributions during 2010 in an aggregate amount up to 100 percent of its consolidated net income after taxes during fiscal year 2009 without giving effect to the write-down.

Certain of Centennial's financing agreements contain cross-default provisions. These provisions state that if Centennial or any subsidiary of Centennial fails to make any payment with respect to any indebtedness or contingent obligation, in excess of a specified amount, under any agreement that causes such indebtedness to be due prior to its stated maturity or the contingent obligation to become payable, the applicable agreements will be in default. Certain of Centennial's financing agreements and Centennial's practices limit the amount of subsidiary indebtedness.

Williston Basin Interstate Pipeline Company The uncommitted long-term private shelf agreement contains customary covenants and provisions, including a covenant of Williston Basin not to permit, as of the end of any fiscal quarter, the ratio of total debt to total capitalization to be greater than 55 percent. Other covenants include limitation on priority debt and some restrictions on the sale of certain assets and the making of certain investments.

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

| | 2009 | 2008 |
|--|-----------------------|--------------|
| | <i>(In thousands)</i> | |
| First mortgage bonds and notes: | | |
| Secured Medium-Term Notes, Series A, 8.60% | \$ — | \$ 5,500 |
| Senior Notes, 5.98%, due December 15, 2033 | — | 30,000 (a) |
| Total first mortgage bonds and notes | — | 35,500 |
| Senior Notes at a weighted average rate of 6.07%, due on dates ranging from October 30, 2010 to March 8, 2037 | 1,370,455 | 1,271,227 |
| Commercial paper supported by revolving credit agreements | — | 172,500 |
| Medium-Term Notes at a weighted average rate of 7.72%, due on dates ranging from September 4, 2012 to March 16, 2029 | 81,000 | 81,000 |
| Other notes at a weighted average rate of 5.24%, due on dates ranging from September 1, 2020 to February 1, 2035 | 42,070 | 42,971 |
| Credit agreements at a weighted average rate of 5.67%, due on dates ranging from April 1, 2010 to November 30, 2038 | 5,781 | 44,205 |
| Discount | — | (101) |
| Total long-term debt | 1,499,306 | 1,647,302 |
| Less current maturities | 12,629 | 78,666 |
| Net long-term debt | \$ 1,486,677 | \$ 1,568,636 |

(a) The \$30.0 million of 5.98% Senior Notes became unsecured upon the defeasance of the outstanding 8.60% Notes, as previously discussed.

The amounts of scheduled long-term debt maturities for the five years and thereafter following December 31, 2009, aggregate \$12.6 million in 2010; \$72.3 million in 2011; \$136.3 million in 2012; \$258.8 million in 2013; \$9.1 million in 2014 and \$1,010.2 million thereafter.

Note 10 - Asset Retirement Obligations

The Company records obligations related to the plugging and abandonment of natural gas and oil wells, decommissioning of certain electric generating facilities, reclamation of certain aggregate properties, special handling and disposal of hazardous materials at certain electric generating facilities, natural gas distribution and transmission facilities and buildings, and certain other obligations associated with leased properties.

A reconciliation of the Company's liability, which is included in other liabilities, for the years ended December 31 was as follows:

| | 2009 | 2008 |
|------------------------------|-----------------------|-----------|
| | <i>(In thousands)</i> | |
| Balance at beginning of year | \$ 70,147 | \$ 64,453 |
| Liabilities incurred | 2,418 | 2,943 |
| Liabilities acquired | — | 2,369 |
| Liabilities settled | (9,319) | (3,188) |
| Accretion expense | 3,385 | 3,191 |
| Revisions in estimates | 9,548 | 207 |
| Other | 180 | 172 |
| Balance at end of year | \$ 76,359 | \$ 70,147 |

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The Company believes that any 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.

The fair value of assets that are legally restricted for purposes of settling asset retirement obligations at December 31, 2009 and 2008, was \$5.9 million.

Note 11 - Preferred Stocks

Preferred stocks at December 31 were as follows:

| | 2009 | 2008 |
|---|-------------------------------|-----------------|
| | <i>(Dollars in thousands)</i> | |
| Authorized: | | |
| Preferred – | | |
| 500,000 shares, cumulative, par value \$100, issuable in series | | |
| Preferred stock A – | | |
| 1,000,000 shares, cumulative, without par value, issuable in series (none outstanding) | | |
| Preference – | | |
| 500,000 shares, cumulative, without par value, issuable in series (none outstanding) | | |
| Outstanding: | | |
| 4.50% Series – 100,000 shares | \$10,000 | \$10,000 |
| 4.70% Series – 50,000 shares | 5,000 | 5,000 |
| Total preferred stocks | \$15,000 | \$15,000 |

The 4.50% Series and 4.70% Series preferred stocks outstanding are subject to redemption, in whole or in part, at the option of the Company with certain limitations on 30 days notice on any quarterly dividend date at a redemption price, plus accrued dividends, of \$105 per share and \$102 per share, respectively.

In the event of a voluntary or involuntary liquidation, all preferred stock series holders are entitled to \$100 per share, plus accrued dividends.

The affirmative vote of two-thirds of a series of the Company's outstanding preferred stock is necessary for amendments to the Company's charter or bylaws that adversely affect that series; creation of or increase in the amount of authorized stock ranking senior to that series (or an affirmative majority vote where the authorization relates to a new class of stock that ranks on parity with such series); a voluntary liquidation or sale of substantially all of the Company's assets; a merger or consolidation, with certain exceptions; or the partial retirement of that series of preferred stock when all dividends on that series of preferred stock have not been paid. The consent of the holders of a particular series is not required for such corporate actions if the equivalent vote of all outstanding series of preferred stock voting together has consented to the given action and no particular series is affected differently than any other series.

Subject to the foregoing, the holders of common stock exclusively possess all voting power. However, if cumulative dividends on preferred stock are in arrears, in whole or in part, for one year, the holders of preferred stock would obtain the right to one vote per share until all dividends in arrears have been paid and current dividends have been declared and set aside.

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Note 12 - Common Stock

The Stock Purchase Plan provides interested investors the opportunity to make optional cash investments and to reinvest all or a percentage of their cash dividends in shares of the Company's common stock. The K-Plan is partially funded with the Company's common stock. From January 2007 through March 2007 and October 1, 2008 through October 21, 2008, the Stock Purchase Plan and K-Plan, with respect to Company stock, were funded with shares of authorized but unissued common stock. From April 2007 through September 30, 2008, and October 22, 2008 through December 2009, purchases of shares of common stock on the open market were used to fund the Stock Purchase Plan and K-Plan. At December 31, 2009, there were 23.2 million shares of common stock reserved for original issuance under the Stock Purchase Plan and K-Plan.

The Company depends on earnings from its divisions and dividends from its subsidiaries to pay dividends on common stock. The declaration and payment of dividends is at the sole discretion of the board of directors, subject to limitations imposed by state laws, applicable regulatory limitations, and compliance with the requirements of the Company's credit agreements. These requirements are not expected to affect the Company's ability to pay dividends in the near term.

Note 13 - Stock-Based Compensation

The Company has several stock-based compensation plans and is authorized to grant options, restricted stock and stock for up to 16.9 million shares of common stock and has granted options, restricted stock and stock of 7.3 million shares through December 31, 2009. The Company generally issues new shares of common stock to satisfy stock option exercises, restricted stock, stock and performance share awards.

Total stock-based compensation expense was \$3.4 million, net of income taxes of \$2.2 million in 2009; \$3.7 million, net of income taxes of \$2.3 million in 2008; and \$4.7 million, net of income taxes of \$3.1 million in 2007.

As of December 31, 2009, total remaining unrecognized compensation expense related to stock-based compensation was approximately \$5.6 million (before income taxes) which will be amortized over a weighted average period of 1.5 years.

Stock options

The Company has stock option plans for directors, key employees and employees. The Company has not granted stock options since 2003. Options granted to key employees automatically vest after nine years, but the plan provides for accelerated vesting based on the attainment of certain performance goals or upon a change in control of the Company, and expire 10 years after the date of grant. Options granted to directors and employees vest at the date of grant and three years after the date of grant, respectively, and expire 10 years after the date of grant.

The fair value of each option outstanding was estimated on the date of grant using the Black-Scholes option-pricing model.

A summary of the status of the stock option plans at December 31, 2009, and changes during the year then ended was as follows:

| | Number of Shares | Weighted Average Exercise Price |
|------------------------------|------------------|---------------------------------------|
| Balance at beginning of year | 1,003,824 | \$13.39 |
| Forfeited | (24,188) | 13.22 |
| Exercised | <u>(154,765)</u> | 13.23 |
| Balance at end of year | 824,871 | 13.42 |
| Exercisable at end of year | 799,703 | \$13.41 |

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Summarized information about stock options outstanding and exercisable as of December 31, 2009, was as follows:

| Range of Exercisable Prices | Number Outstanding | Options Outstanding | | | Options Exercisable | | |
|-----------------------------|--------------------|-------------------------------------|---------------------------------|-----------------------------------|---------------------|---------------------------------|-----------------------------------|
| | | Remaining Contractual Life in Years | Weighted Average Exercise Price | Aggregate Intrinsic Value (000's) | Number Exercisable | Weighted Average Exercise Price | Aggregate Intrinsic Value (000's) |
| \$ 9.61 – 12.00 | 12,131 | .5 | \$ 9.93 | \$ 166 | 12,131 | \$ 9.93 | \$ 166 |
| 12.01 – 14.50 | 745,970 | 1.2 | 13.21 | 7,751 | 726,235 | 13.21 | 7,545 |
| 14.51 – 17.13 | <u>66,770</u> | 1.2 | 16.48 | <u>475</u> | <u>61,337</u> | 16.51 | <u>435</u> |
| Balance at end of year | 824,871 | 1.2 | \$13.42 | \$8,392 | 799,703 | \$13.41 | \$8,146 |

The aggregate intrinsic value in the preceding table represents the total intrinsic value (before income taxes), based on the Company's stock price on December 31, 2009, which would have been received by the option holders had all option holders exercised their options as of that date.

The weighted average remaining contractual life of options exercisable was 1.2 years at December 31, 2009.

The Company received cash of \$2.1 million, \$5.9 million and \$10.2 million from the exercise of stock options for the years ended December 31, 2009, 2008 and 2007, respectively. The aggregate intrinsic value of options exercised during the years ended December 31, 2009, 2008 and 2007, was \$1.3 million, \$8.1 million and \$11.2 million, respectively.

Restricted stock awards

Prior to 2002, the Company granted restricted stock awards under a long-term incentive plan. The restricted stock awards granted vest at various times ranging from one year to nine years from the date of issuance, but certain grants may vest early based upon the attainment of certain performance goals or upon a change in control of the Company. The grant-date fair value is the market price of the Company's stock on the grant date.

A summary of the status of the restricted stock awards for the year ended December 31, 2009, was as follows:

| | Number of Shares | Weighted Average Grant-Date Fair Value |
|----------------------------------|------------------|--|
| Nonvested at beginning of period | 20,606 | \$13.22 |
| Vested | — | — |
| Forfeited | <u>(2,970)</u> | 13.22 |
| Nonvested at end of period | 17,636 | \$13.22 |

Stock awards

Nonemployee directors may receive shares of common stock instead of cash in payment for directors' fees under the nonemployee director stock compensation plan. There were 49,649 shares with a fair value of \$879,000, 45,675 shares with a fair value of \$1.2 million and 48,228 shares with a fair value of \$1.5 million issued under this plan during the years ended December 31, 2009, 2008 and 2007, respectively.

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Performance share awards

Since 2003, key employees of the Company have been awarded performance share awards each year. Entitlement to performance shares is based on the Company's total shareholder return over designated performance periods as measured against a selected peer group.

Target grants of performance shares outstanding at December 31, 2009, were as follows:

| Grant Date | Performance Period | Target Grant of Shares |
|---------------|--------------------|------------------------|
| February 2007 | 2007-2009 | 175,596 |
| February 2008 | 2008-2010 | 183,102 |
| February 2009 | 2009-2011 | 275,807 |

Participants may earn from zero to 200 percent of the target grant of shares based on the Company's total shareholder return relative to that of the selected peer group. Compensation expense is based on the grant-date fair value. The grant-date fair value of performance share awards granted during the years ended December 31, 2009, 2008 and 2007, was \$20.39, \$30.71 and \$23.55, per share, respectively. The grant-date fair value for the performance shares was determined by Monte Carlo simulation using a blended volatility term structure in the range of 40.40 percent to 50.98 percent in 2009, 21.54 percent to 22.97 percent in 2008 and 18.17 percent to 18.73 percent in 2007 comprised of 50 percent historical volatility and 50 percent implied volatility and a risk-free interest rate term structure in the range of .30 percent to 1.36 percent in 2009, 1.87 percent to 2.23 percent in 2008 and 4.75 percent to 5.21 percent in 2007 based on U.S. Treasury security rates in effect as of the grant date. In addition, the mean over all simulation paths of the discounted dividends expected to be earned in the performance period used in the valuation was \$1.79, \$1.64 and \$1.25 per target share for the 2009, 2008 and 2007 awards, respectively. The fair value of performance share awards that vested during the years ended December 31, 2009, 2008 and 2007, was \$2.8 million, \$8.5 million and \$6.0 million, respectively.

A summary of the status of the performance share awards for the year ended December 31, 2009, was as follows:

| | Number of Shares | Weighted Average Grant-Date Fair Value |
|----------------------------------|------------------|--|
| Nonvested at beginning of period | 546,867 | \$26.55 |
| Granted | 278,178 | 20.39 |
| Vested | (151,848) | 25.22 |
| Forfeited | (38,692) | 25.35 |
| Nonvested at end of period | 634,505 | \$24.24 |

Note 14 - Income Taxes

The components of income (loss) before income taxes for each of the years ended December 31 were as follows:

| | 2009 | 2008 | 2007 |
|-----------------------------------|-----------------------|-----------|-----------|
| | <i>(In thousands)</i> | | |
| United States | \$(227,021) | \$436,029 | \$508,210 |
| Foreign | 7,655 | 5,120 | 4,600 |
| Income (loss) before income taxes | \$(219,366) | \$441,149 | \$512,810 |

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

| | 2009 | 2008 | 2007 |
|------------------------------------|-----------------------|-------------------|-------------------|
| | <i>(In thousands)</i> | | |
| Current: | | | |
| Federal | \$ 64,389 | \$ 82,279 | \$ 106,399 |
| State | 8,284 | (184) | 15,135 |
| Foreign | 254 | (104) | 235 |
| | <u>72,927</u> | <u>81,991</u> | <u>121,769</u> |
| Deferred: | | | |
| Income taxes – | | | |
| Federal | (147,607) | 59,963 | 58,030 |
| State | (22,370) | 5,332 | 9,656 |
| Investment tax credit – net | 213 | (405) | (414) |
| | <u>(169,764)</u> | <u>64,890</u> | <u>67,272</u> |
| Change in uncertain tax benefits | 562 | 422 | 869 |
| Change in accrued interest | 183 | 173 | 114 |
| Total income tax expense (benefit) | <u>\$ (96,092)</u> | <u>\$ 147,476</u> | <u>\$ 190,024</u> |

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

| | 2009 | 2008 |
|--|-----------------------|---------------------|
| | <i>(In thousands)</i> | |
| Deferred tax assets: | | |
| Regulatory matters | \$ 85,712 | \$ 46,855 |
| Accrued pension costs | 79,052 | 93,371 |
| Asset retirement obligations | 24,091 | 22,707 |
| Deferred compensation | 11,411 | 12,015 |
| Other | 59,763 | 62,456 |
| Total deferred tax assets | <u>260,029</u> | <u>237,404</u> |
| Deferred tax liabilities: | | |
| Depreciation and basis differences on property, plant and equipment | 601,426 | 562,326 |
| Basis differences on natural gas and oil producing properties | 116,521 | 284,231 |
| Regulatory matters | 53,835 | 65,909 |
| Natural gas and oil price swap and collar agreements | — | 30,414 |
| Other | 51,070 | 42,725 |
| Total deferred tax liabilities | <u>822,852</u> | <u>985,605</u> |
| Net deferred income tax liability | <u>\$ (562,823)</u> | <u>\$ (748,201)</u> |

As of December 31, 2009 and 2008, no valuation allowance has been recorded associated with the above deferred tax assets.

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The following table reconciles the change in the net deferred income tax liability from December 31, 2008, to December 31, 2009, to deferred income tax benefit:

| | 2009 |
|--|-----------------------|
| | <i>(In thousands)</i> |
| Change in net deferred income tax liability from the preceding table | \$(185,378) |
| Deferred taxes associated with other comprehensive loss | 18,574 |
| Deferred taxes associated with acquisitions | 762 |
| Other | (3,722) |
| Deferred income tax benefit for the period | \$(169,764) |

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

| Years ended December 31, | 2009 | | 2008 | | 2007 | |
|---|-------------------------------|------|------------|-------|------------|------|
| | Amount | % | Amount | % | Amount | % |
| | <i>(Dollars in thousands)</i> | | | | | |
| Computed tax at federal statutory rate | \$ (76,778) | 35.0 | \$ 154,402 | 35.0 | \$ 179,484 | 35.0 |
| Increases (reductions) resulting from: | | | | | | |
| State income taxes, net of federal income tax benefit (expense) | (7,280) | 3.3 | 10,709 | 2.4 | 17,121 | 3.3 |
| Deductible K-Plan dividends | (2,369) | 1.1 | (2,144) | (.5) | (2,134) | (.4) |
| Depletion allowance | (2,320) | 1.0 | (2,932) | (.7) | (4,073) | (.8) |
| Federal renewable energy credit | (1,452) | .7 | (1,235) | (.3) | — | — |
| Foreign operations | (1,148) | .5 | 423 | .1 | 9,603 | 1.8 |
| Domestic production activities deduction | (856) | .4 | (3,031) | (.7) | (4,787) | (.9) |
| Resolution of tax matters and uncertain tax positions | 881 | (.4) | 595 | .1 | 208 | — |
| Other | (4,770) | 2.2 | (9,311) | (2.0) | (5,398) | (.9) |
| Total income tax expense (benefit) | \$ (96,092) | 43.8 | \$ 147,476 | 33.4 | \$ 190,024 | 37.1 |

The income tax benefit in 2009 resulted largely from the Company's write-down of natural gas and oil properties, as discussed in Note 1.

Prior to the sale of the domestic independent power production assets on July 10, 2007, as discussed in Note 3, the Company considered earnings (including the gain from the sale of its foreign equity method investment in a natural gas-fired electric generating facility in Brazil in 2005) to be reinvested indefinitely outside of the United States and, accordingly, no U.S. deferred income taxes were recorded with respect to such earnings. Following the sale of these assets, the Company reconsidered its long-term plans for future development and expansion of its foreign investment and has determined that it has no immediate plans to explore or invest in additional foreign investments at this time. Therefore in the third quarter of 2007, deferred income taxes were accrued with respect to the temporary differences which had not been previously recorded. The amount of cumulative undistributed earnings for which there are temporary differences is approximately \$36.8

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million at December 31, 2009. The amount of deferred tax liability, net of allowable foreign tax credits, associated with the undistributed earnings at December 31, 2009, was approximately \$10.5 million, which was largely recognized in 2007. Future earnings will also be subject to additional U.S. taxes, net of allowable foreign tax credits.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, and various state, local and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years ending prior to 2004.

On January 1, 2007, upon the adoption of accounting guidance related to uncertain tax positions, the Company recognized a decrease in the liability for unrecognized tax benefits, which was not material and was accounted for as an increase to the January 1, 2007, balance of retained earnings. At the date of adoption, the amount of unrecognized tax benefits was \$4.5 million, including interest.

A reconciliation of the unrecognized tax benefits (excluding interest) for the years ended December 31, was as follows:

| | 2009 | 2008 | 2007 |
|--|-----------------------|----------|----------|
| | <i>(In thousands)</i> | | |
| Balance at beginning of year | \$ 5,586 | \$ 3,735 | \$ 4,241 |
| Additions based on tax positions related to the current year | — | 1,102 | 373 |
| Additions for tax positions of prior years | 562 | 1,811 | 588 |
| Reductions for tax positions of prior years | — | (1,062) | — |
| Lapse of statute of limitations | — | — | (1,467) |
| Balance at end of year | \$ 6,148 | \$ 5,586 | \$ 3,735 |

Included in the balance of unrecognized tax benefits at December 31, 2009, were \$540,000 of tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. Because of the impact of deferred tax accounting, other than interest and penalties, the disallowance of the shorter deductibility period would not affect the annual effective tax rate but would accelerate the payment of cash to the taxing authority to an earlier period. The amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate at December 31, 2009, was \$6.4 million, including approximately \$804,000 for the payment of interest and penalties.

The Company does not anticipate the amount of unrecognized tax benefits to significantly increase or decrease within the next 12 months.

For the years ended December 31, 2009, 2008 and 2007, the Company recognized approximately \$190,000, \$819,000 and \$680,000, respectively, in interest expense. Penalties were not material in 2009, 2008 and 2007. The Company recognized interest income of approximately \$165,000, \$223,000 and \$480,000 for the years ended December 31, 2009, 2008 and 2007, respectively. The Company had accrued liabilities of approximately \$1.6 million, \$1.4 million and \$718,000 at December 31, 2009, 2008 and 2007, respectively, for the payment of interest.

Note 15 - Business Segment Data

The Company's reportable segments are those that are based on the Company's method of internal reporting, which generally segregates the strategic business units due to differences in products, services and regulation. The vast majority of the Company's operations are located within the United States. The Company also has investments in foreign countries, which largely consist of Centennial Resources' equity method investment in the Brazilian Transmission Lines.

The electric segment generates, transmits and distributes electricity in Montana, North

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Dakota, South Dakota and Wyoming. The natural gas distribution segment distributes natural gas in those states as well as in Idaho, Minnesota, Oregon and Washington. These operations also supply related value-added products and services.

The construction services segment specializes in constructing and maintaining electric and communication lines, gas pipelines, fire suppression systems, and external lighting and traffic signalization equipment. This segment also provides utility excavation services and inside electrical wiring, cabling and mechanical services, sells and distributes electrical materials, and manufactures and distributes specialty equipment.

The pipeline and energy services segment provides natural gas transportation, underground storage and gathering services through regulated and nonregulated pipeline systems primarily in the Rocky Mountain and northern Great Plains regions of the United States. This segment also provides cathodic protection and energy-related services.

The natural gas and oil production segment is engaged in natural gas and oil acquisition, exploration, development and production activities in the Rocky Mountain and Mid-Continent regions of the United States and in and around the Gulf of Mexico.

The construction materials and contracting segment mines aggregates and markets crushed stone, sand, gravel and related construction materials, including ready-mixed concrete, cement, asphalt, liquid asphalt and other value-added products. It also performs integrated contracting services. This segment operates in the central, southern and western United States and Alaska and Hawaii.

The Other category includes the activities of Centennial Capital, which insures various types of risks as a captive insurer for certain of the Company's subsidiaries. The function of the captive insurer is to fund the deductible layers of the insured companies' general liability and automobile liability coverages. Centennial Capital also owns certain real and personal property. The Other category also includes Centennial Resources' equity method investment in the Brazilian Transmission Lines.

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The information below follows the same accounting policies as described in the Summary of Significant Accounting Policies. Information on the Company's businesses as of December 31 and for the years then ended was as follows:

| | 2009 | 2008 | 2007 |
|--|-----------------------|---------------------|---------------------|
| | <i>(In thousands)</i> | | |
| External operating revenues: | | | |
| Electric | \$ 196,171 | \$ 208,326 | \$ 193,367 |
| Natural gas distribution | 1,072,776 | 1,036,109 | 532,997 |
| Pipeline and energy services | 235,322 | 440,764 | 369,345 |
| | <u>1,504,269</u> | <u>1,685,199</u> | <u>1,095,709</u> |
| Construction services | 818,685 | 1,256,759 | 1,102,566 |
| Natural gas and oil production | 338,425 | 420,637 | 288,148 |
| Construction materials and contracting | 1,515,122 | 1,640,683 | 1,761,473 |
| Other | — | — | — |
| | <u>2,672,232</u> | <u>3,318,079</u> | <u>3,152,187</u> |
| Total external operating revenues | <u>\$ 4,176,501</u> | <u>\$ 5,003,278</u> | <u>\$ 4,247,896</u> |
| Intersegment operating revenues: | | | |
| Electric | \$ — | \$ — | \$ — |
| Natural gas distribution | — | — | — |
| Construction services | 379 | 560 | 649 |
| Pipeline and energy services | 72,505 | 91,389 | 77,718 |
| Natural gas and oil production | 101,230 | 291,642 | 226,706 |
| Construction materials and contracting | — | — | — |
| Other | 9,487 | 10,501 | 10,061 |
| Intersegment eliminations | (183,601) | (394,092) | (315,134) |
| Total intersegment operating revenues | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> |
| Depreciation, depletion and amortization: | | | |
| Electric | \$ 24,637 | \$ 24,030 | \$ 22,549 |
| Natural gas distribution | 42,723 | 32,566 | 19,054 |
| Construction services | 12,760 | 13,398 | 14,314 |
| Pipeline and energy services | 25,581 | 23,654 | 21,631 |
| Natural gas and oil production | 129,922 | 170,236 | 127,408 |
| Construction materials and contracting | 93,615 | 100,853 | 95,732 |
| Other | 1,304 | 1,283 | 1,244 |
| Total depreciation, depletion and amortization | <u>\$ 330,542</u> | <u>\$ 366,020</u> | <u>\$ 301,932</u> |
| Interest expense: | | | |
| Electric | \$ 9,577 | \$ 8,674 | \$ 6,737 |
| Natural gas distribution | 30,656 | 24,004 | 13,566 |
| Construction services | 4,490 | 4,893 | 4,878 |
| Pipeline and energy services | 8,896 | 8,314 | 8,769 |
| Natural gas and oil production | 10,621 | 12,428 | 8,394 |
| Construction materials and contracting | 20,495 | 24,291 | 23,997 |
| Other | 43 | 374 | 10,717 |
| Intersegment eliminations | (679) | (1,451) | (4,821) |
| Total interest expense | <u>\$ 84,099</u> | <u>\$ 81,527</u> | <u>\$ 72,237</u> |

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| | 2009 | 2008 <i>(In thousands)</i> | 2007 |
|--|---------------------|-------------------------------|---------------------|
| Income taxes: | | | |
| Electric | \$ 8,205 | \$ 8,225 | \$ 8,528 |
| Natural gas distribution | 16,331 | 18,827 | 6,477 |
| Construction services | 15,189 | 26,952 | 26,829 |
| Pipeline and energy services | 22,982 | 15,427 | 18,524 |
| Natural gas and oil production | (187,000) | 68,701 | 78,348 |
| Construction materials and contracting | 25,940 | 8,947 | 39,045 |
| Other | 2,261 | 397 | 12,273 |
| Total income taxes | \$ (96,092) | \$ 147,476 | \$ 190,024 |
| Earnings (loss) on common stock: | | | |
| Electric | \$ 24,099 | \$ 18,755 | \$ 17,700 |
| Natural gas distribution | 30,796 | 34,774 | 14,044 |
| Construction services | 25,589 | 49,782 | 43,843 |
| Pipeline and energy services | 37,845 | 26,367 | 31,408 |
| Natural gas and oil production | (296,730) | 122,326 | 142,485 |
| Construction materials and contracting | 47,085 | 30,172 | 77,001 |
| Other | 7,357 | 10,812 | (4,380) |
| Earnings (loss) on common stock before income from discontinued operations | (123,959) | 292,988 | 322,101 |
| Income from discontinued operations, net of tax | — | — | 109,334 |
| Total earnings (loss) on common stock | \$ (123,959) | \$ 292,988 | \$ 431,435 |
| Capital expenditures: | | | |
| Electric | \$ 115,240 | \$ 72,989 | \$ 91,548 |
| Natural gas distribution | 43,820 | 398,116 | 500,178 |
| Construction services | 12,814 | 24,506 | 18,241 |
| Pipeline and energy services | 70,168 | 42,960 | 39,162 |
| Natural gas and oil production | 183,140 | 710,742 | 283,589 |
| Construction materials and contracting | 26,313 | 127,578 | 189,727 |
| Other | 3,196 | 774 | 1,621 |
| Net proceeds from sale or disposition of property | (26,679) | (86,927) | (24,983) |
| Net capital expenditures before discontinued operations | 428,012 | 1,290,738 | 1,099,083 |
| Discontinued operations | — | — | (548,216) |
| Total net capital expenditures | \$ 428,012 | \$ 1,290,738 | \$ 550,867 |
| Assets: | | | |
| Electric* | \$ 569,666 | \$ 479,639 | \$ 428,200 |
| Natural gas distribution* | 1,588,144 | 1,548,005 | 942,454 |
| Construction services | 328,895 | 476,092 | 456,564 |
| Pipeline and energy services | 538,230 | 506,872 | 500,755 |
| Natural gas and oil production | 1,137,628 | 1,792,792 | 1,299,406 |
| Construction materials and contracting | 1,449,469 | 1,552,296 | 1,642,729 |
| Other** | 378,920 | 232,149 | 322,326 |
| Total assets | \$ 5,990,952 | \$ 6,587,845 | \$ 5,592,434 |

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| | 2009 | 2008 | 2007 |
|---|-----------------------|--------------|--------------|
| | <i>(In thousands)</i> | | |
| Property, plant and equipment: | | | |
| Electric* | \$ 941,791 | \$ 848,725 | \$ 784,705 |
| Natural gas distribution* | 1,456,208 | 1,429,487 | 948,446 |
| Construction services | 116,236 | 111,301 | 101,935 |
| Pipeline and energy services | 675,199 | 640,921 | 600,712 |
| Natural gas and oil production | 2,028,794 | 2,477,402 | 1,923,899 |
| Construction materials and contracting | 1,514,989 | 1,524,029 | 1,538,716 |
| Other | 33,365 | 30,372 | 31,833 |
| Less accumulated depreciation, depletion and amortization | 2,872,465 | 2,761,319 | 2,270,691 |
| Net property, plant and equipment | \$ 3,894,117 | \$ 4,300,918 | \$ 3,659,555 |

* Includes allocations of common utility property.

** Includes assets not directly assignable to a business (i.e. cash and cash equivalents, certain accounts receivable, certain investments and other miscellaneous current and deferred assets).

Note: The results reflect a \$620.0 million (\$384.4 million after tax) and \$135.8 million (\$84.2 million after tax) noncash write-down of natural gas and oil properties in 2009 and 2008, respectively.

The pipeline and energy services segment and the Other category recognized income from discontinued operations, net of tax, of \$106,000 and \$109.2 million, respectively for the year ended December 31, 2007.

Excluding income from discontinued operations at pipeline and energy services, earnings from electric, natural gas distribution and pipeline and energy services are substantially all from regulated operations. Earnings from construction services, natural gas and oil production, construction materials and contracting, and other are all from nonregulated operations.

Capital expenditures for 2009, 2008 and 2007 include noncash transactions, including the issuance of the Company's equity securities, in connection with acquisitions and the outstanding indebtedness related to the 2008 Intermountain acquisition and the 2007 Cascade acquisition. The net noncash transactions were immaterial in 2009, \$97.6 million in 2008 and \$217.3 million in 2007.

Note 16 - Employee Benefit Plans

The Company has noncontributory 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.

Effective January 1, 2006, the Company discontinued defined pension plan benefits to all nonunion and certain union employees hired after December 31, 2005. These employees that would have been eligible for defined pension plan benefits are eligible to receive additional defined contribution plan benefits. In 2009, the Company evaluated several provisions of its employee defined benefit plans for nonunion and certain union employees. As a result of this evaluation, the Company determined that, effective January 1, 2010, all benefit and service accruals of these plans were frozen. These employees will be eligible to receive additional defined contribution plan benefits.

Effective January 1, 2010, eligibility to receive retiree medical benefits was modified at certain of the Company's businesses. Current employees who attain age 55 with 10 years of continuous service by December 31, 2010, will be provided the current retiree medical insurance benefits or can elect the new benefit, if desired, regardless of when they retire. All other current employees must meet the new eligibility criteria of age 60 and 10 years of continuous service at the time they retire. These employees will be eligible for a specified company funded Retiree Reimbursement Account. Employees hired after December 31, 2009, will not be eligible for retiree medical benefits.

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Changes in benefit obligation and plan assets for the year ended December 31, 2009 and 2008, and amounts recognized in the Consolidated Balance Sheets at December 31, 2009 and 2008, were as follows:

| | Pension Benefits | | Other Postretirement Benefits | |
|---|------------------|--------------|-------------------------------|-------------|
| | 2009 | 2008 | 2009 | 2008 |
| <i>(In thousands)</i> | | | | |
| Change in benefit obligation: | | | | |
| Benefit obligation at beginning of year | \$ 358,525 | \$ 359,923 | \$ 94,325 | \$ 81,581 |
| Service cost | 8,127 | 8,812 | 2,206 | 1,977 |
| Interest cost | 21,919 | 21,264 | 5,465 | 5,079 |
| Plan participants' contributions | — | — | 2,369 | 2,120 |
| Amendments | — | — | (9,319) | (382) |
| Actuarial (gain) loss | 26,188 | (8,336) | 813 | 763 |
| Curtailment gain | (38,166) | — | — | — |
| Acquisition | — | — | — | 9,872 |
| Benefits paid | (23,678) | (23,138) | (7,708) | (6,685) |
| Benefit obligation at end of year | 352,915 | 358,525 | 88,151 | 94,325 |
| Change in net plan assets: | | | | |
| Fair value of plan assets at beginning of year | 226,214 | 330,966 | 60,085 | 73,684 |
| Actual gain (loss) on plan assets | 42,084 | (83,960) | 8,600 | (20,058) |
| Employer contribution | 10,707 | 2,346 | 3,638 | 3,212 |
| Plan participants' contributions | — | — | 2,369 | 2,120 |
| Acquisition | — | — | — | 7,812 |
| Benefits paid | (23,678) | (23,138) | (7,708) | (6,685) |
| Fair value of net plan assets at end of year | 255,327 | 226,214 | 66,984 | 60,085 |
| Funded status – under | \$ (97,588) | \$ (132,311) | \$ (21,167) | \$ (34,240) |
| Amounts recognized in the Consolidated Balance Sheets at December 31: | | | | |
| Other accrued liabilities (current) | \$ — | \$ — | \$ (459) | \$ (407) |
| Other liabilities (noncurrent) | (97,588) | (132,311) | (20,708) | (33,833) |
| Net amount recognized | \$ (97,588) | \$ (132,311) | \$ (21,167) | \$ (34,240) |
| Amounts recognized in accumulated other comprehensive (income) loss consist of: | | | | |
| Actuarial loss | \$ 99,985 | \$ 131,081 | \$ 20,134 | \$ 23,418 |
| Prior service cost (credit) | 430 | 2,685 | (14,716) | (8,151) |
| Transition obligation | — | — | 6,378 | 8,503 |
| Total | \$ 100,415 | \$ 133,766 | \$ 11,796 | \$ 23,770 |

Employer contributions and benefits paid in the preceding table include only those amounts contributed directly to, or paid directly from, plan assets. Accumulated other comprehensive (income) loss in the above table includes amounts related to regulated operations, which are recorded as regulatory assets (liabilities) and are expected to be reflected in rates charged to customers over time.

Unrecognized pension actuarial losses in excess of 10 percent of the greater of the projected benefit obligation or the market-related value of assets is amortized on a straight-line basis over the expected average remaining service lives of active participants. The market-related value of assets is determined using a five-year average of assets. Unrecognized postretirement net transition obligation is amortized over a 20-year period ending 2012.

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The accumulated benefit obligation for the defined benefit pension plans reflected above was \$340.3 million and \$312.1 million at December 31, 2009 and 2008, respectively.

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

| | 2009 | 2008 |
|--------------------------------|-----------------------|-----------|
| | <i>(In thousands)</i> | |
| Projected benefit obligation | \$352,915 | \$358,525 |
| Accumulated benefit obligation | \$340,341 | \$312,110 |
| Fair value of plan assets | \$255,327 | \$226,214 |

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

| | Pension Benefits | | Other Postretirement Benefits | | | |
|---|-----------------------|-----------|-------------------------------|------------|-----------|----------|
| | 2009 | 2008 | 2007 | 2009 | 2008 | 2007 |
| | <i>(In thousands)</i> | | | | | |
| Components of net periodic benefit cost: | | | | | | |
| Service cost | \$ 8,127 | \$ 8,812 | \$ 9,098 | \$ 2,206 | \$ 1,977 | \$ 1,865 |
| Interest cost | 21,919 | 21,264 | 18,591 | 5,465 | 5,079 | 4,212 |
| Expected return on assets | (25,062) | (26,501) | (22,524) | (5,471) | (5,657) | (4,776) |
| Amortization of prior service cost (credit) | 605 | 665 | 756 | (2,756) | (2,755) | (1,300) |
| Recognized net actuarial loss | 2,096 | 1,050 | 1,605 | 970 | 594 | 73 |
| Curtailment loss | 1,650 | — | — | — | — | — |
| Amortization of net transition obligation | — | — | — | 2,125 | 2,125 | 2,125 |
| Net periodic benefit cost, including amount capitalized | 9,335 | 5,290 | 7,526 | 2,539 | 1,363 | 2,199 |
| Less amount capitalized | 1,127 | 642 | 991 | 330 | 307 | 373 |
| Net periodic benefit cost | 8,208 | 4,648 | 6,535 | 2,209 | 1,056 | 1,826 |
| Other changes in plan assets and benefit obligations recognized in accumulated other comprehensive (income) loss: | | | | | | |
| Net (gain) loss | (29,000) | 102,125 | (11,095) | (2,314) | 26,478 | 1,507 |
| Acquisition-related actuarial loss | — | — | 12,291 | — | — | 9,818 |
| Prior service credit | — | — | — | (9,321) | (382) | — |
| Acquisition-related prior service credit | — | — | (1,842) | — | — | (12,472) |
| Amortization of actuarial loss | (2,096) | (1,050) | (1,605) | (970) | (594) | (73) |
| Amortization of prior service (cost) credit | (2,255) | (665) | (756) | 2,756 | 2,755 | 1,300 |
| Amortization of net transition obligation | — | — | — | (2,125) | (2,125) | (2,125) |
| Total recognized in accumulated other comprehensive (income) loss | (33,351) | 100,410 | (3,007) | (11,974) | 26,132 | (2,045) |
| Total recognized in net periodic benefit cost and accumulated other comprehensive (income) loss | \$ (25,143) | \$105,058 | \$ 3,528 | \$ (9,765) | \$ 27,188 | \$ (219) |

The estimated net loss and prior service cost for the defined benefit pension plans that will be amortized from accumulated other comprehensive loss into net periodic benefit cost in 2010 are \$2.4 million and \$152,000, respectively. The estimated net loss, prior service credit and transition obligation for the other postretirement benefit plans that will be amortized from accumulated other comprehensive loss into net periodic benefit cost in 2010 are \$1.0 million, \$3.5 million and \$2.1 million, respectively.

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

| | Pension Benefits | | Other Postretirement Benefits | |
|-------------------------------|------------------|-------|-------------------------------|-------|
| | 2009 | 2008 | 2009 | 2008 |
| Discount rate | 5.75% | 6.25% | 5.75% | 6.25% |
| Rate of compensation increase | 4.00% | 4.00% | 4.00% | 4.00% |

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

| | Pension Benefits | | Other Postretirement Benefits | |
|--------------------------------|------------------|-------|-------------------------------|-------|
| | 2009 | 2008 | 2009 | 2008 |
| Discount rate | 6.25% | 6.00% | 6.25% | 6.00% |
| Expected return on plan assets | 8.50% | 8.50% | 7.50% | 7.50% |
| Rate of compensation increase | 4.00% | 4.20% | 4.00% | 4.50% |

The expected rate of return on plan assets is based on the targeted asset allocation of 70 percent equity securities and 30 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:

| | 2009 | 2008 |
|--|-----------|-----------|
| Health care trend rate assumed for next year | 6.0%-9.0% | 6.0%-9.0% |
| Health care cost trend rate – ultimate | 5.0%-6.0% | 5.0%-6.0% |
| Year in which ultimate trend rate achieved | 1999-2017 | 1999-2017 |

The Company's other postretirement benefit plans include health care and life insurance benefits for certain employees. The plans underlying these benefits may require contributions by the employee depending on such employee's age and years of service at retirement or the date of retirement. The accounting for the health care plans anticipates future cost-sharing changes that are consistent with the Company's expressed intent to generally increase retiree contributions each year by the excess of the expected health care cost trend rate over 6 percent.

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, 2009:

| | 1 Percentage Point Increase | 1 Percentage Point Decrease |
|---|-----------------------------|-----------------------------|
| <i>(In thousands)</i> | | |
| Effect on total of service and interest cost components | \$ 91 | \$ (922) |
| Effect on postretirement benefit obligation | \$ 2,435 | \$ (9,679) |

The Company's pension assets are managed by 12 outside investment managers. The Company's other postretirement assets are managed by one outside investment manager. The Company's investment policy with respect to pension and other postretirement assets is to make

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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 future contracts, equity private 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.

The fair value of the Company's pension net plan assets by category is as follows:

| | Fair Value Measurements at December 31, 2009, Using | | | Balance at December 31, 2009 |
|--|--|---|--|------------------------------------|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | |
| <i>(In thousands)</i> | | | | |
| Assets: | | | | |
| Common stocks (a) | \$ 133,989 | \$ — | \$ — | \$ 133,989 |
| Collective and mutual funds (b) | 39,234 | 10,379 | — | 49,613 |
| U.S. government and U.S. government-sponsored securities (c) | — | 28,091 | — | 28,091 |
| Corporate and municipal bonds (d) | — | 27,968 | — | 27,968 |
| Collateral held on loaned securities (e) | — | 21,597 | 937 | 22,534 |
| Cash and cash equivalents | 17,958 | — | — | 17,958 |
| Total assets measured at fair value | 191,181 | 88,035 | 937 | 280,153 |
| Liabilities: | | | | |
| Obligation for collateral received | 24,826 | — | — | 24,826 |
| Net assets measured at fair value | \$ 166,355 | \$ 88,035 | \$ 937 | \$ 255,327 |

- (a) This category includes approximately 75 percent U.S. common stocks and 25 percent non-U.S. common stocks.
- (b) Collective and mutual funds invest approximately 43 percent in common stock of large-cap U.S. companies, 21 percent in asset-backed securities, 17 percent in cash and cash equivalents, 8 percent in small-cap U.S. companies and 11 percent in other investments.
- (c) This category includes approximately 69 percent U.S. government-sponsored securities (asset-backed securities) and 31 percent U.S. government securities.
- (d) This category includes approximately 78 percent corporate bonds and 22 percent municipal bonds.
- (e) This category includes collateral held at December 31, 2009, as a result of participation in a securities lending program. Cash collateral is invested by the trustee primarily in repurchase agreements, money market funds, corporate bonds, commercial paper, asset-backed securities and certificates of deposit.

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The following table sets forth a summary of changes in the fair value of the pension plan's Level 3 assets for the year ended December 31, 2009:

| Fair Value Measurements Using Significant Unobservable Inputs (Level 3) | |
|--|--|
| | Collateral Held on Loaned Securities |
| <i>(In thousands)</i> | |
| Balance at beginning of year | \$ 573 |
| Total realized/unrealized losses | 80 |
| Purchases, issuances and settlements (net) | 284 |
| Balance at end of year | \$ 937 |

The fair value of the Company's other postretirement benefit plan assets by asset category is as follows:

| Fair Value Measurements at December 31, 2009, 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, 2009 |
| <i>(In thousands)</i> | | | | |
| Assets: | | | | |
| Money market funds | \$ 1,469 | \$ — | \$ — | \$ 1,469 |
| Common stock | 2,897 | — | — | 2,897 |
| Insurance investment contract* | — | 62,618 | — | 62,618 |
| Total assets measured at fair value | \$ 4,366 | \$ 62,618 | \$ — | \$ 66,984 |

* *Invested in mutual funds.*

The Company expects to contribute approximately \$10.2 million to its defined benefit pension plans and approximately \$4.1 million to its postretirement benefit plans in 2010.

The following benefit payments, which reflect future service, as appropriate, are expected to be paid:

| Years | Pension Benefits | Other Postretirement Benefits |
|-----------------------|---------------------|-------------------------------------|
| <i>(In thousands)</i> | | |
| 2010 | \$20,431 | \$6,027 |
| 2011 | 20,744 | 6,244 |
| 2012 | 21,496 | 6,431 |
| 2013 | 22,151 | 6,686 |
| 2014 | 22,640 | 6,905 |
| 2015 - 2019 | 122,347 | 37,504 |

The following Medicare Part D subsidies are expected: \$637,000 in 2010; \$675,000 in 2011; \$725,000 in 2012; \$765,000 in 2013; \$807,000 in 2014; and \$4.7 million during the years 2015 through 2019.

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In addition to company-sponsored plans, certain employees are covered under multi-employer pension plans administered by a union. Amounts contributed in 2009 to defined benefit and defined contribution multi-employer plans were \$32.5 million and \$16.4 million, respectively. Amounts contributed to the multi-employer plans were \$73.1 million and \$51.5 million in 2008 and 2007, respectively.

In addition to the qualified plan defined pension benefits reflected in the table at the beginning of this note, the Company also has unfunded, nonqualified 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 to their beneficiaries upon death for a 15-year period. The Company had investments of \$67.9 million at December 31, 2009, consisting of equity securities of \$32.1 million, life insurance carried on plan participants (payable upon the employee's death) of \$29.8 million, fixed-income securities of \$2.7 million and other investments of \$3.3 million, which the Company anticipates using to satisfy obligations under these plans. The Company's net periodic benefit cost for these plans was \$8.8 million, \$9.0 million and \$7.6 million in 2009, 2008 and 2007, respectively. The total projected benefit obligation for these plans was \$93.0 million and \$87.2 million at December 31, 2009 and 2008, respectively. The accumulated benefit obligation for these plans was \$84.8 million and \$77.3 million at December 31, 2009 and 2008, respectively. A discount rate of 5.75 percent and 6.25 percent at December 31, 2009 and 2008, respectively, and a rate of compensation increase of 4.00 percent at December 31, 2009 and 2008, were used to determine benefit obligations. A discount rate of 6.25 percent and 6.00 percent at December 31, 2009 and 2008, respectively, and a rate of compensation increase of 4.00 percent and 4.25 percent at December 31, 2009 and 2008, respectively, were used to determine net periodic benefit cost.

The amount of benefit payments for the unfunded, nonqualified benefit plans, as appropriate, are expected to aggregate \$4.6 million in 2010; \$5.0 million in 2011; \$5.3 million in 2012; \$5.9 million in 2013; \$5.9 million in 2014; and \$36.3 million for the years 2015 through 2019.

The Company sponsors various defined contribution plans for eligible employees. Costs incurred by the Company under these plans were \$20.5 million in 2009, \$23.8 million in 2008 and \$21.1 million in 2007.

Note 17 - Jointly Owned Facilities

The consolidated financial statements include the Company's 22.7 percent and 25.0 percent ownership interests in the assets, liabilities and expenses of the Big Stone Station and the Coyote Station, respectively. Each owner of the Big Stone and Coyote stations is responsible for financing its investment in the jointly owned facilities.

The Company's share of the Big Stone Station and Coyote Station operating expenses was reflected in the appropriate categories of operating expenses in the Consolidated Statements of Income.

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At December 31, the Company's share of the cost of utility plant in service and related accumulated depreciation for the stations was as follows:

| | 2009 | 2008 |
|-------------------------------|-----------------------|------------|
| | <i>(In thousands)</i> | |
| Big Stone Station: | | |
| Utility plant in service | \$ 60,220 | \$ 61,030 |
| Less accumulated depreciation | 39,940 | 39,473 |
| | \$ 20,280 | \$ 21,557 |
| Coyote Station: | | |
| Utility plant in service | \$ 131,042 | \$ 127,151 |
| Less accumulated depreciation | 82,402 | 82,018 |
| | \$ 48,640 | \$ 45,133 |

In April 2009, the Company purchased a 25 MW ownership interest in the Wygen III electric generation facility, which is under construction near Gillette, Wyoming, and is expected to be online in the second quarter of 2010. The Company's balance of construction work in progress related to this facility that is included in property, plant and equipment on the Consolidated Balance Sheets at December 31, 2009, is \$56.1 million.

Note 18 - Regulatory Matters and Revenues Subject to Refund

In November 2006, Montana-Dakota filed an application with the NDPSC requesting an advance determination of prudence of Montana-Dakota's ownership interest in Big Stone Station II. In August 2008, the NDPSC approved Montana-Dakota's request for advance determination of prudence for ownership in the proposed Big Stone Station II for a minimum of 121.8 MW up to a maximum of 133 MW and a proportionate ownership share of the associated transmission electric resources. The intervenors in the proceeding appealed the NDPSC order to the North Dakota District Court which affirmed the order of the NDPSC. The intervenors then appealed the North Dakota District Court order to the North Dakota Supreme Court. The Big Stone Station II participants subsequently decided not to proceed with the project and on December 2, 2009, Montana-Dakota filed an application with the NDPSC for a determination that Montana-Dakota's continued participation in the Big Stone Station II is no longer prudent. The parties have stipulated that the intervenors will move to dismiss their appeal to the North Dakota Supreme Court if the NDPSC grants Montana-Dakota's pending application for a determination that its participation in the Big Stone Station II is no longer prudent. On December 4, 17, and 23, 2009, Montana-Dakota filed an application with the NDPSC, SDPUC, and MTPSC, respectively, for authority to defer the costs incurred for securing new electric generation, primarily Big Stone Station II, until the next general rate case.

On August 14, 2009, Montana-Dakota filed an application with the WYPSC for an electric rate increase. Montana-Dakota requested a total increase of \$6.2 million annually or approximately 31 percent above current rates. The rate increase request was necessitated by the Company's 25 MW ownership interest in the Wygen III power generation facility currently under construction near Gillette, Wyoming. The generation will replace a portion of the purchased power currently used to serve its Wyoming system. On January 14, 2010, Montana-Dakota filed a supplement to the application to reflect the inclusion of bonus tax depreciation on the Wygen III plant, reducing its request to a \$5.1 million annual increase or approximately 25 percent above current rates. A hearing has been set for February 23, 2010.

In December 1999, Williston Basin filed a general natural gas rate change application with the FERC. Williston Basin began collecting such rates effective June 1, 2000, subject to refund. There had been one remaining issue outstanding related to this rate change application regarding certain service restrictions. After various steps in this proceeding, including a Williston Basin Request for Rehearing, an appeal to the D.C. Appeals Court, and a remand to FERC, the FERC, on October 30, 2009, issued its Order on

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Remand in which it upheld its previous decision. No party requested rehearing of the order, which is now final, and no issue is outstanding in this application.

Note 19 - Commitments and Contingencies
Litigation

Coalbed Natural Gas Operations Fidelity's CBNG operations are and have been the subject of numerous lawsuits in Montana and Wyoming. The current cases involve the permitting and use of water produced in connection with Fidelity's CBNG development in the Powder River Basin. Some of these cases challenge the issuance of discharge permits by the Montana DEQ and approval of other water management tools by the MBOGC.

In April 2006, the Northern Cheyenne Tribe filed a complaint in Montana Twenty-Second Judicial District Court against the Montana DEQ seeking to set aside Fidelity's renewed direct discharge and treatment permits. The Northern Cheyenne Tribe claimed the Montana DEQ violated the Clean Water Act and the Montana Water Quality Act by failing to include in the permits conditions requiring application of the best practicable control technology currently available and by failing to impose a nondegradation policy like the one the BER adopted soon after the permit was issued. In addition, the Northern Cheyenne Tribe claimed that the actions of the Montana DEQ violated the Montana State Constitution's guarantee of a clean and healthful environment, that the Montana DEQ's related environmental assessment was invalid, that the Montana DEQ was required, but failed, to prepare an EIS and that the Montana DEQ failed to consider other alternatives to the issuance of the permits. Fidelity, the NPRC, and the TRWUA were granted leave to intervene in this proceeding. On January 12, 2009, the Montana Twenty-Second Judicial District Court decided the case in favor of Fidelity and the Montana DEQ in all respects, denying the motions of the Northern Cheyenne Tribe, TRWUA, and NPRC, and granting the cross-motions of the Montana DEQ and Fidelity in their entirety. As a result, Fidelity may continue to utilize its direct discharge and treatment permits. The NPRC, the TRWUA and the Northern Cheyenne Tribe appealed the decision to the Montana Supreme Court on March 9, 11, and 13, 2009, respectively.

Fidelity's discharge of water pursuant to its two permits is its primary means for managing CBNG-produced water. Fidelity believes that its discharge permits should, assuming normal operating conditions, allow Fidelity to continue its existing CBNG operations through the expiration of the permits in March 2011. If its permits are set aside, Fidelity's CBNG operations in Montana could be significantly and adversely affected.

In October 2003, Tongue & Yellowstone Irrigation District, NPRC and MEIC filed a lawsuit in Montana First Judicial District Court challenging the MBOGC's ROD adopting the 2003 Final EIS which analyzed CBNG development in the State of Montana. Through the amendment of the plaintiffs' pleadings and as a result of discovery, the defendants have now determined that the primary legal issue before the Court is whether the ROD authorizes the "wasting" of ground water in violation of the Montana State Constitution and the public trust doctrine. Specifically, the plaintiffs contend that various water management tools, including Fidelity's direct discharge permits, allow for the waste of water. Should the Montana First Judicial District Court determine that Fidelity's direct discharge permits violate the Montana State Constitution, Fidelity's Montana CBNG operations could be significantly and adversely affected.

Fidelity will continue to vigorously defend its interests in all CBNG-related litigation in which it is involved. If the plaintiffs are successful in these lawsuits, the ultimate outcome of the actions could adversely impact Fidelity's existing CBNG operations and/or the future development of this resource in the affected regions.

Electric Operations In June 2008, the Sierra Club filed a complaint in the South Dakota Federal District Court against Montana-Dakota and the two other co-owners of the Big Stone Station. The complaint alleged certain violations of the PSD and NSPS provisions of the Clean Air Act and certain violation of the South Dakota SIP. The action further alleged

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| 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) 12/31/2009 | Year/Period of Report 2009/Q4 |
| MDU Resources Group, Inc. | | | |
| NOTES TO FINANCIAL STATEMENTS (Continued) | | | |

that the Big Stone Station was modified and operated without obtaining the appropriate permits, without meeting certain emissions limits and NSPS requirements and without installing appropriate emission control technology, all allegedly in violation of the Clean Air Act and the South Dakota SIP. The Sierra Club alleged that these actions contributed to air pollution and visibility impairment and have increased the risk of adverse health effects and environmental damage. The Sierra Club sought declaratory and injunctive relief to bring the co-owners of the Big Stone Station into compliance with the Clean Air Act and the South Dakota SIP and to require them to remedy the alleged violations. The Sierra Club also sought unspecified civil penalties, including a beneficial mitigation project. The Company believes the claims are without merit and that Big Stone Station has been and is being operated in compliance with the Clean Air Act and the South Dakota SIP. On March 31, 2009, the District Court granted the motion of the co-owners to dismiss the complaint. The Sierra Club filed a motion requesting the District Court to reconsider its ruling on a portion of the order dismissing the complaint which was denied on July 22, 2009. On July 30, 2009, the Sierra Club appealed from the orders dismissing the case and denying the motion for reconsideration to the United States Court of Appeals for the Eighth Circuit. The United States has filed a brief as amicus curiae supporting the Sierra Club's position in the appeal and the State of South Dakota filed a brief as amicus curiae supporting the Big Stone Station owners' position in the appeal.

Construction Materials LTM is a third-party defendant in litigation pending in Oregon Circuit Court regarding the concrete floors in an industrial food processing facility located in Jackson County, Oregon. The complaint against the facility construction contractor alleges the concrete floors of the facility are defective and must be removed and replaced for suitable repair. Damages, including disruption of the food processing operations, have been estimated by the plaintiff to be in excess of \$32 million. The construction contractor's answer and third-party complaint alleges the owner and third-party defendants, including LTM which supplied the concrete, are primarily responsible for any defects in the concrete surfaces. Discovery is currently being conducted by the parties. A trial date has not been set.

The Company also is involved in other legal actions in the ordinary course of its business. Although the outcomes of any such legal actions cannot be predicted, management believes that the outcomes with respect to these other legal proceedings will not have a material adverse effect upon the Company's financial position or results of operations.

Environmental matters

Portland Harbor Site In December 2000, MBI was named by the EPA as a PRP in connection with the cleanup of a riverbed site adjacent to a commercial property site acquired by MBI from Georgia-Pacific West, Inc. in 1999. The riverbed site is part of the Portland, Oregon, Harbor Superfund Site. The EPA wants responsible parties to share in the cleanup of sediment contamination in the Willamette River. To date, costs of the overall remedial investigation and feasibility study of the harbor site are being recorded, and initially paid, through an administrative consent order by the LWG, a group of several entities, which does not include MBI or Georgia-Pacific West, Inc. Investigative costs are indicated to be in excess of \$70 million. It is not possible to estimate the cost of a corrective action plan until the remedial investigation and feasibility study have been completed, the EPA has decided on a strategy and a ROD has been published. Corrective action will be taken after the development of a proposed plan and ROD on the harbor site is issued. MBI also received notice in January 2008 that the Portland Harbor Natural Resource Trustee Council intends to perform an injury assessment to natural resources resulting from the release of hazardous substances at the Harbor Superfund Site. The Trustee Council indicates the injury determination is appropriate to facilitate early settlement of damages and restoration for natural resource injuries. It is not possible to estimate the costs of natural resource damages until an assessment is completed and allocations are undertaken.

Based upon a review of the Portland Harbor sediment contamination evaluation by the Oregon DEQ and other information available, MBI does not believe it is a Responsible Party. In

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| NOTES TO FINANCIAL STATEMENTS (Continued) | | | |

addition, MBI has notified Georgia-Pacific West, Inc., that it intends to seek indemnity for liabilities incurred in relation to the above matters pursuant to the terms of their sale agreement. MBI has entered into an agreement tolling the statute of limitations in connection with the LWG's potential claim for contribution to the costs of the remedial investigation and feasibility study. By letter of March 2, 2009, LWG stated its intent to file suit against MBI and others to recover LWG's investigation costs to the extent MBI cannot demonstrate its non-liability for the contamination or is unwilling to participate in an alternative dispute resolution process that has been established to address the matter. At this time, MBI has agreed to participate in the alternative dispute resolution process.

The Company believes it is not probable that it will incur any material environmental remediation costs or damages in relation to the above referenced administrative action.

Manufactured Gas Plant Sites There are three claims against Cascade for cleanup of environmental contamination at manufactured gas plant sites operated by Cascade's predecessors.

The first claim is for soil and groundwater contamination at a site in Oregon and was received in 1995. There are PRPs in addition to Cascade that may be liable for cleanup of the contamination. Some of these PRPs have shared in the investigation costs. It is expected that these and other PRPs will share in the cleanup costs. Several alternatives for cleanup have been identified, with preliminary cost estimates ranging from approximately \$500,000 to \$11.0 million. An ecological risk assessment draft report was submitted to the Oregon DEQ in June 2009. The assessment showed no unacceptable risk to the aquatic ecological receptors present in the shoreline along the site and concluded that no further ecological investigation is necessary. The report is being reviewed by the Oregon DEQ. It is anticipated the Oregon DEQ will recommend a cleanup alternative for the site after it completes its review of the report. It is not known at this time what share of the cleanup costs will actually be borne by Cascade.

The second claim is for contamination at a site in Washington and was received in 1997. A preliminary investigation has found soil and groundwater at the site contain contaminants requiring further investigation and cleanup. EPA conducted a Targeted Brownfields Assessment of the site and released a report summarizing the results of that assessment in August 2009. The assessment confirms that contaminants have affected soil and groundwater at the site, as well as sediments in the adjacent Port Washington Narrows. Alternative remediation options have been identified with preliminary cost estimates ranging from \$340,000 to \$6.4 million. Data developed through the assessment and previous investigations indicates the contamination likely derived from multiple, different sources and multiple current and former owners of properties and businesses in the vicinity of the site may be responsible for the contamination. There is currently not enough information to estimate the potential liability to Cascade associated with this claim.

The third claim is also for contamination at a site in Washington. Cascade received notice from a party in May 2008 that Cascade may be a PRP, along with other parties, for contamination from a manufactured gas plant owned by Cascade's predecessor from about 1946 to 1962. The notice indicates that current estimates to complete investigation and cleanup of the site exceed \$8.0 million. There is currently not enough information available to estimate the potential liability to Cascade associated with this claim.

To the extent these claims are not covered by insurance, Cascade will seek recovery through the OPUC and WUTC of remediation costs in its natural gas rates charged to customers.

Operating leases

The Company leases certain equipment, facilities and land under operating lease agreements. The amounts of annual minimum lease payments due under these leases as of December 31, 2009, were \$25.2 million in 2010, \$20.3 million in 2011, \$15.3 million in

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| NOTES TO FINANCIAL STATEMENTS (Continued) | | | |

2012, \$12.6 million in 2013, \$6.7 million in 2014 and \$43.9 million thereafter. Rent expense was \$43.4 million, \$35.3 million and \$35.6 million for the years ended December 31, 2009, 2008 and 2007, respectively.

Purchase commitments

The Company has entered into various commitments, largely natural gas and coal supply, purchased power, natural gas transportation and storage and construction materials supply contracts. These commitments range from 1 to 51 years. The commitments under these contracts as of December 31, 2009, were \$507.6 million in 2010, \$288.3 million in 2011, \$192.1 million in 2012, \$105.7 million in 2013, \$90.3 million in 2014 and \$234.9 million thereafter. These commitments were not reflected in the Company's consolidated financial statements. Amounts purchased under various commitments for the years ended December 31, 2009, 2008 and 2007, were \$723.1 million, approximately \$1.0 billion (including the acquisition of Intermountain as discussed in Note 2) and \$857.0 million (including the acquisition of Cascade as discussed in Note 2), respectively.

Guarantees

In connection with the sale of MPX in June 2005 to Petrobras, an indirect wholly owned subsidiary of the Company has agreed to indemnify Petrobras for 49 percent of any losses that Petrobras may incur from certain contingent liabilities specified in the purchase agreement. Centennial has agreed to unconditionally guarantee payment of the indemnity obligations to Petrobras for periods ranging up to five and a half years from the date of sale. The guarantee was required by Petrobras as a condition to closing the sale of MPX.

Centennial guaranteed CEM's obligations under a construction contract with LPP for a 550-MW combined-cycle electric generating facility near Hobbs, New Mexico. Centennial Resources sold CEM in July 2007 to Bicent Power LLC, which provided a \$10 million bank letter of credit to Centennial in support of the guarantee obligation. On February 27, 2009, Centennial received a Notice and Demand from LPP under the guaranty agreement alleging that CEM did not meet certain of its obligations under the construction contract and demanding that Centennial indemnify LPP against all losses, damages, claims, costs, charges and expenses arising from CEM's alleged failures. On December 4, 2009, LPP submitted a demand for arbitration of its dispute with CEM to the American Arbitration Association. The demand seeks compensatory damages of \$146 million plus damages for increased operating, capital and construction costs related to a water treatment facility for the generating facility. LPP's notice of demand for arbitration also demanded performance of the guarantee by Centennial. The Company believes the indemnification claims against Centennial are without merit and intends to vigorously defend against such claims.

In connection with the pending sale of the Brazilian Transmission Lines, as discussed in Note 4, Centennial has agreed to guarantee the performance of certain of the Company's indirect wholly owned subsidiaries in three purchase and sale agreements. Centennial has agreed to unconditionally guarantee payment of the indemnity obligations of the wholly owned subsidiary sellers for periods ranging up to 10 years from the date of sale. The guarantees were required by the buyers as a condition to the sale of the Brazilian Transmission Lines.

In addition, WBI Holdings has guaranteed certain of Fidelity's natural gas swap and collar agreement obligations. There is no fixed maximum amount guaranteed in relation to the natural gas swap and collar agreements as the amount of the obligation is dependent upon natural gas commodity prices. The amount of hedging activity entered into by the subsidiary is limited by corporate policy. The guarantees of the natural gas swap and collar agreements at December 31, 2009, expire in 2010 and 2011; however, Fidelity continues to enter into additional hedging activities and, as a result, WBI Holdings from time to time may issue additional guarantees on these hedging obligations. There were no amounts outstanding by Fidelity at December 31, 2009. In the event Fidelity defaults under its obligations, WBI Holdings would be required to make payments under its guarantees.

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| NOTES TO FINANCIAL STATEMENTS (Continued) | | | |

Certain subsidiaries of the Company have outstanding guarantees to third parties that guarantee the performance of other subsidiaries of the Company. These guarantees are related to construction contracts, natural gas transportation and sales agreements, gathering contracts, a conditional purchase agreement and certain other guarantees. At December 31, 2009, the fixed maximum amounts guaranteed under these agreements aggregated \$234.4 million. The amounts of scheduled expiration of the maximum amounts guaranteed under these agreements aggregate \$65.3 million in 2010; \$141.8 million in 2011; \$16.7 million in 2012; \$1.8 million in 2013; \$200,000 in 2014; \$1.0 million in 2018; \$300,000 in 2019; \$3.3 million, which is subject to expiration on a specified number of days after the receipt of written notice; and \$4.0 million, which has no scheduled maturity date. The amount outstanding by subsidiaries of the Company under the above guarantees was \$570,000 and was reflected on the Consolidated Balance Sheet at December 31, 2009. In the event of default under these guarantee obligations, the subsidiary issuing the guarantee for that particular obligation would be required to make payments under its guarantee.

Certain subsidiaries have outstanding letters of credit to third parties related to insurance policies, materials obligations, natural gas transportation agreements and other agreements that guarantee the performance of other subsidiaries of the Company. At December 31, 2009, the fixed maximum amounts guaranteed under these letters of credit, aggregated \$37.1 million, which are scheduled to expire in 2010. There were no amounts outstanding under the above letters of credit at December 31, 2009.

WBI Holdings has an outstanding guarantee to Williston Basin. This guarantee is related to a natural gas transportation and storage agreement that guarantees the performance of Prairielands. At December 31, 2009, the fixed maximum amount guaranteed under this agreement was \$5.0 million and is scheduled to expire in 2011. In the event of Prairielands' default in its payment obligations, WBI Holdings would be required to make payment under its guarantee. The amount outstanding by Prairielands under the above guarantee was \$870,000. Prairielands also had \$650,000 outstanding under a guarantee with Fidelity that will expire when paid. The amounts outstanding under these guarantees were not reflected on the Consolidated Balance Sheet at December 31, 2009, because these intercompany transactions are eliminated in consolidation.

In addition, Centennial and Knife River have issued guarantees to third parties related to the Company's routine purchase of maintenance items, materials and lease obligations for which no fixed maximum amounts have been specified. These guarantees have no scheduled maturity date. In the event a subsidiary of the Company defaults under its obligation in relation to the purchase of certain maintenance items, materials or lease obligations, Centennial or Knife River would be required to make payments under these guarantees. Any amounts outstanding by subsidiaries of the Company for these maintenance items and materials were reflected on the Consolidated Balance Sheet at December 31, 2009.

In the normal course of business, Centennial has purchased surety bonds related to construction contracts and reclamation obligations of its subsidiaries. In the event a subsidiary of Centennial does not fulfill a bonded obligation, Centennial would be responsible to the surety bond company for completion of the bonded contract or obligation. A large portion of the surety bonds is expected to expire within the next 12 months; however, Centennial will likely continue to enter into surety bonds for its subsidiaries in the future. As of December 31, 2009, approximately \$532 million of surety bonds were outstanding, which were not reflected on the Consolidated Balance Sheet.

Note 20 - Subsequent Events

The Company evaluated events or transactions between the balance sheet date and April 7, 2010, the date the financial statements were available for issuance, which would require recognition or disclosure in the financial statements.

STATEMENT B

MDU RESOURCES GROUP, INC.
NONCONSOLIDATED INCOME STATEMENT
TWELVE MONTHS ENDING DECEMBER 31, 2009

Operating Income

Electric Utility

| | |
|-------------------------------|--------------------|
| Operating Revenues | \$193,582,621 |
| Operating Expenses: | |
| Operation Expenses | 110,551,273 |
| Maintenance Expenses | 14,320,970 |
| Depreciation Expenses | 24,516,205 |
| Taxes Other Than Income Taxes | 8,375,830 |
| Income Taxes: | |
| Federal Taxes on Income | (4,699,834) |
| State Taxes on Income | (552,732) |
| Deferred Income Taxes | 12,913,009 |
| Total Electric Expenses | <u>165,424,721</u> |
| Net Electric Operation | \$28,157,900 |

Gas Utility

| | |
|-------------------------------|--------------------|
| Operating Revenues | \$304,284,916 |
| Operating Expenses: | |
| Operation Expenses | 267,917,674 |
| Maintenance Expenses | 3,391,215 |
| Depreciation Expenses | 10,566,385 |
| Taxes Other Than Income Taxes | 6,005,529 |
| Income Taxes: | |
| Federal Taxes on Income | 8,533,035 |
| State Taxes on Income | 1,601,150 |
| Deferred Income Taxes | (6,595,967) |
| Total Gas Expenses | <u>291,419,021</u> |
| Net Gas Operation | \$12,865,895 |

Net Utility Operating Income \$41,023,795

| | |
|--|----------------------|
| Revenues from Merchandising, Jobbing and Contract Work | \$9,319,521 |
| (Less) Costs and Exp. Of Merch., Jobbing and Contract Work | 7,925,190 |
| Revenues from Nonutility Operations | 4,544,003 |
| (Less) Expense from Nonutility Operations | 3,316,649 |
| Equity in Earnings of Subsidiary Companies | (158,975,860) |
| Interest and Dividend Income | 2,164,183 |
| Allowance for Other Funds Used During Construction | 5,557,565 |
| Miscellaneous Nonoperating Income | 18,918 |
| Gain on Disposition of Property | 768,808 |
| Total Other Income | <u>(147,844,701)</u> |

| | |
|---------------------------------|----------------|
| Loss on Disposition of Property | 41,014 |
| Miscellaneous Income Deductions | 328,951 |
| Total Other Income Deductions | <u>369,965</u> |

MDU RESOURCES GROUP, INC.
NONCONSOLIDATED INCOME STATEMENT
TWELVE MONTHS ENDING DECEMBER 31, 2009

| | |
|--|-------------------------------|
| Taxes other than Income Taxes | 6,656 |
| Income Taxes - Federal | 1,769,487 |
| Income Taxes - State | 560,790 |
| Provision for Deferred Income Taxes | (63,683) |
| Investment Tax Credits | <u>(199,265)</u> |
| Total Taxes on Other Income and Deductions | 2,073,985 |
| Net Other Income and Deductions | (\$150,288,651) |
| Interest On Long-Term Debt | 15,805,116 |
| Amortization of Debt Discount and Expense | 84,198 |
| Amortization of Loss on Reacquired Debt | 655,724 |
| Other Interest Expense | 465,891 |
| (Less) Allow for Borrowed Funds Used during Const. | <u>3,001,690</u> |
| Net Interest Charges | 14,009,239 |
| Net Income | <u><u>(\$123,274,095)</u></u> |

STATEMENT C

**MONTANA-DAKOTA UTILITIES CO.
PLANT IN SERVICE
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009**

| <u>Plant in Service</u> | <u>Per Books Plant</u> |
|----------------------------|-----------------------------|
| Steam Production | \$202,968,849 |
| Other Production | 58,847,038 |
| Total Production | <u>\$261,815,887</u> |
| | |
| Transmission | 92,482,990 |
| | |
| Distribution | 131,372,493 |
| | |
| General | 12,625,103 |
| | |
| Intangible Plant - General | 4,022,989 |
| | |
| Common | 16,489,655 |
| | |
| Intangible Plant - Common | 8,875,787 |
| | |
| Subtotal | <u>527,684,904</u> |
| | |
| Acquisition Adjustment | 7,161,943 |
| | |
| Total Plant in Service | <u><u>\$534,846,847</u></u> |

**MONTANA-DAKOTA UTILITIES CO.
PLANT IN SERVICE
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009**

| Acct. No. | Account | Per Books Plant |
|--------------|-------------------------------|--------------------|
| | <u>Steam Production Plant</u> | |
| 810 | <u>Heskett</u> | |
| 310 | Land | \$167,253 |
| 311 | Structures & Improvements | 7,741,429 |
| 312 | Boiler Plant Equipment | 29,868,359 |
| 314 | Turbogenerator units | 9,614,885 |
| 315 | Accessory Equipment | 1,083,580 |
| 316 | Miscellaneous Equipment | 5,414,996 |
| | Total Heskett | \$53,890,502 |
| 820 | <u>Lewis & Clark</u> | |
| 310 | Land | \$55,752 |
| 311 | Structures & Improvements | 2,869,910 |
| 312 | Boiler Plant Equipment | 14,748,378 |
| 314 | Turbogenerator units | 3,739,510 |
| 315 | Accessory Equipment | 692,088 |
| 316 | Miscellaneous Equipment | 2,896,193 |
| | Total Lewis & Clark | \$25,001,831 |
| 830 | <u>Coyote</u> | |
| 310 | Land | \$360,435 |
| 311 | Structures & Improvements | 17,867,608 |
| 312 | Boiler Plant Equipment | 47,877,051 |
| 314 | Turbogenerator units | 10,474,511 |
| 315 | Accessory Equipment | 5,975,622 |
| 316 | Miscellaneous Equipment | 1,827,967 |
| | Total Coyote | \$84,383,194 |
| 861 | <u>Big Stone</u> | |
| 310 | Land | \$103,805 |
| 311 | Structures & Improvements | 6,530,124 |
| 312 | Boiler Plant Equipment | 21,226,685 |
| 314 | Turbogenerator units | 8,435,780 |
| 315 | Accessory Equipment | 2,538,433 |
| 316 | Miscellaneous Equipment | 843,388 |
| | Total Big Stone | \$39,678,215 |
| | <u>Other Steam Production</u> | |
| 310 | Land | \$15,107 |
| | Total Other Steam Production | \$15,107 |

**MONTANA-DAKOTA UTILITIES CO.
PLANT IN SERVICE
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009**

| Acct. No. | Account | Per Books Plant |
|--------------|----------------------------------|--------------------|
| | <u>Steam Production Summary</u> | |
| 310 | Land | \$702,352 |
| 311 | Structures & Improvements | 35,009,071 |
| 312 | Boiler Plant Equipment | 113,720,473 |
| 314 | Turbogenerator units | 32,264,686 |
| 315 | Accessory Equipment | 10,289,723 |
| 316 | Miscellaneous Equipment | 10,982,544 |
| | Total Steam Production | \$202,968,849 |
| | <u>Other Production Plant</u> | |
| | <u>Glendive Turbine</u> | |
| 851 | Land | \$26,147 |
| 340 | Structures & Improvements | 202,570 |
| 341 | Fuel Holders, Producers & Acces. | 1,611,694 |
| 342 | Generators | 4,630,847 |
| 344 | Accessory Equipment | 321,822 |
| 345 | Miscellaneous Equipment | 84,659 |
| 346 | Total Glendive Turbine - Unit 1 | \$6,877,739 |
| 850 | <u>Glendive Turbine 2</u> | |
| 344 | Generators | \$12,388,619 |
| 852 | <u>Miles City Turbine</u> | |
| 340 | Land | \$420 |
| 341 | Structures & Improvements | 101,483 |
| 342 | Fuel Holders, Producers & Acces. | 64,694 |
| 344 | Generators | 1,812,803 |
| 345 | Accessory Equipment | 231,237 |
| 346 | Miscellaneous Equipment | 5,556 |
| | Total Miles City Turbine | \$2,216,193 |
| 853 | <u>Williston Turbine</u> | |
| 340 | Land | \$19,305 |
| 341 | Structures & Improvements | 227,602 |
| 342 | Fuel Holders, Producers & Acces. | 53,546 |
| 344 | Generators | 940,293 |
| 345 | Accessory Equipment | 113,036 |
| 346 | Miscellaneous Equipment | 2,664 |
| | Total Williston Turbine | \$1,356,446 |
| 855 | <u>Portable Generator</u> | |
| 341 | Structures & Improvements | \$20,779 |
| 342 | Fuel Holders, Producers & Acces. | 13,852 |

**MONTANA-DAKOTA UTILITIES CO.
PLANT IN SERVICE
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009**

| Acct. No. | Account | Per Books Plant |
|--------------|----------------------------------|--------------------|
| 344 | Generators | 131,895 |
| 345 | Accessory Equipment | 27,705 |
| | Total Portable Generator | \$194,231 |
| 856 | <u>Diamond Willow</u> | |
| 344 | Generators | \$25,304,124 |
| 857 | <u>Ormat</u> | |
| 344 | Generators | \$10,509,686 |
| | <u>Other Production</u> | |
| 340 | Land | \$45,872 |
| 341 | Structures & Improvements | 552,434 |
| 342 | Fuel Holders, Producers & Acces. | 1,743,786 |
| 344 | Generators | 55,718,267 |
| 345 | Accessory Equipment | 693,800 |
| 346 | Miscellaneous Equipment | 92,879 |
| | Total Other Production Plant | \$58,847,038 |
| | <u>Transmission Plant</u> | |
| 350.1 | Land | \$474,883 |
| 350.2 | Rights of Way | 1,616,316 |
| 352 | Structures & Improvements | 1,233 |
| 353 | Station Equipment | 43,667,053 |
| 354 | Towers and Fixtures | 3,449,590 |
| 355 | Poles and Fixtures | 21,392,506 |
| 356 | Overhead Conductor & Devices | 17,962,653 |
| 357 | Underground Conduit | 1,535,680 |
| 358 | Underground Conductor & Devices | 2,383,076 |
| | Total Transmission Plant | \$92,482,990 |
| | <u>Distribution Plant</u> | |
| 360.1 | Land | \$882,223 |
| 360.2 | Rights of Way | 159,298 |
| 362 | Station Equipment | 24,347,887 |
| 364 | Poles, Towers & Fixtures | 13,545,814 |
| 365 | Overhead Conductors & Devices | 8,572,210 |
| 366 | Underground Conduit | 179,562 |
| 367 | Underground Conductor & Devices | 31,282,756 |
| 368 | Line Transformers | 27,566,237 |
| 369 | Services | 11,874,687 |
| 370 | Meters | 8,899,692 |
| 371 | Installation on Cust. Premises | 926,483 |
| 373 | Street Lighting & Signal System | 3,135,644 |
| | Total Distribution Plant | \$131,372,493 |

**MONTANA-DAKOTA UTILITIES CO.
PLANT IN SERVICE
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009**

| Acct. No. | Account | Per Books Plant |
|--------------|-----------------------------------|--------------------|
| | <u>General Plant</u> | |
| 389 | Land | \$6,046 |
| 390 | Structures & Improvements | 252,947 |
| 391.1 | Office Furniture & Equipment | 114,410 |
| 391.3 | Personal Computers | 72,517 |
| 391.4 | Computer Equip.-Other (EMS) | 438,828 |
| 391.5 | Other Computer Equipment | 4,925 |
| 392.1 | Trans. Equip., Non-Unitized | 332,325 |
| 392.2 | Trans. Equip., Unitized | 2,944,249 |
| 393 | Stores Equipment | 82,776 |
| 394.1 | Miscellaneous Tools - Nonunitized | 1,143,611 |
| 395 | Laboratory Equipment | 721,523 |
| 396.1 | Power Operated Equip. | 76,230 |
| 396.2 | Work Equipment Trailers | 5,046,431 |
| 397.1 | Fixed Radio Communication Equip. | 45,015 |
| 397.2 | Mobile Radio Communication Equip. | 32,761 |
| 397.3 | General Tele. Comm. Equip. | 16,967 |
| 397.4 | Carrier Current Comm. Equip. | 102,737 |
| 397.5 | Supervisory & Telemetering | 68,934 |
| 397.6 | Scada System | 867,702 |
| 397.8 | Network Equipment | 101,373 |
| 397.9 | Trip Communication Equip. | 133,858 |
| 398 | Miscellaneous Equipment | 18,938 |
| | Total General Plant | \$12,625,103 |
| 303 | Intangible Plant - General | \$4,022,989 |
| | <u>Common Plant - Electric</u> | |
| 389 | Land | \$836,732 |
| 390 | Structures and Improvements | 8,478,241 |
| 391.1 | Office Furniture & Equipment | 1,111,615 |
| 391.3 | Personal Computers | 763,654 |
| 391.4 | Computer Equipment - Other (EMS) | 2,778 |
| 391.5 | Other Computer Equipment | 388,836 |
| 392.1 | Trans. Equip., Non-Unitized | 31,470 |
| 392.2 | Trans. Equip., Unitized | 2,001,866 |
| 392.3 | Aircraft Equipment | 1,080,835 |
| 393 | Stores Equipment | 13,455 |
| 394.1 | Miscellaneous Tools | 178,365 |
| 394.3 | Vehicle Maintenance Equipment | 58,005 |
| 394.4 | Vehicle Refueling Equipment | 156,552 |
| 396.2 | Power Operated Equipment | 27,443 |
| 397.1 | Fixed Radio Communication Equip. | 430,384 |
| 397.2 | Mobile Radio Communication Equip. | 278,780 |

**MONTANA-DAKOTA UTILITIES CO.
PLANT IN SERVICE
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009**

| Acct. No. | Account | Per Books Plant |
|--------------|---------------------------------|-----------------------------|
| 397.3 | General Tele. Comm. Equip. | 151,196 |
| 397.5 | Supervisory & Telemetering | 28,968 |
| 397.8 | Network Equipment | 109,349 |
| 398 | Miscellaneous Equipment | 361,131 |
| | Total Common Plant | <u>\$16,489,655</u> |
| 303 | Intangible Plant - Common | \$8,875,787 |
| 114 | Acquisition Adjustment | <u>7,161,943</u> |
| | Total Electric Plant in Service | <u><u>\$534,846,847</u></u> |

**MONTANA-DAKOTA UTILITIES CO.
 DETAILED COST OF PLANT
 ELECTRIC UTILITY
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009**

| Acct. No. | Account | Balance @ 1/1/09 | Additions | Retirements | Transfers | Balance @ 12/31/09 |
|-------------------------------|---------------------------------------|----------------------|---------------------|----------------------|-----------------|-----------------------|
| <u>Steam Production Plant</u> | | | | | | |
| 310 | Land | \$1,018,687 | \$0 | \$0 | \$0 | \$1,018,687 |
| 311 | Structures & Improvements | 49,548,444 | 1,281,799 | (59,199) | 0 | 50,771,044 |
| 312 | Boiler Plant Equipment-Non Pollution | 160,180,867 | 6,034,131 | (1,304,314) | 0 | 164,910,684 |
| 314 | Turbo Generator Units | 45,028,779 | 2,687,455 | (929,166) | 0 | 46,787,068 |
| 315 | Accessory Electrical Equipment | 14,811,799 | 414,796 | (303,057) | 0 | 14,923,538 |
| 316 | Miscellaneous Power Plant Equipment | 15,684,726 | 346,188 | (103,193) | 0 | 15,927,721 |
| | Total Steam Production Plant | <u>\$286,273,302</u> | <u>\$10,764,369</u> | <u>(\$2,698,929)</u> | <u>\$0</u> | <u>\$294,338,742</u> |
| <u>Other Production Plant</u> | | | | | | |
| 340 | Land | \$66,533 | \$0 | \$0 | \$0 | \$66,533 |
| 341 | Structures & Improvements | 786,273 | 14,890 | 0 | 0 | 801,163 |
| 342 | Fuel Holders, Producers & Accessories | 614,843 | 1,903,957 | 0 | 0 | 2,518,800 |
| 344 | Generators | 65,811,219 | 14,919,612 | 0 | 0 | 80,730,831 |
| 345 | Accessory Electrical Equipment | 926,890 | 91,132 | (12,169) | 0 | 1,005,853 |
| 346 | Miscellaneous Power Plant Equipment | 55,456 | 81,125 | (2,299) | 0 | 134,282 |
| | Total Other Production Plant | <u>\$68,261,214</u> | <u>\$17,010,716</u> | <u>(\$14,468)</u> | <u>\$0</u> | <u>\$85,257,462</u> |
| <u>Transmission Plant</u> | | | | | | |
| 350.1 | Land | \$661,380 | \$12,963 | (\$3,954) | \$0 | \$670,389 |
| 350.2 | Land Rights | 2,499,857 | 2,270 | 0 | 0 | 2,502,127 |
| 352 | Structures & Improvements | 1,789 | 0 | 0 | 0 | 1,789 |
| 353 | Station Equipment | 67,100,073 | 3,792,511 | (50,103) | 43,212 | 70,885,693 |
| 354 | Towers & Fixtures | 5,060,461 | (74,354) | 0 | 0 | 4,986,107 |
| 355 | Poles & Fixtures | 31,895,660 | 233,494 | (14,181) | 0 | 32,114,973 |
| 356 | Overhead Conductor & Devices | 26,842,674 | 260,284 | (66,384) | 0 | 27,036,574 |
| 357 | Underground Conduit | 2,039,996 | (139,238) | 0 | 0 | 1,900,758 |
| 358 | Underground Conductor & Devices | 3,434,449 | (334,644) | 0 | 0 | 3,099,805 |
| | Total Transmission Plant | <u>\$139,536,339</u> | <u>\$3,753,286</u> | <u>(\$134,622)</u> | <u>\$43,212</u> | <u>\$143,198,215</u> |

**MONTANA-DAKOTA UTILITIES CO.
 DETAILED COST OF PLANT
 ELECTRIC UTILITY
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009**

| Acct. No. | Account | Balance @ 1/1/09 | Additions | Retirements | Transfers | Balance @ 12/31/09 |
|---------------------------|---------------------------------------|----------------------|---------------------|----------------------|-------------------|-----------------------|
| <u>Distribution Plant</u> | | | | | | |
| 360.1 | Land | \$1,109,127 | \$15,362 | (\$10,436) | \$0 | \$1,114,053 |
| 360.2 | Land Rights | 836,871 | 2,851 | 0 | 0 | 839,722 |
| 362 | Station Equipment | 34,642,001 | 2,221,645 | (28,596) | (43,212) | 36,791,838 |
| 364 | Poles, Towers & Fixtures | 27,218,102 | 884,331 | (145,898) | 0 | 27,956,535 |
| 365 | Overhead Conductor & Devices | 18,955,130 | 363,871 | (79,776) | 1,320 | 19,240,545 |
| 366 | Underground Conduit | 218,154 | 0 | 0 | 0 | 218,154 |
| 367 | Underground Conductor & Devices | 47,029,641 | 4,669,906 | (391,986) | 38,097 | 51,345,658 |
| 368 | Line Transformers | 43,168,949 | 2,095,895 | (179,904) | 0 | 45,084,940 |
| 369 | Services | 20,421,288 | 1,094,872 | (120,070) | 0 | 21,396,090 |
| 370 | Meters | 14,374,322 | 512,414 | (272,661) | 0 | 14,614,075 |
| 371 | Installations on Customer's Premises | 2,157,760 | 128,894 | (109,355) | 0 | 2,177,299 |
| 373 | Street Lights & Signal Systems | 6,140,104 | 231,942 | (89,188) | (39,717) | 6,243,141 |
| | Total Distribution Plant | <u>\$216,271,449</u> | <u>\$12,221,983</u> | <u>(\$1,427,870)</u> | <u>(\$43,512)</u> | <u>\$227,022,050</u> |
| <u>General Plant</u> | | | | | | |
| 389 | Land & Land Rights | \$8,137 | \$0 | \$0 | \$0 | \$8,137 |
| 390 | Structures & Improvements | 518,602 | 4,540 | (642) | 0 | 522,500 |
| 391.1 | Office Furniture & Equipment | 155,828 | 0 | 0 | 0 | 155,828 |
| 391.2 | Computer Equipment-Honeywell | 23,867 | 0 | (23,867) | 0 | 0 |
| 391.3 | Computer Equipment-PC | 124,641 | 0 | (12,788) | 0 | 111,853 |
| 391.4 | Computer Equipment-Prime | 669,057 | 10,472 | (2,127) | 0 | 677,402 |
| 391.5 | Computer Equipment-Other | 7,657 | 0 | 0 | 0 | 7,657 |
| 392.1 | Transportation Equipment-Non-Unitized | 442,339 | 26,017 | (10,769) | 110 | 457,697 |
| 392.2 | Transportation Equipment | 4,601,775 | 450,831 | (269,462) | 70,502 | 4,853,646 |
| 393 | Stores Equipment | 107,166 | 0 | (1,563) | 0 | 105,603 |
| 394.1 | Tools, Shop & Garage Equipment | 1,815,943 | 88,829 | (9,511) | 0 | 1,895,261 |
| 395 | Laboratory Equipment | 1,152,814 | 10,639 | 0 | 0 | 1,163,453 |
| 396.1 | Trailers-Work Equipment | 218,019 | 288 | (12,903) | 5,173 | 210,577 |
| 396.2 | Power Operated Equipment | 8,367,941 | 1,040,871 | (747,246) | (113,664) | 8,547,902 |

**MONTANA-DAKOTA UTILITIES CO.
 DETAILED COST OF PLANT
 ELECTRIC UTILITY
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009**

| Acct. No. | Account | Balance @ 1/1/09 | Additions | Retirements | Transfers | Balance @ 12/31/09 |
|--------------|--|----------------------|---------------------|----------------------|-------------------|-----------------------|
| 397.1 | Radio Communication Equipment-Fixed | 69,587 | 2,401 | (13,569) | 0 | 58,419 |
| 397.2 | Radio Communication Equipment-Mobile | 71,291 | 4,728 | 0 | 0 | 76,019 |
| 397.3 | General Telephone Communications Equipment | 8,005 | 16,429 | 0 | 0 | 24,434 |
| 397.4 | Carrier Current Communication Equipment | 81,054 | 72,863 | 0 | 0 | 153,917 |
| 397.5 | Supervisory & Telemetry Equipment | 98,490 | 2,053 | 0 | 0 | 100,543 |
| 397.6 | Scada System | 1,297,599 | 32,885 | 0 | 0 | 1,330,484 |
| 397.8 | Network Equipment | 149,998 | 1,876 | (49,686) | 0 | 102,188 |
| 397.9 | Transfer Trip Communication Equipment | 173,526 | 0 | 0 | 0 | 173,526 |
| 398 | Miscellaneous Equipment | 64,929 | 5,494 | (39,461) | 0 | 30,962 |
| | Total General Plant | <u>\$20,228,265</u> | <u>\$1,771,216</u> | <u>(\$1,193,594)</u> | <u>(\$37,879)</u> | <u>\$20,768,008</u> |
| 303 | Intangible Plant - General | 5,971,308 | 269,209 | 0 | 0 | 6,240,517 |
| | Common Plant - Electric 1/ | 27,157,942 | | | | 27,281,468 |
| | Common Intangible Plant 2/ | 12,872,980 | | | | 13,800,138 |
| 114 | Acquisition Adjustment | 10,387,642 | 0 | 0 | 0 | 10,387,642 |
| 182 | AFUDC Interest & Dep. On Coyote | 1,319,538 | 0 | (168,452) | 0 | 1,151,086 |
| | Total Electric Plant in Service | <u>\$788,279,979</u> | <u>\$45,790,779</u> | <u>(\$5,637,935)</u> | <u>(\$38,179)</u> | <u>\$829,445,328</u> |

1/ Common plant is either directly assigned or allocated to gas and electric plant. Total common plant additions, retirements, transfers and adjustments for the twelve months ended December 31, 2009 are \$2,398,493, (\$2,025,126) and \$14,203 respectively.

2/ Common Intangible plant is either directly assigned or allocated to gas and electric plant. Total common intangible plant additions for the twelve months ended December 31, 2009 are \$1,342,078.

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC CWIP IN SERVICE
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009**

| Work Order Number | Description | Total | Steam Production | Other Production | Transmission | Distribution | General | Common |
|-------------------------|--|--------------------|------------------|-------------------|------------------|------------------|-----------------|-----------------|
| J157145 | Install software - AMR | \$2,166 | | | | | | \$2,166 |
| J156153 | Install Ormat energy converter - Glen Ullin | (34,056) | | (\$34,056) | | | | |
| J155974 | Install gas compression equipment - Glendive | 461 | | 461 | | | | |
| J120215 | Replace HP/IP turbine at Coyote | (4,804) | (\$4,804) | | | | | |
| J61143 | Replace boiler reheat tubes - Coyote | (2,869) | (2,869) | | | | | |
| J153728 | Re-Wind Generator Stator-Big Stone | 48 | 48 | | | | | |
| J151263 | Install mercury control system - Lewis and Clark | 296,388 | 296,388 | | | | | |
| J156071 | Upgrade auto XFMR - Tioga 230 substation | (996) | | | (\$996) | | | |
| Small items grouped 1/: | | | | | | | | |
| (33) | Steam Production | 194,704 | 194,704 | | | | | |
| (5) | Other Production | 1,031 | | 1,031 | | | | |
| (27) | Transmission | 112,522 | | | 112,522 | | | |
| (245) | Distribution | 790,051 | | | | \$790,051 | | |
| (7) | General | 64,788 | | | | | \$64,788 | |
| (6) | Common | 57,825 | | | | | | 57,825 |
| | Total | <u>\$1,477,259</u> | <u>\$483,467</u> | <u>(\$32,564)</u> | <u>\$111,526</u> | <u>\$790,051</u> | <u>\$64,788</u> | <u>\$59,991</u> |

1/ Numbers in brackets indicate the number of work orders involved in each item of construction.

STATEMENT D

**MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF ACCUMULATED RESERVE FOR DEPRECIATION
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009**

| | Total Company | North Dakota |
|----------------------------|-----------------------------|-----------------------------|
| Steam Production | <u>\$198,882,254</u> | <u>\$129,748,842</u> |
| Other Production | <u>15,617,865</u> | <u>10,776,668</u> |
| Total Production | <u>\$214,500,119</u> | <u>\$140,525,510</u> |
| | | |
| Transmission | 80,430,659 | 51,624,661 |
| | | |
| Distribution | 114,645,801 | 64,644,951 |
| | | |
| General | 9,957,907 | 6,192,571 |
| | | |
| Intangible Plant - General | 5,139,599 | 3,313,779 |
| | | |
| Common | 14,388,207 | 9,070,745 |
| | | |
| Intangible Plant - Common | 9,649,704 | 6,206,367 |
| | | |
| Acquisition Adjustment | <u>9,462,838</u> | <u>6,525,036</u> |
| Total | <u><u>\$458,174,834</u></u> | <u><u>\$288,103,620</u></u> |

**MONTANA-DAKOTA UTILITIES CO.
BOOK CHANGES IN ACCUMULATED PROVISION FOR
DEPRECIATION AND AMORTIZATION - ELECTRIC UTILITY
TWELVE MONTHS ENDING DECEMBER 31, 2009**

| | Beginning Balance 12/31/09 | Annual Provision | Retirements (Original Cost) | Salvage | Removal Costs | Reclassification/ Adjustments | Ending Balance 12/31/09 |
|--------------------------------------|----------------------------------|---------------------|--------------------------------|------------------|--------------------|----------------------------------|-------------------------------|
| <u>Electric Utility</u> | | | | | | | |
| Account 111 - Intangible | \$4,705,268 | \$434,331 | | | | | \$5,139,599 |
| Account 108 | | | | | | | |
| Production | 180,927,737 | 8,327,207 | \$2,698,929 | \$25,806 | \$676,984 | | 185,904,837 |
| Other Production | 12,903,037 | 2,729,296 | 14,468 | 9,200 | 0 | (9,200) | 15,617,865 |
| Transmission | 78,504,029 | 2,758,454 | 130,669 | 4,845 | 12,106 | (693,895) | 80,430,658 |
| Distribution | 108,491,368 | 7,308,604 | 1,417,432 | 50,906 | 463,735 | 676,088 | 114,645,799 |
| General | 9,539,594 | 1,486,522 | 1,193,594 | 81,774 | 0 | 43,612 | 9,957,908 |
| Total Account 108 | 390,365,765 | 22,610,083 | 5,455,092 | 172,531 | 1,152,825 | 16,605 | 406,557,067 |
| Account 115 - Acquisition Adjustment | 9,234,596 | 228,242 | | | | | 9,462,838 |
| Total | \$404,305,629 | \$23,272,656 | \$5,455,092 | \$172,531 | \$1,152,825 | \$16,605 | \$421,159,504 |
| Common 1/ | \$22,858,901 | | | | | | \$24,037,911 |

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, 2009 are:

| | Beginning Balance 12/31/09 | Annual Provision | Retirements (Original Cost) | Salvage | Removal Costs | Adjustments | Ending Balance 12/31/09 |
|-----------------------------------|----------------------------------|---------------------|--------------------------------|------------------|------------------|--------------------|-------------------------------|
| <u>Common Utility</u> | | | | | | | |
| Account 111 | \$15,198,859 | \$1,671,472 | \$0 | \$0 | \$0 | \$0 | \$16,870,331 |
| Account 108 | 22,203,230 | 2,298,534 | 1,912,946 | 810,939 | 40,998 | (566,857) | 22,791,902 |
| Total Accounts 111 and 108 | \$37,402,089 | \$3,970,006 | \$1,912,946 | \$810,939 | \$40,998 | (\$566,857) | \$39,662,233 |

STATEMENT E

**MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF WORKING CAPITAL AND
CUSTOMER ADVANCES FOR CONSTRUCTION
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
PROJECTED 2010**

| <u>Working Capital</u> | <u>Per Books</u> |
|------------------------------------|---------------------|
| Materials and Supplies | \$4,781,794 |
| Fuel Stocks | 2,943,480 |
| Prepaid Insurance | 102,443 |
| Unamortized Loss on Debt | 5,015,081 |
| Total Working Capital | <u>\$12,842,798</u> |
| Customer Advances for Construction | <u>\$163,959</u> |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2009**

| | <u>Materials and Supplies</u> | <u>Fuel Stocks</u> | <u>Prepayments</u> | <u>Customer Advances</u> |
|---------------|-----------------------------------|--------------------|--------------------|------------------------------|
| December 2008 | \$4,856,615 | \$2,593,773 | \$77,861 | \$76,712 |
| January 2009 | 4,840,823 | 2,566,550 | 459,283 | 142,712 |
| February | 4,819,329 | 2,674,134 | 408,247 | 142,712 |
| March | 4,949,409 | 2,746,181 | 384,121 | 150,212 |
| April | 5,286,906 | 2,685,739 | 331,769 | 150,212 |
| May | 5,206,561 | 2,813,893 | 414,752 | 150,212 |
| June | 5,410,418 | 2,743,303 | 340,272 | 150,212 |
| July | 5,427,906 | 2,709,917 | 287,469 | 150,212 |
| August | 5,356,180 | 2,738,107 | 237,177 | 150,212 |
| September | 5,208,349 | 2,777,655 | 182,344 | 150,212 |
| October | 5,012,511 | 2,875,901 | 152,122 | 164,274 |
| November | 4,972,607 | 2,840,279 | 159,036 | 94,273 |
| December | 4,781,794 | 2,943,480 | 102,443 | 163,959 |

**MONTANA-DAKOTA UTILITIES CO.
UNAMORTIZED LOSS ON DEBT
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
PROJECTED 2010**

| | <u>Total Company</u> | <u>North Dakota</u> |
|------------------------------|---------------------------|---------------------------|
| Balance at December 31, 2009 | \$7,561,148 | \$5,015,081 |
| Amortization of Loss | <u>(689,776)</u> | <u>(459,510)</u> |
| Balance at December 31, 2010 | <u><u>\$6,871,372</u></u> | <u><u>\$4,555,571</u></u> |

1/ Allocated on Net Plant in Service.

| | <u>Balance</u> | <u>2010 Amortization</u> |
|--------------------------|----------------|------------------------------|
| Total Company | \$10,285,123 | (\$900,264) |
| Allocate to Electric | 7,561,148 | (689,776) |
| Allocate to North Dakota | 5,015,081 | (459,510) |

STATEMENT F

**MONTANA-DAKOTA UTILITIES CO.
UTILITY CAPITAL STRUCTURE
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010**

| | <u>Balance</u> | <u>Ratio</u> | <u>Cost</u> | <u>Required Return</u> |
|------------------------------|----------------------|-----------------|-------------|----------------------------|
| <u>2009</u> | | | | |
| Long Term Debt | \$280,502,591 | 45.662% | 6.845% | 3.126% |
| Short Term Debt 1/ | 1,880,548 | 0.306% | 11.590% | 0.035% |
| Preferred Stock | 15,600,000 | 2.540% | 4.594% | 0.117% |
| Common Equity | 316,314,714 | 51.492% | 11.500% | 5.922% |
| Total | <u>\$614,297,853</u> | <u>100.000%</u> | | <u>9.200%</u> |
| | | | | |
| <u>Projected 2010</u> | | | | |
| Long Term Debt | \$280,502,591 | 42.232% | 6.845% | 2.891% |
| Short Term Debt 1/ | 20,829,409 | 3.136% | 2.535% | 0.079% |
| Preferred Stock | 15,500,000 | 2.333% | 4.590% | 0.107% |
| Common Equity | 347,368,141 | 52.299% | 11.500% | 6.014% |
| Total | <u>\$664,200,141</u> | <u>100.000%</u> | | <u>9.091%</u> |

1/ Reflects average monthly balance.

**MONTANA-DAKOTA UTILITIES CO.
LONG-TERM DEBT
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010**

| | <u>Balance Outstanding</u> | <u>Annual Cost</u> | <u>Adjusted Embedded Cost</u> |
|------------------------------|--------------------------------|------------------------|---------------------------------------|
| <u>First Mortgage Bonds</u> | | | |
| Balance at 12/31/2009 | \$280,000,000 | \$19,126,500 | 6.831% |
| Minot Air Force Base Payable | 502,591 | 30,155 | 6.000% |
| Amortization of Gain/Loss | | 43,469 1/ | |
| Total @ 12/31/2009 | <u>\$280,502,591</u> | <u>\$19,200,124</u> | <u>6.845%</u> |
| | | | |
| Balance at 12/31/2010 | 280,000,000 | 19,126,500 | 6.831% |
| Minot Air Force Base Payable | 502,591 | 30,155 | 6.000% |
| Amortization of Gain/Loss | | 43,469 1/ | |
| Total @ 12/31/09 | <u>\$280,502,591</u> | <u>\$19,200,124</u> | <u>6.845%</u> |

1/ Page 4.

**MONTANA-DAKOTA UTILITIES CO.
LONG-TERM DEBT CAPITAL
DECEMBER 31, 2009**

| 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 |
| First Mortgage Bonds: | | | | | | | | | |
| Secured Medium-term Notes, Series A: | | | | | | | | | |
| 6.61% - Senior Note | 9/1/2009 | 9/30/2016 | 6.610% | \$25,000,000 | \$25,000,000 | \$59,494 | 0.238% | \$517,288 | 2.069% |
| 6.66% - Senior Note | 10/1/2009 | 9/30/2016 | 6.660% | 25,000,000 | 25,000,000 | 59,494 | 0.238% | 517,288 | 2.069% |
| 5.98% - Senior Note | 12/15/2003 | 12/15/2033 | 5.980% | 30,000,000 | 30,000,000 | 262,500 | 0.875% | 280,668 | 0.936% |
| 6.33% - Senior Note | 8/24/2006 | 8/24/2026 | 6.330% | 100,000,000 | 100,000,000 | 344,061 | 0.344% | 10,532,009 | 10.532% |
| 6.04% - Senior Note | 9/16/2008 | 9/16/2018 | 6.040% | 100,000,000 | 100,000,000 | 362,432 | 0.362% | | 0.000% |
| Total Long-Term Debt Capital | | | | <u>\$280,000,000</u> | <u>\$280,000,000</u> | <u>\$1,087,981</u> | | <u>\$11,847,253</u> | |

| Description | Net Proceeds | | Cost of Money 1/ | Principal Outstanding | Annual Cost | Embedded Cost |
|--------------------------------------|----------------------|----------|------------------|-----------------------|---------------------|---------------|
| | Amount | Per Unit | | | | |
| First Mortgage Bonds: | | | | | | |
| Secured Medium-term Notes, Series A: | | | | | | |
| 5.98% - Senior Note | \$24,423,218 | 97.693% | 7.114% | \$25,000,000 | \$1,778,500 | |
| 6.33% - Senior Note | 24,423,218 | 97.693% | 7.166% | 25,000,000 | 1,791,500 | |
| 6.04% - Senior Note | 29,456,832 | 98.189% | 6.205% | 30,000,000 | 1,861,500 | |
| 6.61% - Senior Note | 89,123,930 | 89.124% | 7.514% | 100,000,000 | 7,514,000 | |
| 6.66% - Senior Note | 99,637,568 | 99.638% | 6.181% | 100,000,000 | 6,181,000 | |
| Total Long-Term Debt Capital | <u>\$267,064,766</u> | | | <u>\$280,000,000</u> | <u>\$19,126,500</u> | <u>6.831%</u> |

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

**MONTANA-DAKOTA UTILITIES CO.
LONG-TERM DEBT CAPITAL
DECEMBER 31, 2010**

| <u>Description</u> | <u>Date of Issuance</u> | <u>Date of Maturity</u> | <u>Interest Rate</u> | <u>Principal Amount of Issue</u> | <u>Gross Proceeds</u> | <u>Underwriters' Commission</u> | | <u>Loss on Reacquirement Redemption and Issuance Expense</u> | |
|--------------------------------------|-------------------------|-------------------------|----------------------|----------------------------------|-----------------------|---------------------------------|-------------------------|--|-------------------------|
| | | | | | | <u>Amount</u> | <u>% Gross Proceeds</u> | <u>Amount</u> | <u>% Gross Proceeds</u> |
| <u>First Mortgage Bonds:</u> | | | | | | | | | |
| Secured Medium-term Notes, Series A: | | | | | | | | | |
| 5.98% - Senior Note | 12/15/2003 | 12/15/2033 | 5.980% | \$30,000,000 | \$30,000,000 | \$262,500 | 0.875% | \$280,668 | 0.936% |
| 6.33% - Senior Note | 8/24/2006 | 8/24/2026 | 6.330% | 100,000,000 | 100,000,000 | 344,061 | 0.344% | 10,532,009 | 10.532% |
| 6.04% - Senior Note | 9/16/2008 | 9/16/2018 | 6.040% | 100,000,000 | 100,000,000 | 362,432 | 0.362% | 0 | 0.000% |
| 6.61% - Senior Note | 9/1/2009 | 9/30/2016 | 6.610% | 25,000,000 | 25,000,000 | 59,494 | 0.238% | 517,288 | 2.069% |
| 6.66% - Senior Note | 10/1/2009 | 9/30/2016 | 6.600% | 25,000,000 | 25,000,000 | 59,494 | 0.238% | 517,288 | 2.069% |
| Total Long-Term Debt Capital | | | | <u>\$280,000,000</u> | <u>\$280,000,000</u> | <u>\$1,087,981</u> | | <u>\$11,847,253</u> | |

| <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>First Mortgage Bonds:</u> | | | | | | |
| Secured Medium-term Notes, Series A: | | | | | | |
| 5.98% - Senior Note | \$29,456,832 | 98.189% | 6.205% | \$30,000,000 | \$1,861,500 | |
| 6.33% - Senior Note | 89,123,930 | 89.124% | 7.514% | 100,000,000 | 7,514,000 | |
| 6.04% - Senior Note | 99,637,568 | 99.638% | 6.181% | 100,000,000 | 6,181,000 | |
| 6.61% - Senior Note | 24,423,218 | 97.693% | 7.114% | 25,000,000 | 1,778,500 | |
| 6.66% - Senior Note | 24,423,218 | 97.693% | 7.166% | 25,000,000 | 1,791,500 | |
| Total Long-Term Debt Capital | <u>\$267,064,766</u> | | | <u>\$280,000,000</u> | <u>\$19,126,500</u> | <u>6.831%</u> |

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

**MONTANA-DAKOTA UTILITIES CO.
AMORTIZATION OF LOSS ON REACQUIRED DEBT
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010**

| <u>Acct. 1890 - Unamortized Loss</u> | <u>Amortization</u> |
|---|---------------------|
| PCN Notes Loss/Unamortized Expense - 2009 | \$43,469 |
| PCN Notes Loss/Unamortized Expense - 2010 | 43,469 |

**MONTANA-DAKOTA UTILITIES CO.
SHORT-TERM DEBT
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010**

| | Balance Outstanding | Annual Cost | Average Cost |
|-------------------------|------------------------|----------------|-----------------|
| <u>2009</u> | | | |
| Average Balance | \$1,880,548 | \$15,050 | 0.800% |
| Amortization of Fees 2/ | | 202,898 | |
| Total | \$1,880,548 | \$217,948 | 11.590% |
| <u>2010</u> | | | |
| Average Balance | \$20,829,409 | \$324,007 | 1.556% |
| Amortization of Fees 2/ | | 204,000 | |
| Total | \$20,829,409 | \$528,007 | 2.535% |

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

**MONTANA-DAKOTA UTILITIES CO.
 PREFERRED STOCK
 TWELVE MONTHS ENDING DECEMBER 31, 2009
 PROJECTED 2010**

| <u>Description</u> | <u>Balance Outstanding</u> | <u>Annual Cost</u> | <u>Adjusted Embedded Cost</u> |
|-----------------------|--------------------------------|------------------------|---------------------------------------|
| Balance at 12/31/2009 | \$15,600,000 | \$716,710 | 4.594% |
| Redemptions: | | | |
| 5.1% Series | (100,000) | (5,285) | |
| Balance at 12/31/2010 | <u>\$15,500,000</u> | <u>\$711,425</u> | <u>4.590%</u> |

**MONTANA-DAKOTA UTILITIES CO.
PREFERRED STOCK CAPITAL
DECEMBER 31, 2009**

| <u>Description</u> | <u>Date of Issuance</u> | <u>Call (Redemption) Price</u> | <u>Dividend Rate</u> | <u>Par Value of Issue</u> | <u>Gross Proceeds (000's)</u> | <u>Underwriters' Commission</u> | | <u>Issuance Expense</u> | |
|--------------------|-------------------------|--------------------------------|----------------------|---------------------------|-------------------------------|---------------------------------|-------------------------|-------------------------|-------------------------|
| | | | | | | <u>Amount</u> | <u>% Gross Proceeds</u> | <u>Amount</u> | <u>% Gross Proceeds</u> |
| 4.5% Series | 01/01/51 | \$105 | 4.5% | \$100 | \$10,000 | | | | |
| 4.7% Series | 12/07/55 | 102 | 4.7% | 100 | 5,000 | | | | |
| 5.1% Series | 05/23/61 | 100/102 | 5.1% | 100 | 5,000 | \$25,000 | 0.50% | \$27,452 | 0.549% |

| <u>Description</u> | <u>Net Proceeds</u> | | <u>Cost of Money 1/ 2/</u> | <u>Principal Outstanding</u> | <u>December 31, 2009</u> | | <u>Method of Offering</u> |
|--------------------|-----------------------|-----------------|----------------------------|------------------------------|--------------------------|----------------------|---------------------------|
| | <u>Amount (000's)</u> | <u>Per Unit</u> | | | <u>Annual Cost</u> | <u>Embedded Cost</u> | |
| 4.5% Series | \$10,000 | 100.000% | 4.500% | \$10,000,000 | \$450,000 | | Public |
| 4.7% Series | 5,000 | 100.000% | 4.700% | 5,000,000 | 235,000 | | Public |
| 5.1% Series | 4,948 | 98.951% | 5.285% | 600,000 | 31,710 | | Private |
| Total | | | | <u>\$15,600,000</u> | <u>\$716,710</u> | <u>4.594%</u> | |

1/ Yield to maturity based upon the life, net proceeds, and quarterly compounding of the stated dividend rate of each issue.

2/ 4.5% Series and 4.7% Series issue expense fully recovered.

**MONTANA-DAKOTA UTILITIES CO.
PREFERRED STOCK CAPITAL
DECEMBER 31, 2010**

| Description | Date of Issuance | Call (Redemption) Price | Dividend Rate | Par Value of Issue | Gross Proceeds (000's) | Underwriters' Commission | | Issuance Expense | |
|-------------|------------------|-------------------------|---------------|--------------------|------------------------|--------------------------|------------------|------------------|------------------|
| | | | | | | Amount | % Gross Proceeds | Amount | % Gross Proceeds |
| 4.5% Series | 01/01/51 | \$105 | 4.5% | \$100 | \$10,000 | | | | |
| 4.7% Series | 12/07/55 | 102 | 4.7% | 100 | 5,000 | | | | |
| 5.1% Series | 05/23/61 | 100/102 | 5.1% | 100 | 5,000 | \$25,000 | 0.50% | \$27,452 | 0.549% |

| Description | Net Proceeds | | Cost of Money 1/ 2/ | Principal Outstanding | December 31, 2010 | | Method of Offering |
|-------------|----------------|----------|---------------------|-----------------------|-------------------|---------------|--------------------|
| | Amount (000's) | Per Unit | | | Annual Cost | Embedded Cost | |
| 4.5% Series | \$10,000 | 100.000% | 4.500% | \$10,000,000 | \$450,000 | | Public |
| 4.7% Series | 5,000 | 100.000% | 4.700% | 5,000,000 | 235,000 | | Public |
| 5.1% Series | 4,948 | 98.951% | 5.285% | 500,000 | 26,425 | | Private |
| Total | | | | <u>\$15,500,000</u> | <u>\$711,425</u> | <u>4.590%</u> | |

1/ Yield to maturity based upon the life, net proceeds, and quarterly compounding of the stated dividend rate of each issue.

2/ 4.5% Series and 4.7% Series issue expense fully recovered.

MONTANA-DAKOTA UTILITIES CO.
UTILITY COMMON EQUITY
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010

| <u>Description</u> | <u>Amount</u> |
|------------------------------------|-----------------------------|
| Common Equity - 12/31/2009 | <u>\$2,556,647,094</u> |
| Investment in Subsidiaries | <u>2,240,332,380</u> |
| Utility Common Equity - 12/31/2009 | <u><u>\$316,314,714</u></u> |
| Common Equity - 12/31/2010 | \$2,571,223,837 |
| Investment in Subsidiaries | <u>2,223,855,696</u> |
| Utility Common Equity - 12/31/2009 | <u><u>\$347,368,141</u></u> |

STATEMENT G

**MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF REVENUES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009**

| | <u>Kwh</u> | <u>Revenue</u> |
|-----------------------|---------------------------------|---------------------------------|
| <u>Sales</u> | | |
| Residential | 599,275,158 | \$43,362,057 |
| Small General | 99,486,133 | 8,242,369 |
| Large General | 810,812,361 | 51,993,819 |
| Municipal Lighting | 20,219,224 | 1,264,406 |
| Municipal Pumping | 29,665,307 | 1,587,726 |
| Outdoor Lighting | 5,845,770 | 466,831 |
| Unbilled Revenue | | <u>(1,475,466)</u> |
| Total Sales | <u>1,565,303,953</u> | <u>\$105,441,742</u> |
| Sales for Resale | | \$4,697,557 1/ |
| <u>Other Revenue</u> | | |
| Misc. Service Revenue | | \$124,896 |
| Rent from Property | | 2,170,961 |
| Other Revenue | | <u>2,388,202</u> |
| Total Other Revenue | | <u>\$4,684,059</u> |
| Total | <u><u>1,565,303,953</u></u> | <u><u>\$114,823,358</u></u> |

1/ Includes Margin Sharing Adjustment (MSA).

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
SUMMARY OF REVENUE ANALYSIS
TWELVE MONTHS ENDED DECEMBER 31, 2009**

| Rate Reporting Class | Per Books Twelve Months Ended 12/31/09 | | | |
|-----------------------------------|--|----------------------|--------------------|----------------------|
| | Billing Units | Kwh | Billed KW | Total Revenue |
| Residential Service | | | | |
| Rate 10 | 62,408 | 599,029,504 | | \$43,347,811 |
| Rate 16 | 12 | 235,490 | | 13,835 |
| Rate 95 | 2 | 10,164 | | 411 |
| Total Residential | 62,422 | 599,275,158 | | 43,362,057 |
| Small General Service | | | | |
| Rate 20 | 8,747 | 94,290,893 | | \$7,887,466 |
| Rate 25 | 36 | 747,910 | 5,779.1 | 41,211 |
| Rate 26 | 4 | 114,198 | | 6,187 |
| Rate 40 | 356 | 4,333,132 | 10,787.5 | 307,505 |
| Total Small General | 9,143 | 99,486,133 | 16,566.6 | 8,242,369 |
| General Service | | | | |
| Rate 30 Secondary | 2,976 | 558,788,416 | 1,701,910.4 | \$39,221,600 |
| Rate 30 Primary | 23 | 102,555,922 | 252,879.7 | 5,591,902 |
| Rate 30 Contracts | 5 | 82,964,933 | 172,975.4 | 3,919,205 |
| Rate 31 Secondary | 31 | 7,769,116 | 51,702.2 | 512,999 |
| Rate 32 Secondary | 312 | 37,239,952 | 164,846.5 | 1,783,942 |
| Rate 32 Primary | 0 | 6,222 | 43.4 | 286 |
| Rate 38 | 2 | 17,903,100 | 43,817.7 | 810,659 |
| Rate 39 | 1 | 3,584,700 | 9,883.8 | 153,226 |
| Total General | 3,350 | 810,812,361 | 2,398,059.1 | 51,993,819 |
| Municipal Lighting Service | | | | |
| Rate 41 Secondary | 820 | 18,407,412 | | \$1,158,558 |
| Rate 41 Primary | 49 | 1,811,812 | | 105,848 |
| Total Municipal Light | 869 | 20,219,224 | | 1,264,406 |
| Municipal Pumping Service | | | | |
| Rate 48 Secondary | 322 | 21,172,107 | 86,065.3 | \$1,198,810 |
| Rate 48 Primary | 3 | 8,493,200 | 25,586.4 | 388,916 |
| Total Municipal Pumping | 325 | 29,665,307 | 111,651.7 | 1,587,726 |
| Outdoor Lighting Service | | | | |
| Rate 52 Secondary | 2,781 | 5,830,077 | | \$465,649 |
| Rate 52 Primary | 2 | 15,693 | | 1,182 |
| Total Outdoor Light | 2,783 | 5,845,770 | | 466,831 |
| Total North Dakota | 78,892 | 1,565,303,953 | 2,526,277.4 | \$106,917,208 |

STATEMENT H

MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF OPERATION AND MAINTENANCE EXPENSES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009

| | <u>Total Company</u> | <u>North Dakota</u> |
|--|--------------------------|-------------------------|
| Fuel and Purchased Power | \$65,717,030 | \$32,069,238 |
| Other Power Supply | 1,123,281 | 771,607 |
| Production | 19,900,860 | 13,784,753 |
| Transmission | 8,234,482 | 5,605,166 |
| Distribution | 10,546,255 | 6,055,201 |
| Customer Accounting | 3,699,547 | 2,163,061 |
| Customer Service & Information | 333,508 | 264,054 |
| Sales | 273,396 | 194,519 |
| Administrative and General | <u>16,678,633</u> | <u>10,525,633</u> |
| Total Operation and Maintenance Expenses | <u>\$126,506,992</u> | <u>\$71,433,232</u> |

MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF OPERATION AND MAINTENANCE EXPENSES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009

| <u>Account No.</u> | | <u>Total Company</u> | <u>North Dakota</u> |
|------------------------|---|--------------------------|-------------------------|
| | <u>Production Expenses:</u> | | |
| | <u>Steam Production</u> | | |
| | Operation: | | |
| 500 | Operation Supervision & Engineering | \$1,961,341 | \$1,358,392 |
| 501 | Fuel | 38,835,112 | 25,263,046 |
| 502 | Steam Expense | 3,768,927 | 2,610,132 |
| 505 | Steam-Electric Expense | 1,346,104 | 932,215 |
| 506 | Miscellaneous Steam Power Expense | 2,988,581 | 2,069,990 |
| 507 | Rents | 664 | 459 |
| | Total Steam Production Operation Expense | <u>\$48,900,729</u> | <u>\$32,234,234</u> |
| | Maintenance: | | |
| 510 | Maintenance Supervision & Engineering | 797,304 | 552,225 |
| 511 | Maintenance of Structures | 627,791 | 434,846 |
| 512 | Maintenance of Boiler Plant | 5,356,477 | 3,710,931 |
| 513 | Maintenance of Electric Plant | 979,355 | 678,770 |
| 514 | Maintenance of Miscellaneous Steam Plant | 1,076,898 | 746,011 |
| | Total Steam Production Maintenance Expense | <u>\$8,837,825</u> | <u>\$6,122,783</u> |
| | Total Steam Production Expense | <u>\$57,738,554</u> | <u>\$38,357,017</u> |
| | <u>Other Generation</u> | | |
| | Operation: | | |
| 546 | Operation Supervision & Engineering | \$118,404 | \$82,002 |
| 547 | Fuel | 425,830 | 277,011 |
| 548 | Generation Expenses | 299,462 | 207,478 |
| 549 | Miscellaneous Other Power Generation Expenses | 253,069 | 175,266 |
| 550 | Rents | 52,000 | 35,852 |
| | Total Other Generation Operation Expense | <u>\$1,148,765</u> | <u>\$777,609</u> |
| | Maintenance: | | |
| 551 | Maintenance Supervision & Engineering | 60,144 | 41,653 |
| 552 | Maintenance of Structures | 7,376 | 5,108 |
| 553 | Maintenance of Generating & Electric Plant | 204,382 | 141,634 |
| 554 | Maintenance of Misc. Other Power Generation Plant | 2,581 | 1,789 |
| | Total Other Generation Maintenance Expense | <u>\$274,483</u> | <u>\$190,184</u> |
| | Total Other Generation Expense | <u>\$1,423,248</u> | <u>\$967,793</u> |
| | <u>Other Power Supply Expense</u> | | |
| 555 | Purchased Power | \$26,456,088 | \$6,529,181 |
| 556 | System Control & Dispatch | 1,123,281 | 771,607 |
| | Total Purchased Power Expense | <u>\$27,579,369</u> | <u>\$7,300,788</u> |
| | Total Production Expense | <u>\$86,741,171</u> | <u>\$46,625,598</u> |

MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF OPERATION AND MAINTENANCE EXPENSES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009

| <u>Account No.</u> | | <u>Total Company</u> | <u>North Dakota</u> |
|------------------------|--|----------------------------|---------------------------|
| | <u>Transmission Expense:</u> | | |
| | Operation: | | |
| 560 | Operation Supervision & Engineering | \$1,409,656 | \$932,673 |
| 561 | Load Dispatching | 1,429,674 | 933,217 |
| 562 | Station Expenses | 664,910 | 445,224 |
| 563 | Overhead Line Expense | 161,201 | 106,149 |
| 565 | Transmission of Electricity by Others | 1,292,799 | 859,018 |
| 566 | Miscellaneous Expense | 138,493 | 92,104 |
| 567 | Rents | 1,564,171 | 1,238,204 |
| | Total Transmission Operation Expense | <u>\$6,660,904</u> | <u>\$4,606,589</u> |
| | Maintenance: | | |
| 568 | Maintenance Supervision & Engineering | 28,755 | 19,114 |
| 570 | Maintenance of Structures | 543,499 | 306,940 |
| 571 | Maintenance of Station Equipment | 493,181 | 334,930 |
| 572 | Maintenance of Underground Lines | | |
| 575 | Regional Market Expense | 508,143 | 337,593 |
| | Total Transmission Maintenance Expenses | <u>\$1,573,578</u> | <u>\$998,577</u> |
| | Total Transmission Expenses | <u><u>\$8,234,482</u></u> | <u><u>\$5,605,166</u></u> |
| | <u>Distribution Expense:</u> | | |
| | Operation: | | |
| 580 | Operation Supervision & Engineering | \$1,002,762 | \$496,543 |
| 582 | Station Expenses | 586,893 | 423,565 |
| 583 | Overhead Line Expense | 677,381 | 470,281 |
| 584 | Underground Line Expense | 903,622 | 579,483 |
| 585 | Street Lighting & Signal Systems | 62,368 | 32,554 |
| 586 | Meter Expenses | 793,970 | 474,006 |
| 587 | Customer Installations Expense | 361,607 | 208,127 |
| 588 | Miscellaneous Expenses | 2,388,795 | 1,394,801 |
| 589 | Rents | 109,223 | 66,102 |
| | Total Distribution Operation Expenses | <u>\$6,886,621</u> | <u>\$4,145,462</u> |
| | Maintenance: | | |
| 590 | Maintenance Supervision & Engineering | \$216,935 | \$71,155 |
| 592 | Maintenance of Station Equipment | 156,178 | 103,712 |
| 593 | Maintenance of OH lines | 1,971,412 | 1,021,960 |
| 594 | Maintenance of UG lines | 552,426 | 296,959 |
| 595 | Maintenance of Line Transformers | 163,567 | 97,317 |
| 596 | Maintenance of Street Lighting & Signals | 181,075 | 100,142 |
| 597 | Maintenance of Meters | 20,803 | 2,243 |
| 598 | Maintenance of Miscellaneous Plant | 397,238 | 216,251 |
| | Total Distribution Maintenance Expenses | <u>3,659,634</u> | <u>1,909,739</u> |
| | Total Distribution Expenses | <u><u>\$10,546,255</u></u> | <u><u>\$6,055,201</u></u> |

MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF OPERATION AND MAINTENANCE EXPENSES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009

| <u>Account No.</u> | | <u>Total Company</u> | <u>North Dakota</u> |
|------------------------|--|--------------------------|-------------------------|
| | <u>Customer Accounts Expenses</u> | | |
| | Operation: | | |
| 901 | Supervision | \$251,808 | \$129,988 |
| 902 | Meter Reading Expenses | 888,009 | 564,278 |
| 903 | Customer Records and Collection Exp. | 1,991,515 | 1,159,990 |
| 904 | Uncollectible Accounts | 236,180 | 114,879 |
| 905 | Misc. Customer Accounts Expenses | 332,035 | 193,926 |
| | Total Customer Accounts Expenses | <u>\$3,699,547</u> | <u>\$2,163,061</u> |
| | <u>Customer Service & Information Expenses</u> | | |
| | Operation: | | |
| 907 | Supervision | \$79,183 | \$47,994 |
| 908 | Customer Assistance Expenses | 216,130 | 190,208 |
| 909 | Informational and Instructional Expenses | 37,163 | 25,426 |
| 910 | Misc. Customer Service & Info. Exp. | 1,032 | 426 |
| | Total Customer Service & Information Expense | <u>\$333,508</u> | <u>\$264,054</u> |
| | <u>Sales Expenses</u> | | |
| | Operation: | | |
| 911 | Supervision | \$17,612 | \$10,680 |
| 912 | Demonstrating and Selling Expenses | 127,553 | 86,304 |
| 913 | Advertising Expenses | 89,038 | 82,451 |
| 916 | Misc. Sales Expenses | 39,193 | 15,084 |
| | Total Sales Expenses | <u>\$273,396</u> | <u>\$194,519</u> |
| | <u>Administrative & General Expenses</u> | | |
| | Operation: | | |
| 920 | Administrative and General Salaries | \$4,993,595 | \$3,227,511 |
| 921 | Office Supplies and Expenses | 2,634,891 | 1,702,233 |
| 923 | Outside Services Employed | 397,137 | 239,918 |
| 924 | Property Insurance | 616,703 | 398,594 |
| 925 | Injuries and Damages | 768,552 | 474,045 |
| 926 | Employee Pensions and Benefits | 5,815,676 | 3,654,385 |
| 928 | Regulatory Commission Expenses | 290,688 | 90,979 |
| 930.1 | General Advertising Expenses | 61,657 | 41,057 |
| 930.2 | Miscellaneous General Expenses | 364,720 | 225,312 |
| 931 | Rents | 251,420 | 162,888 |
| 931 | Total Operation Expenses | <u>\$16,195,039</u> | <u>\$10,216,922</u> |
| | Maintenance: | | |
| 935 | Maintenance of General Plant | <u>\$483,594</u> | <u>\$308,711</u> |
| | Total Administrative & General Expenses | <u>\$16,678,633</u> | <u>\$10,525,633</u> |
| | Total Operation & Maintenance Expenses | <u>\$126,506,992</u> | <u>\$71,433,232</u> |

**MONTANA-DAKOTA UTILITIES CO.
FUEL AND PURCHASED POWER
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009**

| | <u>Per Books 1/</u> | |
|--------------------------------------|---------------------|---------------------|
| | <u>Total</u> | <u>North Dakota</u> |
| Fuel Expense | | |
| Acct. 501 | \$38,138,306 | \$24,809,761 |
| Acct. 547 | 425,830 | 277,011 |
| Total Fuel Expense | <u>38,564,136</u> | <u>25,086,772</u> |
| Purchased Power-Acct. 555 | | |
| Energy | 21,666,930 | 5,548,239 |
| Demand | 1,911,625 | 1,325,187 |
| Total Purchased Power | <u>23,578,555</u> | <u>6,873,426</u> |
| Other | | |
| Deferred Fuel & Purchased Power /MSA | <u>2,877,533</u> | <u>(344,245)</u> |
| Total | <u>\$65,020,224</u> | <u>\$31,615,953</u> |

1/ Excludes non-fuel expenses that are recorded in accounts 501 and 547.

STATEMENT I

**MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF DEPRECIATION EXPENSE AND AMORTIZATION
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009**

| | <u>Total Company</u> | <u>North Dakota</u> |
|------------------------|----------------------------|----------------------------|
| Steam Production | \$8,669,900 | \$5,767,439 |
| Other Production | 2,729,295 | 1,890,470 |
| Total Production | <u>\$11,399,195</u> | <u>\$7,657,909</u> |
| Transmission | 2,758,454 | 1,850,604 |
| Distribution | 7,308,606 | 4,256,424 |
| General | 485,019 | 313,285 |
| General - Intangible | 434,331 | 283,211 |
| Common | 946,277 | 570,464 |
| Common - Intangible | 956,082 | 614,920 |
| Acquisition Adjustment | 228,242 | 158,080 |
| Total | <u><u>\$24,516,206</u></u> | <u><u>\$15,704,897</u></u> |

**MONTANA-DAKOTA UTILITIES CO.
DEPRECIATION AND AMORTIZATION EXPENSES
ELECTRIC UTILITY – NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009**

See Pages 3 through 8 for Montana-Dakota's depreciation rates as set forth in a study performed by AUS Consultants as of December 31, 2008 for electric and common plant.

Montana-Dakota Utilities
Electric Division

Summary of Original Cost of Utility Plant in Service as of December 31, 2008
and Related Annual Depreciation Expense Under Present and Proposed Rates

| Account No. | Description | Original Cost 12/31/08 | Present Rates | | Proposed Rates | | | | | | | | Net Change Depr. Exp. |
|-------------------------------|---|---------------------------|---------------|---------------------|---------------------------|---------------------------|--------------------|----------------------|--------------|-------------------|--------------|---------------------|--------------------------|
| | | | Rate % | Annual Accrual | Proposed Plant Only Rates | Proposed Gross Salv Rates | Proposed COR Rates | Total Proposed Rates | Rate % | Annual Accrual | Rate % | Annual Accrual | |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) | (m) | (n) |
| DEPRECIABLE PLANT | | | | | | | | | | | | | |
| STEAM PLANT | | | | | | | | | | | | | |
| 311.00 | Structures and Improvements | 49,548,444.19 | 2.64% | 1,310,009.04 | 2.25% | 1,114,839.99 | 0.00% | 0.00 | 0.10% | 49,548.44 | 2.35% | 1,164,388.44 | (145,620.60) |
| 312.00 | Boiler Plant Equipment-Non Pollution | 160,180,866.88 | 2.87% | 4,596,930.36 | 2.55% | 4,084,612.11 | 0.00% | 0.00 | 0.24% | 384,434.08 | 2.79% | 4,469,046.19 | (127,884.17) |
| 314.00 | Turbogenerator Units | 45,028,778.67 | 2.96% | 1,333,104.72 | 3.25% | 1,463,435.31 | 0.00% | 0.00 | 0.20% | 90,057.56 | 3.45% | 1,553,492.86 | 220,388.14 |
| 315.00 | Accessory Electric Equipment | 14,811,799.20 | 1.81% | 268,421.64 | 1.61% | 238,469.97 | 0.00% | 0.00 | 0.05% | 7,405.90 | 1.66% | 245,875.87 | (22,545.77) |
| 316.00 | Miscellaneous Power Plant Equipment | 15,684,726.22 | 6.18% | 970,064.83 | 4.62% | 724,634.35 | 0.00% | 0.00 | 0.15% | 23,527.09 | 4.77% | 748,161.44 | (221,903.39) |
| | Total Steam Production Plant | 285,254,615.16 | 2.97% | 8,478,530.59 | 2.67% | 7,625,991.73 | 0.00% | 0.00 | 0.19% | 554,973.07 | 2.87% | 8,180,964.80 | (297,565.79) |
| OTHER PRODUCTION PLANT | | | | | | | | | | | | | |
| 341.00 | Structures and Improvements | 786,272.85 | 1.19% | 9,364.73 | 2.32% | 18,241.53 | 0.00% | 0.00 | 0.00% | 0.00 | 2.32% | 18,241.53 | 8,876.80 |
| 342.00 | Fuel Holders, Producers and Accessories | 614,843.00 | 1.68% | 10,319.65 | 2.06% | 12,665.77 | 0.00% | 0.00 | 0.00% | 0.00 | 2.06% | 12,665.77 | 2,346.12 |
| 344.10 | Generators | 28,869,311.87 | 1.21% | 350,176.18 | 2.09% | 603,368.62 | 0.00% | 0.00 | 0.00% | 0.00 | 2.09% | 603,368.62 | 253,192.44 |
| 344.20 | Generators-Diamond Willow Wind Farm | 36,941,907.03 | 5.00% | 1,847,095.35 | 5.17% | 1,909,896.59 | 0.00% | 0.00 | 0.00% | 0.00 | 5.17% | 1,909,896.59 | 62,801.24 |
| 345.00 | Accessory Electric Equipment | 926,889.92 | 2.69% | 24,973.04 | 3.19% | 29,567.79 | 0.00% | 0.00 | 0.00% | 0.00 | 3.19% | 29,567.79 | 4,594.75 |
| 346.00 | Miscellaneous Power Plant Equipment | 55,456.06 | 1.74% | 963.82 | 1.97% | 1,092.48 | 0.00% | 0.00 | 0.00% | 0.00 | 1.97% | 1,092.48 | 128.66 |
| | Total Other Production Plant | 68,194,680.73 | 3.29% | 2,242,892.77 | 3.78% | 2,574,832.78 | 0.00% | 0.00 | 0.00% | 0.00 | 3.78% | 2,574,832.78 | 331,940.01 |
| TRANSMISSION PLANT | | | | | | | | | | | | | |
| 350.20 | Land Rights | 2,499,857.08 | 1.33% | 33,248.10 | 1.30% | 32,498.14 | 0.00% | 0.00 | 0.00% | 0.00 | 1.30% | 32,498.14 | (749.96) |
| 352.00 | Structures and Improvements | 1,788.84 | 1.93% | 34.52 | 12.24% | 218.95 | 0.00% | 0.00 | -3.59% | -64.22 | 8.65% | 154.73 | 120.21 |
| 353.00 | Station Equipment | 67,100,071.58 | 1.89% | 1,269,409.74 | 1.72% | 1,154,121.23 | -0.04% | (26,840.03) | 0.25% | 167,750.18 | 1.93% | 1,295,031.38 | 25,621.64 |
| 354.00 | Towers and Fixtures | 5,060,460.83 | 1.89% | 95,642.71 | 1.66% | 84,003.65 | 0.00% | 0.00 | -0.05% | -2,530.23 | 1.61% | 81,473.42 | (14,169.29) |
| 355.00 | Poles and Fixtures | 31,895,659.58 | 2.59% | 826,101.09 | 1.56% | 497,572.29 | 0.00% | 0.00 | 0.89% | 283,871.37 | 2.45% | 781,443.66 | (44,657.43) |
| 356.00 | Overhead Conductors and Devices | 26,842,673.78 | 1.60% | 429,482.78 | 1.03% | 276,479.54 | 0.93% | 249,636.87 | -0.48% | -128,844.83 | 1.48% | 397,271.57 | (32,211.21) |
| 357.00 | Underground Conduit | 2,039,995.85 | 1.83% | 37,331.92 | 2.01% | 41,003.92 | 0.00% | 0.00 | 0.00% | 0.00 | 2.01% | 41,003.92 | 3,671.99 |
| 358.00 | Underground Conductors and Devices | 3,434,449.26 | 1.83% | 62,850.42 | 2.01% | 69,032.43 | 0.00% | 0.00 | 0.00% | 0.00 | 2.01% | 69,032.43 | 6,182.01 |
| | Total Transmission Plant | 138,874,956.80 | 1.98% | 2,754,101.29 | 1.55% | 2,154,930.15 | 0.16% | 222,796.84 | 0.23% | 320,182.27 | 1.94% | 2,697,909.26 | (56,192.03) |
| DISTRIBUTION PLANT | | | | | | | | | | | | | |
| 360.20 | Rights of Ways | 836,871.12 | 1.26% | 10,544.58 | 1.35% | 11,297.76 | 0.00% | 0.00 | 0.00% | 0.00 | 1.35% | 11,297.76 | 753.18 |
| 362.00 | Station Equipment | 34,642,001.32 | 2.74% | 949,709.38 | 1.87% | 647,805.42 | 0.20% | 69,284.00 | -0.23% | -79,676.60 | 1.84% | 637,412.82 | (312,296.56) |
| 364.00 | Poles, Towers & Fixtures | 27,218,102.33 | 4.42% | 1,203,823.37 | 2.17% | 590,632.82 | 0.28% | 76,210.69 | 1.93% | 525,309.38 | 4.38% | 1,192,152.88 | (11,670.48) |
| 365.00 | Overhead Conductor & Devices | 18,955,129.62 | 4.51% | 854,249.60 | 1.89% | 358,251.95 | 0.19% | 36,014.75 | 2.13% | 403,744.26 | 4.21% | 798,010.96 | (56,238.64) |
| 366.00 | Underground Conduit | 218,153.86 | 2.21% | 4,821.20 | 1.90% | 4,144.92 | 0.02% | 43.63 | -0.06% | -130.89 | 1.86% | 4,057.66 | (763.54) |
| 367.00 | Underground Conductor & Devices | 47,029,640.56 | 3.90% | 1,835,156.29 | 2.66% | 1,250,988.44 | 0.00% | 0.00 | 0.52% | 244,554.13 | 3.18% | 1,495,542.57 | (339,613.72) |
| 368.00 | Line Transformers | 43,168,948.72 | 1.88% | 811,576.24 | 1.80% | 777,041.08 | -0.05% | (21,584.47) | 0.61% | 263,330.59 | 2.36% | 1,018,787.19 | 207,210.95 |

Montana-Dakota Utilities
Electric Division

Summary of Original Cost of Utility Plant in Service as of December 31, 2008
and Related Annual Depreciation Expense Under Present and Proposed Rates

| Account No. (a) | Description (b) | Original Cost 12/31/08 (c) | Present Rates | | Proposed Rates | | | | | | | | Net Change Depr. Exp. (n) |
|---|--|----------------------------------|---------------|-----------------------|---------------------------|-----------------------|---------------------------|-----------------------|--------------------|-----------------------|----------------------|-----------------------|---------------------------------|
| | | | Rate % (d) | Annual Accrual (e) | Proposed Plant Only Rates | | Proposed Gross Salv Rates | | Proposed COR Rates | | Total Proposed Rates | | |
| | | | | | Rate % (f) | Annual Accrual (g) | Rate % (h) | Annual Accrual (i) | Rate % (j) | Annual Accrual (k) | Rate % (l) | Annual Accrual (m) | |
| Services | | | | | | | | | | | | | |
| 369.10 | Services - Overhead | 3,617,535.37 | 3.71% | 134,360.17 | 1.28% | 46,304.45 | 0.31% | 11,214.36 | 0.25% | 9,043.84 | 1.84% | 66,562.65 | (67,797.52) |
| 369.20 | Services - Underground | 16,803,753.03 | 3.71% | 624,114.19 | 1.51% | 253,736.67 | 0.11% | 18,484.13 | 0.61% | 102,502.89 | 2.23% | 374,723.69 | (249,390.50) |
| | Total Account 369 -Services | 20,421,288.40 | 3.71% | 758,474.37 | 1.47% | 300,041.12 | 0.15% | 29,698.49 | 0.55% | 111,546.73 | 2.16% | 441,286.34 | (317,188.02) |
| 370.00 | Meters | 14,374,321.74 | 2.76% | 396,731.28 | 3.29% | 472,915.19 | 0.00% | 0.00 | 0.19% | 27,311.21 | 3.48% | 500,226.40 | 103,495.12 |
| 371.00 | Installation on customers Premises | 2,157,760.17 | 6.25% | 134,860.01 | 4.01% | 86,526.18 | -0.21% | (4,531.30) | 1.80% | 38,839.68 | 5.60% | 120,834.57 | (14,025.44) |
| 373.00 | Street Lighting System | 6,140,103.99 | 3.36% | 206,307.49 | 2.95% | 181,133.07 | -0.88% | (54,032.92) | 1.63% | 100,083.70 | 3.70% | 227,183.85 | 20,876.35 |
| | Total Distribution | 215,162,321.83 | 3.33% | 7,166,253.81 | 2.18% | 4,680,777.95 | 0.06% | 131,102.87 | 0.76% | 1,634,912.18 | 3.00% | 6,446,793.00 | (719,460.81) |
| GENERAL PLANT | | | | | | | | | | | | | |
| 390.00 | Structures & Improvements | 518,602.14 | 4.03% | 20,899.67 | 3.00% | 15,558.06 | 0.22% | 1,140.92 | 0.85% | 4,408.12 | 4.07% | 21,107.11 | 207.44 |
| Office Furniture & Equipment | | | | | | | | | | | | | |
| 391.10 | Office Furniture & Equipment | 155,827.74 | 5.96% | 9,287.33 | 4.26% | 6,638.26 | 0.00% | 0.00 | 0.00% | 0.00 | 4.26% | 6,638.26 | (2,649.07) |
| 391.20 | Computer Equipment - Honeywell | 23,867.45 | 10.04% | 2,396.29 | 0.08% | 18.37 | 0.00% | 0.00 | 0.00% | 0.00 | 0.08% | 18.37 | (2,377.92) |
| 391.30 | Computer Equipment - PC | 124,641.49 | 5.41% | 6,743.10 | 21.93% | 27,331.02 | 0.00% | 0.00 | 0.00% | 0.00 | 21.93% | 27,331.02 | 20,587.92 |
| 391.40 | Computer Equipment - Prime | 669,057.39 | 7.19% | 48,105.23 | 9.66% | 64,630.94 | 0.00% | 0.00 | 0.00% | 0.00 | 9.66% | 64,630.94 | 16,525.72 |
| 391.50 | Computer Equipment - Other | 7,656.72 | 1.93% | 147.77 | 9.31% | 712.84 | 0.00% | 0.00 | 0.00% | 0.00 | 9.31% | 712.84 | 565.07 |
| | Total Account 391 - Office Furniture & Equi | 981,050.79 | 6.80% | 66,679.73 | 10.13% | 99,331.44 | 0.00% | 0.00 | 0.00% | 0.00 | 10.13% | 99,331.44 | 32,651.71 |
| Transportation Equipment | | | | | | | | | | | | | |
| 392.10 | Transportation Equipment - Non Utilized | 442,339.09 | 9.07% | 40,120.16 | 7.99% | 35,342.89 | 0.00% | 0.00 | 0.00% | 0.00 | 7.99% | 35,342.89 | (4,777.26) |
| 392.20 | Transportation Equipment | 4,601,774.54 | 12.43% | 572,000.58 | 10.55% | 485,487.21 | -4.76% | (219,044.47) | 0.00% | 0.00 | 5.79% | 266,442.75 | (305,557.83) |
| | Total Account 392 - Transportation Equip. | 5,044,113.63 | 12.14% | 612,120.73 | 10.33% | 520,830.11 | -4.34% | (219,044.47) | 0.00% | 0.00 | 5.98% | 301,785.64 | (310,335.09) |
| 393.00 | Stores Equipment | 107,165.89 | 2.40% | 2,571.98 | 4.37% | 4,683.15 | 0.00% | 0.00 | 0.00% | 0.00 | 4.37% | 4,683.15 | 2,111.17 |
| 394.10 | Tools, Shop & garage Equipment | 1,815,943.29 | 5.90% | 107,140.65 | 4.03% | 73,182.51 | 0.00% | 0.00 | 0.00% | 0.00 | 4.03% | 73,182.51 | (33,958.14) |
| 395.00 | Laboratory Equipment | 1,152,813.79 | 6.03% | 69,514.67 | 6.78% | 78,160.78 | 0.00% | 0.00 | 0.00% | 0.00 | 6.78% | 78,160.78 | 8,646.10 |
| Power Operated Equipment | | | | | | | | | | | | | |
| 396.10 | Trailers-Work Equipment | 218,018.59 | 4.41% | 9,614.62 | 5.33% | 11,620.39 | 0.00% | 0.00 | 0.00% | 0.00 | 5.33% | 11,620.39 | 2,005.77 |
| 396.20 | Power Operated Equipment | 8,367,941.41 | 4.43% | 370,699.80 | 7.74% | 647,678.67 | -1.72% | (143,928.59) | 0.00% | 0.00 | 6.02% | 503,750.07 | 133,050.27 |
| | Total Account 396 - Power Operated Equip | 8,585,960.00 | 4.43% | 380,314.42 | 7.68% | 659,299.06 | -1.68% | (143,928.59) | 0.00% | 0.00 | 6.00% | 515,370.46 | 135,056.04 |

Montana-Dakota Utilities
Electric Division

Summary of Original Cost of Utility Plant in Service as of December 31, 2008
and Related Annual Depreciation Expense Under Present and Proposed Rates

| Account No. (a) | Description (b) | Original Cost 12/31/08 (c) | Proposed Rates | | | | | | | | | | Net Change Depr. Exp. (n) |
|--------------------------------|--|----------------------------------|----------------|-----------------------|---------------------------|-----------------------|---------------------------|-----------------------|--------------------|-----------------------|----------------------|-----------------------|---------------------------------|
| | | | Present Rates | | Proposed Plant Only Rates | | Proposed Gross Salv Rates | | Proposed COR Rates | | Total Proposed Rates | | |
| | | | Rate % (d) | Annual Accrual (e) | Rate % (f) | Annual Accrual (g) | Rate % (h) | Annual Accrual (i) | Rate % (j) | Annual Accrual (k) | Rate % (l) | Annual Accrual (m) | |
| Communication Equipment | | | | | | | | | | | | | |
| 397.10 | Radio Communication Equip. - Fixed | 69,587.25 | 7.48% | 5,205.13 | 6.62% | 4,606.68 | 0.00% | 0.00 | 0.00% | 0.00 | 6.62% | 4,606.68 | (598.45) |
| 397.20 | Radio Communication Equip. - Mobile | 71,291.47 | 8.37% | 5,967.10 | 5.82% | 4,149.16 | 0.00% | 0.00 | 0.00% | 0.00 | 5.82% | 4,149.16 | (1,817.93) |
| 397.30 | General Telephone Communication Eq. | 8,005.39 | 7.37% | 590.00 | 9.31% | 745.30 | 0.00% | 0.00 | 0.00% | 0.00 | 9.31% | 745.30 | 155.30 |
| 397.40 | Carrier Current Communication Eq. | 81,053.74 | 1.24% | 1,005.07 | 6.44% | 5,219.86 | 0.00% | 0.00 | 0.00% | 0.00 | 6.44% | 5,219.86 | 4,214.79 |
| 397.50 | Supervisory & Telemetering Equipment | 98,489.79 | 0.67% | 659.88 | 8.89% | 8,755.74 | 0.00% | 0.00 | 0.00% | 0.00 | 8.89% | 8,755.74 | 8,095.86 |
| 397.60 | SCADA System | 1,297,599.07 | 8.33% | 108,090.00 | 6.47% | 83,954.66 | 0.00% | 0.00 | 0.00% | 0.00 | 6.47% | 83,954.66 | (24,135.34) |
| 397.80 | Network Equipment | 149,998.42 | 38.23% | 57,344.40 | 16.93% | 25,394.73 | 0.00% | 0.00 | 0.00% | 0.00 | 16.93% | 25,394.73 | (31,949.66) |
| 397.90 | Transfer Trip Communication Equipment | 173,526.28 | 3.05% | 5,292.55 | 6.47% | 11,227.15 | 0.00% | 0.00 | 0.00% | 0.00 | 6.47% | 11,227.15 | 5,934.60 |
| | Total Account 397 - Communication Equip. | 1,949,551.41 | 9.45% | 184,154.12 | 7.39% | 144,053.29 | 0.00% | 0.00 | 0.00% | 0.00 | 7.39% | 144,053.29 | (40,100.83) |
| 398.00 | Miscellaneous Equipment | 64,928.99 | 4.09% | 2,655.60 | 3.25% | 2,110.19 | 0.00% | 0.00 | 0.00% | 0.00 | 3.25% | 2,110.19 | (545.40) |
| | Total General | 20,220,129.93 | 7.15% | 1,446,051.57 | 7.90% | 1,597,208.59 | -1.79% | (361,832.14) | 0.02% | 4,408.12 | 6.13% | 1,239,784.57 | (206,267.00) |
| | Sub-Total (General Plant) Amortization | 6,071,454.16 | 7.13% | 432,716.75 | 6.61% | 401,521.36 | 0.00% | 0.00 | 0.00% | 0.00 | 6.61% | 401,521.36 | -31,195.39 |
| | Total Depreciation Electric Plant in Serv | 727,706,704.45 | 3.04% | 22,087,830.03 | 2.56% | 18,633,741.20 | 0.00% | (7,932.43) | 0.35% | 2,514,475.63 | 2.91% | 21,140,284.40 | (947,545.63) |
| NON-DEPRECIABLE PLANT | | | | | | | | | | | | | |
| 303.00 | Miscellaneous Intangible Plant | 5,971,308.01 | | | | | | | | | | | |
| LAND & LAND RIGHTS | | | | | | | | | | | | | |
| 310.00 | Land & Land Rights | 1,018,686.73 | | | | | | | | | | | |
| 340.00 | Land & Land Rights | 66,533.17 | | | | | | | | | | | |
| 350.10 | Transmission Land | 661,379.66 | | | | | | | | | | | |
| 360.10 | Distribution Land | 1,109,127.25 | | | | | | | | | | | |
| 389.00 | Land & Land Rights | 8,136.70 | | | | | | | | | | | |
| | Total Land and Land Rights | 2,863,863.51 | | | | | | | | | | | |
| | Total Non-Depreciable Plant | 8,835,171.52 | | | | | | | | | | | |
| | TOTAL Electric Plant in Service | 736,541,875.97 | | | | | | | | | | | |

**Montana-Dakota Utilities
Electric Division**

**Summary or Original Cost of Utility Plant in Service as of December 31, 2008
And Related Annual Depreciation Expense (By Location) Under Present and Proposed Rates**

| Account No. | Location Code | Description | Original Cost 12/31/08 | Present Rates | | Proposed Rates | | Net Change Depr. Exp. |
|----------------|------------------|-------------------------------------|------------------------------|---------------|-------------------|----------------|-------------------|-----------------------------|
| | | | | Rate % | Annual Accrual | Rate % | Annual Accrual | |
| (a) | | (b) | (c) | (d) | (e) | (f) | (g) | (h) |
| 311.00 | | Structures and Improvements | | | | | | |
| | 8100 | Heskett Generating Station | 10,418,663.79 | 3.97% | 413,896.56 | 5.60% | 583,445.17 | 169,548.61 |
| | 8200 | Lewis & Clark Generating Station | 4,001,372.93 | 5.71% | 228,386.88 | 2.18% | 87,229.93 | (141,156.95) |
| | 8300 | Coyote Generating Station | 25,669,206.58 | 1.48% | 379,918.68 | 1.60% | 410,707.31 | 30,788.63 |
| | 8610 | Big Stone Generating Station | 9,459,200.88 | 3.04% | 287,806.92 | 0.90% | 85,132.81 | (202,674.11) |
| | | Total Account 311 | 49,548,444.18 | 2.64% | 1,310,009.04 | 2.35% | 1,166,515.22 | (143,493.82) |
| 312.00 | | Boiler Plant Equipment | | | | | | |
| | 8100 | Heskett Generating Station | 42,878,489.00 | 3.21% | 1,374,304.92 | 3.86% | 1,655,109.68 | 280,804.76 |
| | 8200 | Lewis & Clark Generating Station | 17,799,525.72 | 4.13% | 734,701.92 | 3.31% | 589,164.30 | (145,537.62) |
| | 8300 | Coyote Generating Station | 68,011,058.51 | 2.15% | 1,458,891.84 | 1.99% | 1,353,420.06 | (105,471.78) |
| | 8610 | Big Stone Generating Station | 31,491,793.64 | 3.27% | 1,029,031.68 | 2.78% | 875,471.86 | (153,559.82) |
| | | Total Account 312 | 160,180,866.87 | 2.87% | 4,596,930.36 | 2.79% | 4,473,165.90 | (123,764.46) |
| 314.00 | | Turbogenerator Units | | | | | | |
| | 8100 | Heskett Generating Station | 13,946,577.89 | 3.54% | 493,731.84 | 4.25% | 592,729.56 | 98,997.72 |
| | 8200 | Lewis & Clark Generating Station | 5,423,764.16 | 4.41% | 239,198.04 | 1.17% | 63,458.04 | (175,740.00) |
| | 8300 | Coyote Generating Station | 13,173,056.89 | 1.99% | 261,495.48 | 2.71% | 356,989.84 | 95,494.36 |
| | 8610 | Big Stone Generating Station | 12,485,379.75 | 2.71% | 338,679.36 | 4.33% | 540,616.94 | 201,937.58 |
| | | Total Account 314 | 45,028,778.69 | 2.96% | 1,333,104.72 | 3.45% | 1,553,794.38 | 220,689.66 |
| 315.00 | | Accessory Electric Equipment | | | | | | |
| | 8100 | Heskett Generating Station | 1,571,618.99 | 2.15% | 33,791.64 | 1.26% | 19,802.40 | (13,989.24) |
| | 8200 | Lewis & Clark Generating Station | 1,003,799.82 | 2.60% | 26,050.20 | 1.32% | 13,250.16 | (12,800.04) |
| | 8300 | Coyote Generating Station | 8,561,985.99 | 1.44% | 123,513.36 | 1.99% | 170,383.52 | 46,870.16 |
| | 8610 | Big Stone Generating Station | 3,674,394.39 | 2.32% | 85,066.44 | 1.17% | 42,990.41 | (42,076.03) |
| | | Total Account 315 | 14,811,799.19 | 1.81% | 268,421.64 | 1.66% | 246,426.49 | (21,995.15) |

Montana-Dakota Utilities
Electric Division

Summary or Original Cost of Utility Plant in Service as of December 31, 2008
And Related Annual Depreciation Expense (By Location) Under Present and Proposed Rates

| Account Location | | Description | Original Cost 12/31/08 | Present Rates | | Proposed Rates | | Net Change Depr. Exp. |
|------------------|------|--|---------------------------|---------------|-------------------|----------------|-------------------|--------------------------|
| No. | Code | | | Rate % | Annual Accrual | Rate % | Annual Accrual | |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | |
| 316.00 | | Miscellaneous Power Plant Equipment | | | | | | |
| | 8100 | Heskett Generating Station | 7,836,994.54 | 6.18% | 484,139.96 | 4.72% | 369,906.14 | (114,233.82) |
| | 8200 | Lewis & Clark Generating Station | 4,214,078.33 | 7.07% | 297,834.47 | 5.50% | 231,774.31 | (66,060.16) |
| | 8300 | Coyote Generating Station | 2,535,514.02 | 4.80% | 121,706.76 | 4.77% | 120,944.02 | (762.74) |
| | 8610 | Big Stone Generating Station | 1,098,139.33 | 6.05% | 66,383.64 | 2.22% | 24,378.69 | (42,004.95) |
| | | Total Account 316 | 15,684,726.22 | 6.18% | 970,064.83 | 4.76% | 747,003.16 | (223,061.67) |
| | | Total Depreciable Steam Production PI | 285,254,615.15 | 2.97% | 8,478,530.59 | 2.87% | 8,186,905.15 | (291,625.44) |
| | | OTHER PRODUCTION PLANT | | | | | | |
| 341.00 | | Structures and Improvements | | | | | | |
| | 8510 | Glendive Turbine 1 | 278,832.35 | 2.25% | 6,273.73 | 4.19% | 11,683.08 | 5,409.35 |
| | 8520 | Miles City Turbine | 147,190.33 | 2.10% | 3,091.00 | 4.32% | 6,358.62 | 3,267.62 |
| | 8530 | Williston Turbine | 330,112.94 | 0.00% | 0.00 | -0.32% | (1,056.36) | (1,056.36) |
| | 8550 | Glendive Portable Generator | 30,137.23 | 0.00% | 0.00 | 4.20% | 1,265.76 | 1,265.76 |
| | | Total Account 341 | 786,272.85 | 1.19% | 9,364.73 | 2.32% | 18,251.10 | 8,886.37 |
| 342.00 | | Fuel Holders, Producers and Accessories | | | | | | |
| | 8510 | Glendive Turbine 1 | 423,257.98 | 2.13% | 9,015.39 | 2.86% | 12,105.18 | 3,089.79 |
| | 8520 | Miles City Turbine | 93,831.38 | 1.39% | 1,304.26 | -0.03% | (28.15) | (1,332.41) |
| | 8530 | Williston Turbine | 77,662.15 | 0.00% | 0.00 | 0.00% | 0.00 | 0.00 |
| | 8550 | Glendive Portable Generator | 20,091.49 | 0.00% | 0.00 | 3.90% | 783.57 | 783.57 |
| | | Total Account 342 | 614,843.00 | 1.68% | 10,319.65 | 2.09% | 12,860.60 | 2,540.95 |
| 344.10 | | Generators | | | | | | |
| | 8510 | Glendive Turbine 1 | 6,645,278.76 | 1.36% | 90,375.79 | 3.05% | 202,681.00 | 112,305.21 |
| | 8512 | Glendive Turbine 2 | 18,039,659.08 | 1.36% | 245,339.36 | 2.03% | 366,205.08 | 120,865.72 |
| | 8520 | Miles City Turbine | 2,629,278.31 | 0.55% | 14,461.03 | 1.19% | 31,288.41 | 16,827.38 |

Montana-Dakota Utilities
Electric Division

Summary or Original Cost of Utility Plant in Service as of December 31, 2008
And Related Annual Depreciation Expense (By Location) Under Present and Proposed Rates

| Account Location | | Description | Original Cost 12/31/08 | Present Rates | | Proposed Rates | | Net Change Depr. Exp. |
|------------------|------|--|---------------------------|---------------|---------------------|----------------|---------------------|--------------------------|
| No. | Code | | | Rate % | Annual Accrual | Rate % | Annual Accrual | |
| (a) | | (b) | (c) | (d) | (e) | (f) | (g) | (h) |
| | 8530 | Williston Turbine | 1,363,795.92 | 0.00% | 0.00 | 0.00% | 0.00 | 0.00 |
| | 8550 | Glendive Portable Generator | 191,299.80 | 0.00% | 0.00 | 2.36% | 4,514.68 | 4,514.68 |
| | | Total Account 344.10 | 28,869,311.87 | 1.21% | 350,176.18 | 2.09% | 604,689.17 | 254,512.99 |
| 344.20 | | Generators-Wind Farm | | | | | | |
| | 8560 | Diamond Willow Wind Farm | 36,941,907.03 | 5.00% | 1,847,095.35 | 5.17% | 1,909,896.59 | 62,801.24 |
| | | Total Account 344.20 | 36,941,907.03 | 5.00% | 1,847,095.35 | 5.17% | 1,909,896.59 | 62,801.24 |
| | | Total Account 344 | 65,811,218.90 | 3.34% | 2,197,271.53 | 3.82% | 2,514,585.76 | 317,314.23 |
| 345.00 | | Accessory Electric Equipment | | | | | | |
| | 8510 | Glendive Turbine 1 | 430,854.87 | 2.87% | 12,365.53 | 3.72% | 16,027.80 | 3,662.27 |
| | 8520 | Miles City Turbine | 291,905.34 | 2.87% | 8,377.68 | 3.88% | 11,325.93 | 2,948.25 |
| | 8530 | Williston Turbine | 163,946.74 | 2.58% | 4,229.83 | 0.41% | 672.18 | (3,557.65) |
| | 8550 | Glendive Portable Generator | 40,182.97 | 0.00% | 0.00 | 5.82% | 2,338.65 | 2,338.65 |
| | | Total Account 345 | 926,889.92 | 2.69% | 24,973.04 | 3.28% | 30,364.56 | 5,391.52 |
| 346.00 | | Miscellaneous Power Plant Equipment | | | | | | |
| | 8510 | Glendive Turbine 1 | 43,533.37 | 1.94% | 844.55 | 2.52% | 1,097.04 | 252.49 |
| | 8520 | Miles City Turbine | 8,058.56 | 1.48% | 119.27 | -0.03% | (2.42) | (121.69) |
| | 8530 | Williston Turbine | 3,864.06 | 0.00% | 0.00 | 0.00% | 0.00 | 0.00 |
| | | Total Account 346 | 55,455.99 | 1.74% | 963.82 | 1.97% | 1,094.62 | 130.80 |
| | | Total Depreciable Other Production Pl | 68,194,680.66 | 3.29% | 2,242,892.77 | 3.78% | 2,577,156.64 | 334,263.87 |

(1) Life Span Method Utilized. Interim Retirement Rate. Service Lives Vary.

STATEMENT J

**MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF TAXES OTHER THAN INCOME
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2009**

| <u>Type of Tax</u> | <u>Total Company</u> | <u>North Dakota</u> |
|---------------------------------|---------------------------|---------------------------|
| Ad Valorem | | |
| Production | \$1,181,362 | \$818,031 |
| Transmission | 1,059,934 | 551,122 |
| Distribution | 2,236,990 | 794,845 |
| General | 151,373 | 48,143 |
| Common | 274,334 | 131,845 |
| Intangible | 35,457 | 22,829 |
| Total Ad Valorem Taxes | <u>4,939,450</u> | <u>2,366,815</u> |
| O&M Related Taxes - Other | | |
| Payroll Taxes | 1,861,338 | 1,170,836 |
| Franchise | 136,547 | 0 |
| Delaware Franchise | 102,989 | 66,230 |
| Total O&M Related Taxes | <u>2,100,874</u> | <u>1,237,066</u> |
| Other | | |
| Gross Revenue Taxes | 206,217 | 0 |
| Electric Production Related Tax | 1,126,092 | 732,547 |
| Highway Use Tax | 2,244 | 1,357 |
| Secretary of State | 953 | 613 |
| Total Other | <u>1,335,506</u> | <u>734,517</u> |
| Total Taxes Other Than Income | <u><u>\$8,375,830</u></u> | <u><u>\$4,338,398</u></u> |

STATEMENT K

**MONTANA-DAKOTA UTILITIES CO.
CALCULATION OF RECORDED STATE AND FEDERAL INCOME TAXES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2009**

| | North Dakota |
|--|---------------|
| Operating Revenues | \$114,823,359 |
| Operating Expense: | |
| O&M Expense | 71,433,232 |
| Depreciation Expense | 15,704,896 |
| Taxes Other than Income | 4,338,398 |
| Total Operating Expense | 91,476,526 |
| Operating Income | 23,346,833 |
| Accrued Tax Interest | (5,458) |
| Interest Expense | 6,284,463 |
| Total Interest | 6,279,005 |
| Book Taxable Income before Adjustments | 17,067,828 |
| Deductions and Adjustments to Book Income: | |
| Tax Deductions | 20,240,113 |
| Preferred Dividend Paid Deduction | 82,764 |
| Total Deductions and Adjustments | 20,322,877 |
| Taxable Income - Before State Income Tax | (3,255,050) |
| Less: State Income Taxes | 135,306 |
| Federal Taxable Income | (3,119,744) |
| Federal Income Taxes @ 35% | (1,091,910) |
| Credits and Adjustments | (11,035) |
| Production Tax Credit | (980,079) |
| State Income Taxes | (135,306) |
| Federal and State Income Taxes | (2,218,330) |
| Closing/Filing - Federal and State | (1,592,565) |
| Total Federal Income Taxes | (\$3,810,895) |

**MONTANA-DAKOTA UTILITIES CO.
CALCULATION OF RECORDED STATE AND FEDERAL INCOME TAXES
INCOME TAX DEDUCTIONS
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2009**

| <u>1900 Account M-1's</u> | <u>North Dakota</u> |
|--|----------------------------|
| Pension Expense | \$5,429,752 |
| Accrued Vacation | 17,796 |
| Property Insurance Adjustment | 34,501 |
| Bad Debt Expense | 6,604 |
| Management Incentive Compensation | 56,520 |
| Sundry Reserves | (24,929) |
| Customer Advances | (87,247) |
| Restricted Stock Bonus Plan | (3,506) |
| Supplemental Income Security Plan | (993,672) |
| FAS 106 - OPRB | 2,445,491 |
| Deferred Compensation - Directors | (70,689) |
| BOD - Retirement Benefits | 23,629 |
| FAS 158 Post Retirement | (2,631,169) |
| WAPA Fiber Demand Revenue | (623,903) |
| | |
| <u>2820 Account M-1's</u> | |
| Liberalized Depreciation and Other | |
| Property Timing Differences | 4,591,985 |
| Property Timing Differences - Common | 46,712 |
| Property Timing Differences - Power Prod | 1,982,612 |
| Contributions in Aid of Construction | (323,581) |
| | |
| <u>2830 Account M-1's</u> | |
| Rate Case Expense | 13 |
| Amortization of Loss on Bond Retirements | 135,400 |
| Margin Sharing Adjustment (MSA) | 532,856 |
| FAS 158 Pension | (4,361,340) |
| Unrealized Gains/Losses on Debt | 1,771,160 |
| Gas Plant Site Remediation | 10,686,362 |
| | |
| <u>Permanent M-1's</u> | |
| Preferred Stock Expense Amortization | (16,415) |
| Disallowed Meals & Entertainment | (40,413) |
| Penalties | (1,369) |
| Federal Nonhighway Use Tax Credit | (12,048) |
| Qualified Production Activity Deduction | 17,237 |
| Supplemental Income Security Plan | 434,850 |
| Medicare Part D Subsidiary | 129,533 |
| 401 (k) Dividend Deduction | 1,061,632 |
| Dividend Received Deduction | 25,749 |
| Total M-1 Deductions | <u>\$20,240,113</u> |

**MONTANA-DAKOTA UTILITIES CO.
DEFERRED INCOME TAXES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2009**

| <u>Electric Utility - Rate Base Deductions:</u> | <u>North Dakota</u> |
|--|---------------------|
| Depreciation, Retirements and Other Timing | |
| Differences Required to be Normalized | \$2,478,716 |
| Contributions In Aid of Construction | (125,549) |
| Customer Advances | (34,227) |
| Total Rate Base Deductions | <u>\$2,318,940</u> |
| | |
| <u>Electric Utility - Other Timing Differences:</u> | |
| Pension Expense | \$2,135,649 |
| Accrued Vacation | 7,000 |
| Property Insurance Adjustment | 13,572 |
| Bad Debt Expense | 2,590 |
| Management Incentive Compensation | 22,231 |
| Sundry Reserves | (9,803) |
| Restricted Stock Bonus Plan | (1,379) |
| Supplemental Income Security Plan | (390,448) |
| FAS 106 OPRB | 961,869 |
| Deferred Compensation - Directors | (27,803) |
| BOD - Retirement Benefits | 9,294 |
| FAS 158 Post Retirement | (1,034,901) |
| WAPA Fiber Demand Revenue | (243,549) |
| Rate Case Expense | 6 |
| Amortization of Loss on Bond Retirements | 53,243 |
| Margin Sharing Adjustment (MSA) | 209,040 |
| FAS 158 Pension | (1,715,417) |
| Unrealized Gain/Loss on SISP | 695,964 |
| Gas Plant Site Remediation | 4,192,260 |
| Closing/Filing and Out of Period | 1,607,993 |
| Total Current Timing Differences | <u>\$6,487,411</u> |
| | |
| Total Deferred Income Taxes | <u>\$8,806,351</u> |

MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF ACCUMULATED DEFERRED INCOME TAXES
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2009

| | Total Company | North Dakota |
|-------------------------------------|---------------------|---------------------|
| Liberalized Depreciation | \$70,986,280 | \$48,754,280 |
| Full Normalization | 1,590,232 | 1,558,070 |
| Contribution in Aid of Construction | (595,588) | (345,486) |
| Customer Advances | (984,849) | (64,350) |
| Total | <u>\$70,996,075</u> | <u>\$49,902,514</u> |

**MONTANA-DAKOTA UTILITIES CO.
INVESTMENT TAX CREDITS
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2009**

| | <u>Total Company</u> | <u>North Dakota</u> |
|------------------------|--------------------------|-------------------------|
| Investment Tax Credits | <u>\$110,356</u> | <u>\$94,058</u> |

STATEMENT L

**MONTANA-DAKOTA UTILITIES CO.
INCOME STATEMENT
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2009**

| | <u>Total Company</u> | <u>North Dakota</u> |
|--------------------------------|--------------------------|----------------------|
| Operating Revenues | | |
| Sales | \$185,286,547 | \$105,441,742 |
| Sales for Resale | 2,239,005 | 4,697,558 |
| Other | 7,691,818 | 4,684,059 |
| Total Revenues | <u>195,217,370</u> | <u>114,823,359</u> |
| Operating Expenses | | |
| Operation and Maintenance | | |
| Cost of Fuel & Purchased Power | 65,717,030 | 32,069,238 |
| Other O&M | 60,789,963 | 39,363,994 |
| Total O&M | <u>126,506,993</u> | <u>71,433,232</u> |
| Depreciation | 24,516,205 | 15,704,896 |
| Taxes Other Than Income | 8,375,830 | 4,338,398 |
| Current Income Taxes | (5,252,566) | (3,810,895) |
| Deferred Income Taxes | 12,913,009 | 8,806,351 |
| Total Expenses | <u>167,059,471</u> | <u>96,471,982</u> |
| Operating Income | <u>\$28,157,899</u> | <u>\$18,351,377</u> |
| Rate Base | <u>\$320,695,934</u> | <u>\$210,902,753</u> |
| Rate of Return | <u>8.780%</u> | <u>8.701%</u> |

MONTANA-DAKOTA UTILITIES CO.
RATE BASE
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2009

| | Total Company | North Dakota | Other | Other |
|--|----------------------|----------------------|----------------------|-------------|
| Electric Plant in Service | \$829,445,328 | \$534,846,847 | \$294,598,481 | Statement C |
| Accumulated Reserve for Depreciation | 458,174,834 | 288,103,620 | 170,071,214 | Statement D |
| Net Gas Plant in Service | <u>371,270,494</u> | <u>246,743,227</u> | <u>124,527,267</u> | |
| CWIP in Service Pending Reclassification | 3,291,765 | 1,477,259 | 1,814,506 | Statement C |
| Total Gas Plant in Service | <u>374,562,259</u> | <u>248,220,486</u> | <u>126,341,773</u> | |
| Additions | | | | |
| Materials and Supplies | 7,731,465 | 4,781,793 | 2,949,672 | Statement E |
| Fuel Stocks | 4,524,806 | 2,943,480 | 1,581,326 | Statement E |
| Prepayments | 156,795 | 102,444 | 54,351 | Statement E |
| Unamortized Loss on Debt | 7,561,148 | 5,015,081 | 2,546,067 | Statement E |
| Total Additions | <u>19,974,214</u> | <u>12,842,798</u> | <u>7,131,416</u> | |
| Total Before Deductions | \$394,536,473 | \$261,063,284 | \$133,473,189 | |
| Deductions | | | | |
| Accumulated Deferred Income Taxes | 70,996,075 | 49,902,514 | 21,093,561 | Statement K |
| Accumulated Investment Tax Credits | 110,356 | 94,058 | 16,298 | Statement K |
| Customer Advances | 2,734,108 | 163,959 | 2,570,149 | Statement E |
| Total Deductions | <u>73,840,539</u> | <u>50,160,531</u> | <u>23,680,008</u> | |
| Total Rate Base | <u>\$320,695,934</u> | <u>\$210,902,753</u> | <u>\$109,793,181</u> | |

MONTANA-DAKOTA UTILITIES CO.
PROJECTED OPERATING INCOME AND RATE OF RETURN
REFLECTING ADDITIONAL REVENUE REQUIREMENTS
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)

| | Before Additional Revenue Requirements 1/ | Additional Revenue Requirements | Reflecting Additional Revenue Requirements |
|--------------------------------|--|--|---|
| Operating Revenues | | | |
| Sales | \$110,925 | \$15,394 | \$126,319 |
| Sales for Resale | 0 | | |
| Other | 5,075 | | 5,075 |
| Total Revenues | <u>116,000</u> | <u>15,394</u> | <u>131,394</u> |
| Operating Expenses | | | |
| Operation and Maintenance | | | |
| Cost of Fuel & Purchased Power | 33,267 | | 33,267 |
| Other O&M | 41,448 | | 41,448 |
| Total O&M | <u>74,715</u> | | <u>74,715</u> |
| Depreciation | 18,757 | | 18,757 |
| Taxes Other Than Income | 4,636 | | 4,636 |
| Current Income Taxes | 1,317 | 6,028 2/ | 7,345 |
| Deferred Income Taxes | 0 | | 0 |
| Total Expenses | <u>99,425</u> | <u>6,028</u> | <u>105,453</u> |
| Operating Income | <u>\$16,575</u> | <u>\$9,366</u> | <u>\$25,941</u> |
| Rate Base | <u>\$285,351</u> | | <u>\$285,351</u> |
| Rate of Return | 5.809% | | 9.091% |

1/ Statement M, Page 1.

2/ Reflects state and federal taxes at 39.16%.

STATEMENT M

MONTANA-DAKOTA UTILITIES CO.
INCOME STATEMENT
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2009
PROJECTED 2010
(000s)

| | <u>Per Books</u> | <u>Projected 2010</u> |
|--------------------------------|----------------------|---------------------------|
| Operating Revenues | | |
| Sales | \$105,442 | \$110,925 |
| Sales for Resale | 4,698 | 0 |
| Other | 4,684 | 5,075 |
| Total Revenues | <u>114,824</u> | <u>116,000</u> |
| Operating Expenses | 73,373 | 77,658 |
| Operation and Maintenance | | |
| Cost of Fuel & Purchased Power | 32,069 | 33,267 |
| Other O&M | 39,364 | 41,448 |
| Total O&M | <u>71,433</u> | <u>74,715</u> |
| Depreciation and Amortization | 15,705 | 18,757 |
| Taxes Other Than Income | 4,338 | 4,636 |
| Current Income Taxes | (3,811) | 1,317 |
| Deferred Income Taxes | 8,806 | 0 |
| Total Expenses | <u>96,471</u> | <u>99,425</u> |
| Operating Income | <u>\$18,353</u> | <u>\$16,575</u> |
| Rate Base | <u>\$210,903</u> | <u>\$285,351</u> |
| Rate of Return | <u>8.702%</u> | <u>5.809%</u> |

MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF REVENUES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)

| | <u>Per Books</u> | <u>Projected 2010</u> |
|-----------------------------|----------------------|---------------------------|
| <u>Sales</u> | | |
| Residential | \$43,362 | \$45,801 |
| Small General | 8,242 | 8,614 |
| Large General | 51,994 | 52,904 |
| Municipal Lighting | 1,264 | 1,413 |
| Municipal Pumping | 1,588 | 1,699 |
| Outdoor Lighting | 467 | 494 |
| Unbilled Revenue | (1,475) | |
| Total Sales | <u>\$105,442</u> | <u>\$110,925</u> |
| Sales for Resale 1/ | \$4,698 | \$0 |
| <u>Other Revenue</u> | | |
| Misc. Service Revenue | \$125 | \$516 |
| Rent from Property | 2,171 | 2,171 |
| Other Revenue | 2,388 | 2,388 |
| Total Other Revenue | <u>\$4,684</u> | <u>\$5,075</u> |
| Total Operating Revenue | <u>\$114,824</u> | <u>\$116,000</u> |

1/ Includes Margin Sharing Adjustment (MSA).

**MONTANA-DAKOTA UTILITIES CO.
SALES REVENUES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009**

| <u>Sales</u> | Per Books | | Projected 2010 | |
|--------------------|----------------------|----------------------|----------------------|----------------------|
| | Kwh | Revenue | Kwh | Revenue |
| Residential | 599,275,158 | \$43,362,057 | 621,493,423 | \$45,800,896 |
| Small General | 99,486,133 | 8,242,369 | 102,645,326 | 8,613,740 |
| Large General | 810,812,361 | 51,993,819 | 797,132,225 | 52,903,763 |
| Municipal Lighting | 20,219,224 | 1,264,406 | 20,178,381 | 1,413,221 |
| Municipal Pumping | 29,665,307 | 1,587,726 | 30,362,442 | 1,699,128 |
| Outdoor Lighting | 5,845,770 | 466,831 | 6,041,428 | 494,486 |
| Unbilled Revenue | | (1,475,466) | | |
| Total Sales | 1,565,303,953 | \$105,441,742 | 1,577,853,225 | \$110,925,234 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
SUMMARY OF REVENUE ANALYSIS
TWELVE MONTHS ENDED DECEMBER 31, 2009**

| Rate Reporting Class | Adjusted Per Books @ Current Rates | | | |
|-----------------------------------|------------------------------------|----------------------|--------------------|----------------------|
| | Billing Units | Kwh | Billed KW | Total Revenue |
| Residential Service | | | | |
| Rate 10 | 62,408 | 598,938,695 | | \$44,849,884 |
| Rate 16 | 12 | 235,490 | | 14,298 |
| Rate 95 | 2 | 0 | | 38 |
| Total Residential | 62,422 | 599,174,185 | | 44,864,220 |
| Small General Service | | | | |
| Rate 20 | 8,747 | 94,290,893 | | \$8,120,972 |
| Rate 25 | 36 | 747,910 | 5,779.1 | 44,318 |
| Rate 26 | 4 | 111,429 | | 6,101 |
| Rate 40 | 356 | 4,333,132 | 10,787.5 | 317,625 |
| Total Small General | 9,143 | 99,483,364 | 16,566.6 | 8,489,016 |
| General Service | | | | |
| Rate 30 Secondary | 2,976 | 576,665,216 | 1,735,820.1 | \$41,618,002 |
| Rate 30 Primary | 24 | 87,058,645 | 226,770.0 | 5,054,750 |
| Rate 30 Contracts | 3 | 55,840,133 | 111,377.8 | 2,787,796 |
| Rate 31 Secondary | 31 | 7,769,116 | 51,702.2 | 534,195 |
| Rate 32 Secondary | 312 | 37,239,952 | 164,439.6 | 1,855,080 |
| Rate 32 Primary | 0 | 6,222 | 43.4 | 257 |
| Rate 38 | 2 | 17,883,900 | 43,683.3 | 927,362 |
| Rate 39 | 1 | 3,942,900 | 10,863.0 | 176,926 |
| Total General | 3,349 | 786,406,084 | 2,344,699.4 | 52,954,368 |
| Municipal Lighting Service | | | | |
| Rate 41 Secondary | 820 | 18,407,412 | | \$1,322,843 |
| Rate 41 Primary | 49 | 1,811,812 | | 113,256 |
| Total Municipal Light | 869 | 20,219,224 | | 1,436,099 |
| Municipal Pumping Service | | | | |
| Rate 48 Secondary | 322 | 21,172,107 | 86,065.3 | \$1,273,096 |
| Rate 48 Primary | 3 | 8,493,200 | 25,586.4 | 416,962 |
| Total Municipal Pumping | 325 | 29,665,307 | 111,651.7 | 1,690,058 |
| Outdoor Lighting Service | | | | |
| Rate 52 Secondary | 2,781 | 5,830,077 | | \$483,022 |
| Rate 52 Primary | 2 | 15,693 | | 1,237 |
| Total Outdoor Light | 2,783 | 5,845,770 | | 484,259 |
| Total North Dakota | 78,891 | 1,540,793,934 | 2,472,917.7 | \$109,918,020 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
SUMMARY OF REVENUE ANALYSIS
TWELVE MONTHS ENDED DECEMBER 31, 2009**

| Rate Reporting Class | Projected 2010 | | | Total Revenue |
|-----------------------------------|----------------|----------------------|--------------------|----------------------|
| | Billing Units | Kwh | Billed KW | |
| Residential Service | | | | |
| Rate 10 | 62,928 | 621,251,041 | | \$45,786,426 |
| Rate 16 | 12 | 242,382 | | 14,432 |
| Rate 95 | 2 | 0 | | 38 |
| Total Residential | 62,942 | 621,493,423 | | 45,800,896 |
| Small General Service | | | | |
| Rate 20 | 8,857 | 97,452,603 | | \$8,252,750 |
| Rate 25 | 36 | 772,957 | 5,972.7 | 44,893 |
| Rate 26 | 4 | 115,059 | | 6,151 |
| Rate 40 | 347 | 4,304,707 | 10,716.9 | 309,946 |
| Total Small General | 9,244 | 102,645,326 | 16,689.6 | 8,613,740 |
| General Service | | | | |
| Rate 30 Secondary | 3,047 | 580,503,947 | 1,755,628.6 | \$41,418,289 |
| Rate 30 Primary | 27 | 93,081,145 | 236,785.0 | 5,278,422 |
| Rate 30 Contracts | 3 | 55,840,133 | 111,377.8 | 2,732,515 |
| Rate 31 Secondary | 32 | 7,917,529 | 52,690.2 | 536,745 |
| Rate 32 Secondary | 319 | 37,956,449 | 167,723.2 | 1,853,513 |
| Rate 32 Primary | 1 | 6,222 | 43.4 | 370 |
| Rate 38 | 2 | 17,883,900 | 43,683.3 | 910,887 |
| Rate 39 | 1 | 3,942,900 | 10,863.0 | 173,022 |
| Total General | 3,432 | 797,132,225 | 2,378,794.5 | 52,903,763 |
| Municipal Lighting Service | | | | |
| Rate 41 Secondary | 832 | 18,370,196 | | \$1,301,982 |
| Rate 41 Primary | 50 | 1,808,185 | | 111,239 |
| Total Municipal Light | 882 | 20,178,381 | | 1,413,221 |
| Municipal Pumping Service | | | | |
| Rate 48 Secondary | 325 | 21,669,675 | 88,088.7 | \$1,280,983 |
| Rate 48 Primary | 3 | 8,692,767 | 26,187.9 | 418,145 |
| Total Municipal Pumping | 328 | 30,362,442 | 114,276.6 | 1,699,128 |
| Outdoor Lighting Service | | | | |
| Rate 52 Secondary | 2,801 | 6,025,237 | | \$493,226 |
| Rate 52 Primary | 2 | 16,191 | | 1,260 |
| Total Outdoor Light | 2,803 | 6,041,428 | | 494,486 |
| Total North Dakota | 79,631 | 1,577,853,225 | 2,509,760.7 | \$110,925,234 |

**MONTANA-DAKOTA UTILITIES CO.
SALES FOR RESALE
MISCELLANEOUS REVENUES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010**

| | <u>Per Books</u> | <u>Projected 2010</u> |
|----------------------------------|--------------------|---------------------------|
| Sales for Resale | \$1,456,520 | \$0 |
| Margin Sharing Adjustment | <u>3,241,038</u> | <u>0</u> |
| | \$4,697,558 | \$0 |
| | | |
| Miscellaneous Service Revenue 1/ | \$124,896 | \$515,813 |
| Rent from Property | 2,170,961 | 2,170,961 |
| Other Revenue | <u>2,388,202</u> | <u>2,388,202</u> |
| Total Misc. Revenues | <u>\$4,684,059</u> | <u>\$5,074,976</u> |

1/ Adjusted to include three year average of KVAR penalty revenue.

**MONTANA-DAKOTA UTILITIES CO.
OPERATION & MAINTENANCE EXPENSE
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

| Function | Total | Fuel & Purchased Power | Labor | Benefits | Cedar Hills/ Diamond Willow | Glen Ullin Station | Big Stone/ Coyote | Materials |
|--------------------------------|-----------------|------------------------------|-----------------|----------------|--------------------------------|-----------------------|----------------------|----------------|
| Cost of Fuel & Purchased Power | \$33,267 | \$32,813 | \$362 | | | | | \$6 |
| Production | 16,613 | | 4,833 | | \$308 | \$167 | \$5,624 | 1,486 |
| Transmission | 5,305 | | 2,054 | | | | | 149 |
| Distribution | 5,966 | | 4,260 | | | | | 412 |
| Customer Accounting | 2,123 | | 1,362 | | | | | 4 |
| Customer Service & Information | 292 | | 130 | | | | | |
| Sales | 113 | | 92 | | | | | |
| Administrative and General | 11,036 | | 3,462 | \$3,482 | | | | 39 |
| Total Other O&M | 41,448 | 0 | 16,193 | 3,482 | 308 | 167 | 5,624 | 2,090 |
| Total O&M | \$74,715 | \$32,813 | \$16,555 | \$3,482 | \$308 | \$167 | \$5,624 | \$2,096 |
| Page No. | | 10 | 11 | 12 | 13 | 14 | 15 | 16 |

**MONTANA-DAKOTA UTILITIES CO.
OPERATION & MAINTENANCE EXPENSE
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

| Function | Vehicles And Work Equipment | Company Consumption | Postage | Demand-Side Management | Uncollectible Accounts | Advertising | Insurance | Utility Discounts |
|--------------------------------|-----------------------------------|------------------------|--------------|---------------------------|---------------------------|-------------|----------------|----------------------|
| Cost of Fuel & Purchased Power | | | | | | | | |
| Production | \$32 | \$24 | \$2 | | | | | |
| Transmission | 111 | 15 | | | | | | |
| Distribution | 514 | 90 | 8 | | | | | |
| Customer Accounting | 103 | 40 | 225 | | \$105 | | | |
| Customer Service & Information | 1 | | | \$135 | | \$25 | | |
| Sales | 2 | 6 | 1 | | | | | |
| Administrative and General | 15 | 85 | 116 | | | 35 | \$1,020 | \$84 |
| Total Other O&M | <u>778</u> | <u>260</u> | <u>352</u> | <u>135</u> | <u>105</u> | <u>60</u> | <u>1,020</u> | <u>84</u> |
| Total O&M | <u>\$778</u> | <u>\$260</u> | <u>\$352</u> | <u>\$135</u> | <u>\$105</u> | <u>\$60</u> | <u>\$1,020</u> | <u>\$84</u> |
| Page No. | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 |

**MONTANA-DAKOTA UTILITIES CO.
OPERATION & MAINTENANCE EXPENSE
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

| Function | Industry Dues | Regulatory Commission | Deferred Generation | Decommissioning on Retired Plants | Subcontract Labor | Software Maintenance | All Other O&M 13/ |
|--------------------------------|---------------------|--------------------------|------------------------|---|-----------------------|-------------------------|-----------------------|
| Cost of Fuel & Purchased Power | | | | | \$78 | | \$8 |
| Production | | | \$1,135 | (\$39) | 1,973 | \$56 | 1,012 |
| Transmission | | | | | 1,691 | 145 | 1,140 |
| Distribution | | | | | 735 | 31 | (84) |
| Customer Accounting | | | | | 82 | 50 | 152 |
| Customer Service & Information | | | | | | | 1 |
| Sales | | | | | 1 | | 11 |
| Administrative and General | \$105 | \$166 | | | 405 | 225 | 1,797 |
| Total Other O&M | <u>105</u> | <u>166</u> | <u>1,135</u> | <u>(39)</u> | <u>4,887</u> | <u>507</u> | <u>4,029</u> |
| Total O&M | <u>\$105</u> | <u>\$166</u> | <u>\$1,135</u> | <u>(\$39)</u> | <u>\$4,965</u> | <u>\$507</u> | <u>\$4,037</u> |
| Page No. | 25-26 | 27 | Statement N Page 19 | Statement N Page 20 | | | 28 |

**MONTANA-DAKOTA UTILITIES CO.
FUEL AND PURCHASED POWER
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

| | 2009 | | Projected 2010 | |
|---|----------|--------------|----------------|--------------|
| | Total | North Dakota | Total | North Dakota |
| Fuel Expense | | | | |
| Acct. 501 | \$38,138 | \$24,810 | \$45,053 | \$29,234 |
| Acct. 547 | 426 | 277 | 1,069 | 694 |
| Total Fuel Expense | 38,564 | 25,087 | 46,122 | 29,928 |
| Purchased Power-Acct. 555 | | | | |
| Energy | \$21,667 | \$5,548 | \$5,816 | \$3,774 |
| Demand | 1,912 | 1,325 | 2,075 | 1,438 |
| Market Administration | | | 508 | 330 |
| Total Purchased Power | 23,579 | 6,873 | 8,399 | 5,542 |
| Deferred F&PP | 2,878 | (344) | | |
| Total | \$65,021 | \$31,616 | \$54,521 | \$35,470 |
| Fuel & Purchased Power - Sales for Resale | 1,635 | 1,063 | 4,095 | 2,657 |
| Net Fuel & Purchased Power | \$63,386 | \$30,553 | \$50,426 | \$32,813 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
LABOR EXPENSE
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

| | <u>Per Books</u> | <u>Projected 2010 1/</u> |
|------------------------|------------------|------------------------------|
| Fuel & Purchased Power | \$361 | \$362 |
| Production | 4,818 | 4,833 |
| Transmission | 2,047 | 2,054 |
| Distribution | 4,246 | 4,260 |
| Customer Accounting | 1,358 | 1,362 |
| Customer Service | 130 | 130 |
| Sales | 92 | 92 |
| A&G | 3,451 | 3,462 |
| Total | <u>\$16,503</u> | <u>\$16,555</u> |

1/ Reflects a 0.32% increase including an average 2007-2009 bonus and three year amortization of severance amount.

MONTANA-DAKOTA UTILITIES CO.
BENEFITS EXPENSE
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)

| | <u>Per Books</u> | <u>Projected 2010 1/</u> |
|------------------------|------------------|------------------------------|
| Medical/Dental | \$1,605 | \$1,588 |
| Pension expense | 964 | 273 |
| Post-retirement | 412 | 242 |
| 401K | 678 | 1,327 |
| Workers compensation | 52 | 52 |
| Supplemental Insurance | (439) | 0 |
| Total | <u>\$3,272</u> | <u>\$3,482</u> |

1/ Reflects decreases of 1.05% in Medical and Dental expense, 71.65% in Pension expense, 41.33% in Post-retirement expense, and increases of 95.67% to 401K expense. Workers Compensation expense is based on the ration of workers compensation to projected labor expense and Supplemental Insurance is eliminated.

**MONTANA-DAKOTA UTILITIES CO.
CEDAR HILLS AND DIAMOND WILLOW EXPANSION
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

| | <u>Projected 2010</u> | |
|-------------------------|-----------------------|---------------------|
| | <u>Total</u> | <u>North</u> |
| | <u>Company</u> | <u>Dakota 1/</u> |
| <u>Cedar Hills</u> | | |
| Labor | \$171 | \$113 |
| Benefits | 34 | 22 |
| Subcontract Labor | 2 | 1 |
| Materials | 65 | 43 |
| Office Supplies | 8 | 6 |
| Permits and Filing Fees | 5 | 3 |
| Annual Easements | 52 | 34 |
| Other | 35 | 23 |
| | <u>\$372</u> | <u>\$245</u> |
| | | |
| | <u>Total</u> | <u>North</u> |
| | <u>Company</u> | <u>Dakota 1/</u> |
| <u>Diamond Willow</u> | | |
| Labor | \$30 | \$20 |
| Materials | 35 | 23 |
| Permits and Filing Fees | 2 | 1 |
| Annual Easements | 28 | 18 |
| Other | 1 | 1 |
| | <u>\$96</u> | <u>\$63</u> |
| | | |
| Total | <u>\$468</u> | <u>\$308</u> |

1/ Allocated on demand and energy factor.

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
GLEN ULLIN STATION
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

| | <u>Per Books</u> | <u>Projected 2010 1/</u> |
|-------------------|------------------|------------------------------|
| Subcontract Labor | \$55 | \$156 |
| Other | 1 | 11 |
| Total | <u>\$56</u> | <u>\$167</u> |

1/ Reflects annualization of expenses.

**MONTANA-DAKOTA UTILITIES CO.
BIG STONE AND COYOTE GENERATION UNITS
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

| | <u>Per Books</u> | <u>Projected 2010</u> |
|------------|------------------|---------------------------|
| Production | <u>\$5,551</u> | <u>\$5,624</u> |

1/ Reflects normalized expense.

MONTANA-DAKOTA UTILITIES CO.
MATERIALS
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)

| | <u>Per Books</u> | <u>Projected 2010</u> |
|------------------------|------------------|---------------------------|
| Fuel & Purchased Power | \$6 | \$6 |
| Production | 1,042 | 1,486 |
| Transmission | 115 | 149 |
| Distribution | 412 | 412 |
| Customer Accounting | 4 | 4 |
| A&G | 39 | 39 |
| Total | <u>\$1,618</u> | <u>\$2,096</u> |

**MONTANA-DAKOTA UTILITIES CO.
VEHICLES AND WORK EQUIPMENT
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

| | <u>Per Books</u> | <u>Projected 2010 1/</u> |
|---------------------|------------------|------------------------------|
| Production | \$43 | \$32 |
| Transmission | 138 | 111 |
| Distribution | 617 | 514 |
| Customer Accounting | 139 | 103 |
| Customer Service | 2 | 1 |
| Sales | 2 | 2 |
| A&G | 21 | 15 |
| Total | <u>\$962</u> | <u>\$778</u> |

1/ Based on projected plant and proposed depreciation rates.

**MONTANA-DAKOTA UTILITIES CO.
COMPANY CONSUMPTION
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

| | <u>Per Books</u> | <u>Projected 2010</u> |
|---------------------|------------------|---------------------------|
| Production | \$24 | \$24 |
| Transmission | 15 | 15 |
| Distribution | 88 | 90 |
| Customer Accounting | 39 | 40 |
| Sales | 6 | 6 |
| A&G | 83 | 85 |
| Total | <u>\$255</u> | <u>\$260</u> |

Electric 1/

| | | |
|---------------------|--------------|--------------|
| Production | \$2 | \$2 |
| Transmission | 13 | 13 |
| Distribution | 63 | 65 |
| Customer Accounting | 26 | 27 |
| Sales | 4 | 4 |
| A&G | 57 | 59 |
| Total Electric | <u>\$165</u> | <u>\$170</u> |

Gas 2/

| | | |
|---------------------|-------------|-------------|
| Production | \$22 | \$22 |
| Transmission | 2 | 2 |
| Distribution | 25 | 25 |
| Customer Accounting | 13 | 13 |
| Sales | 2 | 2 |
| A&G | 26 | 26 |
| Total Gas | <u>\$90</u> | <u>\$90</u> |

1/ Reflects an 2.81% increase to reflect annualized sales revenue at current rates.

2/ Reflects a 0.58% decrease to reflect normalized firm sales revenue at current rates.

MONTANA-DAKOTA UTILITIES CO.
POSTAGE
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)

| | <u>Per Books</u> | <u>Projected 2010 1/</u> |
|---------------------|------------------|------------------------------|
| Production | \$2 | \$2 |
| Distribution | 8 | 8 |
| Customer Accounting | 227 | 225 |
| Sales | 1 | 1 |
| A&G | 117 | 116 |
| Total | <u>\$355</u> | <u>\$352</u> |

1/ Reflects a 0.97% decrease.

**MONTANA-DAKOTA UTILITIES CO.
DEMAND-SIDE MANAGEMENT EXPENSE
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

| | <u>Per Books</u> | <u>Projected 2010 1/</u> |
|------------------|------------------|------------------------------|
| Customer Service | <u>\$106</u> | <u>\$135</u> |

1/ Amortization of expenses over three years.

**MONTANA-DAKOTA UTILITIES CO.
UNCOLLECTIBLE ACCOUNTS
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

| | <u>Per Books</u> | <u>Projected</u> |
|---------------------|------------------|--------------------------|
| Customer Accounting | <u>\$115</u> | <u>2010 1/ \$105</u> |

1/ Based on five year average of write-offs to revenues.

**MONTANA-DAKOTA UTILITIES CO.
ADVERTISING EXPENSE
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

| | <u>Per Books</u> | <u>Projected 2010 1/</u> |
|---------------|------------------|------------------------------|
| Informational | \$25 | \$25 |
| Promotional | 82 | 0 |
| Institutional | 41 | 35 |
| Total | <u>\$148</u> | <u>\$60</u> |

1/ Eliminates promotional advertising expense and institutional advertising expenses not applicable to the North Dakota electric operations.

**MONTANA-DAKOTA UTILITIES CO.
INSURANCE EXPENSE
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

| | <u>Per Books</u> | <u>Projected</u> |
|-----|------------------|----------------------------|
| A&G | <u>\$706</u> | <u>2010 1/ \$1,020</u> |

1/ Reflects insurance expense at the current level for 2010.

**MONTANA-DAKOTA UTILITIES CO.
UTILITY DISCOUNTS
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

| | <u>Per Books</u> | <u>Projected 2010 1/</u> |
|-----|------------------|------------------------------|
| A&G | <u>\$171</u> | <u>\$84</u> |

1/ Reflects a 48.93% decrease.

**MONTANA-DAKOTA UTILITIES CO.
INDUSTRY DUES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010**

| | <u>Per Books</u> | <u>Projected 2010</u> |
|--|------------------|---------------------------|
| Ashley Chamber of Commerce | \$34 | \$34 |
| Belfield Area Chamber of Commerce | 28 | 28 |
| Beulah Chamber of Commerce | 600 | 600 |
| Beulah Convention & Visitors Bureau | 50 | 50 |
| Bismarck-Mandan Apartment Association | 66 | 66 |
| Bismarck-Mandan Board | 85 | 85 |
| Bismarck-Mandan Convention Bureau | 278 | 278 |
| Bismarck-Mandan Development Association | 2,917 | 2,917 |
| Bismarck-Mandan Home Builders Association | 181 | 181 |
| Bismarck-Mandan Leadership Development | 110 | 110 |
| Bowman Area Chamber of Commerce | 56 | 56 |
| Burg Bucks Retail Association | 60 | 60 |
| Central Dakota Safety Association | 77 | 77 |
| The Chamber | 3,791 | 3,791 |
| Dickinson Area Chamber | 250 | 250 |
| Dickinson Builders Exchange | 36 | 36 |
| Divide County Economic Development | 55 | 55 |
| The Downtowners | 133 | 133 |
| Edison Electric Institute | 37,940 | 39,650 2/ |
| Economic Development Association of North Dakota | 316 | 316 |
| Elgin Betterment Club | 25 | 25 |
| Ellendale Civic Association | 61 | 61 |
| Hazelton Development Corporation | 10 | 10 |
| Hazen Chamber of Commerce | 600 | 600 |
| Hazen Community Development | 500 | 500 |
| Hebron Business Club | 14 | 14 |
| Hettinger Area Chamber of Commerce | 77 | 77 |
| Kenmare Association of Commerce | 400 | 400 |
| Killdeer Town Criers | 100 | 100 |
| Lemmon Area Chamber of Commerce | 189 | 189 |
| Lignite Energy Council | 33,557 | 33,557 |
| Linton Chamber of Commerce | 100 | 100 |
| Mid-Continent Energy Marketers | 1,939 | 1,939 |
| Midwest Energy Association | 6,094 | 6,407 2/ |
| Mohall Chamber of Commerce | 25 | 25 |
| Napoleon Businessmen Association | 30 | 30 |
| North Central Electrical Association | 7,628 | 7,628 |
| New England Commercial Club | 10 | 10 |
| North Dakota Association of Businesses | 205 | 205 |
| Ray Association | 54 | 54 |
| Sherwood Business Association | 50 | 50 |
| Stanley Commercial Club | 268 | 268 |

**MONTANA-DAKOTA UTILITIES CO.
INDUSTRY DUES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010**

| | <u>Per Books</u> | <u>Projected 2010</u> |
|---|------------------|---------------------------|
| Stark Development Corporation | 108 | 108 |
| Strasburg Economic Development | 40 | 40 |
| Theodore Roosevelt Express | 6 | 6 |
| Tioga Area Economic Development Corporation | 16 | 16 |
| Utilites Telecom Council | 2,203 | 2,203 |
| Watford City Area Chamber of Commerce | 198 | 198 |
| Watford City Economic Development | 63 | 63 |
| Williston Area Chamber of Commerce | 593 | 593 |
| Williston Area Development | 647 | 647 |
| Wishek Association of Commerce | 24 | 24 |
| Other | 41,405 | 0 |
| | <u>\$144,302</u> | <u>\$104,920</u> |

- 1/ Projected reflects 2009 dues and eliminates dues not applicable to North Dakota electric operations.
2/ Reflects actual 2010 amount.

**MONTANA-DAKOTA UTILITIES CO.
REGULATORY COMMISSION EXPENSE
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

| | Per Books | | Projected |
|-------------------------------|------------------|--------------|-----------|
| | Electric Utility | North Dakota | 2010 1/ |
| Regulatory Commission Expense | \$291 | \$91 | \$166 |

1/ Reflects a three year amortization of rate case expense and an ongoing level of regulatory commission expense.

MONTANA-DAKOTA UTILITIES CO.
OTHER O&M
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)

| <u>Function</u> | <u>Per Books O&M</u> | <u>Total items adjusted individually 1/</u> | <u>All Other</u> | <u>Projected 2010 2/</u> |
|--------------------------------|------------------------------|---|----------------------|------------------------------|
| Cost of Fuel & Purchased Power | \$32,069 | \$32,061 | \$8 | \$8 |
| Production | 14,556 | 13,565 | 991 | 1,012 |
| Transmission | 5,605 | 4,489 | 1,116 | 1,140 |
| Distribution | 6,055 | 6,137 | (82) | (84) |
| Customer Accounting | 2,163 | 2,014 | 149 | 152 |
| Customer Service & Information | 264 | 263 | 1 | 1 |
| Sales | 195 | 184 | 11 | 11 |
| Administrative and General | 10,526 | 8,766 | 1,760 | 1,797 |
| Total Other O&M | <u>39,364</u> | <u>35,418</u> | <u>3,946</u> | <u>4,029</u> |
| Total O & M | <u>\$71,433</u> | <u>\$67,479</u> | <u>\$3,954</u> | <u>\$4,037</u> |

1/ Page 31.

2/ Reflects 2.11 percent increase based on three year average inflation.

**MONTANA-DAKOTA UTILITIES CO.
OPERATION & MAINTENANCE EXPENSE
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
ITEMS ADJUSTED INDIVIDUALLY
(000s)**

| Function | Total Per Books | Fuel & Purchased Power | Labor | Benefits | Glen Ullin Station | Big Stone/ Coyote | Materials | Vehicles And Work Equipment | Company Consumption |
|--------------------------------|--------------------|------------------------------|-----------------|----------------|-----------------------|----------------------|----------------|-----------------------------------|------------------------|
| Cost of Fuel & Purchased Power | \$32,069 | \$31,616 | \$361 | | | | \$6 | | |
| Production | 14,556 | | 4,818 | | \$56 | \$5,551 | 1,042 | \$43 | \$24 |
| Transmission | 5,605 | | 2,047 | | | | 115 | 138 | 15 |
| Distribution | 6,055 | | 4,246 | | | | 412 | 617 | 88 |
| Customer Accounting | 2,163 | | 1,358 | | | | 4 | 139 | 39 |
| Customer Service & Information | 264 | | 130 | | | | | 2 | |
| Sales | 195 | | 92 | | | | | 2 | 6 |
| Administrative and General | 10,526 | | 3,451 | \$3,272 | | | 39 | 21 | 83 |
| Total Other O&M | 39,364 | 0 | 16,142 | 3,272 | 56 | 5,551 | 1,612 | 962 | 255 |
| Total O&M | \$71,433 | \$31,616 | \$16,503 | \$3,272 | \$56 | \$5,551 | \$1,618 | \$962 | \$255 |

MONTANA-DAKOTA UTILITIES CO.
OPERATION & MAINTENANCE EXPENSE
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
ITEMS ADJUSTED INDIVIDUALLY
(000s)

| Function | Postage | Demand-Side Management | Uncollectible Accounts | Advertising | Insurance | Utility Discounts | Industry Dues | Regulatory Commission |
|--------------------------------|--------------|---------------------------|---------------------------|--------------|--------------|----------------------|------------------|--------------------------|
| Cost of Fuel & Purchased Power | | | | | | | | |
| Production | \$2 | | | | | | | |
| Transmission | | | | | | | | |
| Distribution | 8 | | | | | | | |
| Customer Accounting | 227 | | \$115 | | | | | |
| Customer Service & Information | | \$106 | | \$25 | | | | |
| Sales | 1 | | | 82 | | | | |
| Administrative and General | 117 | | | 41 | \$706 | \$171 | \$144 | \$91 |
| Total Other O&M | <u>355</u> | <u>106</u> | <u>115</u> | <u>148</u> | <u>706</u> | <u>171</u> | <u>144</u> | <u>91</u> |
| Total O&M | <u>\$355</u> | <u>\$106</u> | <u>\$115</u> | <u>\$148</u> | <u>\$706</u> | <u>\$171</u> | <u>\$144</u> | <u>\$91</u> |

**MONTANA-DAKOTA UTILITIES CO.
OPERATION & MAINTENANCE EXPENSE
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
ITEMS ADJUSTED INDIVIDUALLY
(000s)**

| Function | Regional Market Expenses | Subcontract Labor | Software Maintenance | Total items adjusted individually | All Other O&M |
|--------------------------------|-----------------------------|----------------------|-------------------------|---|------------------|
| Cost of Fuel & Purchased Power | | \$78 | | \$32,061 | \$8 |
| Production | | 1,973 | 1/ \$56 | 13,565 | 991 |
| Transmission | \$338 | 1,691 | 145 | 4,489 | 1,116 |
| Distribution | | 735 | 31 | 6,137 | (82) |
| Customer Accounting | | 82 | 50 | 2,014 | 149 |
| Customer Service & Information | | | | 263 | 1 |
| Sales | | 1 | | 184 | 11 |
| Administrative and General | | 405 | 225 | 8,766 | 1,760 |
| Total Other O&M | 338 | 4,887 | 507 | 35,418 | 3,946 |
| Total O&M | \$338 | \$4,965 | \$507 | \$67,479 | \$3,954 |

1/ Excludes Glen Ullin Subcontract Labor expense

**MONTANA-DAKOTA UTILITIES CO.
DEPRECIATION EXPENSE AND AMORTIZATION
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
PROJECTED 2010
(000s)**

| | <u>Per Books</u> | <u>Projected 2010</u> |
|------------------------|------------------------|---------------------------|
| Steam Production | \$5,767 | \$5,926 |
| Other Production | 1,891 | 4,770 |
| Total Production | <u>\$7,658</u> | <u>\$10,696</u> |
| Transmission | 1,851 | 2,105 |
| Distribution | 4,256 | 4,125 |
| General | 313 | 347 |
| General - Intangible | 283 | 312 |
| Common | 571 | 558 |
| Common - Intangible | 615 | 456 |
| Acquisition Adjustment | 158 | 158 |
| Total | <u><u>\$15,705</u></u> | <u><u>\$18,757</u></u> |

**MONTANA-DAKOTA UTILITIES CO.
ACCUMULATED RESERVE FOR DEPRECIATION
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

| | Reserve 2009 | Projected Plant 2010 1/ | Depreciation/ Amortization Rate 2/ | Depreciation/ Amortization Expense | Retirements/ Removal 4/ | 2010 Ending Balance |
|----------------------|-----------------|-------------------------------|--|--|----------------------------|---------------------------|
| Steam Production | \$129,749 | \$206,498 | 2.87% | \$5,926 | (\$1,583) | \$134,092 |
| Other Production | 10,777 | 105,704 | 3.97% | 4,770 3/ | (167) 5/ | 15,380 |
| Total Production | <u>140,526</u> | <u>312,202</u> | | <u>10,696</u> | <u>(1,750)</u> | <u>149,472</u> |
| Transmission | 51,625 | 109,050 | 1.93% | 2,105 | (201) | 53,529 |
| Distribution | 64,645 | 143,227 | 2.88% | 4,125 | (1,506) | 67,264 |
| General | | | | | | |
| Other | 2,278 | 3,976 | 5.81% | 231 | (247) | 2,262 |
| Computer | 360 | 1,020 | 11.38% | 116 | (39) | 437 |
| Transportation | 1,864 | 3,320 | 6.01% | 200 | (202) | 1,862 |
| Work Equipment | 1,691 | 5,212 | 6.01% | 313 | (183) | 1,821 |
| Total General | <u>6,193</u> | <u>13,528</u> | | <u>860</u> | <u>(671)</u> | <u>6,382</u> |
| General - Intangible | 3,313 | 4,023 | 7.75% | 312 | 0 | 3,625 |
| Common | | | | | | |
| Other | 6,843 | 13,700 | 3.05% | 418 | (639) | 6,622 |
| Computer | 935 | 1,275 | 11.01% | 140 | (87) | 988 |
| Transportation | 1,287 | 1,994 | 4.63% | 92 | (120) | 1,259 |
| Work Equipment | 6 | 26 | 7.58% | 2 | (1) | 7 |
| Total Common | <u>9,071</u> | <u>16,995</u> | | <u>652</u> | <u>(847)</u> | <u>8,876</u> |

**MONTANA-DAKOTA UTILITIES CO.
ACCUMULATED RESERVE FOR DEPRECIATION
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

| | Reserve 2009 | Projected Plant 2010 1/ | Depreciation/ Amortization Rate 2/ | Depreciation/ Amortization Expense | Retirements/ Removal 4/ | 2010 Ending Balance |
|---------------------------------|------------------|-------------------------------|--|--|----------------------------|---------------------------|
| Common - Intangible | 6,206 | 9,036 | 5.05% | 456 | 0 | 6,662 |
| Acquisition Adjustment | 6,525 | 7,162 | | 158 | 0 | 6,683 |
| Total Electric Plant in Service | <u>\$288,104</u> | <u>\$615,223</u> | | <u>\$19,364</u> | <u>(\$4,975)</u> | <u>\$302,493</u> |
| Depreciation Expense | | | | <u>\$18,757</u> | | |

1/ Please see Statement N page 2.

2/ Composite rates based on AUS Consultants 2008 Depreciation study. See Statement I, pages 2-7.

3/ 2007-2009 average retirements.

4/ Includes reallocation of Diamond Willow. Please see Statement N page 12.

5/ Please see page 35 for wind depreciation on Diamond Willow expansion and Cedar Hills.

All other production plants are at the composite depreciation rate.

**MONTANA-DAKOTA UTILITIES CO.
DEPRECIATION EXPENSE AND RESERVE FOR DEPRECIATION - WIND GENERATION
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

| | <u>Plant</u> | <u>Depreciation Rate 1/</u> | <u>Annual Depreciation</u> | <u>Accumulated Reserve</u> |
|--|-----------------|---------------------------------|--------------------------------|--------------------------------|
| <u>Other Production</u> | | | | |
| Install 10.5 MW Wind Farm - Diamond Willow | \$16,680 | 5.17% | \$862 | \$862 |
| Install 19.5 MW Wind Farm - Cedar Hills | 31,116 | 5.17% | 1,609 | 1,609 |
| Total Other Production | <u>\$47,796</u> | | <u>\$2,471</u> | <u>\$2,471</u> |

1/ Rates based on AUS Consultants 2008 Depreciation study. See Statement I, pages 2-7.

MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF TAXES OTHER THAN INCOME
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2009
PROJECTED 2010
(000s)

| <u>Type of Tax</u> | <u>2009</u> | <u>Projected 2010</u> |
|---------------------------------|----------------|---------------------------|
| Ad Valorem | | |
| Production | \$818 | \$908 |
| Transmission | 551 | 650 |
| Distribution | 795 | 867 |
| General | 48 | 52 |
| Common | 132 | 136 |
| Intangible | 23 | 23 |
| Total Ad Valorem Taxes | <u>2,367</u> | <u>2,636</u> |
| O&M Related Taxes - Other | | |
| Payroll Taxes | 1,171 | 1,174 |
| Delaware Franchise | 66 | 66 |
| Total O&M Related Taxes | <u>1,237</u> | <u>1,240</u> |
| Other | | |
| Electric Production Related Tax | 732 | 758 |
| Highway Use Tax | 1 | 1 |
| Secretary of State | 1 | 1 |
| Total Other | <u>734</u> | <u>760</u> |
| Total Taxes Other Than Income | <u>\$4,338</u> | <u>\$4,636</u> |

**MONTANA-DAKOTA UTILITIES CO.
AD VALOREM TAXES
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

| Function | Effective Tax Rate | Projected 2010 | |
|--------------|-----------------------|---------------------|-------------------|
| | | Plant Balance 1/ | Ad Valorem Tax |
| Production | 0.3041% | \$271,568 | \$826 |
| Transmission | 0.5959% | 109,050 | 650 |
| Distribution | 0.6050% | 143,227 | 867 |
| General | 0.3813% | 13,528 | 52 |
| Common | 0.7996% | 16,995 | 136 |
| Intangible | 0.1770% | 13,059 | 23 |
| Total | | <u>\$567,427</u> | <u>\$2,554</u> |

1/ Excludes Cedar Hills and Diamond Willow expansion.

**MONTANA-DAKOTA UTILITIES CO.
AD VALOREM TAXES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2009**

| <u>Function</u> | <u>Plant Balance @ 12/31/2009</u> | <u>Ad Valorem Tax @ 12/31/2009</u> | <u>Effective Tax Rate</u> |
|-----------------|---|--|-------------------------------|
| Production | \$268,977,830 | \$818,031 | 0.3041% |
| Transmission | 92,482,990 | 551,122 | 0.5959% |
| Distribution | 131,372,493 | 794,845 | 0.6050% |
| General | 12,625,103 | 48,143 | 0.3813% |
| Common | 16,489,655 | 131,845 | 0.7996% |
| Intangible 1/ | 12,898,776 | 22,829 | 0.1770% |
| Total | <u>\$534,846,847</u> | <u>\$2,366,815</u> | |

1/ General and common intangible.

**MONTANA-DAKOTA UTILITIES CO.
AD VALOREM TAX ON WIND GENERATION
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

| | Projected 2010 | |
|----------------|----------------|-------------|
| | Total | North |
| | Company | Dakota 1/ |
| Cedar Hills | \$74 | \$48 |
| Diamond Willow | 51 | 34 |
| | <u>\$125</u> | <u>\$82</u> |

1/ Allocated on demand and energy factor.

**MONTANA-DAKOTA UTILITIES CO.
PAYROLL TAXES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2009
PROJECTED 2010**

| | <u>Per Books</u> | <u>Projected 2010 (000s)</u> |
|--------------------------|------------------|----------------------------------|
| Labor Expense | \$16,502,667 | \$16,555 |
| Payroll Taxes | \$1,170,836 | \$1,174 |
| % Payroll Taxes to Labor | 7.09% | 7.09% |

**MONTANA-DAKOTA UTILITIES CO.
GENERATION TAXES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2009
PROJECTED 2010
(000s)**

| | <u>Per Books</u> | <u>Projected 2010</u> |
|---|---------------------|---------------------------|
| <u>North Dakota Coal Conversion Tax</u> | | |
| Capacity | \$648 | \$648 |
| Generation | 296 | 341 |
| Total | <u>\$944</u> | <u>\$989</u> |
| Allocated to North Dakota | \$614 | \$642 |
| <u>Montana Energy Tax</u> | | |
| Wholesale Energy Tax | \$105 | \$105 |
| Generation Tax | 77 | 73 |
| Total | <u>\$182</u> | <u>\$178</u> |
| Allocated to North Dakota | \$118 | \$116 |
| Total North Dakota 1/ | <u><u>\$732</u></u> | <u><u>\$758</u></u> |

1/ Allocated on Kwh sales factor.

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
CALCULATION INCOME TAXES
PROJECTED 2010
(000s)**

| | Projected 2010 |
|--|-------------------|
| Operating Revenues | |
| Sales Revenues | \$110,925 |
| Sales for Resale | |
| Other Revenues | 5,075 |
| Total Operating Revenues | 116,000 |
| Operating Expenses | |
| Operation and Maintenance | |
| Cost of Fuel & Purchased Power | 33,267 |
| Other O&M | 41,448 |
| Total O&M | 74,715 |
| Depreciation and Amortization Expense | 18,757 |
| Taxes other Than Income | 4,636 |
| Total Operating Expenses | 98,108 |
| Gross Adjustments to Operating Income | 17,892 |
| Deductions and Adjustments to Book Income: | |
| Interest 1/ | 8,475 |
| Total Adjustments to Taxable Income | 8,475 |
| Taxable Income | 9,417 |
| Federal & State Income Taxes | 3,688 |
| Production Tax Credit 2/ | (2,237) |
| Full Normalization | (134) |
| Total Income Taxes | \$1,317 |

1/ Page 43.

2/ Page 44.

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY -NORTH DAKOTA
INTEREST EXPENSE
PROJECTED 2010**

| | |
|-----------------------|-----------------------|
| | Projected 2010 |
| Rate Base 1/ | <u>\$285,351</u> |
| Weighted Cost of Debt | 2.970% |
| Interest Expense | <u><u>\$8,475</u></u> |

1/ Statement N, Page 1.

MONTANA-DAKOTA UTILITIES CO.
PRODUCTION TAX CREDIT
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010

| | <u>Projected 2010</u> |
|------------------------------|---------------------------|
| <u>Generation - Kwh</u> | |
| Cedar Hills | 64,700,000 |
| Diamond Willow | 99,500,000 |
| Total | <u>164,200,000</u> |
| Production Tax Credit | (\$0.021) |
| Total Production Tax Credit | (\$3,448,200) |
| Allocated to North Dakota 1/ | <u>(\$2,237,491)</u> |

1/ Allocated on Kwh sales factor.

STATEMENT N

MONTANA-DAKOTA UTILITIES CO.
RATE BASE
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2009
PROJECTED 2010
(000s)

| | <u>Per Books</u> | <u>Projected 2010</u> | |
|--|-------------------------|---------------------------|----|
| Electric Plant in Service | \$534,847 | \$615,223 | 1/ |
| Accumulated Reserve for Depreciation | 288,104 | 302,493 | |
| Net Electric Plant in Service | <u>\$246,743</u> | <u>\$312,730</u> | |
| | | | |
| CWIP in Service Pending Reclassification | 1,477 | 0 | |
| Total Electric Plant in Service | <u>\$248,220</u> | <u>312,730</u> | |
| | | | |
| Additions | | | |
| Materials and Supplies | 4,782 | 5,077 | |
| Fuel Stocks | 2,944 | 2,955 | |
| Prepayments | 102 | 373 | |
| Unamortized Loss on Debt | 5,015 | 4,556 | |
| Deferred Generation Costs | 0 | 10,213 | |
| Decommission of Retired Plant | 0 | (353) | |
| Total Additions | <u>12,843</u> | <u>22,821</u> | |
| | | | |
| Total Before Deductions | \$261,063 | \$335,551 | |
| | | | |
| Deductions | | | |
| Accumulated Deferred Income Taxes | \$49,902 | \$49,973 | |
| Accumulated Investment Tax Credits | 94 | 0 | |
| Customer Advances | 164 | 227 | |
| Total Deductions | <u>50,160</u> | <u>50,200</u> | |
| | | | |
| Total Rate Base | <u><u>\$210,903</u></u> | <u><u>\$285,351</u></u> | |

1/ Includes CWIP in Service by function.

MONTANA-DAKOTA UTILITIES CO.
PLANT IN SERVICE
DECEMBER 31, 2009
PROJECTED 2010
(000s)

| | <u>Per Books 1/</u> | <u>Projected 2010</u> |
|------------------------|-------------------------|---------------------------|
| Steam Production | \$203,452 | \$206,498 |
| Other Production | 58,814 | 105,704 |
| Total Production | <u>\$262,266</u> | <u>\$312,202</u> |
| Transmission | 92,594 | 109,050 |
| Distribution | 132,163 | 143,227 |
| General | 12,690 | 13,528 |
| General Intangible | 4,023 | 4,023 |
| Common | 16,550 | 16,995 |
| Common Intangible | 8,876 | 9,036 |
| Acquisition Adjustment | <u>7,162</u> | <u>7,162</u> |
| Total | <u><u>\$536,324</u></u> | <u><u>\$615,223</u></u> |

1/ Includes CWIP in Service.

MONTANA-DAKOTA UTILITIES CO.
PLANT IN SERVICE
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)

| | Per Books 1/ | Additions 2/ | Projected 2010 | |
|---------------------------------|-------------------------|------------------------|-------------------------|-------------------------|
| | | | Retirements 3/ | Balance |
| Steam Production | \$203,452 | \$4,694 | (\$1,648) | \$206,498 |
| Other Production | 58,814 | 46,943 | (53) | 105,704 |
| Total Production | <u>\$262,266</u> | <u>\$51,637</u> | <u>(\$1,701)</u> | <u>\$312,202</u> |
| Transmission Plant | 92,594 | 16,660 | (204) | 109,050 |
| Distribution | 132,163 | 12,624 | (1,560) | 143,227 |
| <u>General</u> | | | | |
| Other | 3,774 | 395 | (193) | 3,976 |
| Computer | 516 | 530 | (26) | 1,020 |
| Transportation | 3,277 | 210 | (167) | 3,320 |
| Work Equipment | 5,123 | 351 | (262) | 5,212 |
| Total General | <u>\$12,690</u> | <u>\$1,486</u> | <u>(\$648)</u> | <u>\$13,528</u> |
| General Intangible | 4,023 | 0 | 0 | 4,023 |
| <u>Common</u> | | | | |
| Other | 13,335 | 936 | (571) | 13,700 |
| Computer | 1,155 | 169 | (49) | 1,275 |
| Transportation | 2,033 | 48 | (87) | 1,994 |
| Work Equipment | 27 | 0 | (1) | 26 |
| Total Common | <u>\$16,550</u> | <u>\$1,153</u> | <u>(\$708)</u> | <u>\$16,995</u> |
| Common Intangible | 8,876 | 160 | 0 | 9,036 |
| Acquisition Adjustment | <u>7,162</u> | <u>0</u> | <u>0</u> | <u>7,162</u> |
| Total Electric Plant in Service | <u><u>\$536,324</u></u> | <u><u>\$83,720</u></u> | <u><u>(\$4,821)</u></u> | <u><u>\$615,223</u></u> |

1/ Includes CWIP in Service by function.

2/ Please see pages 4-12.

3/ Based on average retirements for 2007-2009.

**MONTANA-DAKOTA UTILITIES CO.
PLANT ADDITIONS SUMMARY
ELECTRIC UTILITY - NORTH DAKOTA
(000s)**

| | <u>2010</u> |
|-------------------|------------------------|
| Steam Production | <u>\$4,694</u> |
| Other Production | <u>447</u> |
| Total Production | <u>\$5,141</u> |
| Transmission | 16,549 |
| Distribution | 12,624 |
| General | 1,486 |
| Common | 1,153 |
| Common Intangible | 160 |
| Total Additions | <u><u>\$37,113</u></u> |

**MONTANA-DAKOTA UTILITIES CO.
PLANT ADDITIONS
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

| Project No. | Acct. | Description | 2010 Amount | Region |
|----------------------------------|-------|--|----------------|---------------|
| | | <u>Steam Production</u> | | |
| J153673 | 311 | Develop ash disposal site | \$54 | Heskett |
| J159725 | 311 | Replace steam heater/conditioner return skid | 14 | Coyote |
| J159731 | 311 | Replace sewage treatment plant | 63 | Coyote |
| J165557 | 311 | Ash disposal area pending evaporation | 41 | Big Stone |
| J165560 | 311 | Replace main plant elevator controls | 19 | Big Stone |
| J165584 | 311 | Upgrade intake overhead crane | 36 | Lewis & Clark |
| J165626 | 311 | Install storm water diversion | 59 | Heskett |
| J165643 | 311 | Install No. 4 safety handrail | 35 | Heskett |
| J165660 | 311 | Replace railroad ties and subgrade | 78 | Heskett |
| B81001, B82001 B83001, B86101 | 312 | Minor construction projects | 543 | Various |
| J118961 | 312 | Replace sootblowers unit 2 | 96 | Heskett |
| J133486 | 312 | Replace boiling bank tubes | 1,006 | Heskett |
| J151298 | 312 | Replace superheater loops | 548 | Heskett |
| J155924 | 312 | Replace expansion joints | 74 | Heskett |
| J156126 | 312 | Replace fly ash mixer | 30 | Big Stone |
| J156133 | 312 | Replace 8 IK sootblowers | 61 | Coyote |
| J156139 | 312 | Upgrade C34 to Ovation | 40 | Coyote |
| J159663 | 312 | Convert IK water to IK steam | 22 | Big Stone |
| J159649 | 312 | Sootblower controls | 25 | Big Stone |
| J159732 | 312 | Upgrade Gravimetric feeders | 35 | Coyote |
| J165555 | 312 | Replace hot end APH baskets | 132 | Big Stone |
| J165558 | 312 | Replace part of baghouse roof | 24 | Big Stone |
| J165576 | 312 | Replace moisture separator valve | 26 | Coyote |
| J165582 | 312 | Modify scrubber agitator | 26 | Lewis & Clark |
| J165585 | 312 | Replace 8 CBAND wall blowers | 89 | Lewis & Clark |
| J165587 | 312 | Install scrubber fluegas cool system | 354 | Lewis & Clark |
| J165612 | 312 | Replace crusher rotor | 40 | Heskett |
| J165615 | 312 | Install vibration equipment | 28 | Heskett |
| J165629 | 312 | Replace flyash blower drive/motor | 20 | Heskett |

MONTANA-DAKOTA UTILITIES CO.
 PLANT ADDITIONS
 ELECTRIC UTILITY - NORTH DAKOTA
 PROJECTED 2010
 (000s)

| Project No. | Acct. | Description | 2010 Amount | Region |
|----------------|-------|--|----------------|--------------------|
| J92460 | 312 | Purchase computer for CEMS | 7 | Lewis & Clark |
| J155943 | 314 | Purchase unit #1 overhaul turbine parts | 328 | Heskett |
| J156145 | 314 | Replace river station pump | 30 | Coyote |
| J159789 | 314 | Retube U1 H2 bundles | 234 | Heskett |
| J165583 | 315 | Purchase replacement breakers | 27 | Lewis & Clark |
| J159729 | 315 | 345 switchyard communication/pilot relay | 20 | Coyote |
| B81023, B82023 | 316 | Minor work equipment | 25 | Various |
| B83023, B86123 | | | | |
| B82019 | 316 | Work equipment | 29 | Lewis & Clark |
| B82022 | 316 | Office equipment | 2 | Lewis & Clark |
| B83020 | 316 | Personal computers | 3 | Coyote |
| J133928 | 316 | Upgrade Honeywell Control System | 44 | Heskett |
| J151309 | 316 | Convert plant control board | 113 | Heskett |
| J155859 | 316 | Replace front end loader | 46 | Lewis & Clark |
| J165661 | 316 | Replace water truck dust control | 107 | Heskett |
| J165716 | 316 | Purchase CEMS polling computer/software | 7 | Heskett |
| J165738 | 316 | Replace control system terminal blocks | 17 | Lewis & Clark |
| J159609 | 316 | Replace sand pump | 37 | Lewis & Clark |
| | | Total Steam Production | \$4,694 | |
| | | <u>Other Production</u> | | |
| J159760 | 341 | Replace roof | \$119 | Williston Turbine |
| J159741 | 342 | Replace-liquid fuel secondary containment pipe | 24 | Miles City Turbine |
| B85101, B85201 | 344 | Minor construction projects | 159 | Various |
| B85701, B85601 | | | | |
| J159764 | 345 | Replace 2300/480 service | 74 | Williston Turbine |
| J159746 | 346 | Purchase emission equipment | 16 | Glendive Turbine |
| B85119 | 346 | Work equipment | 55 | Glendive Turbine |
| | | Total Other Production | \$447 | |
| | | Total Production | \$5,141 | |

**MONTANA-DAKOTA UTILITIES CO.
PLANT ADDITIONS
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

| Project No. | Acct. | Description | 2010 Amount | Region |
|----------------------------------|-------|--|----------------|-----------------------------|
| | | <u>Transmission</u> | | |
| B90205, B90305 B90405, B90505 | 353 | Minor transmission substation | \$171 | All Regions |
| J151170 | 353 | Install 115kV PCB-NW Bis Junction sub | 427 | Dakota Heartland |
| J153594 | 353 | Replace failed Linton voltage regulator | 230 | Dakota Heartland |
| J156089 | 353 | Replace 421 for SPS-Beulah Junction sub | 48 | Dakota Heartland |
| J156093 | 353 | Replace 421 for SPS-Coyote Junction sub | 62 | Dakota Heartland |
| J156124 | 353 | Replace feeder relays-Bismarck Front Avenue | 280 | Dakota Heartland |
| J159641 | 353 | Replace 87L relays-Coyote Junction | 83 | Coyote |
| J159642 | 353 | Replace digital fault recorder - Baker Junction | 31 | Badlands |
| J159679 | 353 | Install Northeast Bismarck 115kV Switching sub | 2,154 | Dakota Heartland |
| J159682 | 353 | Replace 230 Dickinson line meter current transformer | 50 | Heskett |
| J159687 | 353 | Replace relays Hesk 115 Ln-Sweet Ave | 73 | Dakota Heartland |
| J159689 | 353 | Replace digital fault recorder | 48 | Heskett |
| J159804 | 353 | Replace met current transformers | 39 | Badlands |
| J165656 | 353 | New 230/115KV sub | 8,721 | Heskett |
| J151202 | 355 | Replace switch, Tioga-Kincaid | 106 | Badlands |
| J153577 | 355 | Rebuild Beulah-Hesk, 115KV | 162 | Dakota Heartland |
| J156076 | 355 | Raise Bismarck - Wishek, 230kV | 63 | Dakota Heartland |
| J159628 | 355 | South Mandan-Sweet Ave, 115kV sub | 91 | Dakota Heartland |
| J164525 | 355 | Install 115KV TAP TransCanada | 52 | Badlands |
| J165601 | 355 | Raise Baker-Hettinger, 230KV | 329 | Badlands |
| J165652 | 355 | Extend 115kV Line-New 230/115KV sub | 156 | Dakota Heartland |
| J163000 | 356 | Install optical ground wire | 520 | Badlands |
| J156062 | 356 | Install Lightning Protection | 223 | General Office |
| J159612 | 356 | NE Bismarck 115kV Tap Line | 2,091 | Dakota Heartland |
| B12306, B15306 | 356 | Minor transmission lines | 339 | Dakota Heartland & Badlands |
| | | Total Transmission | \$16,549 | |

**MONTANA-DAKOTA UTILITIES CO.
PLANT ADDITIONS
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

| Project No. | Acct. | Description | 2010 Amount | Region |
|----------------|-------|---|----------------|-----------------------------|
| | | <u>Distribution</u> | | |
| B12315, B15315 | 362 | Minor distribution substations | \$198 | Dakota Heartland & Badlands |
| J155830 | 362 | Build Mandan Midway 115 sub | 1,764 | Dakota Heartland |
| J159680 | 362 | Install NE Bis 115/12.5 sub | 1,273 | Dakota Heartland |
| J159690 | 362 | Replace 2 recloser - Dickinson NW | 42 | Badlands |
| J159691 | 362 | Replace regulators at Noonan | 34 | Badlands |
| J159695 | 362 | Upgrade 7.5MVA xfmr Stanley | 252 | Badlands |
| J159696 | 362 | Replace regulators at Stanley | 51 | Badlands |
| J159712 | 362 | Rebuild Hazen substation | 304 | Dakota Heartland |
| J165671 | 362 | Purchase regulators East sub Bowman | 59 | Badlands |
| J165684 | 362 | Replace regulators Portal sub | 36 | Badlands |
| J165685 | 362 | Replace regulators sub - Gladstone | 36 | Badlands |
| J165707 | 362 | Replace reclosures Burlington Northern sub | 55 | Dakota Heartland |
| J165710 | 362 | Purchase regulators sub New Salem | 44 | Dakota Heartland |
| J165712 | 362 | Purchase regulators sub Steele | 43 | Dakota Heartland |
| J165713 | 362 | Add transformer-Turnpike sub | 982 | Dakota Heartland |
| J165714 | 362 | Purchase 5MVA Transformer sub | 181 | Dakota Heartland |
| J166648 | 362 | Replace regulators at Taylor | 32 | Badlands |
| J166649 | 362 | Replace regulators at Kenmare East | 52 | Badlands |
| J171676 | 362 | Replace regulators at Carpio | 32 | Badlands |
| J92310 | 362 | Purchase distribution sub automation equipment | 30 | General Office |
| B12310, B15310 | 367 | Overhead and underground Lines | 3,574 | Dakota Heartland & Badlands |
| J153572 | 367 | Replace feeder 6414 9th St sub Bismarck | 80 | Dakota Heartland |
| J155856 | 367 | Ext service Valero pipe Mandan | 77 | Dakota Heartland |
| J156059 | 367 | Install circuit Turnpike sub Bismarck | 59 | Dakota Heartland |
| J165627 | 367 | Construct new circuits Hazen sub | 83 | Dakota Heartland |
| J165631 | 367 | Install padmount switch 46th Street & South Bay | 34 | Dakota Heartland |
| J165632 | 367 | Replace NX style ruse pedestals | 20 | Dakota Heartland |
| J165683 | 367 | Install Walmart loop feed Williston | 61 | Badlands |
| J165691 | 367 | Replace underground line Stanley airport | 36 | Badlands |
| J165697 | 367 | Replace Williston 2432 sub feeder | 108 | Badlands |

MONTANA-DAKOTA UTILITIES CO.
 PLANT ADDITIONS
 ELECTRIC UTILITY - NORTH DAKOTA
 PROJECTED 2010
 (000s)

| Project No. | Acct. | Description | 2010 Amount | Region |
|--|-------|---|----------------|-----------------------------|
| B11013, B12013, B15013 | 368 | Line transformers | 1,432 | General Office |
| B12311, B15311 | 369 | Service Lines | 710 | Dakota Heartland & Badlands |
| J159820, J159807 | 370 | Install electric ERT | 399 | General Office |
| B90012 | 370 | Meters | 251 | General Office |
| B12316, B15316 | 373 | Street and Yard Lights | 152 | Dakota Heartland & Badlands |
| J165630 | 373 | Replace steel street light - Beulah | 48 | Dakota Heartland |
| | | Total Distribution | \$12,624 | |
| | | <u>General</u> | | |
| J165600 | 391.1 | Replace electric control center monitors/consoles | 55 | General Office |
| J165603 | 391.1 | Add historian to EMS | 101 | General Office |
| J39007 | 391.4 | EMS/SUN computer system upgrade | 530 | General Office |
| B81018, B15318, B83018 B85618, B86118, B90018 | 392.2 | Vehicles | 210 | Various |
| J159722 | 394.1 | Purchase relay test set Bismarck | 61 | General Office |
| B12323, B15323 | 394.1 | Minor work equipment | 67 | Dakota Heartland & Badlands |
| J159617 | 394.1 | Purchase Thumper and Radar | 31 | Dakota Heartland |
| J165732 | 394.1 | Replace cutouts transformer poles | 2 | General Office |
| J165733 | 394.1 | Purchase 2 transformer poles training | 3 | General Office |
| J165730 | 395 | Purchase two capacitor VAR controls | 9 | General Office |
| B12319, B15319 | 396.2 | Work equipment | 105 | Dakota Heartland & Badlands |
| J151778 | 396.2 | Buy digger derrick - Williston | 246 | Badlands |
| J165614 | 397.1 | Replace Heskett wireless link | 8 | Heskett |
| J165640 | 397.1 | Replace HELIOS servers | 8 | General Office |
| J106252 | 397.4 | Replace power line carrier equipment | 50 | General Office |
| | | Total General | \$1,486 | |
| | | <u>Common</u> | | |
| J159618 | 390 | Emergency backup generator | \$146 | General Office |
| J165571 | 390 | Replace roof | 44 | General Office |
| J165572 | 390 | Replace roof - Annex | 23 | General Office |

MONTANA-DAKOTA UTILITIES CO.
 PLANT ADDITIONS
 ELECTRIC UTILITY - NORTH DAKOTA
 PROJECTED 2010
 (000s)

| Project No. | Acct. | Description | 2010 Amount | Region |
|------------------------|-------|--|----------------|---------------------------|
| J165573 | 390 | Resurface parking lot | 10 | General Office |
| J165711 | 390 | Install HVAC digital control system | 11 | Dakota Heartland |
| B12382, B15382, B90082 | 391.1 | Office equipment | 33 | Various |
| B90080 | 391.3 | Personal computers | 92 | General Office |
| J144522 | 391.3 | Purchase 50 replacement MDTs - MobilUp | 77 | General Office |
| B15378, B90078 | 392.2 | Vehicles | 48 | Badlands & General Office |
| B12383, B15383, B90083 | 394.1 | Minor work equipment | 32 | Various |
| B15324, B12384 | 397.1 | Communication equipment | 79 | Various |
| B15384, B90084 | | | | |
| J165605 | 397.1 | Purchase GPS tracking server | 2 | General Office |
| J165616 | 397.1 | Install full spectrum radio system Dickinson | 24 | General Office |
| J165618 | 397.1 | Install Sierra wireless auto mobil up | 21 | General Office |
| J165635 | 397.1 | Install wireless network | 6 | General Office |
| J165639 | 397.1 | Purchase Additional NETAPP storage | 9 | General Office |
| J159774 | 397.3 | Install Teltone Gauntlet Sys. | 84 | General Office |
| B90081 | 397.8 | Network equipment | 43 | General Office |
| J157230 | 397.8 | Install network & comm. equipment - AMR | 92 | General Office |
| J159780 | 397.8 | Replace network equipment | 34 | General Office |
| J159615 | 398 | Liebert units | 111 | General Office |
| J159742 | 398 | Purchase and install UPS @ Mandan | 9 | General Office |
| J159814 | 398 | AV equipment | 12 | General Office |
| J165575 | 398 | Purchase mail inserter | 94 | General Office |
| J165599 | 398 | Purchase booklet maker | 17 | General Office |
| | | Total Common | \$1,153 | |
| | | <u>Common Intangible</u> | | |
| J165742 | 303 | Purchase GIS integrations | \$160 | General Office |
| | | Total Plant Additions | \$37,113 | |

**MONTANA-DAKOTA UTILITIES CO.
DIAMOND WILLOW AND CEDAR HILLS WIND GENERATION
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

| <u>Project No.</u> | <u>Acct. #</u> | <u>Description</u> | <u>Total Company</u> | <u>North Dakota</u> |
|--------------------|----------------|--------------------------------------|--------------------------|-------------------------|
| | | <u>Other Production</u> | | |
| J159831 | 344 | Install 10.5 MW Wind -Diamond Willow | \$25,357 | \$16,680 |
| J159831 | 344 | Install 19.5 MW Wind - Cedar Hills | 47,302 | 31,116 |
| | | Total Other Production | <u>\$72,659</u> | <u>\$47,796</u> |
| | | <u>Transmission</u> | | |
| J160143 | 355 | Line interconnect - Cedar Hills | \$143 | \$99 |
| J160144 | 355 | Line interconnect - Diamond Willow | 18 | 12 |
| | | Total Transmission | <u>\$161</u> | <u>\$111</u> |
| | | Total | <u><u>\$72,820</u></u> | <u><u>\$47,907</u></u> |

**MONTANA-DAKOTA UTILITIES CO.
REALLOCATION OF DIAMOND WILLOW
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
(000s)**

| | Total Company | North Dakota 1/ | North Dakota Reallocated 2/ | Adjustment |
|-------------------------------------|------------------|--------------------|-----------------------------------|------------------|
| Diamond Willow | | | | |
| Plant in service | \$36,701 | \$25,442 | \$24,142 | (\$1,300) |
| Accumlated Reserve for depreciation | 3,444 | 2,387 | 2,266 | (121) |
| | <u>\$33,257</u> | <u>\$23,055</u> | <u>\$21,876</u> | <u>(\$1,179)</u> |

1/ Allocated on Factor 15 - Integrated System Demand.

2/ Allocated on Integrated Peak and Kwh Sales Factor.

MONTANA-DAKOTA UTILITIES CO.
ACCUMULATED RESERVE FOR DEPRECIATION
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
PROJECTED 2010
(000s)

| | Per Books | Projected 2010 |
|----------------------------|-------------------------|-------------------------|
| Steam Production | \$129,749 | \$134,092 |
| Other Production | 10,777 | 15,380 |
| Total Production | <u>\$140,526</u> | <u>\$149,472</u> |
| Transmission | 51,625 | 53,529 |
| Distribution | 64,645 | 67,264 |
| General | 6,193 | 6,382 |
| Intangible Plant - General | 3,313 | 3,625 |
| Common | 9,071 | 8,876 |
| Intangible Plant - Common | 6,206 | 6,662 |
| Acquisition Adjustment | 6,525 | 6,683 |
| Total | <u><u>\$288,104</u></u> | <u><u>\$302,493</u></u> |

**MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF WORKING CAPITAL AND
CUSTOMER ADVANCES FOR CONSTRUCTION
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
PROJECTED 2010**

| <u>Working Capital</u> | <u>Per Books</u> | <u>Projected 2010</u> |
|------------------------------------|------------------|---------------------------|
| Materials and Supplies | \$4,782 | \$5,077 |
| Fuel Stocks | 2,943 | 2,955 |
| Prepaid Insurance | 102 | 373 |
| Unamortized Loss on Debt | 5,015 | 4,556 |
| Deferred Generation Costs | 0 | 10,213 |
| Decommissioning on Retired Plant | <u>0</u> | <u>(353)</u> |
| Total Working Capital | <u>\$12,842</u> | <u>\$22,821</u> |
| Customer Advances for Construction | <u>\$164</u> | <u>\$227</u> |

**MONTANA-DAKOTA UTILITIES CO.
MATERIALS AND SUPPLIES
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

| | <u>Per Books</u> | <u>Projected 2010</u> |
|------------------------|------------------|---------------------------|
| December 2008 | \$4,857 | \$4,782 |
| January 2009 | 4,841 | 4,788 |
| February | 4,819 | 4,819 |
| March | 4,949 | 4,949 |
| April | 5,287 | 5,287 |
| May | 5,207 | 5,207 |
| June | 5,410 | 5,410 |
| July | 5,428 | 5,428 |
| August | 5,356 | 5,356 |
| September | 5,208 | 5,208 |
| October | 5,013 | 5,013 |
| November | 4,973 | 4,973 |
| December | 4,782 | 4,782 |
| Thirteen month average | | <u><u>\$5,077</u></u> |

1/ Actuals through January 2010.

**MONTANA-DAKOTA UTILITIES CO.
FUEL STORES
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

| | <u>Per Books</u> | <u>Projected 2010</u> |
|------------------------|------------------|---------------------------|
| December 2008 | \$2,594 | \$2,943 |
| January 2009 | 2,567 | 2,947 |
| February | 2,674 | 2,959 |
| March | 2,746 | 2,875 |
| April | 2,686 | 2,940 |
| May | 2,814 | 2,860 |
| June | 2,743 | 2,942 |
| July | 2,710 | 2,871 |
| August | 2,738 | 2,924 |
| September | 2,778 | 3,003 |
| October | 2,876 | 2,976 |
| November | 2,840 | 3,147 |
| December | 2,943 | 3,033 |
| Thirteen month average | | <u><u>\$2,955</u></u> |

1/ Actuals through January 2010.

**MONTANA-DAKOTA UTILITIES CO.
PREPAID INSURANCE
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

| | <u>Per Books</u> | <u>Projected 2010</u> |
|------------------------|------------------|---------------------------|
| December 2008 | \$78 | \$102 |
| January 2009 | 459 | 646 |
| February | 408 | 566 |
| March | 384 | 658 |
| April | 332 | 586 |
| May | 415 | 515 |
| June | 340 | 444 |
| July | 287 | 372 |
| August | 237 | 300 |
| September | 182 | 228 |
| October | 152 | 157 |
| November | 159 | 175 |
| December | 102 | 103 |
| Thirteen month average | | <u><u>\$373</u></u> |

1/ Actuals through January 2010.

**MONTANA-DAKOTA UTILITIES CO.
UNAMORTIZED LOSS ON DEBT
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
PROJECTED 2010
(000s)**

| | <u>Per Books</u> | <u>Projected 2010</u> |
|--------------------------|------------------|---------------------------|
| Unamortized Loss on Debt | <u>\$5,015</u> | <u>\$4,556</u> |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
DEFERRED GENERATION COSTS
PROJECTED 2010
(000s)**

| | <u>Total Company</u> | <u>North Dakota</u> |
|------------------------------|--------------------------|-------------------------|
| Deferred Generation Costs 1/ | \$16,363 | \$11,348 |
| Amortization 2/ | | 1,135 |
| Balance | | <u>\$10,213</u> |

1/ Costs incurred in the acquisition of generation.

2/ Amortized over ten years.

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
DECOMMISSIONING OF RETIRED PLANTS
PROJECTED 2010
(000s)**

| | North Dakota |
|-----------------------------------|-----------------------|
| Decommissioning on Retired Plants | <u>(\$392)</u> |
| Amortization 2/ | <u>(39)</u> |
| Balance | <u><u>(\$353)</u></u> |

- 1/ Unamortized decommissioning costs of retired plants.
2/ Amortized over ten years.

**MONTANA-DAKOTA UTILITIES CO.
CUSTOMER ADVANCES FOR CONSTRUCTION
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

| | <u>Per Books</u> | <u>Projected 2010</u> |
|------------------|------------------|---------------------------|
| December 2008 | \$77 | \$164 |
| January 2009 | 143 | 232 |
| February | 143 | 232 |
| March | 150 | 232 |
| April | 150 | 232 |
| May | 150 | 232 |
| June | 150 | 232 |
| July | 150 | 232 |
| August | 150 | 232 |
| September | 150 | 232 |
| October | 164 | 232 |
| November | 94 | 232 |
| December | 164 | 232 |
| 13 month average | | <u><u>\$227</u></u> |

1/ Actuals through January 2010.

MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF ACCUMULATED DEFERRED INCOME TAXES
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)

| | <u>Per Books</u> | <u>Projected 2010</u> |
|-------------------------------------|------------------|---------------------------|
| Liberalized Depreciation | \$48,754 | \$48,958 |
| Full Normalization | 1,558 | 1,424 |
| Contribution in Aid of Construction | (345) | (345) |
| Customer Advances | (64) | (64) |
| Total | <u>\$49,903</u> | <u>\$49,973</u> |

**MONTANA-DAKOTA UTILITIES CO.
INVESTMENT TAX CREDITS
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

| | <u>Per Books</u> | <u>Projected 2010</u> |
|------------------------|------------------|---------------------------|
| Investment Tax Credits | <u>\$94</u> | <u>\$0</u> |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY
NORTH DAKOTA
Embedded Class Cost of Service Study
Cost of Service by Component
Projected 2010

| | Residential Rate 10 | | | | Total Residential Rate 10 | |
|--|---------------------|-----------------------|---------------------|----------|---------------------------|----------|
| | Total North Dakota | Demand Prod. & Trans. | Demand Distribution | Energy | | Customer |
| Rate Base | 285,351 | 92,443 | 12,153 | 1,207 | 29,618 | 135,421 |
| Operating Income for Proposed Return | 25,941 | 8,400 | 1,105 | 110 | 2,693 | 12,308 |
| Current Operating Income | 16,575 | (10,697) | (1,030) | 18,626 | (2,314) | 4,585 |
| Increase in Operating Income | 9,366 | 19,097 | 2,135 | (18,516) | 5,007 | 7,723 |
| Related Taxes for Increase | | | | | | |
| State & Federal Income Taxes | 6,028 | 12,291 | 1,374 | (11,918) | 3,223 | 4,970 |
| Total Increase in Revenue | 15,394 | 31,388 | 3,509 | (30,434) | 8,230 | 12,693 |
| Total Revenue Before Increase | 116,000 | 2,116 | 163 | 42,122 | 4,783 | 49,184 |
| Total Cost of Service Required from Rates | 131,394 | 33,504 | 3,672 | 11,688 | 13,013 | 61,877 |
| Less: Other Operating Revenues (Incl Contract Revenue) | 7,807 | 2,116 | 163 | 475 | 628 | 3,382 |
| Revenue Required from Rates | 123,587 | 31,388 | 3,509 | 11,213 | 12,385 | 58,495 |

Projected Rate of Return Before Increase 3.386%

Projected Billing Units

| | | | | |
|-----------|---------------|-------------|-------------|-------------|
| Kwh | 1,522,013,092 | 621,493,423 | 621,493,423 | 621,493,423 |
| Kw Demand | 2,370,625 | | | |
| Bills | 911,316 | | | 755,304 |

Unit Cost of Service

| | | | | |
|---------------------------|-------|-------|-------|-------|
| \$ per Kwh | 0.051 | 0.006 | 0.018 | |
| \$ per Kw Demand | | | | |
| \$ per Customer Per Month | | | | 16.40 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY
NORTH DAKOTA**

**Embedded Class Cost of Service Study
Cost of Service by Component
Projected 2010**

| | Total North Dakota | Small General Rate 20 | | | Total Small General Rate 20 |
|--|-----------------------|--------------------------|------------------------|------------|-----------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | |
| Rate Base | 285,351 | 13,040 | 1,570 | 190 | 20,744 |
| Operating Income for Proposed Return | 25,941 | 1,185 | 143 | 17 | 1,885 |
| Current Operating Income | 16,575 | (1,469) | (132) | 2,676 | 1,531 |
| Increase in Operating Income | 9,366 | 2,654 | 275 | (2,659) | 354 |
| Related Taxes for Increase State & Federal Income Taxes | 6,028 | 1,708 | 177 | (1,711) | 228 |
| Total Increase in Revenue | 15,394 | 4,362 | 452 | (4,370) | 582 |
| Total Revenue Before Increase | 116,000 | 291 | 21 | 6,205 | 8,755 |
| Total Cost of Service Required from Rates | 131,394 | 4,653 | 473 | 1,835 | 9,337 |
| Less: Other Operating Revenues (Incl Contract Revenue) | 7,807 | 291 | 21 | 74 | 496 |
| Revenue Required from Rates | 123,587 | 4,362 | 452 | 1,761 | 8,841 |
| Projected Rate of Return Before Increase | | | | | 7.380% |
| Projected Billing Units | | | | | |
| Kwh | 1,522,013,092 | 97,567,662 | 97,567,662 | 97,567,662 | |
| Kw Demand | 2,370,625 | | | | |
| Bills | 911,316 | | | | 106,332 |
| Unit Cost of Service | | | | | |
| \$ per Kwh | | 0.045 | 0.005 | 0.018 | |
| \$ per Kw Demand | | | | | |
| \$ per Customer Per Month | | | | | 21.31 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY
NORTH DAKOTA**

**Embedded Class Cost of Service Study
Cost of Service by Component
Projected 2010**

| Rate Base | Irrigation Rate 25 | | | Total Irrigation Rate 25 |
|--|-----------------------|--|--------------------|--------------------------------|
| | Total North Dakota | Demand Prod. & Trans. Distribution | Energy Customer | |
| Operating Income for Proposed Return | 285,351 | 41 | 2 | 330 |
| Current Operating Income | 25,941 | 4 | 0 | 30 |
| Increase in Operating Income | 16,575 | (27) | 12 | (20) |
| | 9,366 | 46 | (12) | 50 |
| Related Taxes for Increase State & Federal Income Taxes | 6,028 | 30 | 1 | 32 |
| Total Increase in Revenue | 15,394 | 76 | 3 | 82 |
| Total Revenue Before Increase | 116,000 | 4 | 8 | 50 |
| Total Cost of Service Required from Rates | 131,394 | 80 | 11 | 132 |
| Less: Other Operating Revenues (Incl Contract Revenue) | 7,807 | 4 | 0 | 5 |
| Revenue Required from Rates | 123,587 | 76 | 11 | 127 |

(6.061%)

| | | | | |
|--|---------------|-------|---------|-------|
| Projected Rate of Return Before Increase | | | | |
| Projected Billing Units | | | | |
| Kwh | 1,522,013,092 | | 772,957 | |
| Kw Demand | 2,370,625 | 5,973 | | |
| Bills | 911,316 | | 432 | |
| Unit Cost of Service | | | | |
| \$ per Kwh | 12.72 | 1.84 | 0.017 | |
| \$ per Kw Demand | | | | |
| \$ per Customer Per Month | | | | 62.50 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY
NORTH DAKOTA
Embedded Class Cost of Service Study
Cost of Service by Component
Projected 2010

| | Large General Primary Rate 30 | | | Total LG Primary Rate 30 | |
|--|-------------------------------|--|--------------------|--------------------------------|--------|
| | Total North Dakota | Demand Prod. & Trans. Distribution | Energy Customer | | |
| Rate Base | 285,351 | 11,999 | 1,200 | 113 | 13,491 |
| Operating Income for Proposed Return | 25,941 | 1,091 | 109 | 16 | 1,226 |
| Current Operating Income | 16,575 | (1,344) | 809 | 1,289 | 763 |
| Increase in Operating Income | 9,366 | 2,435 | (700) | (1,273) | 463 |
| Related Taxes for Increase | | | | | |
| State & Federal Income Taxes | 6,028 | 1,567 | (451) | (819) | 298 |
| Total Increase in Revenue | 15,394 | 4,002 | (1,151) | (2,092) | 761 |
| Total Revenue Before Increase | 116,000 | 266 | 1,512 | 3,823 | 5,631 |
| Total Cost of Service Required from Rates | 131,394 | 4,268 | 361 | 1,731 | 6,392 |
| Less: Other Operating Revenues (Incl Contract Revenue) | 7,807 | 266 | 16 | 70 | 353 |
| Revenue Required from Rates | 123,587 | 4,002 | 345 | 1,661 | 6,039 |

Projected Rate of Return Before Increase 5.656%

| | | | | | |
|---------------------------|---------------|---------|---------|------------|-------|
| Projected Billing Units | | | | | |
| Kwh | 1,522,013,092 | | | 93,081,145 | |
| Kw Demand | 2,370,625 | 236,785 | 236,785 | | |
| Bills | 911,316 | | | 324 | |
| Unit Cost of Service | | | | | |
| \$ per Kwh | | 16.90 | 1.46 | 0.018 | |
| \$ per Kw Demand | | | | | 95.68 |
| \$ per Customer Per Month | | | | | |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY
NORTH DAKOTA
Embedded Class Cost of Service Study
Cost of Service by Component
Projected 2010

| | Large General Secondary Rate 30 | | | Total LG Secondary Rate 30 |
|--|---------------------------------|--|--------------------|----------------------------------|
| | Total North Dakota | Demand Prod. & Trans. Distribution | Energy Customer | |
| Rate Base | 285,351 | 80,745 | 1,128 | 96,526 |
| Operating Income for Proposed Return | 25,941 | 7,341 | 103 | 8,776 |
| Current Operating Income | 16,575 | (9,195) | 8,257 | 8,303 |
| Increase in Operating Income | 9,366 | 16,536 | (8,154) | 473 |
| Related Taxes for Increase | 6,028 | 10,643 | (5,248) | 305 |
| State & Federal Income Taxes | 15,394 | 27,179 | (13,402) | 778 |
| Total Revenue Before Increase | 116,000 | 1,819 | 24,319 | 43,889 |
| Total Cost of Service Required from Rates | 131,394 | 28,998 | 10,917 | 44,667 |
| Less: Other Operating Revenues (Incl Contract Revenue) | 7,807 | 1,819 | 443 | 2,471 |
| Revenue Required from Rates | 123,587 | 27,179 | 10,474 | 42,196 |
| Projected Rate of Return Before Increase | | | | 8.602% |
| Projected Billing Units | | | | |
| Kwh | 1,522,013,092 | | 580,503,947 | |
| Kw Demand | 2,370,625 | 1,755,628 | | |
| Bills | 911,316 | | | 36,564 |
| Unit Cost of Service | | | | |
| \$ per Kwh | | | 0.018 | |
| \$ per Kw Demand | 15.48 | 1.65 | | |
| \$ per Customer Per Month | | | | 45.13 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY
NORTH DAKOTA
Embedded Class Cost of Service Study
Cost of Service by Component
Projected 2010**

| | TOD Large General Rate 31 | | | | Total TOD LG Rate 31 | |
|--|---------------------------|--------------------------|------------------------|--------|----------------------------|----------|
| | Total North Dakota | Demand Prod. & Trans. | Demand Distribution | Energy | | Customer |
| Rate Base | 285,351 | 1,096 | 135 | 15 | 53 | 1,299 |
| Operating Income for Proposed Return | 25,941 | 100 | 12 | 1 | 5 | 118 |
| Current Operating Income | 16,575 | (124) | 74 | 148 | 1 | 99 |
| Increase in Operating Income | 9,366 | 224 | (62) | (147) | 4 | 19 |
| Related Taxes for Increase | | | | | | |
| State & Federal Income Taxes | 6,028 | 144 | (40) | (95) | 3 | 12 |
| Total Increase in Revenue | 15,394 | 368 | (102) | (242) | 7 | 31 |
| Total Revenue Before Increase | 116,000 | 24 | 141 | 389 | 14 | 568 |
| Total Cost of Service Required from Rates | 131,394 | 392 | 39 | 147 | 21 | 599 |
| Less: Other Operating Revenues (Incl Contract Revenue) | 7,807 | 24 | 1 | 6 | 0 | 31 |
| Revenue Required from Rates | 123,587 | 368 | 38 | 141 | 21 | 568 |

7.621%

| | | | | | | |
|--|---------------|--------|--------|-----------|-------|--|
| Projected Rate of Return Before Increase | | | | | | |
| Projected Billing Units | | | | | | |
| Kwh | 1,522,013,092 | | | 7,917,529 | | |
| Kw Demand | 2,370,625 | 24,932 | 24,932 | | | |
| Bills | 911,316 | | | | 384 | |
| Unit Cost of Service | | | | | | |
| \$ per Kwh | | | | 0.018 | | |
| \$ per Kw Demand | | 14.76 | 1.52 | | | |
| \$ per Customer Per Month | | | | | 54.69 | |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY
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Embedded Class Cost of Service Study
Cost of Service by Component
Projected 2010

| | Space Heating Rate 32 | | | | Total Space Heating Rate 32 | |
|--|-----------------------|--------------------------|------------------------|--------|-----------------------------------|----------|
| | Total North Dakota | Demand Prod. & Trans. | Demand Distribution | Energy | | Customer |
| Rate Base | 285,351 | 3,143 | 689 | 74 | 165 | 4,071 |
| Operating Income for Proposed Return | 25,941 | 286 | 63 | 7 | 15 | 371 |
| Current Operating Income | 16,575 | (295) | 96 | 541 | (17) | 325 |
| Increase in Operating Income | 9,366 | 581 | (33) | (534) | 32 | 46 |
| Related Taxes for Increase State & Federal Income Taxes | 6,028 | 374 | (21) | (344) | 21 | 30 |
| Total Increase in Revenue | 15,394 | 955 | (54) | (878) | 53 | 76 |
| Total Revenue Before Increase | 116,000 | 61 | 263 | 1,591 | 41 | 1,956 |
| Total Cost of Service Required from Rates | 131,394 | 1,016 | 209 | 713 | 94 | 2,032 |
| Less: Other Operating Revenues (Incl Contract Revenue) | 7,807 | 61 | 9 | 29 | 3 | 102 |
| Revenue Required from Rates | 123,587 | 955 | 200 | 684 | 91 | 1,930 |

Projected Rate of Return Before Increase 7.983%

| | | | | | | |
|---------------------------|---------------|---------|---------|------------|-------|--|
| Projected Billing Units | | | | | | |
| Kwh | 1,522,013,092 | | | 37,962,671 | | |
| Kw Demand | 2,370,625 | 167,767 | 167,767 | | 3,840 | |
| Bills | 911,316 | | | | | |
| Unit Cost of Service | | | | | | |
| \$ per Kwh | | 5.69 | 1.19 | 0.018 | | |
| \$ per Kw Demand | | | | | | |
| \$ per Customer Per Month | | | | | 23.70 | |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY
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Embedded Class Cost of Service Study
Cost of Service by Component
Projected 2010

| Rate Base | Small Municipal Rate 40 | | | | Total Sm Municipal Rate 40 | |
|--|-------------------------|--------------------------|------------------------|--------|----------------------------------|----------|
| | Total North Dakota | Demand Prod. & Trans. | Demand Distribution | Energy | | Customer |
| Operating Income for Proposed Return | 285,351 | 646 | 85 | 8 | 264 | 1,003 |
| Current Operating Income | 25,941 | 59 | 8 | 1 | 24 | 92 |
| Increase in Operating Income | 16,575 | (75) | 21 | 72 | 6 | 23 |
| | 9,366 | 134 | (13) | (71) | 18 | 69 |
| Related Taxes for Increase State & Federal Income Taxes | 6,028 | 86 | (8) | (46) | 12 | 43 |
| Total Increase in Revenue | 15,394 | 220 | (21) | (117) | 30 | 112 |
| Total Revenue Before Increase | 116,000 | 15 | 46 | 198 | 73 | 332 |
| Total Cost of Service Required from Rates | 131,394 | 235 | 25 | 81 | 103 | 444 |
| Less: Other Operating Revenues (Incl Contract Revenue) | 7,807 | 15 | 0 | 3 | 4 | 22 |
| Revenue Required from Rates | 123,587 | 220 | 25 | 78 | 99 | 422 |
| Projected Rate of Return Before Increase | | | | | | 2.293% |

| | | | | | | |
|---------------------------|---------------|--------|--------|-----------|-------|--|
| Projected Billing Units | | | | | | |
| Kwh | 1,522,013,092 | | | 4,304,707 | | |
| Kw Demand | 2,370,625 | 10,717 | 10,717 | | | |
| Bills | 911,316 | | | | 4,164 | |
| Unit Cost of Service | | | | | | |
| \$ per Kwh | | | | 0.018 | | |
| \$ per Kw Demand | | 20.53 | 2.33 | | | |
| \$ per Customer Per Month | | | | | 23.78 | |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY
NORTH DAKOTA
Embedded Class Cost of Service Study
Cost of Service by Component
Projected 2010

| | Municipal Lighting Primary Rate 41 | | | | Total Mun Lighting Pri Rate 41 | |
|--|------------------------------------|--------------------------|------------------------|--------|--------------------------------------|----------|
| | Total North Dakota | Demand Prod. & Trans. | Demand Distribution | Energy | | Customer |
| Rate Base | 285,351 | 167 | 27 | 3 | 18 | 215 |
| Operating Income for Proposed Return | 25,941 | 15 | 2 | 0 | 2 | 19 |
| Current Operating Income | 16,575 | (16) | (2) | 48 | (2) | 28 |
| Increase in Operating Income | 9,366 | 31 | 4 | (48) | 4 | (9) |
| Related Taxes for Increase | | | | | | |
| State & Federal Income Taxes | 6,028 | 20 | 3 | (31) | 3 | (5) |
| Total Increase in Revenue | 15,394 | 51 | 7 | (79) | 7 | (14) |
| Total Revenue Before Increase | 116,000 | 4 | 0 | 112 | 0 | 116 |
| Total Cost of Service Required from Rates | 131,394 | 55 | 7 | 33 | 7 | 102 |
| Less: Other Operating Revenues (Incl Contract Revenue) | 7,807 | 4 | 0 | 1 | 0 | 5 |
| Revenue Required from Rates | 123,587 | 51 | 7 | 32 | 7 | 97 |

13.023%

| | | | | | | |
|--|---------------|-----------|-----------|-----------|--|--|
| Projected Rate of Return Before Increase | | | | | | |
| Projected Billing Units | | | | | | |
| Kwh | 1,522,013,092 | 1,808,185 | 1,808,185 | 1,808,185 | | |
| Kw Demand | 2,370,625 | | | | | |
| Bills | 911,316 | | | | | |
| Unit Cost of Service | | | | | | |
| \$ per Kwh | | 0.028 | 0.004 | 0.018 | | |
| \$ per Kw Demand | | | | | | |
| \$ per Customer Per Month | | | | | | |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY
NORTH DAKOTA
Embedded Class Cost of Service Study
Cost of Service by Component
Projected 2010

| | Municipal Lighting Secondary Rate 41 | | | | Total Mun Lighting Sec Rate 41 | |
|--|--------------------------------------|--------------------------|------------------------|--------|--------------------------------------|----------|
| | Total North Dakota | Demand Prod. & Trans. | Demand Distribution | Energy | | Customer |
| Rate Base | 285,351 | 1,700 | 343 | 36 | 1,576 | 3,655 |
| Operating Income for Proposed Return | 25,941 | 155 | 31 | 3 | 143 | 332 |
| Current Operating Income | 16,575 | (169) | (29) | 593 | 58 | 453 |
| Increase in Operating Income | 9,366 | 324 | 60 | (590) | 85 | (121) |
| Related Taxes for Increase | | | | | | |
| State & Federal Income Taxes | 6,028 | 209 | 39 | (380) | 55 | (77) |
| Total Increase in Revenue | 15,394 | 533 | 99 | (970) | 140 | (198) |
| Total Revenue Before Increase | 116,000 | 34 | 5 | 1,316 | 497 | 1,852 |
| Total Cost of Service Required from Rates | 131,394 | 567 | 104 | 346 | 637 | 1,654 |
| Less: Other Operating Revenues (Incl Contract Revenue) | 7,807 | 34 | 5 | 14 | 497 | 550 |
| Revenue Required from Rates | 123,587 | 533 | 99 | 332 | 140 | 1,104 |

Projected Rate of Return Before Increase 12.394%

| | | | | | | |
|---------------------------|---------------|------------|------------|------------|--|--|
| Projected Billing Units | | | | | | |
| Kwh | 1,522,013,092 | 18,370,196 | 18,370,196 | 18,370,196 | | |
| Kw Demand | 2,370,625 | | | | | |
| Bills | 911,316 | | | | | |
| Unit Cost of Service | | | | | | |
| \$ per Kwh | | 0.029 | 0.005 | 0.018 | | |
| \$ per Kw Demand | | | | | | |
| \$ per Customer Per Month | | | | | | |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY
NORTH DAKOTA
Embedded Class Cost of Service Study
Cost of Service by Component
Projected 2010**

| | Municipal Pumping Primary Rate 48 | | | | Total Mun Pumping Pri Rate 48 |
|--|-----------------------------------|--------------------------|------------------------|--------|-------------------------------------|
| | Total North Dakota | Demand Prod. & Trans. | Demand Distribution | Energy | |
| Rate Base | 285,351 | 1,180 | 123 | 17 | 1,332 |
| Operating Income for Proposed Return | 25,941 | 107 | 11 | 2 | 121 |
| Current Operating Income | 16,575 | (134) | 22 | 129 | 17 |
| Increase in Operating Income | 9,366 | 241 | (11) | (127) | 104 |
| Related Taxes for Increase State & Federal Income Taxes | 6,028 | 155 | (7) | (82) | 68 |
| Total Increase in Revenue | 15,394 | 396 | (18) | (209) | 172 |
| Total Revenue Before Increase | 116,000 | 26 | 55 | 371 | 452 |
| Total Cost of Service Required from Rates | 131,394 | 422 | 37 | 162 | 624 |
| Less: Other Operating Revenues (Incl Contract Revenue) | 7,807 | 26 | 1 | 7 | 34 |
| Revenue Required from Rates | 123,587 | 396 | 36 | 155 | 590 |
| Projected Rate of Return Before Increase | | | | | 1.276% |

| | | | | | |
|---------------------------|---------------|--------|--------|-----------|-------|
| Projected Billing Units | | | | | |
| Kwh | 1,522,013,092 | | | 8,692,767 | |
| Kw Demand | 2,370,625 | 26,188 | 26,188 | | 36 |
| Bills | 911,316 | | | | |
| Unit Cost of Service | | | | | |
| \$ per Kwh | | 15.12 | 1.37 | 0.018 | |
| \$ per Kw Demand | | | | | 83.33 |
| \$ per Customer Per Month | | | | | |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY
NORTH DAKOTA
Embedded Class Cost of Service Study
Cost of Service by Component
Projected 2010**

| | Municipal Pumping Secondary Rate 48 | | | | Total Mun Pumping Sec Rate 48 | |
|--|-------------------------------------|--------------------------|------------------------|--------|-------------------------------------|----------|
| | Total North Dakota | Demand Prod. & Trans. | Demand Distribution | Energy | | Customer |
| Rate Base | 285,351 | 2,996 | 372 | 42 | 480 | 3,890 |
| Operating Income for Proposed Return | 25,941 | 272 | 34 | 4 | 44 | 354 |
| Current Operating Income | 16,575 | (340) | 168 | 323 | (34) | 116 |
| Increase in Operating Income | 9,366 | 612 | (134) | (319) | 78 | 238 |
| Related Taxes for Increase State & Federal Income Taxes | 6,028 | 394 | (86) | (205) | 50 | 152 |
| Total Increase in Revenue | 15,394 | 1,006 | (220) | (524) | 128 | 390 |
| Total Revenue Before Increase | 116,000 | 68 | 333 | 932 | 45 | 1,378 |
| Total Cost of Service Required from Rates | 131,394 | 1,074 | 113 | 408 | 173 | 1,768 |
| Less: Other Operating Revenues (Incl Contract Revenue) | 7,807 | 68 | 5 | 17 | 7 | 97 |
| Revenue Required from Rates | 123,587 | 1,006 | 108 | 391 | 166 | 1,671 |

Projected Rate of Return Before Increase 2.982%

| | | | | | | |
|---------------------------|---------------|--------|--------|------------|-------|-------|
| Projected Billing Units | | | | | | |
| Kwh | 1,522,013,092 | | | | | |
| Kw Demand | 2,370,625 | 88,089 | 88,089 | 21,669,675 | | |
| Bills | 911,316 | | | | 3,900 | |
| Unit Cost of Service | | | | | | |
| \$ per Kwh | | 11.42 | 1.23 | 0.018 | | |
| \$ per Kw Demand | | | | | | |
| \$ per Customer Per Month | | | | | | 42.56 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY
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Embedded Class Cost of Service Study
Cost of Service by Component
Projected 2010

| | Outdoor Lighting Rate 52 | | | | Total Outdoor Lighting Rate 52 |
|--|--------------------------|--------------------------|------------------------|--------------------|--------------------------------------|
| | Total North Dakota | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Rate Base | 285,351 | 559 | 93 | 12 | 391 |
| Operating Income for Proposed Return | 25,941 | 51 | 8 | 1 | 36 |
| Current Operating Income | 16,575 | (55) | (8) | 236 | (27) |
| Increase in Operating Income | 9,366 | 106 | 16 | (235) | 63 |
| Related Taxes for Increase | | | | | |
| State & Federal Income Taxes | 6,028 | 68 | 10 | (151) | 41 |
| Total Increase in Revenue | 15,394 | 174 | 26 | (386) | 104 |
| Total Revenue Before Increase | 116,000 | 11 | 1 | 499 | 183 |
| Total Cost of Service Required from Rates | 131,394 | 185 | 27 | 113 | 287 |
| Less: Other Operating Revenues (Incl Contract Revenue) | 7,807 | 11 | 1 | 5 | 183 |
| Revenue Required from Rates | 123,587 | 174 | 26 | 108 | 104 |

13.744%

| | | | | |
|---------------------------|---------------|-----------|-----------|-----------|
| Projected Billing Units | | | | |
| Kwh | 1,522,013,092 | 6,041,428 | 6,041,428 | 6,041,428 |
| Kw Demand | 2,370,625 | | | |
| Bills | 911,316 | | | |
| Unit Cost of Service | | | | |
| \$ per Kwh | | 0.029 | 0.004 | 0.018 |
| \$ per Kw Demand | | | | |
| \$ per Customer Per Month | | | | |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY
NORTH DAKOTA**

**Embedded Class Cost of Service Study
Cost of Service by Component
Projected 2010**

| | Interruption Power Rate 39 | | | | Total Interruption Rate 39 |
|--|----------------------------|--------------------------|------------------------|----------|----------------------------------|
| | Total North Dakota | Demand Prod. & Trans. | Demand Distribution | Customer | |
| Rate Base | 285,351 | 361 | 50 | 8 | 425 |
| Operating Income for Proposed Return | 25,941 | 33 | 5 | 1 | 40 |
| Current Operating Income | 16,575 | (35) | 10 | 46 | 24 |
| Increase in Operating Income | 9,366 | 68 | (5) | (45) | 16 |
| Related Taxes for Increase State & Federal Income Taxes | 6,028 | 44 | (3) | (29) | 11 |
| Total Increase in Revenue | 15,394 | 112 | (8) | (74) | 27 |
| Total Revenue Before Increase | 116,000 | 8 | 24 | 148 | 184 |
| Total Cost of Service Required from Rates | 131,394 | 120 | 16 | 74 | 211 |
| Less: Other Operating Revenues (Incl Contract Revenue) | 7,807 | 8 | 0 | 3 | 11 |
| Revenue Required from Rates | 123,587 | 112 | 16 | 71 | 200 |

5.647%

Projected Rate of Return Before Increase

Projected Billing Units

| | | |
|-----------|---------------|-----------|
| Kwh | 1,522,013,092 | 3,942,900 |
| Kw Demand | 10,863 | 10,863 |
| Bills | | 12 |

Unit Cost of Service

| | | | |
|---------------------------|-------|------|-------|
| \$ per Kwh | 10.31 | 1.47 | 0.018 |
| \$ per Kw Demand | | | |
| \$ per Customer Per Month | | | 83.33 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY
NORTH DAKOTA**

**Embedded Class Cost of Service Study
Cost of Service by Component
Projected 2010**

| | Interruptible Demand Response Rate 38 | | | | Total IT Demand Response Rate 38 | |
|--|---------------------------------------|--------------------------|------------------------|--------------------|--|-------|
| | Total North Dakota | Demand Prod. & Trans. | Demand Distribution | Energy Customer | | |
| Rate Base | 285,351 | 1,634 | 217 | 34 | 9 | 1,894 |
| Operating Income for Proposed Return | 25,941 | 149 | 20 | 3 | 1 | 173 |
| Current Operating Income | 16,575 | (161) | 130 | 204 | 10 | 183 |
| Increase in Operating Income | 9,366 | 310 | (110) | (201) | (9) | (10) |
| Related Taxes for Increase | | | | | | |
| State & Federal Income Taxes | 6,028 | 200 | (71) | (129) | (6) | (6) |
| Total Increase in Revenue | 15,394 | 510 | (181) | (330) | (15) | (16) |
| Total Revenue Before Increase | 116,000 | 33 | 246 | 663 | 17 | 959 |
| Total Cost of Service Required from Rates | 131,394 | 543 | 65 | 333 | 2 | 943 |
| Less: Other Operating Revenues (Incl Contract Revenue) | 7,807 | 33 | 2 | 13 | 0 | 48 |
| Revenue Required from Rates | 123,587 | 510 | 63 | 320 | 2 | 895 |

Projected Rate of Return Before Increase 9.662%

| | | | | | | |
|---------------------------|---------------|--------|--------|------------|-------|--|
| Projected Billing Units | | | | | | |
| Kwh | 1,522,013,092 | | | 17,883,900 | | |
| Kw Demand | 2,370,625 | 43,683 | 43,683 | | 24 | |
| Bills | 911,316 | | | | | |
| Unit Cost of Service | | | | | | |
| \$ per Kwh | | 11.68 | 1.44 | 0.018 | | |
| \$ per Kw Demand | | | | | | |
| \$ per Customer Per Month | | | | | 83.33 | |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY
NORTH DAKOTA**

**Embedded Class Cost of Service Study
Summary Sheet-Projected 2010**

| | Total North Dakota | Total Residential | Total Small General | Total Large General | Total Lighting | Total Municipal Pumping |
|-------------------------------------|-----------------------|----------------------|---------------------------|---------------------------|-------------------|-------------------------------|
| Operating Revenues | | | | | | |
| Sales Revenues | 110,925 | 47,028 | 8,814 | 51,377 | 1,955 | 1,751 |
| Other Revenues | 5,075 | 2,156 | 323 | 1,810 | 707 | 79 |
| Total Operating Revenues | 116,000 | 49,184 | 9,137 | 53,187 | 2,662 | 1,830 |
| Operating Expense | | | | | | |
| Cost of Fuel and Purchased Power | 33,267 | 13,650 | 2,241 | 16,152 | 562 | 662 |
| Other O&M Expense | 41,448 | 20,886 | 3,244 | 15,839 | 771 | 708 |
| Total O&M Expense | 74,715 | 34,536 | 5,485 | 31,991 | 1,333 | 1,370 |
| Depreciation Expense | 18,757 | 8,999 | 1,445 | 7,609 | 366 | 338 |
| Taxes Other Than Income Taxes | 4,636 | 2,330 | 374 | 1,758 | 95 | 79 |
| Current Income Taxes - Fed. & State | 1,317 | (1,266) | 299 | 2,132 | 242 | (90) |
| Total Operating Expenses | 99,425 | 44,599 | 7,603 | 43,490 | 2,036 | 1,697 |
| Projected Operating Income | 16,575 | 4,585 | 1,534 | 9,697 | 626 | 133 |
| Rate Base | 285,351 | 135,421 | 22,077 | 117,706 | 4,925 | 5,222 |
| Projected Rate of Return | 5.809% | 3.386% | 6.948% | 8.238% | 12.711% | 2.547% |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Residential Rate 10 | | | Total Residential Rate 10 |
|-------------------|--------------------|-----------------------|---------------------|--------|---------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | |
| 2 | 240,264 | 106,923 | 0 | 0 | 106,923 |
| 3 | 71,938 | 29,926 | 0 | 0 | 29,926 |
| | 312,202 | 136,849 | 0 | 0 | 136,849 |
| 2 | 109,050 | 48,529 | 0 | 0 | 48,529 |
| 4 | 1,029 | 0 | 458 | 0 | 458 |
| 4 | 30,341 | 0 | 13,457 | 0 | 13,457 |
| 7 | 47,376 | 0 | 0 | 0 | 39,332 |
| 4 | 9,704 | 0 | 4,303 | 0 | 4,303 |
| 11 | 21,791 | 0 | 0 | 0 | 11,542 |
| 5 | 6,882 | 0 | 3,279 | 0 | 3,279 |
| 10 | 12,445 | 0 | 0 | 0 | 9,160 |
| 8 | 9,445 | 0 | 0 | 0 | 6,042 |
| Direct | 915 | 0 | 0 | 0 | 0 |
| Direct | 3,299 | 0 | 0 | 0 | 0 |
| | 143,227 | 0 | 21,497 | 0 | 66,076 |
| 13 | 43,582 | 14,308 | 1,660 | 0 | 5,102 |
| 29 | 7,162 | 3,140 | 0 | 0 | 0 |
| | 615,223 | 202,826 | 23,157 | 0 | 71,178 |
| | | | | | 297,161 |

Rate Base

| | |
|-------------------------------------|--|
| Electric Plant in Service | |
| Production Plant | |
| Wind Production Plant | |
| Total Production Plant | |
| Transmission Plant | |
| Distribution Plant | |
| Land & Rights of Way | |
| Station Equipment | |
| Poles, OH & UG Conductors & Conduit | |
| Customer Related 83% | |
| Demand Related 17% | |
| Line Transformers | |
| Customer Related 76% | |
| Demand Related 24% | |
| Services | |
| Meters | |
| Installation on Customer Premise | |
| Street Light & Signal System | |
| Total Distribution Plant | |
| General, Common & Intangible Plant | |
| Acquisition Adjustment | |
| Total Electric Plant in Service | |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | Residential Rate 10 | | | Total Residential Rate 10 |
|--|--------------------|-----------------------|---------------------|--------|---------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | |
| Less: Accumulated Depreciation | | | | | |
| Production Plant | 144,735 | 64,409 | 0 | 0 | 0 |
| Wind Production Plant | 4,737 | 1,970 | 0 | 0 | 0 |
| Total Production Plant | 149,472 | 66,379 | 0 | 0 | 66,379 |
| Transmission Plant | 53,529 | 23,822 | 0 | 0 | 0 |
| Distribution Plant | | | | | |
| Rights of Way | 110 | 0 | 50 | 0 | 0 |
| Station Equipment | 11,323 | 0 | 5,022 | 0 | 0 |
| Poles, OH & UG Conductors & Conduit | 28,025 | 0 | 2,113 | 0 | 19,314 |
| Line Transformers | 11,662 | 0 | 1,334 | 0 | 4,696 |
| Services | 12,061 | 0 | 0 | 0 | 8,879 |
| Meters | 1,623 | 0 | 0 | 0 | 1,037 |
| Installation on Customer Premise | 502 | 0 | 0 | 0 | 0 |
| Street Light & Signal System | 1,958 | 0 | 0 | 0 | 0 |
| Total Distribution Plant | 67,264 | 0 | 8,519 | 0 | 33,926 |
| General, Common & Intangible Plant | 25,545 | 8,388 | 973 | 0 | 2,990 |
| Acquisition Adjustment | 6,683 | 2,928 | 0 | 0 | 0 |
| Less: Total Accumulated Reserve for Depreciation | 302,493 | 101,517 | 9,492 | 0 | 36,916 |
| Net Electric Plant in Service | 312,730 | 101,309 | 13,665 | 0 | 34,262 |
| Additions | | | | | |
| Materials & Supplies | 5,077 | 1,672 | 193 | 0 | 594 |
| Prepayments | 373 | 125 | 14 | 0 | 43 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | Residential Rate 10 | | | | Total Residential Rate 10 |
|------------------------------------|--------------------|-----------------------|---------------------|--------|----------|---------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| 1 | 2,955 | 0 | 0 | 1,207 | 0 | 1,207 |
| 26 | 4,556 | 1,506 | 171 | 0 | 527 | 2,204 |
| 2 | 10,213 | 4,542 | 0 | 0 | 0 | 4,542 |
| 2 | (353) | (158) | 0 | 0 | 0 | (158) |
| | 22,821 | 7,687 | 378 | 1,207 | 1,164 | 10,436 |
| | 335,551 | 108,996 | 14,043 | 1,207 | 35,426 | 159,672 |
| Deductions | | | | | | |
| 26 | 49,973 | 16,475 | 1,881 | 0 | 5,782 | 24,138 |
| 26 | 0 | 0 | 0 | 0 | 0 | 0 |
| 26 | 227 | 78 | 9 | 0 | 26 | 113 |
| | 50,200 | 16,553 | 1,890 | 0 | 5,808 | 24,251 |
| | 285,351 | 92,443 | 12,153 | 1,207 | 29,618 | 135,421 |
| | 5.809% | | | | | 3.386% |
| Electric Operating Revenues | | | | | | |
| Retail Sales | | | | | | |
| Direct | 45,802 | 0 | 0 | 41,647 | 4,155 | 45,802 |
| Direct | 8,259 | 0 | 0 | 0 | 0 | 0 |
| Direct | 45 | 0 | 0 | 0 | 0 | 0 |
| Direct | 5,278 | 0 | 0 | 0 | 0 | 0 |
| Direct | 41,418 | 0 | 0 | 0 | 0 | 0 |
| Direct | 537 | 0 | 0 | 0 | 0 | 0 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
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Projected 2010

| Allocation Factor | Total North Dakota | Residential Rate 10 | | | Total Residential Rate 10 |
|--|--------------------|-----------------------|---------------------|---------------|---------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | |
| Space Heating - Secondary | 1,854 | 0 | 0 | 0 | 0 |
| Small Municipal Electric Service | 310 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Primary | 111 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Secondary | 1,302 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Primary | 418 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Secondary | 1,281 | 0 | 0 | 0 | 0 |
| Outdoor Lighting | 494 | 0 | 0 | 0 | 0 |
| Interruptible Power Service | 173 | 0 | 0 | 0 | 0 |
| Interruptible Demand Response | 911 | 0 | 0 | 0 | 0 |
| Contracts | 2,732 | 510 | 69 | 475 | 172 |
| Total Electric Retail Sales Revenues | 110,925 | 510 | 69 | 42,122 | 4,327 |
| Other Revenue | | | | | |
| Miscellaneous | | | | | |
| Reconnect Fees | 9 | 0 | 0 | 0 | 8 |
| NSF Check Fees | 49 | 0 | 0 | 0 | 41 |
| Other Miscellaneous Service Revenue | 458 | 147 | 20 | 0 | 217 |
| Rent from Electric Property | | | | | |
| Pole Attachments | 128 | 0 | 10 | 0 | 90 |
| Street Lights | 472 | 0 | 0 | 0 | 0 |
| Yard Lights | 173 | 0 | 0 | 0 | 0 |
| Joint Use Facilities | 850 | 377 | 0 | 0 | 377 |
| Miscellaneous | 548 | 181 | 24 | 0 | 265 |
| Other Electric Revenues | | | | | |
| Sales of Construction & Sundry Junk Material | 23 | 0 | 3 | 0 | 16 |
| Patronage Dividends | 3 | 2 | 0 | 0 | 2 |

MONTANA-DAKOTA UTILITIES CO.
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| Allocation Factor | Total North Dakota | Residential Rate 10 | | | | Total Residential Rate 10 |
|---|--------------------|-----------------------|---------------------|---------------|--------------|---------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| Joint Use Agreements | 40 | 20 | 0 | 0 | 0 | 20 |
| Wheeling Fees | 1,059 | 472 | 0 | 0 | 0 | 472 |
| Miscellaneous | 1,263 | 407 | 37 | 0 | 194 | 638 |
| Total Other Revenues | 5,075 | 1,606 | 94 | 0 | 456 | 2,156 |
| Total Operating Revenues | 116,000 | 2,116 | 163 | 42,122 | 4,783 | 49,184 |
| Operation & Maintenance Expenses | | | | | | |
| Production Expense | | | | | | |
| Fuel | 28,055 | 0 | 0 | 11,468 | 0 | 11,468 |
| Purchased Power - Energy | 3,774 | 0 | 0 | 1,542 | 0 | 1,542 |
| Purchased Power - Capacity | 1,438 | 640 | 0 | 0 | 0 | 640 |
| Other Production | 16,613 | 7,393 | 0 | 0 | 0 | 7,393 |
| Total Production Expense | 49,880 | 8,033 | 0 | 13,010 | 0 | 21,043 |
| Transmission Expense | 5,305 | 2,361 | 0 | 0 | 0 | 2,361 |
| Distribution Expense | 5,966 | 0 | 895 | 0 | 2,754 | 3,649 |
| Customer Accounts Expense | 2,123 | 0 | 0 | 0 | 1,606 | 1,606 |
| Customer Service & Info. Expense | 292 | 0 | 0 | 0 | 223 | 223 |
| Sales Expense | 113 | 0 | 0 | 0 | 95 | 95 |
| Administrative & General Expenses | 11,036 | 3,536 | 325 | 0 | 1,698 | 5,559 |
| Total Electric O&M Expenses | 74,715 | 13,930 | 1,220 | 13,010 | 6,376 | 34,536 |
| Total Operating Expenses | | | | | | |
| Cost of Fuel & Purchased Power | 33,267 | 640 | 0 | 13,010 | 0 | 13,650 |
| Other O&M Expenses | 41,448 | 13,290 | 1,220 | 0 | 6,376 | 20,886 |
| Total Operation & Maintenance Expenses | 74,715 | 13,930 | 1,220 | 13,010 | 6,376 | 34,536 |

**MONTANA-DAKOTA UTILITIES CO.
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| Allocation Factor | Total North Dakota | Residential Rate 10 | | | Total Residential Rate 10 |
|-------------------------------------|--------------------|-----------------------|---------------------|--------|---------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | |
| Depreciation Expense | | | | | |
| Production Plant | 7,131 | 3,173 | 0 | 0 | 3,173 |
| Wind Production Plant | 3,565 | 1,484 | 0 | 0 | 1,484 |
| Total Production Plant | 10,696 | 4,657 | 0 | 0 | 4,657 |
| Transmission Plant | 2,105 | 935 | 0 | 0 | 935 |
| Distribution Plant | | | | | |
| Rights of Way | 5 | 0 | 3 | 0 | 3 |
| Station Equipment | 899 | 0 | 400 | 0 | 400 |
| Poles, OH & UG Conductors & Conduit | 1,644 | 0 | 124 | 0 | 1,258 |
| Line Transformers | 826 | 0 | 94 | 0 | 427 |
| Services | 358 | 0 | 0 | 0 | 264 |
| Meters | 272 | 0 | 0 | 0 | 174 |
| Installation on Cust. Premises | 26 | 0 | 0 | 0 | 0 |
| Street Light & Signal Systems | 95 | 0 | 0 | 0 | 0 |
| Total Distribution Plant | 4,125 | 0 | 621 | 0 | 1,905 |
| General, Common & Intangible Plant | 1,673 | 550 | 64 | 0 | 196 |
| Acquisition Adjustment | 158 | 71 | 0 | 0 | 71 |
| Total Depreciation Expense | 18,757 | 6,213 | 685 | 0 | 2,101 |
| Taxes Other Than Income | | | | | |
| Ad Valorem Taxes | | | | | |
| Production Plant | 908 | 397 | 0 | 0 | 397 |
| Transmission Plant | 650 | 290 | 0 | 0 | 290 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
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| Allocation Factor | Total North Dakota | Residential Rate 10 | | | Total Residential Rate 10 |
|-------------------|--------------------|-----------------------|---------------------|-----------------|---------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| 14 | 867 | 0 | 130 | 0 | 401 |
| 13 | 211 | 71 | 8 | 0 | 25 |
| | 2,636 | 758 | 138 | 0 | 426 |
| | | | | | 1,322 |
| | | | | | |
| 23 | 2,000 | 641 | 59 | 0 | 308 |
| | 4,636 | 1,399 | 197 | 0 | 734 |
| | 98,108 | 21,542 | 2,102 | 13,010 | 9,211 |
| | | | | | 45,865 |
| | | | | | |
| 27 | 8,475 | 2,746 | 370 | 0 | 929 |
| | 9,417 | (22,172) | (2,309) | 29,112 | (5,357) |
| | 603 | (1,420) | (148) | 1,862 | (343) |
| 44 | 8,814 | (20,752) | (2,161) | 27,250 | (5,014) |
| | | | | | (677) |
| | | | | | |
| 35.00% | 3,085 | (7,263) | (756) | 9,537 | (1,755) |
| 44 | 603 | (1,420) | (148) | 1,862 | (343) |
| | | | | | (49) |
| 1 | (2,237) | 0 | 0 | (913) | 0 |
| 26 | (134) | (46) | (5) | 0 | (16) |
| | 1,317 | (8,729) | (909) | 10,486 | (2,114) |
| | 99,425 | 12,813 | 1,193 | 23,496 | 7,097 |
| | 16,575 | (10,697) | (1,030) | 18,626 | (2,314) |
| | | | | | 4,585 |

Distribution Plant
General, Common & Intangible Plant
Total Ad Valorem Taxes

Other Taxes
Other Taxes - Payroll, Franchise, Other
Total Taxes Other Than Income Taxes

Total Operating Expense

Income Taxes

Interest Expense

Taxable Income

Less: State Income Tax

Federal Taxable Income

Federal Income Tax

@ Current Rate of 35%

State Income Taxes

Credits and Adjustments

Production Tax Credit

Full Normalization

Federal and State Income Taxes

Total Operating Expenses

Total Operating Income

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Small General Rate 20 | | | Total Small General Rate 20 |
|-------------------|--------------------|-----------------------|---------------------|-----------------|-----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| 2 | 240,264 | 14,579 | 0 | 0 | 14,579 |
| 3 | 71,938 | 4,566 | 0 | 0 | 4,566 |
| | 312,202 | 19,145 | 0 | 0 | 19,145 |
| 2 | 109,050 | 6,617 | 0 | 0 | 6,617 |
| 4 | 1,029 | 0 | 59 | 0 | 59 |
| 4 | 30,341 | 0 | 1,738 | 0 | 1,738 |
| 7 | 47,376 | 0 | 0 | 0 | 47,376 |
| 4 | 9,704 | 0 | 556 | 0 | 556 |
| 11 | 21,791 | 0 | 0 | 0 | 21,791 |
| 5 | 6,882 | 0 | 424 | 0 | 424 |
| 10 | 12,445 | 0 | 0 | 0 | 12,445 |
| 8 | 9,445 | 0 | 0 | 0 | 9,445 |
| Direct | 915 | 0 | 0 | 0 | 915 |
| Direct | 3,299 | 0 | 0 | 0 | 3,299 |
| | 143,227 | 0 | 2,777 | 0 | 146,004 |
| 13 | 43,582 | 1,989 | 214 | 0 | 45,785 |
| 29 | 7,162 | 439 | 0 | 0 | 7,601 |
| | 615,223 | 28,190 | 2,991 | 0 | 646,404 |

Rate Base

Electric Plant in Service
 Production Plant
 Wind Production Plant
 Total Production Plant
 Transmission Plant
 Distribution Plant
 Land & Rights of Way
 Station Equipment
 Poles, OH & UG Conductors & Conduit
 Customer Related 83%
 Demand Related 17%
 Line Transformers
 Customer Related 76%
 Demand Related 24%
 Services
 Meters
 Installation on Customer Premise
 Street Light & Signal System
 Total Distribution Plant
 General, Common & Intangible Plant
 Acquisition Adjustment
 Total Electric Plant in Service

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
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Projected 2010

| Allocation Factor | Total North Dakota | Small General Rate 20 | | | Total Small General Rate 20 |
|--|--------------------|-----------------------|---------------------|-----------------|-----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Less: Accumulated Depreciation | | | | | |
| Production Plant | 144,735 | 8,782 | 0 | 0 | 8,782 |
| Wind Production Plant | 4,737 | 301 | 0 | 0 | 301 |
| Total Production Plant | 149,472 | 9,083 | 0 | 0 | 9,083 |
| Transmission Plant | 53,529 | 3,248 | 0 | 0 | 3,248 |
| Distribution Plant | | | | | |
| Rights of Way | 110 | 0 | 6 | 0 | 6 |
| Station Equipment | 11,323 | 0 | 649 | 0 | 649 |
| Poles, OH & UG Conductors & Conduit | 28,025 | 0 | 273 | 0 | 2,923 |
| Line Transformers | 11,662 | 0 | 172 | 0 | 2,073 |
| Services | 12,061 | 0 | 0 | 0 | 1,488 |
| Meters | 1,623 | 0 | 0 | 0 | 179 |
| Installation on Customer Premise | 502 | 0 | 0 | 0 | 0 |
| Street Light & Signal System | 1,958 | 0 | 0 | 0 | 0 |
| Total Distribution Plant | 67,264 | 0 | 1,100 | 0 | 6,218 |
| General, Common & Intangible Plant | 25,545 | 1,166 | 126 | 0 | 572 |
| Acquisition Adjustment | 6,683 | 410 | 0 | 0 | 410 |
| Less: Total Accumulated Reserve for Depreciation | 302,493 | 13,907 | 1,226 | 0 | 6,790 |
| Net Electric Plant in Service | 312,730 | 14,283 | 1,765 | 0 | 6,833 |
| Additions | | | | | |
| Materials & Supplies | 5,077 | 232 | 25 | 0 | 114 |
| Prepayments | 373 | 17 | 2 | 0 | 8 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
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| Allocation Factor | Total North Dakota | Small General Rate 20 | | | Energy | Customer | Total Small General Rate 20 |
|-------------------|--------------------|-----------------------|---------------------|--------|--------|----------|-----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Demand | | | |
| 1 | 2,955 | 0 | 0 | 190 | 0 | 190 | |
| 26 | 4,556 | 209 | 22 | 0 | 101 | 332 | |
| 2 | 10,213 | 620 | 0 | 0 | 0 | 620 | |
| 2 | (353) | (21) | 0 | 0 | 0 | (21) | |
| | 22,821 | 1,057 | 49 | 190 | 223 | 1,519 | |
| | 335,551 | 15,340 | 1,814 | 190 | 7,056 | 24,400 | |
| Deductions | | | | | | | |
| 26 | 49,973 | 2,290 | 243 | 0 | 1,107 | 3,640 | |
| 26 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 26 | 227 | 10 | 1 | 0 | 5 | 16 | |
| | 50,200 | 2,300 | 244 | 0 | 1,112 | 3,656 | |
| | 285,351 | 13,040 | 1,570 | 190 | 5,944 | 20,744 | |

Rate of Return - Per Books 5.809% 7.38%

| Allocation Factor | Total North Dakota | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | Total Small General Rate 20 |
|-------------------|--------------------|-----------------------|---------------------|--------|----------|-----------------------------|
| Direct | 45,802 | 0 | 0 | 0 | 0 | 0 |
| Direct | 8,259 | 0 | 0 | 6,131 | 2,128 | 8,259 |
| Direct | 45 | 0 | 0 | 0 | 0 | 0 |
| Direct | 5,278 | 0 | 0 | 0 | 0 | 0 |
| Direct | 41,418 | 0 | 0 | 0 | 0 | 0 |
| Direct | 537 | 0 | 0 | 0 | 0 | 0 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| | Allocation Factor | Total North Dakota | Small General Rate 20 | | | | Total Small General Rate 20 |
|--|-------------------|--------------------|-----------------------|---------------------|--------------|--------------|-----------------------------|
| | | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| Space Heating - Secondary | Direct | 1,854 | 0 | 0 | 0 | 0 | 0 |
| Small Municipal Electric Service | Direct | 310 | 0 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Primary | Direct | 111 | 0 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Secondary | Direct | 1,302 | 0 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Primary | Direct | 418 | 0 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Secondary | Direct | 1,281 | 0 | 0 | 0 | 0 | 0 |
| Outdoor Lighting | Direct | 494 | 0 | 0 | 0 | 0 | 0 |
| Interruptible Power Service | Direct | 173 | 0 | 0 | 0 | 0 | 0 |
| Interruptible Demand Response | Direct | 911 | 0 | 0 | 0 | 0 | 0 |
| Contracts | 1 & 27 | 2,732 | 72 | 9 | 74 | 34 | 189 |
| Total Electric Retail Sales Revenues | | 110,925 | 72 | 9 | 6,205 | 2,162 | 8,448 |
| Other Revenue | | | | | | | |
| Miscellaneous | | | | | | | |
| Reconnect Fees | 7 | 9 | 0 | 0 | 0 | 1 | 1 |
| NSF Check Fees | 7 | 49 | 0 | 0 | 0 | 6 | 6 |
| Other Miscellaneous Service Revenue | 27 | 458 | 21 | 3 | 0 | 10 | 34 |
| Rent from Electric Property | | | | | | | |
| Pole Attachments | 15 | 128 | 0 | 1 | 0 | 12 | 13 |
| Street Lights | Direct | 472 | 0 | 0 | 0 | 0 | 0 |
| Yard Lights | Direct | 173 | 0 | 0 | 0 | 0 | 0 |
| Joint Use Facilities | 30 | 850 | 52 | 0 | 0 | 0 | 52 |
| Miscellaneous | 27 | 548 | 25 | 3 | 0 | 12 | 40 |
| Other Electric Revenues | | | | | | | |
| Sales of Construction & Sundry Junk Material | 14 | 23 | 0 | 0 | 0 | 2 | 2 |
| Patronage Dividends | 23 | 3 | 0 | 0 | 0 | 0 | 0 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
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| Allocation Factor | Total North Dakota | Small General Rate 20 | | | Total Small General Rate 20 |
|--|--------------------|-----------------------|---------------------|-----------------|-----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Joint Use Agreements | 40 | 2 | 0 | 0 | 2 |
| Wheeling Fees | 1,059 | 64 | 0 | 0 | 64 |
| Miscellaneous | 1,263 | 55 | 5 | 33 | 93 |
| Total Other Revenues | 5,075 | 219 | 12 | 76 | 307 |
| Total Operating Revenues | 116,000 | 291 | 21 | 6,205 | 2,238 |
| Operation & Maintenance Expenses | | | | | |
| Production Expense | | | | | |
| Fuel | 28,055 | 0 | 0 | 1,800 | 1,800 |
| Purchased Power - Energy | 3,774 | 0 | 0 | 242 | 242 |
| Purchased Power - Capacity | 1,438 | 87 | 0 | 0 | 87 |
| Other Production | 16,613 | 1,008 | 0 | 0 | 1,008 |
| Total Production Expense | 49,880 | 1,095 | 0 | 2,042 | 3,137 |
| Transmission Expense | 5,305 | 322 | 0 | 0 | 322 |
| Distribution Expense | 5,966 | 0 | 116 | 0 | 643 |
| Customer Accounts Expense | 2,123 | 0 | 0 | 0 | 220 |
| Customer Service & Info. Expense | 292 | 0 | 0 | 0 | 30 |
| Sales Expense | 113 | 0 | 0 | 0 | 13 |
| Administrative & General Expenses | 11,036 | 483 | 42 | 0 | 812 |
| Total Electric O&M Expenses | 74,715 | 1,900 | 158 | 2,042 | 1,077 |
| Total Operating Expenses | 33,267 | 87 | 0 | 2,042 | 2,129 |
| Cost of Fuel & Purchased Power | 41,448 | 1,813 | 158 | 0 | 3,048 |
| Other O&M Expenses | 74,715 | 1,900 | 158 | 2,042 | 5,177 |
| Total Operation & Maintenance Expenses | | | | | |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
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| Allocation Factor | Total North Dakota | Small General Rate 20 | | | Total Small General Rate 20 |
|-------------------------------------|--------------------|-----------------------|---------------------|-----------------|-----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Depreciation Expense | | | | | |
| Production Plant | 7,131 | 433 | 0 | 0 | 433 |
| Wind Production Plant | 3,565 | 226 | 0 | 0 | 226 |
| Total Production Plant | 10,696 | 659 | 0 | 0 | 659 |
| Transmission Plant | 2,105 | 128 | 0 | 0 | 128 |
| Distribution Plant | | | | | |
| Rights of Way | 5 | 0 | 0 | 0 | 0 |
| Station Equipment | 899 | 0 | 51 | 0 | 51 |
| Poles, OH & UG Conductors & Conduit | 1,644 | 0 | 16 | 0 | 171 |
| Line Transformers | 826 | 0 | 12 | 0 | 147 |
| Services | 358 | 0 | 0 | 0 | 44 |
| Meters | 272 | 0 | 0 | 0 | 30 |
| Installation on Cust. Premises | 26 | 0 | 0 | 0 | 0 |
| Street Light & Signal Systems | 95 | 0 | 0 | 0 | 0 |
| Total Distribution Plant | 4,125 | 0 | 79 | 0 | 364 |
| General, Common & Intangible Plant | 1,673 | 76 | 8 | 0 | 121 |
| Acquisition Adjustment | 158 | 10 | 0 | 0 | 10 |
| Total Depreciation Expense | 18,757 | 873 | 87 | 0 | 401 |
| Taxes Other Than Income | | | | | |
| Ad Valorem Taxes | | | | | |
| Production Plant | 908 | 56 | 0 | 0 | 56 |
| Transmission Plant | 650 | 39 | 0 | 0 | 39 |

MONTANA-DAKOTA UTILITIES CO.
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| | Allocation Factor | Total North Dakota | | Small General Rate 20 | | | Total Small General Rate 20 |
|---|-------------------|--------------------|---------|-----------------------|---------------------|--------|-----------------------------|
| | | North Dakota | Total | Demand Prod. & Trans. | Demand Distribution | Energy | |
| Distribution Plant | 14 | 867 | 0 | 17 | 0 | 77 | 94 |
| General, Common & Intangible Plant | 13 | 211 | 10 | 1 | 0 | 5 | 16 |
| Total Ad Valorem Taxes | | 2,636 | 105 | 18 | 0 | 82 | 205 |
| Other Taxes | | | | | | | |
| Other Taxes - Payroll, Franchise, Other | 23 | 2,000 | 87 | 8 | 0 | 52 | 147 |
| Total Taxes Other Than Income Taxes | | 4,636 | 192 | 26 | 0 | 134 | 352 |
| Total Operating Expense | | 98,108 | 2,965 | 271 | 2,042 | 1,612 | 6,890 |
| Income Taxes | | | | | | | |
| Interest Expense | 27 | 8,475 | 387 | 48 | 0 | 185 | 620 |
| Taxable Income | 44 | 9,417 | (3,061) | (298) | 4,163 | 441 | 1,245 |
| Less: State Income Tax | | 603 | (196) | (19) | 267 | 28 | 80 |
| Federal Taxable Income | | 8,814 | (2,865) | (279) | 3,896 | 413 | 1,165 |
| Federal Income Tax | | | | | | | |
| @ Current Rate of 35% | 35.00% | 3,085 | (1,003) | (98) | 1,364 | 145 | 408 |
| State Income Taxes | 44 | 603 | (196) | (19) | 267 | 28 | 80 |
| Credits and Adjustments | | | | | | | |
| Production Tax Credit | 1 | (2,237) | 0 | 0 | (144) | 0 | (144) |
| Full Normalization | 26 | (134) | (6) | (1) | 0 | (3) | (10) |
| Federal and State Income Taxes | | 1,317 | (1,205) | (118) | 1,487 | 170 | 334 |
| Total Operating Expenses | | 99,425 | 1,760 | 153 | 3,529 | 1,782 | 7,224 |
| Total Operating Income | | 16,575 | (1,469) | (132) | 2,676 | 456 | 1,531 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Irrigation Rate 25 | | | Total Irrigation Rate 25 |
|-------------------|--------------------|-----------------------|---------------------|-----------------|--------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| 2 | 240,264 | 282 | 0 | 0 | 282 |
| 3 | 71,938 | 46 | 0 | 0 | 46 |
| | 312,202 | 328 | 0 | 0 | 328 |
| 2 | 109,050 | 128 | 0 | 0 | 128 |
| 4 | 1,029 | 0 | 1 | 0 | 1 |
| 4 | 30,341 | 0 | 44 | 0 | 44 |
| 7 | 47,376 | 0 | 0 | 0 | 21 |
| 4 | 9,704 | 0 | 14 | 0 | 14 |
| 11 | 21,791 | 0 | 0 | 0 | 91 |
| 5 | 6,882 | 0 | 11 | 0 | 11 |
| 10 | 12,445 | 0 | 0 | 0 | 12 |
| 8 | 9,445 | 0 | 0 | 0 | 14 |
| Direct | 915 | 0 | 0 | 0 | 0 |
| Direct | 3,299 | 0 | 0 | 0 | 0 |
| | 143,227 | 0 | 70 | 0 | 208 |
| 13 | 43,582 | 35 | 5 | 0 | 51 |
| 29 | 7,162 | 8 | 0 | 0 | 8 |
| | 615,223 | 499 | 75 | 0 | 723 |

Rate Base

Electric Plant in Service
 Production Plant
 Wind Production Plant
 Total Production Plant
 Transmission Plant
 Distribution Plant
 Land & Rights of Way
 Station Equipment
 Poles, OH & UG Conductors & Conduit
 Customer Related 83%
 Demand Related 17%
 Line Transformers
 Customer Related 76%
 Demand Related 24%
 Services
 Meters
 Installation on Customer Premise
 Street Light & Signal System
 Total Distribution Plant
 General, Common & Intangible Plant
 Acquisition Adjustment
 Total Electric Plant in Service

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
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Projected 2010**

| Allocation Factor | Total North Dakota | Irrigation Rate 25 | | | Total Irrigation Rate 25 | |
|-------------------|--------------------|-----------------------|---------------------|--------|--------------------------|----------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | | Customer |
| 2 | 144,735 | 170 | 0 | 0 | 0 | 170 |
| 3 | 4,737 | 3 | 0 | 0 | 0 | 3 |
| | 149,472 | 173 | 0 | 0 | 0 | 173 |
| 2 | 53,529 | 63 | 0 | 0 | 0 | 63 |
| 4 | 110 | 0 | 0 | 0 | 0 | 0 |
| 4 | 11,323 | 0 | 16 | 0 | 0 | 16 |
| 15 | 28,025 | 0 | 7 | 0 | 10 | 17 |
| 19 | 11,662 | 0 | 4 | 0 | 37 | 41 |
| 10 | 12,061 | 0 | 0 | 0 | 11 | 11 |
| 8 | 1,623 | 0 | 0 | 0 | 2 | 2 |
| Direct | 502 | 0 | 0 | 0 | 0 | 0 |
| Direct | 1,958 | 0 | 0 | 0 | 0 | 0 |
| | 67,264 | 0 | 27 | 0 | 60 | 87 |
| | 25,545 | 21 | 3 | 0 | 6 | 30 |
| | 6,683 | 7 | 0 | 0 | 0 | 7 |
| | 302,493 | 264 | 30 | 0 | 66 | 360 |
| | 312,730 | 235 | 45 | 0 | 83 | 363 |
| | 5,077 | 4 | 1 | 0 | 1 | 6 |
| | 373 | 0 | 0 | 0 | 0 | 0 |

Less: Accumulated Depreciation

Production Plant
Wind Production Plant
Total Production Plant
Transmission Plant
Distribution Plant
Rights of Way
Station Equipment
Poles, OH & UG Conductors & Conduit
Line Transformers
Services
Meters
Installation on Customer Premise
Street Light & Signal System
Total Distribution Plant

General, Common & Intangible Plant
Acquisition Adjustment
Less: Total Accumulated Reserve for Depreciation

Net Electric Plant in Service

Additions
Materials & Supplies
Prepayments

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Irrigation Rate 25 | | | Total Irrigation Rate 25 |
|------------------------------------|--------------------|-----------------------|---------------------|--------|--------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | |
| 1 | 2,955 | 0 | 0 | 2 | 2 |
| 26 | 4,556 | 4 | 1 | 0 | 6 |
| 2 | 10,213 | 12 | 0 | 0 | 12 |
| 2 | (353) | 0 | 0 | 0 | 0 |
| | 22,821 | 20 | 2 | 2 | 26 |
| | 335,551 | 255 | 47 | 2 | 389 |
| Deductions | | | | | |
| 26 | 49,973 | 41 | 6 | 0 | 59 |
| 26 | 0 | 0 | 0 | 0 | 0 |
| 26 | 227 | 0 | 0 | 0 | 0 |
| | 50,200 | 41 | 6 | 0 | 59 |
| | 285,351 | 214 | 41 | 2 | 330 |
| | 5.809% | | | | (6.06%) |
| Electric Operating Revenues | | | | | |
| Direct | 45,802 | 0 | 0 | 0 | 0 |
| Direct | 8,259 | 0 | 0 | 0 | 0 |
| Direct | 45 | 0 | 8 | 33 | 45 |
| Direct | 5,278 | 0 | 0 | 0 | 0 |
| Direct | 41,418 | 0 | 0 | 0 | 0 |
| Direct | 537 | 0 | 0 | 0 | 0 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | Irrigation Rate 25 | | | | Total Irrigation Rate 25 |
|---|--------------------|-----------------------|---------------------|-----------|----------|--------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| Space Heating - Secondary | 1,854 | 0 | 0 | 0 | 0 | 0 |
| Small Municipal Electric Service | 310 | 0 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Primary | 111 | 0 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Secondary | 1,302 | 0 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Primary | 418 | 0 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Secondary | 1,281 | 0 | 0 | 0 | 0 | 0 |
| Outdoor Lighting | 494 | 0 | 0 | 0 | 0 | 0 |
| Interruptible Power Service | 173 | 0 | 0 | 0 | 0 | 0 |
| Interruptible Demand Response | 911 | 0 | 0 | 0 | 0 | 0 |
| Contracts | 2,732 | 1 | 0 | 1 | 0 | 2 |
| Total Electric Retail Sales Revenues | 110,925 | 1 | 8 | 34 | 4 | 47 |

| | | | | | | |
|--|--------|-----|---|---|---|---|
| Other Revenue | | | | | | |
| Miscellaneous | | | | | | |
| Reconnect Fees | 7 | 9 | 0 | 0 | 0 | 0 |
| NSF Check Fees | 7 | 49 | 0 | 0 | 0 | 0 |
| Other Miscellaneous Service Revenue | 27 | 458 | 0 | 0 | 0 | 0 |
| Rent from Electric Property | | | | | | |
| Pole Attachments | 15 | 128 | 0 | 0 | 0 | 0 |
| Street Lights | Direct | 472 | 0 | 0 | 0 | 0 |
| Yard Lights | Direct | 173 | 0 | 0 | 0 | 0 |
| Joint Use Facilities | 30 | 850 | 1 | 0 | 0 | 1 |
| Miscellaneous | 27 | 548 | 0 | 0 | 0 | 0 |
| Other Electric Revenues | | | | | | |
| Sales of Construction & Sundry Junk Material | 14 | 23 | 0 | 0 | 0 | 0 |
| Patronage Dividends | 23 | 3 | 0 | 0 | 0 | 0 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Irrigation Rate 25 | | | Total Irrigation Rate 25 |
|---|--------------------|-----------------------|---------------------|-----------------|--------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Joint Use Agreements | | | | | |
| Wheeling Fees | 40 | 0 | 0 | 0 | 0 |
| Miscellaneous | 1,059 | 1 | 0 | 0 | 1 |
| | 1,263 | 1 | 0 | 0 | 1 |
| Total Other Revenues | 5,075 | 3 | 0 | 0 | 3 |
| Total Operating Revenues | 116,000 | 4 | 8 | 34 | 50 |
| Operation & Maintenance Expenses | | | | | |
| Production Expense | | | | | |
| Fuel | | | | | |
| 1 | 28,055 | 0 | 0 | 14 | 14 |
| 1 | 3,774 | 0 | 0 | 2 | 2 |
| 2 | 1,438 | 2 | 0 | 0 | 2 |
| 2 | 16,613 | 19 | 0 | 0 | 19 |
| Total Production Expense | 49,880 | 21 | 0 | 16 | 37 |
| Transmission Expense | | | | | |
| 2 | 5,305 | 6 | 0 | 0 | 6 |
| Distribution Expense | | | | | |
| 14 | 5,966 | 0 | 3 | 0 | 9 |
| Customer Accounts Expense | | | | | |
| 12 | 2,123 | 0 | 0 | 0 | 2 |
| Customer Service & Info. Expense | | | | | |
| 12 | 292 | 0 | 0 | 0 | 0 |
| Sales Expense | | | | | |
| 7 | 113 | 0 | 0 | 0 | 0 |
| Administrative & General Expenses | | | | | |
| 24 | 11,036 | 9 | 1 | 0 | 13 |
| Total Electric O&M Expenses | 74,715 | 36 | 4 | 16 | 67 |
| Total Operating Expenses | | | | | |
| Cost of Fuel & Purchased Power | | | | | |
| | 33,267 | 2 | 0 | 16 | 18 |
| Other O&M Expenses | | | | | |
| | 41,448 | 34 | 4 | 0 | 49 |
| Total Operation & Maintenance Expenses | 74,715 | 36 | 4 | 16 | 67 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Irrigation Rate 25 | | | Total Irrigation Rate 25 |
|-------------------|--------------------|-----------------------|---------------------|-----------------|--------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| 2 | 7,131 | 8 | 0 | 0 | 8 |
| 3 | 3,565 | 2 | 0 | 0 | 2 |
| | 10,696 | 10 | 0 | 0 | 10 |
| 2 | 2,105 | 2 | 0 | 0 | 2 |
| 4 | 5 | 0 | 0 | 0 | 0 |
| 4 | 899 | 0 | 1 | 0 | 1 |
| 15 | 1,644 | 0 | 0 | 1 | 1 |
| 19 | 826 | 0 | 0 | 3 | 3 |
| 10 | 358 | 0 | 0 | 0 | 0 |
| 8 | 272 | 0 | 0 | 0 | 0 |
| Direct | 26 | 0 | 0 | 0 | 0 |
| Direct | 95 | 0 | 0 | 0 | 0 |
| | 4,125 | 0 | 1 | 0 | 5 |
| | 1,673 | 1 | 0 | 0 | 1 |
| | 158 | 0 | 0 | 0 | 0 |
| | 18,757 | 13 | 1 | 0 | 18 |
| | | | | | |
| | 908 | 1 | 0 | 0 | 1 |
| | 650 | 1 | 0 | 0 | 1 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Irrigation Rate 25 | | | Total Irrigation Rate 25 |
|-------------------|--------------------|-----------------------|---------------------|-----------------|--------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| 14 | 867 | 0 | 0 | 0 | 1 |
| 13 | 211 | 0 | 0 | 0 | 0 |
| | 2,636 | 2 | 0 | 0 | 1 |
| | | | | | 3 |
| | | | | | |
| 23 | 2,000 | 2 | 0 | 0 | 1 |
| | 4,636 | 4 | 0 | 0 | 2 |
| | 98,108 | 53 | 5 | 16 | 17 |
| | | | | | 91 |
| | | | | | |
| 27 | 8,475 | 6 | 1 | 0 | 2 |
| | 9,417 | (55) | 2 | 18 | (15) |
| | 603 | (4) | 0 | 1 | (1) |
| 44 | 8,814 | (51) | 2 | 17 | (14) |
| | | | | | (46) |
| | | | | | |
| 35.00% | 3,085 | (18) | 1 | 6 | (5) |
| 44 | 603 | (4) | 0 | 1 | (1) |
| | | | | | (4) |
| 1 | (2,237) | 0 | 0 | (1) | 0 |
| 26 | (134) | 0 | 0 | 0 | 0 |
| | 1,317 | (22) | 1 | 6 | (6) |
| | 99,425 | 31 | 6 | 22 | 11 |
| | 16,575 | (27) | 2 | 12 | (7) |
| | | | | | (20) |

Distribution Plant
General, Common & Intangible Plant
Total Ad Valorem Taxes
Other Taxes
Other Taxes - Payroll, Franchise, Other
Total Taxes Other Than Income Taxes
Total Operating Expense
Income Taxes
Interest Expense
Taxable Income
Less: State Income Tax
Federal Taxable Income
Federal Income Tax
@ Current Rate of 35%
State Income Taxes
Credits and Adjustments
Production Tax Credit
Full Normalization
Federal and State Income Taxes
Total Operating Expenses
Total Operating Income

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Large General Primary Rate 30 | | | Total LG Primary Rate 30 |
|-------------------|--------------------|-------------------------------|---------------------|-----------------|--------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| 2 | 240,264 | 13,304 | 0 | 0 | 13,304 |
| 3 | 71,938 | 4,280 | 0 | 0 | 4,280 |
| | 312,202 | 17,584 | 0 | 0 | 17,584 |
| 2 | 109,050 | 6,038 | 0 | 0 | 6,038 |
| 4 | 1,029 | 0 | 53 | 0 | 53 |
| 4 | 30,341 | 0 | 1,563 | 0 | 1,563 |
| 7 | 47,376 | 0 | 0 | 0 | 17 |
| 4 | 9,704 | 0 | 500 | 0 | 500 |
| 11 | 21,791 | 0 | 0 | 0 | 0 |
| 5 | 6,882 | 0 | 0 | 0 | 0 |
| 10 | 12,445 | 0 | 0 | 0 | 0 |
| 8 | 9,445 | 0 | 0 | 0 | 133 |
| Direct | 915 | 0 | 0 | 0 | 0 |
| Direct | 3,299 | 0 | 0 | 0 | 0 |
| | 143,227 | 0 | 2,116 | 0 | 150 |
| 13 | 43,582 | 1,824 | 163 | 0 | 1,999 |
| 29 | 7,162 | 403 | 0 | 0 | 403 |
| | 615,223 | 25,849 | 2,279 | 0 | 162 |
| | | | | | 28,290 |

Rate Base

Electric Plant in Service
 Production Plant
 Wind Production Plant
 Total Production Plant
 Transmission Plant
 Distribution Plant
 Land & Rights of Way
 Station Equipment
 Poles, OH & UG Conductors & Conduit
 Customer Related 83%
 Demand Related 17%
 Line Transformers
 Customer Related 76%
 Demand Related 24%
 Services
 Meters
 Installation on Customer Premise
 Street Light & Signal System
 Total Distribution Plant
 General, Common & Intangible Plant
 Acquisition Adjustment
 Total Electric Plant in Service

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Large General Primary Rate 30 | | | Total LG Primary Rate 30 |
|--|--------------------|-------------------------------|---------------------|-----------------|--------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Less: Accumulated Depreciation | | | | | |
| Production Plant | 144,735 | 8,014 | 0 | 0 | 8,014 |
| Wind Production Plant | 4,737 | 282 | 0 | 0 | 282 |
| Total Production Plant | 149,472 | 8,296 | 0 | 0 | 8,296 |
| Transmission Plant | 53,529 | 2,964 | 0 | 0 | 2,964 |
| Distribution Plant | | | | | |
| Rights of Way | 110 | 0 | 6 | 0 | 6 |
| Station Equipment | 11,323 | 0 | 583 | 0 | 583 |
| Poles, OH & UG Conductors & Conduit | 28,025 | 0 | 245 | 0 | 253 |
| Line Transformers | 11,662 | 0 | 0 | 0 | 0 |
| Services | 12,061 | 0 | 0 | 0 | 0 |
| Meters | 1,623 | 0 | 0 | 0 | 0 |
| Installation on Customer Premise | 502 | 0 | 0 | 0 | 23 |
| Street Light & Signal System | 1,958 | 0 | 0 | 0 | 0 |
| Total Distribution Plant | 67,264 | 0 | 834 | 0 | 31 |
| General, Common & Intangible Plant | 25,545 | 1,069 | 96 | 0 | 1,172 |
| Acquisition Adjustment | 6,683 | 376 | 0 | 0 | 376 |
| Less: Total Accumulated Reserve for Depreciation | 302,493 | 12,705 | 930 | 0 | 13,673 |
| Net Electric Plant in Service | 312,730 | 13,144 | 1,349 | 0 | 14,617 |
| Additions | | | | | |
| Materials & Supplies | 5,077 | 212 | 19 | 0 | 232 |
| Prepayments | 373 | 16 | 1 | 0 | 17 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Large General Primary Rate 30 | | | Total LG Primary Rate 30 |
|------------------------------------|--------------------|-------------------------------|---------------------|--------|--------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | |
| 1 | 2,955 | 0 | 0 | 179 | 179 |
| 26 | 4,556 | 191 | 17 | 0 | 209 |
| 2 | 10,213 | 566 | 0 | 0 | 566 |
| 2 | (353) | (20) | 0 | 0 | (20) |
| | 22,821 | 965 | 37 | 179 | 1,183 |
| | 335,551 | 14,109 | 1,386 | 179 | 15,800 |
| Deductions | | | | | |
| 26 | 49,973 | 2,100 | 185 | 0 | 2,298 |
| 26 | 0 | 0 | 0 | 0 | 0 |
| 26 | 227 | 10 | 1 | 0 | 11 |
| | 50,200 | 2,110 | 186 | 0 | 2,309 |
| | 285,351 | 11,999 | 1,200 | 179 | 13,491 |
| | 5.809% | | | | 5.66% |
| Electric Operating Revenues | | | | | |
| Direct | 45,802 | 0 | 0 | 0 | 0 |
| Direct | 8,259 | 0 | 0 | 0 | 0 |
| Direct | 45 | 0 | 0 | 0 | 0 |
| Direct | 5,278 | 0 | 1,496 | 3,753 | 5,278 |
| Direct | 41,418 | 0 | 0 | 0 | 0 |
| Direct | 537 | 0 | 0 | 0 | 0 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| | Allocation Factor | Total North Dakota | Large General Primary Rate 30 | | | Total LG Primary Rate 30 |
|--|-------------------|--------------------|-------------------------------|---------------------|--------------|--------------------------|
| | | | Demand Prod. & Trans. | Demand Distribution | Energy | |
| Space Heating - Secondary | Direct | 1,854 | 0 | 0 | 0 | 0 |
| Small Municipal Electric Service | Direct | 310 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Primary | Direct | 111 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Secondary | Direct | 1,302 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Primary | Direct | 418 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Secondary | Direct | 1,281 | 0 | 0 | 0 | 0 |
| Outdoor Lighting | Direct | 494 | 0 | 0 | 0 | 0 |
| Interruptible Power Service | Direct | 173 | 0 | 0 | 0 | 0 |
| Interruptible Demand Response | Direct | 911 | 0 | 0 | 0 | 0 |
| Contracts | 1 & 27 | 2,732 | 66 | 7 | 70 | 144 |
| Total Electric Retail Sales Revenues | | 110,925 | 66 | 1,503 | 3,823 | 5,422 |
| Other Revenue | | | | | | |
| Miscellaneous | | | | | | |
| Reconnect Fees | 7 | 9 | 0 | 0 | 0 | 0 |
| NSF Check Fees | 7 | 49 | 0 | 0 | 0 | 0 |
| Other Miscellaneous Service Revenue | 27 | 458 | 19 | 2 | 0 | 21 |
| Rent from Electric Property | | | | | | |
| Pole Attachments | 15 | 128 | 0 | 1 | 0 | 1 |
| Street Lights | Direct | 472 | 0 | 0 | 0 | 0 |
| Yard Lights | Direct | 173 | 0 | 0 | 0 | 0 |
| Joint Use Facilities | 30 | 850 | 47 | 0 | 0 | 47 |
| Miscellaneous | 27 | 548 | 23 | 2 | 0 | 25 |
| Other Electric Revenues | | | | | | |
| Sales of Construction & Sundry Junk Material | 14 | 23 | 0 | 0 | 0 | 0 |
| Patronage Dividends | 23 | 3 | 0 | 0 | 0 | 0 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| | Allocation Factor | Total North Dakota | Large General Primary Rate 30 | | | Customer | Total LG Primary Rate 30 |
|---|-------------------|--------------------|-------------------------------|---------------------|--------------|-----------|--------------------------|
| | | | Demand Prod. & Trans. | Demand Distribution | Energy | | |
| Joint Use Agreements | 30 | 40 | 2 | 0 | 0 | 0 | 2 |
| Wheeling Fees | 30 | 1,059 | 59 | 0 | 0 | 0 | 59 |
| Miscellaneous | 23 | 1,263 | 50 | 4 | 0 | 0 | 54 |
| Total Other Revenues | | 5,075 | 200 | 9 | 0 | 0 | 209 |
| Total Operating Revenues | | 116,000 | 266 | 1,512 | 3,823 | 30 | 5,631 |
| Operation & Maintenance Expenses | | | | | | | |
| Production Expense | | | | | | | |
| Fuel | 1 | 28,055 | 0 | 0 | 1,698 | 0 | 1,698 |
| Purchased Power - Energy | 1 | 3,774 | 0 | 0 | 228 | 0 | 228 |
| Purchased Power - Capacity | 2 | 1,438 | 80 | 0 | 0 | 0 | 80 |
| Other Production | 2 | 16,613 | 920 | 0 | 0 | 0 | 920 |
| Total Production Expense | | 49,880 | 1,000 | 0 | 1,926 | 0 | 2,926 |
| Transmission Expense | 2 | 5,305 | 294 | 0 | 0 | 0 | 294 |
| Distribution Expense | 14 | 5,966 | 0 | 88 | 0 | 6 | 94 |
| Customer Accounts Expense | 12 | 2,123 | 0 | 0 | 0 | 2 | 2 |
| Customer Service & Info. Expense | 12 | 292 | 0 | 0 | 0 | 0 | 0 |
| Sales Expense | 7 | 113 | 0 | 0 | 0 | 0 | 0 |
| Administrative & General Expenses | 24 | 11,036 | 441 | 32 | 0 | 3 | 476 |
| Total Electric O&M Expenses | | 74,715 | 1,735 | 120 | 1,926 | 11 | 3,792 |
| Total Operating Expenses | | | | | | | |
| Cost of Fuel & Purchased Power | | 33,267 | 80 | 0 | 1,926 | 0 | 2,006 |
| Other O&M Expenses | | 41,448 | 1,655 | 120 | 0 | 11 | 1,786 |
| Total Operation & Maintenance Expenses | | 74,715 | 1,735 | 120 | 1,926 | 11 | 3,792 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | Large General Primary Rate 30 | | | Total LG Primary Rate 30 |
|-------------------------------------|--------------------|-------------------------------|---------------------|-----------------|--------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Depreciation Expense | | | | | |
| Production Plant | | | | | |
| Wind Production Plant | 7,131 | 395 | 0 | 0 | 395 |
| Total Production Plant | 3,565 | 212 | 0 | 0 | 212 |
| Total Production Plant | 10,696 | 607 | 0 | 0 | 607 |
| Transmission Plant | 2,105 | 117 | 0 | 0 | 117 |
| Distribution Plant | | | | | |
| Rights of Way | 5 | 0 | 0 | 0 | 0 |
| Station Equipment | 899 | 0 | 46 | 0 | 46 |
| Poles, OH & UG Conductors & Conduit | 1,644 | 0 | 14 | 0 | 14 |
| Line Transformers | 826 | 0 | 0 | 0 | 0 |
| Services | 358 | 0 | 0 | 0 | 0 |
| Meters | 272 | 0 | 0 | 4 | 4 |
| Installation on Cust. Premises | 26 | 0 | 0 | 0 | 0 |
| Street Light & Signal Systems | 95 | 0 | 0 | 0 | 0 |
| Total Distribution Plant | 4,125 | 0 | 60 | 4 | 64 |
| General, Common & Intangible Plant | 1,673 | 70 | 6 | 0 | 76 |
| Acquisition Adjustment | 158 | 9 | 0 | 0 | 9 |
| Total Depreciation Expense | 18,757 | 803 | 66 | 0 | 873 |
| Taxes Other Than Income | | | | | |
| Ad Valorem Taxes | | | | | |
| Production Plant | 908 | 51 | 0 | 0 | 51 |
| Transmission Plant | 650 | 36 | 0 | 0 | 36 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Large General Primary Rate 30 | | | | Total LG Primary Rate 30 |
|-------------------|--------------------|-------------------------------|---------------------|--------|----------|--------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| 14 | 867 | 0 | 13 | 0 | 1 | 14 |
| 13 | 211 | 9 | 1 | 0 | 0 | 10 |
| | 2,636 | 96 | 14 | 0 | 1 | 111 |
| | 2,000 | 80 | 6 | 0 | 1 | 87 |
| | 4,636 | 176 | 20 | 0 | 2 | 198 |
| | 98,108 | 2,714 | 206 | 1,926 | 17 | 4,863 |
| 27 | 8,475 | 356 | 37 | 0 | 3 | 396 |
| | 9,417 | (2,804) | 1,269 | 1,897 | 10 | 372 |
| 44 | 603 | (180) | 81 | 121 | 1 | 23 |
| | 8,814 | (2,624) | 1,188 | 1,776 | 9 | 349 |
| 35.00% | 3,085 | (918) | 416 | 622 | 3 | 123 |
| 44 | 603 | (180) | 81 | 121 | 1 | 23 |
| 1 | (2,237) | 0 | 0 | (135) | 0 | (135) |
| 26 | (134) | (6) | 0 | 0 | 0 | (6) |
| | 1,317 | (1,104) | 497 | 608 | 4 | 5 |
| | 99,425 | 1,610 | 703 | 2,534 | 21 | 4,868 |
| | 16,575 | (1,344) | 809 | 1,289 | 9 | 763 |

Distribution Plant
General, Common & Intangible Plant
Total Ad Valorem Taxes

Other Taxes
Other Taxes - Payroll, Franchise, Other
Total Taxes Other Than Income Taxes

Total Operating Expense

Income Taxes

Interest Expense

Taxable Income

Less: State Income Tax
Federal Taxable Income

Federal Income Tax
@ Current Rate of 35%

State Income Taxes
Credits and Adjustments

Production Tax Credit
Full Normalization

Federal and State Income Taxes

Total Operating Expenses

Total Operating Income

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Large General Secondary Rate 30 | | | Total LG Secondary Rate 30 | |
|-------------------|--------------------|---------------------------------|---------------------|--------|----------------------------|----------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | | Customer |
| 2 | 240,264 | 91,487 | 0 | 0 | 0 | 91,487 |
| 3 | 71,938 | 27,449 | 0 | 0 | 0 | 27,449 |
| | 312,202 | 118,936 | 0 | 0 | 0 | 118,936 |
| 2 | 109,050 | 41,524 | 0 | 0 | 0 | 41,524 |
| 4 | 1,029 | 0 | 376 | 0 | 0 | 376 |
| 4 | 30,341 | 0 | 11,098 | 0 | 0 | 11,098 |
| 7 | 47,376 | 0 | 0 | 0 | 1,801 | 1,801 |
| 4 | 9,704 | 0 | 3,549 | 0 | 0 | 3,549 |
| 11 | 21,791 | 0 | 0 | 0 | 4,297 | 4,297 |
| 5 | 6,882 | 0 | 2,705 | 0 | 0 | 2,705 |
| 10 | 12,445 | 0 | 0 | 0 | 831 | 831 |
| 8 | 9,445 | 0 | 0 | 0 | 1,775 | 1,775 |
| Direct | 915 | 0 | 0 | 0 | 0 | 0 |
| Direct | 3,299 | 0 | 0 | 0 | 0 | 0 |
| | 143,227 | 0 | 17,728 | 0 | 8,704 | 26,432 |
| 13 | 43,582 | 12,389 | 1,369 | 0 | 672 | 14,430 |
| 29 | 7,162 | 2,728 | 0 | 0 | 0 | 2,728 |
| | 615,223 | 175,577 | 19,097 | 0 | 9,376 | 204,050 |

Rate Base

Electric Plant in Service
 Production Plant
 Wind Production Plant
 Total Production Plant
 Transmission Plant
 Distribution Plant
 Land & Rights of Way
 Station Equipment
 Poles, OH & UG Conductors & Conduit
 Customer Related 83%
 Demand Related 17%
 Line Transformers
 Customer Related 76%
 Demand Related 24%
 Services
 Meters
 Installation on Customer Premise
 Street Light & Signal System
 Total Distribution Plant
 General, Common & Intangible Plant
 Acquisition Adjustment
 Total Electric Plant in Service

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Large General Secondary Rate 30 | | | | Total LG Secondary Rate 30 |
|-------------------|--------------------|---------------------------------|---------------------|--------|----------|----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| 2 | 144,735 | 55,112 | 0 | 0 | 0 | 55,112 |
| 3 | 4,737 | 1,807 | 0 | 0 | 0 | 1,807 |
| | 149,472 | 56,919 | 0 | 0 | 0 | 56,919 |
| 2 | 53,529 | 20,383 | 0 | 0 | 0 | 20,383 |
| 4 | 110 | 0 | 40 | 0 | 0 | 40 |
| 4 | 11,323 | 0 | 4,142 | 0 | 0 | 4,142 |
| 15 | 28,025 | 0 | 1,742 | 0 | 884 | 2,626 |
| 19 | 11,662 | 0 | 1,100 | 0 | 1,748 | 2,848 |
| 10 | 12,061 | 0 | 0 | 0 | 805 | 805 |
| 8 | 1,623 | 0 | 0 | 0 | 305 | 305 |
| Direct | 502 | 0 | 0 | 0 | 0 | 0 |
| Direct | 1,958 | 0 | 0 | 0 | 0 | 0 |
| | 67,264 | 0 | 7,024 | 0 | 3,742 | 10,766 |
| | 25,545 | 7,261 | 802 | 0 | 394 | 8,457 |
| 29 | 6,683 | 2,546 | 0 | 0 | 0 | 2,546 |
| | 302,493 | 87,109 | 7,826 | 0 | 4,136 | 99,071 |
| | 312,730 | 88,468 | 11,271 | 0 | 5,240 | 104,979 |
| 13 | 5,077 | 1,443 | 159 | 0 | 78 | 1,680 |
| 26 | 373 | 106 | 12 | 0 | 6 | 124 |

Less: Accumulated Depreciation

Production Plant
Wind Production Plant
Total Production Plant
Transmission Plant
Distribution Plant
Rights of Way
Station Equipment
Poles, OH & UG Conductors & Conduit
Line Transformers
Services
Meters
Installation on Customer Premise
Street Light & Signal System
Total Distribution Plant

General, Common & Intangible Plant
Acquisition Adjustment

Less: Total Accumulated Reserve for Depreciation

Net Electric Plant in Service

Additions
Materials & Supplies
Prepayments

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Large General Secondary Rate 30 | | | Total LG Secondary Rate 30 | |
|--------------------------------|--------------------|---------------------------------|---------------------|-----------------|----------------------------|---------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | | |
| 1 | 2,955 | 0 | 0 | 1,128 | 0 | 1,128 |
| 26 | 4,556 | 1,300 | 141 | 0 | 69 | 1,510 |
| 2 | 10,213 | 3,889 | 0 | 0 | 0 | 3,889 |
| 2 | (353) | (134) | 0 | 0 | 0 | (134) |
| | 22,821 | 6,604 | 312 | 1,128 | 153 | 8,197 |
| | 335,551 | 95,072 | 11,583 | 1,128 | 5,393 | 113,176 |
| Total Before Deductions | | | | | | |
| Deductions | | | | | | |
| 26 | 49,973 | 14,262 | 1,551 | 0 | 762 | 16,575 |
| 26 | 0 | 0 | 0 | 0 | 0 | 0 |
| 26 | 227 | 65 | 7 | 0 | 3 | 75 |
| | 50,200 | 14,327 | 1,558 | 0 | 765 | 16,650 |
| | 285,351 | 80,745 | 10,025 | 1,128 | 4,628 | 96,526 |
| | 5.809% | | | | | 8.60% |

Rate of Return - Per Books

Electric Operating Revenues
Retail Sales

| | | | | | | |
|-----------------------------------|--------|---|--------|--------|-------|--------|
| Residential | 45,802 | 0 | 0 | 0 | 0 | 0 |
| Small General Electric Service | 8,259 | 0 | 0 | 0 | 0 | 0 |
| Irrigation | 45 | 0 | 0 | 0 | 0 | 0 |
| Large General Service - Primary | 5,278 | 0 | 0 | 0 | 0 | 0 |
| Large General Service - Secondary | 41,418 | 0 | 16,262 | 23,876 | 1,280 | 41,418 |
| TOD Large General Service | 537 | 0 | 0 | 0 | 0 | 0 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | Large General Secondary Rate 30 | | | | Total LG Secondary Rate 30 |
|--|--------------------|---------------------------------|---------------------|---------------|--------------|----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| Space Heating - Secondary | 1,854 | 0 | 0 | 0 | 0 | 0 |
| Small Municipal Electric Service | 310 | 0 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Primary | 111 | 0 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Secondary | 1,302 | 0 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Primary | 418 | 0 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Secondary | 1,281 | 0 | 0 | 0 | 0 | 0 |
| Outdoor Lighting | 494 | 0 | 0 | 0 | 0 | 0 |
| Interruptible Power Service | 173 | 0 | 0 | 0 | 0 | 0 |
| Interruptible Demand Response | 911 | 0 | 0 | 0 | 0 | 0 |
| Contracts | 2,732 | 444 | 57 | 443 | 26 | 970 |
| Total Electric Retail Sales Revenues | 110,925 | 444 | 16,319 | 24,319 | 1,306 | 42,388 |
| Other Revenue | | | | | | |
| Miscellaneous | | | | | | |
| Reconnect Fees | 9 | 0 | 0 | 0 | 0 | 0 |
| NSF Check Fees | 49 | 0 | 0 | 0 | 2 | 2 |
| Other Miscellaneous Service Revenue | 458 | 130 | 17 | 0 | 8 | 155 |
| Rent from Electric Property | | | | | | |
| Pole Attachments | 128 | 0 | 8 | 0 | 4 | 12 |
| Street Lights | 472 | 0 | 0 | 0 | 0 | 0 |
| Yard Lights | 173 | 0 | 0 | 0 | 0 | 0 |
| Joint Use Facilities | 850 | 324 | 0 | 0 | 0 | 324 |
| Miscellaneous | 548 | 155 | 20 | 0 | 9 | 184 |
| Other Electric Revenues | | | | | | |
| Sales of Construction & Sundry Junk Material | 23 | 0 | 3 | 0 | 1 | 4 |
| Patronage Dividends | 3 | 1 | 0 | 0 | 0 | 1 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | Large General Secondary Rate 30 | | | | Total LG Secondary Rate 30 |
|---|--------------------|---------------------------------|---------------------|--------|----------|----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| 30 | 40 | 15 | 0 | 0 | 0 | 15 |
| 30 | 1,059 | 403 | 0 | 0 | 0 | 403 |
| 23 | 1,263 | 347 | 31 | 0 | 23 | 401 |
| | 5,075 | 1,375 | 79 | 0 | 47 | 1,501 |
| | 116,000 | 1,819 | 16,398 | 24,319 | 1,353 | 43,889 |
| Operation & Maintenance Expenses | | | | | | |
| Production Expense | | | | | | |
| Fuel | | | | | | |
| Purchased Power - Energy | 28,055 | 0 | 0 | 10,710 | 0 | 10,710 |
| Purchased Power - Capacity | 3,774 | 0 | 0 | 1,441 | 0 | 1,441 |
| Other Production | 1,438 | 548 | 0 | 0 | 0 | 548 |
| Total Production Expense | 16,613 | 6,326 | 0 | 0 | 0 | 6,326 |
| Transmission Expense | 49,880 | 6,874 | 0 | 12,151 | 0 | 19,025 |
| Distribution Expense | 5,305 | 2,020 | 0 | 0 | 0 | 2,020 |
| Customer Accounts Expense | 5,966 | 0 | 738 | 0 | 363 | 1,101 |
| Customer Service & Info. Expense | 2,123 | 0 | 0 | 0 | 165 | 165 |
| Sales Expense | 292 | 0 | 0 | 0 | 23 | 23 |
| Administrative & General Expenses | 113 | 0 | 0 | 0 | 4 | 4 |
| | 11,036 | 3,029 | 268 | 0 | 201 | 3,498 |
| Total Electric O&M Expenses | 74,715 | 11,923 | 1,006 | 12,151 | 756 | 25,836 |
| Total Operating Expenses | | | | | | |
| Cost of Fuel & Purchased Power | 33,267 | 548 | 0 | 12,151 | 0 | 12,699 |
| Other O&M Expenses | 41,448 | 11,375 | 1,006 | 0 | 756 | 13,137 |
| Total Operation & Maintenance Expenses | 74,715 | 11,923 | 1,006 | 12,151 | 756 | 25,836 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | Large General Secondary Rate 30 | | | Total LG Secondary Rate 30 |
|-------------------------------------|--------------------|---------------------------------|---------------------|-----------------|----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Depreciation Expense | | | | | |
| Production Plant | 7,131 | 2,715 | 0 | 0 | 2,715 |
| Wind Production Plant | 3,565 | 1,360 | 0 | 0 | 1,360 |
| Total Production Plant | 10,696 | 4,075 | 0 | 0 | 4,075 |
| Transmission Plant | 2,105 | 802 | 0 | 0 | 802 |
| Distribution Plant | | | | | |
| Rights of Way | 5 | 0 | 2 | 0 | 2 |
| Station Equipment | 899 | 0 | 329 | 0 | 329 |
| Poles, OH & UG Conductors & Conduit | 1,644 | 0 | 102 | 0 | 154 |
| Line Transformers | 826 | 0 | 78 | 0 | 202 |
| Services | 358 | 0 | 0 | 0 | 24 |
| Meters | 272 | 0 | 0 | 0 | 51 |
| Installation on Cust. Premises | 26 | 0 | 0 | 0 | 0 |
| Street Light & Signal Systems | 95 | 0 | 0 | 0 | 0 |
| Total Distribution Plant | 4,125 | 0 | 511 | 0 | 762 |
| General, Common & Intangible Plant | 1,673 | 476 | 53 | 0 | 555 |
| Acquisition Adjustment | 158 | 60 | 0 | 0 | 60 |
| Total Depreciation Expense | 18,757 | 5,413 | 564 | 0 | 6,254 |
| Taxes Other Than Income | | | | | |
| Ad Valorem Taxes | 908 | 346 | 0 | 0 | 346 |
| Production Plant | 650 | 248 | 0 | 0 | 248 |
| Transmission Plant | | | | | |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | Large General Secondary Rate 30 | | | | Total LG Secondary Rate 30 |
|-------------------|--------------------|---------------------------------|---------------------|--------|----------|----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| 14 | 867 | 0 | 107 | 0 | 53 | 160 |
| 13 | 211 | 60 | 7 | 0 | 3 | 70 |
| | 2,636 | 654 | 114 | 0 | 56 | 824 |
| | | | | | | |
| | 2,000 | 549 | 49 | 0 | 36 | 634 |
| 23 | 4,636 | 1,203 | 163 | 0 | 92 | 1,458 |
| | 98,108 | 18,539 | 1,733 | 12,151 | 1,125 | 33,548 |
| | | | | | | |
| 27 | 8,475 | 2,397 | 305 | 0 | 142 | 2,844 |
| | 9,417 | (19,117) | 14,360 | 12,168 | 86 | 7,497 |
| 44 | 603 | (1,224) | 920 | 779 | 6 | 481 |
| | 8,814 | (17,893) | 13,440 | 11,389 | 80 | 7,016 |
| | | | | | | |
| 35.00% | 3,085 | (6,263) | 4,704 | 3,986 | 28 | 2,455 |
| 44 | 603 | (1,224) | 920 | 779 | 6 | 481 |
| | | | | | | |
| 1 | (2,237) | 0 | 0 | (854) | 0 | (854) |
| 26 | (134) | (38) | (4) | 0 | (2) | (44) |
| | 1,317 | (7,525) | 5,620 | 3,911 | 32 | 2,038 |
| | 99,425 | 11,014 | 7,353 | 16,062 | 1,157 | 35,586 |
| | 16,575 | (9,195) | 9,045 | 8,257 | 196 | 8,303 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | TOD Large General Rate 31 | | | Total TOD LG Rate 31 |
|-------------------|--------------------|---------------------------|---------------------|-----------------|----------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| 2 | 240,264 | 1,240 | 0 | 0 | 1,240 |
| 3 | 71,938 | 374 | 0 | 0 | 374 |
| | 312,202 | 1,614 | 0 | 0 | 1,614 |
| 2 | 109,050 | 563 | 0 | 0 | 563 |
| 4 | 1,029 | 0 | 5 | 0 | 5 |
| 4 | 30,341 | 0 | 150 | 0 | 150 |
| 7 | 47,376 | 0 | 0 | 0 | 21 |
| 4 | 9,704 | 0 | 48 | 0 | 48 |
| 11 | 21,791 | 0 | 0 | 0 | 50 |
| 5 | 6,882 | 0 | 37 | 0 | 37 |
| 10 | 12,445 | 0 | 0 | 0 | 9 |
| 8 | 9,445 | 0 | 0 | 0 | 18 |
| Direct | 915 | 0 | 0 | 0 | 0 |
| Direct | 3,299 | 0 | 0 | 0 | 0 |
| | 143,227 | 0 | 240 | 0 | 98 |
| 13 | 43,582 | 168 | 19 | 0 | 8 |
| 29 | 7,162 | 37 | 0 | 0 | 0 |
| | 615,223 | 2,382 | 259 | 0 | 106 |
| | | | | | 338 |
| | | | | | 195 |
| | | | | | 37 |
| | | | | | 2,747 |

Rate Base

Electric Plant in Service
 Production Plant
 Wind Production Plant
 Total Production Plant
 Transmission Plant
 Distribution Plant
 Land & Rights of Way
 Station Equipment
 Poles, OH & UG Conductors & Conduit
 Customer Related 83%
 Demand Related 17%
 Line Transformers
 Customer Related 76%
 Demand Related 24%
 Services
 Meters
 Installation on Customer Premise
 Street Light & Signal System
 Total Distribution Plant
 General, Common & Intangible Plant
 Acquisition Adjustment
 Total Electric Plant in Service

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | TOD Large General Rate 31 | | | Total TOD LG Rate 31 |
|--|--------------------|---------------------------|---------------------|-----------------|----------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Less: Accumulated Depreciation | | | | | |
| Production Plant | 144,735 | 747 | 0 | 0 | 747 |
| Wind Production Plant | 4,737 | 25 | 0 | 0 | 25 |
| Total Production Plant | 149,472 | 772 | 0 | 0 | 772 |
| Transmission Plant | 53,529 | 276 | 0 | 0 | 276 |
| Distribution Plant | | | | | |
| Rights of Way | 110 | 0 | 1 | 0 | 1 |
| Station Equipment | 11,323 | 0 | 56 | 0 | 56 |
| Poles, OH & UG Conductors & Conduit | 28,025 | 0 | 24 | 0 | 34 |
| Line Transformers | 11,662 | 0 | 15 | 0 | 35 |
| Services | 12,061 | 0 | 0 | 0 | 9 |
| Meters | 1,623 | 0 | 0 | 0 | 3 |
| Installation on Customer Premise | 502 | 0 | 0 | 0 | 0 |
| Street Light & Signal System | 1,958 | 0 | 0 | 0 | 0 |
| Total Distribution Plant | 67,264 | 0 | 96 | 0 | 42 |
| General, Common & Intangible Plant | 25,545 | 99 | 11 | 0 | 4 |
| Acquisition Adjustment | 6,683 | 35 | 0 | 0 | 0 |
| Less: Total Accumulated Reserve for Depreciation | 302,493 | 1,182 | 107 | 0 | 46 |
| Net Electric Plant in Service | 312,730 | 1,200 | 152 | 0 | 60 |
| Additions | | | | | |
| Materials & Supplies | 5,077 | 20 | 2 | 0 | 1 |
| Prepayments | 373 | 1 | 0 | 0 | 0 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | TOD Large General Rate 31 | | | | Total TOD LG Rate 31 |
|------------------------------------|--------------------|---------------------------|---------------------|--------|----------|----------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| 1 | 2,955 | 0 | 0 | 15 | 0 | 15 |
| 26 | 4,556 | 18 | 2 | 0 | 1 | 21 |
| 2 | 10,213 | 53 | 0 | 0 | 0 | 53 |
| 2 | (353) | (2) | 0 | 0 | 0 | (2) |
| | 22,821 | 90 | 4 | 15 | 2 | 111 |
| Total Before Deductions | 335,551 | 1,290 | 156 | 15 | 62 | 1,523 |
| Deductions | | | | | | |
| Accumulated Deferred Income Tax | 49,973 | 193 | 21 | 0 | 9 | 223 |
| Accumulated Investment Tax Credit | 0 | 0 | 0 | 0 | 0 | 0 |
| Customer Advances For Construction | 227 | 1 | 0 | 0 | 0 | 1 |
| Total Deductions | 50,200 | 194 | 21 | 0 | 9 | 224 |
| Total Rate Base | 285,351 | 1,096 | 135 | 15 | 53 | 1,299 |

Rate of Return - Per Books 5.809% 7.62%

| Electric Operating Revenues | Rate of Return - Per Books | Rate of Return - Per Books |
|-----------------------------------|----------------------------|----------------------------|
| Retail Sales | 5.809% | 7.62% |
| Residential | 45,802 | 0 |
| Small General Electric Service | 8,259 | 0 |
| Irrigation | 45 | 0 |
| Large General Service - Primary | 5,278 | 0 |
| Large General Service - Secondary | 41,418 | 0 |
| TOD Large General Service | 537 | 383 |
| | | 14 |
| | | 537 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | TOD Large General Rate 31 | | | | Total TOD LG Rate 31 |
|--|--------------------|---------------------------|---------------------|------------|-----------|----------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| Space Heating - Secondary | 1,854 | 0 | 0 | 0 | 0 | 0 |
| Small Municipal Electric Service | 310 | 0 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Primary | 111 | 0 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Secondary | 1,302 | 0 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Primary | 418 | 0 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Secondary | 1,281 | 0 | 0 | 0 | 0 | 0 |
| Outdoor Lighting | 494 | 0 | 0 | 0 | 0 | 0 |
| Interruptible Power Service | 173 | 0 | 0 | 0 | 0 | 0 |
| Interruptible Demand Response | 911 | 0 | 0 | 0 | 0 | 0 |
| Contracts | 2,732 | 6 | 1 | 6 | 0 | 13 |
| Total Electric Retail Sales Revenues | 110,925 | 6 | 141 | 389 | 14 | 550 |
| Other Revenue | | | | | | |
| Miscellaneous | | | | | | |
| Reconnect Fees | 9 | 0 | 0 | 0 | 0 | 0 |
| NSF Check Fees | 49 | 0 | 0 | 0 | 0 | 0 |
| Other Miscellaneous Service Revenue | 458 | 2 | 0 | 0 | 0 | 2 |
| Rent from Electric Property | | | | | | |
| Pole Attachments | 128 | 0 | 0 | 0 | 0 | 0 |
| Street Lights | 472 | 0 | 0 | 0 | 0 | 0 |
| Yard Lights | 173 | 0 | 0 | 0 | 0 | 0 |
| Joint Use Facilities | 850 | 4 | 0 | 0 | 0 | 4 |
| Miscellaneous | 548 | 2 | 0 | 0 | 0 | 2 |
| Other Electric Revenues | | | | | | |
| Sales of Construction & Sundry Junk Material | 23 | 0 | 0 | 0 | 0 | 0 |
| Patronage Dividends | 3 | 0 | 0 | 0 | 0 | 0 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | TOD Large General Rate 31 | | | | Total TOD LG Rate 31 |
|---|--------------------|---------------------------|---------------------|------------|-----------|----------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| Joint Use Agreements | 40 | 0 | 0 | 0 | 0 | 0 |
| Wheeling Fees | 1,059 | 5 | 0 | 0 | 0 | 5 |
| Miscellaneous | 1,263 | 5 | 0 | 0 | 0 | 5 |
| Total Other Revenues | 5,075 | 18 | 0 | 0 | 0 | 18 |
| Total Operating Revenues | 116,000 | 24 | 141 | 389 | 14 | 568 |
| Operation & Maintenance Expenses | | | | | | |
| Production Expense | | | | | | |
| Fuel | 28,055 | 0 | 0 | 146 | 0 | 146 |
| Purchased Power - Energy | 3,774 | 0 | 0 | 20 | 0 | 20 |
| Purchased Power - Capacity | 1,438 | 7 | 0 | 0 | 0 | 7 |
| Other Production | 16,613 | 86 | 0 | 0 | 0 | 86 |
| Total Production Expense | 49,880 | 93 | 0 | 166 | 0 | 259 |
| Transmission Expense | 5,305 | 27 | 0 | 0 | 0 | 27 |
| Distribution Expense | 5,966 | 0 | 10 | 0 | 4 | 14 |
| Customer Accounts Expense | 2,123 | 0 | 0 | 0 | 3 | 3 |
| Customer Service & Info. Expense | 292 | 0 | 0 | 0 | 0 | 0 |
| Sales Expense | 113 | 0 | 0 | 0 | 0 | 0 |
| Administrative & General Expenses | 11,036 | 41 | 4 | 0 | 3 | 48 |
| Total Electric O&M Expenses | 74,715 | 161 | 14 | 166 | 10 | 351 |
| Total Operating Expenses | | | | | | |
| Cost of Fuel & Purchased Power | 33,267 | 7 | 0 | 166 | 0 | 173 |
| Other O&M Expenses | 41,448 | 154 | 14 | 0 | 10 | 178 |
| Total Operation & Maintenance Expenses | 74,715 | 161 | 14 | 166 | 10 | 351 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | TOD Large General Rate 31 | | | Total TOD LG Rate 31 |
|-------------------------------------|--------------------|---------------------------|---------------------|-----------------|----------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Depreciation Expense | | | | | |
| Production Plant | 7,131 | 37 | 0 | 0 | 37 |
| Wind Production Plant | 3,565 | 19 | 0 | 0 | 19 |
| Total Production Plant | 10,696 | 56 | 0 | 0 | 56 |
| Transmission Plant | 2,105 | 11 | 0 | 0 | 11 |
| Distribution Plant | | | | | |
| Rights of Way | 5 | 0 | 0 | 0 | 0 |
| Station Equipment | 899 | 0 | 4 | 0 | 4 |
| Poles, OH & UG Conductors & Conduit | 1,644 | 0 | 1 | 0 | 1 |
| Line Transformers | 826 | 0 | 1 | 0 | 1 |
| Services | 358 | 0 | 0 | 0 | 0 |
| Meters | 272 | 0 | 0 | 0 | 0 |
| Installation on Cust. Premises | 26 | 0 | 0 | 0 | 0 |
| Street Light & Signal Systems | 95 | 0 | 0 | 0 | 0 |
| Total Distribution Plant | 4,125 | 0 | 6 | 0 | 6 |
| General, Common & Intangible Plant | 1,673 | 6 | 1 | 0 | 7 |
| Acquisition Adjustment | 158 | 1 | 0 | 0 | 1 |
| Total Depreciation Expense | 18,757 | 74 | 7 | 0 | 84 |
| Taxes Other Than Income | | | | | |
| Ad Valorem Taxes | | | | | |
| Production Plant | 908 | 5 | 0 | 0 | 5 |
| Transmission Plant | 650 | 3 | 0 | 0 | 3 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| | Allocation Factor | TOD Large General Rate 31 | | | | | Total TOD LG Rate 31 |
|---|-------------------|---------------------------|-----------------------|---------------------|--------|----------|----------------------|
| | | Total North Dakota | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| Distribution Plant | 14 | 867 | 0 | 1 | 0 | 1 | 2 |
| General, Common & Intangible Plant | 13 | 211 | 1 | 0 | 0 | 0 | 1 |
| Total Ad Valorem Taxes | | 2,636 | 9 | 1 | 0 | 1 | 11 |
| Other Taxes | 23 | 2,000 | 7 | 1 | 0 | 0 | 8 |
| Other Taxes - Payroll, Franchise, Other | | 4,636 | 16 | 2 | 0 | 1 | 19 |
| Total Taxes Other Than Income Taxes | | 98,108 | 251 | 23 | 166 | 14 | 454 |
| Total Operating Expense | | | | | | | |
| Income Taxes | 27 | 8,475 | 33 | 4 | 0 | 2 | 39 |
| Interest Expense | | 9,417 | (260) | 114 | 223 | (2) | 75 |
| Taxable Income | 44 | 603 | (17) | 7 | 14 | 0 | 4 |
| Less: State Income Tax | | 8,814 | (243) | 107 | 209 | (2) | 71 |
| Federal Taxable Income | | | | | | | |
| Federal Income Tax | 35.00% | 3,085 | (85) | 37 | 73 | (1) | 24 |
| @ Current Rate of 35% | 44 | 603 | (17) | 7 | 14 | 0 | 4 |
| State Income Taxes | | | | | | | |
| Credits and Adjustments | 1 | (2,237) | 0 | 0 | (12) | 0 | (12) |
| Production Tax Credit | 26 | (134) | (1) | 0 | 0 | 0 | (1) |
| Full Normalization | | 1,317 | (103) | 44 | 75 | (1) | 15 |
| Federal and State Income Taxes | | 99,425 | 148 | 67 | 241 | 13 | 469 |
| Total Operating Expenses | | 16,575 | (124) | 74 | 148 | 1 | 99 |
| Total Operating Income | | | | | | | |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Space Heating Rate 32 | | | Total Space Heating Rate 32 |
|-------------------|--------------------|-----------------------|---------------------|-----------------|-----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| 2 | 240,264 | 2,781 | 0 | 0 | 2,781 |
| 3 | 71,938 | 1,603 | 0 | 0 | 1,603 |
| | 312,202 | 4,384 | 0 | 0 | 4,384 |
| 2 | 109,050 | 1,262 | 0 | 0 | 1,262 |
| 4 | 1,029 | 0 | 26 | 0 | 26 |
| 4 | 30,341 | 0 | 762 | 0 | 762 |
| 7 | 47,376 | 0 | 0 | 0 | 81 |
| 4 | 9,704 | 0 | 244 | 0 | 244 |
| 11 | 21,791 | 0 | 0 | 0 | 0 |
| 5 | 6,882 | 0 | 186 | 0 | 186 |
| 10 | 12,445 | 0 | 0 | 0 | 0 |
| 8 | 9,445 | 0 | 0 | 0 | 161 |
| Direct | 915 | 0 | 0 | 0 | 0 |
| Direct | 3,299 | 0 | 0 | 0 | 0 |
| | 143,227 | 0 | 1,218 | 0 | 242 |
| 13 | 43,582 | 436 | 94 | 0 | 19 |
| 29 | 7,162 | 101 | 0 | 0 | 0 |
| | 615,223 | 6,183 | 1,312 | 0 | 261 |
| | | | | | 1,460 |
| | | | | | 549 |
| | | | | | 101 |
| | | | | | 7,756 |

Rate Base

Electric Plant in Service
 Production Plant
 Wind Production Plant
 Total Production Plant
 Transmission Plant
 Distribution Plant
 Land & Rights of Way
 Station Equipment
 Poles, OH & UG Conductors & Conduit
 Customer Related 83%
 Demand Related 17%
 Line Transformers
 Customer Related 76%
 Demand Related 24%
 Services
 Meters
 Installation on Customer Premise
 Street Light & Signal System
 Total Distribution Plant
 General, Common & Intangible Plant
 Acquisition Adjustment
 Total Electric Plant in Service

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| | Allocation Factor | Total North Dakota | Space Heating Rate 32 | | | Customer | Total Space Heating Rate 32 |
|--|-------------------|--------------------|-----------------------|---------------------|--------|----------|-----------------------------|
| | | | Demand Prod. & Trans. | Demand Distribution | Energy | | |
| Less: Accumulated Depreciation | | | | | | | |
| Production Plant | 2 | 144,735 | 1,675 | 0 | 0 | 0 | 1,675 |
| Wind Production Plant | 3 | 4,737 | 106 | 0 | 0 | 0 | 106 |
| Total Production Plant | | 149,472 | 1,781 | 0 | 0 | 0 | 1,781 |
| Transmission Plant | 2 | 53,529 | 620 | 0 | 0 | 0 | 620 |
| Distribution Plant | | | | | | | |
| Rights of Way | 4 | 110 | 0 | 3 | 0 | 0 | 3 |
| Station Equipment | 4 | 11,323 | 0 | 284 | 0 | 0 | 284 |
| Poles, OH & UG Conductors & Conduit | 15 | 28,025 | 0 | 120 | 0 | 40 | 160 |
| Line Transformers | 19 | 11,662 | 0 | 76 | 0 | 0 | 76 |
| Services | 10 | 12,061 | 0 | 0 | 0 | 0 | 0 |
| Meters | 8 | 1,623 | 0 | 0 | 0 | 28 | 28 |
| Installation on Customer Premise | Direct | 502 | 0 | 0 | 0 | 0 | 0 |
| Street Light & Signal System | Direct | 1,958 | 0 | 0 | 0 | 0 | 0 |
| Total Distribution Plant | | 67,264 | 0 | 483 | 0 | 68 | 551 |
| General, Common & Intangible Plant | 13 | 25,545 | 256 | 55 | 0 | 11 | 322 |
| Acquisition Adjustment | 29 | 6,683 | 94 | 0 | 0 | 0 | 94 |
| Less: Total Accumulated Reserve for Depreciation | | 302,493 | 2,751 | 538 | 0 | 79 | 3,368 |
| Net Electric Plant in Service | | 312,730 | 3,432 | 774 | 0 | 182 | 4,388 |
| Additions | | | | | | | |
| Materials & Supplies | 13 | 5,077 | 51 | 11 | 0 | 2 | 64 |
| Prepayments | 26 | 373 | 4 | 1 | 0 | 0 | 5 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Space Heating Rate 32 | | | Total Space Heating Rate 32 |
|-------------------|--------------------|-----------------------|---------------------|--------|-----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | |
| 1 | 2,955 | 0 | 0 | 74 | 74 |
| 26 | 4,556 | 46 | 10 | 0 | 58 |
| 2 | 10,213 | 118 | 0 | 0 | 118 |
| 2 | (353) | (4) | 0 | 0 | (4) |
| | 22,821 | 215 | 22 | 74 | 315 |
| | 335,551 | 3,647 | 796 | 74 | 4,703 |
| Deductions | | | | | |
| 26 | 49,973 | 502 | 107 | 0 | 630 |
| 26 | 0 | 0 | 0 | 0 | 0 |
| 26 | 227 | 2 | 0 | 0 | 2 |
| | 50,200 | 504 | 107 | 0 | 632 |
| | 285,351 | 3,143 | 689 | 74 | 4,071 |

Rate of Return - Per Books 5.809% 7.98%

| Electric Operating Revenues | Rate of Return - Per Books |
|-----------------------------------|----------------------------|
| Retail Sales | 7.98% |
| Residential | 0 |
| Small General Electric Service | 0 |
| Irrigation | 0 |
| Large General Service - Primary | 0 |
| Large General Service - Secondary | 0 |
| TOD Large General Service | 0 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Space Heating Rate 32 | | | Customer | Total Space Heating Rate 32 |
|--|--------------------|-----------------------|---------------------|--------------|-----------|-----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | | |
| Space Heating - Secondary | 1,854 | 0 | 254 | 1,562 | 38 | 1,854 |
| Small Municipal Electric Service | 310 | 0 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Primary | 111 | 0 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Secondary | 1,302 | 0 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Primary | 418 | 0 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Secondary | 1,281 | 0 | 0 | 0 | 0 | 0 |
| Outdoor Lighting | 494 | 0 | 0 | 0 | 0 | 0 |
| Interruptible Power Service | 173 | 0 | 0 | 0 | 0 | 0 |
| Interruptible Demand Response | 911 | 0 | 0 | 0 | 0 | 0 |
| Contracts | 2,732 | 17 | 4 | 29 | 1 | 51 |
| Total Electric Retail Sales Revenues | 110,925 | 17 | 258 | 1,591 | 39 | 1,905 |
| Other Revenue | | | | | | |
| Miscellaneous | | | | | | |
| Reconnect Fees | 9 | 0 | 0 | 0 | 0 | 0 |
| NSF Check Fees | 49 | 0 | 0 | 0 | 0 | 0 |
| Other Miscellaneous Service Revenue | 458 | 5 | 1 | 0 | 0 | 6 |
| Rent from Electric Property | | | | | | |
| Pole Attachments | 128 | 0 | 1 | 0 | 0 | 1 |
| Street Lights | 472 | 0 | 0 | 0 | 0 | 0 |
| Yard Lights | 173 | 0 | 0 | 0 | 0 | 0 |
| Joint Use Facilities | 850 | 10 | 0 | 0 | 0 | 10 |
| Miscellaneous | 548 | 6 | 1 | 0 | 0 | 7 |
| Other Electric Revenues | | | | | | |
| Sales of Construction & Sundry Junk Material | 23 | 0 | 0 | 0 | 0 | 0 |
| Patronage Dividends | 3 | 0 | 0 | 0 | 0 | 0 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | Space Heating Rate 32 | | | Total Space Heating Rate 32 |
|---|--------------------|-----------------------|---------------------|-----------------|-----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Joint Use Agreements | 40 | 0 | 0 | 0 | 0 |
| Wheeling Fees | 1,059 | 12 | 0 | 0 | 12 |
| Miscellaneous | 1,263 | 11 | 2 | 0 | 15 |
| Total Other Revenues | 5,075 | 44 | 5 | 0 | 51 |
| Total Operating Revenues | 116,000 | 61 | 263 | 1,591 | 1,956 |
| Operation & Maintenance Expenses | | | | | |
| Production Expense | | | | | |
| Fuel | | | | | |
| Purchased Power - Energy | 28,055 | 0 | 0 | 700 | 700 |
| Purchased Power - Capacity | 3,774 | 0 | 0 | 94 | 94 |
| Other Production | 1,438 | 17 | 0 | 0 | 17 |
| Total Production Expense | 49,880 | 209 | 0 | 794 | 1,003 |
| Transmission Expense | 5,305 | 61 | 0 | 0 | 61 |
| Distribution Expense | 5,966 | 0 | 51 | 0 | 61 |
| Customer Accounts Expense | 2,123 | 0 | 0 | 0 | 30 |
| Customer Service & Info. Expense | 292 | 0 | 0 | 0 | 4 |
| Sales Expense | 113 | 0 | 0 | 0 | 0 |
| Administrative & General Expenses | 11,036 | 92 | 19 | 0 | 127 |
| Total Electric O&M Expenses | 74,715 | 362 | 70 | 794 | 1,286 |
| Total Operating Expenses | | | | | |
| Cost of Fuel & Purchased Power | 33,267 | 17 | 0 | 794 | 811 |
| Other O&M Expenses | 41,448 | 345 | 70 | 0 | 475 |
| Total Operation & Maintenance Expenses | 74,715 | 362 | 70 | 794 | 1,286 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Space Heating Rate 32 | | | Total Space Heating Rate 32 |
|-------------------------------------|--------------------|-----------------------|---------------------|-----------------|-----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Depreciation Expense | | | | | |
| Production Plant | 7,131 | 83 | 0 | 0 | 83 |
| Wind Production Plant | 3,565 | 79 | 0 | 0 | 79 |
| Total Production Plant | 10,696 | 162 | 0 | 0 | 162 |
| Transmission Plant | 2,105 | 24 | 0 | 0 | 24 |
| Distribution Plant | | | | | |
| Rights of Way | 5 | 0 | 0 | 0 | 0 |
| Station Equipment | 899 | 0 | 23 | 0 | 23 |
| Poles, OH & UG Conductors & Conduit | 1,644 | 0 | 7 | 2 | 9 |
| Line Transformers | 826 | 0 | 5 | 0 | 5 |
| Services | 358 | 0 | 0 | 0 | 0 |
| Meters | 272 | 0 | 0 | 5 | 5 |
| Installation on Cust. Premises | 26 | 0 | 0 | 0 | 0 |
| Street Light & Signal Systems | 95 | 0 | 0 | 0 | 0 |
| Total Distribution Plant | 4,125 | 0 | 35 | 7 | 42 |
| General, Common & Intangible Plant | 1,673 | 17 | 4 | 1 | 22 |
| Acquisition Adjustment | 158 | 2 | 0 | 0 | 2 |
| Total Depreciation Expense | 18,757 | 205 | 39 | 8 | 252 |
| Taxes Other Than Income | | | | | |
| Ad Valorem Taxes | | | | | |
| Production Plant | 908 | 13 | 0 | 0 | 13 |
| Transmission Plant | 650 | 8 | 0 | 0 | 8 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Space Heating Rate 32 | | | Total Space Heating Rate 32 |
|-------------------------------------|--------------------|-----------------------|---------------------|--------|-----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | |
| 14 | 867 | 0 | 7 | 0 | 1 |
| 13 | 211 | 2 | 0 | 0 | 0 |
| | 2,636 | 23 | 7 | 0 | 1 |
| Distribution Plant | | | | | |
| General, Common & Intangible Plant | | | | | |
| Total Ad Valorem Taxes | | | | | |
| Other Taxes | | | | | |
| 23 | 2,000 | 17 | 3 | 0 | 3 |
| | 4,636 | 40 | 10 | 0 | 4 |
| Total Taxes Other Than Income Taxes | | | | | |
| Total Operating Expense | | | | | |
| Income Taxes | | | | | |
| 27 | 8,475 | 93 | 21 | 0 | 5 |
| Interest Expense | | | | | |
| Taxable Income | | | | | |
| 44 | 603 | (41) | 8 | 51 | (2) |
| | 8,814 | (598) | 115 | 746 | (34) |
| Less: State Income Tax | | | | | |
| Federal Taxable Income | | | | | |
| Federal Income Tax | | | | | |
| 35.00% | 3,085 | (209) | 40 | 261 | (12) |
| 44 | 603 | (41) | 8 | 51 | (2) |
| Credits and Adjustments | | | | | |
| 1 | (2,237) | 0 | 0 | (56) | 0 |
| 26 | (134) | (1) | 0 | 0 | 0 |
| | 1,317 | (251) | 48 | 256 | (14) |
| Federal and State Income Taxes | | | | | |
| Total Operating Expenses | | | | | |
| | 99,425 | 356 | 167 | 1,050 | 58 |
| Total Operating Income | | | | | |
| | 16,575 | (295) | 96 | 541 | (17) |
| | | | | | 325 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Small Municipal Rate 40 | | | Total Sm Municipal Rate 40 |
|-------------------|--------------------|-------------------------|---------------------|-----------------|----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| 2 | 240,264 | 751 | 0 | 0 | 751 |
| 3 | 71,938 | 208 | 0 | 0 | 208 |
| | 312,202 | 959 | 0 | 0 | 959 |
| 2 | 109,050 | 341 | 0 | 0 | 341 |
| 4 | 1,029 | 0 | 3 | 0 | 3 |
| 4 | 30,341 | 0 | 94 | 0 | 94 |
| 7 | 47,376 | 0 | 0 | 208 | 208 |
| 4 | 9,704 | 0 | 30 | 0 | 30 |
| 11 | 21,791 | 0 | 0 | 222 | 222 |
| 5 | 6,882 | 0 | 23 | 0 | 23 |
| 10 | 12,445 | 0 | 0 | 62 | 62 |
| 8 | 9,445 | 0 | 0 | 56 | 56 |
| Direct | 915 | 0 | 0 | 0 | 0 |
| Direct | 3,299 | 0 | 0 | 0 | 0 |
| | 143,227 | 0 | 150 | 548 | 698 |
| 13 | 43,582 | 100 | 12 | 42 | 154 |
| 29 | 7,162 | 22 | 0 | 0 | 22 |
| | 615,223 | 1,422 | 162 | 590 | 2,174 |

Rate Base

Electric Plant in Service
 Production Plant
 Wind Production Plant
 Total Production Plant
 Transmission Plant
 Distribution Plant
 Land & Rights of Way
 Station Equipment
 Poles, OH & UG Conductors & Conduit
 Customer Related 83%
 Demand Related 17%
 Line Transformers
 Customer Related 76%
 Demand Related 24%
 Services
 Meters
 Installation on Customer Premise
 Street Light & Signal System
 Total Distribution Plant
 General, Common & Intangible Plant
 Acquisition Adjustment
 Total Electric Plant in Service

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Small Municipal Rate 40 | | | Energy | Customer | Total Sm Municipal Rate 40 |
|--|--------------------|-------------------------|---------------------|--------|--------|----------|----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Demand | | | |
| Less: Accumulated Depreciation | | | | | | | |
| Production Plant | 144,735 | 453 | 0 | 0 | 0 | 453 | |
| Wind Production Plant | 4,737 | 14 | 0 | 0 | 0 | 14 | |
| Total Production Plant | 149,472 | 467 | 0 | 0 | 0 | 467 | |
| Transmission Plant | 53,529 | 167 | 0 | 0 | 0 | 167 | |
| Distribution Plant | | | | | | | |
| Rights of Way | 110 | 0 | 0 | 0 | 0 | 0 | |
| Station Equipment | 11,323 | 0 | 35 | 0 | 0 | 35 | |
| Poles, OH & UG Conductors & Conduit | 28,025 | 0 | 15 | 0 | 102 | 117 | |
| Line Transformers | 11,662 | 0 | 9 | 0 | 90 | 99 | |
| Services | 12,061 | 0 | 0 | 0 | 60 | 60 | |
| Meters | 1,623 | 0 | 0 | 0 | 10 | 10 | |
| Installation on Customer Premise | 502 | 0 | 0 | 0 | 0 | 0 | |
| Street Light & Signal System | 1,958 | 0 | 0 | 0 | 0 | 0 | |
| Total Distribution Plant | 67,264 | 0 | 59 | 0 | 262 | 321 | |
| General, Common & Intangible Plant | 25,545 | 59 | 7 | 0 | 25 | 91 | |
| Acquisition Adjustment | 6,683 | 21 | 0 | 0 | 0 | 21 | |
| Less: Total Accumulated Reserve for Depreciation | 302,493 | 714 | 66 | 0 | 287 | 1,067 | |
| Net Electric Plant in Service | 312,730 | 708 | 96 | 0 | 303 | 1,107 | |
| Additions | | | | | | | |
| Materials & Supplies | 5,077 | 12 | 1 | 0 | 5 | 18 | |
| Prepayments | 373 | 1 | 0 | 0 | 0 | 1 | |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Small Municipal Rate 40 | | | Total Sm Municipal Rate 40 |
|--------------------------------|--------------------|-------------------------|---------------------|--------|----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | |
| 1 | 2,955 | 0 | 0 | 8 | 8 |
| 26 | 4,556 | 11 | 1 | 0 | 16 |
| 2 | 10,213 | 32 | 0 | 0 | 32 |
| 2 | (353) | (1) | 0 | 0 | (1) |
| | 22,821 | 55 | 2 | 8 | 74 |
| | 335,551 | 763 | 98 | 8 | 1,181 |
| Total Before Deductions | | | | | |
| Deductions | | | | | |
| 26 | 49,973 | 116 | 13 | 0 | 177 |
| 26 | 0 | 0 | 0 | 0 | 0 |
| 26 | 227 | 1 | 0 | 0 | 1 |
| | 50,200 | 117 | 13 | 0 | 178 |
| | 285,351 | 646 | 85 | 8 | 1,003 |

Rate of Return - Per Books 5.809% 2.29%

| Electric Operating Revenues | Rate of Return - Per Books | Rate of Return - Per Books |
|-----------------------------------|----------------------------|----------------------------|
| Retail Sales | 5.809% | 2.29% |
| Residential | 45,802 | 0 |
| Small General Electric Service | 8,259 | 0 |
| Irrigation | 45 | 0 |
| Large General Service - Primary | 5,278 | 0 |
| Large General Service - Secondary | 41,418 | 0 |
| TOD Large General Service | 537 | 0 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Small Municipal Rate 40 | | | Total Sm Municipal Rate 40 |
|--|--------------------|-------------------------|---------------------|------------|----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | |
| Space Heating - Secondary | 1,854 | 0 | 0 | 0 | 0 |
| Small Municipal Electric Service | 310 | 0 | 46 | 195 | 310 |
| Municipal Lighting - Primary | 111 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Secondary | 1,302 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Primary | 418 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Secondary | 1,281 | 0 | 0 | 0 | 0 |
| Outdoor Lighting | 494 | 0 | 0 | 0 | 0 |
| Interruptible Power Service | 173 | 0 | 0 | 0 | 0 |
| Interruptible Demand Response | 911 | 0 | 0 | 0 | 0 |
| Contracts | 2,732 | 4 | 0 | 3 | 9 |
| Total Electric Retail Sales Revenues | 110,925 | 4 | 46 | 198 | 319 |
| Other Revenue | | | | | |
| Miscellaneous | | | | | |
| Reconnect Fees | 9 | 0 | 0 | 0 | 0 |
| NSF Check Fees | 49 | 0 | 0 | 0 | 0 |
| Other Miscellaneous Service Revenue | 458 | 1 | 0 | 0 | 1 |
| Rent from Electric Property | | | | | |
| Pole Attachments | 128 | 0 | 0 | 0 | 0 |
| Street Lights | 472 | 0 | 0 | 0 | 0 |
| Yard Lights | 173 | 0 | 0 | 0 | 0 |
| Joint Use Facilities | 850 | 3 | 0 | 0 | 3 |
| Miscellaneous | 548 | 1 | 0 | 0 | 2 |
| Other Electric Revenues | | | | | |
| Sales of Construction & Sundry Junk Material | 23 | 0 | 0 | 0 | 0 |
| Patronage Dividends | 3 | 0 | 0 | 0 | 0 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Small Municipal Rate 40 | | | Total Sm Municipal Rate 40 |
|---|--------------------|-------------------------|---------------------|-----------------|----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Joint Use Agreements | 40 | 0 | 0 | 0 | 0 |
| Wheeling Fees | 1,059 | 3 | 0 | 0 | 3 |
| Miscellaneous | 1,263 | 3 | 0 | 0 | 4 |
| Total Other Revenues | 5,075 | 11 | 0 | 0 | 13 |
| Total Operating Revenues | 116,000 | 15 | 46 | 198 | 332 |
| Operation & Maintenance Expenses | | | | | |
| Production Expense | | | | | |
| Fuel | | | | | |
| Purchased Power - Energy | 28,055 | 0 | 0 | 79 | 79 |
| Purchased Power - Capacity | 3,774 | 0 | 0 | 11 | 11 |
| Other Production | 1,438 | 4 | 0 | 0 | 4 |
| Total Production Expense | 49,880 | 56 | 0 | 90 | 146 |
| Transmission Expense | 5,305 | 17 | 0 | 0 | 17 |
| Distribution Expense | 5,966 | 0 | 6 | 0 | 23 |
| Customer Accounts Expense | 2,123 | 0 | 0 | 0 | 9 |
| Customer Service & Info. Expense | 292 | 0 | 0 | 0 | 1 |
| Sales Expense | 113 | 0 | 0 | 0 | 0 |
| Administrative & General Expenses | 11,036 | 25 | 2 | 0 | 39 |
| Total Electric O&M Expenses | 74,715 | 98 | 8 | 90 | 241 |
| Total Operating Expenses | | | | | |
| Cost of Fuel & Purchased Power | 33,267 | 4 | 0 | 90 | 94 |
| Other O&M Expenses | 41,448 | 94 | 8 | 0 | 147 |
| Total Operation & Maintenance Expenses | 74,715 | 98 | 8 | 90 | 241 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Small Municipal Rate 40 | | | Total Sm Municipal Rate 40 |
|-------------------|--------------------|-------------------------|---------------------|-----------------|----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| 2 | 7,131 | 22 | 0 | 0 | 22 |
| 3 | 3,565 | 10 | 0 | 0 | 10 |
| | 10,696 | 32 | 0 | 0 | 32 |
| 2 | 2,105 | 7 | 0 | 0 | 7 |
| 4 | 5 | 0 | 0 | 0 | 0 |
| 4 | 899 | 0 | 3 | 0 | 3 |
| 15 | 1,644 | 0 | 1 | 0 | 7 |
| 19 | 826 | 0 | 1 | 0 | 7 |
| 10 | 358 | 0 | 0 | 0 | 2 |
| 8 | 272 | 0 | 0 | 0 | 2 |
| Direct | 26 | 0 | 0 | 0 | 0 |
| Direct | 95 | 0 | 0 | 0 | 0 |
| | 4,125 | 0 | 5 | 0 | 21 |
| 13 | 1,673 | 4 | 0 | 0 | 6 |
| 29 | 158 | 0 | 0 | 0 | 0 |
| | 18,757 | 43 | 5 | 0 | 66 |
| 29 | 908 | 3 | 0 | 0 | 3 |
| 30 | 650 | 2 | 0 | 0 | 2 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| | Allocation Factor | Small Municipal Rate 40 | | | | Total Sm Municipal Rate 40 | |
|---|-------------------|-------------------------|-----------------------|---------------------|-----------------|----------------------------|------|
| | | North Dakota | Demand Prod. & Trans. | Demand Distribution | Energy Customer | | |
| Distribution Plant | 14 | 867 | 0 | 1 | 0 | 3 | 4 |
| General, Common & Intangible Plant | 13 | 211 | 0 | 0 | 0 | 0 | 0 |
| Total Ad Valorem Taxes | | 2,636 | 5 | 1 | 0 | 3 | 9 |
| Other Taxes | | | | | | | |
| Other Taxes - Payroll, Franchise, Other | 23 | 2,000 | 5 | 0 | 0 | 2 | 7 |
| Total Taxes Other Than Income Taxes | | 4,636 | 10 | 1 | 0 | 5 | 16 |
| Total Operating Expense | | 98,108 | 151 | 14 | 90 | 68 | 323 |
| Income Taxes | | | | | | | |
| Interest Expense | 27 | 8,475 | 19 | 3 | 0 | 8 | 30 |
| Taxable Income | | 9,417 | (155) | 29 | 108 | (3) | (21) |
| Less: State Income Tax | 44 | 603 | (10) | 2 | 7 | 0 | (1) |
| Federal Taxable Income | | 8,814 | (145) | 27 | 101 | (3) | (20) |
| Federal Income Tax | | | | | | | |
| @ Current Rate of 35% | 35.00% | 3,085 | (51) | 9 | 35 | (1) | (7) |
| State Income Taxes | 44 | 603 | (10) | 2 | 7 | 0 | (1) |
| Credits and Adjustments | | | | | | | |
| Production Tax Credit | 1 | (2,237) | 0 | 0 | (6) | 0 | (6) |
| Full Normalization | 26 | (134) | 0 | 0 | 0 | 0 | 0 |
| Federal and State Income Taxes | | 1,317 | (61) | 11 | 36 | (1) | (14) |
| Total Operating Expenses | | 99,425 | 90 | 25 | 126 | 67 | 309 |
| Total Operating Income | | 16,575 | (75) | 21 | 72 | 6 | 23 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Municipal Lighting Primary Rate 41 | | | Total Mun Lighting Pri Rate 41 |
|-------------------|--------------------|------------------------------------|---------------------|--------|--------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | |
| 2 | 240,264 | 158 | 0 | 0 | 0 |
| 3 | 71,938 | 77 | 0 | 0 | 0 |
| | 312,202 | 235 | 0 | 0 | 0 |
| 2 | 109,050 | 72 | 0 | 0 | 0 |
| 4 | 1,029 | 0 | 1 | 0 | 0 |
| 4 | 30,341 | 0 | 36 | 0 | 0 |
| 7 | 47,376 | 0 | 0 | 0 | 31 |
| 4 | 9,704 | 0 | 12 | 0 | 0 |
| 11 | 21,791 | 0 | 0 | 0 | 0 |
| 5 | 6,882 | 0 | 0 | 0 | 0 |
| 10 | 12,445 | 0 | 0 | 0 | 0 |
| 8 | 9,445 | 0 | 0 | 0 | 5 |
| Direct | 915 | 0 | 0 | 0 | 0 |
| Direct | 3,299 | 0 | 0 | 0 | 0 |
| | 143,227 | 0 | 49 | 0 | 36 |
| 13 | 43,582 | 24 | 4 | 0 | 3 |
| 29 | 7,162 | 5 | 0 | 0 | 0 |
| | 615,223 | 336 | 53 | 0 | 39 |

Rate Base

Electric Plant in Service
 Production Plant
 Wind Production Plant
 Total Production Plant
 Transmission Plant
 Distribution Plant
 Land & Rights of Way
 Station Equipment
 Poles, OH & UG Conductors & Conduit
 Customer Related 83%
 Demand Related 17%
 Line Transformers
 Customer Related 76%
 Demand Related 24%
 Services
 Meters
 Installation on Customer Premise
 Street Light & Signal System
 Total Distribution Plant
 General, Common & Intangible Plant
 Acquisition Adjustment
 Total Electric Plant in Service

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Municipal Lighting Primary Rate 41 | | | Total Mun Lighting Pri Rate 41 |
|-------------------|--------------------|------------------------------------|---------------------|-----------------|--------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| 2 | 144,735 | 95 | 0 | 0 | 95 |
| 3 | 4,737 | 5 | 0 | 0 | 5 |
| | 149,472 | 100 | 0 | 0 | 100 |
| 2 | 53,529 | 35 | 0 | 0 | 35 |
| 4 | 110 | 0 | 0 | 0 | 0 |
| 4 | 11,323 | 0 | 14 | 0 | 14 |
| 15 | 28,025 | 0 | 6 | 0 | 21 |
| 19 | 11,662 | 0 | 0 | 0 | 0 |
| 10 | 12,061 | 0 | 0 | 0 | 0 |
| 8 | 1,623 | 0 | 0 | 0 | 1 |
| Direct | 502 | 0 | 0 | 0 | 0 |
| Direct | 1,958 | 0 | 0 | 0 | 0 |
| | 67,264 | 0 | 20 | 0 | 16 |
| 13 | 25,545 | 14 | 2 | 0 | 18 |
| 29 | 6,683 | 5 | 0 | 0 | 5 |
| | 302,493 | 154 | 22 | 0 | 194 |
| | 312,730 | 182 | 31 | 0 | 234 |
| | | | | | |
| | | | | | |
| 13 | 5,077 | 3 | 0 | 0 | 3 |
| 26 | 373 | 0 | 0 | 0 | 0 |

Less: Accumulated Depreciation

Production Plant

Wind Production Plant

Total Production Plant

Transmission Plant

Distribution Plant

Rights of Way

Station Equipment

Poles, OH & UG Conductors & Conduit

Line Transformers

Services

Meters

Installation on Customer Premise

Street Light & Signal System

Total Distribution Plant

General, Common & Intangible Plant

Acquisition Adjustment

Less: Total Accumulated Reserve for Depreciation

Net Electric Plant in Service

Additions

Materials & Supplies

Prepayments

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | Municipal Lighting Primary Rate 41 | | | Total Mun Lighting Pri Rate 41 |
|--|--------------------|------------------------------------|---------------------|-----------------|--------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Space Heating - Secondary | 1,854 | 0 | 0 | 0 | 0 |
| Small Municipal Electric Service | 310 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Primary | 111 | 0 | 111 | 0 | 111 |
| Municipal Lighting - Secondary | 1,302 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Primary | 418 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Secondary | 1,281 | 0 | 0 | 0 | 0 |
| Outdoor Lighting | 494 | 0 | 0 | 0 | 0 |
| Interruptible Power Service | 173 | 0 | 0 | 0 | 0 |
| Interruptible Demand Response | 911 | 0 | 0 | 0 | 0 |
| Contracts | 2,732 | 1 | 0 | 1 | 2 |
| Total Electric Retail Sales Revenues | 110,925 | 1 | 0 | 112 | 113 |
| Other Revenue | | | | | |
| Miscellaneous | | | | | |
| Reconnect Fees | 9 | 0 | 0 | 0 | 0 |
| NSF Check Fees | 49 | 0 | 0 | 0 | 0 |
| Other Miscellaneous Service Revenue | 458 | 0 | 0 | 0 | 0 |
| Rent from Electric Property | | | | | |
| Pole Attachments | 128 | 0 | 0 | 0 | 0 |
| Street Lights | 472 | 0 | 0 | 0 | 0 |
| Yard Lights | 173 | 0 | 0 | 0 | 0 |
| Joint Use Facilities | 850 | 1 | 0 | 0 | 1 |
| Miscellaneous | 548 | 0 | 0 | 0 | 0 |
| Other Electric Revenues | | | | | |
| Sales of Construction & Sundry Junk Material | 23 | 0 | 0 | 0 | 0 |
| Patronage Dividends | 3 | 0 | 0 | 0 | 0 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Municipal Lighting Primary Rate 41 | | | Total Mun Lighting Pri Rate 41 |
|---|--------------------|------------------------------------|---------------------|-----------------|--------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Joint Use Agreements | 40 | 0 | 0 | 0 | 0 |
| Wheeling Fees | 1,059 | 1 | 0 | 0 | 1 |
| Miscellaneous | 1,263 | 1 | 0 | 0 | 1 |
| Total Other Revenues | 5,075 | 3 | 0 | 0 | 3 |
| Total Operating Revenues | 116,000 | 4 | 0 | 112 | 116 |
| Operation & Maintenance Expenses | | | | | |
| Production Expense | | | | | |
| Fuel | 28,055 | 0 | 0 | 33 | 33 |
| Purchased Power - Energy | 3,774 | 0 | 0 | 4 | 4 |
| Purchased Power - Capacity | 1,438 | 1 | 0 | 0 | 1 |
| Other Production | 16,613 | 11 | 0 | 0 | 11 |
| Total Production Expense | 49,880 | 12 | 0 | 37 | 49 |
| Transmission Expense | 5,305 | 3 | 0 | 0 | 3 |
| Distribution Expense | 5,966 | 0 | 2 | 0 | 3 |
| Customer Accounts Expense | 2,123 | 0 | 0 | 0 | 1 |
| Customer Service & Info. Expense | 292 | 0 | 0 | 0 | 0 |
| Sales Expense | 113 | 0 | 0 | 0 | 0 |
| Administrative & General Expenses | 11,036 | 5 | 1 | 0 | 7 |
| Total Electric O&M Expenses | 74,715 | 20 | 3 | 37 | 63 |
| Total Operating Expenses | | | | | |
| Cost of Fuel & Purchased Power | 33,267 | 1 | 0 | 37 | 38 |
| Other O&M Expenses | 41,448 | 19 | 3 | 0 | 25 |
| Total Operation & Maintenance Expenses | 74,715 | 20 | 3 | 37 | 63 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | Municipal Lighting Primary Rate 41 | | | Total Mun Lighting Pri Rate 41 |
|-------------------------------------|--------------------|------------------------------------|---------------------|-----------------|--------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Depreciation Expense | | | | | |
| Production Plant | 7,131 | 5 | 0 | 0 | 5 |
| Wind Production Plant | 3,565 | 4 | 0 | 0 | 4 |
| Total Production Plant | 10,696 | 9 | 0 | 0 | 9 |
| Transmission Plant | 2,105 | 1 | 0 | 0 | 1 |
| Distribution Plant | | | | | |
| Rights of Way | 5 | 0 | 0 | 0 | 0 |
| Station Equipment | 899 | 0 | 1 | 0 | 1 |
| Poles, OH & UG Conductors & Conduit | 1,644 | 0 | 0 | 1 | 1 |
| Line Transformers | 826 | 0 | 0 | 0 | 0 |
| Services | 358 | 0 | 0 | 0 | 0 |
| Meters | 272 | 0 | 0 | 0 | 0 |
| Installation on Cust. Premises | 26 | 0 | 0 | 0 | 0 |
| Street Light & Signal Systems | 95 | 0 | 0 | 0 | 0 |
| Total Distribution Plant | 4,125 | 0 | 1 | 0 | 1 |
| General, Common & Intangible Plant | 1,673 | 1 | 0 | 0 | 1 |
| Acquisition Adjustment | 158 | 0 | 0 | 0 | 0 |
| Total Depreciation Expense | 18,757 | 11 | 1 | 0 | 13 |
| Taxes Other Than Income | | | | | |
| Ad Valorem Taxes | | | | | |
| Production Plant | 908 | 1 | 0 | 0 | 1 |
| Transmission Plant | 650 | 0 | 0 | 0 | 0 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Municipal Lighting Primary Rate 41 | | | Total Mun Lighting Pri Rate 41 |
|-------------------|--------------------|------------------------------------|---------------------|--------|--------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | |
| 14 | 867 | 0 | 0 | 0 | 0 |
| 13 | 211 | 0 | 0 | 0 | 0 |
| | 2,636 | 1 | 0 | 0 | 1 |
| | | | | | |
| 23 | 2,000 | 1 | 0 | 0 | 1 |
| | 4,636 | 2 | 0 | 0 | 2 |
| | 98,108 | 33 | 4 | 37 | 4 |
| | | | | | 78 |
| | | | | | |
| 27 | 8,475 | 5 | 1 | 0 | 1 |
| | 9,417 | (34) | (5) | 75 | (5) |
| 44 | 603 | (2) | 0 | 5 | 0 |
| | 8,814 | (32) | (5) | 70 | (5) |
| | | | | | |
| 35.00% | 3,085 | (11) | (2) | 25 | (2) |
| 44 | 603 | (2) | 0 | 5 | 0 |
| | | | | | 3 |
| 1 | (2,237) | 0 | 0 | (3) | 0 |
| 26 | (134) | 0 | 0 | 0 | 0 |
| | 1,317 | (13) | (2) | 27 | (2) |
| | 99,425 | 20 | 2 | 64 | 2 |
| | 16,575 | (16) | (2) | 48 | (2) |
| | | | | | 28 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Municipal Lighting Secondary Rate 41 | | | Total Mun Lighting Sec Rate 41 |
|-------------------|--------------------|--------------------------------------|---------------------|-----------------|--------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| 2 | 240,264 | 1,615 | 0 | 0 | 1,615 |
| 3 | 71,938 | 792 | 0 | 0 | 792 |
| | 312,202 | 2,407 | 0 | 0 | 2,407 |
| 2 | 109,050 | 733 | 0 | 0 | 733 |
| 4 | 1,029 | 0 | 13 | 0 | 13 |
| 4 | 30,341 | 0 | 378 | 0 | 378 |
| 7 | 47,376 | 0 | 0 | 0 | 271 |
| 4 | 9,704 | 0 | 121 | 0 | 121 |
| 11 | 21,791 | 0 | 0 | 0 | 382 |
| 5 | 6,882 | 0 | 92 | 0 | 92 |
| 10 | 12,445 | 0 | 0 | 0 | 177 |
| 8 | 9,445 | 0 | 0 | 0 | 30 |
| Direct | 915 | 0 | 0 | 0 | 0 |
| Direct | 3,299 | 0 | 0 | 0 | 3,299 |
| | 143,227 | 0 | 604 | 0 | 4,159 |
| 13 | 43,582 | 242 | 47 | 0 | 610 |
| 29 | 7,162 | 55 | 0 | 0 | 55 |
| | 615,223 | 3,437 | 651 | 0 | 8,568 |

Rate Base

Electric Plant in Service
 Production Plant
 Wind Production Plant
 Total Production Plant
 Transmission Plant
 Distribution Plant
 Land & Rights of Way
 Station Equipment
 Poles, OH & UG Conductors & Conduit
 Customer Related 83%
 Demand Related 17%
 Line Transformers
 Customer Related 76%
 Demand Related 24%
 Services
 Meters
 Installation on Customer Premise
 Street Light & Signal System
 Total Distribution Plant
 General, Common & Intangible Plant
 Acquisition Adjustment
 Total Electric Plant in Service

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Municipal Lighting Secondary Rate 41 | | | Total Mun Lighting Sec Rate 41 |
|-------------------|--------------------|--------------------------------------|---------------------|--------|--------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | |
| 2 | 144,735 | 973 | 0 | 0 | 973 |
| 3 | 4,737 | 52 | 0 | 0 | 52 |
| | 149,472 | 1,025 | 0 | 0 | 1,025 |
| 2 | 53,529 | 360 | 0 | 0 | 360 |
| 4 | 110 | 0 | 1 | 0 | 1 |
| 4 | 11,323 | 0 | 141 | 0 | 141 |
| 15 | 28,025 | 0 | 59 | 0 | 133 |
| 19 | 11,662 | 0 | 37 | 0 | 155 |
| 10 | 12,061 | 0 | 0 | 0 | 172 |
| 8 | 1,623 | 0 | 0 | 0 | 5 |
| Direct | 502 | 0 | 0 | 0 | 0 |
| Direct | 1,958 | 0 | 0 | 0 | 1,958 |
| | 67,264 | 0 | 238 | 0 | 2,423 |
| 13 | 25,545 | 142 | 27 | 0 | 188 |
| 29 | 6,683 | 52 | 0 | 0 | 0 |
| | 302,493 | 1,579 | 265 | 0 | 2,611 |
| | 312,730 | 1,858 | 386 | 0 | 1,869 |
| 13 | 5,077 | 28 | 5 | 0 | 37 |
| 26 | 373 | 2 | 0 | 0 | 3 |

Less: Accumulated Depreciation

Production Plant

Wind Production Plant

Total Production Plant

Transmission Plant

Distribution Plant

Rights of Way

Station Equipment

Poles, OH & UG Conductors & Conduit

Line Transformers

Services

Meters

Installation on Customer Premise

Street Light & Signal System

Total Distribution Plant

General, Common & Intangible Plant

Acquisition Adjustment

Less: Total Accumulated Reserve for Depreciation

Net Electric Plant in Service

Additions

Materials & Supplies

Prepayments

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Municipal Lighting Secondary Rate 41 | | | Total Mun Lighting Sec Rate 41 |
|------------------------------------|--------------------|--------------------------------------|---------------------|--------|--------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | |
| 1 | 2,955 | 0 | 0 | 36 | 36 |
| 26 | 4,556 | 25 | 5 | 0 | 33 |
| 2 | 10,213 | 69 | 0 | 0 | 69 |
| 2 | (353) | (2) | 0 | 0 | (2) |
| Total Additions | 22,821 | 122 | 10 | 36 | 241 |
| Total Before Deductions | 335,551 | 1,980 | 396 | 36 | 1,942 |
| Deductions | | | | | |
| Accumulated Deferred Income Tax | 49,973 | 279 | 53 | 0 | 364 |
| Accumulated Investment Tax Credit | 0 | 0 | 0 | 0 | 0 |
| Customer Advances For Construction | 227 | 1 | 0 | 0 | 2 |
| Total Deductions | 50,200 | 280 | 53 | 0 | 366 |
| Total Rate Base | 285,351 | 1,700 | 343 | 36 | 1,576 |

Rate of Return - Per Books 5.809% 12.39%

| Electric Operating Revenues | Rate of Return - Per Books | Rate of Return - Per Books |
|-----------------------------------|----------------------------|----------------------------|
| Retail Sales | 5.809% | 12.39% |
| Residential | 45,802 | 0 |
| Small General Electric Service | 8,259 | 0 |
| Irrigation | 45 | 0 |
| Large General Service - Primary | 5,278 | 0 |
| Large General Service - Secondary | 41,418 | 0 |
| TOD Large General Service | 537 | 0 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | Municipal Lighting Secondary Rate 41 | | | Total Mun Lighting Sec Rate 41 |
|--|--------------------|--------------------------------------|---------------------|--------------|--------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | |
| Space Heating - Secondary | 1,854 | 0 | 0 | 0 | 0 |
| Small Municipal Electric Service | 310 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Primary | 111 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Secondary | 1,302 | 0 | 0 | 1,302 | 1,302 |
| Municipal Pumping - Primary | 418 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Secondary | 1,281 | 0 | 0 | 0 | 0 |
| Outdoor Lighting | 494 | 0 | 0 | 0 | 0 |
| Interruptible Power Service | 173 | 0 | 0 | 0 | 0 |
| Interruptible Demand Response | 911 | 0 | 0 | 0 | 0 |
| Contracts | 2,732 | 9 | 2 | 14 | 34 |
| Total Electric Retail Sales Revenues | 110,925 | 9 | 2 | 1,316 | 1,336 |
| Other Revenue | | | | | |
| Miscellaneous | | | | | |
| Reconnect Fees | 9 | 0 | 0 | 0 | 0 |
| NSF Check Fees | 49 | 0 | 0 | 0 | 0 |
| Other Miscellaneous Service Revenue | 458 | 3 | 1 | 0 | 7 |
| Rent from Electric Property | | | | | |
| Pole Attachments | 128 | 0 | 0 | 0 | 1 |
| Street Lights | 472 | 0 | 0 | 0 | 472 |
| Yard Lights | 173 | 0 | 0 | 0 | 0 |
| Joint Use Facilities | 850 | 6 | 0 | 0 | 6 |
| Miscellaneous | 548 | 3 | 1 | 0 | 7 |
| Other Electric Revenues | | | | | |
| Sales of Construction & Sundry Junk Material | 23 | 0 | 0 | 0 | 1 |
| Patronage Dividends | 3 | 0 | 0 | 0 | 0 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Municipal Lighting Secondary Rate 41 | | | | Total Mun Lighting Sec Rate 41 |
|---|--------------------|--------------------------------------|---------------------|--------------|------------|--------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| Joint Use Agreements | 40 | 0 | 0 | 0 | 0 | 0 |
| Wheeling Fees | 1,059 | 7 | 0 | 0 | 0 | 7 |
| Miscellaneous | 1,263 | 6 | 1 | 0 | 8 | 15 |
| Total Other Revenues | 5,075 | 25 | 3 | 0 | 488 | 516 |
| Total Operating Revenues | 116,000 | 34 | 5 | 1,316 | 497 | 1,852 |
| Operation & Maintenance Expenses | | | | | | |
| Production Expense | | | | | | |
| Fuel | 28,055 | 0 | 0 | 339 | 0 | 339 |
| Purchased Power - Energy | 3,774 | 0 | 0 | 46 | 0 | 46 |
| Purchased Power - Capacity | 1,438 | 10 | 0 | 0 | 0 | 10 |
| Other Production | 16,613 | 112 | 0 | 0 | 0 | 112 |
| Total Production Expense | 49,880 | 122 | 0 | 385 | 0 | 507 |
| Transmission Expense | 5,305 | 36 | 0 | 0 | 0 | 36 |
| Distribution Expense | 5,966 | 0 | 25 | 0 | 173 | 198 |
| Customer Accounts Expense | 2,123 | 0 | 0 | 0 | 18 | 18 |
| Customer Service & Info. Expense | 292 | 0 | 0 | 0 | 2 | 2 |
| Sales Expense | 113 | 0 | 0 | 0 | 1 | 1 |
| Administrative & General Expenses | 11,036 | 54 | 9 | 0 | 70 | 133 |
| Total Electric O&M Expenses | 74,715 | 212 | 34 | 385 | 264 | 895 |
| Total Operating Expenses | | | | | | |
| Cost of Fuel & Purchased Power | 33,267 | 10 | 0 | 385 | 0 | 395 |
| Other O&M Expenses | 41,448 | 202 | 34 | 0 | 264 | 500 |
| Total Operation & Maintenance Expenses | 74,715 | 212 | 34 | 385 | 264 | 895 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Municipal Lighting Secondary Rate 41 | | | Total Mun Lighting Sec Rate 41 |
|-------------------------------------|--------------------|--------------------------------------|---------------------|--------|--------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | |
| Depreciation Expense | | | | | |
| Production Plant | | | | | |
| Wind Production Plant | 7,131 | 48 | 0 | 0 | 48 |
| Total Production Plant | 3,565 | 39 | 0 | 0 | 39 |
| Transmission Plant | 10,696 | 87 | 0 | 0 | 87 |
| Distribution Plant | 2,105 | 14 | 0 | 0 | 14 |
| Rights of Way | 5 | 0 | 0 | 0 | 0 |
| Station Equipment | 899 | 0 | 11 | 0 | 11 |
| Poles, OH & UG Conductors & Conduit | 1,644 | 0 | 3 | 0 | 3 |
| Line Transformers | 826 | 0 | 3 | 0 | 3 |
| Services | 358 | 0 | 0 | 0 | 0 |
| Meters | 272 | 0 | 0 | 0 | 0 |
| Installation on Cust. Premises | 26 | 0 | 0 | 0 | 0 |
| Street Light & Signal Systems | 95 | 0 | 0 | 0 | 0 |
| Total Distribution Plant | 4,125 | 0 | 17 | 0 | 17 |
| General, Common & Intangible Plant | 1,673 | 9 | 2 | 0 | 12 |
| Acquisition Adjustment | 158 | 1 | 0 | 0 | 1 |
| Total Depreciation Expense | 18,757 | 111 | 19 | 0 | 132 |
| Taxes Other Than Income | | | | | |
| Ad Valorem Taxes | | | | | |
| Production Plant | 908 | 7 | 0 | 0 | 7 |
| Transmission Plant | 650 | 4 | 0 | 0 | 4 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| | Allocation Factor | Total North Dakota | Municipal Lighting Secondary Rate 41 | | | Total Mun Lighting Sec Rate 41 | |
|---|-------------------|--------------------|--------------------------------------|---------------------|--------|--------------------------------|----------|
| | | | Demand Prod. & Trans. | Demand Distribution | Energy | | Customer |
| Distribution Plant | 14 | 867 | 0 | 4 | 0 | 25 | 29 |
| General, Common & Intangible Plant | 13 | 211 | 1 | 0 | 0 | 2 | 3 |
| Total Ad Valorem Taxes | | 2,636 | 12 | 4 | 0 | 27 | 43 |
| Other Taxes | | | | | | | |
| Other Taxes - Payroll, Franchise, Other | 23 | 2,000 | 10 | 2 | 0 | 13 | 25 |
| Total Taxes Other Than Income Taxes | | 4,636 | 22 | 6 | 0 | 40 | 68 |
| Total Operating Expense | | 98,108 | 345 | 59 | 385 | 436 | 1,225 |
| Income Taxes | | | | | | | |
| Interest Expense | 27 | 8,475 | 50 | 10 | 0 | 51 | 111 |
| Taxable Income | | 9,417 | (361) | (64) | 931 | 10 | 516 |
| Less: State Income Tax | 44 | 603 | (23) | (4) | 60 | 1 | 34 |
| Federal Taxable Income | | 8,814 | (338) | (60) | 871 | 9 | 482 |
| Federal Income Tax | | | | | | | |
| @ Current Rate of 35% | 35.00% | 3,085 | (118) | (21) | 305 | 3 | 169 |
| State Income Taxes | 44 | 603 | (23) | (4) | 60 | 1 | 34 |
| Credits and Adjustments | | | | | | | |
| Production Tax Credit | 1 | (2,237) | 0 | 0 | (27) | 0 | (27) |
| Full Normalization | 26 | (134) | (1) | 0 | 0 | (1) | (2) |
| Federal and State Income Taxes | | 1,317 | (142) | (25) | 338 | 3 | 174 |
| Total Operating Expenses | | 99,425 | 203 | 34 | 723 | 439 | 1,399 |
| Total Operating Income | | 16,575 | (169) | (29) | 593 | 58 | 453 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Municipal Pumping Primary Rate 48 | | | Total Mun Pumping Pri Rate 48 |
|-------------------|--------------------|-----------------------------------|---------------------|-----------------|-------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| 2 | 240,264 | 1,331 | 0 | 0 | 1,331 |
| 3 | 71,938 | 405 | 0 | 0 | 405 |
| | 312,202 | 1,736 | 0 | 0 | 1,736 |
| 2 | 109,050 | 604 | 0 | 0 | 604 |
| 4 | 1,029 | 0 | 5 | 0 | 5 |
| 4 | 30,341 | 0 | 161 | 0 | 161 |
| 7 | 47,376 | 0 | 0 | 0 | 2 |
| 4 | 9,704 | 0 | 51 | 0 | 51 |
| 11 | 21,791 | 0 | 0 | 0 | 0 |
| 5 | 6,882 | 0 | 0 | 0 | 0 |
| 10 | 12,445 | 0 | 0 | 0 | 0 |
| 8 | 9,445 | 0 | 0 | 0 | 15 |
| Direct | 915 | 0 | 0 | 0 | 0 |
| Direct | 3,299 | 0 | 0 | 0 | 0 |
| | 143,227 | 0 | 217 | 0 | 17 |
| 13 | 43,582 | 181 | 17 | 0 | 1 |
| 29 | 7,162 | 40 | 0 | 0 | 0 |
| | 615,223 | 2,561 | 234 | 0 | 18 |
| | | | | | 2,813 |

Rate Base

Electric Plant in Service
 Production Plant
 Wind Production Plant
 Total Production Plant
 Transmission Plant
 Distribution Plant
 Land & Rights of Way
 Station Equipment
 Poles, OH & UG Conductors & Conduit
 Customer Related 83%
 Demand Related 17%
 Line Transformers
 Customer Related 76%
 Demand Related 24%
 Services
 Meters
 Installation on Customer Premise
 Street Light & Signal System
 Total Distribution Plant
 General, Common & Intangible Plant
 Acquisition Adjustment
 Total Electric Plant in Service

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | Municipal Pumping: Primary Rate 48 | | | Total Mun Pumping Pri Rate 48 |
|--|--------------------|------------------------------------|---------------------|-----------------|-------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Less: Accumulated Depreciation | | | | | |
| Production Plant | 144,735 | 802 | 0 | 0 | 802 |
| Wind Production Plant | 4,737 | 27 | 0 | 0 | 27 |
| Total Production Plant | 149,472 | 829 | 0 | 0 | 829 |
| Transmission Plant | 53,529 | 297 | 0 | 0 | 297 |
| Distribution Plant | | | | | |
| Rights of Way | 110 | 0 | 1 | 0 | 1 |
| Station Equipment | 11,323 | 0 | 60 | 0 | 60 |
| Poles, OH & UG Conductors & Conduit | 28,025 | 0 | 25 | 1 | 26 |
| Line Transformers | 11,662 | 0 | 0 | 0 | 0 |
| Services | 12,061 | 0 | 0 | 0 | 0 |
| Meters | 1,623 | 0 | 0 | 3 | 3 |
| Installation on Customer Premise | 502 | 0 | 0 | 0 | 0 |
| Street Light & Signal System | 1,958 | 0 | 0 | 0 | 0 |
| Total Distribution Plant | 67,264 | 0 | 86 | 0 | 86 |
| General, Common & Intangible Plant | 25,545 | 106 | 10 | 0 | 117 |
| Acquisition Adjustment | 6,683 | 37 | 0 | 0 | 37 |
| Less: Total Accumulated Reserve for Depreciation | 302,493 | 1,269 | 96 | 0 | 1,370 |
| Net Electric Plant in Service | 312,730 | 1,292 | 138 | 0 | 1,443 |
| Additions | | | | | |
| Materials & Supplies | 5,077 | 21 | 2 | 0 | 23 |
| Prepayments | 373 | 2 | 0 | 0 | 2 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Municipal Pumping Primary Rate 48 | | | | Total Mun Pumping Pri Rate 48 |
|------------------------------------|--------------------|-----------------------------------|---------------------|--------|----------|-------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| 1 | 2,955 | 0 | 0 | 17 | 0 | 17 |
| 26 | 4,556 | 19 | 2 | 0 | 0 | 21 |
| 2 | 10,213 | 57 | 0 | 0 | 0 | 57 |
| 2 | (353) | (2) | 0 | 0 | 0 | (2) |
| | 22,821 | 97 | 4 | 17 | 0 | 118 |
| Total Before Deductions | 335,551 | 1,389 | 142 | 17 | 13 | 1,561 |
| Deductions | | | | | | |
| Accumulated Deferred Income Tax | 49,973 | 208 | 19 | 0 | 1 | 228 |
| Accumulated Investment Tax Credit | 0 | 0 | 0 | 0 | 0 | 0 |
| Customer Advances For Construction | 227 | 1 | 0 | 0 | 0 | 1 |
| Total Deductions | 50,200 | 209 | 19 | 0 | 1 | 229 |
| Total Rate Base | 285,351 | 1,180 | 123 | 17 | 12 | 1,332 |

Rate of Return - Per Books 5.809% 1.28%

| Electric Operating Revenues | | Retail Sales | |
|-----------------------------------|--------|--------------|---|
| Residential | 45,802 | 0 | 0 |
| Small General Electric Service | 8,259 | 0 | 0 |
| Irrigation | 45 | 0 | 0 |
| Large General Service - Primary | 5,278 | 0 | 0 |
| Large General Service - Secondary | 41,418 | 0 | 0 |
| TOD Large General Service | 537 | 0 | 0 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | Municipal Pumping Primary Rate 48 | | | | Total Mun Pumping Pri Rate 48 |
|---|--------------------|-----------------------------------|---------------------|------------|----------|-------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| Space Heating - Secondary | 1,854 | 0 | 0 | 0 | 0 | 0 |
| Small Municipal Electric Service | 310 | 0 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Primary | 111 | 0 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Secondary | 1,302 | 0 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Primary | 418 | 0 | 54 | 364 | 0 | 418 |
| Municipal Pumping - Secondary | 1,281 | 0 | 0 | 0 | 0 | 0 |
| Outdoor Lighting | 494 | 0 | 0 | 0 | 0 | 0 |
| Interruptible Power Service | 173 | 0 | 0 | 0 | 0 | 0 |
| Interruptible Demand Response | 911 | 0 | 0 | 0 | 0 | 0 |
| Contracts | 2,732 | 6 | 1 | 7 | 0 | 14 |
| Total Electric Retail Sales Revenues | 110,925 | 6 | 55 | 371 | 0 | 432 |

| | | | | | | |
|--|--------|-----|---|---|---|---|
| Other Revenue | | | | | | |
| Miscellaneous | | | | | | |
| Reconnect Fees | 7 | 9 | 0 | 0 | 0 | 0 |
| NSF Check Fees | 7 | 49 | 0 | 0 | 0 | 0 |
| Other Miscellaneous Service Revenue | 27 | 458 | 2 | 0 | 0 | 2 |
| Rent from Electric Property | | | | | | |
| Pole Attachments | 15 | 128 | 0 | 0 | 0 | 0 |
| Street Lights | Direct | 472 | 0 | 0 | 0 | 0 |
| Yard Lights | Direct | 173 | 0 | 0 | 0 | 0 |
| Joint Use Facilities | 30 | 850 | 5 | 0 | 0 | 5 |
| Miscellaneous | 27 | 548 | 2 | 0 | 0 | 2 |
| Other Electric Revenues | | | | | | |
| Sales of Construction & Sundry Junk Material | 14 | 23 | 0 | 0 | 0 | 0 |
| Patronage Dividends | 23 | 3 | 0 | 0 | 0 | 0 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | Municipal Pumping Primary Rate 48 | | | | Total Mun Pumping Pri Rate 48 |
|---|--------------------|-----------------------------------|---------------------|--------|----------|-------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| 30 | 40 | 0 | 0 | 0 | 0 | 0 |
| 30 | 1,059 | 6 | 0 | 0 | 0 | 6 |
| 23 | 1,263 | 5 | 0 | 0 | 0 | 5 |
| | 5,075 | 20 | 0 | 0 | 0 | 20 |
| | 116,000 | 26 | 55 | 371 | 0 | 452 |
| Operation & Maintenance Expenses | | | | | | |
| Production Expense | | | | | | |
| Fuel | 28,055 | 0 | 0 | 159 | 0 | 159 |
| Purchased Power - Energy | 3,774 | 0 | 0 | 21 | 0 | 21 |
| Purchased Power - Capacity | 1,438 | 8 | 0 | 0 | 0 | 8 |
| Other Production | 16,613 | 92 | 0 | 0 | 0 | 92 |
| Total Production Expense | 49,880 | 100 | 0 | 180 | 0 | 280 |
| Transmission Expense | 5,305 | 29 | 0 | 0 | 0 | 29 |
| Distribution Expense | 5,966 | 0 | 9 | 0 | 1 | 10 |
| Customer Accounts Expense | 2,123 | 0 | 0 | 0 | 0 | 0 |
| Customer Service & Info. Expense | 292 | 0 | 0 | 0 | 0 | 0 |
| Sales Expense | 113 | 0 | 0 | 0 | 0 | 0 |
| Administrative & General Expenses | 11,036 | 44 | 3 | 0 | 0 | 47 |
| Total Electric O&M Expenses | 74,715 | 173 | 12 | 180 | 1 | 366 |
| Total Operating Expenses | | | | | | |
| Cost of Fuel & Purchased Power | 33,267 | 8 | 0 | 180 | 0 | 188 |
| Other O&M Expenses | 41,448 | 165 | 12 | 0 | 1 | 178 |
| Total Operation & Maintenance Expenses | 74,715 | 173 | 12 | 180 | 1 | 366 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | Municipal Pumping Primary Rate 48 | | | Total Mun Pumping Pri Rate 48 |
|-------------------------------------|--------------------|-----------------------------------|---------------------|-----------------|-------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Depreciation Expense | | | | | |
| Production Plant | 7,131 | 40 | 0 | 0 | 40 |
| Wind Production Plant | 3,565 | 20 | 0 | 0 | 20 |
| Total Production Plant | 10,696 | 60 | 0 | 0 | 60 |
| Transmission Plant | 2,105 | 12 | 0 | 0 | 12 |
| Distribution Plant | | | | | |
| Rights of Way | 5 | 0 | 0 | 0 | 0 |
| Station Equipment | 899 | 0 | 5 | 0 | 5 |
| Poles, OH & UG Conductors & Conduit | 1,644 | 0 | 1 | 0 | 1 |
| Line Transformers | 826 | 0 | 0 | 0 | 0 |
| Services | 358 | 0 | 0 | 0 | 0 |
| Meters | 272 | 0 | 0 | 0 | 0 |
| Installation on Cust. Premises | 26 | 0 | 0 | 0 | 0 |
| Street Light & Signal Systems | 95 | 0 | 0 | 0 | 0 |
| Total Distribution Plant | 4,125 | 0 | 6 | 0 | 6 |
| General, Common & Intangible Plant | 1,673 | 7 | 1 | 0 | 8 |
| Acquisition Adjustment | 158 | 1 | 0 | 0 | 1 |
| Total Depreciation Expense | 18,757 | 80 | 7 | 0 | 87 |
| Taxes Other Than Income | | | | | |
| Ad Valorem Taxes | | | | | |
| Production Plant | 908 | 5 | 0 | 0 | 5 |
| Transmission Plant | 650 | 4 | 0 | 0 | 4 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | Municipal Pumping Primary Rate 48 | | | Total Mun Pumping Pri Rate 48 |
|-------------------|--------------------|-----------------------------------|---------------------|-----------------|-------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| 14 | 867 | 0 | 1 | 0 | 1 |
| 13 | 211 | 1 | 0 | 0 | 1 |
| | 2,636 | 10 | 1 | 0 | 11 |
| | 2,000 | 8 | 1 | 0 | 9 |
| 23 | 4,636 | 18 | 2 | 0 | 20 |
| | 98,108 | 271 | 21 | 180 | 473 |
| 27 | 8,475 | 35 | 4 | 0 | 39 |
| | 9,417 | (280) | 30 | 191 | (60) |
| 44 | 603 | (18) | 2 | 12 | (4) |
| | 8,814 | (262) | 28 | 179 | (56) |
| 35.00% | 3,085 | (92) | 10 | 63 | (20) |
| 44 | 603 | (18) | 2 | 12 | (4) |
| 1 | (2,237) | 0 | 0 | (13) | (13) |
| 26 | (134) | (1) | 0 | 0 | (1) |
| | 1,317 | (111) | 12 | 62 | (38) |
| | 99,425 | 160 | 33 | 242 | 435 |
| | 16,575 | (134) | 22 | 129 | 17 |

Distribution Plant
General, Common & Intangible Plant
Total Ad Valorem Taxes
Other Taxes
Other Taxes - Payroll, Franchise, Other
Total Taxes Other Than Income Taxes
Total Operating Expense
Income Taxes
Interest Expense
Taxable Income
Less: State Income Tax
Federal Taxable Income
Federal Income Tax
@ Current Rate of 35%
State Income Taxes
Credits and Adjustments
Production Tax Credit
Full Normalization
Federal and State Income Taxes
Total Operating Expenses
Total Operating Income

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | Municipal Pumping Secondary Rate 48 | | | Total Mun Pumping Sec Rate 48 |
|-------------------|--------------------|-------------------------------------|---------------------|-----------------|-------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| 2 | 240,264 | 3,386 | 0 | 0 | 3,386 |
| 3 | 71,938 | 1,023 | 0 | 0 | 1,023 |
| | 312,202 | 4,409 | 0 | 0 | 4,409 |
| 2 | 109,050 | 1,537 | 0 | 0 | 1,537 |
| 4 | 1,029 | 0 | 14 | 0 | 14 |
| 4 | 30,341 | 0 | 411 | 0 | 411 |
| 7 | 47,376 | 0 | 0 | 0 | 191 |
| 4 | 9,704 | 0 | 131 | 0 | 131 |
| 11 | 21,791 | 0 | 0 | 0 | 533 |
| 5 | 6,882 | 0 | 100 | 0 | 100 |
| 10 | 12,445 | 0 | 0 | 0 | 72 |
| 8 | 9,445 | 0 | 0 | 0 | 118 |
| Direct | 915 | 0 | 0 | 0 | 0 |
| Direct | 3,299 | 0 | 0 | 0 | 0 |
| | 143,227 | 0 | 656 | 0 | 914 |
| 13 | 43,582 | 459 | 51 | 0 | 71 |
| 29 | 7,162 | 101 | 0 | 0 | 101 |
| | 615,223 | 6,506 | 707 | 0 | 985 |
| | | | | | 1,570 |
| | | | | | 581 |
| | | | | | 101 |
| | | | | | 8,198 |

Rate Base

Electric Plant in Service
 Production Plant
 Wind Production Plant
 Total Production Plant
 Transmission Plant
 Distribution Plant
 Land & Rights of Way
 Station Equipment
 Poles, OH & UG Conductors & Conduit
 Customer Related 83%
 Demand Related 17%
 Line Transformers
 Customer Related 76%
 Demand Related 24%
 Services
 Meters
 Installation on Customer Premise
 Street Light & Signal System
 Total Distribution Plant
 General, Common & Intangible Plant
 Acquisition Adjustment
 Total Electric Plant in Service

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | Municipal Pumping Secondary Rate 48 | | | | Total Mun Pumping Sec Rate 48 |
|--|--------------------|-------------------------------------|---------------------|--------|----------|-------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| Less: Accumulated Depreciation | | | | | | |
| Production Plant | 144,735 | 2,040 | 0 | 0 | 0 | 2,040 |
| Wind Production Plant | 4,737 | 67 | 0 | 0 | 0 | 67 |
| Total Production Plant | 149,472 | 2,107 | 0 | 0 | 0 | 2,107 |
| Transmission Plant | 53,529 | 754 | 0 | 0 | 0 | 754 |
| Distribution Plant | | | | | | |
| Rights of Way | 110 | 0 | 1 | 0 | 0 | 1 |
| Station Equipment | 11,323 | 0 | 153 | 0 | 0 | 153 |
| Poles, OH & UG Conductors & Conduit | 28,025 | 0 | 64 | 0 | 94 | 158 |
| Line Transformers | 11,662 | 0 | 41 | 0 | 217 | 258 |
| Services | 12,061 | 0 | 0 | 0 | 69 | 69 |
| Meters | 1,623 | 0 | 0 | 0 | 20 | 20 |
| Installation on Customer Premise | 502 | 0 | 0 | 0 | 0 | 0 |
| Street Light & Signal System | 1,958 | 0 | 0 | 0 | 0 | 0 |
| Total Distribution Plant | 67,264 | 0 | 259 | 0 | 400 | 659 |
| General, Common & Intangible Plant | 25,545 | 269 | 30 | 0 | 41 | 340 |
| Acquisition Adjustment | 6,683 | 94 | 0 | 0 | 0 | 94 |
| Less: Total Accumulated Reserve for Depreciation | 302,493 | 3,224 | 289 | 0 | 441 | 3,954 |
| Net Electric Plant in Service | 312,730 | 3,282 | 418 | 0 | 544 | 4,244 |
| Additions | | | | | | |
| Materials & Supplies | 5,077 | 53 | 6 | 0 | 8 | 67 |
| Prepayments | 373 | 4 | 0 | 0 | 1 | 5 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | Municipal Pumping Secondary Rate 48 | | | Total Mun Pumping Sec Rate 48 |
|------------------------------------|--------------------|-------------------------------------|---------------------|-----------------|-------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Fuel Stocks | 2,955 | 0 | 0 | 42 | 42 |
| Unamortized Loss on Debt | 4,556 | 48 | 5 | 0 | 7 |
| Deferred Generation Costs | 10,213 | 144 | 0 | 0 | 144 |
| Decommission of Retired Plant | (353) | (5) | 0 | 0 | (5) |
| Total Additions | 22,821 | 244 | 11 | 42 | 313 |
| Total Before Deductions | 335,551 | 3,526 | 429 | 42 | 4,557 |
| Deductions | | | | | |
| Accumulated Deferred Income Tax | 49,973 | 528 | 57 | 0 | 80 |
| Accumulated Investment Tax Credit | 0 | 0 | 0 | 0 | 0 |
| Customer Advances For Construction | 227 | 2 | 0 | 0 | 2 |
| Total Deductions | 50,200 | 530 | 57 | 0 | 667 |
| Total Rate Base | 285,351 | 2,996 | 372 | 42 | 3,890 |
| Rate of Return - Per Books | 5.809% | | | | 2.98% |
| Electric Operating Revenues | | | | | |
| Retail Sales | | | | | |
| Residential | 45,802 | 0 | 0 | 0 | 0 |
| Small General Electric Service | 8,259 | 0 | 0 | 0 | 0 |
| Irrigation | 45 | 0 | 0 | 0 | 0 |
| Large General Service - Primary | 5,278 | 0 | 0 | 0 | 0 |
| Large General Service - Secondary | 41,418 | 0 | 0 | 0 | 0 |
| TOD Large General Service | 537 | 0 | 0 | 0 | 0 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Municipal Pumping Secondary Rate 48 | | | Total Mun Pumping Sec Rate 48 |
|---|--------------------|-------------------------------------|---------------------|-----------------|-------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Space Heating - Secondary | 1,854 | 0 | 0 | 0 | 0 |
| Small Municipal Electric Service | 310 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Primary | 111 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Secondary | 1,302 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Primary | 418 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Secondary | 1,281 | 0 | 328 | 915 | 38 |
| Outdoor Lighting | 494 | 0 | 0 | 0 | 0 |
| Interruptible Power Service | 173 | 0 | 0 | 0 | 0 |
| Interruptible Demand Response | 911 | 0 | 0 | 0 | 0 |
| Contracts | 2,732 | 16 | 2 | 17 | 3 |
| Total Electric Retail Sales Revenues | 110,925 | 16 | 330 | 932 | 41 |

| | | | | | | | | |
|--|--------|-----|----|---|---|---|----|--------------|
| Other Revenue | | | | | | | | |
| Miscellaneous | | | | | | | | |
| Reconnect Fees | 7 | 9 | 0 | 0 | 0 | 0 | 0 | 0 |
| NSF Check Fees | 7 | 49 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Miscellaneous Service Revenue | 27 | 458 | 5 | 1 | 0 | 1 | 7 | 7 |
| Rent from Electric Property | | | | | | | | |
| Pole Attachments | 15 | 128 | 0 | 0 | 0 | 0 | 0 | 0 |
| Street Lights | Direct | 472 | 0 | 0 | 0 | 0 | 0 | 0 |
| Yard Lights | Direct | 173 | 0 | 0 | 0 | 0 | 0 | 0 |
| Joint Use Facilities | 30 | 850 | 12 | 0 | 0 | 0 | 12 | 12 |
| Miscellaneous | 27 | 548 | 6 | 1 | 0 | 1 | 8 | 8 |
| Other Electric Revenues | | | | | | | | |
| Sales of Construction & Sundry Junk Material | 14 | 23 | 0 | 0 | 0 | 0 | 0 | 0 |
| Patronage Dividends | 23 | 3 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | | | | | | | | 1,319 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Municipal Pumping Secondary Rate 48 | | | Total Mun Pumping Sec Rate 48 |
|--|--------------------|-------------------------------------|---------------------|-----------------|-------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Joint Use Agreements | | | | | |
| Wheeling Fees | 40 | 1 | 0 | 0 | 1 |
| Miscellaneous | 1,059 | 15 | 0 | 0 | 15 |
| | 1,263 | 13 | 1 | 0 | 16 |
| Total Other Revenues | 5,075 | 52 | 3 | 0 | 59 |
| Total Operating Revenues | 116,000 | 68 | 333 | 932 | 1,378 |
| Operation & Maintenance Expenses | | | | | |
| Production Expense | | | | | |
| Fuel | 28,055 | 0 | 0 | 400 | 400 |
| Purchased Power - Energy | 3,774 | 0 | 0 | 54 | 54 |
| Purchased Power - Capacity | 1,438 | 20 | 0 | 0 | 20 |
| Other Production | 16,613 | 234 | 0 | 0 | 234 |
| Total Production Expense | 49,880 | 254 | 0 | 454 | 708 |
| Transmission Expense | 5,305 | 75 | 0 | 0 | 75 |
| Distribution Expense | 5,966 | 0 | 27 | 0 | 65 |
| Customer Accounts Expense | 2,123 | 0 | 0 | 0 | 13 |
| Customer Service & Info. Expense | 292 | 0 | 0 | 0 | 2 |
| Sales Expense | 113 | 0 | 0 | 0 | 0 |
| Administrative & General Expenses | 11,036 | 112 | 10 | 0 | 141 |
| Total Electric O&M Expenses | 74,715 | 441 | 37 | 454 | 1,004 |
| Total Operating Expenses | | | | | |
| Cost of Fuel & Purchased Power | 33,267 | 20 | 0 | 454 | 474 |
| Other O&M Expenses | 41,448 | 421 | 37 | 0 | 530 |
| Total Operation & Maintenance Expenses | 74,715 | 441 | 37 | 454 | 1,004 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Municipal Pumping Secondary Rate 48 | | | Total Mun Pumping Sec Rate 48 |
|-------------------------------------|--------------------|-------------------------------------|---------------------|-----------------|-------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Depreciation Expense | | | | | |
| Production Plant | 7,131 | 100 | 0 | 0 | 100 |
| Wind Production Plant | 3,565 | 51 | 0 | 0 | 51 |
| Total Production Plant | 10,696 | 151 | 0 | 0 | 151 |
| Transmission Plant | 2,105 | 30 | 0 | 0 | 30 |
| Distribution Plant | | | | | |
| Rights of Way | 5 | 0 | 0 | 0 | 0 |
| Station Equipment | 899 | 0 | 12 | 0 | 12 |
| Poles, OH & UG Conductors & Conduit | 1,644 | 0 | 4 | 6 | 10 |
| Line Transformers | 826 | 0 | 3 | 15 | 18 |
| Services | 358 | 0 | 0 | 2 | 2 |
| Meters | 272 | 0 | 0 | 3 | 3 |
| Installation on Cust. Premises | 26 | 0 | 0 | 0 | 0 |
| Street Light & Signal Systems | 95 | 0 | 0 | 0 | 0 |
| Total Distribution Plant | 4,125 | 0 | 19 | 26 | 45 |
| General, Common & Intangible Plant | 1,673 | 18 | 2 | 3 | 23 |
| Acquisition Adjustment | 158 | 2 | 0 | 0 | 2 |
| Total Depreciation Expense | 18,757 | 201 | 21 | 29 | 251 |
| Taxes Other Than Income | | | | | |
| Ad Valorem Taxes | | | | | |
| Production Plant | 908 | 13 | 0 | 0 | 13 |
| Transmission Plant | 650 | 9 | 0 | 0 | 9 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Municipal Pumping Secondary Rate 48 | | | Total Mun Pumping Sec Rate 48 |
|-------------------|--------------------|-------------------------------------|---------------------|-----------------|-------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| 14 | 867 | 0 | 4 | 0 | 6 |
| 13 | 211 | 2 | 0 | 0 | 0 |
| | 2,636 | 24 | 4 | 0 | 6 |
| 23 | 2,000 | 20 | 2 | 0 | 3 |
| | 4,636 | 44 | 6 | 0 | 9 |
| | 98,108 | 686 | 64 | 454 | 110 |
| 27 | 8,475 | 89 | 11 | 0 | 15 |
| | 9,417 | (707) | 258 | 478 | (80) |
| 44 | 603 | (45) | 17 | 31 | (5) |
| | 8,814 | (662) | 241 | 447 | (75) |
| 35.00% | 3,085 | (232) | 84 | 156 | (26) |
| 44 | 603 | (45) | 17 | 31 | (5) |
| 1 | (2,237) | 0 | 0 | (32) | 0 |
| 26 | (134) | (1) | 0 | 0 | 0 |
| | 1,317 | (278) | 101 | 155 | (31) |
| | 99,425 | 408 | 165 | 609 | 79 |
| | 16,575 | (340) | 168 | 323 | (34) |

Distribution Plant
 General, Common & Intangible Plant
 Total Ad Valorem Taxes
 Other Taxes
 Other Taxes - Payroll, Franchise, Other
 Total Taxes Other Than Income Taxes
 Total Operating Expense
 Income Taxes
 Interest Expense
 Taxable Income
 Less: State Income Tax
 Federal Taxable Income
 Federal Income Tax
 @ Current Rate of 35%
 State Income Taxes
 Credits and Adjustments
 Production Tax Credit
 Full Normalization
 Federal and State Income Taxes
 Total Operating Expenses
 Total Operating Income

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | Outdoor Lighting Rate 52 | | | Total Outdoor Lighting Rate 52 |
|-------------------|--------------------|--------------------------|---------------------|--------|--------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | |
| 2 | 240,264 | 531 | 0 | 0 | 531 |
| 3 | 71,938 | 260 | 0 | 0 | 260 |
| | 312,202 | 791 | 0 | 0 | 791 |
| 2 | 109,050 | 241 | 0 | 0 | 241 |
| 4 | 1,029 | 0 | 3 | 0 | 3 |
| 4 | 30,341 | 0 | 102 | 0 | 102 |
| 7 | 47,376 | 0 | 0 | 0 | 0 |
| 4 | 9,704 | 0 | 33 | 0 | 33 |
| 11 | 21,791 | 0 | 0 | 0 | 0 |
| 5 | 6,882 | 0 | 25 | 0 | 25 |
| 10 | 12,445 | 0 | 0 | 0 | 586 |
| 8 | 9,445 | 0 | 0 | 0 | 22 |
| Direct | 915 | 0 | 0 | 0 | 915 |
| Direct | 3,299 | 0 | 0 | 0 | 0 |
| | 143,227 | 0 | 163 | 0 | 1,523 |
| 13 | 43,582 | 80 | 13 | 0 | 118 |
| 29 | 7,162 | 18 | 0 | 0 | 18 |
| | 615,223 | 1,130 | 176 | 0 | 1,641 |

Rate Base

Electric Plant in Service
 Production Plant
 Wind Production Plant
 Total Production Plant
 Transmission Plant
 Distribution Plant
 Land & Rights of Way
 Station Equipment
 Poles, OH & UG Conductors & Conduit
 Customer Related 83%
 Demand Related 17%
 Line Transformers
 Customer Related 76%
 Demand Related 24%
 Services
 Meters
 Installation on Customer Premise
 Street Light & Signal System
 Total Distribution Plant
 General, Common & Intangible Plant
 Acquisition Adjustment
 Total Electric Plant in Service

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Outdoor Lighting Rate 52 | | | Customer | Total Outdoor Lighting Rate 52 |
|-------------------|--------------------|--------------------------|---------------------|--------|----------|--------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | | |
| 2 | 144,735 | 320 | 0 | 0 | 0 | 320 |
| 3 | 4,737 | 17 | 0 | 0 | 0 | 17 |
| | 149,472 | 337 | 0 | 0 | 0 | 337 |
| 2 | 53,529 | 118 | 0 | 0 | 0 | 118 |
| 4 | 110 | 0 | 0 | 0 | 0 | 0 |
| 4 | 11,323 | 0 | 38 | 0 | 0 | 38 |
| 15 | 28,025 | 0 | 16 | 0 | 0 | 16 |
| 19 | 11,662 | 0 | 10 | 0 | 0 | 10 |
| 10 | 12,061 | 0 | 0 | 0 | 568 | 568 |
| 8 | 1,623 | 0 | 0 | 0 | 4 | 4 |
| Direct | 502 | 0 | 0 | 0 | 502 | 502 |
| Direct | 1,958 | 0 | 0 | 0 | 0 | 0 |
| | 67,264 | 0 | 64 | 0 | 1,074 | 1,138 |
| 13 | 25,545 | 47 | 7 | 0 | 69 | 123 |
| 29 | 6,683 | 17 | 0 | 0 | 0 | 17 |
| | 302,493 | 519 | 71 | 0 | 1,143 | 1,733 |
| | 312,730 | 611 | 105 | 0 | 498 | 1,214 |
| 13 | 5,077 | 9 | 1 | 0 | 14 | 24 |
| 26 | 373 | 1 | 0 | 0 | 1 | 2 |

Less: Accumulated Depreciation

Production Plant
Wind Production Plant
Total Production Plant
Transmission Plant
Distribution Plant
Rights of Way
Station Equipment
Poles, OH & UG Conductors & Conduit
Line Transformers
Services
Meters
Installation on Customer Premise
Street Light & Signal System
Total Distribution Plant

General, Common & Intangible Plant
Acquisition Adjustment

Less: Total Accumulated Reserve for Depreciation

Net Electric Plant in Service

Additions
Materials & Supplies
Prepayments

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Outdoor Lighting Rate 52 | | | Total Outdoor Lighting Rate 52 |
|------------------------------------|--------------------|--------------------------|---------------------|--------|--------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | |
| 1 | 2,955 | 0 | 0 | 12 | 12 |
| 26 | 4,556 | 8 | 1 | 0 | 21 |
| 2 | 10,213 | 23 | 0 | 0 | 23 |
| 2 | (353) | (1) | 0 | 0 | (1) |
| | 22,821 | 40 | 2 | 12 | 81 |
| Total Before Deductions | 335,551 | 651 | 107 | 12 | 1,295 |
| Deductions | | | | | |
| Accumulated Deferred Income Tax | 49,973 | 92 | 14 | 0 | 239 |
| Accumulated Investment Tax Credit | 0 | 0 | 0 | 0 | 0 |
| Customer Advances For Construction | 227 | 0 | 0 | 0 | 1 |
| Total Deductions | 50,200 | 92 | 14 | 0 | 240 |
| Total Rate Base | 285,351 | 559 | 93 | 12 | 1,055 |

Rate of Return - Per Books 5.809% 13.74%

**Electric Operating Revenues
Retail Sales**

| | | | | | |
|-----------------------------------|--------|---|---|---|---|
| Residential | 45,802 | 0 | 0 | 0 | 0 |
| Small General Electric Service | 8,259 | 0 | 0 | 0 | 0 |
| Irrigation | 45 | 0 | 0 | 0 | 0 |
| Large General Service - Primary | 5,278 | 0 | 0 | 0 | 0 |
| Large General Service - Secondary | 41,418 | 0 | 0 | 0 | 0 |
| TOD Large General Service | 537 | 0 | 0 | 0 | 0 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| | Allocation Factor | Total North Dakota | Outdoor Lighting Rate 52 | | | Total Outdoor Lighting Rate 52 |
|--|-------------------|--------------------|--------------------------|---------------------|------------|--------------------------------|
| | | | Demand Prod. & Trans. | Demand Distribution | Energy | |
| Space Heating - Secondary | Direct | 1,854 | 0 | 0 | 0 | 0 |
| Small Municipal Electric Service | Direct | 310 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Primary | Direct | 111 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Secondary | Direct | 1,302 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Primary | Direct | 418 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Secondary | Direct | 1,281 | 0 | 0 | 0 | 0 |
| Outdoor Lighting | Direct | 494 | 0 | 0 | 494 | 494 |
| Interruptible Power Service | Direct | 173 | 0 | 0 | 0 | 0 |
| Interruptible Demand Response | Direct | 911 | 0 | 0 | 0 | 0 |
| Contracts | 1 & 27 | 2,732 | 3 | 1 | 5 | 12 |
| Total Electric Retail Sales Revenues | | 110,925 | 3 | 1 | 499 | 506 |
| Other Revenue | | | | | | |
| Miscellaneous | | | | | | |
| Reconnect Fees | 7 | 9 | 0 | 0 | 0 | 0 |
| NSF Check Fees | 7 | 49 | 0 | 0 | 0 | 0 |
| Other Miscellaneous Service Revenue | 27 | 458 | 1 | 0 | 0 | 2 |
| Rent from Electric Property | | | | | | |
| Pole Attachments | 15 | 128 | 0 | 0 | 0 | 0 |
| Street Lights | Direct | 472 | 0 | 0 | 0 | 0 |
| Yard Lights | Direct | 173 | 0 | 0 | 0 | 173 |
| Joint Use Facilities | 30 | 850 | 2 | 0 | 0 | 2 |
| Miscellaneous | 27 | 548 | 1 | 0 | 0 | 2 |
| Other Electric Revenues | | | | | | |
| Sales of Construction & Sundry Junk Material | 14 | 23 | 0 | 0 | 0 | 0 |
| Patronage Dividends | 23 | 3 | 0 | 0 | 0 | 0 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | Outdoor Lighting Rate 52 | | | Total Outdoor Lighting Rate 52 |
|---|--------------------|--------------------------|---------------------|------------|--------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | |
| Joint Use Agreements | 40 | 0 | 0 | 0 | 0 |
| Wheeling Fees | 1,059 | 2 | 0 | 0 | 2 |
| Miscellaneous | 1,263 | 2 | 0 | 0 | 7 |
| Total Other Revenues | 5,075 | 8 | 0 | 0 | 188 |
| Total Operating Revenues | 116,000 | 11 | 1 | 499 | 694 |
| Operation & Maintenance Expenses | | | | | |
| Production Expense | | | | | |
| Fuel | 28,055 | 0 | 0 | 111 | 111 |
| Purchased Power - Energy | 3,774 | 0 | 0 | 15 | 15 |
| Purchased Power - Capacity | 1,438 | 3 | 0 | 0 | 3 |
| Other Production | 16,613 | 37 | 0 | 0 | 37 |
| Total Production Expense | 49,880 | 40 | 0 | 126 | 166 |
| Transmission Expense | 5,305 | 12 | 0 | 0 | 12 |
| Distribution Expense | 5,966 | 0 | 7 | 0 | 70 |
| Customer Accounts Expense | 2,123 | 0 | 0 | 0 | 54 |
| Customer Service & Info. Expense | 292 | 0 | 0 | 0 | 7 |
| Sales Expense | 113 | 0 | 0 | 0 | 0 |
| Administrative & General Expenses | 11,036 | 18 | 3 | 0 | 66 |
| Total Electric O&M Expenses | 74,715 | 70 | 10 | 126 | 375 |
| Total Operating Expenses | | | | | |
| Cost of Fuel & Purchased Power | 33,267 | 3 | 0 | 126 | 129 |
| Other O&M Expenses | 41,448 | 67 | 10 | 0 | 246 |
| Total Operation & Maintenance Expenses | 74,715 | 70 | 10 | 126 | 375 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Outdoor Lighting Rate 52 | | | Total Outdoor Lighting Rate 52 |
|-------------------------------------|--------------------|--------------------------|---------------------|-----------------|--------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Depreciation Expense | | | | | |
| Production Plant | 7,131 | 16 | 0 | 0 | 16 |
| Wind Production Plant | 3,565 | 13 | 0 | 0 | 13 |
| Total Production Plant | 10,696 | 29 | 0 | 0 | 29 |
| Transmission Plant | 2,105 | 5 | 0 | 0 | 5 |
| Distribution Plant | | | | | |
| Rights of Way | 5 | 0 | 0 | 0 | 0 |
| Station Equipment | 899 | 0 | 3 | 0 | 3 |
| Poles, OH & UG Conductors & Conduit | 1,644 | 0 | 1 | 0 | 1 |
| Line Transformers | 826 | 0 | 1 | 0 | 1 |
| Services | 358 | 0 | 0 | 17 | 17 |
| Meters | 272 | 0 | 0 | 1 | 1 |
| Installation on Cust. Premises | 26 | 0 | 0 | 26 | 26 |
| Street Light & Signal Systems | 95 | 0 | 0 | 0 | 0 |
| Total Distribution Plant | 4,125 | 0 | 5 | 44 | 49 |
| General, Common & Intangible Plant | 1,673 | 3 | 0 | 5 | 8 |
| Acquisition Adjustment | 158 | 0 | 0 | 0 | 0 |
| Total Depreciation Expense | 18,757 | 37 | 5 | 49 | 91 |
| Taxes Other Than Income | | | | | |
| Ad Valorem Taxes | | | | | |
| Production Plant | 908 | 2 | 0 | 0 | 2 |
| Transmission Plant | 650 | 1 | 0 | 0 | 1 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| | Allocation Factor | Total North Dakota | Outdoor Lighting Rate 52 | | | | Total Outdoor Lighting Rate 52 |
|---|-------------------|--------------------|--------------------------|---------------------|--------|----------|--------------------------------|
| | | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| Distribution Plant | 14 | 867 | 0 | 1 | 0 | 9 | 10 |
| General, Common & Intangible Plant | 13 | 211 | 0 | 0 | 0 | 1 | 1 |
| Total Ad Valorem Taxes | | 2,636 | 3 | 1 | 0 | 10 | 14 |
| Other Taxes | | | | | | | |
| Other Taxes - Payroll, Franchise, Other | 23 | 2,000 | 3 | 0 | 0 | 8 | 11 |
| Total Taxes Other Than Income Taxes | | 4,636 | 6 | 1 | 0 | 18 | 25 |
| Total Operating Expense | | 98,108 | 113 | 16 | 126 | 236 | 491 |
| Income Taxes | | | | | | | |
| Interest Expense | 27 | 8,475 | 17 | 3 | 0 | 13 | 33 |
| Taxable Income | | 9,417 | (119) | (18) | 373 | (66) | 170 |
| Less: State Income Tax | 44 | 603 | (8) | (1) | 24 | (4) | 11 |
| Federal Taxable Income | | 8,814 | (111) | (17) | 349 | (62) | 159 |
| Federal Income Tax | | | | | | | |
| @ Current Rate of 35% | 35.00% | 3,085 | (39) | (6) | 122 | (22) | 56 |
| State Income Taxes | 44 | 603 | (8) | (1) | 24 | (4) | 11 |
| Credits and Adjustments | | | | | | | |
| Production Tax Credit | 1 | (2,237) | 0 | 0 | (9) | 0 | (9) |
| Full Normalization | 26 | (134) | 0 | 0 | 0 | 0 | 0 |
| Federal and State Income Taxes | | 1,317 | (47) | (7) | 137 | (26) | 58 |
| Total Operating Expenses | | 99,425 | 66 | 9 | 263 | 210 | 549 |
| Total Operating Income | | 16,575 | (55) | (8) | 236 | (27) | 145 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Interruptible Power Rate 39 | | | Total Interruptible Rate 39 |
|-------------------|--------------------|-----------------------------|---------------------|-----------------|-----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| 2 | 240,264 | 343 | 0 | 0 | 343 |
| 3 | 71,938 | 168 | 0 | 0 | 168 |
| | 312,202 | 511 | 0 | 0 | 511 |
| 2 | 109,050 | 156 | 0 | 0 | 156 |
| 4 | 1,029 | 0 | 2 | 0 | 2 |
| 4 | 30,341 | 0 | 64 | 0 | 64 |
| 7 | 47,376 | 0 | 0 | 0 | 1 |
| 4 | 9,704 | 0 | 21 | 0 | 21 |
| 11 | 21,791 | 0 | 0 | 0 | 0 |
| 5 | 6,882 | 0 | 0 | 0 | 0 |
| 10 | 12,445 | 0 | 0 | 0 | 0 |
| 8 | 9,445 | 0 | 0 | 0 | 6 |
| Direct | 915 | 0 | 0 | 0 | 0 |
| Direct | 3,299 | 0 | 0 | 0 | 0 |
| | 143,227 | 0 | 87 | 0 | 7 |
| 13 | 43,582 | 51 | 7 | 0 | 1 |
| 29 | 7,162 | 12 | 0 | 0 | 0 |
| | 615,223 | 730 | 94 | 0 | 8 |

Rate Base

Electric Plant in Service
 Production Plant
 Wind Production Plant
 Total Production Plant
 Transmission Plant
 Distribution Plant
 Land & Rights of Way
 Station Equipment
 Poles, OH & UG Conductors & Conduit
 Customer Related 83%
 Demand Related 17%
 Line Transformers
 Customer Related 76%
 Demand Related 24%
 Services
 Meters
 Installation on Customer Premise
 Street Light & Signal System
 Total Distribution Plant
 General, Common & Intangible Plant
 Acquisition Adjustment
 Total Electric Plant in Service

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Interruptible Power Rate 39 | | | Total Interruptible Rate 39 |
|--|--------------------|-----------------------------|---------------------|-----------------|-----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Less: Accumulated Depreciation | | | | | |
| Production Plant | 144,735 | 207 | 0 | 0 | 207 |
| Wind Production Plant | 4,737 | 11 | 0 | 0 | 11 |
| Total Production Plant | 149,472 | 218 | 0 | 0 | 218 |
| Transmission Plant | 53,529 | 76 | 0 | 0 | 76 |
| Distribution Plant | | | | | |
| Rights of Way | 110 | 0 | 0 | 0 | 0 |
| Station Equipment | 11,323 | 0 | 24 | 0 | 24 |
| Poles, OH & UG Conductors & Conduit | 28,025 | 0 | 10 | 0 | 10 |
| Line Transformers | 11,662 | 0 | 0 | 0 | 0 |
| Services | 12,061 | 0 | 0 | 0 | 0 |
| Meters | 1,623 | 0 | 0 | 0 | 0 |
| Installation on Customer Premise | 502 | 0 | 0 | 0 | 0 |
| Street Light & Signal System | 1,958 | 0 | 0 | 0 | 0 |
| Total Distribution Plant | 67,264 | 0 | 34 | 0 | 34 |
| General, Common & Intangible Plant | 25,545 | 30 | 4 | 0 | 34 |
| Acquisition Adjustment | 6,683 | 11 | 0 | 0 | 11 |
| Less: Total Accumulated Reserve for Depreciation | 302,493 | 335 | 38 | 0 | 374 |
| Net Electric Plant in Service | 312,730 | 395 | 56 | 0 | 458 |
| Additions | | | | | |
| Materials & Supplies | 5,077 | 6 | 1 | 0 | 7 |
| Prepayments | 373 | 0 | 0 | 0 | 0 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Interruptible Power Rate 39 | | | | Total Interruptible Rate 39 |
|-------------------|--------------------|-----------------------------|---------------------|--------|----------|-----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| 1 | 2,955 | 0 | 0 | 8 | 0 | 8 |
| 26 | 4,556 | 5 | 1 | 0 | 0 | 6 |
| 2 | 10,213 | 15 | 0 | 0 | 0 | 15 |
| 2 | (353) | (1) | 0 | 0 | 0 | (1) |
| | 22,821 | 25 | 2 | 8 | 0 | 35 |
| | 335,551 | 420 | 58 | 8 | 7 | 493 |
| Deductions | | | | | | |
| 26 | 49,973 | 59 | 8 | 0 | 1 | 68 |
| 26 | 0 | 0 | 0 | 0 | 0 | 0 |
| 26 | 227 | 0 | 0 | 0 | 0 | 0 |
| | 50,200 | 59 | 8 | 0 | 1 | 68 |
| | 285,351 | 361 | 50 | 8 | 6 | 425 |

Rate of Return - Per Books 5.809% 5.65%

| Electric Operating Revenues | Rate of Return - Per Books |
|-----------------------------------|----------------------------|
| Retail Sales | 5.809% |
| Residential | 0 |
| Small General Electric Service | 0 |
| Irrigation | 45 |
| Large General Service - Primary | 5,278 |
| Large General Service - Secondary | 41,418 |
| TOD Large General Service | 537 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | Interruptible Power Rate 39 | | | Total Interruptible Rate 39 |
|--|--------------------|-----------------------------|---------------------|------------|-----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | |
| Space Heating - Secondary | 1,854 | 0 | 0 | 0 | 0 |
| Small Municipal Electric Service | 310 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Primary | 111 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Secondary | 1,302 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Primary | 418 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Secondary | 1,281 | 0 | 0 | 0 | 0 |
| Outdoor Lighting | 494 | 0 | 0 | 0 | 0 |
| Interruptible Power Service | 173 | 0 | 24 | 145 | 173 |
| Interruptible Demand Response | 911 | 0 | 0 | 0 | 0 |
| Contracts | 2,732 | 2 | 0 | 3 | 5 |
| Total Electric Retail Sales Revenues | 110,925 | 2 | 24 | 148 | 178 |
| Other Revenue | | | | | |
| Miscellaneous | | | | | |
| Reconnect Fees | 9 | 0 | 0 | 0 | 0 |
| NSF Check Fees | 49 | 0 | 0 | 0 | 0 |
| Other Miscellaneous Service Revenue | 458 | 1 | 0 | 0 | 1 |
| Rent from Electric Property | | | | | |
| Pole Attachments | 128 | 0 | 0 | 0 | 0 |
| Street Lights | 472 | 0 | 0 | 0 | 0 |
| Yard Lights | 173 | 0 | 0 | 0 | 0 |
| Joint Use Facilities | 850 | 1 | 0 | 0 | 1 |
| Miscellaneous | 548 | 1 | 0 | 0 | 1 |
| Other Electric Revenues | | | | | |
| Sales of Construction & Sundry Junk Material | 23 | 0 | 0 | 0 | 0 |
| Patronage Dividends | 3 | 0 | 0 | 0 | 0 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| | Allocation Factor | Total North Dakota | Interruptible Power Rate 39 | | | Total Interruptible Rate 39 |
|---|-------------------|--------------------|-----------------------------|---------------------|------------|-----------------------------|
| | | | Demand Prod. & Trans. | Demand Distribution | Energy | |
| Joint Use Agreements | 30 | 40 | 0 | 0 | 0 | 0 |
| Wheeling Fees | 30 | 1,059 | 2 | 0 | 0 | 2 |
| Miscellaneous | 23 | 1,263 | 1 | 0 | 0 | 1 |
| Total Other Revenues | | 5,075 | 6 | 0 | 0 | 6 |
| Total Operating Revenues | | 116,000 | 8 | 24 | 148 | 184 |
| Operation & Maintenance Expenses | | | | | | |
| Production Expense | | | | | | |
| Fuel | 1 | 28,055 | 0 | 0 | 72 | 72 |
| Purchased Power - Energy | 1 | 3,774 | 0 | 0 | 10 | 10 |
| Purchased Power - Capacity | 2 | 1,438 | 2 | 0 | 0 | 2 |
| Other Production | 2 | 16,613 | 24 | 0 | 0 | 24 |
| Total Production Expense | | 49,880 | 26 | 0 | 82 | 108 |
| Transmission Expense | 2 | 5,305 | 8 | 0 | 0 | 8 |
| Distribution Expense | 14 | 5,966 | 0 | 4 | 0 | 4 |
| Customer Accounts Expense | 12 | 2,123 | 0 | 0 | 0 | 0 |
| Customer Service & Info. Expense | 12 | 292 | 0 | 0 | 0 | 0 |
| Sales Expense | 7 | 113 | 0 | 0 | 0 | 0 |
| Administrative & General Expenses | 24 | 11,036 | 12 | 1 | 0 | 13 |
| Total Electric O&M Expenses | | 74,715 | 46 | 5 | 82 | 133 |
| Total Operating Expenses | | | | | | |
| Cost of Fuel & Purchased Power | | 33,267 | 2 | 0 | 82 | 84 |
| Other O&M Expenses | | 41,448 | 44 | 5 | 0 | 49 |
| Total Operation & Maintenance Expenses | | 74,715 | 46 | 5 | 82 | 133 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Interruptible Power Rate 39 | | | Total Interruptible Rate 39 |
|-------------------------------------|--------------------|-----------------------------|---------------------|-----------------|-----------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Depreciation Expense | | | | | |
| Production Plant | 7,131 | 10 | 0 | 0 | 10 |
| Wind Production Plant | 3,565 | 8 | 0 | 0 | 8 |
| Total Production Plant | 10,696 | 18 | 0 | 0 | 18 |
| Transmission Plant | 2,105 | 3 | 0 | 0 | 3 |
| Distribution Plant | | | | | |
| Rights of Way | 5 | 0 | 0 | 0 | 0 |
| Station Equipment | 899 | 0 | 2 | 0 | 2 |
| Poles, OH & UG Conductors & Conduit | 1,644 | 0 | 1 | 0 | 1 |
| Line Transformers | 826 | 0 | 0 | 0 | 0 |
| Services | 358 | 0 | 0 | 0 | 0 |
| Meters | 272 | 0 | 0 | 0 | 0 |
| Installation on Cust. Premises | 26 | 0 | 0 | 0 | 0 |
| Street Light & Signal Systems | 95 | 0 | 0 | 0 | 0 |
| Total Distribution Plant | 4,125 | 0 | 3 | 0 | 3 |
| General, Common & Intangible Plant | 1,673 | 2 | 0 | 0 | 2 |
| Acquisition Adjustment | 158 | 0 | 0 | 0 | 0 |
| Total Depreciation Expense | 18,757 | 23 | 3 | 0 | 26 |
| Taxes Other Than Income | | | | | |
| Ad Valorem Taxes | | | | | |
| Production Plant | 908 | 1 | 0 | 0 | 1 |
| Transmission Plant | 650 | 1 | 0 | 0 | 1 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| | Allocation Factor | Total North Dakota | | Interruptible Power Rate 39 | | | Total Interruptible Rate 39 |
|---|-------------------|--------------------|-------|-----------------------------|---------------------|-----------------|-----------------------------|
| | | North Dakota | Total | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Distribution Plant | 14 | 867 | 0 | 1 | 0 | 0 | 1 |
| General, Common & Intangible Plant | 13 | 211 | 0 | 0 | 0 | 0 | 0 |
| Total Ad Valorem Taxes | | 2,636 | 2 | 1 | 0 | 0 | 3 |
| Other Taxes | | | | | | | |
| Other Taxes - Payroll, Franchise, Other | 23 | 2,000 | 2 | 0 | 0 | 0 | 2 |
| Total Taxes Other Than Income Taxes | | 4,636 | 4 | 1 | 0 | 0 | 5 |
| Total Operating Expense | | 98,108 | 73 | 9 | 82 | 0 | 164 |
| Income Taxes | | | | | | | |
| Interest Expense | 27 | 8,475 | 11 | 2 | 0 | 0 | 13 |
| Taxable Income | | 9,417 | (76) | 13 | 66 | 4 | 7 |
| Less: State Income Tax | 44 | 603 | (5) | 1 | 4 | 0 | 0 |
| Federal Taxable Income | | 8,814 | (71) | 12 | 62 | 4 | 7 |
| Federal Income Tax | | | | | | | |
| @ Current Rate of 35% | 35.00% | 3,085 | (25) | 4 | 22 | 1 | 2 |
| State Income Taxes | 44 | 603 | (5) | 1 | 4 | 0 | 0 |
| Credits and Adjustments | | | | | | | |
| Production Tax Credit | 1 | (2,237) | 0 | 0 | (6) | 0 | (6) |
| Full Normalization | 26 | (134) | 0 | 0 | 0 | 0 | 0 |
| Federal and State Income Taxes | | 1,317 | (30) | 5 | 20 | 1 | (4) |
| Total Operating Expenses | | 99,425 | 43 | 14 | 102 | 1 | 160 |
| Total Operating Income | | 16,575 | (35) | 10 | 46 | 3 | 24 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Interruptible Demand Response Rate 38 | | | Total Demand Response Rate 38 |
|-------------------|--------------------|---------------------------------------|---------------------|-----------------|-------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| 2 | 240,264 | 1,553 | 0 | 0 | 1,553 |
| 3 | 71,938 | 761 | 0 | 0 | 761 |
| | 312,202 | 2,314 | 0 | 0 | 2,314 |
| 2 | 109,050 | 705 | 0 | 0 | 705 |
| 4 | 1,029 | 0 | 10 | 0 | 10 |
| 4 | 30,341 | 0 | 283 | 0 | 283 |
| 7 | 47,376 | 0 | 0 | 0 | 0 |
| 4 | 9,704 | 0 | 91 | 0 | 91 |
| 11 | 21,791 | 0 | 0 | 0 | 0 |
| 5 | 6,882 | 0 | 0 | 0 | 0 |
| 10 | 12,445 | 0 | 0 | 0 | 0 |
| 8 | 9,445 | 0 | 0 | 0 | 0 |
| Direct | 915 | 0 | 0 | 0 | 0 |
| Direct | 3,299 | 0 | 0 | 0 | 0 |
| | 143,227 | 0 | 384 | 0 | 384 |
| 13 | 43,582 | 233 | 30 | 0 | 264 |
| 29 | 7,162 | 53 | 0 | 0 | 53 |
| | 615,223 | 3,305 | 414 | 0 | 3,732 |

Rate Base

Electric Plant in Service
 Production Plant
 Wind Production Plant
 Total Production Plant
 Transmission Plant
 Distribution Plant
 Land & Rights of Way
 Station Equipment
 Poles, OH & UG Conductors & Conduit
 Customer Related 83%
 Demand Related 17%
 Line Transformers
 Customer Related 76%
 Demand Related 24%
 Services
 Meters
 Installation on Customer Premise
 Street Light & Signal System
 Total Distribution Plant
 General, Common & Intangible Plant
 Acquisition Adjustment
 Total Electric Plant in Service

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | Interruptible Demand Response Rate 38 | | | Total Demand Response Rate 38 |
|--|--------------------|---------------------------------------|---------------------|-----------------|-------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Less: Accumulated Depreciation | | | | | |
| Production Plant | 144,735 | 936 | 0 | 0 | 936 |
| Wind Production Plant | 4,737 | 50 | 0 | 0 | 50 |
| Total Production Plant | 149,472 | 986 | 0 | 0 | 986 |
| Transmission Plant | 53,529 | 346 | 0 | 0 | 346 |
| Distribution Plant | | | | | |
| Rights of Way | 110 | 0 | 1 | 0 | 1 |
| Station Equipment | 11,323 | 0 | 106 | 0 | 106 |
| Poles, OH & UG Conductors & Conduit | 28,025 | 0 | 45 | 0 | 45 |
| Line Transformers | 11,662 | 0 | 0 | 0 | 0 |
| Services | 12,061 | 0 | 0 | 0 | 0 |
| Meters | 1,623 | 0 | 0 | 0 | 0 |
| Installation on Customer Premise | 502 | 0 | 0 | 0 | 0 |
| Street Light & Signal System | 1,958 | 0 | 0 | 0 | 0 |
| Total Distribution Plant | 67,264 | 0 | 152 | 0 | 152 |
| General, Common & Intangible Plant | 25,545 | 137 | 17 | 0 | 155 |
| Acquisition Adjustment | 6,683 | 50 | 0 | 0 | 50 |
| Less: Total Accumulated Reserve for Depreciation | 302,493 | 1,519 | 169 | 0 | 1,691 |
| Net Electric Plant in Service | 312,730 | 1,786 | 245 | 0 | 2,041 |
| Additions | | | | | |
| Materials & Supplies | 5,077 | 27 | 3 | 0 | 30 |
| Prepayments | 373 | 2 | 0 | 0 | 2 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Interruptible Demand Response Rate 38 | | | Total Demand Response Rate 38 |
|------------------------------------|--------------------|---------------------------------------|---------------------|-----------------|-------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Fuel Stocks | 2,955 | 0 | 0 | 34 | 34 |
| Unamortized Loss on Debt | 4,556 | 24 | 3 | 0 | 27 |
| Deferred Generation Costs | 10,213 | 66 | 0 | 0 | 66 |
| Decommission of Retired Plant | (353) | (2) | 0 | 0 | (2) |
| Total Additions | 22,821 | 117 | 6 | 34 | 157 |
| Total Before Deductions | 335,551 | 1,903 | 251 | 34 | 2,198 |
| Deductions | | | | | |
| Accumulated Deferred Income Tax | 49,973 | 268 | 34 | 0 | 1 |
| Accumulated Investment Tax Credit | 0 | 0 | 0 | 0 | 0 |
| Customer Advances For Construction | 227 | 1 | 0 | 0 | 1 |
| Total Deductions | 50,200 | 269 | 34 | 0 | 304 |
| Total Rate Base | 285,351 | 1,634 | 217 | 34 | 1,894 |

Rate of Return - Per Books 5.809% 9.66%

**Electric Operating Revenues
Retail Sales**

| | | | | | |
|-----------------------------------|--------|---|---|---|---|
| Residential | 45,802 | 0 | 0 | 0 | 0 |
| Small General Electric Service | 8,259 | 0 | 0 | 0 | 0 |
| Irrigation | 45 | 0 | 0 | 0 | 0 |
| Large General Service - Primary | 5,278 | 0 | 0 | 0 | 0 |
| Large General Service - Secondary | 41,418 | 0 | 0 | 0 | 0 |
| TOD Large General Service | 537 | 0 | 0 | 0 | 0 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | Interruptible Demand Response Rate 38 | | | | Total Demand Response Rate 38 |
|--|--------------------|---------------------------------------|---------------------|------------|-----------|-------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| Space Heating - Secondary | 1,854 | 0 | 0 | 0 | 0 | 0 |
| Small Municipal Electric Service | 310 | 0 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Primary | 111 | 0 | 0 | 0 | 0 | 0 |
| Municipal Lighting - Secondary | 1,302 | 0 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Primary | 418 | 0 | 0 | 0 | 0 | 0 |
| Municipal Pumping - Secondary | 1,281 | 0 | 0 | 0 | 0 | 0 |
| Outdoor Lighting | 494 | 0 | 0 | 0 | 0 | 0 |
| Interruptible Power Service | 173 | 0 | 0 | 0 | 0 | 0 |
| Interruptible Demand Response | 911 | 0 | 244 | 650 | 17 | 911 |
| Contracts | 2,732 | 9 | 1 | 13 | 0 | 23 |
| Total Electric Retail Sales Revenues | 110,925 | 9 | 245 | 663 | 17 | 934 |
| Other Revenue | | | | | | |
| Miscellaneous | | | | | | |
| Reconnect Fees | 9 | 0 | 0 | 0 | 0 | 0 |
| NSF Check Fees | 49 | 0 | 0 | 0 | 0 | 0 |
| Other Miscellaneous Service Revenue | 458 | 3 | 0 | 0 | 0 | 3 |
| Rent from Electric Property | | | | | | |
| Pole Attachments | 128 | 0 | 0 | 0 | 0 | 0 |
| Street Lights | 472 | 0 | 0 | 0 | 0 | 0 |
| Yard Lights | 173 | 0 | 0 | 0 | 0 | 0 |
| Joint Use Facilities | 850 | 5 | 0 | 0 | 0 | 5 |
| Miscellaneous | 548 | 3 | 0 | 0 | 0 | 3 |
| Other Electric Revenues | | | | | | |
| Sales of Construction & Sundry Junk Material | 23 | 0 | 0 | 0 | 0 | 0 |
| Patronage Dividends | 3 | 0 | 0 | 0 | 0 | 0 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010

| Allocation Factor | Total North Dakota | Interruptible Demand Response Rate 38 | | | | Total Demand Response Rate 38 |
|---|--------------------|---------------------------------------|---------------------|------------|-----------|-------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| Joint Use Agreements | 40 | 0 | 0 | 0 | 0 | 0 |
| Wheeling Fees | 1,059 | 7 | 0 | 0 | 0 | 7 |
| Miscellaneous | 1,263 | 6 | 1 | 0 | 0 | 7 |
| Total Other Revenues | 5,075 | 24 | 1 | 0 | 0 | 25 |
| Total Operating Revenues | 116,000 | 33 | 246 | 663 | 17 | 959 |
| Operation & Maintenance Expenses | | | | | | |
| Production Expense | | | | | | |
| Fuel | 28,055 | 0 | 0 | 326 | 0 | 326 |
| Purchased Power - Energy | 3,774 | 0 | 0 | 44 | 0 | 44 |
| Purchased Power - Capacity | 1,438 | 9 | 0 | 0 | 0 | 9 |
| Other Production | 16,613 | 107 | 0 | 0 | 0 | 107 |
| Total Production Expense | 49,880 | 116 | 0 | 370 | 0 | 486 |
| Transmission Expense | 5,305 | 34 | 0 | 0 | 0 | 34 |
| Distribution Expense | 5,966 | 0 | 16 | 0 | 0 | 16 |
| Customer Accounts Expense | 2,123 | 0 | 0 | 0 | 0 | 0 |
| Customer Service & Info. Expense | 292 | 0 | 0 | 0 | 0 | 0 |
| Sales Expense | 113 | 0 | 0 | 0 | 0 | 0 |
| Administrative & General Expenses | 11,036 | 51 | 6 | 0 | 0 | 57 |
| Total Electric O&M Expenses | 74,715 | 201 | 22 | 370 | 0 | 593 |
| Total Operating Expenses | | | | | | |
| Cost of Fuel & Purchased Power | 33,267 | 9 | 0 | 370 | 0 | 379 |
| Other O&M Expenses | 41,448 | 192 | 22 | 0 | 0 | 214 |
| Total Operation & Maintenance Expenses | 74,715 | 201 | 22 | 370 | 0 | 593 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Projected 2010**

| Allocation Factor | Total North Dakota | Interruptible Demand Response Rate 38 | | | Total Demand Response Rate 38 |
|-------------------------------------|--------------------|---------------------------------------|---------------------|-----------------|-------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy Customer | |
| Depreciation Expense | | | | | |
| Production Plant | 7,131 | 46 | 0 | 0 | 46 |
| Wind Production Plant | 3,565 | 38 | 0 | 0 | 38 |
| Total Production Plant | 10,696 | 84 | 0 | 0 | 84 |
| Transmission Plant | 2,105 | 14 | 0 | 0 | 14 |
| Distribution Plant | | | | | |
| Rights of Way | 5 | 0 | 0 | 0 | 0 |
| Station Equipment | 899 | 0 | 8 | 0 | 8 |
| Poles, OH & UG Conductors & Conduit | 1,644 | 0 | 3 | 0 | 3 |
| Line Transformers | 826 | 0 | 0 | 0 | 0 |
| Services | 358 | 0 | 0 | 0 | 0 |
| Meters | 272 | 0 | 0 | 0 | 0 |
| Installation on Cust. Premises | 26 | 0 | 0 | 0 | 0 |
| Street Light & Signal Systems | 95 | 0 | 0 | 0 | 0 |
| Total Distribution Plant | 4,125 | 0 | 11 | 0 | 11 |
| General, Common & Intangible Plant | 1,673 | 9 | 1 | 0 | 10 |
| Acquisition Adjustment | 158 | 1 | 0 | 0 | 1 |
| Total Depreciation Expense | 18,757 | 108 | 12 | 0 | 120 |
| Taxes Other Than Income | | | | | |
| Ad Valorem Taxes | | | | | |
| Production Plant | 908 | 7 | 0 | 0 | 7 |
| Transmission Plant | 650 | 4 | 0 | 0 | 4 |

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| Allocation Factor | Total North Dakota | Interruptible Demand Response Rate 38 | | | | Total Demand Response Rate 38 |
|-------------------|--------------------|---------------------------------------|---------------------|--------|----------|-------------------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| 14 | 867 | 0 | 2 | 0 | 0 | 2 |
| 13 | 211 | 1 | 0 | 0 | 0 | 1 |
| | 2,636 | 12 | 2 | 0 | 0 | 14 |
| | | | | | | |
| 23 | 2,000 | 9 | 1 | 0 | 0 | 10 |
| | 4,636 | 21 | 3 | 0 | 0 | 24 |
| | 98,108 | 330 | 37 | 370 | 0 | 737 |
| | | | | | | |
| 27 | 8,475 | 48 | 7 | 0 | 0 | 55 |
| | 9,417 | (345) | 202 | 293 | 17 | 167 |
| 44 | 603 | (22) | 13 | 19 | 1 | 11 |
| | 8,814 | (323) | 189 | 274 | 16 | 156 |
| | | | | | | |
| 35.00% | 3,085 | (113) | 66 | 96 | 6 | 55 |
| 44 | 603 | (22) | 13 | 19 | 1 | 11 |
| | | | | | | |
| 1 | (2,237) | 0 | 0 | (26) | 0 | (26) |
| 26 | (134) | (1) | 0 | 0 | 0 | (1) |
| | 1,317 | (136) | 79 | 89 | 7 | 39 |
| | 99,425 | 194 | 116 | 459 | 7 | 776 |
| | 16,575 | (161) | 130 | 204 | 10 | 183 |

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| | Total North Dakota | Residential Rate 10 | | | Small General Rate 20 | | | | |
|--------------------------------|-----------------------|--------------------------|------------------------|-------------|-----------------------|--------------------------|------------------------|-------------|------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | Demand Prod. & Trans. | Demand Distribution | Energy | Customer |
| 1 Energy at Generation Level | 1,643,335,617 | 0 | 0 | 671,666,944 | 0 | 0 | 0 | 105,444,355 | 0 |
| | 100.000000% | 0.000000% | 0.000000% | 40.872171% | 0.000000% | 0.000000% | 0.000000% | 6.416483% | 0.000000% |
| Average & Excess Demand | 337,039 | 149,990 | 0 | 0 | 0 | 20,451 | 0 | 0 | 0 |
| 2 - AED | 100.000000% | 44.502269% | 0.000000% | 0.000000% | 0.000000% | 6.067844% | 0.000000% | 0.000000% | 0.000000% |
| 3 AED/Energy | 1,314,735,899 | 537,363,553 | 0 | 0 | 0 | 84,359,574 | 0 | 0 | 0 |
| | 100.000000% | 41.598191% | 0.000000% | 0.000000% | 0.000000% | 6.346755% | 0.000000% | 0.000000% | 0.000000% |
| 4 NCP - Supply Level | 509,091 | 0 | 225,821 | 0 | 0 | 29,161 | 0 | 0 | 0 |
| | 100.000000% | 0.000000% | 44.357690% | 0.000000% | 0.000000% | 5.728053% | 0.000000% | 0.000000% | 0.000000% |
| 5 NCP - Secondary Level | 473,739 | 0 | 225,821 | 0 | 0 | 29,161 | 0 | 0 | 0 |
| | 100.000000% | 0.000000% | 47.667809% | 0.000000% | 0.000000% | 6.155499% | 0.000000% | 0.000000% | 0.000000% |
| 7 Total Customers less Rate 52 | 75,270 | 0 | 0 | 0 | 62,489 | 0 | 0 | 0 | 8,577 |
| | 100.000000% | 0.000000% | 0.000000% | 0.000000% | 83.019794% | 0.000000% | 0.000000% | 0.000000% | 11.394978% |
| 8 Weighted Customer Meters | 99,679 | 0 | 0 | 0 | 63,760 | 0 | 0 | 0 | 10,964 |
| | 100.000000% | 0.000000% | 0.000000% | 0.000000% | 63.965329% | 0.000000% | 0.000000% | 0.000000% | 10.999308% |

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| | Total North Dakota | Residential Rate 10 | | | Small General Rate 20 | | | |
|--|-----------------------|--------------------------|------------------------|-----------|--------------------------|------------------------|-----------|------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Demand Prod. & Trans. | Demand Distribution | Energy | Customer |
| 10 Weighted Customer Services | 86,619 | 0 | 0 | 0 | 63,760 | 0 | 0 | 10,690 |
| | 100.000000% | 0.000000% | 0.000000% | 0.000000% | 73.609716% | 0.000000% | 0.000000% | 12.341403% |
| 11 Weighted Customer Transformers | 117,965 | 0 | 0 | 0 | 62,489 | 0 | 0 | 25,302 |
| | 100.000000% | 0.000000% | 0.000000% | 0.000000% | 52.972492% | 0.000000% | 0.000000% | 21.448735% |
| 12 Weighted Customer Accounts | 82,693 | 0 | 0 | 0 | 62,489 | 0 | 0 | 8,577 |
| | 100.000000% | 0.000000% | 0.000000% | 0.000000% | 75.567458% | 0.000000% | 0.000000% | 10.372099% |
| 13 Production, Transmission, & Distribution Plant | 564,479 | 185,378 | 21,497 | 0 | 66,076 | 25,762 | 2,777 | 12,647 |
| | 100.000000% | 32.840553% | 3.808290% | 0.000000% | 11.705661% | 4.563854% | 0.491958% | 2.240473% |
| 14 Distribution Plant | 143,227 | 0 | 21,497 | 0 | 66,076 | 0 | 2,777 | 12,647 |
| | 100.000000% | 0.000000% | 15.009042% | 0.000000% | 46.133761% | 0.000000% | 1.938880% | 8.830039% |
| 15 Poles, OH & UG Conductor & Conduit | 57,080 | 0 | 4,303 | 0 | 39,332 | 0 | 556 | 5,398 |
| | 100.000000% | 0.000000% | 7.538542% | 0.000000% | 68.906799% | 0.000000% | 0.974071% | 9.456903% |
| 19 Line Transformers | 28,673 | 0 | 3,279 | 0 | 11,542 | 0 | 424 | 4,674 |
| | 100.000000% | 0.000000% | 11.435846% | 0.000000% | 40.253896% | 0.000000% | 1.478743% | 16.301050% |

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| | Total North Dakota | Residential Rate 10 | | | | Small General Rate 20 | | | | |
|--|------------------------|--------------------------|------------------------|-----------------------|------------------------|--------------------------|------------------------|---------------------|------------------|---------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| 23 O & M Excluding Fuel & Purch. Power | 41,448 100.000000% | 13,290 32.064272% | 1,220 2.943447% | 0 0.000000% | 6,376 15.383131% | 1,813 4.374156% | 158 0.381201% | 0 0.000000% | 0 2.598437% | 1,077 2.598437% |
| 24 O & M Excluding Fuel, Purch. Power and A&G | 30,412 100.000000% | 9,754 32.072863% | 895 2.942917% | 0 0.000000% | 4,678 15.382090% | 1,330 4.373274% | 116 0.381428% | 0 0.000000% | 0 2.597659% | 790 2.597659% |
| 26 Total Electric Plant in Service | 615,223 100.000000% | 202,826 32.967881% | 23,157 3.764001% | 0 0.000000% | 71,178 11.569463% | 28,190 4.582078% | 2,991 0.486165% | 0 0.000000% | 0 2.214319% | 13,623 2.214319% |
| 27 Net Electric Plant in Service | 312,730 100.000000% | 101,309 32.395035% | 13,665 4.369584% | 0 0.000000% | 34,262 10.955777% | 14,283 4.567199% | 1,765 0.564385% | 0 0.000000% | 0 2.184952% | 6,833 2.184952% |
| 29 Production Plant | 312,202 100.000000% | 136,849 43.833479% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 19,145 6.132248% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% |
| 30 Transmission Plant | 109,050 100.000000% | 48,529 44.501604% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 6,617 6.067859% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% |
| 44 Taxable Income | 9,417 100.000000% | (22,172) -235.446533% | (2,309) -24.519486% | 29,112 309.143035% | (5,357) -56.886482% | (3,061) -32.505044% | (298) -3.164490% | 4,163 44.207285% | 441 4.683020% | 441 4.683020% |

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| | Total North Dakota | Irrigation Rate 25 | | | Large General Primary Rate 30 | | | | | | |
|--------------------------------|-----------------------|--------------------------|------------------------|-----------|-------------------------------|------------------------|------------|------------|-----------|-----------|-----------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | | | |
| 1 Energy at Generation Level | 1,643,335,617 | 0 | 0 | 835,358 | 0 | 0 | 0 | 99,466,921 | 0 | 0.000000% | 0.000000% |
| Average & Excess Demand | 337,039 | 395 | 0 | 0 | 0 | 0 | 18,663 | 0 | 0 | 0.000000% | 0.000000% |
| 2 - AED | 100.000000% | 0.117197% | 0.000000% | 0.000000% | 0.000000% | 0.000000% | 5.537341% | 0.000000% | 0.000000% | 0.000000% | 0.000000% |
| 3 AED/Energy | 1,314,735,899 | 668,365 | 0 | 0 | 0 | 0 | 79,577,269 | 0 | 0 | 0.000000% | 0.000000% |
| | 100.000000% | 0.064106% | 0.000000% | 0.000000% | 0.000000% | 0.000000% | 5.949664% | 0.000000% | 0.000000% | 0.000000% | 0.000000% |
| 4 NCP - Supply Level | 509,091 | 0 | 730 | 0 | 0 | 0 | 0 | 26,220 | 0 | 0.000000% | 0.000000% |
| | 100.000000% | 0.000000% | 0.143393% | 0.000000% | 0.000000% | 0.000000% | 0.000000% | 5.150356% | 0.000000% | 0.000000% | 0.000000% |
| 5 NCP - Secondary Level | 473,739 | 0 | 730 | 0 | 0 | 0 | 0 | 0 | 0 | 0.000000% | 0.000000% |
| | 100.000000% | 0.000000% | 0.154093% | 0.000000% | 0.000000% | 0.000000% | 0.000000% | 0.000000% | 0.000000% | 0.000000% | 0.000000% |
| 7 Total Customers less Rate 52 | 75,270 | 0 | 0 | 0 | 34 | 0 | 0 | 0 | 0 | 0.000000% | 0.000000% |
| | 100.000000% | 0.000000% | 0.000000% | 0.000000% | 0.045171% | 0.000000% | 0.000000% | 0.000000% | 0.000000% | 0.000000% | 0.035871% |
| 8 Weighted Customer Meters | 99,679 | 0 | 0 | 0 | 148 | 0 | 0 | 0 | 0 | 0.000000% | 1.407518% |
| | 100.000000% | 0.000000% | 0.000000% | 0.000000% | 0.148477% | 0.000000% | 0.000000% | 0.000000% | 0.000000% | 0.000000% | 1.407518% |

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| | Total North Dakota | Irrigation Rate 25 | | | | Large General Primary Rate 30 | | | |
|--|------------------------|--------------------------|------------------------|----------------|------------------|-------------------------------|------------------------|----------------|------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | Demand Prod. & Trans. | Demand Distribution | Energy | Customer |
| 10 Weighted Customer Services | 86,619 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 81 0.093513% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% |
| 11 Weighted Customer Transformers | 117,965 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 490 0.415377% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% |
| 12 Weighted Customer Accounts | 82,693 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 71 0.085860% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 79 0.095534% |
| 13 Production, Transmission, & Distribution Plant | 564,479 100.000000% | 456 0.080782% | 70 0.012401% | 0 0.000000% | 138 0.024447% | 23,622 4.184744% | 2,116 0.374859% | 0 0.000000% | 150 0.026573% |
| 14 Distribution Plant | 143,227 100.000000% | 0 0.000000% | 70 0.048873% | 0 0.000000% | 138 0.096351% | 0 0.000000% | 2,116 1.477375% | 0 0.000000% | 150 0.104729% |
| 15 Poles, OH & UG Conductor & Conduit | 57,080 100.000000% | 0 0.000000% | 14 0.024527% | 0 0.000000% | 21 0.036790% | 0 0.000000% | 500 0.875964% | 0 0.000000% | 17 0.029783% |
| 19 Line Transformers | 28,673 100.000000% | 0 0.000000% | 11 0.038364% | 0 0.000000% | 91 0.317372% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% |

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| | Total North Dakota | Irrigation Rate 25 | | | Large General Primary Rate 30 | | | | |
|--|------------------------|--------------------------|------------------------|-----------------|-------------------------------|------------------------|---------------------|---------------------|------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| 23 O & M Excluding Fuel & Purch. Power | 41,448 100.000000% | 34 0.082030% | 4 0.009651% | 0 0.000000% | 11 0.026539% | 1,655 3.992955% | 120 0.289519% | 0 0.000000% | 11 0.026539% |
| 24 O & M Excluding Fuel, Purch. Power and A&G | 30,412 100.000000% | 25 0.082204% | 3 0.009865% | 0 0.000000% | 8 0.026305% | 1,214 3.991845% | 88 0.289359% | 0 0.000000% | 8 0.026305% |
| 26 Total Electric Plant in Service | 615,223 100.000000% | 499 0.081109% | 75 0.012191% | 0 0.000000% | 149 0.024219% | 25,849 4.201566% | 2,279 0.370435% | 0 0.000000% | 162 0.026332% |
| 27 Net Electric Plant in Service | 312,730 100.000000% | 235 0.075145% | 45 0.014389% | 0 0.000000% | 83 0.026540% | 13,144 4.202987% | 1,349 0.431363% | 0 0.000000% | 124 0.039651% |
| 29 Production Plant | 312,202 100.000000% | 328 0.105060% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 17,584 5.632251% | 0 0.000000% | 0 0.000000% | 0 0.000000% |
| 30 Transmission Plant | 109,050 100.000000% | 128 0.117377% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 6,038 5.536910% | 0 0.000000% | 0 0.000000% | 0 0.000000% |
| 44 Taxable Income | 9,417 100.000000% | (55) -0.584050% | 2 0.021238% | 18 0.191144% | (15) -0.159286% | (2,804) -29.775937% | 1,269 13.475629% | 1,897 20.144420% | 10 0.106191% |

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| | Large General Secondary Rate 30 | | | TOD Large General Rate 31 | | | | | |
|--------------------------------|---------------------------------|-----------------------|---------------------|---------------------------|------------|-----------------------|---------------------|-----------|-----------|
| | Total North Dakota | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | Demand Prod. & Trans. | Demand Distribution | Energy | Customer |
| 1 Energy at Generation Level | 1,643,335,617 | 0 | 0 | 627,368,364 | 0 | 0 | 0 | 8,556,716 | 0 |
| | 100.000000% | 0.000000% | 0.000000% | 38.176521% | 0.000000% | 0.000000% | 0.000000% | 0.520692% | 0.000000% |
| Average & Excess Demand | 337,039 | 128,337 | 0 | 0 | 0 | 1,739 | 0 | 0 | 0 |
| 2 - AED | 100.000000% | 38.077789% | 0.000000% | 0.000000% | 0.000000% | 0.515964% | 0.000000% | 0.000000% | 0.000000% |
| 3 AED/Energy | 1,314,735,899 | 501,920,358 | 0 | 0 | 0 | 6,845,721 | 0 | 0 | 0 |
| | 100.000000% | 38.156775% | 0.000000% | 0.000000% | 0.000000% | 0.519746% | 0.000000% | 0.000000% | 0.000000% |
| 4 NCP - Supply Level | 509,091 | 0 | 186,211 | 0 | 0 | 0 | 2,513 | 0 | 0 |
| | 100.000000% | 0.000000% | 36.577154% | 0.000000% | 0.000000% | 0.000000% | 0.493625% | 0.000000% | 0.000000% |
| 5 NCP - Secondary Level | 473,739 | 0 | 186,211 | 0 | 0 | 0 | 2,513 | 0 | 0 |
| | 100.000000% | 0.000000% | 39.306665% | 0.000000% | 0.000000% | 0.000000% | 0.530461% | 0.000000% | 0.000000% |
| 7 Total Customers less Rate 52 | 75,270 | 0 | 0 | 0 | 2,861 | 0 | 0 | 0 | 33 |
| | 100.000000% | 0.000000% | 0.000000% | 0.000000% | 3.800983% | 0.000000% | 0.000000% | 0.000000% | 0.043842% |
| 8 Weighted Customer Meters | 99,679 | 0 | 0 | 0 | 18,733 | 0 | 0 | 0 | 191 |
| | 100.000000% | 0.000000% | 0.000000% | 0.000000% | 18.793327% | 0.000000% | 0.000000% | 0.000000% | 0.191615% |

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| | Total North Dakota | Large General Secondary Rate 30 | | | | TOD Large General Rate 31 | | | |
|--|------------------------|---------------------------------|----------------------|----------------|----------------------|---------------------------|------------------|----------------|------------------|
| | | Demand | | Demand | | Demand | | Demand | |
| | | Prod. & Trans. | Distribution | Energy | Customer | Prod. & Trans. | Distribution | Energy | Customer |
| 10 Weighted Customer Services | 86,619 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 5,783 6.676364% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 64 0.073887% |
| 11 Weighted Customer Transformers | 117,965 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 23,260 19.717713% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 268 0.227186% |
| 12 Weighted Customer Accounts | 82,693 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 6,409 7.750354% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 132 0.159627% |
| 13 Production, Transmission, & Distribution Plant | 564,479 100.000000% | 160,460 28.426212% | 17,728 3.140595% | 0 0.000000% | 8,704 1.541953% | 2,177 0.385665% | 240 0.042517% | 0 0.000000% | 98 0.017361% |
| 14 Distribution Plant | 143,227 100.000000% | 0 0.000000% | 17,728 12.377555% | 0 0.000000% | 8,704 6.077066% | 0 0.000000% | 240 0.167566% | 0 0.000000% | 98 0.068423% |
| 15 Poles, OH & UG Conductor & Conduit | 57,080 100.000000% | 0 0.000000% | 3,549 6.217589% | 0 0.000000% | 1,801 3.155221% | 0 0.000000% | 48 0.084093% | 0 0.000000% | 21 0.036790% |
| 19 Line Transformers | 28,673 100.000000% | 0 0.000000% | 2,705 9.433962% | 0 0.000000% | 4,297 14.986224% | 0 0.000000% | 37 0.129041% | 0 0.000000% | 50 0.174380% |

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| | Large General Secondary Rate 30 | | | | TOD Large General Rate 31 | | | | |
|---|---------------------------------|-----------------------|---------------------|-------------|---------------------------|-----------------------|---------------------|-----------|------------|
| | Total North Dakota | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | Demand Prod. & Trans. | Demand Distribution | Energy | Customer |
| 23 O & M Excluding Fuel & Purch. Power | 41,448 | 11,375 | 1,006 | 0 | 756 | 154 | 14 | 0 | 10 |
| | 100.000000% | 27.444026% | 2.427138% | 0.000000% | 1.823972% | 0.371550% | 0.033777% | 0.000000% | 0.024127% |
| 24 O & M Excluding Fuel, Purch. Power and A&G | 30,412 | 8,346 | 738 | 0 | 555 | 113 | 10 | 0 | 7 |
| | 100.000000% | 27.443115% | 2.426674% | 0.000000% | 1.824938% | 0.371564% | 0.032882% | 0.000000% | 0.023017% |
| 26 Total Electric Plant in Service | 615,223 | 175,577 | 19,097 | 0 | 9,376 | 2,382 | 259 | 0 | 106 |
| | 100.000000% | 28.538757% | 3.104078% | 0.000000% | 1.524000% | 0.387177% | 0.042099% | 0.000000% | 0.017230% |
| 27 Net Electric Plant in Service | 312,730 | 88,468 | 11,271 | 0 | 5,240 | 1,200 | 152 | 0 | 60 |
| | 100.000000% | 28.288939% | 3.604067% | 0.000000% | 1.675567% | 0.383718% | 0.048604% | 0.000000% | 0.019186% |
| 29 Production Plant | 312,202 | 118,936 | 0 | 0 | 0 | 1,614 | 0 | 0 | 0 |
| | 100.000000% | 38.095848% | 0.000000% | 0.000000% | 0.000000% | 0.516973% | 0.000000% | 0.000000% | 0.000000% |
| 30 Transmission Plant | 109,050 | 41,524 | 0 | 0 | 0 | 563 | 0 | 0 | 0 |
| | 100.000000% | 38.077946% | 0.000000% | 0.000000% | 0.000000% | 0.516277% | 0.000000% | 0.000000% | 0.000000% |
| 44 Taxable Income | 9,417 | (19,117) | 14,360 | 12,168 | 86 | (260) | 114 | 223 | (2) |
| | 100.000000% | -203.005203% | 152.490177% | 129.213125% | 0.913242% | -2.760964% | 1.210577% | 2.368058% | -0.021238% |

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| | Total North Dakota | Space Heating Rate 32 | | | Small Municipal Rate 40 | | | |
|--------------------------------|------------------------------|--------------------------|------------------------|-------------------------|--------------------------|------------------------|------------------------|------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Demand Prod. & Trans. | Demand Distribution | Energy | |
| 1 Energy at Generation Level | 1,643,335,617 100.000000% | 0 0.000000% | 0 0.000000% | 41,027,419 2.496594% | 0 0.000000% | 0 0.000000% | 4,652,228 0.283097% | 0 0.000000% |
| Average & Excess Demand | 337,039 | 3,901 | 0 | 0 | 1,054 | 0 | 0 | 0 |
| 2 - AED | 100.000000% | 1.157433% | 0.000000% | 0.000000% | 0.312723% | 0.000000% | 0.000000% | 0.000000% |
| 3 AED/Energy | 1,314,735,899 100.000000% | 32,822,715 2.228762% | 0 0.000000% | 0 0.000000% | 3,721,993 0.289022% | 0 0.000000% | 0 0.000000% | 0 0.000000% |
| 4 NCP - Supply Level | 509,091 100.000000% | 0 0.000000% | 12,783 2.510946% | 0 0.000000% | 0 0.000000% | 1,582 0.310750% | 0 0.000000% | 0 0.000000% |
| 5 NCP - Secondary Level | 473,739 100.000000% | 0 0.000000% | 12,783 2.698321% | 0 0.000000% | 0 0.000000% | 1,582 0.333939% | 0 0.000000% | 0 0.000000% |
| 7 Total Customers less Rate 52 | 75,270 100.000000% | 0 0.000000% | 0 0.000000% | 129 0.171383% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 331 0.439750% |
| 8 Weighted Customer Meters | 99,679 100.000000% | 0 0.000000% | 0 0.000000% | 1,703 1.708484% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 593 0.594910% |

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| | Total North Dakota | Space Heating Rate 32 | | | | Small Municipal Rate 40 | | | |
|--|------------------------|--------------------------|------------------------|----------------|--------------------|--------------------------|------------------------|----------------|--------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | Demand Prod. & Trans. | Demand Distribution | Energy | Customer |
| 10 Weighted Customer Services | 86,619 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 432 0.498736% |
| 11 Weighted Customer Transformers | 117,965 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 1,202 1.018946% |
| 12 Weighted Customer Accounts | 82,693 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 1,187 1.435430% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 367 0.443810% |
| 13 Production, Transmission, & Distribution Plant | 564,479 100.000000% | 5,646 1.000214% | 1,218 0.215774% | 0 0.000000% | 242 0.042871% | 1,300 0.230301% | 150 0.026573% | 0 0.000000% | 548 0.097081% |
| 14 Distribution Plant | 143,227 100.000000% | 0 0.000000% | 1,218 0.850398% | 0 0.000000% | 242 0.168963% | 0 0.000000% | 150 0.104729% | 0 0.000000% | 548 0.382609% |
| 15 Poles, OH & UG Conductor & Conduit | 57,080 100.000000% | 0 0.000000% | 244 0.427470% | 0 0.000000% | 81 0.141906% | 0 0.000000% | 30 0.052558% | 0 0.000000% | 208 0.364401% |
| 19 Line Transformers | 28,673 100.000000% | 0 0.000000% | 186 0.648694% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 23 0.080215% | 0 0.000000% | 222 0.774248% |

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| | Total North Dakota | Space Heating Rate 32 | | | | Small Municipal Rate 40 | | | |
|--|------------------------|--------------------------|------------------------|------------------|--------------------|--------------------------|------------------------|------------------|-------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | Demand Prod. & Trans. | Demand Distribution | Energy | Customer |
| 23 O & M Excluding Fuel & Purch. Power | 41,448 100.000000% | 345 0.832368% | 70 0.168886% | 0 0.000000% | 60 0.144760% | 94 0.226790% | 8 0.019301% | 0 0.000000% | 45 0.108570% |
| 24 O & M Excluding Fuel, Purch. Power and A&G | 30,412 100.000000% | 253 0.831908% | 51 0.167697% | 0 0.000000% | 44 0.144680% | 69 0.226884% | 6 0.019729% | 0 0.000000% | 33 0.108510% |
| 26 Total Electric Plant in Service | 615,223 100.000000% | 6,183 1.005001% | 1,312 0.213256% | 0 0.000000% | 261 0.042424% | 1,422 0.231136% | 162 0.026332% | 0 0.000000% | 590 0.095900% |
| 27 Net Electric Plant in Service | 312,730 100.000000% | 3,432 1.097432% | 774 0.247498% | 0 0.000000% | 182 0.058197% | 708 0.226393% | 96 0.030697% | 0 0.000000% | 303 0.096889% |
| 29 Production Plant | 312,202 100.000000% | 4,384 1.404219% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 959 0.307173% | 0 0.000000% | 0 0.000000% | 0 0.000000% |
| 30 Transmission Plant | 109,050 100.000000% | 1,262 1.157267% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 341 0.312701% | 0 0.000000% | 0 0.000000% | 0 0.000000% |
| 44 Taxable Income | 9,417 100.000000% | (639) -6.785601% | 123 1.306148% | 797 8.463417% | (36) -0.382287% | (155) -1.645959% | 29 0.307954% | 108 1.146862% | (3) -0.031857% |

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| | Total North Dakota | Municipal Lighting Primary Rate 41 | | | Municipal Lighting Secondary Rate 41 | | | |
|--------------------------------|------------------------------|------------------------------------|------------------------|------------------------|--------------------------------------|------------------------|-------------------------|------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Demand Prod. & Trans. | Demand Distribution | Energy | Customer |
| 1 Energy at Generation Level | 1,643,335,617 100.000000% | 0 0.000000% | 0 0.000000% | 1,932,234 0.117580% | 0 0.000000% | 0 0.000000% | 19,853,232 1.208106% | 0 0.000000% |
| Average & Excess Demand | 337,039 | 221 | 0 | 0 | 2,266 | 0 | 0 | 0 |
| 2 - AED | 100.000000% | 0.065571% | 0.000000% | 0.000000% | 0.672326% | 0.000000% | 0.000000% | 0.000000% |
| 3 AED/Energy | 1,314,735,899 100.000000% | 1,545,831 0.107178% | 0 0.000000% | 0 0.000000% | 15,883,039 1.100950% | 0 0.000000% | 0 0.000000% | 0 0.000000% |
| 4 NCP - Supply Level | 509,091 100.000000% | 0 0.000000% | 607 0.119232% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 6,335 1.244375% | 0 0.000000% |
| 5 NCP - Secondary Level | 473,739 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 6,335 1.337234% | 0 0.000000% |
| 7 Total Customers less Rate 52 | 75,270 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 430 0.571277% |
| 8 Weighted Customer Meters | 99,679 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 315 0.316014% |

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| | Total North Dakota | Municipal Lighting Primary Rate 41 | | | Municipal Lighting Secondary Rate 41 | | | |
|--|------------------------|------------------------------------|------------------------|----------------|--------------------------------------|------------------------|------------------|--------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Demand Prod. & Trans. | Demand Distribution | Energy | Customer |
| 10 Weighted Customer Services | 86,619 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 1,234 1.424630% |
| 11 Weighted Customer Transformers | 117,965 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 2,066 1.751367% |
| 12 Weighted Customer Accounts | 82,693 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 50 0.060465% | 0 0.000000% | 0 0.000000% | 697 0.842877% |
| 13 Production, Transmission, & Distribution Plant | 564,479 100.000000% | 307 0.054386% | 49 0.008681% | 0 0.000000% | 36 0.006378% | 3,140 0.556265% | 604 0.107001% | 4,159 0.736786% |
| 14 Distribution Plant | 143,227 100.000000% | 0 0.000000% | 49 0.034211% | 0 0.000000% | 36 0.025135% | 0 0.000000% | 604 0.421708% | 4,159 2.903782% |
| 15 Poles, OH & UG Conductor & Conduit | 57,080 100.000000% | 0 0.000000% | 12 0.021023% | 0 0.000000% | 31 0.054310% | 0 0.000000% | 121 0.211983% | 271 0.474772% |
| 19 Line Transformers | 28,673 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 92 0.320859% | 382 1.332264% |

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| | Total North Dakota | Municipal Lighting Primary Rate 41 | | | Municipal Lighting Secondary Rate 41 | | | | |
|--|------------------------|------------------------------------|------------------------|-----------------|--------------------------------------|------------------------|--------------------|------------------|--------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| 23 O & M Excluding Fuel & Purch. Power | 41,448 100.000000% | 19 0.045841% | 3 0.007238% | 0 0.000000% | 3 0.007238% | 202 0.487358% | 34 0.082030% | 0 0.000000% | 264 0.636943% |
| 24 O & M Excluding Fuel, Purch. Power and A&G | 30,412 100.000000% | 14 0.046034% | 2 0.006576% | 0 0.000000% | 2 0.006576% | 148 0.486650% | 25 0.082204% | 0 0.000000% | 194 0.637906% |
| 26 Total Electric Plant in Service | 615,223 100.000000% | 336 0.054614% | 53 0.008615% | 0 0.000000% | 39 0.006339% | 3,437 0.558659% | 651 0.105815% | 0 0.000000% | 4,480 0.728191% |
| 27 Net Electric Plant in Service | 312,730 100.000000% | 182 0.058197% | 31 0.009913% | 0 0.000000% | 21 0.006715% | 1,858 0.594123% | 386 0.123429% | 0 0.000000% | 1,869 0.597640% |
| 29 Production Plant | 312,202 100.000000% | 235 0.075272% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 2,407 0.770975% | 0 0.000000% | 0 0.000000% | 0 0.000000% |
| 30 Transmission Plant | 109,050 100.000000% | 72 0.066025% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 733 0.672169% | 0 0.000000% | 0 0.000000% | 0 0.000000% |
| 44 Taxable Income | 9,417 100.000000% | (34) -0.361049% | (5) -0.053095% | 75 0.796432% | (5) -0.053095% | (361) -3.833493% | (64) -0.679622% | 931 9.886376% | 10 0.106191% |

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| | Municipal Pumping Primary Rate 48 | | | Municipal Pumping Secondary Rate 48 | | | | | |
|--------------------------------|-----------------------------------|--------------------------|------------------------|-------------------------------------|-----------|--------------------------|------------------------|------------|-----------|
| | Total North Dakota | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | Demand Prod. & Trans. | Demand Distribution | Energy | Customer |
| 1 Energy at Generation Level | 1,643,335,617 | 0 | 0 | 9,289,129 | 0 | 0 | 0 | 23,419,080 | 0 |
| | 100.000000% | 0.000000% | 0.000000% | 0.565261% | 0.000000% | 0.000000% | 0.000000% | 1.425094% | 0.000000% |
| Average & Excess Demand | 337,039 | 1,867 | 0 | 0 | 0 | 4,750 | 0 | 0 | 0 |
| 2 - AED | 100.000000% | 0.553942% | 0.000000% | 0.000000% | 0.000000% | 1.409332% | 0.000000% | 0.000000% | 0.000000% |
| 3 AED/Energy | 1,314,735,899 | 7,431,677 | 0 | 0 | 0 | 18,736,214 | 0 | 0 | 0 |
| | 100.000000% | 0.562997% | 0.000000% | 0.000000% | 0.000000% | 1.421942% | 0.000000% | 0.000000% | 0.000000% |
| 4 NCP - Supply Level | 509,091 | 0 | 2,694 | 0 | 0 | 0 | 6,894 | 0 | 0 |
| | 100.000000% | 0.000000% | 0.529178% | 0.000000% | 0.000000% | 0.000000% | 1.354178% | 0.000000% | 0.000000% |
| 5 NCP - Secondary Level | 473,739 | 0 | 0 | 0 | 0 | 0 | 6,894 | 0 | 0 |
| | 100.000000% | 0.000000% | 0.000000% | 0.000000% | 0.000000% | 0.000000% | 1.455232% | 0.000000% | 0.000000% |
| 7 Total Customers less Rate 52 | 75,270 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 303 |
| | 100.000000% | 0.000000% | 0.000000% | 0.000000% | 0.003986% | 0.000000% | 0.000000% | 0.000000% | 0.402551% |
| 8 Weighted Customer Meters | 99,679 | 0 | 0 | 0 | 154 | 0 | 0 | 0 | 1,250 |
| | 100.000000% | 0.000000% | 0.000000% | 0.000000% | 0.154496% | 0.000000% | 0.000000% | 0.000000% | 1.254025% |

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| | Total North Dakota | Municipal Pumping Primary Rate 48 | | | Municipal Pumping Secondary Rate 48 | | | |
|--|------------------------|-----------------------------------|------------------------|----------------|-------------------------------------|------------------------|------------------|--------------------|
| | | Prod. & Trans. | Demand Distribution | Energy | Prod. & Trans. | Demand Distribution | Energy | Customer |
| 10 Weighted Customer Services | 86,619 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 499 0.576086% |
| 11 Weighted Customer Transformers | 117,965 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 2,888 2.448184% |
| 12 Weighted Customer Accounts | 82,693 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 9 0.010884% | 0 0.000000% | 0 0.000000% | 506 0.611902% |
| 13 Production, Transmission, & Distribution Plant | 564,479 100.000000% | 2,340 0.414542% | 217 0.038443% | 0 0.000000% | 17 0.003012% | 5,946 1.053361% | 656 0.116213% | 914 0.161919% |
| 14 Distribution Plant | 143,227 100.000000% | 0 0.000000% | 217 0.151508% | 0 0.000000% | 17 0.011869% | 0 0.000000% | 656 0.458014% | 914 0.638148% |
| 15 Poles, OH & UG Conductor & Conduit | 57,080 100.000000% | 0 0.000000% | 51 0.089348% | 0 0.000000% | 2 0.003504% | 0 0.000000% | 131 0.229502% | 191 0.334618% |
| 19 Line Transformers | 28,673 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 100 0.348760% | 533 1.858892% |

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| | Total North Dakota | Municipal Pumping Primary Rate 48 | | | Municipal Pumping Secondary Rate 48 | | | | | |
|--|------------------------|-----------------------------------|------------------------|------------------|-------------------------------------|------------------------|------------------|------------------|-----------------|--------------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | | |
| 23 O & M Excluding Fuel & Purch. Power | 41,448 100.000000% | 165 0.398089% | 12 0.028952% | 0 0.000000% | 1 0.002413% | 421 1.015731% | 37 0.089268% | 0 0.000000% | 0 0.173712% | 72 0.173712% |
| 24 O & M Excluding Fuel, Purch. Power and A&G | 30,412 100.000000% | 121 0.397869% | 9 0.029594% | 0 0.000000% | 1 0.003288% | 309 1.016046% | 27 0.088781% | 0 0.000000% | 0 0.174273% | 53 0.174273% |
| 26 Total Electric Plant in Service | 615,223 100.000000% | 2,561 0.416272% | 234 0.038035% | 0 0.000000% | 18 0.002926% | 6,506 1.057503% | 707 0.114918% | 0 0.000000% | 0 0.160105% | 985 0.160105% |
| 27 Net Electric Plant in Service | 312,730 100.000000% | 1,292 0.413136% | 138 0.044128% | 0 0.000000% | 13 0.004157% | 3,282 1.049468% | 418 0.133662% | 0 0.000000% | 0 0.173952% | 544 0.173952% |
| 29 Production Plant | 312,202 100.000000% | 1,736 0.556050% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 4,409 1.412227% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% |
| 30 Transmission Plant | 109,050 100.000000% | 604 0.553874% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 1,537 1.409445% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% |
| 44 Taxable Income | 9,417 100.000000% | (280) -2.973346% | 30 0.318573% | 191 2.028247% | (1) -0.010619% | (707) -7.507699% | 258 2.739726% | 478 5.075927% | 0 -0.849527% | (80) -0.849527% |

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| | Outdoor Lighting Rate 52 | | | Interruptible Power Rate 39 | | | | | |
|--------------------------------|--------------------------|-----------------------|---------------------|-----------------------------|-----------|-----------------------|---------------------|-----------|-----------|
| | Total North Dakota | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | Demand Prod. & Trans. | Demand Distribution | Energy | Customer |
| 1 Energy at Generation Level | 1,643,335,617 | 0 | 0 | 6,529,156 | 0 | 0 | 0 | 4,213,400 | 0 |
| | 100.000000% | 0.000000% | 0.000000% | 0.397311% | 0.000000% | 0.000000% | 0.000000% | 0.256393% | 0.000000% |
| Average & Excess Demand | 337,039 | 745 | 0 | 0 | 0 | 481 | 0 | 0 | 0 |
| 2 - AED | 100.000000% | 0.221043% | 0.000000% | 0.000000% | 0.000000% | 0.142713% | 0.000000% | 0.000000% | 0.000000% |
| 3 AED/Energy | 1,314,735,899 | 5,223,474 | 0 | 0 | 0 | 3,370,816 | 0 | 0 | 0 |
| | 100.000000% | 0.362057% | 0.000000% | 0.000000% | 0.000000% | 0.233657% | 0.000000% | 0.000000% | 0.000000% |
| 4 NCP - Supply Level | 509,091 | 0 | 1,709 | 0 | 0 | 0 | 1,079 | 0 | 0 |
| | 100.000000% | 0.000000% | 0.335696% | 0.000000% | 0.000000% | 0.000000% | 0.211946% | 0.000000% | 0.000000% |
| 5 NCP - Secondary Level | 473,739 | 0 | 1,709 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 100.000000% | 0.000000% | 0.360747% | 0.000000% | 0.000000% | 0.000000% | 0.000000% | 0.000000% | 0.000000% |
| 7 Total Customers less Rate 52 | 75,270 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 100.000000% | 0.000000% | 0.000000% | 0.000000% | 0.000000% | 0.000000% | 0.000000% | 0.000000% | 0.001329% |
| 8 Weighted Customer Meters | 99,679 | 0 | 0 | 0 | 237 | 0 | 0 | 0 | 59 |
| | 100.000000% | 0.000000% | 0.000000% | 0.000000% | 0.237763% | 0.000000% | 0.000000% | 0.000000% | 0.059190% |

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| | Total North Dakota | Outdoor Lighting Rate 52 | | | Interruptible Power Rate 39 | | | | |
|--|------------------------|--------------------------|------------------------|----------------|-----------------------------|------------------------|-----------------|----------------|----------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Demand Prod. & Trans. | Demand Distribution | Energy | Customer | |
| 10 Weighted Customer Services | 86,619 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 4,076 4.705665% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% |
| 11 Weighted Customer Transformers | 117,965 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% |
| 12 Weighted Customer Accounts | 82,693 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 2,111 2.52816% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 3 0.003628% |
| 13 Production, Transmission, & Distribution Plant | 564,479 100.000000% | 1,032 0.182823% | 163 0.028876% | 0 0.000000% | 1,523 0.269806% | 667 0.118162% | 87 0.015412% | 0 0.000000% | 7 0.001240% |
| 14 Distribution Plant | 143,227 100.000000% | 0 0.000000% | 163 0.113805% | 0 0.000000% | 1,523 1.063347% | 0 0.000000% | 87 0.060743% | 0 0.000000% | 7 0.004887% |
| 15 Poles, OH & UG Conductor & Conduit | 57,080 100.000000% | 0 0.000000% | 33 0.057814% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 21 0.036790% | 0 0.000000% | 1 0.001752% |
| 19 Line Transformers | 28,673 100.000000% | 0 0.000000% | 25 0.087190% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% |

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| | Total North Dakota | Outdoor Lighting Rate 52 | | | Interruptible Power Rate 39 | | | | |
|--|------------------------|--------------------------|------------------------|------------------|-----------------------------|------------------------|-----------------|-----------------|----------------|
| | | Demand Prod. & Trans. | Demand Distribution | Energy | Demand Prod. & Trans. | Demand Distribution | Energy | | |
| 23 O & M Excluding Fuel & Purch. Power | 41,448 100.000000% | 67 0.161648% | 10 0.024127% | 0 0.000000% | 169 0.407740% | 44 0.106157% | 5 0.012063% | 0 0.000000% | 0 0.000000% |
| 24 O & M Excluding Fuel, Purch. Power and A&G | 30,412 100.000000% | 49 0.161121% | 7 0.023017% | 0 0.000000% | 124 0.407734% | 32 0.105222% | 4 0.013153% | 0 0.000000% | 0 0.000000% |
| 26 Total Electric Plant in Service | 615,223 100.000000% | 1,130 0.183673% | 176 0.028608% | 0 0.000000% | 1,641 0.266733% | 730 0.118656% | 94 0.015279% | 0 0.000000% | 8 0.001300% |
| 27 Net Electric Plant in Service | 312,730 100.000000% | 611 0.195376% | 105 0.033575% | 0 0.000000% | 498 0.159243% | 395 0.126307% | 56 0.017907% | 0 0.000000% | 7 0.002238% |
| 29 Production Plant | 312,202 100.000000% | 791 0.253362% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 511 0.163676% | 0 0.000000% | 0 0.000000% | 0 0.000000% |
| 30 Transmission Plant | 109,050 100.000000% | 241 0.221000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 156 0.143054% | 0 0.000000% | 0 0.000000% | 0 0.000000% |
| 44 Taxable Income | 9,417 100.000000% | (119) -1.263672% | (18) -0.191144% | 373 3.960922% | (66) -0.700860% | (76) -0.807051% | 13 0.138048% | 66 0.700860% | 4 0.042476% |

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| | Interruptible Demand Response Rate 38 | | | |
|--------------------------------|---------------------------------------|--------------------------|------------------------|--------------------|
| | Total North Dakota | Demand Prod. & Trans. | Demand Distribution | Energy Customer |
| 1 Energy at Generation Level | 1,643,335,617 | 0 | 0 | 19,081,081 |
| | 100.000000% | 0.000000% | 0.000000% | 1.161119% |
| Average & Excess Demand | 337,039 | 2,179 | 0 | 0 |
| 2 - AED | 100.000000% | 0.646513% | 0.000000% | 0.000000% |
| 3 AED/Energy | 1,314,735,899 | 15,265,300 | 0 | 0 |
| | 100.000000% | 1.058198% | 0.000000% | 0.000000% |
| 4 NCP - Supply Level | 509,091 | 0 | 4,752 | 0 |
| | 100.000000% | 0.000000% | 0.933428% | 0.000000% |
| 5 NCP - Secondary Level | 473,739 | 0 | 0 | 0 |
| | 100.000000% | 0.000000% | 0.000000% | 0.000000% |
| 7 Total Customers less Rate 52 | 75,270 | 0 | 0 | 2 |
| | 100.000000% | 0.000000% | 0.000000% | 0.002657% |
| 8 Weighted Customer Meters | 99,679 | 0 | 0 | 118 |
| | 100.000000% | 0.000000% | 0.000000% | 0.118380% |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY
NORTH DAKOTA
EMBEDDED CLASS COST OF SERVICE STUDY
Allocation Factor Report
Projected 2010

| | Interruptible Demand Response Rate 38 | | | | |
|--|---------------------------------------|--------------------------|------------------------|----------------|-----------------|
| | Total North Dakota | Demand Prod. & Trans. | Demand Distribution | Energy | Customer |
| 10 Weighted Customer Services | 86,619 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% |
| 11 Weighted Customer Transformers | 117,965 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% |
| 12 Weighted Customer Accounts | 82,693 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 6 0.007256% |
| 13 Production, Transmission, & Distribution Plant | 564,479 100.000000% | 3,019 0.534829% | 384 0.068027% | 0 0.000000% | 12 0.002126% |
| 14 Distribution Plant | 143,227 100.000000% | 0 0.000000% | 384 0.268106% | 0 0.000000% | 12 0.008378% |
| 15 Poles, OH & UG Conductor & Conduit | 57,080 100.000000% | 0 0.000000% | 91 0.159425% | 0 0.000000% | 1 0.001752% |
| 19 Line Transformers | 28,673 100.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% | 0 0.000000% |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY
NORTH DAKOTA
EMBEDDED CLASS COST OF SERVICE STUDY
Allocation Factor Report
Projected 2010

| | Interruptible Demand Response Rate 38 | | | |
|---|---------------------------------------|--------------------------|------------------------|--------------------|
| | Total North Dakota | Demand Prod. & Trans. | Demand Distribution | Energy Customer |
| 23 O & M Excluding Fuel & Purch. Power | 41,448 | 192 | 22 | 0 |
| | 100.000000% | 0.463231% | 0.053079% | 0.000000% |
| 24 O & M Excluding Fuel, Purch. Power and A&G | 30,412 | 141 | 16 | 0 |
| | 100.000000% | 0.463633% | 0.052611% | 0.000000% |
| 26 Total Electric Plant in Service | 615,223 | 3,305 | 414 | 13 |
| | 100.000000% | 0.537204% | 0.067293% | 0.002113% |
| 27 Net Electric Plant in Service | 312,730 | 1,786 | 245 | 10 |
| | 100.000000% | 0.571100% | 0.078342% | 0.003198% |
| 29 Production Plant | 312,202 | 2,314 | 0 | 0 |
| | 100.000000% | 0.741187% | 0.000000% | 0.000000% |
| 30 Transmission Plant | 109,050 | 705 | 0 | 0 |
| | 100.000000% | 0.646492% | 0.000000% | 0.000000% |
| 44 Taxable Income | 9,417 | (345) | 202 | 17 |
| | 100.000000% | -3.663587% | 2.145057% | 0.180525% |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
 Allocation of Revenues
 Projected 2010

Projected 2010 Billing Determinants and Revenues

| Rate Class | Bill Determinants | Kwh | KW | Base Rate | Energy | Demand | Fuel Rev | Total |
|-----------------------------|-------------------|----------------------|--------------------|--------------------|---------------------|---------------------|---------------------|----------------------|
| Residential Service | | | | | | | | |
| Rate 10 | 62,930 | 621,251,041 | | \$4,153,286 | \$28,711,156 | | 12,922,022 | \$45,786,464 |
| Rate 16 | 12 | 242,382 | | 1,512 | 7,878 | | 5,042 | 14,432 |
| Total Residential | 62,942 | 621,493,423 | | 4,154,798 | 28,719,034 | | 12,927,064 | 45,800,896 |
| Small General Service | | | | | | | | |
| Rate 20 | 8,857 | 97,452,603 | | 2,127,143 | 4,098,593 | | 2,027,014 | 8,252,750 |
| Rate 26 | 4 | 115,059 | | 1,056 | 2,702 | | 2,393 | 6,151 |
| Subtotal | 8,861 | 97,567,662 | | 2,128,199 | 4,101,295 | | 2,029,407 | 8,258,901 |
| Rate 25 | 36 | 772,957 | 5,972.7 | 4,320 | 16,449 | 8,046 | 16,078 | 44,893 |
| Rate 40 | 347 | 4,304,707 | 10,716.9 | 68,742 | 105,569 | 46,097 | 89,538 | 309,946 |
| Total Small General | 9,244 | 102,645,326 | 16,689.6 | 2,201,261 | 4,223,313 | 54,143 | 2,135,023 | 8,613,740 |
| Large General Service | | | | | | | | |
| Rate 30 Primary | 27 | 93,081,145 | 236,785.0 | 29,160 | 1,816,944 | 1,496,230 | 1,936,088 | 5,278,422 |
| Rate 30 Secondary | 3,047 | 580,503,947 | 1,755,628.6 | 1,279,740 | 11,801,645 | 16,262,422 | 12,074,482 | 41,418,289 |
| Rate 31 | 32 | 7,917,529 | 52,690.2 | 14,208 | 217,433 | 140,419 | 164,685 | 536,745 |
| Rate 32 | 320 | 37,962,671 | 167,766.6 | 38,400 | 771,776 | 254,084 | 789,623 | 1,853,883 |
| Subtotal | 3,426 | 719,465,292 | 2,212,870 | 1,361,508 | 14,607,798 | 18,153,155 | 14,964,878 | 49,087,339 |
| Rate 30 Contract Rates | 3 | 55,840,133 | 111,377.8 | 2,340 | 890,290 | 678,410 | 1,161,475 | 2,732,515 |
| Rate 38 | 2 | 17,883,900 | 43,683.3 | 15,360 | 324,836 | 224,555 | 346,136 | 910,887 |
| Rate 39 | 1 | 3,942,900 | 10,863.0 | 3,600 | 62,968 | 24,442 | 82,012 | 173,022 |
| Total Large General | 3,432 | 797,132,225 | 2,378,794.5 | 1,382,808 | 15,885,892 | 19,080,562 | 16,554,501 | 52,903,763 |
| Municipal Lighting | | | | | | | | |
| Rate 41 Primary | 50 | 1,808,185 | | | 73,629 | | 37,610 | 111,239 |
| Rate 41 Secondary | 832 | 18,370,196 | | | 919,882 | | 382,100 | 1,301,982 |
| Total Municipal Lighting | 882 | 20,178,381 | 0.0 | 0 | 993,511 | 0 | 419,710 | 1,413,221 |
| Municipal Pumping | | | | | | | | |
| Rate 48 Primary | 3 | 8,692,767 | 26,187.9 | 389 | 182,548 | 54,398 | 180,810 | 418,145 |
| Rate 48 Secondary | 325 | 21,669,675 | 88,088.7 | 37,764 | 464,094 | 328,396 | 450,729 | 1,280,983 |
| Total Municipal Pumping | 328 | 30,362,442 | 114,276.6 | 38,153 | 646,642 | 382,794 | 631,539 | 1,699,128 |
| Outdoor Lighting Service | | | | | | | | |
| Rate 52 Primary | 2 | 16,191 | | | 923 | | 337 | 1,260 |
| Rate 52 Secondary | 2,801 | 6,025,237 | | | 367,901 | | 125,325 | 493,226 |
| Total Outdoor Lighting | 2,803 | 6,041,428 | 0.0 | 0 | 368,824 | 0 | 125,662 | 494,486 |
| Total North Dakota Electric | 79,631 | 1,577,853,225 | 2,509,760.7 | \$7,777,020 | \$50,837,216 | \$19,517,499 | \$32,793,499 | \$110,925,234 |

Total Pro Forma Revenues \$110,925,234
 Requested Revenue Increase 15,394,000
 % Increase 13.877816%
 Overall ROR 9.091%
 Inverse of Tax Rate 60.84%

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Allocation of Revenues
Projected 2010

| Rate Class | Embedded | | | Increase | % Incr | Base Fuel Reallocation 1/ Increase 2/ | Allocation Of Non-Fuel At Overall Increase 2/ Increase 2/ | Rate Design Results | |
|-----------------------------|----------------------|----------|--------|---------------|--------|---|---|---------------------|------------------------|
| | Rate Base (000)'s | Op Inc | ROR | | | | | COS | Revenue Increase \$ |
| Residential Service | | | | | | | | | |
| Rate 10 | | | | \$12,690,104 | 27.7% | \$12,965,509 | \$6,468,536 | \$6,467,627 | 14.1% |
| Rate 16 | | | | 4,000 | 27.7% | 5,059 | 1,847 | 1,846 | 12.8% |
| Total Residential | \$135,421 | \$4,585 | 3.39% | \$12,694,104 | 27.7% | 12,970,568 | \$6,470,383 | 6,469,473 | 14.1% |
| Small General Service | | | | | | | | | |
| Rate 20 | | | | 581,665 | 7.0% | 2,033,836 | 1,225,658 | 1,225,443 | 14.8% |
| Rate 26 | | | | 434 | 7.1% | 2,401 | 739 | 928 | 15.1% |
| Subtotal | 20,744 | 1,531 | 7.38% | 8,841,000 | 7.0% | 2,036,237 | 1,226,397 | 1,226,371 | 14.8% |
| Rate 25 | 330 | (20) | -6.06% | 82,107 | 182.9% | 16,132 | 5,668 | 5,668 | 12.6% |
| Rate 40 | 1,003 | 23 | 2.29% | 112,054 | 36.2% | 89,839 | 43,380 | 43,398 | 14.0% |
| Total Small General | 22,077 | 1,534 | 6.95% | 9,390,000 | 9.0% | 2,142,208 | 1,275,445 | 1,275,437 | 14.8% |
| Large General Service | | | | | | | | | |
| Rate 30 Primary | 13,491 | 763 | 5.66% | 6,039,000 | 14.4% | 1,883,962 | 668,999 | 672,676 | 13.7% |
| Rate 30 Secondary | 96,526 | 8,303 | 8.60% | 42,196,000 | 1.9% | 12,115,117 | 5,775,232 | 315,790 | 11.6% |
| Rate 31 | 1,299 | 99 | 7.62% | 568,000 | 5.8% | 165,239 | 73,218 | 108,146 | 11.9% |
| Rate 32 | 4,071 | 325 | 7.98% | 1,930,000 | 4.1% | 792,277 | 209,227 | 18,384 | 10.6% |
| Subtotal | 115,387 | 9,490 | 8.22% | 50,733,000 | 3.4% | 14,956,595 | 6,726,676 | 6,729,886 | 13.7% |
| Rate 30 Contract Rates | 1,894 | 183 | 9.66% | 895,000 | -1.7% | 1,130,204 | 315,792 | 315,790 | 11.6% |
| Rate 38 | 425 | 24 | 5.65% | 200,000 | 15.6% | 361,971 | 108,183 | 108,146 | 11.9% |
| Rate 39 | 117,706 | 9,697 | 8.24% | 51,828,000 | 3.1% | 16,528,574 | 7,169,023 | 18,384 | 10.6% |
| Total Large General | | | | 1,656,752 | | | | 7,172,206 | 13.6% |
| Municipal Lighting | | | | | | | | | |
| Rate 41 Primary | 215 | 28 | 13.02% | 97,000 | -12.8% | (14,239) | 195,753 | 195,437 | 13.8% |
| Rate 41 Secondary | 3,655 | 453 | 12.39% | 1,104,000 | -15.2% | (197,982) | | | |
| Total Municipal Lighting | 3,870 | 481 | 12.43% | 1,201,000 | -15.0% | 419,984 | | | |
| Municipal Pumping | | | | | | | | | |
| Rate 48 Primary | 1,332 | 17 | 1.28% | 590,000 | 41.1% | 628,188 | 211,067 | 211,142 | 12.4% |
| Rate 48 Secondary | 3,890 | 116 | 2.98% | 1,671,000 | 30.4% | | | | |
| Total Municipal Pumping | 5,222 | 133 | 2.55% | 2,261,000 | 33.1% | | | | |
| Outdoor Lighting Service | | | | | | | | | |
| Rate 52 Primary | 1,055 | 145 | 13.74% | 412,000 | -16.7% | 126,075 | 72,608 | 72,608 | 14.7% |
| Rate 52 Secondary | | | | | | | | | |
| Total Outdoor Lighting | | | | (82,486) | | | | | |
| Total North Dakota Electric | \$285,351 | \$16,575 | 5.81% | \$123,587,000 | 13.9% | \$32,815,597 | \$15,394,279 | \$15,396,303 | 13.9% |

1/ Base Fuel based on primary/secondary fuel charges
2/ Remainder of increase based on percentage change in non-fuel revenues 19.708555%

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Summary of Proposed Charges

| Rate Class | Base Rate | Energy Charges | | Base Fuel | Total Energy | | Demand Charges | | | |
|------------------------------|-----------|----------------|-----------|-----------|--------------|-----------|----------------|--------|---------|--------|
| | | Summer | Winter | | Summer | Winter | 0-10 Kw | | > 10 Kw | |
| | | | | | | | Summer | Winter | Summer | Winter |
| Residential | | | | | | | | | | |
| Rate 10 | \$0.35 | | | | | | | | | |
| 1st 750 | | \$0.05830 | \$0.05830 | \$0.02087 | \$0.07917 | \$0.07917 | | | | |
| Over 750 | | 0.05830 | 0.02830 | 0.02087 | 0.07917 | 0.04917 | | | | |
| TOD Rate 16 | 0.45 | | | | | | | | | |
| Off Peak | | 0.02830 | 0.02830 | 0.02087 | 0.04917 | 0.04917 | | | | |
| On Peak | | 0.10218 | 0.07218 | 0.02087 | 0.12305 | 0.09305 | | | | |
| Small General Service | | | | | | | | | | |
| Rate 20 | 0.70 | | | | | | | | | |
| 1st 750 | | 0.06849 | 0.06849 | 0.02087 | 0.08936 | 0.08936 | | | | |
| Over 750 | | 0.06849 | 0.02830 | 0.02087 | 0.08936 | 0.04917 | | | | |
| Irrigation Rate 25 | 0.65 | 0.01445 | 0.01445 | 0.02087 | 0.03532 | 0.03532 | 3.00 | 1.25 | 3.00 | 1.25 |
| TOD Rate 26 | 0.80 | | | | | | | | | |
| Off Peak | | 0.02830 | 0.02830 | 0.02087 | 0.04917 | 0.04917 | | | | |
| On Peak | | 0.11911 | 0.07911 | 0.02087 | 0.13998 | 0.09998 | | | | |
| Municipal Rate 40 | | | | | | | | | | |
| Non- Demand | 0.65 | | | | | | | | | |
| 1st 750 | | 0.04378 | 0.04378 | 0.02087 | 0.06465 | 0.06465 | | | | |
| Over 750 | | 0.04378 | 0.03312 | 0.02087 | 0.06465 | 0.05399 | | | | |
| Demand | 0.75 | | | | | | 8.25 | 0.00 | 8.25 | 6.25 |
| 1st 750 | | 0.01812 | 0.01812 | 0.02087 | 0.03899 | 0.03899 | | | | |
| Over 750 | | 0.01812 | 0.01812 | 0.02087 | 0.03899 | 0.03899 | | | | |
| Large General Service | | | | | | | | | | |
| Rate 30 Primary Service | 95.00 | 0.02769 | 0.02769 | 0.02024 | 0.04793 | 0.04793 | 9.25 | 6.25 | 9.25 | 6.25 |
| Rate 30 Secondary Service | 45.00 | 0.02849 | 0.02849 | 0.02087 | 0.04936 | 0.04936 | 11.25 | 8.25 | 11.25 | 8.25 |
| TOD Rate 31 | | | | | | | | | | |
| Primary Service | 97.00 | | | | | | | | | |
| Off Peak | | 0.01260 | 0.01260 | 0.02024 | 0.03347 | 0.03347 | 0.00 | 0.00 | 0.00 | 0.00 |
| On Peak | | 0.04260 | 0.03260 | 0.02024 | 0.06347 | 0.05347 | 10.50 | 7.50 | 10.50 | 7.50 |
| Secondary Service | 47.00 | | | | | | | | | |
| Off Peak | | 0.01260 | 0.01260 | 0.02087 | 0.03347 | 0.03347 | 0.00 | 0.00 | 0.00 | 0.00 |
| On Peak | | 0.04260 | 0.03260 | 0.02087 | 0.06347 | 0.05347 | 13.50 | 9.50 | 13.50 | 9.50 |
| Space Heating Rate 32 | | | | | | | | | | |
| Primary Service | 15.00 | 0.03269 | 0.03269 | 0.02024 | 0.05293 | 0.05293 | 9.25 | 0.00 | 9.25 | 0.00 |
| Secondary Service | 15.00 | 0.03349 | 0.03349 | 0.02087 | 0.05436 | 0.05436 | 11.25 | 0.00 | 11.25 | 0.00 |
| Demand Resp Rate 38 | Contract | 0.02454 | 0.02454 | 0.02024 | 0.04478 | 0.04478 | 6.25 | 3.25 | 6.25 | 3.25 |
| Municipal Lighting | | | | | | | | | | |
| Primary Service- Rate 41 | | 0.05504 | 0.05504 | 0.02024 | 0.07528 | 0.07528 | | | | |
| Secondary Service - Rate 41 | | 0.06004 | 0.06004 | 0.02087 | 0.08091 | 0.08091 | | | | |
| Municipal Pumping | | | | | | | | | | |
| Primary Service- Rate 48 | 12.00 | 0.02449 | 0.02449 | 0.02024 | 0.04473 | 0.04473 | 5.50 | 3.00 | 5.50 | 3.00 |
| Secondary Service - Rate 48 | 10.00 | 0.02554 | 0.02554 | 0.02087 | 0.04641 | 0.04641 | 7.00 | 5.00 | 7.00 | 5.00 |
| Outdoor Lighting | | | | | | | | | | |
| Primary Service- Rate 52 | | 0.06895 | 0.06895 | 0.02024 | 0.08919 | 0.08919 | | | | |
| Secondary Service - Rate 52 | | 0.07301 | 0.07301 | 0.02087 | 0.09388 | 0.09388 | | | | |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA**

**Derivation of Rate and Reconciliation
Residential Electric Service Rate 10
Projected 2010**

| Residential Service | Billing Determinants | Projected @ Current Rates | | Proposed Rates | |
|----------------------------|----------------------|---------------------------|---------------------|-----------------------------------|---------------------|
| | | Rate | Revenue | Rate | Revenue |
| Base Rate - Rate 10 | 62,928 | \$5.50 per month | \$4,153,248 | \$10.64 per month 0.35 per day | \$8,034,647 |
| Rate 95 | 2 | 1.60 per month | 38 | 1.60 per month | 38 |
| Energy | | | | | |
| Summer | 180,678,441 | \$0.05527 per Kwh | 9,986,097 | \$0.05830 per Kwh | 10,533,553 |
| Winter | | | | | |
| First 750 | 275,071,323 | \$0.05527 per Kwh | 15,203,192 | 0.05830 per Kwh | 16,036,658 |
| Over 750 | 165,501,277 | 0.02128 per Kwh | 3,521,867 | 0.02830 per Kwh | 4,683,686 |
| Subtotal | 440,572,600 | | 18,725,059 | | 20,720,344 |
| Total Energy | 621,251,041 | | 28,711,156 | | 31,253,897 |
| Base Fuel | 621,251,041 | \$0.02080 per Kwh | 12,922,022 | \$0.02087 per Kwh | 12,965,509 |
| Total Rate 10 | | | <u>\$45,786,464</u> | | <u>\$52,254,091</u> |
| Total Revenues Per Design | | | | | \$52,254,091 |
| Target Revenues | | | | | 52,255,000 |
| Difference | | | | | <u>(\$909)</u> |

Derivation of Rate:

| | | | |
|---|-------------|-----------|---------------------|
| Pro Forma Revenues | | Projected | \$45,786,464 |
| Pro Forma Revenue Increase | | | 6,468,536 |
| Total Revenue Requirement | | | <u>\$52,255,000</u> |
| Less: | | | |
| Proposed Base Rate Revenues | | | 8,034,685 |
| Projected Base Fuel | | | 12,965,509 |
| Winter Rate >750 differential (\$0.03000) | 165,501,277 | Kwh | (4,965,038) |
| Subtotal | | | <u>16,035,156</u> |
| Net to be Collected Through Energy | | | \$36,219,844 |
| Total Kwh | | | 621,251,041 |
| Summer Rate per Kwh | | | \$0.05830 |
| Winter Rate Per Kwh - 1st 750 Kwh | | | \$0.05830 |
| Winter Rate - Over 750 Kwh | | | \$0.02830 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA**

**Derivation of Rate and Reconciliation
Residential Electric TOD Service Rate 16
Projected 2010**

| Residential Service | Billing Determinants | Projected @ Current Rates | | Proposed Rates | |
|----------------------------------|----------------------|---------------------------|-----------------|-------------------------------------|-----------------|
| | | Rate | Revenue | Rate | Revenue |
| Base Rate | 12 | \$10.50 per month | \$1,512 | \$13.68 per month \$0.45 per day | \$1,970 |
| Energy | | | | | |
| Summer | | | | | |
| On-Peak Kwh | 8,818 | \$0.11017 per Kwh | 971 | \$0.10218 per Kwh | 901 |
| Off Peak Kwh | 29,910 | 0.02128 per Kwh | 636 | 0.02830 per Kwh | 846 |
| Subtotal | 38,728 | | 1,607 | | 1,747 |
| Winter | | | | | |
| On-Peak Kwh | 39,627 | \$0.07017 per Kwh | 2,781 | \$0.07218 per Kwh | 2,860 |
| Off Peak Kwh | 164,027 | 0.02128 per Kwh | 3,490 | 0.02830 per Kwh | 4,642 |
| Subtotal | 203,654 | | 6,271 | | 7,502 |
| Total Energy | 242,382 | | 7,878 | | 9,249 |
| Base Fuel | 242,382 | \$0.02080 per Kwh | 5,042 | \$0.02087 per Kwh | 5,059 |
| Total Rate 16 Revenues | | | <u>\$14,432</u> | | <u>\$16,278</u> |
| Total Revenues Per Design | | | | | \$16,278 |
| Target Revenues | | | | | <u>16,279</u> |
| Difference | | | | | <u>(\$1)</u> |

Derivation of Rate:

| | |
|--|------------------|
| | <u>Projected</u> |
| Pro Forma Revenues | \$14,432 |
| Pro Forma Revenue Increase | 1,847 |
| Total Revenue Requirement | <u>\$16,279</u> |
| Less: | |
| Proposed Base Rate Revenues | 1,970 |
| Projected Base Fuel | 5,059 |
| Off Peak set equal to Rate 10 Winter Off-Peak | 5,488 |
| Summer On-Peak Differential \$0.03000 8,818 Kwh | 265 |
| | <u>12,782</u> |
| Net to be Collected Through Energy | \$3,497 |
| Total On-Peak Kwh | 48,445 |
| Winter On-Peak Rate | \$0.07218 |
| Summer On-Peak | \$0.10218 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA

Derivation of Rate and Reconciliation
Small General Electric Service Rate 20
Projected 2010

| Small General Service | Billing Determinants | Projected @ Current Rates | | Proposed Rates | |
|---------------------------|----------------------|---------------------------|--------------------|-------------------|--------------------|
| | | Rate | Revenue | Rate | Revenue |
| Base Rate | 8,850 | \$20.00 per month | \$2,124,000 | \$21.28 per month | \$2,259,936 |
| Non-Metered Charges | 7 | | 3,143 | | 3,143 |
| | | | | \$0.70 per day | |
| Energy | | | | | |
| Summer | 28,285,618 | \$0.05486 per Kwh | 1,551,749 | \$0.06849 per Kwh | 1,937,282 |
| Winter | | | | | |
| First 750 Kwh | 32,012,206 | \$0.05486 per Kwh | 1,756,190 | 0.06849 per Kwh | 2,192,516 |
| Over 750 Kwh | 37,154,779 | 0.02128 per Kwh | 790,654 | 0.02830 per Kwh | 1,051,480 |
| Subtotal | 69,166,985 | | 2,546,844 | | 3,243,996 |
| Total Energy | 97,452,603 | | | | |
| Base Fuel | 97,452,603 | \$0.02080 per Kwh | 2,027,014 | \$0.02087 per Kwh | 2,033,836 |
| Total Rate 20 Revenues | 97,452,603 | | <u>\$8,252,750</u> | | <u>\$9,478,193</u> |
| Total Revenues Per Design | | | | | \$9,478,193 |
| Target Revenues | | | | | 9,478,408 |
| Difference | | | | | <u>(\$215)</u> |

Derivation of Rate:

| | Projected |
|--|--------------------|
| Pro Forma Revenues | \$8,252,750 |
| Pro Forma Revenue Increase | 1,225,658 |
| Total Revenue Requirement | <u>\$9,478,408</u> |
| Less: | |
| Proposed Base Rate Revenues | 2,263,079 |
| Projected Base Fuel | 2,033,836 |
| Winter Rate > 750 - set equal to Rate 10 | <u>1,051,480</u> |
| Subtotal | 5,348,395 |
| Net to be Collected Through Energy | \$4,130,013 |
| Total Kwh less Winter > 750 Kwh | 60,297,824 |
| Summer Rate per Kwh | \$0.06849 |
| Winter Rate Per Kwh - 1st 750 Kwh | \$0.06849 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA**

**Derivation of Rate and Reconciliation
Irrigation Power Service Rate 25
Projected 2010**

| Irrigation Power Service | Billing Determinants | Projected @ Current Rates | | Proposed Rates | |
|---------------------------|----------------------|---------------------------|-----------------|-------------------------------------|-----------------|
| | | Rate | Revenue | Rate | Revenue |
| Base Rate | 36 | \$10.00 per month | \$4,320 | \$19.76 per month \$0.65 per day | \$8,536 |
| Energy | 772,957 | \$0.02128 per Kwh | 16,449 | \$0.01445 per Kwh | 11,169 |
| Demand | | | | | |
| Summer | 4,147.3 | \$1.50 per KW | 6,221 | \$3.00 per KW | 12,442 |
| Winter | 1,825.4 | 1.00 per KW | 1,825 | 1.25 per KW | 2,282 |
| Total Demand | | | 8,046 | | 14,724 |
| Base Fuel | 772,957 | \$0.02080 per Kwh | \$16,078 | \$0.02087 per Kwh | \$16,132 |
| Total Revenue | | | <u>\$44,893</u> | | <u>\$50,561</u> |
| Total Revenues Per Design | | | | | \$50,561 |
| Target Revenues | | | | | <u>50,561</u> |
| Difference | | | | | <u>\$0</u> |

Derivation of Rate:

| | |
|------------------------------------|-----------------|
| Pro Forma Revenues | \$44,893 |
| Pro Forma Revenue Increase | 5,668 |
| Total Revenue Requirement | <u>\$50,561</u> |
| Less: | |
| Proposed Base Rate Revenues | 8,536 |
| Proposed Demand Charge Revenues | 14,724 |
| Projected Base Fuel | 16,132 |
| Subtotal | <u>39,392</u> |
| Net to be Collected Through Energy | 11,169 |
| Total Kwh Sales | 772,957 |
| Proposed Energy Charge | \$0.01445 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA**

**Derivation of Rate and Reconciliation
Small General Optional Time-of-Day Electric Service Rate 26
Projected 2010**

| Small General Optional TOD Service | Billing Determinants | Projected @ Current Rates | | Proposed Rates | |
|---------------------------------------|-------------------------|---------------------------|----------------|-------------------------------------|----------------|
| | | Rate | Revenue | Rate | Revenue |
| Base Rate | 4 | \$22.00 per month | \$1,056 | \$24.32 per month \$0.80 per day | \$1,167 |
| Energy | | | | | |
| Summer | | | | | |
| On-Peak Kwh | 972 | \$0.11209 per Kwh | 109 | \$0.11911 per Kwh | 116 |
| Off Peak Kwh | 44,093 | 0.02128 per Kwh | 938 | \$0.02830 per Kwh | 1,248 |
| Subtotal | 45,065 | | 1,047 | | 1,364 |
| Winter | | | | | |
| On-Peak Kwh | 3,261 | \$0.07209 per Kwh | 235 | \$0.07911 per Kwh | 258 |
| Off Peak Kwh | 66,733 | 0.02128 per Kwh | 1,420 | \$0.02830 per Kwh | 1,889 |
| Subtotal | 69,994 | | 1,655 | | 2,147 |
| Total Energy | 115,059 | | 2,702 | | 3,511 |
| Base Fuel | 115,059 | 0.02080 per Kwh | 2,393 | 0.02087 per Kwh | 2,401 |
| Total Rate 26 Revenues | | | <u>\$6,151</u> | | <u>\$7,079</u> |
| | | | | | |
| Total Revenues Per Design | | | | | \$7,079 |
| Target Revenues | | | | | 6,890 |
| Difference | | | | | <u>\$189</u> |

Derivation of Rate:

| | |
|---|----------------|
| Pro Forma Revenues | \$6,151 |
| Pro Forma Revenue Increase | 739 |
| Total Revenue Requirement | <u>\$6,890</u> |
| | |
| Off-Peak set equal to Rate 20 > 750 Kwh | \$0.02830 |
| Winter On-Peak Differential | 0.05081 |
| Summer On-Peak Differential | 0.09081 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA**

**Derivation of Rate and Reconciliation
Municipal Service Rate 40
Projected 2010**

| Small Municipal Service | Billing Determinants | Projected @ Current Rates | | Proposed Rates | |
|---------------------------|-------------------------|---------------------------|------------------|-------------------|------------------|
| | | Rate | Revenue | Rate | Revenue |
| Base Rate | | | | | |
| Non-Demand | 312 | \$15.50 per month | \$58,032 | \$19.76 per month | \$73,981 |
| Demand | 35 | 25.50 per month | 10,710 | 22.80 per month | 9,576 |
| Total Base Rate | 347 | | 68,742 | | 83,557 |
| | | | | \$0.65 per day | |
| | | | | 0.75 per day | |
| Energy | | | | | |
| Non-Demand Service | | | | | |
| Summer | 467,233 | \$0.03194 per Kwh | 14,923 | \$0.04378 per Kwh | 20,455 |
| Winter | | | | | |
| First 750 Kwh | 842,905 | \$0.03194 per Kwh | 26,922 | 0.04378 per Kwh | 36,902 |
| Over 750 Kwh | 650,140 | 0.02128 per Kwh | 13,835 | 0.03312 per Kwh | 21,533 |
| Subtotal | 1,493,045 | | 40,757 | | 58,435 |
| Demand Service | 2,344,429 | 0.02128 per Kwh | 49,889 | \$0.01812 per Kwh | 42,481 |
| Total Energy | 4,304,707 | | 105,569 | | 121,371 |
| Demand | | | | | |
| Summer | 3,948.6 | \$7.224 per Kw | 28,525 | \$8.250 per Kw | 32,576 |
| Winter | | | | | |
| 1st 10 Kw | 2,608.2 | 0.000 per Kw | 0 | 0.000 per Kw | 0 |
| Over 10 Kw | 4,160.1 | 4.224 per Kw | 17,572 | 6.250 per Kw | 26,001 |
| | 6,768.3 | | 17,572 | | 26,001 |
| Total Demand | 10,716.9 | | 46,097 | | 58,577 |
| Base Fuel | | | | | |
| Non-Demand Service | 1,960,278 | \$0.02080 per Kwh | 40,774 | \$0.02087 per Kwh | 40,911 |
| Demand Service | 2,344,429 | \$0.02080 per Kwh | 48,764 | 0.02087 per Kwh | 48,928 |
| Total Base Fuel | 4,304,707 | | 89,538 | | 89,839 |
| Total Rate 40 Revenue | 4,304,707 | | <u>\$309,946</u> | | <u>\$353,344</u> |
| Total Revenues Per Design | | | | | |
| Non-Demand Service | | | | | \$193,782 |
| Demand Service | | | | | 159,562 |
| Total | | | | | <u>353,344</u> |
| Target Revenues | | | | | <u>353,326</u> |
| Difference | | | | | <u>\$18</u> |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA

Derivation of Rate and Reconciliation
Municipal Service Rate 40
Projected 2010

Derivation of Rate:

| | | | | |
|-------------------------------------|-----------|-----------|-----|------------------|
| Pro Forma Revenues | | | | \$309,946 |
| Pro Forma Revenue Increase | | | | 43,380 |
| Total Revenue Requirement | | | | <u>\$353,326</u> |
| Less: | | | | |
| Proposed Base Rate Revenues | | | | 83,557 |
| Proposed Demand Revenues | | | | 58,577 |
| Summer- 1st 750 Winter Differential | \$0.01066 | 1,310,138 | Kwh | 13,966 |
| Non-Demand Energy Differential | \$0.01500 | 1,960,278 | Kwh | 29,404 |
| Projected Base Fuel | | | | <u>89,839</u> |
| Subtotal | | | | <u>275,343</u> |
| Net to be Collected Through Energy | | | | <u>\$77,983</u> |
| Total Kwh Sales | | | | 4,304,707 |
| Proposed Energy Charges: | | | | |
| Demand Service | | | | \$0.01812 |
| Non-Demand Rate: | | | | |
| Winter - Over 750 | | | | \$0.03312 |
| Winter - 1st 750 | | | | 0.04378 |
| Summer | | | | \$0.04378 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
Derivation of Rate and Reconciliation
Large General Electric Service Rate 30
Projected 2010

| | Billing | | Projected @ Current Rates | | Proposed Rates | |
|--|--------------|-------------------|---------------------------|-------------------|----------------|--|
| | Determinants | Rate | Revenue | Rate | Revenue | |
| Large General Service 30 & 32 | | | | | | |
| Base Rate | | | | | | |
| Primary Service Rate 30 | 27 | \$90.00 per month | \$29,160 | \$95.00 per month | \$30,780 | |
| Secondary Service Rate 30 | 3,047 | 35.00 per month | 1,279,740 | 45.00 per month | 1,645,380 | |
| Primary Service Rate 32 | 1 | 10.00 per month | \$120 | 15.00 per month | 180 | |
| Secondary Service Rate 32 | 319 | 10.00 per month | 38,280 | 15.00 per month | 57,420 | |
| Total Base Rate | 3,074 | | 1,347,300 | | 1,733,760 | |
| Energy | | | | | | |
| Primary Service - Rate 30 | 93,081,145 | \$0.01952 per Kwh | 1,816,944 | \$0.02769 per Kwh | 2,577,417 | |
| Primary Service - Rate 32 | 6,222 | 0.01952 per Kwh | 121 | \$0.03269 per Kwh | 203 | |
| Subtotal | 93,087,367 | | 1,817,065 | | 2,577,620 | |
| Secondary Service - Rate 30 | 580,503,947 | \$0.02033 per Kwh | 11,801,645 | \$0.02849 per Kwh | 16,538,557 | |
| Secondary Service - Rate 32 | 37,956,449 | 0.02033 per Kwh | 771,655 | \$0.03349 per Kwh | 1,271,161 | |
| Subtotal | 618,460,396 | | 12,573,300 | | 17,809,718 | |
| Total Energy | 711,547,763 | | 14,390,365 | | 20,387,338 | |
| Demand | | | | | | |
| Primary Service - Summer | 84,053.9 | \$8.254 per Kw | 693,781 | \$9.25 per Kw | 777,499 | |
| Primary Service - Winter | 152,731.1 | 5.254 per Kw | 802,449 | 6.25 per Kw | 954,569 | |
| Primary Service W-Rate 32 | 43.4 | 0.000 per Kw | 0 | 0.00 per Kw | 0 | |
| Subtotal | 236,828.4 | | 1,496,230 | | 1,732,068 | |
| Secondary Service - Summer | 630,682.0 | \$11.224 per Kw | 7,078,775 | \$11.25 per Kw | 7,095,173 | |
| Secondary Service - Winter | 1,147,584.2 | 8.224 per Kw | 9,437,732 | 8.25 per Kw | 9,467,570 | |
| Secondary Service W-Rate 32 | 145,085.6 | 0.000 per Kw | 0 | 0.00 per Kw | 0 | |
| Subtotal | 1,923,351.8 | | 16,516,507 | | 16,562,743 | |
| Total Demand | 2,160,180.2 | | 18,012,737 | | 18,294,811 | |
| Base Fuel | | | | | | |
| Primary Service- Rate 30 | 93,081,145 | \$0.02080 per Kwh | 1,936,088 | \$0.02024 per Kwh | 1,883,962 | |
| Primary Service- Rate 32 | 6,222 | 0.02080 per Kwh | 129 | 0.02024 per Kwh | 126 | |
| Secondary Service- Rate 30 | 580,503,947 | 0.02080 per Kwh | 12,074,482 | 0.02087 per Kwh | 12,115,117 | |
| Secondary Service- Rate 32 | 37,956,449 | 0.02080 per Kwh | 789,494 | 0.02087 per Kwh | 792,151 | |
| Total Base Fuel | 711,547,763 | | 14,800,193 | | 14,791,356 | |
| Total Rate 30/32 Revenue | | | \$48,550,595 | | \$55,207,265 | |
| Total Revenues Per Design | | | | | | |
| Primary - Rate 30 | | | | | \$6,224,227 | |
| Secondary - Rate 30 | | | | | 46,861,797 | |
| Rate 32 | | | | | 2,121,241 | |
| Total | | | | | 55,207,265 | |
| Target Revenues | | | | | 55,204,052 | |
| Difference | | | | | \$3,213 | |

MONTANA-DAKOTA UTILITIES CO.
 ELECTRIC UTILITY - NORTH DAKOTA
 Derivation of Rate and Reconciliation
 Large General Electric Service Rate 30
 Projected 2010

| | | |
|--|------------|---------------------|
| Derivation of Rate: | | |
| Pro Forma Revenues (Rates 30, 31 and 32) | | \$48,550,594 |
| Pro Forma Revenue Increase (Rates 30, 31 and 32) | | 6,653,458 |
| Total Revenue Requirement | | <u>\$55,204,052</u> |
| Less: | | |
| Proposed Base Rate Revenues | 1,733,760 | |
| Proposed Demand Revenues | 18,294,811 | |
| Rate 31 Revenues | | |
| Secondary Energy Differential | \$0.00080 | 618,460,396 Kwh |
| Rate 32 Energy Differential | \$0.00500 | 37,962,671 Kwh |
| Projected Base Fuel | | 14,791,356 |
| Subtotal | | <u>35,504,508</u> |
| Net to be Collected Through Energy | | <u>\$19,699,544</u> |
| Total Kwh Sales | | 711,547,763 |
| Proposed Energy Charges: | | |
| Rate 30- Primary | | \$0.02769 |
| Rate 30- Secondary | | \$0.02849 |
| Rate 32- Primary | | \$0.03269 |
| Rate 32- Secondary | | \$0.03349 |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA

Derivation of Rate and Reconciliation
Large Time-of-Day Electric Service Rate 31
Projected 2010

| Large General TOD Service (Rate 31) | Billing Determinants | Projected @ Current Rates | | Proposed Rates | |
|--|-------------------------|---------------------------|------------------|-------------------|------------------|
| | | Rate | Revenue | Rate | Revenue |
| Base Rate | | | | | |
| Primary Service | 0 | \$92.00 per month | \$0 | \$97.00 per month | \$0 |
| Secondary Service | 32 | 37.00 per month | 14,208 | 47.00 per month | 18,048 |
| Total Base Rate | 32 | | 14,208 | | 18,048 |
| Energy | | | | | |
| Summer Secondary Service | | | | | |
| Off-Peak | 2,055,786 | \$0.02537 per Kwh | 52,155 | \$0.01260 per Kwh | 25,903 |
| On-Peak | 828,263 | 0.04537 per Kwh | 37,578 | \$0.04260 per Kwh | 35,284 |
| Total Summer | 2,884,049 | | 89,733 | | 61,187 |
| Winter Secondary Service | | | | | |
| Off-Peak | 3,654,573 | \$0.02537 per Kwh | 92,717 | \$0.01260 per Kwh | 46,048 |
| On-Peak | 1,378,907 | 0.02537 per Kwh | 34,983 | \$0.03260 per Kwh | 44,952 |
| Total Winter | 5,033,480 | | 127,700 | | 91,000 |
| Total Energy | 7,917,529 | | 217,433 | | 152,187 |
| Demand | | | | | |
| Summer Secondary Service | | | | | |
| Off-Peak | 10,731.6 | \$0.00 per KW | 0 | \$0.00 per KW | 0 |
| On-Peak | 9,408.1 | 7.50 per KW | 70,561 | 13.50 per KW | 127,009 |
| Total Summer Demand | 20,139.7 | | 70,561 | | 127,009 |
| Winter Secondary Service | | | | | |
| Off-Peak | 17,026.6 | \$0.00 per KW | 0 | \$0.00 per KW | 0 |
| On-Peak | 15,523.9 | 4.50 per KW | 69,858 | 9.50 per KW | 147,477 |
| | 32,550.5 | | 69,858 | | 147,477 |
| Total Demand | 52,690.2 | | 140,419 | | 274,486 |
| Base Fuel | 7,917,529 | \$0.02080 per Kwh | 164,685 | 0.02087 per Kwh | 165,239 |
| Total Rate 31 Revenue | | | <u>\$536,745</u> | | <u>\$609,960</u> |
| Total Revenues Per Design | | | | | \$609,960 |
| Target Revenues | | | | | 609,963 |
| Difference | | | | | <u>(\$3)</u> |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA**

**Derivation of Rate and Reconciliation
Large Time-of-Day Electric Service Rate 31
Projected 2010**

Derivation of Rate:

| | | | |
|------------------------------------|-----------|---------------|----------------|
| Pro Forma Revenues | | | \$536,745 |
| Pro Forma Revenue Increase | | | <u>73,218</u> |
| Total Revenue Requirement | | | \$609,963 |
| Less: | | | |
| Proposed Base Rate Revenues | | | 18,048 |
| Proposed Demand Revenues | | | 274,486 |
| Secondary Energy Differential | \$0.00000 | 0 Kwh | 0 |
| On-Peak Summer Energy Differential | 0.03000 | 828,263 Kwh | 24,848 |
| On-Peak Winter Energy | 0.02000 | 1,378,907 Kwh | 27,578 |
| Projected Base Fuel | | | <u>165,239</u> |
| Subtotal | | | 510,199 |
| Net to be Collected Through Energy | | | \$99,764 |
| Total Kwh Sales | | | 7,917,529 |
| Proposed Energy Charges: | | | |
| Winter Secondary Off-Peak | | | \$0.01260 |
| Winter Secondary On-Peak | | | 0.03260 |
| Summer Secondary Off-Peak | | | \$0.01260 |
| Summer Secondary On-Peak | | | 0.04260 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA**

**Derivation of Rate and Reconciliation
Contract Rate 304
Projected 2010**

| <u>Contract Rate 304</u> | <u>Billing Determinants</u> | <u>Projected @ Current Rates</u> | | <u>Proposed Rates</u> | |
|------------------------------|---------------------------------|----------------------------------|------------------|-----------------------|------------------|
| | | <u>Rate</u> | <u>Revenue</u> | <u>Rate</u> | <u>Revenue</u> |
| Base Rate | 1 | \$15.00 per month | \$180 | \$15.00 per month | \$180 |
| Energy | 12,080,240 | \$0.01687 per Kwh | 203,794 | \$0.02178 per Kwh | 263,108 |
| Demand | 33,035.1 | 5.25 per KW | 173,434 | 5.86 per KW | 193,586 |
| Base Fuel | 12,080,240 | 0.02080 per Kwh | <u>251,269</u> | 0.02024 per Kwh | <u>244,504</u> |
| Total Contract Revenues | | | <u>\$628,677</u> | | <u>\$701,378</u> |
| Calucation of Energy Charge: | | | | | <u>\$72,701</u> |
| Energy | Rate 304 | | | | |
| Current | | \$0.03767 | | | |
| Proposed | | \$0.04202 | | | |
| Net Increase to Contracts | | 11.6% | | | |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA

Derivation of Rate and Reconciliation
Contract Rate 303 & 30T
Projected 2010

| Contract Rate 303 & 30T | Billing Determinants | Projected @ Current Rates | | Proposed Rates | |
|-------------------------|----------------------|---------------------------|--------------------|-------------------|--------------------|
| | | Rate | Revenue | Rate | Revenue |
| Base Rate | 2 | \$90.00 per month | \$2,160 | \$95.00 per month | \$2,280 |
| Energy | | | | | |
| First 1.5 Million Kwh | 18,000,000 | \$0.01952 per Kwh | 351,360 | \$0.02474 per Kwh | 445,320 |
| Over 1.5 Million Kwh | 17,527,893 | 0.01301 per Kwh | 228,038 | 0.01748 per Kwh | 306,388 |
| Rate 303 T - All Kwh | <u>8,232,000</u> | 0.01301 per Kwh | <u>107,098</u> | 0.01748 per Kwh | <u>143,895</u> |
| Total Energy | 43,759,893 | | 686,496 | | 895,603 |
| Demand | | | | | |
| Summer | 31,121.1 | 8.254 per KW | 256,874 | 9.21 per KW | 286,625 |
| Winter | <u>47,221.6</u> | 5.254 per KW | <u>248,102</u> | 5.86 per KW | <u>276,719</u> |
| Total Demand | 78,342.7 | | 504,976 | | 563,344 |
| Base Fuel | 43,759,893 | 0.02080 per Kwh | <u>910,206</u> | 0.02024 per Kwh | <u>885,700</u> |
| Total Contract Revenues | | | <u>\$2,103,838</u> | | <u>\$2,346,927</u> |
| Increase in Revenue | | | | | <u>\$243,089</u> |

| Calucation of Energy Charge: | Rate 303/303T | |
|------------------------------|---------------|-----------|
| | Current | Proposed |
| First 1.5 Million Kwh | \$0.04032 | \$0.04498 |
| Over 1.5 Million Kwh | \$0.03381 | 0.03772 |
| Rate 303 T - All Kwh | \$0.03381 | 0.03772 |
| Net Increase to Contracts | | 11.6% |

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA

Derivation of Rate and Reconciliation
Interruptible Large Power Demand Response Rate 38
Projected 2010

| Large Demand Response | Billing Determinants | Projected @ Current Rates | | Proposed Rates | |
|---|----------------------|---------------------------|------------------|-------------------|--------------------|
| | | Rate | Revenue | Rate | Revenue |
| Base Rate | | | | | |
| Customer 1 - Discounted | | Per Contract | \$11,892 | Per Contract | \$11,892 |
| Customer 2 | | Per Contract | 4,657 | Per Contract | 4,657 |
| Total Base Rate | | | 16,549 | | 16,549 |
| Energy | | | | | |
| Customer 1 - Discounted | 12,427,200 | \$0.01952 per Kwh | 242,579 | \$0.02454 per Kwh | 304,963 |
| Customer 2 | 5,456,700 | \$0.01952 per Kwh | 106,515 | \$0.02454 per Kwh | 133,907 |
| Total Energy | 17,883,900 | | 349,094 | | 438,870 |
| Demand | | | | | |
| Summer | | | | | |
| Customer 1 - Discounted | 10,880.2 | \$8.254 per KW | 89,805 | \$9.25 per KW | 100,642 |
| Customer 2 | 4,808.0 | \$5.754 per KW | 27,665 | 6.25 per KW | 30,050 |
| Winter | | | | | |
| Customer 1 - Discounted | 19,734.2 | \$5.254 per KW | 103,683 | \$6.25 per KW | 123,339 |
| Customer 2 | 8,260.9 | \$2.754 per KW | 22,751 | 3.25 per KW | 26,848 |
| Total Demand | 43,683.3 | | 243,904 | | 280,879 |
| Base Fuel | | | | | |
| Customer 1 - Discounted | 12,427,200 | \$0.02080 per Kwh | 258,486 | \$0.02024 per Kwh | 251,527 |
| Customer 2 | 5,456,700 | \$0.02080 per Kwh | 113,499 | \$0.02024 per Kwh | 110,444 |
| Total Base Fuel | 17,883,900 | | 371,985 | | 361,971 |
| Less: 10% Discount Applicable to Customer 1 | | | (70,645) | | (79,236) |
| Total Rate 38 Revenue | | | <u>\$910,887</u> | | <u>\$1,019,033</u> |
| Total Revenues Per Design | | | | | |
| Target Revenues | | | | | |
| Difference | | | | | |
| | | | | | \$1,019,033 |
| | | | | | 1,019,070 |
| | | | | | <u>(\$37)</u> |

Derivation of Rate:

| | |
|------------------------------------|--------------------|
| Pro Forma Revenues | \$910,887 |
| Pro Forma Revenue Increase | 108,183 |
| Total Revenue Requirement | <u>\$1,019,070</u> |
| Less: | |
| Proposed Base Rate Revenues | 15,360 |
| Proposed Demand Revenues | 258,481 |
| Projected Base Fuel | <u>336,818</u> |
| Subtotal | 610,659 |
| Net to be Collected Through Energy | \$408,411 |
| Total Kwh Sales | 16,641,180 |
| Proposed Energy Charge: | \$0.02454 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA**

**Derivation of Rate and Reconciliation
Municipal Lighting Service Rate 41
Projected 2010**

| Municipal Lighting Service | Billing Determinants | Projected @ Current Rates | | Proposed Rates | |
|---|-------------------------|---------------------------|--------------------|--------------------|-----------|
| | | Rate | Revenue | Rate | Revenue |
| Base Rate | | | | | |
| Primary | 0 | \$0.00 per month | \$0 | per month | \$0 |
| Secondary | 0 | \$0.00 per month | 0 | per month | 0 |
| Energy | | | | | |
| Primary | 1,808,185 | \$0.04525 per Kwh | 81,820 | \$0.05504 per Kwh | 99,523 |
| Secondary | 18,370,196 | 0.05025 per Kwh | 923,102 | 0.06004 per Kwh | 1,102,947 |
| Total Energy | 20,178,381 | | 1,004,922 | | 1,202,470 |
| Base Fuel | | | | | |
| Primary | 1,808,185 | \$0.02080 per Kwh | 37,610 | \$0.02024 per Kwh | 36,598 |
| Secondary | 18,370,196 | 0.02080 per Kwh | 382,100 | \$0.02087 per Kwh | 383,386 |
| Total Base Fuel | 20,178,381 | | 419,710 | | 419,984 |
| Discount @ 10% - Excluding Base Fuel | | | | | |
| Primary | 1,808,185 | | (8,182) | | (9,952) |
| Secondary | 640,201 | | (3,217) | | (3,844) |
| Total Discount | 2,448,386 | | (11,399) | | (13,796) |
| Total Rate 41 Revenue | | | <u>\$1,413,233</u> | <u>\$1,608,658</u> | |
| Total Revenues Per Design | | | | \$1,608,658 | |
| Target Revenues | | | | <u>1,608,974</u> | |
| Difference | | | | <u>(\$316)</u> | |

Derivation of Rate:

| | | |
|---|-------------------------|--------------------|
| Pro Forma Revenues | | \$1,413,221 |
| Pro Forma Revenue Increase | | 195,753 |
| Total Revenue Requirement | | <u>\$1,608,974</u> |
| Less: | | |
| Proposed Base Rate Revenues | | 0 |
| Primary/Secondary Differential | \$0.0050 18,370,196 Kwh | 91,851 |
| Projected Base Fuel | | <u>419,984</u> |
| Subtotal | | 511,835 |
| Net to be Collected Through Energy | | \$1,097,139 |
| Total Kwh Sales (Discounted at 90% of actual) | | 19,933,542 |
| Proposed Energy Charges: | | |
| Primary | | \$0.05504 |
| Secondary | | 0.06004 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA**

**Derivation of Rate and Reconciliation
Municipal Pumping Service Rate 48
Projected 2010**

| Municipal Pumping Service | Billing Determinants | Projected @ Current Rates | | Proposed Rates | |
|-----------------------------------|-------------------------|---------------------------|-------------|-------------------|-------------|
| | | Rate | Revenue | Rate | Revenue |
| Base Rate | | | | | |
| Primary | 3 | \$12.00 per month | \$432 | \$12.00 per month | \$432 |
| Secondary | 325 | 10.00 per month | 39,000 | 10.00 per month | 39,000 |
| Excess Facilities Charge | 1 | | 2,328 | | 2,328 |
| Total Basic Service Charge | | | 41,760 | | 41,760 |
| Energy | | | | | |
| Primary | 8,692,767 | \$0.02333 per Kwh | 202,802 | \$0.02449 per Kwh | 212,886 |
| Secondary | 21,669,675 | 0.02356 per Kwh | 510,538 | 0.02554 per Kwh | 553,443 |
| Total Energy | 30,362,442 | | 713,340 | | 766,329 |
| Demand | | | | | |
| Summer | | | | | |
| Primary | 10,108.8 | \$4.150 per KW | 41,952 | \$5.500 per KW | 55,598 |
| Secondary | 30,627.4 | 6.060 per KW | 185,602 | 7.000 per KW | 214,392 |
| Subtotal | 40,736.2 | | 227,554 | | 269,990 |
| Winter | | | | | |
| Primary | 16,079.1 | \$1.150 per KW | 18,491 | \$3.000 per KW | 48,237 |
| Secondary | 57,461.3 | 3.060 per KW | 175,832 | 5.000 per KW | 287,307 |
| Subtotal | 73,540.4 | | 194,323 | | 335,544 |
| Total Demand | 114,276.6 | | 421,877 | | 605,534 |
| Base Fuel | | | | | |
| Primary | 8,692,767 | \$0.02080 per Kwh | 180,810 | \$0.02024 per Kwh | 175,942 |
| Secondary | 21,669,675 | 0.02080 per Kwh | 450,729 | 0.02087 per Kwh | 452,246 |
| Subtotal | 30,362,442 | | 631,539 | | 628,188 |
| Primary Discounted (all accounts) | | | (26,368) | | (31,715) |
| Secondary Discounted | | | | | |
| Bills | 297 | | (3,564) | | (3,564) |
| Energy | 19,679,532 | | (46,365) | | (50,262) |
| Demand - Summer | 27,514.0 | | (16,673) | | (19,260) |
| Demand - Winter | 53,480.0 | | (16,365) | | (26,740) |
| Total Discounted | | | (109,335) | | (131,541) |
| Total Rate 48 Revenue | | | \$1,699,181 | | \$1,910,270 |
| Total Revenues Per Design | | | | | |
| Primary | | | | | \$493,095 |
| Secondary | | | | | 1,417,175 |
| Target Revenues | | | | | \$1,910,270 |
| Difference | | | | | 1,910,195 |
| | | | | | \$75 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA**

**Derivation of Rate and Reconciliation
Municipal Pumping Service Rate 48
Projected 2010**

Derivation of Rate:

| | | | | |
|------------------------------------|-----------|------------|-----|--------------------|
| Pro Forma Revenues | | | | \$1,699,128 |
| Pro Forma Revenue Increase | | | | 211,067 |
| Total Revenue Requirement | | | | <u>\$1,910,195</u> |
| Less: | | | | |
| Proposed Base Rate Revenues | | | | 38,153 |
| Proposed Demand Revenues | | | | 549,151 |
| Secondary Differential | \$0.00105 | 19,701,722 | Kwh | 20,687 |
| Projected Base Fuel | | | | <u>628,188</u> |
| Subtotal | | | | 1,236,179 |
| Net to be Collected Through Energy | | | | 674,016 |
| Total Kwh Sales | | | | 27,525,212 |
| Primary Energy Rate | | | | \$0.02449 |
| Secondary Energy Rate | | | | \$0.02554 |

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA**

**Derivation of Rate and Reconciliation
Outdoor Lighting Service Rate 52
Projected 2010**

| <u>Outdoor Lighting</u> | <u>Billing Determinants</u> | <u>Rates Before Interim</u> | | <u>Proposed Settlement Rates</u> | |
|---------------------------|---------------------------------|-----------------------------|------------------|----------------------------------|------------------|
| | | <u>Rate</u> | <u>Revenue</u> | <u>Rate</u> | <u>Revenue</u> |
| Base Rate | 0 | \$0.00 per month | \$0 | per month | \$0 |
| Energy | | | | | |
| Primary Service | 16,191 | \$0.05700 per Kwh | 923 | \$0.06895 per Kwh | 1,116 |
| Secondary Service | 6,025,237 | \$0.06106 per Kwh | 367,901 | \$0.07301 per Kwh | 439,903 |
| Total Energy | <u>6,041,428</u> | | <u>368,824</u> | | <u>441,019</u> |
| Base Fuel | | | | | |
| Primary Service | 16,191 | \$0.02080 per Kwh | 337 | \$0.02024 per Kwh | 328 |
| Secondary Service | 6,025,237 | \$0.02080 per Kwh | 125,325 | \$0.02087 per Kwh | 125,747 |
| Total Base Fuel | <u>6,041,428</u> | | <u>125,662</u> | | <u>126,075</u> |
| Total Revenue | | | <u>\$494,486</u> | | <u>\$567,094</u> |
| Total Revenues Per Design | | | | | \$567,094 |
| Target Revenues | | | | | <u>567,094</u> |
| Difference | | | | | <u>\$0</u> |

Derivation of Rate:

| | | |
|------------------------------------|---------------|------------------|
| Pro Forma Revenues | | \$494,486 |
| Pro Forma Revenue Increase | | 72,608 |
| Total Revenue Requirement | | <u>\$567,094</u> |
| Less: | | |
| Secondary Energy Differential | \$0.00406 | 24,462 |
| Projected Base Fuel | 6,025,237 Kwh | <u>126,075</u> |
| Subtotal | | 150,537 |
| Net to be Collected Through Energy | | 416,557 |
| Total Kwh Sales | | 6,041,428 |
| Proposed Energy Charge | | |
| Primary | | \$0.06895 |
| Secondary | | \$0.07301 |