

# **NORTH DAKOTA COST OF SERVICE STUDY**

## **GAS OPERATIONS**

**2012**

**MONTANA-DAKOTA UTILITIES CO.**  
**INCOME STATEMENT**  
**GAS UTILITY**  
**TWELVE MONTHS ENDED DECEMBER 31, 2012**

	Total Company	North Dakota	Others
<b><u>Operating Revenues</u></b>			
Sales Revenues			
Residential	\$108,901,733	\$44,181,551	\$64,720,182
Firm General	70,590,764	30,970,263	39,620,501
Small Interruptible	7,346,895	4,775,974	2,570,921
Large Interruptible	337,897	95,068	242,829
Unbilled Revenue	3,691,441	1,848,409	1,843,032
Total Sales Revenues	<u>190,868,730</u>	<u>81,871,265</u>	<u>108,997,465</u>
Transportation Revenues			
Small Interruptible	1,289,679	528,913	760,766
Large Interruptible	2,465,657	1,342,064	1,123,593
Unbilled Revenue	19,608	10,926	8,682
Total Transportation Revenues	<u>3,774,944</u>	<u>1,881,903</u>	<u>1,893,041</u>
Other Operating Revenues	1,990,445	1,096,166	894,279
Total Operating Revenues	<u>\$196,634,119</u>	<u>\$84,849,334</u>	<u>\$111,784,785</u>
<b><u>Operating Expenses</u></b>			
Operation and Maintenance			
Cost of Purchased Gas	\$129,670,689	\$58,003,320	\$71,667,369
Production	609,800	270,727	339,073
Other Gas Supply	262,909	116,721	146,188
Distribution	16,570,574	7,667,588	8,902,986
Customer Accounts	5,548,053	2,159,154	3,388,899
Customer Service & Information	496,714	236,923	259,791
Sales	370,688	148,461	222,227
Administrative & General	13,939,321	6,019,985	7,919,336
Total O&M Expenses	<u>167,468,748</u>	<u>74,622,879</u>	<u>92,845,869</u>
Depreciation			
Production	359,967	159,811	200,156
Distribution	8,313,209	3,000,281	5,312,928
General	570,982	176,771	394,211
Common	712,861	225,153	487,708
Amort. of Intangible Plant - General	55,248	55,248	0
Amort. of Intangible Plant - Common	289,026	103,131	185,895
Amort. of Acquisition Adjustment	2,819	2,819	0
Total Depreciation Expense	<u>10,304,112</u>	<u>3,723,214</u>	<u>6,580,898</u>

**MONTANA-DAKOTA UTILITIES CO.  
INCOME STATEMENT  
GAS UTILITY  
TWELVE MONTHS ENDED DECEMBER 31, 2012**

	<u>Total Company</u>	<u>North Dakota</u>	<u>Others</u>
<b><u>Operating Expenses Con't.</u></b>			
Taxes Other Than Income Taxes			
Ad Valorem Taxes			
Production	282,164	125,269	156,895
Distribution	3,853,263	642,974	3,210,289
General	238,213	58,311	179,902
Common	417,534	55,036	362,498
Intangible	17,132	16,407	725
Total Ad Valorem Taxes	<u>4,808,306</u>	<u>897,997</u>	<u>3,910,309</u>
Other Taxes	<u>1,925,419</u>	<u>701,193</u>	<u>1,224,226</u>
Total Taxes Other Than Income Taxes	<u>6,733,725</u>	<u>1,599,190</u>	<u>5,134,535</u>
Current Income Taxes	(9,717,713)	(2,927,311)	(6,790,402)
Deferred Income Taxes	<u>12,287,395</u>	<u>4,027,661</u>	<u>8,259,734</u>
Total Operating Expenses	<u>\$187,076,267</u>	<u>\$81,045,633</u>	<u>\$106,030,634</u>
<b>Operating Income</b>	<u><u>\$9,557,852</u></u>	<u><u>\$3,803,701</u></u>	<u><u>\$5,754,151</u></u>
<b>Year End Rate Base</b>	<u><u>\$151,245,895</u></u>	<u><u>\$56,513,789</u></u>	<u><u>\$94,732,106</u></u>
<b>Rate of Return</b>	<u><u>6.32%</u></u>	<u><u>6.73%</u></u>	<u><u>6.07%</u></u>

**MONTANA-DAKOTA UTILITIES CO.**  
**YEAR END RATE BASE**  
**GAS UTILITY**  
**TWELVE MONTHS ENDED DECEMBER 31, 2012**

	<u>Total Company</u>	<u>North Dakota</u>	<u>Others</u>
<b><u>Plant in Service</u></b>			
Gas Plant in Service			
Production	\$10,886,812	\$4,833,307	\$6,053,505
Distribution	279,734,812	104,874,949	174,859,863
General	30,323,312	9,843,079	20,480,233
Intangible Plant - General	3,784,011	3,508,663	275,348
Common	24,061,756	8,046,434	16,015,322
Intangible Plant - Common	10,537,852	3,760,139	6,777,713
Acquisition Adjustment	97,266	97,266	0
Total Gas Plant in Service	<u>359,425,821</u>	<u>134,963,837</u>	<u>224,461,984</u>
Accumulated Reserve for Depreciation			
Production	713,562	316,792	396,770
Distribution	155,557,573	59,735,441	95,822,132
General	11,201,851	3,920,958	7,280,893
Intangible Plant - General	712,886	437,538	275,348
Common	8,828,797	3,619,437	5,209,360
Intangible Plant - Common	8,065,418	2,877,918	5,187,500
Acquisition Adjustment	55,211	55,211	0
Total Accum. Reserve for Depreciation	<u>185,135,298</u>	<u>70,963,295</u>	<u>114,172,003</u>
Net Gas Plant in Service	174,290,523	64,000,542	110,289,981
CWIP in Service Pending Reclass.	9,932,138	8,163,741	1,768,397
Total Gas Plant in Service	<u>\$184,222,661</u>	<u>\$72,164,283</u>	<u>\$112,058,378</u>
<b><u>Additions</u></b>			
Materials and Supplies	3,637,071	2,100,462	1,536,609
Fuel Stocks	62,516	62,516	0
Prepayments	1,105,460	31,224	1,074,236
Gas in Underground Storage	6,125,083	0	6,125,083
Other	70,890	0	70,890
Unamortized Loss on Debt	1,845,049	598,147	1,246,902
Total Additions	<u>12,846,069</u>	<u>2,792,349</u>	<u>10,053,720</u>
Total Before Deductions	\$197,068,730	\$74,956,632	\$122,112,098
<b><u>Deductions</u></b>			
Accumulated Deferred Income Taxes	37,649,890	12,100,579	25,549,311
Accumulated Investment Tax Credits			0
Customer Advances	8,172,945	6,342,264	1,830,681
Total Deductions	<u>45,822,835</u>	<u>18,442,843</u>	<u>27,379,992</u>
<b>Year End Rate Base</b>	<u><u>\$151,245,895</u></u>	<u><u>\$56,513,789</u></u>	<u><u>\$94,732,106</u></u>