

**REPORT OF INDEPENDENT
PUBLIC ACCOUNTANTS**

2012

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2012 Report of Independent Public Accountants

Montana-Dakota Utilities Co., a Division of MDU Resources
Group, Inc.

INDEPENDENT AUDITORS' REPORT

To the Managing Committee of
Montana-Dakota Utilities Co.:

We have audited the accompanying schedules of the Cost of Gas Adjustment (COG) and Fuel Cost Adjustment (FCA) included in the monthly filings of Montana-Dakota Utilities Co. (the "Company"), a division of MDU Resources Group Inc., for the year ended December 31, 2012, based upon Chapters 69-09-01-30 and 69-09-02-39, respectively, of the North Dakota Administrative Code (the "Code") and Cost of Gas Rate 88 and Fuel Clause Rate 58 (the "Tariffs") filed by the Company with the North Dakota Public Service Commission (the "Commission").

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these schedules in accordance with the financial reporting provisions of the Code and the Tariffs. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these COG and FCA schedules based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the COG and FCA schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying schedules referred to above present fairly, in all material respects, the calculations of the COG and FCA for the year ended December 31, 2012, in accordance with the Code and Tariffs approved by the Commission.

Emphasis of Matter

We draw attention to the fact that the accompanying schedules were prepared for the purpose of complying with Chapters 69-09-01-30 and 69-09-02-39, respectively, of the Code and are not intended to be a complete presentation of the Company's revenues and expenses. Our opinion is not modified with respect to this matter.

Restriction on Use

Our report is intended solely for the information and use of the Managing Committee of the Company and the North Dakota Public Service Commission and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte + Touche LLP

April 10, 2013

MONTANA-DAKOTA UTILITIES CO.

**SCHEDULE OF 2012 AUTOMATIC ADJUSTMENT CLAUSE
 CALCULATIONS FOR THE COST OF GAS ADJUSTMENT**

Effective for the Month of:	Adjustments per dekatherm		
	Residential and General Service	Small and Large Interruptible	Air Force Interruptible
January (1)	N/A	N/A	N/A
February	\$ (0.559)	\$ (0.542)	\$ (0.540)
March	(0.519)	(0.511)	(0.509)
April	(0.138)	(0.129)	(0.128)
May	(0.560)	(0.560)	(0.557)
June	(0.125)	(0.121)	(0.121)
July	0.518	0.526	0.524
August	0.184	0.183	0.182
September	0.390	0.380	0.378
October	(0.502)	(0.597)	(0.834)
November	0.290	0.310	0.309
December	0.678	0.532	0.529

(1) No COG filing was required for the indicated month pursuant to COG Rate 88, since the adjustment was less than \$0.10 per dekatherm.

MONTANA-DAKOTA UTILITIES CO.**SCHEDULE OF 2012 AUTOMATIC ADJUSTMENT CLAUSE
CALCULATIONS FOR THE FUEL COST ADJUSTMENT**

Effective for the Month of:	Fuel Cost Adjustments per Kilowatt Hour	
	Primary	Secondary
January 1/	\$ 0.00454	\$ 0.00489
February 1/	0.00519	0.00529
March 1/	0.00605	0.00595
April 1/	0.00646	0.00544
May 1/	0.00448	0.00344
June 1/	0.00361	0.00256
July 1/	0.00314	0.00208
August 2/	0.00198	0.00118
September 2/	0.00696	0.00645
October 2/	0.00755	0.00723
November 2/	0.00681	0.00666
December 2/	0.00628	0.00610

1/ Excludes base cost of fuel of \$0.02024 for primary service customers and \$0.02087 for secondary customers. Includes margin sharing adjustment of \$0.00200, and deferred generation development costs of \$0.00161.

2/ Excludes base cost of fuel of \$0.02024 for primary service customers and \$0.02087 for secondary customers. Includes deferred generation development costs of \$0.00154.