

MONTANA-DAKOTA UTILITIES CO.  
A Division of MDU Resources Group, Inc.

Before the Public Service Commission of North Dakota  
Case No. PU-13-\_\_\_\_\_

Direct Testimony  
of  
Tamie A. Aberle

1 **Q. Would you please state your name and business address?**

2 A. Yes. My name is Tamie A. Aberle, and my business address is 400  
3 North Fourth Street, Bismarck, North Dakota 58501.

4 **Q. What is your position with Montana-Dakota Utilities Co.?**

5 A. I am the Director of Regulatory Affairs for Montana-Dakota Utilities  
6 Co. (Montana-Dakota), a Division of MDU Resources Group, Inc.

7 **Q. What are your responsibilities as the Director of Regulatory Affairs?**

8 A. My responsibilities include the preparation of rate design and  
9 miscellaneous tariff revision filings to ensure that the applicable revenue  
10 requirements are properly recovered from various customer classes via  
11 applicable rate forms. I also administer utility tariffs and rules and regula-  
12 tions effective in each of the jurisdictions in which Montana-Dakota  
13 provides utility service.

14 **Q. Would you please outline your educational and professional  
15 background?**

16 A. I graduated from Moorhead State University, Moorhead, Minnesota  
17 in 1982 with a Bachelor of Science degree in Accounting. I began my  
18 career with Montana-Dakota in 1983 in the Regulatory Affairs Department,

1 holding several positions within the Department including Rate  
2 Administration Supervisor, Pricing and Tariff Manager and Regulatory  
3 Affairs Manager before attaining my current position in 2012.

4 **Q. Have you testified in other proceedings before regulatory bodies?**

5 A. Yes. I have previously presented testimony before this  
6 Commission, the Public Service Commissions of Montana and Wyoming,  
7 and the Public Utilities Commissions of Minnesota and South Dakota.

8 **Q. What is the purpose of your testimony in this proceeding?**

9 A. The purpose of my testimony is to present the projected 2013 and  
10 2014 sales and transportation revenues, the results of the embedded  
11 class cost of service study and address the proposed recovery of the  
12 revenue requirement identified by Ms. Mulkern in her direct testimony on  
13 each of the Company's gas rates, including how the distribution of the  
14 revenue requirement was made among the various classes of customers  
15 served. Finally, my testimony will discuss the extent to which Montana-  
16 Dakota is proposing changes in rate design and/or tariff conditions.

17 **Q. What statements and exhibits are you sponsoring in this**  
18 **proceeding?**

19 A. I am sponsoring Pages 3 and 4 of Statement M, Statement O,  
20 Statement P and Exhibit No. \_\_\_ (TAA-1) through Exhibit No. \_\_\_ (TAA-3).  
21 I also sponsor the proposed rate schedules to be effective on a final basis  
22 provided in Appendix B to the Application and the proposed interim rate  
23 schedules appended to the Application for Interim Rate Relief.

1 **Q. What is the total revenue effect of the proposed gas rate changes?**

2 A. The proposed interim rates will produce additional revenues of  
3 \$4,457,029 or 4.2% annually based on the interim level of test period  
4 sales, while the final proposed rates will produce additional revenues of  
5 \$6,842,871 or 6.4% annually based on Projected 2014 throughput.  
6 Exhibit No. \_\_ (TAA-1) represents summaries by rate classification of the  
7 proposed interim and final revenue increase on pages 1 and 2  
8 respectively. The exhibit shows the rate number and a description along  
9 with the revenues calculated under the present and proposed rates. The  
10 amount and percentage increase is also shown for the proposed revenue  
11 increase.

12 **Q. Would you please explain Exhibit No. \_\_\_\_ (TAA-2)?**

13 A. Yes. Exhibit No. \_\_\_\_ (TAA-2) depicts bill comparisons based on  
14 typical monthly consumption levels for an annual period for Residential  
15 and Firm General Service customers. As shown by the comparisons  
16 provided on pages 1 through 3, the proposed rate structure will result in an  
17 average increase, based on final proposed rates, of approximately \$5.13  
18 per month for the typical Residential customer using 92 dk on an annual  
19 basis. A Small Firm General Service customer (Rate 70 with a meter  
20 rated less than 500 cubic feet per hour) would see an increase of  
21 approximately \$4.87 per month or 4.8% and a Large General Service  
22 customer (Rate 70 with a meter rated 500 cubic feet per hour or more)  
23 would see an increase of approximately \$6.55 per month or 1.1%.

1 **Sales and Transportation Revenues**

2 **Q. Would you please explain how the Projected 2013 and 2014 sales**  
3 **and transportation service revenues were developed?**

4 A. Yes. The starting point for developing the projected billing  
5 determinants and revenues was the normalized sales and transportation  
6 service billing determinants set forth on Statement G, page 2. The firm  
7 sales under the residential, firm general service and air force rate classes  
8 as recorded for the twelve months ended December 31, 2012 were  
9 adjusted to reflect normal weather based on regression models for each  
10 class of service. The direct or linear relationship between a respective  
11 service class' gas use (a dependent variable) and actual heating degree  
12 days (an independent variable) allows Montana-Dakota to calculate a use  
13 per customer that reflects this relationship on a go forward basis. The  
14 statistical functions used by the Company in its regression models, based  
15 on a 36-month time frame for actual sales and degree days, provided a  
16 baseload use (or constant) per customer, as well as a dekatherm use per  
17 degree day. The normalized volumes for the twelve months ended  
18 December 31, 2012, were developed by applying the actual customer  
19 levels and normal degree days for each month of 2012 to this baseload  
20 and use per degree day. The normalized use per customer was then  
21 applied to the projected customer levels to derive projected volumes.  
22 Customer projections were determined based on weighted average  
23 growth factors by district resulting in an increase of 3.93 percent in

1 residential customers in 2013 and 2014 and a 2.93 percent increase for  
2 firm general service customers in 2013 and 2014.

3 **Q. Did the Company use the same methodology to normalize volumes**  
4 **for all service classes?**

5 A. Yes, however, due to the diverse nature of natural gas use for the  
6 customers comprising the interruptible classes, separate regression  
7 models were run for interruptible customers by district. If a customer was  
8 determined to be non-heat sensitive, due to the customer's operating  
9 characteristics and the responsiveness to a change in temperature,  
10 volumes were determined for each individual customer based on a review  
11 of historical usage over the last three years and current operating  
12 conditions. Grain drying customers served under the interruptible service  
13 rates were excluded because the volumes associated with the grain drying  
14 load are difficult to predict with any certainty given the various factors  
15 affecting the need for natural gas at the grain drying facilities where, in  
16 addition to weather factors, commodity prices and the demand for certain  
17 commodities will also affect the operation of the grain dryers. Therefore,  
18 distribution revenues for the grain drying customers were excluded and  
19 the Company is proposing to implement a margin sharing adjustment that  
20 will provide a credit to all other customers through the PGA mechanism at  
21 90 percent of actual margins received from grain drying customers on an  
22 annual basis. Interruptible customer additions were projected to occur in  
23 2013 and 2014 based on information provided by region operation

1 personnel in conjunction with the Gas Supply Department.

2 **Embedded Class Cost of Service Study**

3 **Q. Would you please explain the embedded class cost of service study**  
4 **contained in Statement O?**

5 A. Yes. Statement O, pages 1 through 4 provide a report entitled  
6 "Cost of Service by Component." This report shows the total dollars and  
7 unit cost required under each rate if the projected rate of return of 7.881%  
8 were to be earned for the demand, energy and customer cost components  
9 of each rate schedule.

10 A detailed cost of service by the major rate classifications,  
11 Residential, Small Firm General, Large Firm General, Air Force Delivery  
12 (Rate 64), Small Interruptible Sales and Transportation, Large Interruptible  
13 Sales and Transportation and the Minot Air Force Base Distribution is  
14 provided in Statement O, pages 5-28. The allocation factor applied to the  
15 total North Dakota Projected 2014 amount is shown on each line item and  
16 allocation factors used to allocate the total North Dakota amount to each  
17 class and cost component as referenced are provided in Statement O,  
18 pages 29-40.

19 The embedded class cost of service study is based on the  
20 Projected 2014 North Dakota income statement and rate base for gas  
21 operations provided in Statements M and N as sponsored by Ms. Mulkern.

22 **Q. What were the results of the embedded cost of service study?**

23 A. The overall North Dakota gas rate of return based on Projected  
24 2014 results is 2.525%. The returns by customer class for the sales and  
25 transportation service classes are as shown below:

26

|  |         |
|--|---------|
| Residential Service                        | 0.460%  |
| Small Firm General Service                 | 3.774%  |
| Large Firm General Service                 | 6.292%  |
| Air Force Delivery Service                 | -1.031% |
| Small Interruptible Sales & Transportation | 1.341%  |
| Large Interruptible Sales & Transportation | 12.504% |

1   **Q.    How did you determine what costs should be assigned to each class**  
2       **of customers?**

3    A.        The starting point was classifying the functionalized costs by FERC  
4        account for all rate base and income statement items as demand, energy  
5        or customer related based on the component of service being provided.  
6        Demand-related costs are costs that vary with the demand imposed by the  
7        customer, energy-related costs are costs that vary with the natural gas  
8        commodity the customer uses, and customer-related costs are fixed costs  
9        driven by the number of customers served.

10        Next the plant, expense and revenue items that were identified as  
11        directly related to a specific class of customers were directly assigned to  
12        the appropriate class. Finally, the remaining costs were allocated using  
13        the various allocation factors shown in Statement O, pages 29-40, on the  
14        basis of cost responsibility.

15   **Q.    Would you please provide an overview of the allocation process**  
16        **including the rationale underlying the choice of allocation factors?**

17    A.        Yes. I will start with the plant in service items on the rate base  
18        schedule starting on Statement O, Page 5. The plant allocation serves as  
19        the basis for allocating many of the other rate base items. The investment

1 in production plant represents the Company's investment in the Billings  
2 Landfill facility and was allocated to the demand component based on  
3 projected dk sales (Factor 3) on the basis the gas produced is utilized by  
4 the sales customers.

5 Turning now to the distribution plant investment; each distribution  
6 plant account is analyzed and allocated based on the cause for the  
7 investment. Distribution mains, services and meters represent  
8 approximately 90% of the total distribution investment and therefore the  
9 allocation of these three accounts drives the allocation of the remaining  
10 distribution investment. The investment in distribution mains has been  
11 assigned 75 percent to the demand component and 25 percent to the  
12 customer component. The amount classified as demand related was  
13 allocated to each rate class based on the system peak demand attributed  
14 to each class and the amount classified as customer related was allocated  
15 to each rate class based on average customers taking service in each rate  
16 class. The investment in services, service regulators and meters is  
17 related solely to a customer connection and therefore classified as  
18 customer related. Services were allocated to each rate class based on  
19 weighted services while service regulators and meters were allocated to  
20 the rate classes based on Factor 9 representing meters weighted by  
21 customer class derived by comparing the installed cost per meter for each  
22 rate class to the cost necessary to serve residential customers. The  
23 weights were then applied to the number of customers in each rate class.

1 The remainder of the rate base items is self-explanatory with the allocation  
2 factor noted for each line item.

3 **Q. Would you please continue with an explanation of the income**  
4 **statement items in the class cost of service study?**

5 A. Yes. The allocation of the income statement items starts on  
6 Statement O, page 7 with the allocation of revenues. As shown, sales and  
7 transportation service revenues are directly assigned based on the  
8 revenues produced by each rate class. The other revenues are allocated  
9 based on the source of the revenue item. Each item is shown along with  
10 the allocation factor applied. Operation and maintenance expenses  
11 consisting of the cost of purchased gas, production, distribution, customer  
12 accounts, customer service and information, sales and administrative and  
13 general expenses are also shown. The cost of purchased gas is directly  
14 assigned to each class based on the gas costs included in projected  
15 revenues. The cost of purchased gas is recovered through the gas cost  
16 tracking adjustment and is not recovered through the rates that will be  
17 established in this rate case. The operation and maintenance expenses  
18 are allocated based on cost causation and typically follow the plant  
19 investment previously described in the rate base section. The remainder  
20 of the income statement reflects the allocation of depreciation expense,  
21 taxes other than income and income taxes as denoted by each line item.

22 **Q. Would you please explain the rate class labeled as Minot Air Force**  
23 **Distribution found on Statement O, pages 23 through 28?**

1 A. Yes. The Minot Air Force Distribution rate class represents the cost  
2 of service associated with the Minot Air Force Distribution system  
3 Montana-Dakota purchased in 2008. The costs associated with Montana-  
4 Dakota's ownership of this system are recovered under a contract with the  
5 Minot Air Force Base and set forth on the Air Force Distribution System  
6 Rate 65 rate schedule authorized by the North Dakota Public Service  
7 Commission in Case No. PU-06-470. Montana-Dakota has included an  
8 updated cost of service analysis in this case to demonstrate that other  
9 customers are not subsidizing this investment under the currently effective  
10 contract rate applicable to the Minot Air Force Distribution system.

11 **Q. For what other purposes has the embedded class cost of service  
12 study been used?**

13 A. The study results have been used for the purpose of analyzing the  
14 various components comprising the total rate applicable to each customer  
15 class.

16 **Distribution of the Revenue Requirement**

17 **Q. What methodology did you use to apportion the proposed rate  
18 increase among the customer classes?**

19 A. In designing the proposed rates to reflect the additional revenue  
20 requirement, I primarily used the embedded cost study as a guide. The  
21 revenue increase necessary to bring each of the rate classes to the overall  
22 rate of return ranges from an increase of approximately 10 percent for  
23 Residential Rate 60 to a reduction of 18 percent for Large Interruptible

1 Service Rates 82 and 85. In allocating the revenue increase to each class  
 2 I used an iterative process to mitigate the impact associated with the  
 3 increase required to reach the overall return by rate class. By setting the  
 4 Firm General Service class, Air Force Delivery service provided under  
 5 Rate 64 and the Small Interruptible Service class at increases necessary  
 6 to bring those classes to the overall rate of return (2.17 percent, 1.19  
 7 percent and 8.07 percent respectively), and by holding the Large  
 8 Interruptible class at current levels, an increase of 9.52 percent was  
 9 required from the Residential class. This represents less than the  
 10 required amount to bring the residential class to the overall requested  
 11 return but represents approximately 94 percent of the Residential required  
 12 increase based on the embedded cost study, representing a significant  
 13 movement to cost based rates.

14 **Q. What is the percentage of the proposed final increase by rate class?**

15 **A.** The proposed final increase to each of the classes is shown in the  
 16 table below:

| <u>Class</u>        | <u>Final</u> |
|---------------------|--------------|
| Residential         | 9.5%         |
| Firm General        | 2.2%         |
| Air Force Delivery  | 1.2%         |
| Small Interruptible | 8.1%         |
| Large Interruptible | <u>-0.1%</u> |
| Overall             | 6.4%         |

1 **Q. What were the objectives underlying the allocation of the increase**  
2 **and the rates proposed to recover the revenue requirement?**

3 **A.** The embedded cost of service study and proposed revenue  
4 allocation embody several of the recognized objectives by their  
5 effectiveness in yielding the total revenue requirement under the fair-  
6 return standard, fairness of the specific rates in the apportionment of the  
7 total costs of service among the different consumers, and efficiency of the  
8 rate classes. The rate forms proposed also recognize a balanced and  
9 gradual move toward meeting the objectives noted above in order to be  
10 cognizant of the objective of rate stability. In order to capture that  
11 balance, the proposed rates reflect a move toward cost based rates but  
12 not the full step necessary to price each service to reflect the specific  
13 embedded cost components.

14 **Q. How are you proposing to collect the allocated final increase from**  
15 **the residential rate class?**

16 **A.** I am proposing to collect the entire amount of distribution revenues  
17 assigned to the residential class (Rates 60 and 90) through a fixed daily  
18 charge denoted as the "Delivery Service Charge". The proposed Delivery  
19 Service Charge applicable under Rates 60 and 90 equates to a daily  
20 charge of \$0.6732 or \$20.48 per month on average. This fixed charge  
21 would replace the current Basic Service Charge (fixed per day) and the  
22 Distribution Delivery Charge (charge per dk for the delivery of natural gas).  
23 Residential customers will continue to pay for Cost of Gas on a volumetric

1 basis for all gas delivered to their home.

2 **Q. How are you proposing to collect the allocated final increase from**  
3 **the other rate classes?**

4 A. First, I am proposing increases to the Basic Service Charges for  
5 each of the other rate schedules as shown below:

|                      | <u>Current</u> | <u>Proposed</u> |           |
|----------------------|----------------|-----------------|-----------|
| Firm General Service |                |                 |           |
| < 500 cubic ft/hr    | \$0.52         | \$0.67          | per day   |
| > 500 cubic ft/hr    | 1.75           | 1.90            | per day   |
| Air Force            |                |                 |           |
| Firm                 | 135.00         | 175.00          | per month |
| Interruptible        | 1,000.00       | 2,000.00        | per month |
| Small Interruptible  |                |                 |           |
| Sales                | 100.00         | 300.00          | per month |
| Transportation       | 150.00         | 300.00          | per month |
| Large Interruptible  |                |                 |           |
| Sales                | 675.00         | 2,200.00        | per month |
| Transportation       | 725.00         | 2,200.00        | per month |

6 After taking into account the revenue increase associated with the  
7 changes in the Basic Service Charge, the remaining increase in revenues  
8 is proposed to be collected through the applicable Distribution Delivery  
9 Charge components charged on a per dk basis. As noted above, the  
10 Residential Delivery Charge proposed for Rates 60 and 90 will collect all  
11 assigned distribution revenues eliminating the need for a separate  
12 volumetric charge.

13 The rate design calculations supporting the final rate levels are  
14 included in Statement P, Pages 4-18.

15 **Q. Would you please explain the proposed Residential Delivery Service**

1           **Charge?**

2    A.           Yes. I am proposing to collect all distribution revenues assigned to  
3           the residential class through a fixed daily charge recognizing that  
4           distribution costs are primarily fixed in nature. This change will eliminate  
5           the Distribution Delivery Charge currently applied on a volumetric basis  
6           and will eliminate the need to apply the Distribution Delivery Stabilization  
7           Mechanism (DDSM) to the residential rates because it is no longer  
8           necessary to adjust a volumetric charge to reflect variations in weather  
9           from the normal weather assumed in the rate case process. Moving fixed  
10          cost recovery to the Delivery Charge and eliminating the usage charge will  
11          first minimize subsidies within the class and secondly minimize the under-  
12          recovery of fixed costs when customers take measures to conserve  
13          energy and more efficiently utilize natural gas. Today the Company and its  
14          shareholders are harmed when conservation results in lower use. This  
15          inequity may be addressed through tracking mechanisms or more simply  
16          by adjusting the rate components to more closely match costs.  
17          Residential customers in North Dakota have reduced their average annual  
18          usage on a weather normalized basis from 110 dk at the time of the last  
19          rate case in 2004 to 92 dk on an annual basis today as a result of  
20          conservation efforts, including improved appliance efficiency and improved  
21          housing construction. An Energy Information Administration (EIA), Office  
22          of Oil and Gas report in June 2010 entitled "Trends in U.S. Residential  
23          Natural Gas Consumption" supports that this trend is expected to continue

1 into the future in a couple of key findings 1) A long-term trend in declining  
2 U.S. household consumption is apparent, with year over year declines in  
3 residential per-customer consumption in 16 out of the past 19 years 2)  
4 according to EIA data, newer vintage homes or houses constructed  
5 between 1990 and 2005, consumed 25 percent less natural gas for space  
6 heating, than homes built prior to 1990 and 3) one-third of all furnaces  
7 currently sold measure an AFUE of 90 percent or higher. This trend  
8 causes a need to address the current rate structure where a significant  
9 portion of fixed costs are recovered through the usage charge. A recent  
10 survey by the American Gas Association (AGA) as of September 2012  
11 indicates Commissions and utilities across the nation are addressing this  
12 issue through Non-Volumetric Rate Designs, Decoupling, Flat Monthly  
13 Fees or Rate Stabilization mechanisms. As shown on Exhibit No.  
14 \_\_\_\_ (TAA-3), 33 such mechanisms have been approved with two pending  
15 as of September 2012. This Commission recognized the variability in  
16 recovering fixed costs when weather is colder or warmer than normal by  
17 authorizing the DDSM for Montana-Dakota's residential and firm general  
18 service customers in 2004 and taking that one step further by authorizing  
19 a flat fixed charge rate for Northern States Power Company's residential  
20 natural gas customers that is currently effective.

21 **Q. What are the benefits to Montana-Dakota and to its customers of**  
22 **implementing a single fixed charge component applicable to the**  
23 **Residential schedules (60 and 90)?**

- 1 A. There are several significant benefits from implementing Montana-  
2 Dakota's fixed residential rate proposal, including:
- 3 1. The proposed mechanism will mitigate the impact of significantly  
4 colder-than-normal weather on customers' bills, without the  
5 application of the DDSM, while also mitigating the impact  
6 warmer than normal weather has on the Company's ability to  
7 recover fixed costs.
  - 8 2. The proposed charge reduces fluctuations in Montana-Dakota's  
9 earnings, both up and down, as the result of weather  
10 fluctuations and customers' conservation efforts.
  - 11 3. Customers' bills will be more stable as approximately 35 percent  
12 of the total bill will be fixed each month and not dependent on  
13 changes in weather.
  - 14 4. Customers will continue to have incentive to conserve as the  
15 Cost of Gas, representing approximately 65 percent of a typical  
16 customer's bill, will continue to be billed on a volumetric basis.
  - 17 5. Provides a better match of revenues to the investment made to  
18 serve each residential customer with a typical service line,  
19 meter and regulator at the same average cost. Under a  
20 volumetric distribution rate structure, customer using less than  
21 average use are being subsidized by customers using more  
22 than average use.
  - 23 6. The fixed rate will address the inequities caused by customers

1 using natural gas as a backup energy source during peak  
2 periods.

3 **Q. Would you please briefly describe other changes made to the**  
4 **Company's gas tariff?**

5 A. Yes, following is a description of other changes the Company is  
6 proposing to make to its gas tariff:

- 7 • Montana-Dakota is serving residential and firm general service  
8 customers, within the Company's certificated area, surrounding  
9 the pipeline installed to serve an ethanol plant near Hankinson,  
10 North Dakota. The Communities Served tariff has been  
11 updated to reflect this change.
- 12 • Metering requirements associated with customers taking  
13 interruptible sales or transportation service under Rates 71, 81,  
14 82 or 85 have been modified to require all interruptible service  
15 customers to pay the incremental cost associated with  
16 telemetering equipment required to obtain and process daily  
17 meter reads.
- 18 • The Distribution Delivery Stabilization Mechanism Rate 87 has  
19 been changed to exclude Rates 60 and 90. This change is  
20 contingent upon approval of the proposed Residential Delivery  
21 Charge.
- 22 • The Cost of Gas Rate 88 and Cost of Propane Rate 99  
23 schedules have been modified to reflect the margin sharing

1 adjustment associated with grain drying customers described by  
2 Ms. Mulkern.

- 3 • The charge applicable to customers providing the Company with  
4 an NSF check is proposed to increase from \$10.00 to \$15.00  
5 per occurrence.
- 6 • The fee for reconnection of service disconnected for non-  
7 payment of service has been increased from \$12.00 to \$20.00.
- 8 • Minor changes which are self-explanatory have been made to  
9 the majority of the rate schedules. These changes are clearly  
10 denoted on the tariff sheets reflecting the legislative format.

11 **Q. How was the proposed interim revenue requirement apportioned**  
12 **among the customer classes?**

13 **A.** The interim required revenue increase of \$4,457,000 identified by  
14 Ms. Mulkern is proposed to be billed as a separate line item on the bill  
15 based on 16.442% of the amounts billed under the Basic Service Charge  
16 and Distribution Delivery rate components on each bill under all rates with  
17 the exception of the market based interruptible sales under Rate 71 and  
18 the contract rates under Rate 82. This methodology was used in the  
19 application of the interim increase authorized in the Company's last  
20 electric rate case in Case No. PU-10-124. The Basic Service Charge and  
21 Distribution Delivery rate components applicable under Rates 71 and 85  
22 will also be subject to the interim increase however, the percentage  
23 applied under each of those schedules will be the effective increase

1 necessary to exclude the amounts collected under the Market Based  
2 differential shared with firm service customers. The interim increase has  
3 not been allocated to the contract customers served under Large  
4 Interruptible Transportation Service Rate 82. The calculations supporting  
5 the application of the interim increase to each class are provided in  
6 Appendix C attached to the Application for Interim Increase in Natural Gas  
7 Rates. The proposed tariff sheets reflecting the proposed interim increase  
8 are provided in Appendix A of the Application for Interim Increase in  
9 Natural Gas Rates. As shown, the tariffs prescribe the interim increase  
10 percentage of the amount billed under the Basic Service Charge and  
11 Distribution Delivery Charge. The interim percentage increase will not be  
12 applied to any amounts billed under the Cost of Gas Rate 88. The interim  
13 increase represents an average increase of 4.2% over total projected  
14 revenues including the cost of gas revenues.

15 **Q. Does this conclude your direct testimony?**

16 A. Yes, it does.

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - NORTH DAKOTA**  
**REVENUES UNDER CURRENT AND PROPOSED RATES - INTERIM**  
*Proposed Interim Rates*

| Customer Class/Rate                   | Projected 2014 |                   |                      | Total<br>Proposed<br>Revenue | Proposed<br>Revenue<br>Increase | Percent<br>Increase |
|---------------------------------------|----------------|-------------------|----------------------|------------------------------|---------------------------------|---------------------|
|                                       | Customers      | Dk                | Revenues             |                              |                                 |                     |
| <b>Residential - Rate 60</b>          | 89,713         | 8,285,778         | \$57,715,371         | \$60,436,789                 | \$2,721,418                     | 4.7%                |
| <b>Firm General Service - Rate 70</b> | 13,631         | 6,429,931         | 40,103,576           | 41,445,190                   | 1,341,614                       | 3.3%                |
| <b>Air Force - Rate 64</b>            |                |                   |                      |                              |                                 |                     |
| Firm                                  | 1              | 32,291            | 166,498              | 167,497                      | 999                             |                     |
| Interruptible                         | 2              | 520,209           | 2,138,280            | 2,150,783                    | 12,503                          |                     |
| Total Air Force                       | <u>3</u>       | <u>552,500</u>    | <u>2,304,778</u>     | <u>2,318,280</u>             | <u>13,502</u>                   | <u>0.6%</u>         |
| <b>Small Interruptible</b>            |                |                   |                      |                              |                                 |                     |
| Sales - Rate 71                       | 86             | 1,107,934         | 4,985,865            | 5,080,618                    | 94,753                          | 1.9%                |
| Transportation - Rate 81              | 64             | 1,050,534         | 563,778              | 656,474                      | 92,696                          | 16.4%               |
| Total Small IT                        | <u>150</u>     | <u>2,158,468</u>  | <u>5,549,643</u>     | <u>5,737,092</u>             | <u>187,449</u>                  | <u>3.4%</u>         |
| <b>Large Interruptible</b>            |                |                   |                      |                              |                                 |                     |
| Sales - Rate 85                       | 1              | 24,626            | 113,450              | 115,988                      | 2,538                           | 2.2%                |
| Transportation - Rate 82              | 7              | 4,810,572         | 1,302,628            | 1,493,136                    | 190,508                         | 14.6%               |
| Total Large IT                        | <u>8</u>       | <u>4,835,198</u>  | <u>1,416,078</u>     | <u>1,609,124</u>             | <u>193,046</u>                  | <u>13.6%</u>        |
| <b>Total North Dakota</b>             | <u>103,505</u> | <u>22,261,875</u> | <u>\$107,089,446</u> | <u>\$111,546,475</u>         | <u>\$4,457,029</u>              | <u>4.2%</u>         |

**MONTANA-DAKOTA UTILITIES CO.**  
**REVENUES UNDER CURRENT AND PROPOSED RATES**  
**GAS UTILITY - NORTH DAKOTA**  
*Proposed Final Rates*

| Customer Class/Rate                   | Projected 2014 |                   |                      | Total<br>Proposed<br>Revenue | Proposed<br>Revenue<br>Increase | Percent<br>Increase |
|---------------------------------------|----------------|-------------------|----------------------|------------------------------|---------------------------------|---------------------|
|                                       | Customers      | Dk                | Revenue              |                              |                                 |                     |
| <b>Residential - Rate 60</b>          | 89,713         | 8,285,778         | \$57,715,371         | \$63,207,844                 | \$5,492,473                     | 9.5%                |
| <b>Firm General Service - Rate 70</b> | 13,631         | 6,429,931         | 40,103,576           | 40,978,470                   | 874,894                         | 2.2%                |
| <b>Air Force - Rate 64</b>            |                |                   |                      |                              |                                 |                     |
| Firm                                  | 1              | 32,291            | 166,498              | 168,464                      | 1,966                           | 1.2%                |
| Interruptible                         | 2              | 520,209           | 2,138,280            | 2,163,806                    | 25,526                          | 1.2%                |
| <b>Total Air Force</b>                | <u>3</u>       | <u>552,500</u>    | <u>2,304,778</u>     | <u>2,332,270</u>             | <u>27,492</u>                   | <u>1.2%</u>         |
| <b>Small Interruptible</b>            |                |                   |                      |                              |                                 |                     |
| Sales - Rate 71                       | 86             | 1,107,934         | 4,985,865            |                              |                                 | 0.0%                |
| Transport - Rate 81                   | 64             | 1,050,534         | 563,778              |                              |                                 | 0.0%                |
| <b>Total Small Interruptible</b>      | <u>150</u>     | <u>2,158,468</u>  | <u>5,549,643</u>     | <u>5,998,593</u>             | <u>448,950</u>                  | <u>8.1%</u>         |
| <b>Large Interruptible</b>            |                |                   |                      |                              |                                 |                     |
| Sales - Rate 85                       | 1              | 24,626            | 113,450              |                              |                                 |                     |
| Transport - Rate 82                   | 7              | 4,810,572         | 1,302,628            |                              |                                 |                     |
| <b>Total Large Interruptible</b>      | <u>8</u>       | <u>4,835,198</u>  | <u>1,416,078</u>     | <u>1,415,140</u>             | <u>(938)</u>                    | <u>-0.1%</u>        |
| <b>Total North Dakota</b>             | <u>103,505</u> | <u>22,261,875</u> | <u>\$107,089,446</u> | <u>\$113,932,317</u>         | <u>\$6,842,871</u>              | <u>6.4%</u>         |

**MONTANA-DAKOTA UTILITIES CO.  
 GAS UTILITY - NORTH DAKOTA  
 RATE 60 BILL COMPARISON  
 RESIDENTIAL GAS SERVICE**

| Month        | Dk        | Present Rate    | Proposed Rate   | Amount of Increase | % Increase   |
|--------------|-----------|-----------------|-----------------|--------------------|--------------|
| January      | 16        | \$101.78        | \$100.36        | (\$1.42)           | -1.40%       |
| February     | 15        | 95.10           | 93.37           | (1.73)             | -1.82%       |
| March        | 13        | 84.44           | 85.45           | 1.01               | 1.20%        |
| April        | 9         | 61.02           | 64.91           | 3.89               | 6.37%        |
| May          | 5         | 38.20           | 45.71           | 7.51               | 19.66%       |
| June         | 3         | 26.34           | 35.10           | 8.76               | 33.26%       |
| July         | 2         | 20.86           | 30.81           | 9.95               | 47.70%       |
| August       | 1         | 15.08           | 25.84           | 10.76              | 71.35%       |
| September    | 2         | 20.56           | 30.13           | 9.57               | 46.55%       |
| October      | 4         | 32.42           | 40.74           | 8.32               | 25.66%       |
| November     | 9         | 61.02           | 64.91           | 3.89               | 6.37%        |
| December     | 13        | 84.44           | 85.45           | 1.01               | 1.20%        |
| <b>Total</b> | <b>92</b> | <b>\$641.26</b> | <b>\$702.78</b> | <b>\$61.52</b>     | <b>9.59%</b> |

Average Increase per Month \$5.13

| RATE 60               | Current 1/ | Proposed 2/ |
|-----------------------|------------|-------------|
| Basic Delivery Charge | \$0.30     | \$0.6732    |
| Distribution Delivery | \$0.812    | \$0.000     |
| Cost of Gas           | 4.968      | \$4.968     |

1/ Rate effective October 1, 2004  
 2/ Includes projected cost of gas.

**MONTANA-DAKOTA UTILITIES CO.  
 GAS UTILITY - NORTH DAKOTA  
 RATE 70 BILL COMPARISON  
 FIRM GENERAL GAS SERVICE ( < 500 Cubic Feet Per Hour Meters)**

| MONTH        | DK         | PRESENT RATE      | PROPOSED RATE     | AMOUNT OF INCREASE | % INCREASE   |
|--------------|------------|-------------------|-------------------|--------------------|--------------|
| January      | 35         | \$210.90          | \$216.25          | \$5.35             | 2.54%        |
| February     | 32         | 192.64            | 197.48            | 4.84               | 2.51%        |
| March        | 26         | 160.81            | 165.98            | 5.17               | 3.21%        |
| April        | 19         | 121.34            | 126.22            | 4.88               | 4.02%        |
| May          | 9          | 66.21             | 71.04             | 4.83               | 7.29%        |
| June         | 4          | 37.86             | 42.44             | 4.58               | 12.10%       |
| July         | 2          | 27.25             | 31.94             | 4.69               | 17.21%       |
| August       | 1          | 21.69             | 26.36             | 4.67               | 21.53%       |
| September    | 3          | 32.30             | 36.86             | 4.56               | 14.12%       |
| October      | 7          | 55.08             | 59.87             | 4.79               | 8.70%        |
| November     | 18         | 115.77            | 120.63            | 4.86               | 4.20%        |
| December     | 27         | 166.38            | 171.57            | 5.19               | 3.12%        |
| <b>Total</b> | <b>183</b> | <b>\$1,208.23</b> | <b>\$1,266.64</b> | <b>\$58.41</b>     | <b>4.83%</b> |

Average Increase per Month \$4.87

| RATE 70               | Current 1/ | Proposed 2/ |
|-----------------------|------------|-------------|
| Basic Delivery Charge | \$0.52     | \$0.670     |
| Distribution Delivery | \$0.597    | \$0.617     |
| Cost of Gas           | 4.968      | \$4.968     |

1/ Rate effective October 1, 2004

2/ Includes projected cost of gas.

**MONTANA-DAKOTA UTILITIES CO.  
 GAS UTILITY - NORTH DAKOTA  
 RATE 70 BILL COMPARISON  
 FIRM GENERAL GAS SERVICE (> 500 Cubic Feet Per Hour Meters)**

| MONTH        | DK          | PRESENT RATE      | PROPOSED RATE     | AMOUNT OF INCREASE | % INCREASE   |
|--------------|-------------|-------------------|-------------------|--------------------|--------------|
| January      | 204         | \$1,189.51        | \$1,198.24        | \$8.73             | 0.73%        |
| February     | 189         | 1,100.79          | 1,108.77          | 7.98               | 0.72%        |
| March        | 160         | 944.65            | 952.50            | 7.85               | 0.83%        |
| April        | 117         | 703.61            | 710.45            | 6.84               | 0.97%        |
| May          | 69          | 438.24            | 444.27            | 6.03               | 1.38%        |
| June         | 39          | 269.54            | 274.82            | 5.28               | 1.96%        |
| July         | 27          | 204.51            | 209.70            | 5.19               | 2.54%        |
| August       | 25          | 193.38            | 198.53            | 5.15               | 2.66%        |
| September    | 31          | 225.02            | 230.14            | 5.12               | 2.28%        |
| October      | 55          | 360.33            | 366.08            | 5.75               | 1.60%        |
| November     | 111         | 670.22            | 676.94            | 6.72               | 1.00%        |
| December     | 163         | 961.35            | 969.26            | 7.91               | 0.82%        |
| <b>Total</b> | <b>1190</b> | <b>\$7,261.15</b> | <b>\$7,339.70</b> | <b>\$78.55</b>     | <b>1.08%</b> |

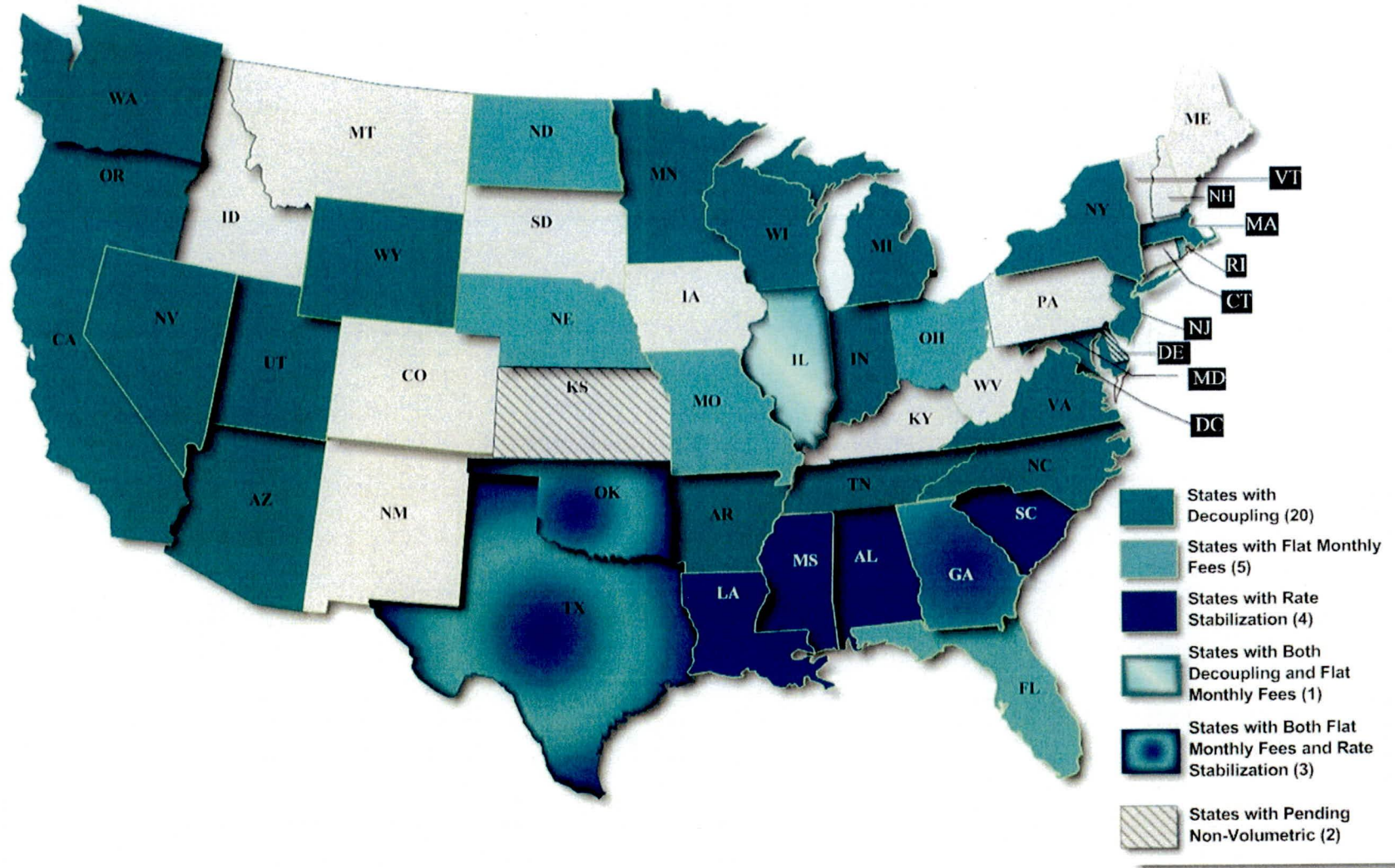
Average Increase per Month \$6.55

| RATE 70               | Current 1/ | Proposed 2/ |
|-----------------------|------------|-------------|
| Basic Delivery Charge | \$1.75     | \$1.90      |
| Distribution Delivery | \$0.597    | \$0.617     |
| Cost of Gas           | 4.968      | \$4.968     |

1/ Rate effective October 1, 2004  
 2/ Includes projected cost of gas.

# STATES WITH NON-VOLUMETRIC RATE DESIGNS (DECOUPLING, FLAT MONTHLY FEE, RATE STABILIZATION)

33 Approved, 2 Pending As of September 2012



**MONTANA-DAKOTA UTILITIES CO.  
SALES AND TRANSPORTATION REVENUE  
GAS UTILITY - NORTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2012  
PROJECTED 2013-2014**

|                       | Per Books  |              | Projected 2013 |               | Projected 2014 |               |
|-----------------------|------------|--------------|----------------|---------------|----------------|---------------|
|                       | Dk         | Revenue      | Dk             | Revenue       | Dk             | Revenue       |
| <u>Sales</u>          |            |              |                |               |                |               |
| Residential           | 6,762,593  | \$44,239,670 | 7,973,146      | \$55,538,030  | 8,285,778      | \$57,715,371  |
| Firm General          | 5,426,754  | 30,879,471   | 6,201,180      | 38,684,933    | 6,429,931      | 40,103,576    |
| Air Force             | 504,464    | 1,754,125    | 552,500        | 2,304,778     | 552,500        | 2,304,778     |
| Small Interruptible   | 743,874    | 3,160,830    | 655,954        | 2,974,789     | 1,107,934      | 4,985,865     |
| Large Interruptible   | 24,626     | 95,068       | 24,626         | 113,450       | 24,626         | 113,450       |
| Unbilled Revenue      |            | 1,848,410    |                |               |                |               |
| Total Sales           | 13,462,311 | \$81,977,574 | 15,407,406     | \$99,615,980  | 16,400,769     | \$105,223,040 |
| <u>Transportation</u> |            |              |                |               |                |               |
| Small Interruptible   | 954,759    | \$528,912    | 1,032,664      | \$554,348     | 1,050,534      | \$563,778     |
| Large Interruptible   | 5,129,954  | 1,342,065    | 4,810,572      | 1,294,166     | 4,810,572      | 1,302,628     |
| Unbilled Revenue      |            | 10,926       |                |               |                |               |
| Total Transportation  | 6,084,713  | \$1,881,903  | 5,843,236      | \$1,848,514   | 5,861,106      | \$1,866,406   |
| Total Throughput      | 19,547,024 | \$83,859,477 | 21,250,642     | \$101,464,494 | 22,261,875     | \$107,089,446 |

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
SUMMARY OF REVENUES  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012**

| Rate Reporting Class                    | Projected 2013 |                   |                      | Projected 2014 |                   |                      |
|---|----------------|-------------------|----------------------|----------------|-------------------|----------------------|
|   | Billing Units  | Dk                | Revenue              | Billing Units  | Dk                | Revenue              |
| <b>Sales</b>                            |                |                   |                      |                |                   |                      |
| Residential                             |                |                   |                      |                |                   |                      |
| Residential                             | 86,057         | 7,955,109         | \$55,403,773         | 89,439         | 8,267,741         | \$57,581,114         |
| Propane                                 | 274            | 18,037            | \$134,257            | 274            | 18,037            | 134,257              |
| <b>Total Residential</b>                | <u>86,331</u>  | <u>7,973,146</u>  | <u>55,538,030</u>    | <u>89,713</u>  | <u>8,285,778</u>  | <u>57,715,371</u>    |
| Air Force                               |                |                   |                      |                |                   |                      |
| Firm                                    | 1              | 32,291            | 166,498              | 1              | 32,291            | 166,498              |
| Interruptible                           | 2              | 520,209           | 2,138,280            | 2              | 520,209           | 2,138,280            |
| <b>Total Air Force</b>                  | <u>3</u>       | <u>552,500</u>    | <u>2,304,778</u>     | <u>3</u>       | <u>552,500</u>    | <u>2,304,778</u>     |
| Firm General                            |                |                   |                      |                |                   |                      |
| Firm General                            | 13,121         | 6,159,419         | 38,429,994           | 13,543         | 6,388,170         | 39,848,637           |
| Seasonal                                | 17             | 15,450            | 91,900               | 17             | 15,450            | 91,900               |
| Propane                                 | 71             | 26,311            | 163,039              | 71             | 26,311            | 163,039              |
| <b>Total Firm General</b>               | <u>13,209</u>  | <u>6,201,180</u>  | <u>38,684,933</u>    | <u>13,631</u>  | <u>6,429,931</u>  | <u>40,103,576</u>    |
| Interruptible                           |                |                   |                      |                |                   |                      |
| Small Interruptible 2/                  | 70             | 655,954           | 2,974,789            | 86             | 1,107,934         | 4,985,865            |
| Large Interruptible                     | 1              | 24,626            | 113,450              | 1              | 24,626            | 113,450              |
| <b>Total Interruptible</b>              | <u>71</u>      | <u>680,580</u>    | <u>3,088,239</u>     | <u>87</u>      | <u>1,132,560</u>  | <u>5,099,315</u>     |
| <b>Total Sales</b>                      | <u>99,614</u>  | <u>15,407,406</u> | <u>\$99,615,980</u>  | <u>103,434</u> | <u>16,400,769</u> | <u>\$105,223,040</u> |
| <b>Transportation</b>                   |                |                   |                      |                |                   |                      |
| Small Interruptible                     | 63             | 1,032,664         | 554,348              | 64             | 1,050,534         | 563,778              |
| Large Interruptible                     | 7              | 4,810,572         | 1,294,166            | 7              | 4,810,572         | 1,302,628            |
| <b>Total Transportation</b>             | <u>70</u>      | <u>5,843,236</u>  | <u>\$1,848,514</u>   | <u>71</u>      | <u>5,861,106</u>  | <u>\$1,866,406</u>   |
| <b>Total Sales &amp; Transportation</b> | <u>99,684</u>  | <u>21,250,642</u> | <u>\$101,464,494</u> | <u>103,505</u> | <u>22,261,875</u> | <u>\$107,089,446</u> |

1/ Rates effective with service rendered on and after 9/19/07, Docket No. PU-07-618, for firm, IT and Transportation and 8/1/12, Docket No. PU-12-452 for seasonal firm. COG effective June 2013 with annual gas costs.

2/ Excludes grain drying sales.

MONTANA-DAKOTA UTILITIES CO.  
 GAS UTILITY - NORTH DAKOTA  
 Embedded Class Cost of Service Study  
 Cost of Service by Component  
 Projected 2014

|  | Total<br>North Dakota | Residential |           |           | Total<br>Residential |
|--|-----------------------|-------------|-----------|-----------|----------------------|
|  |                       | Demand      | Energy    | Customer  |                      |
| Projected Rate Base                        | 79,244                | 16,691      | 0         | 32,177    | 48,868               |
| Operating Income for Proposed Return       | 6,245                 | 1,315       | 0         | 2,536     | 3,851                |
| Projected Operating Income                 | 2,001                 | (2,003)     | 4,048     | (1,820)   | 225                  |
| Increase in Operating Income               | 4,244                 | 3,318       | (4,048)   | 4,356     | 3,626                |
| Related Taxes for Increase                 |                       |             |           |           |                      |
| Federal Income                             | 2,595                 | 2,029       | (2,475)   | 2,663     | 2,217                |
| Total Increase in Revenue                  | 6,839                 | 5,347       | (6,523)   | 7,019     | 5,843                |
| Projected Revenue Before Increase          | 108,336               | 9,835       | 38,233    | 10,142    | 58,210               |
| Total Cost of Service Required from Rates: | 114,384               | 15,037      | 31,708    | 16,813    | 63,558               |
| Less Projected Cost of Gas                 | 79,840                | 9,695       | 31,471    | 0         | 41,166               |
| Net Distribution Cost of Service           | 34,430                | 5,342       | 237       | 16,813    | 22,392               |
| Return on Rate Base Before Increase        | 2.525%                |             |           |           | 0.460%               |
| Projected Billing Units                    | 103,505               |             |           | 89,713    |                      |
| Bills                                      | 1,242,060             |             |           | 1,076,556 |                      |
| Dk   | 22,261,875            | 8,285,778   | 8,285,778 |           |                      |
| Unit Cost of Service                       |                       |             |           |           |                      |
| Energy cost per Dk                         |                       |             | \$0.03    |           |                      |
| Demand cost per Dk                         |                       | \$0.640     |           |           |                      |
| Customer Cost Per Month                    |                       |             |           | \$15.62   |                      |

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**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Cost of Service by Component  
Projected 2014**

|  | Small Firm General |           |          | Total<br>Small Firm<br>General | Large Firm General |           |          | Total<br>Large Firm<br>General |
|--|--------------------|-----------|----------|--------------------------------|--------------------|-----------|----------|--------------------------------|
|  | Demand             | Energy    | Customer |                                | Demand             | Energy    | Customer |                                |
| Projected Rate Base                        | 3,943              | 0         | 3,954    | 7,897                          | 8,505              | 0         | 5,083    | 13,588                         |
| Operating Income for Proposed Return       | 311                | 0         | 312      | 623                            | 670                | 0         | 401      | 1,071                          |
| Projected Operating Income                 | (471)              | 633       | 136      | 298                            | (1,008)            | 1,641     | 222      | 855                            |
| Increase in Operating Income               | 782                | (633)     | 176      | 325                            | 1,678              | (1,641)   | 179      | 216                            |
| Related Taxes for Increase                 |                    |           |          |                                |                    |           |          |                                |
| Federal Income                             | 478                | (387)     | 108      | 199                            | 1,026              | (1,003)   | 109      | 132                            |
| Total Increase in Revenue                  | 1,260              | (1,020)   | 284      | 524                            | 2,704              | (2,644)   | 288      | 348                            |
| Projected Revenue Before Increase          | 2,436              | 7,545     | 1,899    | 11,880                         | 5,644              | 20,268    | 2,523    | 28,435                         |
| Total Cost of Service Required from Rates: | 3,661              | 6,524     | 2,138    | 12,323                         | 8,274              | 17,623    | 2,755    | 28,652                         |
| Less Projected Cost of Gas                 | 2,403              | 6,475     | 0        | 8,878                          | 5,573              | 17,495    | 0        | 23,068                         |
| Net Distribution Cost of Service           | 1,258              | 49        | 2,138    | 3,445                          | 2,701              | 128       | 2,755    | 5,584                          |
| Return on Rate Base Before Increase        |                    |           |          | 3.774%                         |                    |           |          | 6.292%                         |
| Projected Billing Units                    |                    |           | 9,769    |                                |                    |           | 3,862    |                                |
| Bills                                      |                    |           | 117,228  |                                |                    |           | 46,344   |                                |
| Dk   | 1,787,104          | 1,787,104 |          |                                | 4,642,827          | 4,642,827 |          |                                |
| Unit Cost of Service                       |                    |           |          |                                |                    |           |          |                                |
| Energy cost per Dk                         |                    | \$0.03    |          |                                |                    | \$0.03    |          |                                |
| Demand cost per Dk                         | \$0.700            |           |          |                                | \$0.580            |           |          |                                |
| Customer Cost Per Month                    |                    |           | \$18.24  |                                |                    |           | \$59.45  |                                |

MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Cost of Service by Component  
Projected 2014

|  | Air Force Delivery |         |            | Total<br>Air Force<br>Delivery | Small Interruptible |           |          | Total<br>Small<br>Interruptible |
|--|--------------------|---------|------------|--------------------------------|---------------------|-----------|----------|---------------------------------|
|  | Demand             | Energy  | Customer   |                                | Demand              | Energy    | Customer |                                 |
| Projected Rate Base                          | 129                | 0       | 65         | 194                            | 3,784               | 0         | 466      | 4,250                           |
| Operating Income for Proposed Return         | 10                 | 0       | 5          | 15                             | 298                 | 0         | 37       | 335                             |
| Projected Operating Income                   | (17)               | 40      | (25)       | (2)                            | (469)               | 529       | (3)      | 57                              |
| Increase in Operating Income                 | 27                 | (40)    | 30         | 17                             | 767                 | (529)     | 40       | 278                             |
| Related Taxes for Increase<br>Federal Income | 17                 | (24)    | 18         | 11                             | 469                 | (323)     | 24       | 170                             |
| Total Increase in Revenue                    | 44                 | (64)    | 48         | 28                             | 1,236               | (852)     | 64       | 448                             |
| Projected Revenue Before Increase            | 167                | 2,125   | 18         | 2,310                          | 408                 | 4,960     | 224      | 5,592                           |
| Total Cost of Service Required from Rates:   | 209                | 2,061   | 63         | 2,333                          | 1,608               | 4,108     | 282      | 5,998                           |
| Less Projected Cost of Gas                   | 175                | 2,044   | 0          | 2,219                          | 352                 | 4,058     | 0        | 4,410                           |
| Net Distribution Cost of Service             | 34                 | 17      | 63         | 114                            | 1,256               | 50        | 282      | 1,588                           |
| Return on Rate Base Before Increase          |                    |         |            | -1.031%                        |                     |           |          | 1.341%                          |
| Projected Billing Units                      |                    |         |            | 3                              |                     |           |          | 150                             |
| Bills  |                    |         |            | 36                             |                     |           |          | 1,800                           |
| Dk   | 552,500            | 552,500 |            |                                | 2,158,468           | 2,158,468 |          |                                 |
| Unit Cost of Service                         |                    |         |            |                                |                     |           |          |                                 |
| Energy cost per Dk                           |                    | \$0.03  |            |                                |                     | \$0.02    |          |                                 |
| Demand cost per Dk                           | \$0.060            |         |            |                                | \$0.580             |           |          |                                 |
| Customer Cost Per Month                      |                    |         | \$1,750.00 |                                |                     |           | \$156.67 |                                 |

MONTANA-DAKOTA UTILITIES CO.  
 GAS UTILITY - NORTH DAKOTA  
 Embedded Class Cost of Service Study  
 Cost of Service by Component  
 Projected 2014

|  | Large Interruptible |           |            | Total<br>Large<br>Interruptible | Minot Air Force Base Distribution |        |          | Total<br>MAFB<br>Distribution |
|--|---------------------|-----------|------------|---------------------------------|-----------------------------------|--------|----------|-------------------------------|
|  | Demand              | Energy    | Customer   |                                 | Demand                            | Energy | Customer |                               |
| Projected Rate Base                        | 2,696               | 0         | 655        | 3,351                           | 753                               | 0      | 343      | 1,096                         |
| Operating Income for Proposed Return       | 212                 | 0         | 52         | 264                             | 59                                | 0      | 27       | 86                            |
| Projected Operating Income                 | (222)               | 713       | (72)       | 419                             | (115)                             | 0      | 264      | 149                           |
| Increase in Operating Income               | 434                 | (713)     | 124        | (155)                           | 174                               | 0      | (237)    | (63)                          |
| Related Taxes for Increase                 |                     |           |            |                                 |                                   |        |          |                               |
| Federal Income                             | 265                 | (436)     | 76         | (95)                            | 106                               | 0      | (145)    | (39)                          |
| Total Increase in Revenue                  | 699                 | (1,149)   | 200        | (250)                           | 280                               | 0      | (382)    | (102)                         |
| Projected Revenue Before Increase          | 29                  | 1,340     | 75         | 1,444                           | 7                                 | 0      | 458      | 465                           |
| Total Cost of Service Required from Rates: | 707                 | 190       | 269        | 1,166                           | 280                               | 0      | 74       | 354                           |
| Less Projected Cost of Gas                 | 8                   | 91        | 0          | 99                              | 0                                 | 0      | 0        | 0                             |
| Net Distribution Cost of Service           | 699                 | 99        | 269        | 1,067                           | 280                               | 0      | 74       | 354                           |
| Return on Rate Base Before Increase        |                     |           |            | 12.504%                         |                                   |        |          | 13.595%                       |
| Projected Billing Units                    |                     |           | 8          |                                 |                                   |        |          | 0                             |
| Bills                                      |                     |           | 96         |                                 |                                   |        |          | 12                            |
| Dk   | 4,835,198           | 4,835,198 |            |                                 |                                   |        |          |                               |
| Unit Cost of Service                       |                     |           |            |                                 |                                   |        |          |                               |
| Energy cost per Dk                         |                     | \$0.02    |            |                                 |                                   |        |          |                               |
| Demand cost per Dk                         | \$0.140             |           |            |                                 |                                   |        |          |                               |
| Customer Cost Per Month                    |                     |           | \$2,802.08 |                                 |                                   |        |          | \$29,500.00                   |

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| Rate Base-Projected                             | Allocation Factor | Total North Dakota | Residential |        |          | Total Residential | Firm General-Meter < 500 cubic feet |        |          | Total Small Firm General |
|---|-------------------|--------------------|-------------|--------|----------|-------------------|-------------------------------------|--------|----------|--------------------------|
|   |                   |                    | Demand      | Energy | Customer |                   | Demand                              | Energy | Customer |                          |
| Gas Plant in Service                            |                   |                    |             |        |          |                   |                                     |        |          |                          |
| Production Plant                                | 3                 | 4,833              | 2,442       | 0      | 0        | 2,442             | 527                                 | 0      | 0        | 527                      |
| Land  | 13                | 49                 | 18          | 0      | 11       | 29                | 4                                   | 0      | 1        | 5                        |
| Rights of Way                                   | 13                | 239                | 83          | 0      | 50       | 133               | 20                                  | 0      | 5        | 25                       |
| Structures & Improvements                       | 40                | 180                | 65          | 0      | 39       | 104               | 16                                  | 0      | 4        | 20                       |
| Direct  | Direct            | 77                 | 0           | 0      | 0        | 0                 | 0                                   | 0      | 0        | 0                        |
| Mains - \$64,704-Directly Assigned \$2,499      |                   |                    |             |        |          |                   |                                     |        |          |                          |
| Demand Related 75%                              | 2                 | 46,654             | 22,599      | 0      | 0        | 22,599            | 5,386                               | 0      | 0        | 5,386                    |
| Customer Related 25%                            | 8                 | 15,551             | 0           | 0      | 13,479   | 13,479            | 0                                   | 0      | 1,468    | 1,468                    |
| Directly Assigned Demand Related 75%            | Direct            | 1,874              | 0           | 0      | 0        | 0                 | 0                                   | 0      | 0        | 0                        |
| Directly Assigned Customer Related 25%          | Direct            | 625                | 0           | 0      | 0        | 0                 | 0                                   | 0      | 0        | 0                        |
| Meas. & Reg. Equip. - General                   | 40                | 1,310              | 477         | 0      | 284      | 761               | 113                                 | 0      | 31       | 144                      |
| Direct  | Direct            | 152                | 0           | 0      | 0        | 0                 | 0                                   | 0      | 0        | 0                        |
| Meas. & Reg. Equip. - City Gate                 | 13                | 9,593              | 3,351       | 0      | 1,998    | 5,349             | 799                                 | 0      | 218      | 1,017                    |
| Direct  | Direct            | 0                  | 0           | 0      | 0        | 0                 | 0                                   | 0      | 0        | 0                        |
| Services  | 37                | 32,048             | 0           | 0      | 25,765   | 25,765            | 0                                   | 0      | 4,012    | 4,012                    |
| Direct  | Direct            | 121                | 0           | 0      | 0        | 0                 | 0                                   | 0      | 0        | 0                        |
| Meters  | 9                 | 24,708             | 0           | 0      | 16,446   | 16,446            | 0                                   | 0      | 1,970    | 1,970                    |
| Direct  | Direct            | 52                 | 0           | 0      | 0        | 0                 | 0                                   | 0      | 0        | 0                        |
| Service Regulators                              | 9                 | 3,330              | 0           | 0      | 2,216    | 2,216             | 0                                   | 0      | 266      | 266                      |
| Direct  | Direct            | 14                 | 0           | 0      | 0        | 0                 | 0                                   | 0      | 0        | 0                        |
| Ind. Meas. & Reg. Station Equipment             | 40                | 140                | 51          | 0      | 30       | 81                | 12                                  | 0      | 3        | 15                       |
| Direct  | Direct            | 327                | 0           | 0      | 0        | 0                 | 0                                   | 0      | 0        | 0                        |
| Property on Customer Premise                    | 13                | 115                | 40          | 0      | 24       | 64                | 10                                  | 0      | 3        | 13                       |
| Cathodic Protection & Other Equipment           | 40                | 1,115              | 405         | 0      | 242      | 647               | 97                                  | 0      | 26       | 123                      |
| Direct  | Direct            | 2                  | 0           | 0      | 0        | 0                 | 0                                   | 0      | 0        | 0                        |
| Distribution Plant                              |                   | 138,276            | 27,089      | 0      | 60,584   | 87,673            | 6,457                               | 0      | 8,007    | 14,464                   |
| Distribution Plant Excluding Direct Assignments |                   | 135,109            | 27,089      | 0      | 60,584   | 87,673            | 6,457                               | 0      | 8,007    | 14,464                   |
| General Plant                                   | 38                | 8,954              | 1,796       | 0      | 4,017    | 5,813             | 428                                 | 0      | 531      | 959                      |
| Direct  | Direct            | 399                | 0           | 0      | 0        | 0                 | 0                                   | 0      | 0        | 0                        |
| Intangible Plant - General                      | 15                | 3,705              | 726         | 0      | 1,623    | 2,349             | 173                                 | 0      | 215      | 388                      |
| Common Plant Excluding CC&B                     | 15                | 15,175             | 2,973       | 0      | 6,647    | 9,620             | 709                                 | 0      | 879      | 1,588                    |
| Common (CC&B)                                   | 4                 | 6,930              | 0           | 0      | 6,006    | 6,006             | 0                                   | 0      | 654      | 654                      |
| Acquisition Adjustment                          | 15                | 97                 | 19          | 0      | 41       | 60                | 5                                   | 0      | 6        | 11                       |
| Total Gas Plant in Service                      |                   | 178,369            | 35,045      | 0      | 78,918   | 113,963           | 8,299                               | 0      | 10,292   | 18,591                   |

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|  | Allocation Factor | Total North Dakota | Residential |        |          | Total Residential | Firm General-Meter < 500 cubic feet |        |          | Total Small Firm General |
|--|-------------------|--------------------|-------------|--------|----------|-------------------|-------------------------------------|--------|----------|--------------------------|
|  |                   |                    | Demand      | Energy | Customer |                   | Demand                              | Energy | Customer |                          |
| Less: Accumulated Depreciation                   |                   |                    |             |        |          |                   |                                     |        |          |                          |
| Production Plant                                 | 39                | 558                | 281         | 0      | 0        | 281               | 61                                  | 0      | 0        | 61                       |
| Distribution Plant                               |                   |                    |             |        |          |                   |                                     |        |          |                          |
| Rights of Way                                    | 13                | 50                 | 19          | 0      | 11       | 30                | 4                                   | 0      | 1        | 5                        |
| Structures & Improvements                        | 23                | 164                | 41          | 0      | 26       | 67                | 10                                  | 0      | 3        | 13                       |
| Mains  | 40                | 30,407             | 11,047      | 0      | 6,588    | 17,635            | 2,633                               | 0      | 718      | 3,351                    |
| Direct   | Direct            | 13                 | 0           | 0      | 0        | 0                 | 0                                   | 0      | 0        | 0                        |
| Meas. & Reg. Equip. - General                    | 18                | 509                | 167         | 0      | 98       | 265               | 39                                  | 0      | 11       | 50                       |
| Meas. & Reg. Equip. - City Gate                  | 19                | 485                | 170         | 0      | 102      | 272               | 40                                  | 0      | 11       | 51                       |
| Services   | 37                | 24,872             | 0           | 0      | 19,995   | 19,995            | 0                                   | 0      | 3,114    | 3,114                    |
| Direct   | Direct            | 16                 | 0           | 0      | 0        | 0                 | 0                                   | 0      | 0        | 0                        |
| Meters   | 5                 | 8,437              | 0           | 0      | 5,609    | 5,609             | 0                                   | 0      | 672      | 672                      |
| Direct   | Direct            | 6                  | 0           | 0      | 0        | 0                 | 0                                   | 0      | 0        | 0                        |
| Service Regulators                               | 9                 | 1,198              | 0           | 0      | 796      | 796               | 0                                   | 0      | 96       | 96                       |
| Direct   | Direct            | 1                  | 0           | 0      | 0        | 0                 | 0                                   | 0      | 0        | 0                        |
| Ind. Meas. & Reg. Station Equipment              | 21                | 254                | 27          | 0      | 16       | 43                | 7                                   | 0      | 2        | 9                        |
| Property on Customer Premise                     | 13                | 125                | 44          | 0      | 26       | 70                | 10                                  | 0      | 3        | 13                       |
| Cathodic Protection & Other Equipment            | 13                | 1,092              | 381         | 0      | 227      | 608               | 91                                  | 0      | 25       | 116                      |
| Distribution Plant                               |                   | 67,629             | 11,896      | 0      | 33,494   | 45,390            | 2,834                               | 0      | 4,656    | 7,490                    |
| General Plant                                    | 38                | 2,542              | 510         | 0      | 1,140    | 1,650             | 122                                 | 0      | 151      | 273                      |
| Direct   | Direct            | 117                | 0           | 0      | 0        | 0                 | 0                                   | 0      | 0        | 0                        |
| Intangible Plant - General                       | 15                | 594                | 116         | 0      | 259      | 375               | 28                                  | 0      | 34       | 62                       |
| Common Plant                                     | 15                | 3,739              | 732         | 0      | 1,637    | 2,369             | 175                                 | 0      | 217      | 392                      |
| Intangible Plant - Common                        | 15                | 3,073              | 602         | 0      | 1,348    | 1,950             | 143                                 | 0      | 178      | 321                      |
| Intangible Plant - Common-CC&B                   | 4                 | 460                | 0           | 0      | 399      | 399               | 0                                   | 0      | 43       | 43                       |
| Acquisition Adjustment                           | 15                | 60                 | 13          | 0      | 26       | 39                | 3                                   | 0      | 3        | 6                        |
| Less: Total Accumulated Reserve for Depreciation |                   | 78,772             | 14,150      | 0      | 38,303   | 52,453            | 3,366                               | 0      | 5,282    | 8,648                    |
| Net Gas Plant in Service                         |                   | 99,597             | 20,895      | 0      | 40,615   | 61,510            | 4,933                               | 0      | 5,010    | 9,943                    |
| CWIP in Service                                  | 15                | 0                  | 0           | 0      | 0        | 0                 | 0                                   | 0      | 0        | 0                        |
| Total Gas Plant in Service                       |                   | 99,597             | 20,895      | 0      | 40,615   | 61,510            | 4,933                               | 0      | 5,010    | 9,943                    |
| Additions  |                   |                    |             |        |          |                   |                                     |        |          |                          |
| Materials & Supplies                             | 15                | 2,260              | 443         | 0      | 990      | 1,433             | 106                                 | 0      | 131      | 237                      |
| Fuel Stocks                                      | 10                | 35                 | 15          | 0      | 0        | 15                | 8                                   | 0      | 0        | 8                        |
| Prepayments                                      | 25                | 193                | 38          | 0      | 87       | 125               | 9                                   | 0      | 11       | 20                       |
| Unamortized Loss on Debt                         | 24                | 629                | 132         | 0      | 256      | 388               | 31                                  | 0      | 32       | 63                       |
| Gain on Sale of Williston Office                 | 24                | (282)              | (59)        | 0      | (116)    | (175)             | (14)                                | 0      | (14)     | (28)                     |
| Total Additions                                  |                   | 2,835              | 569         | 0      | 1,217    | 1,786             | 140                                 | 0      | 160      | 300                      |
| Total Before Deductions                          |                   | 102,432            | 21,464      | 0      | 41,832   | 63,296            | 5,073                               | 0      | 5,170    | 10,243                   |

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|  | Allocation Factor | Total North Dakota | Residential    |               |                | Total Residential | Firm General-Meter < 500 cubic feet |              |                | Total Small Firm General |
|--|-------------------|--------------------|----------------|---------------|----------------|-------------------|-------------------------------------|--------------|----------------|--------------------------|
|  |                   |                    | Demand         | Energy        | Customer       |                   | Demand                              | Energy       | Customer       |                          |
| <b>Deductions</b>                                |                   |                    |                |               |                |                   |                                     |              |                |                          |
| Accumulated Deferred Income Tax                  | 24                | (16,608)           | (3,484)        | 0             | (6,772)        | (10,256)          | (823)                               | 0            | (835)          | (1,658)                  |
| Accumulated Investment Tax Credit                | 24                | 0                  | 0              | 0             | 0              | 0                 | 0                                   | 0            | 0              | 0                        |
| Customer Advances For Construction               | Direct            | (6,580)            | (1,289)        |               | (2,883)        | (4,172)           | (307)                               |              | (381)          | (688)                    |
| <b>Total Deductions</b>                          |                   | <b>(23,188)</b>    | <b>(4,773)</b> | <b>0</b>      | <b>(9,655)</b> | <b>(14,428)</b>   | <b>(1,130)</b>                      | <b>0</b>     | <b>(1,216)</b> | <b>(2,346)</b>           |
| <b>Total Rate Base</b>                           |                   | <b>79,244</b>      | <b>16,691</b>  | <b>0</b>      | <b>32,177</b>  | <b>48,868</b>     | <b>3,943</b>                        | <b>0</b>     | <b>3,954</b>   | <b>7,897</b>             |
| <b>Income Statement</b>                          |                   |                    |                |               |                |                   |                                     |              |                |                          |
| <b>Gas Operating Revenues</b>                    |                   |                    |                |               |                |                   |                                     |              |                |                          |
| <b>Retail Sales &amp; Transportation</b>         |                   |                    |                |               |                |                   |                                     |              |                |                          |
| Residential                                      | Direct            | 57,715             | 9,690          | 38,231        | 9,794          | 57,715            | 0                                   | 0            | 0              | 0                        |
| Firm General                                     | Direct            | 40,103             | 0              | 0             | 0              | 0                 | 2,401                               | 7,544        | 1,854          | 11,799                   |
| Air Force Delivery                               | Direct            | 2,305              | 0              | 0             | 0              | 0                 | 0                                   | 0            | 0              | 0                        |
| Small Interruptible                              | Direct            | 5,550              | 0              | 0             | 0              | 0                 | 0                                   | 0            | 0              | 0                        |
| Large Interruptible                              | Direct            | 1,416              | 0              | 0             | 0              | 0                 | 0                                   | 0            | 0              | 0                        |
| <b>Total Sales &amp; Transportation Revenues</b> |                   | <b>107,089</b>     | <b>9,690</b>   | <b>38,231</b> | <b>9,794</b>   | <b>57,715</b>     | <b>2,401</b>                        | <b>7,544</b> | <b>1,854</b>   | <b>11,799</b>            |
| <b>Other Operating Revenue</b>                   |                   |                    |                |               |                |                   |                                     |              |                |                          |
| <b>Miscellaneous</b>                             |                   |                    |                |               |                |                   |                                     |              |                |                          |
| Reconnect Fees                                   | 6                 | 1                  | 0              | 0             | 1              | 1                 | 0                                   | 0            | 0              | 0                        |
| Minor Maintenance Fee Rate 65                    | Direct            | 456                | 0              | 0             | 0              | 0                 | 0                                   | 0            | 0              | 0                        |
| NSF Check Fees & Other                           | 6                 | 16                 | 0              | 0             | 13             | 13                | 0                                   | 0            | 2              | 2                        |
| Miscellaneous                                    | 24                | 11                 | 2              | 0             | 3              | 5                 | 1                                   | 0            | 1              | 2                        |
| Rent From Gas Property                           | 24                | 567                | 119            | 0             | 231            | 350               | 28                                  | 0            | 29             | 57                       |
| <b>Other Gas Revenues</b>                        |                   |                    |                |               |                |                   |                                     |              |                |                          |
| Miscellaneous                                    | 31                | 185                | 23             | 2             | 97             | 122               | 5                                   | 1            | 12             | 18                       |
| Transport and Penalty Revenue - Net              | 24                | 11                 | 1              | 0             | 3              | 4                 | 1                                   | 0            | 1              | 2                        |
| <b>Total Other Operating Revenue</b>             |                   | <b>1,247</b>       | <b>145</b>     | <b>2</b>      | <b>348</b>     | <b>495</b>        | <b>35</b>                           | <b>1</b>     | <b>45</b>      | <b>81</b>                |
|  |                   | 791                | 145            | 2             | 348            | 495               | 35                                  | 1            | 45             | 81                       |
| Unbilled Revenue                                 | 26                | 0                  | 0              | 0             | 0              | 0                 | 0                                   | 0            | 0              | 0                        |
| <b>Total Operating Revenues</b>                  |                   | <b>108,336</b>     | <b>9,835</b>   | <b>38,233</b> | <b>10,142</b>  | <b>58,210</b>     | <b>2,436</b>                        | <b>7,545</b> | <b>1,899</b>   | <b>11,880</b>            |
| <b>Operation &amp; Maintenance Expenses</b>      |                   |                    |                |               |                |                   |                                     |              |                |                          |
| Cost of Purchased Gas                            | Direct            | 79,840             | 9,695          | 31,471        | 0              | 41,166            | 2,403                               | 6,475        | 0              | 8,878                    |
| <b>Production Expense</b>                        |                   |                    |                |               |                |                   |                                     |              |                |                          |
| Production Expense                               | 39                | 284                | 144            | 0             | 0              | 144               | 31                                  | 0            | 0              | 31                       |
| Other Gas Supply Expenses                        | 3                 | 125                | 0              | 64            | 0              | 64                | 0                                   | 14           | 0              | 14                       |
| <b>Total Production Expense</b>                  |                   | <b>409</b>         | <b>144</b>     | <b>64</b>     | <b>0</b>       | <b>208</b>        | <b>31</b>                           | <b>14</b>    | <b>0</b>       | <b>45</b>                |

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| Allocation Factor                     | Total North Dakota | Residential   |               |               | Total Residential | Firm General-Meter < 500 cubic feet |              |              | Total Small Firm General |               |
|---------------------------------------|--------------------|---------------|---------------|---------------|-------------------|-------------------------------------|--------------|--------------|--------------------------|---------------|
|                                       |                    | Demand        | Energy        | Customer      |                   | Demand                              | Energy       | Customer     |                          |               |
| Distribution Expenses                 |                    |               |               |               |                   |                                     |              |              |                          |               |
| Operation                             |                    |               |               |               |                   |                                     |              |              |                          |               |
| Load Dispatch                         | 1                  | 127           | 0             | 48            | 0                 | 48                                  | 0            | 10           | 0                        | 10            |
| Mains and Services                    | 22                 | 2,148         | 502           | 0             | 871               | 1,373                               | 119          | 0            | 122                      | 241           |
| Measuring Stations - General          | 18                 | 60            | 19            | 0             | 12                | 31                                  | 5            | 0            | 1                        | 6             |
| Measuring Stations - Industrial       | 21                 | 44            | 7             | 0             | 2                 | 9                                   | 1            | 0            | 0                        | 1             |
| Measuring Stations - City Gate        | 19                 | 2             | 2             | 0             | 0                 | 2                                   | 0            | 0            | 0                        | 0             |
| Meters & House Regulators             | 16                 | 499           | 0             | 0             | 331               | 331                                 | 0            | 0            | 40                       | 40            |
| Customer Installations                | 5                  | 783           | 0             | 0             | 520               | 520                                 | 0            | 0            | 62                       | 62            |
| Other Gas Distribution                | 27                 | 1,959         | 282           | 26            | 924               | 1,232                               | 67           | 5            | 120                      | 192           |
| Rents                                 | 27                 | 98            | 14            | 1             | 47                | 62                                  | 3            | 0            | 6                        | 9             |
| Supervision & Engineering             | 27                 | 1,311         | 189           | 17            | 618               | 824                                 | 45           | 4            | 80                       | 129           |
| Direct -Minot AFB Distribution System | Direct             | 18            | 0             | 0             | 0                 | 0                                   | 0            | 0            | 0                        | 0             |
| <b>Total Operation Expense</b>        |                    | <b>7,049</b>  | <b>1,015</b>  | <b>92</b>     | <b>3,325</b>      | <b>4,432</b>                        | <b>240</b>   | <b>19</b>    | <b>431</b>               | <b>690</b>    |
| Maintenance                           |                    |               |               |               |                   |                                     |              |              |                          |               |
| Structures & Improvements             | 13                 | 4             | 2             | 0             | 1                 | 3                                   | 0            | 0            | 0                        | 0             |
| Mains                                 | 13                 | 136           | 49            | 0             | 28                | 77                                  | 11           | 0            | 3                        | 14            |
| Measuring Stations - General          | 18                 | 35            | 11            | 0             | 7                 | 18                                  | 3            | 0            | 1                        | 4             |
| Measuring Stations - Industrial       | 21                 | 23            | 3             | 0             | 1                 | 4                                   | 1            | 0            | 0                        | 1             |
| Measuring Stations - City Gate        | 19                 | 0             | 0             | 0             | 0                 | 0                                   | 0            | 0            | 0                        | 0             |
| Services                              | 5                  | 197           | 0             | 0             | 131               | 131                                 | 0            | 0            | 16                       | 16            |
| Meters & House Regulators             | 16                 | 447           | 0             | 0             | 295               | 295                                 | 0            | 0            | 36                       | 36            |
| Other Equipment                       | 28                 | 91            | 7             | 0             | 47                | 54                                  | 2            | 0            | 6                        | 8             |
| Supervision & Engineering             | 28                 | 155           | 12            | 0             | 81                | 93                                  | 3            | 0            | 10                       | 13            |
| Direct -Minot AFB Distribution System | Direct             | 27            | 0             | 0             | 0                 | 0                                   | 0            | 0            | 0                        | 0             |
| <b>Total Maintenance Expense</b>      |                    | <b>1,115</b>  | <b>84</b>     | <b>0</b>      | <b>591</b>        | <b>675</b>                          | <b>20</b>    | <b>0</b>     | <b>72</b>                | <b>92</b>     |
| <b>Total Distribution Expenses</b>    |                    | <b>8,164</b>  | <b>1,099</b>  | <b>92</b>     | <b>3,916</b>      | <b>5,107</b>                        | <b>260</b>   | <b>19</b>    | <b>503</b>               | <b>782</b>    |
| Customer Accounts                     | 4                  | 127           | 0             | 0             | 110               | 110                                 | 0            | 0            | 12                       | 12            |
| Meter Reading                         | 5                  | 310           | 0             | 0             | 207               | 207                                 | 0            | 0            | 25                       | 25            |
| Customer Records & Collection         | 4                  | 1,536         | 0             | 0             | 1,332             | 1,332                               | 0            | 0            | 145                      | 145           |
| Uncollectible Accounts                | 6                  | 109           | 0             | 0             | 95                | 95                                  | 0            | 0            | 10                       | 10            |
| Miscellaneous Customer Accounts       | 4                  | 229           | 0             | 0             | 198               | 198                                 | 0            | 0            | 22                       | 22            |
| Customer Service & Information        | 4                  | 246           | 0             | 0             | 214               | 214                                 | 0            | 0            | 23                       | 23            |
| Sales Expenses                        | 4                  | 127           | 0             | 0             | 110               | 110                                 | 0            | 0            | 12                       | 12            |
| Administration & General Expenses     | 30                 | 6,408         | 863           | 72            | 3,073             | 4,008                               | 204          | 15           | 395                      | 614           |
| <b>Total Gas O&amp;M Expenses</b>     |                    | <b>97,505</b> | <b>11,801</b> | <b>31,699</b> | <b>9,255</b>      | <b>52,755</b>                       | <b>2,898</b> | <b>6,523</b> | <b>1,147</b>             | <b>10,568</b> |

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|  | Allocation Factor | Total North Dakota | Residential |        |          | Firm General-Meter < 500 cubic feet |        |        |          | Total Small Firm General |
|--|-------------------|--------------------|-------------|--------|----------|-------------------------------------|--------|--------|----------|--------------------------|
|  |                   |                    | Demand      | Energy | Customer | Total Residential                   | Demand | Energy | Customer |                          |
| O&M Excl. Cost of Gas and A&G                |                   | 11,257             | 1,243       | 156    | 6,182    | 7,581                               | 291    | 33     | 752      | 1,076                    |
| O&M Excl. Cost of Gas                        |                   | 17,665             | 2,106       | 228    | 9,255    | 11,589                              | 495    | 48     | 1,147    | 1,690                    |
| Depreciation Expense                         |                   |                    |             |        |          |                                     |        |        |          |                          |
| Production Plant                             | 39                | 161                | 81          | 0      | 0        | 81                                  | 18     | 0      | 0        | 18                       |
| Distribution Plant                           |                   |                    |             |        |          |                                     |        |        |          |                          |
| Rights of Way                                | 13                | 3                  | 1           | 0      | 1        | 2                                   | 0      | 0      | 0        | 0                        |
| Structures & Improvements                    | 23                | 7                  | 2           | 0      | 1        | 3                                   | 0      | 0      | 0        | 0                        |
| Mains  | 40                | 1,870              | 680         | 0      | 405      | 1,085                               | 162    | 0      | 44       | 206                      |
| Direct -Minot AFB Distribution System        | Direct            | 14                 | 0           | 0      | 0        | 0                                   | 0      | 0      | 0        | 0                        |
| Meas. & Reg. Equip. - General                | 18                | 43                 | 15          | 0      | 8        | 23                                  | 3      | 0      | 1        | 4                        |
| Meas. & Reg. Equip. - City Gate              | 19                | 304                | 107         | 0      | 63       | 170                                 | 25     | 0      | 7        | 32                       |
| Services                                     | 17                | 2,448              | 0           | 0      | 1,968    | 1,968                               | 0      | 0      | 306      | 306                      |
| Direct -Minot AFB Distribution System        | Direct            | 5                  | 0           | 0      | 0        | 0                                   | 0      | 0      | 0        | 0                        |
| Meters                                       | 5                 | 855                | 0           | 0      | 568      | 568                                 | 0      | 0      | 68       | 68                       |
| Direct -Minot AFB Distribution System        | Direct            | 2                  | 0           | 0      | 0        | 0                                   | 0      | 0      | 0        | 0                        |
| Service Regulators                           | 20                | 58                 | 0           | 0      | 38       | 38                                  | 0      | 0      | 5        | 5                        |
| Ind. Meas. & Reg. Station Equipment          | 21                | 15                 | 2           | 0      | 1        | 3                                   | 1      | 0      | 0        | 1                        |
| Cathodic Protection & Other Equipment        | 13                | 377                | 132         | 0      | 79       | 211                                 | 31     | 0      | 9        | 40                       |
| Total Distribution Plant                     |                   | 6,001              | 939         | 0      | 3,132    | 4,071                               | 222    | 0      | 440      | 662                      |
| General Plant                                | 38                | 154                | 31          | 0      | 70       | 101                                 | 7      | 0      | 9        | 16                       |
| Direct -Minot AFB Distribution System        | Direct            | 7                  | 0           | 0      | 0        | 0                                   | 0      | 0      | 0        | 0                        |
| Amort. of Intangible Plant - General         | 15                | 112                | 22          | 0      | 50       | 72                                  | 5      | 0      | 6        | 11                       |
| Common Plant                                 | 15                | 370                | 73          | 0      | 164      | 237                                 | 17     | 0      | 21       | 38                       |
| Amort. of Intangible Plant - Common          | 15                | 615                | 120         | 0      | 269      | 389                                 | 29     | 0      | 36       | 65                       |
| Acquisition Adjustment                       | 15                | 3                  | 1           | 0      | 1        | 2                                   | 0      | 0      | 0        | 0                        |
| Total Depreciation Expense                   |                   | 7,423              | 1,267       | 0      | 3,686    | 4,953                               | 298    | 0      | 512      | 810                      |
| Taxes Other Than Income                      |                   |                    |             |        |          |                                     |        |        |          |                          |
| Ad Valorem Taxes-Production                  | 39                | 127                | 64          | 0      | 0        | 64                                  | 14     | 0      | 0        | 14                       |
| Ad Valorem Taxes-Other                       | 15                | 811                | 159         | 0      | 356      | 515                                 | 38     | 0      | 47       | 85                       |
| Other Taxes - Payroll, Franchise, Other      | 31                | 754                | 90          | 10     | 395      | 495                                 | 21     | 2      | 49       | 72                       |
| Other Taxes - Minot AFB Distribution- Direct | Direct            | 1                  | 0           | 0      | 0        | 0                                   | 0      | 0      | 0        | 0                        |
| Other Taxes - Revenue                        | 26                | 1                  | 0           | 1      | 0        | 1                                   | 0      | 0      | 0        | 0                        |
| Total Taxes Other Than Income Taxes          |                   | 1,694              | 313         | 11     | 751      | 1,075                               | 73     | 2      | 96       | 171                      |
| Total Operating Expense                      |                   | 106,622            | 13,381      | 31,710 | 13,692   | 58,783                              | 3,269  | 6,525  | 1,755    | 11,549                   |
| Interest Expense                             | 36                | 2,173              | 462         | 0      | 898      | 1,360                               | 109    | 0      | 111      | 220                      |
| Direct -Minot AFB Distribution System        | Direct            | 28                 | 0           | 0      | 0        | 0                                   | 0      | 0      | 0        | 0                        |
| Taxable Income                               |                   | (487)              | (4,008)     | 6,523  | (4,448)  | (1,933)                             | (942)  | 1,020  | 33       | 111                      |

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**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Twelve Months Ended December 31, 2012**  
**Projected 2014**

| Allocation<br>Factor    | Total<br>North Dakota | Residential |         |          | Total<br>Residential | Firm General-Meter < 500 cubic feet |        |          | Total Small<br>Firm General |        |
|-------------------------|-----------------------|-------------|---------|----------|----------------------|-------------------------------------|--------|----------|-----------------------------|--------|
|                         |                       | Demand      | Energy  | Customer |                      | Demand                              | Energy | Customer |                             |        |
| Income Taxes            | 37.9445%              | (185)       | (1,522) | 2,475    | (1,688)              | (735)                               | (357)  | 387      | 13                          | 43     |
| Full Normalization      | 24                    | (102)       | (21)    | 0        | (42)                 | (63)                                | (5)    | 0        | (5)                         | (10)   |
| Total Income Taxes      |                       | (287)       | (1,543) | 2,475    | (1,730)              | (798)                               | (362)  | 387      | 8                           | 33     |
| Total Operating Expense |                       | 106,335     | 11,838  | 34,185   | 11,962               | 57,985                              | 2,907  | 6,912    | 1,763                       | 11,582 |
| Operating Income:       |                       | 2,001       | (2,003) | 4,048    | (1,820)              | 225                                 | (471)  | 633      | 136                         | 298    |

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MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Twelve Months Ended December 31, 2012  
Projected 2014

| Rate Base-Projected                             | Allocation Factor | Total North Dakota | Firm General > 500 cubic feet |          |               | Total Large Firm General | Air Force Delivery |          |            | Total Air Force Delivery |
|---|-------------------|--------------------|-------------------------------|----------|---------------|--------------------------|--------------------|----------|------------|--------------------------|
|   |                   |                    | Demand                        | Energy   | Customer      |                          | Demand             | Energy   | Customer   |                          |
| Gas Plant in Service                            |                   |                    |                               |          |               |                          |                    |          |            |                          |
| Production Plant                                | 3                 | 4,833              | 1,368                         | 0        | 0             | 1,368                    | 163                | 0        | 0          | 163                      |
| Land  | 13                | 49                 | 9                             | 0        | 0             | 9                        | 0                  | 0        | 0          | 0                        |
| Rights of Way                                   | 13                | 239                | 42                            | 0        | 2             | 44                       | 0                  | 0        | 0          | 0                        |
| Structures & Improvements                       | 40                | 180                | 33                            | 0        | 2             | 35                       | 0                  | 0        | 0          | 0                        |
| Direct  | Direct            | 77                 | 0                             | 0        | 0             | 0                        | 22                 | 0        | 0          | 22                       |
| Mains - \$64,704-Directly Assigned \$2,499      |                   |                    |                               |          |               |                          |                    |          |            |                          |
| Demand Related 75%                              | 2                 | 46,654             | 11,369                        | 0        | 0             | 11,369                   | 0                  | 0        | 0          | 0                        |
| Customer Related 25%                            | 8                 | 15,551             | 0                             | 0        | 580           | 580                      | 0                  | 0        | 0          | 0                        |
| Directly Assigned Demand Related 75%            | Direct            | 1,874              | 0                             | 0        | 0             | 0                        | 0                  | 0        | 0          | 0                        |
| Directly Assigned Customer Related 25%          | Direct            | 625                | 0                             | 0        | 0             | 0                        | 0                  | 0        | 0          | 0                        |
| Meas. & Reg. Equip. - General                   | 40                | 1,310              | 239                           | 0        | 12            | 251                      | 0                  | 0        | 0          | 0                        |
| Direct  | Direct            | 152                | 0                             | 0        | 0             | 0                        | 0                  | 0        | 0          | 0                        |
| Meas. & Reg. Equip. - City Gate                 | 13                | 9,593              | 1,686                         | 0        | 86            | 1,772                    | 0                  | 0        | 0          | 0                        |
| Direct  | Direct            | 0                  | 0                             | 0        | 0             | 0                        | 0                  | 0        | 0          | 0                        |
| Services  | 37                | 32,048             | 0                             | 0        | 2,096         | 2,096                    | 0                  | 0        | 0          | 0                        |
| Direct  | Direct            | 121                | 0                             | 0        | 0             | 0                        | 0                  | 0        | 0          | 0                        |
| Meters  | 9                 | 24,708             | 0                             | 0        | 5,522         | 5,522                    | 0                  | 0        | 32         | 32                       |
| Direct  | Direct            | 52                 | 0                             | 0        | 0             | 0                        | 0                  | 0        | 0          | 0                        |
| Service Regulators                              | 9                 | 3,330              | 0                             | 0        | 744           | 744                      | 0                  | 0        | 4          | 4                        |
| Direct  | Direct            | 14                 | 0                             | 0        | 0             | 0                        | 0                  | 0        | 0          | 0                        |
| Ind. Meas. & Reg. Station Equipment             | 40                | 140                | 26                            | 0        | 1             | 27                       | 0                  | 0        | 0          | 0                        |
| Direct  | Direct            | 327                | 0                             | 0        | 0             | 0                        | 0                  | 0        | 94         | 94                       |
| Property on Customer Premise                    | 13                | 115                | 20                            | 0        | 1             | 21                       | 0                  | 0        | 0          | 0                        |
| Cathodic Protection & Other Equipment           | 40                | 1,115              | 204                           | 0        | 10            | 214                      | 0                  | 0        | 0          | 0                        |
| Direct  | Direct            | 2                  | 0                             | 0        | 0             | 0                        | 0                  | 0        | 0          | 0                        |
| Distribution Plant                              |                   | 138,276            | 13,628                        | 0        | 9,056         | 22,684                   | 22                 | 0        | 130        | 152                      |
| Distribution Plant Excluding Direct Assignments |                   | 135,109            | 13,628                        | 0        | 9,056         | 22,684                   | 0                  | 0        | 36         | 58                       |
| General Plant                                   | 38                | 8,954              | 904                           | 0        | 601           | 1,505                    | 0                  | 0        | 2          | 2                        |
| Direct  | Direct            | 399                | 0                             | 0        | 0             | 0                        | 0                  | 0        | 0          | 0                        |
| Intangible Plant - General                      | 15                | 3,705              | 365                           | 0        | 243           | 608                      | 1                  | 0        | 3          | 4                        |
| Common Plant Excluding CC&B                     | 15                | 15,175             | 1,496                         | 0        | 994           | 2,490                    | 2                  | 0        | 14         | 16                       |
| Common (CC&B)                                   | 4                 | 6,930              | 0                             | 0        | 259           | 259                      | 0                  | 0        | 0          | 0                        |
| Acquisition Adjustment                          | 15                | 97                 | 10                            | 0        | 6             | 16                       | 0                  | 0        | 0          | 0                        |
| <b>Total Gas Plant in Service</b>               |                   | <b>178,369</b>     | <b>17,771</b>                 | <b>0</b> | <b>11,159</b> | <b>28,930</b>            | <b>188</b>         | <b>0</b> | <b>149</b> | <b>337</b>               |

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MONTANA-DAKOTA UTILITIES CO.  
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|  | Allocation Factor | Total North Dakota | Firm General > 500 cubic feet |        |          | Total Large Firm General | Air Force Delivery |        |          | Total Air Force Delivery |
|--|-------------------|--------------------|-------------------------------|--------|----------|--------------------------|--------------------|--------|----------|--------------------------|
|  |                   |                    | Demand                        | Energy | Customer |                          | Demand             | Energy | Customer |                          |
| Less: Accumulated Depreciation                   |                   |                    |                               |        |          |                          |                    |        |          |                          |
| Production Plant                                 | 39                | 558                | 158                           | 0      | 0        | 158                      | 19                 | 0      | 0        | 19                       |
| Distribution Plant                               |                   |                    |                               |        |          |                          |                    |        |          |                          |
| Rights of Way                                    | 13                | 50                 | 9                             | 0      | 0        | 9                        | 0                  | 0      | 0        | 0                        |
| Structures & Improvements                        | 23                | 164                | 21                            | 0      | 1        | 22                       | 14                 | 0      | 0        | 14                       |
| Mains  | 40                | 30,407             | 5,557                         | 0      | 284      | 5,841                    | 0                  | 0      | 0        | 0                        |
| Direct   | Direct            | 13                 | 0                             | 0      | 0        | 0                        | 0                  | 0      | 0        | 0                        |
| Meas. & Reg. Equip. - General                    | 18                | 509                | 83                            | 0      | 4        | 87                       | 0                  | 0      | 0        | 0                        |
| Meas. & Reg. Equip. - City Gate                  | 19                | 485                | 85                            | 0      | 4        | 89                       | 0                  | 0      | 0        | 0                        |
| Services   | 37                | 24,872             | 0                             | 0      | 1,627    | 1,627                    | 0                  | 0      | 0        | 0                        |
| Direct   | Direct            | 16                 | 0                             | 0      | 0        | 0                        | 0                  | 0      | 0        | 0                        |
| Meters   | 5                 | 8,437              | 0                             | 0      | 1,884    | 1,884                    | 0                  | 0      | 11       | 11                       |
| Direct   | Direct            | 6                  | 0                             | 0      | 0        | 0                        | 0                  | 0      | 0        | 0                        |
| Service Regulators                               | 9                 | 1,198              | 0                             | 0      | 268      | 268                      | 0                  | 0      | 2        | 2                        |
| Direct   | Direct            | 1                  | 0                             | 0      | 0        | 0                        | 0                  | 0      | 0        | 0                        |
| Ind. Meas. & Reg. Station Equipment              | 21                | 254                | 14                            | 0      | 1        | 15                       | 0                  | 0      | 51       | 51                       |
| Property on Customer Premise                     | 13                | 125                | 22                            | 0      | 1        | 23                       | 0                  | 0      | 0        | 0                        |
| Cathodic Protection & Other Equipment            | 13                | 1,092              | 192                           | 0      | 10       | 202                      | 0                  | 0      | 0        | 0                        |
| Distribution Plant                               |                   | 67,629             | 5,983                         | 0      | 4,084    | 10,067                   | 14                 | 0      | 64       | 78                       |
| General Plant                                    | 38                | 2,542              | 257                           | 0      | 170      | 427                      | 0                  | 0      | 1        | 1                        |
| Direct   | Direct            | 117                | 0                             | 0      | 0        | 0                        | 0                  | 0      | 0        | 0                        |
| Intangible Plant - General                       | 15                | 594                | 59                            | 0      | 39       | 98                       | 0                  | 0      | 1        | 1                        |
| Common Plant                                     | 15                | 3,739              | 369                           | 0      | 245      | 614                      | 1                  | 0      | 4        | 5                        |
| Intangible Plant - Common                        | 15                | 3,073              | 303                           | 0      | 201      | 504                      | 0                  | 0      | 3        | 3                        |
| Intangible Plant - Common-CC&B                   | 4                 | 460                | 0                             | 0      | 17       | 17                       | 0                  | 0      | 0        | 0                        |
| Acquisition Adjustment                           | 15                | 60                 | 6                             | 0      | 4        | 10                       | 0                  | 0      | 0        | 0                        |
| Less: Total Accumulated Reserve for Depreciation |                   | 78,772             | 7,135                         | 0      | 4,760    | 11,895                   | 34                 | 0      | 73       | 107                      |
| Net Gas Plant in Service                         |                   | 99,597             | 10,636                        | 0      | 6,399    | 17,035                   | 154                | 0      | 76       | 230                      |
| CWIP in Service                                  | 15                | 0                  | 0                             | 0      | 0        | 0                        | 0                  | 0      | 0        | 0                        |
| Total Gas Plant in Service                       |                   | 99,597             | 10,636                        | 0      | 6,399    | 17,035                   | 154                | 0      | 76       | 230                      |
| Additions  |                   |                    |                               |        |          |                          |                    |        |          |                          |
| Materials & Supplies                             | 15                | 2,260              | 223                           | 0      | 148      | 371                      | 0                  | 0      | 2        | 2                        |
| Fuel Stocks                                      | 10                | 35                 | 12                            | 0      | 0        | 12                       | 0                  | 0      | 0        | 0                        |
| Prepayments                                      | 25                | 193                | 19                            | 0      | 12       | 31                       | 0                  | 0      | 0        | 0                        |
| Unamortized Loss on Debt                         | 24                | 629                | 67                            | 0      | 40       | 107                      | 1                  | 0      | 0        | 1                        |
| Gain on Sale of Williston Office                 | 24                | (282)              | (30)                          | 0      | (18)     | (48)                     | 0                  | 0      | 0        | 0                        |
| Total Additions                                  |                   | 2,835              | 291                           | 0      | 182      | 473                      | 1                  | 0      | 2        | 3                        |
| Total Before Deductions                          |                   | 102,432            | 10,927                        | 0      | 6,581    | 17,508                   | 155                | 0      | 78       | 233                      |

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| Allocation Factor                                | Total North Dakota | Firm General > 500 cubic feet |                |               | Total Large Firm General | Air Force Delivery |             |              | Total Air Force Delivery |              |
|--|--------------------|-------------------------------|----------------|---------------|--------------------------|--------------------|-------------|--------------|--------------------------|--------------|
|  |                    | Demand                        | Energy         | Customer      |                          | Demand             | Energy      | Customer     |                          |              |
| <b>Deductions</b>                                |                    |                               |                |               |                          |                    |             |              |                          |              |
| Accumulated Deferred Income Tax                  | 24                 | (16,608)                      | (1,774)        | 0             | (1,067)                  | (2,841)            | (26)        | 0            | (13)                     | (39)         |
| Accumulated Investment Tax Credit                | 24                 | 0                             | 0              | 0             | 0                        | 0                  | 0           | 0            | 0                        | 0            |
| Customer Advances For Construction               | Direct             | (6,580)                       | (648)          |               | (431)                    | (1,079)            | 0           | 0            | 0                        | 0            |
| <b>Total Deductions</b>                          |                    | <b>(23,188)</b>               | <b>(2,422)</b> | <b>0</b>      | <b>(1,498)</b>           | <b>(3,920)</b>     | <b>(26)</b> | <b>0</b>     | <b>(13)</b>              | <b>(39)</b>  |
| <b>Total Rate Base</b>                           |                    | <b>79,244</b>                 | <b>8,505</b>   | <b>0</b>      | <b>5,083</b>             | <b>13,588</b>      | <b>129</b>  | <b>0</b>     | <b>65</b>                | <b>194</b>   |
| <b>Income Statement</b>                          |                    |                               |                |               |                          |                    |             |              |                          |              |
| <b>Gas Operating Revenues</b>                    |                    |                               |                |               |                          |                    |             |              |                          |              |
| <b>Retail Sales &amp; Transportation</b>         |                    |                               |                |               |                          |                    |             |              |                          |              |
| Residential                                      | Direct             | 57,715                        | 0              | 0             | 0                        | 0                  | 0           | 0            | 0                        | 0            |
| Firm General                                     | Direct             | 40,103                        | 5,570          | 20,267        | 2,467                    | 28,304             |             |              |                          | 0            |
| Air Force Delivery                               | Direct             | 2,305                         | 0              | 0             | 0                        | 0                  | 165         | 2,125        | 15                       | 2,305        |
| Small Interruptible                              | Direct             | 5,550                         | 0              | 0             | 0                        | 0                  | 0           | 0            | 0                        | 0            |
| Large Interruptible                              | Direct             | 1,416                         | 0              | 0             | 0                        | 0                  | 0           | 0            | 0                        | 0            |
| <b>Total Sales &amp; Transportation Revenues</b> |                    | <b>107,089</b>                | <b>5,570</b>   | <b>20,267</b> | <b>2,467</b>             | <b>28,304</b>      | <b>165</b>  | <b>2,125</b> | <b>15</b>                | <b>2,305</b> |
| <b>Other Operating Revenue</b>                   |                    |                               |                |               |                          |                    |             |              |                          |              |
| <b>Miscellaneous</b>                             |                    |                               |                |               |                          |                    |             |              |                          |              |
| Reconnect Fees                                   | 6                  | 1                             | 0              | 0             | 0                        | 0                  | 0           | 0            | 0                        | 0            |
| Minor Maintenance Fee Rate 65                    | Direct             | 456                           | 0              | 0             | 0                        | 0                  | 0           | 0            | 0                        | 0            |
| NSF Check Fees & Other                           | 6                  | 16                            | 0              | 0             | 1                        | 1                  | 0           | 0            | 0                        | 0            |
| Miscellaneous                                    | 24                 | 11                            | 1              | 0             | 1                        | 2                  | 0           | 0            | 1                        | 1            |
| Rent From Gas Property                           | 24                 | 567                           | 61             | 0             | 36                       | 97                 | 1           | 0            | 0                        | 1            |
| <b>Other Gas Revenues</b>                        |                    |                               |                |               |                          |                    |             |              |                          |              |
| Miscellaneous                                    | 31                 | 185                           | 11             | 1             | 17                       | 29                 | 0           | 0            | 1                        | 1            |
| Transport and Penalty Revenue - Net              | 24                 | 11                            | 1              | 0             | 1                        | 2                  | 1           | 0            | 1                        | 2            |
| <b>Total Other Operating Revenue</b>             |                    | <b>1,247</b>                  | <b>74</b>      | <b>1</b>      | <b>56</b>                | <b>131</b>         | <b>2</b>    | <b>0</b>     | <b>3</b>                 | <b>5</b>     |
| Unbilled Revenue                                 | 26                 | 791                           | 74             | 1             | 56                       | 131                | 2           | 0            | 3                        | 5            |
|  |                    | 0                             | 0              | 0             | 0                        | 0                  | 0           | 0            | 0                        | 0            |
| <b>Total Operating Revenues</b>                  |                    | <b>108,336</b>                | <b>5,644</b>   | <b>20,268</b> | <b>2,523</b>             | <b>28,435</b>      | <b>167</b>  | <b>2,125</b> | <b>18</b>                | <b>2,310</b> |
| <b>Operation &amp; Maintenance Expenses</b>      |                    |                               |                |               |                          |                    |             |              |                          |              |
| Cost of Purchased Gas                            | Direct             | 79,840                        | 5,573          | 17,495        | 0                        | 23,068             | 175         | 2,044        | 0                        | 2,219        |
| <b>Production Expense</b>                        |                    |                               |                |               |                          |                    |             |              |                          |              |
| Production Expense                               | 39                 | 284                           | 80             | 0             | 0                        | 80                 | 10          | 0            | 0                        | 10           |
| Other Gas Supply Expenses                        | 3                  | 125                           | 0              | 35            | 0                        | 35                 | 0           | 4            | 0                        | 4            |
| <b>Total Production Expense</b>                  |                    | <b>409</b>                    | <b>80</b>      | <b>35</b>     | <b>0</b>                 | <b>115</b>         | <b>10</b>   | <b>4</b>     | <b>0</b>                 | <b>14</b>    |

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|                                       | Allocation Factor | Total North Dakota | Firm General > 500 cubic feet |               |              | Total Large Firm General | Air Force Delivery |              |           | Total Air Force Delivery |
|---------------------------------------|-------------------|--------------------|-------------------------------|---------------|--------------|--------------------------|--------------------|--------------|-----------|--------------------------|
|                                       |                   |                    | Demand                        | Energy        | Customer     |                          | Demand             | Energy       | Customer  |                          |
| Distribution Expenses                 |                   |                    |                               |               |              |                          |                    |              |           |                          |
| Operation                             |                   |                    |                               |               |              |                          |                    |              |           |                          |
| Load Dispatch                         | 1                 | 127                | 0                             | 26            | 0            | 26                       | 0                  | 3            | 0         | 3                        |
| Mains and Services                    | 22                | 2,148              | 252                           | 0             | 59           | 311                      | 0                  | 0            | 0         | 0                        |
| Measuring Stations - General          | 18                | 60                 | 10                            | 0             | 0            | 10                       | 0                  | 0            | 0         | 0                        |
| Measuring Stations - Industrial       | 21                | 44                 | 2                             | 0             | 0            | 2                        | 0                  | 0            | 9         | 9                        |
| Measuring Stations - City Gate        | 19                | 2                  | 0                             | 0             | 0            | 0                        | 0                  | 0            | 0         | 0                        |
| Meters & House Regulators             | 16                | 499                | 0                             | 0             | 111          | 111                      | 0                  | 0            | 1         | 1                        |
| Customer Installations                | 5                 | 783                | 0                             | 0             | 175          | 175                      | 0                  | 0            | 1         | 1                        |
| Other Gas Distribution                | 27                | 1,959              | 140                           | 14            | 184          | 338                      | 0                  | 2            | 6         | 8                        |
| Rents                                 | 27                | 98                 | 7                             | 1             | 9            | 17                       | 0                  | 0            | 0         | 0                        |
| Supervision & Engineering             | 27                | 1,311              | 94                            | 9             | 123          | 226                      | 0                  | 1            | 4         | 5                        |
| Direct -Minot AFB Distribution System | Direct            | 18                 | 0                             | 0             | 0            | 0                        | 0                  | 0            | 0         | 0                        |
| <b>Total Operation Expense</b>        |                   | <b>7,049</b>       | <b>505</b>                    | <b>50</b>     | <b>661</b>   | <b>1,216</b>             | <b>0</b>           | <b>6</b>     | <b>21</b> | <b>27</b>                |
| Maintenance                           |                   |                    |                               |               |              |                          |                    |              |           |                          |
| Structures & Improvements             | 13                | 4                  | 1                             | 0             | 0            | 1                        | 0                  | 0            | 0         | 0                        |
| Mains                                 | 13                | 136                | 24                            | 0             | 1            | 25                       | 0                  | 0            | 0         | 0                        |
| Measuring Stations - General          | 18                | 35                 | 6                             | 0             | 0            | 6                        | 0                  | 0            | 0         | 0                        |
| Measuring Stations - Industrial       | 21                | 23                 | 1                             | 0             | 0            | 1                        | 0                  | 0            | 5         | 5                        |
| Measuring Stations - City Gate        | 19                | 0                  | 0                             | 0             | 0            | 0                        | 0                  | 0            | 0         | 0                        |
| Services                              | 5                 | 197                | 0                             | 0             | 44           | 44                       | 0                  | 0            | 0         | 0                        |
| Meters & House Regulators             | 16                | 447                | 0                             | 0             | 100          | 100                      | 0                  | 0            | 1         | 1                        |
| Other Equipment                       | 28                | 91                 | 3                             | 0             | 15           | 18                       | 0                  | 0            | 1         | 1                        |
| Supervision & Engineering             | 28                | 155                | 6                             | 0             | 26           | 32                       | 0                  | 0            | 1         | 1                        |
| Direct -Minot AFB Distribution System | Direct            | 27                 | 0                             | 0             | 0            | 0                        | 0                  | 0            | 0         | 0                        |
| <b>Total Maintenance Expense</b>      |                   | <b>1,115</b>       | <b>41</b>                     | <b>0</b>      | <b>186</b>   | <b>227</b>               | <b>0</b>           | <b>0</b>     | <b>8</b>  | <b>8</b>                 |
| <b>Total Distribution Expenses</b>    |                   | <b>8,164</b>       | <b>546</b>                    | <b>50</b>     | <b>847</b>   | <b>1,443</b>             | <b>0</b>           | <b>6</b>     | <b>29</b> | <b>35</b>                |
| Customer Accounts                     |                   |                    |                               |               |              |                          |                    |              |           |                          |
| Customer Accounts                     | 4                 | 127                | 0                             | 0             | 5            | 5                        | 0                  | 0            | 0         | 0                        |
| Meter Reading                         | 5                 | 310                | 0                             | 0             | 69           | 69                       | 0                  | 0            | 0         | 0                        |
| Customer Records & Collection         | 4                 | 1,536              | 0                             | 0             | 57           | 57                       | 0                  | 0            | 0         | 0                        |
| Uncollectible Accounts                | 6                 | 109                | 0                             | 0             | 4            | 4                        | 0                  | 0            | 0         | 0                        |
| Miscellaneous Customer Accounts       | 4                 | 229                | 0                             | 0             | 9            | 9                        | 0                  | 0            | 0         | 0                        |
| Customer Service & Information        | 4                 | 246                | 0                             | 0             | 9            | 9                        | 0                  | 0            | 0         | 0                        |
| Sales Expenses                        | 4                 | 127                | 0                             | 0             | 5            | 5                        | 0                  | 0            | 0         | 0                        |
| Administration & General Expenses     | 30                | 6,408              | 429                           | 39            | 665          | 1,133                    | 0                  | 5            | 23        | 28                       |
| <b>Total Gas O&amp;M Expenses</b>     |                   | <b>97,505</b>      | <b>6,628</b>                  | <b>17,619</b> | <b>1,670</b> | <b>25,917</b>            | <b>185</b>         | <b>2,059</b> | <b>52</b> | <b>2,296</b>             |

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Twelve Months Ended December 31, 2012**  
**Projected 2014**

|  | Allocation Factor | Total North Dakota | Firm General > 500 cubic feet |        |          | Total Large Firm General | Air Force Delivery |        |          | Total Air Force Delivery |
|--|-------------------|--------------------|-------------------------------|--------|----------|--------------------------|--------------------|--------|----------|--------------------------|
|  |                   |                    | Demand                        | Energy | Customer |                          | Demand             | Energy | Customer |                          |
| O&M Excl. Cost of Gas and A&G                |                   | 11,257             | 626                           | 85     | 1,005    | 1,716                    | 10                 | 10     | 29       | 49                       |
| O&M Excl. Cost of Gas                        |                   | 17,665             | 1,055                         | 124    | 1,670    | 2,849                    | 10                 | 15     | 52       | 77                       |
| Depreciation Expense                         |                   |                    |                               |        |          |                          |                    |        |          |                          |
| Production Plant                             | 39                | 161                | 46                            | 0      | 0        | 46                       | 5                  | 0      | 0        | 5                        |
| Distribution Plant                           |                   |                    |                               |        |          |                          |                    |        |          |                          |
| Rights of Way                                | 13                | 3                  | 1                             | 0      | 0        | 1                        | 0                  | 0      | 0        | 0                        |
| Structures & Improvements                    | 23                | 7                  | 1                             | 0      | 0        | 1                        | 1                  | 0      | 0        | 1                        |
| Mains  | 40                | 1,870              | 342                           | 0      | 17       | 359                      | 0                  | 0      | 0        | 0                        |
| Direct -Minot AFB Distribution System        | Direct            | 14                 | 0                             | 0      | 0        | 0                        | 0                  | 0      | 0        | 0                        |
| Meas. & Reg. Equip. - General                | 18                | 43                 | 7                             | 0      | 0        | 7                        | 0                  | 0      | 0        | 0                        |
| Meas. & Reg. Equip. - City Gate              | 19                | 304                | 53                            | 0      | 3        | 56                       | 0                  | 0      | 0        | 0                        |
| Services                                     | 17                | 2,448              | 0                             | 0      | 160      | 160                      | 0                  | 0      | 0        | 0                        |
| Direct -Minot AFB Distribution System        | Direct            | 5                  | 0                             | 0      | 0        | 0                        | 0                  | 0      | 0        | 0                        |
| Meters                                       | 5                 | 855                | 0                             | 0      | 191      | 191                      | 0                  | 0      | 1        | 1                        |
| Direct -Minot AFB Distribution System        | Direct            | 2                  | 0                             | 0      | 0        | 0                        | 0                  | 0      | 0        | 0                        |
| Service Regulators                           | 20                | 58                 | 0                             | 0      | 13       | 13                       | 0                  | 0      | 0        | 0                        |
| Ind. Meas. & Reg. Station Equipment          | 21                | 15                 | 1                             | 0      | 0        | 1                        | 0                  | 0      | 3        | 3                        |
| Cathodic Protection & Other Equipment        | 13                | 377                | 66                            | 0      | 3        | 69                       | 0                  | 0      | 0        | 0                        |
| Total Distribution Plant                     |                   | 6,001              | 471                           | 0      | 387      | 858                      | 1                  | 0      | 4        | 5                        |
| General Plant                                | 38                | 154                | 16                            | 0      | 10       | 26                       | 0                  | 0      | 0        | 0                        |
| Direct -Minot AFB Distribution System        | Direct            | 7                  | 0                             | 0      | 0        | 0                        | 0                  | 0      | 0        | 0                        |
| Amort. of Intangible Plant - General         | 15                | 112                | 11                            | 0      | 7        | 18                       | 0                  | 0      | 0        | 0                        |
| Common Plant                                 | 15                | 370                | 36                            | 0      | 24       | 60                       | 0                  | 0      | 0        | 0                        |
| Amort. of Intangible Plant - Common          | 15                | 615                | 61                            | 0      | 40       | 101                      | 0                  | 0      | 1        | 1                        |
| Acquisition Adjustment                       | 15                | 3                  | 0                             | 0      | 0        | 0                        | 1                  | 0      | 0        | 1                        |
| Total Depreciation Expense                   |                   | 7,423              | 641                           | 0      | 468      | 1,109                    | 7                  | 0      | 5        | 12                       |
| Taxes Other Than Income                      |                   |                    |                               |        |          |                          |                    |        |          |                          |
| Ad Valorem Taxes-Production                  | 39                | 127                | 36                            | 0      | 0        | 36                       | 4                  | 0      | 0        | 4                        |
| Ad Valorem Taxes-Other                       | 15                | 811                | 80                            | 0      | 53       | 133                      | 0                  | 0      | 1        | 1                        |
| Other Taxes - Payroll, Franchise, Other      | 31                | 754                | 45                            | 5      | 71       | 121                      | 0                  | 1      | 2        | 3                        |
| Other Taxes - Minot AFB Distribution- Direct | Direct            | 1                  | 0                             | 0      | 0        | 0                        | 0                  | 0      | 0        | 0                        |
| Other Taxes - Revenue                        | 26                | 1                  | 0                             | 0      | 0        | 0                        | 0                  | 0      | 0        | 0                        |
| Total Taxes Other Than Income Taxes          |                   | 1,694              | 161                           | 5      | 124      | 290                      | 4                  | 1      | 3        | 8                        |
| Total Operating Expense                      |                   | 106,622            | 7,430                         | 17,624 | 2,262    | 27,316                   | 196                | 2,060  | 60       | 2,316                    |
| Interest Expense                             | 36                | 2,173              | 235                           | 0      | 141      | 376                      | 3                  | 0      | 2        | 5                        |
| Direct -Minot AFB Distribution System        | Direct            | 28                 | 0                             | 0      | 0        | 0                        | 0                  | 0      | 0        | 0                        |
| Taxable Income                               |                   | (487)              | (2,021)                       | 2,644  | 120      | 743                      | (32)               | 65     | (44)     | (11)                     |

**MONTANA-DAKOTA UTILITIES CO.**  
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**Twelve Months Ended December 31, 2012**  
**Projected 2014**

| Allocation<br>Factor    | Total<br>North Dakota | Firm General > 500 cubic feet |        |          | Total Large<br>Firm General | Air Force Delivery |        |          | Total<br>Air Force<br>Delivery |
|-------------------------|-----------------------|-------------------------------|--------|----------|-----------------------------|--------------------|--------|----------|--------------------------------|
|                         |                       | Demand                        | Energy | Customer |                             | Demand             | Energy | Customer |                                |
| Income Taxes            | (185)                 | (767)                         | 1,003  | 46       | 282                         | (12)               | 25     | (17)     | (4)                            |
| Full Normalization      | 24                    | (102)                         | (11)   | 0        | (7)                         | (18)               | 0      | 0        | 0                              |
| Total Income Taxes      | (287)                 | (778)                         | 1,003  | 39       | 264                         | (12)               | 25     | (17)     | (4)                            |
| Total Operating Expense | 106,335               | 6,652                         | 18,627 | 2,301    | 27,580                      | 184                | 2,085  | 43       | 2,312                          |
| Operating Income:       | 2,001                 | (1,008)                       | 1,641  | 222      | 855                         | (17)               | 40     | (25)     | (2)                            |

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|   | Allocation Factor | Total North Dakota | Small Interruptible |          |              | Total Small Interruptible | Large Interruptible |          |              | Total Large Interruptible |
|---|-------------------|--------------------|---------------------|----------|--------------|---------------------------|---------------------|----------|--------------|---------------------------|
|   |                   |                    | Demand              | Energy   | Customer     |                           | Demand              | Energy   | Customer     |                           |
| <b>Rate Base-Projected</b>                      |                   |                    |                     |          |              |                           |                     |          |              |                           |
| Gas Plant in Service                            |                   |                    |                     |          |              |                           |                     |          |              |                           |
| Production Plant                                | 3                 | 4,833              | 326                 | 0        | 0            | 326                       | 7                   | 0        | 0            | 7                         |
| Land  | 13                | 49                 | 4                   | 0        | 0            | 4                         | 2                   | 0        | 0            | 2                         |
| Rights of Way                                   | 13                | 239                | 21                  | 0        | 0            | 21                        | 11                  | 0        | 2            | 13                        |
| Structures & Improvements                       | 40                | 180                | 16                  | 0        | 0            | 16                        | 5                   | 0        | 0            | 5                         |
| Direct  | Direct            | 77                 | 0                   | 0        | 0            | 0                         | 55                  | 0        | 0            | 55                        |
| Mains - \$64,704-Directly Assigned \$2,499      |                   |                    |                     |          |              |                           |                     |          |              |                           |
| Demand Related 75%                              | 2                 | 46,654             | 5,699               | 0        | 0            | 5,699                     | 1,601               | 0        | 0            | 1,601                     |
| Customer Related 25%                            | 8                 | 15,551             | 0                   | 0        | 23           | 23                        | 0                   | 0        | 1            | 1                         |
| Directly Assigned Demand Related 75%            | Direct            | 1,874              | 0                   | 0        | 0            | 0                         | 1,360               | 0        | 0            | 1,360                     |
| Directly Assigned Customer Related 25%          | Direct            | 625                | 0                   | 0        | 0            | 0                         | 0                   | 0        | 454          | 454                       |
| Meas. & Reg. Equip. - General                   | 40                | 1,310              | 120                 | 0        | 0            | 120                       | 34                  | 0        | 0            | 34                        |
| Direct  | Direct            | 152                | 0                   | 0        | 0            | 0                         | 152                 | 0        | 0            | 152                       |
| Meas. & Reg. Equip. - City Gate                 | 13                | 9,593              | 845                 | 0        | 3            | 848                       | 439                 | 0        | 67           | 506                       |
| Direct  | Direct            | 0                  | 0                   | 0        | 0            | 0                         | 0                   | 0        | 0            | 0                         |
| Services  | 37                | 32,048             | 0                   | 0        | 168          | 168                       | 0                   | 0        | 7            | 7                         |
| Direct  | Direct            | 121                | 0                   | 0        | 0            | 0                         | 0                   | 0        | 5            | 5                         |
| Meters  | 9                 | 24,708             | 0                   | 0        | 652          | 652                       | 0                   | 0        | 86           | 86                        |
| Direct  | Direct            | 52                 | 0                   | 0        | 0            | 0                         | 0                   | 0        | 0            | 0                         |
| Service Regulators                              | 9                 | 3,330              | 0                   | 0        | 88           | 88                        | 0                   | 0        | 12           | 12                        |
| Direct  | Direct            | 14                 | 0                   | 0        | 0            | 0                         | 0                   | 0        | 0            | 0                         |
| Ind. Meas. & Reg. Station Equipment             | 40                | 140                | 13                  | 0        | 0            | 13                        | 4                   | 0        | 0            | 4                         |
| Direct  | Direct            | 327                | 0                   | 0        | 0            | 0                         | 0                   | 0        | 233          | 233                       |
| Property on Customer Premise                    | 13                | 115                | 10                  | 0        | 0            | 10                        | 5                   | 0        | 1            | 6                         |
| Cathodic Protection & Other Equipment           | 40                | 1,115              | 102                 | 0        | 0            | 102                       | 29                  | 0        | 0            | 29                        |
| Direct  | Direct            | 2                  | 0                   | 0        | 0            | 0                         | 0                   | 0        | 0            | 0                         |
| Distribution Plant                              |                   | 138,276            | 6,830               | 0        | 934          | 7,764                     | 3,697               | 0        | 868          | 4,565                     |
| Distribution Plant Excluding Direct Assignments |                   | 135,109            | 6,830               | 0        | 934          | 7,764                     | 2,130               | 0        | 176          | 2,361                     |
| General Plant                                   | 38                | 8,954              | 453                 | 0        | 62           | 515                       | 141                 | 0        | 12           | 153                       |
| Direct  | Direct            | 399                | 0                   | 0        | 0            | 0                         | 0                   | 0        | 0            | 0                         |
| Intangible Plant - General                      | 15                | 3,705              | 183                 | 0        | 25           | 208                       | 99                  | 0        | 23           | 122                       |
| Common Plant Excluding CC&B                     | 15                | 15,175             | 750                 | 0        | 103          | 853                       | 406                 | 0        | 95           | 501                       |
| Common (CC&B)                                   | 4                 | 6,930              | 0                   | 0        | 10           | 10                        | 0                   | 0        | 1            | 1                         |
| Acquisition Adjustment                          | 15                | 97                 | 5                   | 0        | 1            | 6                         | 3                   | 0        | 1            | 4                         |
| <b>Total Gas Plant in Service</b>               |                   | <b>178,369</b>     | <b>8,547</b>        | <b>0</b> | <b>1,135</b> | <b>9,682</b>              | <b>4,353</b>        | <b>0</b> | <b>1,000</b> | <b>5,353</b>              |

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MONTANA-DAKOTA UTILITIES CO.  
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|  | Allocation Factor | Total North Dakota | Small Interruptible |        |          | Total Small Interruptible | Large Interruptible |        |          | Total Large Interruptible |
|--|-------------------|--------------------|---------------------|--------|----------|---------------------------|---------------------|--------|----------|---------------------------|
|  |                   |                    | Demand              | Energy | Customer |                           | Demand              | Energy | Customer |                           |
| Less: Accumulated Depreciation                   |                   |                    |                     |        |          |                           |                     |        |          |                           |
| Production Plant                                 | 39                | 558                | 38                  | 0      | 0        | 38                        | 1                   | 0      | 0        | 1                         |
| Distribution Plant                               |                   |                    |                     |        |          |                           |                     |        |          |                           |
| Rights of Way                                    | 13                | 50                 | 4                   | 0      | 0        | 4                         | 2                   | 0      | 0        | 2                         |
| Structures & Improvements                        | 23                | 164                | 10                  | 0      | 0        | 10                        | 38                  | 0      | 0        | 38                        |
| Mains  | 40                | 30,407             | 2,786               | 0      | 11       | 2,797                     | 783                 | 0      | 0        | 783                       |
| Direct   | Direct            | 13                 | 0                   | 0      | 0        | 0                         | 0                   | 0      | 0        | 0                         |
| Meas. & Reg. Equip. - General                    | 18                | 509                | 42                  | 0      | 0        | 42                        | 65                  | 0      | 0        | 65                        |
| Meas. & Reg. Equip. - City Gate                  | 19                | 485                | 43                  | 0      | 0        | 43                        | 22                  | 0      | 3        | 25                        |
| Services   | 37                | 24,872             | 0                   | 0      | 131      | 131                       | 0                   | 0      | 5        | 5                         |
| Direct   | Direct            | 16                 | 0                   | 0      | 0        | 0                         | 0                   | 0      | 0        | 0                         |
| Meters   | 5                 | 8,437              | 0                   | 0      | 222      | 222                       | 0                   | 0      | 39       | 39                        |
| Direct   | Direct            | 6                  | 0                   | 0      | 0        | 0                         | 0                   | 0      | 0        | 0                         |
| Service Regulators                               | 9                 | 1,198              | 0                   | 0      | 32       | 32                        | 0                   | 0      | 4        | 4                         |
| Direct   | Direct            | 1                  | 0                   | 0      | 0        | 0                         | 0                   | 0      | 0        | 0                         |
| Ind. Meas. & Reg. Station Equipment              | 21                | 254                | 7                   | 0      | 0        | 7                         | 2                   | 0      | 127      | 129                       |
| Property on Customer Premise                     | 13                | 125                | 11                  | 0      | 0        | 11                        | 6                   | 0      | 1        | 7                         |
| Cathodic Protection & Other Equipment            | 13                | 1,092              | 96                  | 0      | 0        | 96                        | 50                  | 0      | 8        | 58                        |
| Distribution Plant                               |                   | 67,629             | 2,999               | 0      | 396      | 3,395                     | 968                 | 0      | 187      | 1,155                     |
| General Plant                                    | 38                | 2,542              | 129                 | 0      | 18       | 147                       | 40                  | 0      | 3        | 43                        |
| Direct   | Direct            | 117                | 0                   | 0      | 0        | 0                         | 0                   | 0      | 0        | 0                         |
| Intangible Plant - General                       | 15                | 594                | 29                  | 0      | 4        | 33                        | 16                  | 0      | 4        | 20                        |
| Common Plant                                     | 15                | 3,739              | 185                 | 0      | 25       | 210                       | 100                 | 0      | 23       | 123                       |
| Intangible Plant - Common                        | 15                | 3,073              | 152                 | 0      | 21       | 173                       | 82                  | 0      | 19       | 101                       |
| Intangible Plant - Common-CC&B                   | 4                 | 460                | 0                   | 0      | 1        | 1                         | 0                   | 0      | 0        | 0                         |
| Acquisition Adjustment                           | 15                | 60                 | 3                   | 0      | 0        | 3                         | 2                   | 0      | 0        | 2                         |
| Less: Total Accumulated Reserve for Depreciation |                   | 78,772             | 3,535               | 0      | 465      | 4,000                     | 1,209               | 0      | 236      | 1,445                     |
| Net Gas Plant in Service                         |                   | 99,597             | 5,012               | 0      | 670      | 5,682                     | 3,144               | 0      | 764      | 3,908                     |
| CWIP in Service                                  | 15                | 0                  | 0                   | 0      | 0        | 0                         | 0                   | 0      | 0        | 0                         |
| Total Gas Plant in Service                       |                   | 99,597             | 5,012               | 0      | 670      | 5,682                     | 3,144               | 0      | 764      | 3,908                     |
| Additions  |                   |                    |                     |        |          |                           |                     |        |          |                           |
| Materials & Supplies                             | 15                | 2,260              | 112                 | 0      | 15       | 127                       | 60                  | 0      | 14       | 74                        |
| Fuel Stocks                                      | 10                | 35                 | 0                   | 0      | 0        | 0                         | 0                   | 0      | 0        | 0                         |
| Prepayments                                      | 25                | 193                | 9                   | 0      | 1        | 10                        | 5                   | 0      | 1        | 6                         |
| Unamortized Loss on Debt                         | 24                | 629                | 32                  | 0      | 4        | 36                        | 20                  | 0      | 5        | 25                        |
| Gain on Sale of Williston Office                 | 24                | (282)              | (14)                | 0      | (2)      | (16)                      | (9)                 | 0      | (2)      | (11)                      |
| Total Additions                                  |                   | 2,835              | 139                 | 0      | 18       | 157                       | 76                  | 0      | 18       | 94                        |
| Total Before Deductions                          |                   | 102,432            | 5,151               | 0      | 688      | 5,839                     | 3,220               | 0      | 782      | 4,002                     |

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|  | Allocation Factor | Total North Dakota | Small Interruptible |              |              | Total Small Interruptible | Large Interruptible |              |              | Total Large Interruptible |
|--|-------------------|--------------------|---------------------|--------------|--------------|---------------------------|---------------------|--------------|--------------|---------------------------|
|  |                   |                    | Demand              | Energy       | Customer     |                           | Demand              | Energy       | Customer     |                           |
| <b>Deductions</b>                                |                   |                    |                     |              |              |                           |                     |              |              |                           |
| Accumulated Deferred Income Tax                  | 24                | (16,608)           | (836)               | 0            | (112)        | (948)                     | (524)               | 0            | (127)        | (651)                     |
| Accumulated Investment Tax Credit                | 24                | 0                  | 0                   | 0            | 0            | 0                         | 0                   | 0            | 0            | 0                         |
| Customer Advances For Construction               | Direct            | (6,580)            | (531)               |              | (110)        | (641)                     | 0                   | 0            | 0            | 0                         |
| <b>Total Deductions</b>                          |                   | <b>(23,188)</b>    | <b>(1,367)</b>      | <b>0</b>     | <b>(222)</b> | <b>(1,589)</b>            | <b>(524)</b>        | <b>0</b>     | <b>(127)</b> | <b>(651)</b>              |
| <b>Total Rate Base</b>                           |                   | <b>79,244</b>      | <b>3,784</b>        | <b>0</b>     | <b>466</b>   | <b>4,250</b>              | <b>2,696</b>        | <b>0</b>     | <b>655</b>   | <b>3,351</b>              |
| <b>Income Statement</b>                          |                   |                    |                     |              |              |                           |                     |              |              |                           |
| <b>Gas Operating Revenues</b>                    |                   |                    |                     |              |              |                           |                     |              |              |                           |
| <b>Retail Sales &amp; Transportation</b>         |                   |                    |                     |              |              |                           |                     |              |              |                           |
| Residential                                      | Direct            | 57,715             | 0                   | 0            | 0            | 0                         | 0                   | 0            | 0            | 0                         |
| Firm General                                     | Direct            | 40,103             | 0                   | 0            | 0            | 0                         | 0                   | 0            | 0            | 0                         |
| Air Force Delivery                               | Direct            | 2,305              | 0                   | 0            | 0            | 0                         | 0                   | 0            | 0            | 0                         |
| Small Interruptible                              | Direct            | 5,550              | 372                 | 4,960        | 218          | 5,550                     | 0                   | 0            | 0            | 0                         |
| Large Interruptible                              | Direct            | 1,416              | 0                   | 0            | 0            | 0                         | 8                   | 1,339        | 69           | 1,416                     |
| <b>Total Sales &amp; Transportation Revenues</b> |                   | <b>107,089</b>     | <b>372</b>          | <b>4,960</b> | <b>218</b>   | <b>5,550</b>              | <b>8</b>            | <b>1,339</b> | <b>69</b>    | <b>1,416</b>              |
| <b>Other Operating Revenue</b>                   |                   |                    |                     |              |              |                           |                     |              |              |                           |
| <b>Miscellaneous</b>                             |                   |                    |                     |              |              |                           |                     |              |              |                           |
| Reconnect Fees                                   | 6                 | 1                  | 0                   | 0            | 0            | 0                         | 0                   | 0            | 0            | 0                         |
| Minot Maintenance Fee Rate 65                    | Direct            | 456                | 0                   | 0            | 0            | 0                         | 0                   | 0            | 0            | 0                         |
| NSF Check Fees & Other                           | 6                 | 16                 | 0                   | 0            | 0            | 0                         | 0                   | 0            | 0            | 0                         |
| Miscellaneous                                    | 24                | 11                 | 1                   | 0            | 0            | 1                         | 0                   | 0            | 0            | 0                         |
| Rent From Gas Property                           | 24                | 567                | 29                  | 0            | 4            | 33                        | 18                  | 0            | 4            | 22                        |
| Other Gas Revenues                               |                   |                    |                     |              |              |                           |                     |              |              |                           |
| Miscellaneous                                    | 31                | 185                | 5                   | 0            | 2            | 7                         | 3                   | 1            | 2            | 6                         |
| Transport and Penalty Revenue - Net              | 24                | 11                 | 1                   | 0            | 0            | 1                         | 0                   | 0            | 0            | 0                         |
| <b>Total Other Operating Revenue</b>             |                   | <b>1,247</b>       | <b>36</b>           | <b>0</b>     | <b>6</b>     | <b>42</b>                 | <b>21</b>           | <b>1</b>     | <b>6</b>     | <b>28</b>                 |
| Unbilled Revenue                                 | 26                | 791                | 36                  | 0            | 6            | 42                        | 21                  | 1            | 6            | 28                        |
|  |                   | 0                  | 0                   | 0            | 0            | 0                         | 0                   | 0            | 0            | 0                         |
| <b>Total Operating Revenues</b>                  |                   | <b>108,336</b>     | <b>408</b>          | <b>4,960</b> | <b>224</b>   | <b>5,592</b>              | <b>29</b>           | <b>1,340</b> | <b>75</b>    | <b>1,444</b>              |
| <b>Operation &amp; Maintenance Expenses</b>      |                   |                    |                     |              |              |                           |                     |              |              |                           |
| Cost of Purchased Gas                            | Direct            | 79,840             | 352                 | 4,058        | 0            | 4,410                     | 8                   | 91           | 0            | 99                        |
| <b>Production Expense</b>                        |                   |                    |                     |              |              |                           |                     |              |              |                           |
| Production Expense                               | 39                | 284                | 19                  | 0            | 0            | 19                        | 0                   | 0            | 0            | 0                         |
| Other Gas Supply Expenses                        | 3                 | 125                | 0                   | 8            | 0            | 8                         | 0                   | 0            | 0            | 0                         |
| <b>Total Production Expense</b>                  |                   | <b>409</b>         | <b>19</b>           | <b>8</b>     | <b>0</b>     | <b>27</b>                 | <b>0</b>            | <b>0</b>     | <b>0</b>     | <b>0</b>                  |

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MONTANA-DAKOTA UTILITIES CO.  
 GAS UTILITY - NORTH DAKOTA  
 Embedded Class Cost of Service Study  
 Twelve Months Ended December 31, 2012  
 Projected 2014

|                                       | Allocation Factor | Total North Dakota | Small Interruptible |              |            | Total Small Interruptible | Large Interruptible |            |            | Total Large Interruptible |
|---------------------------------------|-------------------|--------------------|---------------------|--------------|------------|---------------------------|---------------------|------------|------------|---------------------------|
|                                       |                   |                    | Demand              | Energy       | Customer   |                           | Demand              | Energy     | Customer   |                           |
| Distribution Expenses                 |                   |                    |                     |              |            |                           |                     |            |            |                           |
| Operation                             |                   |                    |                     |              |            |                           |                     |            |            |                           |
| Load Dispatch                         | 1                 | 127                | 0                   | 12           | 0          | 12                        | 0                   | 28         | 0          | 28                        |
| Mains and Services                    | 22                | 2,148              | 126                 | 0            | 4          | 130                       | 66                  | 0          | 10         | 76                        |
| Measuring Stations - General          | 18                | 60                 | 5                   | 0            | 0          | 5                         | 8                   | 0          | 0          | 8                         |
| Measuring Stations - Industrial       | 21                | 44                 | 1                   | 0            | 0          | 1                         | 0                   | 0          | 22         | 22                        |
| Measuring Stations - City Gate        | 19                | 2                  | 0                   | 0            | 0          | 0                         | 0                   | 0          | 0          | 0                         |
| Meters & House Regulators             | 16                | 499                | 0                   | 0            | 13         | 13                        | 0                   | 0          | 2          | 2                         |
| Customer Installations                | 5                 | 783                | 0                   | 0            | 21         | 21                        | 0                   | 0          | 4          | 4                         |
| Other Gas Distribution                | 27                | 1,959              | 70                  | 6            | 20         | 96                        | 39                  | 15         | 20         | 74                        |
| Rents                                 | 27                | 98                 | 4                   | 0            | 1          | 5                         | 2                   | 1          | 1          | 4                         |
| Supervision & Engineering             | 27                | 1,311              | 47                  | 4            | 14         | 65                        | 26                  | 10         | 14         | 50                        |
| Direct -Minot AFB Distribution System | Direct            | 18                 | 0                   | 0            | 0          | 0                         | 0                   | 0          | 0          | 0                         |
| <b>Total Operation Expense</b>        |                   | <b>7,049</b>       | <b>253</b>          | <b>22</b>    | <b>73</b>  | <b>348</b>                | <b>141</b>          | <b>54</b>  | <b>73</b>  | <b>268</b>                |
| Maintenance                           |                   |                    |                     |              |            |                           |                     |            |            |                           |
| Structures & Improvements             | 13                | 4                  | 0                   | 0            | 0          | 0                         | 0                   | 0          | 0          | 0                         |
| Mains                                 | 13                | 136                | 12                  | 0            | 0          | 12                        | 6                   | 0          | 1          | 7                         |
| Measuring Stations - General          | 18                | 35                 | 3                   | 0            | 0          | 3                         | 4                   | 0          | 0          | 4                         |
| Measuring Stations - Industrial       | 21                | 23                 | 1                   | 0            | 0          | 1                         | 0                   | 0          | 11         | 11                        |
| Measuring Stations - City Gate        | 19                | 0                  | 0                   | 0            | 0          | 0                         | 0                   | 0          | 0          | 0                         |
| Services                              | 5                 | 197                | 0                   | 0            | 5          | 5                         | 0                   | 0          | 1          | 1                         |
| Meters & House Regulators             | 16                | 447                | 0                   | 0            | 12         | 12                        | 0                   | 0          | 2          | 2                         |
| Other Equipment                       | 28                | 91                 | 2                   | 0            | 2          | 4                         | 1                   | 0          | 2          | 3                         |
| Supervision & Engineering             | 28                | 155                | 3                   | 0            | 3          | 6                         | 2                   | 0          | 3          | 5                         |
| Direct -Minot AFB Distribution System | Direct            | 27                 | 0                   | 0            | 0          | 0                         | 0                   | 0          | 0          | 0                         |
| <b>Total Maintenance Expense</b>      |                   | <b>1,115</b>       | <b>21</b>           | <b>0</b>     | <b>22</b>  | <b>43</b>                 | <b>13</b>           | <b>0</b>   | <b>20</b>  | <b>33</b>                 |
| <b>Total Distribution Expenses</b>    |                   | <b>8,164</b>       | <b>274</b>          | <b>22</b>    | <b>95</b>  | <b>391</b>                | <b>154</b>          | <b>54</b>  | <b>93</b>  | <b>301</b>                |
| Customer Accounts                     |                   |                    |                     |              |            |                           |                     |            |            |                           |
| Meter Reading                         | 5                 | 310                | 0                   | 0            | 8          | 8                         | 0                   | 0          | 1          | 1                         |
| Customer Records & Collection         | 4                 | 1,536              | 0                   | 0            | 2          | 2                         | 0                   | 0          | 0          | 0                         |
| Uncollectible Accounts                | 6                 | 109                | 0                   | 0            | 0          | 0                         | 0                   | 0          | 0          | 0                         |
| Miscellaneous Customer Accounts       | 4                 | 229                | 0                   | 0            | 0          | 0                         | 0                   | 0          | 0          | 0                         |
| Customer Service & Information        | 4                 | 246                | 0                   | 0            | 0          | 0                         | 0                   | 0          | 0          | 0                         |
| Sales Expenses                        | 4                 | 127                | 0                   | 0            | 0          | 0                         | 0                   | 0          | 0          | 0                         |
| Administration & General Expenses     | 30                | 6,408              | 215                 | 17           | 75         | 307                       | 121                 | 42         | 73         | 236                       |
| <b>Total Gas O&amp;M Expenses</b>     |                   | <b>97,505</b>      | <b>860</b>          | <b>4,105</b> | <b>180</b> | <b>5,145</b>              | <b>283</b>          | <b>187</b> | <b>167</b> | <b>637</b>                |

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MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
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Twelve Months Ended December 31, 2012  
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|  | Allocation Factor | Total North Dakota | Small Interruptible |        |          | Total Small Interruptible | Large Interruptible |        |          | Total Large Interruptible |
|--|-------------------|--------------------|---------------------|--------|----------|---------------------------|---------------------|--------|----------|---------------------------|
|  |                   |                    | Demand              | Energy | Customer |                           | Demand              | Energy | Customer |                           |
| O&M Excl. Cost of Gas and A&G                |                   | 11,257             | 293                 | 30     | 105      | 428                       | 154                 | 54     | 94       | 302                       |
| O&M Excl. Cost of Gas                        |                   | 17,665             | 508                 | 47     | 180      | 735                       | 275                 | 96     | 167      | 538                       |
| Depreciation Expense                         |                   |                    |                     |        |          |                           |                     |        |          |                           |
| Production Plant                             | 39                | 161                | 11                  | 0      | 0        | 11                        | 0                   | 0      | 0        | 0                         |
| Distribution Plant                           |                   |                    |                     |        |          |                           |                     |        |          |                           |
| Rights of Way                                | 13                | 3                  | 0                   | 0      | 0        | 0                         | 0                   | 0      | 0        | 0                         |
| Structures & Improvements                    | 23                | 7                  | 0                   | 0      | 0        | 0                         | 2                   | 0      | 0        | 2                         |
| Mains  | 40                | 1,870              | 171                 | 0      | 1        | 172                       | 48                  | 0      | 0        | 48                        |
| Direct -Minot AFB Distribution System        | Direct            | 14                 | 0                   | 0      | 0        | 0                         | 0                   | 0      | 0        | 0                         |
| Meas. & Reg. Equip. - General                | 18                | 43                 | 4                   | 0      | 0        | 4                         | 5                   | 0      | 0        | 5                         |
| Meas. & Reg. Equip. - City Gate              | 19                | 304                | 27                  | 0      | 0        | 27                        | 14                  | 0      | 2        | 16                        |
| Services                                     | 17                | 2,448              | 0                   | 0      | 13       | 13                        | 0                   | 0      | 1        | 1                         |
| Direct -Minot AFB Distribution System        | Direct            | 5                  | 0                   | 0      | 0        | 0                         | 0                   | 0      | 0        | 0                         |
| Meters                                       | 5                 | 855                | 0                   | 0      | 23       | 23                        | 0                   | 0      | 4        | 4                         |
| Direct -Minot AFB Distribution System        | Direct            | 2                  | 0                   | 0      | 0        | 0                         | 0                   | 0      | 0        | 0                         |
| Service Regulators                           | 20                | 58                 | 0                   | 0      | 2        | 2                         | 0                   | 0      | 0        | 0                         |
| Ind. Meas. & Reg. Station Equipment          | 21                | 15                 | 0                   | 0      | 0        | 0                         | 0                   | 0      | 7        | 7                         |
| Cathodic Protection & Other Equipment        | 13                | 377                | 33                  | 0      | 0        | 33                        | 17                  | 0      | 3        | 20                        |
| Total Distribution Plant                     |                   | 6,001              | 235                 | 0      | 39       | 274                       | 86                  | 0      | 17       | 103                       |
| General Plant                                | 38                | 154                | 8                   | 0      | 1        | 9                         | 2                   | 0      | 0        | 2                         |
| Direct -Minot AFB Distribution System        | Direct            | 7                  | 0                   | 0      | 0        | 0                         | 0                   | 0      | 0        | 0                         |
| Amort. of Intangible Plant - General         | 15                | 112                | 6                   | 0      | 1        | 7                         | 3                   | 0      | 1        | 4                         |
| Common Plant                                 | 15                | 370                | 18                  | 0      | 2        | 20                        | 10                  | 0      | 2        | 12                        |
| Amort. of Intangible Plant - Common          | 15                | 615                | 30                  | 0      | 4        | 34                        | 16                  | 0      | 4        | 20                        |
| Acquisition Adjustment                       | 15                | 3                  | 0                   | 0      | 0        | 0                         | 0                   | 0      | 0        | 0                         |
| Total Depreciation Expense                   |                   | 7,423              | 308                 | 0      | 47       | 355                       | 117                 | 0      | 24       | 141                       |
| Taxes Other Than Income                      |                   |                    |                     |        |          |                           |                     |        |          |                           |
| Ad Valorem Taxes-Production                  | 39                | 127                | 9                   | 0      | 0        | 9                         | 0                   | 0      | 0        | 0                         |
| Ad Valorem Taxes-Other                       | 15                | 811                | 40                  | 0      | 5        | 45                        | 22                  | 0      | 5        | 27                        |
| Other Taxes - Payroll, Franchise, Other      | 31                | 754                | 22                  | 2      | 8        | 32                        | 12                  | 4      | 7        | 23                        |
| Other Taxes - Minot AFB Distribution- Direct | Direct            | 1                  | 0                   | 0      | 0        | 0                         | 0                   | 0      | 0        | 0                         |
| Other Taxes - Revenue                        | 26                | 1                  | 0                   | 0      | 0        | 0                         | 0                   | 0      | 0        | 0                         |
| Total Taxes Other Than Income Taxes          |                   | 1,694              | 71                  | 2      | 13       | 86                        | 34                  | 4      | 12       | 50                        |
| Total Operating Expense                      |                   | 106,622            | 1,239               | 4,107  | 240      | 5,586                     | 434                 | 191    | 203      | 828                       |
| Interest Expense                             | 36                | 2,173              | 111                 | 0      | 15       | 126                       | 69                  | 0      | 17       | 86                        |
| Direct -Minot AFB Distribution System        | Direct            | 28                 | 0                   | 0      | 0        | 0                         | 0                   | 0      | 0        | 0                         |
| Taxable Income                               |                   | (487)              | (942)               | 853    | (31)     | (120)                     | (474)               | 1,149  | (145)    | 530                       |

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Twelve Months Ended December 31, 2012**  
**Projected 2014**

| Allocation<br>Factor    | Total<br>North Dakota | Small Interruptible |        |          | Total<br>Small<br>Interruptible | Large Interruptible |        |          | Total<br>Large<br>Interruptible |       |
|-------------------------|-----------------------|---------------------|--------|----------|---------------------------------|---------------------|--------|----------|---------------------------------|-------|
|                         |                       | Demand              | Energy | Customer |                                 | Demand              | Energy | Customer |                                 |       |
| Income Taxes            | 37.9445%              | (185)               | (357)  | 324      | (12)                            | (45)                | (180)  | 436      | (55)                            | 201   |
| Full Normalization      | 24                    | (102)               | (5)    | 0        | (1)                             | (6)                 | (3)    | 0        | (1)                             | (4)   |
| Total Income Taxes      |                       | (287)               | (362)  | 324      | (13)                            | (51)                | (183)  | 436      | (56)                            | 197   |
| Total Operating Expense |                       | 106,335             | 877    | 4,431    | 227                             | 5,535               | 251    | 627      | 147                             | 1,025 |
| Operating Income:       |                       | 2,001               | (469)  | 529      | (3)                             | 57                  | (222)  | 713      | (72)                            | 419   |

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MONTANA-DAKOTA UTILITIES CO.  
 GAS UTILITY - NORTH DAKOTA  
 Embedded Class Cost of Service Study  
 Twelve Months Ended December 31, 2012  
 Projected 2014

|   | Allocation<br>Factor | Total<br>North Dakota | Minot Air Force Base Distribution |          |            | Total<br>Minot<br>Air Force |
|---|----------------------|-----------------------|-----------------------------------|----------|------------|-----------------------------|
|   |                      |                       | Demand                            | Energy   | Customer   |                             |
| <b>Rate Base-Projected</b>                      |                      |                       |                                   |          |            |                             |
| Gas Plant in Service                            |                      |                       |                                   |          |            |                             |
| Production Plant                                | 3                    | 4,833                 | 0                                 | 0        | 0          | 0                           |
| Land  | 13                   | 49                    | 0                                 | 0        | 0          | 0                           |
| Rights of Way                                   | 13                   | 239                   | 2                                 | 0        | 1          | 3                           |
| Structures & Improvements                       | 40                   | 180                   | 0                                 | 0        | 0          | 0                           |
| Direct  | Direct               | 77                    | 0                                 | 0        | 0          | 0                           |
| Mains - \$64,704-Directly Assigned \$2,499      |                      |                       |                                   |          |            |                             |
| Demand Related 75%                              | 2                    | 46,654                | 0                                 | 0        | 0          | 0                           |
| Customer Related 25%                            | 8                    | 15,551                | 0                                 | 0        | 0          | 0                           |
| Directly Assigned Demand Related 75%            | Direct               | 1,874                 | 514                               | 0        | 0          | 514                         |
| Directly Assigned Customer Related 25%          | Direct               | 625                   | 0                                 | 0        | 171        | 171                         |
| Meas. & Reg. Equip. - General                   | 40                   | 1,310                 | 0                                 | 0        | 0          | 0                           |
| Direct  | Direct               | 152                   | 0                                 | 0        | 0          | 0                           |
| Meas. & Reg. Equip. - City Gate                 | 13                   | 9,593                 | 76                                | 0        | 25         | 101                         |
| Direct  | Direct               | 0                     | 0                                 | 0        | 0          | 0                           |
| Services  | 37                   | 32,048                | 0                                 | 0        | 0          | 0                           |
| Direct  | Direct               | 121                   | 0                                 | 0        | 116        | 116                         |
| Meters  | 9                    | 24,708                | 0                                 | 0        | 0          | 0                           |
| Direct  | Direct               | 52                    | 0                                 | 0        | 52         | 52                          |
| Service Regulators                              | 9                    | 3,330                 | 0                                 | 0        | 0          | 0                           |
| Direct  | Direct               | 14                    | 0                                 | 0        | 14         | 14                          |
| Ind. Meas. & Reg. Station Equipment             | 40                   | 140                   | 0                                 | 0        | 0          | 0                           |
| Direct  | Direct               | 327                   | 0                                 | 0        | 0          | 0                           |
| Property on Customer Premise                    | 13                   | 115                   | 1                                 | 0        | 0          | 1                           |
| Cathodic Protection & Other Equipment           | 40                   | 1,115                 | 0                                 | 0        | 0          | 0                           |
| Direct  | Direct               | 2                     | 2                                 | 0        | 0          | 2                           |
| Distribution Plant                              |                      | 138,276               | 595                               | 0        | 379        | 974                         |
| Distribution Plant Excluding Direct Assignments |                      | 135,109               | 79                                | 0        | 26         | 105                         |
| General Plant                                   | 38                   | 8,954                 | 5                                 | 0        | 2          | 7                           |
| Direct  | Direct               | 399                   | 399                               | 0        | 0          | 399                         |
| Intangible Plant - General                      | 15                   | 3,705                 | 16                                | 0        | 10         | 26                          |
| Common Plant Excluding CC&B                     | 15                   | 15,175                | 65                                | 0        | 42         | 107                         |
| Common (CC&B)                                   | 4                    | 6,930                 | 0                                 | 0        | 0          | 0                           |
| Acquisition Adjustment                          | 15                   | 97                    | 0                                 | 0        | 0          | 0                           |
| <b>Total Gas Plant in Service</b>               |                      | <b>178,369</b>        | <b>1,080</b>                      | <b>0</b> | <b>433</b> | <b>1,513</b>                |

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Twelve Months Ended December 31, 2012  
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|  | Allocation<br>Factor | Total<br>North Dakota | Minot Air Force Base Distribution |        |          | Total<br>Minot<br>Air Force |
|--|----------------------|-----------------------|-----------------------------------|--------|----------|-----------------------------|
|  |                      |                       | Demand                            | Energy | Customer |                             |
| Less: Accumulated Depreciation                   |                      |                       |                                   |        |          |                             |
| Production Plant                                 | 39                   | 558                   | 0                                 | 0      | 0        | 0                           |
| Distribution Plant                               |                      |                       |                                   |        |          |                             |
| Rights of Way                                    | 13                   | 50                    | 0                                 | 0      | 0        | 0                           |
| Structures & Improvements                        | 23                   | 164                   | 0                                 | 0      | 0        | 0                           |
| Mains  | 40                   | 30,407                | 0                                 | 0      | 0        | 0                           |
| Direct   | Direct               | 13                    | 13                                | 0      | 0        | 13                          |
| Meas. & Reg. Equip. - General                    | 18                   | 509                   | 0                                 | 0      | 0        | 0                           |
| Meas. & Reg. Equip. - City Gate                  | 19                   | 485                   | 4                                 | 0      | 1        | 5                           |
| Services   | 37                   | 24,872                | 0                                 | 0      | 0        | 0                           |
| Direct   | Direct               | 16                    | 16                                | 0      | 0        | 16                          |
| Meters   | 5                    | 8,437                 | 0                                 | 0      | 0        | 0                           |
| Direct   | Direct               | 6                     | 0                                 | 0      | 6        | 6                           |
| Service Regulators                               | 9                    | 1,198                 | 0                                 | 0      | 0        | 0                           |
| Direct   | Direct               | 1                     | 0                                 | 0      | 1        | 1                           |
| Ind. Meas. & Reg. Station Equipment              | 21                   | 254                   | 0                                 | 0      | 0        | 0                           |
| Property on Customer Premise                     | 13                   | 125                   | 1                                 | 0      | 0        | 1                           |
| Cathodic Protection & Other Equipment            | 13                   | 1,092                 | 9                                 | 0      | 3        | 12                          |
| Distribution Plant                               |                      | 67,629                | 43                                | 0      | 11       | 54                          |
| General Plant                                    | 38                   | 2,542                 | 1                                 | 0      | 0        | 1                           |
| Direct   | Direct               | 117                   | 117                               | 0      | 0        | 117                         |
| Intangible Plant - General                       | 15                   | 594                   | 3                                 | 0      | 2        | 5                           |
| Common Plant                                     | 15                   | 3,739                 | 16                                | 0      | 10       | 26                          |
| Intangible Plant - Common                        | 15                   | 3,073                 | 13                                | 0      | 8        | 21                          |
| Intangible Plant - Common-CC&B                   | 4                    | 460                   | 0                                 | 0      | 0        | 0                           |
| Acquisition Adjustment                           | 15                   | 60                    | 0                                 | 0      | 0        | 0                           |
| Less: Total Accumulated Reserve for Depreciation |                      | 78,772                | 193                               | 0      | 31       | 224                         |
| Net Gas Plant in Service                         |                      | 99,597                | 887                               | 0      | 402      | 1,289                       |
| CWIP in Service                                  | 15                   | 0                     | 0                                 | 0      | 0        | 0                           |
| Total Gas Plant in Service                       |                      | 99,597                | 887                               | 0      | 402      | 1,289                       |
| Additions  |                      |                       |                                   |        |          |                             |
| Materials & Supplies                             | 15                   | 2,260                 | 10                                | 0      | 6        | 16                          |
| Fuel Stocks                                      | 10                   | 35                    | 0                                 | 0      | 0        | 0                           |
| Prepayments                                      | 25                   | 193                   | 1                                 | 0      | 0        | 1                           |
| Unamortized Loss on Debt                         | 24                   | 629                   | 6                                 | 0      | 3        | 9                           |
| Gain on Sale of Williston Office                 | 24                   | (282)                 | (3)                               | 0      | (1)      | (4)                         |
| Total Additions                                  |                      | 2,835                 | 14                                | 0      | 8        | 22                          |
| Total Before Deductions                          |                      | 102,432               | 901                               | 0      | 410      | 1,311                       |

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|                                       | Allocation Factor | Total North Dakota | Minot Air Force Base Distribution |        |          | Total Minot Air Force |
|---------------------------------------|-------------------|--------------------|-----------------------------------|--------|----------|-----------------------|
|                                       |                   |                    | Demand                            | Energy | Customer |                       |
| <b>Deductions</b>                     |                   |                    |                                   |        |          |                       |
| Accumulated Deferred Income Tax       | 24                | (16,608)           | (148)                             | 0      | (67)     | (215)                 |
| Accumulated Investment Tax Credit     | 24                | 0                  | 0                                 | 0      | 0        | 0                     |
| Customer Advances For Construction    | Direct            | (6,580)            | 0                                 | 0      | 0        | 0                     |
| Total Deductions                      |                   | (23,188)           | (148)                             | 0      | (67)     | (215)                 |
| Total Rate Base                       |                   | 79,244             | 753                               | 0      | 343      | 1,096                 |
| <b>Income Statement</b>               |                   |                    |                                   |        |          |                       |
| <b>Gas Operating Revenues</b>         |                   |                    |                                   |        |          |                       |
| Retail Sales & Transportation         |                   |                    |                                   |        |          |                       |
| Residential                           | Direct            | 57,715             | 0                                 | 0      | 0        | 0                     |
| Firm General                          | Direct            | 40,103             | 0                                 | 0      | 0        | 0                     |
| Air Force Delivery                    | Direct            | 2,305              | 0                                 | 0      | 0        | 0                     |
| Small Interruptible                   | Direct            | 5,550              | 0                                 | 0      | 0        | 0                     |
| Large Interruptible                   | Direct            | 1,416              | 0                                 | 0      | 0        | 0                     |
| Total Sales & Transportation Revenues |                   | 107,089            | 0                                 | 0      | 0        | 0                     |
| Other Operating Revenue               |                   |                    |                                   |        |          |                       |
| Miscellaneous                         |                   |                    |                                   |        |          |                       |
| Reconnect Fees                        | 6                 | 1                  | 0                                 | 0      | 0        | 0                     |
| Minot Maintenance Fee Rate 65         | Direct            | 456                | 0                                 | 0      | 456      | 456                   |
| NSF Check Fees & Other                | 6                 | 16                 | 0                                 | 0      | 0        | 0                     |
| Miscellaneous                         | 24                | 11                 | 0                                 | 0      | 0        | 0                     |
| Rent From Gas Property                | 24                | 567                | 5                                 | 0      | 2        | 7                     |
| Other Gas Revenues                    |                   |                    |                                   |        |          |                       |
| Miscellaneous                         | 31                | 185                | 2                                 | 0      | 0        | 2                     |
| Transport and Penalty Revenue - Net   | 24                | 11                 | 0                                 | 0      | 0        | 0                     |
| Total Other Operating Revenue         |                   | 1,247              | 7                                 | 0      | 458      | 465                   |
| Unbilled Revenue                      | 26                | 791                | 7                                 | 0      | 2        | 9                     |
|                                       |                   | 0                  | 0                                 | 0      | 0        | 0                     |
| Total Operating Revenues              |                   | 108,336            | 7                                 | 0      | 458      | 465                   |
| Operation & Maintenance Expenses      |                   |                    |                                   |        |          |                       |
| Cost of Purchased Gas                 | Direct            | 79,840             | 0                                 | 0      | 0        | 0                     |
| Production Expense                    |                   |                    |                                   |        |          |                       |
| Production Expense                    | 39                | 284                | 0                                 | 0      | 0        | 0                     |
| Other Gas Supply Expenses             | 3                 | 125                | 0                                 | 0      | 0        | 0                     |
| Total Production Expense              |                   | 409                | 0                                 | 0      | 0        | 0                     |

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|                                       | Allocation<br>Factor | Total<br>North Dakota | Minot Air Force Base Distribution |          |           | Total<br>Minot<br>Air Force |
|---------------------------------------|----------------------|-----------------------|-----------------------------------|----------|-----------|-----------------------------|
|                                       |                      |                       | Demand                            | Energy   | Customer  |                             |
| Distribution Expenses                 |                      |                       |                                   |          |           |                             |
| Operation                             |                      |                       |                                   |          |           |                             |
| Load Dispatch                         | 1                    | 127                   | 0                                 | 0        | 0         | 0                           |
| Mains and Services                    | 22                   | 2,148                 | 11                                | 0        | 6         | 17                          |
| Measuring Stations - General          | 18                   | 60                    | 0                                 | 0        | 0         | 0                           |
| Measuring Stations - Industrial       | 21                   | 44                    | 0                                 | 0        | 0         | 0                           |
| Measuring Stations - City Gate        | 19                   | 2                     | 0                                 | 0        | 0         | 0                           |
| Meters & House Regulators             | 16                   | 499                   | 0                                 | 0        | 1         | 1                           |
| Customer Installations                | 5                    | 783                   | 0                                 | 0        | 0         | 0                           |
| Other Gas Distribution                | 27                   | 1,959                 | 15                                | 0        | 4         | 19                          |
| Rents                                 | 27                   | 98                    | 1                                 | 0        | 0         | 1                           |
| Supervision & Engineering             | 27                   | 1,311                 | 10                                | 0        | 2         | 12                          |
| Direct -Minot AFB Distribution System | Direct               | 18                    | 18                                | 0        | 0         | 18                          |
| <b>Total Operation Expense</b>        |                      | <b>7,049</b>          | <b>55</b>                         | <b>0</b> | <b>13</b> | <b>68</b>                   |
| Maintenance                           |                      |                       |                                   |          |           |                             |
| Structures & Improvements             | 13                   | 4                     | 0                                 | 0        | 0         | 0                           |
| Mains                                 | 13                   | 136                   | 1                                 | 0        | 0         | 1                           |
| Measuring Stations - General          | 18                   | 35                    | 0                                 | 0        | 0         | 0                           |
| Measuring Stations - Industrial       | 21                   | 23                    | 0                                 | 0        | 0         | 0                           |
| Measuring Stations - City Gate        | 19                   | 0                     | 0                                 | 0        | 0         | 0                           |
| Services                              | 5                    | 197                   | 0                                 | 0        | 0         | 0                           |
| Meters & House Regulators             | 16                   | 447                   | 0                                 | 0        | 1         | 1                           |
| Other Equipment                       | 28                   | 91                    | 3                                 | 0        | 0         | 3                           |
| Supervision & Engineering             | 28                   | 155                   | 5                                 | 0        | 0         | 5                           |
| Direct -Minot AFB Distribution System | Direct               | 27                    | 27                                | 0        | 0         | 27                          |
| <b>Total Maintenance Expense</b>      |                      | <b>1,115</b>          | <b>36</b>                         | <b>0</b> | <b>1</b>  | <b>37</b>                   |
| <b>Total Distribution Expenses</b>    |                      | <b>8,164</b>          | <b>91</b>                         | <b>0</b> | <b>14</b> | <b>105</b>                  |
| Customer Accounts                     | 4                    | 127                   | 0                                 | 0        | 0         | 0                           |
| Meter Reading                         | 5                    | 310                   | 0                                 | 0        | 0         | 0                           |
| Customer Records & Collection         | 4                    | 1,536                 | 0                                 | 0        | 0         | 0                           |
| Uncollectible Accounts                | 6                    | 109                   | 0                                 | 0        | 0         | 0                           |
| Miscellaneous Customer Accounts       | 4                    | 229                   | 0                                 | 0        | 0         | 0                           |
| Customer Service & Information        | 4                    | 246                   | 0                                 | 0        | 0         | 0                           |
| Sales Expenses                        | 4                    | 127                   | 0                                 | 0        | 0         | 0                           |
| Administration & General Expenses     | 30                   | 6,408                 | 71                                | 0        | 11        | 82                          |
| <b>Total Gas O&amp;M Expenses</b>     |                      | <b>97,505</b>         | <b>162</b>                        | <b>0</b> | <b>25</b> | <b>187</b>                  |

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|  | Allocation<br>Factor | Total<br>North Dakota | Minot Air Force Base Distribution |        |          | Total<br>Minot<br>Air Force |
|--|----------------------|-----------------------|-----------------------------------|--------|----------|-----------------------------|
|  |                      |                       | Demand                            | Energy | Customer |                             |
| O&M Excl. Cost of Gas and A&G                |                      | 11,257                | 91                                | 0      | 14       | 105                         |
| O&M Excl. Cost of Gas                        |                      | 17,665                | 162                               | 0      | 25       | 187                         |
| Depreciation Expense                         |                      |                       |                                   |        |          |                             |
| Production Plant                             | 39                   | 161                   | 0                                 | 0      | 0        | 0                           |
| Distribution Plant                           |                      |                       |                                   |        |          |                             |
| Rights of Way                                | 13                   | 3                     | 0                                 | 0      | 0        | 0                           |
| Structures & Improvements                    | 23                   | 7                     | 0                                 | 0      | 0        | 0                           |
| Mains  | 40                   | 1,870                 | 0                                 | 0      | 0        | 0                           |
| Direct -Minot AFB Distribution System        | Direct               | 14                    | 14                                | 0      | 0        | 14                          |
| Meas. & Reg. Equip. - General                | 18                   | 43                    | 0                                 | 0      | 0        | 0                           |
| Meas. & Reg. Equip. - City Gate              | 19                   | 304                   | 2                                 | 0      | 1        | 3                           |
| Services                                     | 17                   | 2,448                 | 0                                 | 0      | 0        | 0                           |
| Direct -Minot AFB Distribution System        | Direct               | 5                     | 5                                 | 0      | 0        | 5                           |
| Meters                                       | 5                    | 855                   | 0                                 | 0      | 0        | 0                           |
| Direct -Minot AFB Distribution System        | Direct               | 2                     | 2                                 | 0      | 0        | 2                           |
| Service Regulators                           | 20                   | 58                    | 0                                 | 0      | 0        | 0                           |
| Ind. Meas. & Reg. Station Equipment          | 21                   | 15                    | 0                                 | 0      | 0        | 0                           |
| Cathodic Protection & Other Equipment        | 13                   | 377                   | 3                                 | 0      | 1        | 4                           |
| Total Distribution Plant                     |                      | 6,001                 | 26                                | 0      | 2        | 28                          |
| General Plant                                | 38                   | 154                   | 0                                 | 0      | 0        | 0                           |
| Direct -Minot AFB Distribution System        | Direct               | 7                     | 7                                 | 0      | 0        | 7                           |
| Amort. of Intangible Plant - General         | 15                   | 112                   | 0                                 | 0      | 0        | 0                           |
| Common Plant                                 | 15                   | 370                   | 2                                 | 0      | 1        | 3                           |
| Amort. of Intangible Plant - Common          | 15                   | 615                   | 3                                 | 0      | 2        | 5                           |
| Acquisition Adjustment                       | 15                   | 3                     | 0                                 | 0      | 0        | 0                           |
| Total Depreciation Expense                   |                      | 7,423                 | 38                                | 0      | 5        | 43                          |
| Taxes Other Than Income                      |                      |                       |                                   |        |          |                             |
| Ad Valorem Taxes-Production                  | 39                   | 127                   | 0                                 | 0      | 0        | 0                           |
| Ad Valorem Taxes-Other                       | 15                   | 811                   | 3                                 | 0      | 2        | 5                           |
| Other Taxes - Payroll, Franchise, Other      | 31                   | 754                   | 7                                 | 0      | 1        | 8                           |
| Other Taxes - Minot AFB Distribution- Direct | Direct               | 1                     | 1                                 | 0      | 0        | 1                           |
| Other Taxes - Revenue                        | 26                   | 1                     | 0                                 | 0      | 0        | 0                           |
| Total Taxes Other Than Income Taxes          |                      | 1,694                 | 11                                | 0      | 3        | 14                          |
| Total Operating Expense                      |                      | 106,622               | 211                               | 0      | 33       | 244                         |
| Interest Expense                             | 36                   | 2,173                 | 0                                 | 0      | 0        | 0                           |
| Direct -Minot AFB Distribution System        | Direct               | 28                    | 28                                | 0      | 0        | 28                          |
| Taxable Income                               |                      | (487)                 | (232)                             | 0      | 425      | 193                         |

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**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Twelve Months Ended December 31, 2012**  
**Projected 2014**

| Allocation<br>Factor    | Total<br>North Dakota | Minot Air Force Base Distribution |        |          | Total<br>Minot<br>Air Force |     |
|-------------------------|-----------------------|-----------------------------------|--------|----------|-----------------------------|-----|
|                         |                       | Demand                            | Energy | Customer |                             |     |
| Income Taxes            | 37.9445%              | (185)                             | (88)   | 0        | 161                         | 73  |
| Full Normalization      | 24                    | (102)                             | (1)    | 0        | 0                           | (1) |
| Total Income Taxes      |                       | (287)                             | (89)   | 0        | 161                         | 72  |
| Total Operating Expense |                       | 106,335                           | 122    | 0        | 194                         | 316 |
| Operating Income:       |                       | 2,001                             | (115)  | 0        | 264                         | 149 |

MONTANA-DAKOTA UTILITIES CO.  
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 EMBEDDED CLASS COST OF SERVICE STUDY  
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 TWELVE MONTHS ENDED DECEMBER 31, 2012  
 PROJECTED AVERAGE PLANT

|   | Total<br>North Dakota     | Residential          |                         |                      | Small Firm General   |                         |                     |
|---|---------------------------|----------------------|-------------------------|----------------------|----------------------|-------------------------|---------------------|
|   |                           | Demand               | Energy                  | Customer             | Demand               | Energy                  | Customer            |
| 1 Dk Throughput Projected   | 22,261,875<br>100.000000% | 0<br>0.000000%       | 8,285,778<br>37.219588% | 0<br>0.000000%       | 0<br>0.000000%       | 1,787,104<br>8.027644%  | 0<br>0.000000%      |
| 2 Peak Design Day @ Distribution  | 179,018<br>100.000000%    | 86,716<br>48.439822% | 0<br>0.000000%          | 0<br>0.000000%       | 20,668<br>11.545208% | 0<br>0.000000%          | 0<br>0.000000%      |
| 3 Dk Sales Projected  | 16,400,769<br>100.000000% | 0<br>0.000000%       | 8,285,778<br>50.520669% | 0<br>0.000000%       | 0<br>0.000000%       | 1,787,104<br>10.896465% | 0<br>0.000000%      |
| 4 Average Customers   | 103,505<br>100.000000%    | 0<br>0.000000%       | 0<br>0.000000%          | 89,713<br>86.675040% | 0<br>0.000000%       | 0<br>0.000000%          | 9,769<br>9.438191%  |
| 5 Total Weighted Customers  | 134,936<br>100.000000%    | 0<br>0.000000%       | 0<br>0.000000%          | 89,713<br>66.485593% | 0<br>0.000000%       | 0<br>0.000000%          | 10,746<br>7.963775% |
| 6 Average Res. & Firm General Cust.                                       | 103,344<br>100.000000%    | 0<br>0.000000%       | 0<br>0.000000%          | 89,713<br>86.810071% | 0<br>0.000000%       | 0<br>0.000000%          | 9,769<br>9.452895%  |
| 7 Dk Throughput Excl Transmission   | 17,711,158<br>100.000000% | 0<br>0.000000%       | 8,285,778<br>46.782813% | 0<br>0.000000%       | 0<br>0.000000%       | 1,787,104<br>10.090272% | 0<br>0.000000%      |
| 8 Average Customers @ Distribution  | 103,500<br>100.000000%    | 0<br>0.000000%       | 0<br>0.000000%          | 89,713<br>86.679227% | 0<br>0.000000%       | 0<br>0.000000%          | 9,769<br>9.438647%  |
| 9 Total Weighted Customers Excluding<br>Large IT - Transmission Customers | 134,778<br>100.000000%    | 0<br>0.000000%       | 0<br>0.000000%          | 89,713<br>66.563534% | 0<br>0.000000%       | 0<br>0.000000%          | 10,746<br>7.973111% |
| 10 Residential & Firm General Propane Sales                               | 44,348<br>100.000000%     | 0<br>0.000000%       | 18,037<br>40.671507%    | 0<br>0.000000%       | 0<br>0.000000%       | 10,755<br>24.251376%    | 0<br>0.000000%      |
| 13 Distribution Mains (000's)   | 64,704<br>100.000000%     | 22,599<br>34.926743% | 0<br>0.000000%          | 13,479<br>20.831789% | 5,386<br>8.324060%   | 0<br>0.000000%          | 1,468<br>2.268793%  |
| 15 Distribution Plant (000's)   | 138,276<br>100.000000%    | 27,089<br>19.590529% | 0<br>0.000000%          | 60,584<br>43.813821% | 6,457<br>4.669646%   | 0<br>0.000000%          | 8,007<br>5.790593%  |
| 16 Meters & Regulators (000's)  | 28,104<br>100.000000%     | 0<br>0.000000%       | 0<br>0.000000%          | 18,662<br>66.403358% | 0<br>0.000000%       | 0<br>0.000000%          | 2,236<br>7.956163%  |

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MONTANA-DAKOTA UTILITIES CO.  
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 TWELVE MONTHS ENDED DECEMBER 31, 2012  
 PROJECTED AVERAGE PLANT

|   | Total<br>North Dakota     | Large Firm General   |                         |                      | Air Force Delivery |                      |                  |
|---|---------------------------|----------------------|-------------------------|----------------------|--------------------|----------------------|------------------|
|   |                           | Demand               | Energy                  | Customer             | Demand             | Energy               | Customer         |
| 1 Dk Throughput Projected   | 22,261,875<br>100.000000% | 0<br>0.000000%       | 4,642,827<br>20.855507% | 0<br>0.000000%       | 0<br>0.000000%     | 552,500<br>2.481821% | 0<br>0.000000%   |
| 2 Peak Design Day @ Distribution  | 179,018<br>100.000000%    | 43,626<br>24.369616% | 0<br>0.000000%          | 0<br>0.000000%       | 0<br>0.000000%     | 0<br>0.000000%       | 0<br>0.000000%   |
| 3 Dk Sales Projected  | 16,400,769<br>100.000000% | 0<br>0.000000%       | 4,642,827<br>28.308593% | 0<br>0.000000%       | 0<br>0.000000%     | 552,500<br>3.368744% | 0<br>0.000000%   |
| 4 Average Customers   | 103,505<br>100.000000%    | 0<br>0.000000%       | 0<br>0.000000%          | 3,862<br>3.731221%   | 0<br>0.000000%     | 0<br>0.000000%       | 3<br>0.002898%   |
| 5 Total Weighted Customers  | 134,936<br>100.000000%    | 0<br>0.000000%       | 0<br>0.000000%          | 30,124<br>22.324658% | 0<br>0.000000%     | 0<br>0.000000%       | 172<br>0.127468% |
| 6 Average Res. & Firm General Cust.                                       | 103,344<br>100.000000%    | 0<br>0.000000%       | 0<br>0.000000%          | 3,862<br>3.737034%   | 0<br>0.000000%     | 0<br>0.000000%       | 0<br>0.000000%   |
| 7 Dk Throughput Excl Transmission   | 17,711,158<br>100.000000% | 0<br>0.000000%       | 4,642,827<br>26.214136% | 0<br>0.000000%       | 0<br>0.000000%     | 0<br>0.000000%       | 0<br>0.000000%   |
| 8 Average Customers @ Distribution  | 103,500<br>100.000000%    | 0<br>0.000000%       | 0<br>0.000000%          | 3,862<br>3.731401%   | 0<br>0.000000%     | 0<br>0.000000%       | 0<br>0.000000%   |
| 9 Total Weighted Customers Excluding<br>Large IT - Transmission Customers | 134,778<br>100.000000%    | 0<br>0.000000%       | 0<br>0.000000%          | 30,124<br>22.350829% | 0<br>0.000000%     | 0<br>0.000000%       | 172<br>0.127617% |
| 10 Residential & Firm General Propane Sales                               | 44,348<br>100.000000%     | 0<br>0.000000%       | 15,556<br>35.077117%    | 0<br>0.000000%       | 0<br>0.000000%     | 0<br>0.000000%       | 0<br>0.000000%   |
| 13 Distribution Mains (000's)   | 64,704<br>100.000000%     | 11,369<br>17.570784% | 0<br>0.000000%          | 580<br>0.896390%     | 0<br>0.000000%     | 0<br>0.000000%       | 0<br>0.000000%   |
| 15 Distribution Plant (000's)   | 138,276<br>100.000000%    | 13,628<br>9.855651%  | 0<br>0.000000%          | 9,056<br>6.549220%   | 22<br>0.015910%    | 0<br>0.000000%       | 130<br>0.094015% |
| 16 Meters & Regulators (000's)  | 28,104<br>100.000000%     | 0<br>0.000000%       | 0<br>0.000000%          | 6,266<br>22.295759%  | 0<br>0.000000%     | 0<br>0.000000%       | 36<br>0.128096%  |

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

|   | Total<br>North Dakota     | Small Interruptible  |                         |                    | Large Interruptible |                         |                  |
|---|---------------------------|----------------------|-------------------------|--------------------|---------------------|-------------------------|------------------|
|   |                           | Demand               | Energy                  | Customer           | Demand              | Energy                  | Customer         |
| 1 Dk Throughput Projected   | 22,261,875<br>100.000000% | 0<br>0.000000%       | 2,158,468<br>9.695805%  | 0<br>0.000000%     | 0<br>0.000000%      | 4,835,198<br>21.719635% | 0<br>0.000000%   |
| 2 Peak Design Day @ Distribution  | 179,018<br>100.000000%    | 21,866<br>12.214414% | 0<br>0.000000%          | 0<br>0.000000%     | 6,142<br>3.430940%  | 0<br>0.000000%          | 0<br>0.000000%   |
| 3 Dk Sales Projected  | 16,400,769<br>100.000000% | 0<br>0.000000%       | 1,107,934<br>6.755378%  | 0<br>0.000000%     | 0<br>0.000000%      | 24,626<br>0.150151%     | 0<br>0.000000%   |
| 4 Average Customers   | 103,505<br>100.000000%    | 0<br>0.000000%       | 0<br>0.000000%          | 150<br>0.144921%   | 0<br>0.000000%      | 0<br>0.000000%          | 8<br>0.007729%   |
| 5 Total Weighted Customers  | 134,936<br>100.000000%    | 0<br>0.000000%       | 0<br>0.000000%          | 3,554<br>2.633841% | 0<br>0.000000%      | 0<br>0.000000%          | 627<br>0.464665% |
| 6 Average Res. & Firm General Cust.                                       | 103,344<br>100.000000%    | 0<br>0.000000%       | 0<br>0.000000%          | 0<br>0.000000%     | 0<br>0.000000%      | 0<br>0.000000%          | 0<br>0.000000%   |
| 7 Dk Throughput Excl Transmission   | 17,711,158<br>100.000000% | 0<br>0.000000%       | 2,158,468<br>12.187052% | 0<br>0.000000%     | 0<br>0.000000%      | 836,981<br>4.725727%    | 0<br>0.000000%   |
| 8 Average Customers @ Distribution  | 103,500<br>100.000000%    | 0<br>0.000000%       | 0<br>0.000000%          | 150<br>0.144928%   | 0<br>0.000000%      | 0<br>0.000000%          | 6<br>0.005797%   |
| 9 Total Weighted Customers Excluding<br>Large IT - Transmission Customers | 134,778<br>100.000000%    | 0<br>0.000000%       | 0<br>0.000000%          | 3,554<br>2.636929% | 0<br>0.000000%      | 0<br>0.000000%          | 469<br>0.347980% |
| 10 Residential & Firm General Propane Sales                               | 44,348<br>100.000000%     | 0<br>0.000000%       | 0<br>0.000000%          | 0<br>0.000000%     | 0<br>0.000000%      | 0<br>0.000000%          | 0<br>0.000000%   |
| 13 Distribution Mains (000's)   | 64,704<br>100.000000%     | 5,699<br>8.807802%   | 0<br>0.000000%          | 23<br>0.035546%    | 2,961<br>4.576224%  | 0<br>0.000000%          | 455<br>0.703202% |
| 15 Distribution Plant (000's)   | 138,276<br>100.000000%    | 6,830<br>4.939397%   | 0<br>0.000000%          | 934<br>0.675461%   | 3,697<br>2.673638%  | 0<br>0.000000%          | 868<br>0.627730% |
| 16 Meters & Regulators (000's)  | 28,104<br>100.000000%     | 0<br>0.000000%       | 0<br>0.000000%          | 740<br>2.633077%   | 0<br>0.000000%      | 0<br>0.000000%          | 98<br>0.348705%  |

MONTANA-DAKOTA UTILITIES CO.  
 GAS UTILITY - NORTH DAKOTA  
 EMBEDDED CLASS COST OF SERVICE STUDY  
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 TWELVE MONTHS ENDED DECEMBER 31, 2012  
 PROJECTED AVERAGE PLANT

|   | Total<br>North Dakota     | Minot Air Force Base Distribution |                |                  |
|---|---------------------------|-----------------------------------|----------------|------------------|
|   |                           | Demand                            | Energy         | Customer         |
| 1 Dk Throughput Projected   | 22,261,875<br>100.000000% | 0<br>0.000000%                    | 0<br>0.000000% | 0<br>0.000000%   |
| 2 Peak Design Day @ Distribution  | 179,018<br>100.000000%    | 0<br>0.000000%                    | 0<br>0.000000% | 0<br>0.000000%   |
| 3 Dk Sales Projected  | 16,400,769<br>100.000000% | 0<br>0.000000%                    | 0<br>0.000000% | 0<br>0.000000%   |
| 4 Average Customers   | 103,505<br>100.000000%    | 0<br>0.000000%                    | 0<br>0.000000% | 0<br>0.000000%   |
| 5 Total Weighted Customers  | 134,936<br>100.000000%    | 0<br>0.000000%                    | 0<br>0.000000% | 0<br>0.000000%   |
| 6 Average Res. & Firm General Cust.                                       | 103,344<br>100.000000%    | 0<br>0.000000%                    | 0<br>0.000000% | 0<br>0.000000%   |
| 7 Dk Throughput Excl Transmission   | 17,711,158<br>100.000000% | 0<br>0.000000%                    | 0<br>0.000000% | 0<br>0.000000%   |
| 8 Average Customers @ Distribution  | 103,500<br>100.000000%    | 0<br>0.000000%                    | 0<br>0.000000% | 0<br>0.000000%   |
| 9 Total Weighted Customers Excluding<br>Large IT - Transmission Customers | 134,778<br>100.000000%    | 0<br>0.000000%                    | 0<br>0.000000% | 0<br>0.000000%   |
| 10 Residential & Firm General Propane Sales                               | 44,348<br>100.000000%     | 0<br>0.000000%                    | 0<br>0.000000% | 0<br>0.000000%   |
| 13 Distribution Mains (000's)   | 64,704<br>100.000000%     | 514<br>0.794387%                  | 0<br>0.000000% | 171<br>0.264280% |
| 15 Distribution Plant (000's)   | 138,276<br>100.000000%    | 595<br>0.430299%                  | 0<br>0.000000% | 379<br>0.274090% |
| 16 Meters & Regulators (000's)  | 28,104<br>100.000000%     | 0<br>0.000000%                    | 0<br>0.000000% | 66<br>0.234842%  |

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|   | Total<br>North Dakota  | Residential          |                      |                      | Small Firm General |                    |                      |
|---|------------------------|----------------------|----------------------|----------------------|--------------------|--------------------|----------------------|
|   |                        | Demand               | Energy               | Customer             | Demand             | Energy             | Customer             |
| 17 Weighted Services                        | 111,605<br>100.000000% | 0<br>0.000000%       | 0<br>0.000000%       | 89,713<br>80.384391% | 0<br>0.000000%     | 0<br>0.000000%     | 13,970<br>12.517360% |
| 18 Meas. & Reg. Sta. Eqpt.- General (000's) | 1,462<br>100.000000%   | 477<br>32.626540%    | 0<br>0.000000%       | 284<br>19.425445%    | 113<br>7.729138%   | 0<br>0.000000%     | 31<br>2.120383%      |
| 19 Meas. & Reg. Eqpt.- City Gate (000's)    | 9,593<br>100.000000%   | 3,351<br>34.931721%  | 0<br>0.000000%       | 1,998<br>20.827687%  | 799<br>8.328990%   | 0<br>0.000000%     | 218<br>2.272490%     |
| 20 Service Regulators (000's)               | 3,344<br>100.000000%   | 0<br>0.000000%       | 0<br>0.000000%       | 2,216<br>66.267943%  | 0<br>0.000000%     | 0<br>0.000000%     | 266<br>7.954545%     |
| 21 Ind. Meas. & Reg. Sta. Eqpt. (000's)     | 467<br>100.000000%     | 51<br>10.920770%     | 0<br>0.000000%       | 30<br>6.423983%      | 12<br>2.569593%    | 0<br>0.000000%     | 3<br>0.642398%       |
| 22 Mains & Services (000's)                 | 96,873<br>100.000000%  | 22,599<br>23.328482% | 0<br>0.000000%       | 39,244<br>40.510772% | 5,386<br>5.559857% | 0<br>0.000000%     | 5,480<br>5.656891%   |
| 23 Structures and Improvements              | 257<br>100.000000%     | 65<br>25.291829%     | 0<br>0.000000%       | 39<br>15.175097%     | 16<br>6.225681%    | 0<br>0.000000%     | 4<br>1.556420%       |
| 24 Net Gas Plant in Service (000's)         | 99,597<br>100.000000%  | 20,895<br>20.979548% | 0<br>0.000000%       | 40,615<br>40.779340% | 4,933<br>4.952960% | 0<br>0.000000%     | 5,010<br>5.030272%   |
| 25 Total Gas Plant in Service (000's)       | 178,369<br>100.000000% | 35,045<br>19.647472% | 0<br>0.000000%       | 78,918<br>44.244237% | 8,299<br>4.652714% | 0<br>0.000000%     | 10,292<br>5.770061%  |
| 26 Projected Operating Revenue (000's)      | 107,089<br>100.000000% | 9,690<br>9.048548%   | 38,231<br>35.700213% | 9,794<br>9.145664%   | 2,401<br>2.242060% | 7,544<br>7.044608% | 1,854<br>1.731270%   |
| 27 All Other Dist. Operation Exp. (000's)   | 3,681<br>100.000000%   | 530<br>14.398261%    | 48<br>1.303993%      | 1,736<br>47.161100%  | 125<br>3.395816%   | 10<br>0.271665%    | 225<br>6.112469%     |
| 28 All Other Dist. Maintenance Exp. (000's) | 869<br>100.000000%     | 65<br>7.479862%      | 0<br>0.000000%       | 463<br>53.279630%    | 15<br>1.726122%    | 0<br>0.000000%     | 56<br>6.444189%      |
| 29 O&M Excl. Cost of Gas and A&G (000's)    | 11,257<br>100.000000%  | 1,243<br>11.042018%  | 156<br>1.385804%     | 6,182<br>54.916940%  | 291<br>2.585058%   | 33<br>0.293151%    | 752<br>6.680288%     |

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|   | Total<br>North Dakota  | Large Firm General   |                      |                     | Air Force Delivery |                    |                  |
|---|------------------------|----------------------|----------------------|---------------------|--------------------|--------------------|------------------|
|   |                        | Demand               | Energy               | Customer            | Demand             | Energy             | Customer         |
| 17 Weighted Services                        | 111,605<br>100.000000% | 0<br>0.000000%       | 0<br>0.000000%       | 7,299<br>6.540030%  | 0<br>0.000000%     | 0<br>0.000000%     | 0<br>0.000000%   |
| 18 Meas. & Reg. Sta. Eqpt.- General (000's) | 1,462<br>100.000000%   | 239<br>16.347469%    | 0<br>0.000000%       | 12<br>0.820793%     | 0<br>0.000000%     | 0<br>0.000000%     | 0<br>0.000000%   |
| 19 Meas. & Reg. Eqpt.- City Gate (000's)    | 9,593<br>100.000000%   | 1,686<br>17.575315%  | 0<br>0.000000%       | 86<br>0.896487%     | 0<br>0.000000%     | 0<br>0.000000%     | 0<br>0.000000%   |
| 20 Service Regulators (000's)               | 3,344<br>100.000000%   | 0<br>0.000000%       | 0<br>0.000000%       | 744<br>22.248804%   | 0<br>0.000000%     | 0<br>0.000000%     | 4<br>0.119617%   |
| 21 Ind. Meas. & Reg. Sta. Eqpt. (000's)     | 467<br>100.000000%     | 26<br>5.567452%      | 0<br>0.000000%       | 1<br>0.214133%      | 0<br>0.000000%     | 0<br>0.000000%     | 94<br>20.128480% |
| 22 Mains & Services (000's)                 | 96,873<br>100.000000%  | 11,369<br>11.735984% | 0<br>0.000000%       | 2,676<br>2.762380%  | 0<br>0.000000%     | 0<br>0.000000%     | 0<br>0.000000%   |
| 23 Structures and Improvements              | 257<br>100.000000%     | 33<br>12.840467%     | 0<br>0.000000%       | 2<br>0.778210%      | 22<br>8.560311%    | 0<br>0.000000%     | 0<br>0.000000%   |
| 24 Net Gas Plant in Service (000's)         | 99,597<br>100.000000%  | 10,636<br>10.679037% | 0<br>0.000000%       | 6,399<br>6.424892%  | 154<br>0.154623%   | 0<br>0.000000%     | 76<br>0.076308%  |
| 25 Total Gas Plant in Service (000's)       | 178,369<br>100.000000% | 17,771<br>9.963054%  | 0<br>0.000000%       | 11,159<br>6.256132% | 188<br>0.105399%   | 0<br>0.000000%     | 149<br>0.083535% |
| 26 Projected Operating Revenue (000's)      | 107,089<br>100.000000% | 5,570<br>5.201281%   | 20,267<br>18.925380% | 2,467<br>2.303691%  | 165<br>0.154077%   | 2,125<br>1.984331% | 15<br>0.014007%  |
| 27 All Other Dist. Operation Exp. (000's)   | 3,681<br>100.000000%   | 264<br>7.171964%     | 26<br>0.706330%      | 345<br>9.372453%    | 0<br>0.000000%     | 3<br>0.081500%     | 11<br>0.298832%  |
| 28 All Other Dist. Maintenance Exp. (000's) | 869<br>100.000000%     | 32<br>3.682394%      | 0<br>0.000000%       | 145<br>16.685846%   | 0<br>0.000000%     | 0<br>0.000000%     | 6<br>0.690449%   |
| 29 O&M Excl. Cost of Gas and A&G (000's)    | 11,257<br>100.000000%  | 626<br>5.560984%     | 85<br>0.755086%      | 1,005<br>8.927778%  | 10<br>0.088834%    | 10<br>0.088834%    | 29<br>0.257617%  |

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|   | Total<br>North Dakota  | Small Interruptible |                    |                    | Large Interruptible |                    |                    |
|---|------------------------|---------------------|--------------------|--------------------|---------------------|--------------------|--------------------|
|   |                        | Demand              | Energy             | Customer           | Demand              | Energy             | Customer           |
| 17 Weighted Services                        | 111,605<br>100.000000% | 0<br>0.000000%      | 0<br>0.000000%     | 586<br>0.525066%   | 0<br>0.000000%      | 0<br>0.000000%     | 31<br>0.027777%    |
| 18 Meas. & Reg. Sta. Eqpt.- General (000's) | 1,462<br>100.000000%   | 120<br>8.207934%    | 0<br>0.000000%     | 0<br>0.000000%     | 186<br>12.722298%   | 0<br>0.000000%     | 0<br>0.000000%     |
| 19 Meas. & Reg. Eqpt.- City Gate (000's)    | 9,593<br>100.000000%   | 845<br>8.808506%    | 0<br>0.000000%     | 3<br>0.031273%     | 439<br>4.576254%    | 0<br>0.000000%     | 67<br>0.698426%    |
| 20 Service Regulators (000's)               | 3,344<br>100.000000%   | 0<br>0.000000%      | 0<br>0.000000%     | 88<br>2.631579%    | 0<br>0.000000%      | 0<br>0.000000%     | 12<br>0.358852%    |
| 21 Ind. Meas. & Reg. Sta. Eqpt. (000's)     | 467<br>100.000000%     | 13<br>2.783726%     | 0<br>0.000000%     | 0<br>0.000000%     | 4<br>0.856531%      | 0<br>0.000000%     | 233<br>49.892934%  |
| 22 Mains & Services (000's)                 | 96,873<br>100.000000%  | 5,699<br>5.882960%  | 0<br>0.000000%     | 191<br>0.197165%   | 2,961<br>3.056579%  | 0<br>0.000000%     | 467<br>0.482074%   |
| 23 Structures and Improvements              | 257<br>100.000000%     | 16<br>6.225681%     | 0<br>0.000000%     | 0<br>0.000000%     | 60<br>23.346304%    | 0<br>0.000000%     | 0<br>0.000000%     |
| 24 Net Gas Plant in Service (000's)         | 99,597<br>100.000000%  | 5,012<br>5.032280%  | 0<br>0.000000%     | 670<br>0.672711%   | 3,144<br>3.156722%  | 0<br>0.000000%     | 764<br>0.767091%   |
| 25 Total Gas Plant in Service (000's)       | 178,369<br>100.000000% | 8,547<br>4.791752%  | 0<br>0.000000%     | 1,135<br>0.636321% | 4,353<br>2.440446%  | 0<br>0.000000%     | 1,000<br>0.560636% |
| 26 Projected Operating Revenue (000's)      | 107,089<br>100.000000% | 372<br>0.347375%    | 4,960<br>4.631662% | 218<br>0.203569%   | 8<br>0.007470%      | 1,339<br>1.250362% | 69<br>0.064432%    |
| 27 All Other Dist. Operation Exp. (000's)   | 3,681<br>100.000000%   | 132<br>3.585982%    | 12<br>0.325998%    | 38<br>1.032328%    | 74<br>2.010323%     | 28<br>0.760663%    | 38<br>1.032328%    |
| 28 All Other Dist. Maintenance Exp. (000's) | 869<br>100.000000%     | 16<br>1.841197%     | 0<br>0.000000%     | 17<br>1.956272%    | 10<br>1.150748%     | 0<br>0.000000%     | 15<br>1.726122%    |
| 29 O&M Excl. Cost of Gas and A&G (000's)    | 11,257<br>100.000000%  | 293<br>2.602825%    | 30<br>0.266501%    | 105<br>0.932753%   | 154<br>1.368038%    | 54<br>0.479702%    | 94<br>0.835036%    |

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|   | Total<br>North Dakota  | Minot Air Force Base Distribution |                |                  |
|---|------------------------|-----------------------------------|----------------|------------------|
|   |                        | Demand                            | Energy         | Customer         |
| 17 Weighted Services                        | 111,605<br>100.000000% | 0<br>0.000000%                    | 0<br>0.000000% | 6<br>0.005376%   |
| 18 Meas. & Reg. Sta. Eqpt.- General (000's) | 1,462<br>100.000000%   | 0<br>0.000000%                    | 0<br>0.000000% | 0<br>0.000000%   |
| 19 Meas. & Reg. Eqpt.- City Gate (000's)    | 9,593<br>100.000000%   | 76<br>0.792244%                   | 0<br>0.000000% | 25<br>0.260607%  |
| 20 Service Regulators (000's)               | 3,344<br>100.000000%   | 0<br>0.000000%                    | 0<br>0.000000% | 14<br>0.418660%  |
| 21 Ind. Meas. & Reg. Sta. Eqpt. (000's)     | 467<br>100.000000%     | 0<br>0.000000%                    | 0<br>0.000000% | 0<br>0.000000%   |
| 22 Mains & Services (000's)                 | 96,873<br>100.000000%  | 514<br>0.530592%                  | 0<br>0.000000% | 287<br>0.296264% |
| 23 Structures and Improvements              | 257<br>100.000000%     | 0<br>0.000000%                    | 0<br>0.000000% | 0<br>0.000000%   |
| 24 Net Gas Plant in Service (000's)         | 99,597<br>100.000000%  | 887<br>0.890589%                  | 0<br>0.000000% | 402<br>0.403627% |
| 25 Total Gas Plant in Service (000's)       | 178,369<br>100.000000% | 1,080<br>0.605486%                | 0<br>0.000000% | 433<br>0.242755% |
| 26 Projected Operating Revenue (000's)      | 107,089<br>100.000000% | 0<br>0.000000%                    | 0<br>0.000000% | 0<br>0.000000%   |
| 27 All Other Dist. Operation Exp. (000's)   | 3,681<br>100.000000%   | 29<br>0.787829%                   | 0<br>0.000000% | 7<br>0.190166%   |
| 28 All Other Dist. Maintenance Exp. (000's) | 869<br>100.000000%     | 28<br>3.222094%                   | 0<br>0.000000% | 1<br>0.115075%   |
| 29 O&M Excl. Cost of Gas and A&G (000's)    | 11,257<br>100.000000%  | 91<br>0.808386%                   | 0<br>0.000000% | 14<br>0.124367%  |

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|  | Total<br>North Dakota  | Residential            |                        |                        | Small Firm General   |                       |                      |
|--|------------------------|------------------------|------------------------|------------------------|----------------------|-----------------------|----------------------|
|  |                        | Demand                 | Energy                 | Customer               | Demand               | Energy                | Customer             |
| 30 Distribution O&M (000's)  | 8,164<br>100.000000%   | 1,099<br>13.461538%    | 92<br>1.126899%        | 3,916<br>47.966685%    | 260<br>3.184713%     | 19<br>0.232729%       | 503<br>6.161195%     |
| 31 O&M Excl. Cost of Gas (000's)   | 17,665<br>100.000000%  | 2,106<br>11.921879%    | 228<br>1.290688%       | 9,255<br>52.391735%    | 495<br>2.802151%     | 48<br>0.271724%       | 1,147<br>6.493065%   |
| 33 Cost of Gas (000's)   | 79,840<br>100.000000%  | 9,695<br>12.143036%    | 31,471<br>39.417586%   | 0<br>0.000000%         | 2,403<br>3.009770%   | 6,475<br>8.109970%    | 0<br>0.000000%       |
| 35 Taxable Income (000's)  | (487)<br>100.000000%   | (4,008)<br>822.997947% | 6,523<br>-1339.425051% | (4,448)<br>913.347023% | (942)<br>193.429158% | 1,020<br>-209.445585% | 33<br>-6.776181%     |
| 36 Net Gas Plant in Service (000's)<br>Excluding Minot AFB                           | 98,308<br>100.000000%  | 20,895<br>21.254628%   | 0<br>0.000000%         | 40,615<br>41.314033%   | 4,933<br>5.017903%   | 0<br>0.000000%        | 5,010<br>5.096228%   |
| 37 Weighted Services Excluding<br>Transmission Level Customers                       | 111,592<br>100.000000% | 0<br>0.000000%         | 0<br>0.000000%         | 89,713<br>80.393756%   | 0<br>0.000000%       | 0<br>0.000000%        | 13,970<br>12.518819% |
| 38 Distribution Plant Less Direct Assignment (000's)                                 | 135,032<br>100.000000% | 27,089<br>20.061171%   | 0<br>0.000000%         | 60,584<br>44.866402%   | 6,457<br>4.781829%   | 0<br>0.000000%        | 8,007<br>5.929706%   |
| 39 Production Plant  | 4,833<br>100.000000%   | 2,442<br>50.527623%    | 0<br>0.000000%         | 0<br>0.000000%         | 527<br>10.904200%    | 0<br>0.000000%        | 0<br>0.000000%       |
| 40 Distribution Mains (000) Excluding<br>Transmission Level Customer-Direct Assigned | 62,205<br>100.000000%  | 22,599<br>36.329877%   | 0<br>0.000000%         | 13,479<br>21.668675%   | 5,386<br>8.658468%   | 0<br>0.000000%        | 1,468<br>2.359939%   |

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|  | Total<br>North Dakota  | Large Firm General     |                       |                    | Air Force Delivery |                    |                   |
|--|------------------------|------------------------|-----------------------|--------------------|--------------------|--------------------|-------------------|
|  |                        | Demand                 | Energy                | Customer           | Demand             | Energy             | Customer          |
| 30 Distribution O&M (000's)  | 8,164<br>100.000000%   | 546<br>6.687898%       | 50<br>0.612445%       | 847<br>10.374816%  | 0<br>0.000000%     | 6<br>0.073493%     | 29<br>0.355218%   |
| 31 O&M Excl. Cost of Gas (000's)   | 17,665<br>100.000000%  | 1,055<br>5.972262%     | 124<br>0.701953%      | 1,670<br>9.453722% | 10<br>0.056609%    | 15<br>0.084914%    | 52<br>0.294367%   |
| 33 Cost of Gas (000's)   | 79,840<br>100.000000%  | 5,573<br>6.980210%     | 17,495<br>21.912575%  | 0<br>0.000000%     | 175<br>0.219188%   | 2,044<br>2.560120% | 0<br>0.000000%    |
| 35 Taxable Income (000's)  | (487)<br>100.000000%   | (2,021)<br>414.989733% | 2,644<br>-542.915811% | 120<br>-24.640657% | (32)<br>6.570842%  | 65<br>-13.347023%  | (44)<br>9.034908% |
| 36 Net Gas Plant in Service (000's)<br>Excluding Minot AFB                           | 98,308<br>100.000000%  | 10,636<br>10.819058%   | 0<br>0.000000%        | 6,399<br>6.509135% | 154<br>0.156651%   | 0<br>0.000000%     | 76<br>0.077308%   |
| 37 Weighted Services Excluding<br>Transmission Level Customers                       | 111,592<br>100.000000% | 0<br>0.000000%         | 0<br>0.000000%        | 7,299<br>6.540791% | 0<br>0.000000%     | 0<br>0.000000%     | 0<br>0.000000%    |
| 38 Distribution Plant Less Direct Assignment (000's)                                 | 135,032<br>100.000000% | 13,628<br>10.092423%   | 0<br>0.000000%        | 9,056<br>6.706558% | 0<br>0.000000%     | 0<br>0.000000%     | 36<br>0.026660%   |
| 39 Production Plant  | 4,833<br>100.000000%   | 1,368<br>28.305400%    | 0<br>0.000000%        | 0<br>0.000000%     | 163<br>3.372646%   | 0<br>0.000000%     | 0<br>0.000000%    |
| 40 Distribution Mains (000) Excluding<br>Transmission Level Customer-Direct Assigned | 62,205<br>100.000000%  | 11,369<br>18.276666%   | 0<br>0.000000%        | 580<br>0.932401%   | 0<br>0.000000%     | 0<br>0.000000%     | 0<br>0.000000%    |

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|  | Total<br>North Dakota | Small Interruptible |              |           | Large Interruptible |              |            |
|--|-----------------------|---------------------|--------------|-----------|---------------------|--------------|------------|
|  |                       | Demand              | Energy       | Customer  | Demand              | Energy       | Customer   |
| 30 Distribution O&M (000's)  | 8,164                 | 274                 | 22           | 95        | 154                 | 54           | 93         |
|  | 100.000000%           | 3.356198%           | 0.269476%    | 1.163645% | 1.886330%           | 0.661440%    | 1.139147%  |
| 31 O&M Excl. Cost of Gas (000's)   | 17,665                | 508                 | 47           | 180       | 275                 | 96           | 167        |
|  | 100.000000%           | 2.875743%           | 0.266063%    | 1.018964% | 1.556751%           | 0.543447%    | 0.945372%  |
| 33 Cost of Gas (000's)   | 79,840                | 352                 | 4,058        | 0         | 8                   | 91           | 0          |
|  | 100.000000%           | 0.440882%           | 5.082665%    | 0.000000% | 0.010020%           | 0.113978%    | 0.000000%  |
| 35 Taxable Income (000's)  | (487)                 | (942)               | 853          | (31)      | (474)               | 1,149        | (145)      |
|  | 100.000000%           | 193.429158%         | -175.154004% | 6.365503% | 97.330595%          | -235.934292% | 29.774127% |
| 36 Net Gas Plant in Service (000's)<br>Excluding Minot AFB                           | 98,308                | 5,012               | 0            | 670       | 3,144               | 0            | 764        |
|  | 100.000000%           | 5.098263%           | 0.000000%    | 0.681532% | 3.198112%           | 0.000000%    | 0.777149%  |
| 37 Weighted Services Excluding<br>Transmission Level Customers                       | 111,592               | 0                   | 0            | 586       | 0                   | 0            | 24         |
|  | 100.000000%           | 0.000000%           | 0.000000%    | 0.525127% | 0.000000%           | 0.000000%    | 0.021507%  |
| 38 Distribution Plant Less Direct Assignment (000's)                                 | 135,032               | 6,830               | 0            | 934       | 2,130               | 0            | 176        |
|  | 100.000000%           | 5.058060%           | 0.000000%    | 0.691688% | 1.577404%           | 0.000000%    | 0.130339%  |
| 39 Production Plant  | 4,833                 | 326                 | 0            | 0         | 7                   | 0            | 0          |
|  | 100.000000%           | 6.745293%           | 0.000000%    | 0.000000% | 0.144838%           | 0.000000%    | 0.000000%  |
| 40 Distribution Mains (000) Excluding<br>Transmission Level Customer-Direct Assigned | 62,205                | 5,699               | 0            | 23        | 1,601               | 0            | 1          |
|  | 100.000000%           | 9.161643%           | 0.000000%    | 0.036975% | 2.573748%           | 0.000000%    | 0.001608%  |

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**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - NORTH DAKOTA**  
**EMBEDDED CLASS COST OF SERVICE STUDY**  
**ALLOCATION FACTOR REPORT**  
**TWELVE MONTHS ENDED DECEMBER 31, 2012**  
**PROJECTED AVERAGE PLANT**

|  | Total        | Minot Air Force Base Distribution |           |             |
|--|--------------|-----------------------------------|-----------|-------------|
|  | North Dakota | Demand                            | Energy    | Customer    |
|  | 8,164        | 91                                | 0         | 14          |
| 30 Distribution O&M (000's)  | 100.000000%  | 1.114650%                         | 0.000000% | 0.171485%   |
|  | 17,665       | 162                               | 0         | 25          |
| 31 O&M Excl. Cost of Gas (000's)   | 100.000000%  | 0.917068%                         | 0.000000% | 0.141523%   |
|  | 79,840       | 0                                 | 0         | 0           |
| 33 Cost of Gas (000's)   | 100.000000%  | 0.000000%                         | 0.000000% | 0.000000%   |
|  | (487)        | (232)                             | 0         | 425         |
| 35 Taxable Income (000's)  | 100.000000%  | 47.638604%                        | 0.000000% | -87.268994% |
|  | 98,308       | 0                                 | 0         | 0           |
| 36 Net Gas Plant in Service (000's)<br>Excluding Minot AFB                           | 100.000000%  | 0.000000%                         | 0.000000% | 0.000000%   |
|  | 111,592      | 0                                 | 0         | 0           |
| 37 Weighted Services Excluding<br>Transmission Level Customers                       | 100.000000%  | 0.000000%                         | 0.000000% | 0.000000%   |
|  | 135,032      | 79                                | 0         | 26          |
| 38 Distribution Plant Less Direct Assignment (000's)                                 | 100.000000%  | 0.058505%                         | 0.000000% | 0.019255%   |
|  | 4,833        | 0                                 | 0         | 0           |
| 39 Production Plant  | 100.000000%  | 0.000000%                         | 0.000000% | 0.000000%   |
|  | 62,205       | 0                                 | 0         | 0           |
| 40 Distribution Mains (000) Excluding<br>Transmission Level Customer-Direct Assigned | 100.000000%  | 0.000000%                         | 0.000000% | 0.000000%   |

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**MONTANA-DAKOTA UTILITIES CO.**  
**REVENUES UNDER CURRENT AND PROPOSED RATES**  
**GAS UTILITY - NORTH DAKOTA**  
*Proposed Final Rates*

| Customer Class/Rate                   | Projected 2014 |   | Total<br>Proposed<br>Revenue | Proposed<br>Revenue<br>Increase | Percent<br>Increase |
|---------------------------------------|----------------|---|------------------------------|---------------------------------|---------------------|
|                                       | Customers      | Dk<br>Revenue                             |                              |                                 |                     |
| <b>Residential - Rate 60</b>          | 89,713         | 8,285,778<br>\$57,715,371                 | \$63,207,844                 | \$5,492,473                     | 9.5%                |
| <b>Firm General Service - Rate 70</b> | 13,631         | 6,429,931<br>40,103,576                   | 40,978,470                   | 874,894                         | 2.2%                |
| <b>Air Force - Rate 64</b>            |                |   |                              |                                 |                     |
| Firm                                  | 1              | 32,291<br>166,498                         | 168,464                      | 1,966                           | 1.2%                |
| Interruptible                         | 2              | 520,209<br>2,138,280                      | 2,163,806                    | 25,526                          | 1.2%                |
| Total Air Force                       | 3              | 552,500<br>2,304,778                      | 2,332,270                    | 27,492                          | 1.2%                |
| <b>Small Interruptible</b>            |                |   |                              |                                 |                     |
| Sales - Rate 71                       | 86             | 1,107,934<br>4,985,865                    |                              |                                 | 0.0%                |
| Transport - Rate 81                   | 64             | 1,050,534<br>563,778                      |                              |                                 | 0.0%                |
| Total Small Interruptible             | 150            | 2,158,468<br>5,549,643                    | 5,998,593                    | 448,950                         | 8.1%                |
| <b>Large Interruptible</b>            |                |   |                              |                                 |                     |
| Sales - Rate 85                       | 1              | 24,626<br>113,450                         |                              |                                 |                     |
| Transport - Rate 82                   | 7              | 4,810,572<br>1,302,628                    |                              |                                 |                     |
| Total Large Interruptible             | 8              | 4,835,198<br>1,416,078                    | 1,415,140                    | (938)                           | -0.1%               |
| <b>Total North Dakota</b>             | <u>103,505</u> | <u>22,261,875</u><br><u>\$107,089,446</u> | <u>\$113,932,317</u>         | <u>\$6,842,871</u>              | <u>6.4%</u>         |

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**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
ALLOCATION OF REVENUES  
Projected 2014**

| RATE CLASS           | Billing Determinants 1/ |            |                       |              |                | Embedded COS Before Increase 2/ |              |                | Increase Required @ Overall Return |             |            |
|----------------------|-------------------------|------------|-----------------------|--------------|----------------|---------------------------------|--------------|----------------|------------------------------------|-------------|------------|
|                      | Customers               | Dk         | Distribution Revenues | Gas Costs    | Total Revenues | Operating Income                | Rate Base    | Rate Of Return | Income                             | Revenues    | % Increase |
| Residential          | 89,713                  | 8,285,778  | \$16,551,626          | \$41,163,745 | \$57,715,371   | \$225,000                       | \$48,868,000 | 0.460%         | \$3,626,000                        | \$5,843,157 | 10.12%     |
| Firm General Service | 13,631                  | 6,429,931  | 8,159,679             | 31,943,897   | 40,103,576     | 1,153,000                       | 21,485,000   | 5.367%         | 541,000                            | 871,800     | 2.17%      |
| Air Force            |                         |            |                       |              |                |                                 |              |                |                                    |             |            |
| Firm                 | 1                       | 32,291     | 6,076                 | 160,422      | 166,498        |                                 |              |                |                                    |             |            |
| Interruptible        | 2                       | 520,209    | 76,045                | 2,062,235    | 2,138,280      |                                 |              |                |                                    |             |            |
| Total Air Force      | 3                       | 552,500    | 82,121                | 2,222,657    | 2,304,778      | (2,000)                         | 194,000      | -1.031%        | 17,000                             | 27,395      | 1.19%      |
| Small Interruptible  |                         |            |                       |              |                |                                 |              |                |                                    |             |            |
| Sales                | 86                      | 1,107,934  | 576,288               | 4,409,577    | 4,985,865      |                                 |              |                |                                    |             |            |
| Transportation       | 64                      | 1,050,534  | 563,778               | 0            | 563,778        |                                 |              |                |                                    |             |            |
| Total Small IT       | 150                     | 2,158,468  | 1,140,066             | 4,409,577    | 5,549,643      | 57,000                          | 4,250,000    | 1.341%         | 278,000                            | 447,986     | 8.07%      |
| Large Interruptible  |                         |            |                       |              |                |                                 |              |                |                                    |             |            |
| Sales                | 1                       | 24,626     | 15,439                | 98,011       | 113,450        |                                 |              |                |                                    |             |            |
| Transportation       | 7                       | 4,810,572  | 1,302,628             | 0            | 1,302,628      |                                 |              |                |                                    |             |            |
| Total Large IT       | 8                       | 4,835,198  | 1,318,067             | 98,011       | 1,416,078      | 419,000                         | 3,351,000    | 12.504%        | (155,000)                          | (249,776)   | -17.64%    |
| MAFB Distribution 3/ |                         |            |                       |              | 456,000        | 149,000                         | 1,096,000    | 13.595%        | (63,000)                           | (101,522)   | -22.26%    |
| Total North Dakota   | 103,505                 | 22,261,875 | \$27,251,559          | \$79,837,887 | \$107,545,446  | \$2,001,000                     | \$79,244,000 | 2.525%         | \$4,244,000                        | \$6,839,040 | 6.36%      |

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**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
ALLOCATION OF REVENUES  
Projected 2014**

| RATE CLASS                               | Target Rate Design  |              |                    |                | Rate Design Results |                      |              |                |
|--|---------------------|--------------|--------------------|----------------|---------------------|----------------------|--------------|----------------|
|  | Increase In Revenue | % Increase   | Operating Income   | Rate Of Return | Increase In Revenue | Total Revenues       | % Incr       | Rate Of Return |
| Residential                              | \$5,491,787         | 9.52%        | \$3,632,956        | 7.434%         | \$5,492,473         | \$63,207,844         | 9.52%        | 7.435%         |
| Firm General Service                     | 871,800             | 2.17%        | 1,694,000          | 7.885%         | 874,894             | 40,978,470           | 2.18%        | 7.894%         |
| Air Force                                |                     |              |                    |                |                     |                      |              |                |
| Firm                                     | 1,981               | 1.19%        |                    |                | 1,966               | 168,464              | 1.18%        |                |
| Interruptible                            | 25,446              | 1.19%        |                    |                | 25,526              | 2,163,806            | 1.19%        |                |
| Total Air Force                          | 27,427              | 1.19%        | 15,020             | 7.742%         | 27,492              | 2,332,270            | 1.19%        | 7.763%         |
| Small Interruptible Sales Transportation |                     |              |                    |                |                     |                      |              |                |
| Total Small IT                           | 447,986             | 8.07%        | 335,000            | 7.882%         | 448,950             | 5,998,593            | 8.09%        | 7.896%         |
| Large Interruptible Sales Transportation |                     |              |                    |                |                     |                      |              |                |
| Total Large IT                           | 0                   | 0.00%        | 419,000            | 12.504%        | (938)               | 1,415,140            | -0.07%       | 12.486%        |
| MAFB Distribution                        | 0                   | 0.00%        | 149,000            | 13.595%        |                     |                      |              |                |
| <b>Total North Dakota</b>                | <b>\$6,839,000</b>  | <b>6.36%</b> | <b>\$6,244,976</b> | <b>7.881%</b>  | <b>\$6,842,871</b>  | <b>\$113,932,317</b> | <b>6.36%</b> | <b>7.884%</b>  |

|                               |              |                                   |         |
|-------------------------------|--------------|-----------------------------------|---------|
| Requested Return on Rate Base | 7.881% 4/    | Cost of Gas (Adjusted for Losses) |         |
| Proposed Increase             | 6,839,000 4/ | Projected                         | COG     |
| % Increase (Excl Flex)        | 6.369795%    | Firm                              | \$4.968 |
| Inverse Of Tax Rate           | 62.0555%     | Interruptible                     | 3.980   |
|                               |              | MAFB                              | 3.962   |

1/ Statement M, Page 4.  
2/ Statement O.  
3/ Recorded as Other Revenues  
4/ Statement L, Page 3.

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**MONTANA-DAKOTA UTILITIES CO.  
 GAS UTILITY - NORTH DAKOTA  
 RATE RECONCILIATION  
 RESIDENTIAL GAS SERVICE - RATES 60 & 90  
 Projected 2014**

|                                      | Billing Units | Current |                   | Proposed     |                   |  |
|--------------------------------------|---------------|---------|-------------------|--------------|-------------------|--|
|                                      |               | Rate    | Amount            | Rate         | Amount            |  |
| <b>Residential Rates 60 &amp; 90</b> |               |         |                   |              |                   |  |
| Basic Service Charge (600 & 900)     | 89,713 Cust   | \$0.30  | \$9,823,574       | \$0.6732     | \$22,044,099      |  |
| Distribution Charge                  | 8,285,778 dk  | 0.812   | 6,728,052         | 0.000        | 0                 |  |
| Cost of Gas                          | 8,285,778 dk  | 4.968   | <u>41,163,745</u> | 4.968        | <u>41,163,745</u> |  |
| Total Revenue Rates 60 & 90          |               |         | \$57,715,371      | \$63,207,844 |                   |  |

|  |                     |
|--|---------------------|
| Total Distribution Revenues Per Design | \$22,044,099        |
| Target Distribution Revenues           | <u>22,043,413</u>   |
| Difference                             | <u><u>\$686</u></u> |

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
RESIDENTIAL GAS SERVICE - RATES 60 & 90  
Projected 2014**

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|                                       |                  |
|---------------------------------------|------------------|
| Current Non-Gas Revenues              | \$16,551,626     |
| Proposed Revenue Increase             | <u>5,491,787</u> |
| Total Revenue Requirement             | \$22,043,413     |
|                                       |                  |
| Less:                                 |                  |
| Proposed Base Rate Revenues           | 22,044,099       |
| Remaining Revenues To Be Collected    | <u>(686)</u>     |
|                                       |                  |
| Total Rates 60 & 90 (Res) Consumption | 8,285,778        |
| Base Distribution Charge              | \$0.000          |
|                                       |                  |
| Fixed Rate Charge                     | \$0.67320        |

**MONTANA-DAKOTA UTILITIES CO.  
 GAS UTILITY - NORTH DAKOTA  
 AIR FORCE FIRM SERVICE - RATE 64  
 Projected 2014**

|                                 | Billing Units | Current  |                | Proposed  |                |
|---------------------------------|---------------|----------|----------------|-----------|----------------|
|                                 |               | Rate     | Amount         | Rate      | Amount         |
| <b><u>Air Force Rate 64</u></b> |               |          |                |           |                |
| Basic Service Charge            | 1 Cust        | \$135.00 | \$1,620        | \$175.00  | \$2,100        |
| Distribution Charge             | 32,291 dk     | 0.138    | 4,456          | 0.184     | 5,942          |
| Cost of Gas                     | 32,291 dk     | 4.968    | <u>160,422</u> | 4.968     | <u>160,422</u> |
| Total Revenue Rate 64           |               |          | \$166,498      | \$168,464 |                |

|  |                      |
|--|----------------------|
| Total Distribution Revenues Per Design | \$8,042              |
| Target Distribution Revenues           | <u>8,057</u>         |
| Difference                             | <u><u>(\$15)</u></u> |

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
PROPOSED RATE DESIGN  
AIR FORCE FIRM SERVICE - RATE 64  
Projected 2014**

|                                    |              |
|------------------------------------|--------------|
| Air Force Firm Revenue Requirement | \$6,076      |
| Proposed Revenue Increase          | <u>1,981</u> |
| Total Revenue Requirement          | \$8,057      |
| Less: Proposed Base Rate Revenues  | <u>2,100</u> |
| Remaining Revenues To Be Collected | \$5,957      |
| Total Rate 64 Firm Consumption     | 32,291       |
| Non-Gas Commodity Charge           | \$0.184      |

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - NORTH DAKOTA**  
**AIR FORCE INTERRUPTIBLE SERVICE - RATE 64**  
**Projected 2014**

|                                       | Billing Units | Current    |             | Proposed   |             |
|---------------------------------------|---------------|------------|-------------|------------|-------------|
|                                       |               | Rate       | Amount      | Rate       | Amount      |
| <b><u>Air Force Interruptible</u></b> |               |            |             |            |             |
| Basic Service Charge                  |               |            |             |            |             |
| Minot Air Force                       | 1 Cust        | \$1,000.00 | \$12,000    | \$2,000.00 | \$24,000    |
| PAR Site                              | 1 Cust        | 135.00     | 1,620       | 135.00     | 1,620       |
| Subtotal                              | 2             |            | 13,620      |            | 25,620      |
| Distribution Delivery                 | 520,209 dk    | \$0.120    | 62,425      | \$0.146    | 75,951      |
| Cost of Gas                           |               |            |             |            |             |
| MAFB                                  | 455,392 dk    | 3.962      | 1,804,263   | 3.962      | 1,804,263   |
| PAR Site                              | 64,817 dk     | 3.980      | 257,972     | 3.980      | 257,972     |
| Total Revenue                         |               |            | \$2,138,280 |            | \$2,163,806 |

|  |           |
|--|-----------|
| Total Distribution Revenues Per Design | \$101,571 |
| Target Distribution Revenue            | 101,491   |
| Difference                             | \$80      |

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
PROPOSED RATE DESIGN  
AIR FORCE INTERRUPTIBLE SERVICE - RATE 64  
Projected 2014**

|   |               |
|---|---------------|
| Air Force Interruptible Revenue Requirement | \$76,045      |
| Proposed Revenue Increase                   | <u>25,446</u> |
| Total Revenue Requirement                   | \$101,491     |
| Less: Base Rate Revenues                    | <u>25,620</u> |
| Remaining Revenues To Be Collected          | \$75,871      |
| Total Rate 64 IT Consumption                | 520,209       |
| Non-Gas Commodity Charge                    | \$0.146       |

**MONTANA-DAKOTA UTILITIES CO.  
 GAS UTILITY - NORTH DAKOTA  
 RATE RECONCILIATION  
 FIRM GENERAL GAS SERVICE - RATE 70  
 Projected 2014**

|  | Billing Units | Current |              | Proposed |              |  |
|--|---------------|---------|--------------|----------|--------------|--|
|  |               | Rate    | Amount       | Rate     | Amount       |  |
| <b><u>Firm General Rate 70</u></b>     |               |         |              |          |              |  |
| Basic Service Chg Rates 700, 720 & 920 | 9,769 Cust    | \$0.52  | \$1,854,156  | \$0.67   | \$2,389,009  |  |
| Basic Service Chg Rates 701, 721 & 921 | 3,862 Cust    | 1.75    | 2,466,853    | 1.90     | 2,678,297    |  |
| Subtotal                               | 13,631        |         | \$4,321,009  |          | \$5,067,306  |  |
| Distribution Delivery                  | 6,429,931 Dk  | 0.597   | 3,838,669    | 0.617    | 3,967,267    |  |
| Cost of Gas                            | 6,429,931 Dk  | 4.968   | 31,943,897   | 4.968    | 31,943,897   |  |
| Total Revenue                          |               |         | \$40,103,575 |          | \$40,978,470 |  |

|  |                |
|--|----------------|
| Total Distribution Revenues Per Design | \$9,034,573    |
| Target Distribution Revenues           | 9,031,479      |
| Difference                             | <u>\$3,094</u> |

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
FIRM GENERAL GAS SERVICE - RATE 70  
Projected 2014**

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|  |                  |
|--|------------------|
| Current Non-Gas Revenues                     | \$8,159,679      |
| Proposed Revenue Increase                    | <u>871,800</u>   |
| Total Revenue Requirement                    | \$9,031,479      |
| Less:  |                  |
| Base Rate Revenues                           | 5,067,306        |
| Remaining Revenues To Be Collected           | <u>3,964,173</u> |
| Total Rates 70, 72 and 90 (Firm) Consumption | 6,429,931        |
| Base Commodity Charge                        | \$0.617          |

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - NORTH DAKOTA**  
**SMALL INTERRUPTIBLE - RATE 71**  
**Projected 2014**

|                                    | Billing Units | Current  |                  | Proposed |                  |
|------------------------------------|---------------|----------|------------------|----------|------------------|
|                                    |               | Rate     | Amount           | Rate     | Amount           |
| Basic Service Charge               |               |          |                  |          |                  |
| Rate 71 Sales                      | 86 Cust       | \$100.00 | \$103,200        | \$300.00 | \$309,600        |
| Rate 81 Transport                  | 64 Cust       | 150.00   | 115,200          | 300.00   | 230,400          |
| Subtotal                           | 150           |          | 218,400          |          | \$540,000        |
| Distribution Delivery              |               |          |                  |          |                  |
| Rate 71 Sales                      | 1,107,934 dk  | \$0.427  | 473,088          | \$0.486  | 538,456          |
| Rate 81 Transport                  | 1,050,534 dk  | 0.427    | 448,578          | \$0.486  | 510,560          |
| Cost of Gas                        | 1,107,934 dk  | 3.980    | <u>4,409,577</u> | 3.980    | <u>4,409,577</u> |
| Total Revenue                      |               |          | 5,549,643        |          | 5,998,593        |
| Total Small Interruptible Revenues |               |          | \$1,589,016      |          |                  |
| Target Revenues                    |               |          | <u>1,588,052</u> |          |                  |
| Difference                         |               |          | <u>\$964</u>     |          |                  |



**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - NORTH DAKOTA**  
**REVENUE RECONCILIATION**  
**SMALL INTERRUPTIBLE SERVICE - RATES 71 & 81**  
**Projected 2014**

|   |                     |
|---|---------------------|
| Small Interruptible Sales                     |                     |
| Base Rate Revenues                            | \$309,600           |
| Energy Revenues                               | 538,456             |
| Cost of Gas                                   | 4,409,577           |
| <br>  |                     |
| Total Sales Revenues                          | \$5,257,633         |
| <br>  |                     |
| Small Interruptible Transportation            |                     |
| Base Rate Revenues                            | \$230,400           |
| Transportation Revenues @ Ceiling             | 510,560             |
| Transportation Revenue - Flexed               | 0                   |
| Base Rate Revenues - Flexed                   | 0                   |
| <br>  |                     |
| Total Transportation Revenue                  | \$740,960           |
| <br>  |                     |
| Total Small Interruptible Revenues Per Design | \$5,998,593         |
| Total Small Interruptible Target Revenues     | <u>5,997,629</u>    |
| <br>  |                     |
| Difference                                    | <u><u>\$964</u></u> |

**MONTANA-DAKOTA UTILITIES CO.  
 GAS UTILITY - NORTH DAKOTA  
 LARGE INTERRUPTIBLE SERVICE - RATES 82 & 85  
 Projected 2014  
 Excluding Flexed Contracts**

| CLASS                              | Billing Units | Current  |                       | Proposed   |                |
|------------------------------------|---------------|----------|-----------------------|------------|----------------|
|                                    |               | Rate     | Amount                | Rate       | Amount         |
| Basic Service Charge               |               |          |                       |            |                |
| Rate 85 Sales                      | 1 Cust        | \$675.00 | \$675                 | \$2,200.00 | \$26,400       |
| Rate 82 Transport                  | 5 Cust        | 725.00   | <u>3,625</u>          | 2,200.00   | <u>132,000</u> |
| Subtotal                           |               |          | 4,300                 |            | 158,400        |
| Distribution Delivery              |               |          |                       |            |                |
| Rate 85 Sales                      | 24,626 dk     | 0.298    | \$7,339               | 0.260      | \$6,403        |
| Rate 82 Transport                  | 3,742,175 dk  | 0.298    | 1,115,168             | 0.260      | 972,966        |
| Cost of Gas                        | 0 dk          | 3.980    | <u>0</u>              | 3.980      | <u>0</u>       |
| Total Revenue                      |               |          | \$1,126,807           |            | \$1,137,769    |
| <br>                               |               |          |                       |            |                |
| Total Rate 85 Distribution Revenue |               |          | \$1,137,769           |            |                |
| Target Distribution Revenue        |               |          | <u>1,138,707</u>      |            |                |
| Difference                         |               |          | <u><u>(\$938)</u></u> |            |                |

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
PROPOSED RATE DESIGN  
LARGE INTERRUPTIBLE SERVICE - RATES 82 & 85  
Projected 2014**

|   |                |
|---|----------------|
| Current Non-Gas Revenues                                    | \$1,318,067    |
| Less: Flexed Contracts                                      | (179,360)      |
| Proposed Revenue Increase                                   | <u>0</u>       |
| Total Revenue Requirement                                   | \$1,138,707    |
| Less: Base Service Charge Revenues                          | <u>158,400</u> |
| Total Revenue Requirement                                   | \$980,307      |
| Total Throughput Rates 82 & 85 (Excluding Flexed Contracts) | 3,766,801      |
| Commodity Charge  | \$0.260        |

**MONTANA-DAKOTA UTILITIES CO.  
 GAS UTILITY - NORTH DAKOTA  
 REVENUE RECONCILIATION  
 LARGE INTERRUPTIBLE SERVICE - RATES 82 & 85  
 Projected 2014**

|   |                       |
|---|-----------------------|
| Large Interruptible Sales & Transportation    |                       |
| Base Rate Revenues                            | \$211,200             |
| Distribution Revenues - @ Ceiling             | 979,369               |
| Transportation Revenues - Flexed              | <u>126,560</u>        |
| Total Distribution Revenues                   | \$1,317,129           |
|   |                       |
| Total Large Interruptible Revenues Per Design | \$1,317,129           |
| Total Large Interruptible Target Revenues     | <u>1,318,067</u>      |
|   |                       |
| Difference                                    | <u><u>(\$938)</u></u> |

**Flexed Contracts**

| Customer ID | Cust | Base Rev        | Dk               | Rate | Dist Rev         | Total Rev        |
|-------------|------|-----------------|------------------|------|------------------|------------------|
| 1           | 1    | \$26,400        | 222,260          |      | \$55,061         | \$81,461         |
| 2           | 1    | 26,400          | 846,137          |      | 71,499           | 97,899           |
| Total       |      | <u>\$52,800</u> | <u>1,068,397</u> |      | <u>\$126,560</u> | <u>\$179,360</u> |

**Montana-Dakota Utilities Co.  
 North Dakota Margin Sharing  
 Interruptible Sales Rates**

**Authorized PU-399-94-352**

|                  | <u>Rate 71</u> | <u>Rate 85</u> |
|------------------|----------------|----------------|
| Ceiling Rate     | \$3.500        | \$3.290        |
| Base Cost of Gas | 2.548          | 2.548          |
| Effective Margin | 0.952          | 0.742          |
| <br>             |                |                |
| Floor Rate       | \$3.056        | \$2.869        |
| Base Cost of Gas | 2.548          | 2.548          |
| Effective Margin | 0.508          | 0.321          |
| <br>             |                |                |
| Margin Shared    | \$0.444        | \$0.421        |

**PU-13\_\_  
 Distribution Delivery Charges Only**

|                        | <u>Rate 71</u> | <u>Rate 85</u> |
|------------------------|----------------|----------------|
| Proposed Floor         | \$0.486        | \$0.260        |
| Margin Shared          | 0.444          | 0.421          |
| Effective Ceiling Rate | \$0.930        | \$0.681        |



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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3<sup>rd</sup> Revised Sheet No. 1  
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Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
3<sup>rd</sup> Revised Sheet No. 2  
Canceling 2<sup>nd</sup> Revised Sheet No. 2

### COMMUNITIES SERVED

#### NATURAL GAS SERVICE

##### Dakota Heartland Region

|              |             |              |                                      |
|--------------|-------------|--------------|--------------------------------------|
| Apple Valley | Eldridge    | Max          | Steele                               |
| Barlow       | Fort Totten | Medina       | Surrey                               |
| Bismarck*    | Garrison    | Minot        | Tappen                               |
| Burlington   | Glen Ullin  | New Rockford | Turtle Lake                          |
| Carrington   | Grafton     | New Salem    | Underwood                            |
| Cavalier     | Jamestown   | Park River   | Valley City                          |
| Cleveland    | Langdon     | Riverdale    | Walhalla                             |
| Dawson       | Lincoln     | Ruthville    | Washburn                             |
| Des Lacs     | Linton      | Sandborn     | Wilton                               |
| Devils Lake  | Mandan      | Sheyenne     | Locations near<br>Hankinson/Fairmont |

##### Badlands Region

|               |             |                |              |
|---------------|-------------|----------------|--------------|
| Alexander     | Gladstone   | Palermo        | Stanley      |
| Arnegard      | Golva       | Ray            | Taylor       |
| Beach         | Hebron      | Regent         | Tioga        |
| Belfield      | Killdeer    | Rhame          | Trenton      |
| Berthold      | Lefor       | Richardton     | Watford City |
| Bowman        | Lignite     | Ross           | Wheelock     |
| Dickinson*    | Marmarth    | Sentinel Butte | White Earth  |
| East Fairview | Mott        | Springbrook    | Williston    |
| Epping        | New England | South Heart    |              |

#### PROPANE SERVICE

##### Badlands Region

Hettinger

\*Designates Region Office

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

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A Division of MDU Resources Group, Inc.

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Canceling 2<sup>nd</sup> Revised Sheet No. 3.1

### RATE SUMMARY SHEET

Page 2 of 2

| Miscellaneous Charges   | Amount  |
|---|---|
| Late Payment  | 1% per month  |
| Returned Check  | \$15.00 per check   |
| Reconnection charge after termination for nonpayment<br>-During normal business hours<br>-After normal business hours                     | \$20.00<br>Current service labor rate per hour  |
| Reconnection charge after termination for causes defined in Rate 100 ¶19<br>-During normal business hours<br>-After normal business hours | \$30.00<br>Current service labor rate per hour  |
| Reconnection charge applicable to seasonal or temporary customers<br>-During normal business hours<br>-After normal business hours        | Basic Service Charge applicable during the period while service was not being used.<br>Minimum- \$30.00<br>Minimum- Current service labor rate per hour |
| Reconnection charge applicable to transportation customers when remote data acquisition equipment must be reinstalled                     | \$160.00  |

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director - Regulatory Affairs

Case No.: PU-13-\_\_



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400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
7<sup>th</sup> Revised Sheet No. 4  
Canceling 6<sup>th</sup> Revised Sheet No. 4

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### RESIDENTIAL GAS SERVICE Rate 60

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Page 1 of 1

**Availability:**

In all communities served for all domestic uses. See Rate 100, §V.3, for definition on class of service.

**Rate:**

Delivery Service Charge: \$0.6732 per day

Cost of Gas: Determined Monthly- See Rate Summary Sheet for Current Rate

**Minimum Bill:**

Delivery Service Charge.

**Payment:**

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

**Cost of Gas:**

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

**General Terms and Conditions:**

The foregoing schedule is subject to Rates 100 through 124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Case No.: PU-13-\_\_



# Montana-Dakota Utilities Co.

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400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

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NDPSC Volume 7  
5<sup>th</sup> Revised Sheet No. 7  
Canceling 4<sup>th</sup> Revised Sheet No. 7

### AIR FORCE Rate 64

Page 1 of 2

#### Availability:

Minot Air Force Base near Minot, North Dakota, and the Perimeter Acquisition Radar (PAR) Site, near Concrete, North Dakota. The Air Force shall make an election of its requirements under each available service and such requirements shall be set forth in a service agreement with the Company.

#### Rate:

##### Basic Service Charge:

|  |                      |
|--|----------------------|
| Minot Air Force Base                   | \$2,000.00 per month |
| Perimeter Acquisition Radar (PAR) Site | \$ 175.00 per month  |

##### Distribution Delivery Charge:

|                       |               |
|-----------------------|---------------|
| Firm Service          | \$.184 per dk |
| Interruptible Service | \$.146 per dk |

##### Cost of Gas:

Determined Monthly- See Rate Summary Sheet for Current Rate

#### Minimum Bill:

Basic Service Charge.

#### Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

#### Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
7<sup>th</sup> Revised Sheet No. 13  
Cancelling 6<sup>th</sup> Revised Sheet No. 13

### FIRM GENERAL GAS SERVICE Rate 70

Page 1 of 2

#### Availability:

In all communities served for all purposes except for resale. See Rate 100, §3, for definition on class of service.

#### Rate:

##### Basic Service Charge:

For customers with meters rated under  
500 cubic feet per hour \$0.67 per day

For customers with meters rated over  
500 cubic feet per hour \$1.90 per day

Distribution Delivery Charge: \$.617 per dk

Cost of Gas: Determined Monthly- See  
Rate Summary Sheet for  
Current Rate

#### Minimum Bill:

Basic Service Charge.

#### Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

#### Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

#### Distribution Delivery Stabilization Mechanism:

Service under this rate schedule is subject to an adjustment for the effects of weather in accordance with the Distribution Delivery Stabilization Mechanism Rate 87 or any amendments or alterations thereto.

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Case No.: PU-13-\_\_



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A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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NDPSC Volume 7  
2<sup>nd</sup> Revised Sheet No. 13.1  
Cancelling 1<sup>st</sup> Revised Sheet No. 13.1

### FIRM GENERAL GAS SERVICE Rate 70

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#### General Terms and Conditions:

The foregoing schedule is subject to Rates 100 through 124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

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A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
7<sup>th</sup> Revised Sheet No. 14  
Canceling 6<sup>th</sup> Revised Sheet No. 14

### SMALL INTERRUPTIBLE GENERAL GAS SERVICE Rate 71

Page 1 of 4

#### Availability:

In all communities served for all interruptible general gas service customers whose interruptible natural gas load will exceed an input rate of 2,500,000 Btu per hour, metered at a single delivery point and whose use of natural gas will not exceed 100,000 dk annually. The rates herein are applicable only to customer's interruptible load. Customer's firm natural gas requirements must be separately metered or specified in a firm service agreement. Customer's firm load shall be billed at Firm General Gas Service Rate 70. For interruptible purposes, the maximum daily firm requirement shall be set forth in the firm service agreement.

#### Rate:

|                               |  |                                 |
|-------------------------------|--|---------------------------------|
| Basic Service Charge:         | \$300.00 per month   |                                 |
| Distribution Delivery Charge: | <u>Maximum</u><br>\$.930 per dk                                | <u>Minimum</u><br>\$.486 per dk |
| Cost of Gas:                  | Determined Monthly- See Rate<br>Summary Sheet for Current Rate |                                 |

The Distribution Delivery Charge shall be set forth in the service agreement required as provided in the General Terms and Conditions for service. Such rate, as adjusted to reflect changes in the Cost of Gas, shall apply for the term of the agreement regardless of a change in the rates set forth above.

#### Minimum Bill:

Basic Service Charge.

#### Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

#### Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7

4<sup>th</sup> Revised Sheet No. 14.1

Canceling 3<sup>rd</sup> Revised Sheet No. 14.1

### SMALL INTERRUPTIBLE GENERAL GAS SERVICE Rate 71

Page 2 of 4

#### General Terms and Conditions:

1. **PRIORITY OF SERVICE** – Deliveries of gas under this schedule shall be subject at all times to the prior demands of customers served on the Company's firm general gas service rates, and the Company shall have the right to interrupt deliveries to customers under this schedule without being required to give previous notice of intention to so interrupt whenever, in Company's sole judgment, it may be necessary to do so to protect the interest of its customers whose capacity requirements are otherwise and hereby given preference. The priority of service and allocation of capacity shall be accomplished in accordance with the provisions of Rate 100, §V.10.
2. **PENALTY FOR FAILURE TO CURTAIL OR INTERRUPT** – If customer fails to curtail or interrupt their use of gas hereunder when requested to do so by the Company, any gas taken shall be billed at the Firm General Gas Service Rate 70 (distribution delivery charge and cost of gas), plus either an amount equal to any penalty payments or overrun charges the Company is required to make to its interconnecting pipeline(s) under the terms of its contract(s) as a result of such failure to curtail or interrupt, or \$50.00 per dk of gas used in excess of the volume of gas to which customer was requested to curtail or interrupt, whichever amount is greater. The Company, in its discretion, may shut off customer's supply of gas in the event of customer's failure to curtail or interrupt use of gas when requested to do so by the Company.
3. **AGREEMENT** – Customer will be required to enter into an agreement for service hereunder for a minimum term of 12 months. Written notice of termination by either Company or customer must be given at least 60 days prior to the end of the initial term. Absent such termination notice, the agreement shall continue for additional terms of equal length until written notice is given, as provided herein, prior to the end of any subsequent term. Upon expiration of service, the customer may apply for and receive, at the sole discretion of the Company, gas service under this rate or another appropriate rate schedule for the customer's operations.

**Date Filed:** September 18, 2013

**Effective Date:**

**Issued By:** Tamie A. Aberle  
Director – Regulatory Affairs

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.  
400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
2<sup>nd</sup> Revised Sheet No. 14.2  
Canceling 1<sup>st</sup> Revised Sheet No. 14.2

### SMALL INTERRUPTIBLE GENERAL GAS SERVICE Rate 71

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4. OBLIGATION TO NOTIFY COMPANY OF CHANGE IN DAILY OPERATIONS – Customer will be required as specified in the service agreement to notify Company of an anticipated change in daily operations. Failure to comply with requirements specified in the service agreement may result in the assessment of penalties to the customer equal to the penalty amounts Company must pay to the interconnecting pipeline caused by customer’s action.
  
5. METERING REQUIREMENTS – Remote data acquisition equipment (telemetry equipment) required for daily measurement will be purchased and installed by the Company prior to the initiation of service hereunder. The cost of the equipment and its installation shall be paid for by the customer. Such contribution in aid, as adjusted for federal and state income taxes, must be paid prior to the installation of such equipment unless otherwise agreed to by the Company. Such equipment will be maintained by the Company and will remain the sole property of the Company. Company may remove such equipment when service hereunder is terminated.

The customer may be required to provide and maintain, at no cost to Company, the following: A 120 volt, 15 ampere, AC power supply; and an acceptable telephone service available at customer’s meter location(s). The services listed above shall be continuous, accessible to the Company, and be provided by the customer at no cost to the Company. Enhancements and/or modifications to these services may be required to ensure equipment functionality. Such enhancements or modifications shall be completed at the direction of the Company with all associated costs the customer’s responsibility. Any interruption in such services must be promptly remedied or service under this tariff will be suspended until satisfactory corrections have been made.

Consultation between the customer and the Company regarding telemetry requirements shall occur prior to execution of the required service agreement. The telemetry requirement will be determined at the sole discretion of the Company based on customer requirements and location.

The Company reserves the right to charge for each service call to investigate, repair, reprogram or reinstall the Company’s telemetry equipment when

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
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## State of North Dakota Gas Rate Schedule

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NDPSC Volume 7  
Original Sheet No. 14.3

### SMALL INTERRUPTIBLE GENERAL GAS SERVICE Rate 71

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the service call is the result of a failure or change in the communication or power source services described above or damage to Company's equipment.

6. The foregoing schedule is subject to Rates 100 through 124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

---

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.  
400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
8<sup>th</sup> Revised Sheet No. 15  
Canceling 7<sup>th</sup> Revised Sheet No. 15

### OPTIONAL SEASONAL GENERAL GAS SERVICE Rate 72

Page 1 of 2

#### Availability:

In all communities served for all purposes except for resale. See Rate 100, §V.3, for definition on class of service.

#### Rate:

##### Basic Service Charge:

For customers with meters rated  
under 500 cubic feet per hour

\$0.67 per day

For customers with meters rated  
over 500 cubic feet per hour

\$1.90 per day

##### Distribution Delivery Charge:

\$.617 per dk

##### Cost of Gas:

Winter- Service rendered October 1 through May 31

Determined Monthly-  
See Rate Summary  
Sheet for Current Rate

Summer- Service rendered June 1 through  
September 30

Determined Monthly-  
See Rate Summary  
Sheet for Current Rate

#### Minimum Bill:

Basic Service Charge.

#### Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

#### Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Case No.: PU-13-\_\_



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NDPSC Volume 7

2<sup>nd</sup> Revised Sheet No. 15.1

Cancelling 1<sup>st</sup> Revised Sheet No. 15.1

### OPTIONAL SEASONAL GENERAL GAS SERVICE Rate 72

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Page 2 of 2

#### General Terms and Conditions:

1. The customer agrees to contract for service under the Optional Seasonal General Gas Service Rate 72 for a minimum of one year.
2. The foregoing schedule is subject to Rates 100 through 124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Case No.: PU-13-\_\_



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400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
6<sup>th</sup> Revised Sheet No. 24.1  
Canceling 5<sup>th</sup> Revised Sheet No. 24.1

### TRANSPORTATION SERVICE Rates 81 and 82

Page 2 of 10

#### Rate:

Under Rate 81 or 82, customer shall pay the applicable Basic Service Charge plus a negotiated rate not more than the maximum rate or less than the minimum rate specified below. In the event customer also takes service under Rate 71 or Rate 85, the Basic Service Charge applicable under Rate 81 or Rate 82 shall be waived.

#### Basic Service Charge:

Rate 81 \$ 300.00 per month  
Rate 82 \$2,200.00 per month

|                         | <u>Rate 81</u> | <u>Rate 82</u> |
|-------------------------|----------------|----------------|
| Maximum Rate per dk     | \$0.486        | \$0.260        |
| Minimum Rate per dk     | \$0.102        | \$0.061        |
| Balancing Charge per dk | \$0.300        | \$0.300        |

#### Fuel Charge:

Applicable to all dk transported to customers located within the distribution system. Charge does not apply to transmission level customers. See Rate Summary Sheet for currently effective charge.

#### General Terms and Conditions:

1. **CRITERIA FOR SERVICE:** In order to receive the service, customer must qualify under one of the Company's applicable natural gas transportation service rates and comply with the general terms and conditions of the service provided herein. The customer is responsible for making all arrangements for transporting the gas from its source to the Company's interconnection with the delivering pipeline(s).

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Case No.: PU-13-\_\_



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400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

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NDPSC Volume 7  
2<sup>nd</sup> Revised Sheet No. 24.7  
Cancelling 1<sup>st</sup> Revised Sheet No. 24.7

### TRANSPORTATION SERVICE Rates 81 and 82

Page 8 of 10

#### 10. METERING REQUIREMENTS:

- a. Remote data acquisition equipment (telemetry equipment) required by the Company for daily measurement will be purchased and installed by the Company prior to the initiation of service hereunder. The cost of the equipment and its installation shall be paid for by the customer. Such contribution in aid, as adjusted for federal and state income taxes, must be paid prior to the installation of such equipment unless otherwise agreed to by the Company. Such equipment will be maintained by the Company and will remain the sole property of the Company. Company may remove such equipment when service hereunder is terminated.
- b. The customer may be required to provide and maintain, at no cost to Company, the following: A 120 volt, 15 ampere, AC power supply; and an acceptable telephone service available at customer's meter location(s). The services listed above shall be continuous, accessible to the Company, and be provided by the customer at no cost to the Company. Enhancements and/or modifications to these services may be required to ensure equipment functionality. Such enhancements or modifications shall be completed at the direction of the Company with all associated costs the customer's responsibility. Any interruption in such services must be promptly remedied or service under this tariff will be suspended until satisfactory corrections have been made.

Consultation between the customer and the Company regarding telemetry requirements shall occur prior to execution of the required service agreement. The telemetry requirement will be determined at the sole discretion of the Company based on customer requirements and locations.

- c. The Company reserves the right to charge for each service call to investigate, repair, reprogram or reinstall the Company's telemetry equipment when the service call is the result of a failure or change in the communication or power source services described above or damage to Company's equipment.

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
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NDPSC Volume 7  
4<sup>th</sup> Revised Sheet No. 27  
Canceling 3<sup>rd</sup> Revised Sheet No. 27

### LARGE INTERRUPTIBLE GENERAL GAS SERVICE Rate 85

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#### Availability:

In all communities served for all interruptible general gas service customers whose interruptible natural gas load will exceed 100,000 dk annually as metered at a single delivery point. The rates herein are applicable only to customer's interruptible load. Customer's firm natural gas requirements must be separately metered or specified in a firm service agreement. Customer's firm load shall be billed at Firm General Gas Service Rate 70. For interruption purposes, the maximum daily firm requirement shall be set forth in the firm service agreement.

This rate schedule shall not apply for service to U.S. Government installations, which are covered by separate special contracts.

The Company reserves the right to refuse the initiation of service under this rate schedule based on the availability of gas supply.

#### Rate:

|                               |   |                                 |
|-------------------------------|---|---------------------------------|
| Basic Service Charge:         | \$2,200.00 per month  |                                 |
| Distribution Delivery Charge: | <u>Maximum</u><br>\$.681 per dk                             | <u>Minimum</u><br>\$.260 per dk |
| Cost of Gas:                  | Determined Monthly- See Rate Summary Sheet for Current Rate |                                 |

#### Minimum Bill:

Basic Service Charge.

#### Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

#### Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Case No.: PU-13-\_\_



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7

2<sup>nd</sup> Revised Sheet No. 27.1

Cancelling 1<sup>st</sup> Revised Sheet No. 27.1

### LARGE INTERRUPTIBLE GENERAL GAS SERVICE Rate 85

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#### General Terms and Conditions:

1. **PRIORITY OF SERVICE** – Deliveries of gas under this schedule shall be subject at all times to the prior demands of customers served on the Company's firm general gas service rates, and the Company shall have the right to interrupt deliveries to customers under this schedule without being required to give previous notice of intention to so interrupt whenever, in Company's sole judgment, it may be necessary to do so to protect the interest of its customers whose capacity requirements are otherwise and hereby given preference. The priority of service and allocation of capacity shall be accomplished in accordance with the provisions of Rate 100, §V.10.
2. **PENALTY FOR FAILURE TO CURTAIL OR INTERRUPT** – If customer fails to curtail or interrupt their use of gas hereunder when requested to do so by the Company, any gas taken shall be billed at the Firm General Gas Service Rate 70 (distribution delivery charge and cost of gas), plus either an amount equal to any penalty payments or overrun charges the Company is required to make to its interconnecting pipeline(s) under the terms of its contract(s) as a result of such failure to curtail or interrupt, or \$50.00 per dk of gas used in excess of the volume of gas to which customer was requested to curtail or interrupt, whichever amount is greater. The Company, in its discretion, may shut off customer's supply of gas in the event of customer's failure to curtail or interrupt use of gas when requested to do so by the Company.
3. **AGREEMENT** – Customer will be required to enter into an agreement for service hereunder for a minimum term of 12 months. Written notice of termination by either Company or customer must be given at least 90 days prior to the end of the initial term. Absent execution of such termination notice, the agreement shall continue for additional terms of equal length until written notice is given as provided herein, prior to the end of any subsequent term. Upon expiration of service, the customer may apply for and receive, at the sole discretion of the Company, gas service under this rate or another appropriate rate schedule for the customer's operations.

**Date Filed:** September 18, 2013

**Effective Date:**

**Issued By:** Tamie A. Aberle  
Director – Regulatory Affairs

**Case No.:** PU-13-\_\_



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
1<sup>st</sup> Revised Sheet No. 27.2  
Cancelling Original Sheet No. 27.2

### LARGE INTERRUPTIBLE GENERAL GAS SERVICE Rate 85

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4. **OBLIGATION TO NOTIFY COMPANY OF CHANGE IN DAILY OPERATIONS** – Customer will be required as specified in the service agreement to notify Company of an anticipated change in daily operations. Failure to comply with requirements specified in the service agreement may result in the assessment of penalties to the customer equal to the penalty amounts Company must pay to the interconnecting pipeline caused by customer's action.
5. **METERING REQUIREMENTS** – Remote data acquisition equipment (telemetry equipment) required for daily measurement will be installed by the Company, prior to the initiation of service hereunder. The cost of the equipment and its installation shall be paid for by the customer. Such contribution in aid, as adjusted for federal and state income taxes, must be paid prior to the installation of such equipment unless otherwise agreed to by the Company. Such equipment will be maintained by the Company and will remain the sole property of the Company. Company may remove such equipment when service hereunder is terminated.

The customer may be required to provide and maintain, at no cost to Company, the following: A 120 volt, 15 ampere, AC power supply; and an acceptable telephone service available at customer's meter location(s). The services listed above shall be continuous, accessible to the Company, and be provided by the customer at no cost to the Company. Enhancements and/or modifications to these services may be required to ensure equipment functionality. Such enhancements or modifications shall be completed at the direction of the Company with all associated costs the customer's responsibility. Any interruption in such services must be promptly remedied or service under this tariff will be suspended until satisfactory corrections have been made.

Consultation between the customer and the Company regarding telemetry requirements shall occur prior to execution of the required service agreement. The telemetry requirement will be determined at the sole discretion of the Company based on customer requirements and location.

**Date Filed:** September 18, 2013

**Effective Date:**

**Issued By:** Tamie A. Aberle  
Director – Regulatory Affairs

**Case No.:** PU-13-\_\_



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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NDPSC Volume 7  
Original Sheet No. 27.3

### LARGE INTERRUPTIBLE GENERAL GAS SERVICE Rate 85

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The Company reserves the right to charge for each service call to investigate, repair, reprogram or reinstall the Company's telemetering equipment when the service call is the result of a failure or change in the communication or power source services described above or damage to Company's equipment.

6. The foregoing schedule is subject to Rates 100 through 124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
1<sup>st</sup> Revised Sheet No. 29  
Cancelling Original Sheet No. 29

### DISTRIBUTION DELIVERY STABILIZATION MECHANISM Rate 87

Page 1 of 2

#### Applicability:

This rate schedule represents a Distribution Delivery Stabilization Mechanism (DDSM) and specifies the procedure to be utilized to correct for the over/under collection of distribution delivery charge revenues due to weather fluctuations during the billing period from November 1 through May 1. Service provided under the Company's Firm General Service Rates 70 and 92 shall be subject to decreases or increases under the DDSM.

#### Distribution Delivery Stabilization Mechanism:

A DDSM will be determined for each customer taking service under Firm General Service Rates 70 and 92 beginning with the first billing cycle starting November 1 through the billing cycle ending May 1. The DDSM adjustment will be applied on a real-time basis as a surcharge or credit on all rate schedules to which the DDSM is applicable to the customers' bills issued each month during the weather adjustment period of November 1 through May 1.

#### DDSM Adjustment Calculation:

The DDSM Adjustment shall be determined for each customer taking service under Firm General Service Rates 70 or 92. In order to calculate the respective DDSM adjustment, the ratio of the normal HDDs as compared to the actual HDDs will be determined and multiplied by the temperature sensitive consumption per customer per HDD. The resulting product shall be multiplied by the applicable Distribution Delivery Charge rate per dk.

$$DDSM_i = R_i (DDF_i ((NDD-ADD)/ADD))$$

Where:

|                   |   |  |
|-------------------|---|--|
| DDSM <sub>i</sub> | = | Distribution Delivery Stabilization Adjustment           |
| i                 | = | Customer served under Rate Schedules 70 or 92            |
| R <sub>i</sub>    | = | Applicable Distribution Delivery Charge per dk           |
| DDF <sub>i</sub>  | = | Temperature sensitive use per customer                   |
| NDD               | = | Normal degree days for the applicable bill cycle         |
| ADD               | = | Actual heating degree days for the applicable bill cycle |

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Case No.: PU-13-\_\_



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
1<sup>st</sup> Revised Sheet No. 29.1  
Cancelling Original Sheet No. 29.1

### DISTRIBUTION DELIVERY STABILIZATION MECHANISM Rate 87

Page 2 of 2

#### Definitions:

|  |   |   |
|--|---|---|
| Heating Degree Days                    | - | The deviation between the average daily temperatures and 60 degrees Fahrenheit.   |
| Normal Degree Days                     | - | The heating degree days based on the 30-year average actual degree days.  |
| Temperature Sensitive Use per Customer | - | Customer's actual use less the base use per customer per day, denoted below, multiplied by days in the billing period.<br>Firm General Service Rate Code 700 = .04132<br>Firm General Service Rate Code 701 = .73346<br>Firm General Service Rate Code 920 = .02425<br>Firm General Service Rate Code 921 = 2.92037 |
| Actual Degree Days                     | - | The actual degree days reported by the National Weather Service Stations for applicable service areas in North Dakota.  |

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

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**Montana-Dakota Utilities Co.**

A Division of MDU Resources Group, Inc.  
400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

**State of North Dakota  
Gas Rate Schedule**

NDPSC Volume 7  
2<sup>nd</sup> Revised Sheet No. 30.4  
Canceling 1<sup>st</sup> Revised Sheet No. 30.4

**COST OF GAS – NATURAL GAS Rate 88**

Each month, Account 191 shall be debited (if the balance in said account is a debit balance) and shall be credited (if the balance in said account is a credit balance) for a carrying charge; which shall be the product of (i) and (ii) below:

- (i) The balance in Account 191 as of the end of the immediately preceding month, exclusive of carrying charges accrued pursuant to this Subsection (b)(2) and net of the related deferred tax amounts in Accounts 283 or 190, as appropriate.
- (ii) One-twelfth of the annual interest rate as set forth in this Subsection (b)(2). The carrying charges shall be accrued in a supplementary Account 191 for each rate schedule, and carrying charges shall not be computed on the amounts in such supplementary account.

(c) Reduction of Amounts in Account 191:

- (1) The amounts in Account 191 shall be decreased each month by an amount determined by multiplying the currently effective surcharge adjustment included in rates for that month (as calculated in Section 4) by the dks sold during that month under each rate schedule. The account shall be increased in the event the adjustment is a negative amount.
- (2) The amount amortized each month shall be applied pro rata between the amounts in Account 191 specified in Subsections 5(a)(1), (2), (3) and (5) and the amounts in the supplementary Account 191 specified in Subsection 5(a)(4).

**6. Market-Based Pricing Differential:**

- (a) At the time of each surcharge adjustment, the Company will compute a credit to residential and firm general service rates based on 50 percent of all distribution delivery charge revenues received from small interruptible sales and large interruptible sales customers in excess of the authorized minimum distribution delivery charge rate approved in the most recent general rate case.

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**Date Filed:** September 18, 2013      **Effective Date:**  
**Issued By:** Tamie A. Aberle  
Director – Regulatory Affairs      **Case No.:** PU-13-\_\_



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
2<sup>nd</sup> Revised Sheet No. 30.5  
Canceling 1<sup>st</sup> Revised Sheet No. 30.5

### COST OF GAS – NATURAL GAS Rate 88

Page 6 of 6

- (b) The unit adjustment shall be determined by dividing the balance resulting under Subsection 6(a) by the residential and firm general service sales volumes estimated to be sold during the 12 months following the effective date of each adjustment.

#### 7. Margin Sharing Mechanism:

At the time of each surcharge adjustment, pursuant to Paragraph 4, the Company will compute a credit to Rates 60, 70, 71, and 72 based on 90 percent of the margin revenues collected from Grain Drying customers served under interruptible service rates. The adjustment will be determined as follows;

- (a) (1) The initial margin credit balance shall be established in Case No. PU-13-\_\_
- (2) The monthly difference between the actual margin revenues received, multiplied by 90 percent, and the actual margin credits reflected in rates based on the credit per unit established at the time of each surcharge adjustment.
- (b) The unit adjustment shall be determined by dividing the balance resulting in Subsection 7(a) by volumes estimated to be sold during the twelve months following the effective date of each adjustment under the rate schedules set forth in Paragraph 7.

#### 8. Time and Manner of Filing:

- (a) Montana-Dakota shall file to change the COG at least 20 days prior to the proposed effective date. Each filing by Montana-Dakota shall be made by means of revised COG sheets identifying the amounts of the adjustments and the resulting currently effective COG rates.
- (b) Each filing shall be accompanied by detailed computations, which clearly show the derivation of the relevant amounts, a concise statement of the reasons for any change and copies of any relevant pipeline tariff sheets supporting costs claimed.

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Case No.: PU-13-\_\_



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
7<sup>th</sup> Revised Sheet No. 32  
Canceling 6<sup>th</sup> Revised Sheet No. 32

### RESIDENTIAL PROPANE SERVICE Rate 90

Page 1 of 2

**Availability:**

For the community of Hettinger for all domestic purposes. See Rate 100, §V.3, for definition on class of service.

**Rate:**

|                          |   |
|--------------------------|---|
| Delivery Service Charge: | \$0.6732 per day  |
| Cost of Gas:             | Determined Monthly- See Rate Summary Sheet for Current Rate |

**Minimum Bill:**

Delivery Service Charge.

**Payment:**

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

**Cost of Gas:**

The cost of gas as defined in Cost of Gas - Propane Rate 99 or any amendments or alterations thereto. The cost of propane component is subject to change on a monthly basis.

**General Terms and Conditions:**

1. The Company may at its discretion and upon thirty days notice, disconnect service to a customer utilizing a second source of propane. Any customer so disconnected shall not be eligible for service hereunder for one year from date of disconnection and shall be subject to reconnection charges to restore service after the one-year period.
2. The foregoing schedule is subject to Rates 100 through 124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Case No.: PU-13-\_\_



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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NDPSC Volume 7  
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Cancelling Original Sheet No. 32.1

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**Date Filed:** September 18, 2013

**Effective Date:**

**Issued By:** Tamie A. Aberle  
Director – Regulatory Affairs

**Case No.:** PU-13-\_\_



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
7<sup>th</sup> Revised Sheet No. 34  
Canceling 6<sup>th</sup> Revised Sheet No. 34

### FIRM GENERAL PROPANE SERVICE Rate 92

Page 1 of 2

**Availability:**

For the community of Hettinger for all purposes except for resale. See Rate 100, §V.3, for definition on class of service.

**Rate:****Basic Service Charge:**

For customers with meters rated  
under 500 cubic feet per hour \$0.67 per day

For customers with meters rated  
over 500 cubic feet per hour \$1.90 per day

Distribution Delivery Charge: \$.617 per dk

Cost of Gas: Determined Monthly- See Rate  
Summary Sheet for Current Rate

**Minimum Bill:**

Basic Service Charge.

**Payment:**

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

**Cost of Gas:**

The cost of propane as defined in Cost of Gas - Propane Rate 99 or any amendments or alterations thereto. The cost of propane component is subject to change on a monthly basis.

**Distribution Delivery Stabilization Mechanism:**

Service under this rate schedule is subject to an adjustment for the effects of weather in accordance with the Distribution Delivery Stabilization Mechanism Rate 87 or any amendments or alterations thereto.

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Case No.: PU-13-\_\_



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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NDPSC Volume 7

2<sup>nd</sup> Revised Sheet No. 34.1

Cancelling 1<sup>st</sup> Revised Sheet No. 34.1

### FIRM GENERAL PROPANE SERVICE Rate 92

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Page 2 of 2

#### General Terms and Conditions:

1. The Company may at its discretion and upon thirty days notice, disconnect service to a customer utilizing a second source of propane. Any customer so disconnected shall not be eligible for service hereunder for one year from date of disconnection and shall be subject to reconnection charges to restore service after the one-year period.
2. The foregoing schedule is subject to Rates 100 through 124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

---

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Case No.: PU-13-\_\_



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

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Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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**COST OF GAS – PROPANE Rate 99**

NDPSC Volume 7  
2<sup>nd</sup> Revised Sheet No. 41.2  
Canceling 1<sup>st</sup> Revised Sheet No. 41.2

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(on a credit balance) for a carrying charge, which shall be the product of (i) and (ii) below:

- (i) The balance on Account 191 as of the end of the immediately preceding month, exclusive of carrying charges accrued pursuant to this Subsection (b)(2) and net of the related deferred tax amounts in Accounts 283 or 190, as appropriate.
- (ii) One-twelfth of the three-month Treasury Bill rate as published monthly by the Federal Reserve Board. The carrying charges shall be accrued in a supplementary Account 191 for each rate schedule, and carrying charges shall not be computed on the amounts in such supplementary account.

(c) Reduction of Amounts in Account 191:

- (1) The amounts in Account 191 shall be decreased each month by an amount determined by multiplying the currently effective surcharge adjustment included in rates for that month (as calculated in Section 4) by the dks sold during that month under each rate schedule. The account shall be increased in the event the adjustment is a negative amount.
- (2) The amount amortized each month shall be applied pro rata between the amounts in Account 191 specified in Subsections 5(a)(1) and (2) and the amounts in the supplementary Account 191 specified in Subsection 5(b)(2)(ii).

### 6. Market-Based Pricing Differential:

- (a) At the time of each surcharge adjustment pursuant to Paragraph 4 of Rate 88, the Company will compute a credit to residential and firm general service rates based on 50 percent of all distribution delivery charge revenues received from small interruptible sales and large interruptible sales customers in excess of the authorized minimum distribution delivery charge rate approved in the most recent general rate case.
- (b) The unit adjustment shall be determined by dividing the balance resulting under Subsection 6(a) by the residential and firm general service sales volumes estimated to be sold during the 12 months following the effective date of each adjustment.

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**Date Filed:** September 18, 2013

**Effective Date:**

**Issued By:** Tamie A. Aberle  
Director – Regulatory Affairs

**Case No.:** PU-13-\_\_



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

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## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
Original Sheet No. 41.3

### COST OF GAS – PROPANE Rate 99

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#### 7. Margin Sharing Mechanism:

At the time of each surcharge adjustment, pursuant to Paragraph 4 of Rate 88, the Company will compute a credit to Rates 90 and 92 based on 90 percent of the margin revenues collected from Grain Drying customers served under interruptible service rates. The adjustment will be determined as follows;

- (a) (1) The initial margin credit balance established in Case No. PU-13-\_\_
- (2) The monthly difference between the actual margin received, multiplied by 90 percent, and the actual margin credits reflected in rates based on the credit per unit established at the time of each surcharge adjustment.
- (b) The unit adjustment shall be determined by dividing the balance resulting in Subsection 7(a) by volumes estimated to be sold during the twelve months following the effective date of each adjustment under the rate schedules set forth in Paragraph 7.

#### 8. Time and Manner of Filing:

- (a) Montana-Dakota shall file each COG at least 10 days prior to the proposed effective date. Each filing by Montana-Dakota shall be made by means of revised COG sheets identifying the amounts of the adjustments and the resulting currently effective COG rates.
- (b) Each filing shall be accompanied by detailed computations, which clearly show the derivation of the relevant amounts, a concise statement of the reasons for any change and copies of any relevant material supporting costs claimed.

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

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# Montana-Dakota Utilities Co.

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400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
3<sup>rd</sup> Revised Sheet No. 42.10  
Canceling 2<sup>nd</sup> Revised Sheet No. 42.10

### GENERAL PROVISIONS Rate 100

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the Company or a change in location covered by the guarantee agreement of thirty days after written request for termination is made to the utility by the guarantor. However, no agreement shall be terminated without the customer having made satisfactory settlement for any balance, which the customer owes the Company. Upon termination of a guarantee contract, a new contract or a cash deposit may be required by the Company.

A deposit shall earn interest at the rate paid by the Bank of North Dakota on a six-month certificate of deposit as of the first business day of each year. Interest shall be credited to the customer's account annually during the month of December.

Deposits with interest shall be refunded to customers at termination of service provided all billings for service have been paid. Deposits with interest will be refunded to all active customers, after the deposit has been held for twelve months, provided prompt payment record has been established.

#### 7. METERING AND MEASUREMENT:

(a) Company will meter the volume of natural gas delivered to customer at the delivery point. Such meter measurement will be conclusive upon both parties unless such meter is found to be inaccurate, in which case the quantity supplied to customer shall be determined by as correct an estimate as it is possible to make, taking into consideration the time of year, the schedule of customer's operations and other pertinent facts. Company will test meters in accordance with applicable state utility rules and regulations.

(b) Interruptible sales and transportation service customers agree to provide the cost of the installation of remote data acquisition equipment; as required, to the Company before service is implemented as provided for in the applicable rate schedule.

8. MEASUREMENT UNIT FOR BILLING PURPOSES – The measurement unit for billing purposes shall be one (1) decatherm (dk), unless otherwise specified. Billing will be calculated to the nearest one-tenth (1/10) dk. One dk equals 10 therms or 1,000,000 Btu's. Dk's shall be calculated by the

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

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NDPSC Volume 7  
3<sup>rd</sup> Revised Sheet No. 42.12  
Canceling 2<sup>nd</sup> Revised Sheet No. 42.12

### GENERAL PROVISIONS Rate 100

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- (d) Priority 4 – Large interruptible sales at the maximum rate on a pro rata basis.
- (e) Priority 5 – Small interruptible transportation services from the highest rate to the lowest rate and on a pro rata basis where equal rates are applicable among customers.
- (f) Priority 6 – Large interruptible transportation services from the highest rate to the lowest rate and on a pro rata basis where equal rates are applicable among customers.
- (g) Priority 7 – Gas scheduled to clear imbalances.

Montana-Dakota shall have the right, in its sole discretion, to deviate from the above schedule when necessary for system operational reasons and if following the above schedule would cause an interruption in service to a customer who is not contributing to an operational problem on Montana-Dakota's system.

Montana-Dakota reserves the right to provide service to customers with lower priority while service to higher priority customers is being curtailed due to restrictions at a given delivery or receipt point. When such restrictions are eliminated, Montana-Dakota will reinstate sales and/or transportation of gas according to each customer's original priority.

- 11. LATE PAYMENT – Amounts billed will be considered past due if not paid by the due date shown on the bill. An amount equal to 1 percent per month will be applied to any unpaid balance existing at the immediate subsequent billing date, provided however, that such amount shall not apply where a bill is in dispute or a formal complaint is being processed. All payments received will apply to the customer's account prior to calculating the late payment charge. Those payments applied shall satisfy the oldest portion of the bill first.
- 12. RETURNED CHECK CHARGE – A charge of \$15.00 will be collected by the Company for each check charged back to the Company by a bank.
- 13. TAX CLAUSE – In addition to the charges provided for in the gas tariffs of the Company, there shall be charged pro rata amounts which, on an annual basis, shall be sufficient to yield to the Company the full amount of any sales,

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

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# Montana-Dakota Utilities Co.

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Canceling 1<sup>st</sup> Revised Sheet No. 42.13

### GENERAL PROVISIONS Rate 100

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use or excise taxes, whether they be denominated as license taxes, occupation taxes, business taxes, privilege taxes, or otherwise, levied against or imposed upon the Company by any municipality, political subdivision, or other entity, for the privilege of conducting its utility operations therein.

The charges to be added to the customer's service bills under this clause shall be limited to the customers within the corporate limits of the municipality, political subdivision or other entity imposing the tax.

#### 14. UTILITY CUSTOMER SERVICES:

(a) The following services will be performed at no charge regardless of the time of performance:

- (1) Fire and explosions calls.
- (2) Investigate hazardous condition on customer premises, such as gas leaks, odor complaints, combustion gas fumes.
- (3) Maintenance or repair of Company-owned facilities on the customer's premises.

(b) The following service calls will be performed at no charge during the Company's normal business hours:

- (1) Cut-ins and cut-outs.
- (2) High bills or inadequate service complaints.
- (3) Location of underground Company facilities and customer-owned gas service lines for contractors, builders, plumbers, etc.

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

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NDPSC Volume 7  
2<sup>nd</sup> Revised Sheet No. 42.14  
Canceling 1<sup>st</sup> Revised Sheet No. 42.14

### GENERAL PROVISIONS Rate 100

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15. UTILITY SERVICES PERFORMED AFTER NORMAL BUSINESS HOURS – For service requested by customers after the Company’s normal business hours and on Saturday, Sunday, or legal holidays, a charge will be made for labor at standard overtime service rates and materials at retail prices.

Customers requesting service after the Company’s normal business hours will be informed of the after hour service rate and encouraged to have the service performed during normal business hours.

16. NOTICE TO DISCONTINUE GAS SERVICE – Customers desiring to have their gas service disconnected shall notify the Company during regular business hours, one business day before service is to be disconnected. Such notice shall be by letter, personal visit or telephone call to the Company’s Customer Service Center. Saturdays, Sundays and legal holidays are not considered business days.

17. RECONNECTION FEE FOR SEASONAL OR TEMPORARY CUSTOMER – A customer who requests reconnection of service, during normal working hours, at a location where same customer discontinued the same service during the preceding 12-month period will be charged a reconnection fee as follows:

Residential - The Basic Service Charge applicable during the period while service was not being used or a minimum of \$30.00. The minimum will be based on standard overtime rates for reconnection of service after normal business hours.

Non-Residential – The Basic Service Charge applicable during the period while service was not being used. However, the reconnection charge applicable to seasonal business concerns such as irrigation, grain drying and asphalt processing shall be the Basic Service Charge applicable during the period while service was not being used less the Distribution Delivery Charge revenue collected during the period in-service. A minimum of \$30.00 will apply to reconnections occurring during normal

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Case No.: PU-13-\_\_



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
3<sup>rd</sup> Revised Sheet No. 42.15  
Canceling 2<sup>nd</sup> Revised Sheet No. 42.15

### GENERAL PROVISIONS Rate 100

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business hours. The minimum will be based on standard overtime rates for reconnection of service occurring after normal business hours.

Transportation customers who cease service and then resume service within the succeeding 12 months shall be subject to a minimum reconnection charge of \$160.00 whenever reinstallation of the required remote data acquisition equipment is necessary.

18. DISCONNECTION OF SERVICE FOR NONPAYMENT OF BILLS – All amounts billed for service are due when rendered and will be considered delinquent if not paid by due date shown on the bill. If any customer shall become delinquent in the payment of amounts billed, such service may be discontinued by the Company under the applicable rules of the Commission. The Company may collect a fee of \$20.00 before restoring gas service, which has been disconnected for nonpayment of service bills during normal business hours. Standard overtime rates will apply for services performed after normal business hours.
19. DISCONNECTION OF SERVICE FOR CAUSES OTHER THAN NONPAYMENT OF BILLS – The Company reserves the right to discontinue service for any of the following reasons:
- (a) In the event of customer use of equipment in such a manner as to adversely affect the Company's equipment or service to others.
  - (b) In the event of tampering with the equipment furnished and owned by the Company.
  - (c) For violation of or noncompliance with the Company's rules on file with the Commission.
  - (d) For failure of the customer to fulfill the contractual obligations imposed as conditions of obtaining service.

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Case No.: PU-13-\_\_



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
3<sup>rd</sup> Revised Sheet No. 42.16  
Canceling 2<sup>nd</sup> Revised Sheet No. 42.16

### GENERAL PROVISIONS Rate 100

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- (e) For refusal of reasonable access to property to the agent or employee of the Company for the purpose of inspecting the facilities or for testing, reading, maintaining or removing meters.

The right to discontinue service for any of the above reasons may be exercised whenever and as often as such reasons may occur, and any delay on the part of the Company in exercising such rights, or omission of any action permissible hereunder, shall not be deemed a waiver of its rights to exercise same.

Nothing in these regulations shall be construed to prevent discontinuing service without advance notice for reasons of safety, health, cooperation with civil authorities, or fraudulent use, tampering with or destroying Company facilities.

The Company may collect a reconnect fee of \$30.00 before restoring gas service, which has been disconnected for the above causes.

20. UNAUTHORIZED USE OF SERVICE – Unauthorized use of service is defined as any deliberate interference such as tampering with a Company meter, pressure regulator, registration, connections, equipment, seals, procedures or records that result in a loss of revenue to the Company. Unauthorized service is also defined as reconnection of service that has been terminated, without the Company's consent.

- (a) Examples of unauthorized use of service include the following, but are not limited to:

- (1) Bypass piping around meter.
- (2) Bypass piping installed in place of meter.
- (3) Meter reversed.
- (4) Meter index disengaged or removed.
- (5) Service or equipment tampered with or piping connected ahead of meter.

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Case No.: PU-13-\_\_



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
3<sup>rd</sup> Revised Sheet No. 42.17  
Canceling 2<sup>nd</sup> Revised Sheet No. 42.17

### GENERAL PROVISIONS Rate 100

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- (6) Tampering with meter or pressure regulator that affects the accurate registration of gas usage.
- (7) Gas being used after service has been discontinued by the Company.
- (8) Gas being used after service has been discontinued by the Company as a result of a new customer turning gas on without the proper connect request.

(b) In the event that there has been unauthorized use of service, customer shall be charged for:

- (1) Time, material and transportation costs used in investigation.
- (2) Estimated charge for non-metered gas.
- (3) On-premise time to correct situation.
- (4) Any damage to Company property.

(c) Customer service so disconnected shall be reconnected after a customer has furnished satisfactory evidence of compliance with Company's rules and conditions of service, and paid all charges as hereinafter set forth in this procedure:

- (1) All delinquent bills, if any.
- (2) The amount of any Company revenue loss attributable to said tampering.
- (3) Expenses incurred by the Company in replacing or repairing the meter or other appliance costs incurred in preparation of the bill, plus costs as outlined in number 20.b above.
- (4) Reconnection fee applicable.
- (5) A cash deposit, the amount of which will not exceed the maximum amount determined in accordance with Commission Rules.

21. RATE FOR EMPLOYEES – A bill discount may be available for residential use only in a single family unit served by Montana-Dakota to qualifying employees and retirees of MDU Resources and its subsidiaries. The bill shall be computed at applicable rate and amount reduced by 33 1/3 percent.

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Case No.: PU-13-\_\_



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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NDPSC Volume 7  
Original Sheet No. 42.18

### GENERAL PROVISIONS Rate 100

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#### 22. SEE ALSO THE FOLLOWING RATES FOR SPECIAL PROVISIONS:

- Rate 105 – Gas Meter Test Program
- Rate 119 – Interruptible Gas Service Extension Policy
- Rate 120 – Firm Gas Service Extension Policy
- Rate 124 – Service Lines

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Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Case No.: PU-13-\_\_



# Montana-Dakota Utilities Co.

*A Division of MDU Resources Group, Inc.*

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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NDPSC Volume 7  
1<sup>st</sup> Revised Sheet No. 44  
Cancelling Original Sheet No. 44

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Page 1 of 1

Reserved for Future Use

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**Date Filed:** September 18, 2013

**Effective Date:**

**Issued By:** Tamie A. Aberle  
Director – Regulatory Affairs

**Case No.:** PU-13-\_\_



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
2<sup>nd</sup> Revised Sheet No. 61  
Cancelling 1<sup>st</sup> Revised Sheet No. 61

### INTERRUPTIBLE GAS SERVICE EXTENSION POLICY Rate 119

Page 1 of 2

The policy of Montana-Dakota Utilities Co. for gas extensions necessary to provide interruptible sales or interruptible transportation service to customers is as follows:

#### 1. Contribution

(a) Prior to construction, the customer shall contribute an amount equal to the total cost of construction including all gas main extensions, valves, service line(s), regulators, meters, any required payments made by the Company to the transmission pipeline to accommodate the extensions, and other costs as adjusted for federal and state income taxes. Remote data acquisition equipment costs shall be subject to the terms and conditions specified in the applicable interruptible service rate schedule.

(b) The contribution shall be made by:

- i. A one-time payment prior to construction, or
- ii. The customer may post a bond, irrevocable letter of credit, or a written guarantee commitment in the amount of the total contribution required prior to construction. Such bond, issued by a bonding company authorized to do business in the state, or letter of credit, shall be effective for a five-year period commencing at the plant in service date, and is subject to approval and acceptance by the Company. If at the end of the original five-year term, a contribution requirement exists for the subject project, the surety shall pay the Company for such contribution requirement, or

(c) Upon completion of construction, the contribution amount will be adjusted to reflect actual costs, and an additional charge may be levied or a refund may be made.

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Case No.: PU13-\_\_



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
1<sup>st</sup> Revised Sheet No. 61.1  
Cancelling Original Sheet No. 61.1

### INTERRUPTIBLE GAS SERVICE EXTENSION POLICY Rate 119

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#### 2. Refund

- (a) If within the five-year period from the extension(s) in service date, the total of the customer's contribution and actual margin paid to the Company equals or exceeds the total present value of the revenue requirement associated with the extension, Company shall refund the amount exceeding the revenue requirement on the following basis:
- i. Annually, beginning at the 2<sup>nd</sup> anniversary of the extension(s) in service date, the Company will refund to the customer, the amount exceeding the total present value of the revenue requirement at a rate of 50 percent of the current year margin associated with the customer's actual throughput.
  - ii. Customers who have posted a bond or letter of credit will be notified of any reduction in surety requirements based on the above calculation.
  - iii. No refunds will be made for amounts less than \$25.
- (b) Interest will be calculated annually by the Company on any refund amounts and shall be equal to the average commercial paper interest rate (A1/P1), not to exceed 12 percent per annum.
- (c) No refund shall be made by the Company after the five-year refund period has expired, and in no case shall the refund, excluding interest, exceed the amount of contribution made by the customer.
- (d) The Company and customer may enter into a contract providing for a refund mechanism based on customer meeting identified minimums on the basis of specific extension characteristics.

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Case No.: PU13-\_\_



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
1<sup>st</sup> Revised Sheet No. 62.1  
Cancelling Original Sheet No. 62.1

### FIRM GAS SERVICE EXTENSION POLICY Rate 120

Page 2 of 6

6. A refund will be made only when there is a reduction in the amount of contribution required within a five-year period from the extension(s) in service date. Interest will be calculated annually by the Company on any refund amounts and shall be equal to the average commercial paper interest rate (A1/P1), not to exceed 12 percent per annum.

No refund shall be made by Company after the five-year refund period and in no case shall the refund excluding interest, exceed the amount of the contribution.

7. The Company reserves the right to charge customer the cost associated with providing service to customer if service is not initiated within 12 months of such installation.

#### (B) Customer Extensions

Cost participation for extensions where customers will be immediately available for service is as follows:

##### 1. Contribution

- (a) When a contribution is required, the customer(s) shall pay the Company the portion of the capital expenditure not cost justified as determined in accordance with ¶ A.3.

##### (b) The contribution shall be made by:

- i. A one-time payment prior to construction, or
- ii. Payment of 25 percent of the contribution prior to construction and the balance in no more than twenty-four equal monthly installments. If customer discontinues service within the twenty-four month period, the balance will be due and payable upon discontinuance of service, or
- iii. A minimum annual charge set forth in an agreement between customer and Company, or
- iv. Customer may post a bond or an irrevocable letter of credit in the amount of the required contribution prior to construction. Such bond, issued by a bonding company authorized to do business in the state,

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Case No.: PU-13-\_\_



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
1<sup>st</sup> Revised Sheet No. 62.2  
Cancelling Original Sheet No. 62.2

### FIRM GAS SERVICE EXTENSION POLICY Rate 120

Page 3 of 6

or letter of credit, shall be effective for the original five-year term and is subject to approval and acceptance by the Company. If at the end of the original five-year term, a contribution requirement exists in the subject project based on a recalculated maximum expenditure, the surety or guarantor shall reimburse the Company for such recalculated contribution requirement.

- (c) Upon completion of construction, the contribution amount will be adjusted to reflect actual costs, and an additional charge may be levied or a refund may be made.
- (d) If within the five-year period from the extension(s) in service date, the number of active customers and related volumes exceeds the third-year projections, the Company shall recompute the contribution requirement by recalculating the maximum allowable investment.
- (e) The recalculated contribution requirement shall be collected from the new applicant(s).

#### 2. Refund

- (a) The Company will refund to the original contributor(s) the amount required to reduce their contribution to the recalculated contribution requirement. No refunds will be made for amounts less than \$25. Customers who have posted a bond or letter of credit will be notified of any reduction in surety requirements.
- (b) No refunds will be made until the new applicants begin taking service from the Company.

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Case No.: PU-13-\_\_



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
1<sup>st</sup> Revised Sheet No. 62.4  
Cancelling Original Sheet No. 62.4

### FIRM GAS SERVICE EXTENSION POLICY Rate 120

Page 5 of 6

- (d) The net present value of the Surcharge will be treated as a contribution-in-aid of construction for accounting purposes.

#### (C) Developer Extensions

Cost participation may be required for extensions such as a subdivision or a mobile home court, in which a developer is installing roads, utilities, etc., before housing is built.

##### 1. Contribution

- (a) When a contribution is required, the developer shall pay the Company the portion of the capital expenditure not cost justified as determined in accordance with ¶A.3.
- (b) The contribution shall be made by:
- i. A one-time payment prior to construction, or
  - ii. Developer may post a bond or an irrevocable letter of credit in the amount of the required contribution prior to construction. Such bond, issued by a bonding company authorized to do business in the state or, letter of credit shall be effective for the original five-year term and is subject to approval and acceptance by the Company. If at the end of the original five-year term, a contribution requirement exists in the subject project based on a recalculated maximum expenditure, the surety shall reimburse the Company for such recalculated contribution requirement.
- (c) Upon completion of construction, the contribution amount will be adjusted to reflect actual costs, and an additional charge may be levied or a refund may be made.

Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Case No.: PU-13-\_\_

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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NDPSC Volume 7  
1<sup>st</sup> Revised Sheet No. 62.5  
Cancelling Original Sheet No. 62.5

### FIRM GAS SERVICE EXTENSION POLICY Rate 120

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Page 6 of 6

#### 2. Refund

- (a) If within the five-year period from the extension(s) in service date, the number of active customers and related volumes exceeds the third-year projections, the Company shall recompute the contribution requirement by recalculating the maximum allowable investment. Such recalculation shall be done annually based upon the anniversary of the extension(s) in service date.
- (b) The Company will refund to the developer the amount required to reduce their contribution to the recalculated contribution requirement. No refunds will be made for amounts less than \$25. Developers who have posted a bond, or a letter of credit will be notified of any reduction in surety requirements.
- (c) If the addition of new customer(s) will increase the contribution required from the developer, the extension will be considered a new extension and treated separately.

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Date Filed: September 18, 2013

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Case No.: PU-13-\_\_

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## Tariffs Reflecting Proposed Changes



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
2<sup>nd</sup> Revised Sheet No. 1  
Canceling 1<sup>st</sup> Revised Sheet No. 1

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**Date Filed:** August 15, 2007

**Effective Date:** Service rendered on and after  
September 19, 2007

**Issued By:** Donald R. Ball  
Vice President -  
Regulatory Affairs

**Case No.:** PU- 07-618



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
2<sup>nd</sup> Revised Sheet No. 2  
Canceling 1<sup>st</sup> Revised Sheet No. 2

### COMMUNITIES SERVED

#### NATURAL GAS SERVICE

##### Dakota Heartland Region

|              |             |              |  |
|--------------|-------------|--------------|--|
| Apple Valley | Eldridge    | Max          | Steele   |
| Barlow       | Fort Totten | Medina       | Surrey   |
| Bismarck*    | Garrison    | Minot        | Tappen   |
| Burlington   | Glen Ullin  | New Rockford | Turtle Lake  |
| Carrington   | Grafton     | New Salem    | Underwood  |
| Cavalier     | Jamestown   | Park River   | Valley City  |
| Cleveland    | Langdon     | Riverdale    | Walhalla   |
| Dawson       | Lincoln     | Ruthville    | Washburn   |
| Des Lacs     | Linton      | Sandborn     | Wilton   |
| Devils Lake  | Mandan      | Sheyenne     | <u>Locations near</u><br><u>Hankinson/Fairmont</u> |

##### Badlands Region

|               |             |                |              |
|---------------|-------------|----------------|--------------|
| Alexander     | Gladstone   | Palermo        | Stanley      |
| Arnegard      | Golva       | Ray            | Taylor       |
| Beach         | Hebron      | Regent         | Tioga        |
| Belfield      | Killdeer    | Rhame          | Trenton      |
| Berthold      | Lefor       | Richardton     | Watford City |
| Bowman        | Lignite     | Ross           | Wheelock     |
| Dickinson*    | Marmarth    | Sentinel Butte | White Earth  |
| East Fairview | Mott        | Springbrook    | Williston    |
| Epping        | New England | South Heart    |              |

#### PROPANE SERVICE

##### Badlands Region

Hettinger

\*Designates Region Office

|                    |   |                        |                   |
|--------------------|---|------------------------|-------------------|
| <b>Date Filed:</b> | January 19, 2012                              | <b>Effective Date:</b> | February 19, 2012 |
| <b>Issued By:</b>  | Tamie A. Aberle<br>Regulatory Affairs Manager | <b>Case No.:</b>       | PU-12-046         |



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7

2nd Revised Sheet No. 3.1

Canceling 1st Revised Sheet No. 3.1

### RATE SUMMARY SHEET

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| Miscellaneous Charges   | Amount  |
|---|---|
| Late Payment  | 1% per month  |
| Returned Check  | <del>\$10.00 per check</del> <del>\$15.00 per check</del>   |
| Reconnection charge after termination for nonpayment<br>-During normal business hours<br>-After normal business hours                     | <del>\$12.00</del> <del>\$20.00</del><br>Current service labor rate per hour  |
| Reconnection charge after termination for causes defined in Rate 100 ¶19<br>-During normal business hours<br>-After normal business hours | \$30.00<br>Current service labor rate per hour  |
| Reconnection charge applicable to seasonal or temporary customers<br>-During normal business hours<br>-After normal business hours        | Basic Service Charge applicable during the period while service was not being used.<br>Minimum- \$30.00<br>Minimum- Current service labor rate per hour |
| Reconnection charge applicable to transportation customers when remote data acquisition equipment must be reinstalled                     | \$160.00  |

**Date Filed:** December 16, 2002

**Effective Date:** Service rendered on and after  
December 12, 2002

**Issued By:** Donald R. Ball  
Director of Regulatory Affairs

**Case No.:** PU-399-02-183

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
5<sup>th</sup> Revised Sheet No. 4  
Canceling 4<sup>th</sup> Revised Sheet No. 4

### RESIDENTIAL GAS SERVICE Rate 60

Page 1 of 1

#### Availability:

In all communities served for all domestic uses. See Rate 100, §V.3, for definition on class of service.

#### Rate:

|   |   |
|---|---|
| Basic <del>Delivery</del> Service Charge: | \$0.30-6732 per day   |
| Distribution <del>Delivery</del> Charge:  | \$.812 per dk   |
| Cost of Gas:                              | Determined Monthly- See Rate Summary Sheet for Current Rate |

#### Minimum Bill:

Basic ~~Delivery~~ Service Charge.

#### Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

#### Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

#### ~~Distribution Delivery Stabilization Mechanism:~~

~~Service under this rate schedule is subject to an adjustment for the effects of weather in accordance with the Distribution Delivery Stabilization Mechanism Rate 87 or any amendments or alterations thereto.~~

#### General Terms and Conditions:

The foregoing schedule is subject to Rates 100 through 124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

Date Filed: August 15, 2007

Effective Date: Service rendered on and after September 19, 2007

Issued By: Donald R. Ball  
Vice President -  
Regulatory Affairs

Case No.: PU-07-618

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
3<sup>rd</sup> Revised Sheet No. 7  
Canceling 2<sup>nd</sup> Revised Sheet No. 7

### AIR FORCE Rate 64

Page 1 of 2

#### Availability:

Minot Air Force Base near Minot, North Dakota, and the Perimeter Acquisition Radar (PAR) Site, near Concrete, North Dakota. The Air Force shall make an election of its requirements under each available service and such requirements shall be set forth in a service agreement with the Company.

#### Rate:

##### Basic Service Charge:

|  |  |
|--|--|
| Minot Air Force Base                   | \$ <del>1,000</del> <u>2,000</u> .00 per month |
| Perimeter Acquisition Radar (PAR) Site | \$ <del>135</del> <u>175</u> .00 ___per month  |

##### Distribution Delivery Charge:

|                       |                                      |
|-----------------------|--------------------------------------|
| Firm Service          | \$. <del>138</del> <u>184</u> per dk |
| Interruptible Service | \$. <del>120</del> <u>146</u> per dk |

##### Cost of Gas:

Determined Monthly- See Rate Summary Sheet for Current Rate

#### Minimum Bill:

Basic Service Charge.

#### Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

#### Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

Date Filed: August 15, 2007

Effective Date: Service rendered on and after September 19, 2007

Issued By: Donald R. Ball  
Vice President -  
Regulatory Affairs

Case No.: PU-07-618

135



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
5<sup>th</sup> Revised Sheet No. 13  
Cancelling 4<sup>th</sup> Revised Sheet No. 13

### FIRM GENERAL GAS SERVICE Rate 70

Page 1 of 2

#### Availability:

In all communities served for all purposes except for resale. See Rate 100, §3, for definition on class of service.

#### Rate:

##### Basic Service Charge:

For customers with meters rated under  
500 cubic feet per hour

\$0.~~52~~67 per day

For customers with meters rated over  
500 cubic feet per hour

\$1.~~75~~90 per day

##### Distribution Delivery Charge:

\$.~~59~~7~~6~~17 per dk

##### Cost of Gas:

Determined Monthly- See  
Rate Summary Sheet for  
Current Rate

#### Minimum Bill:

Basic Service Charge.

#### Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

#### Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

#### Distribution Delivery Stabilization Mechanism:

Service under this rate schedule is subject to an adjustment for the effects of weather in accordance with the Distribution Delivery Stabilization Mechanism Rate 87 or any amendments or alterations thereto.

Date Filed: September 22, 2004

Effective Date: Service rendered on and after  
October 1, 2004

Issued By: Donald R. Ball  
Assistant Vice President -  
Regulatory Affairs

Case No.: PU-04-97

136



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
5<sup>th</sup> Revised Sheet No. 14  
Canceling 4<sup>th</sup> Revised Sheet No. 14

### SMALL INTERRUPTIBLE GENERAL GAS SERVICE Rate 71

Page 1 of 4

#### Availability:

In all communities served for all interruptible general gas service customers whose interruptible natural gas load will exceed an input rate of 2,500,000 Btu per hour, metered at a single delivery point and whose use of natural gas will not exceed 100,000 dk annually. The rates herein are applicable only to customer's interruptible load. Customer's firm natural gas requirements must be separately metered or specified in a firm service agreement. Customer's firm load shall be billed at Firm General Gas Service Rate 70. For interruptible purposes, the maximum daily firm requirement shall be set forth in the firm service agreement.

#### Rate:

|                               |   |                                     |
|-------------------------------|---|-------------------------------------|
| Basic Service Charge:         | \$ <del>100.00</del> 300.00 per month                       |                                     |
| Distribution Delivery Charge: | <u>Maximum</u><br>\$.871-930 per dk                         | <u>Minimum</u><br>\$.427-486 per dk |
| Cost of Gas:                  | Determined Monthly- See Rate Summary Sheet for Current Rate |                                     |

The Distribution Delivery Charge shall be set forth in the service agreement required as provided in the General Terms and Conditions for service. Such rate, as adjusted to reflect changes in the Cost of Gas, shall apply for the term of the agreement regardless of a change in the rates set forth above.

#### Minimum Bill:

Basic Service Charge.

#### Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

#### Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

Date Filed: August 15, 2007

Effective Date: Service rendered on and after  
September 19, 2007

Issued By: Donald R. Ball  
Vice President -  
Regulatory Affairs

Case No.: PU-07-618

137



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
1<sup>st</sup> Revised Sheet No. 14.2  
Canceling Original Sheet No. 14.2

### SMALL INTERRUPTIBLE GENERAL GAS SERVICE Rate 71

Page 3 of 4

4. OBLIGATION TO NOTIFY COMPANY OF CHANGE IN DAILY OPERATIONS – Customer will be required as specified in the service agreement to notify Company of an anticipated change in daily operations. Failure to comply with requirements specified in the service agreement may result in the assessment of penalties to the customer equal to the penalty amounts Company must pay to the interconnecting pipeline caused by customer's action.

5. METERING REQUIREMENTS –Remote data acquisition equipment (telemetering equipment) required for daily measurement will be purchased and installed by the Company, at its sole discretion, prior to the initiation of service hereunder. The cost of the equipment and its installation shall be paid for by the customer. Such contribution in aid, as adjusted for federal and state income taxes, must be paid prior to the installation of such equipment unless otherwise agreed to by the Company. Such equipment will be maintained by the Company and will remain the sole property of the Company. Company may remove such equipment when service hereunder is terminated.

The customer shall may be required to provide and maintain, at no cost to Company, the following: a-A 120 volt, 15 ampere, AC power supply; or other power source acceptable to the Company, and an acceptable telephone service available at customer's meter location(s). Customer agrees to provide and maintain, at no cost to the Company, any necessary telephone enhancements to assure Company of a quality telephone signal necessary to properly transmit data. The customer shall pay all charges for continuous electric and telephone service associated with the Company's connection of the remote data acquisition equipment. The services listed above shall be continuous, accessible to the Company, and be provided by the customer at no cost to the Company. Enhancements and/or modifications to these services may be required to ensure equipment functionality. Such enhancements or modifications shall be completed at the direction of the Company with all associated costs the customer's responsibility. Any interruption in such services must be promptly remedied or service under this tariff will be suspended until satisfactory corrections have been made.

Date Filed: September 22, 2004

Effective Date: Service rendered on and after October 1, 2004

Issued By: Donald R. Ball  
Assistant Vice President -  
Regulatory Affairs

Case No.: PU-04-97

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.  
400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
1<sup>st</sup> Revised Sheet No. 14.2  
Canceling Original Sheet No. 14.2

### SMALL INTERRUPTIBLE GENERAL GAS SERVICE Rate 71

Page 4 of 4

Consultation between the customer and the Company regarding telemetering requirements shall occur prior to execution of the required service agreement. The telemetering requirement will be determined at the sole discretion of the Company based on customer requirements and location.

The Company reserves the right to charge for each service call to investigate, repair, and/or reprogram or reinstall the Company's ~~remote data acquisition~~ telemetering equipment when the service call is the result of a failure or change in the communication or power source services described above ~~provided by customer~~ or damage to Company's equipment.

6. The foregoing schedule is subject to Rates 100 through 124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

Date Filed: September 22, 2004

Effective Date: Service rendered on and after October 1, 2004

Issued By: Donald R. Ball  
Assistant Vice President -  
Regulatory Affairs

Case No.: PU-04-97

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
6<sup>th</sup> Revised Sheet No. 15  
Canceling 5<sup>th</sup> Revised Sheet No. 15

### OPTIONAL SEASONAL GENERAL GAS SERVICE Rate 72

Page 1 of 2

#### Availability:

In all communities served for all purposes except for resale. See Rate 100, §V.3, for definition on class of service.

#### Rate:

##### Basic Service Charge:

For customers with meters rated  
under 500 cubic feet per hour \$0.52-67 per day

For customers with meters rated  
over 500 cubic feet per hour \$1.751.90 per day

Distribution Delivery Charge: \$.597-617 per dk

##### Cost of Gas:

Winter- Service rendered October 1 through May 31  
Determined Monthly-  
See Rate Summary  
Sheet for Current Rate

Summer- Service rendered June 1 through  
September 30  
Determined Monthly-  
See Rate Summary  
Sheet for Current Rate

#### Minimum Bill:

Basic Service Charge.

#### Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

#### Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

Date Filed: June 29, 2012

Effective Date: Service rendered on and  
after August 1, 2012

Issued By: Tamie A. Aberle  
Regulatory Affairs Manager

Case No.: PU-12-452

140



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
4<sup>th</sup> Revised Sheet No. 24.1  
Canceling 3<sup>rd</sup> Revised Sheet No. 24.1

### TRANSPORTATION SERVICE Rates 81 and 82

Page 2 of 10

#### Rate:

Under Rate 81 or 82, customer shall pay the applicable Basic Service Charge plus a negotiated rate not more than the maximum rate or less than the minimum rate specified below. In the event customer also takes service under Rate 71 or Rate 85, the Basic Service Charge applicable under Rate 81 or Rate 82 shall be waived.

#### Basic Service Charge:

Rate 81 ~~\$150~~300.00 \_\_per month  
Rate 82 ~~\$725~~2,200.00 per month

|                         | Rate 81    | Rate 82    |
|-------------------------|------------|------------|
| Maximum Rate per dk     | \$0.427486 | \$0.298260 |
| Minimum Rate per dk     | \$0.102    | \$0.061    |
| Balancing Charge per dk | \$0.300    | \$0.300    |

#### Fuel Charge:

Applicable to all dk transported to customers located within the distribution system. Charge does not apply to transmission level customers. See Rate Summary Sheet for currently effective charge.

#### General Terms and Conditions:

1. **CRITERIA FOR SERVICE:** In order to receive the service, customer must qualify under one of the Company's applicable natural gas transportation service rates and comply with the general terms and conditions of the service provided herein. The customer is responsible for making all arrangements for transporting the gas from its source to the Company's interconnection with the delivering pipeline(s).

Date Filed: August 15, 2007

Effective Date: Service rendered on and after  
September 19, 2007

Issued By: Donald R. Ball  
Vice President -  
Regulatory Affairs

Case No.: PU-07-618

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.  
400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
1<sup>st</sup> Revised Sheet No. 24.7  
Cancelling Original Sheet No. 24.7

### TRANSPORTATION SERVICE Rates 81 and 82

Page 8 of 10

10. **METERING REQUIREMENTS:**

a. Remote data acquisition equipment (telemetry equipment) required by the Company for daily measurement will be purchased and installed by the Company prior to the initiation of service hereunder. The cost of the equipment and its installation shall be paid for by the customer. Such contribution in aid, as adjusted for federal and state income taxes, must be paid prior to the installation of such equipment unless otherwise agreed to by the Company. Such equipment will be maintained by the Company and will remain the sole property of the Company. Company may remove such equipment when service hereunder is terminated.

b. The customer shall ~~may be required to~~ provide and maintain, at no cost to Company, ~~the following: a~~ A 120 volt, 15 ampere, AC power supply; or other power source acceptable to the Company and an acceptable telephone service available at customer's meter location(s). ~~Customer agrees to provide and maintain, at no cost to the Company, any necessary telephone enhancements to assure Company of a quality telephone signal necessary to properly transmit data. The customer shall pay all charges for continuous electric and telephone service associated with the Company's connection of the remote data acquisition equipment; and The services listed above shall be continuous, accessible to the Company, and be provided by the Customer at no cost to the Company. Enhancements and/or modifications to these services may be required to ensure equipment functionality. Such enhancements or modifications shall be completed at the direction of the Company with all associated costs the Customer's responsibility. Any interruption in such services must be promptly remedied or service under this tariff will be suspended until satisfactory corrections have been made.~~

Consultation between the customer and the Company regarding telemetry requirements shall occur prior to execution of the required service agreement. The telemetry requirement will be determined at the sole discretion of the Company based on customer requirements and locations.

|                    |  |                        |   |
|--------------------|--|------------------------|---|
| <b>Date Filed:</b> | September 22, 2004   | <b>Effective Date:</b> | Service rendered on and after October 1, 2004 |
| <b>Issued By:</b>  | Donald R. Ball<br>Assistant Vice President -<br>Regulatory Affairs | <b>Case No.:</b>       | PU-04-97                                      |

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
Original Sheet No. 24.8

### TRANSPORTATION SERVICE Rates 81 and 82

Page 9 of 10

- c. The Company reserves the right to charge for each service call to investigate, repair, and/or reprogram or reinstall the Company's remote data acquisition/telemetry equipment when the service call is the result of a failure or change in the communication or power source services described above provided by customer or damage to Company's equipment.

#### 11. DAILY NOMINATION REQUIREMENTS:

- a. Customer or customer's shipper or agent shall advise Company's gas nominations center, by 11:30 a.m. Central Clock Time, of the dk requirements customer has requested to be delivered at each delivery point the following day. Customer's daily nomination shall be its best estimate of the expected utilization for the gas day. Unless other arrangements are made, customer will be required to nominate for the non-business days involved prior to weekends and holidays.
- b. All nominations should include shipper and/or agent defined begin and end dates. Shippers and/or agents may nominate for periods longer than 1 day, provided the nomination begin and end dates are within the term of the service agreement.
- c. The Company has the sole right to refuse receipt of any volumes which exceed the maximum daily contract quantity and at no time shall the Company be required to accept quantities of gas for a customer in excess of the quantities of gas to be delivered to customer. If total nominated receipts exceed total deliveries at receipt points where more than one customer is receiving service, nominations will be allocated on a pro rata basis.
- d. At no time shall Company have the responsibility to deliver gas in excess of customer's nomination.
- e. In the event that more than one customer is receiving gas from the same shipper and/or agent at the same receipt point, any reduction in nominated volumes will be allocated on a pro rata basis, unless Company and shipper(s) and/or agent(s) have agreed to a predetermined allocation procedure.

|                    |  |                        |  |
|--------------------|--|------------------------|--|
| <b>Date Filed:</b> | December 13, 2002                                | <b>Effective Date:</b> | Service rendered on and after<br>December 12, 2002 |
| <b>Issued By:</b>  | Donald R. Ball<br>Director of Regulatory Affairs | <b>Case No.:</b>       | PU-399-02-183                                      |



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
2<sup>nd</sup> Revised Sheet No. 27  
Canceling 1<sup>st</sup> Revised Sheet No. 27

### LARGE INTERRUPTIBLE GENERAL GAS SERVICE Rate 85

Page 1 of 3

#### Availability:

In all communities served for all interruptible general gas service customers whose interruptible natural gas load will exceed 100,000 dk annually as metered at a single delivery point. The rates herein are applicable only to customer's interruptible load. Customer's firm natural gas requirements must be separately metered or specified in a firm service agreement. Customer's firm load shall be billed at Firm General Gas Service Rate 70. For interruption purposes, the maximum daily firm requirement shall be set forth in the firm service agreement.

This rate schedule shall not apply for service to U.S. Government installations, which are covered by separate special contracts.

The Company reserves the right to refuse the initiation of service under this rate schedule based on the availability of gas supply.

#### Rate:

|                               |  |  |
|-------------------------------|--|--|
| Basic Service Charge:         | \$ <del>675.00</del> <u>2,200.00</u> per month                 |  |
| Distribution Delivery Charge: | <u>Maximum</u><br>\$. <del>719</del> <u>681</u> per dk         | <u>Minimum</u><br>\$. <del>298</del> <u>260</u> per dk |
| Cost of Gas:                  | Determined Monthly- See Rate<br>Summary Sheet for Current Rate |  |

#### Minimum Bill:

Basic Service Charge.

#### Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

#### Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

|                    |  |                        |   |
|--------------------|--|------------------------|---|
| <b>Date Filed:</b> | August 15, 2007  | <b>Effective Date:</b> | Service rendered on and after<br>September 19, 2007 |
| <b>Issued By:</b>  | Donald R. Ball<br>Vice President -<br>Regulatory Affairs | <b>Case No.:</b>       | PU-07-618   |



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
Original Sheet No. 27.2

### LARGE INTERRUPTIBLE GENERAL GAS SERVICE Rate 85

Page 3 of 4

4. OBLIGATION TO NOTIFY COMPANY OF CHANGE IN DAILY OPERATIONS - Customer will be required as specified in the service agreement to notify Company of an anticipated change in daily operations. Failure to comply with requirements specified in the service agreement may result in the assessment of penalties to the customer equal to the penalty amounts Company must pay to the interconnecting pipeline caused by customer's action.
5. METERING REQUIREMENTS –Remote data acquisition equipment (telemetry equipment) required for daily measurement will be installed by the Company, ~~at its sole discretion,~~ prior to the initiation of service hereunder. The cost of the equipment and its installation shall be paid for by the customer. Such contribution in aid, as adjusted for federal and state income taxes, must be paid prior to the installation of such equipment unless otherwise agreed to by the Company. Such equipment will be maintained by the Company and will remain the sole property of the Company. Company may remove such equipment when service hereunder is terminated.

~~The customer shall~~ may be required to provide and maintain, at no cost to Company, ~~the following: a~~ A 120 volt, 15 ampere, AC power supply, ~~or other power source acceptable to the Company, and~~ an acceptable telephone service available at customer's meter location(s). ~~Customer agrees to provide and maintain, at no cost to the Company, any necessary telephone enhancements to assure Company of a quality telephone signal necessary to properly transmit data. The customer shall pay all charges for continuous electric and telephone service associated with the Company's connection of the electronic measurement equipment, and~~ The services listed above shall be continuous, accessible to the Company, and be provided by the customer at no cost to the Company. Enhancements and/or modifications to these services may be required to ensure equipment functionality. Such enhancements or modifications shall be completed at the direction of the Company with all associated costs the customer's responsibility. Any interruption in such services must be promptly remedied or service under this tariff will be suspended until satisfactory corrections have been made.

Consultation between the customer and the Company regarding telemetry requirements shall occur prior to execution of the required service agreement.

|                    |  |                        |  |
|--------------------|--|------------------------|--|
| <b>Date Filed:</b> | December 13, 2002                                | <b>Effective Date:</b> | Service rendered on and after<br>December 12, 2002 |
| <b>Issued By:</b>  | Donald R. Ball<br>Director of Regulatory Affairs | <b>Case No.:</b>       | PU-399-02-183                                      |



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
Original Sheet No. 27.2

### LARGE INTERRUPTIBLE GENERAL GAS SERVICE Rate 85

Page 4 of 4

The telemetering requirement will be determined at the sole discretion of the Company based on customer requirements and location.

The Company reserves the right to charge for each service call to investigate, repair, and/or reprogram or reinstall the Company's ~~remote data acquisition~~ telemetering equipment when the service call is the result of a failure or change in the communication or power source services described above ~~provided by customer~~ or damage to Company's equipment.

6. The foregoing schedule is subject to Rates 100 through 124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

|                    |  |                        |  |
|--------------------|--|------------------------|--|
| <b>Date Filed:</b> | December 13, 2002                                | <b>Effective Date:</b> | Service rendered on and after<br>December 12, 2002 |
| <b>Issued By:</b>  | Donald R. Ball<br>Director of Regulatory Affairs | <b>Case No.:</b>       | PU-399-02-183                                      |



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.  
400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
Original Sheet No. 29

### DISTRIBUTION DELIVERY STABILIZATION MECHANISM Rate 87

Page 1 of 2

#### Applicability:

This rate schedule represents a Distribution Delivery Stabilization Mechanism (DDSM) and specifies the procedure to be utilized to correct for the over/under collection of distribution delivery charge revenues due to weather fluctuations during the billing period from November 1 through May 1. Service provided under the Company's Residential Rates 60 and 90 and Firm General Service Rates 70 and 92 shall be subject to decreases or increases under the DDSM.

#### Distribution Delivery Stabilization Mechanism:

A DDSM will be determined for each customer taking service under Residential Service Rates 60 and 90 and Firm General Service Rates 70 and 92 beginning with the first billing cycle starting November 1 through the billing cycle ending May 1. The DDSM adjustment will be applied on a real-time basis as a surcharge or credit on all rate schedules to which the DDSM is applicable to the customers' bills issued each month during the weather adjustment period of November 1 through May 1.

#### DDSM Adjustment Calculation:

The DDSM Adjustment shall be determined for each customer taking service under Residential Rates 60 or 90 or Firm General Services Rate 70 or 92. In order to calculate the respective DDSM adjustment, the ratio of the normal HDDs as compared to the actual HDDs will be determined and multiplied by the temperature sensitive consumption per customer per HDD. The resulting product shall be multiplied by the applicable Distribution Delivery Charge rate per dk.

$$DDSM_i = R_i (DDF_i ((NDD-ADD)/ADD))$$

Where:

|                   |   |  |
|-------------------|---|--|
| DDSM <sub>i</sub> | = | Distribution Delivery Stabilization Adjustment           |
| i                 | = | Customer served under Rate Schedules 60, 70, 90 or 92    |
| R <sub>i</sub>    | = | Applicable Distribution Delivery Charge per dk           |
| DDF <sub>i</sub>  | = | Temperature sensitive use per customer                   |
| NDD               | = | Normal degree days for the applicable bill cycle         |
| ADD               | = | Actual heating degree days for the applicable bill cycle |

Date Filed: September 22, 2004

Effective Date: Service rendered on and after  
October 1, 2004

Issued By: Donald R. Ball  
Assistant Vice President -  
Regulatory Affairs

Case No.: PU-04-97



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
Original Sheet No. 29.1

### DISTRIBUTION DELIVERY STABILIZATION MECHANISM Rate 87

Page 2 of 2

#### Definitions:

|  |   |  |
|--|---|--|
| Heating Degree Days                    | - | The difference between the average of the daily high and low temperatures subtracted from 60 degrees Fahrenheit. The deviation between the average daily temperatures and 60 degrees Fahrenheit.   |
| Normal Degree Days                     | - | The heating degree days based on the 30-year average for the period 1970-2000, actual degree days.   |
| Temperature Sensitive Use per Customer | - | Customer's actual use less the base use per customer per day, denoted below, multiplied by days in the billing period.<br>Residential Rate Code 60 = .06106<br>Residential Rate Code 90 = .03177<br>Firm General Service Rate Code 700 = .0831304132<br>Firm General Service Rate Code 701 = .8738773346<br>Firm General Service Rate Code 920 = .0813902425<br>Firm General Service Rate Code 921 = .739842.92037 |
| Actual Degree Days                     | - | The actual degree days reported by the National Weather Service Stations for applicable service areas in North Dakota.   |

Date Filed: September 22, 2004

Effective Date: Service rendered on and after  
October 1, 2004

Issued By: Donald R. Ball  
Assistant Vice President -  
Regulatory Affairs

Case No.: PU-04-97



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.  
400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
1<sup>st</sup> Revised Sheet No. 30.4  
Canceling Original Sheet No. 30.4

### COST OF GAS – NATURAL GAS Rate 88

Page 5 of 6

Each month, Account 191 shall be debited (if the balance in said account is a debit balance) and shall be credited (if the balance in said account is a credit balance) for a carrying charge; which shall be the product of (i) and (ii) below:

- (i) The balance in Account 191 as of the end of the immediately preceding month, exclusive of carrying charges accrued pursuant to this Subsection (b)(2) and net of the related deferred tax amounts in Accounts 283 or 190, as appropriate.
- (ii) One-twelfth of the annual interest rate as set forth in this Subsection (b)(2). The carrying charges shall be accrued in a supplementary Account 191 for each rate schedule, and carrying charges shall not be computed on the amounts in such supplementary account.

(c) Reduction of Amounts in Account 191:

- (1) The amounts in Account 191 shall be decreased each month by an amount determined by multiplying the currently effective surcharge adjustment included in rates for that month (as calculated in Section 4) by the dks sold during that month under each rate schedule. The account shall be increased in the event the adjustment is a negative amount.
- (2) The amount amortized each month shall be applied pro rata between the amounts in Account 191 specified in Subsections 5(a)(1), (2), (3) and (5) and the amounts in the supplementary Account 191 specified in Subsection 5(a)(4).

#### 6. Market-Based Pricing Differential:

- (a) At the time of each surcharge adjustment, the Company will compute a credit to residential and firm general service rates based on 50 percent% of all distribution delivery charge revenues received from small interruptible sales and large interruptible sales customers in excess of the authorized minimum distribution delivery charge rate approved in the most recent general rate case.

|                    |  |                        |  |
|--------------------|--|------------------------|--|
| <b>Date Filed:</b> | September 12, 2007                                       | <b>Effective Date:</b> | Service rendered on and after September 19, 2007 |
| <b>Issued By:</b>  | Donald R. Ball<br>Vice President -<br>Regulatory Affairs | <b>Case No.:</b>       | PU-07-618  |



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
1<sup>st</sup> Revised Sheet No.30.5  
Canceling Original Sheet No. 30.5

### COST OF GAS – NATURAL GAS Rate 88

Page 6 of 6

- (b) The unit adjustment shall be determined by dividing the balance resulting under Subsection 6(a) by the residential and firm general service sales volumes estimated to be sold during the 12 months following the effective date of each adjustment.

#### 7. Margin Sharing Mechanism:

At the time of each surcharge adjustment, pursuant to Paragraph 4, the Company will compute a credit to Rates 60, 70, 71, and 72 based on 90 percent of the margin revenues collected from Grain Drying customers served under interruptible service rates. The adjustment will be determined as follows;

- (a) (1) The initial margin credit balance shall be established in Case No. PU-13-

—

- (2) The monthly difference between the actual margin revenues received, multiplied by 90 percent, and the actual margin credits reflected in rates based on the credit per unit established at the time of each surcharge adjustment.

- (b) The unit adjustment shall be determined by dividing the balance resulting in Subsection 7(a) by volumes estimated to be sold during the twelve months following the effective date of each adjustment under the rate schedules set forth in Paragraph 7.

#### **78. Time and Manner of Filing:**

- (a) Montana-Dakota shall file to change the COG at least 20 days prior to the proposed effective date. Each filing by Montana-Dakota shall be made by means of revised COG sheets identifying the amounts of the adjustments and the resulting currently effective COG rates.
- (b) Each filing shall be accompanied by detailed computations, which clearly show the derivation of the relevant amounts, a concise statement of the reasons for any change and copies of any relevant pipeline tariff sheets supporting costs claimed.

|                    |  |                        |   |
|--------------------|--|------------------------|---|
| <b>Date Filed:</b> | August 15, 2007  | <b>Effective Date:</b> | Service rendered on and after<br>September 19, 2007 |
| <b>Issued By:</b>  | Donald R. Ball<br>Vice President -<br>Regulatory Affairs | <b>Case No.:</b>       | PU-07-618   |



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.  
400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
5<sup>th</sup> Revised Sheet No. 32  
Canceling 4<sup>th</sup> Revised Sheet No. 32

### RESIDENTIAL PROPANE SERVICE Rate 90

Page 1 of 2

#### Availability:

For the community of Hettinger for all domestic purposes. See Rate 100, §V.3, for definition on class of service.

#### Rate:

|  |   |
|--|---|
| Basic-Delivery Service Charge:           | \$0.30-6732 per day   |
| <del>Distribution-Delivery Charge:</del> | <del>\$.812 per dk</del>                                    |
| Cost of Gas:                             | Determined Monthly- See Rate Summary Sheet for Current Rate |

#### Minimum Bill:

~~Basic-Delivery Service Charge.~~

#### Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

#### Cost of Gas:

The cost of gas as defined in Cost of Gas - Propane Rate 99 or any amendments or alterations thereto. The cost of propane component is subject to change on a monthly basis.

#### ~~Distribution-Delivery Stabilization Mechanism:~~

~~Service under this rate schedule is subject to an adjustment for the effects of weather in accordance with the Distribution-Delivery Stabilization Mechanism Rate 87 or any amendments or alterations thereto.~~

|             |  |                 |  |
|-------------|--|-----------------|--|
| Date Filed: | August 15, 2007  | Effective Date: | Service rendered on and after September 19, 2007 |
| Issued By:  | Donald R. Ball<br>Vice President -<br>Regulatory Affairs | Case No.:       | PU-07-618  |



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
Original Sheet No. 32.1

~~RESIDENTIAL PROPANE SERVICE Rate 90~~

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### General Terms and Conditions:

1. The Company may at its discretion and upon thirty days notice, disconnect service to a customer utilizing a second source of propane. Any customer so disconnected shall not be eligible for service hereunder for one year from date of disconnection and shall be subject to reconnection charges to restore service after the one-year period.
2. The foregoing schedule is subject to Rates 100 through 124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

Reserved for Future Use

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|                    |  |                        |  |
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| <b>Date Filed:</b> | September 22, 2004   | <b>Effective Date:</b> | Service rendered on and after<br>October 1, 2004 |
| <b>Issued By:</b>  | Donald R. Ball<br>Assistant Vice President -<br>Regulatory Affairs | <b>Case No.:</b>       | PU-04-97   |



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
5<sup>th</sup> Revised Sheet No. 34  
Canceling 4<sup>th</sup> Revised Sheet No. 34

### FIRM GENERAL PROPANE SERVICE Rate 92

Page 1 of 2

#### Availability:

For the community of Hettinger for all purposes except for resale. See Rate 100, §V.3, for definition on class of service.

#### Rate:

##### Basic Service Charge:

For customers with meters rated  
under 500 cubic feet per hour

\$0.~~52~~67 per day

For customers with meters rated  
over 500 cubic feet per hour

\$1.~~75~~90 per day

##### Distribution Delivery Charge:

\$.~~597~~617 per dk

##### Cost of Gas:

Determined Monthly- See Rate  
Summary Sheet for Current Rate

#### Minimum Bill:

Basic Service Charge.

#### Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

#### Cost of Gas:

The cost of propane as defined in Cost of Gas - Propane Rate 99 or any amendments or alterations thereto. The cost of propane component is subject to change on a monthly basis.

#### Distribution Delivery Stabilization Mechanism:

Service under this rate schedule is subject to an adjustment for the effects of weather in accordance with the Distribution Delivery Stabilization Mechanism Rate 87 or any amendments or alterations thereto.

Date Filed: August 15, 2007

Effective Date: Service rendered on and after  
September 19, 2007

Issued By: Donald R. Ball  
Vice President -  
Regulatory Affairs

Case No.: PU-07-618

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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### COST OF GAS – PROPANE Rate 99

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NDPSC Volume 7  
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Canceling Original Sheet No. 41.2

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(on a credit balance) for a carrying charge, which shall be the product of (i) and (ii) below:

- (i) The balance on Account 191 as of the end of the immediately preceding month, exclusive of carrying charges accrued pursuant to this Subsection (b)(2) and net of the related deferred tax amounts in Accounts 283 or 190, as appropriate.
- (ii) One-twelfth of the three-month Treasury Bill rate as published monthly by the Federal Reserve Board. The carrying charges shall be accrued in a supplementary Account 191 for each rate schedule, and carrying charges shall not be computed on the amounts in such supplementary account.

(c) Reduction of Amounts in Account 191:

- (1) The amounts in Account 191 shall be decreased each month by an amount determined by multiplying the currently effective surcharge adjustment included in rates for that month (as calculated in Section 4) by the dks sold during that month under each rate schedule. The account shall be increased in the event the adjustment is a negative amount.
- (2) The amount amortized each month shall be applied pro rata between the amounts in Account 191 specified in Subsections 5(a)(1) and (2) and the amounts in the supplementary Account 191 specified in Subsection 5(b)(2)(ii).

#### 6. Market-Based Pricing Differential:

(a) At the time of each surcharge adjustment pursuant to Paragraph 4 of Rate 88, the Company will compute a credit to residential and firm general service rates based on 50 percent of all distribution delivery charge revenues received from small interruptible sales and large interruptible sales customers in excess of the authorized minimum distribution delivery charge rate approved in the most recent general rate case.

(b) The unit adjustment shall be determined by dividing the balance resulting under Subsection 6(a) by the residential and firm general service sales volumes estimated to be sold during the 12 months following the effective date of each adjustment.

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**Date Filed:** September 12, 2007

**Effective Date:** Service rendered on and after  
September 19, 2007

**Issued By:** Donald R. Ball  
Vice President -  
Regulatory Affairs

**Case No.:** PU-07-618



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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**COST OF GAS – PROPANE Rate 99**

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### 7. Margin Sharing Mechanism:

At the time of each surcharge adjustment, pursuant to Paragraph 4 of Rate 88, the Company will compute a credit to Rates 90 and 92 based on 90 percent of the margin revenues collected from Grain Drying customers served under interruptible service rates. The adjustment will be determined as follows:

- (a) (1) The initial margin credit balance established in Case No. PU-13-
- (2) The monthly difference between the actual margin received, multiplied by 90 percent, and the actual margin credits reflected in rates based on the credit per unit established at the time of each surcharge adjustment.
- (b) The unit adjustment shall be determined by dividing the balance resulting in Subsection 7(a) by volumes estimated to be sold during the twelve months following the effective date of each adjustment under the rate schedules set forth in Paragraph 7.

### 6. 8. Time and Manner of Filing:

- (a) Montana-Dakota shall file each COG at least 10 days prior to the proposed effective date. Each filing by Montana-Dakota shall be made by means of revised COG sheets identifying the amounts of the adjustments and the resulting currently effective COG rates.
- (b) Each filing shall be accompanied by detailed computations, which clearly show the derivation of the relevant amounts, a concise statement of the reasons for any change and copies of any relevant material supporting costs claimed.

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**Date Filed:** September 12, 2007

**Effective Date:** Service rendered on and after  
September 19, 2007

**Issued By:** Donald R. Ball  
Vice President -  
Regulatory Affairs

**Case No.:** PU-07-618

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
2<sup>nd</sup> Revised Sheet No. 42.10  
Canceling 1<sup>st</sup> Revised Sheet No. 42.10

### GENERAL PROVISIONS Rate 100

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the Company or a change in location covered by the guarantee agreement of thirty days after written request for termination is made to the utility by the guarantor. However, no agreement shall be terminated without the customer having made satisfactory settlement for any balance, which the customer owes the Company. Upon termination of a guarantee contract, a new contract or a cash deposit may be required by the Company.

A deposit shall earn interest at the rate paid by the Bank of North Dakota on a six-month certificate of deposit as of the first business day of each year. Interest shall be credited to the customer's account annually during the month of December.

Deposits with interest shall be refunded to customers at termination of service provided all billings for service have been paid. Deposits with interest will be refunded to all active customers, after the deposit has been held for twelve months, provided prompt payment record has been established.

#### 7. METERING AND MEASUREMENT:

(a) Company will meter the volume of natural gas delivered to customer at the delivery point. Such meter measurement will be conclusive upon both parties unless such meter is found to be inaccurate, in which case the quantity supplied to customer shall be determined by as correct an estimate as it is possible to make, taking into consideration the time of year, the schedule of customer's operations and other pertinent facts. Company will test meters in accordance with applicable state utility rules and regulations.

(b) ~~Transportation-Interruptible sales and transportation service customers agree to provide the cost of the installation of remote data acquisition equipment-; as required, to the Company before transportation service is implemented as provided for in the applicable rate schedule-~~

8. MEASUREMENT UNIT FOR BILLING PURPOSES – The measurement unit for billing purposes shall be one (1) decatherm (dk), unless otherwise specified. Billing will be calculated to the nearest one-tenth (1/10) dk. One dk equals 10 therms or 1,000,000 Btu's. Dk's shall be calculated by the

Date Filed: September 22, 2004

Effective Date: Service rendered on and after  
October 1, 2004

Issued By: Donald R. Ball  
Assistant Vice President -  
Regulatory Affairs

Case No.: PU-04-97



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7

2<sup>nd</sup> Revised Sheet No. 42.12

Canceling 1<sup>st</sup> Revised Sheet No. 42.12

### GENERAL PROVISIONS Rate 100

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- (d) Priority 4 – Large interruptible sales at the maximum rate on a pro rata basis.
- (e) Priority 5 – Small interruptible transportation services from the highest rate to the lowest rate and on a pro rata basis where equal rates are applicable among customers.
- (f) Priority 6 – Large interruptible transportation services from the highest rate to the lowest rate and on a pro rata basis where equal rates are applicable among customers.
- (g) Priority 7 – Gas scheduled to clear imbalances.

Montana-Dakota shall have the right, in its sole discretion, to deviate from the above schedule when necessary for system operational reasons and if following the above schedule would cause an interruption in service to a customer who is not contributing to an operational problem on Montana-Dakota's system.

Montana-Dakota reserves the right to provide service to customers with lower priority while service to higher priority customers is being curtailed due to restrictions at a given delivery or receipt point. When such restrictions are eliminated, Montana-Dakota will reinstate sales and/or transportation of gas according to each customer's original priority.

- 11. LATE PAYMENT – Amounts billed will be considered past due if not paid by the due date shown on the bill. An amount equal to 1 percent% per month will be applied to any unpaid balance existing at the immediate subsequent billing date, provided however, that such amount shall not apply where a bill is in dispute or a formal complaint is being processed. All payments received will apply to the customer's account prior to calculating the late payment charge. Those payments applied shall satisfy the oldest portion of the bill first.
- 12. RETURNED CHECK CHARGE – A charge of \$150.00 will be collected by the Company for each check charged back to the Company by a bank.
- 13. TAX CLAUSE – In addition to the charges provided for in the gas tariffs of the Company, there shall be charged pro rata amounts which, on an annual basis, shall be sufficient to yield to the Company the full amount of any sales,

Date Filed: September 22, 2004

Effective Date: Service rendered on and after  
October 1, 2004

Issued By: Donald R. Ball  
Assistant Vice President -  
Regulatory Affairs

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A Division of MDU Resources Group, Inc.

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Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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1<sup>st</sup> Revised Sheet No. 42.13  
Canceling Original Sheet No. 42.13

### GENERAL PROVISIONS Rate 100

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use or excise taxes, whether they be denominated as license taxes, occupation taxes, business taxes, privilege taxes, or otherwise, levied against or imposed upon the Company by any municipality, political subdivision, or other entity, for the privilege of conducting its utility operations therein.

The charges to be added to the customer's service bills under this clause shall be limited to the customers within the corporate limits of the municipality, political subdivision or other entity imposing the tax.

#### 14. UTILITY CUSTOMER SERVICES:

(a) The following services will be performed at no charge regardless of the time of performance:

- (1) Fire and explosions calls.
- (2) Investigate hazardous condition on customer premises, such as gas leaks, odor complaints, combustion gas fumes.
- (3) Maintenance or repair of Company-owned facilities on the customer's premises.

(b) The following service calls will be performed at no charge during the Company's normal business hours:

- (1) Cut-ins and cut-outs.
- ~~(2) Lighting pilots, inspecting, and adjusting gas equipment in connection with establishing service when working cut-in orders.~~
- ~~(23)~~ High bills or inadequate service complaints.
- ~~(34)~~ Location of underground Company facilities and customer-owned gas service lines for contractors, builders, plumbers, etc.

**Date Filed:** September 22, 2004

**Effective Date:** Service rendered on and after October 1, 2004

**Issued By:** Donald R. Ball  
Assistant Vice President -  
Regulatory Affairs

**Case No.:** PU-04-97



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A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

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1<sup>st</sup> Revised Sheet No. 42.14  
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### GENERAL PROVISIONS Rate 100

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15. UTILITY SERVICES PERFORMED AFTER NORMAL BUSINESS HOURS – For service requested by customers after the Company's normal business hours and on Saturday, Sunday, or legal holidays, a charge will be made for labor at standard overtime service rates and materials at retail prices.

Customers requesting service after the Company's normal business hours will be informed of the after hour service rate and encouraged to have the service performed during normal business hours.

16. NOTICE TO DISCONTINUE GAS SERVICE – Customers desiring to have their gas service disconnected shall notify the Company during regular business hours, one business day before service is to be disconnected. Such notice shall be by letter, personal visit or telephone call to the Company's local business office, in communities which an office is maintained. In other communities such notice shall be given to the Company's representative who services the community or to the nearest business office Customer Service Center. Saturdays, Sundays and legal holidays are not considered business days.

17. RECONNECTION FEE FOR SEASONAL OR TEMPORARY CUSTOMER – A customer who requests reconnection of service, during normal working hours, at a location where same customer discontinued the same service during the preceding 12-month period will be charged a reconnection fee as follows:

Residential - The Basic Service Charge applicable during the period while service was not being used or a minimum of \$30.00. The minimum will be based on standard overtime rates for reconnection of service after normal business hours.

Non-Residential – The Basic Service Charge applicable during the period while service was not being used. However, the reconnection charge applicable to seasonal business concerns such as irrigation, grain drying and asphalt processing shall be the Basic Service Charge applicable during the period while service was not being used less the Distribution Delivery Charge revenue collected during the period in-service. A minimum of \$30.00 will apply to reconnections occurring during normal

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| <b>Date Filed:</b> | September 22, 2004   | <b>Effective Date:</b> | Service rendered on and after October 1, 2004 |
| <b>Issued By:</b>  | Donald R. Ball<br>Assistant Vice President -<br>Regulatory Affairs | <b>Case No.:</b>       | PU-04-97                                      |



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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2<sup>nd</sup> Revised Sheet No. 42.15  
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### GENERAL PROVISIONS Rate 100

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business hours. The minimum will be based on standard overtime rates for reconnection of service occurring after normal business hours.

Transportation customers who cease service and then resume service within the succeeding 12 months shall be subject to a minimum reconnection charge of \$160.00 whenever reinstallation of the required remote data acquisition equipment is necessary.

18. DISCONNECTION OF SERVICE FOR NONPAYMENT OF BILLS – All amounts billed for service are due when rendered and will be considered delinquent if not paid by due date shown on the bill. If any customer shall become delinquent in the payment of amounts billed, such service may be discontinued by the Company under the applicable rules of the Commission. The Company may collect a fee of ~~\$1220.00~~ before restoring gas service, which has been disconnected for nonpayment of service bills during normal business hours. Standard overtime rates will apply for services performed after normal business hours.

19. DISCONNECTION OF SERVICE FOR CAUSES OTHER THAN NONPAYMENT OF BILLS – The Company reserves the right to discontinue service for any of the following reasons:

- (a) In the event of customer use of equipment in such a manner as to adversely affect the Company's equipment or service to others.
- (b) In the event of tampering with the equipment furnished and owned by the Company.
- (c) For violation of or noncompliance with the Company's rules on file with the Commission.
- (d) For failure of the customer to fulfill the contractual obligations imposed as conditions of obtaining service.

Date Filed: September 22, 2004

Effective Date: Service rendered on and after October 1, 2004

Issued By: Donald R. Ball  
Assistant Vice President -  
Regulatory Affairs

Case No.: PU-04-97



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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### GENERAL PROVISIONS Rate 100

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- (e) For refusal of reasonable access to property to the agent or employee of the Company for the purpose of inspecting the facilities or for testing, reading, maintaining or removing meters.

The right to discontinue service for any of the above reasons may be exercised whenever and as often as such reasons may occur, and any delay on the part of the Company in exercising such rights, or omission of any action permissible hereunder, shall not be deemed a waiver of its rights to exercise same.

Nothing in these regulations shall be construed to prevent discontinuing service without advance notice for reasons of safety, health, cooperation with civil authorities, or fraudulent use, tampering with or destroying Company facilities.

The Company may collect a reconnect fee of \$1230.00 before restoring gas service, which has been disconnected for the above causes.

- 20. UNAUTHORIZED USE OF SERVICE – Unauthorized use of service is defined as any deliberate interference such as tampering with a Company meter, pressure regulator, registration, connections, equipment, seals, procedures or records that result in a loss of revenue to the Company. Unauthorized service is also defined as reconnection of service that has been terminated, without the Company's consent.

- (a) Examples of unauthorized use of service include the following, but are not limited to:

- (1) Bypass piping around meter.
- (2) Bypass piping installed in place of meter.
- (3) Meter reversed.
- (4) Meter index disengaged or removed.
- (5) Service or equipment tampered with or piping connected ahead of meter.

**Date Filed:** September 22, 2004

**Effective Date:** Service rendered on and after October 1, 2004

**Issued By:** Donald R. Ball  
Assistant Vice President -  
Regulatory Affairs

**Case No.:** PU-04-97



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
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## State of North Dakota Gas Rate Schedule

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### GENERAL PROVISIONS Rate 100

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- (6) Tampering with meter or pressure regulator that affects the accurate registration of gas usage.
  - (7) Gas being used after service has been discontinued by the Company.
  - (8) Gas being used after service has been discontinued by the Company as a result of a new customer turning gas on without the proper connect request.
- (b) In the event that there has been unauthorized use of service, customer shall be charged for:
- (1) Time, material and transportation costs used in investigation.
  - (2) Estimated charge for non-metered gas.
  - (3) On-premise time to correct situation.
  - (4) Any damage to Company property.
- (c) Customer service so disconnected shall be reconnected after a customer has furnished satisfactory evidence of compliance with Company's rules and conditions of service, and paid all charges as hereinafter set forth in this procedure.
- (1) All delinquent bills, if any.
  - (2) The amount of any Company revenue loss attributable to said tampering.
  - (3) Expenses incurred by the Company in replacing or repairing the meter or other appliance costs incurred in preparation of the bill, plus costs as outlined in number 20.b above.
  - (4) Reconnection fee applicable.
  - (5) A cash deposit, the amount of which will not exceed the maximum amount determined in accordance with Commission Rules.

21. RATE FOR EMPLOYEES – A bill discount may be available for residential use only in a single family unit served by Montana-Dakota to qualifying employees and retirees of MDU Resources and its subsidiaries. The bill shall be computed at applicable rate and amount reduced by 33 1/3 percent.

21-22. SEE ALSO THE FOLLOWING RATES FOR SPECIAL PROVISIONS:  
Rate 102 – Residential Rate for Regular Employees

|                    |  |                        |  |
|--------------------|--|------------------------|--|
| <b>Date Filed:</b> | September 22, 2004   | <b>Effective Date:</b> | Service rendered on and after<br>October 1, 2004 |
| <b>Issued By:</b>  | Donald R. Ball<br>Assistant Vice President -<br>Regulatory Affairs | <b>Case No.:</b>       | PU-04-97   |



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### GENERAL PROVISIONS Rate 100

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Rate 105 – Gas Meter Test Program  
Rate 119 – Interruptible Gas Service Extension Policy  
Rate 120 – Firm Gas Service Extension Policy  
Rate 124 – Service Lines

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**Date Filed:** September 22, 2004

**Effective Date:** Service rendered on and after  
October 1, 2004

**Issued By:** Donald R. Ball  
Assistant Vice President -  
Regulatory Affairs

**Case No.:** PU-04-97

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

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### ~~RESIDENTIAL GAS SERVICE FOR REGULAR EMPLOYEES~~ Rate 102

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~~The bill for residential gas service for regular employees of Montana-Dakota Utilities Co., MDU Resources Group, Inc., and all wholly owned subsidiaries of MDU Resources Group, Inc., shall be computed at the applicable rates and the amount reduced by 33-1/3%. This is available only for residential use, in a single family unit, served by the Company to a regular employee who has been continuously employed at least six months and is the principal support of the household in which employee resides, or is the spouse of the principal support.~~

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**Date Filed:** December 13, 2002

**Effective Date:** Service rendered on and after  
December 12, 2002

**Issued By:** Donald R. Ball  
Director of Regulatory Affairs

**Case No.:** PU-399-02-183

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
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1<sup>st</sup> Revised Sheet No. 61  
Cancelling Original Sheet No. 61

### INTERRUPTIBLE GAS SERVICE EXTENSION POLICY Rate 119

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The policy of Montana-Dakota Utilities Co. for gas extensions necessary to provide interruptible sales or interruptible transportation service to customers is as follows:

#### 1. Contribution

(a) Prior to construction, the customer shall contribute an amount equal to the total cost of construction including all gas main extensions, valves, service line(s), regulators, meters ~~(excluding remote data acquisition equipment)~~, any required payments made by the Company to the transmission pipeline to accommodate the extensions, and other costs as adjusted for federal and state income taxes. Remote data acquisition equipment cost's shall be subject to the terms and conditions specified in the applicable interruptible service rate schedule.

(b) The contribution shall be made by:

- i. A one-time payment prior to construction or,
- ii. The customer may post a bond, irrevocable letter of credit, or a written guarantee commitment in the amount of the total contribution required prior to construction. Such bond, issued by a bonding company authorized to do business in the state, or letter of credit, or written guarantee commitment, shall be effective for a five-year period commencing at the plant in service date, and is subject to approval and acceptance by the Company. If at the end of the original five-year term, a contribution requirement exists for the subject project, the surety ~~or guarantor~~ shall pay the Company for such contribution requirement, or
- iii. ~~Customer, upon approval by Company, may finance the amount of the required contribution subject to the following conditions: 1) maximum contribution to be financed shall be determined by the Company at its sole discretion, 2) maximum term shall be five years, 3) interest will be charged at the Company's incremental weighted cost of capital.~~

(c) Upon Completion of construction, the contribution amount will be adjusted to reflect actual costs, and an additional charge may be levied or a refund may be

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| <b>Date Filed:</b> | December 13, 2002                                | <b>Effective Date:</b> | Service rendered on and after<br>December 12, 2002 |
| <b>Issued By:</b>  | Donald R. Ball<br>Director of Regulatory Affairs | <b>Case No.:</b>       | PU-399-02-183                                      |



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## State of North Dakota Gas Rate Schedule

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### INTERRUPTIBLE GAS SERVICE EXTENSION POLICY Rate 119

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made. Remote data acquisition equipment costs shall be subject to the terms and conditions specified in Transportation Service Rates 81 and 82.

#### 2. Refund

(a) If within the five-year period from the extension(s) in service date, the total of the customer's contribution and actual margin paid to the Company equals or exceeds the total present value of the revenue requirement associated with the extension, Company shall refund the amount exceeding the revenue requirement on the following basis:

i. Annually, beginning at the 2<sup>nd</sup> anniversary of the extension(s) in service date, the Company will refund to the customer, the amount exceeding the total present value of the revenue requirement at a rate of 50% of the current year margin associated with the customer's actual throughput.

ii. Customers who have posted a bond or letter of credit, ~~or a written guarantee commitment~~ will be notified of any reduction in surety ~~or guarantee requirements~~ based on the above calculation.

iii. No refunds will be made for amounts less than \$25.

(b) Interest will be calculated annually by the Company on any refund amounts and shall be equal to the average commercial paper interest rate (A1/P1), not to exceed 12 percent per annum.

(c) No refund shall be made by the Company after the five-year refund period has expired, and in no case shall the refund, excluding interest, exceed the amount of contribution made by the customer.

~~(e)~~(d) The Company and customer may enter into a contract providing for a refund mechanism based on customer meeting identified minimums on the basis of specific extension characteristics.

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| <b>Date Filed:</b> | December 13, 2002                                | <b>Effective Date:</b> | Service rendered on and after<br>December 12, 2002 |
| <b>Issued By:</b>  | Donald R. Ball<br>Director of Regulatory Affairs | <b>Case No.:</b>       | PU-399-02-183                                      |

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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Original Sheet No. 62.1

### FIRM GAS SERVICE EXTENSION POLICY Rate 120

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6. A refund will be made only when there is a reduction in the amount of contribution required within a five-year period from the extension(s) in service date. Interest will be calculated annually by the Company on any refund amounts and shall be equal to the average commercial paper interest rate (A1/P1), not to exceed 12 percent per annum.

No refund shall be made by Company after the five-year refund period and in no case shall the refund excluding interest, exceed the amount of the contribution.

7. The Company reserves the right to charge customer the cost associated with providing service to customer if service is not initiated within 12 months of such installation.

#### (B) Customer Extensions

Cost participation for extensions where customers will be immediately available for service is as follows:

##### 1. Contribution

- (a) When a contribution is required, the customer(s) shall pay the Company the portion of the capital expenditure not cost justified as determined in accordance with ¶ A.3.

- (b) The contribution shall be made by:

- i. A one-time payment prior to construction, or
- ii. Payment of 25% of the contribution prior to construction and the balance in no more than twenty-four equal monthly installments. If customer discontinues service within the twenty-four month period, the balance will be due and payable upon discontinuance of service, or
- iii. A minimum annual charge set forth in an agreement between customer and Company, or
- ~~iii-iv.~~ Customer may post a bond or an irrevocable letter of credit, or a written guarantee commitment in the amount of the required contribution prior to construction. Such bond, issued by a bonding company authorized

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|--------------------|--|------------------------|---|
| <b>Date Filed:</b> | December 13, 2002                                | <b>Effective Date:</b> | Service rendered on and after December 12, 2002 |
| <b>Issued By:</b>  | Donald R. Ball<br>Director of Regulatory Affairs | <b>Case No.:</b>       | PU-399-02-183                                   |



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to do business in the state, or letter of credit, ~~or written guarantee commitment,~~ shall be effective for the original five-year term and is subject to approval and acceptance by the Company. If at the end of the original five-year term, a contribution requirement exists in the subject project based on a recalculated maximum expenditure, the surety or guarantor shall reimburse the Company for such recalculated contribution requirement, ~~or~~

iv. ~~Customer, upon approval by Company, may finance the amount of the required contribution subject to the following conditions: 1) maximum contribution to be financed shall be determined by the Company at its sole discretion, 2) maximum term shall be five years, 3) interest will be charged at the Company's incremental weighted cost of capital.~~

- (c) Upon completion of construction, the contribution amount will be adjusted to reflect actual costs, and an additional charge may be levied or a refund may be made.
- (d) If within the five-year period from the extension(s) in service date, the number of active customers and related volumes exceeds the third-year projections, the Company shall recompute the contribution requirement by recalculating the maximum allowable investment.
- (e) The recalculated contribution requirement shall be collected from the new applicant(s).

#### 2. Refund

- (a) The Company will refund to the original contributor(s) the amount required to reduce their contribution to the recalculated contribution requirement. No refunds will be made for amounts less than \$25. Customers who have posted a bond or, letter of credit, ~~or written guarantee commitment~~ will be notified of any reduction in surety ~~or guarantee~~ requirements.
- (b) No refunds will be made until the new applicants begin taking service from the Company.

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- (d) The net present value of the Surcharge will be treated as a contribution-in-aid of construction for accounting purposes.

#### (C) Developer Extensions

Cost participation may be required for extensions such as a subdivision or a mobile home court, in which a developer is installing roads, utilizes, etc., before housing is built.

##### 1. Contribution

- (a) When a contribution is required, the developer shall pay the Company the portion of the capital expenditure not cost justified as determined in accordance with ¶A.3.

- (b) The contribution shall be made by:

- i. A one-time payment prior to construction, or
- ii. Developer may post a bond or an, irrevocable letter of credit, ~~or a written guarantee commitment~~ in the amount of the required contribution prior to construction. Such bond, issued by a bonding company authorized to do business in the state or, letter of credit, ~~or a written guarantee commitment~~, shall be effective for the original five-year term and is subject to approval and acceptance by the Company. If at the end of the original five-year term, a contribution requirement exists in the subject project based on a recalculated maximum expenditure, the surety shall reimburse the Company for such recalculated contribution requirement, ~~or~~
- iii. ~~Customer, upon approval by Company, may finance the amount of the required contribution subject to the following conditions: 1) maximum contribution to be financed shall be determined by the Company at its sole discretion, 2) maximum term shall be five years, 3) interest will be charged at the Company's incremental weighted cost of capital.~~

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- (c) Upon completion of construction, the contribution amount will be adjusted to reflect actual costs, and an additional charge may be levied or a refund may be made.

#### 2. Refund

- (a) If within the five-year period from the extension(s) in service date, the number of active customers and related volumes exceeds the third-year projections, the Company shall recompute the contribution requirement by recalculating the maximum allowable investment. Such recalculation shall be done annually based upon the anniversary of the extension(s) in service date.
- (b) The Company will refund to the developer the amount required to reduce their contribution to the recalculated contribution requirement. No refunds will be made for amounts less than \$25. Developers who have posted a bond, or a letter of credit, ~~or written guarantee commitment~~ will be notified of any reduction in surety ~~or guaranty~~ requirements.
- (c) If the addition of new customer(s) will increase the contribution required from the developer, the extension will be considered a new extension and treated separately.

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