

MONTANA-DAKOTA UTILITIES CO.

CASE NO. PU-15-_____

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MDU RESOURCES GROUP, INC.
NONCONSOLIDATED BALANCE SHEET
DECEMBER 31, 2012 AND
DECEMBER 31, 2013

	2012	2013
<u>Assets and Other Debits</u>		
Utility Plant	\$1,481,687,123	\$1,618,679,070
Construction Work in Progress	95,503,974	151,552,008
Less Acc. Provision for Depreciation and Amortization	719,531,360	760,970,889
Net Utility Plant	857,659,737	1,009,260,189
Gas Stored Underground - Noncurrent	2,968,462	1,558,796
 <u>Other Property and Investments</u>		
Nonutility Property	4,584,951	15,629,869
(Less) Accum. Prov. for Depr. And Amort.	1,636,553	2,901,889
Investment in Subsidiary Companies	2,253,293,721	2,380,828,521
Other investments	52,122,735	60,687,111
Net Other Property and Investments	2,308,364,854	2,454,243,612
 <u>Current and Accrued Assets</u>		
Cash	3,444,688	4,718,520
Special Deposits	255,310	260,505
Working Fund	150,850	332,668
Temporary Cash Investments	0	0
Customer Accounts Receivable	24,120,553	29,796,719
Other Accounts Receivable	20,937,588	4,403,590
(Less) Accum.Prov. For Uncollectible Acct. - Credit	275,241	443,629
Notes Receivable from Assoc. Companies	0	0
Accounts Receivable from Assoc.Companies	2,957,114	31,371,687
Fuel Stock	5,129,837	4,751,688
Plant Materials and Operating Supplies	18,983,774	19,097,488
Merchandise	451,882	75,479
Stores Expense Undistributed	0	0
Gas Stored Underground - Current	16,903,055	5,386,681
Prepayments	4,829,235	5,074,231
Accrued Utility Revenues	39,447,024	49,648,010
Miscellaneous Current and Accrued Assets	0	0
Total Current and Accrued Assets	137,335,669	154,473,637
 <u>Deferred Debits</u>		
Unamortized Debt Expenses	1,407,362	1,219,120
Unrecovered Plant and Regulatory Study Costs	4,959,490	3,698,596
Other Regulatory Assets	115,340,807	83,915,120
Prelim. Survey and Investigation Charges (Electric)	431,776	336,423
Prelim. Survey and Investigation Charges (Natural Gas)	0	61,412
Clearing Accounts	(18,477)	(6,513)
Miscellaneous Deferred Debits	27,076,963	26,225,949
Unamortized Loss on Reaquired Debt	8,126,591	7,407,081
Accumulated Deferred Income Taxes	68,164,363	49,133,806
Unrecovered Purchased Gas Costs	2,915,460	8,019,627
Total Deferred Debits	228,404,335	180,010,621
 Total Assets and Other Debits	 \$3,534,733,057	 \$3,799,546,855

MDU RESOURCES GROUP, INC.
NONCONSOLIDATED BALANCE SHEET
DECEMBER 31, 2012 AND
DECEMBER 31, 2013

	2012	2013
<u>Liabilities and Other Credits</u>		
<u>Proprietary Capital</u>		
Common Stock Issued	\$189,369,450	\$189,868,780
Preferred Stock Issued	15,000,000	15,000,000
Premium on Capital Stock	1,043,190,134	1,061,253,848
(Less) Capital Stock Expense	4,110,305	4,257,578
Retained Earnings	520,210,825	540,130,502
Unappropriated Undistributed Sub Earnings	936,934,577	1,062,999,041
(Less) Reacquired Capital Stock	3,625,813	3,625,813
Accumulated Other Comprehensive Income	(48,720,612)	(38,204,576)
Total Proprietary Capital	2,648,248,256	2,823,164,204
 <u>Long-Term Debt</u>		
Bonds	280,000,000	280,000,000
Other Long-Term Debt	76,867,452	154,705,972
(Less) Unamortized Discount on Long-Term Debt-Debit	0	0
Total Long-Term Debt	356,867,452	434,705,972
 <u>Other Noncurrent Liabilities</u>		
Accumulated Provision for Injuries and Damages	1,064,262	1,355,445
Accumulated Provision for Pensions and Benefits	59,754,547	51,449,261
Accumulated Provision for Rate Refunds	4,364,636	191,185
Asset Retirement Obligations	6,789,483	7,142,915
Total Other Noncurrent Liabilities	71,972,928	60,138,806
 <u>Current and Accrued Liabilities</u>		
Notes Payable	0	0
Accounts Payable	41,180,110	44,138,862
Accounts Payable to Associated Companies	6,422,842	4,839,083
Customer Deposits	1,593,246	1,428,796
Taxes Accrued	12,398,861	12,336,506
Interest Accrued	4,926,930	4,973,368
Dividends Declared	170,817	33,737,408
Tax Collections Payable	968,815	1,143,473
Miscellaneous Current and Accrued Liabilities	22,283,490	29,444,730
Total Current and Accrued Assets	89,945,111	132,042,226
 <u>Deferred Credits</u>		
Customer Advances for Construction	13,769,060	18,726,550
Accumulated Deferred Investment Tax Credit	813,836	767,331
Other Deferred Credits	106,324,544	62,138,894
Other Regulatory Liabilities	9,543,392	16,286,380
Accumulated Deferred Income Taxes	237,248,478	251,576,492
Total Deferred Credits	367,699,310	349,495,647
 Total Liabilities and Equity	 \$3,534,733,057	 \$3,799,546,855

MDU RESOURCES GROUP, INC.
NONCONSOLIDATED BALANCE SHEET
SEPTEMBER 30, 2013 AND
SEPTEMBER 30, 2014

	2013	2014
<u>Assets and Other Debits</u>		
Utility Plant	\$1,566,724,867	\$1,752,031,393
Construction Work in Progress	147,744,982	115,289,781
Less Acc. Provision for Depreciation and Amortization	750,998,840	774,389,582
Net Utility Plant	963,471,009	1,092,931,592
Gas Stored Underground - Noncurrent	1,856,830	653,160
 <u>Other Property and Investments</u>		
Nonutility Property	4,713,360	15,896,844
(Less) Accum. Prov. for Depr. And Amort.	1,777,055	3,336,403
Investment in Subsidiary Companies	2,324,007,616	2,561,490,483
Other investments	57,961,959	63,042,875
Net Other Property and Investments	2,384,905,880	2,637,093,799
 <u>Current and Accrued Assets</u>		
Cash	4,528,472	5,648,271
Special Deposits	260,505	14,870
Working Fund	150,850	150,750
Temporary Cash Investments	0	0
Customer Accounts Receivable	11,391,709	13,115,823
Other Accounts Receivable	3,645,274	4,824,279
(Less) Accum. Prov. For Uncollectible Acct. - Credit	320,901	401,529
Notes Receivable from Assoc. Companies	0	0
Accounts Receivable from Assoc. Companies	28,260,304	29,780,953
Fuel Stock	4,860,774	4,062,645
Plant Materials and Operating Supplies	21,321,064	21,761,904
Merchandise	76,123	73,304
Stores Expense Undistributed	59,590	60,736
Gas Stored Underground - Current	25,273,944	23,881,250
Prepayments	10,383,357	11,989,993
Accrued Utility Revenues	17,327,516	18,348,901
Miscellaneous Current and Accrued Assets	0	0
Total Current and Accrued Assets	127,218,581	133,312,150
 <u>Deferred Debits</u>		
Unamortized Debt Expenses	1,266,564	2,086,063
Unrecovered Plant and Regulatory Study Costs	3,786,007	3,434,795
Other Regulatory Assets	120,129,055	86,376,039
Prelim. Survey and Investigation Charges (Electric)	637,458	773,586
Prelim. Survey and Investigation Charges (Natural Gas)	2,206	89,236
Clearing Accounts	485,484	(113,997)
Miscellaneous Deferred Debits	26,981,525	25,525,067
Unamortized Loss on Reacquired Debt	7,586,958	6,867,448
Accumulated Deferred Income Taxes	65,248,522	46,291,087
Unrecovered Purchased Gas Costs	6,148,467	13,945,603
Total Deferred Debits	232,272,246	185,274,927
 Total Assets and Other Debits	 \$3,709,724,546	 \$4,049,265,628

MDU RESOURCES GROUP, INC.
NONCONSOLIDATED BALANCE SHEET
SEPTEMBER 30, 2013 AND
SEPTEMBER 30, 2014

	2013	2014
<u>Liabilities and Other Credits</u>		
<u>Proprietary Capital</u>		
Common Stock Issued	\$189,369,450	\$194,548,389
Preferred Stock Issued	15,000,000	15,000,000
Premium on Capital Stock	1,045,897,571	1,206,998,507
(Less) Capital Stock Expense	4,110,305	6,407,851
Retained Earnings	531,320,071	550,563,219
Unappropriated Undistributed Sub Earnings	1,014,678,935	1,163,210,655
(Less) Reacquired Capital Stock	3,625,813	3,625,813
Accumulated Other Comprehensive Income	(56,936,894)	(37,032,456)
Total Proprietary Capital	2,731,593,015	3,083,254,650
 <u>Long-Term Debt</u>		
Bonds	280,000,000	0
Other Long-Term Debt	120,361,529	430,775,689
(Less) Unamortized Discount on Long-Term Debt-Debit	0	0
Total Long-Term Debt	400,361,529	430,775,689
 <u>Other Noncurrent Liabilities</u>		
Accumulated Provision for Injuries and Damages	1,278,379	3,202,065
Accumulated Provision for Pensions and Benefits	59,888,347	51,569,424
Accumulated Provision for Rate Refunds	602,013	0
Asset Retirement Obligations	7,053,617	7,414,351
Total Other Noncurrent Liabilities	68,822,356	62,185,840
 <u>Current and Accrued Liabilities</u>		
Notes Payable	0	0
Accounts Payable	29,757,209	37,092,632
Accounts Payable to Associated Companies	6,496,903	6,262,360
Customer Deposits	1,421,185	1,405,818
Taxes Accrued	21,456,366	6,984,122
Interest Accrued	1,471,634	3,530,936
Dividends Declared	32,744,516	34,606,928
Tax Collections Payable	624,702	670,769
Miscellaneous Current and Accrued Liabilities	26,466,931	25,386,179
Total Current and Accrued Assets	120,439,446	115,939,744
 <u>Deferred Credits</u>		
Customer Advances for Construction	17,362,130	21,455,055
Accumulated Deferred Investment Tax Credit	778,961	1,657,568
Other Deferred Credits	100,486,610	54,804,948
Other Regulatory Liabilities	7,349,234	15,699,362
Accumulated Deferred Income Taxes	262,531,265	263,492,772
Total Deferred Credits	388,508,200	357,109,705
Total Liabilities and Equity	\$3,709,724,546	\$4,049,265,628

NOTES TO THE FINACIAL STATEMENTS

Name of Respondent MDU Resources Group, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 12/31/2013	Year/Period of Report End of <u>2013/Q4</u>
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NOTES TO FINANCIAL STATEMENTS

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

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

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MDU Resources Group, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 12/31/2013	2013/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

Definitions

The following abbreviations and acronyms used in the Notes are defined below:

Abbreviation or Acronym

AFUDC	Allowance for funds used during construction
ASC	FASB Accounting Standards Codification
BART	Best available retrofit technology
Big Stone Station	475-MW coal-fired electric generating facility near Big Stone City, South Dakota (22.7 percent ownership)
Cascade	Cascade Natural Gas Corporation, an indirect wholly owned subsidiary of MDU Energy Capital
Centennial	Centennial Energy Holdings, Inc., a direct wholly owned subsidiary of the Company
Company	MDU Resources Group, Inc.
Coyote Station	427-MW coal fired electric generating facility near Beulah, North Dakota (25 percent ownership)
EBITDA	Earnings before interest, taxes, depreciation and amortization
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
GAAP	Accounting principles generally accepted in the United States of America
Great Plains	Great Plains Natural Gas Co., a public utility division of the Company
Intermountain	Intermountain Gas Company, an indirect wholly owned subsidiary of MDU Energy Capital
K-Plan	Company's 401(k) Retirement Plan
MDU Energy Capital	MDU Energy Capital, LLC, a direct wholly owned subsidiary of the Company
MNPUC	Minnesota Public Utilities Commission
Montana-Dakota	Montana-Dakota Utilities Co., a public utility division of the Company
MTPSC	Montana Public Service Commission
MW	Megawatt
NDPSC	North Dakota Public Service Commission
SDPUC	South Dakota Public Utilities Commission
Stock Purchase Plan	Company's Dividend Reinvestment and Direct Stock Purchase Plan
Wygen III	100-MW coal-fired electric generating facility near Gillette, Wyoming (25 percent ownership)
WYPSC	Wyoming Public Service Commission

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NOTES TO FINANCIAL STATEMENTS (Continued)			

Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies

Basis of presentation

The Company is a diversified natural resource company, which was incorporated under the laws of the state of Delaware in 1924. Montana-Dakota and Great Plains are public utility divisions of the Company.

Montana-Dakota generates, transmits, and distributes electricity and distributes natural gas in Montana, North Dakota, South Dakota, and Wyoming. Great Plains distributes natural gas in western Minnesota and southeastern North Dakota. These operations also supply related value-added services. The Company provides service to more than 134,000 electric and 280,000 natural gas residential, commercial, industrial and municipal customers in 277 communities and adjacent rural areas as of December 31, 2013.

Montana-Dakota is subject to regulation by the FERC, NDPSC, MTPSC, SDPUC, and WYPSC. Great Plains is subject to regulation by the MNPUC and the NDPSC.

The Company owns two wholly owned subsidiaries, Centennial and MDU Energy Capital, as well as ownership interests in the assets, liabilities and expenses of jointly owned electric generating facilities.

The financial statements were prepared in accordance with the accounting requirements of the FERC set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than GAAP. These requirements differ from GAAP related to the presentation of certain items including, but not limited to, the current portion of long-term debt, deferred income taxes, cost of removal liabilities, and current unrecovered purchased gas costs. As required by the FERC for Form 1 report purposes, the Company reports its subsidiary investments using the equity method rather than consolidating the assets, liabilities, revenues and expenses of the subsidiaries, as required by GAAP. If GAAP were followed, utility plant, other property and investments would increase by \$1.6 billion; current and accrued assets would increase by \$962.2 million; deferred debits would increase by \$720.3 million; long-term debt would increase by \$1.4 billion; other noncurrent liabilities and current and accrued liabilities would increase by \$592.7 million; deferred credits would increase by \$1.2 billion; and capital would increase by \$32.7 million as of December 31, 2013. Furthermore, operating revenues would increase by \$3.9 billion and operating expenses, excluding income taxes, would increase by \$3.5 billion for the twelve months ended December 31, 2013. In addition, net cash provided by operating activities would increase by \$534.9 million; net cash used in investing activities would increase by \$582.8 million; net cash provided by financing activities would increase by \$42.9 million; the effect of exchange rate changes on cash would decrease by \$215,000; and the net change in cash and cash equivalents would be a decrease of \$5.3 million for the twelve months ended December 31, 2013. Reporting its subsidiary investments using the equity method rather than GAAP has no effect on net income or retained earnings.

The Notes to Financial Statements accompanying this FERC Form No. 1 relate to the nonconsolidated parent company and its two public utility divisions. For information on disclosures of the subsidiary companies, refer to the Company's Form 10-K.

Montana-Dakota and Great Plains are regulated businesses which account for certain income and expense items under the provisions of regulatory accounting, which requires these businesses to defer as regulatory assets or liabilities certain items that would have otherwise been reflected as expense or income, respectively, based on the expected regulatory treatment in future rates. The expected recovery or flowback of these deferred items generally is based on specific ratemaking decisions or precedent for each item. Regulatory assets and liabilities are being amortized consistently with the regulatory treatment established by the FERC and the applicable state public service commissions. See

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NOTES TO FINANCIAL STATEMENTS (Continued)			

Note 3 for more information regarding the nature and amounts of these regulatory deferrals.

Management has also evaluated the impact of events occurring after December 31, 2013, up to the date of issuance of these consolidated financial statements.

Cash and cash equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts receivable and allowance for doubtful accounts

Accounts receivable consists primarily of trade receivables from the sale of goods and services which are recorded at the invoiced amount. The total balance of receivables past due 90 days or more was \$623,000 and \$92,000 as of December 31, 2013 and 2012, respectively.

The allowance for doubtful accounts is determined through a review of past due balances and other specific account data. Account balances are written off when management determines the amounts to be uncollectible. The Company's allowance for doubtful accounts as of December 31, 2013 and 2012, was \$444,000 and \$275,000, respectively.

Inventories and natural gas in storage

Inventories, other than natural gas in storage, were stated at the lower of average cost or market value. Natural gas in storage is carried at cost using the last-in, first-out method. The portion of the cost of natural gas in storage expected to be used within one year was included in inventories. Inventories at December 31 consisted of:

	2013	2012
	(In thousands)	
Plant materials and operating supplies	\$ 19,097	\$ 18,984
Gas stored underground-current	5,387	16,903
Fuel stock	4,752	5,130
Merchandise	75	452
Total	\$ 29,311	\$ 41,469

The remainder of natural gas in storage, which largely represents the cost of gas required to maintain pressure levels for normal operating purposes, was \$1.6 million and \$3.0 million at December 31, 2013 and 2012, respectively.

Investments

The Company's investments include its investment in subsidiary companies, the cash surrender value of life insurance policies, an insurance contract, and other miscellaneous investments. The Company measures its investment in the insurance contract at fair value with any unrealized gains and losses recorded on the Statement of Income. The Company has not elected the fair value option for its other investments. For more information, see Notes 4 and 11.

Property, plant and equipment

Additions to property, plant and equipment are recorded at cost. When regulated assets are retired, or otherwise disposed of in the ordinary course of business, the original cost of the asset is charged to accumulated depreciation. With respect to the retirement or disposal of all other assets, the resulting gains or losses are recognized as a component of income. The Company is permitted to capitalize AFUDC on regulated construction projects and to include such amounts in rate base when the related facilities are placed in service. The amount of AFUDC capitalized was \$5.0 million and \$4.8 million in 2013 and 2012, respectively. Property, plant and equipment are depreciated on a straight-line basis

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NOTES TO FINANCIAL STATEMENTS (Continued)			

over the average useful lives of the assets. The Company collects removal costs for plant assets in regulated utility rates. These amounts are included in accumulated provision for depreciation, amortization and depletion.

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

	2013	2012	Weighted Average Depreciable Life in Years
(Dollars in thousands, where applicable)			
Electric:			
Generation	\$ 570,394	\$ 546,011	42
Distribution	308,202	276,446	39
Transmission	196,824	180,543	48
Construction in progress	141,365	62,123	-
Other	94,286	81,553	14
Natural gas distribution:			
Distribution	348,167	308,090	41
Construction in progress	10,219	33,389	-
Other	100,774	89,036	13
Less accumulated depreciation, depletion and amortization	760,971	719,531	
Net utility plant	\$ 1,009,260	\$ 857,660	
Nonutility property	\$ 15,630	\$ 4,585	
Less accumulated depreciation, depletion and amortization	2,902	1,637	
Net nonutility property	\$ 12,728	\$ 2,948	

Impairment of long-lived assets

The Company reviews the carrying values of its long-lived assets, excluding goodwill, whenever events or changes in circumstances indicate that such carrying values may not be recoverable. The determination of whether an impairment has occurred is based on an estimate of undiscounted future cash flows attributable to the assets, compared to the carrying value of the assets. If impairment has occurred, the amount of the impairment recognized is determined by estimating the fair value of the assets and recording a loss if the carrying value is greater than the fair value. No significant impairment losses were recorded in 2013 and 2012. Unforeseen events and changes in circumstances could require the recognition of impairment losses at some future date.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of identifiable net tangible and intangible assets acquired in a business combination. Goodwill is required to be tested for impairment annually, which is completed in the fourth quarter, or more frequently if events or changes in circumstances indicate that goodwill may be impaired.

The goodwill impairment test is a two-step process performed at the reporting unit level. The Company has determined that the reporting units for its goodwill impairment test are its operating segments, or components of an operating segment, that constitute a business for which discrete financial information is available and for which segment management regularly reviews the operating results. The first step of the impairment test involves comparing the fair value of each reporting unit to its carrying value. If the fair value

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NOTES TO FINANCIAL STATEMENTS (Continued)			

of a reporting unit exceeds its carrying value, the test is complete and no impairment is recorded. If the fair value of a reporting unit is less than its carrying value, step two of the test is performed to determine the amount of the impairment loss, if any. The impairment is computed by comparing the implied fair value of the affected reporting unit's goodwill to the carrying value of that goodwill. If the carrying value is greater than the implied fair value, an impairment loss must be recorded. For the years ended December 31, 2013 and 2012, there were no impairment losses recorded. At December 31, 2013, the fair value of the natural gas distribution reporting unit substantially exceeded its carrying value. For more information on goodwill, see Note 2.

Determining the fair value of a reporting unit requires judgment and the use of significant estimates which include assumptions about the Company's future revenue, profitability and cash flows, amount and timing of estimated capital expenditures, inflation rates, weighted average cost of capital, operational plans, and current and future economic conditions, among others. The fair value of each reporting unit is determined using a weighted combination of income and market approaches. The Company uses a discounted cash flow methodology for its income approach. Under the income approach, the discounted cash flow model determines fair value based on the present value of projected cash flows over a specified period and a residual value related to future cash flows beyond the projection period. Both values are discounted using a rate which reflects the best estimate of the weighted average cost of capital at each reporting unit. The weighted average cost of capital of approximately 5 percent, and a long-term growth rate projection of approximately 3 percent were utilized in the goodwill impairment test performed in the fourth quarter of 2013. Under the market approach, the Company estimates fair value using multiples derived from comparable sales transactions and enterprise value to EBITDA for comparative peer companies for each respective reporting unit. These multiples are applied to operating data for each reporting unit to arrive at an indication of fair value. In addition, the Company adds a reasonable control premium when calculating the fair value utilizing the peer multiples, which is estimated as the premium that would be received in a sale in an orderly transaction between market participants. The Company believes that the estimates and assumptions used in its impairment assessments are reasonable and based on available market information, but variations in any of the assumptions could result in materially different calculations of fair value and determinations of whether or not an impairment is indicated.

Revenue recognition

Revenue is recognized when the earnings process is complete, as evidenced by an agreement between the customer and the Company, when delivery has occurred or services have been rendered, when the fee is fixed or determinable and when collection is reasonably assured. The Company recognizes utility revenue each month based on the services provided to all utility customers during the month. Accrued utility revenues represent revenues recognized in excess of amounts billed. Accrued utility revenues were \$49.6 million and \$39.4 million at December 31, 2013 and 2012, respectively. The Company recognizes all other revenues when services are rendered or goods are delivered. The Company presents revenues net of taxes collected from customers at the time of sale to be remitted to governmental authorities, including sales and use taxes.

Asset retirement obligations

The Company records the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the Company capitalizes a cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, the Company either settles the obligation for the recorded amount or incurs a regulatory asset or liability. For more information on asset retirement obligations, see Note 6.

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Legal costs

The Company expenses external legal fees as they are incurred.

Natural gas costs recoverable or refundable through rate adjustments

Under the terms of certain orders of the applicable state public service commissions, the Company is deferring natural gas commodity, transportation and storage costs that are greater or less than amounts presently being recovered through its existing rate schedules. Such orders generally provide that these amounts are recoverable or refundable through rate adjustments over a 12 month period. Natural gas costs recoverable or refundable, as applicable, through rate adjustments were \$8.0 million and \$2.9 million at December 31, 2013 and 2012, respectively, which is included in unrecovered purchased gas costs.

Insurance

The Company is insured for workers' compensation losses in guaranteed cost programs. Automobile liability and general liability losses are insured, subject to self insured retentions of \$500,000 per accident or occurrence. The Company also has coverage above the self insured retentions on a claims made basis. The Company is retaining losses within its retentions on the basis of estimates of liability for claims incurred but not reported.

Income taxes

The Company and its subsidiaries file consolidated method federal income tax returns and combined and separate state income tax returns. Federal income taxes paid by the Company, as parent of the consolidated group, are allocated to the individual subsidiaries based on the ratio of the separate company computations of tax. The Company makes a similar allocation for state income taxes paid in connection with combined state filings. The Company provides deferred federal and state income taxes on all temporary differences between the book and tax basis of the Company's assets and liabilities. Taxes recoverable from customers have been recorded as regulatory assets. Taxes refundable to customers and excess deferred income tax balances associated with the Company's rate-regulated activities have been recorded as regulatory liabilities. These regulatory assets and liabilities are expected to be recovered from or refunded to customers in future rates in accordance with applicable regulatory procedures.

The Company uses the deferral method of accounting for investment tax credits and amortizes the credits on regulated electric and natural gas distribution plant over various periods that conform to the ratemaking treatment prescribed by the applicable state public service commissions.

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

Use of estimates

The preparation of financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Estimates are used for items such as impairment testing of long-lived assets and goodwill; fair value of acquired assets and liabilities under the acquisition method of accounting; property depreciable lives; tax provisions; uncollectible accounts; environmental and other loss contingencies; accumulated provision for revenues subject to refund; unbilled revenues; actuarially determined benefit costs; asset retirement

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obligations; and the valuation of stock-based compensation. As additional information becomes available, or actual amounts are determinable, the recorded estimates are revised. Consequently, operating results can be affected by revisions to prior accounting estimates.

Cash flow information

Cash expenditures for interest and income taxes for the years ended December 31 were as follows:

	2013	2012
	(In thousands)	
Interest, net of amount capitalized	\$ 16,152	\$ 15,802
Income taxes refunded, net	\$ (11,453)	\$ (10,137)

Noncash investing transactions at December 31 were as follows:

	2013	2012
	(In thousands)	
Property, plant and equipment additions in accounts payable	\$ 7,075	\$ 14,323

Comprehensive income (loss)

Comprehensive income (loss) is the sum of net income (loss) as reported and other comprehensive income (loss). The Company's other comprehensive loss resulted from postretirement liability adjustments and other comprehensive loss recorded by its subsidiaries.

The postretirement liability adjustment in other comprehensive income was \$454,000 and \$396,000, net of tax of \$(304,000) and \$(245,000), for the years ended December 31, 2013 and 2012, respectively.

The after-tax changes in the components of accumulated other comprehensive loss as of December 31, 2013, were as follows:

	Postretirement Liability Adjustment	Subsidiary Other Comprehensive Loss	Total Accumulated Other Comprehensive Loss
	(In thousands)		
Balance at December 31, 2012	\$ (4,913)	\$ (43,808)	\$ (48,721)
Other comprehensive gain before reclassifications	348	12,104	12,452
Amounts reclassified from accumulated other comprehensive loss	106	(2,042)	(1,936)
Net current-period other comprehensive gain	454	10,062	10,516
Balance at December 31, 2013	\$ (4,459)	\$ (33,746)	\$ (38,205)

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Reclassifications out of accumulated other comprehensive loss for the year ended December 31 were as follows:

	2013	Location on Statement of Income
	(In thousands)	
Amortization of postretirement liability losses included in net periodic benefit cost	\$ (176)	(a)
	70	Income taxes
	(106)	
Subsidiary reclassifications out of accumulated other comprehensive loss	2,042	Equity in earnings of Subsidiary Companies
Total reclassifications	\$ 1,936	

(a) Included in net periodic benefit cost (credit). For more information, see Note 11.

Note 2 - Goodwill and Other Intangible Assets

The carrying amount of goodwill, which is related to the natural gas distribution business, remained unchanged at \$4.8 million for the years ended December 31, 2013 and 2012. This amount is included in miscellaneous deferred debits. No impairments have been recorded in any periods.

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Note 3 - Regulatory Assets and Liabilities

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

	Estimated Recovery Period*	2013	2012
(In thousands)			
Regulatory assets:			
Pension and postretirement benefits (a)	(f)	\$ 67,130	\$ 103,937
Taxes recoverable from customers (a)	Over plant lives	10,902	---
Unrecovered purchased gas costs	Up to 12 months	8,020	2,915
Unamortized loss on required debt	Up to 13 years	7,407	8,127
Costs related to identifying generation development (a) (e)	Up to 13 years	4,512	5,773
Plant costs (a)	Up to 3 years	4,333	9,194
Other (a) (b) (g)	Largely within 1 year	6,026	5,912
Total regulatory assets		108,330	135,858
Regulatory liabilities:			
Plant removal and decommissioning costs (c)		110,790	106,858
Pension and postretirement benefits (d)		8,017	---
Taxes refundable to customers (d)		7,802	9,020
Accumulated provision for rate refunds		191	4,365
Other (h)		2,369	1,058
Total regulatory liabilities		129,169	121,301
Net deferred income tax assets (liabilities)**		6,797	(6,229)
Net regulatory position		\$ (14,042)	\$ 8,328

* Estimated recovery period for regulatory assets currently being recovered in rates charged to customers.

** Represents deferred income taxes related to regulatory assets and liabilities. The deferred income tax assets are not earning a rate of return.

(a) Included in other regulatory assets on the Comparative Balance Sheet.

(b) Included in prepayments on the Comparative Balance Sheet.

(c) Included in accumulated provision for depreciation, amortization and depletion and asset retirement obligations on the Comparative Balance Sheet.

(d) Included in other regulatory liabilities on the Comparative Balance Sheet.

(e) Included in unrecovered plant and regulatory study costs on the Comparative Balance Sheet.

(f) Recovered as expense is incurred.

(g) Included in miscellaneous deferred debits on the Comparative Balance Sheet.

(h) Included in miscellaneous deferred debits and other regulatory assets on the Comparative Balance Sheet.

The regulatory assets are expected to be recovered in rates charged to customers. A portion of the Company's regulatory assets are not earning a return; however, these regulatory assets are expected to be recovered from customers in future rates. Excluding deferred income taxes, as of December 31, 2013 and 2012, approximately \$92.8 million and \$122.6 million respectively, of regulatory assets were not earning a rate of return.

If, for any reason, the Company's regulated business ceases to meet the criteria for application of regulatory accounting for all or part of their operations, the regulatory assets and liabilities relating to those portions ceasing to meet such criteria would be removed from the balance sheet and included in the statement of income as an extraordinary item in the period in which the discontinuance of regulatory accounting occurs.

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Note 4 - Fair Value Measurements

The Company measures its investments in certain fixed-income and equity securities at fair value with changes in fair value recognized in income. The Company anticipates using these investments, which consist of an insurance contract, to satisfy its obligations under its unfunded, nonqualified benefit plan for executive officers and certain key management employees, and invests in these fixed-income and equity securities for the purpose of earning investment returns and capital appreciation. These investments, which totaled \$41.6 million and \$32.6 million as of December 31, 2013 and 2012, respectively, are classified as Other Investments on the Comparative Balance Sheet. The net unrealized gains on these investments for the years ended December 31, 2013 and 2012, were \$9.0 million and \$3.5 million, respectively. The change in fair value, which is considered part of the cost of the plan, is classified in Other Income and Deductions as Life Insurance on the Statement of Income.

The fair value of the Company's money market funds approximates cost.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The ASC establishes a hierarchy for grouping assets and liabilities, based on the significance of inputs.

The estimated fair values of the Company's assets and liabilities measured on a recurring basis are determined using the market approach.

The Company's Level 2 money market funds consist of investments in short-term unsecured promissory notes and the value is based on comparable market transactions taking into consideration the credit quality of the issuer.

The estimated fair value of the Company's Level 2 insurance contract is based on contractual cash surrender values that are determined primarily by investments in managed separate accounts of the insurer. These amounts approximate fair value. The managed separate accounts are valued based on other observable inputs or corroborated market data.

Though the Company believes the methods used to estimate fair value are consistent with those used by other market participants, the use of other methods or assumptions could result in a different estimate of fair value. For the years ended December 31, 2013 and 2012, there were no transfers between Levels 1 and 2.

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The Company's assets and liabilities measured at fair value on a recurring basis were as follows:

	Fair Value Measurements at December 31, 2013, Using			Balance at December 31, 2013
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
(In thousands)				
Assets:				
Money market funds	\$ —	\$ 1,110	\$ —	\$ 1,110
Insurance contract*	—	41,564	—	41,564
Total assets measured at fair value	\$ —	\$ 42,674	\$ —	\$ 42,674

Assets:

Money market funds	\$ —	\$ 1,110	\$ —	\$ 1,110
Insurance contract*	—	41,564	—	41,564
Total assets measured at fair value	\$ —	\$ 42,674	\$ —	\$ 42,674

* The insurance contract invests approximately 29 percent in common stock of mid-cap companies, 28 percent in common stock of small-cap companies, 28 percent in common stock of large-cap companies and 15 percent in fixed-income investments.

	Fair Value Measurements at December 31, 2012, Using			Balance at December 31, 2012
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
(In thousands)				
Assets:				
Money market funds	\$ —	\$ 620	\$ —	\$ 620
Insurance contract*	—	32,586	—	32,586
Total assets measured at fair value	\$ —	\$ 33,206	\$ —	\$ 33,206

Assets:

Money market funds	\$ —	\$ 620	\$ —	\$ 620
Insurance contract*	—	32,586	—	32,586
Total assets measured at fair value	\$ —	\$ 33,206	\$ —	\$ 33,206

* The insurance contract invests approximately 28 percent in common stock of mid-cap companies, 28 percent in common stock of small-cap companies, 29 percent in common stock of large-cap companies and 15 percent in fixed-income investments.

The Company's long-term debt is not measured at fair value on the Comparative Balance Sheet and the fair value is being provided for disclosure purposes only. The fair value was based on discounted future cash flows using current market interest rates. The estimated fair value of the Company's Level 2 long-term debt at December 31 was as follows:

	2013		2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
(In thousands)				
Long-term debt	\$ 434,706	\$ 469,787	\$ 356,867	\$ 411,210

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

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Note 5 - Debt

Certain debt instruments of the Company, including those discussed later, contain restrictive covenants and provisions. In order to borrow under the respective credit agreements, the Company must be in compliance with the applicable covenants and certain other conditions. In the event the Company does not comply with the applicable covenants and other conditions, alternative sources of funding may need to be pursued.

The following table summarizes the outstanding revolving credit facilities of the Company:

Company	Facility	Facility Limit	Amount	Amount	Letters of	Expiration Date
			Outstanding at December 31, 2013	Outstanding at December 31, 2012	Credit at December 31, 2013	

(Dollars in millions)

MDU Resources Group, Inc.	Commercial paper/Revolving credit agreement (a)	\$ 125.0	\$ 78.9	(b) \$ 76.0	(b) \$ -	10/4/17
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(a) The commercial paper program is supported by a revolving credit agreement with various banks (provisions allow for increased borrowings, at the option of the Company on stated conditions, up to a maximum of \$150 million). There were no amounts outstanding under the credit agreement.

(b) Amount outstanding under commercial paper program included in other long-term debt on the Comparative Balance Sheet.

The Company's commercial paper program is supported by a revolving credit agreement. While the amount of commercial paper outstanding does not reduce available capacity under the revolving credit agreement, the Company does not issue commercial paper in an aggregate amount exceeding the available capacity under its credit agreement.

The following includes information related to the preceding table.

Long-term debt

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

The credit agreement contains customary covenants and provisions, including covenants of the Company not to permit, as of the end of any fiscal quarter, (A) the ratio of funded debt to total capitalization (determined on a consolidated basis) to be greater than 65 percent or (B) the ratio of funded debt to capitalization (determined with respect to the Company alone, excluding its subsidiaries) to be greater than 65 percent. Other covenants include limitations on the sale of certain assets and on the making of certain loans and investments.

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

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

	2013	2012
(In thousands)		
Senior Notes at a weighted average rate of 6.24%, due on dates ranging from September 30, 2016 to December 15, 2033	\$ 280,000	\$ 280,000
Credit agreement and other at a weighted average rate of 2.59%, due on dates ranging from January 1, 2017 to April 15, 2044	154,706	76,867
Total long-term debt	\$ 434,706	\$ 356,867

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The amounts of scheduled long-term debt maturities for the five years and thereafter following December 31, 2013, aggregate \$108,000 in 2014; \$109,000 in 2015; \$50.1 million in 2016; \$78.9 million in 2017; \$100.0 million in 2018 and \$205.5 million thereafter.

Note 6 - Asset Retirement Obligations

The Company records obligations related to the decommissioning of certain electric generating facilities, special handling and disposal of hazardous materials at certain electric generating facilities, natural gas distribution facilities and buildings, and certain other obligations.

A reconciliation of the Company's liability for the years ended December 31 was as follows:

	2013	2012
	(In thousands)	
Balance at beginning of year	\$ 6,789	\$ 6,645
Liabilities settled	—	(10)
Revisions in estimates	(17)	(195)
Accretion expense	371	349
Balance at end of year	\$ 7,143	\$ 6,789

The Company believes that any expenses related to asset retirement obligations at the Company's regulated operations will be recovered in rates over time and, accordingly, defers such expenses as regulatory assets.

Note 7 - Preferred Stocks

Preferred stocks at December 31 were as follows:

	2013	2012
	(In thousands, except shares and per share amounts)	
Authorized:		
Preferred -		
500,000 shares, cumulative, par value \$100, issuable in series		
Preferred stock A -		
1,000,000 shares, cumulative, without par value, issuable in series		
(none outstanding)		
Preference -		
500,000 shares, cumulative, without par value, issuable in series		
(none outstanding)		
Outstanding:		
4.50% Series - 100,000 shares	\$ 10,000	\$ 10,000
4.70% Series - 50,000 shares	5,000	5,000
Total preferred stocks	\$ 15,000	\$ 15,000

For the years 2013 and 2012, dividends declared on the 4.50% Series and 4.70% Series preferred stocks were \$4.50 and \$4.70 per share, respectively. The 4.50% Series and 4.70% Series preferred stocks outstanding are subject to redemption, in whole or in part, at the option of the Company with certain limitations on 30 days notice on any quarterly dividend date at a redemption price, plus accrued dividends, of \$105 per share and \$102 per share, respectively.

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

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

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

Note 8 - Common Stock

For the years 2013 and 2012, dividends declared on common stock were \$.6950 and \$.6750 per common share, respectively.

The Company's Stock Purchase Plan provides interested investors the opportunity to make optional cash investments and to reinvest all or a percentage of their cash dividends in shares of the Company's common stock. The K-Plan is partially funded with the Company's common stock. From January 2012 through December 2013, purchases of shares of common stock on the open market were used to fund the Stock Purchase Plan and K-Plan. At December 31, 2013, there were 15.6 million shares of common stock reserved for original issuance under the Stock Purchase Plan and K-Plan.

The Company depends on earnings from its divisions and dividends from its subsidiaries to pay dividends on common stock. The declaration and payment of dividends is at the sole discretion of the board of directors, subject to limitations imposed by the Company's credit agreements, federal and state laws, and applicable regulatory limitations. In addition, the Company and Centennial are generally restricted to paying dividends out of capital accounts or net assets. The following discusses the most restrictive limitations.

Pursuant to a covenant under a credit agreement, Centennial may only make distributions to the Company in an amount up to 100 percent of Centennial's consolidated net income after taxes, excluding noncash write-downs, for the immediately preceding fiscal year. Intermountain and Cascade have regulatory limitations on the amount of dividends each can pay. Based on these limitations, approximately \$2.1 billion of the net assets of the Company's subsidiaries were restricted from being used to transfer funds to the Company at December 31, 2013. In addition, the Company's credit agreement also contains restrictions on dividend payments. The most restrictive limitation requires the Company not to permit the ratio of funded debt to capitalization (determined with respect to the Company alone, excluding its subsidiaries) to be greater than 65 percent. Based on this limitation, approximately \$219 million of the Company's (excluding its subsidiaries) net assets, which represents common stockholders' equity including retained earnings, would be restricted from use for dividend payments at December 31, 2013. In addition, state regulatory commissions may require the Company to maintain certain capitalization ratios. These requirements are not expected to affect the Company's ability to pay dividends in the near term.

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Note 9 - Stock-Based Compensation

The Company has several stock-based compensation plans under which it is currently authorized to grant restricted stock and stock. As of December 31, 2013, there are 6.2 million remaining shares available to grant under these plans. The Company generally issues new shares of common stock to satisfy restricted stock, stock and performance share awards.

Total stock-based compensation expense (after tax), excluding the amount recognized by the Company's subsidiaries, was \$629,000 and \$548,000 in 2013 and 2012, respectively.

As of December 31, 2013, total remaining unrecognized compensation expense, excluding the amount to be recognized by the Company's subsidiaries, related to stock-based compensation was approximately \$1.2 million (before income taxes) which will be amortized over a weighted average period of 1.7 years.

Stock options

The Company had granted stock options to directors, key employees and employees. The Company has not granted stock options since 2003 and as of December 31, 2013 and 2012, there were no stock options outstanding.

The Company received cash of \$88,000 from the exercise of stock options for the year ended December 31, 2012. The aggregate intrinsic value of options exercised during the year ended December 31, 2012, was \$60,000.

Stock awards

Nonemployee directors may receive shares of common stock instead of cash in payment for directors' fees under the nonemployee director stock compensation plan. There were 36,713 shares with a fair value of \$1.1 million and 53,888 shares with a fair value of \$1.1 million issued under this plan during the years ended December 31, 2013 and 2012, respectively.

A key employee of a subsidiary of the Company received an award of 43,103 shares of common stock under a long-term incentive plan with a fair value of \$930,000 during the year ended December 31, 2012.

Performance share awards

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

Target grants of performance shares outstanding at December 31, 2013, were as follows:

Grant Date	Performance Period	Target Grant of Shares
February 2011	2011-2013	254,514
February 2012	2012-2014	251,196
March 2013	2013-2015	244,281

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Participants may earn from zero to 200 percent of the target grant of shares based on the Company's total shareholder return relative to that of the selected peer group. Compensation expense is based on the grant-date fair value as determined by Monte Carlo simulation. The blended volatility term structure ranges are comprised of 50 percent historical volatility and 50 percent implied volatility. Risk-free interest rates were based on U.S. Treasury security rates in effect as of the grant date. Assumptions used for grants of performance shares issued in 2013 and 2012 were:

	2013		2012	
Grant-date fair value	\$ 29.01		\$ 17.18	
Blended volatility range	16.10%	- 19.39%	24.29%	- 25.81%
Risk-free interest rate range	.09%	- .40%	.10%	- .35%
Discounted dividends per share	\$ 2.12		\$ 1.19	

There were no performance shares that vested in 2013 or 2012.

A summary of the status of the performance share awards for the year ended December 31, 2013, was as follows:

	Number of Shares	Weighted Average Grant- Date Fair Value
Nonvested at beginning of period	786,136	\$ 18.17
Granted	264,614	29.01
Vested	—	—
Forfeited	(300,759)	18.20
Nonvested at end of period	749,991	\$ 21.99

Note 10 - Income Taxes

Income before income taxes for the years ended December 31, 2013 and 2012, respectively was \$61,704 and \$53,891.

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

	2013	2012
	(In thousands)	
Current:		
Federal*	\$ (12,057)	\$ (15,719)
State	(690)	(2,476)
Deferred:		
Income taxes:		
Federal	24,572	27,118
State	1,801	2,988
Investment tax credit - net	(47)	(57)
Total income tax expense	\$ 13,579	\$ 11,854

* There was no change in uncertain tax benefits for the years ended December 31, 2013 and 2012.

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

	2013	2012
(In thousands)		
Deferred tax assets:		
Accrued pension costs	\$ 26,146	\$ 41,955
Compensation-related	12,675	9,009
Legal and environmental contingencies	515	407
Other	10,575	13,803
Total deferred tax assets	49,911	65,174
Deferred tax liabilities:		
Depreciation and basis differences on property, plant and equipment	256,026	226,833
Other	3,125	1,196
Total deferred tax liabilities	259,151	228,029
Net regulatory matters deferred tax asset (liability)	6,797	(6,229)
Net deferred income tax liability	\$ (202,443)	\$ (169,084)

As of December 31, 2013 and 2012, no valuation allowance has been recorded associated with the previously identified deferred tax assets.

The following table reconciles the change in the net deferred income tax liability from December 31, 2012, to December 31, 2013, to deferred income tax expense:

	2013
(In thousands)	
Change in net deferred income tax liability from the preceding table	\$ 33,359
Deferred taxes associated with other comprehensive loss	(304)
Other	(6,729)
Deferred income tax expense for the period	\$ 26,326

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

Years ended December 31,	2013		2012	
	Amount	%	Amount	%
(Dollars in thousands)				
Computed tax at federal statutory rate	\$ 21,596	35.0	\$ 18,862	35.0
Increases (reductions) resulting from:				
Nonqualified benefit plan	(3,504)	(5.7)	(1,460)	(2.7)
Federal renewable energy credit	(3,404)	(5.5)	(3,401)	(6.3)
AFUDC equity	(1,075)	(1.7)	(1,084)	(2.0)
Deductible K-Plan dividends	(866)	(1.4)	(1,529)	(2.8)
Amortization and deferral of investment tax credit	(47)	(0.1)	(57)	(0.1)
State income taxes, net of federal income tax benefit (expense)	1,491	2.4	1,449	2.7
Other	(612)	(1.0)	(926)	(1.8)
Total income tax expense (benefit)	\$ 13,579	22.0	\$ 11,854	22.0

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The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state and local jurisdictions. The Company is no longer subject to U.S. federal or state and local income tax examinations by tax authorities for years ending prior to 2007. The 2007 through 2009 tax years are currently under audit.

The amount of the unrecognized tax benefits (excluding interest) for the years ended December 31, 2013 and 2012 remained unchanged at \$95,000.

The amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was \$116,000, including approximately \$21,000 for the payment of interest and penalties at December 31, 2013 and December 31, 2012, respectively.

It is likely that substantially all of the unrecognized tax benefits, as well as interest, at December 31, 2013, will be settled in the next twelve months due to the anticipated settlement of federal and state audits.

For the years ended December 31, 2013 and 2012, the Company recognized approximately \$8,000 and \$4,000, respectively, in interest expense. Penalties were not material in 2013 and 2012. The Company recognized interest income of approximately \$102,000 and \$60,000 for the years ended December 31, 2013 and 2012, respectively. The Company had accrued assets of approximately \$526,000 and \$267,000 at December 31, 2013 and 2012, respectively, for the receipt of interest income.

In September 2013, the Internal Revenue Service released final regulations relating to the capitalization of tangible personal property which are effective for tax years beginning on or after January 1, 2014. The Company does not expect these new regulations to have a material effect on its results of operations, financial position or cash flows.

Note 11 - Employee Benefit Plans

Pension and other postretirement benefit plans

The Company has noncontributory defined benefit pension plans and other postretirement benefit plans for certain eligible employees. The Company uses a measurement date of December 31 for all of its pension and postretirement benefit plans. Other postretirement plans presented here include certain of the Company's subsidiaries.

Defined pension plan benefits to all nonunion and certain union employees hired after December 31, 2005, were discontinued. In 2010, all benefit and service accruals for nonunion and certain union plans were frozen. Effective June 30, 2011, all benefit and service accruals for an additional union plan were frozen. These employees will be eligible to receive additional defined contribution plan benefits.

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

In 2012, the Company modified health care coverage for certain retirees. Effective January 1, 2013, post-65 coverage is replaced by a fixed-dollar subsidy for retirees and spouses to be used to purchase individual insurance through an exchange.

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Changes in benefit obligation and plan assets for the years ended December 31, 2013 and 2012, and amounts recognized in the Comparative Balance Sheet at December 31, 2013 and 2012, were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2013	2012	2013	2012
(In thousands)				
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 262,910	\$ 249,823	\$ 49,593	\$ 57,161
Service cost	—	—	906	881
Interest cost	9,240	10,127	1,700	2,080
Plan participants' contributions	—	—	830	1,767
Amendments	—	—	—	(9,227)
Actuarial (gain) loss	(24,667)	18,532	(5,998)	1,276
Benefits paid	(17,204)	(15,572)	(3,825)	(4,345)
Benefit obligation at end of year	230,279	262,910	43,206	49,593
Change in net plan assets:				
Fair value of plan assets at beginning of year	177,801	161,284	43,411	38,975
Actual gain on plan assets	20,324	20,050	7,944	3,696
Employer contribution	10,014	12,039	301	3,318
Plan participants' contributions	—	—	830	1,767
Benefits paid	(17,204)	(15,572)	(3,825)	(4,345)
Fair value of net plan assets at end of year	190,935	177,801	48,661	43,411
Funded status -- (under) over	\$ (39,344)	\$ (85,109)	\$ 5,455	\$ (6,182)
Amounts recognized in the Comparative Balance Sheet at December 31:				
Other deferred debits (credits)	\$ (39,344)	\$ (85,109)	\$ 5,455	\$ (6,182)
Net amount recognized	\$ (39,344)	\$ (85,109)	\$ 5,455	\$ (6,182)
Amounts recognized in accumulated other comprehensive (income) loss/regulatory assets (liabilities) consist of:				
Actuarial loss	\$ 74,036	\$ 111,617	\$ 6,776	\$ 19,133
Prior service credit	—	—	(12,132)	(13,108)
Total	\$ 74,036	\$ 111,617	\$ (5,356)	\$ 6,025

Employer contributions and benefits paid in the preceding table include only those amounts contributed directly to, or paid directly from, plan assets. The above table includes amounts related to regulated operations, which are recorded as regulatory assets (liabilities) and are expected to be reflected in rates charged to customers over time. For more information on regulatory assets (liabilities), see Note 3.

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

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

	2013	2012
	(In thousands)	
Projected benefit obligation	\$ 230,279	\$ 262,910
Accumulated benefit obligation	\$ 230,279	\$ 262,910
Fair value of plan assets	\$ 190,935	\$ 177,801

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

	Pension Benefits		Other Postretirement Benefits	
	2013	2012	2013	2012
	(In thousands)			
Components of net periodic benefit cost (credit):				
Service cost	\$ —	\$ —	\$ 906	\$ 881
Interest cost	9,240	10,127	1,700	2,079
Expected return on assets	(11,438)	(13,668)	(2,546)	(2,895)
Amortization of prior service credit	—	—	(976)	(580)
Recognized net actuarial loss	4,028	2,801	961	613
Amortization of net transition obligation	—	—	—	3,284
Net periodic benefit cost (credit)	1,830	(740)	45	3,382
Other changes in plan assets and benefit obligations recognized in accumulated other comprehensive (income) loss:				
Net (gain) loss	(33,553)	12,149	(11,396)	475
Prior service credit	—	—	—	(9,227)
Amortization of actuarial loss	(4,028)	(2,801)	(961)	(613)
Amortization of prior service credit	—	—	976	580
Amortization of net transition obligation	—	—	—	(3,284)
Total recognized in accumulated other comprehensive (income) loss/regulatory assets (liabilities)	(37,581)	9,348	(11,381)	(12,069)
Total recognized in net periodic benefit cost and accumulated other comprehensive (income) loss/regulatory assets (liabilities)	\$ (35,751)	\$ 8,608	\$ (11,336)	\$ (8,687)

The estimated net loss for the defined benefit pension plans that will be amortized from accumulated other comprehensive loss or regulatory asset (liability), as applicable, into net periodic benefit cost in 2014 is \$2.7 million. The estimated net loss and prior service credit for the other postretirement benefit plans that will be amortized from accumulated other comprehensive loss or regulatory asset (liability), as applicable, into net periodic benefit cost in 2014 are \$686,000 and \$1.2 million, respectively. Prior service cost is amortized on a straight line basis over the average remaining service period of active participants.

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

	Pension Benefits		Other Postretirement Benefits	
	2013	2012	2013	2012
Discount rate	4.50 %	3.63 %	4.49 %	3.65 %
Expected return on plan assets	7.00 %	7.00 %	6.00 %	6.00 %

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

	Pension Benefits		Other Postretirement Benefits	
	2013	2012	2013	2012
Discount rate	3.62 %	4.18%	3.65%	4.12%
Expected return on plan assets	7.00 %	7.75%	6.00%	6.75%

The expected rate of return on pension plan assets is based on the targeted asset allocation range of 60 percent to 70 percent equity securities and 30 percent to 40 percent fixed-income securities and the expected rate of return from these asset categories. The expected rate of return on other postretirement plan assets is based on the targeted asset allocation range of 65 percent to 75 percent equity securities and 25 percent to 35 percent fixed-income securities and the expected rate of return from these asset categories. The expected return on plan assets for other postretirement benefits reflects insurance-related investment costs.

Health care rate assumptions for the Company's other postretirement benefit plans as of December 31 were as follows:

	2013	2012
Health care trend rate assumed for next year	6.0%	6.0%
Health care cost trend rate - ultimate	6.0%	6.0%
Year in which ultimate trend rate achieved	1999	1999

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

Assumed health care cost trend rates may have a significant effect on the amounts reported for the health care plans. A one percentage point change in the assumed health care cost trend rates would have had the following effects at December 31, 2013:

	1 Percentage Point Increase	1 Percentage Point Decrease
	(In thousands)	
Effect on total of service and interest cost components	\$ 33	\$ (30)
Effect on postretirement benefit obligation	\$ 947	\$ (853)

The Company's pension assets are managed by 16 outside investment managers. The Company's other postretirement assets are managed by one outside investment manager. The Company's investment policy with respect to pension and other postretirement assets is to make investments solely in the interest of the participants and beneficiaries of the plans and for the exclusive purpose of providing benefits accrued and defraying the reasonable expenses of administration. The Company strives to maintain investment diversification to assist in minimizing the risk of large losses. The Company's policy guidelines allow for investment of funds in cash equivalents, fixed-income securities and equity securities. The guidelines prohibit investment in commodities and futures contracts, equity private placement, employer securities, leveraged or derivative securities, options, direct real estate investments, precious metals, venture capital and limited partnerships. The

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guidelines also prohibit short selling and margin transactions. The Company's practice is to periodically review and rebalance asset categories based on its targeted asset allocation percentage policy.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The ASC establishes a hierarchy for grouping assets and liabilities, based on the significance of inputs.

The estimated fair values of the Company's pension plans' assets are determined using the market approach.

The carrying value of the pension plans' Level 1 and Level 2 cash equivalents approximates fair value and is determined using observable inputs in active markets or the net asset value of shares held at year end, which is determined using other observable inputs including pricing from outside sources. Units of this fund can be redeemed on a daily basis at their net asset value and have no redemption restrictions. The assets are invested in high quality, short-term instruments of domestic and foreign issuers.

The estimated fair value of the pension plans' Level 1 equity securities is based on the closing price reported on the active market on which the individual securities are traded.

The estimated fair value of the pension plans' Level 1 and Level 2 collective and mutual funds are based on the net asset value of shares held at year end, based on either published market quotations on active markets or other known sources including pricing from outside sources.

The estimated fair value of the pension plans' Level 2 corporate and municipal bonds is determined using other observable inputs, including benchmark yields, reported trades, broker/dealer quotes, bids, offers, future cash flows and other reference data.

The estimated fair value of the pension plans' Level 1 U.S. Treasury securities are valued based on quoted prices on an active market.

The estimated fair value of the pension plans' Level 2 U.S. Treasury securities are valued mainly using other observable inputs, including benchmark yields, reported trades, broker/dealer quotes, bids, offers, to be announced prices, future cash flows and other reference data. Some of these securities are valued using pricing from outside sources.

Though the Company believes the methods used to estimate fair value are consistent with those used by other market participants, the use of other methods or assumptions could result in a different estimate of fair value. For the years ended December 31, 2013 and 2012, there were no transfers between Levels 1 and 2.

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The fair value of the Company's pension plans' assets (excluding cash) by class were as follows:

	Fair Value Measurements at December 31, 2013, Using			Balance at December 31, 2013
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
(In thousands)				
Assets:				
Cash equivalents	\$ 1,454	\$ 5,364	\$ —	\$ 6,818
Equity securities:				
U.S. companies	35,696	—	—	35,696
International companies	22,488	—	—	22,488
Collective and mutual funds *	66,296	24,225	—	90,521
Corporate bonds	—	24,360	—	24,360
Municipal bonds	—	4,311	—	4,311
U.S. Treasury securities	4,269	2,472	—	6,741
Total assets measured at fair value	\$ 130,203	\$ 60,732	\$ —	\$ 190,935

*Collective and mutual funds invest approximately 11 percent in common stock of mid-cap U.S. companies, 34 percent in common stock of large-cap U.S. companies, 11 percent in U.S. Treasuries, 27 percent in corporate bonds and 17 percent in other investments.

The fair value of the Company's pension plans' assets by class were as follows:

	Fair Value Measurements at December 31, 2012, Using			Balance at December 31, 2012
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
(In thousands)				
Assets:				
Cash equivalents	\$ 1,234	\$ 6,015	\$ —	\$ 7,249
Equity securities:				
U.S. companies	50,019	—	—	50,019
International companies	22,898	—	—	22,898
Collective and mutual funds *	47,608	11,539	—	59,147
Corporate bonds	—	25,942	—	25,942
Municipal bonds	—	5,349	—	5,349
U.S. Treasury securities	4,589	2,608	—	7,197
Total assets measured at fair value	\$ 126,348	\$ 51,453	\$ —	\$ 177,801

*Collective and mutual funds invest approximately 12 percent in common stock of mid-cap U.S. companies, 26 percent in common stock of large-cap U.S. companies, 13 percent in U.S. Treasuries, 41 percent in corporate bonds and 8 percent in other investments.

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The following table sets forth a summary of changes in the fair value of the pension plans' Level 3 assets for the year ended December 31, 2012:

Fair Value Measurements Using Significant Unobservable Inputs
(Level 3)

	Collateral Held on		Total
	Corporate Bonds	Loaned Securities	
(In thousands)			
Balance at beginning of year	\$ 168	\$ —	168
Total realized/unrealized losses	(29)	—	(29)
Purchases, issuances and settlements (net)	(139)	—	(139)
Balance at end of year	\$ —	\$ —	—

The estimated fair values of the Company's other postretirement benefit plans' assets are determined using the market approach.

The estimated fair value of the other postretirement benefit plans' Level 1 and Level 2 cash equivalents is valued at the net asset value of shares held at year end, based on published market quotations on active markets, or using other known sources including pricing from outside sources. Units of this fund can be redeemed on a daily basis at their net asset value and have no redemption restrictions. The assets are invested in high-quality, short-term money market instruments that consist of municipal obligations.

The estimated fair value of the other postretirement benefit plans' Level 1 equity securities is based on the closing price reported on the active market on which the individual securities are traded.

The estimated fair value of the other postretirement benefit plans' Level 2 insurance contract is based on contractual cash surrender values that are determined primarily by investments in managed separate accounts of the insurer. These amounts approximate fair value. The managed separate accounts are valued based on other observable inputs or corroborated market data.

Though the Company believes the methods used to estimate fair value are consistent with those used by other market participants, the use of other methods or assumptions could result in a different estimate of fair value. For the years ended December 31, 2013 and 2012, there were no transfers between Levels 1 and 2.

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The fair value of the Company's other postretirement benefit plans' assets (excluding cash) by asset class were as follows:

	Fair Value Measurements at December 31, 2013, Using			Balance at December 31, 2013
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	(In thousands)			
	\$	\$	\$	
Assets:				
Cash equivalents	\$ 444	\$ 756	\$ —	\$ 1,200
Equity securities:				
U.S. companies	1,060	—	—	1,060
Insurance contract*	—	46,401	—	46,401
Total assets measured at fair value	\$ 1,504	\$ 47,157	\$ —	\$ 48,661

* The insurance contract invests approximately 55 percent in common stock of large-cap U.S. companies, 12 percent in U.S. Treasuries, 8 percent in mortgage-backed securities, 8 percent in common stock of mid-cap U.S. companies, 9 percent in corporate bonds, and 8 percent in other investments.

The fair value of the Company's other postretirement benefit plans' assets by asset class were as follows:

	Fair Value Measurements at December 31, 2012, Using			Balance at December 31, 2012
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	(In thousands)			
	\$	\$	\$	
Assets:				
Cash equivalents	\$ 600	\$ 1,163	\$ —	\$ 1,763
Equity securities:				
U.S. companies	660	—	—	660
Insurance contract*	—	40,988	—	40,988
Total assets measured at fair value	\$ 1,260	\$ 42,151	\$ —	\$ 43,411

* The insurance contract invests approximately 51 percent in common stock of large-cap U.S. companies, 15 percent in U.S. Treasuries, 10 percent in mortgage-backed securities, 11 percent in corporate bonds, and 13 percent in other investments.

The Company expects to contribute approximately \$19.1 million to its defined benefit pension plans in 2014. The Company does not expect to contribute to its postretirement benefit plans in 2014.

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The following benefit payments, which reflect future service, as appropriate, and expected Medicare Part D subsidies are as follows:

Years	Pension Benefits	Other Postretirement Benefits	Expected Medicare Part D Subsidy
(In thousands)			
2014	\$ 13,794	\$ 3,017	\$ 184
2015	13,972	2,984	178
2016	14,132	2,950	171
2017	14,328	2,944	163
2018	14,513	2,927	155
2019 - 2023	75,584	13,769	638

Nonqualified benefit plans

In addition to the qualified plan defined pension benefits reflected in the table at the beginning of this note, the Company also has unfunded, nonqualified benefit plans for executive officers and certain key management employees that generally provide for defined benefit payments at age 65 following the employee's retirement or to their beneficiaries upon death for a 15-year period. The Company's net periodic benefit cost for these plans was \$4.1 million and \$4.6 million in 2013 and 2012, respectively. The total projected benefit obligation for these plans was \$61.9 million and \$64.7 million at December 31, 2013 and 2012, respectively. The accumulated benefit obligation for these plans was \$57.2 million and \$61.1 million at December 31, 2013 and 2012, respectively. A weighted average discount rate of 4.32 percent and 3.45 percent at December 31, 2013 and 2012, respectively, and a rate of compensation increase of 4.00 percent and 3.00 percent at December 31, 2013 and 2012, respectively, were used to determine benefit obligations. A discount rate of 3.45 percent and 4.00 percent at December 31, 2013 and 2012, respectively, and a rate of compensation increase of 3.00 percent and 4.00 percent at December 31, 2013 and 2012, respectively, were used to determine net periodic benefit cost.

The amount of benefit payments for the unfunded, nonqualified benefit plans are expected to aggregate \$3.1 million in 2014; \$3.8 million in 2015; \$3.7 million in 2016; \$3.8 million in 2017, \$4.0 million in 2018 and \$21.6 million for the years 2019 through 2023.

In 2012, the Company established a nonqualified defined contribution plan for certain key management employees. Costs incurred under this plan for 2013 and 2012 were \$36,000 and \$17,000, respectively.

The Company had investments of \$60.4 million and \$51.9 million at December 31, 2013 and 2012, respectively, consisting of equity securities of \$35.6 million and \$25.6 million, respectively, life insurance carried on plan participants (payable upon the employee's death) of \$17.8 million and \$18.7 million, respectively, and other investments of \$7.0 million and \$5.2 million, respectively. The Company anticipates using these investments to satisfy obligations under these plans.

Defined contribution plans

The Company sponsors various defined contribution plans for eligible employees, and costs incurred under these plans were \$11.1 million in 2013 and \$10.0 million in 2012.

Note 12 - Jointly Owned Facilities

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

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The Company's share of the station's operating expenses was reflected in the appropriate categories of operating expenses (fuel, operation and maintenance, and taxes, other than income) in the Statement of Income.

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

	2013	2012
	(In thousands)	
Big Stone Station:		
Utility plant in service	\$ 63,890	\$ 63,146
Less accumulated depreciation	41,323	40,859
	\$ 22,567	\$ 22,287
Coyote Station:		
Utility plant in service	\$ 138,261	\$ 135,073
Less accumulated depreciation	89,528	87,524
	\$ 48,733	\$ 47,549
Wygen III:		
Utility plant in service	\$ 64,332	\$ 63,462
Less accumulated depreciation	4,639	3,368
	\$ 59,693	\$ 60,094

Note 13 - Regulatory Matters and Revenues Subject to Refund

On September 26, 2012, Montana-Dakota filed an application with the MTPSC for a natural gas rate increase. Montana-Dakota requested a total increase of \$3.5 million annually or approximately 5.9 percent above current rates. The requested increase includes the costs associated with the increased investment in facilities, including ongoing investment in new and replacement distribution facilities, an operations building, automated meter reading and a new customer billing system. Montana-Dakota requested an interim increase, subject to refund, of \$1.7 million or approximately 2.9 percent. On April 12, 2013, the MTPSC issued an interim order authorizing an interim increase of \$850,000 annually to be effective with service rendered on or after April 15, 2013, subject to refund. A hearing was held August 5-6, 2013. On December 5, 2013, Montana-Dakota and the Montana Consumer Counsel filed a stipulation with the MTPSC with an increase of \$1.5 million annually. On December 12, 2013, the MTPSC approved the stipulation to be effective with service rendered on or after December 15, 2013.

On February 11, 2013, Montana-Dakota filed an application with the NDPSC for approval of an environmental cost recovery rider for recovery of Montana-Dakota's share of the costs resulting from the environmental retrofit required to be installed at the Big Stone Station. The costs proposed to be recovered are associated with the ongoing construction costs for the installation of the BART air-quality control system. On February 27, 2013, the NDPSC suspended the filing pending further review. On May 31, 2013, Montana-Dakota filed revisions to its filing to reflect revised budget amounts. A hearing was held on September 16, 2013. On December 18, 2013, the NDPSC approved the environmental cost recovery rider tariff and adjustment.

On September 18, 2013, Montana-Dakota filed an application with the NDPSC for a natural gas rate increase. Montana-Dakota requested a total increase of \$6.8 million annually or approximately 6.4 percent above current rates. The requested increase includes the costs associated with the increased investment in facilities, including ongoing investment in

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
MDU Resources Group, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 12/31/2013	2013/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

new and replacement distribution facilities, an operations building, automated meter reading and a new customer billing system. Montana-Dakota requested an interim increase, subject to refund, of \$4.5 million or approximately 4.2 percent. On October 9, 2013, the NDPSC approved the interim increase to be effective with service rendered on or after November 17, 2013. On October 23, 2013, Montana-Dakota and the NDPSC Advocacy Staff filed a settlement agreement that resolved the revenue requirement portion of the application and reflected a natural gas rate increase of \$4.3 million annually or approximately 4.0 percent, and agreed that Montana-Dakota will only implement \$4.3 million of interim rate relief. The NDPSC held an informal hearing on the settlement on November 13, 2013. Montana-Dakota implemented the interim rate increase of \$4.3 million effective with service rendered on or after November 17, 2013. On December 30, 2013, the NDPSC approved the settlement on the revenue requirement. A hearing on the rate design portion of the case was held February 5, 2014, and approved on April 9, 2014.

On February 27, 2014, Montana-Dakota filed an application with the NDPSC for approval of an electric generation resource recovery rider for recovery of Montana-Dakota's investment in the Heskett III generator, located near Mandan, ND. Montana-Dakota requested recovery of \$7.4 million annually or approximately 4.6 percent above current rates. The NDPSC had previously approved an advance determination of prudence and issued a certificate of public convenience and necessity for Heskett III on April 11, 2012. On March 12, 2014, the NDPSC suspended the filing pending further review.

Note 14 - Commitments and Contingencies

Claims and Litigation

The Company is party to claims and lawsuits arising out of its business. The Company accrues a liability for those contingencies when the incurrence of a loss is probable and the amount can be reasonably estimated. If a range of amounts can be reasonably estimated and no amount within the range is a better estimate than any other amount, then the minimum of the range is accrued. The Company does not accrue liabilities when the likelihood that the liability has been incurred is probable but the amount cannot be reasonably estimated or when the liability is believed to be only reasonably possible or remote. For contingencies where an unfavorable outcome is probable or reasonably possible and which are material, the Company discloses the nature of the contingency and, in some circumstances, an estimate of the possible loss. The Company had accrued liabilities of \$1.4 million and \$1.1 million for contingencies related to litigation as of December 31, 2013 and 2012, respectively.

Operating leases

The Company leases certain equipment, facilities and land under operating lease agreements. The amounts of annual minimum lease payments due under these leases as of December 31, 2013, were \$4.2 million in 2014, \$2.8 million in 2015, \$2.7 million in 2016, \$2.5 million in 2017, \$1.4 million in 2018 and \$19.6 million thereafter. Rent expense was \$3.3 million and \$2.8 million for the years ended December 31, 2013 and 2012, respectively.

Purchase commitments

The Company has entered into various commitments, largely natural gas and coal supply, purchased power, and natural gas transportation and storage contracts, some of which are subject to variability in volume and price. These commitments range from one to 11 years. The commitments under these contracts as of December 31, 2013, were \$172.0 million in 2014, \$76.8 million in 2015, \$51.9 million in 2016, \$17.1 million in 2017, \$6.9 million in 2018 and \$17.4 million thereafter. These commitments were not reflected in the Company's financial statements. Amounts purchased under various commitments for the years ended December 31, 2013 and 2012, were \$305.9 million and \$241.5 million, respectively.

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
MDU Resources Group, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	12/31/2013	2013/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

Note 15 - Subsequent Event

On January 28, 2014, the Company entered into a note purchase agreement. The Company contracted to issue \$50.0 million and \$100.0 million of Senior Notes under the agreement on April 15, 2014 and July 15, 2014, respectively, with due dates ranging from July 2024 to April 2044 at a weighted average interest rate of 4.6 percent.

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MDU RESOURCES GROUP, INC.
NONCONSOLIDATED INCOME STATEMENT
TWELVE MONTHS ENDING DECEMBER 31, 2013

Operating Income

Electric Utility

Operating Revenues	\$255,395,710
Operating Expenses:	
Operation Expenses	139,938,907
Maintenance Expenses	20,782,627
Depreciation Expenses	32,586,492
Taxes Other Than Income Taxes	10,159,529
Income Taxes:	
Federal Taxes on Income	(8,188,163)
State Taxes on Income	(223,021)
Deferred Income Taxes	19,604,645
Total Electric Expenses	<u>214,661,016</u>
Net Electric Operation	\$40,734,694

Gas Utility

Operating Revenues	\$282,180,696
Operating Expenses:	
Operation Expenses	242,309,064
Maintenance Expenses	4,623,749
Depreciation Expenses	13,907,989
Taxes Other Than Income Taxes	7,775,258
Income Taxes:	
Federal Taxes on Income	(2,270,407)
State Taxes on Income	(231,425)
Deferred Income Taxes	5,537,582
Total Gas Expenses	<u>271,651,810</u>
Net Gas Operation	\$10,528,886

Net Utility Operating Income \$51,263,580

Revenues from Merchandising, Jobbing and Contract Work	\$6,363,713
(Less) Costs and Exp. Of Merch., Jobbing and Contract Work	1,793,254
Revenues from Nonutility Operations	3,469,323
(Less) Expense from Nonutility Operations	2,122,588
Equity in Earnings of Subsidiary Companies	230,807,415
Interest and Dividend Income	1,848,997
Allowance for Other Funds Used During Construction	3,071,017
Miscellaneous Nonoperating Income	211,336
Gain on Disposition of Property	0
Total Other Income	<u>241,855,959</u>

Loss on Disposition of Property	0
Miscellaneous Income Deductions	(2,553,248)
Total Other Income Deductions	<u>(2,553,248)</u>

MDU RESOURCES GROUP, INC.
NONCONSOLIDATED INCOME STATEMENT
TWELVE MONTHS ENDING DECEMBER 31, 2013

Case No. PU-15-____
Statement B
Page 2 of 4

Taxes other than Income Taxes	3,919
Income Taxes - Federal	(1,598,864)
Income Taxes - State	(235,475)
Provision for Deferred Income Taxes	1,230,877
Investment Tax Credits	46,505
Total Taxes on Other Income and Deductions	<u>(646,048)</u>
 Net Other Income and Deductions	 \$245,055,255
 Interest On Long-Term Debt	 18,140,295
Amortization of Debt Discount and Expense	189,843
Amortization of Loss on Reacquired Debt	719,510
Other Interest Expense	273,566
(Less) Allow for Borrowed Funds Used during Const.	1,936,973
Net Interest Charges	<u>17,386,241</u>
 Net Income	 <u><u>\$278,932,594</u></u>

MDU RESOURCES GROUP, INC.
NONCONSOLIDATED INCOME STATEMENT
NINE MONTHS ENDING SEPTEMBER 30, 2014

Operating Income

Electric Utility

Operating Revenues	\$205,727,354
Operating Expenses:	
Operation Expenses	112,209,180
Maintenance Expenses	14,926,747
Depreciation Expenses	25,666,009
Taxes Other Than Income Taxes	8,279,439
Income Taxes:	
Federal Taxes on Income	57,160
State Taxes on Income	371,034
Deferred Income Taxes	9,653,320
Total Electric Expenses	<u>171,162,889</u>
Net Electric Operation	\$34,564,465

Gas Utility

Operating Revenues	\$238,579,544
Operating Expenses:	
Operation Expenses	205,713,638
Maintenance Expenses	3,863,440
Depreciation Expenses	11,879,272
Taxes Other Than Income Taxes	6,021,624
Income Taxes:	
Federal Taxes on Income	(365,376)
State Taxes on Income	(258,747)
Deferred Income Taxes	3,182,084
Total Gas Expenses	<u>230,035,935</u>
Net Gas Operation	\$8,543,609

Net Utility Operating Income \$43,108,074

Revenues from Merchandising, Jobbing and Contract Work	\$613,106
(Less) Costs and Exp. Of Merch., Jobbing and Contract Work	466,490
Revenues from Nonutility Operations	2,797,739
(Less) Expense from Nonutility Operations	1,899,689
Equity in Earnings of Subsidiary Companies	179,197,837
Interest and Dividend Income	1,632,362
Allowance for Other Funds Used During Construction	3,349,271
Miscellaneous Nonoperating Income	23,517
Gain on Disposition of Property	1,213,126
Total Other Income	<u>186,460,779</u>

Loss on Disposition of Property	6,747
Miscellaneous Income Deductions	841,519
Total Other Income Deductions	<u>848,266</u>

MDU RESOURCES GROUP, INC.
NONCONSOLIDATED INCOME STATEMENT
NINE MONTHS ENDING SEPTEMBER 30, 2014

Taxes other than Income Taxes	218,112
Income Taxes - Federal	132,823
Income Taxes - State	(1,019,941)
Provision for Deferred Income Taxes	(370,956)
Investment Tax Credits	<u>(890,237)</u>
Total Taxes on Other Income and Deductions	(149,725)
Net Other Income and Deductions	\$185,762,238
Interest On Long-Term Debt	15,742,661
Amortization of Debt Discount and Expense	171,084
Amortization of Loss on Reacquired Debt	539,633
Other Interest Expense	190,172
(Less) Allow for Borrowed Funds Used during Const.	<u>1,750,937</u>
Net Interest Charges	14,892,613
Net Income	<u><u>\$213,977,699</u></u>

**MONTANA-DAKOTA UTILITIES CO.
PLANT IN SERVICE
GAS UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013**

<u>Function</u>	<u>Per Books Plant</u>		
	<u>2012</u>	<u>2013</u>	<u>Average</u>
Production	\$4,833,307		\$2,416,654
Distribution	104,874,949	\$134,453,224	119,664,087
General	9,843,079	10,312,936	10,078,007
Intangible Plant - General	3,508,663	3,573,402	3,541,033
Common	8,046,434	8,779,969	8,413,201
Intangible Plant - Common	3,760,139	11,256,051	7,508,095
Acquisition Adjustment	<u>97,266</u>	<u>97,266</u>	<u>97,266</u>
Total Plant in Service	<u>\$134,963,837</u>	<u>\$168,472,848</u>	<u>\$151,718,343</u>

MONTANA-DAKOTA UTILITIES CO.
PLANT IN SERVICE
GAS UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013

Acct. No.	Account	Per Books Plant		
		2012	2013	Average
	<u>Production Plant</u>			
333	Field Compressor Station Equip.	\$4,833,307	\$0	\$2,416,654
	<u>Distribution Plant</u>			
374.1	Land	\$49,431	\$104,795	\$77,113
374.2	Rights of Way	239,146	796,475	517,810
375	Structures & Improvements	257,252	257,251	257,252
376	Mains	48,613,112	65,654,823	57,133,967
378	Meas. & Reg. Equip. -General	1,029,271	2,168,664	1,598,967
379	Meas.& Reg. Equip. - City Gate	867,761	3,724,706	2,296,233
380	Services	26,166,595	32,266,724	29,216,660
381	Positive Meters	23,300,185	24,835,254	24,067,720
383	Service Regulators	2,795,262	3,053,315	2,924,289
385	Ind. Meas. & Reg. Station Equip.	467,021	467,021	467,021
386.1	Misc. Property on Cust. Premise	1,680	1,680	1,680
386.2	Other Property on Cust. Premise	113,207	113,207	113,207
387.1	Cathodic Protection Equip.	613,013	647,296	630,155
387.2	Other Distribution Equip.	362,013	362,013	362,013
	Total Distribution Plant	\$104,874,949	\$134,453,224	\$119,664,087
	<u>General Plant</u>			
389	Land	\$274,522	\$274,521	\$274,522
390	Structures and Improvements	2,190,429	2,253,401	2,221,915
391.1	Office Furniture & Equipment	45,727	50,144	47,935
391.3	Personal Computers	97,973	123,084	110,529
392.1	Trans. Equip., Non-Unitized	194,219	184,358	189,288
392.2	Trans. Equip., Unitized	3,077,885	3,120,417	3,099,151
393	Stores Equipment	6,023	6,023	6,023
394.1	Miscellaneous Tolls - Nonunitized	715,698	805,160	760,429
394.4	Vehicle Refueling Equip.	12,444	12,444	12,444
395	Laboratory Equipment	137,109	137,692	137,401
396.1	Work Equipment Trailers	216,136	214,351	215,244
396.2	Power Operated Equip.	2,545,872	2,815,591	2,680,731
397.1	Fixed Radio Comm. Equip.	158,596	146,045	152,320
397.2	Mobile Radio Comm. Equip.	120,452	115,533	117,992
397.3	General Tele. Comm. Equip.	8,554	10,849	9,701
397.8	Network Equipment	14,112	14,112	14,112
398	Miscellaneous Equipment	27,328	29,211	28,270
	Total General Plant	\$9,843,079	\$10,312,936	\$10,078,007
303	Intangible Plant - General	\$3,508,663	\$3,573,402	\$3,541,033

MONTANA-DAKOTA UTILITIES CO.
PLANT IN SERVICE
GAS UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013

Acct. No.	Account	Per Books Plant		
		2012	2013	Average
	<u>Common Plant</u>			
389	Land	\$373,933	\$429,214	\$401,574
390	Structures and Improvements	4,732,699	5,127,452	4,930,075
391.1	Office Furniture & Equipment	374,987	391,063	383,025
391.3	Personal Computers	282,818	297,428	290,123
391.5	Other Computer Equipment	294,376	302,002	298,189
392.1	Trans. Equip., Non-Unitized	231	371	301
392.2	Trans. Equip., Unitized	799,844	861,515	830,679
392.3	Aircraft Equipment	610,491	647,963	629,227
393	Stores Equipment	8,895	8,938	8,916
394.1	Miscellaneous Tools	78,242	82,694	80,468
394.3	Vehicle Maint. Equip.	13,387	13,052	13,220
394.4	Vehicle Refueling Equip.	1,671	1,602	1,637
397.1	Fixed Radio Comm. Equip.	150,509	225,682	188,095
397.2	Mobile Radio Comm. Equip.	80,171	90,576	85,374
397.3	General Tele. Comm. Equip.	12,989	64,015	38,502
397.5	Supervisory & Telemetry	282	2,271	1,276
397.8	Network Equipment	55,005	37,734	46,370
398	Miscellaneous Equipment	175,904	196,397	186,150
	Total Common Plant	<u>\$8,046,434</u>	<u>\$8,779,969</u>	<u>\$8,413,201</u>
303	Intangible Plant - Common	3,760,139	11,256,051	7,508,095
114.2	Acquisition Adjustment	<u>97,266</u>	<u>97,266</u>	<u>97,266</u>
	Total Gas Plant in Service	<u><u>\$134,963,837</u></u>	<u><u>\$168,472,848</u></u>	<u><u>\$151,718,343</u></u>

MONTANA-DAKOTA UTILITIES CO.
DETAILED COST OF PLANT
GAS UTILITY
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013

Acct. No.	Account	Balance @ 12/31/12	Additions	Retirements	Transfers	Balance @ 12/31/13
	<u>Production Plant</u>					
333	Other Gas Production Equipment	\$10,886,812	(\$105,982)		(\$10,780,830)	\$0
	<u>Distribution Plant</u>					
374.1	Land	198,590	55,364			253,954
374.2	Rights of Way	411,625	557,329			968,954
375	Structures & Improvements	712,416	39,833	(2,427)		749,822
376	Mains	130,924,168	20,646,891	(425,927)		151,145,132
378	Meas. & Reg. Equip.-General	2,626,273	1,446,517	(20,800)		4,051,990
379	Meas. & Reg. Equip.-City Gate	2,325,819	2,875,424	(6,280)		5,194,963
380	Services	69,957,275	9,850,678	(243,711)		79,564,242
381	Positive Meters	61,179,321	2,604,748	(280,825)		63,503,244
383	Service Regulators	7,268,388	535,234	(19,423)		7,784,199
385	Ind. Meas. & Reg. Station Eqpt.	786,435	68			786,503
386.1	Misc. Property on Customer Premise	1,680				1,680
386.2	Other Property on Cust. Premise	261,880				261,880
387.1	Cathodic Protection Equip.	2,493,788	355,993	(7,070)		2,842,711
387.2	Other Distribution Equip.	587,151				587,151
	Total Distribution Plant	\$279,734,809	\$38,968,079	(\$1,006,463)	\$0	\$317,696,425
	<u>General Plant</u>					
389	Land	\$1,519,439				\$1,519,439
390	Structures and Improvements	8,575,704	423,347			8,999,051
391.1	Furniture and Fixtures	350,860	8,393	(61,905)		297,348
391.3	Computer Equip. - PC	164,949	36,072			201,021
391.5	Computer Equip. - Other	28,019		(28,019)		0
392.1	Trans. Equip., Non-Unitized	480,124	394	(5,129)		475,389
392.2	Trans. Equip., Unitized	7,958,080	559,258	(290,884)	(44,840)	8,181,614
393	Stores Equipment	63,605				63,605
394.1	Miscellaneous Tools - Utilized	2,128,829	380,535	(31,547)		2,477,817
394.3	Vehicle Maintenance Equipment	5,923				5,923

**MONTANA-DAKOTA UTILITIES CO.
 DETAILED COST OF PLANT
 GAS UTILITY
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013**

Acct. No.	Account	Balance @ 12/31/12	Additions	Retirements	Transfers	Balance @ 12/31/13
394.4	Vehicle Refueling Equipment	12,444				12,444
395	Laboratory Equipment	217,351				217,351
396.1	Work Equipment Trailers	599,745	69,665			669,410
396.2	Power Operated Equip.	7,250,311	1,359,284	(135,654)	(20,177)	8,453,764
397.1	Fixed Radio Comm. Equipment	466,781	4,459	(31,764)		439,476
397.2	Moblile Radio Comm. Equipment	381,614	17,895	(20,200)		379,309
397.3	General Telephone Comm. Equipment	48,943	2,295			51,238
397.8	Network Equipment	22,598				22,598
398	Miscellaneous Equipment	61,101	1,865			62,966
	Total General Plant	<u>\$30,336,420</u>	<u>\$2,863,462</u>	<u>(\$605,102)</u>	<u>(\$65,017)</u>	<u>\$32,529,763</u>
303	Intangible Plant - General	3,804,207	60,440			3,864,647
	Common Plant - Gas 1/	24,061,756				24,993,129
	Common Intangible Plant 2/	10,537,852				29,108,174
	Acquisition Adjustment	97,266				97,266
	Total Gas Plant in Service	<u>\$359,459,122</u>	<u>\$41,785,999</u>	<u>(\$1,611,565)</u>	<u>(\$10,845,847)</u>	<u>\$408,289,404</u>

1/ Common Plant is assigned by state on an actual site and use basis when applicable, and the remainder is allocated by state to gas and electric on a plant in service basis. Total common changes for the twelve months ended December 31, 2013 are:

Common Utility	Balance @ 12/31/12	Additions	Retirements	Transfers	Balance @ 12/31/13
Account 1010	\$58,533,071	\$4,079,349	(\$1,399,810)	(\$15,140)	\$61,197,470
Account 1111	26,077,381	28,466,726			54,544,107
Total	<u>\$84,610,452</u>	<u>\$32,546,075</u>	<u>(\$1,399,810)</u>	<u>(\$15,140)</u>	<u>\$115,741,577</u>

**MONTANA-DAKOTA UTILITIES CO.
ACCUMULATED RESERVE FOR DEPRECIATION
GAS UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013**

<u>Function</u>	<u>Per Books Acc. Reserve</u>		
	<u>2012</u>	<u>2013</u>	<u>Average</u>
Production	\$316,792		\$158,396
Distribution	59,735,441	62,973,601	61,354,521
General	3,920,958	4,712,947	4,316,952
Intangible Plant - General	437,538	540,562	489,050
Common	3,619,437	3,853,642	3,736,540
Intangible Plant - Common	2,877,918	3,569,876	3,223,897
Acquisition Adjustment	<u>55,211</u>	<u>58,030</u>	<u>56,621</u>
Total Accumulated Reserve	<u>\$70,963,295</u>	<u>\$75,708,658</u>	<u>\$73,335,977</u>

**MONTANA-DAKOTA UTILITIES CO.
BOOK CHANGES IN ACCUMULATED PROVISION FOR
DEPRECIATION AND AMORTIZATION - GAS UTILITY
TWELVE MONTHS ENDING DECEMBER 31, 2013**

<u>Gas Utility</u>	Beginning Balance 12/31/12	Annual Provision	Retirements (Original Cost)	Salvage	Removal Costs	Reclass/ Adjustments	Ending Balance 12/31/13
Account 111 - Intangible	\$733,082	\$98,724					\$831,806
Account 108							
Production	713,562	332,320				1,045,882	0
Distribution	155,557,573	9,315,352	1,006,463	18,318	547,628		163,337,152
General	<u>11,222,514</u>	<u>669,458</u>	<u>605,102</u>	<u>2,582,041</u>	<u>(23,961)</u>	<u>40,994</u>	<u>13,851,878</u>
Total Account 108	167,493,649	10,317,130	1,611,565	2,600,359	523,667	1,086,876	177,189,030
Total	<u>\$168,226,731</u>	<u>\$10,415,854</u>	<u>\$1,611,565</u>	<u>\$2,600,359</u>	<u>\$523,667</u>	<u>\$1,086,876</u>	<u>\$178,020,836</u>
Common 1/	\$16,894,214						\$18,671,604

1/ Common Plant is assigned by state on an actual site and use basis when applicable, and the remainder is allocated by state to gas and electric on a plant in service basis. Total common changes for the twelve months ended December 31, 2013 are:

<u>Common Utility</u>	Beginning Balance 12/31/12	Annual Provision	Retirements (Original Cost)	Salvage	Removal Costs	Adjustments	Ending Balance 12/31/13
Account 111	\$19,814,566	\$2,366,487					\$22,181,053
Account 108	24,283,759	2,448,907	1,399,810	85,207	14,532	55,495	25,348,036
Total Accounts 111 and 108	<u>\$44,098,325</u>	<u>\$4,815,394</u>	<u>\$1,399,810</u>	<u>\$85,207</u>	<u>\$14,532</u>	<u>\$55,495</u>	<u>\$47,529,089</u>

**MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF WORKING CAPITAL AND
OTHER DEDUCTIONS
GAS UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013**

<u>Working Capital</u>	Per Books		
	<u>2012</u>	<u>2013</u>	<u>Average</u>
Materials and Supplies	\$2,100,462	\$2,216,723	\$2,158,593
Fuel Stocks	62,516	53,917	58,217
Prepayments	31,224	13,108	22,166
Unamortized Loss on Debt	<u>598,147</u>	<u>660,664</u>	<u>629,406</u>
Total Working Capital	<u>\$2,792,349</u>	<u>\$2,944,412</u>	<u>\$2,868,382</u>
Customer Advances for Construction	<u>\$6,342,264</u>	<u>\$9,109,930</u>	<u>\$7,726,097</u>

MONTANA-DAKOTA UTILITIES CO.
WORKING CAPITAL AND OTHER DEDUCTIONS
GAS UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013

	<u>Materials</u>	<u>Fuel Stock</u>	<u>Prepayments</u>	<u>Unamortized Loss on Debt</u>	<u>Customer Advances</u>
December 2012	\$2,100,462	\$62,516	\$31,224	\$598,147	\$6,342,264
January 2013	2,015,087	50,567	363,973	719,491	6,303,270
February	2,029,570	40,659	330,426	714,143	6,349,412
March	1,884,782	41,301	296,877	708,796	6,346,269
April	1,990,212	59,121	261,061	703,447	6,410,927
May	2,222,787	52,799	225,559	698,100	6,723,876
June	2,499,494	32,947	189,420	692,752	7,405,933
July	2,636,240	27,231	153,281	687,403	7,670,971
August	2,741,281	24,443	117,142	682,056	8,142,021
September	2,837,584	27,540	81,002	676,708	8,688,416
October	2,770,094	65,054	44,863	671,360	8,812,662
November	2,755,342	49,587	49,734	666,011	9,033,598
December	2,216,723	53,917	13,108	660,664	9,109,930
Beginning and end of year average	<u>\$2,158,593</u>	<u>\$58,217</u>	<u>\$22,166</u>	<u>\$629,406</u>	<u>\$7,726,097</u>

**MONTANA-DAKOTA UTILITIES CO.
AVERAGE UTILITY CAPITAL STRUCTURE**

	<u>Balance</u>	<u>Ratio</u>	<u>Cost</u>	<u>Required Return</u>
<u>2013</u>				
Long Term Debt	\$317,977,362	39.834%	6.149%	2.449%
Short Term Debt 1/	61,279,880	7.677%	0.788%	0.060%
Preferred Stock	15,347,350	1.923%	4.583%	0.088%
Common Equity	403,645,109	50.566%	10.000%	5.057%
Total	<u>\$798,249,701</u>	<u>100.000%</u>		<u>7.654%</u>
<u>2014</u>				
Long Term Debt	\$392,969,139	42.556%	5.870%	2.498%
Short Term Debt 1/	37,099,969	4.017%	1.213%	0.049%
Preferred Stock	15,308,600	1.658%	4.581%	0.076%
Common Equity	478,046,673	51.769%	10.000%	5.177%
Total	<u>\$923,424,381</u>	<u>100.000%</u>		<u>7.800%</u>
<u>Projected 2015</u>				
Long Term Debt	\$505,460,413	41.135%	5.949%	2.447%
Short Term Debt 1/	99,623,527	8.108%	1.631%	0.132%
Preferred Stock	15,258,600	1.242%	4.579%	0.057%
Common Equity	608,435,332	49.515%	10.000%	4.952%
Total	<u>\$1,228,777,872</u>	<u>100.000%</u>		<u>7.588%</u>

1/ Reflects average monthly balance.

MONTANA-DAKOTA UTILITIES CO.
AVERAGE LONG-TERM DEBT

	Balance Outstanding	Annual Cost	Adjusted Embedded Cost
<u>First Mortgage Bonds</u>			
Balance at 12/31/2012	\$280,481,352	\$19,201,850	6.846%
Balance at 12/31/2013	\$355,000,000	\$19,834,125	5.587%
Minot Air Force Base Payable	473,372	28,402	6.000%
Amortization of Gain/Loss		43,469 1/	
Total @ 12/31/2013	<u>\$355,473,372</u>	<u>\$19,905,996</u>	<u>5.600%</u>
Average @ 12/31/2013	<u>\$317,977,362</u>	<u>\$19,553,923</u>	<u>6.149%</u>
Balance at 12/31/2014	\$430,000,000	\$26,154,600	6.082%
Minot Air Force Base Payable	464,906	27,894	6.000%
Amortization of Gain/Loss		43,469 1/	
Total @ 12/31/2014	<u>\$430,464,906</u>	<u>\$26,225,963</u>	<u>6.092%</u>
Average @ 12/31/2014	<u>\$392,969,139</u>	<u>\$23,065,980</u>	<u>5.870%</u>
Balance at 12/31/2015	580,000,000	33,840,600	5.835%
Minot Air Force Base Payable	455,919	27,355	6.000%
Amortization of Gain/Loss		43,469 1/	
Total @ 12/31/15	<u>\$580,455,919</u>	<u>\$33,911,424</u>	<u>5.842%</u>
Average @ 12/31/2015	<u>\$505,460,413</u>	<u>\$30,068,694</u>	<u>5.949%</u>

1/ Page 5.

**MONTANA-DAKOTA UTILITIES CO.
LONG-TERM DEBT CAPITAL
DECEMBER 31, 2013**

Description	Date of Issuance	Date of Maturity	Interest Rate	Principal Amount of Issue	Gross Proceeds	Underwriters' Commission		Loss on Reacquirement Redemption and Issuance Expense	
						Amount	% Gross Proceeds	Amount	% Gross Proceeds
First Mortgage Bonds:									
Secured Medium-term Notes, Series A:									
6.61% - Senior Note	9/1/2009	9/30/2016	6.610%	\$25,000,000	\$25,000,000	\$59,494	0.238%	\$517,288	2.069%
6.66% - Senior Note	10/1/2009	9/30/2016	6.660%	25,000,000	25,000,000	59,494	0.238%	517,288	2.069%
5.98% - Senior Note	12/15/2003	12/15/2033	5.980%	30,000,000	30,000,000	262,500	0.875%	280,668	0.936%
6.33% - Senior Note	8/24/2006	8/24/2026	6.330%	100,000,000	100,000,000	344,061	0.344%	10,532,009	10.532%
6.04% - Senior Note	9/16/2008	9/16/2018	6.040%	100,000,000	100,000,000	362,432	0.362%	0	0.000%
Term Loan	9/6/2013	10/3/2014	0.938%	75,000,000	75,000,000	0	0.000%	0	0.000%
Total Long-Term Debt Capital				\$355,000,000	\$355,000,000	\$1,087,981		\$11,847,253	

Description	Net Proceeds		Cost of Money 1/	Principal Outstanding	Annual Cost	Embedded Cost
	Amount	Per Unit				
First Mortgage Bonds:						
Secured Medium-term Notes, Series A:						
6.61% - Senior Note	\$24,423,218	97.693%	7.120%	\$25,000,000	1,780,000	
6.66% - Senior Note	24,423,218	97.693%	7.172%	25,000,000	1,793,000	
5.98% - Senior Note	29,456,832	98.189%	6.210%	30,000,000	1,863,000	
6.33% - Senior Note	89,123,930	89.124%	7.514%	100,000,000	7,514,000	
6.04% - Senior Note	99,637,568	99.638%	6.181%	100,000,000	6,181,000	
Term Loan	75,000,000	100.000%	0.938%	75,000,000	703,125	
Total Long-Term Debt Capital	\$342,064,766			\$355,000,000	\$19,834,125	5.587%

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

**MONTANA-DAKOTA UTILITIES CO.
LONG-TERM DEBT CAPITAL
DECEMBER 31, 2014**

Description	Date of Issuance	Date of Maturity	Interest Rate	Principal Amount of Issue	Gross Proceeds	Underwriters' Commission		Loss on Reacquisition and Issuance Expense	
						Amount	% Gross Proceeds	Amount	% Gross Proceeds
First Mortgage Bonds:									
Secured Medium-term Notes, Series A:									
6.61% - Senior Note	9/1/2009	9/30/2016	6.610%	\$25,000,000	\$25,000,000	\$68,308	0.273%	\$517,287	2.069%
6.66% - Senior Note	10/1/2009	9/30/2016	6.660%	25,000,000	25,000,000	68,308	0.273%	517,287	2.069%
5.98% - Senior Note	12/15/2003	12/15/1933	5.980%	30,000,000	30,000,000	624,465	2.082%	0	0.000%
6.33% - Senior Note	8/24/2006	8/24/2026	6.330%	100,000,000	100,000,000	344,061	0.344%	10,532,009	10.532%
6.04% - Senior Note	9/16/2008	9/16/2018	6.040%	100,000,000	100,000,000	362,432	0.362%	0	0.000%
5.18% - Senior Note	4/15/2014	4/15/2044	5.180%	50,000,000	50,000,000	239,178	0.478%	0	0.000%
4.24% - Senior Note	7/15/2014	7/15/2024	4.240%	60,000,000	60,000,000	289,913	0.483%	0	0.000%
4.34% - Senior Note	7/15/2014	7/15/2026	4.340%	40,000,000	40,000,000	195,691	0.489%	0	0.000%
Total Long-Term Debt Capital				\$430,000,000	\$430,000,000	\$2,192,356		\$11,566,583	

Description	Net Proceeds		Cost of Money 1/	Principal Outstanding	Annual Cost	Embedded Cost
	Amount	Per Unit				
First Mortgage Bonds:						
Secured Medium-term Notes, Series A:						
6.61% - Senior Note	\$24,414,405	97.658%	7.120%	\$25,000,000	1,780,000	
6.66% - Senior Note	24,414,405	97.658%	7.172%	25,000,000	1,793,000	
5.98% - Senior Note	29,375,535	97.918%	6.210%	30,000,000	1,863,000	
6.33% - Senior Note	89,123,930	89.124%	7.514%	100,000,000	7,514,000	
6.04% - Senior Note	99,637,568	99.638%	6.181%	100,000,000	6,181,000	
5.18% - Senior Note	49,760,822	99.522%	5.280%	50,000,000	2,640,000	
4.24% - Senior Note	59,710,087	99.517%	4.346%	60,000,000	2,607,600	
4.34% - Senior Note	39,804,309	99.511%	4.440%	40,000,000	1,776,000	
Total Long-Term Debt Capital	\$416,241,061			\$430,000,000	\$26,154,600	6.082%

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

**MONTANA-DAKOTA UTILITIES CO.
LONG-TERM DEBT CAPITAL
PROJECTED DECEMBER 31, 2015**

Description	Date of Issuance	Date of Maturity	Interest Rate	Principal Amount of Issue	Gross Proceeds	Underwriters' Commission		Loss on Reacquirement Redemption and Issuance Expense	
						Amount	% Gross Proceeds	Amount	% Gross Proceeds
First Mortgage Bonds:									
Secured Medium-term Notes, Series A:									
6.61% - Senior Note	9/1/2009	9/30/2016	6.610%	\$25,000,000	\$25,000,000	\$68,308	0.273%	\$517,287	2.069%
6.66% - Senior Note	10/1/2009	9/30/2016	6.660%	25,000,000	25,000,000	68,308	0.273%	517,287	2.069%
5.98% - Senior Note	12/15/2003	12/15/2033	5.980%	30,000,000	30,000,000	624,465	2.082%	0	0.000%
6.33% - Senior Note	8/24/2006	8/24/2026	6.330%	100,000,000	100,000,000	344,061	0.344%	10,532,009	10.532%
6.04% - Senior Note	9/16/2008	9/16/2018	6.040%	100,000,000	100,000,000	362,432	0.362%	0	0.000%
5.18% - Senior Note	4/15/2014	4/15/2044	5.180%	50,000,000	50,000,000	239,178	0.478%	0	0.000%
4.24% - Senior Note	7/15/2014	7/15/2024	4.240%	60,000,000	60,000,000	289,913	0.483%	0	0.000%
4.34% - Senior Note	7/15/2014	7/15/2026	4.340%	40,000,000	40,000,000	195,691	0.489%	0	0.000%
5.00% - Senior Note	4/15/2015	4/15/2025	5.000%	150,000,000	150,000,000	362,391	0.242%	0	0.000%
Total Long-Term Debt Capital				\$580,000,000	\$580,000,000	\$2,554,747		\$11,566,583	

Description	Net Proceeds		Cost of Money 1/	Principal Outstanding	Annual Cost	Embedded Cost
	Amount	Per Unit				
First Mortgage Bonds:						
Secured Medium-term Notes, Series A:						
6.61% - Senior Note	\$24,414,405	97.658%	7.120%	\$25,000,000	1,780,000	
6.66% - Senior Note	24,414,405	97.658%	7.172%	25,000,000	1,793,000	
5.98% - Senior Note	29,375,535	97.918%	6.210%	30,000,000	1,863,000	
6.33% - Senior Note	89,123,930	89.124%	7.514%	100,000,000	7,514,000	
6.04% - Senior Note	99,637,568	99.638%	6.181%	100,000,000	6,181,000	
5.18% - Senior Note	49,760,822	99.522%	5.280%	50,000,000	2,640,000	
4.24% - Senior Note	59,710,087	99.517%	4.346%	60,000,000	2,607,600	
4.34% - Senior Note	39,804,309	99.511%	4.440%	40,000,000	1,776,000	
5.00% - Senior Note	149,637,609	99.758%	5.124%	150,000,000	7,686,000	
Total Long-Term Debt Capital	\$565,878,670			\$580,000,000	\$33,840,600	5.835%

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

**MONTANA-DAKOTA UTILITIES CO.
AMORTIZATION OF LOSS ON REACQUIRED DEBT**

<u>Acct. 1890 - Unamortized Loss</u>	<u>Amortization</u>
PCN Notes Loss/Unamortized Expense - 2013	\$43,469
PCN Notes Loss/Unamortized Expense - 2014	43,469
PCN Notes Loss/Unamortized Expense - 2015	43,469

**MONTANA-DAKOTA UTILITIES CO.
AVERAGE SHORT-TERM DEBT**

	<u>Balance Outstanding</u>	<u>Annual Cost</u>	<u>Average Cost</u>
<u>2013</u>			
Average Balance 1/	\$61,279,880	\$228,053	0.372%
Amortization of Fees 2/		254,805	
Total	<u>\$61,279,880</u>	<u>\$482,858</u>	<u>0.788%</u>
<u>2014</u>			
Average Balance 1/	\$37,099,969	\$132,954	0.358%
Amortization of Fees 2/		317,200	
Total	<u>\$37,099,969</u>	<u>\$450,154</u>	<u>1.213%</u>
<u>Projected 2015</u>			
Average Balance 1/	\$99,623,527	\$1,273,144	1.278%
Amortization of Fees 2/		351,826	
Total	<u>\$99,623,527</u>	<u>\$1,624,970</u>	<u>1.631%</u>

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

**MONTANA-DAKOTA UTILITIES CO.
AVERAGE PREFERRED STOCK**

<u>Description</u>	<u>Balance Outstanding</u>	<u>Annual Cost</u>	<u>Adjusted Embedded Cost</u>
Balance at 12/31/2012	\$15,386,100	\$705,405	4.585%
2013 Redemptions:			
5.1% Series	(77,500)	(4,095)	
Balance at 12/31/2013	<u>\$15,308,600</u>	<u>\$701,310</u>	<u>4.581%</u>
Average @ 12/31/2013	<u>\$15,347,350</u>	<u>\$703,358</u>	<u>4.583%</u>
2014 Redemptions:			
5.1% Series	0	0	
Balance at 12/31/2014	<u>\$15,308,600</u>	<u>\$701,310</u>	<u>4.581%</u>
Average @ 12/31/2014	<u>\$15,308,600</u>	<u>\$701,310</u>	<u>4.581%</u>
2015 Redemptions:			
5.1% Series	(100,000)	(5,285)	5.285%
Balance at 12/31/2015	<u>\$15,208,600</u>	<u>\$696,025</u>	<u>4.577%</u>
Average @ 12/31/2015	<u>\$15,258,600</u>	<u>\$698,668</u>	<u>4.579%</u>

**MONTANA-DAKOTA UTILITIES CO.
PREFERRED STOCK CAPITAL
DECEMBER 31, 2013**

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

Description	Net Proceeds		Cost of Money 1/ 2/	Principal Outstanding	December 31, 2013		Method of Offering
	Amount (000's)	Per Unit			Annual Cost	Embedded Cost	
4.5% Series	\$10,000	100.000%	4.500%	\$10,000,000	\$450,000		Public
4.7% Series	5,000	100.000%	4.700%	5,000,000	235,000		Public
5.1% Series	4,948	98.951%	5.285%	308,600	16,310		Private
Total				<u>\$15,308,600</u>	<u>\$701,310</u>	<u>4.581%</u>	

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

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

**MONTANA-DAKOTA UTILITIES CO.
PREFERRED STOCK CAPITAL
DECEMBER 31, 2014**

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

Description	Net Proceeds		Cost of Money 1/ 2/	Principal Outstanding	December 31, 2014		Method of Offering
	Amount (000's)	Per Unit			Annual Cost	Embedded Cost	
4.5% Series	\$10,000	100.000%	4.500%	\$10,000,000	\$450,000		Public
4.7% Series	5,000	100.000%	4.700%	5,000,000	235,000		Public
5.1% Series	4,948	98.951%	5.285%	308,600	16,310		Private
Total				<u>\$15,308,600</u>	<u>\$701,310</u>	<u>4.581%</u>	

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

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

**MONTANA-DAKOTA UTILITIES CO.
PREFERRED STOCK CAPITAL
PROJECTED DECEMBER 31, 2015**

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

<u>Description</u>	<u>Net Proceeds</u>		<u>Cost of Money 1/ 2/</u>	<u>Principal Outstanding</u>	<u>December 31, 2015</u>		<u>Method of Offering</u>
	<u>Amount (000's)</u>	<u>Per Unit</u>			<u>Annual Cost</u>	<u>Embedded Cost</u>	
4.5% Series	\$10,000	100.000%	4.500%	\$10,000,000	\$450,000		Public
4.7% Series	5,000	100.000%	4.700%	5,000,000	235,000		Public
5.1% Series	4,948	98.951%	5.285%	208,600	11,025		Private
Total				<u>\$15,208,600</u>	<u>\$696,025</u>	<u>4.577%</u>	

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

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

**MONTANA-DAKOTA UTILITIES CO.
AVERAGE UTILITY COMMON EQUITY**

<u>Description</u>	<u>Amount</u>
Common Equity - 12/31/2013	<u>\$2,808,164,204</u>
Investment in Subsidiaries	<u>2,380,828,521</u>
Utility Common Equity - 12/31/2013	<u>\$427,335,683</u>
Common Equity - 12/31/2014	\$3,119,680,447
Investment in Subsidiaries	<u>2,590,922,784</u>
Utility Common Equity - 12/31/2014	<u>\$528,757,663</u>
Average @ 12/31/2014	\$478,046,673
Common Equity - 12/31/2015	\$3,275,802,000
Investment in Subsidiaries	<u>2,587,689,000</u>
Utility Common Equity - 12/31/2015	<u>\$688,113,000</u>
Average @ 12/31/2015	<u>\$608,435,332</u>

MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF REVENUES
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013

	<u>Dk</u>	<u>Per Books</u>
<u>Sales</u>		
Residential	8,514,962	\$55,994,829
Firm General	7,005,295	41,126,530
Air Force	527,110	1,940,821
Small Interruptible	927,594	4,408,068
Large Interruptible	44,053	201,064
Unbilled Revenue		3,997,791
Total Sales	<u>17,019,014</u>	<u>\$107,669,103</u>
<u>Transportation</u>		
Small Interruptible	1,149,982	\$624,311
Large Interruptible	5,078,376	1,373,091
Unbilled Revenue		37,091
Total Transportation	<u>6,228,358</u>	<u>\$2,034,493</u>
Total Sales and Transportation	<u>23,247,372</u>	<u>\$109,703,596</u>
<u>Other Revenue</u>		
Miscellaneous Service Revenue		\$480,862
Rent from Property		568,071
Other Revenue		238,429
Total Other Revenue		<u>\$1,287,362</u>
Total Operating Revenue		<u>\$110,990,958</u>

MONTANA-DAKOTA UTILITIES CO.
 GAS UTILITY - NORTH DAKOTA
 SUMMARY OF REVENUES
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013

Rate Reporting Class	Per Books @ Current Rates 1/			Normalized		
	Billing Units	Dk	Revenue	Billing Units	Dk	Revenue
Sales						
Residential						
Residential	85,942	8,494,252	\$65,664,559	85,942	8,050,764	\$63,044,432
Propane	273	20,710	\$171,529	273	19,104	\$162,042
Total Residential	<u>86,215</u>	<u>8,514,962</u>	<u>65,836,088</u>	<u>86,215</u>	<u>8,069,868</u>	<u>63,206,474</u>
Air Force						
Firm	1	36,289	216,604	1	33,956	202,813
Interruptible	2	490,821	2,301,546	2	470,870	2,209,054
Total Air Force	<u>3</u>	<u>527,110</u>	<u>2,518,150</u>	<u>3</u>	<u>504,826</u>	<u>2,411,867</u>
Firm General						
Firm General	13,255	6,961,237	48,893,134	13,255	6,487,490	45,902,842
Seasonal	15	16,500	112,306	15	16,500	112,306
Propane	71	27,558	194,002	71	25,963	183,936
Total Firm General	<u>13,341</u>	<u>7,005,295</u>	<u>49,199,442</u>	<u>13,341</u>	<u>6,529,953</u>	<u>46,199,084</u>
Interruptible						
Small Interruptible	161	927,594	4,865,686	128	741,109	3,886,153
Large Interruptible	1	44,053	218,741	1	34,339	173,155
Total Interruptible	<u>162</u>	<u>971,647</u>	<u>5,084,427</u>	<u>129</u>	<u>775,448</u>	<u>4,059,308</u>
Total Sales	<u>99,721</u>	<u>17,019,014</u>	<u>\$122,638,107</u>	<u>99,688</u>	<u>15,880,095</u>	<u>\$115,876,733</u>
Transportation						
Small Interruptible	73	1,149,982	711,041	73	1,079,230	676,727
Large Interruptible	7	5,078,376	1,376,463	7	5,102,300	1,403,902
Total Transportation	<u>80</u>	<u>6,228,358</u>	<u>\$2,087,504</u>	<u>80</u>	<u>6,181,530</u>	<u>\$2,080,629</u>
Total Sales & Transportation	<u>99,801</u>	<u>23,247,372</u>	<u>\$124,725,611</u>	<u>99,768</u>	<u>22,061,625</u>	<u>\$117,957,362</u>

1/ Rates effective with service rendered on and after 5/1/2014, Docket No. PU-13-803. COG effective November 2014 with average 2015 projected commodity charges.

MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF OPERATION AND MAINTENANCE EXPENSES
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013

	Total Company	North Dakota
Production	<u>\$583,521</u>	<u>\$261,337</u>
Cost of Gas	174,405,752	81,267,612
Other Gas Supply	240,296	107,620
Total Gas Supply	<u>174,646,048</u>	<u>81,375,232</u>
Distribution	18,661,877	8,595,249
Customer Accounting	6,786,687	2,616,104
Customer Service & Information	435,392	201,193
Sales	388,371	175,784
Administrative and General	<u>15,173,022</u>	<u>6,614,691</u>
Total Operation and Maintenance Expenses	<u><u>\$216,674,918</u></u>	<u><u>\$99,839,590</u></u>

MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF OPERATION AND MAINTENANCE EXPENSES
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013

<u>Account No.</u>		<u>Total Company</u>	<u>North Dakota</u>
	<u>Production</u>		
754	Field Compressor Station Expense	\$549,163	\$245,950
765	Maintenance of Field Compressor Sta. Equip.	34,358	15,387
	Total Production	583,521	261,337
	<u>Other Gas Supply Expenses</u>		
804	Natural Gas City Gate Purchases	166,463,424	75,544,254
805	Purchased Gas Cost Adjustments	(5,240,122)	(1,850,230)
808.1	Gas Withdrawn from Storage	54,913,488	22,116,363
808.2	Gas Delivered to Storage	(41,731,038)	(14,542,775)
813	Other Gas Supply Expenses	240,296	107,620
	Total Other Gas Supply Expenses	174,646,048	81,375,232
	<u>Distribution Expenses</u>		
	<u>Operation</u>		
870	Supervision and Engineering	2,887,979	1,463,201
871	Distribution Load Dispatching	293,616	120,073
874	Mains and Services	4,103,188	1,952,045
875	Measuring & Reg. Station Exp. - General	136,369	74,111
876	Measuring & Reg. Station Exp. - Industrial	119,488	101,636
877	Measuring & Reg. Station Exp. - City Gate	63,008	7,524
878	Meters and House Regulators	1,260,358	512,102
879	Customer Installations	1,419,574	646,525
880	Other Expenses	4,790,651	2,093,043
881	Rents	186,123	115,975
	Total Operation Expenses	15,260,354	7,086,235
	<u>Maintenance</u>		
885	Supervision & Engineering	696,372	320,969
886	Structures & Improvements	25,012	10,839
887	Mains	550,273	305,745
889	Measuring & Reg. Station Exp. - General	148,023	54,771
890	Measuring & Reg. Station Exp. - Industrial	127,543	42,491
891	Measuring & Reg. Station Exp. - City Gate	12,061	1,182
892	Services	430,282	179,928
893	Meters and House Regulators	766,123	351,491
894	Other Equipment	645,834	241,598
	Total Maintenance Expenses	3,401,523	1,509,014
	Total Distribution Expenses	18,661,877	8,595,249

MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF OPERATION AND MAINTENANCE EXPENSES
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013

<u>Account No.</u>		<u>Total Company</u>	<u>North Dakota</u>
	<u>Customer Accounts Expenses</u>		
	<u>Operation</u>		
901	Supervision	113,315	51,564
902	Meter Reading Expenses	583,143	225,260
903	Customer Records and Collection Exp.	4,867,345	1,856,753
904	Uncollectible Accounts	784,923	263,335
905	Misc. Customer Accounts Expenses	437,961	219,192
	Total Customer Accounts Expenses	6,786,687	2,616,104
	<u>Customer Service & Information Expenses</u>		
	<u>Operation</u>		
907	Supervision	84,386	33,074
908	Customer Assistance Expenses	187,849	84,808
909	Informational and Instructional Expenses	161,450	82,865
910	Misc. Customer Service & Info. Exp.	1,707	446
	Total Customer Service & Info. Exp.	435,392	201,193
	<u>Sales Expenses</u>		
	<u>Operation</u>		
911	Supervision	(592)	(358)
912	Demonstrating and Selling Expenses	237,870	108,937
913	Advertising Expenses	134,228	61,184
916	Misc. Sales Expenses	16,865	6,021
	Total Sales Expenses	388,371	175,784
	<u>Administrative & General Expenses</u>		
	<u>Operation</u>		
920	Administrative and General Salaries	3,862,591	1,716,009
921	Office Supplies and Expenses	2,309,198	1,027,060
923	Outside Services Employed	323,020	126,664
924	Property Insurance	412,250	183,148
925	Injuries and Damages	840,814	349,734
926	Employee Pensions and Benefits	5,733,247	2,371,155
928	Regulatory Commission Expenses	233,031	112,546
930.1	General Advertising Expenses	65,650	33,318
930.2	Miscellaneous General Expenses	431,247	218,763
931	Rents	462,109	200,461
	Total Operation Expenses	14,673,157	6,338,858
	<u>Maintenance</u>		
935	Maintenance of General Plant	499,865	275,833
	Total Administrative & General Expenses	15,173,022	6,614,691
	Total Operation & Maintenance Expenses	\$216,674,918	\$99,839,590

MONTANA-DAKOTA UTILITIES CO.
INSURANCE EXPENSE
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013

<u>Insurance Expense</u>	<u>Total Company</u>	<u>North Dakota</u>
Director's & Officer's Liability Insurance	\$61,631	\$27,380
Excess Liability		
Fiduciary & Employee Benefits Liability	22,102	9,819
Public Liab. & Property Ins. Damage of Others	468,318	208,057
All Risk	409,137	181,765
Blanket Crime	2,732	1,213
Special Contingency	382	170
Self Insurance	48,219	21,422
Total Insurance Expense	<u>\$1,012,521</u>	<u>\$449,826</u>

MONTANA-DAKOTA UTILITIES CO.
INDUSTRY DUES
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013

Case No. PU-15-____
Statement H
Page 5 of 5

	<u>Per Books</u>
American Gas Association	\$33,652
Belfield Area Chamber of Commerce	20
Bismarck-Mandan Development Association	2,180
Bismarck-Mandan Home Builders Association	180
Carrington Chamber of Commerce	220
Cavalier Area Chamber of Commerce	150
Cavalier Retail Committee	250
Consortium for Energy Efficiency	1,537
Devils Lake Area Chamber of Commerce	300
Dickinson Area Builders Association	111
Dickinson Area Chamber of Commerce	453
Dickinson Builders Exchange	37
Economic Development Assoc. of North Dakota	361
Energy Solutions Center	5,844
Forward Devils Lake Corporation	500
Garrison Area Improvement Association	20
Garrison Convention & Visitors' Bureau	250
Grafton Area Chamber of Commerce	330
Hettinger Area Chamber of Commerce	28
Jamestown Area Chamber of Commerce	520
Langdon Chamber of Commerce	250
Linton Chamber of Commerce	2
Main Street/Downtown Jamestown	175
Max Civic Club	140
Midwest Energy Association	9,405
Minot Area Chamber of Commerce	50
Minot Area Community Foundation	250
Minot Area Development Corporation	7,271
Minot Association of Builders	325
Minot Builders Exchange	225
Mon-Dak Energy Alliance	335
NARUC	1,266
National Fuel Funds Network	73
New England Commercial Club	8
North Dakota Ethanol Producers Association	718
North Dakota Petroleum Council	537
Ray Association	31
Stanley Commercial Club	126
Stark Development Corporation	103
Tioga Area Economic Corporation	9
Tioga Chamber of Commerce	36
Turtle Lake Chamber of Progress	75
Utilites Telecom Council	925
Underwood Civic Club	125
Utility Solid Waste Activities Group	1,675
Valley City - Barnes County Development Group	750
Walhalla Chamber of Commerce	215
Washburn Area Economic Development	150
Washburn Civic Club	75
Watford City Area Chamber of Commerce	231
Other/Corporate Charges	66,295
Total	<u>\$138,794</u>

MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF DEPRECIATION EXPENSE AND AMORTIZATION
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013

<u>Function</u>	<u>Total Company</u>	<u>North Dakota</u>
Production	\$332,320	\$148,834
Distribution	9,315,352	3,624,156
General	552,916	169,265
General - Intangible	98,723	98,723
Common	897,171	316,674
Common - Intangible	1,331,448	516,831
Acquisition Adjustment	<u>2,819</u>	<u>2,819</u>
Total	<u>\$12,530,749</u>	<u>\$4,877,302</u>

**MONTANA-DAKOTA UTILITIES CO.
COMPOSITE DEPRECIATION RATES
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013**

	Average Plant	Annual Depreciation	%
Production	\$2,416,654	\$0	0.00%
Distribution	\$119,664,087	\$3,778,772	3.16%
General			
Other	\$1,561,149	\$76,585	4.91%
Structures	2,221,915	68,657	3.09%
Computer Equipment	110,529	22,106	20.00%
Transportation	3,288,439	26,362	0.80%
Work Equipment	2,895,975	19,124	0.66%
Total General	<u>\$10,078,007</u>	<u>\$212,834</u>	2.11%
Common			
Other	\$2,063,834	\$96,988	4.70%
Structures	4,930,075	110,927	2.25%
Computer Equipment	588,312	117,663	20.00%
Transportation	830,980	34,154	4.11%
Total Common	<u>\$8,413,201</u>	<u>\$359,732</u>	4.28%
<u>Amortization 1/</u>			
General Intangible	\$3,541,033	\$126,828	
Common Intangible	7,508,095	653,040	
Acquisition Adjustment	97,266	2,819	
Total Plant	<u><u>\$151,718,343</u></u>	<u><u>\$5,134,025</u></u>	

1/ Amortized - no rate.

MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF TAXES OTHER THAN INCOME
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2013

<u>Type of Tax</u>	<u>Total Company</u>	<u>North Dakota</u>
Ad Valorem		
Production	\$281,180	\$125,931
Distribution	4,016,881	577,315
General	244,162	50,788
Common	399,101	51,536
Intangible	15,036	14,260
Total Ad Valorem Taxes	<u>4,956,360</u>	<u>819,830</u>
O&M Related Taxes - Other		
Payroll Taxes	1,701,536	749,191
Franchise	98,671	16,749
Delaware Franchise	68,706	30,210
Total O&M Related Taxes	<u>1,868,913</u>	<u>796,150</u>
Other		
Gross Revenue Taxes	82,524	0
Highway Use Tax	891	337
Secretary of State	1,042	458
Total Other	<u>84,457</u>	<u>795</u>
Total Taxes Other Than Income	<u>\$6,909,730</u>	<u>\$1,616,775</u>

MONTANA-DAKOTA UTILITIES CO.
CALCULATION OF RECORDED STATE AND FEDERAL INCOME TAXES
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2013

	North Dakota
Operating Revenues	\$110,990,958
Operating Expense:	
O&M Expense	99,839,590
Depreciation Expense	4,877,302
Taxes Other than Income	1,616,775
Total Operating Expense	106,333,667
Operating Income	4,657,291
Interest Expense	1,790,279
Book Taxable Income before Adjustments	2,867,012
Deductions and Adjustments to Book Income:	
Tax Deductions	3,096,860
Total Deductions and Adjustments	3,096,860
Taxable Income - Before State Income Tax	(229,848)
Less: State Income Taxes	(321,507)
Other Closing/Filing Adjustment	(43,872)
Federal Taxable Income	135,531
Federal Income Taxes @ 35%	47,436
Credits and Adjustments	(4,594)
State Income Taxes	(321,507)
Federal and State Income Taxes	(278,665)
Closing/Filing - Federal and State	593,919
Total Federal and State Income Taxes	\$315,254

MONTANA-DAKOTA UTILITIES CO.
CALCULATION OF RECORDED STATE AND FEDERAL INCOME TAXES
INCOME TAX DEDUCTIONS
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2013

	North Dakota
<u>Property M-1's</u>	
AFUDC CWIP	(400,103)
AFUDC Equity	371,588
Liberalized Depreciation and Other Property Timing Differences	4,774,378
Property Timing Differences-Common	(85,153)
Contributions In Aid of Construction	(69,653)
 <u>Other M-1's</u>	
Bad Debt Expense	(17,033)
Bonus & 401k Profit Sharing	(1,391,422)
Customer Advances	(2,767,666)
Prepaid Demand Charge	54,850
Property Insurance	(26,808)
Purchased Gas Adjustment	2,422,995
Sundry Reserves	19,689
Uniform Capitalization	177,561
Vacation Pay	(87,395)
Board of Directors Retirement Benefit	8,769
Deferred Compensation- Directors	(128,319)
Deferred Medicare Part D	56,432
Deferred Pension Expense	(8,707,819)
Deferred Postretirement Benefit Costs (FAS 106)	(2,461,037)
Management Incentive	48,642
PCB Related Income	8,631
Pension Expense	8,898,686
Performance Share Program	(167,277)
Postretirement Benefits Cost (FAS 158)	2,472,818
Regulatory Assets Awaiting Recovery	(90,780)
Regulatory Commission Expense	219,218
Unamortized Loss on Reacquired Debt	(64,176)
 <u>Permanent M-1's</u>	
50% Meals and Entertainment	(25,450)
Dividend Received Deduction	15
Fuel Tax Credit	(4,594)
Medicare Part D Subsidiary	44,093
Penalties	(1,579)
Preferred Stock Dividends Paid	16,572
Preferred Stock Expense Amortization	(1,813)
Total M-1 Deductions	\$3,096,860

**MONTANA-DAKOTA UTILITIES CO.
DEFERRED INCOME TAXES
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2013**

	North Dakota
<u>Gas Utility - Rate Base Deductions:</u>	
Liberalized Depreciation and Other	
Property Timing Differences	\$1,951,736
Normalized Timing Differences	(102,409)
Contributions In Aid of Construction	(25,708)
Customer Advances	(1,050,177)
Unamortized Loss on Reacquired Debt	(29,653)
Acquisition Adjustment	(985)
Total Rate Base Deductions	742,804
 <u>Gas Utility - Timing Differences:</u>	
Bad Debt Expense	(6,463)
Board of Directors Retirement Benefits	4,786
Bonus & 401k Profit Sharing	(542,168)
Deferred Compensation - Directors	(48,653)
Deferred Medicare Part D	24,102
Deferred Pension Expense	(3,546,417)
Deferred Postretirement Benefit Costs (FAS 106)	(972,307)
Management Incentive	21,136
PCB Related Income	3,872
Pension Expense	3,614,012
Performance Share Program	(61,639)
Postretirement Benefit Costs (FAS 158)	980,158
Prepaid Demand Charge	20,813
Property Insurance	(10,238)
Purchased Gas Adjustment	919,393
Regulatory Assets Awaiting Recovery	(34,446)
Regulatory Commission Expense	83,181
Sundry Reserves	8,213
Uniform Capitalization	73,104
Vacation Pay	(27,365)
Closing/Filing and Out of Period	(458,487)
Total Timing Differences	44,587
Total Deferred Income Taxes	\$787,391

**MONTANA-DAKOTA UTILITIES CO.
ACCUMULATED DEFERRED INCOME TAXES
GAS UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013**

	Per Books		
	2012	2013	Average
<u>Accumulated Deferred Income Taxes</u>			
Liberalized Depreciation	\$13,969,599	\$17,488,862	\$15,729,231
Full Normalization	902,063	799,654	850,859
Contribution in Aid of Construction	(559,645)	(769,930)	(664,788)
Customer Advances	(2,432,259)	(3,482,361)	(2,957,310)
Unamortized Loss on Debt	240,836	265,582	253,209
Acquisition Adjustment	(20,015)	56	(9,980)
Balance	<u>\$12,100,579</u>	<u>\$14,301,863</u>	<u>\$13,201,221</u>

**MONTANA-DAKOTA UTILITIES CO.
INCOME STATEMENT
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2013**

	<u>Total Company</u>	<u>North Dakota</u>	<u>Reference</u>
Operating Revenues			
Sales	\$241,472,773	\$107,669,103	Statement G
Transportation	4,105,199	2,034,493	Statement G
Other	2,385,189	1,287,362	Statement G
Total Revenues	<u>247,963,161</u>	<u>\$110,990,958</u>	
Operating Expenses			
Operation and Maintenance			
Cost of Gas	\$174,405,752	\$81,267,612	Statement H
Other O&M	42,269,166	18,571,978	Statement H
Total O&M	<u>\$216,674,918</u>	<u>\$99,839,590</u>	
Depreciation	12,530,749	4,877,302	Statement I
Taxes Other Than Income	6,909,730	1,616,775	Statement J
Current Income Taxes	(3,029,538)	315,254	Statement K
Deferred Income Taxes	5,646,396	787,391	Statement K
Total Expenses	<u>\$238,732,255</u>	<u>\$107,436,312</u>	
Operating Income	<u>\$9,230,906</u>	<u>\$3,554,646</u>	
Rate Base	<u>\$158,319,759</u>	<u>\$64,405,300</u>	Statement L
Rate of Return	<u>5.831%</u>	<u>5.520%</u>	
Return on Equity	<u>6.827%</u>	<u>6.212%</u>	

**MONTANA-DAKOTA UTILITIES CO.
AVERAGE RATE BASE
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2013**

	<u>Total Company</u>	<u>North Dakota</u>	<u>Other</u>	<u>Reference</u>
Gas Plant in Service	\$383,833,840	\$151,718,343	\$232,115,497	Statement C
Accumulated Reserve for Depreciation	190,942,506	73,335,977	117,606,529	Statement D
Net Gas Plant in Service	<u>192,891,334</u>	<u>78,382,366</u>	<u>114,508,968</u>	
CWIP in Service Pending Reclassification	4,966,069	4,081,870	884,199	Statement C
Total Gas Plant in Service	<u>197,857,403</u>	<u>82,464,236</u>	<u>115,393,167</u>	
Additions				
Materials and Supplies	3,705,412	2,158,593	1,546,819	Statement E
Fuel Stocks	58,216	58,217		Statement E
Gas in Underground Storage	1,089,048		1,089,048	
Prepayments	3,982,903	22,166	3,960,737	Statement E
Unamortized Gain/Loss on Debt	1,812,650	629,406	1,183,244	Statement E
Other	97,818		97,818	
Total Additions	<u>10,746,047</u>	<u>2,868,382</u>	<u>7,877,666</u>	
Total Before Deductions	\$208,603,450	\$85,332,618	\$123,270,833	
Deductions				
Accumulated Deferred Income Taxes	40,170,759	13,201,221	26,969,538	Statement K
Customer Advances	10,112,932	7,726,097	2,386,835	Statement E
Total Deductions	<u>50,283,691</u>	<u>20,927,318</u>	<u>29,356,373</u>	
Total Rate Base	<u><u>\$158,319,759</u></u>	<u><u>\$64,405,300</u></u>	<u><u>\$93,914,460</u></u>	

MONTANA-DAKOTA UTILITIES CO.
PROJECTED OPERATING INCOME AND RATE OF RETURN
REFLECTING ADDITIONAL REVENUE REQUIREMENTS
PROJECTED 2015
(000s)

	Before Additional Revenue Requirements 1/	Additional Revenue Requirements	Reflecting Additional Revenue Requirements
Operating Revenues			
Sales	\$125,858	\$4,304	\$130,162
Transportation	2,007		2,007
Other	3,694		3,694
Total Revenues	<u>131,559</u>	<u>4,304</u>	<u>135,863</u>
Operating Expenses			
Operation and Maintenance			
Cost of Gas	94,834		94,834
Other O&M	20,049		20,049
Total O&M	<u>114,883</u>		<u>114,883</u>
Depreciation	7,044		7,044
Taxes Other Than Income	1,864		1,864
Income Taxes	1,752	1,633 2/	3,385
Total Expenses	<u>125,543</u>	<u>1,633</u>	<u>127,176</u>
Operating Income	<u>\$6,016</u>	<u>\$2,671</u>	<u>\$8,687</u>
Rate Base	<u>\$114,487</u>		<u>\$114,487</u>
<hr/>			
Rate of Return	5.255%		7.588%

1/ Statement M, Page 1.

2/ Reflects state and federal taxes at 37.9445%.

MONTANA-DAKOTA UTILITIES CO.
INCOME STATEMENT
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014 AND 2015
(000s)

	Per Books	Projected 2014	Projected 2015
Operating Revenues			
Sales	\$107,670	\$122,563	\$125,858
Transportation	2,034	2,100	2,007
Other	1,287	2,443	3,694
Total Revenues	<u>110,991</u>	<u>127,106</u>	<u>131,559</u>
Operating Expenses			
Operation and Maintenance			
Cost of Gas	81,268	92,451	94,834
Other O&M	18,572	19,065	20,049
Total O&M	<u>99,840</u>	<u>111,516</u>	<u>114,883</u>
Depreciation and Amortization	4,877	6,123	7,044
Taxes Other Than Income	1,617	1,678	1,864
Current Income Taxes	315	2,007	1,752
Deferred Income Taxes	787		
Total Expenses	<u>107,436</u>	<u>121,324</u>	<u>125,543</u>
Operating Income	<u>\$3,555</u>	<u>\$5,782</u>	<u>\$6,016</u>
Rate Base	<u>\$64,405</u>	<u>\$90,475</u>	<u>\$114,487</u>
Rate of Return	<u>5.520%</u>	<u>6.391%</u>	<u>5.255%</u>
Return on Equity	<u>5.781%</u>	<u>7.278%</u>	<u>5.289%</u>

MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF REVENUES
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014-2015
(000s)

	Per Books	Projected 2014	Projected 2015
<u>Sales</u>			
Residential	\$55,995	\$65,936	\$67,865
Firm General	41,127	50,031	50,613
Air Force	1,941	2,442	2,441
Small Interruptible	4,408	3,991	4,776
Large Interruptible	201	163	163
Unbilled Revenue	3,998	0	0
Total Sales	<u>\$107,670</u>	<u>\$122,563</u>	<u>\$125,858</u>
<u>Transportation</u>			
Small Interruptible	\$624	\$686	\$686
Large Interruptible	1,373	1,414	1,321
Unbilled Revenue	37	0	0
Total Transportation	<u>\$2,034</u>	<u>\$2,100</u>	<u>\$2,007</u>
 Total Sales and Transportation	 <u>\$109,704</u>	 <u>\$124,663</u>	 <u>\$127,865</u>
<u>Other Operating Revenue</u>			
Miscellaneous Service Revenue	\$481	\$481	\$481
Rent from Property	568	614	614
Other Revenue	238	1,348	2,599
Total Other Revenue	<u>\$1,287</u>	<u>\$2,443</u>	<u>\$3,694</u>
 Total Operating Revenue	 <u>\$110,991</u>	 <u>\$127,106</u>	 <u>\$131,559</u>

**MONTANA-DAKOTA UTILITIES CO.
SALES AND TRANSPORTATION REVENUE
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014-2015**

	Per Books		Projected 2014		Projected 2015	
	Dk	Revenue	Dk	Revenue	Dk	Revenue
<u>Sales</u>						
Residential	8,514,962	\$55,994,829	8,433,346	\$65,936,434	8,667,437	\$67,865,050
Firm General	7,005,295	41,126,530	7,097,159	50,031,090	7,163,947	50,612,591
Air Force	527,110	1,940,821	511,626	2,441,543	511,626	2,441,543
Small Interruptible	927,594	4,408,068	760,446	3,991,037	920,446	4,776,197
Large Interruptible	44,053	201,064	32,084	162,570	32,084	162,570
Unbilled Revenue		3,997,791				
Total Sales	<u>17,019,014</u>	<u>\$107,669,103</u>	<u>16,834,661</u>	<u>\$122,562,674</u>	<u>17,295,540</u>	<u>\$125,857,951</u>
<u>Transportation</u>						
Small Interruptible	1,149,982	\$624,311	1,098,432	\$686,040	1,098,432	\$686,040
Large Interruptible	5,078,376	1,373,091	5,257,408	1,414,439	4,307,330	1,321,302
Unbilled Revenue		37,091				
Total Transportation	<u>6,228,358</u>	<u>\$2,034,493</u>	<u>6,355,840</u>	<u>\$2,100,479</u>	<u>5,405,762</u>	<u>\$2,007,342</u>
Total Throughput	<u>23,247,372</u>	<u>\$109,703,596</u>	<u>23,190,501</u>	<u>\$124,663,153</u>	<u>22,701,302</u>	<u>\$127,865,293</u>

MONTANA-DAKOTA UTILITIES CO.
 GAS UTILITY - NORTH DAKOTA
 SUMMARY OF REVENUES
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013

Rate Reporting Class	Projected 2014			Projected 2015		
	Billing Units	Dk	Revenue	Billing Units	Dk	Revenue
Sales						
Residential						
Residential	89,176	8,411,972	\$65,760,981	92,205	8,646,063	\$67,689,597
Propane	273	21,374	\$175,453	273	21,374	175,453
Total Residential	<u>89,449</u>	<u>8,433,346</u>	<u>65,936,434</u>	<u>92,478</u>	<u>8,667,437</u>	<u>67,865,050</u>
Air Force						
Firm	1	32,506	194,243	1	32,506	194,243
Interruptible	2	479,120	2,247,300	2	479,120	2,247,300
Total Air Force	<u>3</u>	<u>511,626</u>	<u>2,441,543</u>	<u>3</u>	<u>511,626</u>	<u>2,441,543</u>
Firm General						
Firm General	13,809	7,050,598	49,708,043	14,463	7,117,386	50,289,544
Seasonal	15	17,109	116,151	15	17,109	116,151
Propane	73	29,452	206,896	73	29,452	206,896
Total Firm General	<u>13,897</u>	<u>7,097,159</u>	<u>50,031,090</u>	<u>14,551</u>	<u>7,163,947</u>	<u>50,612,591</u>
Interruptible						
Small Interruptible	133	760,446	3,991,037	135	920,446	4,776,197
Large Interruptible	1	32,084	162,570	1	32,084	162,570
Total Interruptible	<u>134</u>	<u>792,530</u>	<u>4,153,607</u>	<u>136</u>	<u>952,530</u>	<u>4,938,767</u>
Total Sales	<u>103,483</u>	<u>16,834,661</u>	<u>\$122,562,674</u>	<u>107,168</u>	<u>17,295,540</u>	<u>\$125,857,951</u>
Transportation						
Small Interruptible	73	1,098,432	686,040	73	1,098,432	686,040
Large Interruptible	7	5,257,408	1,414,439	6	4,307,330	1,321,302
Total Transportation	<u>80</u>	<u>6,355,840</u>	<u>\$2,100,479</u>	<u>79</u>	<u>5,405,762</u>	<u>\$2,007,342</u>
Total Sales & Transportation	<u>103,563</u>	<u>23,190,501</u>	<u>\$124,663,153</u>	<u>107,247</u>	<u>22,701,302</u>	<u>\$127,865,293</u>

1/ Rates effective with service rendered on and after 5/1/2014, Docket No. PU-13-803. COG effective November 2014 with average 2015 projected commodity charges.

**MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - NORTH DAKOTA
SUMMARY OF REVENUES - NORMALIZED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013**

Revenue Reporting Class	Normalized 2013 @ Current Rates				
	Customers	Dk	Distribution Revenue	Cost of Gas	Total Revenue 1/
Sales					
Residential	86,215	8,069,868	\$18,160,470	\$45,046,004	\$63,206,474
Air Force	3	504,826	161,798	2,250,069	2,411,867
Firm General	13,341	6,529,953	9,748,886	36,450,198	46,199,084
Small Interruptible	128	741,109	628,238	3,257,915	3,886,153
Large Interruptible	1	34,339	22,199	150,956	173,155
Total Sales	<u>99,688</u>	<u>15,880,095</u>	<u>\$28,721,591</u>	<u>\$87,155,142</u>	<u>\$115,876,733</u>
Transportation					
Small Interruptible	73	1,079,230	\$676,727		\$676,727
Large Interruptible	7	5,102,300	1,403,902		1,403,902
Total Transportation	<u>80</u>	<u>6,181,530</u>	<u>\$2,080,629</u>		<u>\$2,080,629</u>
Total Sales & Transportation	<u>99,768</u>	<u>22,061,625</u>	<u>\$30,802,220</u>	<u>\$87,155,142</u>	<u>\$117,957,362</u>

1/ Rates effective with service rendered on and after 5/1/2014, Docket No. PU-13-803. Cost of gas reflects 2015 projected commodity charges applied to the cost of gas effective November 2014.

2/ Excludes grain drying sales.

**MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - NORTH DAKOTA
SUMMARY OF REVENUES - PROJECTED 2014**

Revenue Reporting Class	Customers	Dk	Projected 2014		
			Distribution Revenue	Cost of Gas	Total Revenue 1/
Sales					
Residential	89,449	8,433,346	\$18,861,496	\$47,074,938	\$65,936,434
Air Force	3	511,626	163,465	2,278,078	2,441,543
Firm General	13,897	7,097,159	10,414,747	39,616,343	50,031,090
Small Interruptible 2/	133	760,446	648,116	3,342,921	3,991,037
Large Interruptible	1	32,084	21,529	141,041	162,570
Total Sales	<u>103,483</u>	<u>16,834,661</u>	<u>\$30,109,353</u>	<u>\$92,453,321</u>	<u>\$122,562,674</u>
Transportation					
Small Interruptible	73	1,098,432	\$686,040		\$686,040
Large Interruptible	7	5,257,408	1,414,439		1,414,439
Total Transportation	<u>80</u>	<u>6,355,840</u>	<u>\$2,100,479</u>		<u>\$2,100,479</u>
Total Sales & Transportation	<u>103,563</u>	<u>23,190,501</u>	<u>\$32,209,832</u>	<u>\$92,453,321</u>	<u>\$124,663,153</u>

1/ Rates effective with service rendered on and after 5/1/2014, Docket No. PU-13-803. Cost of gas reflects 2015 projected commodity charges applied to the cost of gas effective November 2014.

2/ Excludes grain drying sales.

MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - NORTH DAKOTA
SUMMARY OF REVENUES - PROJECTED 2015

Revenue Reporting Class	Projected 2015				
	Customers	Dk	Distribution Revenue	Cost of Gas	Total Revenue 1/
Sales					
Residential	92,478	8,667,437	\$19,483,416	\$48,381,634	\$67,865,050
Air Force	3	511,626	163,465	2,278,078	2,441,543
Firm General	14,551	7,163,947	10,623,438	39,989,153	50,612,591
Small Interruptible 2/	135	920,446	729,916	4,046,281	4,776,197
Large Interruptible	1	32,084	21,529	141,041	162,570
Total Sales	<u>107,168</u>	<u>17,295,540</u>	<u>\$31,021,764</u>	<u>\$94,836,187</u>	<u>\$125,857,951</u>
Transportation					
Small Interruptible	73	1,098,432	\$686,040		\$686,040
Large Interruptible	6	4,307,330	1,321,302		1,321,302
Total Transportation	<u>79</u>	<u>5,405,762</u>	<u>\$2,007,342</u>		<u>\$2,007,342</u>
Total Sales & Transportation	<u>107,247</u>	<u>22,701,302</u>	<u>\$33,029,106</u>	<u>\$94,836,187</u>	<u>\$127,865,293</u>

1/ Rates effective with service rendered on and after 5/1/2014, Docket No. PU-13-803. Cost of gas reflects 2015 projected commodity charges applied to the cost of gas effective November 2014.

2/ Excludes grain drying sales.

**MONTANA-DAKOTA UTILITIES CO.
OTHER OPERATING REVENUE
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014-2015
(000s)**

	<u>Per Books</u>	<u>Projected 2014</u>	<u>Projected 2015</u>
<u>Miscellaneous Service Revenue</u>			
MAFB Dist. System	\$456	\$456	\$456
Other Misc. Service Revenue	25	25	25
Total	<u>\$481</u>	<u>\$481</u>	<u>\$481</u>
 Rent from Property 1/	 \$568	 \$614	 \$614
 <u>Other Revenue</u>			
Heskett Pipeline Revenue 2/	\$0	\$1,075	\$2,321
Late Payment Revenue 3/	156	187	192
Other Revenue 4/	82	86	86
	<u>\$238</u>	<u>\$1,348</u>	<u>\$2,599</u>
 Total	 <u>\$1,287</u>	 <u>\$2,443</u>	 <u>\$3,694</u>

1/ Projected 2014-2015 reflects current levels.

2/ Heskett III Pipeline was placed into service during 2014. See Statement M, page 9 for 2015 revenue calculation.

3/ Projected 2014-2015 based on a percentage of 2013 late payment revenue to 2013 sales and transportation revenue.

4/ Restates penalty revenue to a three year average.

MONTANA-DAKOTA UTILITIES CO.
REVENUE REQUIREMENT
HESKETT TURBINE PIPELINE
NORTH DAKOTA
2015

<u>Revenue Requirement</u>	
O&M	\$20,004
Depreciation	465,348
Taxes Other than Income	105,612
Return	1,322,225
Income Taxes	543,814
Total	<u>\$2,457,003</u>
Average Rate Base	\$17,425,208
MDDQ	90,000
Capacity Charge per MDDQ	\$27.3000
MDDQ Charge per Month	\$2.2750
Heskett III Turbine - MDDQ	85,000
Mandan Town Border Station - MDDQ	5,000
Heskett III Turbine - Misc Revenue	<u>2,320,500</u>

MONTANA-DAKOTA UTILITIES CO.
OPERATION & MAINTENANCE EXPENSE
GAS UTILITY - NORTH DAKOTA
PROJECTED 2014
(000s)

Function	Total	Cost of Gas	Labor	Benefits	Subcontract Labor	Materials	Vehicles & Work Equip.	Company Consumption	Uncollectible Accounts
Cost of Gas	\$92,451	\$92,451							
Other Gas Supply	116		\$81		\$2		\$2		
Distribution	9,074		6,095		1,559	\$610	635	\$165	\$7
Customer Accounting	2,603		1,620		77	1	53		230
Customer Service & Info	196		110				2		
Sales	114		101				4		
Administrative and General	6,962		1,816	\$2,363	346	32	14	41	
Total Other O&M	19,065	0	9,823	2,363	1,984	643	710	206	237
Total O&M	\$111,516	\$92,451	\$9,823	\$2,363	\$1,984	\$643	\$710	\$206	\$237

**MONTANA-DAKOTA UTILITIES CO.
OPERATION & MAINTENANCE EXPENSE
GAS UTILITY - NORTH DAKOTA
PROJECTED 2014
(000s)**

Function	Postage	Software Maintenance	Building Rental	Advertising	Industry Dues	Insurance	Regulatory Commission Expense	All Other O&M
Cost of Gas								\$0
Other Gas Supply		\$11						20
Distribution	\$6	60	\$153					(216)
Customer Accounting	380	35						207
Customer Service & Info Sales				\$78				6 9
Administrative and General	65	165	237	49	\$65	\$577	\$141	1,051
Total Other O&M	451	271	390	127	65	577	141	1,077
Total O&M	\$451	\$271	\$390	\$127	\$65	\$577	\$141	\$1,077

**MONTANA-DAKOTA UTILITIES CO.
OPERATION & MAINTENANCE EXPENSE
GAS UTILITY - NORTH DAKOTA
PROJECTED 2015
(000s)**

Function	Total	Cost of Gas	Labor	Benefits	Subcontract Labor	Materials	Vehicles & Work Equip.	Company Consumption	Uncollectible Accounts
Cost of Gas	\$94,834	\$94,834							
Other Gas Supply	119		\$84		\$2		\$2		
Distribution	9,306		6,308		1,559	\$624	644	\$165	\$7
Customer Accounting	2,679		1,677		77	1	54		236
Customer Service & Info	200		114				2		
Sales	117		104				4		
Administrative and General	7,628		1,880	\$2,869	346	33	14	41	
Total Other O&M	20,049	0	10,167	2,869	1,984	658	720	206	243
Total O&M	\$114,883	\$94,834	\$10,167	\$2,869	\$1,984	\$658	\$720	\$206	\$243

**MONTANA-DAKOTA UTILITIES CO.
OPERATION & MAINTENANCE EXPENSE
GAS UTILITY - NORTH DAKOTA
PROJECTED 2015
(000s)**

Function	Postage	Software Maintenance	Building Rental	Advertising	Industry Dues	Insurance	Regulatory Commission Expense	All Other O&M
Cost of Gas								\$0
Other Gas Supply		\$11						20
Distribution	\$6	61	\$153					(221)
Customer Accounting	384	38						212
Customer Service & Info Sales				\$78				6 9
Administrative and General	65	171	237	49	\$65	\$577	\$206	1,075
Total Other O&M	455	281	390	127	65	577	206	1,101
Total O&M	\$455	\$281	\$390	\$127	\$65	\$577	\$206	\$1,101

MONTANA-DAKOTA UTILITIES CO.
PROJECTED COST OF GAS
GAS UTILITY - NORTH DAKOTA
PROJECTED 2014 - 2015
(000s)

	Projected Dk Sales	Dk Adjusted for Distribution Losses 1/	Commodity Charge 2/	Projected Cost of Gas
<u>Projected 2014</u>				
Residential	8,433	8,471	\$5.557	\$47,073
Firm General Service	7,097	7,129	5.557	39,616
Air Force				
Firm	33	33	5.557	183
Interruptible - Contract	468	468	4.376	2,048
Interruptible	11	11	4.376	48
Total Air Force	<u>512</u>	<u>512</u>		<u>2,279</u>
Small Interruptible	761	764	4.376	3,343
Large Interruptible	32	32	4.376	140
Total	<u>16,835</u>	<u>16,908</u>		<u>\$92,451</u>
 <u>Projected 2015</u>				
Residential	8,667	8,706	\$5.557	\$48,379
Firm General Service	7,164	7,196	5.557	39,988
Air Force				
Firm	33	33	5.557	183
Interruptible - Contract	468	468	4.376	2,048
Interruptible	11	11	4.376	48
Total Air Force	<u>512</u>	<u>512</u>		<u>2,279</u>
Small Interruptible	921	925	4.376	4,048
Large Interruptible	32	32	4.376	140
Total	<u>17,296</u>	<u>17,371</u>		<u>\$94,834</u>

1/ Distribution loss factor of .45%. Air Force Interruptible - Contract is not adjusted for losses. Service is provided at the transmission level.

2/ November 2014 cost of gas with 2015 average commodity costs.

MONTANA-DAKOTA UTILITIES CO.
LABOR EXPENSE
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014 - 2015
(000s)

	2013	Projected	
		2014 2/	2015 3/
Other Gas Supply	\$81	\$81	\$84
Distribution	6,095	6,095	6,308
Customer Accounts	1,620	1,620	1,677
Customer Service	110	110	114
Sales	101	101	104
A&G	1,816	1,816	1,880
Total Labor Expense 1/	<u>\$9,823</u>	<u>\$9,823</u>	<u>\$10,167</u>

1/ Excludes production.

2/ Ten months ending October 31, 2014 annualized.

3/ Reflects a projected 3.50% increase.

**MONTANA-DAKOTA UTILITIES CO.
BENEFITS EXPENSE
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014-2015
(000s)**

	2013	Excluding Billings Landfill	Projected	
			2014 1/	2015 2/
Medical/Dental	\$897	\$891	\$1,143	\$1,190
Pension expense	208	206	77	182
Post-retirement	11	11	30	244
401K	1,086	1,078	1,050	1,188
Workers compensation	32	32	32	33
Other benefits	31	31	31	32
Total Benefits Expense	\$2,265	2,249	\$2,363	\$2,869

1/ Medical, pension, post-retirement and 401K based on 2014 loading factor of 11.64% for medical, 0.78% for pension, 0.31% for post retirement, and 10.69% for 401K. Workers compensation expense is based on the ratio of 2013 workers compensation to 2013 labor expense. Other Benefits was increased based on the increase in labor.

2/ Medical reflects an increase of 4.10%. Pension reflects an increase of 136.31% and post-retirement reflects an increase of 713.56% based on an actuarial study. 401K reflects the labor increase of 3.50% and an additional 1% of projected 2015 labor for profit sharing expense. Workers compensation expense is based on the ratio of 2013 workers compensation to 2013 labor expense. Other benefits was increased based on the increase in labor.

**MONTANA-DAKOTA UTILITIES CO.
SUBCONTRACT LABOR
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014 - 2015
(000s)**

	2013	Excluding Billings Landfill	Projected	
			2014	2015
Other Gas Supply	\$2	\$2	\$2	\$2
Production	8		0	0
Distribution	1,139	1,139	1,559	1,559
Customer Accounts	73	73	77	77
A&G	289	289	346	346
Total Subcontract Labor	<u>\$1,511</u>	<u>\$1,503</u>	<u>\$1,984</u>	<u>\$1,984</u>

1/ Projection based on current and projected cost levels.

**MONTANA-DAKOTA UTILITIES CO.
MATERIALS
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014-2015
(000s)**

	2013	Excluding Billings Landfill	Projected	
			2014 1/	2015 2/
Production	\$11		\$0	\$0
Distribution	610	\$610	610	624
Customer Accounting	1	1	1	1
A&G	32	32	32	33
Total Materials	<u>\$654</u>	<u>\$643</u>	<u>\$643</u>	<u>\$658</u>

1/ Projected to remain at the 2013 level.

2/ Projected to increase at the 2011-2013 average inflation rate of 2.3 percent.

**MONTANA-DAKOTA UTILITIES CO.
VEHICLES AND WORK EQUIPMENT
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014-2015
(000s)**

	2013	Excluding Billings Landfill	Projected	
			2013 1/	2014 1/
Other Gas Supply	\$2	\$2	\$2	\$2
Production	1		0	0
Distribution	627	627	635	644
Customer Accounting	53	53	53	54
Customer Service	2	2	2	2
Sales	5	5	4	4
A&G	13	13	14	14
Total Vehicle and Work Equipment	<u>\$703</u>	<u>\$702</u>	<u>\$710</u>	<u>\$720</u>

1/ Based on projected plant and current depreciation rates.

**MONTANA-DAKOTA UTILITIES CO.
COMPANY CONSUMPTION
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014-2015
(000s)**

<u>Total</u>	2013	Projected	
		2014 1/	2015 1/
Distribution	\$155	\$165	\$165
A&G	40	41	41
Total Company Consumption	<u>\$195</u>	<u>\$206</u>	<u>\$206</u>
<u>Electric</u>			
Distribution	\$77	\$77	\$77
A&G	30	30	30
Total Electric	<u>\$107</u>	<u>\$107</u>	<u>\$107</u>
<u>Gas</u>			
Distribution	\$78	\$88	\$88
A&G	10	11	11
Total Gas	<u>\$88</u>	<u>\$99</u>	<u>\$99</u>

1/ Reflects a 12.3% increase to reflect normalized sales at current rates.

**MONTANA-DAKOTA UTILITIES CO.
UNCOLLECTIBLE ACCOUNTS
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014-2015
(000s)**

	2013	Projected	
		2014 1/	2015 1/
Distribution	\$8	\$7	\$7
Customer Accounting	264	230	236
Total Uncollectible Accounts	<u>\$272</u>	<u>\$237</u>	<u>\$243</u>

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

**MONTANA-DAKOTA UTILITIES CO.
POSTAGE
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014-2015
(000s)**

	2013	Projected	
		2014 1/	2015 2/
Distribution	\$6	\$6	\$6
Customer Accounting	357	380	384
A&G	61	65	65
Total Postage	<u>\$424</u>	<u>\$451</u>	<u>\$455</u>

1/ Reflects a 6.38% increase based on annualization of 10 months ending October 31, 2014 expense level.

2/ Postage rates are projected to remain at the 2014 level however total postage expense will increase due to the projected increase in customers which will be partially offset by the savings related to customers utilizing electronic billing.

MONTANA-DAKOTA UTILITIES CO.
SOFTWARE MAINTENANCE
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014-2015
(000s)

	2013	Projected 1/	
		2014	2015
Other Gas Supply	\$3	\$11	\$11
Distribution	58	60	61
Customer Accounting	46	35	38
A&G	153	165	171
Total Software Maintenance	<u>\$260</u>	<u>\$271</u>	<u>\$281</u>

1/ Projected 2014-2015 based on current and estimated levels.

MONTANA-DAKOTA UTILITIES CO.
BUILDING RENTAL
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014-2015
(000s)

	2013	Projected	
		2014 1/	2015 1/
Distribution	\$108	\$153	\$153
A&G	200	237	237
Total Building Rental	<u>\$308</u>	<u>\$390</u>	<u>\$390</u>

1/ Projected 2014-2015 reflect current levels.

MONTANA-DAKOTA UTILITIES CO.
ADVERTISING EXPENSE
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2013-2014
(000s)

	2013	Projected	
		2014 1/	2015 1/
Informational	\$83	\$78	\$78
Promotional	61		
Institutional	33	49	49
Total Advertising Expense	<u>\$177</u>	<u>\$127</u>	<u>\$127</u>

1/ Eliminates promotional advertising expense and advertising expenses not applicable to North Dakota gas operations.

MONTANA-DAKOTA UTILITIES CO.
INDUSTRY DUES
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014-2015
(000s)

	2013	Projected	
		2014	2015
American Gas Association	\$34	\$34	\$34
Bismarck-Mandan Development Association	2	2	2
Consortium for Energy Efficiency	2	2	2
Energy Solutions Center	6	3	3
Jamestown Area Chamber of Commerce	1	1	1
Midwest Energy Association	9	9	9
Minot Area Development Corporation	7	2	2
National Assoc. of Regulatory Utility Commissioners	1	2	2
North Dakota Ethanol Producers Assoc.	1	1	1
North Dakota Petroleum Council	1	1	1
Utilities Telecom Council	1	1	1
Utility Solid Waste Activities Group	2	2	2
Dues under \$500	6	5	5
Other/Corporate Charges 1/	66	0	0
Total Industry Dues	\$139	\$65	\$65

1/ Reflects dues not applicable to North Dakota gas operations.

**MONTANA-DAKOTA UTILITIES CO.
INSURANCE EXPENSE
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014-2015
(000s)**

Insurance Expense	2013	Projected	
		2014 1/	2015 1/
Director's & Officer's Liability Insurance	\$27	\$32	\$32
Excess Liability			
Fiduciary & Employee Benefits Liability	10	10	10
Public Liab. & Property Ins. Damage of Others	208	228	228
All Risk	182	176	176
Blanket Crime	1	1	1
Self Insurance	22	130	130
Total Insurance Expense	<u>\$450</u>	<u>\$577</u>	<u>\$577</u>

1/ Projected 2014-2015 reflect insurance expense at the current levels.

**MONTANA-DAKOTA UTILITIES CO.
REGULATORY COMMISSION EXPENSE
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014-2015
(000s)**

	2013	Projected	
		2014 1/	2015 1/
Rate Case Amortization		\$49	\$114
Non-Recurring Filing Fee	\$21		
Recurring Level of Expense	1	1	1
Manufactured Gas Plant Amortization	91	91	91
Regulatory Commission Expense	<u>\$113</u>	<u>\$141</u>	<u>\$206</u>

1/ Reflects a three year amortization of rate case expense, an ongoing level of regulatory commission expense and proposed recovery of environmental remediation costs.

MONTANA-DAKOTA UTILITIES CO.
OTHER O&M
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014-2015
(000s)

Function	2013 O&M	Total items adjusted individually 1/	All Other	Projected	
				2014 2/	2015 2/
Other Gas Supply	\$108	\$88	\$20	\$20	\$20
Production	261	261	0		
Distribution	8,595	8,806	(211)	(216)	(221)
Customer Accounting	2,616	2,414	202	207	212
Customer Service & Information	201	195	6	6	6
Sales	176	167	9	9	9
Administrative and General	6,615	5,588	1,027	1,051	1,075
Total Other O&M	\$18,572	\$17,519	\$1,053	\$1,077	\$1,101

1/ Pages 30-31.

2/ Reflects an increasing of 2.3% based on three year average change in the Consumer Price Index.

MONTANA-DAKOTA UTILITIES CO.
 OPERATION & MAINTENANCE EXPENSE
 GAS UTILITY - NORTH DAKOTA
 TWELVE MONTHS ENDING DECEMBER 31, 2013
 (000s)

Function	Per Books	Cost of Gas	Billings Landfill	Labor	Benefits	Subcontract Labor	Materials	Vehicles & Work Equip.	Company Consumption
Cost of Gas	\$81,268	\$81,268							
Other Gas Supply	108			\$81		\$2		\$2	
Production	261		\$261						
Distribution	8,595			6,095		1,139	\$610	627	\$155
Customer Accounting	2,616			1,620		73	1	53	
Customer Service & Info	201			110				2	
Sales	176			101				5	
Administrative and General	6,615			1,816	\$2,249	289	32	13	40
Total Other O&M	18,572	0	261	9,823	2,249	1,503	643	702	195
Total O&M	\$99,840	\$81,268	\$261	\$9,823	\$2,249	\$1,503	\$643	\$702	\$195

MONTANA-DAKOTA UTILITIES CO.
OPERATION & MAINTENANCE EXPENSE
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013
(000s)

Function	Uncollectible Accounts	Postage	Software Maintenance	Building Rental	Advertising	Industry Dues	Insurance	Regulatory Commission Expense	Total Items adjusted individually	All Other O&M
Cost of Gas									\$81,268	\$0
Other Gas Supply			\$3						88	20
Production									261	0
Distribution	\$8	\$6	58	\$108					8,806	(211)
Customer Accounting	264	357	46						2,414	202
Customer Service & Info					\$83				195	6
Sales					61				167	9
Administrative and General		61	153	200	33	\$139	\$450	\$113	5,588	1,027
Total Other O&M	272	424	260	308	177	139	450	113	17,519	1,053
Total O&M	\$272	\$424	\$260	\$308	\$177	\$139	\$450	\$113	\$98,787	\$1,053

**MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF DEPRECIATION EXPENSE
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014-2015
(000s)**

	2013	Projected	
		2014 1/	2015 2/
Production	\$149		
Distribution	3,624	\$4,779	\$5,557
General	169	164	157
General Intangible	99	127	156
Common	316	384	464
Common Intangible	517	674	724
Amortization of Gain	0	(8)	(17)
Acquisition Adjustment	3	3	3
Total	\$4,877	\$6,123	\$7,044

1/ Depreciation/amortization expense on 2014 average plant in service, Statement M, page 33.

2/ Depreciation/amortization expense on 2015 average plant in service, Statement M, page 34.

MONTANA-DAKOTA UTILITIES CO.
ACCUMULATED RESERVE FOR DEPRECIATION
GAS UTILITY - NORTH DAKOTA
PROJECTED 2014
(000s)

	2013 Year End Acc. Reserve for Depr.	2014 Average Plant In Service 1/	Depreciation/ Amortization Rate 2/	2014			2014 Average Balance
				Depreciation/ Amortization Expense	Retirements/ Removal 5/	Ending Balance	
Distribution	\$62,974	\$143,848	3.16%	\$4,546	(\$334)	\$67,186	\$65,080
Distribution - Heskett III pipeline		11,186	2.08%	233		233	117
Total Distribution	62,974	155,034		4,779	(334)	67,419	65,197
<u>General</u>							
Other	487	1,536	4.91%	75	(124)	438	463
Structures & Improvements	806	2,135	3.09%	66	(206)	666	736
Computer Equipment	40	116	20.00%	23	(10)	53	46
Vehicles	2,247	3,276	0.80%	26	(574)	1,699	1,973
Work Equipment	1,133	3,477	0.66%	23	(289)	867	1,000
Total General	4,713	10,540		213	(1,203)	3,723	4,218
General Intangible	540	3,574	3/	127	0	667	603
<u>Common</u>							
Other	805	2,254	4.70%	106	(56)	855	830
Structures & Improvements	2,309	7,058	2.25%	159	(160)	2,308	2,308
Computer Equipment	207	594	20.00%	119	(14)	312	260
Vehicles	533	929	4.11%	38	(37)	534	533
Total Common	3,854	10,835		422	(267)	4,009	3,931
Common Intangible	3,570	11,528	3/	674	0	4,244	3,907
Amort. of Gain			4/	(8)		7/	7/
Acquisition Adjustment	58	97	4/	3		61	60
Total Gas Plant in Service	<u>\$75,709</u>	<u>\$191,608</u>		<u>\$6,210</u>	<u>(\$1,804)</u>	<u>\$80,123</u>	<u>\$77,916</u>
Depreciation Expense				<u>\$6,123</u>	6/		

1/ Statement N, page 3.

2/ Composite depreciation rates by function, Statement I, page 2.

3/ Amortized by each item within the intangible account.

4/ Amortized.

5/ Based on the three year average of retirements.

6/ Excludes depreciation on vehicles and work equipment, which are charged to a clearing account.

7/ The balance is included in the gain on sale of bulidings on Statement N, page 1.

8/ Statement N, page 17.

MONTANA-DAKOTA UTILITIES CO.
ACCUMULATED RESERVE FOR DEPRECIATION
GAS UTILITY - NORTH DAKOTA
PROJECTED 2015
(000s)

	2014 Acc. Reserve for Depr.	2015 Average Plant In Service 1/	Depreciation/ Amortization Rate 2/	2015			2015 Average Balance
				Depreciation/ Amortization Expense	Retirements/ Removal 5/	Ending Balance	
Distribution	\$67,186	\$161,135	3.16%	\$5,092	(\$356)	\$71,922	\$69,554
Distribution - Heskett III pipeline	233	22,372	2.08%	465		698	466
Total Distribution	67,419	183,507		5,557	(356)	72,620	70,020
<u>General</u>							
Other	438	1,577	4.91%	77	(112)	403	421
Structures & Improvements	666	1,903	3.09%	59	(170)	555	610
Computer Equipment	53	103	20.00%	21	(14)	60	57
Vehicles	1,699	3,604	0.80%	29	(434)	1,294	1,496
Work Equipment	867	4,534	0.66%	30	(222)	675	771
Total General	3,723	11,721		216	(952)	2,987	3,355
General Intangible	667	3,863	3/	156	0	823	745
<u>Common</u>							
Other	855	2,434	4.70%	114	(59)	910	883
Structures & Improvements	2,308	8,942	2.25%	201	(160)	2,349	2,328
Computer Equipment	312	743	20.00%	149	(22)	439	375
Vehicles	534	1,082	4.11%	44	(37)	541	538
Total Common	4,009	13,201		508	(278)	4,239	4,124
Common Intangible	4,244	12,147	3/	724	0	4,968	4,606
Amort. of Gain			4/	(17)		7/	7/
Acquisition Adjustment	61	97	4/	3		64	63
Total Gas Plant in Service	\$80,123	\$224,536		\$7,147	(\$1,586)	\$85,701	\$82,913
Depreciation Expense				\$7,044	6/		

1/ Statement N, page 3.

2/ Composite depreciation rates by function, Statement I, page 2.

3/ Amortized by each item within the intangible account.

4/ Amortized.

5/ Based on the three year average of retirements.

6/ Excludes depreciation on vehicles and work equipment, which are charged to a clearing account.

7/ The balance is included in the gain on sale of bulidings on Statement N, page 1.

MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF TAXES OTHER THAN INCOME
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2013
PROJECTED 2014 - 2015
(000s)

Type of Tax	2013	Projected	
		2014	2015
Ad Valorem 1/			
Production	\$126		
Distribution	577	748	885
General	51	53	59
Common	52	66	81
Intangible	14	19	21
Total Ad Valorem Taxes	<u>820</u>	<u>886</u>	<u>1,046</u>
O&M Related Taxes - Other			
Payroll Taxes 2/	749	744	770
Franchise Taxes	17	17	17
Delaware Franchise	30	30	30
Total O&M Related Taxes	<u>796</u>	<u>791</u>	<u>817</u>
Other	<u>1</u>	<u>1</u>	<u>1</u>
Total Taxes Other Than Income	<u>\$1,617</u>	<u>\$1,678</u>	<u>\$1,864</u>

- 1/ Based on ratio of actual 2013 ad valorem taxes paid to average plant balance as of December 31, 2014. See page 36.
2/ Based on the ratio of actual 2013 payroll taxes to labor expense. See page 38.

MONTANA-DAKOTA UTILITIES CO.
AD VALOREM TAXES
GAS UTILITY - NORTH DAKOTA
PROJECTED 2014 - 2015
(000s)

Function	Effective Tax Rate	Projected 2014		Projected 2015	
		Plant Balance	Ad Valorem Tax	Plant Balance	Ad Valorem Tax
Distribution	0.4821%	\$155,131	\$748	\$183,604	\$885
General	0.5039%	10,540	53	11,721	59
Common	0.6126%	10,835	66	13,201	81
Intangible	0.1291%	15,102	19	16,010	21
Total		<u>\$191,608</u>	<u>\$886</u>	<u>\$224,536</u>	<u>\$1,046</u>

MONTANA-DAKOTA UTILITIES CO.
AD VALOREM TAXES
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2013

<u>Function</u>	<u>Avg. Plant Balance @ 12/31/2013</u>	<u>Ad Valorem Tax @ 12/31/2013</u>	<u>Effective Tax Rate</u>
Production	\$2,416,654	\$125,931	5.2110%
Distribution	119,761,353	577,315	0.4821%
General	10,078,007	50,788	0.5039%
Common	8,413,201	51,536	0.6126%
Intangible 1/	11,049,128	14,260	0.1291%
Total	<u>\$151,718,343</u>	<u>\$819,830</u>	

1/ General and common intangible.

MONTANA-DAKOTA UTILITIES CO.
PAYROLL TAXES
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2013
PROJECTED 2014 - 2015

	2013	Projected (000s)	
		2014	2015
Labor Expense	\$9,892,677	\$9,823	\$10,167
Payroll Taxes	749,191	\$744	\$770
% Payroll Taxes to Labor	7.57%		

**MONTANA-DAKOTA UTILITIES CO.
CALCULATION OF INCOME TAXES
GAS UTILITY - NORTH DAKOTA
PROJECTED 2014 - 2015
(000s)**

	Projected	
	2014	2015
Operating Revenues		
Sales Revenues	\$122,563	\$125,858
Transportation Revenue	2,100	2,007
Other Revenues	2,443	3,694
Total Operating Revenues	127,106	131,559
 Operating Expenses		
Operation and Maintenance		
Cost of Gas	92,451	94,834
Other O&M	19,065	20,049
Total O&M	111,516	114,883
Depreciation and Amortization Expense	6,123	7,044
Taxes other Than Income	1,678	1,864
Total Operating Expenses	119,317	123,791
 Gross Operating Income	7,789	7,768
 Deductions and Adjustments to Book Income:		
Interest 1/	2,304	2,953
AFUDC Equity	(72)	(72)
Total Adjustments to Taxable Income	2,232	2,881
 Taxable Income	5,557	4,887
 Federal & State Income Taxes	2,109	1,854
Full Normalization	(102)	(102)
Total Income Taxes	\$2,007	\$1,752

MONTANA-DAKOTA UTILITIES CO.
INTEREST EXPENSE
GAS UTILITY - NORTH DAKOTA
PROJECTED 2014 - 2015

	Projected	
	2014	2015
Rate Base 1/	\$90,475	\$114,487
Weighted Cost of Debt 2/	2.547%	2.579%
Interest Expense	<u>\$2,304</u>	<u>\$2,953</u>

1/ Statement N, page 1.

2/ Statement F, page 1.

MONTANA-DAKOTA UTILITIES CO.
AVERAGE RATE BASE
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2013
PROJECTED 2014-2015
(000s)

	2013	Projected		Reference
		2014	2015	
Gas Plant in Service	\$151,718	\$191,608	\$224,536	Page 2
Accumulated Reserve for Depreciation	73,336	77,916	82,913	Page 11
Net Gas Plant in Service	78,382	113,692	141,623	
CWIP in Service Pending Reclassification	4,082			
Total Gas Plant in Service	82,464	113,692	141,623	
Additions				
Materials and Supplies	2,159	2,463	2,463	Page 13
Fuel Stock	58	46	46	Page 14
Prepayments	22	185	188	Page 15
Unamortized Loss on Debt	629	660	623	Page 16
Gain on Sale of Williston Office	0	(172)	(335)	Page 17
Total Additions	2,868	3,182	2,985	
Total Before Deductions	\$85,332	\$116,874	\$144,608	
Deductions				
Accumulated Deferred Income Taxes	13,201	17,668	21,390	Page 19
Customer Advances	7,726	8,731	8,731	Page 18
Total Deductions	20,927	26,399	30,121	
Total Rate Base 1/	<u>\$64,405</u>	<u>\$90,475</u>	<u>\$114,487</u>	
1/ Total Rate Base (excluding Heskett III Pipeline)	<u>\$64,405</u>	<u>\$81,590</u>	<u>\$97,063</u>	

MONTANA-DAKOTA UTILITIES CO.
PLANT IN SERVICE
TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014-2015
(000s)

	Year End 2013	Projected 2014 1/	Average 2014 1/	Projected 2015 1/	Average 2015 1/
Distribution	\$134,453	\$153,243	\$143,848	\$169,026	\$161,135
Distribution - Heskett III Pipeline		22,372	11,186	22,372	22,372
General	10,313	10,767	10,540	12,674	11,721
Intangible Plant - General	3,574	3,574	3,574	4,152	3,863
Common	8,780	12,891	10,835	13,510	13,201
Intangible Plant - Common	11,256	11,800	11,528	12,495	12,147
Acquisition Adjustment	97	97	97	97	97
Total	<u>\$168,473</u>	<u>\$214,744</u>	<u>\$191,608</u>	<u>\$234,326</u>	<u>\$224,536</u>

MONTANA-DAKOTA UTILITIES CO.
PLANT IN SERVICE
TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014-2015
(000s)

	Year End	2014			Average	2015			Average
	2013 1/	Additions 1/	Retirements 2/	Balance	2014	Additions 1/	Retirements 2/	Balance	2015
Distribution	\$134,453	\$19,180	(\$390)	\$153,243	\$143,848	\$16,227	(\$444)	\$169,026	\$161,135
Distribution - Heskett III pipeline		22,372		22,372	11,186			22,372	22,372
	\$134,453	\$41,552	(\$390)	\$175,615	\$155,034	\$16,227	(\$444)	\$191,398	\$183,507
General									
Other	1,602	47	(179)	1,470	1,536	377	(164)	1,683	1,577
Structures & Improvements	2,253	15	(252)	2,016	2,135	0	(226)	1,790	1,903
Computer Equipment	123		(14)	109	116		(12)	97	103
Vehicles	3,305	311	(370)	3,246	3,276	1,079	(363)	3,962	3,604
Work Equipment	3,030	1,235	(339)	3,926	3,477	1,655	(439)	5,142	4,534
Total General	10,313	1,608	(1,154)	10,767	10,540	3,111	(1,204)	12,674	11,721
General Intangible	3,574	0	0	3,574	3,574	578	0	4,152	3,863
Common									
Other	2,191	193	(67)	2,317	2,254	305	(71)	2,551	2,434
Structures & Improvements	5,128	4,016	(156)	8,988	7,058	182	(274)	8,896	8,942
Computer Equipment	599	9	(18)	590	594	323	(18)	895	743
Vehicles	862	160	(26)	996	929	202	(30)	1,168	1,082
Total Common	8,780	4,378	(267)	12,891	10,835	1,012	(393)	13,510	13,201
Common Intangible	11,256	544	0	11,800	11,528	695	0	12,495	12,147
Acquisition Adjustment	97		0	97	97		0	97	97
Total Gas Plant in Service	\$168,473	\$48,082	(\$1,811)	\$214,744	\$191,608	\$21,623	(\$2,041)	\$234,326	\$224,536

1/ Page 4.

2/ Based on three year average of retirements.

**MONTANA-DAKOTA UTILITIES CO.
SUMMARY - PLANT ADDITIONS
GAS UTILITY - NORTH DAKOTA
PROJECTED 2014-2015**

	Projected	
	2014 1/	2015 2/
Distribution		
All Other	\$19,179,641	\$16,227,404
Heskett III pipeline	22,372,365	
Total Distribution	<u>\$41,552,006</u>	<u>\$16,227,404</u>
General		
Other	\$46,938	\$376,845
Structures & Improvements	14,946	0
Vehicles	311,388	1,079,366
Work Equipment	1,235,325	1,655,188
Total General	<u>\$1,608,597</u>	<u>\$3,111,399</u>
General Intangible		\$577,832
Common		
Other	\$193,030	\$305,325
Structures & Improvements	4,015,552	182,056
Computer Equipment	9,019	323,205
Vehicles	159,627	201,317
Total Common	<u>\$4,377,228</u>	<u>\$1,011,903</u>
Common Intangible	\$544,498	\$695,454
Total Additions	<u><u>\$48,082,329</u></u>	<u><u>\$21,623,992</u></u>

1/ Pages 5-7.

2/ Pages 8-10.

**MONTANA-DAKOTA UTILITIES
PLANT ADDITIONS
GAS UTILITY - NORTH DAKOTA
PROJECTED 2014**

<u>Project No.</u>	<u>Account</u>	<u>Description</u>	<u>Region</u>	<u>Amount</u>
<u>Distribution</u>				
FP-100847	376	Mains Replace	Dakota Heartland	\$181,417
FP-100848	376	Mains Growth	Dakota Heartland	670,093
FP-100849	376	Mains Growth	Badlands	998,859
FP-100939	376	Mains Replace	Badlands	653,691
FP-200816	376	Install 12" main extension, Williston	Badlands	3,483,863
FP-300803	376	Ranch subdivision, Andahl	Dakota Heartland	18,616
FP-301640	376	Bolton Heights, Phase I	Dakota Heartland	21,000
FP-302140	376	Install 8" HDPE, Williston	Badlands	26,705
FP-302163	376	Install main extension, Heart Ridge, Bismarck	Dakota Heartland	7,300
FP-302481	376	Replace mains, Old Red Trail, Mandan	Dakota Heartland	105,638
FP-302681	376	Extend mains, Williston Loop	Badlands	2,815,729
FP-302722	376	Extend mains, west Williston	Badlands	479,591
FP-302723	376	Extend mains along Empire, Dickinson	Badlands	38,160
FP-302909	376	Install main for Dickinson Water Plant	Badlands	147,095
FP-303841	376	Extend main, Killdeer Mountain Park	Badlands	31,126
FP-305400	376	Highlands development, Watford City	Badlands	202,219
FP-305622	376	Install main, Epping	Badlands	25,487
FP-306261	376	Extend main, McKenzie, Menards	Dakota Heartland	144,355
FP-306320	376	Install 4" main, Williston	Badlands	8,865
FP-306745	376	Install main, Fairhills subd, Williston	Badlands	4,822
FP-307762	376	Extend main, Watford City	Badlands	17,741
FP-308140	376	Extend main, Alexander	Badlands	7,907
FP-308200	376	Install main, Williston, Oasis Petroleum	Badlands	46,304
FP-308264	376	Extend main, Watford City, Hartel Water depot	Badlands	568,703
FP-308320	376	Intall main, Epping	Badlands	34,865
FP-308361	376	Install main, Killdeer, mobile home park	Badlands	4,600
FP-308380	376	Install main, Killdeer, Bakken Heights	Badlands	5,280
		Total Account 376		10,750,031
FP-100859	378	Measuring & Regulating Equipment	Dakota Heartland	53,533
FP-100861	378	Measuring & Regulating Equipment	Badlands	58,047
		Total Account 378		111,580
FP-100440	379	Install town border stations	Badlands	4,520,458
FP-300204	379	Install town border station, SW Williston	Badlands	312,842
FP-306602	379	Move West town border station, Dickinson	Badlands	212,719
		Total Account 379		5,046,019
FP-100904	380	Service lines	Dakota Heartland	1,428,701
FP-100906	380	Service lines	Badlands	1,216,284
FP-300209	380	Service lines, Stanley, J. Rian subd. Phase 1&2	Badlands	7,488
FP-300211	380	Service lines, Stanley, J. Rian subd. Phase 3	Badlands	12,842
FP-300455	380	Install farm tap, Cleveland	Dakota Heartland	14,921
FP-301710	380	Service lines, Dickinson, Sundance Coves	Badlands	3,250
FP-305040	380	Service lines, Williston, Jonathans Landing	Badlands	39,171

**MONTANA-DAKOTA UTILITIES
PLANT ADDITIONS
GAS UTILITY - NORTH DAKOTA
PROJECTED 2014**

<u>Project No.</u>	<u>Account</u>	<u>Description</u>	<u>Region</u>	<u>Amount</u>
FP-305705	380	Service lines, Williston	Badlands	22,651
FP-307861	380	Service lines, Minot,Harvest Heights	Dakota Heartland	31,544
FP-308362	380	Service lines, Killdeer, Mobile home park	Badlands	10,617
FP-308381	380	Service lines, Killdeer, Bakken Heights	Badlands	68,168
		Total Account 380		<u>2,855,637</u>
FP-100911	381	Meters	General Office	332,094
FP-100913	383	Regulators	General Office	60,021
FP-100916	387.1	Cathodic Protection	Dakota Heartland	5,776
FP-100918	387.1	Cathodic Protection	Badlands	18,483
		Total Account 387.1		<u>\$24,259</u>
		Total Distribution		\$19,179,641
		<u>General</u>		
FP-202590	390	Install fire alarm system, Minot	Dakota Heartland	\$4,737
FP-302592	390	Pave asphalt strip - Minot	Dakota Heartland	10,209
		Total Account 390		<u>14,946</u>
FP-100960	392.2	Gas Vehicles	General Office	311,388
FP-100970	394.1	Minor Work Equipment	Dakota Heartland	19,795
FP-100972	394.1	Minor Work Equipment	Badlands	6,377
		Total Account 394.1		<u>26,172</u>
FP-100980	396.2	Gas Work Equipment	General Office	1,235,325
FP-100292	397.1	Communication Equip	Dakota Heartland	1,021
FP-301847	397.1	Fixed network for interruptible customers	General Office	19,745
		Total Account 397.1		<u>\$20,766</u>
		Total General		\$1,608,597
		<u>Common</u>		
FP-100305	390	Replace HVAC units, Service Center	Dakota Heartland	\$239,856
FP-100377	390	Build Williston Office	Badlands	2,944,266
FP-301820	390	Build Watford City Office	Badlands	811,052
FP-302701	390	Purchase generator, Watford City	Badlands	8,655
FP-305720	390	Replace roof, Tioga	Badlands	11,723
		Total Account 390		<u>4,015,552</u>
FP-100755	391.1	Office Equipment	General Office	5,128
FP-100940	391.1	Office Equipment	Dakota Heartland	440
FP-200696	391.1	Replace office furniture, Williston	Badlands	73,226
FP-302702	391.1	Purchase office furniture, Watford City	Badlands	27,443

**MONTANA-DAKOTA UTILITIES
PLANT ADDITIONS
GAS UTILITY - NORTH DAKOTA
PROJECTED 2014**

<u>Project No.</u>	<u>Account</u>	<u>Description</u>	<u>Region</u>	<u>Amount</u>
FP-307823	391.1	Purchase work station for Power Prod & Env.	General Office	3,038
		Total Account 391.1		109,275
FP-100756	391.3	Personal Computers	General Office	9,019
FP-100719	392.2	Vehicles	General Office	159,627
FP-100735	394.1	Minor Work Equipment	Dakota Heartland	293
FP-100736	394.1	Minor Work Equipment	Badlands	1,191
FP-302704	394.1	Purchase pressure washer, Watford City	Badlands	2,675
FP-302708	394.1	Purchase pressure washer, Williston	Badlands	7,253
		Total Account 394.1		11,412
FP-100729	397.1	Communication Equipment	Dakota Heartland	8,352
FP-100739	397.1	Communication Equipment	Badlands	7,847
FP-100744	397.1	Communication Equipment	General Office	31,772
FP-200710	397.1	Purchase call recording system, Credit Center	General Office	2,406
		Total Account 397.1		50,377
FP-200711	397.3	Purchase VOIP	General Office	2,044
FP-302712	397.3	Replace phones, Dickinson	Badlands	4,122
		Total Account 397.3		6,166
FP-100745	397.8	Network Equipment	General Office	609
FP-302446	398	Add Xerox color copier	General Office	15,191
		Total Common		\$4,377,228
		<u>Common Intangible</u>		
FP-100256	303	Replace mobile workforce software	General Office	\$10,364
FP-101673	303	Replace Customer Information System	General Office	481,994
FP-200902	303	Upgrade End Point Link Pro	General Office	19,577
FP-301791	303	GIS sytem upgrade	General Office	32,563
		Total Common Intangible		\$544,498
		Total 2014 Plant Additions		<u>\$25,709,964</u>

**MONTANA-DAKOTA UTILITIES CO.
PLANT ADDITIONS
GAS UTILITY - NORTH DAKOTA
PROJECTED 2015**

<u>Project No.</u>	<u>Account</u>	<u>Description</u>	<u>Region</u>	<u>Amount</u>
<u>Distribution</u>				
FP-100847	376	Mains Replace	Dakota Heartland	\$212,914
FP-100848	376	Mains Growth	Dakota Heartland	1,253,162
FP-100849	376	Mains Growth	Badlands	2,561,923
FP-100939	376	Mains Replace	Badlands	224,120
FP-302721	376	Install 12" main loop, Phase 2, Williston	Badlands	1,750,000
FP-307120	376	Relocate main, Washington St., Bismarck	Dakota Heartland	124,801
FP-307122	376	Install 6" main, 57th Ave., Bismarck	Dakota Heartland	135,201
FP-307203	376	Reroute 4" steel main, Lincoln	Dakota Heartland	135,542
FP-307400	376	Extend main along 8th St. SW, Dickinson	Badlands	338,610
FP-307508	376	Install mains, Hwy 85 bypass, Watford City	Badlands	401,833
FP-307509	376	Install main, south from Meadow, Williston	Badlands	608,085
FP-307704	376	Install 6" HDPE Nuvera Watford City	Badlands	574,123
		Total Account 376		<u>8,320,314</u>
FP-100859	378	Measuring & Regulating Equipment	Dakota Heartland	56,030
FP-100861	378	Measuring & Regulating Equipment	Badlands	67,236
		Total Account 378		<u>123,266</u>
FP-307123	379	Construct Mandan Border Station #2	Dakota Heartland	370,799
FP-307451	379	Install town border stations	Badlands	574,030
FP-307761	379	Install TBS Nuvera Watford City	Badlands	589,233
		Total Account 379		<u>1,534,062</u>
FP-100904	380	Service lines	Dakota Heartland	2,252,406
FP-100906	380	Service lines	Badlands	2,443,582
FP-307861	380	Service lines, Minot, Harvest Heights	Dakota Heartland	7,581
		Total Account 380		<u>4,703,569</u>
FP-100911	381	Meters	General Office	1,155,566
FP-306966	381	Replace 40 gas ERTs	General Office	56,437
		Total Account 381		<u>1,212,003</u>
FP-100913	383	Regulators	General Office	233,336
FP-100916	387.1	Cathodic Protection	Dakota Heartland	39,221
FP-100918	387.1	Cathodic Protection	Badlands	61,633
		Total Account 387.1		<u>\$100,854</u>
		Total Distribution		\$16,227,404
<u>General</u>				
FP-100960	392.2	Gas Vehicles	General Office	1,079,366
FP-100970	394.1	Minor Work Equipment	Dakota Heartland	60,972
FP-100972	394.1	Minor Work Equipment	Badlands	23,881
		Total Account 394.1		<u>84,853</u>

**MONTANA-DAKOTA UTILITIES CO.
PLANT ADDITIONS
GAS UTILITY - NORTH DAKOTA
PROJECTED 2015**

<u>Project No.</u>	<u>Account</u>	<u>Description</u>	<u>Region</u>	<u>Amount</u>
FP-100980	396.2	Gas Work Equipment	General Office	1,655,188
FP-100292	397.1	Communication Equip	Dakota Heartland	5,081
FP-307967	397.1	Install RTUs as border stations	General Office	286,911
		Total Account 397.1		<u>291,992</u>
		Total General		\$3,111,399
		<u>General Intangible</u>		
FP-100558	303	Purchase gas supply software	General Office	573,349
FP-307967	303	Develop large volume customer website	General Office	4,483
		Total Account 303		<u>577,832</u>
		<u>Common</u>		
FP-302608	390	Replace overlay, Bismarck Service Center	Dakota Heartland	\$51,433
FP-306916	390	Replace roof, Annex Bldg.	General Office	17,222
FP-306931	390	Replace boilers in General Office	General Office	42,117
FP-307504	390	Install new air conditioning, Glen Ullin	Dakota Heartland	875
FP-307506	390	Install card access, Bismarck Service Center	Dakota Heartland	26,459
FP-307523	390	Construct new facility, Stanley	Badlands	43,950
		Total Account 390		<u>182,056</u>
FP-100752	391.1	Office Equipment	Dakota Heartland	875
FP-100753	391.1	Office Equipment	Badlands	11,669
FP-100755	391.1	Office Equipment	General Office	15,659
FP-307063	391.1	Purchase modular furniture, GIS	General Office	6,049
FP-307210	391.1	Purchase office furniture	General Office	58,806
		Total Account 391.1		<u>93,058</u>
FP-100756	391.3	Personal Computers	General Office	25,202
FP-307540	391.3	Replace data center server	General Office	47,319
FP-307541	391.3	Expansion of Exdata platform	General Office	250,684
		Total Account 391.3		<u>323,205</u>
FP-307267	391.5	Replace UPS batteries	General Office	840
FP-307360	391.5	Replace scanner in Payment Processing	General Office	16,802
		Total Account 391.5		<u>17,642</u>
FP-100719	392.2	Vehicles	General Office	201,317
FP-100735	394.1	Minor Work Equipment	Dakota Heartland	1,459
FP-100736	394.1	Minor Work Equipment	Badlands	12,320
		Total Account 394.1		<u>13,779</u>
FP-100729	397.1	Communication Equipment	Dakota Heartland	9,651
FP-100739	397.1	Communication Equipment	Badlands	9,812

**MONTANA-DAKOTA UTILITIES CO.
PLANT ADDITIONS
GAS UTILITY - NORTH DAKOTA
PROJECTED 2015**

<u>Project No.</u>	<u>Account</u>	<u>Description</u>	<u>Region</u>	<u>Amount</u>
FP-100744	397.1	Communication Equipment	General Office	110,884
		Total Account 397.1		130,347
FP-302563	397.3	Purchase VOIP for districts	General Office	20,760
FP-307441	397.3	Upgrade VOIP	General Office	8,065
FP-307584	397.3	Replace Avaya switch	General Office	9,241
		Total Account 397.3		38,066
FP-308063	397.8	Replace network routers	General Office	3,360
FP-308067	397.8	Purchase wireless access points	General Office	3,696
		Total Account 397.8		7,056
FP-307466	398	Purchase offset envelope press	General Office	5,377
		Total Common		\$1,011,903
		<u>Common Intangible</u>		
FP-100256	303	Replace mobile workforce software	General Office	\$39,753
FP-101673	303	Replace Customer Information System	General Office	405,998
FP-200709	303	Purchase environmental compliance software	General Office	13,441
FP-302618	303	JDE accounting software upgrade	General Office	83,420
FP-302625	303	ECM software upgrade	General Office	14,718
FP-307224	303	Purchase additional CC&B customer licenses	General Office	30,712
FP-307320	303	Install distribution SCADA	General Office	95,321
FP-307421	303	Implement PowerPlan CPI Tax	General Office	4,446
FP-307530	303	Purchase CC&B migration manager	General Office	7,645
		Total Common Intangible		\$695,454
		Total 2015 Plant Additions		<u>\$21,623,992</u>

MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF ACCUMULATED RESERVE FOR DEPRECIATION
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014-2015
(000s)

	2013	Projected 2014 1/	Average 2014	Projected 2015 2/	Average 2015
Distribution	\$62,974	\$67,419	\$65,197	\$72,620	\$70,020
General	4,713	3,723	4,218	2,987	3,355
General Intangible	540	667	603	823	745
Common	3,854	4,009	3,931	4,239	4,124
Common Intangible	3,570	4,244	3,907	4,968	4,606
Acquisition Adjustment	58	61	60	64	63
 Total	 <u>\$75,709</u>	 <u>\$80,123</u>	 <u>\$77,916</u>	 <u>\$85,701</u>	 <u>\$82,913</u>

1/ Statement M, page 33.

2/ Statement M, page 34.

**MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF WORKING CAPITAL AND
CUSTOMER ADVANCES FOR CONSTRUCTION
GAS UTILITY - NORTH DAKOTA
PROJECTED 2014-2015
(000s)**

<u>Working Capital</u>	2013	Projected	
		2014	2015
Materials and Supplies	\$2,159	\$2,463	\$2,463
Fuel Stocks	58	46	46
Prepayments	22	185	188
Unamortized Loss on Debt	629	660	623
Gain on Sale of Building	0	(172)	(335)
Total Working Capital	<u>\$2,868</u>	<u>\$3,182</u>	<u>\$2,985</u>
Customer Advances for Construction	<u>\$7,726</u>	<u>\$8,731</u>	<u>\$8,731</u>

MONTANA-DAKOTA UTILITIES CO.
MATERIALS AND SUPPLIES
GAS UTILITY - NORTH DAKOTA
PROJECTED 2014-2015
(000s)

	2013	Projected 1/	
		2014	2015
December 2012	\$2,100	\$2,217	
January 2013	2,015	2,157	
February	2,030	2,134	
March	1,884	1,989	
April	1,990	2,024	
May	2,223	2,271	
June	2,499	2,436	
July	2,636	2,760	
August	2,741	2,906	
September	2,838	2,977	
October	2,770	2,971	
November	2,755	2,956	
December	2,217	2,217	
Beginning and Ending Average	\$2,159		
13 Month Average		<u>\$2,463</u>	<u>\$2,463</u>

1/ Actuals through November 2014.

MONTANA-DAKOTA UTILITIES CO.
FUEL STOCKS
GAS UTILITY - NORTH DAKOTA
PROJECTED 2014-2015
(000S)

	2013	Projected 1/	
		2014	2015
December 2012	\$63	\$54	
January 2013	51	78	
February	41	43	
March	41	50	
April	59	44	
May	53	53	
June	33	32	
July	27	26	
August	24	29	
September	28	48	
October	65	39	
November	50	44	
December	54	54	
Beginning and Ending Average	\$58		
13 Month Average		<u>\$46</u>	<u>\$46</u>

1/ Actuals through November 2014.

MONTANA-DAKOTA UTILITIES CO.
PREPAYMENTS
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014-2015
(000s)

	2013	Projected 1/	
		2014	2015
December 2012	\$31	\$13	\$44
January 2013	364	371	371
February	330	336	336
March	297	321	321
April	261	283	283
May	226	248	248
June	189	212	212
July	153	177	177
August	117	142	142
September	81	107	107
October	45	71	71
November	50	82	82
December	13	44	44
Beginning and Ending Average	\$22		
13 Month Average		<u>\$185</u>	<u>\$188</u>

1/ Actuals through November 2014. December 2014 - December 2015 are based on projected insurance expenses.

MONTANA-DAKOTA UTILITIES CO.
UNAMORTIZED GAIN(LOSS) ON DEBT
GAS UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014-2015
(000s)

	<u>2013</u>	<u>2014</u>	<u>Average</u>	<u>2015</u>	<u>Average</u>
		Amortization 1/	2014	Amortization	2015
		Balance		Balance	2015
Unamortized Loss on Debt	\$661	(\$3)	\$658	(\$71)	\$587
			\$660		\$623

1/ Reflects a reallocation of balance and current amortization.

MONTANA-DAKOTA UTILITIES CO.
GAIN ON SALE OF OFFICE BUILDINGS
GAS UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014-2015
(000s)

	2013	2014		Average 2014	2015		Average 2015
	Additions 1/	Amortization	Balance	Amortization 2/	Balance	Amortization 2/	Balance
Gain on Sale of office buildings	(\$351)	\$8	(\$343)	(\$172)	\$17	(\$326)	(\$335)

1/ Net regulatory liability on the gain on sale of Williston and Watford City office buildings.

2/ Amortized over 20 years, beginning the month after the new building was placed in service.

**MONTANA-DAKOTA UTILITIES CO.
CUSTOMER ADVANCES FOR CONSTRUCTION
GAS UTILITY - NORTH DAKOTA
PROJECTED 2013-2014
(000s)**

	<u>2013</u>	<u>2014 1/</u>	<u>2015</u>
December 2012	\$6,342	\$9,110	
January 2013	6,303	8,815	
February	6,349	8,821	
March	6,346	8,701	
April	6,411	8,673	
May	6,724	8,620	
June	7,406	8,130	
July	7,671	8,412	
August	8,142	8,775	
September	8,688	8,757	
October	8,813	8,631	
November	9,034	9,027	
December	9,110	9,027	
Beginning and Ending Average	\$7,726		
13 Month Average		<u>\$8,731</u>	<u>\$8,731</u>

1/ Projected January - November 2014 reflects actual activity. The 2015 balances are projected to remain at the 2014 level.

**MONTANA-DAKOTA UTILITIES CO.
ACCUMULATED DEFERRED INCOME TAXES
ACCUMULATED INVESTMENT TAX CREDITS
GAS UTILITY - NORTH DAKOTA
PROJECTED 2014-2015
(000s)**

	2013	Projected 2014			Projected 2015		
		Changes	Balance	Average	Changes	Balance	Average
<u>Accumulated Deferred Income Taxes</u>							
Liberalized Depreciation	\$16,017	\$4,107 1/	\$20,124	\$18,071	\$612 1/	\$20,736	\$20,430
Heskett III Pipeline		4,368 1/	4,368	2,184	227 1/	4,595	4,482
Billings Landfill	1,472	(1,472)	0	736		0	0
Full Normalization	800	(102) 2/	698	749	(102) 2/	596	647
Contribution in Aid of Construction	(770)		(770)	(770)		(770)	(770)
Customer Advances	(3,482)		(3,482)	(3,482)		(3,482)	(3,482)
Unamortized Loss on Debt	265	(41) 3/	224	245	(28) 3/	196	210
Gain on Sale of buildings	0	(130) 4/	(130)	(65)	7 4/	(123)	(127)
Balance	\$14,302	\$6,730	\$21,032	\$17,668	\$716	\$21,748	\$21,390
<u>Accumulated Investment Tax Credits</u>							
Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0

1/ Page 20.

2/ Statement M, page 39.

3/ Page 21.

4/ Page 22.

MONTANA-DAKOTA UTILITIES CO.
CHANGES IN ACCUMULATED DEFERRED INCOME TAXES
RELATED TO PLANT IN SERVICE
GAS UTILITY - NORTH DAKOTA
PROJECTED 2014-2015
(000s)

	Projected	
	2014	2015
Plant related tax deductions		
Book depreciation	(\$5,977)	(\$6,682)
Tax Depreciation	16,802	8,295
Total tax deductions	<u>\$10,825</u>	<u>\$1,613</u>
Heskett III pipeline		
Book depreciation	(\$233)	(\$465)
Tax Depreciation	11,745	1,063
Heskett III tax deduction	<u>\$11,512</u>	<u>\$598</u>
Changes in Accumulated Deferred income taxes @ 37.9445%		
Other Plant	4,107	612
Heskett III pipeline	<u>4,368</u>	<u>227</u>
Total	<u><u>\$8,475</u></u>	<u><u>\$839</u></u>

MONTANA-DAKOTA UTILITIES CO.
ACCUMULATED DEFERRED INCOME TAXES ON
UNAMORTIZED GAIN(LOSS) ON DEBT
GAS UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014-2015
(000s)

	2013	2014	Average	2015	Average
		Amortization 1/	2014	Amortization	2015
			Balance		Balance
Unamortized Loss on Debt	\$265	(\$41)	\$224	(\$28)	\$196
			\$245		\$210

1/ Reflects a reallocation of balance and current amortization.

MONTANA-DAKOTA UTILITIES CO.
ACCUMULATED DEFERRED INCOME TAXES ON
GAIN ON SALE OF OFFICE BUILDINGS
GAS UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2013
PROJECTED 2014-2015
(000s)

	2013	2014		Average 2014	2015		Average 2015	
		Additions 1/	Amortization		Balance	Amortization 2/		Balance
Gain on Sale of office buildings		(\$133)	\$3	(\$130)	(\$65)	\$7	(\$123)	(\$127)

1/ Accumulated deferred income taxes on the regulatory liability from the gain on sale of Williston and Watford City office buildings.

2/ Amortized over 20 years, beginning the month after the new building was placed in service.

MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Cost of Service by Component
Projected 2015

	Total North Dakota	Residential			Total Residential
		Demand	Energy	Customer	
Projected Rate Base	114,487	28,374	20	42,437	70,831
Operating Income for Proposed Return	8,687	2,153	2	3,217	5,372
Projected Operating Income	6,016	(1,542)	1,601	2,364	2,423
Increase in Operating Income	2,671	3,695	(1,599)	853	2,949
Related Taxes for Increase					
Federal Income	1,633	2,260	(978)	522	1,804
Total Increase in Revenue	4,304	5,955	(2,577)	1,375	4,753
Projected Revenue Before Increase	131,559	13,404	38,811	17,546	69,761
Total Cost of Service Required from Rates:	132,625	18,354	36,231	18,033	72,618
Less Projected Cost of Gas	94,834	12,399	35,980	0	48,379
Net Distribution Cost of Service	37,713	5,955	251	18,033	24,239
Return on Rate Base Before Increase	5.255%				3.421%
Projected Billing Units	107,247			92,478	
Bills	1,286,964			1,109,736	
Dk	22,701,302	8,667,437	8,667,437		
Unit Cost of Service					
Energy cost per Dk			\$0.03		
Demand cost per Dk		\$0.690			
Customer Cost Per Month				\$16.25	
Cust and Demand cost per month				\$21.62	

**MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Cost of Service by Component
Projected 2015**

	Small Firm General			Total Small Firm General	Large Firm General			Total Large Firm General
	Demand	Energy	Customer		Demand	Energy	Customer	
Projected Rate Base	7,025	12	4,606	11,643	15,611	14	5,636	21,261
Operating Income for Proposed Return	533	1	350	884	1,185	1	428	1,614
Projected Operating Income	(385)	873	503	991	(851)	2,242	346	1,737
Increase in Operating Income	918	(872)	(153)	(107)	2,036	(2,241)	82	(123)
Related Taxes for Increase								
Federal Income	561	(533)	(94)	(66)	1,245	(1,370)	50	(75)
Total Increase in Revenue	1,479	(1,405)	(247)	(173)	3,281	(3,611)	132	(198)
Projected Revenue Before Increase	3,318	9,610	2,668	15,596	7,093	26,000	2,916	36,009
Total Cost of Service Required from Rates:	4,549	8,204	2,312	15,065	9,822	22,387	2,967	35,176
Less Projected Cost of Gas	3,070	8,144	0	11,214	6,541	22,233	0	28,774
Net Distribution Cost of Service	1,479	60	2,312	3,851	3,281	154	2,967	6,402
Return on Rate Base Before Increase				8.512%				8.170%
Projected Billing Units			10,463				4,088	
Bills			125,556				49,056	
Dk	2,008,794	2,008,794			5,155,153	5,155,153		
Unit Cost of Service								
Energy cost per Dk		\$0.03				\$0.03		
Demand cost per Dk	\$0.740				\$0.640			
Customer Cost Per Month			\$18.41				\$60.48	
Cust and Demand cost per month								

MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Cost of Service by Component
Projected 2015

	Air Force Delivery			Total Air Force Delivery	Small Interruptible			Total Small Interruptible
	Demand	Energy	Customer		Demand	Energy	Customer	
Projected Rate Base	62	0	49	111	7,250	0	(1,180)	6,070
Operating Income for Proposed Return	5	0	4	9	550	0	(90)	460
Projected Operating Income	(18)	74	6	62	(392)	575	47	230
Increase in Operating Income	23	(74)	(2)	(53)	942	(575)	(137)	230
Related Taxes for Increase								
Federal Income	14	(45)	(1)	(32)	576	(352)	(84)	140
Total Increase in Revenue	37	(119)	(3)	(85)	1,518	(927)	(221)	370
Projected Revenue Before Increase	197	2,217	28	2,442	611	4,672	447	5,730
Total Cost of Service Required from Rates:	234	2,098	25	2,357	1,872	3,744	216	5,832
Less Projected Cost of Gas	197	2,082	0	2,279	354	3,694	0	4,048
Net Distribution Cost of Service	37	16	25	78	1,518	50	216	1,784
Return on Rate Base Before Increase				55.856%				3.789%
Projected Billing Units			3				208	
Bills			36				2,496	
Dk	511,626	511,626			2,018,878	2,018,878		
Unit Cost of Service								
Energy cost per Dk		\$0.03				\$0.02		
Demand cost per Dk	\$0.070				\$0.750			
Customer Cost Per Month			\$694.44				\$86.54	
Cust and Demand cost per month								

MONTANA-DAKOTA UTILITIES CO.
 GAS UTILITY - NORTH DAKOTA
 Embedded Class Cost of Service Study
 Twelve Months Ended December 31, 2013
 Projected 2015

	Allocation Factor	Total North Dakota	Residential			Total Residential	Firm General-Meter < 500 cubic feet			Total Small Firm General
			Demand	Energy	Customer		Demand	Energy	Customer	
Rate Base-Projected										
Gas Plant in Service										
Production Plant	3	0	0	0	0	0	0	0	0	0
Land	13	105	36	0	22	58	9	0	2	11
Rights of Way	13	796	274	0	166	440	68	0	19	87
Structures & Improvements	40	205	73	0	44	117	18	0	5	23
Direct	Direct	52	0	0	0	0	0	0	0	0
Mains - \$102,326-Directly Assigned \$2,489										
Demand Related 75%	2	58,099	27,534	0	0	27,534	6,817	0	0	6,817
Customer Related 25%	8	19,366	0	0	16,700	16,700	0	0	1,889	1,889
Directly Assigned Demand Related 75%	Direct	1,867	0	0	0	0	0	0	0	0
Directly Assigned Customer Related 25%	Direct	622	0	0	0	0	0	0	0	0
Heskett Pipeline - \$22,372										
Demand Related 75%	2	16,779	7,951	0	0	7,951	1,969	0	0	1,969
Customer Related 25%	8	5,593	0	0	4,823	4,823	0	0	546	546
Meas. & Reg. Equip. - General	40	2,179	774	0	470	1,244	192	0	53	245
Direct	Direct	163	0	0	0	0	0	0	0	0
Meas. & Reg. Equip. - City Gate	13	9,466	3,261	0	1,977	5,238	807	0	224	1,031
Direct	Direct	72	0	0	0	0	0	0	0	0
Services	37	37,375	0	0	29,795	29,795	0	0	4,821	4,821
Direct	Direct	99	0	0	0	0	0	0	0	0
Meters	9	25,720	0	0	16,244	16,244	0	0	2,205	2,205
Direct	Direct	53	0	0	0	0	0	0	0	0
Service Regulators	9	3,215	0	0	2,030	2,030	0	0	276	276
Direct	Direct	15	0	0	0	0	0	0	0	0
Ind. Meas. & Reg. Station Equipment	40	286	101	0	62	163	25	0	7	32
Direct	Direct	181	0	0	0	0	0	0	0	0
Property on Customer Premise	13	115	39	0	24	63	10	0	3	13
Cathodic Protection & Other Equipment	40	1,082	385	0	233	618	95	0	26	121
Direct	Direct	2	0	0	0	0	0	0	0	0
Distribution Plant - includes Heskett		183,507	40,428	0	72,590	113,018	10,010	0	10,076	20,086
Distribution Plant Excluding Direct Assignments		180,382	40,428	0	72,590	113,018	10,010	0	10,076	20,086
General Plant	38	11,343	2,542	0	4,566	7,108	629	0	634	1,263
Direct	Direct	378	0	0	0	0	0	0	0	0
Intangible Plant - General	15	3,863	779	0	1,624	2,403	193	0	228	421
Common Plant	15	13,201	2,661	0	5,552	8,213	659	0	781	1,440
Intangible Common (Excluding CC&B)	15	4,817	971	0	2,026	2,997	240	0	285	525
Intangible Common (CC&B)	4	7,330	0	0	6,322	6,322	0	0	715	715
Acquisition Adjustment	15	97	20	0	41	61	5	0	6	11
Total Gas Plant in Service including Heskett		224,536	47,401	0	92,721	140,122	11,736	0	12,725	24,461

MONTANA-DAKOTA UTILITIES CO.
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 Twelve Months Ended December 31, 2013
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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	
Rate Base-Projected										
Gas Plant in Service										
Production Plant	3	0	0	0	0	0	0	0	0	0
Land	13	105	20	0	1	21	0	0	0	0
Rights of Way	13	796	151	0	7	158	0	0	0	0
Structures & Improvements	40	205	40	0	2	42	0	0	0	0
Direct	Direct	52	0	0	0	0	13	0	4	17
Mains - \$102,326-Directly Assigned \$2,489										
Demand Related 75%	2	58,099	15,154	0	0	15,154	0	0	0	0
Customer Related 25%	8	19,366	0	0	738	738	0	0	0	0
Directly Assigned Demand Related 75%	Direct	1,867	0	0	0	0	0	0	0	0
Directly Assigned Customer Related 25%	Direct	622	0	0	0	0	0	0	0	0
Heskett Pipeline - \$22,372										
Demand Related 75%	2	16,779	4,377	0	0	4,377	0	0	0	0
Customer Related 25%	8	5,593	0	0	213	213	0	0	0	0
Meas. & Reg. Equip. - General										
Direct	Direct	163	0	0	0	0	0	0	0	0
Meas. & Reg. Equip. - City Gate										
Direct	Direct	72	0	0	0	0	54	0	18	72
Services										
Direct	Direct	99	0	0	0	0	0	0	0	0
Meters										
Direct	Direct	53	0	0	0	0	0	0	0	0
Service Regulators										
Direct	Direct	15	0	0	0	0	0	0	0	0
Ind. Meas. & Reg. Station Equipment										
Direct	Direct	181	0	0	0	0	19	0	6	25
Property on Customer Premise										
Direct	Direct	2	0	0	0	0	0	0	0	0
Cathodic Protection & Other Equipment										
Direct	Direct	2	0	0	0	0	0	0	0	0
Distribution Plant - includes Heskett		183,507	22,252	0	10,357	32,609	86	0	71	157
Distribution Plant Excluding Direct Assignments		180,382	22,252	0	10,357	32,609	0	0	43	43
General Plant	38	11,343	1,399	0	651	2,050	0	0	3	3
Direct	Direct	378	0	0	0	0	0	0	0	0
Intangible Plant - General	15	3,863	429	0	243	672	2	0	2	4
Common Plant	15	13,201	1,464	0	831	2,295	7	0	6	13
Intangible Common (Excluding CC&B)	15	4,817	534	0	303	837	3	0	2	5
Intangible Common (CC&B)	4	7,330	0	0	279	279	0	0	0	0
Acquisition Adjustment	15	97	11	0	6	17	0	0	0	0
Total Gas Plant in Service including Heskett		224,536	26,089	0	12,670	38,759	98	0	84	182

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	
Rate Base-Projected										
Gas Plant in Service										
Production Plant	3	0	0	0	0	0	0	0	0	0
Land	13	105	9	0	0	9	4	0	1	5
Rights of Way	13	796	70	0	0	70	29	0	5	34
Structures & Improvements	40	205	19	0	0	19	4	0	0	4
Direct	Direct	52	0	0	0	0	26	0	9	35
Mains - \$102,326-Directly Assigned \$2,489										
Demand Related 75%	2	58,099	7,030	0	0	7,030	1,564	0	0	1,564
Customer Related 25%	8	19,366	0	0	38	38	0	0	1	1
Directly Assigned Demand Related 75%	Direct	1,867	0	0	0	0	1,361	0	0	1,361
Directly Assigned Customer Related 25%	Direct	622	0	0	0	0	0	0	453	453
Heskett Pipeline - \$22,372										
Demand Related 75%	2	16,779	2,030	0	0	2,030	452	0	0	452
Customer Related 25%	8	5,593	0	0	11	11	0	0	0	0
Meas. & Reg. Equip. - General										
Direct	Direct	163	8	0	3	11	114	0	38	152
Meas. & Reg. Equip. - City Gate										
Direct	Direct	9,466	832	0	4	836	346	0	54	400
Services										
Direct	Direct	37,375	0	0	262	262	0	0	8	8
Meters										
Direct	Direct	99	0	0	0	0	0	0	0	0
Meters										
Direct	Direct	25,720	0	0	1,103	1,103	0	0	99	99
Service Regulators										
Direct	Direct	53	0	0	0	0	0	0	0	0
Ind. Meas. & Reg. Station Equipment										
Direct	Direct	3,215	0	0	138	138	0	0	12	12
Property on Customer Premise										
Direct	Direct	15	0	0	0	0	0	0	0	0
Ind. Meas. & Reg. Station Equipment										
Direct	Direct	40	286	26	0	26	6	0	0	6
Property on Customer Premise										
Direct	Direct	13	181	0	0	0	117	0	39	156
Cathodic Protection & Other Equipment										
Direct	Direct	40	1,082	98	1	99	22	0	0	22
Direct	Direct	2	0	0	0	0	0	0	0	0
Distribution Plant - includes Heskett										
		183,507	10,330	0	1,561	11,891	4,094	0	720	4,813
Distribution Plant Excluding Direct Assignments										
		180,382	10,322	0	1,558	11,880	2,475	0	181	2,656
General Plant										
Direct	Direct	38	11,343	649	0	98	747	156	0	11
Direct	Direct	378	0	0	0	0	0	0	0	0
Intangible Plant - General										
		15	3,863	199	0	37	236	87	0	17
Common Plant										
		15	13,201	680	0	127	807	298	0	59
Intangible Common (Excluding CC&B)										
		15	4,817	248	0	46	294	109	0	22
Intangible Common (CC&B)										
		4	7,330	0	0	14	14	0	0	0
Acquisition Adjustment										
		15	97	5	0	1	6	2	0	2
Total Gas Plant in Service including Heskett										
		224,536	12,111	0	1,884	13,995	4,746	0	829	5,574

MONTANA-DAKOTA UTILITIES CO.
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Twelve Months Ended December 31, 2013
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	Allocation Factor	Total North Dakota	Minot Air Force Base Distribution			Total Minot Air Force
			Demand	Energy	Customer	
Rate Base-Projected						
Gas Plant in Service						
Production Plant	3	0	0	0	0	0
Land	13	105	1	0	0	1
Rights of Way	13	796	5	0	2	7
Structures & Improvements	40	205	0	0	0	0
Direct	Direct	52	0	0	0	0
Mains - \$102,326-Directly Assigned \$2,489						
Demand Related 75%	2	58,099	0	0	0	0
Customer Related 25%	8	19,366	0	0	0	0
Directly Assigned Demand Related 75%	Direct	1,867	506	0	0	506
Directly Assigned Customer Related 25%	Direct	622	0	0	169	169
Heskett Pipeline - \$22,372						
Demand Related 75%	2	16,779	0	0	0	0
Customer Related 25%	8	5,593	0	0	0	0
Meas. & Reg. Equip. - General	40	2,179	0	0	0	0
Direct	Direct	163	0	0	0	0
Meas. & Reg. Equip. - City Gate	13	9,466	60	0	20	80
Direct	Direct	72	0	0	0	0
Services	37	37,375	0	0	0	0
Direct	Direct	99	0	0	99	99
Meters	9	25,720	0	0	0	0
Direct	Direct	53	0	0	53	53
Service Regulators	9	3,215	0	0	0	0
Direct	Direct	15	0	0	15	15
Ind. Meas. & Reg. Station Equipment	40	286	0	0	0	0
Direct	Direct	181	0	0	0	0
Property on Customer Premise	13	115	1	0	0	1
Cathodic Protection & Other Equipment	40	1,082	0	0	0	0
Direct	Direct	2	1	0	1	2
Distribution Plant - includes Heskett		183,507	574	0	359	933
Distribution Plant Excluding Direct Assignments		180,382	67	0	23	90
General Plant	38	11,343	4	0	1	5
Direct	Direct	378	283	0	94	378
Intangible Plant - General	15	3,863	14	0	9	23
Common Plant	15	13,201	47	0	29	76
Intangible Common (Excluding CC&B)	15	4,817	17	0	11	28
Intangible Common (CC&B)	4	7,330	0	0	0	0
Acquisition Adjustment	15	97	0	0	0	0
Total Gas Plant in Service including Heskett		224,536	939	0	503	1,443

MONTANA-DAKOTA UTILITIES CO.
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 Projected 2015

	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	3	0	0	0	0	0	0	0	0	0
Distribution Plant										
Rights of Way	13	69	24	0	14	38	6	0	2	8
Structures & Improvements	23	165	47	0	28	75	12	0	3	15
Mains	40	30,835	10,960	0	6,647	17,607	2,714	0	752	3,466
Direct	Direct	26	0	0	0	0	0	0	0	0
Heskett - \$465										
Demand Related 75%	2	349	166	0	0	166	41	0	0	41
Customer Related 25%	8	116	0	0	101	101	0	0	11	11
Meas. & Reg. Equip. - General	18	577	191	0	116	307	47	0	13	60
Meas. & Reg. Equip. - City Gate	19	500	170	0	104	274	42	0	12	54
Services	37	25,785	0	0	20,556	20,556	0	0	3,326	3,326
Direct	Direct	21	0	0	0	0	0	0	0	0
Meters	5	9,004	0	0	5,683	5,683	0	0	772	772
Direct	Direct	7	0	0	0	0	0	0	0	0
Service Regulators	9	1,254	0	0	791	791	0	0	108	108
Direct	Direct	1	0	0	0	0	0	0	0	0
Ind. Meas. & Reg. Station Equipment	21	259	56	0	34	90	14	0	4	18
Property on Customer Premise	13	125	42	0	26	68	11	0	3	14
Cathodic Protection & Other Equipment	13	927	318	0	194	512	79	0	22	101
Distribution Plant		70,020	11,974	0	34,294	46,268	2,966	0	5,028	7,994
General Plant	38	3,257	730	0	1,311	2,041	181	0	182	363
Direct	Direct	98	0	0	0	0	0	0	0	0
Intangible Plant - General	15	745	150	0	314	464	37	0	44	81
Common Plant	15	4,124	831	0	1,735	2,566	206	0	244	450
Intangible Plant - Common	15	3,728	751	0	1,568	2,319	186	0	220	406
Intangible Plant - Common-CC&B	4	878	0	0	757	757	0	0	86	86
Acquisition Adjustment	15	63	13	0	27	40	3	0	4	7
Less: Total Accumulated Reserve for Depreciation		82,913	14,449	0	40,006	54,455	3,579	0	5,808	9,387
Net Gas Plant in Service including Heskett		141,623	32,952	0	52,715	85,667	8,157	0	6,917	15,074
Additions										
Materials & Supplies	15	2,463	496	0	1,036	1,532	123	0	146	269
Fuel Stocks	10	46	0	20	0	20	0	12	0	12
Prepayments	25	188	40	0	76	116	10	0	11	21
Unamortized Loss on Debt	24	623	145	0	232	377	36	0	30	66
Gain on Sale of Williston Office	24	(335)	(78)	0	(124)	(202)	(19)	0	(16)	(35)
Total Additions		2,985	603	20	1,220	1,843	150	12	171	333
Total Before Deductions		144,608	33,555	20	53,935	87,510	8,307	12	7,088	15,407
Deductions										
Accumulated Deferred Income Tax	24	(21,390)	(4,977)	0	(7,961)	(12,938)	(1,232)	0	(1,045)	(2,277)
Accumulated Investment Tax Credit	24	0	0	0	0	0	0	0	0	0
Customer Advances For Construction	Direct	(8,731)	(204)	0	(3,537)	(3,741)	(50)	0	(1,437)	(1,487)
Total Deductions		(30,121)	(5,181)	0	(11,498)	(16,679)	(1,282)	0	(2,482)	(3,764)
Total Rate Base		114,487	28,374	20	42,437	70,831	7,025	12	4,606	11,643

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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	3	0	0	0	0	0	0	0	0	0
Distribution Plant										
Rights of Way	13	69	13	0	1	14	0	0	0	0
Structures & Improvements	23	165	26	0	1	27	8	0	3	11
Mains	40	30,835	6,032	0	294	6,326	0	0	0	0
Direct	Direct	26	0	0	0	0	0	0	0	0
Heskett - \$465										
Demand Related 75%	2	349	91	0	0	91	0	0	0	0
Customer Related 25%	8	116	0	0	4	4	0	0	0	0
Meas. & Reg. Equip. - General	18	577	105	0	5	110	0	0	0	0
Meas. & Reg. Equip. - City Gate	19	500	94	0	5	99	3	0	1	4
Services	37	25,785	0	0	1,717	1,717	0	0	0	0
Direct	Direct	21	0	0	0	0	0	0	0	0
Meters	5	9,004	0	0	2,110	2,110	0	0	13	13
Direct	Direct	7	0	0	0	0	0	0	0	0
Service Regulators	9	1,254	0	0	294	294	0	0	2	2
Direct	Direct	1	0	0	0	0	0	0	0	0
Ind. Meas. & Reg. Station Equipment	21	259	31	0	2	33	11	0	3	14
Property on Customer Premise	13	125	24	0	1	25	0	0	0	0
Cathodic Protection & Other Equipment	13	927	176	0	9	185	0	0	0	0
Distribution Plant		70,020	6,592	0	4,443	11,035	22	0	22	44
General Plant	38	3,257	402	0	187	589	0	0	1	1
Direct	Direct	98	0	0	0	0	0	0	0	0
Intangible Plant - General	15	745	83	0	47	130	0	0	0	0
Common Plant	15	4,124	457	0	260	717	2	0	2	4
Intangible Plant - Common	15	3,728	414	0	235	649	2	0	2	4
Intangible Plant - Common-CC&B	4	878	0	0	33	33	0	0	0	0
Acquisition Adjustment	15	63	7	0	4	11	0	0	0	0
Less: Total Accumulated Reserve for Depreciation		82,913	7,955	0	5,209	13,164	26	0	27	53
Net Gas Plant in Service including Heskett		141,623	18,134	0	7,461	25,595	72	0	57	129
Additions										
Materials & Supplies	15	2,463	273	0	155	428	1	0	1	2
Fuel Stocks	10	46	0	14	0	14	0	0	0	0
Prepayments	25	188	22	0	11	33	0	0	0	0
Unamortized Loss on Debt	24	623	80	0	33	113	0	0	0	0
Gain on Sale of Williston Office	24	(335)	(43)	0	(18)	(61)	0	0	0	0
Total Additions		2,985	332	14	181	527	1	0	1	2
Total Before Deductions		144,608	18,466	14	7,642	26,122	73	0	58	131
Deductions										
Accumulated Deferred Income Tax	24	(21,390)	(2,739)	0	(1,127)	(3,866)	(11)	0	(9)	(20)
Accumulated Investment Tax Credit	24	0	0	0	0	0	0	0	0	0
Customer Advances For Construction	Direct	(8,731)	(116)	0	(879)	(995)	0	0	0	0
Total Deductions		(30,121)	(2,855)	0	(2,006)	(4,861)	(11)	0	(9)	(20)
Total Rate Base		114,487	15,611	14	5,636	21,261	62	0	49	111

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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	3	0	0	0	0	0	0	0	0	0
Distribution Plant										
Rights of Way	13	69	6	0	0	6	3	0	0	3
Structures & Improvements	23	165	12	0	0	12	19	0	6	25
Mains	40	30,835	2,798	0	15	2,813	623	0	0	623
Direct	Direct	26	0	0	0	0	0	0	0	0
Heskett - \$465										
Demand Related 75%	2	349	42	0	0	42	9	0	0	9
Customer Related 25%	8	116	0	0	0	0	0	0	0	0
Meas. & Reg. Equip. - General	18	577	51	0	1	52	39	0	9	48
Meas. & Reg. Equip. - City Gate	19	500	44	0	0	44	18	0	3	21
Services	37	25,785	0	0	181	181	0	0	5	5
Direct	Direct	21	0	0	0	0	0	0	0	0
Meters	5	9,004	0	0	386	386	0	0	40	40
Direct	Direct	7	0	0	0	0	0	0	0	0
Service Regulators	9	1,254	0	0	54	54	0	0	5	5
Direct	Direct	1	0	0	0	0	0	0	0	0
Ind. Meas. & Reg. Station Equipment	21	259	14	0	0	14	68	0	22	90
Property on Customer Premise	13	125	11	0	0	11	5	0	1	6
Cathodic Protection & Other Equipment	13	927	82	0	0	82	34	0	5	39
Distribution Plant		70,020	3,060	0	637	3,697	818	0	96	914
General Plant	38	3,257	186	0	28	214	45	0	3	48
Direct	Direct	98	0	0	0	0	0	0	0	0
Intangible Plant - General	15	745	38	0	7	45	17	0	3	20
Common Plant	15	4,124	212	0	40	252	93	0	18	111
Intangible Plant - Common	15	3,728	192	0	36	228	84	0	17	101
Intangible Plant - Common-CC&B	4	878	0	0	2	2	0	0	0	0
Acquisition Adjustment	15	63	3	0	1	4	1	0	0	1
Less: Total Accumulated Reserve for Depreciation		82,913	3,691	0	751	4,442	1,058	0	137	1,195
Net Gas Plant in Service including Heskett		141,623	8,420	0	1,133	9,553	3,688	0	692	4,379
Additions										
Materials & Supplies	15	2,463	127	0	24	151	56	0	11	67
Fuel Stocks	10	46	0	0	0	0	0	0	0	0
Prepayments	25	188	10	0	2	12	4	0	1	5
Unamortized Loss on Debt	24	623	37	0	5	42	16	0	3	19
Gain on Sale of Williston Office	24	(335)	(20)	0	(3)	(23)	(9)	0	(2)	(11)
Total Additions		2,985	154	0	28	182	67	0	13	80
Total Before Deductions		144,608	8,574	0	1,161	9,735	3,755	0	705	4,459
Deductions										
Accumulated Deferred Income Tax	24	(21,390)	(1,272)	0	(171)	(1,443)	(557)	0	(104)	(661)
Accumulated Investment Tax Credit	24	0	0	0	0	0	0	0	0	0
Customer Advances For Construction	Direct	(8,731)	(52)		(2,170)	(2,222)	(23)	0	(263)	(286)
Total Deductions		(30,121)	(1,324)	0	(2,341)	(3,665)	(580)	0	(367)	(947)
Total Rate Base		114,487	7,250	0	(1,180)	6,070	3,175	0	338	3,513

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	Allocation Factor	Total North Dakota	Minot Air Force Base Distribution			Total Minot Air Force
			Demand	Energy	Customer	
Less: Accumulated Depreciation						
Production Plant	3	0	0	0	0	0
Distribution Plant						
Rights of Way	13	69	0	0	0	0
Structures & Improvements	23	165	0	0	0	0
Mains	40	30,835	0	0	0	0
Direct	Direct	26	19	0	7	26
Heskett - \$465						
Demand Related 75%	2	349	0	0	0	0
Customer Related 25%	8	116	0	0	0	0
Meas. & Reg. Equip. - General	18	577	0	0	0	0
Meas. & Reg. Equip. - City Gate	19	500	3	0	1	4
Services	37	25,785	0	0	0	0
Direct	Direct	21	0	0	21	21
Meters	5	9,004	0	0	0	0
Direct	Direct	7	0	0	7	7
Service Regulators	9	1,254	0	0	0	0
Direct	Direct	1	0	0	1	1
Ind. Meas. & Reg. Station Equipment	21	259	0	0	0	0
Property on Customer Premise	13	125	1	0	0	1
Cathodic Protection & Other Equipment	13	927	6	0	2	8
Distribution Plant		70,020	29	0	39	68
General Plant	38	3,257	1	0	0	1
Direct	Direct	98	73	0	25	98
Intangible Plant - General	15	745	3	0	2	5
Common Plant	15	4,124	15	0	9	24
Intangible Plant - Common	15	3,728	13	0	8	21
Intangible Plant - Common-CC&B	4	878	0	0	0	0
Acquisition Adjustment	15	63	0	0	0	0
Less: Total Accumulated Reserve for Depreciation		82,913	134	0	83	217
Net Gas Plant in Service including Heskett		141,623	805	0	420	1,226
Additions						
Materials & Supplies	15	2,463	9	0	5	14
Fuel Stocks	10	46	0	0	0	0
Prepayments	25	188	1	0	0	1
Unamortized Loss on Debt	24	623	4	0	2	6
Gain on Sale of Williston Office	24	(335)	(2)	0	(1)	(3)
Total Additions		2,985	12	0	6	18
Total Before Deductions		144,608	817	0	426	1,244
Deductions						
Accumulated Deferred Income Tax	24	(21,390)	(122)	0	(63)	(185)
Accumulated Investment Tax Credit	24	0	0	0	0	0
Customer Advances For Construction	Direct	(8,731)	0	0	0	0
Total Deductions		(30,121)	(122)	0	(63)	(185)
Total Rate Base		114,487	695	0	363	1,059

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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	
Income Statement										
Gas Operating Revenues										
Retail Sales & Transportation										
Residential	Direct	67,865	12,399	38,808	16,658	67,865	0	0	0	0
Firm General	Direct	50,612	0	0	0	0	3,070	9,609	2,559	15,238
Air Force Delivery	Direct	2,442	0	0	0	0	0	0	0	0
Small Interruptible	Direct	5,462	0	0	0	0	0	0	0	0
Large Interruptible	Direct	1,484	0	0	0	0	0	0	0	0
Total Sales & Transportation Revenues		127,865	12,399	38,808	16,658	67,865	3,070	9,609	2,559	15,238
Other Operating Revenue										
Miscellaneous										
Reconnect Fees	6	19	0	0	16	16	0	0	2	2
Minot Maintenance Fee Rate 65	Direct	456	0	0	0	0	0	0	0	0
NSF Check Fees & Other	6	7	0	0	6	6	0	0	1	1
Miscellaneous	24	(2)	0	0	(2)	(2)	0	0	0	0
Rent From Gas Property	24	614	143	0	229	372	35	0	30	65
Other Gas Revenues										
Miscellaneous										
Heskett Pipeline Revenue - \$2321	Direct	31	267	33	3	136	172	8	1	18
Demand Related 75%	2	1,741	825	0	0	825	204	0	0	204
Customer Related 25%	8	580	0	0	500	500	0	0	57	57
Transport and Penally Revenue - Net	24	11	3	0	3	6	1	0	1	2
Total Other Operating Revenue		3,694	1,005	3	888	1,896	248	1	109	358
Unbilled Revenue	26	3,238	1,005	3	888	1,896	248	1	109	358
		0	0	0	0	0	0	0	0	0
Total Operating Revenues		131,559	13,404	38,811	17,546	69,761	3,318	9,610	2,668	15,596
Operation & Maintenance Expenses										
Cost of Purchased Gas										
	Direct	94,834	12,399	35,980	0	48,379	3,070	8,144	0	11,214
Other Gas Supply Expenses										
	3	119	0	60	0	60	0	14	0	14
Distribution Expenses										
Operation										
Load Dispatch	1	130	0	48	0	48	0	12	0	12
Mains and Services	22	2,113	495	0	837	1,332	123	0	121	244
Measuring Stations - General	18	80	26	0	16	42	7	0	2	9
Measuring Stations - Industrial	21	111	24	0	15	39	6	0	2	8
Measuring Stations - City Gate	19	8	3	0	2	5	1	0	0	1
Meters & House Regulators	16	555	0	0	350	350	0	0	47	47
Customer Installations	5	701	0	0	443	443	0	0	60	60
Other Gas Distribution	27	2,266	334	29	1,015	1,378	84	7	141	232
Rents	27	126	19	2	56	77	5	0	8	13
Supervision & Engineering	27	1,566	231	20	699	950	58	5	98	161
Direct - Minot AFB Distribution System	Direct	18	0	0	0	0	0	0	0	0
Total Operation Expense		7,674	1,132	99	3,433	4,664	284	24	479	787

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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	
Income Statement										
Gas Operating Revenues										
Retail Sales & Transportation										
Residential	Direct	67,865	0	0	0	0	0	0	0	0
Firm General	Direct	50,612	6,541	25,998	2,835	35,374				0
Air Force Delivery	Direct	2,442	0	0	0	0	197	2,217	28	2,442
Small Interruptible	Direct	5,462	0	0	0	0	0	0	0	0
Large Interruptible	Direct	1,484	0	0	0	0	0	0	0	0
Total Sales & Transportation Revenues		127,865	6,541	25,998	2,835	35,374	197	2,217	28	2,442
Other Operating Revenue										
Miscellaneous										
Reconnect Fees	6	19	0	0	1	1	0	0	0	0
Minot Maintenance Fee Rate 65	Direct	456	0	0	0	0	0	0	0	0
NSF Check Fees & Other	6	7	0	0	0	0	0	0	0	0
Miscellaneous	24	(2)	0	0	0	0	0	0	0	0
Rent From Gas Property	24	614	79	0	32	111	0	0	0	0
Other Gas Revenues										
Miscellaneous										
Heskett Pipeline Revenue - \$2321	Direct	31	267	18	2	25	45	0	0	0
Demand Related 75%	2	1,741	454	0	0	454	0	0	0	0
Customer Related 25%	8	580	0	0	22	22	0	0	0	0
Transport and Penalty Revenue - Net	24	11	1	0	1	2	0	0	0	0
Total Other Operating Revenue		3,694	552	2	81	635	0	0	0	0
Unbilled Revenue	26	0	0	0	0	0	0	0	0	0
Total Operating Revenues		131,559	7,093	26,000	2,916	36,009	197	2,217	28	2,442
Operation & Maintenance Expenses										
Cost of Purchased Gas										
	Direct	94,834	6,541	22,233	0	28,774	197	2,082	0	2,279
Other Gas Supply Expenses	3	119	0	35	0	35	0	4	0	4
Distribution Expenses										
Operation										
Load Dispatch	1	130	0	30	0	30	0	3	0	3
Mains and Services	22	2,113	273	0	58	331	0	0	0	0
Measuring Stations - General	18	80	15	0	1	16	0	0	0	0
Measuring Stations - Industrial	21	111	13	0	1	14	5	0	1	6
Measuring Stations - City Gate	19	8	2	0	0	2	0	0	0	0
Meters & House Regulators	16	555	0	0	130	130	0	0	1	1
Customer Installations	5	701	0	0	164	164	0	0	1	1
Other Gas Distribution	27	2,266	185	18	216	419	3	2	2	7
Rents	27	126	10	1	12	23	0	0	0	0
Supervision & Engineering	27	1,566	128	13	149	290	2	1	1	4
Direct - Minot AFB Distribution System	Direct	18	0	0	0	0	0	0	0	0
Total Operation Expense		7,674	626	62	731	1,419	10	6	6	22

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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	
Income Statement									
Gas Operating Revenues									
Retail Sales & Transportation									
Residential	Direct	67,865	0	0	0	0	0	0	0
Firm General	Direct	50,612	0	0	0	0	0	0	0
Air Force Delivery	Direct	2,442	0	0	0	0	0	0	0
Small Interruptible	Direct	5,462	354	4,671	437	5,462	0	0	0
Large Interruptible	Direct	1,484	0	0	0	0	12	1,392	80
Total Sales & Transportation Revenues		127,865	354	4,671	437	5,462	12	1,392	80
Other Operating Revenue									
Miscellaneous									
Reconnect Fees	6	19	0	0	0	0	0	0	0
Minot Maintenance Fee Rate 65	Direct	456	0	0	0	0	0	0	0
NSF Check Fees & Other	6	7	0	0	0	0	0	0	0
Miscellaneous	24	(2)	0	0	0	0	0	0	0
Rent From Gas Property	24	614	37	0	5	42	16	0	3
Other Gas Revenues									
Miscellaneous	31	267	8	1	4	13	5	1	2
Heskett Pipeline Revenue - \$2321									
Demand Related 75%	2	1,741	211	0	0	211	47	0	0
Customer Related 25%	8	580	0	0	1	1	0	0	0
Transport and Penalty Revenue - Net	24	11	1	0	0	1	0	0	0
Total Other Operating Revenue		3,694	257	1	10	268	68	1	5
Unbilled Revenue	26	3,238	257	1	10	268	68	1	5
		0	0	0	0	0	0	0	0
Total Operating Revenues		131,559	611	4,672	447	5,730	80	1,393	85
Operation & Maintenance Expenses									
Cost of Purchased Gas									
	Direct	94,834	354	3,694	0	4,048	12	128	0
Other Gas Supply Expenses	3	119	0	6	0	6	0	0	0
Distribution Expenses									
Operation									
Load Dispatch	1	130	0	12	0	12	0	25	0
Mains and Services	22	2,113	126	0	5	131	53	0	8
Measuring Stations - General	18	80	7	0	0	7	5	0	1
Measuring Stations - Industrial	21	111	6	0	0	6	29	0	9
Measuring Stations - City Gate	19	8	0	0	0	0	0	0	0
Meters & House Regulators	16	555	0	0	24	24	0	0	2
Customer Installations	5	701	0	0	30	30	0	0	3
Other Gas Distribution	27	2,266	85	7	36	128	53	15	14
Rents	27	126	5	0	2	7	3	1	1
Supervision & Engineering	27	1,566	59	5	25	89	37	11	10
Direct - Minot AFB Distribution System	Direct	18	0	0	0	0	0	0	0
Total Operation Expense		7,674	268	24	122	434	180	52	48

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	Allocation Factor	Total North Dakota	Minot Air Force Base Distribution			Total Minot Air Force
			Demand	Energy	Customer	
Income Statement						
Gas Operating Revenues						
Retail Sales & Transportation						
Residential	Direct	67,865	0	0	0	0
Firm General	Direct	50,612	0	0	0	0
Air Force Delivery	Direct	2,442	0	0	0	0
Small Interruptible	Direct	5,462	0	0	0	0
Large Interruptible	Direct	1,484	0	0	0	0
Total Sales & Transportation Revenues		127,865	0	0	0	0
Other Operating Revenue						
Miscellaneous						
Reconnect Fees	6	19	0	0	0	0
Minot Maintenance Fee Rate 65	Direct	456	0	0	456	456
NSF Check Fees & Other	6	7	0	0	0	0
Miscellaneous	24	(2)	0	0	0	0
Rent From Gas Property	24	614	3	0	2	5
Other Gas Revenues						
Miscellaneous	31	267	2	0	0	2
Heskett Pipeline Revenue - \$2321						
Demand Related 75%	2	1,741	0	0	0	0
Customer Related 25%	8	580	0	0	0	0
Transport and Penalty Revenue - Net	24	11	0	0	0	0
Total Other Operating Revenue		3,694	5	0	458	463
Unbilled Revenue	26	3,238	5	0	2	7
		0	0	0	0	0
Total Operating Revenues		131,559	5	0	458	463
Operation & Maintenance Expenses						
Cost of Purchased Gas						
Other Gas Supply Expenses	3	94,834	0	0	0	0
Distribution Expenses						
Operation						
Load Dispatch	1	130	0	0	0	0
Mains and Services	22	2,113	9	0	5	14
Measuring Stations - General	18	80	0	0	0	0
Measuring Stations - Industrial	21	111	0	0	0	0
Measuring Stations - City Gate	19	8	0	0	0	0
Meters & House Regulators	16	555	0	0	1	1
Customer Installations	5	701	0	0	0	0
Other Gas Distribution	27	2,266	16	0	4	20
Rents	27	126	1	0	0	1
Supervision & Engineering	27	1,566	11	0	3	14
Direct -Minot AFB Distribution System	Direct	18	18	0	0	18
Total Operation Expense		7,674	55	0	13	68

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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	
Maintenance										
Structures & Improvements	13	12	5	0	3	8	1	0	0	1
Mains	13	331	114	0	69	183	28	0	8	36
Measuring Stations - General	18	60	20	0	12	32	5	0	1	6
Measuring Stations - Industrial	21	46	9	0	6	15	2	0	1	3
Measuring Stations - City Gate	19	1	1	0	0	1	0	0	0	0
Services	5	194	0	0	123	123	0	0	17	17
Meters & House Regulators	16	380	0	0	239	239	0	0	33	33
Other Equipment	28	261	37	0	115	152	9	0	15	24
Supervision & Engineering	28	321	46	0	136	182	11	0	18	29
Direct -Minot AFB Distribution System	Direct	26	0	0	0	0	0	0	0	0
Total Maintenance Expense		1,632	232	0	703	935	56	0	93	149
Total Distribution Expenses		9,306	1,364	99	4,136	5,599	340	24	572	936
Customer Accounts	4	53	0	0	46	46	0	0	5	5
Meter Reading	5	230	0	0	145	145	0	0	20	20
Customer Records & Collection	4	1,902	0	0	1,640	1,640	0	0	186	186
Uncollectible Accounts	6	269	0	0	233	233	0	0	26	26
Miscellaneous Customer Accounts	4	224	0	0	193	193	0	0	22	22
Customer Service & Information	4	200	0	0	172	172	0	0	20	20
Sales Expenses	4	117	0	0	102	102	0	0	11	11
Administration & General Expenses	30	7,628	1,118	81	3,389	4,588	279	20	469	768
Total Gas O&M Expenses		114,883	14,882	36,220	10,056	61,158	3,689	8,202	1,331	13,222
O&M Excl. Cost of Gas and A&G		12,421	1,365	159	6,667	8,191	340	38	862	1,240
O&M Excl. Cost of Gas		20,649	2,483	240	10,056	12,779	619	58	1,331	2,008
Depreciation Expense										
Production Plant	3	0	0	0	0	0	0	0	0	0
Distribution Plant										
Rights of Way	13	11	5	0	2	7	1	0	0	1
Structures & Improvements	23	5	1	0	1	2	0	0	0	0
Mains	40	1,649	586	0	355	941	145	0	40	185
Direct -Minot AFB Distribution System	Direct	14	0	0	0	0	0	0	0	0
Heskett Pipeline - \$465	Direct									
Demand Related 75%	2	349	166	0	0	166	41	0	0	41
Customer Related 25%	8	116	0	0	101	101	0	0	11	11
Meas. & Reg. Equip. - General	18	77	26	0	15	41	6	0	2	8
Meas. & Reg. Equip. - City Gate	19	268	90	0	56	146	23	0	6	29
Services	17	2,149	0	0	1,713	1,713	0	0	277	277
Direct -Minot AFB Distribution System	Direct	6	0	0	0	0	0	0	0	0
Meters	5	748	0	0	473	473	0	0	64	64
Direct -Minot AFB Distribution System	Direct	2	0	0	0	0	0	0	0	0
Service Regulators	20	51	0	0	33	33	0	0	4	4
Ind. Meas. & Reg. Station Equipment	21	11	2	0	1	3	1	0	0	1
Cathodic Protection & Other Equipment	13	101	34	0	21	55	9	0	2	11
Total Distribution Plant		5,557	910	0	2,771	3,681	226	0	406	632

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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	
Maintenance										
Structures & Improvements	13	12	2	0	0	2	0	0	0	0
Mains	13	331	63	0	3	66	0	0	0	0
Measuring Stations - General	18	60	11	0	1	12	0	0	0	0
Measuring Stations - Industrial	21	46	6	0	0	6	2	0	1	3
Measuring Stations - City Gate Services	19	1	0	0	0	0	0	0	0	0
Meters & House Regulators	5	194	0	0	45	45	0	0	0	0
Other Equipment	16	380	0	0	89	89	0	0	1	1
Supervision & Engineering	28	261	20	0	34	54	0	0	0	0
Direct -Minot AFB Distribution System	28	321	25	0	42	67	1	0	1	2
Total Maintenance Expense	Direct	26	0	0	0	0	0	0	0	0
Total Distribution Expenses		9,306	753	62	945	1,760	13	6	9	28
Customer Accounts	4	53	0	0	2	2	0	0	0	0
Meter Reading	5	230	0	0	54	54	0	0	0	0
Customer Records & Collection	4	1,902	0	0	72	72	0	0	0	0
Uncollectible Accounts	6	269	0	0	10	10	0	0	0	0
Miscellaneous Customer Accounts	4	224	0	0	9	9	0	0	0	0
Customer Service & Information	4	200	0	0	8	8	0	0	0	0
Sales Expenses	4	117	0	0	4	4	0	0	0	0
Administration & General Expenses	30	7,628	617	51	775	1,443	11	5	7	23
Total Gas O&M Expenses		114,883	7,911	22,381	1,879	32,171	221	2,097	16	2,334
O&M Excl. Cost of Gas and A&G		12,421	753	97	1,104	1,954	13	10	9	32
O&M Excl. Cost of Gas		20,049	1,370	148	1,879	3,397	24	15	16	55
Depreciation Expense										
Production Plant	3	0	0	0	0	0	0	0	0	0
Distribution Plant										
Rights of Way	13	11	2	0	0	2	0	0	0	0
Structures & Improvements	23	5	1	0	1	2	0	0	0	0
Mains	40	1,649	323	0	16	339	0	0	0	0
Direct -Minot AFB Distribution System	Direct	14	0	0	0	0	0	0	0	0
Hesket Pipeline - \$465	Direct									
Demand Related 75%	2	349	91	0	0	91	0	0	0	0
Customer Related 25%	8	116	0	0	4	4	0	0	0	0
Meas. & Reg. Equip. - General	18	77	14	0	1	15	0	0	0	0
Meas. & Reg. Equip. - City Gate	19	268	50	0	2	52	2	0	1	3
Services	17	2,149	0	0	143	143	0	0	0	0
Direct -Minot AFB Distribution System	Direct	6	0	0	0	0	0	0	0	0
Meters	5	748	0	0	175	175	0	0	1	1
Direct -Minot AFB Distribution System	Direct	2	0	0	0	0	0	0	0	0
Service Regulators	20	51	0	0	12	12	0	0	0	0
Ind. Meas. & Reg. Station Equipment	21	11	1	0	0	1	0	0	0	0
Cathodic Protection & Other Equipment	13	101	19	0	1	20	0	0	0	0
Total Distribution Plant		5,557	501	0	355	856	2	0	2	4

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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	
Maintenance										
Structures & Improvements	13	12	1	0	0	1	0	0	0	0
Mains	13	331	29	0	0	29	12	0	2	14
Measuring Stations - General	18	60	5	0	0	5	4	0	1	5
Measuring Stations - Industrial	21	46	3	0	0	3	12	0	4	16
Measuring Stations - City Gate	19	1	0	0	0	0	0	0	0	0
Services	5	194	0	0	8	8	0	0	1	1
Meters & House Regulators	16	380	0	0	16	16	0	0	1	1
Other Equipment	28	261	9	0	6	15	7	0	2	9
Supervision & Engineering	28	321	12	0	7	19	9	0	3	12
Direct - Minot AFB Distribution System	Direct	26	0	0	0	0	0	0	0	0
Total Maintenance Expense		1,632	59	0	37	96	44	0	14	58
Total Distribution Expenses		9,306	347	24	159	530	224	52	62	338
Customer Accounts	4	53	0	0	0	0	0	0	0	0
Meter Reading	5	230	0	0	10	10	0	0	1	1
Customer Records & Collection	4	1,902	0	0	4	4	0	0	0	0
Uncollectible Accounts	6	269	0	0	0	0	0	0	0	0
Miscellaneous Customer Accounts	4	224	0	0	0	0	0	0	0	0
Customer Service & Information	4	200	0	0	0	0	0	0	0	0
Sales Expenses	4	117	0	0	0	0	0	0	0	0
Administration & General Expenses	30	7,628	284	20	130	434	184	43	51	278
Total Gas O&M Expenses		114,883	985	3,744	303	5,032	420	223	114	757
O&M Excl. Cost of Gas and A&G		12,421	347	30	173	550	224	52	63	339
O&M Excl. Cost of Gas		20,049	631	50	303	984	408	95	114	617
Depreciation Expense										
Production Plant	3	0	0	0	0	0	0	0	0	0
Distribution Plant										
Rights of Way	13	11	1	0	0	1	0	0	0	0
Structures & Improvements	23	5	0	0	0	0	1	0	0	1
Mains	40	1,649	150	0	1	151	33	0	0	33
Direct - Minot AFB Distribution System	Direct	14	0	0	0	0	0	0	0	0
Heskett Pipeline - \$465	Direct									
Demand Related 75%	2	349	42	0	0	42	9	0	0	9
Customer Related 25%	8	116	0	0	0	0	0	0	0	0
Meas. & Reg. Equip. - General	18	77	7	0	0	7	5	0	1	6
Meas. & Reg. Equip. - City Gate	19	268	23	0	0	23	10	0	2	12
Services	17	2,149	0	0	15	15	0	0	1	1
Direct - Minot AFB Distribution System	Direct	6	0	0	0	0	0	0	0	0
Meters	5	748	0	0	32	32	0	0	3	3
Direct - Minot AFB Distribution System	Direct	2	0	0	0	0	0	0	0	0
Service Regulators	20	51	0	0	2	2	0	0	0	0
Ind. Meas. & Reg. Station Equipment	21	11	1	0	0	1	3	0	2	5
Cathodic Protection & Other Equipment	13	101	9	0	0	9	4	0	1	5
Total Distribution Plant		5,557	233	0	50	283	65	0	10	75

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	Allocation Factor	Total North Dakota	Minot Air Force Base Distribution			Total Minot Air Force
			Demand	Energy	Customer	
Maintenance						
Structures & Improvements	13	12	0	0	0	0
Mains	13	331	2	0	1	3
Measuring Stations - General	18	60	0	0	0	0
Measuring Stations - Industrial	21	46	0	0	0	0
Measuring Stations - City Gate	19	1	0	0	0	0
Services	5	194	0	0	0	0
Meters & House Regulators	16	380	0	0	1	1
Other Equipment	28	261	7	0	0	7
Supervision & Engineering	28	321	9	0	1	10
Direct -Minot AFB Distribution System	Direct	26	26	0	0	26
Total Maintenance Expense		1,632	44	0	3	47
Total Distribution Expenses		9,306	99	0	16	115
Customer Accounts	4	53	0	0	0	0
Meter Reading	5	230	0	0	0	0
Customer Records & Collection	4	1,902	0	0	0	0
Uncollectible Accounts	6	269	0	0	0	0
Miscellaneous Customer Accounts	4	224	0	0	0	0
Customer Service & Information	4	200	0	0	0	0
Sales Expenses	4	117	0	0	0	0
Administration & General Expenses	30	7,628	81	0	13	94
Total Gas O&M Expenses		114,883	180	0	29	209
O&M Excl. Cost of Gas and A&G		12,421	99	0	16	115
O&M Excl. Cost of Gas		20,049	180	0	29	209
Depreciation Expense						
Production Plant	3	0	0	0	0	0
Distribution Plant						
Rights of Way	13	11	0	0	0	0
Structures & Improvements	23	5	0	0	0	0
Mains	40	1,649	0	0	0	0
Direct -Minot AFB Distribution System	Direct	14	14	0	0	14
Heskett Pipeline - \$465	Direct					
Demand Related 75%	2	349	0	0	0	0
Customer Related 25%	8	116	0	0	0	0
Meas. & Reg. Equip. - General	18	77	0	0	0	0
Meas. & Reg. Equip. - City Gate	19	268	2	0	1	3
Services	17	2,149	0	0	0	0
Direct -Minot AFB Distribution System	Direct	6	0	0	6	6
Meters	5	748	0	0	0	0
Direct -Minot AFB Distribution System	Direct	2	0	0	2	2
Service Regulators	20	51	0	0	0	0
Ind. Meas. & Reg. Station Equipment	21	11	0	0	0	0
Cathodic Protection & Other Equipment	13	101	1	0	0	1
Total Distribution Plant		5,557	17	0	9	26

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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	
General Plant	38	152	34	0	62	96	8	0	8	16
Direct -Minot AFB Distribution System	Direct	5	0	0	0	0	0	0	0	0
Amort. of Intangible Plant - General	15	156	31	0	65	96	8	0	9	17
Common Plant	15	464	94	0	197	291	23	0	27	50
Intangible Plant - Common (Excluding CC&B)	15	373	75	0	158	233	19	0	22	41
Intangible Plant - Common (CC&B)	4	351	0	0	303	303	0	0	34	34
Amortization of Gain	15	(17)	(3)	0	(8)	(11)	(1)	0	(1)	(2)
Acquisition Adjustment	15	3	1	0	1	2	0	0	0	0
Total Depreciation Expense		7,044	1,142	0	3,549	4,691	283	0	505	788
Taxes Other Than Income										
Ad Valorem Taxes-Production	3	0	0	0	0	0	0	0	0	0
Ad Valorem Taxes-Other	15	1,046	211	0	439	650	52	0	62	114
Other Taxes - Payroll, Franchise, Other	31	816	101	10	409	520	25	2	54	81
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		1,864	312	11	848	1,171	77	2	116	195
Total Operating Expense		123,791	16,336	36,231	14,453	67,020	4,049	8,204	1,952	14,205
Interest Expense	36	2,853	670	0	1,071	1,741	166	0	141	307
Direct -Minot AFB Distribution System	Direct	28	0	0	0	0	0	0	0	0
Taxable Income		4,887	(3,602)	2,580	2,022	1,000	(897)	1,406	575	1,084
Income Taxes	37.9445%	1,854	(1,366)	979	767	380	(340)	533	218	411
Full Normalization	24	(102)	(24)	0	(38)	(62)	(6)	0	(5)	(11)
Total Income Taxes		1,752	(1,390)	979	729	318	(346)	533	213	400
Total Operating Expense		125,543	14,946	37,210	15,182	67,338	3,703	8,737	2,165	14,605
Operating Income:		6,016	(1,542)	1,601	2,364	2,423	(385)	873	503	991

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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		
General Plant	38	152	19	0	9	28	0	0	0	0
Direct - Minot AFB Distribution System	Direct	5	0	0	0	0	0	0	0	0
Amort. of Intangible Plant - General	15	156	17	0	10	27	0	0	0	0
Common Plant	15	464	51	0	29	80	0	0	0	0
Intangible Plant - Common (Excluding CC&B)	15	373	41	0	23	64	0	0	0	0
Intangible Plant - Common (CC&B)	4	351	0	0	13	13	0	0	0	0
Amortization of Gain	15	(17)	(2)	0	(1)	(3)	0	0	0	0
Acquisition Adjustment	15	3	0	0	0	0	1	0	0	1
Total Depreciation Expense		7,044	627	0	438	1,065	3	0	2	5
Taxes Other Than Income										
Ad Valorem Taxes-Production	3	0	0	0	0	0	0	0	0	0
Ad Valorem Taxes-Other	15	1,046	116	0	66	182	1	0	0	1
Other Taxes - Payroll, Franchise, Other	31	816	56	6	76	138	1	1	1	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		1,864	172	6	142	320	2	1	1	4
Total Operating Expense		123,791	8,710	22,387	2,459	33,556	226	2,098	19	2,343
Interest Expense	36	2,853	368	0	152	520	1	0	1	2
Direct - Minot AFB Distribution System	Direct	28	0	0	0	0	0	0	0	0
Taxable Income		4,887	(1,985)	3,613	305	1,933	(30)	119	8	97
Income Taxes	37,9445%	1,854	(753)	1,371	116	734	(11)	45	3	37
Full Normalization	24	(102)	(13)	0	(5)	(18)	0	0	0	0
Total Income Taxes		1,752	(766)	1,371	111	716	(11)	45	3	37
Total Operating Expense		125,543	7,944	23,758	2,570	34,272	215	2,143	22	2,380
Operating Income:		6,016	(851)	2,242	346	1,737	(18)	74	6	62

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Twelve Months Ended December 31, 2013
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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	
General Plant	38	152	9	0	1	10	2	0	0	2
Direct -Minot AFB Distribution System	Direct	5	0	0	0	0	0	0	0	0
Amort. of Intangible Plant - General	15	156	8	0	2	10	4	0	1	5
Common Plant	15	464	24	0	4	28	10	0	2	12
Intangible Plant - Common (Excluding CC&B)	15	373	19	0	4	23	8	0	2	10
Intangible Plant - Common (CC&B)	4	351	0	0	1	1	0	0	0	0
Amortization of Gain	15	(17)	(1)	0	0	(1)	0	0	0	0
Acquisition Adjustment	15	3	0	0	0	0	0	0	0	0
Total Depreciation Expense		7,044	292	0	62	354	89	0	15	104
Taxes Other Than Income										
Ad Valorem Taxes-Production	3	0	0	0	0	0	0	0	0	0
Ad Valorem Taxes-Other	15	1,046	54	0	10	64	24	0	5	29
Other Taxes - Payroll, Franchise, Other	31	816	26	2	12	40	17	4	5	26
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		1,864	80	2	22	104	41	4	10	55
Total Operating Expense		123,791	1,357	3,746	387	5,490	550	227	139	916
Interest Expense	36	2,853	171	0	23	194	75	0	14	89
Direct -Minot AFB Distribution System	Direct	28	0	0	0	0	0	0	0	0
Taxable Income		4,887	(917)	926	37	46	(545)	1,166	(68)	553
Income Taxes	37.9445%	1,854	(348)	351	14	17	(207)	442	(26)	209
Full Normalization	24	(102)	(6)	0	(1)	(7)	(3)	0	0	(3)
Total Income Taxes		1,752	(354)	351	13	10	(210)	442	(26)	206
Total Operating Expense		125,543	1,003	4,097	400	5,500	340	669	113	1,122
Operating Income:		6,016	(392)	575	47	230	(260)	724	(28)	436

MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - NORTH DAKOTA
Embedded Class Cost of Service Study
Twelve Months Ended December 31, 2013
Projected 2015

	Allocation Factor	Total North Dakota	Minot Air Force Base Distribution			Total Minot Air Force
			Demand	Energy	Customer	
General Plant	38	152	0	0	0	0
Direct -Minot AFB Distribution System	Direct	5	4	0	1	5
Amort. of Intangible Plant - General	15	156	1	0	0	1
Common Plant	15	464	2	0	1	3
Intangible Plant - Common (Excluding CC&B)	15	373	1	0	1	2
Intangible Plant - Common (CC&B)	4	351	0	0	0	0
Amortization of Gain	15	(17)	0	0	0	0
Acquisition Adjustment	15	3	0	0	0	0
Total Depreciation Expense		7,044	25	0	12	37
Taxes Other Than Income						
Ad Valorem Taxes-Production	3	0	0	0	0	0
Ad Valorem Taxes-Other	15	1,046	4	0	2	6
Other Taxes - Payroll, Franchise, Other	31	816	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		1,864	12	0	3	15
Total Operating Expense		123,791	217	0	44	261
Interest Expense	36	2,853	0	0	0	0
Direct -Minot AFB Distribution System	Direct	28	21	0	7	28
Taxable Income		4,887	(233)	0	407	174
Income Taxes	37.9445%	1,854	(88)	0	154	66
Full Normalization	24	(102)	(1)	0	0	(1)
Total Income Taxes		1,752	(89)	0	154	65
Total Operating Expense		125,543	128	0	198	326
Operating Income:		6,016	(123)	0	260	137

MONTANA-DAKOTA UTILITIES CO.
 GAS UTILITY - NORTH DAKOTA
 EMBEDDED CLASS COST OF SERVICE STUDY
 ALLOCATION FACTOR REPORT
 TWELVE MONTHS ENDED DECEMBER 31, 2013
 PROJECTED AVERAGE PLANT

	Total North Dakota	Residential			Small Firm General		
		Demand	Energy	Customer	Demand	Energy	Customer
1 Dk Throughput Projected	22,701,302 100.000000%	0 0.000000%	8,667,437 38.180351%	0 0.000000%	0 0.000000%	2,008,794 8.848805%	0 0.000000%
2 Peak Design Day @ Distribution	186,361 100.000000%	88,320 47.391890%	0 0.000000%	0 0.000000%	21,866 11.733142%	0 0.000000%	0 0.000000%
3 Dk Sales Projected	17,295,540 100.000000%	0 0.000000%	8,667,437 50.113713%	0 0.000000%	0 0.000000%	2,008,794 11.614520%	0 0.000000%
4 Average Customers	107,247 100.000000%	0 0.000000%	0 0.000000%	92,478 86.228985%	0 0.000000%	0 0.000000%	10,463 9.755984%
5 Total Weighted Customers	146,530 100.000000%	0 0.000000%	0 0.000000%	92,478 63.111989%	0 0.000000%	0 0.000000%	12,556 8.568894%
6 Average Res. & Firm General Cust.	107,029 100.000000%	0 0.000000%	0 0.000000%	92,478 86.404619%	0 0.000000%	0 0.000000%	10,463 9.775855%
7 Dk Throughput Excl Transmission	18,805,708 100.000000%	0 0.000000%	8,667,437 46.089395%	0 0.000000%	0 0.000000%	2,008,794 10.681831%	0 0.000000%
8 Average Customers @ Distribution	107,243 100.000000%	0 0.000000%	0 0.000000%	92,478 86.232201%	0 0.000000%	0 0.000000%	10,463 9.756348%
9 Total Weighted Customers Excluding Large IT - Transmission Customers	146,436 100.000000%	0 0.000000%	0 0.000000%	92,478 63.152503%	0 0.000000%	0 0.000000%	12,556 8.574394%
10 Residential & Firm General Propane Sales	50,826 100.000000%	0 0.000000%	21,374 42.053280%	0 0.000000%	0 0.000000%	13,787 27.125880%	0 0.000000%
13 Distribution Mains (000's) excluding Heskett	79,954 100.000000%	27,534 34.437300%	0 0.000000%	16,700 20.887010%	6,817 8.526153%	0 0.000000%	1,889 2.362608%
15 Distribution Plant (000's) excluding Heskett	161,135 100.000000%	32,477 20.155145%	0 0.000000%	67,767 42.056032%	8,041 4.990224%	0 0.000000%	9,530 5.914294%
16 Meters & Regulators (000's)	29,003 100.000000%	0 0.000000%	0 0.000000%	18,274 63.007274%	0 0.000000%	0 0.000000%	2,481 8.554287%
17 Weighted Services	116,012 100.000000%	0 0.000000%	0 0.000000%	92,478 79.714167%	0 0.000000%	0 0.000000%	14,962 12.896942%

MONTANA-DAKOTA UTILITIES CO.
 GAS UTILITY - NORTH DAKOTA
 EMBEDDED CLASS COST OF SERVICE STUDY
 ALLOCATION FACTOR REPORT
 TWELVE MONTHS ENDED DECEMBER 31, 2013
 PROJECTED AVERAGE PLANT

	Total North Dakota	Large Firm General			Air Force Delivery		
		Demand	Energy	Customer	Demand	Energy	Customer
1 Dk Throughput Projected	22,701,302 100.000000%	0 0.000000%	5,155,153 22.708623%	0 0.000000%	0 0.000000%	511,626 2.253730%	0 0.000000%
2 Peak Design Day @ Distribution	186,361 100.000000%	48,609 26.083247%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%
3 Dk Sales Projected	17,295,540 100.000000%	0 0.000000%	5,155,153 29.806256%	0 0.000000%	0 0.000000%	511,626 2.958138%	0 0.000000%
4 Average Customers	107,247 100.000000%	0 0.000000%	0 0.000000%	4,088 3.811762%	0 0.000000%	0 0.000000%	3 0.002797%
5 Total Weighted Customers	146,530 100.000000%	0 0.000000%	0 0.000000%	34,339 23.434792%	0 0.000000%	0 0.000000%	217 0.148093%
6 Average Res. & Firm General Cust.	107,029 100.000000%	0 0.000000%	0 0.000000%	4,088 3.819526%	0 0.000000%	0 0.000000%	0 0.000000%
7 Dk Throughput Excl Transmission	18,805,708 100.000000%	0 0.000000%	5,155,153 27.412704%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%
8 Average Customers @ Distribution	107,243 100.000000%	0 0.000000%	0 0.000000%	4,088 3.811904%	0 0.000000%	0 0.000000%	0 0.000000%
9 Total Weighted Customers Excluding Large IT - Transmission Customers	146,436 100.000000%	0 0.000000%	0 0.000000%	34,339 23.449835%	0 0.000000%	0 0.000000%	217 0.148188%
10 Residential & Firm General Propane Sales	50,826 100.000000%	0 0.000000%	15,665 30.820840%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%
13 Distribution Mains (000's) excluding Heskett	79,954 100.000000%	15,154 18.953398%	0 0.000000%	738 0.923031%	0 0.000000%	0 0.000000%	0 0.000000%
15 Distribution Plant (000's) excluding Heskett	161,135 100.000000%	17,875 11.093180%	0 0.000000%	10,144 6.295341%	86 0.053222%	0 0.000000%	71 0.044013%
16 Meters & Regulators (000's)	29,003 100.000000%	0 0.000000%	0 0.000000%	6,785 23.394132%	0 0.000000%	0 0.000000%	43 0.148261%
17 Weighted Services	116,012 100.000000%	0 0.000000%	0 0.000000%	7,726 6.659656%	0 0.000000%	0 0.000000%	0 0.000000%

**MONTANA-DAKOTA UTILITIES CO.
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 PROJECTED AVERAGE PLANT**

	Total North Dakota	Small Interruptible			Large Interruptible		
		Demand	Energy	Customer	Demand	Energy	Customer
1 Dk Throughput Projected	22,701,302 100.000000%	0 0.000000%	2,018,878 8.893226%	0 0.000000%	0 0.000000%	4,339,414 19.115265%	0 0.000000%
2 Peak Design Day @ Distribution	186,361 100.000000%	22,550 12.100171%	0 0.000000%	0 0.000000%	5,016 2.691550%	0 0.000000%	0 0.000000%
3 Dk Sales Projected	17,295,540 100.000000%	0 0.000000%	920,446 5.321869%	0 0.000000%	0 0.000000%	32,084 0.185504%	0 0.000000%
4 Average Customers	107,247 100.000000%	0 0.000000%	0 0.000000%	208 0.193945%	0 0.000000%	0 0.000000%	7 0.006527%
5 Total Weighted Customers	146,530 100.000000%	0 0.000000%	0 0.000000%	6,282 4.287177%	0 0.000000%	0 0.000000%	658 0.449055%
6 Average Res. & Firm General Cust.	107,029 100.000000%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%
7 Dk Throughput Excl Transmission	18,805,708 100.000000%	0 0.000000%	2,018,878 10.735453%	0 0.000000%	0 0.000000%	955,446 5.080617%	0 0.000000%
8 Average Customers @ Distribution	107,243 100.000000%	0 0.000000%	0 0.000000%	208 0.193952%	0 0.000000%	0 0.000000%	6 0.005595%
9 Total Weighted Customers Excluding Large IT - Transmission Customers	146,436 100.000000%	0 0.000000%	0 0.000000%	6,282 4.289929%	0 0.000000%	0 0.000000%	564 0.385151%
10 Residential & Firm General Propane Sales	50,826 100.000000%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%
13 Distribution Mains (000's) excluding Heskett	79,954 100.000000%	7,030 8.792556%	0 0.000000%	38 0.047527%	2,925 3.658354%	0 0.000000%	454 0.567827%
15 Distribution Plant (000's) excluding Heskett	161,135 100.000000%	8,300 5.150959%	0 0.000000%	1,550 0.961926%	3,642 2.259917%	0 0.000000%	720 0.446730%
16 Meters & Regulators (000's)	29,003 100.000000%	0 0.000000%	0 0.000000%	1,241 4.278868%	0 0.000000%	0 0.000000%	111 0.382719%
17 Weighted Services	116,012 100.000000%	0 0.000000%	0 0.000000%	813 0.700790%	0 0.000000%	0 0.000000%	27 0.023273%

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		Total	Minot Air Force Base Distribution		
		North Dakota	Demand	Energy	Customer
		22,701,302	0	0	0
1	Dk Throughput Projected	100.000000%	0.000000%	0.000000%	0.000000%
		186,361	0	0	0
2	Peak Design Day @ Distribution	100.000000%	0.000000%	0.000000%	0.000000%
		17,295,540	0	0	0
3	Dk Sales Projected	100.000000%	0.000000%	0.000000%	0.000000%
		107,247	0	0	0
4	Average Customers	100.000000%	0.000000%	0.000000%	0.000000%
		146,530	0	0	0
5	Total Weighted Customers	100.000000%	0.000000%	0.000000%	0.000000%
		107,029	0	0	0
6	Average Res. & Firm General Cust.	100.000000%	0.000000%	0.000000%	0.000000%
		18,805,708	0	0	0
7	Dk Throughput Excl Transmission	100.000000%	0.000000%	0.000000%	0.000000%
		107,243	0	0	0
8	Average Customers @ Distribution	100.000000%	0.000000%	0.000000%	0.000000%
	Total Weighted Customers Excluding	146,436	0	0	0
9	Large IT - Transmission Customers	100.000000%	0.000000%	0.000000%	0.000000%
		50,826	0	0	0
10	Residential & Firm General Propane Sales	100.000000%	0.000000%	0.000000%	0.000000%
		79,954	506	0	169
13	Distribution Mains (000's) excluding Heskett	100.000000%	0.632864%	0.000000%	0.211372%
		161,135	574	0	359
15	Distribution Plant (000's) excluding Heskett	100.000000%	0.356223%	0.000000%	0.222794%
		29,003	0	0	68
16	Meters & Regulators (000's)	100.000000%	0.000000%	0.000000%	0.234459%
		116,012	0	0	6
17	Weighted Services	100.000000%	0.000000%	0.000000%	0.005172%

**MONTANA-DAKOTA UTILITIES CO.
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	Total North Dakota	Residential			Small Firm General		
		Demand	Energy	Customer	Demand	Energy	Customer
18 Meas. & Reg. Sta. Eqpt.- General (000's)	2,342 100.000000%	774 33.048675%	0 0.000000%	470 20.068318%	192 8.198121%	0 0.000000%	53 2.263023%
19 Meas. & Reg. Eqpt.- City Gate (000's)	9,538 100.000000%	3,261 34.190704%	0 0.000000%	1,977 20.728311%	807 8.461177%	0 0.000000%	224 2.348580%
20 Service Regulators (000's)	3,230 100.000000%	0 0.000000%	0 0.000000%	2,030 62.848297%	0 0.000000%	0 0.000000%	276 8.544892%
21 Ind. Meas. & Reg. Sta. Eqpt. (000's)	467 100.000000%	101 21.610888%	0 0.000000%	62 13.266090%	25 5.349230%	0 0.000000%	7 1.497784%
22 Mains & Services (000's)	117,428 100.000000%	27,534 23.447559%	0 0.000000%	46,495 39.594475%	6,817 5.805259%	0 0.000000%	6,710 5.714140%
23 Structures and Improvements	257 100.000000%	73 28.404670%	0 0.000000%	44 17.120623%	18 7.003891%	0 0.000000%	5 1.945525%
24 Net Gas Plant in Service (000's)	141,623 100.000000%	32,952 23.267468%	0 0.000000%	52,715 37.222160%	8,157 5.759673%	0 0.000000%	6,917 4.884107%
25 Total Gas Plant in Service (000's)	224,536 100.000000%	47,401 21.110681%	0 0.000000%	92,721 41.294560%	11,736 5.226787%	0 0.000000%	12,725 5.667252%
26 Projected Operating Revenue (000's)	127,865 100.000000%	12,399 9.696946%	38,808 30.350759%	16,658 13.027803%	3,070 2.400970%	9,609 7.514957%	2,559 2.001330%
27 All Other Dist. Operation Exp. (000's)	3,716 100.000000%	548 14.747040%	48 1.291712%	1,663 44.752422%	137 3.686760%	12 0.322928%	232 6.243272%
28 All Other Dist. Maintenance Exp. (000's)	1,050 100.000000%	149 14.190476%	0 0.000000%	452 43.047619%	36 3.428571%	0 0.000000%	60 5.714286%
29 O&M Excl. Cost of Gas and A&G (000's)	12,421 100.000000%	1,365 10.989453%	159 1.280090%	6,667 53.675228%	340 2.737300%	38 0.305933%	862 6.939860%
30 Distribution O&M (000's)	9,306 100.000000%	1,364 14.657210%	99 1.063830%	4,136 44.444444%	340 3.653557%	24 0.257898%	572 6.146572%
31 O&M Excl. Cost of Gas (000's)	20,049 100.000000%	2,483 12.384658%	240 1.197067%	10,056 50.157115%	619 3.087436%	58 0.289291%	1,331 6.638735%
33 Cost of Gas (000's)	94,834 100.000000%	12,399 13.074425%	35,980 37.939980%	0 0.000000%	3,070 3.237236%	8,144 8.587637%	0 0.000000%

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	Total North Dakota	Large Firm General			Air Force Delivery		
		Demand	Energy	Customer	Demand	Energy	Customer
18 Meas. & Reg. Sta. Eqpt.- General (000's)	2,342 100.000000%	426 18.189582%	0 0.000000%	21 0.896670%	0 0.000000%	0 0.000000%	0 0.000000%
19 Meas. & Reg. Eqpt.- City Gate (000's)	9,538 100.000000%	1,794 18.809606%	0 0.000000%	87 0.912172%	54 0.563659%	0 0.000000%	18 0.187886%
20 Service Regulators (000's)	3,230 100.000000%	0 0.000000%	0 0.000000%	754 23.343653%	0 0.000000%	0 0.000000%	5 0.154799%
21 Ind. Meas. & Reg. Sta. Eqpt. (000's)	467 100.000000%	56 11.982275%	0 0.000000%	3 0.641908%	19 4.065415%	0 0.000000%	6 1.283815%
22 Mains & Services (000's)	117,428 100.000000%	15,154 12.904929%	0 0.000000%	3,227 2.748067%	0 0.000000%	0 0.000000%	0 0.000000%
23 Structures and Improvements	257 100.000000%	40 15.564202%	0 0.000000%	2 0.778210%	13 5.058366%	0 0.000000%	4 1.556420%
24 Net Gas Plant in Service (000's)	141,623 100.000000%	18,134 12.804451%	0 0.000000%	7,461 5.268226%	72 0.050670%	0 0.000000%	57 0.040191%
25 Total Gas Plant in Service (000's)	224,536 100.000000%	26,089 11.619092%	0 0.000000%	12,670 5.642757%	98 0.043539%	0 0.000000%	84 0.037375%
26 Projected Operating Revenue (000's)	127,865 100.000000%	6,541 5.115552%	25,998 20.332382%	2,835 2.217182%	197 0.154069%	2,217 1.733860%	28 0.021898%
27 All Other Dist. Operation Exp. (000's)	3,716 100.000000%	303 8.153929%	30 0.807320%	354 9.526372%	5 0.134553%	3 0.080732%	3 0.080732%
28 All Other Dist. Maintenance Exp. (000's)	1,050 100.000000%	82 7.809524%	0 0.000000%	138 13.142857%	2 0.190476%	0 0.000000%	2 0.190476%
29 O&M Excl. Cost of Gas and A&G (000's)	12,421 100.000000%	753 6.062314%	97 0.780936%	1,104 8.888173%	13 0.104661%	10 0.080509%	9 0.072458%
30 Distribution O&M (000's)	9,306 100.000000%	753 8.091554%	62 0.666237%	945 10.154739%	13 0.139695%	6 0.064475%	9 0.096712%
31 O&M Excl. Cost of Gas (000's)	20,049 100.000000%	1,370 6.833259%	148 0.738191%	1,879 9.372039%	24 0.119707%	15 0.074817%	16 0.079804%
33 Cost of Gas (000's)	94,834 100.000000%	6,541 6.897315%	22,233 23.444123%	0 0.000000%	197 0.207731%	2,082 2.195415%	0 0.000000%

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	Total North Dakota	Small Interruptible			Large Interruptible		
		Demand	Energy	Customer	Demand	Energy	Customer
18 Meas. & Reg. Sta. Eqpt.- General (000's)	2,342 100.000000%	206 8.795901%	0 0.000000%	4 0.170794%	158 6.746371%	0 0.000000%	38 1.622545%
19 Meas. & Reg. Eqpt.- City Gate (000's)	9,538 100.000000%	832 8.723295%	0 0.000000%	4 0.041939%	346 3.627717%	0 0.000000%	54 0.566175%
20 Service Regulators (000's)	3,230 100.000000%	0 0.000000%	0 0.000000%	138 4.272446%	0 0.000000%	0 0.000000%	12 0.371517%
21 Ind. Meas. & Reg. Sta. Eqpt. (000's)	467 100.000000%	26 5.563199%	0 0.000000%	0 0.000000%	123 26.375501%	0 0.000000%	39 8.363895%
22 Mains & Services (000's)	117,428 100.000000%	7,030 5.986647%	0 0.000000%	300 0.255476%	2,925 2.490888%	0 0.000000%	462 0.393433%
23 Structures and Improvements	257 100.000000%	19 7.392996%	0 0.000000%	0 0.000000%	30 11.770428%	0 0.000000%	9 3.404669%
24 Net Gas Plant in Service (000's)	141,623 100.000000%	8,420 5.945378%	0 0.000000%	1,133 0.800013%	3,688 2.603763%	0 0.000000%	692 0.488509%
25 Total Gas Plant in Service (000's)	224,536 100.000000%	12,111 5.393799%	0 0.000000%	1,884 0.839065%	4,746 2.113481%	0 0.000000%	829 0.369135%
26 Projected Operating Revenue (000's)	127,865 100.000000%	354 0.276854%	4,671 3.653072%	437 0.341767%	12 0.009385%	1,392 1.088648%	80 0.062566%
27 All Other Dist. Operation Exp. (000's)	3,716 100.000000%	139 3.740581%	12 0.322928%	59 1.587729%	87 2.341227%	25 0.672766%	23 0.618945%
28 All Other Dist. Maintenance Exp. (000's)	1,050 100.000000%	38 3.619048%	0 0.000000%	24 2.285714%	28 2.666667%	0 0.000000%	9 0.857143%
29 O&M Excl. Cost of Gas and A&G (000's)	12,421 100.000000%	347 2.793656%	30 0.241526%	173 1.392803%	224 1.803397%	52 0.418646%	63 0.507206%
30 Distribution O&M (000's)	9,306 100.000000%	347 3.728777%	24 0.257898%	159 1.708575%	224 2.407049%	52 0.558779%	62 0.666237%
31 O&M Excl. Cost of Gas (000's)	20,049 100.000000%	631 3.147289%	50 0.249389%	303 1.511297%	408 2.035014%	95 0.473839%	114 0.568607%
33 Cost of Gas (000's)	94,834 100.000000%	354 0.373284%	3,694 3.895227%	0 0.000000%	12 0.012654%	128 0.134973%	0 0.000000%

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	Total North Dakota	Minot Air Force Base Distribution		
		Demand	Energy	Customer
18 Meas. & Reg. Sta. Eqpt.- General (000's)	2,342 100.000000%	0 0.000000%	0 0.000000%	0 0.000000%
19 Meas. & Reg. Eqpt.- City Gate (000's)	9,538 100.000000%	60 0.629084%	0 0.000000%	20 0.209695%
20 Service Regulators (000's)	3,230 100.000000%	0 0.000000%	0 0.000000%	15 0.464396%
21 Ind. Meas. & Reg. Sta. Eqpt. (000's)	467 100.000000%	0 0.000000%	0 0.000000%	0 0.000000%
22 Mains & Services (000's)	117,428 100.000000%	506 0.430902%	0 0.000000%	268 0.228225%
23 Structures and Improvements	257 100.000000%	0 0.000000%	0 0.000000%	0 0.000000%
24 Net Gas Plant in Service (000's)	141,623 100.000000%	805 0.568548%	0 0.000000%	420 0.296843%
25 Total Gas Plant in Service (000's)	224,536 100.000000%	939 0.418282%	0 0.000000%	503 0.224195%
26 Projected Operating Revenue (000's)	127,865 100.000000%	0 0.000000%	0 0.000000%	0 0.000000%
27 All Other Dist. Operation Exp. (000's)	3,716 100.000000%	27 0.726588%	0 0.000000%	6 0.161464%
28 All Other Dist. Maintenance Exp. (000's)	1,050 100.000000%	28 2.666667%	0 0.000000%	2 0.190476%
29 O&M Excl. Cost of Gas and A&G (000's)	12,421 100.000000%	99 0.797037%	0 0.000000%	16 0.128814%
30 Distribution O&M (000's)	9,306 100.000000%	99 1.063830%	0 0.000000%	16 0.171932%
31 O&M Excl. Cost of Gas (000's)	20,049 100.000000%	180 0.897800%	0 0.000000%	29 0.144646%
33 Cost of Gas (000's)	94,834 100.000000%	0 0.000000%	0 0.000000%	0 0.000000%

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	Total North Dakota	Residential			Small Firm General		
		Demand	Energy	Customer	Demand	Energy	Customer
35 Taxable Income (000's)	4,887 100.000000%	(3,602) -73.705750%	2,580 52.793123%	2,022 41.375077%	(897) -18.354819%	1,406 28.770207%	575 11.765910%
36 Net Gas Plant in Service (000's) Excluding Minot AFB	140,397 100.000000%	32,952 23.470581%	0 0.000000%	52,715 37.547088%	8,157 5.809952%	0 0.000000%	6,917 4.926742%
37 Weighted Services Excluding Transmission Level Customers	116,003 100.000000%	0 0.000000%	0 0.000000%	92,478 79.720352%	0 0.000000%	0 0.000000%	14,962 12.897942%
38 Distribution Plant Less Direct Assignment (000's)	180,382 100.000000%	40,428 22.412436%	0 0.000000%	72,590 40.242375%	10,010 5.549334%	0 0.000000%	10,076 5.585923%
40 Distribution Mains (000) Excluding Transmission Level Customer-Direct Assigned	77,465 100.000000%	27,534 35.543795%	0 0.000000%	16,700 21.558123%	6,817 8.800103%	0 0.000000%	1,889 2.438521%

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	Total North Dakota	Large Firm General			Air Force Delivery		
		Demand	Energy	Customer	Demand	Energy	Customer
35 Taxable Income (000's)	4,887 100.000000%	(1,985) -40.617966%	3,613 73.930837%	305 6.241048%	(30) -0.613874%	119 2.435032%	8 0.163700%
36 Net Gas Plant in Service (000's) Excluding Minot AFB	140,397 100.000000%	18,134 12.916227%	0 0.000000%	7,461 5.314215%	72 0.051112%	0 0.000000%	57 0.040542%
37 Weighted Services Excluding Transmission Level Customers	116,003 100.000000%	0 0.000000%	0 0.000000%	7,726 6.660173%	0 0.000000%	0 0.000000%	0 0.000000%
38 Distribution Plant Less Direct Assignment (000's)	180,382 100.000000%	22,252 12.336042%	0 0.000000%	10,357 5.741704%	0 0.000000%	0 0.000000%	43 0.023838%
40 Distribution Mains (000) Excluding Transmission Level Customer-Direct Assigned	77,465 100.000000%	15,154 19.562383%	0 0.000000%	738 0.952688%	0 0.000000%	0 0.000000%	0 0.000000%

MONTANA-DAKOTA UTILITIES CO.
 GAS UTILITY - NORTH DAKOTA
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	Total North Dakota	Small Interruptible			Large Interruptible		
		Demand	Energy	Customer	Demand	Energy	Customer
35 Taxable Income (000's)	4,887 100.000000%	(917) -18.764068%	926 18.948230%	37 0.757111%	(545) -11.152036%	1,166 23.859218%	(68) -1.391447%
36 Net Gas Plant in Service (000's) Excluding Minot AFB	140,397 100.000000%	8,420 5.997278%	0 0.000000%	1,133 0.806997%	3,688 2.626493%	0 0.000000%	692 0.492773%
37 Weighted Services Excluding Transmission Level Customers	116,003 100.000000%	0 0.000000%	0 0.000000%	813 0.700844%	0 0.000000%	0 0.000000%	24 0.020689%
38 Distribution Plant Less Direct Assignment (000's)	180,382 100.000000%	10,322 5.722300%	0 0.000000%	1,558 0.863723%	2,475 1.372088%	0 0.000000%	181 0.100343%
40 Distribution Mains (000) Excluding Transmission Level Customer-Direct Assigned	77,465 100.000000%	7,030 9.075066%	0 0.000000%	38 0.049054%	1,564 2.018976%	0 0.000000%	1 0.001291%

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	Total	Minot Air Force Base Distribution		
		North Dakota	Demand	Energy
	4,887	(233)	0	407
35 Taxable Income (000's)	100.000000%	-4.767751%	0.000000%	8.328218%
	140,397	0	0	0
36 Net Gas Plant in Service (000's) Excluding Minot AFB	100.000000%	0.000000%	0.000000%	0.000000%
	116,003	0	0	0
37 Weighted Services Excluding Transmission Level Customers	100.000000%	0.000000%	0.000000%	0.000000%
	180,382	67	0	23
38 Distribution Plant Less Direct Assignment (000's)	100.000000%	0.037143%	0.000000%	0.012751%
	77,465	0	0	0
40 Distribution Mains (000) Excluding Transmission Level Customer-Direct Assigned	100.000000%	0.000000%	0.000000%	0.000000%

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

Customer Class/Rate	Projected 2015			Total Proposed Revenue	Proposed Revenue Increase	Percent Increase
	Customers	Dk	Revenue			
Residential - Rate 60	92,478	8,667,437	\$67,865,050	\$71,797,110	\$3,932,060	5.8%
Firm General Service - Rate 70	14,551	7,163,947	50,612,589	50,612,589	0	0.0%
Air Force - Rate 64						
Firm	1	32,506	194,243	194,243	0	0.0%
Interruptible	2	479,120	2,247,300	2,247,300	0	0.0%
Total Air Force	3	511,626	2,441,543	2,441,543	0	0.0%
Small Interruptible						
Sales - Rate 71	135	920,446	4,776,197			0.0%
Transport - Rate 81	73	1,098,432	686,040			0.0%
Total Small Interruptible	208	2,018,878	5,462,237	5,831,692	369,455	6.8%
Large Interruptible						
Sales - Rate 85	1	32,084	162,570			
Transport - Rate 82	6	4,307,330	1,321,302			
Total Large Interruptible	7	4,339,414	1,483,872	1,483,872	0	0.0%
Total North Dakota	<u>107,247</u>	<u>22,701,302</u>	<u>\$127,865,291</u>	<u>\$132,166,806</u>	<u>\$4,301,515</u>	<u>3.4%</u>

**MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - NORTH DAKOTA
ALLOCATION OF REVENUES
Projected 2015**

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	92,478	8,667,437	\$19,483,416	\$48,381,634	\$67,865,050	\$2,423,000	\$70,831,000	3.421%	\$2,949,000	\$4,752,598	7.00%
Firm General Service	14,551	7,163,947	10,623,436	39,989,153	50,612,589	2,728,000	32,904,000	8.291%	(230,000)	(370,636)	-0.73%
Air Force											
Firm	1	32,506	12,794	181,449	194,243						
Interruptible	2	479,120	150,671	2,096,629	2,247,300						
Total Air Force	3	511,626	163,465	2,278,078	2,441,543	62,000	111,000	55.856%	(53,000)	(85,407)	-3.50%
Small Interruptible											
Sales	135	920,446	729,916	4,046,281	4,776,197						
Transportation	73	1,098,432	686,040	0	686,040						
Total Small IT	208	2,018,878	1,415,956	4,046,281	5,462,237	230,000	6,070,000	3.789%	230,000	370,436	6.78%
Large Interruptible											
Sales	1	32,084	21,529	141,041	162,570						
Transportation	6	4,307,330	1,321,302	0	1,321,302						
Total Large IT	7	4,339,414	1,342,831	141,041	1,483,872	436,000	3,513,000	12.411%	(169,000)	(272,537)	-18.37%
MAFB Distribution 3/					456,000	137,000	1,058,000	12.949%	(56,000)	(90,042)	-19.75%
Total North Dakota	107,247	22,701,302	\$33,029,104	\$94,836,187	\$128,321,291	\$6,016,000	\$114,487,000	5.255%	\$2,671,000	\$4,304,412	3.35%

**MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - NORTH DAKOTA
ALLOCATION OF REVENUES
Projected 2015**

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	\$3,933,564	5.80%	\$4,863,993	6.867%	\$3,932,060	\$71,797,110	5.79%	6.866%
Firm General Service	0	0.00%	2,728,000	8.291%	0	50,612,589	0.00%	8.291%
Air Force								
Firm	0	0.00%			0	194,243	0.00%	
Interruptible	0	0.00%			0	2,247,300	0.00%	
Total Air Force	0	0.00%	62,000	55.856%	0	2,441,543	0.00%	55.856%
Small Interruptible Sales								
Transportation								
Total Small IT	370,436	6.78%	459,876	7.576%	369,455	5,831,692	6.76%	7.566%
Large Interruptible Sales								
Transportation								
Total Large IT	0	0.00%	436,000	12.411%	0	1,483,872	0.00%	12.411%
MAFB Distribution	0	0.00%	137,000	12.949%				
Total North Dakota	\$4,304,000	3.35%	\$9,838,869	8.594%	\$4,301,515	\$132,166,806	3.35%	7.586%

Requested Return on Rate Base	7.588% 4/	Cost of Gas (Adjusted for Losses)	
Proposed Increase	4,304,000 4/	Projected	COG
% Increase (Excl Flex)	3.385157%	Firm	\$5.582
Inverse Of Tax Rate	62.0555%	Interruptible	4.396
		MAFB	4.376

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

MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - NORTH DAKOTA
RATE RECONCILIATION
RESIDENTIAL GAS SERVICE - RATES 60 & 90
Projected 2015

	Billing Units		Current		Proposed	
			Rate	Amount	Rate	Amount
<u>Residential Rates 60 & 90</u>						
Basic Service Charge (600 & 900)	92,478	Cust	\$0.4935	\$16,657,831	\$0.6937	\$23,415,476
Distribution Charge	8,667,437	dk	0.326	2,825,584	0.000	0
Cost of Gas	8,667,437	dk	5.582	<u>48,381,633</u>	5.582	<u>48,381,633</u>
Total Revenue Rates 60 & 90				\$67,865,048	\$71,797,109	

Total Distribution Revenues Per Design	\$23,415,476
Target Distribution Revenues	<u>23,416,979</u>
Difference	<u><u>(\$1,503)</u></u>

**MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - NORTH DAKOTA
RESIDENTIAL GAS SERVICE - RATES 60 & 90
Projected 2015**

Current Non-Gas Revenues	\$19,483,415
Proposed Revenue Increase	<u>3,933,564</u>
Total Revenue Requirement	\$23,416,979
Less:	
Proposed Base Rate Revenues	23,415,476
Remaining Revenues To Be Collected	<u>1,503</u>
Total Rates 60 & 90 (Res) Consumption	8,667,437
Base Distribution Charge	\$0.000
Fixed Rate Charge	\$0.69370

**MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - NORTH DAKOTA
SMALL INTERRUPTIBLE - RATE 71
Projected 2015**

	Billing Units	Current		Proposed	
		Rate	Amount	Rate	Amount
Basic Service Charge					
Rate 71 Sales	135 Cust	\$175.00	\$283,500	\$175.00	\$283,500
Rate 81 Transport	73 Cust	175.00	153,300	175.00	153,300
Subtotal	208		436,800		\$436,800
Distribution Delivery					
Rate 71 Sales	920,446 dk	\$0.485	446,416	\$0.668	614,858
Rate 81 Transport	1,098,432 dk	0.485	532,740	\$0.668	733,753
Cost of Gas	920,446 dk	4.396	4,046,281	4.396	4,046,281
Total Revenue			5,462,237		5,831,692
Total Small Interruptible Revenues			\$1,785,411		
Target Revenues			1,786,392		
Difference			(\$981)		

MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - NORTH DAKOTA
PROPOSED RATE DESIGN
SMALL INTERRUPTIBLE SERVICE - RATE 71
Projected 2015

Small Interruptible Revenue Requirement	\$1,415,956
Less: Flexed Contracts	0
Proposed Revenue Increase	<u>370,436</u>
Proposed Revenue Requirement	1,786,392
Less:	
Basic Service Charge Revenue	<u>436,800</u>
Remaining Revenues To Be Collected	\$1,349,592
Total Throughput Rates 71 & 81 (Excluding Flexed Contracts)	2,018,878
Commodity Charge	\$0.668

MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - NORTH DAKOTA
REVENUE RECONCILIATION
SMALL INTERRUPTIBLE SERVICE - RATES 71 & 81
Projected 2015

Small Interruptible Sales	
Base Rate Revenues	\$283,500
Energy Revenues	614,858
Cost of Gas	4,046,281
Total Sales Revenues	\$4,944,639
Small Interruptible Transportation	
Base Rate Revenues	\$153,300
Transportation Revenues @ Ceiling	733,753
Transportation Revenue - Flexed	0
Base Rate Revenues - Flexed	0
Total Transportation Revenue	\$887,053
Total Small Interruptible Revenues Per Design	\$5,831,692
Total Small Interruptible Target Revenues	<u>5,832,673</u>
Difference	<u><u>(\$981)</u></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	<u>2.548</u>	<u>2.548</u>
Effective Margin	0.952	0.742
Floor Rate	\$3.056	\$2.869
Base Cost of Gas	<u>2.548</u>	<u>2.548</u>
Effective Margin	0.508	0.321
Margin Shared	\$0.444	\$0.421

Distribution Delivery Charges Only

	<u>Rate 71</u>	<u>Rate 85</u>
Proposed Floor	\$0.668	\$0.297
Margin Shared	<u>0.444</u>	<u>0.421</u>
Effective Ceiling Rate	\$1.112	\$0.718