

MONTANA-DAKOTA UTILITIES CO.

A Division of MDU Resources Group, Inc.

Before the Public Service Commission of North Dakota

Case No. PU-15-

Direct Testimony
of
Travis R. Jacobson

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

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

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

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

7 Q. **Would you please describe your duties as Regulatory Analysis
8 Manager?**

9 A. I am responsible for the preparation of cost of service studies, fuel
10 cost adjustments, purchased gas cost adjustments, and gas tracking
11 adjustments in each of the jurisdictions in which Montana-Dakota
12 operates.

13 Q. **Would you please describe your education and professional
14 background?**

15 A. I graduated from Minot State University with a Bachelor of Science
16 degree in Accounting and I am a Certified Public Accountant (CPA). I
17 started my career with Montana-Dakota in 1999 as a financial analyst in

1 the Financial Reporting area and during my tenure with the Company
2 have held positions of increasing responsibility, including Supervisor,
3 Financial Reporting and Planning and Manager, Financial Reporting and
4 Planning before attaining my current position.

5 **Q. Are you familiar with the books and records of Montana-Dakota and**
6 **the manner in which they are kept?**

7 A. Yes. Montana-Dakota's books and records are kept in accordance
8 with the Federal Energy Regulatory Commission (FERC) Uniform System
9 of Accounts (US of A).

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

11 A. The purpose of my testimony is to present the per books cost of
12 service for the twelve months ended December 31, 2013 for North Dakota
13 gas operations, the projected cost of service for 2014 and 2015, the
14 calculation of the revenue deficiency and the calculation of the interim
15 request.

16 **Q. What statements, schedules and exhibits are you sponsoring?**

17 A. I am sponsoring Statements C through E, Statements G through N,
18 and Exhibit No.____(TRJ-1).

19 **Q. Were these statements and exhibits prepared by you or under your**
20 **direct supervision?**

21 A. Yes, they were.

22 **Revenue Requirement**

23 **Q. What were the results of North Dakota gas operations for 2013?**

1 A. Statement L, pages 1 and 2 show the per books income statement
2 and rate base for the total Company and for the North Dakota gas
3 operations for 2013. As shown on page 1, North Dakota gas operations
4 had a return on rate base of 5.520 percent for the twelve months ended
5 December 31, 2013. The details for each line item, i.e. sales revenue,
6 other revenue, etc., are included in the referenced Statements.

7 **Q. How was the per books cost of service allocated to North Dakota?**

8 A. The Company utilizes a jurisdictional accounting system that
9 directly assigns and/or allocates every item of revenue, expense and rate
10 base to the jurisdictions as part of the regular accounting process on a
11 monthly basis. The allocation methods and procedures are the same as
12 those that have previously been used in Commission proceedings and are
13 based on the principle of assigning and/or allocating costs to the cost
14 causer.

15 **Q. What test period are you using to determine the revenue
16 requirement?**

17 A. The revenue requirement is based on a projected average 2015
18 test period. As stated by Ms. Kivisto, the primary reason for the increase
19 is investment in facilities, including those to be completed through the end
20 of 2015, and increases in Operation and Maintenance Expenses.

21 Montana-Dakota is using a future test year in accordance with
22 North Dakota Century Code §49-05-04.1.

1 **Q. Would you describe the development of the projected cost of service**
2 **for 2014 and 2015?**

3 A. The projected 2014 and 2015 cost of service is presented in
4 Statement M, which contains all of the schedules supporting the income
5 statement on page 1, and Statement N, which contains all of the
6 schedules supporting the rate base on page 1. The revenues and
7 expenses reflect the annual level that will be experienced when the new
8 rates become effective. Likewise, the rate base reflects average 2014 and
9 2015 plant and related balances.

10 **Q. Based on the timing of this request, have you compared the 2014**
11 **actual results with the projected 2014 data presented in the various**
12 **statements?**

13 A. Yes. The 2014 actual results have been compared to the
14 information presented for projected 2014. Generally the results were
15 consistent with the projections. As mentioned in the detailed adjustments,
16 actual O&M and rate base information was used in the development of the
17 2015 projected revenue requirement when possible. Actual sales and
18 transportation revenue were not used as the revenue requirement is
19 based on normalized usage and currently effective tariff rates whereas
20 actual sales and transportation revenue were impacted by weather and
21 the application of interim and final rates pursuant to the PU-13-803 rate
22 case. The projected 2014 information presented in this case provides a
23 bridge to the projected 2015 revenue requirement.

1 **Q. Were the investment and expenses related to the Billings Landfill gas**
2 **production facility removed?**

3 A. Yes. Pursuant to the Order on Settlement in Case No. PU-13-803,
4 the investment and expenses related to the Billings Landfill gas production
5 facility have been excluded. The expenses consist of all production costs,
6 including depreciation and ad valorem taxes, as well as the associated
7 benefits recorded in administrative and general expense (A&G). The
8 investment consists of all production plant in service and the associated
9 accumulated reserve and accumulated deferred income taxes.

10 **Income Statement**

11 **Q. Would you describe the development of the projected revenues and**
12 **expenses contained in Statement M?**

13 A. The projected revenues for 2014 and 2015 are summarized on
14 Statement M, page 2. Ms. Cardwell discusses the development of the
15 sales and transportation revenues in her testimony

16 Other operating revenues are to remain at the 2013 level, with the
17 exception of rent from property and other revenues as shown on
18 Statement M, page 8. Rent from property was adjusted to reflect current
19 revenue from property rented to others. The projected 2014 and 2015
20 amounts reflect current levels and the increase in revenue is due to the
21 rental income received, primarily from Company-owned housing.

22 Other revenues are made up of Heskett pipeline revenue, late
23 payment and penalty revenue. Revenue from the pipeline serving the

1 Heskett III gas turbine was included beginning with the in service date in
2 2014 and the projected annual amount for 2015. As shown on Statement
3 M, page 9, a revenue requirement specific to the Heskett pipeline was
4 prepared to show the total cost included in this rate case. The addition of
5 the Mandan Border Station #2, as shown on Statement N, page 8,
6 included as a 2015 capital addition connects the pipeline to Montana-
7 Dakota's gas distribution system serving customers in and around the City
8 of Mandan. Thus, a portion of the revenue requirement is allocated to
9 North Dakota gas customers to reflect the incremental capacity necessary
10 to serve customers. In addition, the pipeline will provide increased system
11 security by offering a second source of gas into the existing distribution
12 system. During 2014, the entire revenue requirement was recovered from
13 the Heskett III Station commencing with the in service date.

14 Late payment revenues were projected for 2014-2015 based on the
15 2013 ratio of late payment revenue to billed sales and transportation
16 revenue of 0.15 percent applied to projected 2014-2015 sales and
17 transportation revenue. The 2014 and 2015 penalty revenues were
18 restated to a three year average for 2011 to 2013 to smooth out any year
19 to year fluctuations.

20 **Q. Would you describe the development of the operation and**
21 **maintenance expenses?**

1 A. Yes. The projected 2014 and 2015 operation and maintenance
2 (O&M) expenses are summarized on Statement M, pages 10 through 13,
3 with the detail provided on pages 14 through 29.

4 The cost of gas, shown on page 14, uses the projected sales
5 volumes, adjusted for losses, and an annual gas cost level for 2015. The
6 projected cost of gas per dk was derived by calculating annual demand
7 charges and commodity cost of gas and applying those costs to the
8 November 1, 2014, purchased gas cost adjustment billing determinants.
9 The distribution loss factor of 0.45 percent represents the current loss
10 factor.

11 **Q. Would you describe the development of the projected other O&M**
12 **expense?**

13 A. Yes. O&M expenses were reviewed and projected by resource, or
14 cost category, some on a North Dakota only basis and some on a total
15 Company basis. As discussed by Ms. Kivisto and Ms. Jones, the
16 expansion in Western North Dakota has caused significant and ongoing
17 changes throughout Montana-Dakota's North Dakota service territory,
18 which are reflected in this filing. Given these changes, Montana-Dakota
19 developed the O&M expenses for 2014 by annualizing 2014 per books
20 data, reviewing current information, as well as discussions with operations
21 personnel to determine the best information for 2014. The projections for
22 2015 were based on the projected 2014 data.

1 **Q. Would you describe the development of the labor and benefits**
2 **expense?**

3 A. Yes. Labor expense is shown on page 15, with actual labor
4 expense for the twelve months ended December 31, 2013 used as the
5 starting point. The 2014 labor expense was calculated by annualizing the
6 ten months ending October 31, 2014 labor expense. The projected
7 increase of 3.50 percent in 2015 is the increase expected for bargaining
8 unit employees pursuant to a negotiated union contract and for non-
9 bargaining unit employees effective in 2015. In addition, incentive
10 compensation has been adjusted to reflect a three year average
11 percentage of labor.

12 Benefits are shown on page 16. Benefits expense consists of
13 medical/dental insurance, pension, post-retirement, 401K, and workers
14 compensation. Each of these items was adjusted individually. For 2014
15 medical/dental expense, a loading factor was developed using a ratio of
16 the current medical/dental expense annualized to the projected labor
17 expense excluding incentive compensation. For pension, post-retirement
18 and 401K expense, a loading factor was developed using a ratio of the
19 budgeted pension, post-retirement and 401K expenses to 2014 projected
20 labor expense excluding incentive compensation. The loading factor for
21 each component was applied to the projected 2014 labor expense, to
22 arrive at projected benefits expense for 2014. Workers compensation is
23 based on the ratio of workers compensation expense for 2013 to per

1 books North Dakota gas labor expense applied to 2014 projected labor
2 expense. Additional information regarding benefits is discussed by Ms.
3 Jones.

4 For 2015, medical/dental expense is projected to increase by 4.10
5 percent based upon anticipated health insurance increases. Pension
6 expense is projected to increase by 136.31 percent or \$105,000 and post-
7 retirement expense is expected to increase by 713.56 percent or \$214,000
8 based on an actuarial study completed in August 2014. 401K expense will
9 increase by 3.50 percent based upon the labor increase for 2015 and the
10 workers compensation ratio for 2013 is applied to the 2015 labor expense
11 to derive the 2015 workers compensation expense. Other benefits,
12 primarily disability insurance, are also tied to labor expense with the
13 changes applied accordingly.

14 **Q. Would you describe the other projected O&M expense items?**

15 **A.** Yes. The projected subcontract labor expense for 2014 increased
16 based on known changes. Subcontract labor expense for 2015 is
17 expected to remain at the 2014 level. Materials expense for 2014 is
18 expected to remain at the 2013 level and increase in 2015 by the three
19 year average inflation rate of 2.3 percent.

20 Vehicles and work equipment reflect all expenses associated with
21 the Company's vehicles and equipment, such as backhoes, including the
22 costs of fuel, insurance, maintenance and depreciation expense. The
23 depreciation expense on these items is charged to a clearing account

1 (rather than to depreciation expense), where it is then recorded in O&M
2 expense or capitalized as part of a project as the vehicle or work
3 equipment is used. The projected expense is updated based on the
4 projected plant and the depreciation rates in Statement N.

5 Company consumption is the expense for electric and natural gas
6 consumption in Company buildings. The electric component is projected
7 to remain flat. The natural gas component is expected to increase by 12.3
8 percent in 2014 based on the increase in 2013 weather normalized firm
9 general sales revenues and remain at the same level for 2015.

10 Uncollectible accounts are based on the ratio of the five year
11 average of net write-offs to sales and transportation revenue. This ratio
12 was then applied to the projected 2014 and 2015 sales and transportation
13 revenues, which results in an increase in uncollectible accounts.

14 Projected postage expense for 2014 reflects a 6.38 percent
15 increase based on the current level of expense annualized. Postage
16 expense for 2015 is projected to increase due to the projected increase in
17 customers but will be partially offset by the savings related to customers
18 utilizing electronic billing.

19 Software maintenance reflects new programs in 2014 and 2015
20 that support or protect current software programs.

21 2014 and 2015 building rentals have been adjusted to reflect the
22 annualized current level of expenses adjusted to reflect additional rented
23 office space for General Office employees.

1 Advertising expense is shown on page 25. Promotional advertising
2 expense has been eliminated and informational and institutional
3 advertising are adjusted to exclude advertising that is not applicable to
4 North Dakota gas operations.

5 **Q. Would you please continue with your explanation of adjustments to**
6 **operation and maintenance expenses?**

7 A. Yes. Industry dues reflect the projected level of industry dues and
8 those dues that are not specifically applicable to North Dakota natural gas
9 operations have been eliminated.

10 Insurance expense reflects the current insurance level for 2014 and
11 remaining flat for 2015.

12 Regulatory Commission Expense, as shown on page 28, reflects
13 the expenses to be incurred in this filing, amortized over a three-year
14 period, and a three year average of ongoing regulatory commission
15 expense. The Company is also proposing to include the amortization of
16 the Bismarck manufactured gas plant (MGP) remediation costs pursuant
17 to Case No. PU-10-589. The site was used to service Bismarck
18 customers prior to the availability of transmission pipelines that exist
19 today. The costs to remediate the site were deferred and then, consistent
20 with the Commission's Order issued in Case No. PU-10-589, Montana-
21 Dakota began amortizing approximately \$908,000 over a 10 year period
22 effective January 1, 2008. The amortization of the costs to date has not
23 been recovered from customers. The Company is now requesting

1 inclusion of these costs as a part of its test year cost of service. The
2 unamortized balance as of December 31, 2014 is approximately
3 \$272,000.

4 The items adjusted individually above represent approximately 94
5 percent of total North Dakota gas O&M, as shown on page 29. The
6 remaining items, which make up approximately 6 percent of other O&M
7 expense, were adjusted for the effects of inflation for 2014 and 2015. A
8 2.3 percent inflation factor, based on the three year average inflation
9 change of the Consumer Price Index, was applied to the expenses not
10 specifically adjusted for 2014 and 2015.

11 **Q. Would you describe the calculation of depreciation expense?**

12 A. Yes. Projected depreciation expense is summarized on Statement
13 M, page 32. The calculation of depreciation expense and associated
14 accumulated reserve for depreciation is shown on pages 33 and 34.
15 Depreciation expense is calculated on projected plant using the projected
16 plant in service, with the depreciation rates that were approved in Case
17 No. PU-13-803. The depreciation rates are shown on Statement I, with a
18 summary of composite rates by function on page 2.

19 **Q. How were taxes other than income projected?**

20 A. Projected taxes other than income are shown on pages 35 through
21 38. Ad valorem taxes were calculated using the projected 2014 and 2015
22 plant in service and applying a projected effective tax rate based on the

1 ratio of 2013 ad valorem taxes to average plant balances as of December
2 31, 2013 by function.

3 Projected payroll taxes were based on the ratio of payroll taxes to
4 labor expense for 2013 and applied to the projected 2014 and 2015 labor
5 expense to determine the projected payroll taxes.

6 All other taxes other than income were projected to remain at the
7 2013 level.

8 **Q. Would you describe the calculation of federal and state income
9 taxes?**

10 A. The projected income tax calculation for North Dakota gas
11 operations is shown on pages 39 and 40. Interest is deductible for tax
12 purposes and the projected interest expense is calculated on the projected
13 rate base using the projected debt ratio and weighted cost of debt from
14 Statement F, page 1.

15 North Dakota federal and state income taxes are fully normalized,
16 so the calculation of income taxes is made on the taxable income after
17 interest, since any tax deductions would be fully offset by deferred income
18 taxes.

19 **Rate Base**

20 **Q. Would you describe the development of the projected rate base for
21 2014 and 2015?**

22 A. The rate base is summarized on Statement N, page 1 and shows
23 the 2013 actual and projected 2014 and 2015 rate base for North Dakota

1 gas operations. Pages 2 through 22 are the supporting components of the
2 projected rate base. As noted earlier, the overall 2014 actual rate base
3 was compared to the projected 2014 rate case presented in this case.
4 The variance was just over \$300,000 or 0.35 percent.

5 Pages 2 through 3 show the projected plant in service for 2014 and
6 2015. The projected plant was developed by adding the capital budget
7 items for 2014 to the 2013 plant in service balances. The investment
8 includes the significant addition of the pipeline used to serve the Heskett
9 III gas turbine placed in service during 2014 as well as the previously
10 mentioned construction of the Mandan Border Station #2 which ties the
11 Heskett pipeline to the Company's distribution system providing increased
12 capacity and reliability for the customers. Additionally, incremental
13 investment in mains, services and meters has been included due to
14 continued development taking place in the Company's service territory.
15 Retirements, based on a three-year average of retirements by function,
16 were deducted and the average 2014 balance was calculated. The
17 process was repeated for 2015. The detail by project for 2014-2015 is
18 shown on pages 4-10.

19 The projected accumulated reserve for depreciation is summarized
20 on page 11. The projected reserve balances were calculated using the
21 reserve balances at December 31, 2013, adding the calculated
22 depreciation expense and deducting retirements based on a three-year
23 average of retirements, as shown on Statement M, pages 33-34. The

1 average 2014 balances were then calculated and the process was
2 repeated for 2015.

3 **Q. How were the working capital items derived?**

4 A. The projected working capital items are shown on pages 12
5 through 18. Materials and supplies and fuel stocks were restated to a
6 thirteen month average on page 13, reflecting actual balances through
7 November 2014 with December remaining at the December 2013 level.
8 Fuel stocks are restated to a thirteen month average balance on page 14.

9 Prepayments, which are made up of prepaid insurance, are shown
10 on page 15. Prepayments are restated to a thirteen month average
11 balance. The projected 2014 and 2015 balances are based on the
12 projected 2014-2015 insurance expense.

13 The unamortized loss of debt was calculated using the balances as
14 of December 31, 2013, and adding the calculated 2014 reflects a
15 reallocation of the balance and the annual amortization to arrive at a
16 balance for 2014. The 2013 and 2014 balances were then averaged to
17 reflect the 2014 average unamortized loss on debt. The process was
18 repeated to calculate the 2015 average unamortized loss on debt, as
19 shown on page 16. The associated accumulated deferred income taxes
20 are on page 22.

21 The gain on the sale of the Williston and Watford City office
22 buildings as of December 31, 2013 is shown on page 17. The gain is
23 being amortized over a 20 year period beginning with the month following

1 the in service date of each building. The activity for 2014 is reflected and
2 the 2013 and 2014 balances were then averaged to reflect the 2014
3 average balance. The process was repeated to calculate the 2015
4 average balance. The associated accumulated deferred income taxes are
5 shown on page 22.

6 Customer advances for construction are restated to a thirteen
7 month average balance for 2014 and 2015, with actuals through
8 November 2014. Customer advances for construction are shown on page
9 18.

10 **Q. Would you describe how the accumulated deferred income tax**
11 **balances were developed?**

12 A. The accumulated deferred income tax balances are summarized on
13 page 19. The projected balances were derived by adding the changes to
14 the deferred income taxes for 2014 and 2015 to the 2013 balances and
15 calculating the average balance.

16 The changes associated with book/tax depreciation differences
17 (liberalized depreciation) are on page 20 and display the projected
18 changes due to the plant additions as well as existing plant.

19 The accumulated deferred income taxes associated with the
20 unamortized loss on debt and the gain on the sale of the Williston office
21 building are shown on pages 21 and 22 respectively. The change in
22 accumulated deferred income taxes associated with full normalization and
23 the acquisition adjustment are the same as experienced in 2013.

1 **Q. What is the additional revenue requirement calculated on Exhibit**
2 **No. ____ (TRJ-1)?**

3 A. Exhibit No. ____ (TRJ-1), which is identical to Statement L, page 3,
4 shows the calculation of the revenue deficiency of \$4,304,000 based on
5 the projected 2015 income and rate base and using the overall rate of
6 return of 7.588 percent from Statement F, page 1 and supported by Ms.
7 Schmit and Dr. Gaske.

8 **Q. Is Montana-Dakota seeking an interim increase in this case?**

9 A. Yes, it is. As stated by Ms. Kivisto, Montana-Dakota is seeking an
10 interim rate relief in this case pursuant to North Dakota §49-05-06.

11 **Q. What amount of interim rate relief is the Company seeking?**

12 A. The Company has identified an interim Revenue Requirement,
13 presented in Exhibit No. ____ (TRJ-1) of \$4,304,000 and Exhibit C of the
14 Interim Application based on the 2015 projected cost of service. The
15 return used in this projection is based on a 10.00% return on equity
16 allowed pursuant to the PU-13-803 rate case and also shown to be
17 required in this case.

18 **Q. Does this complete your direct testimony?**

19 A. Yes, it does.

**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	Catholic 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-Utilized	480,124	394	(5,129)		475,389
392.2	Trans. Equip., Utilized	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	Mobilite 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 Account	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**

	Beginning Balance 12/31/12	Annual Provision	Retirements (Original Cost)	Salvage	Removal Costs	Reclass/ Adjustments	Ending Balance 12/31/13
Gas Utility							
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	11,222,514	669,458	605,102	2,582,041	(23,961)	40,994	13,851,878
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:

	Beginning Balance 12/31/12	Annual Provision	Retirements (Original Cost)	Salvage	Removal Costs	Adjustments	Ending Balance 12/31/13
Common Utility							
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>	<u>Per Books</u>		
	<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.
SUMMARY OF REVENUES
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013**

	Dk	Per Books
<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	17,019,014	\$107,669,103
 <u>Transportation</u>		
Small Interruptible	1,149,982	\$624,311
Large Interruptible	5,078,376	1,373,091
Unbilled Revenue		37,091
Total Transportation	6,228,358	\$2,034,493
Total Sales and Transportation	23,247,372	\$109,703,596
 <u>Other Revenue</u>		
Miscellaneous Service Revenue		\$480,862
Rent from Property		568,071
Other Revenue		238,429
Total Other Revenue		\$1,287,362
Total Operating Revenue		\$110,990,958

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

	<u>Total Company</u>	<u>North Dakota</u>
Production	\$583,521	\$261,337
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	<u>97,266</u>	<u>2,819</u>	
 Total Plant	 <u>\$151,718,343</u>	 <u>\$5,134,025</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

	<u>North Dakota</u>
<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	<u>\$3,096,860</u>

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

	<u>North Dakota</u>
<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 Recquired 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>\$158,319,759</u>	 <u>\$64,405,300</u>	 <u>\$93,914,460</u>	

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

	<u>Before Additional Revenue Requirements 1/</u>	Additional Revenue Requirements	<u>Reflecting Additional Revenue Requirements</u>
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>
Rate of Return			
	<u>5.255%</u>		<u>7.588%</u>

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)

	<u>Per Books</u>	<u>Projected 2014</u>	<u>Projected 2015</u>
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)

	<u>Per Books</u>	<u>Projected 2014</u>	<u>Projected 2015</u>
<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.
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		\$11						\$0
Other Gas Supply Distribution	\$6	60	\$153					20
Customer Accounting	380	35						(216)
Customer Service & Info Sales				\$78				207
Administrative and General	65	165	237	49	\$65	\$577	\$141	6
Total Other O&M	451	271	390	127	65	577	141	9
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		Materials	Vehicles & Work Equip.	Company Consumption	Uncollectible Accounts
		Gas	\$94,834			Labor	Materials				
Cost of Gas	\$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		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
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)

	<u>Projected Dk Sales</u>	<u>Dk Adjusted for Distribution Losses 1/</u>	<u>Commodity Charge 2/</u>	<u>Projected Cost of Gas</u>
<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 401K	11 1,086	11 1,078	30 1,050	244 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	\$654	\$643	\$643	\$658

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	\$703	\$702	\$710	\$720

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)**

	2013	Projected	
		2014 1/	2015 1/
<u>Total</u>			
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)**

<u>Insurance Expense</u>	<u>2013</u>	<u>Projected</u>	
		<u>2014 1/</u>	<u>2015 1/</u>
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)

<u>Function</u>	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 increase 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/	Depreciation/ Amortization Expense	2014 Retirements/ Removal 5/	Ending Balance	2014 Average Balance
Distribution - Heskett III pipeline	\$62,974	\$143,848	3.16%	\$4,546	(\$334)	\$67,186	\$65,080
Total Distribution	62,974	155,034	2.08%	4,779	(334)	67,419	65,197
General							
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
Common							
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	\$75,709	\$191,608		\$6,210	(\$1,804)	\$80,123	\$77,916
Depreciation Expense				\$6,123	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 buildings on Statement N, page 1.

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

	2014		2015		2015			2015 Average Balance
	Acc. Reserve for Depr.	Average Plant In Service 1/	Depreciation/ Amortization Rate 2/	Depreciation/ Amortization Expense	Retirements/ Removal 5/	Ending Balance	2015 Average 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 main or sub-building on Statement N, page 4

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

<u>Type of Tax</u>	<u>2013</u>	<u>Projected</u>	
		<u>2014</u>	<u>2015</u>
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)

<u>Function</u>	<u>Effective Tax Rate</u>	<u>Projected 2014</u>		<u>Projected 2015</u>	
		<u>Plant Balance</u>	<u>Ad Valorem Tax</u>	<u>Plant Balance</u>	<u>Ad Valorem Tax</u>
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		\$191,608	\$886	\$224,536	\$1,046

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

	<u>2013</u>	<u>Projected (000s)</u>	
		<u>2014</u>	<u>2015</u>
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	
	<u>2014</u>	<u>2015</u>
Operating Revenues		
Sales Revenues	\$122,563	\$125,858
Transportation Revenue	2,100	2,007
Other Revenues	<u>2,443</u>	<u>3,694</u>
Total Operating Revenues	127,106	131,559
Operating Expenses		
Operation and Maintenance		
Cost of Gas	92,451	94,834
Other O&M	<u>19,065</u>	<u>20,049</u>
Total O&M	111,516	114,883
Depreciation and Amortization Expense	6,123	7,044
Taxes other Than Income	<u>1,678</u>	<u>1,864</u>
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	<u>(72)</u>	<u>(72)</u>
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	<u>(102)</u>	<u>(102)</u>
Total Income Taxes	<u>\$2,007</u>	<u>\$1,752</u>

1/ Page 40.

**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	<u>78,382</u>	<u>113,692</u>	<u>141,623</u>	
CWIP in Service Pending Reclassification	4,082			
Total Gas Plant in Service	<u>82,464</u>	<u>113,692</u>	<u>141,623</u>	
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	<u>2,868</u>	<u>3,182</u>	<u>2,985</u>	
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	<u>20,927</u>	<u>26,399</u>	<u>30,121</u>	
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	\$168,473	\$214,744	\$191,608	\$234,326	\$224,536

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

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

Case No. PU-15-
Statement N
Page 3 of 22

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, Kildeer 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, Kildeer, mobile home park	Badlands	4,600
FP-308380	376	Install main, Kildeer, 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. Total Account 391.1	General Office	3,038 <hr/> 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 Total Account 394.1	Badlands	7,253 <hr/> 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 Total Account 397.1	General Office	2,406 <hr/> 50,377
FP-200711	397.3	Purchase VOIP	General Office	2,044
FP-302712	397.3	Replace phones, Dickinson Total Account 397.3	Badlands	4,122 <hr/> 6,166
FP-100745	397.8	Network Equipment	General Office	609
FP-302446	398	Add Xerox color copier Total Common	General Office	15,191 <hr/> \$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 Total Common Intangible	General Office	32,563 <hr/> \$544,498
Total 2014 Plant Additions				<hr/> <hr/> \$25,709,964

**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		<u>130,347</u>
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		<u>38,066</u>
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		<u>7,056</u>
FP-307466	398	Purchase offset envelope press	General Office	5,377
		Total Common		<u>\$1,011,903</u>
		<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		<u>\$695,454</u>
		Total 2015 Plant Additions		<u><u>\$21,623,992</u></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)

	<u>2013</u>	<u>Projected 2014 1/</u>	<u>Average 2014</u>	<u>Projected 2015 2/</u>	<u>Average 2015</u>
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	<u>0</u>	<u>(172)</u>	<u>(335)</u>
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)**

	<u>2013</u>	<u>Projected 1/</u>	
		<u>2014</u>	<u>2015</u>
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)

	2013	2014	Average 2014	2015	Average 2015
Unamortized Loss on Debt	\$661	Amortization 1/ (\$3)	Balance \$658	Amortization (\$71)	Balance \$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	2015	Average 2014	Average 2015
	Additions 1/ (\$351)	Amortization \$8	Amortization 2/ \$17	Balance (\$343)	Balance (\$326)
Gain on Sale of office buildings				(\$172)	(\$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	\$10,825	\$1,613
 Heskett III pipeline		
Book depreciation	(\$233)	(\$465)
Tax Depreciation	11,745	1,063
Heskett III tax deduction	\$11,512	\$598
 Changes in Accumulated Deferred income taxes @ 37.9445%		
Other Plant	4,107	612
Heskett III pipeline	4,368	227
 Total	\$8,475	\$839

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	2015	Average 2015
Unamortized Loss on Debt	\$265	Amortization 1/ (\$41)	Balance \$224	Amortization (\$28)
			Balance \$196	Average 2015 \$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/ (\$133)	Amortization \$3	Balance (\$130)	Amortization 2/ \$7	Balance (\$123)
Gain on Sale of office buildings			(\$65)		(\$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.
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	131,559	4,304	135,863
Operating Expenses			
Operation and Maintenance			
Cost of Gas	94,834		94,834
Other O&M	20,049		20,049
Total O&M	114,883		114,883
Depreciation	7,044		7,044
Taxes Other Than Income	1,864		1,864
Income Taxes	1,752	1,633 2/	3,385
Total Expenses	125,543	1,633	127,176
Operating Income	\$6,016	\$2,671	\$8,687
Rate Base	\$114,487		\$114,487
Rate of Return			
	5.255%		7.588%

1/ Statement M, Page 1.

2/ Reflects state and federal taxes at 37.9445%.