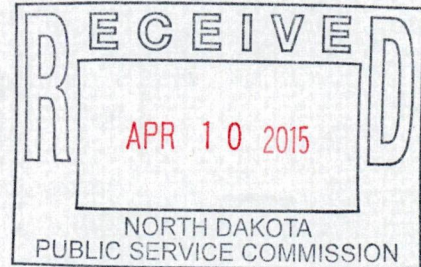


400 North Fourth Street  
Bismarck, ND 58501  
(701) 222-7900

April 10, 2015

Executive Secretary  
North Dakota Public Service  
Commission  
State Capitol Building  
Bismarck, ND 58505



Re: Annual Reports

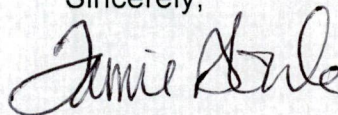
Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc., herewith submits one copy of its Electric and Gas Annual Reports for the year ended December 31, 2014 consisting of:

North Dakota Electric and Gas Annual Reports  
North Dakota Electric and Gas Cost of Service Studies  
Report of Independent Public Accountants  
2014 Annual Report to Stockholders

A copy of the FERC Form No. 1 is not available at this time. A copy will be sent when available, estimated to be May 1, 2015.

Please acknowledge receipt by stamping or initialing the duplicate copy of this letter attached hereto and returning the same in the enclosed self-addressed, stamped envelope.

Sincerely,



Tamie Aberle  
Director of Regulatory Affairs

Enclosures

# **ANNUAL REPORT**

## **STATE OF NORTH DAKOTA**

### **ELECTRIC OPERATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**



**MONTANA-DAKOTA**  
**UTILITIES CO.**

*A Division of MDU Resources Group, Inc.*

***In the Community to Serve®***

#### **INDEX**

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- I. Intrastate Return on Equity**
- II. Capital Structure**
- III. Affiliated Transactions**
- IV. Miscellaneous Statistics**

**MONTANA-DAKOTA UTILITIES CO.  
ANNUAL REPORT  
TO THE  
NORTH DAKOTA PUBLIC SERVICE COMMISSION**

Line #	Description	(A)	(B)	(C)	(D)	(E)
		2014 Total Company	2014 North Dakota	ND % (B/A)	2013 North Dakota	Variance (B-D/D)
<b>Operating Revenues:</b>						
1	Residential	\$106,953,414	\$68,998,361	64.51%	\$62,210,540	10.91%
2	Small General	31,773,307	13,120,054	41.29%	12,033,642	9.03%
3	Large General 1/	119,276,843	83,564,803	70.06%	72,299,300	15.58%
4	Lighting Service	3,601,798	2,231,045	61.94%	2,115,268	5.47%
5	Municipal Pumping Service	3,062,950	2,492,498	81.38%	2,220,959	12.23%
6	Sales for Resale	655,955	442,000	67.38%	377,803	16.99%
7	Margin Sharing Adjustment	53,284	0	0.00%	0	0.00%
8	Other Operating Revenues	10,921,818	7,179,001	65.73%	6,925,701	3.66%
9	Unbilled Revenue	(155,980)	17,954	-11.51%	1,693,948	-98.94%
10	Reserve for Refunds	(450,000)	(450,000)	100.00%	335,789	-234.01%
11	<b>Total Operating Revenues</b>	<b>\$275,693,389</b>	<b>\$177,595,716</b>	<b>64.42%</b>	<b>\$160,212,949</b>	<b>10.85%</b>
<b>Operating Expenses:</b>						
12	Production Expense	\$116,196,806	\$70,652,653	60.80%	\$66,445,447	6.33%
13	Transmission Expense	14,361,885	10,449,434	72.76%	7,992,967	30.73%
14	Distribution Expense	15,439,822	10,199,036	66.06%	9,739,521	4.72%
15	Customer Accounts Expense	4,110,894	2,524,482	61.41%	2,320,980	8.77%
16	Customer Service & Info. Exp.	261,171	175,402	67.16%	169,910	3.23%
17	Sales Expense	166,232	104,573	62.91%	95,970	8.96%
18	Administration & General Exp.	20,256,010	12,993,192	64.14%	13,039,009	-0.35%
19	Depreciation Expense	34,787,813	22,909,594	65.86%	21,147,489	8.33%
20	Taxes Other than Income	10,908,231	5,579,666	51.15%	5,281,771	5.64%
21	<b>Total Operating Expenses</b>	<b>\$216,488,864</b>	<b>\$135,588,032</b>	<b>62.63%</b>	<b>\$126,233,064</b>	<b>7.41%</b>
23	Net Operating Income					
24	before Income Taxes	\$59,204,525	\$42,007,684	70.95%	\$33,979,885	23.63%
<b>Income Tax Expense:</b>						
25	Investment Tax Credits					
26	Deferred Income Taxes	\$30,842,623	\$21,683,004	70.30%	\$12,458,191	74.05%
27	Income Taxes	(17,900,512)	(12,444,065)	69.52%	(5,101,996)	143.91%
28	<b>Total Income Tax Expense</b>	<b>\$12,942,111</b>	<b>\$9,238,939</b>	<b>71.39%</b>	<b>\$7,356,195</b>	<b>25.59%</b>
29	<b>Net Regulated Earnings</b>	<b>\$46,262,414</b>	<b>\$32,768,745</b>	<b>70.83%</b>	<b>\$26,623,690</b>	<b>23.08%</b>

1/ The North Dakota contract revenue delta associated with this class is shown below. The contract revenue delta is the difference between the revenue collected under all contract rates and the revenue that would have been collected had these loads been charged the standard rate.

	2014	2013
Large General	<u>\$1,060,778</u>	<u>\$621,790</u>

I. INTRASTATE RETURN ON EQUITY

MONTANA-DAKOTA UTILITIES CO.  
ANNUAL REPORT  
TO THE  
NORTH DAKOTA PUBLIC SERVICE COMMISSION

Line #	Description	(A)	(B)	(C)	(D)	(E)
		2014 Total Company	2014 1/ North Dakota	ND % (B/A)	Restated 2013 1/ North Dakota	Variance (B-D/D)
<b>Rate Base:</b>						
1	Plant in Service	\$1,232,471,265	\$805,067,067	65.32%	\$716,524,936	12.36%
2	Less: Accumulated Depreciation	543,051,225	347,808,727	64.05%	334,553,830	3.96%
3	CWIP AQCS-Big Stone	36,509,377	36,509,377	100.00%	13,549,422	169.45%
4	Net Plant in Service	<u>\$725,929,417</u>	<u>\$493,767,717</u>	68.02%	<u>\$395,520,528</u>	24.84%
<b>Additions:</b>						
5	Materials and Supplies 2/	\$14,680,396	\$10,221,083	69.62%	\$11,233,513	-9.01%
6	Fuel Stocks 2/	4,500,653	3,028,969	67.30%	3,072,273	-1.41%
7	Prepayments 2/	776,704	511,598	65.87%	422,042	21.22%
8	Unamortized Loss on Debt	5,308,921	3,388,879	63.83%	3,582,093	-5.39%
9	Decommissioning of Retired Plants	(439,350)	(277,847)	63.24%	(317,073)	-12.37%
10	Total Additions	<u>\$24,827,324</u>	<u>\$16,872,682</u>	67.96%	<u>\$17,992,848</u>	-6.23%
<b>Deductions:</b>						
11	Accum. Deferred Income Taxes	\$178,614,825	\$116,873,129	65.43%	\$100,252,531	16.58%
12	Accumulated Deferred ITCs	1,589,533	1,589,533	100.00%	790,584	101.06%
13	Cust. Advances for Construct. 2/	5,907,613	2,647,553	44.82%	2,735,081	-3.20%
14	Total Deductions	<u>\$186,111,971</u>	<u>\$121,110,215</u>	65.07%	<u>\$103,778,196</u>	16.70%
15	<b>Average Rate Base</b>	<u><u>\$564,644,770</u></u>	<u><u>\$389,530,184</u></u>	68.99%	<u><u>\$309,735,180</u></u>	25.76%
16	Rate of Return on Avg. Rate Base	8.193%	8.412%		8.596%	
17	Less: Weighted Cost of Debt	2.547%	2.547%		2.509%	
18	Weighted Cost of Pref. Stock	<u>0.076%</u>	<u>0.076%</u>		<u>0.088%</u>	
19	Weighted Return on Equity	5.570%	5.789%		5.999%	
20	% of Equity to Capital Structure	51.769%	51.769%		50.566%	
21	<b>Return on Equity</b>	<u><u>10.759%</u></u>	<u><u>11.182%</u></u>		<u><u>11.864%</u></u>	

1/ Restated Plant in Service Balance in 2013 to include CWIP - AQCS-Big Stone balance of \$27,098,844 as reflected in Case No. PU-14-143.

2/ Thirteen month average.

II. AVERAGE CAPITAL STRUCTURE - TOTAL UTILITY

MONTANA-DAKOTA UTILITIES CO.  
ANNUAL REPORT  
TO THE  
NORTH DAKOTA PUBLIC SERVICE COMMISSION

Line #	Description	(A) 2014 Average Average (000's)	(B) Ratio	(C) Cost	(D) Weighted Cost
1	Long-Term Debt 1/	\$392,969	42.556%	5.870%	2.498%
2	Short Term Debt 2/	37,100	4.017%	1.213%	0.049%
3	Preferred Equity	15,308	1.658%	4.581%	0.076%
4	Common Equity	<u>478,047</u>	<u>51.769%</u>	3/	<u>3/</u>
5	Total	<u>\$923,424</u>	<u>100.000%</u>		<u>3/</u>

- 1/ Includes additional other long term debt.  
 2/ Reflects monthly average short term debt.  
 3/ Return on equity is calculated in Section I, page 2 of 2

II. CAPITAL STRUCTURE - TOTAL UTILITY

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

Description	Date of Issuance	Date of Maturity	Interest Rate	Principal Amount of Issue	Gross Proceeds	Underwriters' Commission		Loss on Reacquisition Redemption and Issuance Expense	
						Amount	% Gross Proceeds	Amount	% Gross Proceeds
<b>First Mortgage Bonds:</b>									
Secured Medium-term Notes, Series A:									
6.61% - Senior Note	9/1/2009	9/30/2016	6.610%	\$25,000,000	\$25,000,000	\$68,308	0.273%	\$517,287	2.069%
6.66% - Senior Note	10/1/2009	9/30/2016	6.660%	25,000,000	25,000,000	68,308	0.273%	517,287	2.069%
5.98% - Senior Note	12/15/2003	12/15/2033	5.980%	30,000,000	30,000,000	624,465	2.082%	0	0.000%
6.33% - Senior Note	8/24/2006	8/24/2026	6.330%	100,000,000	100,000,000	344,061	0.344%	10,532,009	10.532%
6.04% - Senior Note	9/16/2008	9/16/2018	6.040%	100,000,000	100,000,000	362,432	0.362%	0	0.000%
5.18% - Senior Note	4/15/2014	4/15/2044	5.180%	50,000,000	50,000,000	239,178	0.478%	0	0.000%
4.24% - Senior Note	7/15/2014	7/15/2024	4.240%	60,000,000	60,000,000	289,913	0.483%	0	0.000%
4.34% - Senior Note	7/15/2014	7/15/2026	4.340%	40,000,000	40,000,000	195,691	0.489%	0	0.000%
<b>Total Long-Term Debt Capital</b>				<b>\$430,000,000</b>	<b>\$430,000,000</b>	<b>\$2,192,356</b>		<b>\$11,566,583</b>	

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

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

MONTANA-DAKOTA UTILITIES CO.  
ANNUAL REPORT  
TO THE  
NORTH DAKOTA PUBLIC SERVICE COMMISSION  
MAJOR TRANSACTIONS 2014

Line #	Affiliate's Name	General Description of Service Rendered and/or Supplied	Revenue or (Expense)	
			Total Company	Allocated to North Dakota
1	Knife River Corporation	Electric Sales	\$153,557	\$153,557
2		Natural Gas Sales	\$311,621	\$310,699
3	WBI Energy	Electric Sales	\$592,289	\$203,794
4		Natural Gas Pipeline Services	(\$46,182,778)	(\$20,952,898)
5		Natural Gas Sales	\$36,240	\$6,764
6	FutureSource	Electric Sales	\$176,148	\$176,148
7		Natural Gas Sales	\$17,326	\$17,326
8	Fidelity Exploration & Production Company	Electric Sales	\$6,429	\$0
9		Natural Gas Sales	\$1,168	\$0
10	Prairielands Energy Marketing, Inc.	Natural Gas Purchases	(\$1,782,333)	(\$824,525)
11	Bitter Creek Pipeline	Electric Sales	\$4,636	\$0
12		Natural Gas Sales	\$7,673	\$0
13	JTL Group	Natural Gas Sales	\$15,570	\$0
14	Total Corrosion Solution	Electric Sales	\$778	\$778
15		Natural Gas Sales	\$3,401	\$759
16	Whiting Petroleum	Electric Sales	\$64,010	\$53,008
17		Natural Gas Sales	\$4,020	\$4,020
18	Rocky Mountain Contractor	Electric Sales	\$5,294	\$5,294
19		Natural Gas Sales	\$2,288	\$0
	Total		<u>(\$46,562,663)</u>	<u>(\$20,845,276)</u>

**MONTANA-DAKOTA UTILITIES CO.  
ANNUAL REPORT TO THE  
NORTH DAKOTA PUBLIC SERVICE COMMISSION**

Line #	Description	2014	2013	2012	2011	2010
	<u>Customer Related</u>					
1	Year End Customers - Residential	74,802	71,672	68,784	65,517	63,751
2	- Small General	10,009	9,920	9,617	9,223	9,061
3	- Large General	3,569	3,190	3,401	3,224	3,110
4	- Lighting Service	542	528	1,107	1,057	1,015
5	- Municipal Pumping	285	283	298	297	301
6	- Cogeneration	1	1	1	1	1
7	- Total	89,208	85,594	83,208	79,319	77,239
8	Kwh's Sold - Residential	793,873,301	755,858,180	683,930,294	674,460,201	621,695,161
9	- Small General	134,717,839	133,155,398	117,302,170	112,307,071	102,044,214
10	- Large General	1,078,424,893	968,294,472	912,191,503	873,234,356	829,671,355
11	- Lighting Service	26,777,009	26,441,018	26,628,516	26,330,673	26,413,683
12	- Municipal Pumping	38,007,305	35,069,041	34,499,525	31,741,883	29,124,039
13	- Cogeneration	47,853	50,772	41,048	51,116	34,419
14	- Total	2,071,848,200	1,918,868,881	1,774,593,056	1,718,125,300	1,608,982,871
15	IEEE Standards SAIFI 1/	0.317	0.590	1.077	0.255	0.470
16	SAIDI 1/	55.40	153.88	115.84	32.26	45.17

1/ 2011, 2012, 2013 and 2014 SAIFI and SAIDI reflect North Dakota operations. Year 2010 SAIFI and SAIDI reflect total company statistics.

**NORTH DAKOTA COST OF SERVICE STUDY**

**ELECTRIC OPERATIONS**

**2014**

**MONTANA-DAKOTA UTILITIES CO.**  
**INCOME STATEMENT**  
**ELECTRIC UTILITY**  
**TWELVE MONTHS ENDED DECEMBER 31, 2014**

	<u>Total Company</u>	<u>North Dakota</u>	<u>Others</u>
<b><u>Operating Revenues</u></b>			
Sales Revenues			
Residential	\$106,953,414	\$68,998,361	\$37,955,053
Small General	31,773,307	13,120,054	18,653,253
Large General	119,276,843	83,564,803	35,712,040
Lighting Service	3,601,798	2,231,045	1,370,753
Municipal Pumping Service	3,062,950	2,492,498	570,452
Sales for Resale	655,955	442,000	213,955
Margin Sharing Adjustment	53,284	0	53,284
Unbilled Revenue	(155,980)	17,954	(173,934)
Reserve for Refunds	(450,000)	(450,000)	0
Total Sales Revenues	<u>264,771,571</u>	<u>170,416,715</u>	<u>94,354,856</u>
Other Operating Revenues	10,921,818	7,179,001	3,742,817
Total Operating Revenues	<u>\$275,693,389</u>	<u>\$177,595,716</u>	<u>\$98,097,673</u>
<b><u>Operating Expenses</u></b>			
Operation and Maintenance			
Cost of Fuel & Purchased Power	\$89,311,570	\$53,434,154	\$35,877,416
Production	26,885,236	17,218,499	9,666,737
Transmission	14,361,885	10,449,434	3,912,451
Distribution	15,439,822	10,199,036	5,240,786
Customer Accounts	4,110,894	2,524,482	1,586,412
Customer Service & Information	261,171	175,402	85,769
Sales	166,232	104,573	61,659
Administrative & General	20,256,010	12,993,192	7,262,818
Total O&M Expenses	<u>170,792,820</u>	<u>107,098,772</u>	<u>63,694,048</u>
Depreciation			
Production	18,002,112	11,598,397	6,403,715
Transmission	3,802,169	2,906,690	895,479
Distribution	8,979,863	5,852,940	3,126,923
General	742,538	502,724	239,814
Common	1,364,926	923,057	441,869
Amort. of Intangible Plant - General	325,078	209,933	115,145
Amort. of Intangible Plant - Common	1,189,639	763,047	426,592
Amort. of Acquisition Adjustment	11,833	8,495	3,338
Amort. of Retired Power Plants	(56,210)	(39,226)	(16,984)
Amort. of Unrecovered Plant - Electric	425,865	183,537	242,328
Total Depreciation Expense	<u>34,787,813</u>	<u>22,909,594</u>	<u>11,878,219</u>

**MONTANA-DAKOTA UTILITIES CO.  
INCOME STATEMENT  
ELECTRIC UTILITY  
TWELVE MONTHS ENDED DECEMBER 31, 2014**

	<u>Total Company</u>	<u>North Dakota</u>	<u>Others</u>
<b><u>Operating Expenses Con't.</u></b>			
Taxes Other Than Income Taxes			
Ad Valorem Taxes			
Production	\$1,970,203	\$1,354,858	\$615,345
Transmission	1,311,910	728,221	583,689
Distribution	3,176,731	931,531	2,245,200
General	221,882	69,420	152,462
Common	360,777	181,322	179,455
Intangible	47,653	30,815	16,838
Total Ad Valorem Taxes	<u>7,089,156</u>	<u>3,296,167</u>	<u>3,792,989</u>
Other Taxes	3,819,075	2,283,499	1,535,576
Total Taxes Other Than Income Taxes	<u>10,908,231</u>	<u>5,579,666</u>	<u>5,328,565</u>
Current Income Taxes	(17,900,512)	(12,444,065)	(5,456,447)
Deferred Income Taxes	30,842,623	21,683,004	9,159,619
Total Operating Expenses	<u>\$229,430,975</u>	<u>\$144,826,971</u>	<u>\$84,604,004</u>
<b>Operating Income</b>	<u>\$46,262,414</u>	<u>\$32,768,745</u>	<u>\$13,493,669</u>
<b>Year End Rate Base</b>	<u>\$619,164,651</u>	<u>\$438,552,726</u>	<u>\$180,611,925</u>
<b>Rate of Return</b>	<u>7.47%</u>	<u>7.47%</u>	<u>7.47%</u>

**MONTANA-DAKOTA UTILITIES CO.**  
**YEAR END RATE BASE**  
**ELECTRIC UTILITY**  
**TWELVE MONTHS ENDED DECEMBER 31, 2014**

	<u>Total Company</u>	<u>North Dakota</u>	<u>Others</u>
<b><u>Plant in Service</u></b>			
Electric Plant in Service			
Steam Production	\$407,701,208	\$246,980,193	\$160,721,015
Other Production	206,874,630	145,361,226	61,513,404
Total Production	<u>614,575,838</u>	<u>392,341,419</u>	<u>222,234,419</u>
Transmission	229,996,517	170,366,080	59,630,437
Distribution	343,651,783	222,787,903	120,863,880
General	29,903,194	19,144,680	10,758,514
Common	44,840,665	33,265,826	11,574,839
Intangible Plant - General	3,579,989	2,325,971	1,254,018
Intangible Plant - Common	21,832,944	14,031,957	7,800,987
CWIP AQCS-Big Stone	45,919,910	45,919,910	0
Acquisition Adjustment	10,387,642	7,502,779	2,884,863
Total Electric Plant in Service	<u>1,344,688,482</u>	<u>907,686,525</u>	<u>437,001,957</u>
Accumulated Reserve for Depreciation			
Steam Production	231,304,000	154,098,694	77,205,306
Other Production	43,826,420	30,632,459	13,193,961
Total Production	<u>275,130,420</u>	<u>184,731,153</u>	<u>90,399,267</u>
Transmission	92,975,720	61,196,142	31,779,578
Distribution	132,245,413	74,442,545	57,802,868
General	12,277,164	7,566,139	4,711,025
Common	15,250,094	10,014,793	5,235,301
Intangible Plant - General	1,403,482	910,274	493,208
Intangible Plant - Common	9,584,674	6,199,890	3,384,784
Acquisition Adjustment	10,387,642	7,502,779	2,884,863
Total Accum. Reserve for Depreciation	<u>549,254,609</u>	<u>352,563,715</u>	<u>196,690,894</u>
Net Electric Plant in Service	\$795,433,873	\$555,122,810	\$240,311,063
<b><u>Additions</u></b>			
Materials and Supplies	15,196,267	10,041,240	5,155,027
Fuel Stocks	4,358,600	2,936,946	1,421,654
Prepayments	202,807	135,904	66,903
Unamortized Loss on Debt	5,119,048	3,333,695	1,785,353
Decommissioning of Retired Plants	(411,245)	(258,234)	(153,011)
Total Additions	<u>24,465,477</u>	<u>16,189,551</u>	<u>8,275,926</u>
Total Before Deductions	\$819,899,350	\$571,312,361	\$248,586,989
<b><u>Deductions</u></b>			
Accumulated Deferred Income Taxes	192,379,370	127,696,886	64,682,484
Accumulated Investment Tax Credits	2,411,735	2,411,735	0
Customer Advances	5,943,594	2,651,014	3,292,580
Total Deductions	<u>200,734,699</u>	<u>132,759,635</u>	<u>67,975,064</u>
<b>Year End Rate Base</b>	<u><u>\$619,164,651</u></u>	<u><u>\$438,552,726</u></u>	<u><u>\$180,611,925</u></u>

**REPORT OF INDEPENDENT  
PUBLIC ACCOUNTANTS**

**2014**



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## INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the accompanying schedules of the Cost of Gas Adjustment Factors and Fuel Cost Adjustment Factors (collectively, "the Schedules") of Montana-Dakota Utilities Co. (the "Company"), a wholly-owned subsidiary of MDU Resources Group Inc., for the period from January 1, 2014 through December 31, 2014. These Schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these Schedules based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedules and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, such Schedules present, in all material respects, the cost of gas adjustment factors and fuel clause adjustment factors of the Company for the period from January 1, 2014 to December 31, 2014, as calculated in accordance with the criteria established by the North Dakota Public Service Commission (the "Commission") and based upon Chapters 69-09-01-30 and 69-09-02-39 of the North Dakota Administrative Code (the "Code") and Cost of Gas Rate 88 and Fuel Clause Rate 58 (the "Tariffs") filed by the Company with the Commission.

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

*Deloitte & Touche LLP*

April 2, 2015

**MONTANA-DAKOTA UTILITIES CO.**

**SCHEDULE OF 2014 FUEL COST ADJUSTMENT FACTORS**

---

Effective for the Month of:

	Fuel Cost Adjustments per Kilowatt Hour	
	Primary (1)	Secondary (1)
January	0.00563	0.00615
February	0.00680	0.00723
March	0.00787	0.00816
April	0.00883	0.00901
May	0.00821	0.00831
June	0.00546	0.00558
July	0.00296	0.00327
August	0.00103	0.00145
September	0.00073	0.00135
October	0.00252	0.00340
November	0.00206	0.00310
December	0.00178	0.00303

(1) Excludes base cost of fuel of \$0.02024 for primary service customers and \$0.02087 for secondary service customers.

**MONTANA-DAKOTA UTILITIES CO.**

**SCHEDULE OF 2014 COST OF GAS ADJUSTMENT FACTORS**

---

Effective for the Month of:

	Adjustments per dekatherm					
		Residential and General Service		Small and Large Interruptible		Air Force Interruptible
January (1)		N/A		N/A		N/A
February	\$	0.673	\$	0.623	\$	0.620
March	\$	0.594	\$	0.602	\$	0.599
April	\$	0.652	\$	0.702	\$	0.699
May	\$	(0.335)	\$	(0.750)	\$	(0.747)
June	\$	(0.212)	\$	0.054	\$	0.054
July	\$	(0.267)	\$	(0.325)	\$	(0.323)
August	\$	0.117	\$	0.122	\$	0.121
September	\$	(0.664)	\$	(0.715)	\$	(0.712)
October	\$	0.411	\$	0.503	\$	0.422
November	\$	(0.108)	\$	(0.075)	\$	(0.074)
December	\$	(0.198)	\$	(0.203)	\$	(0.203)

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

# ANNUAL REPORT

## STATE OF NORTH DAKOTA

### GAS OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014



**MONTANA-DAKOTA**  
**UTILITIES CO.**

*A Division of MDU Resources Group, Inc.*

***In the Community to Serve®***

#### INDEX

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- I. Intrastate Return on Equity
- II. Capital Structure
- III. Affiliated Transactions
- IV. Miscellaneous Statistics

I. INTRASTATE RETURN ON EQUITY

MONTANA-DAKOTA UTILITIES CO.  
ANNUAL REPORT  
TO THE  
NORTH DAKOTA PUBLIC SERVICE COMMISSION

Line #	Description	(A)	(B)	(C)	(D)	(E)
		2014 Total Company	2014 North Dakota	ND % (B / A)	2013 North Dakota	Variance (B-D / D)
<u>Operating Revenues:</u>						
1	Residential	\$167,460,937	\$72,459,088	43.27%	\$55,888,568	29.65%
2	Firm General	118,246,738	54,896,304	46.43%	41,215,042	33.19%
3	Small Interruptible	11,716,930	8,927,257	76.19%	6,172,520	44.63%
4	Large Interruptible	819,338	339,116	41.39%	201,064	68.66%
5	Transportation	4,367,247	2,214,541	50.71%	1,997,402	10.87%
6	Other Operating Revenues	3,849,093	2,601,547	67.59%	1,287,362	102.08%
7	Unbilled Revenue	(2,204,993)	(1,347,094)	61.09%	4,034,882	-133.39%
8	Reserves for Refunds	(336,104)	(84,047)	25.01%	0	0.00%
9	Total Operating Revenues	\$303,919,186	\$140,006,712	46.07%	\$110,796,840	26.36%
<u>Operating Expenses:</u>						
10	Cost of Purchased Gas	\$221,505,429	\$103,658,144	46.80%	\$81,267,611	27.55%
11	Production	0	0	0.00%	261,338	-100.00%
12	Other Gas Supply Expense	499,315	227,476	45.56%	107,620	111.37%
13	Distribution Expense	19,007,959	9,136,737	48.07%	8,595,249	6.30%
14	Customer Accounts Expense	7,205,940	2,853,586	39.60%	2,616,104	9.08%
15	Customer Service & Info. Exp.	522,449	245,147	46.92%	201,193	21.85%
16	Sales Expense	414,217	160,427	38.73%	175,784	-8.74%
17	Administration & General Exp.	15,551,521	6,751,336	43.41%	6,614,691	2.07%
18	Depreciation Expense	14,595,798	5,868,214	40.20%	4,877,303	20.32%
19	Taxes Other than Income	7,210,376	1,637,627	22.71%	1,616,775	1.29%
20	Total Operating Expenses	\$286,513,004	\$130,538,694	45.56%	\$106,333,668	22.76%
21	Net Operating Income					
22	before Income Taxes	\$17,406,182	\$9,468,018	54.39%	\$4,463,172	112.14%
<u>Income Tax Expense:</u>						
23	Investment Tax Credits					
24	Deferred Income Taxes	\$10,312,978	\$4,327,599	41.96%	\$787,391	449.61%
25	Income Taxes	(5,692,858)	(1,697,193)	29.81%	240,815	-804.77%
26	Total Income Tax Expense	\$4,620,120	\$2,630,406	56.93%	\$1,028,206	155.82%
27	Net Regulated Earnings	\$12,786,062	\$6,837,612	53.48%	\$3,434,966	99.06%

I. INTRASTATE RETURN ON EQUITY

MONTANA-DAKOTA UTILITIES CO.  
ANNUAL REPORT  
TO THE  
NORTH DAKOTA PUBLIC SERVICE COMMISSION

Line #	Description	(A)	(B)	(C)	(D)	(E)
		Total Company	2014 North Dakota	ND % (B / A)	2013 North Dakota	Variance (B-D / D)
<b>Rate Base:</b>						
1	Plant in Service 1/	\$435,079,458	\$191,926,946	44.11%	\$151,718,343	26.50%
2	Less: Accumulated Depreciation 1/	200,358,953	77,486,978	38.67%	73,335,977	5.66%
4	Net Plant in Service	\$234,720,505	\$114,439,968	48.76%	\$78,382,366	46.00%
<b>Additions:</b>						
5	Materials and Supplies 2/	\$4,194,732	\$2,477,500	59.06%	\$2,361,512	4.91%
6	Prepayments 2/	1,218,509	185,342	15.21%	165,975	11.67%
7	Fuel Stocks 2/	45,999	45,999	100.00%	45,206	1.75%
8	Gas in Underground Storage 2/	2,623,498		0.00%		
9	Other 1/	(73,766)		0.00%		
10	Unamortized Loss on Debt 1/	1,625,254	659,392	40.57%	629,406	4.76%
11	Gain and Loss on Property 1/	(171,495)	(171,495)	100.00%	0	0
12	Total Additions	\$9,462,731	\$3,196,738	33.78%	\$3,202,099	-0.17%
<b>Deductions:</b>						
13	Accum. Deferred Income Taxes	\$47,016,585	\$17,345,251	36.89%	\$13,201,221	31.39%
14	Cust. Advances for Construct. 2/	13,360,456	10,131,596	75.83%	7,487,658	35.31%
15	Total Deductions	\$60,377,041	\$27,476,847	45.51%	\$20,688,879	32.81%
16	<b>Average Rate Base</b>	<b>\$183,806,195</b>	<b>\$90,159,859</b>	<b>49.05%</b>	<b>\$60,895,586</b>	<b>48.06%</b>
17	Rate of Return on Avg. Rate Base	6.956%	7.584%		5.641%	
18	Less: Weighted Cost of Debt	2.547%	2.547%		2.509%	
19	Weighted Cost of Pref. Stock	0.076%	0.076%		0.088%	
20	Weighted Return on Equity	4.333%	4.961%		3.044%	
21	% of Equity to Capital Structure	51.769%	51.769%		50.566%	
22	<b>Return on Equity</b>	<b>8.370%</b>	<b>9.583%</b>		<b>6.020%</b>	

1/ Beginning and ending year average.

2/ Thirteen month average.

II. AVERAGE CAPITAL STRUCTURE - TOTAL UTILITY

MONTANA-DAKOTA UTILITIES CO.  
ANNUAL REPORT  
TO THE  
NORTH DAKOTA PUBLIC SERVICE COMMISSION

Line #	Description	(A) 2014 Average (000's)	(B) Ratio	(C) Cost	(D) Weighted Cost
1	Long-Term Debt 1/	\$392,969	42.556%	5.870%	2.498%
2	Short Term Debt 2/	37,100	4.017%	1.213%	0.049%
3	Preferred Equity	15,308	1.658%	4.581%	0.076%
4	Common Equity	<u>478,047</u>	<u>51.769%</u>	3/	<u>3/</u>
5	Total	<u>\$923,424</u>	<u>100.000%</u>		<u>3/</u>

- 1/ Includes additional other long term debt.  
 2/ Reflects monthly average short term debt.  
 3/ Return on equity is calculated in Section I, page 2 of 2

II. CAPITAL STRUCTURE - TOTAL UTILITY

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

Description	Date of Issuance	Date of Maturity	Interest Rate	Principal Amount of Issue	Gross Proceeds	Underwriters' Commission		Loss on Reacquirement Redemption and Issuance Expense	
						Amount	% Gross Proceeds	Amount	% Gross Proceeds
<b>First Mortgage Bonds:</b>									
Secured Medium-term Notes, Series A:									
6.61% - Senior Note	9/1/2009	9/30/2016	6.610%	\$25,000,000	\$25,000,000	\$68,308	0.273%	\$517,287	2.069%
6.66% - Senior Note	10/1/2009	9/30/2016	6.660%	25,000,000	25,000,000	68,308	0.273%	517,287	2.069%
5.98% - Senior Note	12/15/2003	12/15/2033	5.980%	30,000,000	30,000,000	624,465	2.082%	0	0.000%
6.33% - Senior Note	8/24/2006	8/24/2026	6.330%	100,000,000	100,000,000	344,061	0.344%	10,532,009	10.532%
6.04% - Senior Note	9/16/2008	9/16/2018	6.040%	100,000,000	100,000,000	362,432	0.362%	0	0.000%
5.18% - Senior Note	4/15/2014	4/15/2044	5.180%	50,000,000	50,000,000	239,178	0.478%	0	0.000%
4.24% - Senior Note	7/15/2014	7/15/2024	4.240%	60,000,000	60,000,000	289,913	0.483%	0	0.000%
4.34% - Senior Note	7/15/2014	7/15/2026	4.340%	40,000,000	40,000,000	195,691	0.489%	0	0.000%
<b>Total Long-Term Debt Capital</b>				<b>\$430,000,000</b>	<b>\$430,000,000</b>	<b>\$2,192,356</b>		<b>\$11,566,583</b>	

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

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

III. AFFILIATED TRANSACTIONS

MONTANA-DAKOTA UTILITIES CO.  
ANNUAL REPORT  
TO THE  
NORTH DAKOTA PUBLIC SERVICE COMMISSION  
MAJOR TRANSACTIONS 2014

Line #	Affiliate's Name	General Description of Service Rendered and/or Supplied	Revenue or (Expense)	
			Total Company	Allocated to North Dakota
1	Knife River Corporation	Electric Sales	\$153,557	\$153,557
2		Natural Gas Sales	\$311,621	\$310,699
3	WBI Energy	Electric Sales	\$592,289	\$203,794
4		Natural Gas Pipeline Services	(\$46,182,778)	(\$20,952,898)
5		Natural Gas Sales	\$36,240	\$6,764
6	FutureSource	Electric Sales	\$176,148	\$176,148
7		Natural Gas Sales	\$17,326	\$17,326
8	Fidelity Exploration & Production Company	Electric Sales	\$6,429	\$0
9		Natural Gas Sales	\$1,168	\$0
10	Prairielands Energy Marketing, Inc.	Natural Gas Purchases	(\$1,782,333)	(\$824,525)
11	Bitter Creek Pipeline	Electric Sales	\$4,636	\$0
12		Natural Gas Sales	\$7,673	\$0
13	JTL Group	Natural Gas Sales	\$15,570	\$0
14	Total Corrosion Solution	Electric Sales	\$778	\$778
15		Natural Gas Sales	\$3,401	\$759
16	Whiting Petroleum	Electric Sales	\$64,010	\$53,008
17		Natural Gas Sales	\$4,020	\$4,020
18	Rocky Mountain Contractor	Electric Sales	\$5,294	\$5,294
19		Natural Gas Sales	\$2,288	\$0
	Total		<u>(\$46,562,663)</u>	<u>(\$20,845,276)</u>

IV. MISCELLANEOUS

MONTANA-DAKOTA UTILITIES CO.  
ANNUAL REPORT TO THE  
NORTH DAKOTA PUBLIC SERVICE COMMISSION

Line #	Description	2014	2013	2012	2011	2010
	<u>Customer Related</u>					
1	Year End Customers - Residential	91,288	88,372	85,638	81,854	81,861
2	- Firm General	14,031	13,522	13,031	12,461	12,299
3	- Small Interruptible	179	164	129	87	88
4	- Large Interruptible	1	1	1	0	0
5	- Other - Transportation 1/	80	79	79	88	85
6	- Total	<u>105,579</u>	<u>102,138</u>	<u>98,878</u>	<u>94,490</u>	<u>94,333</u>
7	Dk Sold - Residential	9,280,391	8,514,963	6,762,592	8,111,226	7,705,407
8	- Firm General	7,920,494	7,041,584	5,458,987	6,228,618	5,731,725
9	- Small Interruptible	1,608,358	1,418,415	1,216,105	1,289,836	1,145,020
10	- Large Interruptible	59,521	44,053	24,626	3,360	113
11	- Other - Transportation	6,380,462	6,228,357	6,084,714	6,125,001	6,071,506
12	- Total	<u>25,249,226</u>	<u>23,247,371</u>	<u>19,547,024</u>	<u>21,758,040</u>	<u>20,653,771</u>

1/ May include duplication of customers also receiving sales service.

**NORTH DAKOTA COST OF SERVICE STUDY**

**GAS OPERATIONS**

**2014**

**MONTANA-DAKOTA UTILITIES CO.**  
**INCOME STATEMENT**  
**GAS UTILITY**  
**TWELVE MONTHS ENDED DECEMBER 31, 2014**

	<u>Total Company</u>	<u>North Dakota</u>	<u>Others</u>
<b><u>Operating Revenues</u></b>			
<b>Sales Revenues</b>			
Residential	\$167,460,937	\$72,459,088	\$95,001,849
Firm General	118,246,738	54,896,304	63,350,434
Small Interruptible	11,716,930	8,927,257	2,789,673
Large Interruptible	819,338	339,116	480,222
Unbilled Revenue	(2,229,401)	(1,327,022)	(902,379)
Reserved for Refunds	(336,104)	(84,047)	(252,057)
Total Sales Revenues	<u>295,678,438</u>	<u>135,210,696</u>	<u>160,467,742</u>
<b>Transportation Revenues</b>			
Small Interruptible	1,505,572	727,439	778,133
Large Interruptible	2,861,675	1,487,102	1,374,573
Unbilled Revenue	24,408	(20,072)	44,480
Total Transportation Revenues	<u>4,391,655</u>	<u>2,194,469</u>	<u>2,197,186</u>
Other Operating Revenues	<u>3,849,093</u>	<u>2,601,547</u>	<u>1,247,546</u>
Total Operating Revenues	<u>\$303,919,186</u>	<u>\$140,006,712</u>	<u>\$163,912,474</u>
<b><u>Operating Expenses</u></b>			
<b>Operation and Maintenance</b>			
Cost of Purchased Gas	\$221,505,429	\$103,658,144	\$117,847,285
Other Gas Supply	499,315	227,476	271,839
Distribution	19,007,959	9,136,737	9,871,222
Customer Accounts	7,205,940	2,853,586	4,352,354
Customer Service & Information	522,449	245,147	277,302
Sales	414,217	160,427	253,790
Administrative & General	15,551,521	6,751,336	8,800,185
Total O&M Expenses	<u>264,706,830</u>	<u>123,032,853</u>	<u>141,673,977</u>
<b>Depreciation</b>			
Distribution	11,328,354	4,521,476	6,806,878
General	621,456	184,752	436,704
Common	878,848	386,922	491,926
Amort. of Intangible Plant - General	104,825	104,825	0
Amort. of Intangible Plant - Common	1,659,496	667,420	992,076
Amort. of Acquisition Adjustment	2,819	2,819	0
Total Depreciation Expense	<u>14,595,798</u>	<u>5,868,214</u>	<u>8,727,584</u>

**MONTANA-DAKOTA UTILITIES CO.  
INCOME STATEMENT  
GAS UTILITY  
TWELVE MONTHS ENDED DECEMBER 31, 2014**

	<u>Total Company</u>	<u>North Dakota</u>	<u>Others</u>
<b><u>Operating Expenses Con't.</u></b>			
Taxes Other Than Income Taxes			
Ad Valorem Taxes			
Distribution	\$4,264,392	\$723,733	\$3,540,659
General	244,234	51,772	192,462
Common	459,241	74,734	384,507
Intangible	14,221	13,497	724
Total Ad Valorem Taxes	<u>4,982,088</u>	<u>863,736</u>	<u>4,118,352</u>
Other Taxes	2,228,288	773,891	1,454,397
Total Taxes Other Than Income Taxes	<u>7,210,376</u>	<u>1,637,627</u>	<u>5,572,749</u>
Current Income Taxes	(5,692,858)	(1,697,193)	(3,995,665)
Deferred Income Taxes	10,312,978	4,327,599	5,985,379
Total Operating Expenses	<u>\$291,133,124</u>	<u>\$133,169,100</u>	<u>\$157,964,024</u>
<b>Operating Income</b>	<u>\$12,786,062</u>	<u>\$6,837,612</u>	<u>\$5,948,450</u>
<b>Year End Rate Base</b>	<u>\$200,442,252</u>	<u>\$105,642,370</u>	<u>\$94,799,882</u>
<b>Rate of Return</b>	<u>6.38%</u>	<u>6.47%</u>	<u>6.27%</u>

**MONTANA-DAKOTA UTILITIES CO.**  
**YEAR END RATE BASE**  
**GAS UTILITY**  
**TWELVE MONTHS ENDED DECEMBER 31, 2014**

	<u>Total Company</u>	<u>North Dakota</u>	<u>Others</u>
<b><u>Plant in Service</u></b>			
Gas Plant in Service			
Distribution	366,820,388	175,525,433	191,294,955
General	33,162,491	10,856,356	22,306,135
Intangible Plant - General	3,926,973	3,663,300	263,673
Common	29,525,137	13,774,317	15,750,820
Intangible Plant - Common	28,384,801	11,464,372	16,920,429
Acquisition Adjustment	97,266	97,266	0
Total Gas Plant in Service	<u>461,917,056</u>	<u>215,381,044</u>	<u>246,536,012</u>
Accumulated Reserve for Depreciation			
Distribution	172,563,538	66,689,093	105,874,445
General	12,597,438	4,210,842	8,386,596
Intangible Plant - General	917,011	653,339	263,672
Common	9,459,616	4,188,739	5,270,877
Intangible Plant - Common	8,369,738	3,462,435	4,907,303
Acquisition Adjustment	60,850	60,850	0
Total Accum. Reserve for Depreciation	<u>203,968,191</u>	<u>79,265,298</u>	<u>124,702,893</u>
Total Gas Plant in Service	<u>\$257,948,865</u>	<u>\$136,115,746</u>	<u>\$121,833,119</u>
<b><u>Additions</u></b>			
Materials and Supplies	4,162,185	2,409,908	1,752,277
Fuel Stocks	59,307	59,307	0
Prepayments	1,398,657	46,193	1,352,464
Gas in Underground Storage	3,406,273	0	3,406,273
Other	(272,278)	(346,139)	73,861
Unamortized Loss on Debt	1,470,257	658,120	812,137
Gain or Loss on Property	(342,990)	(342,990)	0
Total Additions	<u>9,881,411</u>	<u>2,484,399</u>	<u>7,397,012</u>
Total Before Deductions	<u>\$267,830,276</u>	<u>\$138,600,145</u>	<u>\$129,230,131</u>
<b><u>Deductions</u></b>			
Accumulated Deferred Income Taxes	51,341,541	20,388,637	30,952,904
Customer Advances	16,046,483	12,569,138	3,477,345
Total Deductions	<u>67,388,024</u>	<u>32,957,775</u>	<u>34,430,249</u>
Year End Rate Base	<u><u>\$200,442,252</u></u>	<u><u>\$105,642,370</u></u>	<u><u>\$94,799,882</u></u>

**REPORT OF INDEPENDENT  
PUBLIC ACCOUNTANTS**

**2014**



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## **INDEPENDENT ACCOUNTANTS' REPORT**

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

We have examined the accompanying schedules of the Cost of Gas Adjustment Factors and Fuel Cost Adjustment Factors (collectively, "the Schedules") of Montana-Dakota Utilities Co. (the "Company"), a wholly-owned subsidiary of MDU Resources Group Inc., for the period from January 1, 2014 through December 31, 2014. These Schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these Schedules based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedules and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, such Schedules present, in all material respects, the cost of gas adjustment factors and fuel clause adjustment factors of the Company for the period from January 1, 2014 to December 31, 2014, as calculated in accordance with the criteria established by the North Dakota Public Service Commission (the "Commission") and based upon Chapters 69-09-01-30 and 69-09-02-39 of the North Dakota Administrative Code (the "Code") and Cost of Gas Rate 88 and Fuel Clause Rate 58 (the "Tariffs") filed by the Company with the Commission.

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

*Deloitte & Touche LLP*

April 2, 2015

**MONTANA-DAKOTA UTILITIES CO.**

**SCHEDULE OF 2014 COST OF GAS ADJUSTMENT FACTORS**

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Effective for the Month of:

	Adjustments per dekatherm		
	Residential and General Service	Small and Large Interruptible	Air Force Interruptible
January (1)	N/A	N/A	N/A
February	\$ 0.673	\$ 0.623	\$ 0.620
March	\$ 0.594	\$ 0.602	\$ 0.599
April	\$ 0.652	\$ 0.702	\$ 0.699
May	\$ (0.335)	\$ (0.750)	\$ (0.747)
June	\$ (0.212)	\$ 0.054	\$ 0.054
July	\$ (0.267)	\$ (0.325)	\$ (0.323)
August	\$ 0.117	\$ 0.122	\$ 0.121
September	\$ (0.664)	\$ (0.715)	\$ (0.712)
October	\$ 0.411	\$ 0.503	\$ 0.422
November	\$ (0.108)	\$ (0.075)	\$ (0.074)
December	\$ (0.198)	\$ (0.203)	\$ (0.203)

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

**MONTANA-DAKOTA UTILITIES CO.**

**SCHEDULE OF 2014 FUEL COST ADJUSTMENT FACTORS**

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Effective for the Month of:

	Fuel Cost Adjustments per Kilowatt Hour	
	Primary (1)	Secondary (1)
January	0.00563	0.00615
February	0.00680	0.00723
March	0.00787	0.00816
April	0.00883	0.00901
May	0.00821	0.00831
June	0.00546	0.00558
July	0.00296	0.00327
August	0.00103	0.00145
September	0.00073	0.00135
October	0.00252	0.00340
November	0.00206	0.00310
December	0.00178	0.00303

(1) Excludes base cost of fuel of \$0.02024 for primary service customers and \$0.02087 for secondary service customers.