

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

Before the Public Service Commission of North Dakota

Case No. PU-16____

Direct Testimony
of
Tammy J. Nygard

1 Q. **Please state your name and business address.**

2 A. My name is Tammy J. Nygard and my business address is 400
3 North Fourth Street, Bismarck, North Dakota 58501.

4 Q. **By whom are you employed and in what capacity?**

5 A. I am the Controller of Montana-Dakota Utilities Co. (Montana-
6 Dakota) and Great Plains Natural Gas Co., Divisions of MDU Resources
7 Group, Inc. I am also the Controller of Cascade Natural Gas Corporation
8 and Intermountain Gas Company; subsidiaries of MDU Resources Group,
9 Inc.

10 Q. **Please describe your duties and responsibilities with Montana-
11 Dakota.**

12 A. I am responsible for management of the accounting and the
13 financial forecasting/planning functions, including the analysis and
14 reporting of all financial transactions for Montana-Dakota, Great Plains,
15 Cascade and Intermountain.

16 Q. **Would you please outline your educational and professional
17 background?**

1 A. I graduated from the University of Mary with a Bachelor of Science
2 degree in Accounting and Computer Information Systems. I started my
3 career with Montana-Dakota in 2002 in a professional development role
4 and during my tenure with the Company have held positions of increasing
5 responsibility, including Financial Analyst for Montana-Dakota as well as
6 Director of Accounting and Finance for Cascade.

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

8 A. I am responsible for presenting Statement D.

9 **Q. Was this statement and the data contained therein prepared by you
10 or under your supervision?**

11 A. Yes, it was.

12 **Q. Is it true to the best of your knowledge and belief?**

13 A. Yes, it is.

14 **Q. Would you please explain Statement D?**

15 A. Statement D shows the utility capital structure of Montana-Dakota
16 for the twelve months ended December 31, 2015 and the projected capital
17 structure for 2016 and 2017. Statement D includes the associated costs
18 of debt, preferred stock and common equity. This capital structure and the
19 associated costs serve as the basis for the overall rate of return requested
20 by Montana-Dakota in this rate filing of 7.459 percent. The basis for the
21 requested 10.00 percent return on common equity contained within the
22 overall requested rate of return is supported by the testimony of Dr. J.
23 Stephen Gaske.

1 Page 1 of Statement D summarizes the utility capital structure and
2 the related utility costs of capital at December 31, 2015 and the projected
3 capital structure and the related utility costs of capital for 2016 and 2017.
4 As shown on page 1, the components of the 2017 projected overall annual
5 rate of return, which are used by Mr. Jacobson to calculate the revenue
6 requirement, are:

	<u>Weighted Cost of Capital</u>
Long Term Debt	2.207%
Short Term Debt	0.182%
Preferred Stock	0.047%
Common Equity	5.023%
Required Rate of Return	<u>7.459%</u>

7

8 **Q. How does the Company finance its electric utility operations and**
9 **determine the amount of common equity, debt and preferred stock to**
10 **be included in its capital structure?**

11 **A. As a regulated public utility, the Company has a duty and obligation**
12 to provide safe and reliable service to its customers across its service
13 territory while prudently balancing cost and risk. In order to fulfill its
14 service obligations, the Company has made significant capital
15 expenditures for new plant investment throughout its service territory,
16 including environmental upgrades such as the Big Stone Air Quality
17 Control System project to comply with the regional haze rule and Lewis &
18 Clark to comply with the Material and Air Toxic Standard rule, new

1 generation sources for capacity and energy such as the Heskett III natural
2 gas turbine, the Thunder Spirit Wind Farm and 18.6 MW of new natural
3 gas generation located near the Lewis & Clark Station, as well as
4 transmission upgrades to enhance reliability across the Company's
5 integrated system. These new investments also have associated
6 operating and maintenance costs. Through its financial planning process,
7 the Company determines the amounts of necessary financing required to
8 support these activities. Montana-Dakota finances its operations targeting
9 a 50 percent common equity capital structure at year end. Capital
10 expenditure investments are financed through a mix of internally
11 generated funds, the utilization of the Company's short-term credit line and
12 the issuance of additional debt and common equity financing as required
13 to maintain targeted capital ratios and finance the combined utility
14 operations.

15 The Company obtained \$115.0 million of additional common equity
16 in 2015. In addition, the Company expects to receive approximately \$15.0
17 million of common equity during 2016 and \$45.0 million of common equity
18 in 2017 in order to achieve and maintain the targeted capital structure.

19 In 2015, the Company issued \$150.0 million of new debt. The
20 Company is projecting to issue \$50.0 million private placement of
21 unsecured senior notes in October 2016 with a delayed draw of \$50.0
22 million in March 2017. \$50.0 million of senior notes will be paid off in
23 September 2016.

1 **Q. What does Statement D, Schedule D-1 show?**

2 A. Page 1 is a summary showing the Company's long-term debt at
3 December 31, 2015 and associated cost of debt, and it shows the
4 projected long-term debt and associated costs for 2016 and 2017. Page 2
5 shows the cost and the debt balance by issue at December 31, 2015.
6 Page 3 shows the projected cost and the debt balance by issue at
7 December 31, 2016 and page 4 shows the projected cost and the debt
8 balance by issue at December 31, 2017.

9 **Q. How did you derive the projected cost of debt for 2016 and 2017?**

10 A. The projected cost of debt for 2016 and 2017 is based upon the
11 yield-to-maturity of each debt issue outstanding.

12 **Q. Would you please describe Statement D, Schedule D-1, page 5 and
13 explain the amortization method utilized?**

14 A. Page 5 reflects the annual amortization of the costs associated with
15 the redemption of long-term debt. For this proceeding, the amortization
16 has been computed on a straight-line basis over the remaining life of the
17 issues. The Company uses the same calculation for accounting purposes.

18 **Q. Would you please describe Statement D, Schedule D-1, page 6?**

19 A. Page 6 presents the twelve-month average short-term debt balance
20 for 2015 and projected 2016 and 2017 as well as the average cost of
21 short-term debt. A twelve-month average of short-term debt is used in the
22 cost of capital calculation to reflect the seasonality in the short-term debt
23 balance. Short-term debt is historically at or near its peak in December

1 and the twelve-month average calculation is more reflective of the
2 borrowing level than a year-end balance.

3 **Q. What does Statement D, Schedule D-2 show?**

4 A. Page 1 presents the preferred stock balances at December 31,
5 2015 and the projected balances for December 31, 2016 and December
6 31, 2017. The anticipated weighted cost of preferred stock is also shown.
7 Pages 2 sets forth the various preferred stock issues outstanding at
8 December 31, 2015 and page 3 and 4 set forth the projected issues
9 outstanding at December 31, 2016 and December 31, 2017.

10 **Q. What does Statement D, Schedule D-3 show?**

11 A. The schedule presents the common equity balance at December
12 31, 2015 and the projected balance for December 31, 2016 and
13 December 31, 2017 reflecting the projected activity in the balance.

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

15 A. Yes, it does.

**MONTANA-DAKOTA UTILITIES CO.
UTILITY CAPITAL STRUCTURE
TWELVE MONTHS ENDING DECEMBER 31, 2015
PROJECTED 2016 & 2017**

	<u>Balance</u>	<u>Ratio</u>	<u>Cost</u>	<u>Required Return</u>
<u>Per Books</u>				
Long Term Debt	\$505,460,413	41.845%	5.789%	2.422%
Short Term Debt 1/	93,215,913	7.717%	0.937%	0.072%
Preferred Stock	15,308,600	1.267%	4.581%	0.058%
Common Equity	593,956,022	49.171%	10.000%	4.917%
Total	<u>\$1,207,940,948</u>	<u>100.000%</u>		<u>7.469%</u>
<u>Projected 2016</u>				
Long Term Debt	\$580,451,153	42.788%	5.463%	2.338%
Short Term Debt 1/	81,175,670	5.984%	1.692%	0.101%
Preferred Stock	15,258,600	1.125%	4.579%	0.052%
Common Equity	679,679,661	50.103%	10.000%	5.010%
Total	<u>\$1,356,565,084</u>	<u>100.000%</u>		<u>7.501%</u>
<u>Projected 2017</u>				
Long Term Debt	\$605,440,903	41.313%	5.341%	2.207%
Short Term Debt 1/	108,736,873	7.420%	2.447%	0.182%
Preferred Stock	15,158,600	1.034%	4.574%	0.047%
Common Equity	736,149,023	50.233%	10.000%	5.023%
Total	<u>\$1,465,485,399</u>	<u>100.000%</u>		<u>7.459%</u>

1/ Reflects average monthly balance.

MONTANA-DAKOTA UTILITIES CO.
LONG-TERM DEBT
TWELVE MONTHS ENDING DECEMBER 31, 2015
PROJECTED 2016 & 2017

	Balance Outstanding	Annual Cost	Adjusted Embedded Cost
Balance at 12/31/2014	\$430,464,906	\$26,225,963	6.092%
Balance at 12/31/2015	\$580,000,000	\$32,222,050	5.556%
Minot Air Force Base Payable	455,919	27,355	6.000%
Amortization of Gain/Loss		43,469	
Total - 12/31/2015	<u>\$580,455,919</u>	<u>\$32,292,874</u>	<u>5.563%</u>
Average - 12/31/2015	<u>\$505,460,413</u>	<u>\$29,259,419</u>	<u>5.789%</u>
Balance at 12/31/2016	\$580,000,000	\$31,061,550	5.355%
Minot Air Force Base Payable	446,386	26,783	6.000%
Amortization of Gain/Loss		43,469	
Total - 12/31/2016	<u>\$580,446,386</u>	<u>\$31,131,802</u>	<u>5.363%</u>
Average - 12/31/2016	<u>\$580,451,153</u>	<u>\$31,712,338</u>	<u>5.463%</u>
Balance at 12/31/2017	\$630,000,000	\$33,474,050	5.313%
Minot Air Force Base Payable	435,420	26,125	6.000%
Amortization of Gain/Loss		43,469	
Total - 12/31/2017	<u>\$630,435,420</u>	<u>\$33,543,644</u>	<u>5.321%</u>
Average - 12/31/2017	<u>\$605,440,903</u>	<u>\$32,337,723</u>	<u>5.341%</u>

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

Description Unsecured Long-Term Debt	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
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	362,431	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	291,263	0.485%	0	0.000%
4.34% - Senior Note	7/15/2014	7/15/2026	4.340%	40,000,000	40,000,000	197,042	0.493%	0	0.000%
3.78% - Senior Note	10/29/2015	10/30/2025	3.780%	87,000,000	87,000,000	465,946	0.536%	0	0.000%
4.87% - Senior Note	10/29/2015	10/30/2045	4.870%	11,000,000	11,000,000	58,886	0.535%	0	0.000%
4.03% - Senior Note	12/10/2015	12/10/2030	4.030%	52,000,000	52,000,000	278,523	0.536%	0	0.000%
Total Long-Term Debt Capital				\$580,000,000	\$580,000,000	\$2,998,411		\$11,566,583	

Description Unsecured Long-Term Debt	Net Proceeds		Cost of Money 1/	Principal Outstanding	Annual Cost	Embedded Cost
	Amount	Per Unit				
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	99,637,569	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	59,708,737	99.515%	4.346%	60,000,000	2,607,600	
4.34% - Senior Note	39,802,958	99.507%	4.442%	40,000,000	1,776,800	
3.78% - Senior Note	86,534,054	99.464%	3.883%	87,000,000	3,378,210	
4.87% - Senior Note	10,941,114	99.465%	4.964%	11,000,000	546,040	
4.03% - Senior Note	51,721,477	99.464%	4.120%	52,000,000	2,142,400	
Total Long-Term Debt Capital	\$565,435,006			\$580,000,000	\$32,222,050	5.556%

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

**MONTANA-DAKOTA UTILITIES CO.
LONG-TERM DEBT CAPITAL
DECEMBER 31, 2016**

Description Unsecured Long-Term Debt	Date of Issuance	Date of Maturity	Interest Rate	Principal Amount of Issue	Gross Proceeds	Underwriters' Commission		Loss on Reacquisition and Issuance Expense	
						Amount	% Gross Proceeds	Amount	% Gross Proceeds
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	362,431	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	291,263	0.485%	0	0.000%
4.34% - Senior Note	7/15/2014	7/15/2026	4.340%	40,000,000	40,000,000	197,042	0.493%	0	0.000%
3.78% - Senior Note	10/29/2015	10/30/2025	3.780%	87,000,000	87,000,000	467,669	0.538%	0	0.000%
4.87% - Senior Note	10/29/2015	10/30/2045	4.870%	11,000,000	11,000,000	59,104	0.537%	0	0.000%
4.03% - Senior Note	12/10/2015	12/10/2030	4.030%	52,000,000	52,000,000	279,553	0.538%	0	0.000%
4.70% - Senior Note	10/31/2016	10/31/2026	4.700%	50,000,000	50,000,000	264,607	0.529%	0	0.000%
Total Long-Term Debt Capital				\$580,000,000	\$580,000,000	\$3,129,373		\$10,532,009	

Description Unsecured Long-Term Debt	Net Proceeds		Cost of Money 1/	Principal Outstanding	Annual Cost	Embedded Cost
	Amount	Per Unit				
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	99,637,569	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	59,708,737	99.515%	4.346%	60,000,000	2,607,600	
4.34% - Senior Note	39,802,958	99.507%	4.442%	40,000,000	1,776,800	
3.78% - Senior Note	86,532,331	99.462%	3.883%	87,000,000	3,378,210	
4.87% - Senior Note	10,940,896	99.463%	4.964%	11,000,000	546,040	
4.03% - Senior Note	51,720,447	99.462%	4.120%	52,000,000	2,142,400	
4.70% - Senior Note	49,735,393	99.471%	4.825%	50,000,000	2,412,500	
Total Long-Term Debt Capital	\$566,338,618			\$580,000,000	\$31,061,550	5.355%

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

**MONTANA-DAKOTA UTILITIES CO.
LONG-TERM DEBT CAPITAL
DECEMBER 31, 2017**

Description	Date of Issuance	Date of Maturity	Interest Rate	Principal Amount of Issue	Gross Proceeds	Underwriters' Commission		Loss on Reacquisition and Issuance Expense	
						Amount	% Gross Proceeds	Amount	% Gross Proceeds
Unsecured Long-Term Debt:									
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	362,431	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	291,263	0.485%	0	0.000%
4.34% - Senior Note	7/15/2014	7/15/2026	4.340%	40,000,000	40,000,000	197,042	0.493%	0	0.000%
3.78% - Senior Note	10/29/2015	10/30/2025	3.780%	87,000,000	87,000,000	467,669	0.538%	0	0.000%
4.87% - Senior Note	10/29/2015	10/30/2045	4.870%	11,000,000	11,000,000	59,104	0.537%	0	0.000%
4.03% - Senior Note	12/10/2015	12/10/2030	4.030%	52,000,000	52,000,000	279,553	0.538%	0	0.000%
4.70% - Senior Note	10/31/2016	10/31/2026	4.700%	50,000,000	50,000,000	264,607	0.529%	0	0.000%
4.70% - Senior Note	3/31/2017	3/31/2027	4.700%	50,000,000	50,000,000	264,607	0.529%	0	0.000%
Total Long-Term Debt Capital				\$630,000,000	\$630,000,000	\$3,393,980		\$10,532,009	

Description	Net Proceeds		Cost of Money 1/	Principal Outstanding	Annual Cost	Embedded Cost
	Amount	Per Unit				
Unsecured Long-Term Debt:						
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	99,637,569	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	59,708,737	99.515%	4.346%	60,000,000	2,607,600	
4.34% - Senior Note	39,802,958	99.507%	4.442%	40,000,000	1,776,800	
3.78% - Senior Note	86,532,331	99.462%	3.883%	87,000,000	3,378,210	
4.87% - Senior Note	10,940,896	99.463%	4.964%	11,000,000	546,040	
4.03% - Senior Note	51,720,447	99.462%	4.120%	52,000,000	2,142,400	
4.70% - Senior Note	49,735,393	99.471%	4.825%	50,000,000	2,412,500	
4.70% - Senior Note	49,735,393	99.471%	4.825%	50,000,000	2,412,500	
Total Long-Term Debt Capital	\$616,074,011			\$630,000,000	\$33,474,050	5.313%

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

MONTANA-DAKOTA UTILITIES CO.
AMORTIZATION OF LOSS ON REACQUIRED DEBT
TWELVE MONTHS ENDING DECEMBER 31, 2015
PROJECTED 2016 & 2017

<u>Acct. 1890 - Unamortized Loss</u>	<u>Amortization</u>
PCN Notes Loss/Unamortized Expense - 2015	\$43,469
PCN Notes Loss/Unamortized Expense - 2016	\$43,469
PCN Notes Loss/Unamortized Expense - 2017	\$43,469

MONTANA-DAKOTA UTILITIES CO.
AVERAGE SHORT-TERM DEBT
TWELVE MONTHS ENDING DECEMBER 31, 2015
PROJECTED 2016 & 2017

	Balance Outstanding	Annual Cost	Average Cost
<u>2015</u>			
Average Balance 1/	\$93,215,913	\$523,710	0.562%
Amortization of Fees 2/		350,003	
Total	\$93,215,913	\$873,713	0.937%
<u>Projected 2016</u>			
Average Balance 1/	\$81,175,670	\$1,022,812	1.260%
Amortization of Fees 2/		350,611	
Total	\$81,175,670	\$1,373,423	1.692%
<u>Projected 2017</u>			
Average Balance 1/	\$108,736,873	\$2,310,072	2.124%
Amortization of Fees 2/		350,611	
Total	\$108,736,873	\$2,660,683	2.447%

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

**MONTANA-DAKOTA UTILITIES CO.
PREFERRED STOCK
TWELVE MONTHS ENDING DECEMBER 31, 2015
PROJECTED 2016 & 2017**

<u>Description</u>	<u>Balance Outstanding</u>	<u>Annual Cost</u>	<u>Adjusted Embedded Cost</u>
Balance at 12/31/2014	\$15,308,600	\$701,310	4.581%
2015 Redemptions: 5.1% Series	0	0	
Balance at 12/31/2015	<u>\$15,308,600</u>	<u>\$701,310</u>	<u>4.581%</u>
Average - 12/31/15	<u>\$15,308,600</u>	<u>\$701,310</u>	<u>4.581%</u>
2016 Redemptions: 5.1% Series	(100,000)	(5,285)	5.285%
Balance at 12/31/2016	<u>\$15,208,600</u>	<u>\$696,025</u>	<u>4.577%</u>
Average - 12/31/16	<u>\$15,258,600</u>	<u>\$698,668</u>	<u>4.579%</u>
2017 Redemptions: 5.1% Series	(100,000)	(5,285)	5.285%
Balance at 12/31/2017	<u>\$15,108,600</u>	<u>\$690,740</u>	<u>4.572%</u>
Average - 12/31/17	<u>\$15,158,600</u>	<u>\$693,383</u>	<u>4.574%</u>

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

Description	Date of Issuance	Call (Redemption) Price	Dividend Rate	Par Value of Issue	Gross Proceeds (000's)	Underwriters' Commission		Issuance Expense																																											
						Amount	% Gross Proceeds	Amount	% Gross Proceeds																																										
4.5% Series	01/01/51	\$105	4.5%	\$100	\$10,000																																														
4.7% Series	12/07/55	102	4.7%	100	5,000																																														
5.1% Series	05/23/61	100/102	5.1%	100	5,000	\$25,000	0.50%	\$27,452	0.549%																																										
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1/ Yield to maturity based upon the life, net proceeds, and quarterly compounding of the stated dividend rate of each issue.
2/ 4.5% Series and 4.7% Series issue expense fully recovered.

**MONTANA-DAKOTA UTILITIES CO.
PREFERRED STOCK CAPITAL
DECEMBER 31, 2016**

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

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

1/ Yield to maturity based upon the life, net proceeds, and quarterly compounding of the stated dividend rate of each issue.
2/ 4.5% Series and 4.7% Series issue expense fully recovered.

**MONTANA-DAKOTA UTILITIES CO.
PREFERRED STOCK CAPITAL
DECEMBER 31, 2017**

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

MONTANA-DAKOTA UTILITIES CO.
UTILITY COMMON EQUITY
TWELVE MONTHS ENDING DECEMBER 31, 2015
PROJECTED 2016 & 2017

<u>Description</u>	<u>Amount</u>
Utility Common Equity - 12/31/2014	<u>\$528,757,663</u>
Common Equity - 12/31/2015	\$2,381,505,155
Investment in Subsidiaries	<u>1,722,350,774</u>
Utility Common Equity - 12/31/2015	<u>\$659,154,381</u>
Average - 12/31/15	\$593,956,022
Common Equity - 12/31/2016	\$2,251,343,685
Investment in Subsidiaries	<u>1,551,138,744</u>
Utility Common Equity - 12/31/2016	<u>\$700,204,941</u>
Average - 12/31/16	\$679,679,661
Common Equity - 12/31/2017	\$2,323,231,848
Investment in Subsidiaries	<u>1,551,138,744</u>
Utility Common Equity - 12/31/2017	<u>\$772,093,104</u>
Average - 12/31/17	\$736,149,023