



UTILITIES CO.

A Division of MDU Resources Group, Inc.

400 North Fourth Street

Bismarck, ND 58501

(701) 222-7900

March 31, 2017

Executive Secretary
North Dakota Public Service Commission
State Capitol Building
Bismarck, ND 58505-0480

Re: Case No. PU-17-____
Application for a Certificate of Public
Convenience and Necessity to
Construct and Operate a Natural Gas
Distribution Line to serve Clark
Equipment near Gwinner, North Dakota
and approval of a Gas Transportation
Service Agreement.

Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc., (Montana-Dakota) herewith files an original and seven (7) copies of an Application for a Certificate of Public Convenience and Necessity (CPCN) in accordance with §49-03.1, N.D.C.C. to construct and operate a natural gas distribution system to serve portions of Ransom and Sargent Counties. This new distribution system is required to provide transportation service to Clark Equipment Company, d/b/a Bobcat Company (Bobcat) at a location in Gwinner, North Dakota. Gwinner is home to Bobcat's 700,000-square-foot manufacturing and product engineering complexes and is Bobcat's largest manufacturing facility in the United States. Montana-Dakota has been working with Bobcat over the last several years in attempts to provide natural gas service to this facility. Other customers have also expressed interest in connecting to this natural gas extension. A map of the area is included as Attachment A.

Montana-Dakota requests the Commission give Notice of Opportunity to request a hearing to interested parties and, if no hearing is requested within twenty days, to waive the hearing in accordance with §49-03.1-05, N.D.C.C. No other natural gas public utilities will be affected by the expansion of the area for service off of the distribution line.

Montana-Dakota is also requesting approval of the attached Agreement for Transportation Service (Agreement) marked as Attachment B for service to Bobcat as executed on March 5, 2017. The Agreement is for a fifteen year term, with an expected

1 PU-17-144 Filed 03/31/2017 Pages: 43
Natural Gas Transportation Service Agreement

1 PU-17-123 Filed 03/31/2017 Pages: 43
Application for Certificate of Public Convenience and Necessity

in service date no later than August 1, 2018 for a Maximum Daily Transportation Quantity of 3,000 dk per day. The Agreement is subject to two Contingency Events that provide either party the right to terminate the agreement upon written notice of termination. The Contingency Events include (1) the cost of the project is determined by the Company to exceed \$13,800,000 or (2) this Commission has not approved the Agreement on terms acceptable to the Company on or before August 31, 2017. The Company must provide notice of a Contingency Event on or before August 31, 2017 or each potential Contingency Event is deemed waived.

Montana-Dakota will be providing service to Bobcat's production facility through construction of a twelve inch twenty-one mile line from a tap on the Alliance Pipeline located in the SE ¼ of Section 17 Township 133 N and Range 53 West in Ransom County (northeast of Milnor, North Dakota). Montana-Dakota will separately file a request for a jurisdictional determination of the applicability of Chapter 49-22 of the North Dakota Century Code to this project. At this time Montana-Dakota, expects to use State rights of way to the extent possible for the pipeline route.

The Transportation Service rates to be charged under the Agreement include a Monthly Basic Service Charge and volumetric Distribution Delivery Charge as established in the currently approved Interruptible Transportation Service Rate 82 schedule applicable for Large Interruptible Transportation Service customers. The Basic Service Charge is currently set at \$1,000.00 per month and the Distribution Delivery Charge is set at \$0.297 per dk as authorized in Case No. PU-15-090. The Basic Service Charge and Distribution Delivery Charge are subject to change as subsequently may be approved by the Commission for service to Large Interruptible Transportation Service Rate 82 customers.

The Agreement also includes a Monthly Contract Demand Charge to be applicable under the term of the Agreement to recover the cost of the pipeline extension necessary to provide service to the Bobcat facility. The Contract Demand Charge is initially estimated to be \$79,700 per month for the first five years, \$74,000 for in Years 6 through 10 and \$65,058 for Years 11-15. The Contract Demand Charge is subject to adjustment for actual construction costs and additional contracted load by other customers as set forth in Exhibit B of the Agreement. Financing for this project includes a unique arrangement in order to facilitate the extension of natural gas service to Bobcat and also provide an opportunity for other customers in the area to convert to natural gas service. Financing for the project will consist of 80% debt financing or

approximately \$11 million and 20% equity or \$2.8 million with the debt financing subject to adjustment every five years.

The estimated Monthly Contract Demand Charge provided in the Agreement is based on an estimated interest rate of 2.30 percent. The financing for this project will be kept separate from the financing and return requirements associated with the remainder of the North Dakota rate base for purposes of reporting annual natural gas returns and in the determination of a revenue requirement in a rate case filed by the Company. This will ensure other customers are not harmed by the pipeline expansion project. As set forth in the Agreement, the Monthly Contract Demand Charge is subject to adjustment in Years 1, 6 and 11 to reflect the current interest rate, in addition to adjustment for customer additions.

Bobcat is responsible for securing a supply of natural gas and pipeline services necessary to deliver natural gas to the new delivery point on the Alliance Pipeline. The current requirements at the Bobcat manufacturing facility are estimated at 185,000 dk annually. Montana-Dakota is aware of additional customers along the new pipeline route and will be making contact with those customers to assist in determining the economics for such customers to also contract for capacity on the new distribution pipeline thereby reducing the cost assigned to Bobcat.

The estimated investment associated with a tap on the Alliance pipeline and construction of the 21 mile pipeline and associated equipment necessary to delivery natural gas to the Bobcat facility is estimated to be \$13.8 million. Doosan Bobcat Inc., parent company of Bobcat has entered into a Guarantee Agreement obligating Doosan Bobcat Inc. to guarantee any payment due and owing under the Agreement.

The addition of this gas transportation service agreement will provide a net benefit to all natural gas customers Montana-Dakota serves in the State of North Dakota.

Montana-Dakota respectfully requests expedited treatment of this request in order to lock in financing for the project and begin the pipeline routing process and work necessary to secure additional customers on this expansion.

Please refer all inquiries regarding this filing to:

Ms. Tamie Aberle
Director of Regulatory Affairs

Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501
Tamie.aberle@mdu.com

Also, please send copies of all written inquiries, correspondence and pleadings to:

Karl Liepitz
Assistant General Counsel
MDU Resources Group, Inc.
P.O. Box 5650
Bismarck, ND 58506-5650
Karl.liepitz@mduresources.com

Montana-Dakota also herewith submits a check for \$10,000 pursuant to the requirements of Section 49-03.1-03 of the N.D.C.C.

Montana-Dakota respectfully requests that this filing be accepted as being in full compliance with the filing requirements of this Commission.

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 A. Aberle
Director of Regulatory Affairs

Attachments

Cc: Karl Liepitz
Eric Spilde - Doosan Bobcat North America

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NORTH DAKOTA

In the Matter of the Application of)
MONTANA-DAKOTA UTILITIES CO., a)
Division of MDU Resources Group, Inc., for a)
Certificate of Public Convenience and)
Necessity to Construct and Operate a) Case No. PU-17-_____
Natural Gas Distribution Line to serve Clark)
Equipment near Gwinner, North Dakota and)
approval of a Gas Transportation Service)
Agreement)

APPLICATION

COMES NOW, Montana-Dakota Utilities Co. (Montana-Dakota or Applicant), a Division of MDU Resources Group, Inc., the Applicant in the above-entitled proceeding, and makes application pursuant to Chapter 49-03.1, NDCC, for a Certificate of Public Convenience and Necessity to construct and operate the facilities hereinafter described to provide natural gas service in portions of Ransom and Sargent Counties to serve Clark Equipment d/b/a Bobcat Company (Customer) at a manufacturing plant located in Gwinner North Dakota along with other potential customers located along the proposed pipeline route. Applicant also requests approval of the proposed Agreement for Natural Gas Transportation Service (Agreement) set forth in Attachment B to be effective upon the completion of the facilities necessary to provide service to Customer. In support of this Application, Montana-Dakota alleges as follows:

I.

That Applicant's full name and post office address are:

Montana-Dakota Utilities Co.,
a Division of MDU Resources Group, Inc.,
400 North Fourth Street
Bismarck, North Dakota 58501

II.

That Applicant is a Division of MDU Resources Group, Inc., a Delaware corporation duly authorized to do business in the State of North Dakota as a foreign corporation, and that it is doing business in the State of North Dakota as a public utility subject to the jurisdiction of and regulation by the North Dakota Public Service Commission (Commission) under Title 49, N.D.C.C., as amended.

III.

That Applicant's Certificate of Incorporation and amendments thereto have been previously filed with the Commission, such Certificate and Amendments are hereby incorporated by reference, as though fully set forth herein.

IV.

That this Application is being made pursuant to the provisions of Chapter 49-03.1 of the North Dakota Century Code, and the rules and regulations promulgated by the Public Service Commission of the State of North Dakota.

V.

That enclosed herewith and incorporated herein by reference is the required financial statement of operations for MDU Resources Group, Inc. for the fiscal year ended December 31, 2016 (denoted as Attachment C).

VI.

That Applicant seeks authorization to construct, operate and maintain a natural gas pipeline for the purpose of providing natural gas transportation service to Customer's manufacturing facility located near Gwinner, North Dakota.

VII.

That Customer will be responsible for securing natural gas and the pipeline services necessary on the Alliance Pipeline to deliver the Customer's gas supply to the tap to be constructed on the Alliance Pipeline for delivery to Montana-Dakota's distribution pipeline tied directly to Customer.

VIII.

That Montana-Dakota has entered into a Agreement with Customer under the terms of the currently authorized Transportation Service Rates 81 and 82. The transportation service rate to be paid by Customer reflects a Basic Service Charge of \$1,000.00 and a Distribution Charge of \$0.296 per dk based on transportation service charges currently applicable under Transportation Service Rate 82 and is subject to changes authorized in that rate schedule. In addition, a Contract Demand Charge to be assessed on a monthly basis and subject to adjustment for actual construction costs, additional customers contracting for capacity on the line extension and changes in interest rates as set forth in Exhibit B of the Agreement. An annual minimum bill equal to the annual Basic Service and Contract Demand Charges plus Distribution Delivery charges based on an annual throughput of 185,000 dk will also apply under the terms of the Agreement. The rates are a result of negotiations between the Applicant and Customer and are cost justified as shown on the revenue requirement analysis provided

as Attachment D. The Contract Demand Charge is necessary to recover the construction cost for this project including the Alliance Pipeline tap, a cost typically borne by the end use customer.

IX.

That in order to provide natural gas transportation service to Customer, Montana-Dakota must invest approximately \$13.8 million in new facilities. The Agreement is subject to two Contingency Events that provide either party the right to terminate the Agreement upon written notice of termination. The Contingency Events include (1) the cost of the project is determined by the Applicant to exceed \$13,800,000 or (2) this Commission has not approved the Agreement on terms acceptable to the Applicant on or before August 31, 2017. The Applicant must provide notice of a Contingency Event on or before August 31, 2017 or each potential Contingency Event is deemed waived.

X.

That the distribution facilities proposed to be constructed by Applicant will provide natural gas transportation service to Customer in an area that is not now served with natural gas. That there is a public need and demand for natural gas as a fuel and that the best interests of the Customer and this Applicant will be served by the granting of the Certificate of Public Convenience and Necessity requested herein.

XI.

That sufficient customer interest for natural gas exists as evidenced by the Agreement provided herein.

XII.

That no other natural gas public utility will be affected by the construction and operation of the proposed natural gas distribution system.

XIII.

That Applicant is fit, willing and able to construct the proposed project and to maintain and operate the system when completed.

XIV.

That the rates set forth on the proposed rate schedules will provide Montana-Dakota the opportunity to earn a reasonable rate of return on its investment, provide Customer with a competitive source of energy and provide benefit to all customers served by Applicant in North Dakota.

XV.

That Applicant believes it is in the public interest that Applicant be granted a Certificate of Public Convenience and Necessity for the authority it requests herein.

WHEREFORE, Applicant respectfully requests that the Commission:

1. Give Notice of Opportunity to request a hearing to interested parties and, if no hearing is requested within twenty days, to waive the hearing in accordance with §49-03.1-05, NDCC;
2. Enter an Order and issue a Certificate of Public Convenience and Necessity authorizing the Applicant to construct and operate natural gas facilities necessary to extend natural gas service to Customer located near Gwinner, North Dakota and other potential customers along the pipeline route;
3. Approve the Agreement necessary to provide service to Customer as set forth in Attachment B; and

4. Grant such other relief as the Commission shall deem appropriate.

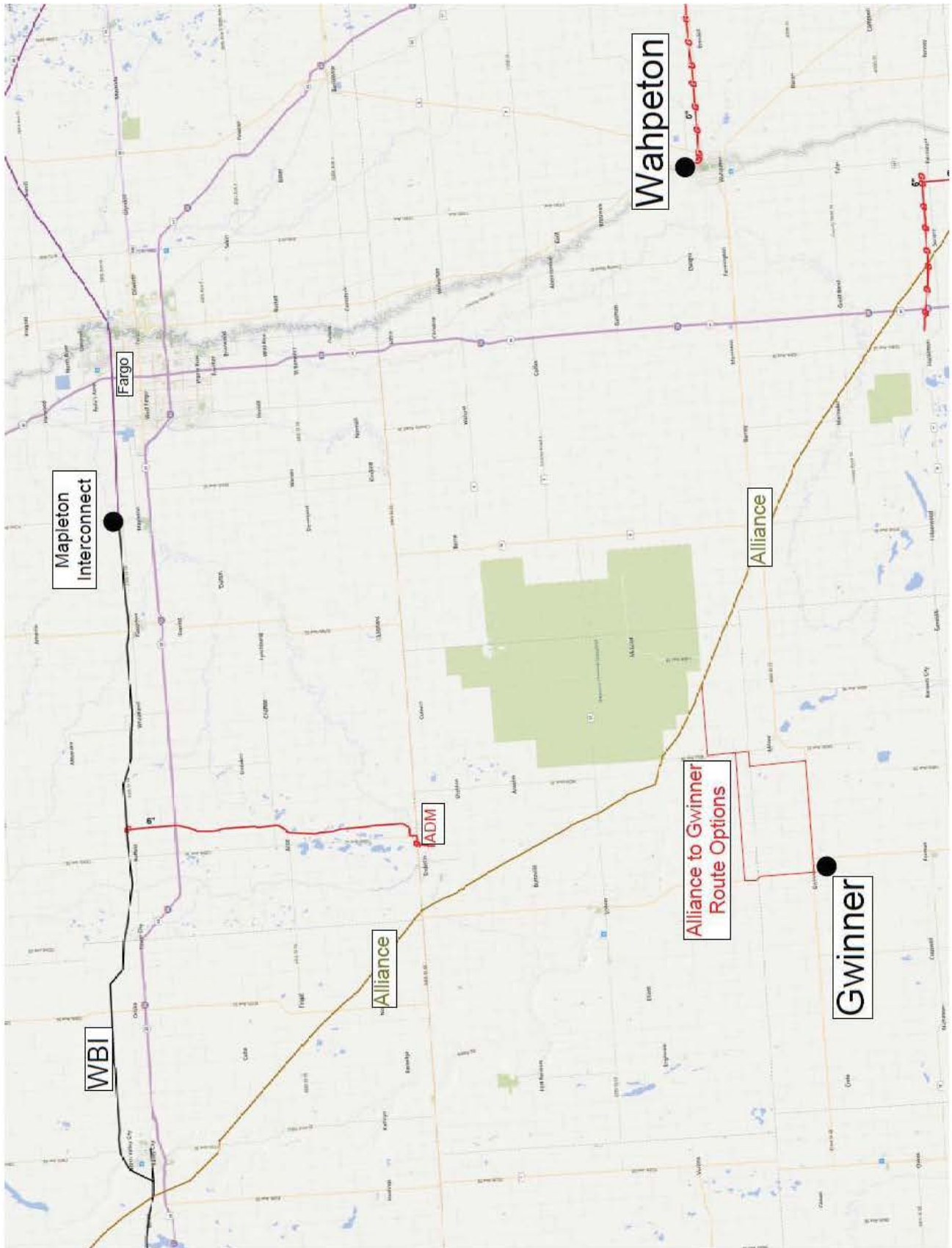
Dated this 31st day of March, 2017.

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

By: 
Tamie A. Aberle
Director of Regulatory Affairs

Of Counsel:

Karl Liepitz
Assistant General Counsel
MDU Resources Group, Inc.
P.O. Box 5650
Bismarck, ND 58506-5650
Karl.liepitz@mduresources.com



AGREEMENT FOR NATURAL GAS TRANSPORTATION SERVICE

This Agreement for Natural Gas Transportation Service (the “**Agreement**”) dated this 1st day of March, 2017 for Natural Gas Transportation Service sets forth the agreement between Montana-Dakota Utilities Co., a division of MDU Resources Group, Inc. (“**Company**”) and Clark Equipment Company, d/b/a Bobcat Company (hereinafter “**Customer**”) for transportation service of natural gas (“**Gas**”) to be transported by Company from the Receipt Point to the Delivery Point to satisfy the Gas transportation requirements of Customer for its Gwinner, North Dakota facility within the quantity limits set forth in Exhibit A of this Agreement. Company and Customer are also referred to individually as a “**Party**” and collectively as the “**Parties**.”

1. ADDITIONAL DEFINITIONS

“**Delivery Point**” means the point at which Customer assumes custody of the Gas being transported by Company. This point will be the outlet of Company’s meter(s) located on Customer’s premises located in Gwinner, North Dakota.

“**Gas Day**” means a period of twenty-four consecutive hours, beginning and ending at 9:00 a.m. Central Clock Time.

“**Interruption(s)**” means a suspension of Gas transportation service.

“**Nomination**” means the daily volume, in dekatherm, of Gas requested by Customer for transportation and delivery to Customer at the Delivery Point during a Gas Day.

“**Receipt Point**” means the intertie location between Company and Alliance Pipeline at which point Company assumes custody of the Gas being transported for Customer.

“**Shipper**” means the party with whom Alliance Pipeline has entered into a Service Agreement for transportation service of Gas for Customer to the Receipt Point.

2. GAS SERVICE Company will provide transportation service for Gas as provided herein to Customer beginning on the date the pipeline and other facilities necessary to provide such service (the “**Facilities**”) are placed into service and able to provide transportation services up to the daily transportation quantity as defined in this Agreement (the “**In-Service Date**”). On or prior to the In-Service Date Company shall provide the initial blanket of Gas, equal to approximately 95 psig, required to put the Facilities into service.

The In-Service Date is anticipated to be on or before August 1, 2018; provided that, in the event Company reasonably determines: (a) the Facilities will not be placed into service at a cost equal to or less than Thirteen Million Eight Hundred Thousand Dollars (\$13,800,000), or (b) the North Dakota Public Service Commission (“**ND PSC**”) has not approved this Agreement on terms acceptable to Company (each a “**Contingency Event**”), then Company shall give notice of such Contingency Event to Customer on or prior to August 31, 2017. Company agrees to file for ND PSC approval of this Agreement promptly after both parties’ execution hereof. For a period of 30 days following such Contingency Event notice, if any, both Parties shall have the right to

terminate this Agreement upon written notice of termination to the other Party and in such event this Agreement shall terminate without cost or further liability to either Party. If Company does not provide notice of a Contingency Event on or prior to August 31, 2017, then each potential Contingency Event shall be deemed to be waived.

Company shall report monthly on the progress of the Facilities and the anticipated In-Service Date. Company will provide transportation service for the volumes of Gas tendered by Customer up to the maximum daily quantity (“MDQ”) received at the Receipt Point as specified in Exhibit A of this Agreement. Customer’s Shipper information shall be identified in Exhibit A. Customer may change the Shipper by prior written notice to Company, provided that such change shall be documented with a revised Exhibit A that is agreed to and executed by both parties and effective as of the first day of the month following such notice. Any volumes of Gas tendered by Customer for transportation and delivery by Company during a Gas Day in excess of the MDQ shall be transported and delivered by Company on a reasonable efforts basis. “Reasonable efforts” means that those efforts: (i) are within the reasonable and available capacity of Company, (ii) will not increase Company’s costs, and (iii) will not jeopardize Company’s system integrity. The Gas will be transported by Company from the Receipt Point to the Delivery Point. Except as otherwise provided in this Agreement, Company’s obligation to provide transportation service under this Agreement is subject to the applicable terms and conditions of Company’s Interruptible Transportation Service Rates 81 and 82 and Conditions of Service Rate 100 of Company’s filed tariff. For clarity, Company will use reasonable care to provide continuous transportation service and restore interrupted service but does not assume responsibility for uninterrupted Gas transportation service and will not be liable for any loss or damage caused by the interruption of such transportation service and under no circumstances will Company be liable for incidental, special, indirect, punitive or consequential damages arising from Interruptions.

3. TERM

This Agreement shall be effective for a primary term beginning on the In-Service Date and terminating following the fifteenth (15) year anniversary of the In-Service Date (the “**Primary Term**”). The Agreement shall be automatically renewed year to year thereafter (“**Renewal Term**”) unless either party provides notice of termination not less than one hundred eighty (180) days prior to the end of the Primary Term or the applicable Renewal Term.

4. RATES

The rates charged Customer for the transportation service are set forth in Exhibit B as such rates are filed with the ND PSC and in effect from time to time. Customer agrees to pay Company for the transportation services in accordance with Exhibit B.

5. TAXES

In addition to the rates specified above, Company shall collect from Customer and Customer agrees to pay Company any sales, use, excise, or other such taxes and city fees that are legally effective and applicable to the service provided hereunder.

6. GAS SUPPLIES

Customer will be required to secure both Gas supply and interstate pipeline transportation to the Receipt Point, including any applicable capacity and storage services, through Shipper arrangements. Customer warrants that it, or its Shipper, shall have title to all Gas it delivers to the Receipt Point and that such Gas shall be free and clear of all liens and encumbrances. Service under this Agreement only includes transportation on Company's distribution facilities between the Receipt Point and the Delivery Point. Company has no obligation to purchase, secure or reserve Gas supply, interstate pipeline capacity, or interstate pipeline transportation or storage services for Customer. Customer and/or Customer's Shipper agrees to provide a copy of the agreement or a letter from the downstream liquid extraction plant, currently known as Aux Sable, (the "Aux Sable") that it has agreed to reimburse Aux Sable for the applicable liquids extraction charges.

7. DELIVERY PRESSURE

Company shall deliver Gas at the Delivery Point at a pressure of not less than 60 psig.

8. QUALITY

The quality of Gas delivered to the Receipt Point shall conform to applicable quality specifications in effect from time to time of Alliance Pipeline. The quality of Gas delivered by Company to the Delivery Point shall be of substantially the same quality as that delivered to Company for the account of Customer at the Receipt Point.

9. DISPATCHING, NOMINATIONS, REPORTING AND BALANCING

Customer will adhere to Company's Gas dispatching policies and procedures provided by Company to Customer in writing to facilitate service under this Agreement. Company will inform Customer of any changes in dispatching policies that may affect this Agreement as they occur. Customer and Company agree that they will coordinate with each other in complying with nomination, reporting and balancing procedures required by Company's Rates 81 and 82, or their successors, as such rates may be filed with the ND PSC and in effect from time to time. In the event that on a Gas Day Customer tenders volumes of Gas for transportation in excess of the MDQ and if Company has transportation capacity available to transport such excess volumes, the charge for such volumes shall be as stated in the distribution service charge of Exhibit B plus any costs directly incurred by or penalties billed to Company as a result of Customer's tender or consumption of volumes in excess of the MDQ and Company's delivery of such contract overrun volumes.

10. SECURITY AND DEFAULT

Upon execution of this Agreement, Doosan-Bobcat, Inc. (the "Guarantor") will provide Company with a unconditional payment guaranty (the "Guaranty") acceptable to Company to secure Customer's payment obligations under this Agreement during the Primary Term; provided, however, the Guarantee shall not exceed the total construction costs of the Facilities, including payment to Alliance for the tap and an allowance for funds used during construction,

which are estimated to be Thirteen Million Eight Hundred Thousand Dollars (\$13,800,000). Such Guaranty shall be: (i) in a form acceptable to Company, (ii) a condition precedent to Company's obligations set forth in this Agreement, and (iii) executed and delivered concurrent with the parties execution of this Agreement.

The failure of Customer to pay when due the charges provided for under this Agreement after written notice and an opportunity to cure of no more than thirty (30) days is a default and shall entitle Company to declare the remaining charges during the Primary Term of the Agreement, as calculated by Company, to become immediately due and owing, for which sums Customer shall be obligated under this Agreement. In the event of such default, Customer shall be obligated to pay Company an amount equal to the sum of all Monthly Basic Service Charges, Monthly Distribution Delivery Charges of \$4,579, and Monthly Contract Demand Charges times the number of months remaining in the Primary Term subsequent to such default. The Guarantor shall be jointly and severally obligated under the guaranty to pay all such charges.

11. TERMS AND CONDITIONS

11.1 Notices. Notices under this Agreement shall be in writing and sent by personal delivery, fax, overnight courier or mailed by registered, certified or express mail, postage prepaid as follows:

a) Clark Equipment Company, d/b/a Bobcat.

Mailing Address: Clark Equipment Company d/b/a Bobcat
250 East Beaton Dr.
West Fargo, ND 58078
Attention: Courtney Fletcher
Vice President – Legal & Compliance

Telephone: 678-714-6217
Facsimile: 877-644-8267

With a copy to:

Clark Equipment Company d/b/a Bobcat Company
250 East Beaton Dr.
West Fargo, ND 58078
Attention: Michael Wood
Vice President – Strategic Sourcing

Telephone: 701-280-7861

b) Montana-Dakota Utilities Co.

Mailing Address: Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501
Attention: Manager, Gas Supply

Telephone: (701) 222.7870

Facsimile: (701) 222.7853

11.2 Measurement and Access. Measurement of transported Gas for billing purposes under the Agreement will be provided by Company.

- a) Company may own, install, operate, modify and maintain metering and regulating equipment on Customer's property. No charge will be made by Customer for the use of premises occupied by Company's equipment. Company is hereby granted the right of ingress and egress, at reasonable times, for operating, inspecting and maintaining any of Company's facilities on Customer's premises.

For a period of six (6) months after the termination of this Agreement, Company shall have the right to enter onto Customer's property for the purpose of removing any or all of Company's equipment and facilities.

- b) Customer shall provide and maintain, at no cost to Company, a 120 volt, 15 ampere, AC power supply or other power source acceptable to Company, and acceptable telephone service available at Company's meter location(s). Customer agrees to provide and maintain, at no cost to the Company, any necessary telephone services to assure Company of a quality telephone signal necessary to properly transmit data. Customer shall pay all charges for continuous electric and telephone service associated with Company's connection of the remote data transmission equipment, and any interruption in such services must be promptly remedied or transportation service under the Agreement may be interrupted until satisfactory corrections have been made. Company shall provide Customer with an electronic signal from the meter(s) at the Delivery Point to enable Customer to remotely monitor the delivery of Gas through the meter(s).
- c) Company will test its meter in accordance with applicable state utility rules and regulations.
- d) Company will provide Customer with such information reasonably requested by Customer related to the quantity of Gas received from Company on behalf of Customer at the Receipt Point and Gas received by Customer at the Delivery Point. Customer shall be responsible for the ordinary line loss of Gas between the Receipt Point and the Delivery Point, provided that such line loss shall not exceed one and one half percent (1.5%).

12. INDEPENDENT CONTRACTORS

Nothing herein shall be construed as creating or having created a partnership or joint venture between the Parties hereto and neither Party shall have the power to bind or obligate the other to an agreement with a third party except to the extent Customer has granted specific authority to Company with respect to Gas nominations, reporting and balancing. Company shall be given written notice of such agent designation and be allowed reasonable notice to qualify agent as acceptable.

13. RECORD EXAMINATION

Customer shall have the right at all reasonable times to examine the relevant books, records and charts of Company, for a two year period subsequent to the issuance in writing of a disputed invoice, to the extent necessary to verify the accuracy of any statement, charge or computation made under or pursuant to any provisions of this Agreement.

14. REGULATORY AUTHORITY AND FILED TARIFFS

This Agreement and the transportation service provided hereunder is subject to all valid laws, orders, rules and regulations of any and all duly constituted authorities having jurisdiction over the subject matter hereof and is conditioned upon the receipt of any necessary authorizations and approvals of this Agreement and the transportation service contemplated herein. Except as otherwise specifically provided herein, service under this Agreement shall be subject to applicable terms and conditions of Company's filed tariffs, and particularly the terms and conditions of Rates 81 and 82, as applicable, and Rate 100 as such rates or their successor schedule(s) may be filed with the ND PSC and in effect from time to time.

15. SUCCESSORS AND ASSIGNS

Any company which shall succeed by purchase, merger or consolidation, of either Company or Customer, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor under this Agreement. No other assignment of this Agreement or any of the rights or obligations hereunder shall be made by Customer or Company without written consent thereto of the other party, which consent will not be unreasonably withheld. Notwithstanding the foregoing, Customer shall be permitted to assign this Agreement to Doosan-Bobcat, Inc. provided that Customer shall remain liable for all obligations and liabilities of this Agreement following such assignment.

16. SEVERABILITY

If any provision hereof shall be found to be inoperative or in violation of any law or regulation, only that provision shall be deleted from this Agreement, and the remainder of this Agreement shall not be affected.

17. APPLICABLE LAW

The laws of the State of North Dakota, except for its conflicts of laws principles, shall govern this Agreement and the rights and the obligations of the Parties hereunder. Venue for purposes of all disputes arising out of this Agreement shall be in the state or federal courts of North Dakota.

18. FORCE MAJEURE

In the event of either Party being rendered wholly or in part by force majeure unable to carry out its obligations under this Agreement, then the obligations of the Parties hereto, so far as they are

affected by such force majeure, shall be suspended during the continuance of any inability so caused. Such causes or contingencies affecting the performance of this Agreement by either Party, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting the performance of this Agreement relieve either party from its obligations to make payments of amounts then due hereunder, nor shall such causes or contingencies relieve either party of liability unless such party shall give notice and full particulars of the same in writing or by telephone to the other party as soon as possible after the occurrence relied on. If volumes of Customer's Gas are destroyed while in Company's possession by an event of force majeure, the obligations of the Parties under this Agreement shall terminate with respect to the volumes lost and Company shall reimburse Customer for the cost of Gas destroyed as a result of such force majeure event.

The term "force majeure" as employed herein shall include, but shall not be limited to acts of God, strikes, lockouts or other industrial disturbances, failure to perform by any third party, which performance is necessary to the performance by either Customer or Company under this Agreement, acts of public enemies or terrorists, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrest and restraint of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, line freeze-ups, failure to obtain materials and supplies due to governmental regulations, and causes of like or similar kind, whether herein enumerated or not, and not within the control of the Party claiming suspension, and which by the exercise of due diligence such party is unable to overcome; provided that the exercise of due diligence shall not require settlement of labor disputes against the better judgment of the Party having the dispute.

The term "force majeure" as employed herein shall also include, but shall not be limited to, Company's inability to obtain or acquire, at reasonable cost, grants, servitudes, rights-of-way, permits, licenses, or any other authorizations from third parties or agencies (private or governmental) or inability to obtain or acquire at reasonable cost necessary materials or supplies to construct, maintain, and operate any facilities required for the performance of any obligations under this Agreement, including the interconnection with Alliance Pipeline, when any such inability directly or indirectly contributes to or results in Company's inability to perform its obligations.

19. INDEMNIFICATION AND LIMITATION OF LIABILITY

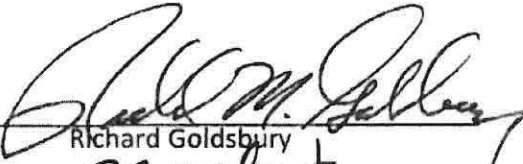
To the extent not precluded by applicable laws, each Party will indemnify, defend and hold harmless the other Party, its affiliates and their officers, employees and agents from any and all claims, suits, actions, damages, costs (including, without limitation, reasonable attorney's fees) or liabilities to the extent caused by the indemnifying Party's errors, omissions, negligence or failure to act which results in personal injury or death or property damage during the term of this Agreement provided that the party seeking indemnification hereunder promptly notifies the other party of any claim or suit by a third party and gives the other party the opportunity to defend against it. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, UNDER NO CIRCUMSTANCES WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR INCIDENTAL, SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL

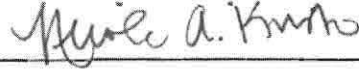
DAMAGES EVEN IF IT WAS INFORMED OF THE POSSIBILITY OF SUCH DAMAGES.

IN WITNESS WHEREOF, the parties have duly executed this Agreement effective as of the date and year above written.

CLARK EQUIPMENT COMPANY
d/b/a **BOBCAT COMPANY**

MONTANA-DAKOTA UTILITIES CO.,
a division of **MDU Resources Group, Inc.**

By: 
Richard Goldsbury
Title: President

By: 
Title: **Nicole Kivisto**
President and CEO

**EXHIBIT A
MAXIMUM DAILY QUANTITY**

This Exhibit A is an attachment to the Agreement for Natural Gas Transportation Service dated March 1, 2017 (the "Agreement") between Montana-Dakota Utilities Co., a division of MDU Resources Group, Inc. ("Company") and Clark Equipment Company, d/b/a Bobcat Company ("Customer"), wherein Company will provide natural gas transportation service to Customer's facility located in Gwinner, ND in accordance with the terms thereof. Capitalized terms that are not otherwise defined in this Exhibit A shall have the meaning set forth in the Agreement.

This Exhibit A shall be in effect commencing on the In-Service Date and shall remain in effect for the Primary Term, and any Renewal Term, of the Agreement. This Exhibit A may be amended by the mutual agreement of both parties as evidenced with a revised Exhibit A executed by both parties hereto. Customer may change the Shipper by prior written notice to Company, provided that such change shall be documented with a revised Exhibit A that is agreed to and executed by both parties and effective as of the first day of the month following such notice.

Customer's Maximum Daily Transportation Quantity: 3,000 dk per day

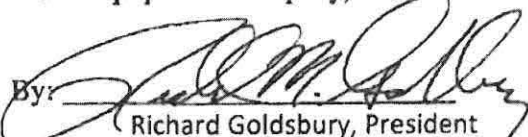
In the event Company has a proposal from a third party to obtain transportation service on the Facilities that will reduce Company's available capacity on the Facilities to less than 1,000 dk per day, then Customer shall have a one-time first right to increase its Maximum Daily Transportation Quantity up to an additional 1,000 dk per day. The increased Maximum Daily Transportation Quantity shall be documented with a revised Exhibit A that is agreed to and executed by both parties.

The Shipper(s) name is: (customer choice)

Customer hereby authorizes Company to furnish the Shipper any information relating to the volume and/or cost of natural gas furnished by Company for use by Customer. This authorization will remain in effect until a written notice is received from Customer.

Accepted and agreed to this 1st day of March, 2017.

CUSTOMER
Clark Equipment Company, d/b/a Bobcat Company

By: 
Richard Goldsbury, President

Accepted and agreed to this 5th day of March, 2017.

COMPANY

Montana-Dakota Utilities Co.,
a division of MDU Resources Group, Inc.

By:

A handwritten signature in cursive script that reads "Nicole A. Kivisto".

Nicole Kivisto
President and CEO

**EXHIBIT B
TRANSPORTATION SERVICE RATES AND CHARGES**

This Exhibit B is an attachment to the Agreement for Natural Gas Transportation Service dated March 1, 2017 (the “Agreement”) between Montana-Dakota Utilities Co., a division of MDU Resources Group, Inc. (“Company”) and Clark Equipment Company, d/b/a Bobcat Company (“Customer”), wherein Company will provide natural gas transportation service to Customer’s facility located in Gwinner, ND in accordance with the terms thereof. Capitalized terms that are not otherwise defined in this Exhibit A shall have the meaning set forth in the Agreement.

This Exhibit B shall be in effect commencing on the In-Service Date and shall remain in effect for the Primary Term, and any Renewal Term, of the Agreement. This Exhibit B may be amended by the mutual agreement of both parties as evidenced with a revised Exhibit B executed by both parties hereto or as may be approved by the ND PSC as further contemplated in the Agreement.

Customer agrees to pay Company the following monthly rates and charges at all times during the Primary Term of the Agreement:

	<u>Yr. 1-5</u>	<u>Yr. 6-10</u>	<u>Yr. 11-15</u>
Monthly Basic Service Charge	\$1,000	\$1,000	\$1,000
Distribution Delivery Charge per dk	\$0.297	\$0.297	\$0.297
Monthly Contract Demand Charge	<u>\$79,700</u>	<u>\$74,000</u>	<u>\$65,058</u>

The monthly charges set forth above times twelve (12) months are Customer’s annual minimum amount payable to Company during the Primary Term of the Agreement based on Customer’s estimated annual throughput of 185,000 DK.

Charge Adjustments:

1. The Basic Service Charge and the Distribution Delivery Charge are subject to change pursuant to changes in Company’s North Dakota natural gas transportation and distribution tariffs and rate schedules as filed and approved by the North Dakota Public Service Commission.
2. The Monthly Contract Demand Charge will be adjusted to reflect actual cost of construction (and all additional contracted load by other customers within 12 months of in-service date). The Monthly Contract Demand Charge set forth above is based on total construction costs of the Facilities, including payment to Alliance for the tap and an allowance for funds used during construction, is estimated at Thirteen Million Eight Hundred Thousand Dollars (\$13,800,000).
3. The Monthly Contract Demand Charge will be proportionally adjusted annually for the

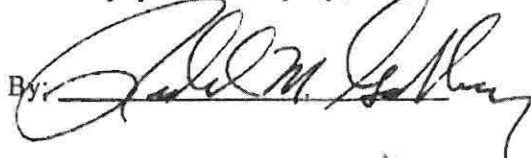
first ten (10) years of this Agreement to reflect both firm and interruptible volumes contracted for by other customers connecting to the Facilities constructed under this Agreement.

4. The Monthly Contract Demand Charge will be proportionally adjusted in years 11-15 for any customer connections with contracted annual firm and interruptible volumes of 5,000 dk or greater that connect to the facilities constructed under this Agreement.
5. The Monthly Contract Demand Charge will be proportionally adjusted in years 1, 6, and 11 to cover any increase or decrease in the interest rate applicable to the debt financing obtained by Company to construct the Facilities. The Monthly Contract Demand Charge set forth above is based on the applicable interest rate of 2.30%.

Accepted and agreed to this 1st day of March, 2017.

CUSTOMER

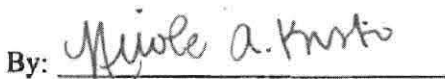
Clark Equipment Company, d/b/a Bobcat Company

By: 

Accepted and agreed to this 5th day of March, 2017.

COMPANY

Montana-Dakota Utilities Co.,
a division of MDU Resources Group, Inc.

By: 

Nicole Kivisto
President and CEO

Attachment C

Attachment C

THIS FILING IS

Item 1: An Initial (Original) Submission OR Resubmission No. _____

Form 1 Approved
OMB No.1902-0021
(Expires 12/31/2019)

Form 1-F Approved
OMB No.1902-0029
(Expires 12/31/2019)

Form 3-Q Approved
OMB No.1902-0205
(Expires 12/31/2019)



FERC FINANCIAL REPORT

FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company) MDU Resources Group, Inc.	Year/Period of Report End of <u>2016/Q4</u>
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Name of Respondent MDU Resources Group, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2016	Year/Period of Report End of <u>2016/Q4</u>
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COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	2,418,364,465	2,313,925,710
3	Construction Work in Progress (107)	200-201	67,808,467	49,427,086
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		2,486,172,932	2,363,352,796
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	878,703,820	835,120,944
6	Net Utility Plant (Enter Total of line 4 less 5)		1,607,469,112	1,528,231,852
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		0	0
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0
14	Net Utility Plant (Enter Total of lines 6 and 13)		1,607,469,112	1,528,231,852
15	Utility Plant Adjustments (116)		0	0
16	Gas Stored Underground - Noncurrent (117)		2,692,161	2,372,868
17	OTHER PROPERTY AND INVESTMENTS			
18	Nonutility Property (121)		16,090,676	15,640,751
19	(Less) Accum. Prov. for Depr. and Amort. (122)		4,352,234	3,678,472
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	1,603,873,802	1,722,350,774
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		70,369,897	66,784,202
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		0	0
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		0	0
31	Long-Term Portion of Derivative Assets - Hedges (176)		0	0
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		1,685,982,141	1,801,097,255
33	CURRENT AND ACCRUED ASSETS			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		3,946,952	2,770,168
36	Special Deposits (132-134)		2,279,900	14,275
37	Working Fund (135)		212,131	150,750
38	Temporary Cash Investments (136)		0	0
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		24,806,476	20,902,043
41	Other Accounts Receivable (143)		3,663,520	3,953,301
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		481,777	448,073
43	Notes Receivable from Associated Companies (145)		0	0
44	Accounts Receivable from Assoc. Companies (146)		34,423,691	33,128,824
45	Fuel Stock (151)	227	4,528,869	5,373,602
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	17,336,690	19,057,339
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	0	0

Name of Respondent MDU Resources Group, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2016	Year/Period of Report End of 2016/Q4
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COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	0	0
55	Gas Stored Underground - Current (164.1)		12,822,648	11,509,418
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0
57	Prepayments (165)		5,936,055	5,671,080
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		0	0
60	Rents Receivable (172)		0	0
61	Accrued Utility Revenues (173)		47,631,992	39,280,240
62	Miscellaneous Current and Accrued Assets (174)		0	0
63	Derivative Instrument Assets (175)		0	0
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		0	0
65	Derivative Instrument Assets - Hedges (176)		0	0
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		157,107,147	141,362,967
68	DEFERRED DEBITS			
69	Unamortized Debt Expenses (181)		2,276,700	2,533,923
70	Extraordinary Property Losses (182.1)	230a	0	0
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b	3,406,606	2,993,931
72	Other Regulatory Assets (182.3)	232	217,540,263	203,700,877
73	Prelim. Survey and Investigation Charges (Electric) (183)		948,016	619,177
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)		12,888	0
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		-35,372	985
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	26,117,491	21,453,443
79	Def. Losses from Disposition of Utility Plt. (187)		0	0
80	Research, Devel. and Demonstration Expend. (188)	352-353	0	0
81	Unamortized Loss on Reaquired Debt (189)		5,297,814	5,968,060
82	Accumulated Deferred Income Taxes (190)	234	87,892,895	69,928,510
83	Unrecovered Purchased Gas Costs (191)		1,874,756	-3,670,064
84	Total Deferred Debits (lines 69 through 83)		345,332,057	303,528,842
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		3,798,582,618	3,776,593,784

Name of Respondent MDU Resources Group, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (mo, da, yr) 12/31/2016	Year/Period of Report end of 2016/Q4
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COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	195,843,297	195,804,665
3	Preferred Stock Issued (204)	250-251	15,000,000	15,000,000
4	Capital Stock Subscribed (202, 205)		0	0
5	Stock Liability for Conversion (203, 206)		0	0
6	Premium on Capital Stock (207)		1,239,047,477	1,236,677,978
7	Other Paid-In Capital (208-211)	253	0	0
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254b	6,569,697	6,558,718
11	Retained Earnings (215, 215.1, 216)	118-119	595,204,310	570,240,768
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	317,077,496	426,114,449
13	(Less) Reaquired Capital Stock (217)	250-251	3,625,813	3,625,813
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	-35,732,744	-37,148,174
16	Total Proprietary Capital (lines 2 through 15)		2,316,244,326	2,396,505,155
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	0	0
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	0	0
21	Other Long-Term Debt (224)	256-257	681,754,986	625,264,519
22	Unamortized Premium on Long-Term Debt (225)		0	0
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		0	0
24	Total Long-Term Debt (lines 18 through 23)		681,754,986	625,264,519
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		0	0
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		122,938	1,073,542
29	Accumulated Provision for Pensions and Benefits (228.3)		46,541,513	53,421,814
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		1,343,280	916,543
32	Long-Term Portion of Derivative Instrument Liabilities		0	0
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		119,521,302	103,736,547
35	Total Other Noncurrent Liabilities (lines 26 through 34)		167,529,033	159,148,446
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		36,758,884	53,267,087
39	Notes Payable to Associated Companies (233)		0	0
40	Accounts Payable to Associated Companies (234)		5,591,989	6,621,950
41	Customer Deposits (235)		1,425,667	1,479,642
42	Taxes Accrued (236)	262-263	14,992,270	10,994,840
43	Interest Accrued (237)		7,531,734	8,195,895
44	Dividends Declared (238)		37,767,342	36,783,577
45	Matured Long-Term Debt (239)		0	0

Name of Respondent MDU Resources Group, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (mo, da, yr) 12/31/2016	Year/Period of Report end of 2016/Q4
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COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		937,989	1,008,226
48	Miscellaneous Current and Accrued Liabilities (242)		30,518,735	21,606,234
49	Obligations Under Capital Leases-Current (243)		0	0
50	Derivative Instrument Liabilities (244)		0	0
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		0	0
52	Derivative Instrument Liabilities - Hedges (245)		0	0
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		0	0
54	Total Current and Accrued Liabilities (lines 37 through 53)		135,524,610	139,957,451
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		23,481,419	22,189,157
57	Accumulated Deferred Investment Tax Credits (255)	266-267	1,640,385	1,752,301
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	91,493,076	94,382,563
60	Other Regulatory Liabilities (254)	278	22,896,238	12,397,095
61	Unamortized Gain on Reaquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	499,023	0
63	Accum. Deferred Income Taxes-Other Property (282)		297,349,295	270,793,872
64	Accum. Deferred Income Taxes-Other (283)		60,170,227	54,203,225
65	Total Deferred Credits (lines 56 through 64)		497,529,663	455,718,213
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		3,798,582,618	3,776,593,784

Name of Respondent MDU Resources Group, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2016	Year/Period of Report End of <u>2016/Q4</u>
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STATEMENT OF INCOME

- Quarterly**
- Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
 - Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
 - Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
 - Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
 - If additional columns are needed, place them in a footnote.

Annual or Quarterly if applicable

- Do not report fourth quarter data in columns (e) and (f)
- Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
- Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	552,791,714	545,779,755		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	346,893,487	367,926,546		
5	Maintenance Expenses (402)	320-323	27,549,761	26,982,873		
6	Depreciation Expense (403)	336-337	65,925,578	51,170,337		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-405)	336-337	4,095,801	3,654,921		
9	Amort. of Utility Plant Acq. Adj. (406)	336-337	2,820	2,819		
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)		-552,023	414,089		
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)					
13	(Less) Regulatory Credits (407.4)					
14	Taxes Other Than Income Taxes (408.1)	262-263	21,813,906	19,539,225		
15	Income Taxes - Federal (409.1)	262-263	-5,061,445	12,436,427		
16	- Other (409.1)	262-263	-896,217	1,572,336		
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	68,117,857	55,547,983		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	55,003,060	53,490,940		
19	Investment Tax Credit Adj. - Net (411.4)	266				
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)					
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)					
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		472,886,465	485,756,616		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117, line 27		79,905,249	60,023,139		

Name of Respondent MDU Resources Group, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2016	Year/Period of Report End of 2016/Q4
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STATEMENT OF INCOME FOR THE YEAR (continued)

Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL		Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
			Current Year (c)	Previous Year (d)		
27	Net Utility Operating Income (Carried forward from page 114)		79,905,249	60,023,139		
28	Other Income and Deductions					
29	Other Income					
30	Nonutility Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)		100,033	366,478		
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)		71,515	205,444		
33	Revenues From Nonutility Operations (417)		6,686,433	9,071,275		
34	(Less) Expenses of Nonutility Operations (417.1)		3,546,711	5,802,800		
35	Nonoperating Rental Income (418)					
36	Equity in Earnings of Subsidiary Companies (418.1)	119	8,611,755	-669,222,881		
37	Interest and Dividend Income (419)		2,679,301	1,849,087		
38	Allowance for Other Funds Used During Construction (419.1)		-3,391	7,275,431		
39	Miscellaneous Nonoperating Income (421)		503,222	126,077		
40	Gain on Disposition of Property (421.1)		6,613			
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		14,965,740	-656,542,777		
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)		177,706	60,713		
44	Miscellaneous Amortization (425)					
45	Donations (426.1)		174,287	742,304		
46	Life Insurance (426.2)		-1,052,133	955,469		
47	Penalties (426.3)		2,209			
48	Exp. for Certain Civic, Political & Related Activities (426.4)		117,353	80,799		
49	Other Deductions (426.5)		1,352	379,992		
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		-579,226	2,219,277		
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	300,545	278,094		
53	Income Taxes-Federal (409.2)	262-263	-712,193	-234,908		
54	Income Taxes-Other (409.2)	262-263	-760,954	306,896		
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	1,639,201	4,920,370		
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	856,545	4,904,795		
57	Investment Tax Credit Adj.-Net (411.5)					
58	(Less) Investment Tax Credits (420)		111,917	659,434		
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		-501,863	-293,777		
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		16,046,829	-658,468,277		
61	Interest Charges					
62	Interest on Long-Term Debt (427)		30,559,947	26,151,839		
63	Amort. of Debt Disc. and Expense (428)		337,723	300,570		
64	Amortization of Loss on Required Debt (428.1)		670,246	719,510		
65	(Less) Amort. of Premium on Debt-Credit (429)					
66	(Less) Amortization of Gain on Required Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)					
68	Other Interest Expense (431)		308,257	726,403		
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		356,915	3,908,865		
70	Net Interest Charges (Total of lines 62 thru 69)		31,519,258	23,989,457		
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		64,432,820	-622,434,595		
72	Extraordinary Items					
73	Extraordinary Income (434)					
74	(Less) Extraordinary Deductions (435)					
75	Net Extraordinary Items (Total of line 73 less line 74)					
76	Income Taxes-Federal and Other (409.3)	262-263				
77	Extraordinary Items After Taxes (line 75 less line 76)					
78	Net Income (Total of line 71 and 77)		64,432,820	-622,434,595		

Name of Respondent MDU Resources Group, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2016	Year/Period of Report End of 2016/Q4
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STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance-Beginning of Period		570,240,768	555,934,822
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4				
5				
6				
7				
8				
9	TOTAL Credits to Retained Earnings (Acct. 439)			
10	Dividend equivalents on stock based compensation		-232,375	(82,896)
11				
12				
13				
14				
15	TOTAL Debits to Retained Earnings (Acct. 439)		-232,375	(82,896)
16	Balance Transferred from Income (Account 433 less Account 418.1)		55,821,065	46,788,286
17	Appropriations of Retained Earnings (Acct. 436)			
18	4.50%			
19	4.70%			
20				
21				
22	TOTAL Appropriations of Retained Earnings (Acct. 436)			
23	Dividends Declared-Preferred Stock (Account 437)			
24	4.50%		-450,003	(450,003)
25	4.70%		-235,000	(235,000)
26				
27				
28				
29	TOTAL Dividends Declared-Preferred Stock (Acct. 437)		-685,003	(685,003)
30	Dividends Declared-Common Stock (Account 438)			
31			-147,454,825	(143,326,441)
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)		-147,454,825	(143,326,441)
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings		117,514,680	111,612,000
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		595,204,310	570,240,768
	APPROPRIATED RETAINED EARNINGS (Account 215)			
39				
40				

Name of Respondent MDU Resources Group, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2016	Year/Period of Report End of <u>2016/Q4</u>
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STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
41				
42				
43				
44				
45	TOTAL Appropriated Retained Earnings (Account 215)			
	APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)			
46	TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1)			
47	TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46)			
48	TOTAL Retained Earnings (Acct. 215, 215.1, 216) (Total 38, 47) (216.1)		595,204,310	570,240,768
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account			
	Report only on an Annual Basis, no Quarterly			
49	Balance-Beginning of Year (Debit or Credit)		426,114,449	1,206,892,280
50	Equity in Earnings for Year (Credit) (Account 418.1)		8,611,755	(669,222,881)
51	(Less) Dividends Received (Debit)		117,514,680	111,612,000
52			-134,028	57,050
53	Balance-End of Year (Total lines 49 thru 52)		317,077,496	426,114,449

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
MDU Resources Group, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 12/31/2016	2016/Q4
FOOTNOTE DATA			

Schedule Page: 118 Line No.: 52 Column: c

Dividend equivalents on stock based compensation - CEHI	\$104,278
Dividend equivalents on stock based compensation - MDU EC	\$ 29,750

Schedule Page: 118 Line No.: 52 Column: d

Dividend equivalents on stock based compensation - CEHI	(\$ 68,992)
Dividend equivalents on stock based compensation - MDU EC	\$ 11,942

Name of Respondent MDU Resources Group, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2016	Year/Period of Report End of 2016/Q4
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STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 78(c) on page 117)	64,432,820	-622,434,595
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	69,472,176	55,242,166
5	Amortization of		
6	Loss on Reaquired Debt, Bond Discount and Debt Exp	1,007,968	1,020,081
7			
8	Deferred Income Taxes (Net)	13,897,453	1,164,400
9	Investment Tax Credit Adjustment (Net)	-111,916	-659,434
10	Net (Increase) Decrease in Receivables	-4,875,815	13,592,715
11	Net (Increase) Decrease in Inventory	932,859	-2,188,910
12	Net (Increase) Decrease in Allowances Inventory		
13	Net Increase (Decrease) in Payables and Accrued Expenses	13,130,347	10,749,305
14	Net (Increase) Decrease in Other Regulatory Assets	-16,088,758	-441,467
15	Net Increase (Decrease) in Other Regulatory Liabilities	-1,050,586	7,293,648
16	(Less) Allowance for Other Funds Used During Construction	-3,391	7,275,431
17	(Less) Undistributed Earnings from Subsidiary Companies	-108,902,925	-780,834,881
18	Other (provide details in footnote):		
19	Unrecovered Purchased Gas Costs	-5,544,820	14,321,208
20	Net Change in Other Current & Accrued Assets	-10,882,352	8,544,884
21	Other Noncurrent Changes	7,576,883	-2,129,505
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	240,802,575	257,633,946
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-154,154,491	-346,272,649
27	Gross Additions to Nuclear Fuel		
28	Gross Additions to Common Utility Plant	-5,828,349	-10,020,498
29	Gross Additions to Nonutility Plant	-449,925	-210,563
30	(Less) Allowance for Other Funds Used During Construction	3,391	-7,275,431
31	Other (provide details in footnote):		
32			
33	Customer Advances for Construction	1,292,262	-434,342
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-159,143,894	-349,662,621
35			
36	Acquisition of Other Noncurrent Assets (d)	-128,825	5,085
37	Proceeds from Disposal of Noncurrent Assets (d)		
38			
39	Investments in and Advances to Assoc. and Subsidiary Companies	-5,000,000	-7,000,000
40	Contributions and Advances from Assoc. and Subsidiary Companies	15,000,000	100,000,000
41	Disposition of Investments in (and Advances to)		
42	Associated and Subsidiary Companies		
43			
44	Purchase of Investment Securities (a)		
45	Proceeds from Sales of Investment Securities (a)		

Name of Respondent MDU Resources Group, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2016	Year/Period of Report End of 2016/Q4
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STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
46	Loans Made or Purchased		
47	Collections on Loans		
48			
49	Net (Increase) Decrease in Receivables		
50	Net (Increase) Decrease in Inventory		
51	Net (Increase) Decrease in Allowances Held for Speculation		
52	Net Increase (Decrease) in Payables and Accrued Expenses		
53	Other (provide details in footnote):		
54	Depreciation of Non Utility Plant	680,706	584,605
55			
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-148,592,013	-256,072,931
58			
59	Cash Flows from Financing Activities:		
60	Proceeds from Issuance of:		
61	Long-Term Debt (b)	106,419,500	224,185,317
62	Preferred Stock		
63	Common Stock		21,897,956
64	Other (provide details in footnote):		
65			
66	Net Increase in Short-Term Debt (c)		
67	Other (provide details in footnote):		
68			
69	Tax Withholding on Stock-Based Compensation	-226,301	
70	Cash Provided by Outside Sources (Total 61 thru 69)	106,193,199	246,083,273
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)	-50,009,533	-108,008,987
74	Preferred Stock		
75	Common Stock		
76	Other (provide details in footnote):		
77			
78	Net Decrease in Short-Term Debt (c)		
79			
80	Dividends on Preferred Stock	-685,003	-685,003
81	Dividends on Common Stock	-146,471,060	-142,149,807
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	-90,972,397	-4,760,524
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)	1,238,165	-3,199,509
87			
88	Cash and Cash Equivalents at Beginning of Period	2,920,918	6,120,427
89			
90	Cash and Cash Equivalents at End of period	4,159,083	2,920,918

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
MDU Resources Group, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	12/31/2016	2016/Q4
FOOTNOTE DATA			

Schedule Page: 120 Line No.: 61 Column: b

Includes (b) other long-term debt and (c) commercial paper classified as long-term debt.

Schedule Page: 120 Line No.: 61 Column: c

Includes (b) other long-term debt and (c) commercial paper classified as long-term debt.

Schedule Page: 120 Line No.: 73 Column: b

Includes (b) other long-term debt and (c) commercial paper classified as long-term debt.

Schedule Page: 120 Line No.: 73 Column: c

Includes (b) other long-term debt and (c) commercial paper classified as long-term debt.

Name of Respondent MDU Resources Group, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2016	Year/Period of Report End of 2016/Q4
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STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

1. Report in columns (b),(c),(d) and (e) the amounts of accumulated other comprehensive income items, on a net-of-tax basis, where appropriate.
2. Report in columns (f) and (g) the amounts of other categories of other cash flow hedges.
3. For each category of hedges that have been accounted for as "fair value hedges", report the accounts affected and the related amounts in a footnote.
4. Report data on a year-to-date basis.

Line No.	Item (a)	Unrealized Gains and Losses on Available-for-Sale Securities (b)	Minimum Pension Liability adjustment (net amount) (c)	Foreign Currency Hedges (d)	Other Adjustments (e)
1	Balance of Account 219 at Beginning of Preceding Year	15,380	(38,218,015)		(828,978)
2	Preceding Qtr/Yr to Date Reclassifications from Acct 219 to Net Income	130,561	4,049,685		802,143
3	Preceding Quarter/Year to Date Changes in Fair Value	(169,784)	(88,202)		(173,401)
4	Total (lines 2 and 3)	(39,223)	3,961,483		628,742
5	Balance of Account 219 at End of Preceding Quarter/Year	(23,843)	(34,256,532)		(200,236)
6	Balance of Account 219 at Beginning of Current Year	(23,843)	(34,256,532)		(200,236)
7	Current Qtr/Yr to Date Reclassifications from Acct 219 to Net Income	142,820	2,505,904		
8	Current Quarter/Year to Date Changes in Fair Value	(181,863)	(1,469,714)		51,042
9	Total (lines 7 and 8)	(39,043)	1,036,190		51,042
10	Balance of Account 219 at End of Current Quarter/Year	(62,886)	(33,220,342)		(149,194)

Bobcat - Gwinner

Asset / Project Name (in Caps): Bobcat - Gwinner

Life of Asset/Project: (# of years) 45 2008 Depreciation Study indicated an average life of Mains (Steel and Plastic) in Account 376 of 47 years.

Projected Cost / Original Investment: \$ 13,800,000

Volumes by Customer:

O&M Inflation Rate Through Year 5 3.00%

Bobcat 185,000

O&M Inflation Rate Year 6 Forward 2.00%

Cust #2

Equity Return 9.50% Current Authorized ROE in ND Gas

Cust #3

Interest Rate 2.30% Per Bank of ND - \$8.4M 15 yr mortgage

Hurdle Rate 3.74% Match Cost of Capital

Targeted Equity Percentage 20.00%

Income Tax rate 37.80%

Property tax Rate 1.00%

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Annual Throughput (Dk)	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000
Contract Demand Rate/Dk	\$5.17	\$5.170	\$5.170	\$5.170	\$5.170	\$4.800	\$4.800	\$4.800	\$4.800	\$4.800
Annual Basic Service Charge:	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Distribution Delivery Charge S/dk:	\$0.297	\$0.297	\$0.297	\$0.297	\$0.297	\$0.297	\$0.297	\$0.297	\$0.297	\$0.297
Monthly Contract Demand Charge:	\$79,704	\$79,704	\$79,704	\$79,704	\$79,704	\$74,000	\$74,000	\$74,000	\$74,000	\$74,000
Total Annual Revenue Generated:	\$1,023,395	\$1,023,395	\$1,023,395	\$1,023,395	\$1,023,395	\$954,945	\$954,945	\$954,945	\$954,945	\$954,945
Additional O&M costs:	\$10,000	\$10,300	\$10,609	\$10,927	\$11,255	\$11,480	\$11,710	\$11,944	\$12,183	\$12,427
Other Costs: Corp Support Services	\$40,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Additional Capital Expenditures	\$0	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Hurdle Rate:	3.7%									
Monthly Fee	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Number of Customers	1	1	1	1	1	1	1	1	1	1
Bobcat/per month (contract)	\$79,704					74,000				
Average ROE - five year	9.72%					11.47%				

Bobcat - Gwinner

Asset / Project Name (in Caps): Bobcat - Gwinner

Life of Asset/Project: (# of years) 45

Projected Cost / Original Investment: \$ 13,800,000

O&M Inflation Rate Through Year 5 3.00%

O&M Inflation Rate Year 6 Forward 2.00%

Equity Return 9.50% Current Authori

Interest Rate 2.30% Per Bank of ND

Hurdle Rate 3.74% Match Cost of C

Targeted Equity Percentage 20.00%

Income Tax rate 37.80%

Property tax Rate 1.00%

	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15
Annual Throughput (Dk)	185,000	185,000	185,000	185,000	185,000
Contract Demand Rate/Dk	\$4,220	\$4,220	\$4,220	\$4,220	\$4,220
Annual Basic Service Charge:	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Distribtution Delivery Charge \$/dk:	\$0,297	\$0,297	\$0,297	\$0,297	\$0,297
Monthly Contract Demand Charge:	\$65,058	\$65,058	\$65,058	\$65,058	\$65,058
Total Annual Revenue Generated:	\$847,645	\$847,645	\$847,645	\$847,645	\$847,645
Additional O&M costs:	\$12,676	\$12,930	\$13,189	\$13,453	\$13,722
Other Costs: Corp Support Services	\$0	\$0	\$0	\$0	\$0
Additional Capital Expenditures	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Hurdle Rate:					
Monthly Fee	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Number of Customers	1	1	1	1	1
Bobcat/per month (contract)	65,058				
Average ROE - five year	11.73%				