

**STATE OF NORTH DAKOTA  
PUBLIC SERVICE COMMISSION**

<b>Great Plains Natural Gas Co.'s</b>	)	
<b>Application for Approval to Update</b>	)	<b>Case No. PU-17-075</b>
<b>Its Tariff and Rate Schedules for</b>	)	
<b>All Classes of Customers</b>	)	
<b>Great Plains Natural Gas Co.'s</b>	)	
<b>Tax Reform Effects Rates</b>	)	<b>Case No. PU-17-490</b>

**SETTLEMENT AGREEMENT**

This Settlement Agreement is entered into by and between Great Plains Natural Gas Co., a Division of MDU Resources Group, Inc. ("Great Plains" or "Company"), and the Advocacy Staff of the North Dakota Public Service Commission ("Advocacy Staff"), (each a "Party" and collectively the "Parties"). If approved, the Parties agree this Settlement Agreement will result in just and reasonable rates for the Company's natural gas property, used and useful, for the service and convenience of the public in North Dakota and the rate schedules will result in a basis of charge to its customers that is just and reasonable without discrimination. The Parties also agree that this resolves all outstanding issues for Great Plains related to the Tax Reform and Jobs Act of 2017 ("Tax Reform") enacted on December 22, 2017.

**PROCEDURAL HISTORY**

1. On February 3, 2017, Great Plains filed an Application to revise its Natural Gas Tariff Volume No. 2 ("Application") in compliance with the Commission's Order issued in Case No. PU-16-604 requiring Great Plains to file updated tariffs and rate schedules for all classes of customers. The natural gas rates proposed by Great Plains in its Application were designed to produce the same level of distribution revenues as the

currently authorized distribution rates. Great Plains proposed to modify the rate form and update the cost of gas, extension policy, meter testing policy and its terms and conditions of service as described in the Application.

2. On March 1, 2017, the Commission issued a Notice of Opportunity for Hearing in Case No. PU-17-075. The Commission received no comments or requests for a hearing.

3. On December 29, 2017, the Parties entered into an Agreement for Extension of Rate Suspension until September 30, 2018 in order to address the Tax Reform.

4. On January 10, 2018, the North Dakota Public Service Commission issued an Order Initiating Investigation to determine the effect of the Tax Reform on Great Plains and other jurisdictional utilities in Case No. PU-17-490.

5. On February 15, 2018, Great Plains filed its initial comments regarding the effects of Tax Reform on its natural gas rates in Case No. PU-17-490.

6. On October 1, 2018, the Parties entered into a Second Agreement for Extension of Rate Suspension until January 1, 2019 in Case No. PU-17-075.

7. The Parties have engaged in discovery and good faith discussions and believe that this Settlement Agreement is in the public interest. Accordingly, the Parties jointly recommend the Commission issue an Order approving this Settlement Agreement in its entirety, without conditions or modifications.

#### **TERMS OF SETTLEMENT AGREEMENT**

1. Change in Retail Rates. The Parties agree to a decrease in Great Plains'

natural gas rates for retail customers in North Dakota to yield an annual revenue decrease of \$168,306 effective upon a final Order in this proceeding. Supporting schedules are provided in Exhibit 1. This amount represents an overall decrease in retail rates, excluding the contract customer, of 4 percent. The change in natural gas rates reflects a reduction in rates necessary to produce a rate of return of 7.078 percent based on a return on equity of 9.4 percent based on pro forma results projected for calendar year 2018. This revenue reduction also reflects the following related to the Tax Reform:

- i. The current federal income tax rate of 21 percent resulting in a reduction of \$38,386 in operating expenses and;
- ii. The amortization of plant related excess deferred income taxes based on the average rate assumption methodology resulting in a reduction in operating expenses of \$11,598.

2. Revenue Allocation. The Parties agree to allocate the decrease in retail rates described in paragraph 1 to the classes on an equal percentage basis in order to maintain the class revenue allocation currently authorized as shown on Exhibit 2. Great Plains withdraws its request to modify the rate structures as submitted in Case No. PU-17-075 at this time. The Parties agree that, if feasible, Great Plains will propose to roll Great Plains' rate structure into Montana-Dakota Utilities Co. ("Montana-Dakota") rate structure upon filing the next Montana-Dakota natural gas rate case in North Dakota. The tariff forms will be updated as further explained below.

3. Modified Tariffs. To comply with the intent of the Commission's October 19, 2016 Order in Case No. PU-16-604, the Parties agree to modify the tariff forms applicable to customers served by Great Plains as proposed in Case No. PU-17-075 and as

explained below:

- i. The Firm Gas Service General rate schedule will be designated as Rate 65 and modified as described in Paragraph 4.
- ii. The Interruptible Gas Service General rate schedule will be designated as Rate 71 and modified as described in Paragraph 4.
- iii. The Transportation Service rate schedule will be renamed as Interruptible Transportation Service Rate 80 and modified as described in Paragraph 4. In compliance with the Commission's October 19, 2016 Order in Case No. PU-16-604, a maximum and minimum Distribution Delivery Charge will be designated on the transportation service tariff with the maximum rate set at the Interruptible Sales Rate 71 level and the minimum charge set at a rate of \$0.130 per dk. The minimum charge is set based on the demand component for the interruptible sales class based on an allocation excluding distribution plant. Typically, a negotiated distribution rate is necessary to avoid a bypass situation that does not involve the distribution system i.e., those customers are located near the transmission system. Therefore, the minimum cost was determined based on the transmission investment and associated allocations of general and common plant and expenses.

4. Other Tariff Changes. The Parties agree to the tariff changes described in Paragraph VIII of the Application as modified and discussed below.

- i. Great Plains' proposal to clarify the payment provision applicable under each rate schedule will be modified to state: "Billed amounts will

be considered past due if not paid by the due date shown on the bill”.

The same change will be modified for the referenced provision in Rate 100. This language is consistent with language approved for the same provision for Montana- Dakota in Case No. PU-17-295.

- ii. Great Plains’ proposal to revise the Interruptible Gas Service - General tariff to provide customers with the option of taking firm service through the same meter under a contract basis in lieu of installing a separate firm service or meter will be adopted as proposed.
- iii. Great Plains’ proposal to remove the “Metering Requirements” provisions currently included in the Interruptible Gas Service and Transportation Service tariffs will be adopted as modified in similar tariffs in Case No. PU-17-295.
- iv. Great Plains’ proposal to eliminate the Interruptible Gas Service - Grain Processing tariff will be adopted as proposed. No customers have recently or are currently taking service under this tariff.
- v. Great Plains’ proposed changes to its Cost of Gas tariff and designation as Rate 88 will be adopted as submitted. The changes will:
  - 1) Incorporate details applicable to the current gas supply environment;

2) Include a demand component based on a 100 percent load factor allocation of Great Plains' system demand charges (i.e. total pipeline demand charges divided by 100 percent of contracted capacity) in the determination of the interruptible cost of gas rate. Any amounts received from interruptible customers will be credited to firm customers in the balancing account to be reflected as a credit to rates through the annual Gas Cost Reconciliation similar to Montana-Dakota's calculation of gas costs assigned to the interruptible class; and

3) Revise the minimum filing threshold for the Cost of Gas from \$0.0001 per dk to \$0.25 per dk as authorized in Case No. PU-17-295.

vi. Great Plains' proposal to establish the reconnection fee applicable to seasonal or temporary customers and to reconnect customers disconnected for non-payment of amounts owed at \$45.00 rather than the current language of "equal to the Company's minimum service charge" will be adopted at \$30.00.

- vii. Great Plains' proposal to increase the Returned Check Charge from \$12.00 to \$18.25 will be modified to reflect a charge of \$15.00 as recently approved in Case No. PU-17-295.
- viii. Great Plains' proposed modifications to the General Terms and Conditions Rate 100 will be adopted as proposed.

5. Gas Extension Policy. The Parties agree the tariff changes described in Paragraph IX of the Application regarding the Gas Extension Policy should be adopted as submitted.

6. Meter Testing Policy. The tariff changes described in Paragraph X of the Application regarding the Meter Testing Policy should be adopted as submitted.

7. Future Reporting of Jurisdictional Operating Results. The Parties agree that beginning with reporting requirements for calendar year 2018, Great Plains and Montana-Dakota natural gas operations will be submitted as a single operation for North Dakota. This includes the Annual Report required to be submitted by April 15 each year.

8. The parties agree that upon execution of this Settlement Agreement there are no outstanding issues related to the Tax Reform with respect to Great Plains' natural gas operations in North Dakota.

#### **OTHER TERMS AND CONDITIONS**

A. Basis of Settlement. It is agreed this Settlement Agreement is a negotiated settlement agreement subject to approval by the Commission. This Settlement Agreement does not establish any principle or precedent, nor adopt or recommend any specific type or amount of expense or rate base for any future proceeding, nor any principle or precedent regarding rate design methodology.

B. Effect of the Settlement Negotiations. It is understood and agreed that all offers of settlement and discussions related to this Settlement Agreement are privileged and may not be used in any manner in connection with proceedings in this case or otherwise, except as provided by law. In the event the Commission does not approve this Settlement Agreement, it shall not constitute part of the record in this proceeding and no part thereof may be used by any party for any purpose in this case or otherwise.

C. Rate Refund. Upon issuance of a Commission Order for new natural gas rates, the Company will determine the final amount to be refunded to customers subject to Advocacy Staff review and agreement. The amount to be refunded will be determined by applying the 4.0 percent decrease in retail rates to the sales revenues (not to include transportation or other revenues) collected for service provided beginning January 1, 2018 through the period ending with the implementation of new rates. The resulting refund amount will be offset by the total non-plant EDIT balance grossed up for taxes of \$4,152. The Parties agree the Company shall issue a bill credit to customers, upon determination of the amount to be refunded, including interest at the three-month Treasury Bill rate as published by the Federal Reserve Board. A refund plan will be submitted within 30 days of an entry of an Order in this case.

D. Applicability and Scope. This Settlement Agreement shall be binding on the Parties, and their successors, assigns, agents, and representatives. Consistent with the Commission's settlement guidelines, this Settlement Agreement does not set policy or overturn precedent. This Settlement Agreement shall not in any respect constitute an agreement, admission or determination by any of the Parties as to the merits of any specific allegation or contention made by the Parties in this proceeding.

E. Effective Date. This Settlement Agreement shall be effective on the date of the Commission Order approving the Settlement Agreement. The revised rates and tariffs agreed to by this Settlement Agreement shall be effective on the dates specified herein.

F. Modification. If the Commission's Order modifies or conditions approval of this Settlement Agreement, it shall be deemed terminated if any Party files a letter with the Commission within five (5) business days of such Party's receipt of a written and signed Order stating that a condition or modification to the Settlement Agreement is unacceptable to such party.

### CONCLUSION

The Parties agree the terms of this Settlement Agreement are will result in just and reasonable rates for the Company's natural gas property, used and useful, for the service and convenience of the public in North Dakota and the rate schedules will result in a basis of charge to its customers that is just and reasonable without discrimination. The Parties also agree that this resolves the outstanding issues related to Tax Reform in the public interest. For these reasons, the Parties urge the Commission to approve the Settlement Agreement.

Dated this 19<sup>th</sup> day of October, 2018.

**MONTANA-DAKOTA UTILITIES CO.**

By: Garret Senger  
Garret Senger  
Its: EVP - Regulatory Affairs,  
Customer Service & Administration

Dated this 19th day of October, 2018.

**NORTH DAKOTA PUBLIC SERVICE  
ADVOCACY STAFF**

By: 

Its: Advocacy Staff Counsel

**GREAT PLAINS NATURAL GAS CO.  
PROJECTED OPERATING INCOME AND RATE OF RETURN  
REFLECTING ADDITIONAL REVENUE REQUIREMENTS  
PROJECTED 2018**

	Before Additional Revenue Requirements 1/	<b>Additional Revenue Requirements</b>	Reflecting Additional Revenue Requirements
<b>Operating Revenues</b>			
Sales	\$4,224,471	<b>(\$168,306)</b>	\$4,056,165
Transportation	371,358		371,358
Other	29,055		29,055
Total Revenues	<u>4,624,884</u>	<u>(168,306)</u>	<u>4,456,578</u>
<b>Operating Expenses</b>			
Operation and Maintenance			
Cost of Gas	3,163,361		3,163,361
Other O&M	753,373		753,373
Total O&M	<u>3,916,734</u>		<u>3,916,734</u>
Depreciation	258,733		258,733
Taxes Other Than Income	76,772		76,772
Income Taxes	65,082	(41,075) 2/	24,007
Total Expenses	<u>4,317,321</u>	<u>(41,075)</u>	<u>4,276,246</u>
Operating Income	<u>\$307,563</u>	<u>(\$127,231)</u>	<u>\$180,332</u>
Rate Base	<u>\$2,547,779</u>		<u>\$2,547,779</u>
<b>Rate of Return</b>	<b><u>12.072%</u></b>		<b><u>7.078%</u></b>

1/ Page 3.

2/ Reflects state and federal taxes at 24.4049%.

**GREAT PLAINS NATURAL GAS CO.  
UTILITY CAPITAL STRUCTURE  
TWELVE MONTHS ENDING DECEMBER 31, 2017  
PROJECTED 2018**

	<u>Balance</u>	<u>Ratio</u>	<u>Cost</u>	<u>Required Return</u>
<b><u>Per Books 2017</u></b>				
Long Term Debt	\$600,441,318	43.822%	5.247%	2.299%
Short Term Debt 1/	51,324,123	3.746%	1.953%	0.073%
Preferred Stock	7,654,300	0.559%	4.581%	0.026%
Common Equity	710,752,916	51.873%	10.500%	5.448%
Total	<u>\$1,370,172,657</u>	<u>100.000%</u>		<u>7.846%</u>
<b><u>Projected 2018</u></b>				
Long Term Debt	\$642,930,430	42.485%	4.990%	2.120%
Short Term Debt 1/	100,216,516	6.622%	2.625%	0.174%
Preferred Stock	0	0.000%	0.000%	0.000%
Common Equity	770,166,365	50.893%	9.400%	4.784%
Total	<u>\$1,513,313,311</u>	<u>100.000%</u>		<u>7.078%</u>

1/ Reflects average monthly balance.

**GREAT PLAINS NATURAL GAS CO.  
INCOME STATEMENT  
GAS UTILITY - NORTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2017  
PROJECTED 2018**

	<u>Per Books</u>	<u>Projected 2018</u>
Operating Revenues		
Sales	\$4,615,863	\$4,224,471
Transportation	249,737	371,358
Other	29,447	29,055
Total Revenues	<u>4,895,047</u>	<u>4,624,884</u>
Operating Expenses		
Operation and Maintenance		
Cost of Gas	3,592,298	3,163,361
Other O&M	753,403	753,373
Total O&M	<u>4,345,701</u>	<u>3,916,734</u>
Depreciation and Amortization	227,164	258,733
Taxes Other Than Income	71,070	76,772
Current Income Taxes	(203,637)	65,082
Deferred Income Taxes	254,159	
Total Expenses	<u>4,694,457</u>	<u>4,317,321</u>
Operating Income	<u>\$200,590</u>	<u>\$307,563</u>
Rate Base	<u>\$1,957,158</u>	<u>\$2,547,779</u>
Rate of Return	<u>10.249%</u>	<u>12.072%</u>
Return on Equity	<u>15.135%</u>	<u>19.213%</u>

**GREAT PLAINS NATURAL GAS CO.  
SUMMARY OF REVENUES  
GAS UTILITY - NORTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2017  
PROJECTED 2018**

	<u>Per Books</u>	<u>Projected 2018</u>
<u>Sales</u>		
Residential	\$934,635	
Firm General	778,394	\$1,658,250
Interruptible	2,880,709	2,566,221
Unbilled Revenue	22,125	0
Total Sales	<u>\$4,615,863</u>	<u>\$4,224,471</u>
 <u>Transportation</u>		
Interruptible	\$251,172	\$371,358
Unbilled Revenue	(1,435)	0
Total Transportation	<u>\$249,737</u>	<u>\$371,358</u>
 Total Sales and Transportation	 <u><u>\$4,865,600</u></u>	 <u><u>\$4,595,829</u></u>
 <u>Other Operating Revenue</u>		
Miscellaneous Service Revenue	\$2,062	\$2,062
Rent from Property	22,304	22,304
Other Revenue	5,081	4,689
Total Other Revenue	<u>\$29,447</u>	<u>\$29,055</u>
 Total Operating Revenue	 <u><u>\$4,895,047</u></u>	 <u><u>\$4,624,884</u></u>

**GREAT PLAINS NATURAL GAS CO.  
SALES AND TRANSPORTATION REVENUE  
GAS UTILITY - NORTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2017  
PROJECTED 2018**

	Per Books 2017		Projected 2018	
	Dk	Revenue	Dk	Revenue
<u>Sales</u>				
Firm General	266,885	\$1,713,029	288,376	\$1,658,250
Interruptible	759,847	2,880,709	759,847	2,566,221
Unbilled Revenue		22,125		
Total Sales	1,026,732	\$4,615,863	1,048,223	\$4,224,471
 <u>Transportation</u>				
Interruptible	1,201,859	251,172	1,201,859	371,358
Unbilled Revenue		(1,435)		
Total Transportation	1,201,859	\$249,737	1,201,859	\$371,358
 Total Throughput	2,228,591	\$4,865,600	2,250,082	\$4,595,829

**Great Plains Natural Gas Co.  
Gas Utility - North Dakota  
Summary of Projected 2016 Sales and Transportation Revenue  
Twelve Months Ended December 31, 2017**

	Rate	Effective Customers	Dk	Projected 2018 Revenue			
				Basic Service Charge	Distribution Charge	Cost of Gas	Total
Sales							
Firm - General	W01	2,298	288,376	\$96,516	\$338,414	\$1,223,320	\$1,658,250
Total Firm General		2,298	288,376	96,516	338,414	1,223,320	1,658,250
Interruptible							
Interruptible	W03	18	759,847	756	625,423	1,940,042	2,566,221
Total Interruptible		18	759,847	756	625,423	1,940,042	2,566,221
Total Sales		2,316	1,048,223	97,272	963,837	3,163,362	4,224,471
Transportation							
Contract	WTG	9	1,201,859	10,800	360,558		371,358
Total Transportation		9	1,201,859	10,800	360,558		371,358
Total North Dakota		<u>2,325</u>	<u>2,250,082</u>	<u>\$108,072</u>	<u>\$1,324,395</u>	<u>\$3,163,362</u>	<u>\$4,595,829</u>

**GREAT PLAINS NATURAL GAS CO.  
OTHER OPERATING REVENUE  
GAS UTILITY - NORTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2017  
PROJECTED 2018**

	Per Books 2017	<u>Projected 2018</u>
Miscellaneous Service Revenue 1/	\$2,062	\$2,062
Rent from Property 2/	22,304	22,304
<u>Other Revenue</u>		
Late Payment Revenue 3/	3,973	3,581
Other Revenue 2/	1,108	1,108
	<u>\$5,081</u>	<u>\$4,689</u>
Total	<u>\$29,447</u>	<u>\$29,055</u>

1/ Projected 2018 reflects elimination of non-recurring revenue.

2/ Projected 2018 projected to remain flat.

3/ Projected 2018 based on a percentage of 2017 late payment revenue to 2017 sales and transportation revenue excluding increase in small interruptible and transportation increase.

**GREAT PLAINS NATURAL GAS CO.  
OPERATION & MAINTENANCE EXPENSE  
GAS UTILITY - NORTH DAKOTA  
PROJECTED 2018**

Function	Total	Cost of Gas	Labor	Benefits	Subcontract Labor	Materials	Vehicles & Work Equip.	Uncollectible Accounts
Cost of Gas	\$3,163,361	\$3,163,361						
Other Gas Supply	\$18,408		\$15,436		\$0		\$44	
Transmission	12,868		304		4,272	\$2,994	117	
Distribution	324,445		233,034		21,182	26,619	23,710	
Customer Accounting	67,462		42,207		1,583	45	2,150	\$6,266
Customer Service & Info	6,270		1,503				6	
Sales	2,026		1,766		106		0	
Administrative and General	321,894		79,769	\$85,197	12,365	575	267	
Total Other O&M	<u>\$753,373</u>	<u>\$0</u>	<u>\$374,019</u>	<u>\$85,197</u>	<u>\$39,508</u>	<u>\$30,233</u>	<u>\$26,294</u>	<u>\$6,266</u>
Total O&M	<u><u>\$3,916,734</u></u>	<u><u>\$3,163,361</u></u>	<u><u>\$374,019</u></u>	<u><u>\$85,197</u></u>	<u><u>\$39,508</u></u>	<u><u>\$30,233</u></u>	<u><u>\$26,294</u></u>	<u><u>\$6,266</u></u>
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**GREAT PLAINS NATURAL GAS CO.  
OPERATION & MAINTENANCE EXPENSE  
GAS UTILITY - NORTH DAKOTA  
PROJECTED 2018**

<u>Function</u>	<u>Software Maintenance</u>	<u>Building Rental</u>	<u>Advertising</u>	<u>Industry Dues</u>	<u>Insurance</u>	<u>Regulatory Commission Expense</u>	<u>All Other O&amp;M</u>
Cost of Gas							
Other Gas Supply	\$394						\$2,534
Transmission							5,181
Distribution	1,801	\$3,532					14,567
Customer Accounting	997						14,214
Customer Service & Info Sales			\$4,704				57 154
Administrative and General	12,773	13,951	816	\$1,773	\$21,592	\$600	92,216
Total Other O&M	<u>\$15,965</u>	<u>\$17,483</u>	<u>\$5,520</u>	<u>\$1,773</u>	<u>\$21,592</u>	<u>\$600</u>	<u>\$128,923</u>
Total O&M	<u><u>\$15,965</u></u>	<u><u>\$17,483</u></u>	<u><u>\$5,520</u></u>	<u><u>\$1,773</u></u>	<u><u>\$21,592</u></u>	<u><u>\$600</u></u>	<u><u>\$128,923</u></u>
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**GREAT PLAINS NATURAL GAS CO.  
PROJECTED COST OF GAS  
GAS UTILITY - NORTH DAKOTA  
PROJECTED 2018**

	<u>Projected Dk Sales</u>	<u>Cost of Gas 1/</u>	<u>Projected Cost of Gas</u>
<u>Projected 2018</u>			
Firm General Service	288,376	\$4.2421	\$1,223,320
Interruptible	<u>759,847</u>	2.5532	<u>1,940,041</u>
Total	<u>1,048,223</u>		<u>\$3,163,361</u>

1/ May 2018 cost of gas.

**GREAT PLAINS NATURAL GAS CO.  
LABOR EXPENSE  
GAS UTILITY - NORTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2017  
PROJECTED 2018**

	2017	Projected 2018 1/
Other Gas Supply	\$15,466	\$15,436
Transmission	305	304
Distribution	233,494	233,034
Customer Accounts	42,290	42,207
Customer Service	1,506	1,503
Sales	1,769	1,766
A&G	79,926	79,769
Total Labor Expense	<u>\$374,756</u>	<u>\$374,019</u>

1/ Reflects a 0.20 percent decrease in 2018 which includes:

- 3.24% increase in straight time, premium time, and vacation.
- elimination of retention payments for bonuses and commissions and MDU Resources Stock Comp from 2017 level.
- Incentive comp reflects 9.26% of straight time and vacation for 2018.

**GREAT PLAINS NATURAL GAS CO.  
BENEFITS EXPENSE  
GAS UTILITY - NORTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2017  
PROJECTED 2018**

	2017	Projected 1/ 2018
Medical/Dental	\$46,246	\$48,651
Pension expense	1,724	1,645
Post-retirement	(2,817)	(2,959)
401K	33,903	35,001
Workers compensation	2,262	2,258
Other benefits	582	601
Total Benefits Expense	<u>\$81,900</u>	<u>\$85,197</u>

1/ Benefits are adjusted individually. Projected benefits reflect the following changes:

- Medical and dental is an increase of 5.20% in 2018.
- Pension is a decrease of 4.61% in 2018.
- Postretirement is a decrease of 5.04% in 2018.
- 401K is an increase of 3.24% in 2018.
- Workers Compensation expense is based on the ratio of worker's compensation to projected labor.
- Other benefits is an increase of 3.24% in 2018.

**GREAT PLAINS NATURAL GAS CO.  
SUBCONTRACT LABOR  
GAS UTILITY - NORTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2017  
PROJECTED 2018**

	<u>2017</u>	<u>Projected 2018 1/</u>
Other Gas Supply	\$0	\$0
Transmission	4,272	4,272
Distribution	21,182	21,182
Customer Accounts	1,583	1,583
Sales	106	106
A&G	12,365	12,365
Total Subcontract Labor	<u>\$39,508</u>	<u>\$39,508</u>

1/ Projected 2018 is expected to remain consistent with 2017.

**GREAT PLAINS NATURAL GAS CO.  
MATERIALS  
GAS UTILITY - NORTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2017  
PROJECTED 2018**

	<u>2017</u>	<u>Projected</u> <u>2018 1/</u>
Transmission	\$2,994	\$2,994
Distribution	26,619	26,619
Customer Accounting	45	45
A&G	575	575
Total Materials	<u>\$30,233</u>	<u>\$30,233</u>

1/ Projected to remain at the 2017 level.

**GREAT PLAINS NATURAL GAS CO.  
VEHICLES AND WORK EQUIPMENT  
GAS UTILITY - NORTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2017  
PROJECTED 2018**

	<u>2017</u>	<u>Projected 1/ 2018</u>
Other Gas Supply	\$43	\$44
Transmission	113	117
Distribution	22,801	23,710
Customer Accounting	2,068	2,150
Customer Service	6	6
Sales	0	0
A&G	257	267
Total Vehicle and Work Equipment	<u>\$25,288</u>	<u>\$26,294</u>

1/ Based on projected plant and current depreciation rates.

**GREAT PLAINS NATURAL GAS CO.  
UNCOLLECTIBLE ACCOUNTS  
GAS UTILITY - NORTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2017  
PROJECTED 2018**

	2017	Projected 1/ 2018
Customer Accounting	<u>\$6,467</u>	<u>\$6,266</u>
Total Uncollectible Accounts	<u><u>\$6,467</u></u>	<u><u>\$6,266</u></u>

1/ Based on three year average ratio of write-offs applied to projected revenues, excluding the increase for interruptible sales and transportation.

**GREAT PLAINS NATURAL GAS CO.  
SOFTWARE MAINTENANCE  
GAS UTILITY - NORTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2017  
PROJECTED 2018**

	<u>2017</u>	<u>Projected 2018 1/</u>
Other Gas Supply	\$394	\$394
Distribution	1,801	1,801
Customer Accounting	997	997
A&G	12,773	12,773
Total Software Maintenance	<u>\$15,965</u>	<u>\$15,965</u>

1/ Projected to remain at the 2017 level.

**GREAT PLAINS NATURAL GAS CO.  
BUILDING RENTAL  
GAS UTILITY - NORTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2017  
PROJECTED 2018**

	<u>2017</u>	<u>Projected</u> <u>2018 1/</u>
Distribution	\$3,532	\$3,532
A&G	13,951	13,951
Total Building Rental	<u>\$17,483</u>	<u>\$17,483</u>

1/ Projected to remain at the 2017 level.

**GREAT PLAINS NATURAL GAS CO.  
ADVERTISING EXPENSE  
GAS UTILITY - NORTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2017  
PROJECTED 2018**

	2017	<u>Projected</u> 2018 1/ 2/
Informational	\$4,704	\$4,704
Promotional	5,599	0
Institutional	816	816
Total Advertising Expense	<u>\$11,119</u>	<u>\$5,520</u>

- 1/ Eliminates promotional advertising expense and advertising expenses not applicable to North Dakota gas operations.  
2/ Projected to remain at the 2017 levels.

**GREAT PLAINS NATURAL GAS CO.  
INDUSTRY DUES  
GAS UTILITY - NORTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2017  
PROJECTED 2018**

	<u>2017</u>	<u>Projected 2018 2/</u>
American Gas Association	\$1,368	\$1,368
Common Ground Alliance	11	11
Energy Solutions Center	133	133
Midwest Energy Association	224	224
Utilities Telecom Council	37	37
Other/Corporate Charges 1/	115	0
Total Industry Dues	<u>\$1,888</u>	<u>\$1,773</u>

- 1/ Reflects dues not applicable to North Dakota gas operations.  
2/ Projected to remain at the 2017 levels.

**GREAT PLAINS NATURAL GAS CO.  
INSURANCE EXPENSE  
GAS UTILITY - NORTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2017  
PROJECTED 2018**

<u>Insurance Expense</u>	<u>2017</u>	<u>Projected 2018 1/</u>
Director's & Officer's Liability Insurance	\$1,681	\$1,661
General Liability		
Fiduciary Liability	371	383
Employment Liability	0	156
Third Party Liability	10,522	11,331
Property - All Risk	6,318	6,519
Blanket Crime	89	96
Special Contingency	6	10
Self Insurance	3,086	1,436
	<u>\$22,073</u>	<u>\$21,592</u>

1/ Projected 2018 reflects actual 2018 expense.

**GREAT PLAINS NATURAL GAS CO.  
REGULATORY COMMISSION EXPENSE  
GAS UTILITY - NORTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2017  
PROJECTED 2018**

	<u>2017</u>	<u>Projected 2018 1/</u>
Rate Case Amortization		
Recurring Level of Expense	<u>\$600</u>	<u>\$600</u>
Regulatory Commission Expense	<u>\$600</u>	<u>\$600</u>

1/ Reflects ongoing level of regulatory commission expense.

**GREAT PLAINS NATURAL GAS CO.  
 OTHER O&M  
 GAS UTILITY - NORTH DAKOTA  
 TWELVE MONTHS ENDING DECEMBER 31, 2017  
 PROJECTED 2018**

<u>Function</u>	2017 O&M	Total items adjusted individually 1/	All Other	<u>Projected 2018 2/</u>
Other Gas Supply	\$18,382	\$15,903	\$2,479	\$2,534
Transmission	12,752	7,684	5,068	5,181
Distribution	323,680	309,429	14,251	14,567
Customer Accounting	67,355	53,450	13,905	14,214
Customer Service & Information	6,272	6,216	56	57
Sales	7,625	7,474	151	154
Administrative and General	317,337	227,124	90,213	92,216
Total Other O&M	<u>\$753,403</u>	<u>\$627,280</u>	<u>\$126,123</u>	<u>\$128,923</u>

1/ Pages 24-25.

2/ Reflects an increase of 2.22% based on average of forecast indices.

**GREAT PLAINS NATURAL GAS CO.  
OPERATION & MAINTENANCE EXPENSE  
GAS UTILITY - NORTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2017**

<u>Function</u>	<u>Per Books</u>	<u>Cost of Gas</u>	<u>Labor</u>	<u>Benefits</u>	<u>Subcontract Labor</u>	<u>Materials</u>	<u>Vehicles &amp; Work Equip.</u>	<u>Uncollectible Accounts</u>
Cost of Gas	\$3,592,298	\$3,592,298						
Other Gas Supply	18,382		\$15,466		\$0		\$43	
Transmission	12,752		305		4,272	\$2,994	113	
Distribution	323,680		233,494		21,182	26,619	22,801	
Customer Accounting	67,355		42,290		1,583	45	2,068	\$6,467
Customer Service & Info	6,272		1,506				6	
Sales	7,625		1,769		106		0	
Administrative and General	317,337		79,926	\$81,900	12,365	575	257	
Total Other O&M	<u>\$753,403</u>	<u>\$0</u>	<u>\$374,756</u>	<u>\$81,900</u>	<u>\$39,508</u>	<u>\$30,233</u>	<u>\$25,288</u>	<u>\$6,467</u>
<b>Total O&amp;M</b>	<b><u>\$4,345,701</u></b>	<b><u>\$3,592,298</u></b>	<b><u>\$374,756</u></b>	<b><u>\$81,900</u></b>	<b><u>\$39,508</u></b>	<b><u>\$30,233</u></b>	<b><u>\$25,288</u></b>	<b><u>\$6,467</u></b>

**GREAT PLAINS NATURAL GAS CO.  
OPERATION & MAINTENANCE EXPENSE  
GAS UTILITY - NORTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2017**

<u>Function</u>	<u>Software Maintenance</u>	<u>Building Rental</u>	<u>Advertising</u>	<u>Industry Dues</u>	<u>Insurance</u>	<u>Regulatory Commission Expense</u>	<u>Total Items adjusted individually</u>	<u>All Other O&amp;M</u>
Cost of Gas							\$3,592,298	\$0
Other Gas Supply	\$394						15,903	2,479
Transmission							7,684	5,068
Distribution	1,801	\$3,532					309,429	14,251
Customer Accounting	997						53,450	13,905
Customer Service & Info			\$4,704				6,216	56
Sales			5,599				7,474	151
Administrative and General	12,773	13,951	816	\$1,888	\$22,073	\$600	227,124	90,213
Total Other O&M	<u>\$15,965</u>	<u>\$17,483</u>	<u>\$11,119</u>	<u>\$1,888</u>	<u>\$22,073</u>	<u>\$600</u>	<u>\$627,280</u>	<u>\$126,123</u>
 Total O&M	 <u><u>\$15,965</u></u>	 <u><u>\$17,483</u></u>	 <u><u>\$11,119</u></u>	 <u><u>\$1,888</u></u>	 <u><u>\$22,073</u></u>	 <u><u>\$600</u></u>	 <u><u>\$4,219,578</u></u>	 <u><u>\$126,123</u></u>

**GREAT PLAINS NATURAL GAS CO.**  
**SUMMARY OF DEPRECIATION EXPENSE**  
**GAS UTILITY - NORTH DAKOTA**  
**TWELVE MONTHS ENDING DECEMBER 31, 2017**  
**PROJECTED 2018**

	2017	Projected 2018 1/
Transmission	\$17,399	\$24,079
Distribution	176,694	196,756
General	5,593	6,150
General Intangible	6,185	16,538
Common	15,625	6,818
Common Intangible	5,668	8,326
Amort. of Preferred Stock Redemption	0	66
Total	<u>\$227,164</u>	<u>\$258,733</u>

1/ Depreciation/amortization expense on projected 2018 average plant in service,  
Page 27.

**GREAT PLAINS NATURAL GAS CO.  
ACCUMULATED RESERVE FOR DEPRECIATION  
GAS UTILITY - NORTH DAKOTA  
PROJECTED 2018**

	2017 Year End Acc. Reserve for Depr.	2018 Average Plant In Service 1/	Depreciation/ Amortization Rate 2/	2018			2018 Average Balance
				Depreciation/ Amortization Expense	Retirements/ Removal 4/	Ending Balance	
Transmission	\$483,930	\$1,216,111	1.98%	\$24,079	(\$519)	\$507,490	\$495,710
Distribution	\$2,646,336	\$4,741,105	4.15%	\$196,756	(\$28,009)	\$2,815,083	\$2,730,710
<u>General</u>							
Other	\$20,388	\$69,014	5.08%	\$3,506	(\$296)	\$23,598	\$21,993
Structures & Improvements	41,745	137,697	1.75%	2,410	(649)	43,506	42,625
Computer Equipment	(59)	930	25.15%	234	0	175	58
Vehicles	390	21,400	8.62%	1,845	(28)	2,207	1,299
Work Equipment	456	24,886	-2.87%	(714)	(17)	(275)	91
Total General	\$62,920	\$253,927		\$7,281	(\$990)	\$69,211	\$66,066
General Intangible	\$52,907	\$241,818	3/	\$16,538	\$0	\$69,445	\$61,175
<u>Common</u>							
Other	\$20,798	\$38,277	4.66%	\$1,784	(\$1,617)	\$20,965	\$20,881
Structures & Improvements	35,750	95,022	2.25%	2,138	(3,978)	33,910	34,830
Computer Equipment	4,361	14,480	20.00%	2,896	(485)	6,772	5,566
Vehicles	1,195	8,566	4.11%	352	(295)	1,252	1,224
Total Common	\$62,104	\$156,345		\$7,170	(\$6,375)	\$62,899	\$62,501
Common Intangible	\$55,269	\$108,638	3/	\$8,326	(\$10)	\$63,585	\$59,427
Amort. of Preferred Stock Redemption	0	0		66	5/ 0	7/	7/
Total Gas Plant in Service	\$3,363,466	\$6,717,944		\$260,216	(\$35,903)	\$3,587,713	\$3,475,589
Depreciation Expense				\$258,733	6/		

1/ Page 35.

2/ Composite depreciation rates by function.

3/ Amortized by each item within the intangible account.

4/ Based on the three year average of retirements.

5/ Amortized over 15 years.

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

7/ The balance is included in the unamortized redemption of preferred stock on Page 46.

**GREAT PLAINS NATURAL GAS CO.  
SUMMARY OF TAXES OTHER THAN INCOME  
GAS UTILITY - NORTH DAKOTA  
TWELVE MONTHS ENDED DECEMBER 31, 2017  
PROJECTED 2018**

<u>Type of Tax</u>	<u>2017</u>	<u>Projected 2018</u>
Ad Valorem 1/		
Transmission	\$5,358	\$7,669
Distribution	33,487	36,104
General	2,386	2,887
General Intangible	53	55
Common	335	382
Common Intangible	1,172	1,450
Total Ad Valorem Taxes	<u>42,791</u>	<u>48,547</u>
O&M Related Taxes - Other		
Payroll Taxes 2/	26,946	26,892
Delaware Franchise	1,303	1,303
Total O&M Related Taxes	<u>28,249</u>	<u>28,195</u>
Other	<u>30</u>	<u>30</u>
Total Taxes Other Than Income	<u><u>\$71,070</u></u>	<u><u>\$76,772</u></u>

1/ Based on ratio of actual 2017 ad valorem taxes paid to average plant balance as of December 31, 2017. See Page 29.

2/ Based on the ratio of actual 2017 payroll taxes to labor expense. See Page 30.

**GREAT PLAINS NATURAL GAS CO.  
AD VALOREM TAXES  
GAS UTILITY - NORTH DAKOTA  
TWELVE MONTHS ENDED DECEMBER 31, 2017  
PROJECTED 2018**

<u>Function</u>	<u>Avg. Plant Balance @ 12/31/2017</u>	<u>Ad Valorem Tax @ 12/31/2017</u>	<u>Effective Tax Rate</u>
Transmission	\$849,732	\$5,358	0.6306%
Distribution	4,397,223	33,487	0.7615%
General	209,860	2,386	1.1369%
General Intangible	233,680	53	0.0227%
Common	137,160	335	0.2442%
Common Intangible	87,821	1,172	1.3345%
Total	<u>\$5,915,476</u>	<u>\$42,791</u>	

<u>Function</u>	<u>Effective Tax Rate</u>	<u>Projected 2018</u>	
		<u>Plant Balance</u>	<u>Ad Valorem Tax</u>
Transmission	0.6306%	\$1,216,111	\$7,669
Distribution	0.7615%	4,741,105	36,104
General	1.1369%	253,927	2,887
General Intangible	0.0227%	241,818	55
Common	0.2442%	156,345	382
Common Intangible	1.3345%	108,638	1,450
Total		<u>\$6,717,944</u>	<u>\$48,547</u>

**GREAT PLAINS NATURAL GAS CO.  
PAYROLL TAXES  
GAS UTILITY - NORTH DAKOTA  
TWELVE MONTHS ENDED DECEMBER 31, 2017  
PROJECTED 2018**

	<u>2017</u>	<u>Projected 2018</u>
Labor Expense	\$374,756	\$374,019
Payroll Taxes	\$26,946	\$26,892
% Payroll Taxes to Labor	7.19%	

**GREAT PLAINS NATURAL GAS CO.  
CALCULATION OF INCOME TAXES  
GAS UTILITY - NORTH DAKOTA  
PROJECTED 2018**

	<u>Projected</u> <u>2018</u>
<b>Operating Revenues</b>	
Sales Revenues	\$4,224,471
Transportation Revenue	371,358
Other Revenues	29,055
Total Operating Revenues	<u>4,624,884</u>
<b>Operating Expenses</b>	
Operation and Maintenance	
Cost of Gas	3,163,361
Other O&M	753,373
Total O&M	<u>3,916,734</u>
Depreciation and Amortization Expense	258,733
Taxes other Than Income	76,772
Total Operating Expenses	<u>4,252,239</u>
<b>Gross Operating Income</b>	372,645
Deductions and Adjustments to Book Income:	
Interest 1/	58,446
Total Adjustments to Taxable Income	<u>58,446</u>
Taxable Income	314,199
Federal & State Income Taxes	<u>\$76,680</u>
Adjustments to Income Taxes:	
Amortization of ARAM	(\$11,598)
Net Federal & State Income Taxes	<u><u>\$65,082</u></u>

1/ Page 32.

**GREAT PLAINS NATURAL GAS CO.  
INTEREST EXPENSE  
GAS UTILITY - NORTH DAKOTA  
PROJECTED 2018**

	<u>Projected</u> <u>2018</u>
Rate Base 1/	\$2,547,779
Weighted Cost of Debt 2/	2.294%
Interest Expense	<u><u>\$58,446</u></u>

1/ Page 33.

2/ Page 2.

**GREAT PLAINS NATURAL GAS CO.  
AVERAGE RATE BASE  
GAS UTILITY - NORTH DAKOTA  
TWELVE MONTHS ENDED DECEMBER 31, 2017  
PROJECTED 2018**

	2017	<u>Projected</u> 2018	<u>Reference</u>
Gas Plant in Service	\$5,915,476	\$6,717,944	Page 34
Accumulated Reserve for Depreciation	3,269,838	3,475,589	Page 39
Net Gas Plant in Service	<u>2,645,638</u>	<u>3,242,355</u>	
<b>Additions</b>			
Materials and Supplies	54,204	65,674	Page 41
Gas in Storage	0	25,940	Page 42
Prepayments	1,828	11,008	Pages 43-44
Unamortized Loss on Debt	9,211	7,941	Page 45
Preferred Stock Redemption	498	963	Page 46
Total Additions	<u>65,741</u>	<u>111,526</u>	
Total Before Deductions	\$2,711,379	\$3,353,881	
<b>Deductions</b>			
Accumulated Deferred Income Taxes	377,516	474,324	Page 48
Customer Advances	376,705	331,778	Page 47
Total Deductions	<u>754,221</u>	<u>806,102</u>	
Total Rate Base	<u>\$1,957,158</u>	<u>\$2,547,779</u>	

**GREAT PLAINS NATURAL GAS CO.  
PLANT IN SERVICE  
TWELVE MONTHS ENDED DECEMBER 31, 2017  
PROJECTED 2018**

	Year End 2017	Projected 2018 1/	Average 2018 1/
Transmission	\$865,669	\$1,566,552	\$1,216,111
Distribution	4,517,582	4,964,628	4,741,105
General	210,487	297,363	253,927
Intangible Plant - General	237,159	246,476	241,818
Common	147,245	165,445	156,345
Intangible Plant - Common	96,275	121,000	108,638
Total	<u>\$6,074,417</u>	<u>\$7,361,464</u>	<u>\$6,717,944</u>

1/ Page 35.

**GREAT PLAINS NATURAL GAS CO.  
PLANT IN SERVICE - NORTH DAKOTA  
TWELVE MONTHS ENDED DECEMBER 31, 2017  
PROJECTED 2018**

	Year End	2018		Balance	Average
	2017	Additions 1/	Retirements 2/		2018
Transmission	\$865,669	\$701,402	(\$519)	\$1,566,552	\$1,216,111
Distribution	4,517,582	475,055	(28,009)	4,964,628	4,741,105
<u>General</u>					
Other	62,876	12,571	(296)	75,151	69,014
Structures & Improvements	138,021	0	(649)	137,372	137,697
Computer Equipment	50	1,759	0	1,809	930
Vehicles	5,911	31,006	(28)	36,889	21,400
Work Equipment	3,629	42,530	(17)	46,142	24,886
Total General	210,487	87,866	(990)	297,363	253,927
General Intangible	237,159	9,317	0	246,476	241,818
<u>Common</u>					
Other	37,349	3,473	(1,617)	39,205	38,277
Structures & Improvements	91,880	10,262	(3,978)	98,164	95,022
Computer Equipment	11,203	7,039	(485)	17,757	14,480
Vehicles	6,813	3,801	(295)	10,319	8,566
Total Common	147,245	24,575	(6,375)	165,445	156,345
Common Intangible	96,275	24,735	(10)	121,000	108,638
Total Gas Plant in Service	<u>\$6,074,417</u>	<u>\$1,322,950</u>	<u>(\$35,903)</u>	<u>\$7,361,464</u>	<u>\$6,717,944</u>

1/ Page 36.

2/ Based on three year average of retirements.

**GREAT PLAINS NATURAL GAS CO.  
SUMMARY - PLANT ADDITIONS  
GAS UTILITY - NORTH DAKOTA  
PROJECTED 2018**

	<u>Projected</u>
	<u>2018 1/</u>
Transmission	\$701,402
Distribution	\$475,055
General	
Other	\$12,571
Structures & Improvements	0
Computer Equipment	1,759
Vehicles	31,006
Work Equipment	42,530
Total General	<u>\$87,866</u>
General Intangible	\$9,317
Common	
Other	\$3,473
Structures & Improvements	10,262
Computer Equipment	7,039
Vehicles	3,801
Total Common	<u>\$24,575</u>
Common Intangible	<u>\$24,735</u>
Total Additions	<u><u>\$1,322,950</u></u>

1/ Pages 37-38.

**GREAT PLAINS NATURAL GAS CO.  
PLANT ADDITIONS  
GAS UTILITY - NORTH DAKOTA  
PROJECTED 2018**

<u>Project No.</u>	<u>Account</u>	<u>Description</u>	<u>Region</u>	<u>Amount</u>
		<b><u>Transmission</u></b>		
232156	367	GPNG - Trans Line Repl. HCA Areas	Great Plains	\$651,522
239943	367	Build 8" Pig Launcher & Receivers	Great Plains	49,880
		Total Transmission		701,402
		<b><u>Distribution</u></b>		
FP-100852	376	Mains Replace	Great Plains	\$59,265
FP-100853	376	Mains Growth	Great Plains	17,780
FP-200800	376	Replace PVC mains	Great Plains	165,521
		Total Account 376		242,566
FP-316080	378	Measure & Regulatio	Great Plains	4,132
FP-100908	380	Service lines - Growth	Great Plains	23,706
FP-200823	380	Replace PVC services	Great Plains	137,276
FP-311093	380	Service lines - Replacement	Great Plains	35,559
		Total Account 380		196,541
FP-100910	381	Meters	Great Plains	21,972
FP-100912	383	Regulators	Great Plains	4,394
FP-316070	387	Cathodic Protection	Great Plains	5,450
		Total Distribution		\$475,055
		<b><u>General</u></b>		
FP-100958	391.3	Personal Computers	Great Plains	\$1,759
FP-100959	392.2	Gas Vehicles	Great Plains	31,006
FP-100974	394.1	MINOR WORK EQUIPMENT-GPNG-ND	Great Plains	2,018
FP-316075	394.1	Gas Minor Work Equip-GO GPNG	Great Plains	2,345
FP-316139	394.1	Pur Sensit Golds & Calib Stns GPNG	Great Plains	7,035
FP-316274	394.1	Purchase Met-Fit Tools GPNG	Great Plains	1,173
		Total Account 394.1		12,571
FP-100979	396.2	Gas Work Equipment	Great Plains	42,530
		Total General		\$87,866
		<b><u>General Intangible</u></b>		
FP-316359	303	SCADA system enhancements	General Office	\$631
FP-316450	303	PCAD Annual Enhancements	General Office	1,206
FP-316497	303	PragmaField Implementation	General Office	7,480
		Total General Intangible		\$9,317

**GREAT PLAINS NATURAL GAS CO.  
 PLANT ADDITIONS  
 GAS UTILITY - NORTH DAKOTA  
 PROJECTED 2018**

<u>Project No.</u>	<u>Account</u>	<u>Description</u>	<u>Region</u>	<u>Amount</u>
		<b><u>Common</u></b>		
246021	390	BSC Roof Reinforcement	Great Plains	\$564
FP-316404	390	Renovate New Bldng Bis Comm & Sub	General Office	8,495
FP-315920	390	Remodel MDU Print Shop GO Main	General Office	522
FP-315953	390	REPLACE ROOF ON HALO - G.O. MAIN	General Office	353
FP-315957	390	REMODEL CONTROL CENTER GO MAIN	General Office	328
		Total Account 390		<u>10,262</u>
FP-100755	391.1	Office Equipment	General Office	1,140
FP-100014	391.3	Toughbook Replacements for Field	General Office	2,257
FP-100756	391.3	Personal Computers & Peripherals	General Office	809
FP-307540	391.3	Data Center & Network Equipment	General Office	1,397
FP-311597	391.3	Itron Mobile Radio (IMR)	General Office	1,027
FP-311620	391.3	Pur Field GIS Survey Devices MDU	General Office	494
FP-315424	391.3	Replace UPS Batteries Bsmk Building	General Office	104
FP-316496	391.3	Repl Copiers MDU G.O. & Annex	General Office	370
		Total Account 391.3		<u>6,458</u>
FP-302521	391.5	Fixed Network Upgrade	General Office	581
FP-100719	392.2	Vehicles	General Office	3,801
FP-100718	394.1	Minor Work Equipment	General Office	131
FP-100744	397.1	Communication Equipment	General Office	1,797
FP-302563	397.3	Upgrade district offices to VOIP	General Office	361
FP-316054	398	Pur Audio Test Equip GO Main	General Office	44
		Total Common		<u>\$24,575</u>
		<b><u>Common Intangible</u></b>		
FP-100336	303	GL Essentials	General Office	\$1,069
FP-100343	303	Automatic Vehicle Location	General Office	285
FP-100550	303	Work Asset Management	General Office	6,512
FP-100575	303	Customer Self-Service Web/IVR	General Office	1,046
FP-200714	303	GIS enhancement software	General Office	579
FP-300072	303	Growth - Meter Data Management	General Office	1,709
FP-301563	303	GIS data conversion	General Office	2,177
FP-315864	303	ThoughtSpot Implementation	General Office	2,729
FP-315942	303	PragmaField Implementation	General Office	909
FP-316262	303	JDE Weblogic	General Office	161
FP-316282	303	PowerPlan Lease	General Office	842
203175	303	MDU GIS DATA CONVERSION COMPLETIOI	General Office	6,717
		Total Common Intangible		<u>\$24,735</u>
		Total 2018 Plant Additions		<u><u>\$1,322,950</u></u>

**GREAT PLAINS NATURAL GAS CO.  
SUMMARY OF ACCUMULATED RESERVE FOR DEPRECIATION  
GAS UTILITY - NORTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2017  
PROJECTED 2018**

	<u>2017</u>	<u>Projected 2018 1/</u>	<u>Average 2018</u>
Transmission	\$483,930	\$507,490	\$495,710
Distribution	2,646,336	2,815,083	2,730,710
General	62,920	69,211	66,066
General Intangible	52,907	69,445	61,175
Common	62,104	62,899	62,501
Common Intangible	55,269	63,585	59,427
	<u>\$3,363,466</u>	<u>\$3,587,713</u>	<u>\$3,475,589</u>

1/ Page 27.

**GREAT PLAINS NATURAL GAS CO.  
SUMMARY OF WORKING CAPITAL AND  
CUSTOMER ADVANCES FOR CONSTRUCTION  
GAS UTILITY - NORTH DAKOTA  
PROJECTED 2018**

<u>Working Capital</u>	<u>Per Books 2017</u>	<u>Projected 2018</u>
Materials and Supplies	\$54,204	\$65,674
Gas in Storage	\$0	\$25,940
Prepayments		
Prepaid Commodity	\$0	\$3,341
Prepaid Insurance	1,828	7,667
	<u>1,828</u>	<u>11,008</u>
Unamortized Loss on Debt	9,211	7,941
Unamortized Preferred Stock Redemption	498	963
Total Working Capital	<u>\$65,741</u>	<u>\$111,526</u>
Customer Advances for Construction	<u>\$376,705</u>	<u>\$331,778</u>

**GREAT PLAINS NATURAL GAS CO.  
MATERIALS AND SUPPLIES  
GAS UTILITY - NORTH DAKOTA  
PROJECTED 2018**

	<u>2017</u>	<u>Projected 2018</u>
December 2016	\$46,232	\$62,175
January 2017	45,296	64,949
February	43,641	65,083
March	57,531	62,802
April	63,628	63,628
May	66,523	66,523
June	66,231	66,231
July	73,824	73,824
August	70,580	70,580
September	64,740	64,740
October	66,005	66,005
November	65,041	65,041
December	62,175	62,175
Beginning and Ending Average 13 Month Average	\$54,204	<u><u>\$65,674</u></u>

1/ Actual through March 2018.

**GREAT PLAINS NATURAL GAS CO.  
GAS IN STORAGE  
GAS UTILITY - NORTH DAKOTA  
PROJECTED 2018**

	<u>2017</u>	<u>Projected 1/ 2018</u>
December 2016	\$0	\$0
January 2017	0	0
February	0	0
March	0	0
April	0	0
May	0	0
June	0	14,892
July	0	28,648
August	0	42,103
September	0	64,005
October	0	68,777
November	0	68,777
December	0	50,016
Beginning and Ending Average	\$0	
13 Month Average		<u><u>\$25,940</u></u>

1/ Actuals through May 2018. Projected based on planned injections and withdrawals and projected gas costs.

**GREAT PLAINS NATURAL GAS CO.  
PREPAID COMMODITY CHARGES ON STORAGE  
GAS UTILITY - NORTH DAKOTA  
PROJECTED 2018**

	<u>2017</u>	<u>Projected 1/ 2018</u>
December 2016	\$0	\$0
January 2017	0	0
February	0	0
March	0	0
April	0	0
May	0	0
June	0	572
July	0	2,902
August	0	5,226
September	0	7,880
October	0	9,864
November	0	9,864
December	0	7,128
Beginning and Ending Average	\$0	
13 Month Average		<u><u>\$3,341</u></u>

1/ Actuals through May 2018. Projected based on planned injections and withdrawals and projected gas costs.

**GREAT PLAINS NATURAL GAS CO.  
PREPAYMENTS  
GAS UTILITY - NORTH DAKOTA  
PROJECTED 2018**

	<u>2017</u>	<u>Projected 1/ 2018</u>
December 2016	\$1,882	\$1,774
January 2017	10,197	15,836
February	13,557	14,324
March	12,480	12,918
April	11,117	11,479
May	9,697	10,027
June	8,278	8,553
July	6,858	7,078
August	5,438	5,603
September	4,019	4,129
October	2,599	2,659
November	3,192	3,398
December	1,774	1,891
Beginning and Ending Average	\$1,828	
13 Month Average		<u><u>\$7,667</u></u>

1/ Actuals through April 2018 with following months based on projected insurance expenses.

**GREAT PLAINS NATURAL GAS CO.  
UNAMORTIZED GAIN(LOSS) ON DEBT  
GAS UTILITY - NORTH DAKOTA  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2015  
PROJECTED 2018**

	Unamortized Loss on Debt	Acc. Deferred Inc. Tax
Balance at December 31, 2016	\$9,810	(\$4,907)
Balance at December 31, 2017	8,614	(3,453)
Average Balance	<u>\$9,211</u>	<u>(\$4,180)</u>
2018 Amortization	<u>(1,347)</u>	<u>342</u>
Balance at December 31, 2018	7,267	(3,111)
Average Balance	<u>\$7,941</u>	<u>(\$3,282)</u>

**MONTANA-DAKOTA UTILITIES CO.  
UNAMORTIZED PREFERRED STOCK REDEMPTION  
GAS UTILITY - NORTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2017  
PROJECTED 2018**

	<u>Loss on Preferred Stock</u>
Balance at December 31, 2017	\$996
Average Balance	<u>\$498</u>
2018 Amortization 1/	<u>(\$66)</u>
Balance at December 31, 2018	930
Average Balance	<u>\$963</u>

1/ Amortization period of 15 years.

**GREAT PLAINS NATURAL GAS CO.  
CUSTOMER ADVANCES FOR CONSTRUCTION  
GAS UTILITY - NORTH DAKOTA  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017  
PROJECTED 2018**

	<u>2017</u>	<u>Projected 1/ 2018</u>
December 2016	\$421,628	\$331,781
January 2017	421,628	331,781
February	421,628	331,748
March	421,628	331,781
April	421,628	331,781
May	421,628	331,781
June	421,628	331,781
July	421,628	331,781
August	332,238	331,781
September	331,781	331,781
October	331,781	331,781
November	331,781	331,781
December	331,781	331,781
Beginning and Ending Average	\$376,705	
13 Month Average		<u><u>\$331,778</u></u>

1/ Reflects actual balances through March 2018 and projected to remain at that level.

**GREAT PLAINS NATURAL GAS CO.  
ACCUMULATED DEFERRED INCOME TAXES  
GAS UTILITY - NORTH DAKOTA  
PROJECTED 2018**

	Per Books	Projected 2018		
	2017	Changes	Balance	Average
<u>Accumulated Deferred Income Taxes</u>				
Liberalized Depreciation	\$612,614	\$490 1/	\$613,104	\$613,104
Contribution in Aid of Construction	(61,091)	0 2/	(61,091)	(61,091)
Customer Advances	(80,971)	0 3/	(80,971)	(80,971)
Unamortized Loss on Debt	3,453	(342) 4/	3,111	3,282
Excess Deferred Income Taxes	0	0 5/	0	0
Balance	<u>\$474,005</u>	<u>\$148</u>	<u>\$474,153</u>	<u>\$474,324</u>

- 1/ Page 49, reflecting proration methodology.  
2/ Reflects current amortization.  
3/ Reflects change in customer advances in 2018.  
4/ Page 45.  
5/ Amortized over 10 years.

**GREAT PLAINS NATURAL GAS CO.  
CHANGES IN ACCUMULATED DEFERRED INCOME TAXES  
RELATED TO PLANT IN SERVICE  
GAS UTILITY - NORTH DAKOTA  
PROJECTED 2018**

	<u>Projected</u> <u>2018</u>
Plant related tax deductions	
Book depreciation	(\$260,216)
Tax Depreciation	<u>223,651</u>
Total tax deductions	(\$36,565)
Prior vintage tax adjustment	(\$40,861)
Current year tax adjustment	<u>\$4,296</u>
Changes in Accumulated Deferred Incomes Taxes on Additions	\$1,050
Adjusted to reflect proration methodology	<u><u>\$490</u></u>

**GREAT PLAINS NATURAL GAS CO.  
LIBERALIZED DEPRECIATION  
GAS UTILITY - NORTH DAKOTA  
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2017  
PROJECTED 2018**

Month	Weighting For Projection	Monthly Increments	Balance/ Increments	Balance
December 2017	100.00%			\$612,614
January 2018	91.78%	\$88	\$81	612,695
February	84.11%	88	74	612,769
March	75.62%	88	67	612,836
April	67.40%	88	59	612,895
May	58.90%	88	52	612,947
June	50.68%	88	45	612,992
July	42.19%	88	37	613,029
August	33.70%	88	30	613,059
September	25.48%	88	22	613,081
October	16.99%	88	15	613,096
November	8.77%	88	8	613,104
December	0.27%	82	0	613,104
Total		\$1,050	\$490	

**GREAT PLAINS NATURAL GAS CO.  
GAS UTILITY - NORTH DAKOTA  
ALLOCATION OF REVENUES  
Projected 2018**

RATE CLASS	Billing Determinants 1/					Target Rate Design		Rate Design Results		
	Customers	Dk	Distribution Revenues	Gas Costs	Total Revenues	Change in Revenue	% Change	Change in Revenue	Total Revenues	% Change
Firm General	2,298	288,376	\$434,930	\$1,223,320	\$1,658,250	(\$66,330)	-4.0%	(\$66,338)	\$1,591,912	-4.0%
Interruptible	18	759,847	626,179	1,940,042	2,566,221	(102,649)	-4.0%	(102,277)	2,463,944	-4.0%
Transportation	9	1,201,859	371,358	0	371,358				371,358	0.0%
Total North Dakota	2,325	2,250,082	\$1,432,467	\$3,163,362	\$4,595,829	(\$168,979)	-3.7%	(\$168,615)	\$4,427,214	-3.7%

Proposed Decrease (\$168,306) 2/  
% Decrease Excl Contract Transport -4.00%

1/ Exhibit 1 page 5.  
2/ Exhibit 1 page 1.