

# ANNUAL REPORT

## STATE OF NORTH DAKOTA

### ELECTRIC OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2017



**MONTANA-DAKOTA**

**UTILITIES CO.**

*A Division of MDU Resources Group, Inc.*

***In the Community to Serve®***

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

Line #	Description	(A)	(B)	(C)	(D)	(E)
		2017 Total Company	2017 North Dakota	ND % (B/A)	2016 North Dakota	Variance (B-D/D)
<u>Operating Revenues:</u>						
1	Residential	\$118,973,700	\$79,403,696	66.74%	\$72,309,649	9.81%
2	Small General	31,421,798	12,169,767	38.73%	11,564,207	5.24%
3	Large General 1/	145,803,838	104,344,578	71.57%	96,156,217	8.52%
4	Lighting Service	3,959,095	2,456,201	62.04%	2,392,324	2.67%
5	Municipal Pumping Service	4,310,815	3,677,786	85.32%	2,799,955	31.35%
6	Sales for Resale	839,720	572,706	68.20%	701,442	-18.35%
7	Other Operating Revenues	38,959,009	19,848,173	50.95%	18,697,794	6.15%
8	Unbilled Revenue	250,290	(835,621)	-333.86%	12,557,516	-106.65%
9	Reserve for Refunds	(2,833,912)	(2,821,827)	99.57%	(1,013,873)	178.32%
10	Total Operating Revenues	<u>\$341,684,353</u>	<u>\$218,815,459</u>	64.04%	<u>\$216,165,231</u>	1.23%
<u>Operating Expenses:</u>						
11	Production Expense	\$115,359,722	\$70,891,425	61.45%	\$68,635,389	3.29%
12	Transmission Expense	37,323,005	26,654,207	71.41%	24,665,867	8.06%
13	Distribution Expense	15,355,028	9,340,100	60.83%	9,642,408	-3.14%
14	Customer Accounts Expense	4,558,100	2,960,143	64.94%	3,160,921	-6.35%
15	Customer Service & Info. Exp.	244,705	159,397	65.14%	173,603	-8.18%
16	Sales Expense	111,202	69,646	62.63%	65,690	6.02%
17	Administration & General Exp.	26,685,593	16,684,044	62.52%	16,062,421	3.87%
18	Depreciation Expense	47,486,478	32,552,375	68.55%	34,884,255	-6.68%
19	Taxes Other than Income	14,180,612	7,394,481	52.15%	6,741,197	9.69%
20	Total Operating Expenses	<u>\$261,304,445</u>	<u>\$166,705,818</u>	63.80%	<u>\$164,031,751</u>	1.63%
21	Net Operating Income					
22	before Income Taxes	\$80,379,908	\$52,109,641	64.83%	\$52,133,480	-0.05%
<u>Income Tax Expense:</u>						
23	Investment Tax Credits					
24	Deferred Income Taxes	\$23,537,159	\$15,966,338	67.83%	\$13,193,769	21.01%
25	Income Taxes	(16,575,099)	(12,128,936)	73.18%	(9,355,805)	29.64%
26	Total Income Tax Expense	<u>\$6,962,060</u>	<u>\$3,837,402</u>	55.12%	<u>\$3,837,964</u>	-0.01%
27	<b>Net Regulated Earnings</b>	<u><u>\$73,417,848</u></u>	<u><u>\$48,272,239</u></u>	65.75%	<u><u>\$48,295,516</u></u>	-0.05%

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

	2017	2016
Large General	<u><u>\$2,287,957</u></u>	<u><u>\$2,287,256</u></u>

I. INTRASTATE RETURN ON EQUITY

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

Line #	Description	(A)	(B)	(C)	(D)	(E)
		2017 Total Company	2017 North Dakota	ND % (B/A)	2016 North Dakota	Variance (B-D/D)
	<u>Rate Base:</u>					
1	Plant in Service	\$1,823,044,664	\$1,229,036,025	67.42%	\$1,195,002,532	2.85%
2	Less: Accumulated Depreciation	624,016,265	408,202,745	65.42%	386,337,398	5.66%
3	CWIP - FERC juris	74,049,303	0	0.00%	0	0.00%
4	Net Plant in Service	<u>\$1,273,077,702</u>	<u>\$820,833,280</u>	64.48%	<u>\$808,665,134</u>	1.50%
	<u>Additions:</u>					
5	Materials and Supplies 1/	\$13,537,680	\$9,197,923	67.94%	\$10,074,632	-8.70%
6	Fuel Stocks 1/	4,397,097	2,999,242	68.21%	3,422,524	-12.37%
7	Prepayments 1/	996,633	675,387	67.77%	659,846	2.36%
8	Unamortized Loss on Debt	3,989,258	2,745,989	68.83%	3,000,617	-8.49%
9	Decommissioning of Retired Plants	(272,725)	(160,169)	58.73%	(199,395)	-19.67%
10	Other	<u>(4,548,716)</u>	<u>591,808</u> 2/	-13.01%	<u>0</u>	100.00%
11	Total Additions	<u>\$18,099,227</u>	<u>\$16,050,180</u>	88.68%	<u>\$16,958,224</u>	-5.35%
	<u>Deductions:</u>					
12	Accum. Deferred Income Taxes	\$226,220,193	\$153,534,659	67.87%	\$141,005,598	8.89%
13	Accumulated Deferred ITCs	1,735,680	1,735,680	100.00%	1,696,343	2.32%
14	Cust. Advances for Construct. 1/	4,790,177	2,883,053	60.19%	2,818,254	2.30%
15	Total Deductions	<u>\$232,746,050</u>	<u>\$158,153,392</u>	67.95%	<u>\$145,520,195</u>	8.68%
16	<b>Average Rate Base</b>	<u><u>\$1,058,430,879</u></u>	<u><u>\$678,730,068</u></u>	64.13%	<u><u>\$680,103,163</u></u>	<u><u>-0.20%</u></u>
17	Rate of Return on Avg. Rate Base	6.936%	7.112%		7.101%	
18	Less: Weighted Cost of Debt	2.372%	2.372%		2.396%	
19	Weighted Cost of Pref. Stock	<u>0.026%</u>	<u>0.026%</u>		<u>0.052%</u>	
20	Weighted Return on Equity	4.538%	4.714%		4.653%	
21	% of Equity to Capital Structure	<u>51.873%</u>	<u>51.873%</u>		<u>50.195%</u>	
22	<b>Return on Equity</b>	<u><u>8.748%</u></u>	<u><u>9.088%</u></u>		<u><u>9.270%</u></u>	

1/ Thirteen month average.

2/ Loss on manufactured housing.

II. AVERAGE CAPITAL STRUCTURE - TOTAL UTILITY

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

Line #	Description	(A) 2017 Average (000's)	(B) Ratio	(C) Cost	(D) Weighted Cost
1	Long-Term Debt 1/	\$600,442	43.822%	5.247%	2.299%
2	Short Term Debt 2/	51,324	3.746%	1.953%	0.073%
3	Preferred Equity 3/	7,654	0.559%	4.581%	0.026%
4	Common Equity	<u>710,753</u>	<u>51.873%</u>	4/	4/
5	Total	<u>\$1,370,173</u>	<u>100.000%</u>		<u>4/</u>

- 1/ Includes additional other long term debt and excludes \$10.5 million economic development loan for a North Dakota project.  
 2/ Reflects monthly average short term debt.  
 3/ Preferred Stock was redeemed in full in 2017.  
 4/ Return on equity is calculated in Section I, page 2 of 2.

II. CAPITAL STRUCTURE - TOTAL UTILITY

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

Description	Date of Issuance	Date of Maturity	Interest Rate	Principal Amount of Issue	Gross Proceeds	Underwriters' Commission		Loss on Reacquirement Redemption and Issuance Expense	
						Amount	% Gross Proceeds	Amount	% Gross Proceeds
Unsecured Long Term Debt									
5.98% - Senior Note	12/15/03	12/15/33	5.980%	\$30,000,000	\$30,000,000	624,465	2.082%	0	0.000%
6.33% - Senior Note	08/24/06	08/24/26	6.330%	100,000,000	100,000,000	344,061	0.344%	10,532,009	10.532%
6.04% - Senior Note	09/16/08	09/16/18	6.040%	100,000,000	100,000,000	362,431	0.362%	0	0.000%
5.18% - Senior Note	04/15/14	04/15/44	5.180%	50,000,000	50,000,000	239,178	0.478%	0	0.000%
4.24% - Senior Note	07/15/14	07/15/24	4.240%	60,000,000	60,000,000	291,263	0.485%	0	0.000%
4.34% - Senior Note	07/15/14	07/15/26	4.340%	40,000,000	40,000,000	197,042	0.493%	0	0.000%
3.78% - Senior Note	10/29/15	10/30/25	3.780%	87,000,000	87,000,000	471,997	0.543%	0	0.000%
4.87% - Senior Note	10/29/15	10/30/45	4.870%	11,000,000	11,000,000	59,461	0.541%	0	0.000%
4.03% - Senior Note	12/10/15	12/10/30	4.030%	52,000,000	52,000,000	286,355	0.551%	0	0.000%
4.15% - Senior Note	11/21/16	11/21/46	4.150%	40,000,000	40,000,000	226,084	0.565%	0	0.000%
3.73% - Senior Note	03/21/17	03/31/37	3.730%	40,000,000	40,000,000	173,631	0.434%	0	0.000%
3.36% - Senior Note	03/21/17	03/31/32	3.360%	20,000,000	20,000,000	86,065	0.430%	0	0.000%
2.00% - Senior Note 1/	09/05/17	9/3/2032	2.000%	10,500,000	10,500,000			0	0.000%
Total Long-Term Debt Capital				<u>\$640,500,000</u>	<u>\$640,500,000</u>	<u>\$3,362,033</u>		<u>\$10,532,009</u>	

Description	Net Proceeds		Cost of Money 2/	Principal Outstanding	Annual Cost	Embedded Cost
	Amount	Per Unit				
Unsecured Long Term Debt						
5.98% - Senior Note	\$29,375,535	97.918%	6.210%	\$30,000,000	1,863,000	
6.33% - Senior Note	89,123,930	89.124%	7.514%	100,000,000	7,514,000	
6.04% - Senior Note	99,637,569	99.638%	6.181%	100,000,000	6,181,000	
5.18% - Senior Note	49,760,822	99.522%	5.280%	50,000,000	2,640,000	
4.24% - Senior Note	59,708,737	99.515%	4.346%	60,000,000	2,607,600	
4.34% - Senior Note	39,802,958	99.507%	4.442%	40,000,000	1,776,800	
3.78% - Senior Note	86,528,003	99.457%	3.883%	87,000,000	3,378,210	
4.87% - Senior Note	10,940,539	99.459%	4.964%	11,000,000	546,040	
4.03% - Senior Note	51,713,645	99.449%	4.122%	52,000,000	2,143,440	
4.15% - Senior Note	39,773,916	99.435%	4.228%	40,000,000	1,691,200	
3.73% - Senior Note	39,826,369	99.566%	3.797%	40,000,000	1,518,800	
3.36% - Senior Note	19,913,935	99.570%	3.425%	20,000,000	685,000	
2.00% - Senior Note	10,500,000		2.000%	10,500,000		
Total Long-Term Debt Capital	<u>\$626,605,958</u>			<u>\$640,500,000</u>	<u>\$32,545,090</u>	5.081%

1/ Debt is associated with an economic development project in North Dakota. Interest is capitalized in the project work order.

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

IV. MISCELLANEOUS

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

Line #	Description	2017	2016	2015	2014	2013
	<u>Customer Related</u>					
1	Year End Customers - Residential	77,805	77,976	77,785	74,802	71,672
2	- Small General	10,097	10,117	10,239	10,009	9,920
3	- Large General	4,020	3,986	3,716	3,569	3,190
4	- Lighting Service	626	612	581	542	528
5	- Municipal Pumping	284	288	284	285	283
6	- Cogeneration	1	1	1	1	1
7	- Total	92,833	92,980	92,606	89,208	85,594
8	Kwh's Sold - Residential	740,028,853	729,866,228	767,763,203	793,873,301	755,858,180
9	- Small General	100,117,061	104,713,396	116,440,816	134,717,839	133,155,398
10	- Large General	1,142,879,764	1,133,776,232	1,123,516,392	1,078,424,893	968,294,472
11	- Lighting Service	26,306,141	27,142,929	27,197,934	26,777,009	26,441,018
12	- Municipal Pumping	48,001,906	38,408,874	39,061,646	38,007,305	35,069,041
13	- Cogeneration	22,102	40,882	44,955	47,853	50,772
14	- Total	2,057,355,827	2,033,948,541	2,074,024,946	2,071,848,200	1,918,868,881
15	IEEE Standards SAIFI 1/	0.848	0.559	1.240	0.317	0.590
16	SAIDI 1/	81.63	57.67	124.35	55.40	153.88

1/ Reflects North Dakota SAIFI and SAIDI.

**MONTANA-DAKOTA UTILITIES CO.  
ANNUAL REPORT  
TO THE  
NORTH DAKOTA PUBLIC SERVICE COMMISSION  
MAJOR TRANSACTIONS 2017**

Line #	Affiliate's Name	General Description of Service Rendered and/or Supplied	Revenue or (Expense)	
			Total Company	Allocated to North Dakota
1	Knife River Corporation	Electric Sales	\$189,433	\$189,433
2		Natural Gas Sales	91,906	83,659
3	WBI Energy	Electric Sales	613,520	212,567
4		Natural Gas Pipeline Services	(49,626,719)	(21,535,308)
5		Natural Gas Sales	32,756	5,786
6	FutureSource	Electric Sales	182,964	182,964
7		Natural Gas Sales	12,500	12,500
8	JTL Group	Natural Gas Sales	12,164	0
9	Total Corrosion Solution	Electric Sales	629	629
10		Natural Gas Sales	2,860	650
11	Rocky Mountain Contractor	Natural Gas Sales	3,983	0
	Total		<u>(\$48,484,004)</u>	<u>(\$20,847,120)</u>

**NORTH DAKOTA COST OF SERVICE STUDY**

**ELECTRIC OPERATIONS**

**2017**

**MONTANA-DAKOTA UTILITIES CO.**  
**INCOME STATEMENT**  
**ELECTRIC UTILITY**  
**TWELVE MONTHS ENDED DECEMBER 31, 2017**

	Total Company	North Dakota	Others
<b><u>Operating Revenues</u></b>			
Sales Revenues			
Residential	\$118,973,700	\$79,403,696	\$39,570,004
Small General	31,421,798	12,169,767	19,252,031
Large General	145,803,838	104,344,578	41,459,260
Lighting Service	3,959,095	2,456,201	1,502,894
Municipal Pumping Service	4,310,815	3,677,786	633,029
Sales for Resale	839,720	572,706	267,014
Unbilled Revenue	250,290	(835,621)	1,085,911
Reserve for Refunds	(2,833,912)	(2,821,827)	(12,085)
Total Sales Revenues	<u>302,725,344</u>	<u>198,967,286</u>	<u>103,758,058</u>
Other Operating Revenues	38,959,009	19,848,173	19,110,836
Total Operating Revenues	<u>\$341,684,353</u>	<u>\$218,815,459</u>	<u>\$122,868,894</u>
<b><u>Operating Expenses</u></b>			
Operation and Maintenance			
Cost of Fuel & Purchased Power	\$78,724,431	\$47,241,221	\$31,483,210
Production	36,635,291	23,650,204	12,985,087
Transmission	37,323,005	26,654,207	10,668,798
Distribution	15,355,028	9,340,100	6,014,928
Customer Accounts	4,558,100	2,960,143	1,597,957
Customer Service & Information	244,705	159,397	85,308
Sales	111,202	69,646	41,556
Administrative & General	26,685,593	16,684,044	10,001,549
Total O&M Expenses	<u>199,637,355</u>	<u>126,758,962</u>	<u>72,878,393</u>
Depreciation			
Production	30,486,207	20,202,242	10,283,964
Transmission	4,827,663	3,555,221	1,272,442
Distribution	7,862,483	5,992,553	1,869,930
General	393,981	267,363	126,618
Common	1,197,503	822,405	375,098
Amort. of Intangible Plant - General	359,444	241,512	117,932
Amort. of Intangible Plant - Common	1,484,959	983,094	501,865
Amort. of Retired Power Plants	(51,884)	(39,226)	(12,658)
Amort. of Unrecovered Plant - Electric	495,524	171,861	323,664
Amort. Gain/Loss on Buildings	15,219	24,188	(8,969)
Generation Decommissioning	415,379	331,162	84,217
Total Depreciation Expense	<u>47,486,478</u>	<u>32,552,375</u>	<u>14,934,103</u>

**MONTANA-DAKOTA UTILITIES CO.  
INCOME STATEMENT  
ELECTRIC UTILITY  
TWELVE MONTHS ENDED DECEMBER 31, 2017**

	Total Company	North Dakota	Others
<b><u>Operating Expenses Con't.</u></b>			
Taxes Other Than Income Taxes			
Ad Valorem Taxes			
Production	\$2,776,292	\$1,926,780	\$849,512
Transmission	1,893,373	931,846	961,527
Distribution	3,818,844	1,243,903	2,574,941
General	211,230	65,039	146,191
General Intangible	17,987	12,065	5,922
Common	248,249	123,142	125,107
Common Intangible	163,233	109,780	53,453
Total Ad Valorem Taxes	<u>9,129,208</u>	<u>4,412,555</u>	<u>4,716,653</u>
Other Taxes	5,051,404	2,981,926	2,069,478
Total Taxes Other Than Income Taxes	<u>14,180,612</u>	<u>7,394,481</u>	<u>6,786,131</u>
Current Income Taxes	(16,575,099)	(12,128,936)	(4,446,163)
Deferred Income Taxes	23,537,159	15,966,338	7,570,821
Total Operating Expenses	<u>\$268,266,505</u>	<u>\$170,543,220</u>	<u>\$97,723,285</u>
<b>Operating Income</b>	<u><u>\$73,417,848</u></u>	<u><u>\$48,272,239</u></u>	<u><u>\$25,145,609</u></u>
<b>Year End Rate Base</b>	<u><u>\$1,075,240,281</u></u>	<u><u>\$671,879,774</u></u>	<u><u>\$403,360,507</u></u>
<b>Rate of Return</b>	<u><u>6.83%</u></u>	<u><u>7.18%</u></u>	<u><u>6.23%</u></u>

**MONTANA-DAKOTA UTILITIES CO.**  
**YEAR END RATE BASE**  
**ELECTRIC UTILITY**  
**TWELVE MONTHS ENDED DECEMBER 31, 2017**

	Total Company	North Dakota	Others
<b><u>Plant in Service</u></b>			
Electric Plant in Service			
Steam Production	\$548,011,546	\$343,225,719	\$204,785,827
Other Production	458,319,515	319,333,784	138,985,731
Total Production	1,006,331,061	662,559,503	343,771,558
Transmission	296,940,640	217,309,004	79,631,636
Distribution	415,502,872	276,357,671	139,145,201
General	30,744,200	18,816,096	11,928,104
Common	48,613,329	34,722,455	13,890,874
Intangible Plant - General	5,401,996	3,635,884	1,766,112
Intangible Plant - Common	27,541,768	18,283,323	9,258,445
Acquisition Adjustment	10,387,642	7,417,944	2,969,698
CWIP - FERC juris	98,749,149	0	98,749,149
Total Electric Plant in Service	1,940,212,657	1,239,101,880	701,110,777
Accumulated Reserve for Depreciation			
Steam Production	244,427,983	167,248,893	77,179,090
Other Production	85,323,130	57,651,222	27,671,908
Total Production	329,751,113	224,900,115	104,850,998
Transmission	105,442,847	70,376,787	35,066,060
Distribution	148,866,668	85,561,103	63,305,565
General	10,327,969	6,446,671	3,881,298
Common	16,670,400	10,920,558	5,749,842
Intangible Plant - General	2,416,052	1,618,847	797,205
Intangible Plant - Common	14,288,754	9,539,281	4,749,473
Acquisition Adjustment	10,387,642	7,417,944	2,969,698
Total Accum. Reserve for Depreciation	638,151,445	416,781,306	221,370,139
Net Electric Plant in Service	\$1,302,061,212	\$822,320,574	\$479,740,638
<b><u>Additions</u></b>			
Materials and Supplies	12,578,032	8,391,461	4,186,571
Fuel Stocks	4,514,742	3,079,142	1,435,600
Prepayments	255,369	174,219	81,150
Unamortized Loss on Debt	3,775,205	2,578,314	1,196,891
Decommissioning of Retired Plants	(242,298)	(140,556)	(101,742)
Other	(3,303,151)	1,183,616	(4,486,767)
Total Additions	17,577,899	15,266,196	2,311,703
Total Before Deductions	\$1,319,639,111	\$837,586,770	\$482,052,341
<b><u>Deductions</u></b>			
Accumulated Deferred Income Taxes	237,582,318	160,933,930	76,648,388
Accumulated Investment Tax Credits	1,830,976	1,830,976	0
Customer Advances	4,985,536	2,942,090	2,043,446
Total Deductions	244,398,830	165,706,996	78,691,834
<b>Year End Rate Base</b>	<b>\$1,075,240,281</b>	<b>\$671,879,774</b>	<b>\$403,360,507</b>

**REPORT OF INDEPENDENT  
PUBLIC ACCOUNTANTS**

**2017**



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## INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the accompanying schedules of the Cost of Gas per dk and Fuel and Purchased Power Cost per kWh (collectively, "the Schedules") of Montana-Dakota Utilities Co. (the "Company"), a wholly-owned subsidiary of MDU Resources Group Inc., for the period from January 1, 2017 to December 31, 2017. The Company's management is responsible for the calculation of the cost of gas per dk and fuel and purchased power cost per kWh in the Schedules in accordance with the criteria established by the North Dakota Public Service Commission (the "Commission") and based upon Chapters 69-09-01-30 and 69-09-02-39 of the North Dakota Administrative Code (the "Code") and Cost of Gas Rate 88 and Fuel and Purchased Power Adjustment Rate 58 (the "Tariffs") filed by the Company with the Commission. Our responsibility is to express an opinion on these Schedules based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedules are in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Schedules. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedules, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Schedules of the Cost of Gas per dk and Fuel and Purchased Power Cost per kWh of Montana-Dakota Utilities Co. for the period from January 1, 2017 to December 31, 2017, present the cost of gas per dk and the fuel and purchased power cost per kWh in accordance with Chapters 69-09-01-30 and 69-09-02-39 of the North Dakota Administrative Code and Cost of Gas Rate 88 and Fuel Clause Rate 58, in all material respects.

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

April 11, 2018

MONTANA-DAKOTA UTILITIES CO.

SCHEDULE OF 2017 COST OF GAS PER DK

**Effective for the Month of:**

	<b>Cost of Gas Factor</b>		
	<b>Residential and General Service</b>	<b>Small and Large Interruptible</b>	<b>Air Force Interruptible</b>
January	\$4.015	\$2.956	\$2.859
February	4.878	3.827	3.726
March	4.170	3.107	3.009
April	3.737	2.673	2.577
May	3.892	2.825	2.729
June (1)	3.892	2.825	2.729
July (1)	3.892	2.825	2.729
August (1)	3.892	2.825	2.729
September (1)	3.892	2.825	2.729
October	3.996	2.911	2.873
November (1)	3.996	2.911	2.873
December (1)	3.996	2.911	2.873

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

MONTANA-DAKOTA UTILITIES CO.

SCHEDULE OF 2017 FUEL AND PURCHASED POWER COST PER kWh

<b>Rate Effective Date</b>	<b>Primary</b>	<b>Secondary</b>
January 1, 2017	\$0.0223	\$0.0235
February 1, 2017	0.02261	0.02377
March 1, 2017	0.02270	0.02367
April 1, 2017	0.02144	0.02217
May 1, 2017	0.02050	0.02116
June 1, 2017	0.01995	0.02065
July 1, 2017	0.01922	0.02005
August 1, 2017	0.01974	0.02063
August 7, 2017	0.02099	0.02162
September 1, 2017	0.02394	0.02470
October 1, 2017	0.02364	0.02436
November 1, 2017	0.02372	0.02446
December 1, 2017	0.02293	0.02372