



UTILITIES CO.

A Subsidiary of MDU Resources Group, Inc.

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

April 27, 2022

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

Re: Annual Reports

Montana-Dakota Utilities Co. (Montana-Dakota) herewith electronically submit its Electric and Gas Annual Reports for the year ended December 31, 2021 consisting of:

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

The gas report includes information for Montana-Dakota and its division, Great Plains Natural Gas Co.

As requested, Montana-Dakota has also electronically submitted a copy of the 2021 FERC Form No. 1.

The electric report includes information pursuant to the amended North Dakota Administrative Code 69-09-02-06, which is effective January 1, 2022. This amendment requires reliability statistics to be included in the Annual Report.

Montana-Dakota respectfully requests that this electronic filing be accepted as being in full compliance with the filing requirements of this Commission. Physical copies will be provided if specifically requested by the Commission.

Sincerely,

*/s/ Travis R. Jacobson*

Travis R. Jacobson  
Director of Regulatory Affairs

# **ANNUAL REPORT**

## **STATE OF NORTH DAKOTA**

### **ELECTRIC OPERATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**



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

Line #	Description	(A)	(B)	(C)	(D)	(E)
		2021 Total Company	2021 North Dakota	ND % (B/A)	2020 North Dakota	Variance (B-D/D)
<u>Operating Revenues:</u>						
1	Residential	\$123,766,382	\$80,544,296	65.08%	\$78,783,589	2.23%
2	Small General	32,201,667	11,690,901	36.31%	11,319,622	3.28%
3	Large General 1/	148,234,200	104,112,357	70.24%	97,025,063	7.30%
4	Lighting Service	2,281,595	1,542,760	67.62%	1,613,899	-4.41%
5	Municipal Pumping Service	4,159,512	3,456,425	83.10%	3,266,368	5.82%
6	Sales for Resale	1,696,014	1,185,619	69.91%	517,768	128.99%
7	Other Operating Revenues	44,228,756	18,453,299	41.72%	14,596,754	26.42%
8	Unbilled Revenue	(7,033,081)	(7,350,507)	104.51%	(1,946,708)	277.59%
9	Reserve for Refunds	(8)	(8)	100.00%	44	-118.98%
10	<b>Total Operating Revenues</b>	<b>\$349,535,037</b>	<b>\$213,635,142</b>	<b>61.12%</b>	<b>\$205,176,399</b>	<b>4.12%</b>
<u>Operating Expenses:</u>						
11	Production Expense	\$108,560,922	\$65,979,425	60.78%	\$60,327,000	9.37%
12	Transmission Expense	37,272,684	26,437,092	70.93%	26,388,244	0.19%
13	Distribution Expense	16,296,124	9,354,175	57.40%	9,486,844	-1.40%
14	Customer Accounts Expense	3,839,844	2,540,494	66.16%	2,836,652	-10.44%
15	Customer Service & Info. Exp.	366,851	229,260	62.49%	210,215	9.06%
16	Sales Expense	149,628	94,822	63.37%	95,516	-0.73%
17	Administration & General Exp.	30,129,545	19,554,295	64.90%	16,424,799	19.05%
18	Depreciation Expense	66,519,893	43,429,137	65.29%	39,681,183	9.45%
19	Taxes Other than Income	17,415,101	8,251,026	47.38%	8,529,412	-3.26%
20	<b>Total Operating Expenses</b>	<b>\$280,550,592</b>	<b>\$175,869,726</b>	<b>62.69%</b>	<b>\$163,979,865</b>	<b>7.25%</b>
21	Net Operating Income					
22	before Income Taxes	\$68,984,445	\$37,765,416	54.74%	\$41,196,534	-8.33%
<u>Income Tax Expense:</u>						
23	Investment Tax Credits					
24	Deferred Income Taxes	\$8,260,449	\$3,272,107	39.61%	\$4,914,955	-33.43%
25	Income Taxes	(15,390,252)	(10,328,117)	67.11%	(13,671,242)	-24.45%
26	<b>Total Income Tax Expense</b>	<b>(\$7,129,803)</b>	<b>(\$7,056,010)</b>	<b>98.97%</b>	<b>(\$8,756,287)</b>	<b>-19.42%</b>
27	<b>Net Regulated Earnings</b>	<b>\$76,114,248</b>	<b>\$44,821,426</b>	<b>58.89%</b>	<b>\$49,952,821</b>	<b>-10.27%</b>

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

	2021	2020
Large General	<u>\$989,697</u>	<u>\$971,014</u>

## I. INTRASTATE RETURN ON EQUITY

ELECTRIC UTILITY  
PAGE 2 OF 2MONTANA-DAKOTA UTILITIES CO.  
ANNUAL REPORT  
TO THE  
NORTH DAKOTA PUBLIC SERVICE COMMISSION

Line #	Description	(A)	(B)	(C)	(D)	(E)
		2021 Total Company	2021 North Dakota	ND % (B/A)	2020 North Dakota	Variance (B-D/D)
<b>Rate Base:</b>						
1	Plant in Service	\$2,215,281,780	\$1,377,133,981	62.17%	\$1,365,586,081	0.85%
2	Less: Accumulated Depreciation 1/	731,434,923	473,523,143	64.74%	467,147,022	1.36%
3	Net Plant in Service	<u>\$1,483,846,857</u>	<u>\$903,610,838</u>	60.90%	<u>\$898,439,059</u>	0.58%
<b>Additions:</b>						
4	Materials and Supplies 2/	\$21,032,131	\$13,553,047	64.44%	\$12,420,806	9.12%
5	Fuel Stocks 2/	3,094,848	2,161,846	69.85%	2,918,287	-25.92%
6	Prepayments 2/	1,319,435	888,993	67.38%	787,477	12.89%
7	Unamortized Loss on Debt 3/	2,136,618	1,454,509	68.08%	1,781,786	-18.37%
8	Decommissioning of Retired Plants 3/	(40,317)	(11,439)	28.37%	(42,491)	-73.08%
9	Unamort. Redemption Cos of Pref. Stock 3/	384,023	249,573	64.99%	270,516	-7.74%
10	Gain/Loss on Buildings 3/	999,806	999,806	100.00%	1,061,901	-5.85%
11	Renewable Resource Rider 2/	(5,346,640)	(5,346,640)	100.00%	(192,188)	2681.98%
12	Lewis & Clark Regulatory Asset 2/	24,320,180	18,330,658	75.37%	0	N/A
13	Other 3/	15,929	0	0.00%	0	0.00%
14	Total Additions	<u>\$47,916,013</u>	<u>\$32,280,353</u>	67.37%	<u>\$19,006,094</u>	69.84%
<b>Deductions:</b>						
15	Accum. Deferred Income Taxes 3/	\$262,373,086	\$173,974,968	66.31%	\$171,111,882	1.67%
16	Accumulated Deferred ITCs 3/	6,656,155	6,149,237	92.38%	4,960,908	23.95%
17	Cust. Advances for Construct. 2/	4,439,777	1,513,927	34.10%	2,014,263	-24.84%
18	Total Deductions	<u>\$273,469,018</u>	<u>\$181,638,132</u>	66.42%	<u>\$178,087,053</u>	1.99%
19	<b>Average Rate Base</b>	<u><u>\$1,258,293,852</u></u>	<u><u>\$754,253,059</u></u>	59.94%	<u><u>\$739,358,100</u></u>	2.01%
20	Rate of Return on Avg. Rate Base	6.049%	5.942%		6.756%	
21	Less: Weighted Cost of Debt	<u>2.076%</u>	<u>2.076%</u>		<u>2.157%</u>	
22	Weighted Return on Equity	3.973%	3.866%		4.599%	
23	% of Equity to Capital Structure	<u>49.350%</u>	<u>49.350%</u>		<u>48.997%</u>	
24	<b>Return on Equity</b>	<u><u>8.051%</u></u>	<u><u>7.834%</u></u>		<u><u>9.386%</u></u>	

1/ Excludes accelerated depreciation amounts for Total Company of \$66,743,984 and \$41,172,700 for 2020 and 2021, respectively.  
Excludes accelerated depreciation amounts for North Dakota of \$51,425,695 and \$33,907,053 for 2020 and 2021, respectively.

2/ Thirteen month average.

3/ Beginning and ending year average.

II. AVERAGE CAPITAL STRUCTURE - TOTAL UTILITY

ELECTRIC UTILITY  
PAGE 1 OF 2

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

		(A)	(B)	(C)	(D)
Line #	Description	2021 Average (000's)	Ratio	Cost	Weighted Cost
1	Long-Term Debt 1/	\$817,896	45.750%	4.464%	2.042%
2	Short-Term Debt 2/	87,608	4.900%	0.689%	0.034%
3	Common Equity	<u>882,266</u>	<u>49.350%</u>	3/	<u>3/</u>
4	Total	<u>\$1,787,770</u>	<u>100.000%</u>		<u>3/</u>

- 1/ Includes additional other long-term debt and excludes \$7.7 million economic development loan for a North Dakota project.
- 2/ Reflects monthly average short-term debt.
- 3/ Return on equity is calculated in Section I, page 2 of 2.

II. CAPITAL STRUCTURE - TOTAL UTILITY

MONTANA-DAKOTA UTILITIES CO.  
LONG-TERM DEBT CAPITAL  
DECEMBER 31, 2021

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%
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	03/21/37	3.730%	40,000,000	40,000,000	173,637	0.434%	0	0.000%
3.36% - Senior Note	03/21/17	03/21/32	3.360%	20,000,000	20,000,000	86,071	0.430%	0	0.000%
2.00% - Senior Note	09/05/17	09/03/32	2.000%	7,700,000	7,700,000	6,029	0.062%	0	0.000%
3.66% - Senior Note	10/17/19	10/17/39	3.660%	50,000,000	50,000,000	234,202	0.468%	0	0.000%
3.98% - Senior Note	10/17/19	10/17/49	3.980%	50,000,000	50,000,000	234,202	0.468%	0	0.000%
4.08% - Senior Note	11/18/19	11/18/59	4.080%	100,000,000	100,000,000	435,969	0.436%	0	0.000%
3.21% - Senior Note	09/15/21	09/15/51	3.210%	55,000,000	55,000,000	265,095	0.482%	0	0.000%
3.31% - Senior Note	09/15/21	09/15/61	3.310%	20,000,000	20,000,000	96,432	0.482%	0	0.000%
3.21% - Senior Note	12/15/21	12/15/51	3.210%	50,000,000	50,000,000	212,363	0.425%	0	0.000%
<b>Total Long-Term Debt Capital</b>				<b>\$862,700,000</b>	<b>\$862,700,000</b>	<b>\$4,483,906</b>		<b>\$10,532,009</b>	

Description	Net Proceeds		Cost of Money1/	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	
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	39,826,363	99.566%	3.797%	40,000,000	1,518,800	
3.36% - Senior Note	19,913,929	99.570%	3.425%	20,000,000	685,000	
2.00% - Senior Note	7,700,000	100.000%	2.000%	7,700,000	154,000	
3.66% - Senior Note	49,765,798	99.532%	3.728%	50,000,000	1,864,000	
3.98% - Senior Note	49,765,798	99.532%	4.046%	50,000,000	2,023,000	
4.08% - Senior Note	99,564,031	99.564%	4.144%	100,000,000	4,144,000	
3.21% - Senior Note	54,734,905	99.518%	3.262%	55,000,000	1,794,100	
3.31% - Senior Note	19,903,568	99.518%	3.360%	20,000,000	672,000	
3.21% - Senior Note	49,787,637	99.575%	3.258%	50,000,000	1,629,000	
<b>Total Long-Term Debt Capital</b>	<b>\$847,690,114</b>			<b>\$862,700,000</b>	<b>\$38,644,190</b>	<b>4.479%</b>

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

III. AFFILIATED TRANSACTIONS

MONTANA-DAKOTA UTILITIES CO.  
ANNUAL REPORT  
TO THE  
NORTH DAKOTA PUBLIC SERVICE COMMISSION  
MAJOR TRANSACTIONS 2021

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	\$135,489	\$135,489
2		Natural Gas Sales	108,292	53,943
3	WBI Energy	Electric Sales	619,971	254,033
4		Natural Gas Pipeline Services	(60,129,253)	(26,545,774)
5		Natural Gas Sales	32,301	4,024
6	FutureSource	Electric Sales	173,446	173,446
7		Natural Gas Sales	14,052	14,052
8	JTL Group	Natural Gas Sales	12,133	0
	Total		<u>(\$59,033,569)</u>	<u>(\$25,910,787)</u>

IV. MISCELLANEOUS

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

Line #	Description	2021	2020	2019	2018	2017
	<u>Customer Related</u>					
1	Year End Customers - Residential	78,153	78,082	77,925	77,826	77,805
2	- Small General	10,209	10,245	10,055	10,020	10,097
3	- Large General	4,138	4,057	4,155	4,091	4,020
4	- Lighting Service	713	682	650	641	626
5	- Municipal Pumping	271	278	280	283	284
7	- Total	93,484	93,344	93,065	92,861	92,832
8	Kwh's Sold - Residential	745,873,642	765,297,187	769,845,298	784,678,165	740,050,955
9	- Small General	92,992,240	93,417,385	96,045,221	100,252,146	100,117,061
10	- Large General	1,173,455,374	1,131,489,245	1,173,840,153	1,175,826,338	1,142,879,764
11	- Lighting Service	17,204,024	18,615,882	22,397,675	25,706,732	26,306,141
12	- Municipal Pumping	45,866,583	45,402,033	45,208,408	47,081,398	48,001,906
13	- Total	2,075,391,863	2,054,221,732	2,107,336,755	2,133,544,779	2,057,355,827

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

2021 NORTH DAKOTA RELIABILITY INDICES 1/

Line  
#

Reliability Index - Without Identified Storm Event(s)		2021	2020	2019	2018	2017
1	System Average Interruption Frequency Index (SAIFI)	0.475	0.615	0.545	0.739	0.848
2	System Average Interruption Duration Index (SAIDI) 2/	40.82	55.83	52.40	47.95	81.63
3	Customer Average Interruption Duration Index (CAIDI) 2/	85.91	90.85	96.17	64.88	96.30

Reliability Index - With All Identified Storm Event(s)		2021	2020	2019	2018	2017
4	System Average Interruption Frequency Index (SAIFI)	0.672	0.615	0.545	0.889	0.904
5	System Average Interruption Duration Index (SAIDI) 2/	65.15	55.83	52.40	66.91	84.45
6	Customer Average Interruption Duration Index (CAIDI) 2/	96.99	90.85	96.17	75.26	93.37

1/ All outages are reported but major events are excluded from indices. Refer to page 3 for detailed breakdown of MED days.  
2/ Reported in Minutes. Includes Distribution and Transmission.

Definitions

**Major Event or Major Storm Event:** When 10% or more circuits in multiple substation towns have sustained outages or 10% of Region's substation circuits has a sustained outage at the same time. See page 3 for detail.

**Storm Event:** Weather event related that cause outages but does not require significant resources to restore the outage.

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

**RELIABILITY INDICES WITHOUT IDENTIFIED ALL STORM EVENT(S)**

		<b>2021</b>
1	Total Number of Customers Served	100,610
2	Sum of Customer Interruption Durations (Customer Minutes Sustained)	4,107,347
3	Total Number of Customers Interrupted (Sustained)	47,809
4	SAIFI= $\frac{\text{Total Number of Customers Interrupted (Sustained)}}{\text{Total Number of Customers Served}}$	<b>0.475</b>
5	SAIDI= $\frac{\text{Sum of Customer Interruption Durations (Customer Minutes Sustained)}}{\text{Total Number of Customers Served}}$	<b>40.82</b>
6	CAIDI= $\frac{\text{Sum of Customer Interruption Durations (Customer Minutes Sustained)}}{\text{Customer Hours Service Demand}}$	<b>85.91</b>

**RELIABILITY INDICES WITH IDENTIFIED ALL STORM EVENT(S)**

		<b>2021</b>
7	Total Number of Customers Served	100,610
8	Sum of Customer Interruption Durations (Customer Minutes Sustained)	6,555,046
9	Total Number of Customers Interrupted (Sustained)	67,583
10	SAIFI= $\frac{\text{Total Number of Customers Interrupted (Sustained)}}{\text{Total Number of Customers Served}}$	<b>0.672</b>
11	SAIDI= $\frac{\text{Sum of Customer Interruption Durations (Customer Minutes Sustained)}}{\text{Total Number of Customers Served}}$	<b>65.15</b>
12	CAIDI= $\frac{\text{Sum of Customer Interruption Durations (Customer Minutes Sustained)}}{\text{Customer Hours Service Demand}}$	<b>96.99</b>

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

**2021 MED Days**

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No MED Days for 2021

# **NORTH DAKOTA COST OF SERVICE STUDY**

## **ELECTRIC OPERATIONS**

**2021**

**MONTANA-DAKOTA UTILITIES CO.**  
**INCOME STATEMENT**  
**ELECTRIC UTILITY**  
**TWELVE MONTHS ENDED DECEMBER 31, 2021**

	Total Company	North Dakota	Others
<b><u>Operating Revenues</u></b>			
Sales Revenues			
Residential	\$123,766,382	\$80,544,296	\$43,222,086
Small General	32,201,667	11,690,901	20,510,766
Large General	148,234,200	104,112,357	44,121,843
Lighting Service	2,281,595	1,542,760	738,835
Municipal Pumping Service	4,159,512	3,456,425	703,087
Sales for Resale	1,696,014	1,185,619	510,395
Unbilled Revenue	(7,033,081)	(7,350,507)	317,426
Reserve for Refunds	(8)	(8)	0
Total Sales Revenues	<u>305,306,281</u>	<u>195,181,843</u>	<u>110,124,438</u>
Other Operating Revenues	44,228,756	18,453,299	25,775,457
Total Operating Revenues	<u>\$349,535,037</u>	<u>\$213,635,142</u>	<u>\$135,899,895</u>
<b><u>Operating Expenses</u></b>			
Operation and Maintenance			
Cost of Fuel & Purchased Power	\$74,105,150	\$44,160,937	\$29,944,213
Production	34,455,771	21,818,487	12,637,284
Transmission	37,272,684	26,437,092	10,835,592
Distribution	16,296,124	9,354,175	6,941,949
Customer Accounts	3,839,844	2,540,494	1,299,350
Customer Service & Information	366,851	229,260	137,591
Sales	149,628	94,822	54,806
Administrative & General	30,129,545	19,554,295	10,575,250
Total O&M Expenses	<u>196,615,597</u>	<u>124,189,562</u>	<u>72,426,035</u>
Depreciation			
Production	33,101,207	21,105,523	11,995,684
Transmission	8,605,636	4,654,269	3,951,367
Distribution	11,125,177	7,066,758	4,058,419
General	674,177	443,155	231,022
Common	1,488,491	1,028,170	460,321
Amort. of Intangible Plant - General	1,246,059	823,279	422,780
Amort. of Intangible Plant - Common	2,151,945	1,428,146	723,799
Amort. of Retired Power Plants	(38,842)	(22,878)	(15,964)
Amort. of Unrecovered Plant - Electric	409,594	85,930	323,664
Amort. Gain/Loss on Buildings	62,095	62,095	0
Amort. of L & C	4,919,330	4,570,946	348,384
Amort. of Preferred Stock	32,225	20,943	11,282
Amort. Excess DIT	1,523,228	1,078,557	444,671
Generation Decommissioning	1,219,571	1,084,244	135,327
Total Depreciation Expense	<u>66,519,893</u>	<u>43,429,137</u>	<u>23,090,755</u>

**MONTANA-DAKOTA UTILITIES CO.**  
**INCOME STATEMENT**  
**ELECTRIC UTILITY**  
**TWELVE MONTHS ENDED DECEMBER 31, 2021**

	Total Company	North Dakota	Others
<b>Operating Expenses Con't.</b>			
Taxes Other Than Income Taxes			
Ad Valorem Taxes			
Production	\$3,308,223	\$2,293,640	\$1,014,583
Transmission	3,419,315	1,431,668	1,987,647
Distribution	5,016,795	1,417,578	3,599,217
General	380,525	132,143	248,382
General Intangible	55,698	37,466	18,232
Common	337,981	150,291	187,690
Common Intangible	197,445	132,817	64,628
Total Ad Valorem Taxes	<u>12,715,982</u>	<u>5,595,603</u>	<u>7,120,379</u>
Other Taxes	4,699,119	2,655,423	2,043,696
Total Taxes Other Than Income Taxes	<u>17,415,101</u>	<u>8,251,026</u>	<u>9,164,075</u>
Current Income Taxes	(15,390,252)	(10,328,117)	(5,062,135)
Deferred Income Taxes	8,260,449	3,272,107	4,988,342
Total Operating Expenses	<u>\$273,420,788</u>	<u>\$168,813,715</u>	<u>\$104,607,073</u>
<b>Operating Income</b>	<u>\$76,114,249</u>	<u>\$44,821,427</u>	<u>\$31,292,823</u>
<b>Year End Rate Base</b>	<u>\$1,256,700,532</u>	<u>\$748,554,001</u>	<u>\$508,146,531</u>
<b>Rate of Return</b>	<u>6.06%</u>	<u>5.99%</u>	<u>6.16%</u>

**MONTANA-DAKOTA UTILITIES CO.**  
**YEAR END RATE BASE**  
**ELECTRIC UTILITY**  
**TWELVE MONTHS ENDED DECEMBER 31, 2021**

	Total Company	North Dakota	Others
<b><u>Plant in Service</u></b>			
Electric Plant in Service			
Steam Production	\$476,424,410	\$289,810,051	\$186,614,359
Other Production	543,784,989	382,831,688	160,953,301
Total Production	<u>1,020,209,399</u>	<u>672,641,739</u>	<u>347,567,660</u>
Transmission	562,079,005	279,430,476	282,648,529
Distribution	473,997,304	308,954,293	165,043,011
General	33,498,871	21,077,443	12,421,428
Common	56,240,023	40,581,938	15,658,085
Intangible Plant - General	15,614,813	9,687,195	5,927,618
Intangible Plant - Common	29,486,801	19,550,680	9,936,121
Acquisition Adjustment	10,387,642	7,381,701	3,005,941
Total Electric Plant in Service	<u>2,201,513,858</u>	<u>1,359,305,465</u>	<u>842,208,393</u>
Accumulated Reserve for Depreciation			
Steam Production 1/	240,387,088	157,493,432	82,893,656
Other Production	153,803,661	107,010,041	46,793,620
Total Production	<u>394,190,749</u>	<u>264,503,473</u>	<u>129,687,276</u>
Transmission	106,008,339	65,474,956	40,533,383
Distribution	159,820,986	93,098,025	66,722,961
General	11,644,458	7,164,685	4,479,773
Common	18,438,433	12,807,353	5,631,080
Intangible Plant - General	5,786,518	3,836,006	1,950,512
Intangible Plant - Common	17,424,939	11,577,468	5,847,471
Acquisition Adjustment	10,387,642	7,381,181	3,006,461
Total Accum. Reserve for Depreciation	<u>723,702,064</u>	<u>465,843,147</u>	<u>257,858,917</u>
Net Electric Plant in Service	<u>\$1,477,811,794</u>	<u>\$893,462,318</u>	<u>\$584,349,476</u>
<b><u>Additions</u></b>			
Materials and Supplies	24,240,260	16,170,813	8,069,447
Fuel Stocks	4,144,660	2,897,375	1,247,285
Prepayments	372,568	252,465	120,103
Unamortized Loss on Debt	1,906,433	1,292,793	613,640
Decommissioning of Retired Plants	(20,896)	0	(20,896)
Unamort. Redemption Cost of Pref. Stock	367,910	239,101	128,809
Gain/Loss on Buildings	968,759	968,759	0
Renewable Resource Rider	(7,725,242)	(7,725,242)	0
Lewis & Clark Regulatory Asset	33,787,249	25,931,895	7,855,354
Other	0	0	0
Total Additions	<u>58,041,701</u>	<u>40,027,959</u>	<u>18,013,742</u>
Total Before Deductions	<u>\$1,535,853,495</u>	<u>\$933,490,277</u>	<u>\$602,363,218</u>
<b><u>Deductions</u></b>			
Accumulated Deferred Income Taxes	267,706,512	177,306,290	90,400,222
Accumulated Investment Tax Credits	7,140,894	6,437,555	703,339
Customer Advances	4,305,557	1,192,431	3,113,126
Total Deductions	<u>279,152,963</u>	<u>184,936,276</u>	<u>94,216,687</u>
<b>Year End Rate Base</b>	<u><u>\$1,256,700,532</u></u>	<u><u>\$748,554,001</u></u>	<u><u>\$508,146,531</u></u>

1/ Excludes accelerated depreciation amounts of \$41,172,700 for Total Company and \$33,907,056 for North Dakota.

**REPORT OF INDEPENDENT  
PUBLIC ACCOUNTANTS**

**2021**



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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, 2021 to December 31, 2021. 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, 2021 to December 31, 2021, 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.

*Deloitte & Touche LLP*

April 5, 2022

**MONTANA-DAKOTA UTILITIES CO.**

**SCHEDULE OF 2021 FUEL AND PURCHASED POWER COST PER kWh**

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<b>Effective for the month of:</b>	<b>Primary (\$)</b>	<b>Secondary (\$)</b>
January	0.01846	0.01969
February	0.01907	0.02026
March	0.02036	0.02148
April	0.02686	0.02784
May	0.02096	0.02181
June	0.01962	0.02050
July	0.02100	0.02199
August	0.01307	0.01413
September	0.01998	0.02134
October	0.01906	0.02037
November	0.01811	0.01944
December	0.02237	0.02384

**MONTANA-DAKOTA UTILITIES CO.**

**SCHEDULE OF 2021 COST OF GAS PER DK**

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<b>Effective for the Month of:</b>	<b>Residential and General Service (\$)</b>	<b>Small and Large Interruptible (\$)</b>	<b>Air Force Interruptible (\$)</b>
January	3.976	2.708	2.937
February	3.976	2.708	2.937
March	4.054	2.772	2.760
April	4.054	2.772	2.760
May	4.054	2.772	2.760
June	6.548	3.655	3.865
July	6.548	3.655	3.865
August	6.548	3.655	3.865
September	6.954	4.057	4.265
October	7.276	4.490	4.638
November	7.276	4.490	4.638
December	6.345	4.977	5.122