



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

GAS OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021



INDEX

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- I. Intrastate Return on Equity
 - II. Capital Structure
 - III. Affiliated Transactions
 - IV. Miscellaneous Statistics

**MONTANA-DAKOTA UTILITIES CO.
GREAT PLAINS NATURAL GAS CO.
ANNUAL REPORT
TO THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION**

| Line # | Description | (A) | (B) | (C) | (D) | (E) |
|----------------------------|---------------------------------|-----------------------------|----------------------------|-----------------|----------------------------|-----------------------|
| | | 2021 1/ Total Company | 2021 1/ North Dakota | ND % (B / A) | 2020 1/ North Dakota | Variance (B-D / D) |
| <u>Operating Revenues:</u> | | | | | | |
| 1 | Residential | \$166,784,387 | 65,700,351 | 39.39% | \$54,641,220 | 20.24% |
| 2 | Firm General | 116,151,801 | 51,414,056 | 44.26% | 41,848,938 | 22.86% |
| 3 | Small Interruptible | 11,230,408 | 5,825,403 | 51.87% | 5,051,950 | 15.31% |
| 4 | Large Interruptible | 6,547,567 | 3,366,563 | 51.42% | 1,492,790 | 125.52% |
| 5 | Transportation | 7,506,731 | 3,072,850 | 40.93% | 2,911,148 | 5.55% |
| 6 | Other Operating Revenues | 5,688,503 | 3,645,266 | 64.08% | 3,636,496 | 0.24% |
| 7 | Unbilled Revenue | 26,762,202 | 11,129,998 | 41.59% | (1,613,943) | -789.62% |
| 8 | Reserve for Refunds | 181 | 0 | 0.00% | 0 | N/A |
| 9 | Total Operating Revenues | \$340,671,780 | \$144,154,487 | 42.31% | \$107,968,599 | 33.52% |
| <u>Operating Expenses:</u> | | | | | | |
| 10 | Cost of Purchased Gas | \$210,959,933 | \$91,891,514 | 43.56% | \$62,070,446 | 48.04% |
| 11 | Production | 650,521 | 285,309 | 43.86% | 306,027 | -6.77% |
| 12 | Transmission | 37,239 | 9,030 | 24.25% | 7,153 | 26.24% |
| 13 | Distribution Expense | 28,326,787 | 11,366,939 | 40.13% | 10,672,822 | 6.50% |
| 14 | Customer Accounts Expense | 6,591,991 | 2,539,753 | 38.53% | 2,595,413 | -2.14% |
| 15 | Customer Service & Info. Exp. | 1,431,007 | 282,320 | 19.73% | 285,585 | -1.14% |
| 16 | Sales Expense | 392,476 | 151,462 | 38.59% | 160,468 | -5.61% |
| 17 | Administration & General Exp. | 25,533,090 | 9,714,661 | 38.05% | 8,147,826 | 19.23% |
| 18 | Depreciation Expense | 27,740,979 | 11,560,981 | 41.67% | 10,971,764 | 5.37% |
| 19 | Taxes Other than Income | 13,094,675 | 2,520,951 | 19.25% | 2,547,158 | -1.03% |
| 20 | Total Operating Expenses | \$314,758,698 | \$130,322,920 | 41.40% | \$97,764,662 | 33.30% |
| 21 | Net Operating Income | | | | | |
| 22 | before Income Taxes | \$25,913,082 | \$13,831,567 | 53.38% | \$10,203,937 | 35.55% |
| <u>Income Tax Expense:</u> | | | | | | |
| 23 | Investment Tax Credits | | | | | |
| 24 | Deferred Income Taxes | \$9,283,100 | \$2,976,090 | 32.06% | \$309,566 | 861.37% |
| 25 | Income Taxes | (5,809,722) | (1,395,741) | 24.02% | 660,088 | -311.45% |
| 26 | Total Income Tax Expense | \$3,473,378 | \$1,580,349 | 45.50% | \$969,654 | 62.98% |
| 27 | Net Regulated Earnings | \$22,439,704 | \$12,251,218 | 54.60% | \$9,234,283 | 32.67% |

1/ Beginning with the report for calendar year 2018, the reported information includes Montana-Dakota Utilities Co. and its division Great Plains Natural Gas Co.

I. INTRASTATE RETURN ON EQUITY

GAS UTILITY
PAGE 2 OF 2MONTANA-DAKOTA UTILITIES CO.
GREAT PLAINS NATURAL GAS CO.
ANNUAL REPORT
TO THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION

| Line # | Description | (A) | (B) | (C) | (D) | (E) |
|--------------------|--|--------------------------|----------------------------|-----------------|----------------------------|-----------------------|
| | | 2021 Total Company | 2021 1/ North Dakota | ND % (B / A) | 2020 1/ North Dakota | Variance (B-D / D) |
| <u>Rate Base:</u> | | | | | | |
| 1 | Plant in Service 2/ | \$744,947,152 | \$332,232,811 | 44.60% | \$320,183,399 | 3.76% |
| 2 | Less: Accumulated Depreciation 2/ | 327,328,839 | 124,490,235 | 38.03% | 117,502,454 | 5.95% |
| 3 | Net Plant in Service | \$417,618,313 | \$207,742,576 | 49.74% | \$202,680,945 | 2.50% |
| <u>Additions:</u> | | | | | | |
| 4 | Materials and Supplies 3/ | \$5,340,046 | \$2,172,938 | 40.69% | \$2,326,111 | -6.58% |
| 5 | Prepayments 3/ | 780,286 | 313,540 | 40.18% | 277,937 | 12.81% |
| 6 | Prepaid Demand/Commodity 3/ | 843,988 | 8,675 | 1.03% | 8,426 | 2.96% |
| 7 | Fuel Stocks 3/ | 15,553 | 15,553 | 100.00% | 31,676 | -50.90% |
| 8 | Gas in Underground Storage 3/ | 3,105,580 | 38,383 | 1.24% | 24,991 | 53.59% |
| 9 | Unamort. Redemption Cost of Pref. Stock 2/ | 92,643 | 47,406 | 51.17% | 51,384 | -7.74% |
| 10 | Unamortized Loss on Debt 2/ | 588,482 | 298,519 | 50.73% | 356,419 | -16.24% |
| 11 | Pension/Post Retirement 2/ | 21,703,494 | 9,174,425 | 42.27% | 0 | N/A |
| 12 | Gain/Loss on Property 2/ | 467,968 | 467,968 | 100.00% | 490,410 | -4.58% |
| 13 | Total Additions | \$32,938,040 | \$12,537,407 | 38.06% | \$3,567,354 | 251.45% |
| <u>Deductions:</u> | | | | | | |
| 14 | Accum. Deferred Income Taxes 2/ | \$58,756,024 | \$26,748,285 | 45.52% | \$24,344,305 | 9.87% |
| 15 | Cust. Advances for Construct. 3/ | 11,770,421 | 7,285,803 | 61.90% | 8,663,623 | -15.90% |
| 16 | Total Deductions | \$70,526,445 | \$34,034,088 | 48.26% | \$33,007,928 | 3.11% |
| 17 | Average Rate Base | <u>\$380,029,908</u> | <u>\$186,245,895</u> | <u>49.01%</u> | <u>\$173,240,371</u> | <u>7.51%</u> |
| 18 | Rate of Return on Avg. Rate Base | 5.905% | 6.578% | | 5.330% | |
| 19 | Less: Weighted Cost of Debt | <u>2.076%</u> | <u>2.076%</u> | | <u>2.157%</u> | |
| 20 | Weighted Return on Equity | 3.829% | 4.502% | | 3.173% | |
| 21 | % of Equity to Capital Structure | <u>49.350%</u> | <u>49.350%</u> | | <u>48.997%</u> | |
| 22 | Return on Equity | <u>7.759%</u> | <u>9.123%</u> | | <u>6.476%</u> | |

1/ Beginning with the report for calendar year 2018, the reported information includes Montana-Dakota Utilities Co. and its division Great Plains Natural Gas Co.

2/ Beginning and ending year average.

3/ Thirteen month average.

II. AVERAGE CAPITAL STRUCTURE - TOTAL UTILITY

GAS UTILITY
PAGE 1 OF 2

MONTANA-DAKOTA UTILITIES CO.
GREAT PLAINS NATURAL GAS CO.
ANNUAL REPORT
TO THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION

| Line # | Description | (A) 2021 Average (000's) | (B) Ratio | (C) Cost | (D) 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 | 882,266 | 49.350% | 3/ | 3/ |
| 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.
GREAT PLAINS NATURAL GAS 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 | 9/5/2017 | 9/3/2032 | 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% |
| Total Long-Term Debt Capital | | | | <u>\$862,700,000</u> | <u>\$862,700,000</u> | <u>\$4,483,906</u> | | <u>\$10,532,009</u> | |

| Description | Net Proceeds | | Cost of Money 1/ | Principal Outstanding | Annual Cost | Embedded Cost |
|------------------------------|----------------------|----------|------------------|-----------------------|---------------------|---------------|
| | Amount | Per Unit | | | | |
| Unsecured Long-Term Debt | | | | | | |
| 5.98% - Senior Note | \$29,375,535 | 97.918% | 6.210% | \$30,000,000 | 1,863,000 | |
| 6.33% - Senior Note | 89,123,930 | 89.124% | 7.514% | 100,000,000 | 7,514,000 | |
| 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 | |
| Total Long-Term Debt Capital | <u>\$847,690,114</u> | | | <u>\$862,700,000</u> | <u>\$38,644,190</u> | <u>4.479%</u> |

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

III. AFFILIATED TRANSACTIONS

MONTANA-DAKOTA UTILITIES CO.
GREAT PLAINS NATURAL GAS 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.
GREAT PLAINS NATURAL GAS CO.
ANNUAL REPORT TO THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION
Montana-Dakota Utilities Co. and Great Plains Natural Gas Co. Combined

| Line # | Description | 2021 | 2020 | 2019 | 2018 | 2017 |
|--------|----------------------------------|------------|------------|------------|------------|------------|
| | <u>Customer Related</u> | | | | | |
| 1 | Year End Customers - Residential | 98,380 | 97,904 | 97,163 | 96,464 | 95,959 |
| 2 | - Firm General | 16,200 | 16,019 | 15,855 | 15,659 | 15,483 |
| 3 | - Small Interruptible | 135 | 142 | 143 | 140 | 144 |
| 4 | - Large Interruptible | 1 | 1 | 2 | 2 | 2 |
| 5 | - Other - Transportation 1/ | 77 | 76 | 76 | 77 | 78 |
| 6 | - Total | 114,793 | 114,142 | 113,239 | 112,342 | 111,666 |
| 7 | Dk Sold - Residential | 7,999,106 | 8,623,072 | 9,483,387 | 9,312,803 | 8,184,807 |
| 8 | - Firm General | 7,706,243 | 8,143,036 | 8,898,696 | 8,424,902 | 7,562,295 |
| 9 | - Small Interruptible | 1,203,848 | 1,399,006 | 1,615,405 | 1,460,247 | 1,542,463 |
| 10 | - Large Interruptible | 637,435 | 460,060 | 481,593 | 442,814 | 404,073 |
| 11 | - Other - Transportation | 6,535,635 | 6,290,506 | 7,018,159 | 6,950,990 | 6,743,178 |
| 12 | - Total | 24,082,267 | 24,915,680 | 27,497,240 | 26,591,756 | 24,436,816 |

**MONTANA-DAKOTA UTILITIES CO. AND
GREAT PLAINS NATURAL GAS CO.**

**NORTH DAKOTA COST OF SERVICE STUDY
GAS OPERATIONS**

2021

**MONTANA-DAKOTA UTILITIES CO.
GREAT PLAINS NATURAL GAS CO.
INCOME STATEMENT
GAS UTILITY
TWELVE MONTHS ENDED DECEMBER 31, 2021**

| | Total Company | North Dakota | Others |
|--------------------------------------|----------------------|----------------------|----------------------|
| <u>Operating Revenues</u> | | | |
| Sales Revenues | | | |
| Residential | \$166,784,387 | \$65,700,351 | \$101,084,036 |
| Firm General | 116,151,801 | 51,414,056 | 64,737,745 |
| Small Interruptible | 11,230,408 | 5,825,403 | 5,405,005 |
| Large Interruptible | 6,547,567 | 3,366,563 | 3,181,004 |
| Unbilled Revenue | 27,184,969 | 11,301,749 | 15,883,220 |
| Reserve for Refunds | 181 | 0 | 181 |
| Total Sales Revenues | <u>\$327,899,313</u> | <u>\$137,608,122</u> | <u>\$190,291,191</u> |
| Transportation Revenues | | | |
| Small Interruptible | \$2,284,867 | \$1,269,769 | \$1,015,098 |
| Large Interruptible | 5,221,864 | 1,803,081 | 3,418,783 |
| Unbilled Revenue | (422,767) | (171,751) | (251,016) |
| Total Transportation Revenues | <u>\$7,083,964</u> | <u>\$2,901,099</u> | <u>\$4,182,865</u> |
| Other Operating Revenues | <u>\$5,688,503</u> | <u>\$3,645,266</u> | <u>\$2,043,237</u> |
| Total Operating Revenues | <u>\$340,671,780</u> | <u>\$144,154,487</u> | <u>\$196,517,293</u> |
| <u>Operating Expenses</u> | | | |
| Operation and Maintenance | | | |
| Cost of Purchased Gas | \$210,959,933 | \$91,891,514 | \$119,068,419 |
| Production | 650,521 | 285,309 | 365,212 |
| Transmission | 37,239 | 9,030 | 28,209 |
| Distribution | 28,326,787 | 11,366,939 | 16,959,848 |
| Customer Accounts | 6,591,991 | 2,539,753 | 4,052,238 |
| Customer Service & Information | 1,431,007 | 282,320 | 1,148,687 |
| Sales | 392,476 | 151,462 | 241,014 |
| Administrative & General | 25,533,090 | 9,714,661 | 15,818,429 |
| Total O&M Expenses | <u>\$273,923,044</u> | <u>\$116,240,988</u> | <u>\$157,682,056</u> |
| Depreciation | | | |
| Transmission | \$155,243 | \$42,345 | \$112,898 |
| Distribution | 22,028,628 | 9,268,102 | 12,760,526 |
| General | 1,091,622 | 283,829 | 807,793 |
| Common | 1,031,397 | 465,237 | 566,160 |
| Amort. of Intangible Plant - General | 695,600 | 367,530 | 328,070 |
| Amort. of Intangible Plant - Common | 2,738,489 | 1,133,938 | 1,604,551 |
| Total Depreciation Expense | <u>\$27,740,979</u> | <u>\$11,560,981</u> | <u>\$16,179,998</u> |

**MONTANA-DAKOTA UTILITIES CO.
GREAT PLAINS NATURAL GAS CO.
INCOME STATEMENT
GAS UTILITY
TWELVE MONTHS ENDED DECEMBER 31, 2021**

| | Total Company | North Dakota | Others |
|---|----------------------|----------------------|----------------------|
| <u>Operating Expenses Con't.</u> | | | |
| Taxes Other Than Income Taxes | | | |
| Ad Valorem Taxes | | | |
| Transmission | \$54,479 | \$13,525 | \$40,954 |
| Distribution | 9,023,888 | 1,387,541 | 7,636,347 |
| General | 701,317 | 77,962 | 623,355 |
| Common | 237,299 | 58,474 | 178,825 |
| Intangible | 189,005 | 107,576 | 81,429 |
| Total Ad Valorem Taxes | <u>\$10,205,988</u> | <u>\$1,645,078</u> | <u>\$8,560,910</u> |
| Other Taxes | 2,888,687 | 875,873 | 2,012,814 |
| Total Taxes Other Than Income Taxes | <u>\$13,094,675</u> | <u>\$2,520,951</u> | <u>\$10,573,724</u> |
| Current Income Taxes | (\$5,809,722) | (\$1,395,741) | (\$4,413,981) |
| Deferred Income Taxes | 9,283,100 | 2,976,090 | 6,307,010 |
| Total Operating Expenses | <u>\$318,232,076</u> | <u>\$131,903,269</u> | <u>\$186,328,807</u> |
| Operating Income | <u>\$22,439,704</u> | <u>\$12,251,218</u> | <u>\$10,188,486</u> |
| Year End Rate Base | <u>\$407,925,973</u> | <u>\$196,387,940</u> | <u>\$211,538,033</u> |
| Rate of Return | <u>5.50%</u> | <u>6.24%</u> | <u>4.82%</u> |

**MONTANA-DAKOTA UTILITIES CO.
GREAT PLAINS NATURAL GAS CO.
YEAR END RATE BASE
GAS UTILITY
TWELVE MONTHS ENDED DECEMBER 31, 2021**

| <u>Plant in Service</u> | Total Company | North Dakota | Others |
|--|-----------------------------|-----------------------------|-----------------------------|
| Gas Plant in Service | | | |
| Transmission | \$7,302,946 | \$1,959,923 | \$5,343,023 |
| Distribution | 608,256,008 | 274,893,133 | 333,362,875 |
| General | 59,530,432 | 17,667,028 | 41,863,404 |
| Intangible Plant - General | 14,235,306 | 8,717,063 | 5,518,243 |
| Common | 33,631,599 | 18,612,558 | 15,019,041 |
| Intangible Plant - Common | 38,602,635 | 15,931,989 | 22,670,646 |
| Acquisition Adjustment | 97,266 | 97,266 | 0 |
| Total Gas Plant in Service | <u>\$761,656,192</u> | <u>\$337,878,960</u> | <u>\$423,777,232</u> |
| Accumulated Reserve for Depreciation | | | |
| Transmission | \$2,100,072 | \$570,390 | \$1,529,682 |
| Distribution | 279,874,327 | 105,397,515 | 174,476,812 |
| General | 14,489,045 | 3,625,145 | 10,863,900 |
| Intangible Plant - General | 4,955,689 | 2,636,451 | 2,319,238 |
| Common | 11,781,785 | 6,230,251 | 5,551,534 |
| Intangible Plant - Common | 21,390,046 | 8,926,406 | 12,463,640 |
| Acquisition Adjustment | 80,593 | 80,593 | 0 |
| Total Accum. Reserve for Depreciation | <u>\$334,671,557</u> | <u>\$127,466,751</u> | <u>\$207,204,806</u> |
| Net Gas Plant in Service | \$426,984,635 | \$210,412,209 | \$216,572,426 |
| <u>Additions</u> | | | |
| Materials and Supplies | \$5,205,316 | \$2,000,579 | \$3,204,737 |
| Fuel Stocks | 25,168 | 25,168 | 0 |
| Prepayments | 201,952 | 77,393 | 124,559 |
| Prepaid Demand/Commodity | 1,420,163 | 17,474 | 1,402,689 |
| Gas in Underground Storage | 4,427,013 | 98,229 | 4,328,784 |
| Unamort. Redemption Cost of Pref Stock | 88,756 | 45,417 | 43,339 |
| Unamortized Loss on Debt | 532,809 | 267,046 | 265,763 |
| Pension/Post Retirement | 43,406,987 | 18,348,849 | 25,058,138 |
| Gain/Loss on Property | 456,746 | 456,746 | 0 |
| Total Additions | <u>\$55,764,910</u> | <u>\$21,336,901</u> | <u>\$34,428,009</u> |
| Total Before Deductions | \$482,749,545 | \$231,749,110 | \$251,000,435 |
| <u>Deductions</u> | | | |
| Accumulated Deferred Income Taxes | \$63,731,610 | \$28,944,082 | \$34,787,528 |
| Customer Advances | 11,091,962 | 6,417,088 | 4,674,874 |
| Total Deductions | <u>\$74,823,572</u> | <u>\$35,361,170</u> | <u>\$39,462,402</u> |
| Year End Rate Base | <u><u>\$407,925,973</u></u> | <u><u>\$196,387,940</u></u> | <u><u>\$211,538,033</u></u> |

**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 COST OF GAS PER DK

| Effective for the Month of: | Residential and General Service (\$) | Small and Large Interruptible (\$) | Air Force Interruptible (\$) |
|--|---|---|---|
| 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 |

MONTANA-DAKOTA UTILITIES CO.

SCHEDULE OF 2021 FUEL AND PURCHASED POWER COST PER kWh

| Effective for the month of: | Primary (\$) | Secondary (\$) |
|--|-------------------------|---------------------------|
| 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 |



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INDEPENDENT ACCOUNTANTS' REPORT

To the Managing Committee of
Great Plains Natural Gas Co.:

We have examined the accompanying schedule of Cost of Gas per dk (the "Schedule") of Great Plains Natural Gas 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 in the Schedule in accordance with the criteria established by the North Dakota Public Service Commission (the "Commission") and based upon Chapter 69-09-01-30 of the North Dakota Administrative Code (the "Code") and the Cost of Gas Rate 88 (the "Tariff") filed by the Company with the Commission. Our responsibility is to express an opinion on the Schedule 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 Schedule is in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Schedule. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedule, 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 Schedule of the Cost of Gas per dk of Great Plains Natural Gas Co. for the period from January 1, 2021 to December 31, 2021, presents the cost of gas in accordance with Chapter 69-09-01-30 of the North Dakota Administrative Code (the "Code"), and the Cost of Gas Rates (the "Tariffs") filed by the Company with the Commission, 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

GREAT PLAINS NATURAL GAS CO.

SCHEDULE OF 2021 COST OF GAS PER DK

| Effective for the Month of | Cost of Gas Factor | |
|----------------------------|--------------------|--------------------|
| | Firm (\$) | Interruptible (\$) |
| January | 2.6484 | 2.3819 |
| February | 3.0161 | 2.7496 |
| March | 4.4692 | 3.4018 |
| April | 3.8442 | 2.7768 |
| May | 4.2296 | 3.1433 |
| June | 4.3780 | 3.2917 |
| July | 4.8728 | 3.7865 |
| August | 7.4634 | 6.3448 |
| September | 7.8407 | 6.7221 |
| October | 8.9168 | 7.7982 |
| November | 9.6311 | 8.4688 |
| December | 8.7572 | 7.5949 |