



A Subsidiary of MDU Resources Group, Inc.

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May 1, 2024

Executive Secretary  
North Dakota Public Service Commission  
600 E. Boulevard Ave., Dept. 408  
Bismarck, ND 58505-0480

**Re: Annual Reports**

Montana-Dakota Utilities Co. (Montana-Dakota) herewith electronically submit its Electric and Gas Annual Reports for the year ended December 31, 2023 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 2023 FERC Form No. 1.

The electric report includes information pursuant to the amended North Dakota Administrative Code 69-09-02-06, which was 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, 2023**



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

Line #	Description	(A)	(B)	(C)	(D)	(E)
		2023 Total Company	2023 North Dakota	ND % (B/A)	2022 North Dakota	Variance (B-D/D)
<u>Operating Revenues:</u>						
1	Residential	\$136,041,646	\$88,242,743	64.86%	\$89,036,911	-0.89%
2	Small General	35,027,182	12,613,531	36.01%	12,543,023	0.56%
3	Large General 1/	183,106,296 2/	136,182,641 2/	74.37%	113,202,988	20.30%
4	Lighting Service	2,343,933	1,603,759	68.42%	1,637,336	-2.05%
5	Municipal Pumping Service	4,366,194	3,621,204	82.94%	3,714,184	-2.50%
6	Sales for Resale	956,423	672,321	70.30%	1,366,689	-50.81%
7	Other Operating Revenues	58,385,941	25,329,252	43.38%	19,805,644	27.89%
8	Unbilled Revenue	(13,274,308)	(12,795,820)	96.40%	(7,266,552)	76.09%
9	Reserve for Refunds	(4,500,000)	(4,500,000)	0.00%	0	100.00%
10	<b>Total Operating Revenues</b>	<b>\$402,453,307</b>	<b>\$250,969,631</b>	<b>62.36%</b>	<b>\$234,040,223</b>	<b>7.23%</b>
<u>Operating Expenses:</u>						
11	Production Expense	\$135,498,382	\$85,059,384	62.78%	\$76,602,994	11.04%
12	Transmission Expense	37,327,634	25,996,819	69.64%	26,606,994	-2.29%
13	Distribution Expense	16,097,572	9,320,845	57.90%	9,807,085	-4.96%
14	Customer Accounts Expense	4,564,965	2,996,960	65.65%	2,650,593	13.07%
15	Customer Service & Info. Exp.	383,035	234,012	61.09%	246,700	-5.14%
16	Sales Expense	149,387	92,560	61.96%	101,156	-8.50%
17	Administration & General Exp.	30,831,865	19,568,358	63.47%	19,140,321	2.24%
18	Depreciation Expense	64,005,898	40,473,190	63.23%	45,351,042	-10.76%
19	Taxes Other than Income	16,673,255	7,667,047	45.98%	7,557,482	1.45%
20	<b>Total Operating Expenses</b>	<b>\$305,531,993</b>	<b>\$191,409,175</b>	<b>62.65%</b>	<b>\$188,064,367</b>	<b>1.78%</b>
21	Net Operating Income					
22	before Income Taxes	\$96,921,314	\$59,560,456	61.45%	\$45,975,856	29.55%
<u>Income Tax Expense:</u>						
23	Investment Tax Credits					
24	Deferred Income Taxes	\$9,679,627	\$4,022,998	41.56%	\$1,724,305	133.31%
25	Income Taxes	(10,319,063)	(6,147,193)	59.57%	(7,592,950)	-19.04%
26	<b>Total Income Tax Expense</b>	<b>(\$639,436)</b>	<b>(\$2,124,195)</b>	<b>332.20%</b>	<b>(\$5,868,645)</b>	<b>-63.80%</b>
27	<b>Net Regulated Earnings</b>	<b>\$97,560,750</b>	<b>\$61,684,651</b>	<b>63.23%</b>	<b>\$51,844,501</b>	<b>18.98%</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.

	2023	2022
Large General	\$1,139,935	\$1,082,347

2/ Includes High Density Contract Demand Response Rate 45.

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

Line #	Description	(A)	(B)	(C)	(D)	(E)
		2023 Total Company	2023 North Dakota	ND % (B/A)	2022 North Dakota	Variance (B-D/D)
	<u>Rate Base:</u>					
1	Plant in Service	\$2,193,742,650	\$1,313,524,524	59.88%	\$1,327,139,659	-1.03%
2	Less: Accumulated Depreciation 1/	674,056,563	429,806,384	63.76%	440,861,984	-2.51%
3	Net Plant in Service	<u>\$1,519,686,087</u>	<u>\$883,718,140</u>	58.15%	<u>\$886,277,675</u>	-0.29%
	<u>Additions:</u>					
4	Materials and Supplies 2/	\$29,187,504	\$17,866,860	61.21%	\$14,894,859	19.95%
5	Fuel Stocks 2/	4,664,749	3,278,367	70.28%	2,938,967	11.55%
6	Prepayments 2/	1,397,874	926,774	66.30%	949,327	-2.38%
7	Unamortized Loss on Debt 3/	1,260,975	841,047	66.70%	1,136,485	-26.00%
8	Decommissioning of Retired Plants 3/	(13,931)	0	0.00%	0	0.00%
9	Unamort. Redemption Cost of Pref. Stock 3/	319,572	207,687	64.99%	228,630	-9.16%
10	Gain/Loss on Buildings 3/	875,617	875,617	100.00%	937,712	-6.62%
11	Renewable Resource Rider 2/	(18,046,167)	(18,046,167)	100.00%	(10,984,940)	64.28%
12	Lewis & Clark Regulatory Asset 2/	23,182,820	16,856,919	72.71%	18,371,390	-8.24%
13	Heskett Regulatory Asset 2/	20,797,958	15,427,947	74.18%	12,278,362	25.65%
14	Pension/Post Retirement Additions 3/	29,664,811	19,333,800	65.17%	0	100.00%
15	Total Additions	<u>\$93,291,782</u>	<u>\$57,568,851</u>	61.71%	<u>\$40,750,792</u>	41.27%
	<u>Deductions:</u>					
16	Accum. Deferred Income Taxes 3/	\$288,048,090	\$186,509,335	64.75%	\$180,884,829	3.11%
17	Accumulated Deferred ITCs 3/	8,336,766	7,120,669	85.41%	6,502,134	9.51%
18	Cust. Advances for Construct. 2/	5,873,525	1,160,144	19.75%	1,219,415	-4.86%
19	Total Deductions	<u>\$302,258,381</u>	<u>\$194,790,148</u>	64.44%	<u>\$188,606,378</u>	3.28%
20	<b>Average Rate Base</b>	<u><u>\$1,310,719,488</u></u>	<u><u>\$746,496,843</u></u>	56.95%	<u><u>\$738,422,089</u></u>	1.09%
21	Rate of Return on Avg. Rate Base	7.443%	8.263%		7.021%	
22	Less: Weighted Cost of Debt	<u>2.295%</u>	<u>2.295%</u>		<u>2.206%</u>	
23	Weighted Return on Equity	5.148%	5.968%		4.815%	
24	% of Equity to Capital Structure	<u>50.198%</u>	<u>50.198%</u>		<u>50.084%</u>	
25	<b>Return on Equity</b>	<u><u>10.255%</u></u>	<u><u>11.889%</u></u>		<u><u>9.614%</u></u>	

1/ Excludes accelerated depreciation and decommissioning amounts for Total Company of \$7,928,016 and \$3,114,259 for 2022 and 2023, respectively.  
Excludes accelerated depreciation and decommissioning amounts for North Dakota of \$6,641,104 and \$672,272 for 2022 and 2023, 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	2023 Average (000's)	Ratio	Cost	Weighted Cost
1	Long-Term Debt 1/	\$855,368	45.206%	4.503%	2.036%
2	Short-Term Debt 2/	86,963	4.596%	5.646%	0.259%
3	Common Equity	<u>949,831</u>	<u>50.198%</u>	3/	<u>3/</u>
4	Total	<u>\$1,892,162</u>	<u>100.000%</u>		<u>3/</u>

- 1/ Includes additional other long-term debt and excludes \$6.3 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, 2023

Description	Date of Issuance	Date of Maturity	Interest Rate	Principal Amount of Issue	Underwriters' Commission		Loss on Reacquisition Redemption and Issuance Expense		Net Proceeds	Cost of Money 1/	Principal Outstanding	Annual Cost	Embedded Cost
					Amount	% Gross Proceeds	Amount	% Gross Proceeds					
Unsecured Long-Term Debt: Senior Notes													
5.98%	12/15/03	12/15/33	5.980%	\$30,000,000	\$624,465	2.082%	0	0.000%	\$29,375,535	6.210%	\$30,000,000	\$1,863,000	
6.33%	08/24/06	08/24/26	6.330%	100,000,000	344,061	0.344%	\$10,532,009	10.532%	89,123,930	7.514%	100,000,000	7,514,000	
5.18%	04/15/14	04/15/44	5.180%	50,000,000	239,178	0.478%	0	0.000%	49,760,822	5.280%	50,000,000	2,640,000	
4.24%	07/15/14	07/15/24	4.240%	60,000,000	291,263	0.485%	0	0.000%	59,708,737	4.346%	60,000,000	2,607,600	
4.34%	07/15/14	07/15/26	4.340%	40,000,000	197,042	0.493%	0	0.000%	39,802,958	4.442%	40,000,000	1,776,800	
3.78%	10/29/15	10/30/25	3.780%	87,000,000	471,997	0.543%	0	0.000%	86,528,003	3.883%	87,000,000	3,378,210	
4.87%	10/29/15	10/30/45	4.870%	11,000,000	59,461	0.541%	0	0.000%	10,940,539	4.964%	11,000,000	546,040	
4.03%	12/10/15	12/10/30	4.030%	52,000,000	286,355	0.551%	0	0.000%	51,713,645	4.122%	52,000,000	2,143,440	
4.15%	11/21/16	11/21/46	4.150%	40,000,000	226,084	0.565%	0	0.000%	39,773,916	4.228%	40,000,000	1,691,200	
3.73%	03/21/17	03/21/37	3.730%	40,000,000	173,637	0.434%	0	0.000%	39,826,363	3.797%	40,000,000	1,518,800	
3.36%	03/21/17	03/21/32	3.360%	20,000,000	86,071	0.430%	0	0.000%	19,913,929	3.425%	20,000,000	685,000	
3.55%	09/05/17	09/03/32	3.550%	6,300,000	6,029	0.062%	0	0.000%	6,300,000	3.550%	6,300,000	223,650	
3.66%	10/17/19	10/17/39	3.660%	50,000,000	234,202	0.468%	0	0.000%	49,765,798	3.728%	50,000,000	1,864,000	
3.98%	10/17/19	10/17/49	3.980%	50,000,000	234,202	0.468%	0	0.000%	49,765,798	4.046%	50,000,000	2,023,000	
4.08%	11/18/19	11/18/59	4.080%	100,000,000	435,969	0.436%	0	0.000%	99,564,031	4.144%	100,000,000	4,144,000	
3.21%	09/15/21	09/15/51	3.210%	55,000,000	265,095	0.482%	0	0.000%	54,734,905	3.262%	55,000,000	1,794,100	
3.31%	09/15/21	09/15/61	3.310%	20,000,000	96,432	0.482%	0	0.000%	19,903,568	3.360%	20,000,000	672,000	
3.21%	12/15/21	12/15/51	3.210%	50,000,000	215,015	0.430%	0	0.000%	49,784,985	3.258%	50,000,000	1,629,000	
<b>Total Long-Term Debt Capital</b>				<u>\$861,300,000</u>	<u>\$4,486,558</u>		<u>\$10,532,009</u>		<u>\$846,287,462</u>		<u>\$861,300,000</u>	<u>\$38,713,840</u>	<u>4.495%</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.  
ANNUAL REPORT  
TO THE  
NORTH DAKOTA PUBLIC SERVICE COMMISSION  
MAJOR TRANSACTIONS 2023

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	\$63,010	\$63,010
2		Natural Gas Sales	56,144	48,751
3	WBI Energy	Electric Sales	517,405	158,464
4		Natural Gas Pipeline Services	(64,554,549)	(27,562,418)
5		Natural Gas Sales	39,828	5,318
6	FutureSource	Electric Sales	184,444	184,444
7		Natural Gas Sales	17,384	17,384
8	JTL Group	Natural Gas Sales	12,567	0
	Total		<u>(\$63,663,767)</u>	<u>(\$27,085,047)</u>

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

Line #	Description	2023	2022	2021	2020	2019
	<u>Customer Related</u>					
1	Year End Customers - Residential	78,302	78,311	78,153	78,082	77,925
2	- Small General	10,383	10,286	10,209	10,245	10,055
3	- Large General	4,307 1/	4,196	4,138	4,057	4,155
4	- Lighting Service	729	718	713	682	650
5	- Municipal Pumping	269	268	271	278	280
7	- Total	93,990	93,779	93,484	93,344	93,065
8	kWh's Sold - Residential	776,942,263	785,846,687	745,873,642	765,297,187	769,845,298
9	- Small General	93,576,525	94,386,164	92,992,240	93,417,385	96,045,221
10	- Large General	2,051,638,485 1/	1,189,504,488	1,173,455,374	1,131,489,245	1,173,840,153
11	- Lighting Service	16,380,345	16,688,245	17,204,024	18,615,882	22,397,675
12	- Municipal Pumping	45,015,470	45,238,349	45,866,583	45,402,033	45,208,408
13	- Total	2,983,553,088	2,131,663,933	2,075,391,863	2,054,221,732	2,107,336,755

1/ Includes High Density Contract Demand Response Rate 45.

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

2023 NORTH DAKOTA RELIABILITY INDICES 1/

Line  
#

	Reliability Index - Without Identified Storm Event(s)	2023	2022	2021	2020	2019
1	System Average Interruption Frequency Index (SAIFI)	0.503	0.601	0.475	0.615	0.545
2	System Average Interruption Duration Index (SAIDI) 2/	35.87	33.17	40.82	55.83	52.40
3	Customer Average Interruption Duration Index (CAIDI) 2/	71.35	55.17	85.91	90.85	96.17

	Reliability Index - With All Identified Storm Event(s)	2023	2022	2021	2020	2019
4	System Average Interruption Frequency Index (SAIFI)	0.877	1.051	0.672	0.615	0.545
5	System Average Interruption Duration Index (SAIDI) 2/	81.09	319.54	65.15	55.83	52.40
6	Customer Average Interruption Duration Index (CAIDI) 2/	92.46	303.97	96.99	90.85	96.17

1/ All outages are reported but major events are excluded from indices. Refer to pages 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 pages 3 for detail.

**Storm Event:** Weather event related that cause outages but does not require significant resources to restore the outage. See Page 4 for detail.

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

RELIABILITY INDICES WITHOUT IDENTIFIED ALL STORM EVENT(S)

		<b>2023</b>
1	Total Number of Customers Served	100,890
2	Sum of Customer Interruption Durations (Customer Minutes Sustained)	3,618,452
3	Total Number of Customers Interrupted (Sustained)	50,717

4 SAIFI= 
$$\frac{\text{Total Number of Customers Interrupted (Sustained)}}{\text{Total Number of Customers Served}} \quad \mathbf{0.503}$$

5 SAIDI= 
$$\frac{\text{Sum of Customer Interruption Durations (Customer Minutes Sustained)}}{\text{Total Number of Customers Served}} \quad \mathbf{35.87}$$

6 CAIDI= 
$$\frac{\text{Sum of Customer Interruption Durations (Customer Minutes Sustained)}}{\text{Customer Hours Service Demand}} \quad \mathbf{71.35}$$

RELIABILITY INDICES WITH IDENTIFIED ALL STORM EVENT(S)

		<b>2023</b>
7	Total Number of Customers Served	100,890
8	Sum of Customer Interruption Durations (Customer Minutes Sustained)	8,181,136
9	Total Number of Customers Interrupted (Sustained)	88,486

10 SAIFI= 
$$\frac{\text{Total Number of Customers Interrupted (Sustained)}}{\text{Total Number of Customers Served}} \quad \mathbf{0.877}$$

11 SAIDI= 
$$\frac{\text{Sum of Customer Interruption Durations (Customer Minutes Sustained)}}{\text{Total Number of Customers Served}} \quad \mathbf{81.09}$$

12 CAIDI= 
$$\frac{\text{Sum of Customer Interruption Durations (Customer Minutes Sustained)}}{\text{Customer Hours Service Demand}} \quad \mathbf{92.46}$$

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

**2023 MED Days**

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

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**2023 Storm Events**

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The Company did experienced fifteen storm events on the transmission system that were considered in reporting "with or without" storm indices:

1. January 19 – 20, 2023 – Winter storm event with high winds interrupted customers in Kenmare, Norma, Mohall and Tolley.
2. January 22, 2023 – Winter storm event interrupted customers in Alamo and Corinth.
3. April 19, 2023 – Spring storm event interrupted customers in Beach.
4. June 2, 2023 – Spring storm event interrupted customers in Dickinson.
5. June 14, 2023 – Spring storm event interrupted customers in Kenmare, Mohall and Tolley.
6. June 16, 2023 – Spring storm event with lightning interrupted customers in Dawson and Tappen.
7. June 19, 2023 – Spring storm event interrupted customers in Sentinel Butte.
8. June 26, 2023 – Spring storm event with lightning interrupted customers in Rhame.
9. June 30, 2023 – Spring storm event interrupted customers in East Fairview.
10. July 11, 2023 – Summer storm event with lightning interrupted customers in Sentinel Butte.
11. July 26, 2023 – Summer storm event with lightning interrupted customers in Steele.
12. August 1, 2023 – Summer storm event with lighting interrupted customers in Judson and New Salem.
13. August 23, 2023 – Summer storm event with lightning interrupted customers in Tioga.
14. September 4 – 5, 2023 – Summer storm event with lightning interrupted customers in Ashley, Ellendale, Fullerton, Kenmare, Kulm, New Leipzig, Merricourt, Mohall, Monango, Mott, New England and Regent.
15. December 26 – 27, 2023 – Winter storm event interrupted customers in Ashley, Fredonia, Fullerton, Hague, Hazelton, Kulm, Lehr, Linton, Merricourt, Monango, Strasburg and Wishek.

# **NORTH DAKOTA COST OF SERVICE STUDY**

## **ELECTRIC OPERATIONS**

**2023**

**MONTANA-DAKOTA UTILITIES CO.**  
**INCOME STATEMENT**  
**ELECTRIC UTILITY**  
**TWELVE MONTHS ENDED DECEMBER 31, 2023**

	Total Company	North Dakota	Others
<b><u>Operating Revenues</u></b>			
Sales Revenues			
Residential	\$136,041,646	\$88,242,743	\$47,798,903
Small General	35,027,182	12,613,531	22,413,651
Large General	183,106,296	136,182,641	46,923,655
Lighting Service	2,343,933	1,603,759	740,174
Municipal Pumping Service	4,366,194	3,621,204	744,990
Sales for Resale	956,423	672,321	284,102
Unbilled Revenue	(13,274,308)	(12,795,820)	(478,488)
Reserve for Refunds	(4,500,000)	(4,500,000)	0
Total Sales Revenues	<u>\$344,067,366</u>	<u>\$225,640,379</u>	<u>\$118,426,987</u>
Other Operating Revenues	<u>\$58,385,941</u>	<u>\$25,329,252</u>	<u>\$33,056,689</u>
Total Operating Revenues	<u>\$402,453,307</u>	<u>\$250,969,631</u>	<u>\$151,483,676</u>
<b><u>Operating Expenses</u></b>			
Operation and Maintenance			
Cost of Fuel & Purchased Power	\$107,881,214	\$68,747,012	\$39,134,202
Production	27,617,168	16,312,372	11,304,796
Transmission	37,327,634	25,996,819	11,330,815
Distribution	16,097,572	9,320,845	6,776,727
Customer Accounts	4,564,965	2,996,960	1,568,005
Customer Service & Information	383,035	234,012	149,023
Sales	149,387	92,560	56,827
Administrative & General	30,831,865	19,568,358	11,263,507
Total O&M Expenses	<u>\$224,852,840</u>	<u>\$143,268,938</u>	<u>\$81,583,902</u>
Depreciation			
Production	\$28,534,860	\$18,782,928	\$9,751,932
Transmission	9,589,353	4,260,589	5,328,764
Distribution	11,431,779	6,933,153	4,498,626
General	790,239	527,442	262,797
Common	1,439,829	978,125	461,704
Amort. of Intangible Plant - General	1,304,115	853,755	450,360
Amort. of Intangible Plant - Common	2,199,292	1,441,031	758,261
Amort. of Retired Power Plants	(4,644)	0	(4,644)
Amort. of Unrecovered Plant - Electric	323,664	0	323,664
Amort. Gain/Loss on Buildings	62,095	62,095	0
Amort. of L & C	3,359,541	2,812,647	546,894
Amort. of Heskett	3,435,956	2,568,654	867,302
Amort. of Preferred Stock	32,225	20,943	11,282
Generation Decommissioning	1,507,594	1,231,828	275,766
Total Depreciation Expense	<u>\$64,005,898</u>	<u>\$40,473,190</u>	<u>\$23,532,708</u>

**MONTANA-DAKOTA UTILITIES CO.  
INCOME STATEMENT  
ELECTRIC UTILITY  
TWELVE MONTHS ENDED DECEMBER 31, 2023**

	<u>Total Company</u>	<u>North Dakota</u>	<u>Others</u>
<b><u>Operating Expenses Con't.</u></b>			
Taxes Other Than Income Taxes			
Ad Valorem Taxes			
Production	\$2,551,812	\$1,720,405	\$831,407
Transmission	4,185,725	1,826,043	2,359,682
Distribution	5,414,067	1,755,814	3,658,253
General	519,651	185,618	334,033
General Intangible	0	0	0
Common	371,876	175,129	196,747
Common Intangible	0	0	0
Total Ad Valorem Taxes	<u>\$13,043,131</u>	<u>\$5,663,009</u>	<u>\$7,380,122</u>
Other Taxes	<u>\$3,630,124</u>	<u>\$2,004,038</u>	<u>\$1,626,086</u>
Total Taxes Other Than Income Taxes	<u>\$16,673,255</u>	<u>\$7,667,047</u>	<u>\$9,006,208</u>
Current Income Taxes	(\$10,319,063)	(\$6,147,193)	(\$4,171,870)
Deferred Income Taxes	<u>9,679,627</u>	<u>4,022,998</u>	<u>5,656,629</u>
Total Operating Expenses	<u>\$304,892,557</u>	<u>\$189,284,980</u>	<u>\$115,607,577</u>
<b>Operating Income</b>	<u><u>\$97,560,750</u></u>	<u><u>\$61,684,651</u></u>	<u><u>\$35,876,099</u></u>
<b>Year End Rate Base</b>	<u><u>\$1,316,030,695</u></u>	<u><u>\$747,375,359</u></u>	<u><u>\$568,655,336</u></u>
<b>Rate of Return</b>	<u><u>7.41%</u></u>	<u><u>8.25%</u></u>	<u><u>6.31%</u></u>

**MONTANA-DAKOTA UTILITIES CO.**  
**YEAR END RATE BASE**  
**ELECTRIC UTILITY**  
**TWELVE MONTHS ENDED DECEMBER 31, 2023**

	Total Company	North Dakota	Others
<b><u>Plant in Service</u></b>			
Electric Plant in Service			
Steam Production	\$363,279,763	\$206,787,139	\$156,492,624
Other Production	544,193,720	382,536,253	161,657,467
Total Production	<u>\$907,473,483</u>	<u>\$589,323,392</u>	<u>\$318,150,091</u>
Transmission	639,982,510	300,387,052	339,595,458
Distribution	521,214,498	335,326,197	185,888,301
General	39,111,598	25,639,006	13,472,592
Common	58,790,616	41,993,720	16,796,896
Intangible Plant - General	20,506,000	13,014,710	7,491,290
Intangible Plant - Common	29,145,597	19,089,379	10,056,218
Acquisition Adjustment	10,387,642	7,301,738	3,085,904
Total Electric Plant in Service	<u>\$2,226,611,944</u>	<u>\$1,332,075,194</u>	<u>\$894,536,750</u>
Accumulated Reserve for Depreciation			
Steam Production 1/	\$163,187,101	\$104,885,392	\$58,301,709
Other Production	172,510,378	120,263,537	52,246,841
Total Production	<u>\$335,697,479</u>	<u>\$225,148,929</u>	<u>\$110,548,550</u>
Transmission	113,829,691	69,021,739	44,807,952
Distribution	170,020,410	100,418,060	69,602,350
General	14,443,915	8,692,775	5,751,140
Common	20,016,864	13,803,123	6,213,741
Intangible Plant - General	8,459,056	5,498,647	2,960,409
Intangible Plant - Common	21,127,231	13,847,452	7,279,779
Acquisition Adjustment	10,387,642	7,301,223	3,086,419
Total Accum. Reserve for Depreciation	<u>\$693,982,288</u>	<u>\$443,731,948</u>	<u>\$250,250,340</u>
Net Electric Plant in Service	\$1,532,629,656	\$888,343,246	\$644,286,410
<b><u>Additions</u></b>			
Materials and Supplies	\$34,105,610	\$21,200,047	\$12,905,563
Fuel Stocks	5,089,643	3,577,783	1,511,860
Prepayments	407,849	272,664	135,185
Unamortized Loss on Debt	1,054,393	701,918	352,475
Decommissioning of Retired Plants	(11,609)	0	(11,609)
Unamort. Redemption Cost of Pref. Stock	303,459	197,215	106,244
Gain/Loss on Buildings	844,569	844,569	0
Renewable Resource Rider	(21,788,159)	(21,788,159)	0
Lewis & Clark Regulatory Asset	21,971,808	15,865,699	6,106,109
Heskett Regulatory Asset	21,388,876	16,265,855	5,123,021
Pension/Post Retirement Additions	29,786,727	19,336,940	10,449,787
Total Additions	<u>\$93,153,166</u>	<u>\$56,474,531</u>	<u>\$36,678,635</u>
Total Before Deductions	\$1,625,782,822	\$944,817,777	\$680,965,045
<b><u>Deductions</u></b>			
Accumulated Deferred Income Taxes	\$295,822,460	\$188,555,303	\$107,267,157
Accumulated Investment Tax Credits	9,199,911	7,674,625	1,525,286
Customer Advances	4,729,756	1,212,490	3,517,266
Total Deductions	<u>\$309,752,127</u>	<u>\$197,442,418</u>	<u>\$112,309,709</u>
<b>Year End Rate Base</b>	<u><u>\$1,316,030,695</u></u>	<u><u>\$747,375,359</u></u>	<u><u>\$568,655,336</u></u>

1/ Excludes accelerated depreciation and decommissioning amount of \$3,114,259 for Total Company and \$672,272 for North Dakota.

**REPORT OF INDEPENDENT  
PUBLIC ACCOUNTANTS**

**2023**



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## INDEPENDENT ACCOUNTANT'S 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, 2023 to December 31, 2023. The Company's management is responsible for the calculation of the cost of gas per dekatherm ("dk") and fuel and purchased power cost per kilowatt-hour ("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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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, 2023 to December 31, 2023, 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 Code and the Tariff's filed by the Company, 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, 2024

**MONTANA-DAKOTA UTILITIES CO.**

**SCHEDULE OF 2023 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	0.02144	0.02280
February	0.02549	0.02680
March	0.02692	0.02807
April	0.01883	0.01975
May	0.01952	0.02038
June	0.01777	0.01864
July	0.01920	0.01978
August	0.02023	0.02090
September	0.02155	0.02239
October	0.02787	0.02886
November	0.02787	0.02886
December	0.02787	0.02886

**MONTANA-DAKOTA UTILITIES CO.**

**SCHEDULE OF 2023 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	7.117	6.304	6.356
February	6.514	5.708	5.763
March	6.041	4.711	4.770
April	4.857	4.030	4.093
May	4.857	4.030	4.093
June	4.459	3.650	3.714
July	4.459	3.650	3.714
August	5.125	3.816	3.880
September	5.125	3.816	3.880
October	3.865	2.476	2.481
November	4.158	2.738	2.742
December	4.158	2.738	2.742