

Memorandum

To: Commissioners Christmann, Haugen-Hoffart and Kringstad

From: Christopher C. Hanson- Public Utility Analyst
CH

Date: November 25, 2025

Re: Montana-Dakota Utilities, Co., 2024 Gas Annual Report
Case No. PU-25-179

Montana-Dakota Utilities, Co. (MDU) consolidates Great Plains Natural Gas results with their other ND gas operations and provided service to approximately 116,8960 customers in North Dakota in 2024. In Case No. PU-23-341, the Commission authorized a return on equity (ROE) of 9.90% for MDU's ND gas operations.

Staff reviewed MDU's North Dakota gas annual report for 2024. The average cost of gas excluding transportation/ other in 2024 was \$3.91 per Dkt, a decrease of approximately 22% from 2023. Average use across customer class in 2024 decreased approximately 6.2% from 2023. MDU reports an ROE of approximately 10.11% for 2024, which represents over-earnings of approximately \$0.322 million. Staff considers that the over-earnings were a result of the recent rate case mitigated by warmer than average temperatures which resulted in lower average consumption . Attachment 2 shows that the reported ROE is the highest in the last 12 years.

Staff recommends the Commission close the case.

Attached are staff generated summaries of MDU's ND natural gas earnings since 2013.

Attachment 1 – Return Calculation

Attachment 2 – Return on Equity Chart

Attachment 3 – Net Operating Income

C. Travis Jacobson, MDU

C. Travis Jacobson, MDU

Montana-Dakota Utilities Co.
 North Dakota Gas Utility
 Return Calculation
 (Dollars in Thousands)

Attachment 1

	2013	2014	2015	2016	2017	2018 1/	2019	2020	2021	2022	2023	2024
Return Deficiency												
Average Rate Base	\$60,895	\$90,160	\$115,261	\$126,663	\$131,725	\$149,121	\$165,406	\$173,240	\$186,246	\$201,183	\$213,462	\$230,972
Common Equity	\$403,646	\$478,047	\$593,956	\$678,262	\$710,753	\$750,012	\$787,435	\$830,144	\$882,266	\$918,804	\$949,831	\$1,020,481
Rate of Return Required	7.655%	7.800%	7.224%	7.216%	7.332%	7.122%	7.054%	6.763%	6.666%	6.864%	6.964%	7.346%
Return Required	\$4,661	\$7,032	\$8,326	\$9,140	\$9,658	\$10,621	\$11,668	\$11,716	\$12,414	\$13,809	\$14,865	\$16,968
Return Earned	\$3,435	\$6,838	\$7,529	\$8,021	\$7,594	\$10,646	\$9,174	\$9,234	\$12,251	\$10,984	\$10,373	\$17,212
Return Deficiency (Excess)	\$1,226	\$194	\$797	\$1,119	\$2,064	(\$26)	\$2,493	\$2,482	\$163	\$2,826	\$4,491	(\$243)
Tax Factor	62.06%	62.06%	62.20%	62.20%	62.20%	75.60%	75.60%	75.60%	75.60%	75.60%	75.60%	75.60%
Revenue Def. (Excess)	\$1,976	\$313	\$1,282	\$1,799	\$3,319	(\$34)	\$3,298	\$3,283	\$216	\$3,738	\$5,941	(\$322)

1/ Beginning 2018, MDU ND Gas consolidated with Great Plains Natural Gas Co.

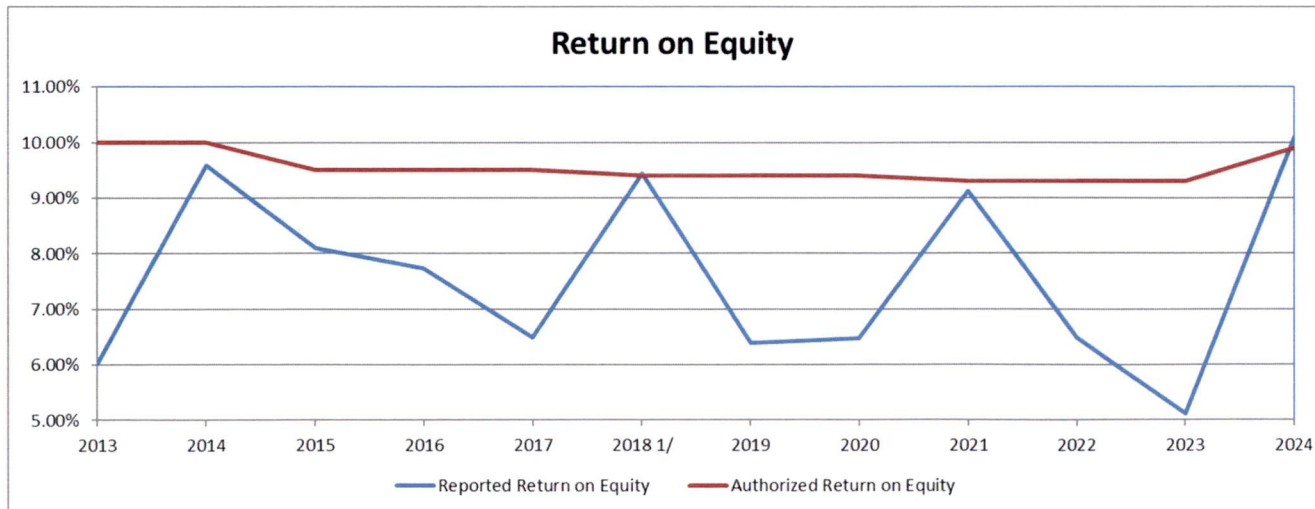
Return on Equity Calculation

Rate of Return on Rate Base	5.64%	7.58%	6.53%	6.33%	5.76%	7.14%	5.55%	5.33%	6.58%	5.46%	4.86%	7.45%
Less: Cost of Debt	2.60%	2.62%	2.55%	2.45%	2.39%	2.42%	2.35%	2.16%	2.08%	2.21%	2.30%	2.36%
Return available for common	3.04%	4.96%	3.98%	3.88%	3.37%	4.72%	3.20%	3.17%	4.50%	3.25%	2.56%	5.09%
Common Equity Percentage	50.57%	51.77%	49.17%	50.20%	51.99%	50.02%	50.08%	49.00%	49.35%	50.08%	50.20%	50.33%
Return on Equity	6.02%	9.58%	8.09%	7.74%	6.49%	9.44%	9.44%	6.48%	9.12%	6.50%	5.11%	10.11%

	2013	2014	2015	2016	2017	2018 1/	2019	2020	2021	2022	2023	2024
Reported Return on Equity	6.02%	9.58%	8.09%	7.74%	6.49%	9.44%	6.39%	6.48%	9.12%	6.50%	5.11%	10.11%
Authorized Return on Equity	10.00%	10.00%	9.50%	9.50%	9.50%	9.40%	9.40%	9.40%	9.30%	9.30%	9.30%	9.90%

1/ Starting with 2018, financials are consolidated with Great Plains Natural Gas Co.

Attachment 2



Montana-Dakota Utilities Co.
North Dakota Gas Utility
Net Operating Income
(Dollars in Thousands)

Attachment 3

Description	2013	2014	2015	2016	2017	2018 1/	2019	2020	2021	2022	2023	2024
Operating Revenues	\$110,797	\$140,007	\$110,664	\$91,870	\$108,287	\$120,724	\$123,563	\$107,969	\$144,154	\$199,552	\$153,408	\$136,043
Cost of Gas	81,268	103,658	72,479	51,338	67,008	75,245	77,821	62,070	91,892	146,722	99,175	71,799
Production	261	-	-	-	-	295	334	306	285	276	377	489
Other Gas Supply Expense	108	227	291	356	315					10	4	23
Net Margin	\$29,160	\$36,121	\$37,894	\$40,175	\$40,964	\$45,184	\$45,408	\$45,592	\$51,978	\$52,544	\$53,852	\$63,732
Distribution Expense	\$8,595	\$9,137	\$8,941	\$8,875	\$9,475	\$9,885	\$10,272	\$10,680	\$11,376	\$11,287	\$12,200	\$12,263
Customer Accounts Exp	2,616	2,854	2,494	2,757	2,603	2,618	2,584	2,595	2,540	2,705	2,919	2,642
Customer Service & Info	201	245	256	246	228	225	260	286	282	313	340	362
Sales Expense	176	160	224	133	146	185	181	160	151	155	203	199
A & G Expense	6,615	6,751	7,137	7,881	8,390	8,397	9,108	8,148	9,715	10,260	11,328	11,346
Other O&M	\$18,203	\$19,147	\$19,053	\$19,892	\$20,841	\$21,310	\$22,405	\$21,869	\$24,064	\$24,720	\$26,990	\$26,811
Depreciation	\$4,877	\$5,868	\$6,928	\$7,631	\$7,823	\$8,716	\$10,273	\$10,972	\$11,561	\$12,167	\$12,889	\$13,705
Taxes Other Than Income	1,617	1,638	1,814	1,901	2,155	2,276	2,562	2,547	2,521	2,750	2,854	3,315
Expenses (Lines 6-12)	\$24,697	\$26,653	\$27,795	\$29,424	\$30,820	\$32,302	\$35,239	\$35,388	\$38,146	\$39,637	\$42,732	\$43,831
Income Tax Expense	\$1,028	\$2,630	\$2,570	\$2,730	\$2,551	\$2,236	\$994	\$970	\$1,580	\$1,924	\$747	\$2,689
Net Operating Income	\$3,435	\$6,838	\$7,529	\$8,021	\$7,594	\$10,646	\$9,174	\$9,234	\$12,251	\$10,984	\$10,373	\$17,212

1/ Beginning 2018, MDU ND Gas consolidated with Great Plains Natural Gas Co.