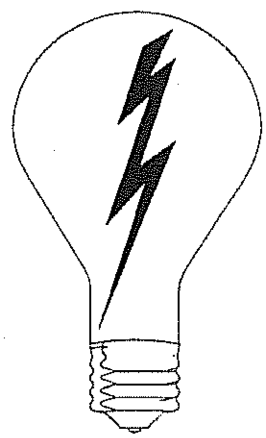
YEAR ENDING 2015

ANNUAL REPORT
OF

MONTANA-DAKOTA UTILITIES CO.

ELECTRIC UTILITY



TO THE
PUBLIC SERVICE COMMISSION
STATE OF MONTANA
1701 PROSPECT AVENUE
P.O. BOX 202601
HELENA, MT 59620-2601

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 1**

IDENTIFICATION

Year: 2015

1.	Legal Name of Respondent:	MDU Resources Group, Inc.
2.	Name Under Which Respondent Does Business:	Montana-Dakota Utilities Co.
3.	Date Utility Service First Offered in Montana	1920
4.	Address to send Correspondence Concerning Report:	Montana-Dakota Utilities Co. 400 North Fourth Street Bismarck, ND 58501
5.	Person Responsible for This Report:	Tamie A. Aberle
5a.	Telephone Number:	(701) 222-7856

Control Over Respondent

1. If direct control over the respondent was held by another entity at the end of year provide the following:

   1a. Name and address of the controlling organization or person:

   1b. Means by which control was held:

   1c. Percent Ownership:

SCHEDULE 2

Line No.	Board of Directors 1/ Name of Director and Address (City, State) (a)	Remuneration (b)
1	David L. Goodin (Chairman), Bismarck, ND	-
2	Doran N. Schwartz, Bismarck, ND	-
3	Nicole A. Kivisto, Bismarck, ND 2/	-
4	Daniel S. Kuntz, Bismarck, ND 3/	-
5		
6		
7		
8	1/ Montana-Dakota Utilities Co. is a Division of MDU Resources Group, Inc.,	
9	and has no Board of Directors. The affairs of the Company are managed by	
10	a Managing Committee, the members of which are provided herein rather	
11	than the directors of MDU Resources Group, Inc.	
12	2/ Nicole A. Kivisto was elected to the Board on January 9, 2015, replacing	
13	Frank Morehouse.	
14	3/ Daniel S. Kuntz was elected to the Board on January 9, 2016, replacing	
15	Paul K. Sandness.	
16		
17		
18		

Officers Year: 2015

Line No.	Title of Officer (a)	Department Supervised (b)	Name (c)
1	President & Chief	Executive	Nicole A. Kivisto 1/
2	Executive Officer		
3			
4	Executive Vice President	Combined Utility Operations Support	Mike J. Gardner 2/
5			
6	Vice President	Electric Supply	Jay W. Skabo
7			
8	Vice President	Operations	Patrick C. Darras 3/
9			
10	Executive Vice President	Regulatory Affairs, Customer Service,	Garret Senger 4/
11		and Gas Supply	
12			
13	Vice President	Human Resources	Anne M. Jones 5/
14			
15	General Counsel and Secretary		Daniel S. Kuntz 6/
16			
17	Vice President	Chief Financial Officer	Doran Schwartz 7/
18			
19	Vice President	Chief Accounting Officer	Jason Vollmer 8/
20			
21			
22			
23			
24			
25			
26			
27			
28			
29	1/ Effective January 9, 2015, Nicole A. Kivisto replaced K. Frank Morehouse as President and Chief Executive		
30	Officer.		
31	2/ Effective February 29, 2016, Mike J. Gardner resigned.		
32	3/ Effective January 26, 2015, Patrick Darras replaced Nicole A. Kivisto as Vice President of Operations.		
33	4/ Effective March 7, 2016, Garret Senger replaced responsibility over accounting function with responsibility		
34	over Customer Service and Gas Supply.		
35	5/ Effective January 1, 2016, Anne M. Jones became Vice President of Human Resources for MDU Resources		
36	Group, Inc.		
37	6/ Effective January 9, 2016, Daniel S. Kuntz replaced Paul K. Sandness as General Counsel and Secretary.		
38	7/ Effective March 7, 2016, Doran Schwartz assumed responsibility over the accounting function for MDU		
39	Resources Group, Inc.		
40	8/ Effective March 7, 2016, Jason Vollmer became Chief Accounting Officer for MDU Resources Group, Inc.		

CORPORATE STRUCTURE Year: 2015

Line	Subsidiary/Company Name	Line of Business	Earnings (000's)	Percent of Total
1	Montana-Dakota Utilities Co./ Great Plains Natural Gas Co. (Divisions of MDU Resources Group, Inc.)/Cascade Natural Gas Corp. and Intermountain Gas Company	Electric and Natural Gas Distribution	$59,521	(9.55%)
8	WBI Holdings, Inc.	Pipeline and Midstream, Refining and Exploration and Production	(799,079)	128.23%
11	Knife River Corporation	Construction Materials and Contracting	89,096	(14.30%)
14	MDU Construction Services Group, Inc.	Construction Services	23,762	(3.81%)
17	Centennial Energy Resources LLC/ Centennial Holdings Capital LLC	Other	2,807	(0.45%)
20	Eliminations		773	(0.12%)
50	**TOTAL**		($623,120)	100.00%

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 5**

CORPORATE ALLOCATIONS - ELECTRIC

Year: 2015

Items Allocated	Classification	Allocation Method	$ to MT Utility	MT %	$ to Other
Audit Costs	Administrative & General	Various Corporate Overhead Allocation Factors	$7,629	2.05%	$364,021
Advertising	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	3,670	2.04%	176,081
Air Service	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	2,356	1.69%	136,757
Automobile	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	226	2.10%	10,520
Bank Services	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	4,991	2.04%	239,469
Computer Rental	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	61	2.05%	2,933
Consultant Fees	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	19,304	1.89%	999,876
Contract Services	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	33,919	1.55%	2,159,626
Corporate Aircraft	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	1,684	2.14%	77,128
Directors Expenses	Administrative & General	Corporate Overhead Allocation Factor	29,721	2.05%	1,417,037
Employee Benefits	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	2,127	2.06%	101,262

CORPORATE ALLOCATIONS - ELECTRIC

Year: 2015

Items Allocated	Classification	Allocation Method	$ to MT Utility	MT %	$ to Other
Employee Meetings	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	2,526	2.03%	122,094
Employee Reimbursable Expenses	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	3,053	1.76%	170,721
Legal Retainers & Fees	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	28,057	1.98%	1,387,182
Meal Allowance	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	0	0.00%	20
Meals & Entertainment	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	2,157	1.93%	109,790
Moving Expense	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	371	2.04%	17,787
Industry Dues & Licenses	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	2,703	2.04%	129,532
Office Expenses	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	1,627	1.97%	80,948
Prepaid Insurance	Administrative & General	Various Corporate Overhead Allocation Factors and Allocation Factors Based on Actual Experience	23,659	10.93%	192,880
Permits and Filing Fees	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	765	2.03%	36,970

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 5**

CORPORATE ALLOCATIONS - ELECTRIC

Year: 2015

Items Allocated	Classification	Allocation Method	$ to MT Utility	MT %	$ to Other
Postage & Express Mail	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	420	2.05%	20,051
Payroll	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	481,636	2.08%	22,680,912
Rental	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	147	2.05%	7,053
Reference Materials	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	3,821	2.09%	178,956
Reimbursements	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	(247)	2.08%	(11,633)
Seminars & Meeting Registrations	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	1,806	2.03%	87,327
Software Maintenance	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	21,776	1.98%	1,079,523
Telephone & Cell Phones	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	6,105	1.77%	338,763
Training Material	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	1,312	2.00%	64,410
TOTAL			$687,382	2.08%	$32,377,996

Company Name: Montana-Dakota Utilities Co. SCHEDULE 6

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - ELECTRIC

Year: 2015

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility
1	**KNIFE RIVER CORPORATION**	Expense	Actual Costs Incurred			
2		Materials		$2,633		$402
3						
4		Capital	Actual Costs Incurred			
5		Contract Services		24,794		3,304
6		Materials		2,721		495
7						
8		Other Transactions/Reimbursements				
9		Balance Sheet Acct		2,039,985		0
10		Resources Cost Ctrs		7,912		0
11						
12		Total Knife River Corporation Operating Revenues for the Year 2015			$1,904,282,000	
13		Excludes Intersegment Eliminations				
14	**TOTAL**	**Grand Total Affiliate Transactions**		$2,078,045	0.1091%	$4,201

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 6**

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - ELECTRIC Year: 2015

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility
1	**WBI HOLDINGS, INC.**	Expense	Actual Costs Incurred			
2		Contract Services		$46,947		$15,834
3		Fuel		42,636		0
4		Material		2,730		0
5		Miscellaneous		1,072		191
6						
7		Capital	Actual Costs Incurred			
8		Contract Services		224,153		$50,755
9		Materials		338		139
10		Miscellaneous		389		36
11						
12		Other Transactions/Reimbursements	Actual Costs Incurred			
13						
14		Balance sheet accounts		385,830		0
15		Non Utility		1,493		0
16		Resources Cost Centers		15,655		0
17						
18		Total WBI Operating Revenues for the Year 2015			$331,844,000	
19		Excludes Intersegment Eliminations				
20	**TOTAL**	**Grand Total Affiliate Transactions**		$721,243	0.2173%	$66,955

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 6**

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - ELECTRIC Year: 2015

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility
1	**MDU CONSTRUCTION**	Expense	Actual Costs Incurred			
2	**SERVICES GROUP, INC**	Contract Services		$133,779		$1,865
3		Materials		31,329		636
4						
5		Capital	Actual Costs Incurred			
6		Contract Services		4,740,563		45,021
7		Materials		1,088		967
8						
9		Other Transactions/Reimbursements	Actual Costs Incurred			
10		Resources Cost Centers		6,818		0
11		Balance Sheet Accounts		951,840		0
12		Other		10,665		0
13		Non Utility		61,532		0
14						
15		Total MDU Construction Services Group, Inc Operating Revenues for the Year 2015			$926,427,000	
16		Excludes Intersegment Eliminations				
17	**TOTAL**	**Grand Total Affiliate Transactions**		$5,937,614	0.6409%	$48,489

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 6**

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - ELECTRIC Year: 2015

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility
1	**CENTENNIAL HOLDINGS**	Expense	* Various Corporate Overhead			
2	**CAPITAL, LLC**	Contract Services	Allocation Factors and/or	$177,673		$33,879
3		Corporate Aircraft	Actual Costs Incurred	6,915		1,154
4		Office Expense		324,715		61,918
5		Miscellaneous		412,147		78,589
6						
7		Capital	Actual Costs Incurred			
8		Corporate Aircraft		9,001		2,206
9						
10		Other Transactions/Reimbursements	Actual Costs Incurred			
11		Resources Cost Centers		197,377		0
12		Balance Sheet Accounts		3,646,325		0
13						
14		Total Centennial Holdings Capital, LLC Operating Revenues for the Year 2015			$9,191,000	
15		Excludes Intersegment Eliminations				
16	**TOTAL**	**Grand Total Affiliate Transactions**		$4,774,153	51.9438%	$177,746

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - ELECTRIC

Year: 2015

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility
1	**MDU ENERGY CAPITAL**	Expense	Actual Costs Incurred			
2						
3		Cost of Service		$20,417		$3,893
4		Office Expenses		353		65
5						
6		Capital	Actual Costs Incurred			
7		Other		136		26
8						
9		Other Transactions/Reimbursements	Actual Costs Incurred			
10		Clearing		(2,031)		0
11		Balance Sheet Accounts		(5,350)		0
12		Other		1,103		0
13						
14		Total MDU Energy Capital Operating Revenues for the Year 2015			$541,923,000	
15						
16	**TOTAL**	**Grand Total Affiliate Transactions**		$14,628	0.0027%	$3,984

1/Corporate overhead allocation factors are derived from the invested capital balance as a percentage of the total corporate invested capital. Montana-Dakota Utilities Co. cost of service amounts are calculated for the general office complex, the printing department, and the budget and forecast system. The general office complex amounts are payroll and floor space costs for employees that perform services for MDU Resources. These include accounts payable, general accounting, fixed asset accounting, and miscellaneous other services. The charges are based on the percentage of system users that are MDU Resources employees. Both the general office complex and amounts for MDU Resources are allocated to affiliated companies based on corporate overhead allocation factors. The printing department amount is allocated to affiliated companies based on the direct printing images processed for them and their percentage of the corporate overhead allocation for the corporate printed image amount.

Company Name: Montana-Dakota Utilities Co. SCHEDULE 7

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Year: 2015

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	KNIFE RIVER	MDU RESOURCES GROUP, INC.				
2	CORPORATION	Corporate Overhead	1/ Various Corporate Overhead Allocation			
3		Audit Costs	Factors, Time Studies and/or Actual	$73,028		
4		Advertising	Costs Incurred	35,859		
5		Air Service		30,822		
6		Automobile		3,041		
7		Bank Services		48,510		
8		Corporate Aircraft		15,326		
9		Consultant Fees		207,077		
10		Contract Services		884,307		
11		Computer Rental		590		
12		Directors Expenses		283,878		
13		Employee Benefits		20,439		
14		Employee Meeting		25,133		
15		Employee Reimbursable Expense		38,533		
16		Express Mail		33		
17		Legal Retainers & Fees		270,174		
18		Moving Allowance		3,810		
19		Meal Allowance		4		
20		Cash Donations		11,873		
21		Meals & Entertainment		23,440		
22		Industry Dues & Licenses		26,453		
23		Office Expenses		21,043		
24		Supplemental Insurance		234,986		
25		Permits & Filing Fees		7,590		
26		Postage		4,008		
27		Payroll		4,884,762		
28		Reimbursements		(2,281)		
29		Reference Materials		35,792		
30		Rental		1,422		
31		Seminars & Meeting Registrations		18,926		
32		Software Maintenance		274,474		
33		Telephone/Cell Expenses		95,567		
34		Training		15,694		
35						
36		**Total MDU Resources Group, Inc.**		$7,594,313	0.4319%	

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 7**

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Year: 2015

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	KNIFE RIVER	MONTANA-DAKOTA UTILITIES CO.				
2	CORPORATION	Other Direct Charges	Actual Costs Incurred			
3		Contract Services		$53,907		
4		Communications		205,757		
5		Employee Discounts		18,772		
6		Dues, Permits, and Filing Fees		42,707		
7		Legal		16,778		
8		Sponsorship		40,400		
9		Electric Consumption		93,833		
10		Gas Consumption		264,889		$27,900
11		Bank Fees		39,116		
12		Computer/Software Support		1,026,530		
13		Office Expense		19,361		
14		Cost of Service		517,630		115,450
15		Audit Costs		702,162		
16		Auto		713		
17		Travel		17,777		
18		Employee Benefits		35,496		
19						
20						
21		**Total Montana-Dakota Utilities Co.**		$3,095,828	0.1761%	$143,350
22						
23		OTHER TRANSACTIONS/REIMBURSEMENTS	Actual Costs Incurred			
24						
26		Federal & State Tax Liability Payments		$74,113,483		
28		Miscellaneous Reimbursements		(401,446)		
29						
30		**Total Other Transactions/Reimbursements**		$73,712,037	4.1923%	
31						
32		**Grand Total Affiliate Transactions**		$84,402,178	4.8003%	$143,350
33						
34		**Total Knife River Corporation Operating Expenses for 2015-Excludes Intersegment Eliminations**			$1,758,256,000	

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

KNIFE RIVER CORPORATION

1/Corporate overhead allocation factors are derived from the invested capital balance as a percentage of the total corporate invested capital. Montana-Dakota Utilities Co. cost of service amounts are calculated for the general office complex, the printing department, and the budget and forecast system. The general office complex amounts are payroll and floor space costs for employees that perform services for MDU Resources. These include accounts payable, general accounting, fixed asset accounting, and miscellaneous other services. The charges are based on the percentage of system users that are MDU Resources employees. Both the general office complex and amounts for MDU Resources are allocated to affiliated companies based on corporate overhead allocation factors. The printing department amount is allocated to affiliated companies based on the direct printing images processed for them and their percentage of the corporate overhead allocation for the corporate printed image amount.

Company Name: **Montana-Dakota Utilities Co.** **SCHEDULE 7**

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY Year: 2015

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	WBI ENERGY, INC.	MDU RESOURCES GROUP, INC.				
2		Corporate Overhead	1/ Various Corporate Overhead			
3		Audit Costs	Allocation Factors, Time	$139,202		
4		Advertising	Studies and/or Actual Costs	66,900		
5		Air Service	Incurred	40,374		
6		Automobile		3,060		
7		Bank Services		91,515		
8		Corporate Aircraft		29,245		
9		Consultant Fees		362,049		
10		Contract Services		551,210		
11		Computer Rental		1,121		
12		Directors Expenses		541,924		
13		Employee Benefits		38,397		
14		Employee Meeting		46,581		
15		Employee Reimbursable Expense		51,889		
16		Express Mail		34		
17		Legal Retainers & Fees		512,919		
18		Meal Allowance		6,457		
19		Cash Donations		8		
20		Meals & Entertainment		23,116		
21		Moving Expense		38,037		
22		Industry Dues & Licenses		49,039		
23		Office Expenses		23,884		
24		Supplemental Insurance		459,622		
25		Permits & Filing Fees		14,116		
26		Postage		7,617		
27		Payroll		7,966,795		
28		Reimbursements		(4,455)		
29		Reference Materials		68,029		
30		Rental		2,696		
31		Seminars & Meeting Registrations		31,394		
32		Software Maintenance		334,606		
33		Telephone/Cell Expenses		108,924		
34		Training		21,022		
35						
36		**Total MDU Resources Group, Inc.**		$11,627,327	3.0550%	

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 7**

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY Year: 2015

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	WBI ENERGY, INC.	MONTANA-DAKOTA UTILITIES CO.				
2		Other Direct Charges	Actual Costs Incurred			
3		Audit Costs		$822,205		
4		Auto		135		
5		Bank Fees		18,446		
6		Communication Services		51,142		
7		Computer/Software Support		417,948		
8		Contract Services		422,605		
9		Utility/Merchandise Discounts		28,723		
10		Dues, Permits, and Filing Fees		41,365		
11		Misc Employee Benefits		528,398		
12		Electric Consumption		396,488		$239,939
13		Gas Consumption		40,950		23,842
14		Cost of Service		297,753		66,409
15		Legal Fees		27,141		
16		Office Expense		20,570		
17		Sponsorship		74,800		
18		Training Registration		84		
19		Travel		7,117		
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33		**Total Montana-Dakota Utilities Co.**		$3,195,870	0.8397%	$330,190

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 7**

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY Year: 2015

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	WBI ENERGY, INC.					
2						
3		OTHER TRANSACTIONS/REIMBURSEMENTS	Actual Costs Incurred			
4		Insurance				
5		Federal & State Tax Liability Payments		($19,116,462)		
6		Miscellaneous Reimbursements		(134,098)		
7		**Total Other Transactions/Reimbursements**		($19,250,560)	-5.0579%	
8						
9		**Grand Total Affiliate Transactions**		($4,427,363)	-1.1632%	$330,190
10						
11						
12						
13		**Total WBI Energy Operating Expenses for 2015 - Excludes Intersegment Eliminations**			$380,605,000	

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Company Name: Montana-Dakota Utilities Co. SCHEDULE 7

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Year: 2015

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	MDU CONSTRUCTION	MDU RESOURCES GROUP, INC.				
2	SERVICES GROUP INC	Corporate Overhead	1/ Various Corporate Overhead			
3		Audit Costs	Allocation Factors, Time	$24,529		
4		Advertising	Studies and/or Actual Costs	12,059		
5		Air Service	Incurred	19,289		
6		Automobile		945		
7		Bank Services		16,134		
8		Corporate Aircraft		5,153		
9		Consultant Fees		76,176		
10		Contract Services		157,421		
11		Computer Rental		198		
12		Directors Expenses		95,486		
13		Employee Benefits		7,097		
14		Employee Meeting		8,226		
15		Employee Reimbursable Expense		24,203		
16		Express Mail		21		
17		Legal Retainers & Fees		90,400		
18		Moving Allowance		1,356		
19		Meal Allowance		1		
20		Cash Donations		4,069		
21		Meals & Entertainment		10,484		
22		Industry Dues & Licenses		9,088		
23		Office Expenses		11,244		
24		Supplemental Insurance		80,888		
25		Permits & Filing Fees		2,490		
26		Postage		1,342		
27		Payroll		1,965,848		
28		Reimbursements		(784)		
29		Reference Materials		12,125		
30		Rent		475		
31		Seminars & Meeting Registrations		7,474		
32		Software Maintenance		144,597		
33		Telephone/Cell Expenses		57,890		
34		Training Material		8,162		
35						
36		**Total MDU Resources Group, Inc.**		$2,854,086	0.3232%	

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 7**

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY Year: 2015

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	MDU CONSTRUCTION	Intercompany Settlements	Actual Costs Incurred			
2	SERVICES GROUP INC	Audit Costs		$478,168		
3		Auto		4,688		
4		Bank Fees		65,121		
5		Communication Services		144,198		
6		Computer/Software Support		485,611		
7		Contract Services		7,189		
8		Cost of Service		187,369		$41,790
9		Electric Consumption		582		
10		Gas Consumption		1,880		1,880
11		Legal		2,858		
12		Dues, Permits, and Filing Fees		50,771		
13		Misc Employee Benefits		206,526		
14		Office Expense		10,503		
15		Payroll		1,129,911		
16		Sponsorship		13,200		
17		Travel		5,503		
18						
19		**Total Montana-Dakota Utilities Co.**		$2,794,078	0.3164%	$43,670
20						
21		OTHER TRANSACTIONS/REIMBURSEMENTS	Actual Costs Incurred			
22		Federal & State Tax Liability Payments		$18,069,057		
23		Miscellaneous Reimbursements		(371,595)		
24						
25		**Total Other Transactions/Reimbursements**		$17,697,462	2.0041%	
26						
27		**Grand Total Affiliate Transactions**		$23,345,626	2.6437%	$43,670
28						
29		**Total MDU Construction Services Group, Inc. Operating Expenses for 2015**			$883,050,000	
30		**Excludes Intersegment Eliminations**				

1/Corporate overhead allocation factors are derived from the invested capital balance as a percentage of the total corporate invested capital. Montana-Dakota Utilities Co. cost of service amounts are calculated for the general office complex, the printing department, and the budget and forecast system. The general office complex amounts are payroll and floor space costs for employees that perform services for MDU Resources. These include accounts payable, general accounting, fixed asset accounting, and miscellaneous other services. The charges are based on the percentage of system users that are MDU Resources employees. Both the general office complex and amounts for MDU Resources are allocated to affiliated companies based on corporate overhead allocation factors. The printing department amount is allocated to affiliated companies based on the direct printing images processed for them and their percentage of the corporate overhead allocation for the corporate printed image amount.

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Year: 2015

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	CENTENNIAL ENERGY	MONTANA-DAKOTA UTILITIES CO.				
2	RESOURCES INT					
3		Other Direct Charges	Actual costs incurred			
4		Dues, Permits, and Filing Fees		$550		
5		Bank Fees		2,521		
6						
8						
9		Intercompany Settlements	Actual costs incurred			
10		Dues, Permits, and Filing Fees		300		
11		**Total Montana-Dakota Utilities Co.**		$3,371	1.5463%	$0
12						
13		OTHER TRANSACTIONS/REIMBURSEMENTS	Actual costs incurred			
14		Federal & State Tax Liability Payments		($742,958)		
15						
16		**Total Other Transactions/Reimbursements**		($742,958)	-340.8064%	$0
17						
18		**Grand Total Affiliate Transactions**		($739,587)	-339.2601%	$0
19						
20		**Total Centennial Energy Resources International Operating Expenses for 2015**			$218,000	
21		**Excludes Intersegment Eliminations**				

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 7**

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY Year: 2015

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	CENTENNIAL HOLDINGS	MONTANA-DAKOTA UTILITIES CO.				
2	CAPITAL CORP. AND	Direct and Intercompany Charges	Actual costs incurred			
3	FUTURESOURCE	Bank Fees		$1,254		
4		Contract Services		990,471		
5		Materials		239,296		
6		Office Expense		9,585		
7		Travel		1,526		
8		Electric Consumption		159,565		
9		Gas Consumption		14,008		
10		Payroll		459,466		
11		Insurance		145		
12		Dues, Permits, and Filing Fees		365		
13		Miscellaneous		3,437		
14						
15						
16		**Total Montana-Dakota Utilities Co.**		$1,879,118	39.2710%	$0
17		OTHER TRANSACTIONS/REIMBURSEMENTS				
18		Miscellaneous Reimbursements		($13,056)		
19		Federal & State Tax Liability Payments		1,172,133		
20		**Total Other Transactions/Reimbursements**		$1,159,077	24.2231%	$0
21						
22		**Grand Total Affiliate Transactions**		$3,038,195	63.4942%	$0
23						
24		**Total CHCC Operating Expenses for 2015**			$4,785,000	
25		**Excludes Intersegment Eliminations**				

Company Name: Montana-Dakota Utilities Co. SCHEDULE 7

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY Year: 2015

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	MDU ENERGY	MDU RESOURCES GROUP, INC.				
2	CAPITAL 2/	Corporate Overhead	1/ Various Corporate Overhead			
3		Audit Costs	Allocation Factors, Time	$65,113		
4		Advertising	Studies and/or Actual Costs	31,355		
5		Air Service	Incurred	27,071		
6		Automobile		1,633		
7		Bank Services		42,640		
8		Corporate Aircraft		13,685		
9		Consultant Fees		171,515		
10		Contract Services		290,136		
11		Computer Rental		524		
12		Directors Expenses		253,636		
13		Employee Benefits		18,001		
14		Employee Meeting		21,558		
15		Employee Reimbursable Expense		31,212		
16		Express Mail		10		
17		Legal Retainers & Fees		261,555		
18		Meal Allowance		3,137		
19		Cash Donations		4		
20		Meals & Entertainment		10,898		
21		Moving Expense		20,248		
22		Industry Dues & Licenses		22,929		
23		Office Expenses		11,513		
24		Supplemental Insurance		217,056		
25		Permits & Filing Fees		6,541		
26		Postage		3,565		
27		Payroll		3,938,644		
28		Reimbursements		(2,103)		
29		Reference Materials		31,887		
30		Rental		1,258		
31		Seminars & Meeting Registrations		14,815		
32		Software Maintenance		148,311		
33		Telephone/Cell Expenses		26,590		
34		Training Material		8,839		
35						
36		**Total MDU Resources Group, Inc.**		$5,693,776	1.1207%	

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Year: 2015

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	MDU ENERGY	MONTANA-DAKOTA UTILITIES CO.				
2	CAPITAL 2/	Executive Departments	1/ Various Corporate Overhead			
3		Automobile	Allocation Factors, Cost of	$266		
4		Materials	Service Factors, Time Studies	19		
5		Employee Benefits	and/or Actual Costs Incurred	7,971		
6		Office Expenses		5,501		
7		Contract Services		47		
8		Payroll		805,598		
9		Travel		29,150		
10		Other		12,370		
11						
12		General & Administrative	1/ Various Corporate Overhead	24		
13		Office Expenses	Allocation Factors, Cost of			
14			Service Factors, Time Studies			
15			and/or Actual Costs Incurred			
16						
17		Other Miscellaneous Departments				
18		Payroll	1/ Various Corporate Overhead	27,900		
19		Travel	Allocation Factors, Cost of	3,186		
20		Office Expenses	Service Factors, Time Studies	262		
21		Employee Benefits	and/or Actual Costs Incurred	105		
22		Automobile		92		
23						
24						
25						
26						
27						
28						
29						
30						

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Year: 2015

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	MDU ENERGY	MONTANA-DAKOTA UTILITIES CO.				
2	CAPITAL 2/	Payroll & HR				
3		Employee Benefits	1/ Various Corporate Overhead	$6,904		
4		Payroll	Allocation Factors, Cost of	139,972		
5		Travel	Service Factors, Time Studies	8,957		
6		Office Expenses	and/or Actual Costs Incurred	1,238		
7		Automobile		109		
8						
9		Other Direct Charges	Actual costs incurred			
10		Audit		17,000		
11		Bank Fees		27,449		
12		Communications		7,482		
13		Computer Equip/Software		169,482		
14		Contract Services		68,416		
15		Employee Benefits		(1,980)		
16		Filing Fees		190,915		
17		Office Expenses		90		
18		Automobile		5,000		
19		Travel		993		
20		Legal		2,900		
21		Material Costs		23,844		
22						
23		Intercompany Settlements	Actual costs incurred			
24		O&M				
25		Auto		26,286		
26		Contract Services		648,407		
27		Cost of Service		1,410,533		$314,598
28		Employee Benefits		156,587		
29		Marketing		45,367		
30		Material		41,206		
31		Miscellaneous		273,109		
32		Office Expenses		372,564		
33		Payroll		9,169,513		
34		SISP		302,633		
35		Software Maintenance		749,882		
36		Travel		209,813		
37						

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Year: 2015

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	MDU ENERGY	MONTANA-DAKOTA UTILITIES CO.				
2	CAPITAL 2/	Other	Actual costs incurred			
3		Audit		$491,250		
4		LTIP		615,677		
5		MII		222,274		
6		Payflex		(22,973)		
7		Miscellaneous		(10,339)		
8						
9		Capital	Actual costs incurred			
10		Licensing Fee		42,037		
11		Contract Services		172,157		
12		Material		275,137		
13		Misc Employee Benefit		783		
14		Misc Other		883		
15		Office Expenses		12,697		
16		Payroll		1,031,714		
17		Travel		37,498		
18		Utility Group Project Allocation		5,861,324		
19		**Total Montana-Dakota Utilities Co.**		$23,697,281	4.6642%	$314,598
20						
21		OTHER TRANSACTIONS/REIMBURSEMENTS				
22		Federal & State Tax Liability Payments		($2,725,206)		
23		Miscellaneous Reimbursements		(401,322)		
24						
25		**Total Other Transactions/Reimbursements**		($3,126,528)	-0.6154%	$0
26						
27		**Grand Total Affiliate Transactions**		$26,264,529	5.1695%	$314,598
28						
29		**Total MDU Energy Capital Operating Expenses for 2015**			$508,072,000	
30		**Excludes Intersegment Eliminations**				

1/Corporate overhead allocation factors are derived from the invested capital balance as a percentage of the total corporate invested capital. Montana-Dakota Utilities Co. cost of service amounts are calculated for the general office complex, the printing department, and the budget and forecast system. The general office complex amounts are payroll and floor space costs for employees that perform services for MDU Resources. These include accounts payable, general accounting, fixed asset accounting, and miscellaneous other services. The charges are based on the percentage of system users that are MDU Resources employees. Both the general office complex and amounts for MDU Resources are allocated to affiliated companies based on corporate overhead allocation factors. The printing department amount is allocated to affiliated companies based on the direct printing images processed for them and their percentage of the corporate overhead allocation for the corporate printed image amount.

2/ MDU Energy Capital is the parent company for Cascade Natural Gas Company and Intermountain Gas Company.

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 7**

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY Year: 2015

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	CENTENNIAL ENERGY	MONTANA-DAKOTA UTILITIES CO.				
2	HOLDING INC					
3		Other Direct Charges	Actual costs incurred			
4		Audit Costs		$137,250		
5		Dues, Permits, and Filing Fees		250		
6		Contract Services		225,843		
7		Bank Fees		2,701		
8		Miscellaneous		195		
9		**Total Montana-Dakota Utilities Co.**		$366,239		
10						
11		**Grand Total Affiliate Transactions**		$366,239		
12						
13						
14						

MONTANA UTILITY INCOME STATEMENT

Year: 2015

		Account Number & Title	Last Year	This Year	% Change
1	400	Total Operating Revenues	$58,193,560	$58,912,866	1.24%
2					
3		Operating Expenses			
4	401	Operation Expenses	$34,198,553	$34,273,821	0.22%
5	402	Maintenance Expense	3,927,678	4,260,117	8.46%
6		Total O & M Expenses	38,126,231	38,533,938	1.07%
7					
8	403	Depreciation Expense	6,608,079	6,951,142	5.19%
9	404-405	Amortization of Electric Plant	290,351	308,230	6.16%
10	406	Amort. of Plant Acquisition Adjustments	2,654	0	-100.00%
11	407	Amort. of Property Losses, Unrecovered Plant			
12		& Regulatory Study Costs			
13	408.1	Taxes Other Than Income Taxes	4,080,303	3,898,998	-4.44%
14	409.1	Income Taxes - Federal	(3,537,147)	(587,135)	83.40%
15		- Other	(527,837)	162,985	130.88%
16	410.1	Provision for Deferred Income Taxes	11,698,194	9,077,761	-22.40%
17	411.1	(Less) Provision for Def. Inc. Taxes - Cr.	5,731,212	6,827,988	19.14%
18	411.4	Investment Tax Credit Adjustments			
19	411.6	(Less) Gains from Disposition of Utility Plant			
20	411.7	Losses from Disposition of Utility Plant			
21					
22		**Total Utility Operating Expenses**	$51,009,616	$51,517,931	1.00%
23		**NET UTILITY OPERATING INCOME**	$7,183,944	$7,394,935	2.94%

MONTANA UTILITY REVENUES

SCHEDULE 9

		Account Number & Title	Last Year	This Year	% Change
1		Sales of Electricity			
2					
3	440	Residential	$16,996,272	$16,294,655	-4.13%
4	442	Commercial & Industrial - Small	10,257,231	9,763,839	-4.81%
5		Commercial & Industrial - Large	26,944,335	29,067,062	7.88%
6	444	Public Street & Highway Lighting	906,612	907,156	0.06%
7	445	Other Sales to Public Authorities	466,152	471,828	1.22%
8	446	Sales to Railroads & Railways			
9	448	Interdepartmental Sales			
10		Net Unbilled Revenue	(116,163)	98,618	184.90%
11					
12		**Total Sales to Ultimate Consumers**	$55,454,439	$56,603,158	2.07%
13	447	Sales for Resale	232,170	91,189	-60.72%
14					
15		**Total Sales of Electricity**	$55,686,609	$56,694,347	1.81%
16	449.1	(Less) Provision for Rate Refunds			
17					
18		**Total Revenue Net of Provision for Refunds**	$55,686,609	$56,694,347	1.81%
19		Other Operating Revenues			
20	450	Forfeited Discounts & Late Payment Revenues		$52,642	0.00%
21	451	Miscellaneous Service Revenues	$35,150	32,372	-7.90%
22	453	Sales of Water & Water Power			
23	454	Rent From Electric Property	1,187,462	1,238,885	4.33%
24	455	Interdepartmental Rents			
25	456	Other Electric Revenues	1,284,339	894,620	-30.34%
26					
27		**Total Other Operating Revenues**	$2,506,951	$2,218,519	-11.51%
28		**TOTAL OPERATING REVENUES**	$58,193,560	$58,912,866	1.24%

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 10**

Year: 2015

MONTANA OPERATION & MAINTENANCE EXPENSES

	Account Number & Title	Last Year	This Year	% Change
1	Power Production Expenses			
2				
3	Steam Power Generation			
4	Operation			
5	500 Operation Supervision & Engineering	$453,384	$445,733	-1.69%
6	501 Fuel	12,501,750	9,410,902	-24.72%
7	502 Steam Expenses	1,065,280	1,125,442	5.65%
8	503 Steam from Other Sources			
9	504 (Less) Steam Transferred - Cr.			
10	505 Electric Expenses	403,853	378,155	-6.36%
11	506 Miscellaneous Steam Power Expenses	618,872	861,645	39.23%
12	507 Rents	1,585	2,546	60.63%
13				
14	TOTAL Operation - Steam	15,044,724	12,224,423	-18.75%
15				
16	Maintenance			
17	510 Maintenance Supervision & Engineering	187,211	186,463	-0.40%
18	511 Maintenance of Structures	163,299	192,293	17.76%
19	512 Maintenance of Boiler Plant	1,235,578	1,312,993	6.27%
20	513 Maintenance of Electric Plant	184,433	403,295	118.67%
21	514 Maintenance of Miscellaneous Steam Plant	347,706	359,348	3.35%
22				
23	TOTAL Maintenance - Steam	2,118,227	2,454,392	15.87%
24	**TOTAL Steam Power Production Expenses**	$17,162,951	$14,678,815	-14.47%
25				
26	Nuclear Power Generation			
27	Operation			
28	517 Operation Supervision & Engineering			
29	518 Nuclear Fuel Expense			
30	519 Coolants & Water			
31	520 Steam Expenses			
32	521 Steam from Other Sources		NOT	
33	522 (Less) Steam Transferred - Cr.		APPLICABLE	
34	523 Electric Expenses			
35	524 Miscellaneous Nuclear Power Expenses			
36	525 Rents			
37				
38	TOTAL Operation - Nuclear			
39				
40	Maintenance			
41	528 Maintenance Supervision & Engineering			
42	529 Maintenance of Structures			
43	530 Maintenance of Reactor Plant Equipment		NOT	
44	531 Maintenance of Electric Plant		APPLICABLE	
45	532 Maintenance of Miscellaneous Nuclear Plant			
46				
47	TOTAL Maintenance - Nuclear			
48	**TOTAL Nuclear Power Production Expenses**			

MONTANA OPERATION & MAINTENANCE EXPENSES

	Account Number & Title	Last Year	This Year	% Change
1	Power Production Expenses -continued			
2	Hydraulic Power Generation			
3	Operation			
4	535 Operation Supervision & Engineering			
5	536 Water for Power			
6	537 Hydraulic Expenses		NOT	
7	538 Electric Expenses		APPLICABLE	
8	539 Miscellaneous Hydraulic Power Gen. Expenses			
9	540 Rents			
10				
11	TOTAL Operation - Hydraulic			
12				
13	Maintenance			
14	541 Maintenance Supervision & Engineering			
15	542 Maintenance of Structures		NOT	
16	543 Maint. of Reservoirs, Dams & Waterways		APPLICABLE	
17	544 Maintenance of Electric Plant			
18	545 Maintenance of Miscellaneous Hydro Plant			
19				
20	TOTAL Maintenance - Hydraulic			
21	**TOTAL Hydraulic Power Production Expenses**			
22				
23	Other Power Generation			
24	Operation			
25	546 Operation Supervision & Engineering	$12,955	$11,062	-14.61%
26	547 Fuel	712,995	809,426	13.52%
27	548 Generation Expenses	93,410	119,327	27.75%
28	549 Miscellaneous Other Power Gen. Expenses	78,389	78,497	0.14%
29	550 Rents	61,605	32,013	-48.04%
30				
31	TOTAL Operation - Other	959,354	1,050,325	9.48%
32				
33	Maintenance			
34	551 Maintenance Supervision & Engineering	12,750	16,384	28.50%
35	552 Maintenance of Structures	2,904	6,764	132.92%
36	553 Maintenance of Generating & Electric Plant	128,657	139,546	8.46%
37	554 Maintenance of Misc. Other Power Gen. Plant	3,221	2,834	-12.01%
38				
39	TOTAL Maintenance - Other	147,532	165,528	12.20%
40	**TOTAL Other Power Production Expenses**	$1,106,886	$1,215,853	9.84%
41				
42	Other Power Supply Expenses			
43	555 Purchased Power	$9,096,906	$11,324,486	24.49%
44	556 System Control & Load Dispatching	295,731	313,393	5.97%
45	557 Other Expenses			
46				
47	TOTAL Other Power Supply Expenses	$9,392,637	$11,637,879	23.90%
48	**TOTAL Power Production Expenses**	$27,662,475	$27,532,547	-0.47%

MONTANA OPERATION & MAINTENANCE EXPENSES

	Account Number & Title		Last Year	This Year	% Change
1		Transmission Expenses			
2	Operation				
3	560	Operation Supervision & Engineering	$271,197	$306,772	13.12%
4	561	Load Dispatching	371,867	337,495	-9.24%
5	562	Station Expenses	105,370	119,603	13.51%
6	563	Overhead Line Expenses	55,863	37,368	-33.11%
7	564	Underground Line Expenses			
8	565	Transmission of Electricity by Others	908,605	1,350,514	48.64%
9	566	Miscellaneous Transmission Expenses	12,409	10,770	-13.21%
10	567	Rents	188,574	193,312	2.51%
11	575	Day-Ahead and Real-Time Market Administration	107,391	102,519	-4.54%
12					
13		TOTAL Operation - Transmission	2,021,276	2,458,353	21.62%
14	Maintenance				
15	568	Maintenance Supervision & Engineering	12,023	7,049	-41.37%
16	569	Maintenance of Structures			
17	570	Maintenance of Station Equipment	173,154	180,332	4.15%
18	571	Maintenance of Overhead Lines	308,214	173,458	-43.72%
19	572	Maintenance of Underground Lines			
20	573	Maintenance of Misc. Transmission Plant			
21					
22		TOTAL Maintenance - Transmission	493,391	360,839	-26.87%
23		**TOTAL Transmission Expenses**	$2,514,667	$2,819,192	12.11%
24					
25		Distribution Expenses			
26	Operation				
27	580	Operation Supervision & Engineering	$405,547	$377,542	-6.91%
28	581	Load Dispatching			
29	582	Station Expenses	88,883	99,499	11.94%
30	583	Overhead Line Expenses	167,140	208,666	24.85%
31	584	Underground Line Expenses	257,377	175,580	-31.78%
32	585	Street Lighting & Signal System Expenses	16,078	27,097	68.53%
33	586	Meter Expenses	180,971	198,545	9.71%
34	587	Customer Installations Expenses	51,109	58,954	15.35%
35	588	Miscellaneous Distribution Expenses	648,511	626,160	-3.45%
36	589	Rents	29,460	40,895	38.82%
37					
38		TOTAL Operation - Distribution	1,845,076	1,812,938	-1.74%
39	Maintenance				
40	590	Maintenance Supervision & Engineering	64,026	80,761	26.14%
41	591	Maintenance of Structures			
42	592	Maintenance of Station Equipment	19,795	14,171	-28.41%
43	593	Maintenance of Overhead Lines	525,413	648,293	23.39%
44	594	Maintenance of Underground Lines	194,264	160,907	-17.17%
45	595	Maintenance of Line Transformers	41,730	54,965	31.72%
46	596	Maintenance of Street Lighting, Signal Systems	54,452	58,697	7.80%
47	597	Maintenance of Meters	463	628	35.64%
48	598	Maintenance of Miscellaneous Dist. Plant	169,233	173,242	2.37%
49					
50		TOTAL Maintenance - Distribution	1,069,376	1,191,664	11.44%
51		**TOTAL Distribution Expenses**	$2,914,452	$3,004,602	3.09%

MONTANA OPERATION & MAINTENANCE EXPENSES

	Account Number & Title	Last Year	This Year	% Change
1	Customer Accounts Expenses			
2	Operation			
3	901 Supervision	$15,727	$17,707	12.59%
4	902 Meter Reading Expenses	85,610	68,392	-20.11%
5	903 Customer Records & Collection Expenses	501,715	486,946	-2.94%
6	904 Uncollectible Accounts Expenses	168,337	188,269	11.84%
7	905 Miscellaneous Customer Accounts Expenses	49,994	47,499	-4.99%
8				
9	TOTAL Customer Accounts Expenses	$821,383	$808,813	-1.53%
10				
11	Customer Service & Information Expenses			
12	Operation			
13	907 Supervision	$10,616	$7,371	-30.57%
14	908 Customer Assistance Expenses	5,544	5,703	2.87%
15	909 Informational & Instructional Adv. Expenses	27,370	26,023	-4.92%
16	910 Miscellaneous Customer Service & Info. Exp.	0	143	0.00%
17				
18	TOTAL Customer Service & Info Expenses	$43,530	$39,240	-9.86%
19				
20	Sales Expenses			
21	Operation			
22	911 Supervision	$4	$43	975.00%
23	912 Demonstrating & Selling Expenses	16,021	15,745	-1.72%
24	913 Advertising Expenses	10,713	2,496	-76.70%
25	916 Miscellaneous Sales Expenses	3,017	2,706	-10.31%
26				
27	TOTAL Sales Expenses	$29,755	$20,990	-29.46%
28				
29	Administrative & General Expenses			
30	Operation			
31	920 Administrative & General Salaries	$1,093,178	$1,066,595	-2.43%
32	921 Office Supplies & Expenses	705,899	689,657	-2.30%
33	922 (Less) Administrative Expenses Transferred - Cr.			
34	923 Outside Services Employed	99,637	128,337	28.80%
35	924 Property Insurance	169,779	168,105	-0.99%
36	925 Injuries & Damages	288,139	322,285	11.85%
37	926 Employee Pensions & Benefits	1,428,345	1,532,560	7.30%
38	927 Franchise Requirements			
39	928 Regulatory Commission Expenses	81,128	88,381	8.94%
40	929 (Less) Duplicate Charges - Cr.			
41	930 Miscellaneous General Expenses	87,067	102,845	18.12%
42	931 Rents	87,645	122,095	39.31%
43				
44	TOTAL Operation - Admin. & General	4,040,817	4,220,860	4.46%
45	Maintenance			
46	935 Maintenance of General Plant	99,152	87,694	-11.56%
47				
48	**TOTAL Administrative & General Expenses**	$4,139,969	$4,308,554	4.07%
49	**TOTAL Operation & Maintenance Expenses**	$38,126,231	$38,533,938	1.07%

Company Name: **Montana-Dakota Utilities Co.** | **SCHEDULE 11**

MONTANA TAXES OTHER THAN INCOME | Year: 2015

	Description of Tax	Last Year	This Year	% Change
1	Payroll Taxes	$463,004	$463,304	0.06%
2	Secretary of State	254	276	8.66%
3	Highway Use Tax	748	725	-3.07%
4	Montana Consumer Counsel	16,093	16,310	1.35%
5	Montana PSC	104,597	106,008	1.35%
6	Montana Electric	54,191	49,078	-9.44%
7	Coal Conversion	260,522	237,131	-8.98%
8	Delaware Franchise	20,622	20,024	-2.90%
9	Property Taxes	3,160,272	3,006,142	-4.88%
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50	**TOTAL MT Taxes Other Than Income**	$4,080,303	$3,898,998	-4.44%

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 12**

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - ELECTRIC Year: 2015

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	43TC LLC	Consulting Service	134,904	8,158	6.05%
2					
3	ABB Enterprise Software Inc	Software Licenses & Maint -	180,566	30,130	16.69%
4		n Market SPP			
5	Accuvant	Software Maintenance - Web Security	363,239	6,876	1.89%
6					
7	AECOM Inc.	Contract Services - Lewis & Clark	1,013,763	229,544	22.64%
8		CCR Compliance			
9	Aevenia	Contract Services - 115kv Lines	2,876,536	100,822	3.50%
10					
11	AFPI	Annual Report Preparation	109,636	0	0.00%
12					
13	Agri Industries, Inc.	Pipeline Install, Directional Drilling	217,990	124,356	57.05%
14					
15	American Gas Association	Industrial Membership	303,189	365	0.12%
16					
17	Arvig Construction	Contractor Services	688,113	0	0.00%
18					
19	AUS Consultants, Inc	Consulting Services - Depreciation	92,718	0	0.00%
20					
21	Avery Pipeline Services	Contractor Services	157,527	0	0.00%
22					
23	B&H Utility Services, Inc.	Contractor Services	204,326	0	0.00%
24					
25	B+R Partners, Inc.	Professional Services - Executive Search	137,937	2,788	2.02%
26					
27	Barr Engineering Company	Engineering Services - Lewis & Clark	361,001	81,741	22.64%
28		and Heskett			
29	Benco Equipment Co.	Vehicle Maintenance	254,283	0	0.00%
30					
31	Blue Heron Consulting	Consulting Service	1,041,883	63,005	6.05%
32					
33	Boyce, Greenfield, Pashby &	Legal Services	194,299	43,995	22.64%
34	Welk, LLP				
35	Brink Constructors Inc	Contract Services- Electric line install	1,651,152	131,202	7.95%
36					
37	Broadridge	Contract Services	149,032	3,012	2.02%
38					
39	Bullinger Tree Service	Tree Trimming	494,938	1,896	0.38%
40					
41	Burns & McDonnell Engineering	Engineering Services - Substation	215,250	41,674	19.36%
42	Co. Inc.				
43	CA Contracting Inc	Contract Services	1,363,583	0	0.00%
44					
45	Cable Communication Services Inc	Contract/Consulting Services	110,849	0	0.00%
46					
47	Central Mechanical Inc	Contract Services - HVAC Upgrade	217,052	0	0.00%
48					
49	Central Trenching Inc	Contract Services - Trenching	199,407	0	0.00%
50					

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - ELECTRIC Year: 2015

Name of Recipient	Nature of Service	Total Company	Montana	% Montana
CGI Technologies And Solutions, Inc.	Consulting Service - PragmaCad	169,743	3,977	2.34%
Chief Construction	Construction Services	1,363,355	0	0.00%
Client Focused Media, Inc	Informational Advertising	275,773	14,598	5.29%
CMG Construction Inc	Construction Services - Little Muddy Sub	1,019,878	0	0.00%
Cohen Tauber Spievack & Wagner, PC	Legal Services	461,301	8,720	1.89%
CompuCom	Select Agreement	154,244	2,953	1.91%
Connecting Point	Computer Services - Software Maint	154,628	2,552	1.65%
Corval Constructors Inc	Construction Services - RICE Project	12,406,192	2,809,108	22.64%
Corval Group Inc	Contract Services	4,131,293	935,440	22.64%
Countless Energy Inc	Meter Reading Service	88,486	0	0.00%
Credit Collections Bureau	Account Collections	77,077	0	0.00%
Deangelo Brothers Inc.	Contract Services	116,895	7,068	6.05%
Dell Marketing L.P.	Software Maintenance	165,045	3,671	2.22%
Deloitte & Touche LLP	Auditing & Consulting Services	3,338,756	32,246	0.97%
Dennys Electric Motor Repair Inc	Line Install - Boring	246,798	0	0.00%
DNA Partners	Tree Trimming	83,477	0	0.00%
Dorsey & Whitney, LLP	Legal Services	123,225	17,794	14.44%
Duane Morris, LLP	Legal Services	839,214	14,086	1.68%
Edison Electric Institute	Industrial Membership	130,782	22,109	16.91%
Edling Electric Inc	Contractor Services	78,504	1,139	1.45%
Electric Company Of South Dakota	Contract Services - Line Extensions	636,007	0	0.00%
Enclave Security, LLC	Information Security	89,448	1,793	2.00%
Engineered Pump Services, Inc.	Contract Services - Lewis & Clark Cir Water Pump	214,391	48,544	22.64%
Ernst & Young LLP	Tax Services	703,460	57,413	8.16%
ESRI	Consulting Services	180,084	3,894	2.16%

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - ELECTRIC

Year: 2015

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	ETSystems, Inc.	Install Security Systems	119,277	5,707	4.78%
2					
3	Everist, Thomas S	Directors Fees	76,072	1,559	2.05%
4					
5	Fagg, Karen B	Directors Fees	75,182	1,541	2.05%
6					
7	Federal Energy Regulatory	Annual Charge	102,241	19,496	19.07%
8	Commission				
9	Fischer Contracting	Construction Services	804,213	0	0.00%
10					
11	Fitch Ratings	Credit Rating Maintenance	152,764	3,692	2.42%
12					
13	Forrester, Gary	Lobbying & Promotion	126,581	2,596	2.05%
14					
15	Franz Construction Inc	Contractor Services - Power Plant	565,710	128,093	22.64%
16					
17	Gagnon, Inc	Contract Services	86,367	19,556	22.64%
18					
19	Gaumer Process	Contract Services - Lewis & Clark Station	108,679	24,608	22.64%
20					
21	GE - Wind Turbines	Diamond Willow Tower 10 Gear Box Rep.	433,934	108,853	25.09%
22					
23	GL Noble Denton	Software Maintenance	115,028	4,824	4.19%
24					
25	Grant Thornton LLP	Consulting Services	78,171	1,513	1.94%
26					
27	Graycor Blasting Company Inc	Contract Services - Boiler	277,666	62,871	22.64%
28					
29	Gustafson & Goudge Inc	Contract Services - Dist Substation	198,157	0	0.00%
30					
31	H F Jacobs & Son Construction Inc	Construction Services - Sheridan	148,087	0	0.00%
32					
33	HDR Engineering Inc	Engineering Services	1,239,205	289,018	23.32%
34					
35	High Voltage, Inc	Contractor Services	3,392,859	1,010,139	29.77%
36					
37	Highmark Erectors Inc	Contractor Services	818,637	196,808	24.04%
38					
39	Honeywell - Mark Okey	SE & SP Support Renewal	76,891	17,410	22.64%
40					
41	Houston Engineering, Inc.	Engineering Services	98,652	26,315	26.67%
42					
43	Hydrochem LLC	Lewis & Clark Chemical Boiler Cleaning	160,294	36,295	22.64%
44					
45	Industrial Contractors, Inc.	Contractor Services	1,147,654	259,861	22.64%
46					
47	Infrasource	Underground Gas Line Installation	6,307,196	27,174	0.43%
48					
49	Insight	Software Maintenance	282,339	7,012	2.48%
50					

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - ELECTRIC Year: 2015

Name of Recipient	Nature of Service	Total Company	Montana	% Montana
Intermountain Electric Service	Contractor Services - Little Muddy Sub.	1,366,972	0	0.00%
Intermountain Tree Expert Co	Tree Trimming	137,477	0	0.00%
Itron Inc	Contractor Services & Software Maint	232,026	8,179	3.53%
Jackson Utilities LLC	Gas & Elec Line Install - Direction Boring	1,763,336	0	0.00%
Jacobsen Tree Experts	Tree Trimming	120,613	1,585	1.31%
John Hancock Life Insurance Company	Retirement Plan Services	101,850	2,784	2.73%
Johnson, Dennis	Directors Fees	82,904	1,700	2.05%
K & H Electric Inc	Contract Services - Line Boring	120,863	0	0.00%
Kadrmas, Lee & Jackson	Engineering Services	958,365	134,396	14.02%
Kappel Tree Service LLC	Tree Trimming	447,743	0	0.00%
Lignite Energy Council	Membership Dues	124,026	22,671	18.28%
LRN Corporation	Training Services	88,640	485	0.55%
M C M General Contractors, Inc.	Construction Services	333,603	0	0.00%
Managed Design, Inc	Software Maintenance	99,849	2,416	2.42%
Marco, Inc.	Voice & Network Maintenance Agreement	825,489	33,251	4.03%
McDermott, Will & Emery LLP	Legal Services	78,987	1,630	2.06%
McKinsey & Company	Consulting Fees	990,000	20,010	2.02%
Microbeam Technologies, Inc.	Testing - Heskett Pur Bed	81,731	18,506	22.64%
Microsoft Corporation	Software Maintenance	1,069,367	28,639	2.68%
Midpoint Technology Inc	Software Maintenance	109,696	5,497	5.01%
Millcreek Engineering Company	Engineering Services	1,222,584	276,827	22.64%
Minnesota Valley Testing	Fuel Sampling & Testing	77,846	19,471	25.01%
Montana Dept Of Environmental Quality	Environment Monitoring	99,602	21,970	22.06%
National Conductor Constructors	Contract Services - Substations	599,879	143,291	23.89%
NERC	Contract Services - Quarterly Assessment	146,132	29,758	20.36%

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 12**

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - ELECTRIC

Year: 2015

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	NYSE Market Inc	Financial Services	213,093	4,307	2.02%
2					
3	Olympus Technical Services Inc	PS&I Remediate Billings Gas Plant	139,390	22,610	16.22%
4					
5	One Call Locators LTD	Line Locating Services	2,759,877	62,439	2.26%
6					
7	Onsharp	Consulting Services - Desktop	84,010	1,739	2.07%
8		Applications			
9	Open Systems International, Inc	Software Maintenance	480,589	96,432	20.07%
10					
11	Optiv Security, Inc	Software Maintenance	77,145	1,447	1.88%
12					
13	Oracle Corp	Software Maintenance	2,051,996	110,248	5.37%
14					
15	Ormat Nevada Inc	Energy Converter Maintenance	263,139	59,582	22.64%
16					
17	Otter Tail Power Co	Contract Services - Powerline	489,549	110,494	22.57%
18					
19	Pearce, Harry J	Directors Fees	155,000	3,177	2.05%
20					
21	Phifer Oilfield Construction	Contract Services	225,570	0	0.00%
22					
23	Power Engineers, Inc	Engineering Services	329,984	74,718	22.64%
24					
25	Powerplan, Inc	Consulting Services - Software	904,381	76,580	8.47%
26					
27	Presort Plus LLC	Mail Delivery & Pickup	92,883	7,963	8.57%
28					
29	Progressive Maintenance Co	Custodial Services	146,800	18,737	12.76%
30					
31	Q3 Contracting	Construction Services	1,285,281	0	0.00%
32					
33	Railworks Track Systems, Inc.	Contract Services - Heskett Rail	84,388	19,108	22.64%
34		Track Work			
35	Rocky Mountain Line Systems, Inc	Contractor Services	1,277,426	0	0.00%
36					
37	S.E., Incorporated	Contract Services - Rebuild Trans Lines	174,169	174,169	100.00%
38					
39	Sargent & Lundy LLC	Engineering Services	4,130,169	935,186	22.64%
40					
41	Sebesta	Engineering - Substation	258,309	92,451	35.79%
42					
43	SEC Consulting, LLC	Consulting Services	246,063	14,880	6.05%
44					
45	Sega Inc.	Engineering Services	108,500	24,567	22.64%
46					
47	Southern Cross Corp	Construction Services - Gas	409,734	0	0.00%
48					
49	Spherion Staffing LLC	Temp Services	409,536	19,230	4.70%
50					

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - ELECTRIC Year: 2015

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	Standard & Poor's	Financial Services	302,710	9,647	3.19%
2					
3	State-Line Contractors Inc	Construction Services	542,278	0	0.00%
4					
5	Stinson Leonard Street LLP	Legal Services	195,740	31,344	16.01%
6					
7	Sub-Site Technologies LLC	Contract Services - Mains Replace	361,088	0	0.00%
8					
9	Swanson & Youngdale Inc.	Painting Contractor - Heskett Unit 3	292,396	66,207	22.64%
10					
11	Telvent USA LLC	GIS System	84,644	2,088	2.47%
12					
13	Thiel Brothers	Roofing Contractor - Wolf Point	101,221	53,647	53.00%
14					
15	Thomson Reuters (Tax & Acct) Inc.	Consulting Services	295,108	6,044	2.05%
16					
17	Timberline Construction Inc.	Contractor Services	625,773	606,888	96.98%
18					
19	Total Asphalt Repair Inc	Contractor Services	121,499	0	0.00%
20					
21	TRC Environmental Corporation	Testing Pollution Control Equip.	306,852	69,480	22.64%
22					
23	Treasury Management Services	Banking Services	366,888	32,045	8.73%
24					
25	TurbinePros	Contractor - Lewis & Clark Turbine Work	181,737	41,150	22.64%
26					
27	U S Bank	Banking Services	115,205	9,329	8.10%
28					
29	Ulmer Tree Service	Tree Trimming	146,907	0	0.00%
30					
31	United Accounts Inc	Credit Collections	78,302	0	0.00%
32					
33	URS Corporation	Lewis & Clark Pollution Control	11,733,075	2,656,696	22.64%
34					
35	Usic Locating Services, Inc.	Line Locating Services	155,633	0	0.00%
36					
37	Utilitech, LLC	Contract Services - ERT Installations	290,958	0	0.00%
38					
39	Veit & Company Inc	Lewis & Clark - FPM Pollution Control	1,301,589	294,716	22.64%
40					
41	Vistec Industrial Services Inc	Pur Bed Ash/Limstne Equip - Heskett	130,994	29,661	22.64%
42					
43	Volt Management Corp	Contract Services - Software	213,720	12,160	5.69%
44					
45	Weisz & Sons Inc	Contractor Services	465,422	3,905	0.84%
46					
47	Wells Fargo Shareowners Services	Stock Transfer Agent	339,518	5,522	1.63%
48					
49	Wesco Inc	Contract Services - Found for Substation	98,560	1,359	1.38%
50					

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 12**

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - ELECTRIC Year: 2015

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	Western Area Power	Transmission Charge	580,242	26,699	4.60%
2	Administration				
3	Western Union Financial Service	Financial Services	78,229	6,414	8.20%
4					
5	Willis Of Minnesota	Consulting Fees	82,094	1,635	1.99%
6					
7	Workforce Services, Inc	Vehicle Maintenance	250,792	0	0.00%
8					
9	Xerox Corporation	Copier Leases	94,588	9,676	10.23%
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	Total Payments for Services		104,983,408	13,791,052	13.14%

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 13**

POLITICAL ACTION COMMITTEES / POLITICAL CONTRIBUTIONS Year: 2015

	Description	Total Company	Montana	% Montana
1	Contributions to Candidates by PAC	$27,082	$170	0.63%
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43	**TOTAL Contributions**	$27,082	$170	0.63%

PENSION COSTS

Year: 2015

1	Plan Name MDU Resources Group, Inc. Master Pension Plan Trust			
2	Defined Benefit Plan? Yes	Defined Contribution Plan? No		
3	Actuarial Cost Method? Traditional Unit Credit	IRS Code: 1A		
4	Annual Contribution by Employer: 2,182,143	Is the Plan Over Funded? No		
5				

	Item	Current Year	Last Year	% Change
7	**Change in Benefit Obligation**	(000's)	(000's)	
8	Benefit obligation at beginning of year	$269,583	$230,279	17.07%
9	Service cost	-	-	0.00%
10	Interest cost	9,678	10,055	-3.75%
11	Plan participants' contributions	-	-	0.00%
12	Amendments	-	-	0.00%
13	Actuarial (Gain) Loss	(13,276)	45,309	-129.30%
14	Curtailment gain	-	-	0.00%
15	Benefits paid	(14,309)	(16,060)	10.90%
16	Benefit obligation at end of year	$251,676	$269,583	-6.64%
17	**Change in Plan Assets**			
18	Fair value of plan assets at beginning of year	$201,078	$190,935	5.31%
19	Actual return on plan assets	(5,906)	14,001	-142.18%
20	Employer contribution	2,182	12,202	-82.12%
21	Plan participants' contributions	-	-	0.00%
22	Benefits paid	(14,309)	(16,060)	10.90%
23	Fair value of plan assets at end of year	$183,045	$201,078	-8.97%
24	**Funded Status**	($68,631)	($68,505)	-0.18%
25	Unrecognized net actuarial loss	115,715	114,805	0.79%
26	Unrecognized prior service cost	-	-	0.00%
27	Unrecognized net transition obligation	-	-	0.00%
28	Accrued benefit cost	$47,084	$46,300	1.69%
29	**Weighted-Average Assumptions as of Year End**			
30	Discount rate	3.98	3.68	8.15%
31	Expected return on plan assets	6.75	7.00	-3.57%
32	Rate of compensation increase	-	-	0.00%
33	**Components of Net Periodic Benefit Costs**			
34	Service cost	-	-	0.00%
35	Interest cost	9,678	10,055	-3.75%
36	Expected return on plan assets	(12,295)	(12,177)	-0.97%
37	Amortization of prior service cost	-	-	0.00%
38	Recognized net actuarial loss	4,016	2,716	47.86%
39	Curtailment loss	-	-	0.00%
40	Net periodic benefit cost	$1,399	$594	135.52%
41	**Montana Intrastate Costs:**			
42	Pension costs	$1,399	$594	135.52%
43	Pension costs capitalized	340	126	169.84%
44	Accumulated pension asset (liability) at year end	$47,084	$46,300	1.69%
45	**Number of Company Employees:**			
46	Covered by the plan	1,591	1,634	-2.63%
47	Not covered by the plan	736	716	2.79%
48	Active	514	562	-8.54%
49	Retired	969	964	0.52%
50	Deferred vested terminated	108	108	0.00%

OTHER POST EMPLOYMENT BENEFITS (OPEBS) Year: 2015

	Item	Current Year	Last Year	% Change
1	**Regulatory Treatment:**			
2	Commission authorized - most recent			
3	Docket number:			
4	Order numbers:			
5	Amount recovered through rates -			
6	**Weighted-Average Assumptions as of Year End**			
7	Discount rate	4.04	3.73	8.31%
8	Expected return on plan assets	5.75	6.00	-4.17%
9	Medical cost inflation rate	6.00	6.00	0.00%
10	Actuarial cost method	Projected unit credit	Projected unit credit	
11	Rate of compensation increase	N/A	N/A	
12	**List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:**			
13	**VEBA**			
14	**Describe any Changes to the Benefit Plan:**			
15	TOTAL COMPANY			
16	**Change in Benefit Obligation**	(000's)	(000's)	
17	Benefit obligation at beginning of year	$53,003	$43,206	22.68%
18	Service cost	914	786	16.28%
19	Interest cost	1,835	1,862	-1.45%
20	Plan participants' contributions	806	817	-1.35%
21	Amendments	-	-	0.00%
22	Actuarial (Gain) Loss	(6,049)	10,156	159.56%
23	Acquisition	-	-	0.00%
24	Benefits paid	(3,757)	(3,824)	-1.75%
25	Benefit obligation at end of year	$46,752	$53,003	-11.79%
26	**Change in Plan Assets**			
27	Fair value of plan assets at beginning of year	$50,124	$48,661	3.01%
28	Actual return on plan assets	240	4,367	-94.50%
29	Acquisition	-	-	0.00%
30	Employer contribution	36	103	-65.05%
31	Plan participants' contributions	806	817	-1.35%
32	Benefits paid	(3,757)	(3,824)	-1.75%
33	Fair value of plan assets at end of year	$47,449	$50,124	-5.34%
34	**Funded Status**	$697	($2,879)	-124.21%
35	Unrecognized net actuarial loss	-	-	0.00%
36	Unrecognized prior service cost	-	-	0.00%
37	Unrecognized transition obligation	-	-	0.00%
38	Accrued benefit cost	$697	($2,879)	-124.21%
39	**Components of Net Periodic Benefit Costs**			
40	Service cost	$914	$786	16.28%
41	Interest cost	1,835	1,862	-1.45%
42	Expected return on plan assets	(2,681)	(2,602)	-3.04%
43	Amortization of prior service cost	(976)	(976)	0.00%
44	Recognized net acturial gain	985	529	86.20%
45	Transition amount amortization	-	-	0.00%
46	Net periodic benefit cost	$77	($401)	-119.20%
47	**Accumulated Post Retirement Benefit Obligation**			
48	Amount funded through VEBA	$842	$920	-8.48%
49	Amount funded through 401(h)	-	-	0.00%
50	Amount funded through Other ____________	-	-	0.00%
51	TOTAL	$842	$920	-8.48%
52	Amount that was tax deductible - VEBA (1)	$36	$103	-65.05%
53	Amount that was tax deductible - 401(h)	-	-	0.00%
54	Amount that was tax deductible - Other ________	-	-	0.00%
55	TOTAL	$36	$103	-65.05%

(1) Estimated

Other Post Employment Benefits (OPEBS) Continued Year: 2015

	Item	Current Year	Last Year	% Change
1	**Number of Company Employees:**			
2	Covered by the plan	1,417	1,470	-3.61%
3	Not covered by the plan	37	38	-2.63%
4	Active	672	721	-6.80%
5	Retired	564	555	1.62%
6	Spouses/dependants covered by the plan	181	194	-6.70%
7	**Montana**			
8	**Change in Benefit Obligation**			
9	Benefit obligation at beginning of year			
10	Service cost	NOT APPLICABLE		
11	Interest cost			
12	Plan participants' contributions			
13	Amendments			
14	Actuarial gain			
15	Acquisition			
16	Benefits paid			
17	Benefit obligation at end of year			
18	**Change in Plan Assets**			
19	Fair value of plan assets at beginning of year			
20	Actual return on plan assets			
21	Acquisition	NOT APPLICABLE		
22	Employer contribution			
23	Plan participants' contributions			
24	Benefits paid			
25	Fair value of plan assets at end of year			
26	**Funded Status**			
27	Unrecognized net actuarial loss	NOT APPLICABLE		
28	Unrecognized prior service cost			
29	Prepaid (accrued) benefit cost			
30	**Components of Net Periodic Benefit Costs**			
31	Service cost			
32	Interest cost	NOT APPLICABLE		
33	Expected return on plan assets			
34	Amortization of prior service cost			
35	Recognized net actuarial loss			
36	Net periodic benefit cost			
37	**Accumulated Post Retirement Benefit Obligation**			
38	Amount funded through VEBA			
39	Amount funded through 401(h)	NOT APPLICABLE		
40	Amount funded through other ______________			
41	TOTAL			
42	Amount that was tax deductible - VEBA			
43	Amount that was tax deductible - 401(h)			
44	Amount that was tax deductible - Other			
45	TOTAL			
46	**Montana Intrastate Costs:**			
47	Pension costs	NOT APPLICABLE		
48	Pension costs capitalized			
49	Accumulated pension asset (liability) at year end			
50	**Number of Montana Employees:**			
51	Covered by the plan			
52	Not covered by the plan	NOT APPLICABLE		
53	Active			
54	Retired			
55	Spouses/dependants covered by the plan			

Company Name: Montana-Dakota Utilities Co.

SCHEDULE 16
Year: 2015

TOP TEN MONTANA COMPENSATED EMPLOYEES (ASSIGNED OR ALLOCATED)

Line No.	Name/Title	Base Salary	Bonuses	Other	Total Compensation	Total Compensation Last Year	% Increase Total Compensation
1							
2							
3							
4							
5	The requested information will be provided after the entry of a protective order which maintains the confidentiality of the information being provided. Montana-Dakota, submitted a Motion for Protective Order on April 21, 2015 in Docket No. N2015.2.17.						
6							
7							
8							
9							
10							

Company Name: Montana-Dakota Utilities Co.

SCHEDULE 17
Year: 2015

COMPENSATION OF TOP 5 CORPORATE EMPLOYEES - SEC INFORMATION 1/

Line No.	Name/Title	Base Salary	Bonuses	Other 2/	Total Compensation	Total Compensation Last Year 2/	% Increase Total Compensation
1	David L. Goodin President & CEO	$755,000	$376,745	$1,426,403	$2,558,148	$3,571,637	-28%
2	Doran N. Schwartz Vice President and CFO	$380,000	$123,253	$314,799	$818,052	$1,195,969	-32%
3	David C. Barney President and CEO of Knife River Corporation	$395,000	$637,588	$257,825	$1,290,413	N/A	N/A
4	Jeffrey S. Thiede President & CEO of MDU Construction Services Group	$425,000	$161,857	$415,408	$1,002,265	$1,550,160	-35%
5	Patrick L. O'Bryan President & CEO of Fidelity Exploration & Production Company	$441,918	$1,359,425	$21,356	$1,822,699	N/A	N/A
6	Steven L. Bietz President and CEO of WBI Holdings, Inc.	$214,274	$0	$1,092,846	$1,307,120	$1,764,766	-26%

1/ See Schedule 17A for Total Compensation detail.
2/ Amounts represent the aggregate grant date fair value of the performance share awards calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 - Share Based Payment.

Stock Ownership Requirements

We instituted stock ownership guidelines on May 5, 1993, which we revised in November 2010 to provide that executives who participate in our Long-Term Performance-Based Incentive Plan are required within five years to own our common stock equal to a multiple of their base salaries. Stock owned through our 401(k) plan or by a spouse is considered in ownership calculations. Unvested performance shares and other unvested equity awards are not considered in ownership calculations. The level of stock ownership compared to the requirements is determined based on the closing sale price of the stock on the last trading day of the year and base salary at December 31 of each year. Each February the compensation committee receives a report on the status of stockholdings by executives. The committee may, in its sole discretion, grant an extension of time to meet the ownership requirements or take such other action as it deems appropriate to enable the executive to achieve compliance with the policy. The table shows the named executive officers' holdings as of December 31, 2015:

Name	Assigned Guideline Multiple of Base Salary	Actual Holdings as a Multiple of Base Salary	Number of Years at Guideline Multiple (#)
David L. Goodin	4X	1.78	3.00 [1]
Doran N. Schwartz	3X	2.24	5.87 [2]
David C. Barney	3X	0.39	2.00 [3]
Jeffrey S. Thiede	3X	0.11	2.00 [3]
Patrick L. O'Bryan[4]	N/A	N/A	N/A
Steven L. Bietz[5]	—	—	—

[1] Participant must meet ownership requirement by January 1, 2018.

[2] Participant should have met ownership requirement by February 17, 2015.

[3] Participant must meet ownership requirement by January 1, 2019.

[4] Participant is not subject to ownership requirement because he did not receive a long-term incentive award.

[5] Mr. Bietz retired effective July 17, 2015.

The compensation committee may consider the policy and the executive's stock ownership in determining compensation. The committee, however, did not do so with respect to 2015 compensation.

Policy Regarding Hedging Stock Ownership

Our executive compensation policy prohibits Section 16 officers from hedging their ownership of company common stock. Executives may not enter into transactions that allow the executive to benefit from devaluation of our stock or otherwise own stock technically but without the full benefits and risks of such ownership. See the Security Ownership section of the proxy statement for our policy on margin accounts and pledging of our stock.

Compensation Committee Report

The compensation committee has reviewed and discussed the Compensation Discussion and Analysis required by Regulation S-K, Item 402(b), with management. Based on the review and discussions referred to in the preceding sentence, the compensation committee recommended to the board of directors that the Compensation Discussion and Analysis be included in our proxy statement on Schedule 14A.

Thomas Everist, Chairman
Karen B. Fagg
William E. McCracken
Patricia L. Moss

Summary Compensation Table for 2015

Name and Principal Position (a)	Year (b)	Salary ($) (c)	Bonus ($) (d)	Stock Awards ($) (e)[1]	Option Awards ($) (f)	Non-Equity Incentive Plan Compensation ($) (g)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (h)[2]	All Other Compensation ($) (i)	Total ($) (j)
David L. Goodin	2015	755,000	—	1,386,992	—	376,745	—	39,411 [3]	2,558,148
President and CEO	2014	685,000	—	1,385,135	—	830,915	631,901	38,686	3,571,637
	2013	625,000	—	1,241,280	—	1,610,625	532,991	37,517	4,047,413
Doran N. Schwartz	2015	380,000	—	279,228	—	123,253	—	35,571 [3]	818,052
Vice President	2014	360,000	—	363,959	—	163,080	273,974	34,956	1,195,969
and CFO	2013	345,000	—	342,579	—	296,355	28,459	34,881	1,047,274
David C. Barney	2015	395,000	—	225,739	—	637,588	9,530	22,556 [3]	1,290,413
President and CEO of	2014	—	—	—	—	—	—	—	—
Knife River	2013	—	—	—	—	—	—	—	—
Corporation									
Jeffrey S. Thiede	2015	425,000	—	242,902	—	161,857	—	172,506 [3]	1,002,265
President and CEO of	2014	400,000	—	323,529	—	730,150	—	96,481	1,550,160
MDU Construction	2013	367,068	—	—	—	825,000	—	66,282	1,258,350
Services Group, Inc.									
Patrick L. O'Bryan	2015	441,918	—	—	—	1,359,425	—	21,356 [3]	1,822,699
President and CEO of	2014	—	—	—	—	—	—	—	—
Fidelity Exploration &	2013	—	—	—	—	—	—	—	—
Production Company									
Steven L. Bietz	2015	214,274	—	290,241	—	—	15,254	787,351 [3]	1,307,120
President and CEO of	2014	380,000	—	461,026	—	333,552	550,417	39,771	1,764,766
WBI Energy, Inc.	2013	367,700	—	438,167	—	119,503	—	38,591	963,961

1 Amounts in this column represent the aggregate grant date fair value of performance share awards calculated in accordance with Financial Accounting Standards Board (FASB) generally accepted accounting principles for stock-based compensation in FASB Accounting Standards Codification Topic 718. This column was prepared assuming none of the awards were or will be forfeited. The amounts for 2015 were calculated using a Monte Carlo simulation, as described in footnote 2 to the Grants of Plan-Based Awards table.

2 Amounts shown represent the change in the actuarial present value for years ended December 31, 2013, 2014, and 2015 for the named executive officers' accumulated benefits under the pension plan, excess SISP, and SISP, collectively referred to as the "accumulated pension change," plus above-market earnings on deferred annual incentives, if any. The amounts shown are based on accumulated pension change and above-market earnings as of December 31, 2013, 2014, and 2015, as follows:

	Accumulated Pension Change			Above-Market Earnings		
Name	12/31/2013 ($)	12/31/2014 ($)	12/31/2015 ($)	12/31/2013 ($)	12/31/2014 ($)	12/31/2015 ($)
David L. Goodin	532,986	631,901	(64,074)	5	—	—
Doran N. Schwartz	28,459	273,974	(31,393)	—	—	—
David C. Barney	—	—	9,530	—	—	—
Jeffrey S. Thiede	—	—	—	—	—	—
Patrick L. O'Bryan	—	—	—	—	—	—
Steven L. Bietz	(261,546)	550,417	15,254	—	—	—

[3] All Other Compensation is comprised of:

	401(k) ($)[a]	Life Insurance Premium ($)	Matching Charitable Contribution ($)	Nonqualified Defined Contribution Plan ($)	Severance Payments ($)	Total ($)
David L. Goodin	38,425	156	830	—	—	39,411
Doran N. Schwartz	35,000	156	415	—	—	35,571
David C. Barney	21,200	156	1,200	—	—	22,556
Jeffrey S. Thiede	21,200	156	1,150	150,000	—	172,506
Patrick L. O'Bryan	21,200	156	—	—	—	21,356
Steven L. Bietz	35,000	91	2,260	—	750,000	787,351

[a] Represents company contributions to 401(k) plan, which include matching contributions and contributions made in lieu of pension plan accruals after pension plans were frozen at December 31, 2009.

Grants of Plan-Based Awards in 2015

Name (a)	Grant Date (b)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards: Threshold ($) (c)	Target ($) (d)	Maximum ($) (e)	Estimated Future Payouts Under Equity Incentive Plan Awards: Threshold (#) (f)	Target (#) (g)	Maximum (#) (h)	All Other Stock Awards: Number of Shares of Stock or Units (#) (i)	All Other Option Awards: Number of Securities Underlying Options (#) (j)	Exercise or Base Price of Option Awards ($/Sh) (k)	Grant Date Fair Value of Stock and Option Awards ($) (l)
David L. Goodin	2/12/2015 [1]	188,750	755,000	1,510,000	—	—	—	—	—	—	—
	2/12/2015 [2]	—	—	—	14,433	72,164	144,328	—	—	—	1,386,992
Doran N. Schwartz	2/12/2015 [3]	61,750	247,000	494,000	—	—	—	—	—	—	—
	2/12/2015 [2]	—	—	—	2,906	14,528	29,056	—	—	—	279,228
David C. Barney	2/12/2015 [1]	—	150,000	—	—	—	—	—	—	—	—
	2/12/2015 [3]	79,000	316,000	632,000	—	—	—	—	—	—	—
	2/12/2015 [2]	—	—	—	2,349	11,745	23,490	—	—	—	225,739
Jeffrey S. Thiede	2/12/2015 [1]	85,000	340,000	680,000	—	—	—	—	—	—	—
	2/12/2015 [2]	—	—	—	2,528	12,638	25,276	—	—	—	242,902
Patrick L. O'Bryan	2/12/2015 [1]	225,000	900,000	1,800,000	—	—	—	—	—	—	—
	5/14/2015 [4]	—	462,425	—	—	—	—	—	—	—	—
Steven L. Bietz	2/12/2015 [3]	64,188	256,750	513,500	—	—	—	—	—	—	—
	2/12/2015 [2]	—	—	—	3,020	15,101	30,202	—	—	—	290,241

[1] Annual incentive for 2015 granted pursuant to the MDU Resources Group, Inc. Long-Term Performance-Based Incentive Plan.

[2] Performance shares for the 2015-2017 performance period granted pursuant to the MDU Resources Group, Inc. Long-Term Performance-Based Incentive Plan. The aggregate grant date fair value of the performance share awards as shown in column (l) was calculated in accordance with Financial Accounting Standards Board (FASB) generally accepted accounting principles for stock-based compensation in FASB Accounting Standards Codification Topic 718. This column was prepared assuming none of the awards were or will be forfeited. The amounts were calculated using a Monte Carlo simulation using blended volatility term structure ranges comprised of 50 percent historical volatility and 50 percent implied volatility. Risk free interest rates were based on U.S. Treasury security rates in effect as of the grant date. The assumptions used for the performance shares awards in 2015 were:

	2015
Grant date fair value	$19.22
Blended volatility range	22.87% - 24.58%
Risk-free interest range	0.05% - 1.07%
Discounted dividends per share	$1.60

[3] Annual incentive for 2015 granted pursuant to the MDU Resources Group, Inc. Executive Incentive Compensation Plan.

[4] Sales bonus incentive award granted in May 2015, with no threshold, target or maximum levels, plus an amount equal to six months salary of $225,000. The amount shown in the table is the actual amount earned for 2015 plus the $225,000.

Narrative Discussion Relating to the Summary Compensation Table and Grants of Plan-Based Awards Table

Incentive Awards

Annual Incentive

On February 11, 2015, the compensation committee recommended the 2015 annual incentive award opportunities for our named executive officers and the board approved these opportunities at its meeting on February 12, 2015. These award opportunities are reflected in the Grants of Plan-Based Awards table at grant on February 12, 2015, in columns (c), (d), and (e) and in the Summary Compensation Table as earned with respect to 2015 in column (g).

Executive officers may receive a payment of annual cash incentive awards based upon achievement of annual performance measures with a threshold, target, and maximum level. A target incentive award is established based on a percent of the executive's base salary. Based upon achievement of goals, actual payment may range from 0% to 200% of the target.

In order to be eligible to receive a payment of an annual incentive award under the Long-Term Performance-Based Incentive Plan, the executive officer must have remained employed by the company through December 31, 2015, unless the compensation committee determines otherwise. The committee has full discretion to determine the extent to which goals have been achieved, the payment level, whether any final payment will be made, and whether to adjust awards downward based upon individual performance. Unless otherwise determined and established in writing by the compensation committee within 90 days of the beginning of the performance period, the performance goals may not be adjusted if the adjustment would increase the annual incentive award payment. The compensation committee may use negative discretion and adjust any annual incentive award payment downward, using any subjective or objective measures as it shall determine. The application of any reduction, and the methodology used in determining any such reduction, is in the sole discretion of the compensation committee.

With respect to annual incentive awards granted pursuant to the MDU Resources Group, Inc. Executive Incentive Compensation Plan, executives who retire during the year at age 65 pursuant to their employer's bylaws remain eligible to receive an award. Subject to the compensation committee's discretion, executives who terminate employment for other reasons are not eligible for an award. The compensation committee has full discretion to determine the extent to which goals have been achieved, the payment level, and whether any final payment will be made. Once performance goals are approved by the committee for executive incentive compensation plan awards, the committee generally does not modify the goals. However, if major unforeseen changes in economic and environmental conditions or other significant factors beyond the control of management substantially affected management's ability to achieve the specified performance goals, the committee, in consultation with the chief executive officer, may modify the performance goals. Such goal modifications will only be considered in years of unusually adverse or favorable external conditions.

Annual incentive awards earned for Messrs. Goodin and Schwartz were determined based on achievement of performance goals at the following business segments - (i) construction materials and contracting, (ii) construction services, (iii) exploration and production, (iv) pipeline and energy services, and (v) electric and natural gas distribution - and were calculated as follows:

	Column A Percentage of Annual Incentive Target Achieved	Column B Percentage of Average Invested Capital	Column A x Column B
Construction Materials and Contracting	154.3%	19.6%	30.2%
Construction Services	47.6%	6.9%	3.3%
Exploration and Production	83.0%	16.8%	13.9%
Pipeline and Energy Services	4.3%	13.1%	0.6%
Electric and Natural Gas Distribution	4.3%	43.6%	1.9%
Total (Payout Percentage)			49.9%

Messrs. Barney, Thiede, O'Bryan, and Bietz had 2015 award opportunities based 75% on performance goals at their respective segments, 20% on MDU Resources Group, Inc.'s diluted earnings per share attributable to all business segments except the exploration and production segment, as adjusted, and 5% on the exploration and production segment pretax operating income, as adjusted.

The 2015 target for the MDU Resources Group, Inc. 20% award opportunity was established based on MDU Resources Group, Inc.'s diluted earnings per share attributable to all business segments except the exploration and production segment, adjusted to exclude the effect on earnings at the company level of intersegment eliminations, the accounting effects on other business segments and on MDU Resources Group, Inc. of the exploration and production segment being moved from continuing operations to discontinued operations and the income statement impact of a loss on board approved asset sales or dispositions, other than the sale of the exploration and production segment.

The MDU Resources Group 20% award opportunity was:

MDU Resources Group, Inc.'s diluted adjusted 2015 earnings per share as a % of target	Corresponding payment of annual incentive target
Less than 85%	0%
85%	25%
90%	50%
95%	75%
100%	100%
103%	120%
106%	140%
109%	160%
112%	180%
115%	200%

The 2015 target for the exploration and production segment 5% award opportunity was established based on the segment's pretax operating income, adjusted to exclude depreciation, depletion, and amortization and the accounting effects of the segment being moved from continuing operations to discontinued operations.

The exploration and production segment 5% award opportunity was:

Exploration and Production's 2015 pretax operating income excluding DD&A as a % of target	Corresponding payment of annual incentive target
Less than 80%	0%
80%	25%
87%	50%
94%	75%
100%	100%
104%	120%
108%	140%
112%	160%
116%	180%
120%	200%

The 75% award opportunity available for Mr. Barney was:

Construction Materials & Contracting's 2015 earnings per share as a % of target (weighted 37.5%)	Corresponding payment of annual incentive target	Construction Materials & Contracting's 2015 return on invested capital as a % of target (weighted 37.5%)	Corresponding payment of annual incentive target
Less than 70%	0%	Less than 70%	0%
70%	25%	70%	25%
75%	37.5%	75%	37.5%
80%	50%	80%	50%
85%	62.5%	85%	62.5%
90%	75%	90%	75%
95%	87.5%	95%	87.5%
100%	100%	100%	100%
103%	120%	103%	120%
106%	140%	106%	140%
109%	160%	109%	160%
112%	180%	112%	180%
115%	200%	115%	200%

The 75% award opportunity available for Mr. Thiede was:

Construction Services' 2015 earnings* as a % of target	Corresponding payment of annual incentive target
Less than 85%	0%
85%	25%
90%	50%
95%	75%
100%	100%
122%	120%
144%	140%
166%	160%
188%	180%
209.5%	200%

*Earnings is defined as GAAP earnings reported for the construction services segment.

The 75% award opportunity available for Mr. O'Bryan was:

Exploration and Production's 2015 pretax operating income excluding DD&A as a % of target (weighted 56.25%)	Corresponding payment of annual incentive target	Exploration and Production's 2015 operations and maintenance expense as a % of target (weighted 18.75%)	Corresponding payment of annual incentive target
Less than 80%	0%	Greater than 100%	0%
80%	25%	100%	100%
87%	50%	98.5%	120%
94%	75%	97%	140%
100%	100%	95.5%	160%
104%	120%	94%	180%
108%	140%	92.5%	200%
112%	160%	—	—
116%	180%	—	—
120%	200%	—	—

The 75% award opportunity available for Mr. Bietz was:

Pipeline and Energy Services' 2015 earnings per share as a % of target (weighted 37.5%)	Corresponding payment of annual incentive target	Pipeline and Energy Services' 2015 return on invested capital as a % of target (weighted 37.5%)	Corresponding payment of annual incentive target
Less than 85%	0%	Less than 85%	0%
85%	25%	85%	25%
90%	50%	90%	50%
95%	75%	95%	75%
100%	100%	100%	100%
103%	120%	103%	120%
106%	140%	106%	140%
109%	160%	109%	160%
112%	180%	112%	180%
115%	200%	115%	200%

The pipeline and energy services segment also had five goals relating to the pipeline and energy services segment's safety results, and each goal that was not met would reduce Mr. Bietz's annual incentive award payment by 1%.

Additional Annual Incentives
On February 11, 2015, the compensation committee recommended an additional annual incentive award opportunity for Mr. Barney under the Long-Term Performance-Based Incentive Plan tied to the construction materials and contracting segment's operating cash flow, which would be measured without regard to acquisitions or dispositions approved by the company's board of directors. The board approved this opportunity at its meeting on February 12, 2015. This award opportunity is reflected in the Grants of Plan-Based Awards table at grant on February 12, 2015 in column (d) and in the Summary Compensation Table as earned with respect to 2015 in column (g).

The $150,000 award opportunity available for Mr. Barney was:

Construction Materials & Contracting's 2015 operating cash flow as a % of target	Corresponding payment of incentive target
Less than 100%	0%
100% or Greater	100%

On May 13, 2015, the compensation committee recommended an additional annual incentive award opportunity for Mr. O'Bryan tied to the sale of Fidelity Exploration & Production Company. The board approved this opportunity at its meeting on May 14, 2015. Mr. O'Bryan would receive a sales bonus incentive of 0.075% of the sale price of Fidelity, plus an amount equal to six months' salary of $225,000, if he remained employed by Fidelity through its sale. This award opportunity is reflected in the Grants of Plan-Based Awards table at grant on May 14, 2015 in column (d) and in the Summary Compensation Table as earned with respect to 2015 in column (g). Because there were no threshold, target, or maximum levels, the amount shown in the tables is the actual amount earned. Mr. O'Bryan received a cash retention award opportunity in November 2014 before his promotion, where he would receive $150,000 if he remained a full-time active employee of Fidelity through December 31, 2015, and maintained a performance rating of "meets expectations" or higher during 2015. The award opportunity is reflected in the Summary Compensation Table as earned with respect to 2015 in column (g).

For discussion of the specific incentive plan performance targets and results, please see the Compensation Discussion and Analysis.

Long-Term Incentive
On February 11, 2015, the compensation committee recommended long-term incentive grants for the named executive officers in the form of performance shares, and the board approved these grants at its meeting on February 12, 2015. These grants are reflected in columns (f), (g), (h), and (l) of the Grants of Plan-Based Awards table and in column (e) of the Summary Compensation Table.

If the company's 2015-2017 total stockholder return is positive, from 0% to 200% of the target grant will be paid out in February 2018, depending on our 2015-2017 total stockholder return compared to the total three-year stockholder returns of companies in our performance graph peer group. The payout percentage is determined as follows:

The Company's Percentile Rank	Payout Percentage of February 12, 2015 Grant
75th or higher	200%
50th	100%
25th	20%
Less than 25th	0%

Payouts for percentile ranks falling between the intervals will be interpolated. We also will pay dividend equivalents in cash on the number of shares actually earned for the performance period. The dividend equivalents will be paid in 2018 at the same time as the performance share awards are paid.

If the common stock of a company in the peer group ceases to be traded at any time during the 2015-2017 performance period, the company will be deleted from the peer group. Percentile rank will be calculated without regard to the return of the deleted company. If MDU Resources Group, Inc. or a company in the peer group spins off a segment of its business, the shares of the spun-off entity will be treated as a cash dividend that is reinvested in MDU Resources Group, Inc. or the company in the peer group.

If the company's 2015-2017 total stockholder return is negative, the number of shares otherwise earned, if any, for the performance period will be reduced in accordance with the following table:

Total Stockholder Return	Reduction in Award
0% through -5%	50%
-5.01% through -10%	60%
-10.01% through -15%	70%
-15.01% through -20%	80%
-20.01% through -25%	90%
-25.01% or below	100%

Salary and Bonus in Proportion to Total Compensation

The following table shows the proportion of salary and bonus to total compensation:

Name	Salary ($)	Bonus ($)	Total Compensation ($)	Salary and Bonus as a % of Total Compensation
David L. Goodin	755,000	—	2,558,148	29.5%
Doran N. Schwartz	380,000	—	818,052	46.5%
David C. Barney	395,000	—	1,290,413	30.6%
Jeffrey S. Thiede	425,000	—	1,002,265	42.4%
Patrick L. O'Bryan	441,918	—	1,822,699	24.2%
Steven L. Bietz	214,274	—	1,307,120	16.4%

Outstanding Equity Awards at Fiscal Year-End 2015

	Option Awards					Stock Awards			
Name (a)	Number of Securities Underlying Unexercised Options Exercisable (#) (b)	Number of Securities Underlying Unexercised Options Unexercisable (#) (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)	Option Exercise Price ($) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested ($) (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (j)[1]
David L. Goodin	—	—	—	—	—	—	—	63,956 [2]	1,171,674
Doran N. Schwartz	—	—	—	—	—	—	—	16,485 [2]	302,005
David C. Barney	—	—	—	—	—	—	—	3,843 [2]	70,404
Jeffrey S. Thiede	—	—	—	—	—	—	—	4,101 [2]	75,130
Patrick L. O'Bryan	—	—	—	—	—	—	—	—	—
Steven L. Bietz	—	—	—	—	—	—	—	16,287 [2]	298,378

[1] Value based on the number of performance shares reflected in column (i) multiplied by $18.32, the year-end closing price for 2015.

[2] Below is a breakdown by year of the plan awards:

Named Executive Officer	Award	Shares	End of Performance Period
David L. Goodin	2013	42,788	12/31/15
	2014	6,735	12/31/16
	2015	14,433	12/31/17
Doran N. Schwartz	2013	11,809	12/31/15
	2014	1,770	12/31/16
	2015	2,906	12/31/17
David C. Barney	2013	—	—
	2014	1,494	12/31/16
	2015	2,349	12/31/17
Jeffery S. Thiede	2013	—	—
	2014	1,573	12/31/16
	2015	2,528	12/31/17
Patrick L. O'Bryan	2013	—	—
	2014	—	—
	2015	—	—
Steven L. Bietz	2013	15,104	12/31/15
	2014	1,183	12/31/16
	2015	—	—

Shares for the 2013 award are shown at the target level (100%) based on results for the 2013-2015 performance cycle between threshold and target.

Shares for the 2014 award are shown at the threshold level (20%) based on results for the first two years of the 2014-2016 performance cycle below threshold. Mr. Bietz's shares are prorated to reflect his retirement effective July 17, 2015.

Shares for the 2015 award are shown at the threshold level (20%) based on results for the 2015-2017 performance cycle below threshold. Mr. Bietz's shares were forfeited because of his retirement effective July 17, 2015.

Pension Benefits for 2015

Name (a)	Plan Name (b)	Number of Years Credited Service (#) (c)	Present Value of Accumulated Benefit ($) (d)	Payments During Last Fiscal Year ($) (e)
David L. Goodin	MDU Pension Plan	26	1,053,138	—
	SISP I[1,3]	10	230,600	—
	SISP II[2,3]	10	889,654	—
	SISP II 2012 Upgrade[4]	3	68,534	—
	SISP II 2013 Upgrade[4]	2	936,419	—
	SISP Excess[5]	26	35,046	—
Doran N. Schwartz	MDU Pension Plan	4	103,247	—
	SISP II[2,3]	8	501,190	—
	SISP II 2013 Upgrade[4]	2	165,873	—
	SISP II 2014 Upgrade[4]	1	83,760	—
David C. Barney[6]	SISP II[2,3]	10	1,089,837	—
	SISP II 2014 Upgrade[4]	1	216,295	—
Jeffrey S. Thiede[6]	—	—	—	—
Patrick L. O'Bryan[6]	—	—	—	—
Steven L. Bietz	WBI Pension Plan	28	1,299,883	33,580
	SISP I[1,3]	10	846,479	—
	SISP II[2,3]	10	813,506	—
	SISP Excess[5]	28	169,124	10,433 [7]

1 Grandfathered under Section 409A.

2 Not grandfathered under Section 409A.

3 Years of credited service only affects vesting under SISP I and SISP II. The number of years of credited service in the table reflects the years of vesting service completed in SISP I and SISP II as of December 31, 2015, rather than total years of service with the company. Ten years of vesting service is required to obtain the full benefit under these plans. The present value of accumulated benefits was calculated by assuming the named executive officer would have ten years of vesting service on the assumed benefit commencement date; therefore, no reduction was made to reflect actual vesting levels.

4 Benefit level increases granted under SISP II on or after January 1, 2010, require an additional three years of vesting service for the increase. Mr. Goodin received a benefit increase effective January 1, 2012, which has vested. Messrs. Goodin and Schwartz received benefit level increases effective January 1, 2013, and Messrs. Schwartz and Barney received a benefit level increase effective January 1, 2014; the present value of their accumulated benefits was calculated assuming that the additional vesting requirements would be met.

5 The number of years of credited service under the SISP excess reflects the years of credited benefit service in the appropriate pension plan as of December 31, 2009, when the MDU and WBI pension plans were frozen, rather than the years of participation in the SISP excess. We reflect years of credited benefit service in the appropriate pension plan because the SISP excess provides a benefit that is based on benefits that would have been payable under the MDU and WBI pension plans absent Internal Revenue Code limitations.

6 Messrs. Barney, Thiede, and O'Bryan are not eligible to participate in the pension plans. Messrs. Thiede and O'Bryan do not participate in the SISP.

7 Payable for 2015 but deferred pursuant to Section 409A.

The amounts shown for the pension plan and SISP excess represent the actuarial present values of the executives' accumulated benefits accrued as of December 31, 2015, calculated using a 3.76%, 3.96%, and 4.07% discount rate for the SISP excess, MDU pension plan, and WBI pension plan, respectively, the Society of Actuaries RP-2014 Adjusted to 2006 Total Dataset Mortality with Scale MP-2015 for post-retirement mortality, and no recognition of future salary increases or pre-retirement mortality. The assumed retirement age for these benefits was age 60 for Messrs. Goodin and Schwartz. This is the earliest age at which the executives could begin receiving unreduced benefits. Mr. Bietz's benefits reflect his actual termination date of July 17, 2015. The amounts shown for the SISP I and SISP II were determined using a 3.76% discount rate and assume benefits commenced at age 65.

Pension Plan

Messrs. Goodin and Schwartz participate in the MDU Resources Group, Inc. Pension Plan for Non-Bargaining Unit Employees, which we refer to as the MDU pension plan. Mr. Bietz participates in the Williston Basin Interstate Pipeline Company Pension Plan, which we refer to as the WBI pension plan. Pension benefits under the pension plans are based on the participant's average annual salary over the 60 consecutive month period in which the participant received the highest annual salary during the participant's final 10 years of service. For this purpose, only a participant's salary is considered; incentives and other forms of compensation are not included. Benefits are determined by multiplying (1) the participant's years of credited service by (2) the sum of (a) the average annual salary up to the social security integration level times 1.1% and (b) the average annual salary over the social security integration level times 1.45%. The maximum years of service recognized when determining benefits under the pension plans is 35. Pension plan benefits are not reduced for social security benefits.

Both of the pension plans were amended to cease benefit accruals as of December 31, 2009, meaning the normal retirement benefit will not change. The years of credited service in the table reflect the named executive officers' years of credited service as of December 31, 2009.

To receive unreduced retirement benefits under the pension plans, participants must either remain employed until age 60 or elect to defer commencement of benefits until age 60. Participants whose employment terminates between the ages of 55 and 60, with 5 years of service under the pension plans, are eligible for early retirement benefits. Early retirement benefits are determined by reducing the normal retirement benefit by 0.25% per month for each month before age 60. If a participant's employment terminates before age 55, the same reduction applies for each month the termination occurs before age 62, with the reduction capped at 21%.

Benefits for single participants under the pension plans are paid as straight life annuities, and benefits for married participants are paid as actuarially reduced annuities with a survivor benefit for spouses, unless participants choose otherwise. Participants hired before January 1, 2004, who terminate employment before age 55, may elect to receive their benefits in a lump sum. Mr. Goodin would have been eligible for a lump sum if he had retired on December 31, 2015.

The Internal Revenue Code limits the amounts paid under the pension plans and the amount of compensation recognized when determining benefits. In 2009, when the pension plans were frozen, the maximum annual benefit payable under the pension plans was $195,000 and the maximum amount of compensation recognized when determining benefits was $245,000.

Supplemental Income Security Plan

We also offer select key managers and executives benefits under our defined benefit nonqualified retirement plan, which we refer to as the Supplemental Income Security Plan or SISP. Messrs. Goodin, Schwartz, Barney, and Bietz participate in the SISP. Benefits under the SISP consist of:

- a supplemental retirement benefit intended to augment the retirement income provided under the pension plans – we refer to this benefit as the regular SISP benefit
- an excess retirement benefit relating to Internal Revenue Code limitations on retirement benefits provided under the pension plans – we refer to this benefit as the SISP excess benefit and
- death benefits – we refer to these benefits as the SISP death benefit.

SISP benefits are forfeited if the participant's employment is terminated for cause.

Regular SISP Benefits and Death Benefits

Regular SISP benefits and death benefits are determined by reference to one of two schedules attached to the SISP – the original schedule or the amended schedule. Our compensation committee, after receiving recommendations from our chief executive officer, determines the level at which participants are placed in the schedules. A participant's placement is generally, but not always, determined by reference to the participant's annual base salary. Benefit levels in the amended schedule, which became effective on January 1, 2010, are 20% lower than the benefit levels in the original schedule. The amended schedule applies to new participants and participants who receive a benefit level increase on or after January 1, 2010. None of the named executive officers received a benefit level increase on or after January 1, 2015. Effective February 11, 2016, the SISP was amended to freeze the plan to new participants and to current participants at their current benefit levels.

Participants can elect to receive (1) the regular SISP benefit only, (2) the SISP death benefit only, or (3) a combination of both. Regardless of the participant's election, if the participant dies before the regular SISP benefit would commence, only the SISP death benefit is provided. If the participant elects to receive both a regular SISP benefit and a SISP death benefit, each of the benefits is reduced proportionately.

The regular SISP benefits reflected in the table above are based on the assumption that the participant elects to receive only the regular SISP benefit. The present values of the SISP death benefits that would be provided if the named executive officers had died on December 31, 2015, prior to the commencement of regular SISP benefits, are reflected in the table that appears in the section entitled "Potential Payments upon Termination or Change of Control."

Regular SISP benefits that were vested as of December 31, 2004, and were grandfathered under Section 409A of the Internal Revenue Code remain subject to SISP provisions then in effect, which we refer to as SISP I benefits. Regular SISP benefits that are subject to Section 409A of the Internal Revenue Code, which we refer to as SISP II benefits, are governed by amended provisions intended to comply with Section 409A. Participants generally have more discretion with respect to the distributions of their SISP I benefits.

The time and manner in which the regular SISP benefits are paid depend on a variety of factors, including the time and form of benefit elected by the participant and whether the benefits are SISP I or SISP II benefits. Unless the participant elects otherwise, the SISP I benefits are paid over 180 months, with benefits commencing when the participant attains age 65 or, if later, when the participant retires. The SISP II benefits commence when the participant attains age 65 or, if later, when the participant retires, subject to a six-month delay if the participant is subject to the provisions of Section 409A of the Internal Revenue Code that require delayed commencement of these types of retirement benefits. The SISP II benefits are paid over 180 months or, if commencement of payments is delayed for six months, 173 months. If the commencement of benefits is delayed for six months, the first payment includes the payments that would have been paid during the six-month period plus interest equal to one-half of the annual prime interest rate on the participant's last date of employment. If the participant dies after the regular SISP benefits have begun but before receipt of all of the regular SISP benefits, the remaining payments are made to the participant's designated beneficiary.

Rather than receiving their regular SISP I benefits in equal monthly installments over 15 years commencing at age 65, participants can elect a different form and time of commencement of their SISP I benefits. Participants can elect to defer commencement of the regular SISP I benefits. If this is elected, the participant retains the right to receive a monthly SISP death benefit if death occurs prior to the commencement of the regular SISP I benefit.

Participants also can elect to receive their SISP I benefits in one of three actuarially equivalent forms – a life annuity, 100% joint and survivor annuity, or a joint and two-thirds joint and survivor annuity, provided that the cost of providing these actuarial equivalent forms of benefits does not exceed the cost of providing the normal form of benefit. Neither the election to receive an actuarially equivalent benefit nor the administrator's right to pay the regular SISP benefit in the form of an actuarially equivalent lump sum are available with respect to SISP II benefits.

To promote retention, the regular SISP benefits are subject to the following 10-year vesting schedule:

- 0% vesting for less than 3 years of participation
- 20% vesting for 3 years of participation
- 40% vesting for 4 years of participation and
- an additional 10% vesting for each additional year of participation up to 100% vesting for 10 years of participation.

There is an additional vesting requirement on benefit level increases for the regular SISP benefit granted on or after January 1, 2010. The requirement applies only to the increased benefit level. The increased benefit vests after the later of three additional years of participation in the SISP or the end of the regular vesting schedule described above. The additional three-year vesting requirement for benefit level increases is prorated for participants who are officers, attain age 65, and, pursuant to the company's bylaws, are required to retire prior to the end of the additional vesting period as follows:

- 33% of the increase vests for participants required to retire at least one year but less than two years after the increase is granted and
- 66% of the increase vests for participants required to retire at least two years but less than three years after the increase is granted.

The benefit level increases of participants who attain age 65 and are required to retire pursuant to the company's bylaws will be further reduced to the extent the participants are not fully vested in their regular SISP benefit under the 10-year vesting schedule described above. The additional vesting period associated with a benefit level increase may be waived by the compensation committee.

SISP death benefits become fully vested if the participant dies while actively employed. Otherwise, the SISP death benefits are subject to the same vesting schedules as the regular SISP benefits.

The SISP also provides that if a participant becomes totally disabled, the participant will continue to receive service credit for up to two additional years under the SISP as long as the participant is totally disabled during such time. Since the named executive officers other than Messrs. Goodin and Barney, in their upgrades, and Mr. Schwartz, are fully vested in their SISP benefits, this would not result in any incremental benefit for the named executive officers other than Messrs. Goodin, Schwartz, and Barney. The present value of these additional years of service for Messrs. Goodin, Schwartz, and Barney is reflected in the table in "Potential Payments upon Termination or Change of Control" below.

SISP Excess Benefits

SISP excess benefits are equal to the difference between (1) the monthly retirement benefits that would have been payable to the participant under the pension plans absent the limitations under the Internal Revenue Code and (2) the actual benefits payable to the participant under the pension plans. Participants are only eligible for the SISP excess benefits if (1) the participant is fully vested under the pension plan, (2) the participant's employment terminates prior to age 65, and (3) benefits under the pension plan are reduced due to limitations under the Internal Revenue Code on plan compensation. Effective January 1, 2005, participants who were not then vested in the SISP excess benefits were also required to remain actively employed by the company until age 60. In 2009, the plan was amended to limit eligibility for the SISP excess benefit to current SISP participants (1) who were already vested in the SISP excess benefit or (2) who would become vested in the SISP excess benefits if they remain employed with the company until age 60. The plan was further amended to freeze the SISP excess benefits to a maximum of the benefit level payable based on the participant's years of service and compensation level as of December 31, 2009. Mr. Goodin must remain employed until age 60 to become entitled to his SISP excess benefit. Mr. Bietz is entitled to the SISP excess benefit even though he terminated employment prior to age 65. Messrs. Schwartz, Barney, Thiede, and O'Bryan are not eligible for this benefit.

Benefits generally commence six months after the participant's employment terminates and continue to age 65 or until the death of the participant, if prior to age 65. If a participant who dies prior to age 65 elected a joint and survivor benefit, the survivor's SISP excess benefit is paid until the date the participant would have attained age 65.

Nonqualified Deferred Compensation for 2015

Name (a)	Executive Contributions in Last FY ($) (b)	Registrant Contributions in Last FY ($) (c)	Aggregate Earnings in Last FY ($) (d)	Aggregate Withdrawals/ Distributions ($) (e)	Aggregate Balance at Last FYE ($) (f)
David L. Goodin	—	—	—	—	—
Doran N. Schwartz	—	—	—	—	—
David C. Barney	—	—	—	—	—
Jeffrey S. Thiede	—	150,000	(955)	—	268,885 [1]
Patrick L. O'Bryan	—	—	—	—	—
Steven L. Bietz	—	—	—	—	—

[1] Includes $150,000 which was awarded to Mr. Thiede under the Nonqualified Defined Contribution Plan for 2015, $75,000 for 2014, and $33,000 for 2013. Each of these amounts is reported in column (i) of the Summary Compensation Table in this proxy statement for its respective year.

Nonqualified Defined Contribution Plan

The company adopted the Nonqualified Defined Contribution Plan, effective January 1, 2012, to provide deferred compensation for a select group of management or highly compensated employees who do not participate in the SISP. The compensation committee determines the amount of employer contributions under the Nonqualified Defined Contribution Plan, which are credited to plan accounts and not funded. After satisfying a four-year vesting requirement for each contribution, the contributions and investment earnings will be distributed to the executive in a lump sum upon separation from service with the company or in annual installments commencing upon the later of (i) separation from service and (ii) age 65. Plan benefits become fully vested if the participant dies while actively employed. Benefits are forfeited if the participant's employment is terminated for cause.

Deferral of Annual Incentive Compensation

Participants in the executive incentive compensation plans may elect to defer up to 100% of their annual incentive awards. Deferred amounts accrue interest at a rate determined annually by the compensation committee. The interest rate in effect for 2015 was 4.66% or the "Moody's Rate," which is the average of (i) the number that results from adding the daily Moody's U.S. Long-Term Corporate Bond Yield

Average for "A" rated companies as of the last day of each month for the 12-month period ending October 31 and dividing by 12 and (ii) the number that results from adding the daily Moody's U.S. Long-Term Corporate Bond Yield Average for "Baa" rated companies as of the last day of each month for the 12-month period ending October 31 and dividing by 12. The deferred amount will be paid in accordance with the participant's election, following termination of employment or beginning in the fifth year following the year the award was granted. The amounts will be paid in accordance with the participant's election in a lump sum or in monthly installments not to exceed 120 months. In the event of a change of control, all amounts become immediately payable.

A change of control for purposes of Deferred Annual Incentive Compensation is defined as:

- an acquisition during a 12-month period of 30% or more of the total voting power of our stock
- an acquisition of our stock that, together with stock already held by the acquirer, constitutes more than 50% of the total fair market value or total voting power of our stock
- replacement of a majority of the members of our board of directors during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of our board of directors or
- acquisition of our assets having a gross fair market value at least equal to 40% of the total gross fair market value of all of our assets.

Potential Payments upon Termination or Change of Control

The following tables show the payments and benefits our named executive officers would receive in connection with a variety of employment termination scenarios and upon a change of control. For the named executive officers, other than Mr. Bietz, the information assumes the terminations and the change of control occurred on December 31, 2015. For Mr. Bietz, the information relates to his actual retirement on July 17, 2015, and assumes that a change of control occurred on December 31, 2015. All of the payments and benefits described below would be provided by the company or its subsidiaries.

The tables exclude compensation and benefits provided under plans or arrangements that do not discriminate in favor of the named executive officers and that are generally available to all salaried employees, such as benefits under our qualified defined benefit pension plan (for employees hired before 2006), accrued vacation pay, continuation of health care benefits, and life insurance benefits. The tables include amounts under the Nonqualified Defined Contribution Plan, but do not include the named executive officers' deferred annual incentive compensation. See the Pension Benefits for 2015 table and the Nonqualified Deferred Compensation for 2015 table, and accompanying narratives, for a description of the named executive officers' accumulated benefits under our qualified defined benefit pension plans, the Nonqualified Defined Contribution Plan, and their deferred annual incentive compensation.

The calculation of the present value of excess SISP benefits our named executive officers would be entitled to upon termination of employment under the SISP was computed based on calculations assuming an age rounded to the nearest whole year of age. Actual payments may differ. The terms of the excess SISP benefit are described following the Pension Benefits for 2015 table.

We provide disability benefits to some of our salaried employees equal to 60% of their base salary, subject to a cap on the amount of base salary taken into account when calculating benefits. For officers, the limit on base salary is $200,000. For other salaried employees, the limit is $100,000. For all salaried employees, disability payments continue until age 65 if disability occurs at or before age 60 and for 5 years if disability occurs between the ages of 60 and 65. Disability benefits are reduced for amounts paid as retirement benefits. The amounts in the tables reflect the present value of the disability benefits attributable to the additional $100,000 of base salary recognized for executives under our disability program, subject to the 60% limitation, after reduction for amounts that would be paid as retirement benefits.

Upon a change of control, share-based awards granted under our Long-Term Performance-Based Incentive Plan vest and non-share-based awards are paid in cash. All performance share awards for Messrs. Goodin, Schwartz, Barney, Thiede, and Bietz and the annual incentives for Messrs. Goodin, Barney, Thiede, and O'Bryan which were awarded under the Long-Term Performance-Based Incentive Plan, would vest at their target levels. For this purpose, the term "change of control" is defined as:

- the acquisition by an individual, entity, or group of 20% or more of our outstanding common stock
- a change in a majority of our board of directors since April 22, 1997, without the approval of a majority of the board members as of April 22, 1997, or whose election was approved by such board members
- consummation of a merger or similar transaction or sale of all or substantially all of our assets, unless our stockholders immediately prior to the transaction beneficially own more than 60% of the outstanding common stock and voting power of the resulting corporation in substantially the same proportions as before the merger, no person owns 20% or more of the resulting corporation's outstanding common

stock or voting power except for any such ownership that existed before the merger and at least a majority of the board of the resulting corporation is comprised of our directors or

- stockholder approval of our liquidation or dissolution.

Performance share awards will be forfeited if the participant's employment terminates for any reason before the participant has reached age 55 and completed 10 years of service. Performance shares and related dividend equivalents for those participants whose employment is terminated other than for cause after the participant has reached age 55 and completed 10 years of service will be prorated as follows:

- if the termination of employment occurs during the first year of the performance period, the shares are forfeited

- if the termination of employment occurs during the second year of the performance period, the executive receives a prorated portion of any performance shares earned based on the number of months employed during the performance period and

- if the termination of employment occurs during the third year of the performance period, the executive receives the full amount of any performance shares earned.

As of December 31, 2015, Messrs. Goodin, Schwartz, and Thiede had not satisfied this age and years of service requirement. Accordingly, if a December 31, 2015 termination other than for cause without a change of control is assumed, the named executive officers' 2015-2017 performance share awards would be forfeited; any amounts earned under the 2014-2016 performance share award for Mr. Barney would be reduced by one-third and for Mr. Bietz by 17/36 and such awards for Messrs. Goodin, Schwartz, and Thiede would be forfeited; and any amounts earned under the 2013-2015 performance share award for Mr. Bietz would not be reduced and the awards for Messrs. Goodin and Schwartz would be forfeited. Messrs. Barney and Thiede had no 2013-2015 performance share awards, and Mr. O'Bryan had no 2015-2017, 2014-2016, or 2013-2015 performance share awards. The number of performance shares earned following a termination depends on actual performance through the full performance period. As actual performance for the 2013-2015 performance share awards has been determined, the amounts for these awards in the event of a termination without a change of control were based on actual performance, which resulted in vesting of 31% of the target award. For the 2014-2016 performance share awards, because we do not know what actual performance through the entire performance period will be, we have assumed target performance will be achieved and, therefore, show two-thirds of the target award, except for Mr. Bietz, which shows 19/36 of the target award. No amounts are shown for the 2015-2017 performance share awards because such awards would be forfeited. Although vesting would only occur after completion of the performance period, the amounts shown in the tables were not reduced to reflect the present value of the performance shares that could vest. Dividend equivalents attributable to earned performance shares would also be paid. Dividend equivalents accrued through December 31, 2015, are included in the amounts shown, except for Mr. Bietz which are accrued through his retirement date.

The value of the vesting of performance shares shown in the tables was determined by multiplying the number of performance shares that would vest due to termination or a change of control by the closing price of our stock on December 31, 2015.

The compensation committee may consider providing severance benefits on a case-by-case basis for employment terminations. The compensation committee adopted a checklist of factors in February 2005 to consider when determining whether any such severance benefits should be paid. Except for Mr. Bietz, the tables do not reflect any such severance benefits, as these benefits are made in the discretion of the committee on a case-by-case basis and it is not possible to estimate the severance benefits, if any, that would be paid.

David L. Goodin

Executive Benefits and Payments Upon Termination or Change of Control	Voluntary Termination ($)	Not for Cause Termination ($)	Death ($)	Disability ($)	Change of Control (With Termination) ($)	Change of Control (Without Termination) ($)
Compensation:						
Short-term Incentive[1]					755,000	755,000
2013-2015 Performance Shares					875,656	875,656
2014-2016 Performance Shares					665,794	665,794
2015-2017 Performance Shares					1,375,085	1,375,085
Benefits and Perquisites:						
Regular SISP[2]	1,186,624	1,186,624		2,121,340	1,186,624	
SISP Death Benefits[3]			6,351,958			
Disability Benefits[4]				13,821		
Total	**1,186,624**	**1,186,624**	**6,351,958**	**2,135,161**	**4,858,159**	**3,671,535**

1 Represents the target 2015 annual incentive, which would be deemed earned upon change of control under the Long-Term Performance-Based Incentive Plan.

2 Represents the present value of Mr. Goodin's vested regular SISP benefit as of December 31, 2015, which was $12,888 per month for 15 years, commencing at age 65. Present value was determined using a 3.76% discount rate. The terms of the regular SISP benefit are described following the Pension Benefits for 2015 table. The amount payable for a disability reflects a credit for one additional year of vesting, which would result in full vesting of the 2013 SISP upgrade.

3 Represents the present value of 180 monthly payments of $46,080 per month, which would be paid as a SISP death benefit under the SISP. Present value was determined using a 3.76% discount rate. The terms of the SISP death benefit are described following the Pension Benefits for 2015 table.

4 Represents the present value of the disability benefit after reduction for amounts that would be paid as retirement benefits. Present value was determined using a 3.96% discount rate.

Doran N. Schwartz

Executive Benefits and Payments Upon Termination or Change of Control	Voluntary Termination ($)	Not for Cause Termination ($)	Death ($)	Disability ($)	Change of Control (With Termination) ($)	Change of Control (Without Termination) ($)
Compensation:						
2013-2015 Performance Shares					241,671	241,671
2014-2016 Performance Shares					174,945	174,945
2015-2017 Performance Shares					276,831	276,831
Benefits and Perquisites:						
Regular SISP[1]	401,962	401,962		752,715	401,962	
SISP Death Benefits[2]			3,014,975			
Disability Benefits[3]				736,474		
Total	**401,962**	**401,962**	**3,014,975**	**1,489,189**	**1,095,409**	**693,447**

1 Represents the present value of Mr. Schwartz's vested regular SISP benefit as of December 31, 2015, which was $5,840 per month for 15 years, commencing at age 65. Present value was determined using a 3.76% discount rate. The terms of the regular SISP benefit are described following the Pension Benefits for 2015 table. The amount payable for a disability reflects a credit for two additional years of vesting, which would result in full vesting of the 2013 and 2014 SISP upgrades.

2 Represents the present value of 180 monthly payments of $21,872 per month, which would be paid as a SISP death benefit under the SISP. Present value was determined using a 3.76% discount rate. The terms of the SISP death benefit are described following the Pension Benefits for 2015 table.

3 Represents the present value of the disability benefit after reduction for amounts that would be paid as retirement benefits. Present value was determined using a 3.96% discount rate.

David C. Barney

Executive Benefits and Payments Upon Termination or Change of Control	Voluntary Termination ($)	Not for Cause Termination ($)	Death ($)	Disability ($)	Change of Control (With Termination) ($)	Change of Control (Without Termination) ($)
Compensation:						
Short-term Incentive[1]					150,000	150,000
2013-2015 Performance Shares						
2014-2016 Performance Shares	98,474	98,474	98,474	98,474	147,721	147,721
2015-2017 Performance Shares					223,801	223,801
Benefits and Perquisites:						
Regular SISP[2]	1,075,709	1,075,709		1,289,201	1,075,709	
SISP Death Benefits[3]			3,014,975			
Disability Benefits[4]				273,954		
Total	**1,174,183**	**1,174,183**	**3,113,449**	**1,661,629**	**1,597,231**	**521,522**

1 Represents the target 2015 additional annual incentive, which would be deemed earned upon change of control under the Long-Term Performance-Based Incentive Plan.

2 Represents the present value of Mr. Barney's vested regular SISP benefit as of December 31, 2015, which was $9,125 per month for 15 years, commencing at age 65. Present value was determined using a 3.76% discount rate. The terms of the regular SISP benefit are described following the Pension Benefits for 2015 table. The amount payable for a disability reflects a credit for two additional years of vesting, which would result in full vesting of the 2014 SISP upgrade.

3 Represents the present value of 180 monthly payments of $21,872 per month, which would be paid as a SISP death benefit under the SISP. Present value was determined using a 3.76% discount rate. The terms of the SISP death benefit are described following the Pension Benefits for 2015 table.

4 Represents the present value of the disability benefit. Present value was determined using the 3.76% discount rate applied for purposes of the SISP calculations.

Jeffrey S. Thiede

Executive Benefits and Payments Upon Termination or Change of Control	Voluntary Termination ($)	Not for Cause Termination ($)	Death ($)	Disability ($)	Change of Control (With Termination) ($)	Change of Control (Without Termination) ($)
Compensation:						
Short-term Incentive[1]					340,000	340,000
2013-2015 Performance Shares						
2014-2016 Performance Shares					155,511	155,511
2015-2017 Performance Shares					240,817	240,817
Benefits and Perquisites:						
Nonqualified Defined Contribution Plan Death Benefit[2]			268,885			
Disability Benefits[3]				541,543		
Total			**268,885**	**541,543**	**736,328**	**736,328**

1 Represents the target 2015 annual incentive, which would be deemed earned upon change of control under the Long-Term Performance-Based Incentive Plan.

2 Represents the value of Mr. Thiede's unvested Nonqualified Defined Contribution Plan account at December 31, 2015, which would be paid upon death.

3 Represents the present value of the disability benefit. Present value was determined using the 3.76% discount rate applied for purposes of the SISP calculations. Though Mr. Thiede is not a participant in the SISP, this rate is considered reasonable for purposes of this calculation as it would be applied if Mr. Thiede were a SISP participant.

Patrick L. O'Bryan

Executive Benefits and Payments Upon Termination or Change of Control	Voluntary Termination ($)	Not for Cause Termination ($)	Death ($)	Disability ($)	Change of Control (With Termination) ($)	Change of Control (Without Termination) ($)
Compensation:						
Short-term Incentive[1]					900,000	900,000
Retention Incentive	150,000	150,000	150,000	150,000	150,000	150,000
Benefits and Perquisites:						
Disability Benefits[2]				524,844		
Total	**150,000**	**150,000**	**150,000**	**674,844**	**1,050,000**	**1,050,000**

[1] Represents the target 2015 annual incentive, which would be deemed earned upon change of control under the Long-Term Performance-Based Incentive Plan.

[2] Represents the present value of the disability benefit. Present value was determined using the 3.76% discount rate applied for purposes of the SISP calculations. Though Mr. O'Bryan is not a participant in the SISP, this rate is considered reasonable for purposes of this calculation as it would be applied if Mr. O'Bryan were a SISP participant.

Steven L. Bietz

Executive Benefits and Payments Upon Termination or Change of Control[1]	Voluntary Termination ($)	Not for Cause Termination ($)	Death ($)	Disability ($)	Change of Control ($)
Compensation:					
2013-2015 Performance Shares	94,085				309,103
2014-2016 Performance Shares	114,770				221,602
2015-2017 Performance Shares					287,750
Total	**208,855**				**818,455**

[1] Mr. Bietz retired on July 17, 2015. The information in this table relates to his actual retirement effective July 17, 2015, and assumes that a change of control occurred on December 31, 2015. The amount shown under Voluntary Termination for the 2013-2015 Performance Shares is based on actual performance, resulting in payment of 31% of the target award. The amount shown under Voluntary Termination for the 2014-2016 Performance Shares is the target award, prorated based on the number of months Mr. Bietz worked during the performance period. The amounts shown under Change of Control are the target awards for the entire performance period. His termination qualified as an early retirement under our qualified pension plan and our SISP. These plans and Mr. Bietz's benefits under them are described in the Pension Benefits for 2015 table and accompanying narratives. Mr. Bietz was paid a lump-sum payment of $750,000, less applicable tax withholding amounts, for the entry into a waiver and voluntary release agreement and in recognition of his 34 years of service.

Director Compensation for 2015

Name[1] (a)	Fees Earned or Paid in Cash ($) (b)	Stock Awards ($) (c)[2]	Option Awards ($) (d)	Non-Equity Incentive Plan Compensation ($) (e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (f)	All Other Compensation ($) (g)[3]	Total ($) (h)
Thomas Everist	75,000	110,000	—	—	—	156	185,156
Karen B. Fagg	75,000	110,000	—	—	—	656	185,656
Mark A. Hellerstein	65,000	110,000	—	—	—	156	175,156
A. Bart Holaday	65,000	110,000	—	—	—	156	175,156
Dennis W. Johnson	80,000	110,000	—	—	—	156	190,156
William E. McCracken	65,000	110,000	—	—	—	156	175,156
Patricia L. Moss	65,000	110,000	—	—	—	156	175,156
Harry J. Pearce	155,000	110,000	—	—	—	156	265,156
John K. Wilson	65,000 [4]	110,000	—	—	—	156	175,156

[1] J. Kent Wells, who resigned as vice chairman of MDU Resources Group, Inc., chief executive officer of Fidelity Exploration & Production Company and a director of MDU Resources Group, Inc. effective February 28, 2015, did not receive any additional compensation for services provided as a director.

[2] Reflects the aggregate grant date fair value of 6,039 shares of MDU Resources Group, Inc. stock purchased for our non-employee directors measured in accordance with Financial Accounting Standards Board generally accepted accounting principles for stock based compensation in FASB Accounting Standards Codification Topic 718. The grant date fair value is based on the purchase price of our common stock on the grant date on November 18, 2015, which was $18.212. The $17.73 in cash paid to each director for the fractional shares is included in the amounts reported in column (c) to this table.

[3] Group life insurance premium and a matching charitable contribution of $500 for Ms. Fagg.

[4] Includes $64,991 that Mr. Wilson received in our common stock in lieu of cash.

The following table shows the cash and stock retainers payable to our non-employee directors.

Base Retainer	$ 65,000
Additional Retainers:	
Non-Executive Chairman	90,000
Lead Director, if any	33,000
Audit Committee Chairman	15,000
Compensation Committee Chairman	10,000
Nominating and Governance Committee Chairman	10,000
Annual Stock Grant[1]	110,000

[1] The annual stock grant is a grant of shares equal in value to $110,000.

There are no meeting fees.

In addition to liability insurance, we maintain group life insurance in the amount of $100,000 on each non-employee director for the benefit of each director's beneficiaries during the time each director serves on the board. The annual cost per director is $156.

Directors may defer all or any portion of the annual cash retainer and any other cash compensation paid for service as a director pursuant to the Deferred Compensation Plan for Directors. Deferred amounts are held as phantom stock with dividend accruals and are paid out in cash over a five-year period after the director leaves the board.

Directors are reimbursed for all reasonable travel expenses including spousal expenses in connection with attendance at meetings of the board and its committees. All amounts together with any other perquisites were below the disclosure threshold for 2015.

Our post-retirement income plan for directors was terminated in May 2001 for current and future directors. The net present value of each director's benefit was calculated and converted into phantom stock. Payment is deferred pursuant to the Deferred Compensation Plan for Directors and will be made in cash over a five-year period after the director's retirement from the board.

Our director stock ownership policy contained in our corporate governance guidelines requires each director to own our common stock equal in value to five times the director's annual cash base retainer. Shares acquired through purchases on the open market and participation in our director stock plans will be considered in ownership calculations as will ownership of our common stock by a spouse. A director is allowed five years commencing January 1 of the year following the year of that director's initial election to the board to meet the requirements. The level of common stock ownership is monitored with an annual report made to the compensation committee of the board. For stock ownership, please see "Security Ownership."

Narrative Disclosure of our Compensation Policies and Practices as They Relate to Risk Management

The human resources department has conducted an assessment of the risks arising from our compensation policies and practices for all employees and concluded that none of these risks is reasonably likely to have a material adverse effect on the company. Based on the human resources department's assessment and taking into account information received from the risk identification process, senior management and our management policy committee concluded that risks arising from our compensation policies and practices for all employees are not reasonably likely to have a material adverse effect on the company. After review and discussion with senior management, the compensation committee concurred with this assessment.

As part of its assessment of the risks arising from our compensation policies and practices for all employees, the human resources department identified the principal areas of risk faced by the company that may be affected by our compensation policies and practices for all employees, including any risks resulting from our operating businesses' compensation policies and practices. In assessing the risks arising from our compensation policies and practices, the human resources department identified the following practices designed to prevent excessive risk taking:

Business management and governance practices

- risk management is a specific performance competency included in the annual performance assessment of Section 16 officers
- board oversight on capital expenditure and operating plans that promotes careful consideration of financial assumptions
- limitation on business acquisitions without board approval
- employee integrity training programs and anonymous reporting systems
- quarterly risk assessment reports at audit committee meetings and
- prohibitions on holding company stock in an account that is subject to a margin call, pledging company stock as collateral for a loan, and hedging of company stock by Section 16 officers and directors.

Executive compensation practices

- active compensation committee review of executive compensation, including comparison of executive compensation to total stockholder return ratio to the ratio for the performance graph peer group (PEER Analysis)
- the initial determination of a position's salary grade to be at or near the 50th percentile of base salaries paid to similar positions at peer group companies and/or relevant industry companies
- consideration of peer group and/or relevant industry practices to establish appropriate compensation target amounts
- a balanced compensation mix of fixed salary and annual and long-term incentives tied to the company's financial performance
- use of interpolation for annual and long-term incentive awards to avoid payout cliffs
- negative discretion to adjust any annual or long-term incentive award payment downward
- use of caps on annual incentive awards (maximum of 200% of target) and long-term incentive stock grant awards (200% target)
- clawback availability on incentive payments in the event of a financial restatement
- use of performance shares, rather than stock options or stock appreciation rights, as the equity component of incentive compensation

- use of performance shares with a relative total stockholder return performance goal and mandatory reduction in award if total stockholder return is negative
- use of three-year performance periods to discourage short-term risk-taking
- substantive incentive goals measured primarily by return on invested capital, earnings, and earnings per share criteria, which encourage balanced performance and are important to stockholders
- use of financial performance metrics that are readily monitored and reviewed
- regular review of the appropriateness of the companies in the performance graph peer group
- stock ownership requirements for the board and for executives receiving long-term incentive awards under the MDU Resources Group, Inc. Long-Term Performance-Based Incentive Plan
- mandatory holding periods for 50% of any net after-tax shares earned under long-term incentive awards granted in 2011 and thereafter and
- use of independent consultants in establishing pay targets at least biennially.

BALANCE SHEET

Year: 2015

	Account Number	& Title	Last Year	This Year	% Change
1		**Assets and Other Debits**			
2					
3	**Utility Plant**				
4	101	Electric Plant in Service	$1,097,515,962	$1,172,942,231	6.87%
5	101.1	Property Under Capital Leases			
6	102	Electric Plant Purchased or Sold			
7	104	Electric Plant Leased to Others			
8	105	Electric Plant Held for Future Use			
9	106	Completed Constr. Not Classified - Electric	127,220,652	485,131,928	281.33%
10	107	Construction Work in Progress - Electric	148,914,362	39,979,542	-73.15%
11	108	(Less) Accumulated Depreciation	(513,486,639)	(540,299,158)	5.22%
12	111	(Less) Accumulated Amortization	(1,403,482)	(1,734,529)	23.59%
13	114	Electric Plant Acquisition Adjustments	10,387,642	10,387,642	0.00%
14	115	(Less) Accum. Amort. Electric Plant Acq. Adj.	(10,387,642)	(10,387,642)	0.00%
15	120	Nuclear Fuel (Net)			
16		Other Utility Plant	587,371,139	657,284,320	11.90%
17		Accum. Depr. and Amort. - Other Utl. Plant	(255,872,972)	(282,699,614)	10.48%
18					
19		**Total Utility Plant**	$1,190,259,022	$1,530,604,720	28.59%
20					
21	**Other Property & Investments**				
22	121	Nonutility Property	$16,086,364	$15,640,751	-2.77%
23	122	(Less) Accum. Depr. & Amort. of Nonutil. Prop.	(3,483,659)	(3,678,472)	5.59%
24	123	Investments in Associated Companies			
25	123.1	Investments in Subsidiary Companies	2,590,283,230	1,722,350,774	-33.51%
26	124	Other Investments	64,445,496	66,784,202	3.63%
27	125	Sinking Funds			
28					
29		**Total Other Property & Investments**	$2,667,331,431	$1,801,097,255	-32.48%
30					
31	**Current & Accrued Assets**				
32	131	Cash	$5,873,534	$2,770,168	-52.84%
33	132-134	Special Deposits	14,870	14,275	-4.00%
34	135	Working Funds	246,893	150,750	-38.94%
35	136	Temporary Cash Investments			
36	141	Notes Receivable			
37	142	Customer Accounts Receivable	29,467,184	20,902,043	-29.07%
38	143	Other Accounts Receivable	8,855,452	3,953,301	-55.36%
39	144	(Less) Accum. Provision for Uncollectible Accts.	(485,245)	(448,073)	-7.66%
40	145	Notes Receivable - Associated Companies			
41	146	Accounts Receivable - Associated Companies	32,690,791	33,128,824	1.34%
42	151	Fuel Stock	4,417,908	5,373,602	21.63%
43	152	Fuel Stock Expenses Undistributed			
44	153	Residuals and Extracted Products			
45	154	Plant Materials and Operating Supplies	19,800,235	19,057,339	-3.75%
46	155	Merchandise	16,232	0	-100.00%
47	156	Other Material & Supplies			
48	163	Stores Expense Undistributed			
49	164.1	Gas Stored Underground - Current	9,350,117	11,509,418	23.09%
50	165	Prepayments	6,105,991	5,671,080	-7.12%
51	166	Advances for Gas Explor., Devl. & Production			
52	171	Interest & Dividends Receivable			
53	172	Rents Receivable			
54	173	Accrued Utility Revenues	47,389,618	39,280,240	-17.11%
55	174	Miscellaneous Current & Accrued Assets			
56					
57		**Total Current & Accrued Assets**	$163,743,580	$141,362,967	-13.67%

BALANCE SHEET

Year: 2015

	Account Number & Title	Last Year	This Year	% Change
1	**Assets and Other Debits (cont.)**			
2				
3	**Deferred Debits**			
4	181 Unamortized Debt Expense	$2,019,812	$2,533,923	25.45%
5	182.1 Extraordinary Property Losses			
6	182.2 Unrecovered Plant & Regulatory Study Costs	3,350,503	2,993,931	-10.64%
7	182.3 Other Regulatory Assets	121,494,214	203,700,877	67.66%
8	183 Prelim. Electric Survey & Investigation Chrg.	500,300	619,177	23.76%
9	183.1 Prelim. Nat. Gas Survey & Investigation Chrg.	93,539	0	-100.00%
10	183.2 Other Prelim. Nat. Gas Survey & Invtg. Chrgs.			
11	184 Clearing Accounts	55,122	985	-98.21%
12	185 Temporary Facilities			
13	186 Miscellaneous Deferred Debits	29,214,803	21,453,443	-26.57%
14	187 Deferred Losses from Disposition of Util. Plant			
15	188 Research, Devel. & Demonstration Expend.			
16	189 Unamortized Loss on Reacquired Debt	6,687,570	5,968,060	-10.76%
17	190 Accumulated Deferred Income Taxes	63,779,943	69,928,510	9.64%
18	191 Unrecovered Purchased Gas Costs	10,651,144	(3,670,064)	-134.46%
19	192.1 Unrecovered Incremental Gas Costs			
20	192.2 Unrecovered Incremental Surcharges			
21				
22	**Total Deferred Debits**	$237,846,950	$303,528,842	27.62%
23				
24	**TOTAL ASSETS & OTHER DEBITS**	$4,259,180,983	$3,776,593,784	-11.33%
25	**Liabilities and Other Credits**			
26				
27	**Proprietary Capital**			
28	201 Common Stock Issued	$194,754,812	$195,804,665	0.54%
29	202 Common Stock Subscribed			
30	204 Preferred Stock Issued	15,000,000	15,000,000	0.00%
31	205 Preferred Stock Subscribed			
32	207 Premium on Capital Stock	1,213,676,764	1,236,677,978	1.90%
33	211 Miscellaneous Paid-In Capital			
34	213 (Less) Discount on Capital Stock			
35	214 (Less) Capital Stock Expense	(6,488,675)	(6,558,718)	1.08%
36	216 Appropriated Retained Earnings	555,934,822	570,240,768	2.57%
37	216.1 Unappropriated Retained Earnings	1,206,892,280	426,114,449	-64.69%
38	217 (Less) Reacquired Capital Stock	(3,625,813)	(3,625,813)	0.00%
39	219 Accumulated Other Comprehensive Income	(42,103,297)	(37,148,174)	11.77%
40				
41	**Total Proprietary Capital**	$3,134,040,893	$2,396,505,155	-23.53%
42				
43	**Long Term Debt**			
44	221 Bonds			
45	222 (Less) Reacquired Bonds			
46	223 Advances from Associated Companies			
47	224 Other Long Term Debt	508,273,506	625,264,519	23.02%
48	225 Unamortized Premium on Long Term Debt			
49	226 (Less) Unamort. Discount on Long Term Debt-Dr.			
50				
51	**Total Long Term Debt**	$508,273,506	$625,264,519	23.02%

BALANCE SHEET

Year: 2015

	Account Number & Title		Last Year	This Year	% Change
1	**Total Liabilities and Other Credits (cont.)**				
2					
3	**Other Noncurrent Liabilities**				
4	227	Obligations Under Cap. Leases - Noncurrent			
5	228.1	Accumulated Provision for Property Insurance			
6	228.2	Accumulated Provision for Injuries & Damages	$3,736,056	$1,073,542	-71.27%
7	228.3	Accumulated Provision for Pensions & Benefits	54,640,098	53,421,814	-2.23%
8	228.4	Accumulated Misc. Operating Provisions			
9	229	Accumulated Provision for Rate Refunds	450,000	916,543	103.68%
10	230	Asset Retirement Obligations	6,509,617	103,736,547	1493.59%
11					
12	**TOTAL Other Noncurrent Liabilities**		$65,335,771	$159,148,446	143.59%
13					
14	**Current & Accrued Liabilities**				
15	231	Notes Payable			
16	232	Accounts Payable	$46,830,236	$53,267,087	13.75%
17	233	Notes Payable to Associated Companies			
18	234	Accounts Payable to Associated Companies	30,863,009	6,621,950	-78.54%
19	235	Customer Deposits	1,510,515	1,479,642	-2.04%
20	236	Taxes Accrued	(41,641,535)	10,994,840	126.40%
21	237	Interest Accrued	7,431,466	8,195,895	10.29%
22	238	Dividends Declared	35,606,942	36,783,577	3.30%
23	239	Matured Long Term Debt			
24	240	Matured Interest			
25	241	Tax Collections Payable	1,257,661	1,008,226	-19.83%
26	242	Miscellaneous Current & Accrued Liabilities	24,909,601	21,606,234	-13.26%
27	243	Obligations Under Capital Leases - Current			
28					
29	**TOTAL Current & Accrued Liabilities**		$106,767,895	$139,957,451	31.09%
30					
31	**Deferred Credits**				
32	252	Customer Advances for Construction	$22,623,499	$22,189,157	-1.92%
33	253	Other Deferred Credits	96,422,495	94,382,563	-2.12%
34	254	Other Regulatory Liabilities	9,005,624	12,397,095	37.66%
35	255	Accumulated Deferred Investment Tax Credits	2,411,735	1,752,301	-27.34%
36	256	Deferred Gains from Disposition Of Util. Plant			
37	257	Unamortized Gain on Reacquired Debt			
38	281-283	Accumulated Deferred Income Taxes	314,299,565	324,997,097	3.40%
39					
40	**TOTAL Deferred Credits**		$444,762,918	$455,718,213	2.46%
41					
42	**TOTAL LIABILITIES & OTHER CREDITS**		$4,259,180,983	$3,776,593,784	-11.33%

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
MDU Resources Group, Inc.	(1) X An Original (2) __ A Resubmission	12/31/2015	2015/Q4

NOTES TO FINANCIAL STATEMENTS (Continued)

Definitions

The following abbreviations and acronyms used in the Notes are defined below:

Abbreviation or Acronym	
AFUDC	Allowance for funds used during construction
ASC	FASB Accounting Standards Codification
BART	Best available retrofit technology
Big Stone Station	475-MW coal-fired electric generating facility near Big Stone City, South Dakota (22.7 percent ownership)
Cascade	Cascade Natural Gas Corporation, an indirect wholly owned subsidiary of MDU Energy Capital
Centennial	Centennial Energy Holdings, Inc., a direct wholly owned subsidiary of the Company
Company	MDU Resources Group, Inc.
Coyote Station	427-MW coal fired electric generating facility near Beulah, North Dakota (25 percent ownership)
EBITDA	Earnings before interest, taxes, depreciation and amortization
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
GAAP	Accounting principles generally accepted in the United States of America
Great Plains	Great Plains Natural Gas Co., a public utility division of the Company
Intermountain	Intermountain Gas Company, an indirect wholly owned subsidiary of MDU Energy Capital
K-Plan	Company's 401(k) Retirement Plan
MDU Energy Capital	MDU Energy Capital, LLC, a direct wholly owned subsidiary of the Company
MNPUC	Minnesota Public Utilities Commission
Montana-Dakota	Montana-Dakota Utilities Co., a public utility division of the Company
MTPSC	Montana Public Service Commission
MW	Megawatt
NDPSC	North Dakota Public Service Commission
SDPUC	South Dakota Public Utilities Commission
Stock Purchase Plan	Company's Dividend Reinvestment and Direct Stock Purchase Plan
Wygen III	100-MW coal-fired electric generating facility near Gillette, Wyoming (25 percent ownership)
WYPSC	Wyoming Public Service Commission

Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies

Basis of presentation

The Company is a diversified natural resource company, which was incorporated under the laws of the state of Delaware in 1924. Montana-Dakota and Great Plains are public utility divisions of the Company.

Montana-Dakota generates, transmits, and distributes electricity and distributes natural gas in Montana, North Dakota, South Dakota, and Wyoming. Great Plains distributes natural gas in western Minnesota and southeastern North Dakota. These operations also supply related value-added services. The Company provides service to more than 142,000 electric and 291,000 natural gas residential, commercial, industrial and municipal customers in 277 communities and adjacent rural areas as of December 31, 2015.

Montana-Dakota is subject to regulation by the FERC, NDPSC, MTPSC, SDPUC, and WYPSC. Great Plains is subject to regulation by the MNPUC and the NDPSC.

The Company owns two wholly owned subsidiaries, Centennial and MDU Energy Capital, as well as ownership interests in the assets, liabilities and expenses of jointly owned electric generating facilities.

The financial statements were prepared in accordance with the accounting requirements of the FERC set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than GAAP. These requirements differ from GAAP related to the presentation of certain items including, but not limited to, the current portion of long-term debt, deferred income taxes, cost of removal liabilities, and current unrecovered purchased gas costs. As required by the FERC for Form 1 report purposes, the Company reports its subsidiary investments using the equity method rather than consolidating the assets, liabilities, revenues and expenses of the subsidiaries, as required by GAAP. If GAAP were followed, utility plant, other property and investments would increase by $1.1 billion; current and accrued assets would increase by $879.7 million; deferred debits would increase by $872.2 million; long-term debt would increase by $1.0 billion; other noncurrent liabilities and current and accrued liabilities would increase by $648.5 million; deferred credits would increase by $1.1 billion; and capital would increase by $124.0 million as of December 31, 2015. Furthermore, operating revenues would increase by $3.6 billion and operating expenses, excluding income taxes, would increase by $3.5 billion for the twelve months ended December 31, 2015. In addition, net cash provided by operating activities would increase by $383.5 million; net cash used in investing activities would increase by $126.4 million; net cash used in financing activities would increase by $251.0 million; the effect of exchange rate changes on cash would decrease by $225,000; and the net change in cash and cash equivalents would be an increase of $5.9 million for the twelve months ended December 31, 2015. Reporting its subsidiary investments using the equity method rather than GAAP has no effect on net income or retained earnings.

The Notes to Financial Statements accompanying this FERC Form No. 1 relate to the nonconsolidated parent company and its two public utility divisions. For information on disclosures of the subsidiary companies, refer to the Company's Form 10-K.

Montana-Dakota and Great Plains are regulated businesses which account for certain income and expense items under the provisions of regulatory accounting, which requires these businesses to defer as regulatory assets or liabilities certain items that would have otherwise been reflected as expense or income, respectively, based on the expected regulatory treatment in future rates. The expected recovery or flowback of these deferred items generally is based on specific ratemaking decisions or precedent for each item. Regulatory assets and liabilities are being amortized consistently with the regulatory treatment established by the FERC and the applicable state public service commissions. See

Note 3 for more information regarding the nature and amounts of these regulatory deferrals.

Management has also evaluated the impact of events occurring after December 31, 2015, up to the date of issuance of these consolidated financial statements.

Cash and cash equivalents
The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts receivable and allowance for doubtful accounts
Accounts receivable consists primarily of trade receivables from the sale of goods and services which are recorded at the invoiced amount. The total balance of receivables past due 90 days or more was $963,000 and $800,000 at December 31, 2015 and 2014, respectively.

The allowance for doubtful accounts is determined through a review of past due balances and other specific account data. Account balances are written off when management determines the amounts to be uncollectible. The Company's allowance for doubtful accounts at December 31, 2015 and 2014 was $448,000 and $485,000, respectively.

Inventories and natural gas in storage
Inventories, other than natural gas in storage, were stated at the lower of average cost or market value. Natural gas in storage is carried at cost using the last-in, first-out method. The portion of the cost of natural gas in storage expected to be used within one year was included in inventories. Inventories at December 31 consisted of:

	2015	2014
	(In thousands)	
Plant materials and operating supplies	**$ 19,057**	$ 19,800
Gas stored underground-current	**11,509**	9,350
Fuel stock	**5,374**	4,418
Merchandise	**---**	16
Total	**$ 35,940**	$ 33,584

The remainder of natural gas in storage, which largely represents the cost of gas required to maintain pressure levels for normal operating purposes, was $2.4 million and $2.5 million at December 31, 2015 and 2014, respectively.

Investments
The Company's investments include its investment in subsidiary companies, the cash surrender value of life insurance policies, an insurance contract, and other miscellaneous investments. The Company measures its investment in the insurance contract at fair value with any unrealized gains and losses recorded on the Statement of Income. The Company has not elected the fair value option for its other investments. For more information, see Notes 4 and 11.

Property, plant and equipment
Additions to property, plant and equipment are recorded at cost. When regulated assets are retired, or otherwise disposed of in the ordinary course of business, the original cost of the asset is charged to accumulated depreciation. With respect to the retirement or disposal of all other assets, the resulting gains or losses are recognized as a component of income. The Company is permitted to capitalize AFUDC on regulated construction projects and to include such amounts in rate base when the related facilities are placed in service.

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The amount of AFUDC capitalized for the years ended December 31 was as follows:

	2015	2014
	(In thousands)	
AFUDC - borrowed	$ 3,909	$ 2,092
AFUDC - equity	$ 7,275	$ 3,988

Property, plant and equipment are depreciated on a straight-line basis over the average useful lives of the assets. The Company collects removal costs for plant assets in regulated utility rates. These amounts are included in accumulated provision for depreciation, amortization and depletion.

Property, plant and equipment at December 31 was as follows:

	2015	2014	Weighted Average Depreciable Life in Years
	(Dollars in thousands, where applicable)		
Electric:			
Generation	$ 1,003,173	$ 627,952	39
Distribution	375,612	343,692	44
Transmission	255,842	229,997	57
Construction in progress	42,435	150,445	-
Other	104,650	100,094	14
Natural gas distribution:			
Distribution	459,603	400,223	42
Construction in progress	6,992	11,350	-
Other	115,046	105,117	13
Less accumulated depreciation, depletion and amortization	835,121	781,151	
Net utility plant	$ 1,528,232	$ 1,187,719	
Nonutility property	$ 15,641	$ 16,086	
Less accumulated depreciation, depletion and amortization	3,678	3,484	
Net nonutility property	$ 11,963	$ 12,602	

Impairment of long-lived assets

The Company reviews the carrying values of its long-lived assets, excluding goodwill, whenever events or changes in circumstances indicate that such carrying values may not be recoverable. The determination of whether an impairment has occurred is based on an estimate of undiscounted future cash flows attributable to the assets, compared to the carrying value of the assets. If impairment has occurred, the amount of the impairment recognized is determined by estimating the fair value of the assets and recording a loss if the carrying value is greater than the fair value. No impairment losses were recorded in 2015 and 2014. Unforeseen events and changes in circumstances could require the recognition of impairment losses at some future date.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of identifiable net tangible and intangible assets acquired in a business combination. Goodwill is required to be tested for impairment annually, which is completed in the fourth quarter, or more frequently if events or changes in circumstances indicate that goodwill may be impaired.

The goodwill impairment test is a two-step process performed at the reporting unit level. The Company has determined that the reporting units for its goodwill impairment test are its operating segments, or components of an operating segment, that constitute a business for which discrete financial information is available and for which segment management regularly reviews the operating results. The first step of the impairment test involves comparing the fair value of each reporting unit to its carrying value. If the fair value of a reporting unit exceeds its carrying value, the test is complete and no impairment is recorded. If the fair value of a reporting unit is less than its carrying value, step two of the test is performed to determine the amount of impairment loss, if any. The impairment is computed by comparing the implied fair value of the reporting unit's goodwill to the carrying value of that goodwill. If the carrying value is greater than the implied fair value, an impairment loss must be recorded. For the years ended December 31, 2015 and 2014, there were no impairment losses recorded. At December 31, 2015, the fair value of the natural gas distribution reporting unit substantially exceeded its carrying value. For more information on goodwill, see Note 2.

Determining the fair value of a reporting unit requires judgment and the use of significant estimates which include assumptions about the Company's future revenue, profitability and cash flows, amount and timing of estimated capital expenditures, inflation rates, weighted average cost of capital, operational plans, and current and future economic conditions, among others. The fair value of each reporting unit is determined using a weighted combination of income and market approaches. The Company uses a discounted cash flow methodology for its income approach. Under the income approach, the discounted cash flow model determines fair value based on the present value of projected cash flows over a specified period and a residual value related to future cash flows beyond the projection period. Both values are discounted using a rate which reflects the best estimate of the weighted average cost of capital at each reporting unit. The weighted average cost of capital of 5.0 percent, and a long-term growth rate projection of 3.1 percent were utilized in the goodwill impairment test performed in the fourth quarter of 2015. Under the market approach, the Company estimates fair value using multiples derived from comparable sales transactions and enterprise value to EBITDA for comparative peer companies for each respective reporting unit. These multiples are applied to operating data for each reporting unit to arrive at an indication of fair value. In addition, the Company adds a reasonable control premium when calculating the fair value utilizing the peer multiples, which is estimated as the premium that would be received in a sale in an orderly transaction between market participants. The Company believes that the estimates and assumptions used in its impairment assessments are reasonable and based on available market information, but variations in any of the assumptions could result in materially different calculations of fair value and determinations of whether or not an impairment is indicated.

Revenue recognition
Revenue is recognized when the earnings process is complete, as evidenced by an agreement between the customer and the Company, when delivery has occurred or services have been rendered, when the fee is fixed or determinable and when collection is reasonably assured. The Company recognizes utility revenue each month based on the services provided to all utility customers during the month. Accrued utility revenues represent revenues recognized in excess of amounts billed. Accrued utility revenues were $39.3 million and $47.4 million at December 31, 2015 and 2014, respectively. The Company recognizes all other revenues when services are rendered or goods are delivered. The Company presents revenues net of taxes collected from customers at the time of sale to be remitted to governmental authorities, including sales and use taxes.

Asset retirement obligations
The Company records the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the Company capitalizes a cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost

is depreciated over the useful life of the related asset. Upon settlement of the liability, the Company either settles the obligation for the recorded amount or incurs a regulatory asset or liability. For more information on asset retirement obligations, see Note 6.

Legal costs
The Company expenses external legal fees as they are incurred.

Natural gas costs recoverable or refundable through rate adjustments
Under the terms of certain orders of the applicable state public service commissions, the Company is deferring natural gas commodity, transportation and storage costs that are greater or less than amounts presently being recovered through its existing rate schedules. Such orders generally provide that these amounts are recoverable or refundable through rate adjustments which are filed annually. Natural gas costs recoverable or refundable, as applicable, through rate adjustments were $(3.7) million and $10.7 million at December 31, 2015 and 2014, respectively, which is included in unrecovered purchased gas costs.

Income taxes
The Company and its subsidiaries file consolidated method federal income tax returns and combined and separate state income tax returns. Federal income taxes paid by the Company, as parent of the consolidated group, are allocated to the individual subsidiaries based on the ratio of the separate company computations of tax. The Company makes a similar allocation for state income taxes paid in connection with combined state filings. The Company provides deferred federal and state income taxes on all temporary differences between the book and tax basis of the Company's assets and liabilities. Taxes recoverable from customers have been recorded as regulatory assets. Taxes refundable to customers and excess deferred income tax balances associated with the Company's rate-regulated activities have been recorded as regulatory liabilities. These regulatory assets and liabilities are expected to be recovered from or refunded to customers in future rates in accordance with applicable regulatory procedures.

The Company uses the deferral method of accounting for investment tax credits and amortizes the credits on regulated electric and natural gas distribution plant over various periods that conform to the ratemaking treatment prescribed by the applicable state public service commissions.

Tax positions taken or expected to be taken in an income tax return are evaluated for recognition using a more-likely-than-not threshold, and those tax positions requiring recognition are measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon ultimate settlement with a taxing authority. The Company recognizes interest and penalties accrued related to unrecognized tax benefits in interest and penalties, respectively.

Use of estimates
The preparation of financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Estimates are used for items such as impairment testing of long-lived assets and goodwill; fair values of acquired assets and liabilities under the acquisition method of accounting; property depreciable lives; tax provisions; uncollectible accounts; environmental and other loss contingencies; accumulated provision for revenues subject to refund; unbilled revenues; actuarially determined benefit costs; asset retirement obligations; and the valuation of stock-based compensation. As additional information becomes available, or actual amounts are determinable, the recorded estimates are revised. Consequently, operating results can be affected by revisions to prior accounting estimates.

Cash flow information

Cash expenditures for interest and income taxes for the years ended December 31 were as follows:

		2015		2014
		(In thousands)		
Interest, net of amount capitalized and AFUDC – borrowed of $3.9 million and $2.1 million in 2015 and 2014, respectively	$	21,479	$	17,398
Income taxes paid (refunded), net	$	(37,361)	$	18,561

Noncash investing transactions at December 31 were as follows:

		2015		2014
		(In thousands)		
Property, plant and equipment additions in accounts payable	$	28,359	$	6,451

New accounting standards

Revenue from Contracts with Customers In May 2014, the FASB issued guidance on accounting for revenue from contracts with customers. The guidance provides for a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry specific guidance. This guidance was to be effective for the Company on January 1, 2017. In August 2015, the FASB issued guidance deferring the effective date of the revenue guidance one year and allowing entities to early adopt. With this decision, the guidance will be effective for the Company on January 1, 2018. Entities will have the option of using either a full retrospective or modified retrospective approach to adopting the guidance. Under the modified approach, an entity would recognize the cumulative effect of initially applying the guidance with an adjustment to the opening balance of retained earnings in the period of adoption. In addition, the modified approach will require additional disclosures. The Company is evaluating the effects the adoption of the new revenue guidance will have on its results of operations, financial position, cash flows and disclosures, as well as its method of adoption.

Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent) In May 2015, the FASB issued guidance on fair value measurement and disclosure requirements removing the requirement to include investments in the fair value hierarchy for which fair value is measured using the net asset value per share practical expedient. The new guidance also removes the requirement to make certain disclosures for all investments that are eligible to be measured at net asset value using the practical expedient, and rather limits those disclosures to investments for which the practical expedient has been elected. This guidance was effective for the Company on January 1, 2016, with early adoption permitted. The Company is evaluating the effects the adoption of the new guidance will have on its disclosures, however it will not impact the Company's results of operations, financial position or cash flows.

Simplifying the Measurement of Inventory In July 2015, the FASB issued guidance regarding inventory that is measured using the first-in, first-out or average cost method. The guidance does not apply to inventory measured using the last-in, first-out or the retail inventory method. The guidance requires inventory within its scope to be measured at the lower of cost or net realizable value, which is the estimated selling price in the normal course of business less reasonably predictable costs of completion, disposal and transportation. These amendments more closely align GAAP with IFRS. This guidance will be effective for the Company on January 1, 2017, and should be applied prospectively with early adoption permitted as of the beginning of an interim or annual reporting period. The

Company is evaluating the effects the adoption of the new guidance will have on its results of operations, financial position and cash flows.

Recognition and Measurement of Financial Assets and Financial Liabilities In January 2016, the FASB issued guidance regarding the classification and measurement of financial instruments. The guidance revises the way an entity classifies and measures investments in equity securities, the presentation of certain fair value changes for financial liabilities measured at fair value and amends certain disclosure requirements related to the fair value of financial instruments. This guidance will be effective for the Company on January 1, 2018, with early adoption of certain amendments permitted. The Company is evaluating the effects the adoption of the new guidance will have on its results of operations, financial position, cash flows and disclosures.

Leases In February 2016, the FASB issued guidance regarding the accounting for leases. The guidance will require lessees to recognize on the balance sheet a lease asset and liability for those leases that were previously classified as operating leases. For income statement purposes, the guidance retained a dual model for lessee accounting requiring that the leases be classified as either operating or financing leases. Operating leases will result in straight-line expense and finance leases will result in front-loaded expense, similar to the current accounting for operating and capital leases, with classification criteria being largely similar to current guidance. The guidance for lessor accounting is largely similar to current guidance, but updated to align it with the new guidance for lessee accounting and the new revenue recognition guidance. In addition, the guidance requires quantitative and qualitative disclosures, including significant judgments made by management, that will provide greater insight into the extent of revenue and expense recognized, and expected to be recognized, from existing contracts. This guidance will be effective for the Company on January 1, 2019, with early adoption permitted. The guidance must be adopted using a modified retrospective approach and provides for certain practical expedients. The transition will require entities to apply the new guidance as of the beginning of the earliest comparative period presented. The Company is evaluating the effects the adoption of the new guidance will have on its results of operations, financial position, cash flows and disclosures.

Comprehensive income (loss)

Comprehensive income (loss) is the sum of net income (loss) as reported and other comprehensive income (loss). The Company's other comprehensive income (loss) resulted from postretirement liability adjustments and other comprehensive income (loss) recorded by its subsidiaries.

The postretirement liability adjustment in other comprehensive income was $(2.0) million and $465,000, net of tax of $1.2 million and $(285,000), for the years ended December 31, 2015 and 2014, respectively.

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MDU Resources Group, Inc.		12/31/2015	2015/Q4

NOTES TO FINANCIAL STATEMENTS (Continued)

The after-tax changes in the components of accumulated other comprehensive loss were as follows:

Twelve Months Ended December 31, 2015	Postretirement Liability Adjustment	Subsidiary Other Comprehensive Loss	Total Accumulated Other Comprehensive Loss
		(In thousands)	
Balance at December 31, 2014	$ (3,994)	$ (38,109)	$ (42,103)
Other comprehensive income (loss) before reclassifications	249	(680)	(431)
Amounts reclassified from accumulated other comprehensive loss	103	3,028	3,131
Amounts reclassified from accumulated other comprehensive loss to a regulatory asset	(2,310)	4,565	2,255
Net current-period other comprehensive income (loss)	(1,958)	6,913	4,955
Balance at December 31, 2015	**$ (5,952)**	**$ (31,196)**	**$ (37,148)**

Twelve Months Ended December 31, 2014	Postretirement Liability Adjustment	Subsidiary Other Comprehensive Loss	Total Accumulated Other Comprehensive Loss
		(In thousands)	
Balance at December 31, 2013	$ (4,459)	$ (33,746)	$ (38,205)
Other comprehensive income (loss) before reclassifications	519	(13,244)	(12,725)
Amounts reclassified from accumulated other comprehensive loss	(54)	1,679	1,625
Amounts reclassified from accumulated other comprehensive loss to a regulatory asset	—	7,202	7,202
Net current-period other comprehensive income (loss)	465	(4,363)	(3,898)
Balance at December 31, 2014	$ (3,994)	$ (38,109)	$ (42,103)

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Reclassifications out of accumulated other comprehensive loss were as follows:

Twelve Months Ended December 31,	2015	2014	Location on Statement of Income
	(In thousands)		
Amortization of postretirement liability losses included in net periodic benefit cost (credit)	$ **(165)**	$ 87	(a)
	62	(33)	Income taxes
	(103)	54	
Subsidiary reclassifications out of accumulated other comprehensive loss	**(3,028)**	(1,679)	Equity in earnings of Subsidiary Companies
Total reclassifications	$ **(3,131)**	$ (1,625)	

(a) Included in net periodic benefit cost (credit). For more information, see Note 11.

Note 2 - Goodwill and Other Intangible Assets

The carrying amount of goodwill, which is related to the natural gas distribution business, remained unchanged at $4.8 million for the years ended December 31, 2015 and 2014. This amount is included in miscellaneous deferred debits. No impairments have been recorded in any periods.

Note 3 - Regulatory Assets and Liabilities

The following table summarizes the individual components of unamortized regulatory assets and liabilities as of December 31:

	Estimated Recovery Period*	2015	2014
		(In thousands)	
Regulatory assets:			
Pension and postretirement benefits (a)	(h)	$ 107,595	$ 103,851
Taxes recoverable from customers (a)	Over plant lives	16,714	12,963
Plant costs (a) (b)	Up to 1 year	8,000	3,953
Unamortized loss on required debt	Up to 11 years	5,968	6,688
Costs related to identifying generation development (a) (c)	Up to 11 years	3,808	4,165
Unrecovered purchased gas costs	Up to 12 months	(3,670)	10,651
Other (a) (d) (e)	Largely within 1 year	2,740	7,676
Total regulatory assets		141,155	149,947
Regulatory liabilities:			
Plant removal and decommissioning costs (b) (f)		56,735	131,529
Taxes refundable to customers (f)		7,045	6,955
Pension and postretirement benefits (f)		3,591	91
Accumulated provision for rate refunds		917	450
Other (f) (g)		3,158	7,989
Total regulatory liabilities		71,446	147,014
Net regulatory position		$ 69,709	$ 2,933

* Estimated recovery period for regulatory assets currently being recovered in rates charged to customers.
(a) Included in other regulatory assets on the Comparative Balance Sheet.
(b) Included in accumulated provision for depreciation, amortization and depletion on the Comparative Balance Sheet.
(c) Included in unrecovered plant and regulatory study costs on the Comparative Balance Sheet.
(d) Included in prepayments on the Comparative Balance Sheet.
(e) Included in miscellaneous deferred debits on the Comparative Balance Sheet.
(f) Included in other regulatory liabilities on the Comparative Balance Sheet.
(g) Included in accumulated deferred investment tax credits on the Comparative Balance Sheet.
(h) Recovered as expense is incurred.

The regulatory assets are expected to be recovered in rates charged to customers. A portion of the Company's regulatory assets are not earning a return; however, these regulatory assets are expected to be recovered from customers in future rates. As of December 31, 2015 and 2014, approximately $122.2 million and $119.2 million respectively, of regulatory assets were not earning a rate of return.

If, for any reason, the Company's regulated business ceases to meet the criteria for application of regulatory accounting for all or part of their operations, the regulatory assets and liabilities relating to those portions ceasing to meet such criteria would be removed from the balance sheet and included in the statement of income or accumulated other comprehensive income (loss) in the period in which the discontinuance of regulatory accounting occurs.

Note 4 - Fair Value Measurements

The Company measures its investments in certain fixed-income and equity securities at fair value with changes in fair value recognized in income. The Company anticipates using these

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investments, which consist of an insurance contract, to satisfy its obligations under its unfunded, nonqualified benefit plan for executive officers and certain key management employees, and invests in these fixed-income and equity securities for the purpose of earning investment returns and capital appreciation. These investments, which totaled $45.2 million and $43.9 million as of December 31, 2015 and 2014, respectively, are classified as Other Investments on the Comparative Balance Sheet. The net unrealized gains on these investments for the years ended December 31, 2015 and 2014, were $1.1 million and $2.3 million, respectively. The change in fair value, which is considered part of the cost of the plan, is classified in Other Income and Deductions as Life Insurance on the Statement of Income.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The ASC establishes a hierarchy for grouping assets and liabilities, based on the significance of inputs.

The estimated fair values of the Company's assets and liabilities measured on a recurring basis are determined using the market approach.

The Company's Level 2 money market funds are valued at the net asset value of shares held at the end of the period, based on published market quotations on active markets, or using other known sources including pricing from outside sources. Units of these funds can be redeemed on a daily basis at their net asset value and have no redemption restrictions. The assets are invested in high-quality, short-term money market instruments that consist of municipal obligations. There are no unfunded commitments related to these funds.

The estimated fair value of the Company's Level 2 insurance contract is based on contractual cash surrender values that are determined primarily by investments in managed separate accounts of the insurer. These amounts approximate fair value. The managed separate accounts are valued based on other observable inputs or corroborated market data.

Though the Company believes the methods used to estimate fair value are consistent with those used by other market participants, the use of other methods or assumptions could result in a different estimate of fair value. For the years ended December 31, 2015 and 2014, there were no transfers between Levels 1 and 2.
The Company's assets and liabilities measured at fair value on a recurring basis were as follows:

	Fair Value Measurements at December 31, 2015, Using			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2015
	(In thousands)			
Assets:				
Money market funds	$ —	$ 410	$ —	$ 410
Insurance contract*	—	45,192	—	45,192
Total assets measured at fair value	$ —	$ 45,602	$ —	$ 45,602

*The insurance contract invests approximately 9 percent in common stock of mid-cap companies, 7 percent in common stock of small-cap companies, 19 percent in common stock of large-cap companies, 63 percent in fixed-income investments, 1 percent in target date investments and 1 percent in cash equivalents.

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NOTES TO FINANCIAL STATEMENTS (Continued)

	Fair Value Measurements at December 31, 2014, Using			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2014
		(In thousands)		
Assets:				
Money market funds	$ —	$ 183	$ —	$ 183
Insurance contract*	—	43,870	—	43,870
Total assets measured at fair value	$ —	$ 44,053	$ —	$ 44,053

*The insurance contract invests approximately 20 percent in common stock of mid-cap companies, 18 percent in common stock of small-cap companies, 29 percent in common stock of large-cap companies, 32 percent in fixed-income investments and 1 percent in cash equivalents.

The Company's long-term debt is not measured at fair value on the Comparative Balance Sheet and the fair value is being provided for disclosure purposes only. The fair value was based on discounted future cash flows using current market interest rates. The estimated fair value of the Company's Level 2 long-term debt at December 31 was as follows:

	2015		2014	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
		(In thousands)		
Long-term debt	$ **625,265**	$ **652,415**	$ 508,274	$ 572,041

The carrying amounts of the Company's remaining financial instruments included in current assets and current liabilities approximate their fair values.

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Note 5 - Debt

Certain debt instruments of the Company, including those discussed later, contain restrictive covenants and provisions. In order to borrow under the respective credit agreement, the Company must be in compliance with the applicable covenants and certain other conditions. In the event the Company does not comply with the applicable covenants and other conditions, alternative sources of funding may need to be pursued.

The following table summarizes the outstanding revolving credit facilities of the Company:

Company	Facility		Facility Limit	Amount Outstanding at December 31, 2015	Amount Outstanding at December 31, 2014	Letters of Credit at December 31, 2015	Expiration Date
					(Dollars in millions)		
MDU Resources Group, Inc.	Commercial paper/Revolving credit agreement	(a)	$ 175.0	$ 44.5 (b)	$ 77.5 (b)	$ —	5/8/19

(a) The commercial paper program is supported by a revolving credit agreement with various banks (provisions allow for increased borrowings, at the option of the Company on stated conditions, up to a maximum of $225.0 million). There were no amounts outstanding under the credit agreement.

(b) Amount outstanding under commercial paper program included in other long-term debt on the Comparative Balance Sheet.

The Company's commercial paper program is supported by a revolving credit agreement. While the amount of commercial paper outstanding does not reduce available capacity under the revolving credit agreement, the Company does not issue commercial paper in an aggregate amount exceeding the available capacity under its credit agreement.

The following includes information related to the preceding table.

Long-term debt

MDU Resources Group, Inc. The Company's revolving credit agreement supports its commercial paper program. Commercial paper borrowings under this agreement are classified as long-term debt as they are intended to be refinanced on a long-term basis through continued commercial paper borrowings.

The credit agreement contains customary covenants and provisions, including covenants of the Company not to permit, as of the end of any fiscal quarter, (A) the ratio of funded debt to total capitalization (determined on a consolidated basis) to be greater than 65 percent or (B) the ratio of funded debt to capitalization (determined with respect to the Company alone, excluding its subsidiaries) to be greater than 65 percent. Other covenants include limitations on the sale of certain assets and on the making of certain loans and investments.

There are no credit facilities that contain cross-default provisions between the Company and any of its subsidiaries.

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Long-term Debt Outstanding Long-term debt outstanding at December 31 was as follows:

		2015		2014
		(In thousands)		
Senior Notes at a weighted average rate of 5.22%, due on dates ranging from September 30, 2016 to October 30, 2045	$	**580,000**	$	430,000
Commercial paper at an interest rate of 0.65%, supported by revolving credit agreement		**44,500**		77,500
Credit agreements at a weighted average rate of 5.64%, due on dates ranging from January 1, 2019 to November 30, 2038		**765**		774
Total long-term debt	$	**625,265**	$	508,274

The amounts of scheduled long-term debt maturities for the five years and thereafter following December 31, 2015, aggregate $110,000 in 2016; $110,000 in 2017; $100.1 million in 2018; $44.5 million in 2019; $12,000 in 2020 and $480.4 million thereafter.

Note 6 - Asset Retirement Obligations
The Company records obligations related to retirement costs of natural gas distribution mains and lines, decommissioning of certain electric generating facilities, special handling and disposal of hazardous materials at certain electric generating facilities, natural gas distribution facilities and buildings, and certain other obligations as asset retirement obligations.

A reconciliation of the Company's liability for the years ended December 31 was as follows:

		2015		2014
		(In thousands)		
Balance at beginning of year	$	**6,510**	$	7,143
Liabilities settled		**—**		(991)
Revisions in estimates		**96,288**		(28)
Accretion expense		**939**		386
Balance at end of year	$	**103,737**	$	6,510

The 2015 revisions in estimates consist principally of updated natural gas distribution mains and lines asset retirement obligation costs.

The Company believes that largely all expenses related to asset retirement obligations at the Company's regulated operations will be recovered in rates over time and, accordingly, defers such expenses as regulatory assets.

Note 7 - Preferred Stocks
Preferred stocks at December 31 were as follows:

	2015	2014
	(In thousands, except shares and per share amounts)	
Authorized:		
Preferred -		
500,000 shares, cumulative, par value $100, issuable in series		
Preferred stock A -		
1,000,000 shares, cumulative, without par value, issuable in series (none outstanding)		
Preference -		
500,000 shares, cumulative, without par value, issuable in series (none outstanding)		
Outstanding:		
4.50% Series - 100,000 shares	$ 10,000	$ 10,000
4.70% Series - 50,000 shares	5,000	5,000
Total preferred stocks	$ 15,000	$ 15,000

For the years 2015 and 2014, dividends declared on the 4.50% Series and 4.70% Series preferred stocks were $4.50 and $4.70 per share, respectively. The 4.50% Series and 4.70% Series preferred stocks outstanding are subject to redemption, in whole or in part, at the option of the Company with certain limitations on 30 days notice on any quarterly dividend date at a redemption price, plus accrued dividends, of $105 per share and $102 per share, respectively.

In the event of a voluntary or involuntary liquidation, all preferred stock series holders are entitled to $100 per share, plus accrued dividends.

The affirmative vote of two-thirds of a series of the Company's outstanding preferred stock is necessary for amendments to the Company's charter or bylaws that adversely affect that series; creation of or increase in the amount of authorized stock ranking senior to that series (or an affirmative majority vote where the authorization relates to a new class of stock that ranks on parity with such series); a voluntary liquidation or sale of substantially all of the Company's assets; a merger or consolidation, with certain exceptions; or the partial retirement of that series of preferred stock when all dividends on that series of preferred stock have not been paid. The consent of the holders of a particular series is not required for such corporate actions if the equivalent vote of all outstanding series of preferred stock voting together has consented to the given action and no particular series is affected differently than any other series.

Subject to the foregoing, the holders of common stock exclusively possess all voting power. However, if cumulative dividends on preferred stock are in arrears, in whole or in part, for one year, the holders of preferred stock would obtain the right to one vote per share until all dividends in arrears have been paid and current dividends have been declared and set aside.

Note 8 - Common Stock
For the years 2015 and 2014, dividends declared on common stock were $.7350 and $.7150 per common share, respectively.

The Company's Stock Purchase Plan provides interested investors the opportunity to make optional cash investments and to reinvest all or a percentage of their cash dividends in shares of the Company's common stock. The K-Plan is partially funded with the Company's common stock. From January 2014 through August 2015, the Stock Purchase Plan and K-Plan, with respect to Company stock, were funded with shares of authorized but unissued common stock. From September 2015 through December 2015, purchases of shares of common stock on the open market were used to fund the Stock Purchase Plan and K-Plan. At December 31, 2015, there were 13.9 million shares of common stock reserved for original issuance under the Stock Purchase Plan and K-Plan.

The Company depends on earnings from its divisions and dividends from its subsidiaries to pay dividends on common stock. The declaration and payment of dividends is at the sole discretion of the board of directors, subject to limitations imposed by the Company's credit agreements, federal and state laws, and applicable regulatory limitations. In addition, the Company and Centennial are generally restricted to paying dividends out of capital accounts or net assets. The following discusses the most restrictive limitations.

Pursuant to a covenant under a credit agreement, Centennial may only make distributions to the Company in an amount up to 100 percent of Centennial's consolidated net income after taxes, excluding noncash write-downs, for the immediately preceding fiscal year. Intermountain and Cascade have regulatory limitations on the amount of dividends each can pay. Based on these limitations, approximately $1.6 billion of the net assets of the Company's subsidiaries were restricted from being used to transfer funds to the Company at December 31, 2015. In addition, the Company's credit agreement also contains restrictions on dividend payments. The most restrictive limitation requires the Company not to permit the ratio of funded debt to capitalization (determined with respect to the Company alone, excluding its subsidiaries) to be greater than 65 percent. Based on this limitation, approximately $322 million of the Company's (excluding its subsidiaries) net assets, which represents common stockholders' equity including retained earnings, would be restricted from use for dividend payments at December 31, 2015. In addition, state regulatory commissions may require the Company to maintain certain capitalization ratios. These requirements are not expected to affect the Company's ability to pay dividends in the near term.

Note 9 - Stock-Based Compensation

The Company has several stock-based compensation plans under which it is currently authorized to grant restricted stock and stock. As of December 31, 2015, there are 5.6 million remaining shares available to grant under these plans. The Company generally issues new shares of common stock to satisfy employee performance share awards and purchases shares on the open market for nonemployee director stock awards.

Total stock-based compensation expense (after tax), excluding the amount recognized by the Company's subsidiaries, was $721,000 and $717,000 in 2015 and 2014, respectively.

As of December 31, 2015, total remaining unrecognized compensation expense, excluding the amount to be recognized by the Company's subsidiaries, related to stock-based compensation was approximately $1.4 million (before income taxes) which will be amortized over a weighted average period of 1.5 years.

Stock awards

Nonemployee directors may receive shares of common stock instead of cash in payment for directors' fees under the nonemployee director stock compensation plan. There were 58,181 shares with a fair value of $1.1 million and 43,088 shares with a fair value of $1.1 million issued under this plan during the years ended December 31, 2015 and 2014, respectively.

Performance share awards

Since 2003, key employees of the Company and its subsidiaries have been awarded performance share awards each year. Entitlement to performance shares is based on the Company's total shareholder return over designated performance periods as measured against a selected peer group.

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Target grants of performance shares outstanding at December 31, 2015, were as follows:

Grant Date	Performance Period	Target Grant of Shares
March 2013	2013-2015	188,388
February 2014	2014-2016	142,989
February 2015	2015-2017	220,078
June 2015	2015-2017	14,441

Participants may earn from zero to 200 percent of the target grant of shares based on the Company's total shareholder return relative to that of the selected peer group. Compensation expense is based on the grant-date fair value as determined by Monte Carlo simulation. The blended volatility term structure ranges are comprised of 50 percent historical volatility and 50 percent implied volatility. Risk-free interest rates were based on U.S. Treasury security rates in effect as of the grant date. Assumptions used for grants of performance shares issued in 2015 and 2014 were:

	2015	2014
Weighted average grant-date fair value	$ 18.98	$ 41.13
Blended volatility range	22.86 % - 24.61 %	18.94% - 20.43%
Risk-free interest rate range	.05 % - 1.07 %	.03% - .74%
Weighted average discounted dividends per share	$ 1.57	$ 2.15

The fair value of the performance shares that vested during the year ended December 31, 2014 was $16.6 million. There were no performance shares that vested in 2015.

A summary of the status of the performance share awards for the year ended December 31, 2015, was as follows:

	Number of Shares	Weighted Average Grant-Date Fair Value
Nonvested at beginning of period	688,455	$ 28.16
Granted	258,454	18.98
Vested	—	—
Forfeited	(381,013)	22.31
Nonvested at end of period	565,896	$ 27.90

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Note 10 - Income Taxes

Income before income taxes for the years ended December 31, 2015 and 2014, respectively was $62,282 and $65,012.

Income tax expense (benefit) for the years ended December 31 was as follows:

	2015	2014
	(In thousands)	
Current:		
Federal	$ 12,202	$ (24,811)
State	1,879	(4,859)
	14,081	(29,670)
Deferred:		
Income taxes:		
Federal	1,566	41,207
State	506	3,676
Investment tax credit - net	(659)	1,644
	1,413	46,527
Total income tax expense	$ 15,494	$ 16,857

Components of deferred tax assets and deferred tax liabilities at December 31 were as follows:

	2015	2014
	(In thousands)	
Deferred tax assets:		
Postretirement	$ 43,312	$ 40,029
Compensation-related	9,406	11,119
Customer advances	8,375	8,608
Other	8,835	4,024
Total deferred tax assets	69,928	63,780
Deferred tax liabilities:		
Depreciation and basis differences on property, plant and equipment	277,128	264,556
Postretirement	40,922	39,464
Other	6,947	10,280
Total deferred tax liabilities	324,997	314,300
Net deferred income tax liability	$ (255,069)	$ (250,520)

As of December 31, 2015, the Company had a federal income tax credit carryforward of $3.4 million. The federal income tax credit carryforward will expire in 2036 if not utilized. As of December 31, 2015 and 2014, no valuation allowances have been recorded associated with previously identified deferred tax assets. Changes in tax regulations or assumptions regarding current and future taxable income could require valuation allowances in the future.

The following table reconciles the change in the net deferred income tax liability from December 31, 2014, to December 31, 2015, to deferred income tax expense:

	2015
	(In thousands)
Change in net deferred income tax liability from the preceding table	$ 4,549
Deferred taxes associated with other comprehensive loss	1,184
Other	(4,320)
Deferred income tax expense for the period	$ 1,413

Total income tax expense differs from the amount computed by applying the statutory federal income tax rate to income before taxes. The reasons for this difference were as follows:

Years ended December 31,	2015		2014	
	Amount	%	Amount	%
	(Dollars in thousands)			
Computed tax at federal statutory rate	$ 21,799	35.0	$ 22,754	35.0
Increases (reductions) resulting from:				
Federal renewable energy credit	(3,400)	(5.5)	(3,587)	(5.5)
AFUDC equity	(2,546)	(4.1)	(1,396)	(2.1)
Deductible K-Plan dividends	(1,109)	(1.8)	(1,091)	(1.7)
Nonqualified benefit plan	(590)	(0.9)	(1,013)	(1.6)
State income taxes, net of federal income tax benefit	1,068	1.7	2,162	3.3
Amortization and deferral of investment tax credit	231	0.4	(575)	(0.9)
Tax compliance and uncertain tax positions	136	0.2	(42)	(0.1)
Other	(95)	(0.1)	(355)	(0.5)
Total income tax expense	$ 15,494	24.9	$ 16,857	25.9

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state and local jurisdictions. The Company is no longer subject to U.S. federal income tax examinations by tax authorities for years ending prior to 2011. With few exceptions, as of December 31, 2015, the Company is no longer subject to state and local income tax examinations by tax authorities for years ending prior to 2010.

At December 31, 2015 and 2014, there were no tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. Because of the impact of deferred tax accounting, other than interest and penalties, the disallowance of the shorter deductibility period would not affect the annual effective tax rate but would accelerate the payment of cash to the taxing authority to an earlier period.

For the years ended December 31, 2015 and 2014, the Company recognized approximately $428,000 and $70,000, respectively, in interest expense. Penalties were not material in 2015 and 2014. The Company recognized interest income of approximately $192,000 and $108,000 for the years ended December 31, 2015 and 2014, respectively. The Company had accrued assets of approximately $18,000 and $667,000 at December 31, 2015 and 2014, respectively, for the receipt of interest income.

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Note 11 - Employee Benefit Plans

Pension and other postretirement benefit plans

The Company has noncontributory defined benefit pension plans and other postretirement benefit plans for certain eligible employees. The Company uses a measurement date of December 31 for all of its pension and postretirement benefit plans. Other postretirement plans presented here include certain of the Company's subsidiaries.

Prior to 2014, all of the Company's defined pension plans were frozen. These employees will be eligible to receive additional defined contribution plan benefits.

Effective January 1, 2010, eligibility to receive retiree medical benefits was modified at certain of the Company's businesses. Employees who had attained age 55 with 10 years of continuous service by December 31, 2010, will be provided the current retiree medical insurance benefits or can elect the new benefit, if desired, regardless of when they retire. All other current employees must meet the new eligibility criteria of age 60 and 10 years of continuous service at the time they retire. These employees will be eligible for a specified company funded Retiree Reimbursement Account. Employees hired after December 31, 2009, will not be eligible for retiree medical benefits.

In 2012, the Company modified health care coverage for certain retirees. Effective January 1, 2013, post-65 coverage was replaced by a fixed-dollar subsidy for retirees and spouses to be used to purchase individual insurance through an exchange.

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Changes in benefit obligation and plan assets for the years ended December 31, 2015 and 2014, and amounts recognized in the Comparative Balance Sheet at December 31, 2015 and 2014, were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2015	2014	**2015**	2014
	(In thousands)			
Change in benefit obligation:				
Benefit obligation at beginning of year	$ **269,583**	$ 230,279	$ **53,003**	$ 43,206
Service cost	**—**	—	**914**	787
Interest cost	**9,678**	10,056	**1,835**	1,862
Plan participants' contributions	**—**	—	**806**	817
Actuarial (gain) loss	**(13,276)**	45,308	**(6,049)**	10,155
Benefits paid	**(14,309)**	(16,060)	**(3,757)**	(3,824)
Benefit obligation at end of year	**251,676**	269,583	**46,752**	53,003
Change in net plan assets:				
Fair value of plan assets at beginning of year	**201,078**	190,935	**50,124**	48,661
Actual gain (loss) on plan assets	**(5,906)**	14,001	**240**	4,367
Employer contribution	**2,182**	12,202	**36**	103
Plan participants' contributions	**—**	—	**806**	817
Benefits paid	**(14,309)**	(16,060)	**(3,757)**	(3,824)
Fair value of net plan assets at end of year	**183,045**	201,078	**47,449**	50,124
Funded status – over (under)	$ **(68,631)**	$ (68,505)	$ **697**	$ (2,879)
Amounts recognized in the Comparative Balance Sheet at December 31:				
Other deferred debits (credits)	$ **(68,631)**	$ (68,505)	$ **697**	$ (2,879)
Net amount recognized	$ **(68,631)**	$ (68,505)	$ **697**	$ (2,879)
Amounts recognized in accumulated other comprehensive (income) loss/regulatory assets (liabilities) consist of:				
Actuarial loss	$ **115,715**	$ 114,805	$ **10,046**	$ 14,638
Prior service credit	**—**	—	**(10,181)**	(11,156)
Total	$ **115,715**	$ 114,805	$ **(135)**	$ 3,482

Employer contributions and benefits paid in the preceding table include only those amounts contributed directly to, or paid directly from, plan assets. The above table includes amounts related to regulated operations, which are recorded as regulatory assets (liabilities) and are expected to be reflected in rates charged to customers over time. For more information on regulatory assets (liabilities), see Note 3.

Unrecognized pension actuarial losses in excess of 10 percent of the greater of the projected benefit obligation or the market-related value of assets are amortized over the average life expectancy of plan participants for frozen plans. The market-related value of assets is determined using a five-year average of assets.

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The pension plans all have accumulated benefit obligations in excess of plan assets. The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for these plans at December 31 were as follows:

	2015	2014
	(In thousands)	
Projected benefit obligation	$ 251,676	$ 269,583
Accumulated benefit obligation	$ 251,676	$ 269,583
Fair value of plan assets	$ 183,045	$ 201,078

Components of net periodic benefit cost (credit) for the Company's pension and other postretirement benefit plans for the years ended December 31 were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2015	2014	2015	2014
	(In thousands)			
Components of net periodic benefit cost (credit):				
Service cost	$ —	$ —	$ 914	$ 787
Interest cost	9,678	10,056	1,835	1,862
Expected return on assets	(12,295)	(12,177)	(2,681)	(2,603)
Amortization of prior service credit	—	—	(976)	(976)
Recognized net actuarial loss	4,016	2,716	985	529
Net periodic benefit cost (credit)	1,399	595	77	(401)
Other changes in plan assets and benefit obligations recognized in accumulated other comprehensive (income) loss/regulatory assets (liabilities):				
Net (gain) loss	4,926	43,485	(3,608)	8,391
Amortization of actuarial loss	(4,016)	(2,716)	(985)	(529)
Amortization of prior service credit	—	—	976	976
Total recognized in accumulated other comprehensive (income) loss/regulatory assets (liabilities)	910	40,769	(3,617)	8,838
Total recognized in net periodic benefit cost and accumulated other comprehensive (income) loss/regulatory assets (liabilities)	$ 2,309	$ 41,364	$ (3,540)	$ 8,437

The estimated net loss for the defined benefit pension plans that will be amortized from accumulated other comprehensive loss or regulatory asset (liability), as applicable, into net periodic benefit cost in 2016 is $3.6 million. The estimated net loss and prior service credit for the other postretirement benefit plans that will be amortized from accumulated other comprehensive loss or regulatory asset(liability), as applicable, into net periodic benefit cost in 2016 are $814,000 and $1.2 million, respectively. Prior service cost is amortized on a straight line basis over the average remaining service period of active participants.

Weighted average assumptions used to determine benefit obligations at December 31 were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2015	2014	2015	2014
Discount rate	3.97%	3.68%	4.04%	3.73%
Expected return on plan assets	6.75%	7.00%	5.75%	6.00%

Weighted average assumptions used to determine net periodic benefit cost for the years ended December 31 were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2015	2014	**2015**	2014
Discount rate	**3.69 %**	4.51%	**3.73 %**	4.49%
Expected return on plan assets	**7.00 %**	7.00%	**6.00 %**	6.00%

The expected rate of return on pension plan assets is based on a targeted asset allocation range determined by the funded ratio of the plan. As of December 31, 2015, the expected rate of return on pension plan assets is based on the targeted asset allocation range of 40 percent to 50 percent equity securities and 50 percent to 60 percent fixed-income securities and the expected rate of return from these asset categories. The expected rate of return on other postretirement plan assets is based on the targeted asset allocation range of 30 percent to 40 percent equity securities and 60 percent to 70 percent fixed-income securities and the expected rate of return from these asset categories. The expected return on plan assets for other postretirement benefits reflects insurance-related investment costs.

Health care rate assumptions for the Company's other postretirement benefit plans as of December 31 were as follows:

	2015	2014
Health care trend rate assumed for next year	**4.0 %**	4.0 %
Health care cost trend rate - ultimate	**6.0 %**	6.0 %
Year in which ultimate trend rate achieved	**1999**	1999

The Company's other postretirement benefit plans include health care and life insurance benefits for certain retirees. The plans underlying these benefits may require contributions by the retiree depending on such retiree's age and years of service at retirement or the date of retirement. The accounting for the health care plans anticipates future cost-sharing changes that are consistent with the Company's expressed intent to generally increase retiree contributions each year by the excess of the expected health care cost trend rate over six percent.

Assumed health care cost trend rates may have a significant effect on the amounts reported for the health care plans. A one percentage point change in the assumed health care cost trend rates would have had the following effects at December 31, 2015:

	1 Percentage Point Increase	1 Percentage Point Decrease
	(In thousands)	
Effect on total of service and interest cost components	$ 29	$ (26)
Effect on postretirement benefit obligation	$ 823	$ (739)

The Company's pension assets are managed by 15 outside investment managers. The Company's other postretirement assets are managed by one outside investment manager. The Company's investment policy with respect to pension and other postretirement assets is to make investments solely in the interest of the participants and beneficiaries of the plans and for the exclusive purpose of providing benefits accrued and defraying the reasonable expenses of administration. The Company strives to maintain investment diversification to assist in minimizing the risk of large losses. The Company's policy guidelines allow for investment of funds in cash equivalents, fixed-income securities and equity securities. The guidelines prohibit investment in commodities and futures contracts, equity private placement, employer securities, leveraged or derivative securities, options, direct real estate investments, precious metals, venture capital and limited partnerships. The guidelines also prohibit short selling and margin transactions. The Company's practice is to periodically review and rebalance asset categories based on its targeted asset allocation percentage policy.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The ASC establishes a hierarchy for grouping assets and liabilities, based on the significance of inputs.

The estimated fair values of the Company's pension plans' assets are determined using the market approach.

The carrying value of the pension plans' Level 2 cash equivalents approximates fair value and is determined using observable inputs in active markets or the net asset value of shares held at year end, which is determined using other observable inputs including pricing from outside sources. Units of this fund can be redeemed on a daily basis at their net asset value and have no redemption restrictions. The assets are invested in high quality, short-term instruments of domestic and foreign issuers. There are no unfunded commitments related to this fund.

The estimated fair value of the pension plans' Level 1 equity securities is based on the closing price reported on the active market on which the individual securities are traded.

The estimated fair value of the pension plans' Level 1 and Level 2 collective and mutual funds are based on the net asset value of shares held at year end, based on either published market quotations on active markets or other known sources including pricing from outside sources. Units of these funds can be redeemed on a daily basis at their net asset value and have no redemption restrictions. There are no unfunded commitments related to these funds.

The estimated fair value of the pension plans' Level 2 corporate and municipal bonds is determined using other observable inputs, including benchmark yields, reported trades, broker/dealer quotes, bids, offers, future cash flows and other reference data.

The estimated fair value of the pension plans' Level 1 U.S. Government securities are valued based on quoted prices on an active market.

The estimated fair value of the pension plans' Level 2 U.S. Government securities are valued mainly using other observable inputs, including benchmark yields, reported trades, broker/dealer quotes, bids, offers, to be announced prices, future cash flows and other reference data. Some of these securities are valued using pricing from outside sources.

Though the Company believes the methods used to estimate fair value are consistent with those used by other market participants, the use of other methods or assumptions could result in a different estimate of fair value. For the years ended December 31, 2015 and 2014, there were no transfers between Levels 1 and 2.

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The fair value of the Company's pension plans' assets (excluding cash) by class were as follows:

	Fair Value Measurements at December 31, 2015, Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2015
		(In thousands)		
Assets:				
Cash equivalents	$ —	$ 4,610	$ —	$ 4,610
Equity securities:				
U.S. companies	8,328	—	—	8,328
International companies	1,283	—	—	1,283
Collective and mutual funds *	84,957	34,977	—	119,934
Corporate bonds	—	34,194	—	34,194
Municipal bonds	—	6,427	—	6,427
U.S. Government securities	2,909	3,755	—	6,664
Total assets measured at fair value	$ 97,477	$ 83,963	$ —	$ 181,440

*Collective and mutual funds invest approximately 19 percent in common stock of large-cap U.S. companies, 6 percent in common stock of mid-cap U.S. companies, 16 percent in corporate bonds, 29 percent in common stock of international companies, 16 percent in cash equivalents and 14 percent in other investments.

	Fair Value Measurements at December 31, 2014, Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2014
		(In thousands)		
Assets:				
Cash equivalents	$ —	$ 3,195	$ —	$ 3,195
Equity securities:				
U.S. companies	22,174	—	—	22,174
International companies	2,945	—	—	2,945
Collective and mutual funds *	75,130	43,947	—	119,077
Corporate bonds	—	33,746	—	33,746
Municipal bonds	—	5,936	—	5,936
U.S. Government securities	8,512	3,887	—	12,399
Total assets measured at fair value	$ 108,761	$ 90,711	$ —	$ 199,472

*Collective and mutual funds invest approximately 13 percent in common stock of large-cap U.S. companies, 13 percent in U.S. Government securities, 23 percent in corporate bonds, 33 percent in common stock of international companies and 18 percent in other investments.

The estimated fair values of the Company's other postretirement benefit plans' assets are determined using the market approach.

The estimated fair value of the other postretirement benefit plans' Level 2 cash equivalents is valued at the net asset value of shares held at year end, based on published market quotations on active markets, or using other known sources including pricing from outside sources. Units of this fund can be redeemed on a daily basis at their net asset value and have no redemption restrictions. The assets are invested in high-quality, short-term money market instruments that consist of municipal obligations. There are no unfunded commitments related to this fund.

The estimated fair value of the other postretirement benefit plans' Level 1 equity securities is based on the closing price reported on the active market on which the individual securities are traded.

The estimated fair value of the other postretirement benefit plans' Level 2 insurance contract is based on contractual cash surrender values that are determined primarily by investments in managed separate accounts of the insurer. These amounts approximate fair value. The managed separate accounts are valued based on other observable inputs or corroborated market data.

Though the Company believes the methods used to estimate fair value are consistent with those used by other market participants, the use of other methods or assumptions could result in a different estimate of fair value. For the years ended December 31, 2015 and 2014, there were no transfers between Levels 1 and 2.

The fair value of the Company's other postretirement benefit plans' assets (excluding cash) by asset class were as follows:

	Fair Value Measurements at December 31, 2015, Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2015
		(In thousands)		
Assets:				
Cash equivalents	$ —	$ 1,856	$ —	$ 1,856
Equity securities:				
U.S. companies	940	—	—	940
Insurance contract*	—	44,653	—	44,653
Total assets measured at fair value	$ 940	$ 46,509	$ —	$ 47,449

*The insurance contract invests approximately 19 percent in common stock of large-cap U.S. companies, 22 percent in U.S. Government securities, 10 percent in mortgage-backed securities, 36 percent in corporate bonds and 13 percent in other investments.

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MDU Resources Group, Inc.	(1) X An Original (2) _ A Resubmission	12/31/2015	2015/Q4

NOTES TO FINANCIAL STATEMENTS (Continued)

	Fair Value Measurements at December 31, 2014, Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2014
	(In thousands)			
Assets:				
Cash equivalents	$ —	$ 1,178	$ —	$ 1,178
Equity securities:				
U.S. companies	1,054	—	—	1,054
Insurance contract*	—	47,892	—	47,892
Total assets measured at fair value	$ 1,054	$ 49,070	$ —	$ 50,124

*The insurance contract invests approximately 54 percent in common stock of large-cap U.S. companies, 11 percent in U.S. Government securities, 10 percent in mortgage-backed securities, 10 percent in corporate bonds and 15 percent in other investments.

The Company does not expect to contribute to its defined benefit pension plans and postretirement benefit plans in 2016.

The following benefit payments, which reflect future service, as appropriate, and expected Medicare Part D subsidies are as follows:

Years	Pension Benefits	Other Postretirement Benefits	Expected Medicare Part D Subsidy
	(In thousands)		
2016	$ 14,492	$ 2,711	$ 156
2017	14,585	2,735	150
2018	14,704	2,766	144
2019	14,876	2,744	138
2020	15,031	2,668	131
2021 – 2025	76,507	13,763	537

Nonqualified benefit plans

In addition to the qualified plan defined pension benefits reflected in the table at the beginning of this note, the Company also has unfunded, nonqualified benefit plans for executive officers and certain key management employees that generally provide for defined benefit payments at age 65 following the employee's retirement or to their beneficiaries upon death for a 15-year period. In February 2016, the Company froze the unfunded, nonqualified defined benefit plans to new participants and eliminated upgrades. Vesting for participants not fully vested was retained. The Company's net periodic benefit cost for these plans was $3.8 million and $3.7 million in 2015 and 2014, respectively. The total projected benefit obligation for these plans was $64.1 million and $66.5 million at December 31, 2015 and 2014, respectively. The accumulated benefit obligation for these plans was $60.0 million and $61.6 million at December 31, 2015 and 2014, respectively. A weighted average discount rate of 3.76 percent and 3.50 percent at December 31, 2015 and 2014, respectively, and a rate of compensation increase of 4.00 percent and 4.00 percent at December 31, 2015 and 2014, respectively, were used to determine benefit obligations. A discount rate of 3.50 percent and 4.32 percent for the years ended December 31, 2015 and 2014, respectively, and a rate of compensation increase of 4.00 percent and 4.00 percent for the years ended December 31, 2015 and 2014, respectively, were used to determine net periodic benefit cost.

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NOTES TO FINANCIAL STATEMENTS (Continued)

The amount of benefit payments for the unfunded, nonqualified benefit plans are expected to aggregate $3.6 million in 2016; $3.8 million in 2017; $4.0 million in 2018; $4.2 million in 2019, $4.5 million in 2020 and $22.1 million for the years 2021 through 2025.

In 2012, the Company established a nonqualified defined contribution plan for certain key management employees. Expenses incurred under this plan for 2015 and 2014 were $30,000 and $17,000, respectively.

The Company had investments of $64.6 million and $62.1 million at December 31, 2015 and 2014, respectively, consisting of equity securities of $34.2 million and $36.6 million, respectively, life insurance carried on plan participants (payable upon the employee's death) of $19.7 million and $18.6 million, respectively, and other investments of $10.7 million and $6.8 million, respectively. The Company anticipates using these investments to satisfy obligations under these plans.

Defined contribution plans

The Company sponsors various defined contribution plans for eligible employees, and costs incurred under these plans were $10.4 million in 2015 and $10.5 million in 2014.

Note 12 - Jointly Owned Facilities

The financial statements include the Company's ownership interests in the assets, liabilities and expenses of the Big Stone Station, Coyote Station and Wygen III. Each owner of the stations is responsible for financing its investment in the jointly owned facilities.

The Company's share of the stations' operating expenses was reflected in the appropriate categories of operating expenses (fuel, operation and maintenance, and taxes, other than income) in the Statement of Income.

At December 31, the Company's share of the cost of utility plant in service and related accumulated depreciation for the stations was as follows:

	2015	2014
	(In thousands)	
Big Stone Station:		
Utility plant in service	$ 157,761	$ 64,283
Less accumulated depreciation	48,242	43,043
	$ 109,519	$ 21,240
Coyote Station:		
Utility plant in service	$ 140,895	$ 138,810
Less accumulated depreciation	94,755	94,443
	$ 46,140	$ 44,367
Wygen III:		
Utility plant in service	$ 65,023	$ 65,597
Less accumulated depreciation	6,788	5,928
	$ 58,235	$ 59,669

Note 13 - Regulatory Matters and Revenues Subject to Refund

On June 25, 2015, Montana-Dakota filed an application for an electric rate increase with the MTPSC. Montana-Dakota requested a total increase of approximately $11.8 million annually or approximately 21.1 percent above current rates. The increase is necessary to recover Montana-Dakota's investments in modifications to generation facilities to comply with new EPA requirements, the addition and/or replacement of capacity and energy requirements and transmission facilities along with the additional depreciation, operation and maintenance expenses and taxes associated with the increases in investment. Montana-Dakota requested an interim increase of approximately $11.0 million annually. The MTPSC denied the request for interim rates on December 15, 2015. On February 8, 2016, Montana-Dakota and the interveners to the case filed a stipulation and settlement agreement reflecting an annual increase of $3.0 million effective April 1, 2016, and an additional increase of $4.4 million effective April 1, 2017. A technical hearing was held February 9, 2016. On March 25, 2016, the MTPSC approved the stipulation to be effective with service rendered on or after April 1, 2016.

On June 30, 2015, Montana-Dakota filed an application with the SDPUC for an electric rate increase. Montana-Dakota requested a total increase of approximately $2.7 million annually or approximately 19.2 percent above current rates. The increase is necessary to recover Montana-Dakota's investments in modifications to generation facilities to comply with new EPA requirements, the addition and/or replacement of capacity and energy requirements and transmission facilities along with the additional depreciation, operation and maintenance expenses and taxes associated with the increases in investment. This matter is pending before the SDPUC. An interim increase of $2.7 million, subject to refund, was implemented January 1, 2016. The hearing scheduled for the week of April 11, 2016, has been delayed pending settlement negotiations.

On June 30, 2015, Montana-Dakota filed an application for a natural gas rate increase with the SDPUC. Montana-Dakota requested a total increase of approximately $1.5 million annually or approximately 3.1 percent above current rates. The increase is necessary to recover increased operating expenses along with increased investment in facilities, including the related depreciation expense and taxes, partially offset by an increase in customers and throughput. This matter is pending before the SDPUC. An interim increase of $1.5 million, subject to refund, was implemented January 1, 2016. The hearing scheduled for April 4, 2016, has been delayed pending settlement negotiations.

On September 1, 2015, and as amended on October 5, 2015, Montana-Dakota submitted an update to its transmission formula rate under the MISO tariff including a revenue requirement for the Company's multivalue project of $3.8 million, which was effective January 1, 2016.

On September 30, 2015, Great Plains filed an application for a natural gas rate increase with the MNPUC. Great Plains requested a total increase of approximately $1.6 million annually or approximately 6.4 percent above current rates. The increase is necessary to recover increased operating expenses along with increased investment in facilities, including the related depreciation expense and taxes. Great Plains requested an interim increase of $1.5 million or approximately 6.4 percent, subject to refund. The interim request was approved by the MNPUC on November 30, 2015, and was effective with service rendered on and after January 1, 2016. This matter is pending before the MNPUC. A technical hearing is scheduled for April 7 and 8, 2016.

On October 21, 2015, Montana-Dakota filed an application with the NDPSC for an update of an electric generation resource recovery rider and requested a renewable resource cost adjustment rider. Montana-Dakota requested a combined total of approximately $25.3 million with approximately $20.0 million incremental to current rates, to be effective January 1, 2016. This application was resubmitted as two applications on October 26, 2015.

On October 26, 2015, Montana-Dakota filed an application requesting a renewable resource cost adjustment rider of $15.4 million for the recovery of the Thunder Spirit Wind project, placed in service in the fourth quarter of 2015. A settlement was reached with the NDPSC Advocacy Staff whereby Montana-Dakota agreed to a 10.5 percent return on equity on the renewable resource cost adjustment rider, as well as committed to file an electric general rate case no later than September 30, 2016. The renewable resource cost adjustment rider was approved by the NDPSC on January 5, 2016, to be effective January 7, 2016, resulting in an annual increase of $15.1 million on an interim basis pending the determination of the return on equity in the upcoming rate case.

On October 26, 2015, Montana-Dakota filed an application for an update to the electric generation resource recovery rider, which currently includes recovery of Montana-Dakota's investment in the 88-MW simple-cycle natural gas turbine and associated facilities near Mandan, North Dakota. The application proposed to also include the 19 MW of new generation from natural gas-fired internal combustion engines and associated facilities, near Sidney, Montana, placed in service in the fourth quarter of 2015, for a total of $9.9 million or an incremental increase of $4.6 million to be recovered under the rider. On January 25, 2016, Montana-Dakota and the NDPSC Advocacy Staff filed a settlement agreement. A technical hearing on this matter was held on February 4, 2016. On March 9, 2016, the NDPSC, approved the settlement agreement resulting in an interim increase of $9.7 million or an incremental increase of $4.4 million, subject to refund, a 10.5 percent return on equity and Montana-Dakota committing to filing an electric general rate case no later than September 30, 2016. New rates were effective March 15, 2016.

On November 25, 2015, Montana-Dakota filed an application with the NDPSC for an update of its transmission cost adjustment for recovery of MISO-related charges and two transmission projects located in North Dakota, equating to $6.8 million to be collected under the transmission cost adjustment. An update to the transmission cost adjustment was submitted on January 19, 2016, to reflect the provisions of the settlement agreement approved by the NDPSC for the renewable resource cost adjustment rider. An informal hearing with the NDPSC was held January 20, 2016, regarding this matter. The NDPSC approved the filing on February 10, 2016, with rates to be effective February 12, 2016.

Note 14 - Commitments and Contingencies

Claims and Litigation

The Company is party to claims and lawsuits arising out of its business. The Company accrues a liability for those contingencies when the incurrence of a loss is probable and the amount can be reasonably estimated. If a range of amounts can be reasonably estimated and no amount within the range is a better estimate than any other amount, then the minimum of the range is accrued. The Company does not accrue liabilities when the likelihood that the liability has been incurred is probable but the amount cannot be reasonably estimated or when the liability is believed to be only reasonably possible or remote. For contingencies where an unfavorable outcome is probable or reasonably possible and which are material, the Company discloses the nature of the contingency and, in some circumstances, an estimate of the possible loss. The Company had accrued liabilities of $1.1 million and $3.7 million for contingencies related to litigation as of December 31, 2015 and 2014, respectively.

Operating leases

The Company leases certain equipment, facilities and land under operating lease agreements. The amounts of annual minimum lease payments due under these leases as of December 31, 2015, were $2.3 million in 2016, $1.7 million in 2017, $1.7 million in 2018, $1.7 million in 2019, $1.6 million in 2020 and $28.3 million thereafter. Rent expense was $3.6 million and $4.2 million for the years ended December 31, 2015 and 2014, respectively.

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NOTES TO FINANCIAL STATEMENTS (Continued)

Purchase commitments

The Company has entered into various commitments, largely natural gas and coal supply, purchased power, and natural gas transportation and storage contracts, some of which are subject to variability in volume and price. These commitments range from one to 10 years. The commitments under these contracts as of December 31, 2015, were $145.9 million in 2016, $65.4 million in 2017, $45.2 million in 2018, $36.3 million in 2019, $28.0 million in 2020 and $60.2 million thereafter. These commitments were not reflected in the Company's financial statements. Amounts purchased under various commitments for the years ended December 31, 2015 and 2014, were $417.1 million and $344.7 million, respectively.

Company Name: **Montana-Dakota Utilities Co.**

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2015

	Account Number & Title	Last Year	This Year	% Change
1				
2	**Intangible Plant**			
4	301 Organization			
5	302 Franchises & Consents			
6	303 Miscellaneous Intangible Plant	$4,879,903	$5,091,863	4.34%
7				
8	**Total Intangible Plant**	$4,879,903	$5,091,863	4.34%
9				
10	**Production Plant**			
12	**Steam Production**			
14	310 Land & Land Rights	$228,478	$230,659	0.95%
15	311 Structures & Improvements	15,662,396	15,941,429	1.78%
16	312 Boiler Plant Equipment	40,902,746	67,910,761	66.03%
17	313 Engines & Engine Driven Generators			
18	314 Turbogenerator Units	12,330,675	12,698,003	2.98%
19	315 Accessory Electric Equipment	3,624,153	3,632,644	0.23%
20	316 Miscellaneous Power Plant Equipment	3,945,484	4,188,597	6.16%
21				
22	**Total Steam Production Plant**	$76,693,932	$104,602,093	36.39%
23				
24	**Nuclear Production**			
26	320 Land & Land Rights			
27	321 Structures & Improvements			
28	322 Reactor Plant Equipment		NOT	
29	323 Turbogenerator Units		APPLICABLE	
30	324 Accessory Electric Equipment			
31	325 Miscellaneous Power Plant Equipment			
32				
33	**Total Nuclear Production Plant**			
34				
35	**Hydraulic Production**			
37	330 Land & Land Rights			
38	331 Structures & Improvements			
39	332 Reservoirs, Dams & Waterways		NOT	
40	333 Water Wheels, Turbines & Generators		APPLICABLE	
41	334 Accessory Electric Equipment			
42	335 Miscellaneous Power Plant Equipment			
43	336 Roads, Railroads & Bridges			
44				
45	**Total Hydraulic Production Plant**			

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED) Year: 2015

		Account Number & Title	Last Year	This Year	% Change
1					
2		**Production Plant (cont.)**			
4	**Other Production**				
6	340	Land & Land Rights	$14,923	$8,725	-41.53%
7	341	Structures & Improvements	1,770,781	1,744,003	-1.51%
8	342	Fuel Holders, Producers & Accessories	610,510	703,789	15.28%
9	343	Prime Movers			
10	344	Generators	43,697,607	107,821,086	146.74%
11	345	Accessory Electric Equipment	4,061,922	3,987,338	-1.84%
12	346	Miscellaneous Power Plant Equipment	301,101	288,725	-4.11%
13					
14		**Total Other Production Plant**	$50,456,844	$114,553,666	127.03%
15					
16		**Total Production Plant**	$127,150,776	$219,155,759	72.36%
17					
18		**Transmission Plant**			
20	350	Land & Land Rights	$710,516	$767,847	8.07%
21	352	Structures & Improvements	401	405	1.00%
22	353	Station Equipment	21,171,104	21,004,624	-0.79%
23	354	Towers & Fixtures	1,063,806	1,073,921	0.95%
24	355	Poles & Fixtures	10,423,536	13,021,295	24.92%
25	356	Overhead Conductors & Devices	6,937,752	7,250,179	4.50%
26	357	Underground Conduit	272,041	274,088	0.75%
27	358	Underground Conductors & Devices	517,555	522,495	0.95%
28	359	Roads & Trails			
29					
30		**Total Transmission Plant**	$41,096,711	$43,914,854	6.86%
31					
32		**Distribution Plant**			
34	360	Land & Land Rights	$276,027	$285,059	3.27%
35	361	Structures & Improvements			
36	362	Station Equipment	9,212,156	9,714,959	5.46%
37	363	Storage Battery Equipment			
38	364	Poles, Towers & Fixtures	8,021,462	8,610,222	7.34%
39	365	Overhead Conductors & Devices	6,027,749	6,611,786	9.69%
40	366	Underground Conduit	12,967	12,967	0.00%
41	367	Underground Conductors & Devices	10,175,304	11,488,179	12.90%
42	368	Line Transformers	12,011,543	12,488,948	3.97%
43	369	Services	5,585,736	5,856,750	4.85%
44	370	Meters	3,158,959	3,291,395	4.19%
45	371	Installations on Customers' Premises	959,551	976,943	1.81%
46	372	Leased Property on Customers' Premises			
47	373	Street Lighting & Signal Systems	1,920,305	2,022,438	5.32%
48					
49		**Total Distribution Plant**	$57,361,759	$61,359,646	6.97%

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED) Year: 2015

	Account Number & Title		Last Year	This Year	% Change
1					
2		**General Plant**			
4	389	Land & Land Rights	$2,054	$7,872	283.25%
5	390	Structures & Improvements	135,830	262,073	92.94%
6	391	Office Furniture & Equipment	116,541	96,321	-17.35%
7	392	Transportation Equipment	1,594,458	1,810,089	13.52%
8	393	Stores Equipment			
9	394	Tools, Shop & Garage Equipment	774,753	822,626	6.18%
10	395	Laboratory Equipment	27,099	26,949	-0.55%
11	396	Power Operated Equipment	3,196,452	3,816,935	19.41%
12	397	Communication Equipment	596,036	56,224	-90.57%
13	398	Miscellaneous Equipment	11,222	11,097	-1.11%
14	399	Other Tangible Property			
15					
16	**Total General Plant**		$6,454,445	$6,910,186	7.06%
17					
18		**Common Plant**			
20	389	Land & Land Rights	$152,071	$150,736	-0.88%
21	390	Structures & Improvements	3,587,482	3,578,081	-0.26%
22	391	Office Furniture & Equipment	673,898	805,918	19.59%
23	392	Transportation Equipment	1,452,257	1,469,619	1.20%
24	393	Stores Equipment	32,676	32,964	0.88%
25	394	Tools, Shop & Garage Equipment	77,558	80,686	4.03%
26	395	Laboratory Equipment			
27	396	Power Operated Equipment			
28	397	Communication Equipment	401,982	436,416	8.57%
29	398	Miscellaneous Equipment	133,923	129,465	-3.33%
30	399	Other Tangible Property			
31					
32	**Total Common Plant**		$6,511,847	$6,683,885	2.64%
34					
35	**Total Electric Plant in Service**		$243,455,441	$343,116,193	40.94%

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 20**

MONTANA DEPRECIATION SUMMARY

Year: 2015

	Functional Plant Classification	Plant Cost	Accumulated Depreciation Last Year Bal.	Accumulated Depreciation This Year Bal.	Current Avg. Rate
1					
2	Steam Production 1/	$107,094,523	$62,250,856	$64,646,641	2.53%
3	Nuclear Production				
4	Hydraulic Production				
5	Other Production	114,553,666	10,853,147	12,707,308	1.72%
6	Transmission	43,914,854	19,979,921	20,815,185	1.47%
7	Distribution	61,359,646	25,631,237	26,109,632	2.11%
8	General	7,609,285	2,923,451	2,914,485	2.20%
9	Common	11,076,649	4,883,196	5,236,350	4.28%
10	**Total**	$345,608,623	$126,521,808	$132,429,601	2.10%

MONTANA MATERIALS & SUPPLIES (ASSIGNED & ALLOCATED)

SCHEDULE 21

	Account	Last Year Bal.	This Year Bal.	%Change
1				
2	151 Fuel Stock	$1,188,630	$1,383,352	16.38%
3	152 Fuel Stock Expenses Undistributed			
4	153 Residuals			
5	154 Plant Materials & Operating Supplies:			
6	Assigned to Construction (Estimated)			
7	Assigned to Operations & Maintenance			
8	Production Plant (Estimated)	579,444	598,948	3.37%
9	Transmission Plant (Estimated)	1,119,515	745,649	-33.40%
10	Distribution Plant (Estimated)	1,813,167	1,588,685	-12.38%
11	Assigned to Other			
12	155 Merchandise			
13	156 Other Materials & Supplies			
14	157 Nuclear Materials Held for Sale			
15	163 Stores Expense Undistributed			
16	**Total Materials & Supplies**	$4,700,756	$4,316,634	-8.17%

MONTANA REGULATORY CAPITAL STRUCTURE & COSTS

SCHEDULE 22

	Commission Accepted - Most Recent		% Cap. Str.	% Cost Rate	Weighted Cost
1	Docket Number	2007.7.79			
2	Order Number	6846f			
3					
4	Common Equity		50.67%	10.25%	5.19%
5	Preferred Stock		3.58%	4.61%	0.17%
6	Long Term Debt		38.18%	7.22%	2.76%
7	Short Term Debt		7.57%	6.11%	0.46%
8	**TOTAL**		100.00%		8.58%
9					
10	Actual at Year End				
11					
12	Common Equity		48.894%	10.250%	5.012%
13	Preferred Stock		1.136%	4.581%	0.052%
14	Long Term Debt		43.056%	5.563%	2.395%
15	Short Term Debt		6.914%	0.937%	0.065%
16	**TOTAL**		100.000%		7.524%

1/ Includes deferred AFUDC, depreciation and interest on Coyote and acquisition adjustment.

STATEMENT OF CASH FLOWS

Year: 2015

	Description	Last Year	This Year	% Change
1	Increase/(decrease) in Cash & Cash Equivalents:			
2				
3	**Cash Flows from Operating Activities:**			
4	Net Income	$298,233,207	($622,434,595)	-308.71%
5	Depreciation	50,868,964	55,242,166	8.60%
6	Amortization	959,546	1,020,081	6.31%
7	Deferred Income Taxes - Net	44,882,940	1,164,400	-97.41%
8	Investment Tax Credit Adjustments - Net	1,644,404	(659,434)	-140.10%
9	Change in Operating Receivables - Net	(4,803,307)	13,592,715	382.99%
10	Change in Materials, Supplies & Inventories - Net	(5,254,186)	(2,188,910)	58.34%
11	Change in Operating Payables & Accrued Liabilities - Net	(27,251,210)	10,749,305	139.45%
12	Change in Other Regulatory Assets	624,366	(441,467)	-170.71%
13	Change in Other Regulatory Liabilities	1,817,778	7,293,648	301.24%
14	Allowance for Other Funds Used During Construction (AFUDC)	(3,987,830)	(7,275,431)	-82.44%
15	Change in Other Assets & Liabilities - Net	(4,884,624)	20,736,587	524.53%
16	Less Undistributed Earnings from Subsidiary Companies	(143,867,156)	780,834,881	642.75%
17	Other Operating Activities (explained on attached page)			
18	**Net Cash Provided by/(Used in) Operating Activities**	$208,982,892	$257,633,946	23.28%
19				
20	**Cash Inflows/Outflows From Investment Activities:**			
21	Construction/Acquisition of Property, Plant and Equipment			
22	(net of AFUDC & Capital Lease Related Acquisitions)	($223,054,981)	($349,662,621)	-56.76%
23	Acquisition of Other Noncurrent Assets	(794,083)	5,085	100.64%
24	Proceeds from Disposal of Noncurrent Assets			
25	Investments In and Advances to Affiliates	(134,451,142)	(7,000,000)	94.79%
26	Contributions and Advances from Affiliates	64,500,000	100,000,000	55.04%
27	Disposition of Investments in and Advances to Affiliates			
28	Other Investing Activities: Depreciation & RWIP on Nonutility Plant	581,770	584,605	0.49%
29	**Net Cash Provided by/(Used in) Investing Activities**	($293,218,436)	($256,072,931)	12.67%
30				
31	**Cash Flows from Financing Activities:**			
32	Proceeds from Issuance of:			
33	Long-Term Debt	$147,535,274	$224,185,317	51.95%
34	Preferred Stock			
35	Common Stock	150,060,230	21,897,956	-85.41%
36	Other:			
37	Net Increase in Short-Term Debt			
38	Other: Excess Tax Beneit on Stock-Based Compensation	3,325,550	0	-100.00%
39	Other: Tax Withholding on Stock-Based Compensation	(3,895,855)	0	100.00%
40	Payment for Retirement of:			
41	Long-Term Debt	(75,008,465)	(108,008,987)	-44.00%
42	Preferred Stock			
43	Common Stock			
44	Other: Adjustment to Retained Earnings			
45	Net Decrease in Short-Term Debt			
46	Dividends on Preferred Stock	(685,003)	(685,003)	0.00%
47	Dividends on Common Stock	(136,026,948)	(142,149,807)	-4.50%
48	Other Financing Activities (related to IGC acquisition)			
49	**Net Cash Provided by (Used in) Financing Activities**	$85,304,783	($4,760,524)	-105.58%
50				
51	**Net Increase/(Decrease) in Cash and Cash Equivalents**	$1,069,239	($3,199,509)	-399.23%
52	**Cash and Cash Equivalents at Beginning of Year**	$5,051,188	$6,120,427	21.17%
53	**Cash and Cash Equivalents at End of Year**	$6,120,427	$2,920,918	-52.28%

Company Name: **Montana-Dakota Utilities Co.** **SCHEDULE 24**

LONG TERM DEBT

Year: 2015

	Description	Issue Date Mo./Yr.	Maturity Date Mo./Yr.	Principal Amount	Net Proceeds	Outstanding Per Balance Sheet	Yield to Maturity	Annual Net Cost Inc. Prem/Disc.	Total Cost % 1/
1	6.61% Senior Notes	09/09	09/16	$25,000,000	$24,414,405	$25,000,000	6.61%	$1,780,000	7.12%
2	6.66% Senior Notes	10/09	09/16	25,000,000	24,414,405	25,000,000	6.66%	1,793,000	7.17%
3	5.98% Senior Notes	12/03	12/33	30,000,000	29,375,535	30,000,000	5.98%	1,863,000	6.21%
4	6.33 % Senior Notes	08/06	08/26	100,000,000	89,123,930	100,000,000	6.33%	7,514,000	7.51%
5	6.04 % Senior Notes	09/08	09/18	100,000,000	99,637,568	100,000,000	6.04%	6,181,000	6.18%
6	5.18% Senior Notes	04/14	04/44	50,000,000	49,760,822	50,000,000	5.18%	2,640,000	5.28%
7	4.24% Senior Notes	07/14	07/24	60,000,000	59,708,737	60,000,000	4.24%	2,607,600	4.35%
8	4.34% Senior Notes	07/14	07/26	40,000,000	39,802,958	40,000,000	4.34%	1,776,000	4.44%
9	3.78% Senior Notes	10/15	10/25	87,000,000	86,534,054	87,000,000	3.78%	3,378,210	3.88%
10	4.03% Senior Notes	12/15	12/30	52,000,000	51,721,477	52,000,000	4.03%	2,142,400	4.12%
11	4.87% Senior Notes	10/15	10/45	11,000,000	10,941,114	11,000,000	4.87%	546,040	4.96%
12	LIBOR Floating Rate Note	7/15	12/15	75,000,000	74,988,673	0	1.00%	649,500	0.87%
13	Minot Air Force Base Payable	9/08	11/38	509,197		455,919	6.00%	27,355	6.00%
14	Commercial Paper	5/14	5/19			44,500,000	Variable		
15	Amortization of Loss on Reaquired Debt							43,469	
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26	**TOTAL**			$655,509,197	$640,423,678	$624,955,919		$32,941,574	5.27%

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

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 25**

PREFERRED STOCK Year: 2015

	Series	Issue Date Mo./Yr.	Shares Issued	Par Value	Call Price 1/	Net Proceeds	Cost of Money	Principal Outstanding	Annual Cost	Embed. Cost %
1	4.50 % Cumulative	01/51	100,000	$100	$105	$10,000,000	4.50%	$10,000,000	$450,000	4.50%
2	4.70 % Cumulative	12/55	50,000	100	102	5,000,000	4.70%	5,000,000	235,000	4.70%
3	5.10 % Cumulative 2/	05/61	50,000	100	102	4,947,548	5.29%	308,600	16,310	5.29%
4										
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31										
32	**TOTAL**					$19,947,548		$15,308,600	$701,310	4.58%

1/ Plus accrued dividends
2/ Per GAAP, classified as long-term debt

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 26**

COMMON STOCK Year: 2015

		Avg. Number of Shares Outstanding 1/	Book Value Per Share	Earnings Per Share 2/	Dividends Per Share	Retention Ratio	Market Price High	Market Price Low	Price/ Earnings Ratio 3/
1	January								
2									
3	February								
4									
5	March	194,479,192	$15.08	($1.57)	$0.1825	-111.62%	$24.51	$20.01	4/
6									
7	April								
8									
9	May								
10									
11	June	194,805,487	13.79	(1.18)	0.1825	-115.47%	23.12	19.22	4/
12									
13	July								
14									
15	August								
16									
17	September	195,150,587	12.80	(0.72)	0.1825	-125.35%	19.73	16.15	4/
18									
19	October								
20									
21	November								
22									
23	December	195,265,744	12.83	0.27	0.1875	30.56%	19.66	16.26	4/
24									
30	TOTAL Year End	195,265,744	$12.83	($3.20)	$0.7350	-122.97%			

1/ Basic shares
2/ Basic earnings per share.
3/ Calculated on 12 months ended using closing stock price.
4/ Not meaningful due to loss from discountined operations.

MONTANA EARNED RATE OF RETURN Year: 2015

		Description	Last Year	This Year	% Change
		Rate Base			
1					
2	101	Plant in Service 1/	$243,764,270	$343,256,571	40.81%
3	108	(Less) Accumulated Depreciation 2/	124,191,996	130,077,549	4.74%
4					
5		**Net Plant in Service**	$119,572,274	$213,179,022	78.28%
6					
7		Additions			
8	151	Fuel Stocks	$1,188,630	$1,383,352	16.38%
9	154, 156	Materials & Supplies	3,512,126	2,933,282	-16.48%
10	165	Prepayments	42,333	45,498	7.48%
11	189	Unamortized Loss on Debt	838,100	720,381	-14.05%
12	254	Other Regulatory Liability	(113,224)	(96,240)	15.00%
		Provision for Pension & Benefits	3,893,229	3,911,268	0.46%
		Provision for Injuries & Damages	61,559	(14,910)	-124.22%
13					
14		**Total Additions**	$9,422,753	$8,882,631	-5.73%
15		Deductions			
16	282	Accumulated Deferred Income Taxes	$33,376,846	$35,120,787	5.23%
17	252	Customer Advances for Construction	1,365,004	969,604	-28.97%
18	255	Accumulated Def. Investment Tax Credits			
19		Other Deductions			
		DIT Related to Pension	1,573,157	1,507,328	-4.18%
		DIT Related to Injuries & Damages	23,393	(5,898)	-125.21%
20					
21		**Total Deductions**	$36,338,400	$37,591,821	3.45%
22		**Total Rate Base**	$92,656,627	$184,469,832	99.09%
23					
24		**Net Earnings**	$7,183,944	$7,394,935	2.94%
25					
26		**Rate of Return on Average Rate Base**	8.26%	5.34%	-35.35%
27					
28		**Rate of Return on Average Equity**	10.89%	5.67%	-47.93%
29		Major Normalizing Adjustments & Commission			
30		Ratemaking Adjustments to Utility Operations			
31		Adjustments to Operating Revenues 3/			
32		Gain from Disposition of Property 4/	14,697	10,968	-25.37%
33					
34		Adjustments to Operating Expenses 3/			
35		Elimination of Promotional & Institutional Advertising	(10,407)	(6,478)	37.75%
36					
37		Other Adjustments to Federal & State Income Taxes			
38		Federal & State Out of Period & Closing/Filing	(111,226)	(276,167)	-148.29%
39		Deferred Federal & State Out of Period & Closing/Filing	53,906	193,956	259.80%
40		Total Adjustments to Operating Income	$82,424	$99,657	20.91%
41					
42		**Adjusted Rate of Return on Average Rate Base**	8.35%	5.41%	-35.21%
43					
44		**Adjusted Rate of Return on Average Equity**	11.06%	5.81%	-47.47%

1/ Excludes Acquisition Adjustment of $2,329,813 for 2014 and $2,352,052 for 2015.
2/ Excludes Acquisition Adjustment of $2,329,813 for 2014 and $2,352,052 for 2015.
3/ Updated amounts, net of taxes.
4/ Amortized over 5 years.

MONTANA COMPOSITE STATISTICS

Year: 2015

		Description	Amount
1			
2		Plant (Intrastate Only) (000 Omitted)	
3			
4	101	Plant in Service	$302,369
5	107	Construction Work in Progress	7,067
6	114	Plant Acquisition Adjustments	
7	105	Plant Held for Future Use	
8	154, 156	Materials & Supplies	2,933
9		(Less):	
10	108, 111	Depreciation & Amortization Reserves	130,078
11	252	Contributions in Aid of Construction	970
12			
13		**NET BOOK COSTS**	$181,321
14			
15		Revenues & Expenses (000 Omitted)	
16			
17	400	Operating Revenues	$58,913
18			
19	403 - 407	Depreciation & Amortization Expenses	$7,259
20		Federal & State Income Taxes	1,826
21		Other Taxes	3,899
22		Other Operating Expenses	38,534
23		Total Operating Expenses	$51,518
24			
25		Net Operating Income	$7,395
26			
27		Other Income	2,327
28		Other Deductions	2,760
29			
30		**NET INCOME**	$6,962
31			
32		Customers (Intrastate Only)	
33			
34		Year End Average:	
35		Residential	19,879
36		Small General	5,557
37		Large General	261
38		Other	141
39			
40		**TOTAL NUMBER OF CUSTOMERS**	25,838
41			
42		Other Statistics (Intrastate Only)	
43			
44		Average Annual Residential Use (Kwh))	9,417
45		Average Annual Residential Cost per (Kwh) (Cents) * 1/	$0.088
46		* Avg annual cost = [(cost per Kwh x annual use) +	
47		(mo. svc chrg x 12)]/annual use	
48		Average Residential Monthly Bill	$69.06
49		Gross Plant per Customer	$11,702

1/ Reflects average revenue for 2015.

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 29**

MONTANA CUSTOMER INFORMATION

Year: 2015

	City/Town	Population (Includes Rural) 1/	Residential Customers	Commercial Customers	Industrial & Other Customers	Total Customers
1	Antelope	51	77	20	2	99
2	Bainville	208	164	51	4	219
3	Baker	1,741	1,010	358	20	1,388
4	Brockton	255	101	23	2	126
5	Carlyle	Not Available	2	5		7
6	Culbertson	714	422	158	5	585
7	Fallon	164	195	123		318
8	Fairview	840	441	113	4	558
9	Flaxville	71	60	26	2	88
10	Forsyth	1,777	1,023	284	12	1,319
11	Froid	185	152	52	2	206
12	Glendive	4,935	3,542	851	51	4,444
13	Homestead	Not Available	24	10	1	35
14	Ismay	19	25	19		44
15	Kinsey	Not Available	115	88		203
16	Medicine Lake	225	186	59	2	247
17	Miles City	8,410	4,628	1,104	56	5,788
18	Outlook	47	53	42	9	104
19	Plentywood	1,734	1,009	265	5	1,279
20	Plevna	162	99	33	1	133
21	Poplar	810	918	175	12	1,105
22	Poplar Oil Field	Not Available		6	8	14
23	Redstone	Not Available	17	22		39
24	Reserve	23	24	11	2	37
25	Rosebud	111	67	67	3	137
26	Savage	Not Available	148	32	2	182
27	Scobey	1,017	591	170	4	765
28	Sidney	5,191	2,993	559	33	3,585
29	Terry	605	355	115	6	476
30	Whitetail	Not Available	27	24		51
31	Wibaux	589	299	105	12	416
32	Wolf Point	2,621	1,482	318	16	1,816
33	MT Oil Fields	Not Available	8	71	72	151
34	**TOTAL Montana Customers**	32,505	20,257	5,359	348	25,964

1/ 2010 Census.

MONTANA EMPLOYEE COUNTS 1/

Year: 2015

	Department	Year Beginning	Year End	Average
1	Electric	25	24	24
2	Gas	39	34	36
3	Accounting	3	3	3
4	Management	3	3	3
5	Service	37	40	39
6	Training	1	2	2
7	Power Production	33	35	34
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42				
43				
44	**TOTAL Montana Employees**	141	141	141

Company Name: Montana-Dakota Utilities Co. SCHEDULE 31

MONTANA CONSTRUCTION BUDGET (ASSIGNED & ALLOCATED) Year: 2015

	Project Description	Total Company	Total Montana	
1	**Projects>$1,000,000**			
2				
3	**Common-General**			
4	Upgrade Customer Information System	$1,826,882	$493,445	1/
5				
6	**Total Common**	$1,826,882	$493,445	
7				
8	**Electric-Distribution**			
9	Construct 115/12KV S. 9th substation - Bismarck, ND	1,493,331	0	
10				
11	**Electric-Intangible**			
12	Upgrade GIS data addition to support the SCADA installation	1,437,955	272,352	1/
13				
14	**Electric-Steam Production**			
15	Install settling tank for concrete ash-Lewis & Clark	7,445,099	1,715,238	1/
16	Purchase bed ash and limestone equipment-Heskett	4,720,000	1,068,740	1/
17	Replace lower boiler wall-Coyote	3,421,991	774,834	1/
18	Install Technology for Air Quality Control-Big Stone	1,940,323	447,021	1/
19	Purchase Baghouse-Lewis & Clark	1,469,978	332,844	1/
20				
21	**Electric-Other Production**			
22	Acquire Thunder Spirit Wind Farm in SW ND	3,834,384	1,000,432	1/
23	Install RICE Units at Lewis & Clark	1,767,645	407,239	1/
24				
25	**Electric-Transmission**			
26	Construct 345KV line-Big Stone to Ellendale, ND	31,374,087	0	
27	Construct 230/34.5KV substation at Watford City, ND	4,298,254	0	
28	Construct 34.5KV line from WAPA sub to NW Watford City, ND	2,407,412	0	
29	Replace 20MVA transformer at Sheridan PP&L substation	2,181,876	0	
30	Construct 345KV substation at Ellendale, ND	2,181,570	493,968	1/
31	Construct 115KV line-Ellendale, ND to Leola, SD	1,040,940	0	
32				
33	**Total Electric**	$71,014,845	$6,512,668	
34				
35	**Gas-Distribution**			
36	Install main to town border station #2 -Mandan, ND	1,418,934	0	
37	Install main from Alpar line to Emerald Ridge-Watford City, ND	1,056,293	0	
38	Install main from Teddy Station to Alpar line-Watford City, ND	1,056,293	0	
39				
40	**Total Gas**	$3,531,520	$0	
41	**Total Projects >$1,000,000**	$76,373,247	$7,006,113	

Company Name: **Montana-Dakota Utilities Co.** **SCHEDULE 31**

MONTANA CONSTRUCTION BUDGET (ASSIGNED & ALLOCATED) **Year: 2015**

	Project Description	Total Company	Total Montana	
1	**Other Projects<$1,000,000**			
2				
3	**Electric**			
4	Production	$11,059,734	$2,924,402	1/
5	Integrated Transmission	2,182,463	451,881	1/
6	Direct Transmission	2,162,650	1,325,442	2/
7	Distribution	30,559,982	4,816,721	3/
8	General	4,481,743	848,090	3/
9	Intangible	1,487,568	283,253	1/
10	Common:			
11	General Office	4,483,016	849,017	1/
12	Other Direct	237,850	41,413	2/
13				
14	**Total Other Electric**	$56,655,006	$11,540,219	
15				
16	**Gas**			
17	Distribution	24,231,512	6,757,543	3/
18	General	3,475,147	825,450	3/
19	Intangible	715,170	172,693	1/
20	Common:			
21	General Office	3,085,463	747,725	1/
22	Other Direct	118,185	36,726	2/
23				
24	**Total Other Gas**	31,625,477	8,540,137	
25	**Total Other Projects <$1,000,000**	$88,280,483	$20,080,356	
26				
27	**Total Projects**	$164,653,730	$27,086,469	

1/ Allocated to Montana.
2/ Directly assigned to Montana.
3/ Combination of allocated and directly assigned to Montana.

Company Name: Montana-Dakota Utilities Co. SCHEDULE 32

TOTAL INTEGRATED SYSTEM & MONTANA PEAK AND ENERGY

Year: 2015

Integrated System

		Peak Day of Month	Peak Hour	Peak Day Volumes Megawatts	Total Monthly Volumes Energy (Mwh)	Non-Requirements Sales For Resale (Mwh)
1	Jan.	8	1900	557.2	333,329	0
2	Feb.	26	900	523.4	292,197	0
3	Mar.	4	1100	514.8	261,733	0
4	Apr.	6	1200	408.8	244,510	0
5	May	27	1400	398.1	235,463	0
6	Jun.	29	1800	568.7	257,434	0
7	Jul.	27	1700	576.4	287,230	0
8	Aug.	12	1700	611.5	284,591	31
9	Sep.	2	1700	568.0	231,856	10
10	Oct.	28	2000	426.8	245,888	0
11	Nov.	30	900	471.4	274,120	0
12	Dec.	18	1800	508.6	318,782	0
13	**TOTAL**				3,267,133	41

Montana

		Peak Day of Month	Peak Hour	Peak Day Volumes Megawatts	Total Monthly Volumes Energy (Mwh)	Non-Requirements Sales For Resale (Mwh)
14	Jan.	8	1900	118.5		
15	Feb.	26	900	122.1		
16	Mar.	4	1100	109.7		
17	Apr.	6	1200	96.2		
18	May	27	1400	96.0		
19	Jun.	29	1800	147.8		
20	Jul.	27	1700	139.8	Not Available	Not Available
21	Aug.	12	1700	143.2		
22	Sep.	2	1700	127.3		
23	Oct.	28	2000	91.9		
24	Nov.	30	900	115.7		
25	Dec.	18	1800	104.9		
26	**TOTAL**					

TOTAL SYSTEM SOURCES & DISPOSITION OF ENERGY

SCHEDULE 33

	Sources	Megawatthours	Disposition	Megawatthours
1	Generation (Net of Station Use)			
2	Steam	1,699,475	Sales to Ultimate Consumers	
3	Nuclear		(Include Interdepartmental)	3,316,017
4	Hydro - Conventional			
5	Hydro - Pumped Storage		Requirements Sales	
6	Other	198,684	for Resale	
7	(Less) Energy for Pumping			
8	**NET Generation**	1,898,159	Non-Requirements Sales	
9	Purchases	1,646,913	for Resale	41
10	Power Exchanges			
11	Received	41,794	Energy Furnished	
12	Delivered	42,616	Without Charge	
13	**NET Exchanges**	(822)		
14	Transmission Wheeling for Other		Energy Used Within	
15	Received	1,385,120	Electric Utility	
16	Delivered	1,337,892		
17	**NET Transmission Wheeling**	47,228	Total Energy Losses	240,104
18	Transmission by Others Losses	(35,316)		
19	**TOTAL**	3,556,162	**TOTAL**	3,556,162

Montana-Dakota's annual peak occurred during HE1700 August 12, 2015. All generation units were available for operation during the peak hour. The following units were on line and providing energy.

Big Stone	95.9
Cedar Hills	0.4
Coyote	60.1
Diamond Willow	2.9
Glendive Turbine	0.0
Glen Ullin Ormat	4.3
Heskett #1	20.6
Heskett #2	64.1
Lewis & Clark	40.0
Miles City	0.0

Montana-Dakota also purchased 313.769 MW from MISO to meet the peak demand. The remaining demand was purchased from Western Area Power Administration through Balancing Authority services and was paid back in-kind the following month.

SOURCES OF ELECTRIC SUPPLY - INTEGRATED SYSTEM

Year: 2015

	Type	Plant Name	Location	Annual Peak (MW)	Annual Energy (Mwh)
1	Thermal	Big Stone Station 1/	Milbank, SD	108.82	303,843.6
2	Wind	Cedar Hills	Rhame, ND	20.30	57,147.1
3	Thermal	Coyote Station 1/	Beulah, ND	100.00	481,994.5
4	Wind	Diamond Willow	Baker, MT	30.30	89,144.0
5	Heat Recovery	Glen Ullin Ormat Sub	Glen Ullin, ND	6.80	38,248.2
6	Combustion Turbine	Glendive Turbine	Glendive, MT	78.50	1,211.6
7	Combustion Turbine	Heskett Station	Mandan, ND	87.00	1,210.9
8	Thermal	Heskett Station	Mandan, ND	103.73	500,630.2
9	Combustion Turbine	Lewis & Clark Station	Sidney, MT	10.00	95.8
10	Thermal	Lewis & Clark Station	Sidney, MT	52.65	222,191.9
11	Combustion Turbine	Miles City Turbine	Miles City, MT	21.30	443.5
12	Oil	Portable Generators	Ray/Alexander,ND	6.00	9.0
13	Wind	Thunder Spirit	Hettinger, ND	73.00	11,174.2
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40					
41	**Total**			698.40	1,707,344.5

1/ Reflects Montana-Dakota Utilities share.

Company Name: **Montana-Dakota Utilities Co.** **SCHEDULE 34A**

Outage Start Date/Time	Outage End Date/Time	Brief Description of Primary Cause 1/
		Big Stone Plant
01/16/2015 21:00	01/18/2015 03:28	"D" Boiler Circ Pump Failure
02/27/2015 19:25	04/01/2015 00:00	Planned AQCS Outage
04/01/2015 00:00	06/10/2015 00:00	Planned AQCS Outage
06/10/2015 00:00	07/01/2015 00:00	Planned AQCS Outage
07/01/2015 00:00	08/04/2015 14:35	Planned AQCS Outage
08/05/2015 16:58	08/07/2015 00:36	GR Fan Vibration
08/11/2015 02:09	08/11/2015 23:55	Stock Feeder #5 Fire
09/11/2015 19:08	09/16/2015 00:47	Offline Install SCR Testing Grid and Fix Turbine Valve Leaks
09/26/2015 09:13	09/29/2015 09:10	SSH Tube Leak
10/02/2015 17:20	10/06/2015 10:49	Outage to modify scrubber inlet duct work
10/09/2015 14:56	10/09/2015 17:03	Problem with GV #2
10/14/2015 13:42	10/14/2015 15:10	Trip off line - ID fan A motor
11/06/2015 17:16	11/09/2015 02:09	Outage to modify scrubber inlet duct work
11/17/2015 13:39	11/17/2015 15:49	DCS communication trip
		Coyote Station
01/02/2015 07:43	01/02/2015 12:26	Repair EH Leak
02/24/2015 21:58	02/26/2015 17:31	GR Fan Balance
03/20/2015 23:50	03/21/2015 01:25	Low Vacuum Pressure
05/04/2015 23:52	05/06/2015 22:08	Wind Box Leak Repair
05/19/2015 09:25	05/19/2015 11:08	Left Side Throttle Valve Control Problems
06/10/2015 13:13	06/14/2015 07:16	Boiler Tube Leak
11/11/2015 09:29	11/13/2015 00:04	"A" Circ Water Pump Breaker Failure
12/13/2015 21:54	12/18/2015 00:00	Wash Outage
12/18/2015 00:00	12/23/2015 22:07	Extended Wash Outage
12/28/2015 21:35	12/30/2015 10:47	Remove Strainers from "A" Boiler Feedwater Pump
		Lewis & Clark Station
01/17/2015 17:08	01/19/2015 14:44	Economizer inlet header drain leak
01/31/2015 01:53	01/31/2015 06:03	Feedwater valve malfunction
01/31/2015 11:04	01/31/2015 16:13	Feedwater valve malfunction
02/01/2015 16:39	02/02/2015 19:26	Feedwater valve malfunction
02/04/2015 01:58	02/04/2015 19:37	Feedwater valve malfunction
04/06/2015 04:44	04/06/2015 19:34	Scrubber Disc Cleaning
05/01/2015 21:41	05/28/2015 17:47	Scheduled Spring Maintenance And Cleaning Outage
08/11/2015 23:00	08/12/2015 08:45	Scrubber Disc Cleaning
09/04/2015 10:24	11/23/2015 14:24	MATS compliance upgrade
12/28/2015 04:44	12/29/2015 06:00	Tubing leak

Outage Start Date/Time	Outage End Date/Time	Brief Description of Primary Cause 1/
		Heskett Unit 1
04/06/2015 00:48	04/14/2015 06:27	Maintenance outage
06/19/2015 21:01	07/10/2015 15:01	Water shorted out exciter controls from storm event
09/17/2015 21:50	09/22/2015 04:02	Dual outage to change condenser inlet\outlet valves CWP discharge valves
10/10/2015 22:04	10/18/2015 14:14	Maintenance outage
		Heskett Unit II
03/20/2015 23:00	04/01/2015 23:57	Maintenance outage
04/02/2015 01:42	04/04/2015 17:24	Bed agglomeration on startup due to sync check relay issues
04/22/2015 20:08	04/25/2015 08:59	Cold fill valve leaking through pressurizing low pressure piping
07/22/2015 21:51	07/28/2015 02:54	Clean fluid bed and condenser
09/11/2015 22:50	09/23/2015 09:06	Maintenance outage
09/23/2015 10:19	09/23/2015 14:41	Found loose wire on voltage differential relay
11/14/2015 13:48	11/19/2015 04:07	Boiler casing red hot due to refractory failure below D compartment coal feeders
11/20/2015 00:03	11/20/2015 22:39	NW hydrogen cooler water gasket leak
11/20/2015 23:43	11/21/2015 02:46	Steam pressure sagged below 550psi with turbine bypass closed
11/21/2015 04:35	11/24/2015 09:09	Bed agglomeration during startup

1/ Outages longer than 1 hour, other than reserve shutdowns for economic dispatch.

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 35**

MONTANA CONSERVATION & DEMAND SIDE MANAGEMENT PROGRAMS

Year: 2015

	Program Description	Current Year Expenditures	Last Year Expenditures	% Change	Planned Savings (MW & MWH)	Achieved Savings (MW & MWH)	Difference (MW & MWH)
2	MT Conservation & DSM Program	$1,455	$15,382	-90.54%	N/A	16 MWh	N/A
3	(As Detailed on Schedule 35B)						
32	**TOTAL**	$1,455	$15,382	-90.54%	N/A	16 MWh	N/A

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 35A**

ELECTRIC UNIVERSAL SYSTEM BENEFITS PROGRAMS

Year: 2015

	Program Description	Actual Current Year Expenditures	Contracted or Committed Current Year Expenditures	Total Current Year Expenditures	Expected savings (MW and MWh)	Most recent program evaluation
1	Local Conservation					
2	Commercial Lighting	$1,005	$0	$1,005	15 MWh	2015
3	Air Conditioning Efficiency	450	0	450	1 MWh	2015
4						
5						
6						
7	Market Transformation					
8						
9						
10						
11						
12	Renewable Resources					
13						
14						
15						
16						
17	Research & Development					
18						
19						
20						
21						
22	Low Income					
23	Discounts	$249,298	$0	$249,298		2015
24						
25	Bill Assistance		125,000	125,000		2015
26						
27	Weatherization		152,000	152,000		2015
28						
29	Furnace Safety		50,000	50,000		2015
30						
31	Education	5,344	0	5,344		2015
32						
33	Energy Audits		10,000	10,000		2015
34	Large Customer Self Directed					
35		$277,038	$0	$277,038	32 MWh	
36					4 MW	
37						
38						
39						
40	Total	$533,135	$337,000	$870,135	48 MWh	2015
41	Number of customers that received low income rate discounts			(Average)	1,277	
42	Average monthly bill discount amount ($/mo)				$16.27	
43	Average LIEAP-eligible household income				N/A	
44	Number of customers that received weatherization assistance				N/A	
45	Expected average annual bill savings from weatherization				N/A	
46	Number of residential audits performed				N/A	

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 35B**

MONTANA CONSERVATION & DEMAND SIDE MANAGEMENT PROGRAMS

Year: 2015

	Program Description	Actual Current Year Expenditures	Contracted or Committed Current Year Expenditures	Total Current Year Expenditures	Expected savings (MW and MWh)	Most recent program evaluation
1	Local Conservation					
2	Commercial Lighting	$1,005	$0	$1,005	15 MWh	2015
3	Air Conditioning Efficiency	450	0	450	1 MWh	2015
4						
5						
6						
7						
8	Demand Response					
9						
10						
11						
12						
13						
14						
15	Market Transformation					
16						
17						
18						
19						
20						
21						
22	Research & Development					
23						
24						
25						
26						
27						
28						
29	Low Income					
30						
31						
32						
33						
34						
35	Other					
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46	Total	$1,455	$0	$1,455	16 MWh	2015

MONTANA CONSUMPTION AND REVENUES

Year: 2015

	Sales of Electricity	Operating Revenues Current Year	Operating Revenues Previous Year	MegaWatt Hours Sold Current Year	MegaWatt Hours Sold Previous Year	Avg. No. of Customers Current Year	Avg. No. of Customers Previous Year
1	Residential	$16,294,655	$16,996,272	187,197	195,241	19,879	19,660
2	Small General	9,763,839	10,257,231	125,337	131,355	5,557	5,515
3	Large General	29,067,062	26,944,335	485,219	460,509	261	249
4	Lighting	907,156	906,612	10,219	10,136	41	38
5	Municipal Pumping	471,828	466,152	7,483	7,341	100	100
6	Sales to Other Utilities			Not Applicable	Not Applicable	Not Applicable	Not Applicable
7							
8							
9							
10							
11							
12							
13	**TOTAL**	$56,504,540	$55,570,602	815,455	804,582	25,838	25,562