

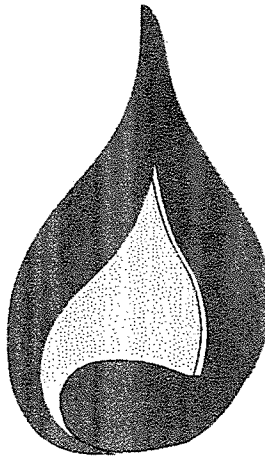
YEAR ENDING 2017

**ANNUAL REPORT**  
OF

Cut Bank Gas Company

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**GAS UTILITY**



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

# Gas Annual Report

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Company Name: Cut Bank Gas Company

**SCHEDULE 1**

**IDENTIFICATION**

Year : 2017

1.	Legal Name of Respondent:	Cut Bank Gas Company
2.	Name Under Which Respondent Does Business:	Cut Bank Gas Company
3.	Date Utility Service First Offered in Montana	11/19/1956
4.	Address to send Correspondence Concerning Report:	403 East Main St Cut Bank, MT 59427
5.	Person Responsible for This Report:	Corey Medved
5a.	Telephone Number:	(406) 791-7524
<b>Control Over Respondent</b>		
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**

Board of Directors		
Line No.	Name of Director and Address (City, State)	Remuneration
		(b)
1	Jed Henthorne Great Falls, MT	\$0
2	Kevin Degenstein Great Falls, MT	\$0
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Company Name: Cut Bank Gas Company

SCHEDULE 3

OFFICERS

Year : 2017

Line No.	Title of Officer (a)	Department Supervised (b)	Name (c)
1	President & General Manager	Total Company	Jed D. Henthorne
2			
3	Vice President	Total Company	Kevin J. Degenstein
4			
7	Secretary	Total Company	Cheryl Johnson
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Company Name: Cut Bank Gas Company

SCHEDULE 4

**CORPORATE STRUCTURE**

Year: 2017

	Subsidiary/Company Name	Line of Business	Earnings	Percent of Total
1	Cut Bank Gas Company - a subsidiary of PHC	Natural Gas Utility	(15,139)	100.00%
2	Utilities, Inc.			
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50	<b>TOTAL</b>		(15,139)	

CORPORATE ALLOCATIONS

Year: 2017

	Items Allocated	Classification	Allocation Method	\$ to MT Utility	MT %	\$ to Other
1	Hearthstone Utilities, Inc.	921	4 Factor Allocation	150,165	2.45%	6,116,751
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34	TOTAL			150,165	2.40%	6,116,751

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY

Year: 2017

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	NONE					
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32	TOTAL					



Company Name: Cut Bank Gas Company

SCHEDULE 7

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Year: 2017

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	NONE					
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32	TOTAL					

## MONTANA UTILITY INCOME STATEMENT

Year: 2017

	Account Number & Title	Last Year	This Year	% Change
1	400 Operating Revenues	\$ 1,339,361	\$ 1,534,534	15%
2				
3	Operating Expenses			
4	401 Operation Expenses	1,279,640	1,372,655	7%
5	402 Maintenance Expense	20,901	11,225	-46%
6	403 Depreciation Expense	77,738	81,121	4%
7	404-405 Amort. & Depl. of Gas Plant			
8	406 Amort. of Gas Plant Acquisition Adjustments			
9	407.1 Amort. of Property Losses, Unrecovered Plant			
10	& Regulatory Study Costs			
11	407.2 Amort. of Conversion Expense			
12	408.1 Taxes Other Than Income Taxes	43,592	41,741	-4%
13	409.1 Income Taxes - Federal	(28,571)	(266)	99%
14	- Other	(25,368)	(3,602)	86%
15	410.1 Provision for Deferred Income Taxes	(1,261)	13,128	1141%
16	411.1 (Less) Provision for Def. Inc. Taxes - Cr.			
17	411.4 Investment Tax Credit Adjustments			
18	411.6 (Less) Gains from Disposition of Utility Plant			
19	411.7 Losses from Disposition of Utility Plant			
20	<b>TOTAL Utility Operating Expenses</b>	<b>1,366,671</b>	<b>1,516,002</b>	<b>11%</b>
21	<b>NET UTILITY OPERATING INCOME</b>	<b>(27,310)</b>	<b>18,532</b>	<b>168%</b>

## SCHEDULE 9

## MONTANA REVENUES

Year: 2017

	Account Number & Title	Last Year	This Year	% Change
1	Sales of Gas			
2	480 Residential	879,345	1,000,137	14%
3	481 Commercial & Industrial - Small	460,015	534,397	16%
4	Commercial & Industrial - Large 4910006 4910098			
5	482 Other Sales to Public Authorities			
6	484 Interdepartmental Sales			
7	485 Intracompany Transfers			
8	<b>TOTAL Sales to Ultimate Consumers</b>	<b>1,339,361</b>	<b>1,534,534</b>	<b>15%</b>
9	483 Sales for Resale			
10	<b>TOTAL Sales of Gas</b>	<b>1,339,361</b>	<b>1,534,534</b>	<b>15%</b>
11	Other Operating Revenues			
12	487 Forfeited Discounts & Late Payment Revenues			
13	488 Miscellaneous Service Revenues			
14	489 Revenues from Transp. of Gas for Others			
15	490 Sales of Products Extracted from Natural Gas			
16	491 Revenues from Nat. Gas Processed by Others			
17	492 Incidental Gasoline & Oil Sales			
18	493 Rent From Gas Property			
19	494 Interdepartmental Rents			
20	495 Other Gas Revenues			
21	<b>TOTAL Other Operating Revenues</b>			
22	<b>Total Gas Operating Revenues</b>	<b>1,339,361</b>	<b>1,534,534</b>	<b>15%</b>
23				
24	496 (Less) Provision for Rate Refunds			
25				
26	<b>TOTAL Oper. Revs. Net of Pro. for Refunds</b>			

## MONTANA OPERATION &amp; MAINTENANCE EXPENSES

Year: 2017

Account Number & Title		Last Year	This Year	% Change
1	<b>Production Expenses</b>			
2	Production & Gathering - Operation			
3	750 Operation Supervision & Engineering			
4	751 Production Maps & Records			
5	752 Gas Wells Expenses			
6	753 Field Lines Expenses			
7	754 Field Compressor Station Expenses			
8	755 Field Compressor Station Fuel & Power			
9	756 Field Measuring & Regulating Station Expense			
10	757 Purification Expenses			
11	758 Gas Well Royalties		701	
12	759 Other Expenses			
13	760 Rents			
14	<b>Total Operation - Natural Gas Production</b>		701	
15	Production & Gathering - Maintenance			
16	761 Maintenance Supervision & Engineering	9,840	322	-97%
17	762 Maintenance of Structures & Improvements			
18	763 Maintenance of Producing Gas Wells			
19	764 Maintenance of Field Lines			
20	765 Maintenance of Field Compressor Sta. Equip.			
21	766 Maintenance of Field Meas. & Reg. Sta. Equip.			
22	767 Maintenance of Purification Equipment			
23	768 Maintenance of Drilling & Cleaning Equip.			
24	769 Maintenance of Other Equipment			
25	<b>Total Maintenance- Natural Gas Prod.</b>	9,840	322	-97%
26	<b>TOTAL Natural Gas Production &amp; Gathering</b>	9,840	1,023	-97%
27	Products Extraction - Operation			
28	770 Operation Supervision & Engineering			
29	771 Operation Labor			
30	772 Gas Shrinkage			
31	773 Fuel			
32	774 Power			
33	775 Materials			
34	776 Operation Supplies & Expenses			
35	777 Gas Processed by Others			
36	778 Royalties on Products Extracted			
37	779 Marketing Expenses			
38	780 Products Purchased for Resale			
39	781 Variation in Products Inventory			
40	782 (Less) Extracted Products Used by Utility - Cr.			
41	783 Rents			
42	<b>Total Operation - Products Extraction</b>			
43	Products Extraction - Maintenance			
44	784 Maintenance Supervision & Engineering			
45	785 Maintenance of Structures & Improvements			
46	786 Maintenance of Extraction & Refining Equip.			
47	787 Maintenance of Pipe Lines			
48	788 Maintenance of Extracted Prod. Storage Equip.			
49	789 Maintenance of Compressor Equipment			
50	790 Maintenance of Gas Meas. & Reg. Equip.			
51	791 Maintenance of Other Equipment			
52	<b>Total Maintenance - Products Extraction</b>			
53	<b>TOTAL Products Extraction</b>			

## MONTANA OPERATION &amp; MAINTENANCE EXPENSES

Year: 2017

Account Number & Title		Last Year	This Year	% Change
1	<b>Production Expenses - continued</b>			
2				
3	Exploration & Development - Operation			
4	795 Delay Rentals			
5	796 Nonproductive Well Drilling			
6	797 Abandoned Leases			
7	798 Other Exploration			
8	<b>TOTAL Exploration &amp; Development</b>			
9				
10	Other Gas Supply Expenses - Operation			
11	800 Natural Gas Wellhead Purchases	616		
12	800.1 Nat. Gas Wellhead Purch., Intracomp. Trans.			
13	801 Natural Gas Field Line Purchases			
14	802 Natural Gas Gasoline Plant Outlet Purchases			
15	803 Natural Gas Transmission Line Purchases			
16	804 Natural Gas City Gate Purchases	688,736	825,991	20%
17	805 Other Gas Purchases			
18	805.1 Purchased Gas Cost Adjustments	(14,988)	(10,892)	27%
19	805.2 Incremental Gas Cost Adjustments			
20	806 Exchange Gas			
21	807.1 Well Expenses - Purchased Gas			
22	807.2 Operation of Purch. Gas Measuring Stations			
23	807.3 Maintenance of Purch. Gas Measuring Stations			
24	807.4 Purchased Gas Calculations Expenses			
25	807.5 Other Purchased Gas Expenses	(2,698)	(3,488)	-29%
26	808.1 Gas Withdrawn from Storage -Dr.			
27	808.2 (Less) Gas Delivered to Storage -Cr.			
28	809.2 (Less) Deliveries of Nat. Gas for Processing-Cr.			
29	810 (Less) Gas Used for Compressor Sta. Fuel-Cr.			
30	811 (Less) Gas Used for Products Extraction-Cr.			
31	812 (Less) Gas Used for Other Utility Operations-Cr.			
32	813 Other Gas Supply Expenses			
33	<b>TOTAL Other Gas Supply Expenses</b>	671,666	811,611	21%
34				
35	<b>TOTAL PRODUCTION EXPENSES</b>	681,506	812,634	21%

## MONTANA OPERATION &amp; MAINTENANCE EXPENSES

Year: 2017

Account Number & Title		Last Year	This Year	% Change
1	<b>Storage, Terminaling &amp; Processing Expenses</b>			
2				
3	Underground Storage Expenses - Operation			
4	814 Operation Supervision & Engineering			
5	815 Maps & Records			
6	816 Wells Expenses			
7	817 Lines Expenses			
8	818 Compressor Station Expenses			
9	819 Compressor Station Fuel & Power			
10	820 Measuring & Reg. Station Expenses			
11	821 Purification Expenses			
12	822 Exploration & Development			
13	823 Gas Losses			
14	824 Other Expenses			
15	825 Storage Well Royalties			
16	826 Rents			
17	<b>Total Operation - Underground Strg. Exp.</b>			
18				
19	Underground Storage Expenses - Maintenance			
20	830 Maintenance Supervision & Engineering			
21	831 Maintenance of Structures & Improvements			
22	832 Maintenance of Reservoirs & Wells			
23	833 Maintenance of Lines			
24	834 Maintenance of Compressor Station Equip.			
25	835 Maintenance of Meas. & Reg. Sta. Equip.			
26	836 Maintenance of Purification Equipment			
27	837 Maintenance of Other Equipment			
28	<b>Total Maintenance - Underground Storage</b>			
29	<b>TOTAL Underground Storage Expenses</b>			
30				
31	Other Storage Expenses - Operation			
32	840 Operation Supervision & Engineering			
33	841 Operation Labor and Expenses			
34	842 Rents			
35	842.1 Fuel			
36	842.2 Power			
37	842.3 Gas Losses			
38	<b>Total Operation - Other Storage Expenses</b>			
39				
40	Other Storage Expenses - Maintenance			
41	843.1 Maintenance Supervision & Engineering			
42	843.2 Maintenance of Structures & Improvements			
43	843.3 Maintenance of Gas Holders			
44	843.4 Maintenance of Purification Equipment			
45	843.6 Maintenance of Vaporizing Equipment			
46	843.7 Maintenance of Compressor Equipment			
47	843.8 Maintenance of Measuring & Reg. Equipment			
48	843.9 Maintenance of Other Equipment			
49	<b>Total Maintenance - Other Storage Exp.</b>			
50	<b>TOTAL - Other Storage Expenses</b>			
51				
52	<b>TOTAL - STORAGE, TERMINALING &amp; PROC.</b>			

## MONTANA OPERATION &amp; MAINTENANCE EXPENSES

Year: 2017

Account Number & Title			Last Year	This Year	% Change
1	<b>Transmission Expenses</b>				
2	Operation				
3	850	Operation Supervision & Engineering			
4	851	System Control & Load Dispatching			
5	852	Communications System Expenses			
6	853	Compressor Station Labor & Expenses			
7	854	Gas for Compressor Station Fuel			
8	855	Other Fuel & Power for Compressor Stations			
9	856	Mains Expenses			
10	857	Measuring & Regulating Station Expenses			
11	858	Transmission & Compression of Gas by Others			
12	859	Other Expenses			
13	860	Rents			
14	<b>Total Operation - Transmission</b>				
15	Maintenance				
16	861	Maintenance Supervision & Engineering			
17	862	Maintenance of Structures & Improvements			
18	863	Maintenance of Mains			
19	864	Maintenance of Compressor Station Equip.			
20	865	Maintenance of Measuring & Reg. Sta. Equip.			
21	866	Maintenance of Communication Equipment			
22	867	Maintenance of Other Equipment			
23	<b>Total Maintenance - Transmission</b>				
24	<b>TOTAL Transmission Expenses</b>				
25	<b>Distribution Expenses</b>				
26	Operation				
27	870	Operation Supervision & Engineering	25,967	10,948	-58%
28	871	Distribution Load Dispatching			
29	872	Compressor Station Labor and Expenses			
30	873	Compressor Station Fuel and Power			
31	874	Mains and Services Expenses	89,531	94,459	6%
32	875	Measuring & Reg. Station Exp.-General			
33	876	Measuring & Reg. Station Exp.-Industrial			
34	877	Meas. & Reg. Station Exp.-City Gate Ck. Sta.			
35	878	Meter & House Regulator Expenses	13,539	15,737	16%
36	879	Customer Installations Expenses	4,675	2,805	-40%
37	880	Other Expenses	26,819	22,412	-16%
38	881	Rents			
39	<b>Total Operation - Distribution</b>		160,531	146,361	-9%
40	Maintenance				
41	885	Maintenance Supervision & Engineering			
42	886	Maintenance of Structures & Improvements			
43	887	Maintenance of Mains	2,492	1,655	-34%
44	888	Maint. of Compressor Station Equipment			
45	889	Maint. of Meas. & Reg. Station Exp.-General	226	262	16%
46	890	Maint. of Meas. & Reg. Sta. Exp.-Industrial			
47	891	Maint. of Meas. & Reg. Sta. Equip.-City Gate			
48	892	Maintenance of Services			
49	893	Maintenance of Meters & House Regulators	532	1,326	149%
50	894	Maintenance of Other Equipment	300	150	-50%
51	<b>Total Maintenance - Distribution</b>		3,550	3,393	-4%
52	<b>TOTAL Distribution Expenses</b>		164,081	149,754	-9%

## MONTANA OPERATION &amp; MAINTENANCE EXPENSES

Year: 2017

Account Number & Title	Last Year	This Year	% Change
<b>Customer Accounts Expenses</b>			
Operation			
901 Supervision			
902 Meter Reading Expenses	24,453	22,591	-8%
903 Customer Records & Collection Expenses	78,799	82,021	4%
904 Uncollectible Accounts Expenses		(7,012)	#DIV/0!
905 Miscellaneous Customer Accounts Expenses			
<b>TOTAL Customer Accounts Expenses</b>	103,252	97,600	-5%
<b>Customer Service &amp; Informational Expenses</b>			
Operation			
907 Supervision			
908 Customer Assistance Expenses			
909 Informational & Instructional Advertising Exp.			
910 Miscellaneous Customer Service & Info. Exp.			
<b>TOTAL Customer Service &amp; Info. Expenses</b>			
<b>Sales Expenses</b>			
Operation			
911 Supervision			
912 Demonstrating & Selling Expenses			
913 Advertising Expenses	35	35	
916 Miscellaneous Sales Expenses			
<b>TOTAL Sales Expenses</b>	35	35	
<b>Administrative &amp; General Expenses</b>			
Operation			
920 Administrative & General Salaries	13,859	7,376	-47%
921 Office Supplies & Expenses	24,823	34,573	39%
922 (Less) Administrative Expenses Transferred - Cr.	(3,738)	(4,928)	-32%
923 Outside Services Employed	4,074	9,848	142%
924 Property Insurance	20,535	5,713	-72%
925 Injuries & Damages	26,560	41,778	57%
926 Employee Pensions & Benefits	62,662	44,009	-30%
927 Franchise Requirements			
928 Regulatory Commission Expenses			
929 (Less) Duplicate Charges - Cr.			
930.1 General Advertising Expenses			
930.2 Miscellaneous General Expenses	20	20	
931 Rents	25,301	27,793	10%
933 Overheads	170,261	150,165	-12%
<b>TOTAL Operation - Admin. &amp; General</b>	344,357	316,347	-8%
Maintenance			
935 Maintenance of General Plant	7,310	7,510	3%
<b>TOTAL Administrative &amp; General Expenses</b>	7,310	7,510	3%
<b>TOTAL OPERATION &amp; MAINTENANCE EXP.</b>	1,300,541	1,383,880	6%

\*\* Prior period amounts have been reclassified to reflect current year presentations

## MONTANA TAXES OTHER THAN INCOME

Year: 2017

	Description of Tax	Last Year	This Year	% Change
1	Payroll Taxes	22,384	24,125	7.78%
2	Property Taxes	20,102	17,566	-12.62%
3	Natural Gas Production Tax	1,006		-100.00%
4	Nexus License	100	50	-50.00%
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43	<b>TOTAL MT Taxes other than Income</b>	<b>43,592</b>	<b>41,741</b>	<b>-4.25%</b>



Company Name: Cut Bank Gas Company

**SCHEDULE 12**

**PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES**

Year: 2017

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	NONE				
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50	<b>TOTAL Payments for Services</b>				

**POLITICAL ACTION COMMITTEES / POLITICAL CONTRIBUTIONS** Year: 2017

	Description	Total Company	Montana	% Montana
1	NONE			
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50	<b>TOTAL Contributions</b>			

## PENSION COSTS

Year: 2017

1	Plan Name			
2	Defined Benefit Plan? <u>No</u>		Defined Contribution <u>Yes</u>	
3	Actuarial Cost Method? <u>N/A</u>		IRS Code: <u>401(k)</u>	
4	Annual Contribution by Employer: <u>-0-</u>		Is the Plan Over Funded? <u></u>	
5				
	Item	Current Year	Last Year	% Change
6	<b>Change in Benefit Obligation</b>			
7	Benefit obligation at beginning of year			
8	Service cost			
9	Interest Cost			
10	Plan participants' contributions			
11	Amendments			
12	Actuarial Gain			
13	Acquisition			
14	Benefits paid			
15	Benefit obligation at end of year			
16	<b>Change in Plan Assets</b>			
17	Fair value of plan assets at beginning of year			
18	Actual return on plan assets			
19	Acquisition			
20	Employer contribution			
21	Plan participants' contributions			
22	Benefits paid			
23	Fair value of plan assets at end of year			
24	<b>Funded Status</b>			
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost			
28				
29	<b>Weighted-average Assumptions as of Year End</b>			
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33				
34	<b>Components of Net Periodic Benefit Costs</b>			
35	Service cost			
36	Interest cost			
37	Expected return on plan assets			
38	Amortization of prior service cost			
39	Recognized net actuarial loss			
40	Net periodic benefit cost			
41				
42	<b>Montana Intrastate Costs:</b>			
43	Pension Costs			
44	Pension Costs Capitalized			
45	Accumulated Pension Asset (Liability) at Year End			
46	<b>Number of Company Employees:</b>			
47	Covered by the Plan	6	6	
48	Not Covered by the Plan			
49	Active	6	6	
50	Retired			
51	Deferred Vested Terminated			

## OTHER POST EMPLOYMENT BENEFITS (OPEBS)

Year: 2017

	Item	Current Year	Last Year		% Change
1	<b>Regulatory Treatment:</b>				
2	Commission authorized - most recent				
3	Docket number: _____				
4	Order number: _____				
5	Amount recovered through rates				
6	<b>Weighted-average Assumptions as of Year End</b>				
7	Discount rate	Cut Bank Gas Company has no other post employment benefits			
8	Expected return on plan assets				
9	Medical Cost Inflation Rate				
10	Actuarial Cost Method				
11	Rate of compensation increase				
12	<b>List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:</b>				
13					
14					
15	<b>Describe any Changes to the Benefit Plan:</b>				
16					
17	<b>TOTAL COMPANY</b>				
18	<b>Change in Benefit Obligation</b>				
19	Benefit obligation at beginning of year				
20	Service cost				
21	Interest Cost				
22	Plan participants' contributions				
23	Amendments				
24	Actuarial Gain				
25	Acquisition				
26	Benefits paid				
27	Benefit obligation at end of year				
28	<b>Change in Plan Assets</b>				
29	Fair value of plan assets at beginning of year				
30	Actual return on plan assets				
31	Acquisition				
32	Employer contribution				
33	Plan participants' contributions				
34	Benefits paid				
35	Fair value of plan assets at end of year				
36	<b>Funded Status</b>				
37	Unrecognized net actuarial loss				
38	Unrecognized prior service cost				
39	Prepaid (accrued) benefit cost				
40	<b>Components of Net Periodic Benefit Costs</b>				
41	Service cost				
42	Interest cost				
43	Expected return on plan assets				
44	Amortization of prior service cost				
45	Recognized net actuarial loss				
46	Net periodic benefit cost				
47	<b>Accumulated Post Retirement Benefit Obligation</b>				
48	Amount Funded through VEBA				
49	Amount Funded through 401(h)				
50	Amount Funded through Other _____				
51	TOTAL				
52	Amount that was tax deductible - VEBA				
53	Amount that was tax deductible - 401(h)				
54	Amount that was tax deductible - Other _____				
55	TOTAL				

**OTHER POST EMPLOYMENT BENEFITS (OPEBS) Continued**

Item	Current Year	Last Year		% Change
<b>1 Number of Company Employees:</b>				
2 Covered by the Plan				
3 Not Covered by the Plan				
4 Active				
5 Retired				
6 Spouses/Dependants covered by the Plan				
<b>7 Montana</b>				
<b>8 Change in Benefit Obligation</b>				
9 Benefit obligation at beginning of year				
10 Service cost				
11 Interest Cost				
12 Plan participants' contributions				
13 Amendments				
14 Actuarial Gain				
15 Acquisition				
16 Benefits paid				
17 Benefit obligation at end of year				
<b>18 Change in Plan Assets</b>				
19 Fair value of plan assets at beginning of year				
20 Actual return on plan assets				
21 Acquisition				
22 Employer contribution				
23 Plan participants' contributions				
24 Benefits paid				
25 Fair value of plan assets at end of year				
<b>26 Funded Status</b>				
27 Unrecognized net actuarial loss				
28 Unrecognized prior service cost				
29 Prepaid (accrued) benefit cost				
<b>30 Components of Net Periodic Benefit Costs</b>				
31 Service cost				
32 Interest cost				
33 Expected return on plan assets				
34 Amortization of prior service cost				
35 Recognized net actuarial loss				
36 Net periodic benefit cost				
<b>37 Accumulated Post Retirement Benefit Obligation</b>				
38 Amount Funded through VEBA				
39 Amount Funded through 401(h)				
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				
<b>46 Montana Intrastate Costs:</b>				
47 Pension Costs				
48 Pension Costs Capitalized				
49 Accumulated Pension Asset (Liability) at Year End				
<b>50 Number of Montana Employees:</b>				
51 Covered by the Plan				
52 Not Covered by the Plan				
53 Active				
54 Retired				
55 Spouses/Dependants covered by the Plan				

## TOP TEN MONTANA COMPENSATED EMPLOYEES (ASSIGNED OR ALLOCATED)

Year: 2017

Line No.	Name/Title	Base Salary	Bonuses	Other	Total Compensation	Total Compensation Last Year	% Increase Total Compensation
1	Kevin J. Degenstein Vice President	285,000			285,000	306,827	-7.11%
2	Jed D. Henthorne President & General Manager	170,000			170,000	176,869	-3.88%
3	S. Jane Lindberg Bookkeeper	63,066			63,066	60,923	3.52%
4	Matt Embody Serviceman	55,120			55,120	53,248	3.52%
5	Tyler Embody Serviceman	53,830			53,830	52,000	3.52%
6	Kelly Barnes Serviceman	33,259			33,259	32,136	3.49%
7	Lorraine Duvall Bookkeeper	29,349			29,349	28,080	4.52%
8	Ian Curtiss Serviceman	31,200			31,200	-	

## COMPENSATION OF TOP 5 CORPORATE EMPLOYEES - SEC INFORMATION

Year: 2017

Line No.	Name/Title	Base Salary	Bonuses	Other	Total Compensation	Total Compensation Last Year	% Increase Total Compensation
1	Gregory J. Osborne President & CEO	297,617		1,254,734	1,552,351	427,124	263%
2	James E. Sprague Vice President & CFO	271,463		1,080,352	1,351,814	364,045	271%
3	Kevin J. Degenstein COO & Chief Compliance Officer	285,000		22,207	307,207	306,827	0%
4	Jennifer Haberman Corp Controller	121,172		5,496	126,668	128,461	0%
5	Olena Bilskiy Dir of Tax	114,608	5,385	5,843	125,836	109,883	15%
<p>**These are the top 5 corporate employees of Hearthstone Utilities, Inc. (formerly Gas Natural, Inc.), the parent of PHC Utilities, Inc. On August 4, 2017, Hearthstone Utilities, Inc. merged with FR Bison Merger Sub, Inc. at which time all outstanding shares were cancelled and converted into the right to receive \$13.10 per common share in cash. As of August 4, 2017, Hearthstone Utilities, Inc. is a privately held holding company and is no longer subject to SEC reporting rules.</p>							
<p>**The information provided above is provided for the calendar year 2017. As of December 31, 2017, Gregory Osborne, James Sprague, and Jennifer Haberman were no longer with the Company.</p>							

## OTHER COMPENSATION TABLE

Year: 2017

The following table summarizes the other compensation paid by us to our Chief Executive Officer, Chief Financial Officer, and our most highly compensated executive officers.

	Cafeteria Plan	401(k) Plan Contributions	Automobile Allowance	Director Fees	Severance	Total Other Compensation
Gregory J. Osborne	\$ -	\$ 9,733.72	\$ -	\$ 15,000	\$ 1,230,000	\$ 1,254,734
James E. Sprague	-	9,859	5,492	-	1,065,000	\$ 1,080,352
Kevin J. Degenstein	960	11,278	9,969	-	-	\$ 22,207
Jennifer Haberman	-	5,496	-	-	-	\$ 5,496
Olena Bilskiy	-	5,843	-	-	-	\$ 5,843
	<u>\$ 960</u>	<u>\$ 42,209</u>	<u>\$ 15,462</u>	<u>\$ 15,000</u>	<u>\$ 2,295,000</u>	<u>\$ 2,368,630</u>

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\*\*These are the top 5 corporate employees of Hearthstone Utilities, Inc. (formerly Gas Natural, Inc.), the parent of PHC Utilities, Inc. On August 4, 2017, Hearthstone Utilities, Inc. merged with FR Bison Merger Sub, Inc. at which time all outstanding shares were cancelled and converted into the right to receive \$13.10 per common share in cash. As of August 4, 2017, Hearthstone Utilities, Inc. is a privately held holding company and is no longer subject to SEC reporting rules.

\*\*The information provided above is provided for the calendar year 2017. As of December 31, 2017, Gregory Osborne, James Sprague, and Jennifer Haberman were no longer with the Company.



## BALANCE SHEET

Year: 2017

	Account Number & Title	Last Year	This Year	12 month % Change
1	<b>Assets and Other Debits</b>			
2	Utility Plant			
3	101 Gas Plant in Service	1,872,390	1,950,301	4.16%
4	101.1 Property Under Capital Leases	196,650	272,770	38.71%
5	102 Gas Plant Purchased or Sold			
	104 Gas Plant Leased to Others			
7	105 Gas Plant Held for Future Use			
8	105.1 Production Properties Held for Future Use			
9	106 Completed Constr. Not Classified - Gas			
10	107 Construction Work in Progress - Gas	6,336	52,398	726.99%
11	108 (Less) Accumulated Depreciation	(831,202)	(912,246)	-9.75%
12	111 (Less) Accumulated Amortization & Depletion			
13	114 Gas Plant Acquisition Adjustments	1,056,771	1,056,771	
14	115 (Less) Accum. Amort. Gas Plant Acq. Adj.			
15	116 Other Gas Plant Adjustments			
16	117 Gas Stored Underground - Noncurrent			
17	118 Other Utility Plant			
18	119 Accum. Depr. and Amort. - Other Util. Plant			
19	<b>TOTAL Utility Plant</b>	<b>2,300,945</b>	<b>2,419,994</b>	<b>5.17%</b>
20	<b>Other Property &amp; Investments</b>			
21	121 Nonutility Property			
22	122 (Less) Accum. Depr. & Amort. of Nonutil. Prop.			
23	123 Investments in Associated Companies			
24	123.1 Investments in Subsidiary Companies			
25	124 Other Investments	2,595	2,511	-3.24%
26	125 Sinking Funds			
27	<b>TOTAL Other Property &amp; Investments</b>	<b>2,595</b>	<b>2,511</b>	<b>-3.24%</b>
28	<b>Current &amp; Accrued Assets</b>			
29	131 Cash	47,167	33,616	-28.73%
30	132-134 Special Deposits			
31	135 Working Funds			
32	136 Temporary Cash Investments			
33	141 Notes Receivable			
34	142 Customer Accounts Receivable	260,043	251,960	-3.11%
35	143 Other Accounts Receivable	(297)	(297)	
36	144 (Less) Accum. Provision for Uncollectible Accts.	(17,486)	(3,929)	77.53%
37	145 Notes Receivable - Associated Companies			
38	146 Accounts Receivable - Associated Companies	127,873		-100.00%
39	151 Fuel Stock			
40	152 Fuel Stock Expenses Undistributed			
41	153 Residuals and Extracted Products			
42	154 Plant Materials and Operating Supplies	82,918	67,335	-18.79%
43	155 Merchandise			
44	156 Other Material & Supplies			
45	163 Stores Expense Undistributed			
46	164.1 Gas Stored Underground - Current			
47	165 Prepayments	77,402	42,618	-44.94%
48	166 Advances for Gas Explor., Devl. & Production			
49	171 Interest & Dividends Receivable			
50	172 Rents Receivable			
51	173 Accrued Utility Revenues			
52	174 Miscellaneous Current & Accrued Assets			
53	<b>TOTAL Current &amp; Accrued Assets</b>	<b>577,620</b>	<b>391,303</b>	<b>-32.26%</b>

## BALANCE SHEET

Year: 2017

Account Number & Title		Last Year	This Year	12 month % Change
1	<b>Assets and Other Debits (cont.)</b>			
2				
3	<b>Deferred Debits</b>			
4				
5	181 Unamortized Debt Expense	9,137	7,886	-13.69%
6	182.1 Extraordinary Property Losses			
7	182.2 Unrecovered Plant & Regulatory Study Costs		108,167	
8	183.1 Prelim. Nat. Gas Survey & Investigation Chrg.			
9	183.2 Other Prelim. Nat. Gas Survey & Invtg. Chrgs.			
10	184 Clearing Accounts			
11	185 Temporary Facilities			
12	186 Miscellaneous Deferred Debits		2,745	
13	187 Deferred Losses from Disposition of Util. Plant			
14	188 Research, Devel. & Demonstration Expend.			
15	189 Unamortized Loss on Reacquired Debt	1,696	1,339	-21.05%
16	190 Accumulated Deferred Income Taxes	124,831	138,167	10.68%
17	191 Unrecovered Purchased Gas Costs	31,361	54,459	73.65%
18	192.1 Unrecovered Incremental Gas Costs			
19	192.2 Unrecovered Incremental Surcharges			
20	<b>TOTAL Deferred Debits</b>	<b>167,025</b>	<b>312,763</b>	<b>87.26%</b>
21				
22	<b>TOTAL ASSETS &amp; OTHER DEBITS</b>	<b>3,048,185</b>	<b>3,126,571</b>	<b>2.57%</b>
Account Number & Title		Last Year	This Year	12 month % Change
23	<b>Liabilities and Other Credits</b>			
24				
25	<b>Proprietary Capital</b>			
26				
27	201 Common Stock Issued	90,310	90,310	
28	202 Common Stock Subscribed			
29	204 Preferred Stock Issued			
30	205 Preferred Stock Subscribed			
31	207 Premium on Capital Stock			
32	211 Miscellaneous Paid-In Capital	1,009,710	1,009,710	
33	213 (Less) Discount on Capital Stock			
34	214 (Less) Capital Stock Expense			
35	215 Appropriated Retained Earnings			
36	216 Unappropriated Retained Earnings	260,170	245,030	-5.82%
37	217 (Less) Reacquired Capital Stock			
38	<b>TOTAL Proprietary Capital</b>	<b>1,360,190</b>	<b>1,345,050</b>	<b>-1.11%</b>
39				
40	<b>Long Term Debt</b>			
41				
42	221 Bonds			
43	222 (Less) Reacquired Bonds			
44	223 Advances from Associated Companies			
45	224 Other Long Term Debt (from Associated Companies)	550,000	550,000	
46	225 Unamortized Premium on Long Term Debt			
47	226 (Less) Unamort. Discount on L-Term Debt-Dr.			
48	<b>TOTAL Long Term Debt</b>	<b>550,000</b>	<b>550,000</b>	

## BALANCE SHEET

	Account Number & Title	Last Year	This Year	12 month % Change
1				
2	<b>Total Liabilities and Other Credits (cont.)</b>			
3				
4	<b>Other Noncurrent Liabilities</b>			
5				
6	227 Obligations Under Cap. Leases - Noncurrent	34,085		-100.00%
7	228.1 Accumulated Provision for Property Insurance			
8	228.2 Accumulated Provision for Injuries & Damages			
9	228.3 Accumulated Provision for Pensions & Benefits			
10	228.4 Accumulated Misc. Operating Provisions			
11	229 Accumulated Provision for Rate Refunds			
12	<b>TOTAL Other Noncurrent Liabilities</b>	<b>34,085</b>		<b>-100.00%</b>
13				
14	<b>Current &amp; Accrued Liabilities</b>			
15				
16	231 Notes Payable			
17	232 Accounts Payable	122,470	126,964	3.67%
18	233 Notes Payable to Associated Companies (Line of Credit)	370,812	245,812	-33.71%
19	234 Accounts Payable to Associated Companies	118,491	376,518	217.76%
20	235 Customer Deposits	32,316	20,865	-35.43%
21	236 Taxes Accrued	11,557	9,482	-17.95%
22	237 Interest Accrued	5,610	5,027	-10.39%
23	238 Dividends Declared			
24	239 Matured Long Term Debt			
25	240 Matured Interest			
26	241 Tax Collections Payable			
27	242 Miscellaneous Current & Accrued Liabilities	104,200	71,045	-31.82%
28	243 Obligations Under Capital Leases - Current	71,219	32,429	-54.47%
29	<b>TOTAL Current &amp; Accrued Liabilities</b>	<b>836,675</b>	<b>888,142</b>	<b>6.15%</b>
30				
31	<b>Deferred Credits</b>			
32				
33	252 Customer Advances for Construction			
34	253 Other Deferred Credits		73,254	
35	254 Other Regulatory Liabilities		114,617	
36	255 Accumulated Deferred Investment Tax Credits			
37	256 Deferred Gains from Disposition Of Util. Plant			
38	257 Unamortized Gain on Reacquired Debt			
39	281-283 Accumulated Deferred Income Taxes	267,235	155,508	-41.81%
40	<b>TOTAL Deferred Credits</b>	<b>267,235</b>	<b>343,379</b>	<b>28.49%</b>
41	<b>TOTAL LIABILITIES &amp; OTHER CREDITS</b>	<b>3,048,185</b>	<b>3,126,571</b>	<b>2.57%</b>

## MONTANA PLANT IN SERVICE (ASSIGNED &amp; ALLOCATED)

Year: 2017

	Account Number & Title	Last Year	This Year	% Change
1	<b>Intangible Plant</b>			
2				
3	301 Organization	11,354	11,354	
4	302 Franchises & Consents			
5	303 Miscellaneous Intangible Plant			
6				
7	<b>TOTAL Intangible Plant</b>	<b>11,354</b>	<b>11,354</b>	
8	<b>Production Plant</b>			
9				
10				
11	Production & Gathering Plant			
12				
13	325.1 Producing Lands			
14	325.2 Producing Leaseholds	12,878	12,878	
15	325.3 Gas Rights			
16	325.4 Rights-of-Way			
17	325.5 Other Land & Land Rights			
18	326 Gas Well Structures			
19	327 Field Compressor Station Structures			
20	328 Field Meas. & Reg. Station Structures			
21	329 Other Structures			
22	330 Producing Gas Wells-Well Construction	8,160	8,160	
23	331 Producing Gas Wells-Well Equipment	101,835	101,835	
24	332 Field Lines	21,389	36,403	70.19%
25	333 Field Compressor Station Equipment	1,800	1,800	
26	334 Field Meas. & Reg. Station Equipment	2,476	2,476	
27	335 Drilling & Cleaning Equipment			
28	336 Purification Equipment			
29	337 Other Equipment			
30	338 Unsuccessful Exploration & Dev. Costs			
31				
32	<b>Total Production &amp; Gathering Plant</b>	<b>148,538</b>	<b>163,552</b>	<b>10.11%</b>
33				
34	Products Extraction Plant			
35				
36	340 Land & Land Rights			
37	341 Structures & Improvements			
38	342 Extraction & Refining Equipment			
39	343 Pipe Lines			
40	344 Extracted Products Storage Equipment			
41	345 Compressor Equipment			
42	346 Gas Measuring & Regulating Equipment			
43	347 Other Equipment			
44				
45	<b>Total Products Extraction Plant</b>			
46				
47	<b>TOTAL Production Plant</b>	<b>148,538</b>	<b>163,552</b>	<b>10.11%</b>

## MONTANA PLANT IN SERVICE (ASSIGNED &amp; ALLOCATED)

Year: 2017

	Account Number & Title	Last Year	This Year	% Change
1				
2	<b>Natural Gas Storage and Processing Plant</b>			
3				
4	Underground Storage Plant			
5				
6	350.1 Land			
7	350.2 Rights-of-Way			
8	351 Structures & Improvements			
9	352 Wells			
10	352.1 Storage Leaseholds & Rights			
11	352.2 Reservoirs			
12	352.3 Non-Recoverable Natural Gas			
13	353 Lines			
14	354 Compressor Station Equipment			
15	355 Measuring & Regulating Equipment			
16	356 Purification Equipment			
17	357 Other Equipment			
18				
19	<b>Total Underground Storage Plant</b>			
20				
21	Other Storage Plant			
22				
23	360 Land & Land Rights			
24	361 Structures & Improvements			
25	362 Gas Holders			
26	363 Purification Equipment			
27	363.1 Liquification Equipment			
28	363.2 Vaporizing Equipment			
29	363.3 Compressor Equipment			
30	363.4 Measuring & Regulating Equipment			
31	363.5 Other Equipment			
32				
33	<b>Total Other Storage Plant</b>			
34				
35	<b>TOTAL Natural Gas Storage and Processing Plant</b>			
36				
37	<b>Transmission Plant</b>			
38				
39	365.1 Land & Land Rights			
40	365.2 Rights-of-Way			
41	366 Structures & Improvements			
42	367 Mains	791	791	
43	368 Compressor Station Equipment			
44	369 Measuring & Reg. Station Equipment			
45	370 Communication Equipment			
46	371 Other Equipment			
47				
48	<b>TOTAL Transmission Plant</b>	791	791	

## MONTANA PLANT IN SERVICE (ASSIGNED &amp; ALLOCATED)

Year: 2017

	Account Number & Title	Last Year	This Year	% Change
1				
2	<b>Distribution Plant</b>			
3				
4	374 Land & Land Rights			
5	375 Structures & Improvements			
6	376 Mains	1,056,033	1,062,651	0.63%
7	377 Compressor Station Equipment			
8	378 Meas. & Reg. Station Equipment-General	18,379	18,379	
9	379 Meas. & Reg. Station Equipment-City Gate			
10	380 Services	89,864	124,459	38.50%
11	381 Meters	161,911	172,291	6.41%
12	382 Meter Installations	18,555	18,555	
13	383 House Regulators			
14	384 House Regulator Installations			
15	385 Industrial Meas. & Reg. Station Equipment			
16	386 Other Prop. on Customers' Premises			
17	387 Other Equipment			
18				
19	<b>TOTAL Distribution Plant</b>	<b>1,344,742</b>	<b>1,396,335</b>	<b>3.84%</b>
20				
21	<b>General Plant</b>			
22				
23	389 Land & Land Rights	10,000	10,000	
24	390 Structures & Improvements	90,244	90,244	
25	391 Office Furniture & Equipment	286,118	361,098	26.21%
26	392 Transportation Equipment	91,458	95,705	4.64%
27	393 Stores Equipment			
28	394 Tools, Shop & Garage Equipment	34,848	43,044	23.52%
29	395 Laboratory Equipment			
30	396 Power Operated Equipment	49,287	49,287	
31	397 Communication Equipment	899	899	
32	398 Miscellaneous Equipment	761	761	
33	399 Other Tangible Property			
34				
35	<b>TOTAL General Plant</b>	<b>563,615</b>	<b>651,038</b>	<b>15.51%</b>
36				
37	<b>TOTAL Gas Plant in Service</b>	<b>2,069,040</b>	<b>2,223,070</b>	<b>7.44%</b>

**MONTANA DEPRECIATION SUMMARY**

Year: 2017

	Functional Plant Classification	Plant Cost	Accumulated Depreciation		Current Avg. Rate
			Last Year Bal.	This Year Bal.	
1	Production & Gathering	184,906	93,622	95,444	
2	Products Extraction				
3	Underground Storage				
4	Other Storage				
5	Transmission		-		
6	Distribution	1,397,127	414,100	463,179	
7	General	641,039	323,481	353,623	
8	<b>TOTAL</b>	<b>2,223,072</b>	<b>831,203</b>	<b>912,246</b>	

**MONTANA MATERIALS & SUPPLIES (ASSIGNED & ALLOCATED)**

SCHEDULE 21

	Account	Last Year Bal.	This Year Bal.	%Change
1				
2	151 Fuel Stock			
3	152 Fuel Stock Expenses - Undistributed			
4	153 Residuals & Extracted Products			
5	154 Plant Materials & Operating Supplies:			
6	Assigned to Construction (Estimated)			
7	Assigned to Operations & Maintenance			
8	Production Plant (Estimated)			
9	Transmission Plant (Estimated)			
10	Distribution Plant (Estimated)	82,918	67,335	23%
11	Assigned to Other			
12	155 Merchandise			
13	156 Other Materials & Supplies			
14	163 Stores Expense Undistributed			
15				
16	<b>TOTAL Materials &amp; Supplies</b>	<b>82,918</b>	<b>67,335</b>	

**MONTANA REGULATORY CAPITAL STRUCTURE & COSTS**

SCHEDULE 22

	Commission Accepted - Most Recent	% Cap. Str.	% Cost Rate	Weighted Cost
1	Docket Number D2006.2.15			
2	Order Number 6720c			
3				
4	Common Equity 187,849	55.00%	10.27%	5.65%
5	Preferred Stock			
6	Long Term Debt 153,695	45.00%	7.00%	3.15%
7	Other			
8	<b>TOTAL 341,544</b>	<b>100.00%</b>		<b>8.80%</b>
9				
10	Actual at Year End			
11				
12	Common Equity 1,345,050	70.98%	1.37%	0.972%
13	Preferred Stock -			
14	Long Term Debt 550,000	29.02%	1.92%	0.558%
15	Other			
16	<b>TOTAL 1,895,050</b>	<b>100.00%</b>		<b>1.531%</b>

## STATEMENT OF CASH FLOWS

Year: 2017

	Description	Last Year	This Year	% Change
1				
2	Increase/(decrease) in Cash & Cash Equivalents:			
3				
4	<b>Cash Flows from Operating Activities:</b>			
5	Net Income	(57,061)	(15,139)	73.47%
6	Depreciation	77,738	81,121	4.35%
7	Amortization of Debt Issue Costs	402	1,608	300.00%
8	Deferred Income Taxes - Net	(1,262)	(118,613)	-9298.81%
9	Regulatory Orders			
10	Change in Operating Receivables - Net	(40,756)	122,321	400.13%
11	Change in Materials, Supplies & Inventories - Net	(51,227)	15,583	130.42%
12	Change in Operating Payables & Accrued Liabilities - Net	(61,686)	215,257	448.96%
13	Allowance for Funds Used During Construction (AFUDC)			
14	Change in Other Assets & Liabilities - Net	11,785	32,123	172.58%
15	Other Operating Activities (Deferred Purchased Gas Cost)	(123,031)	(23,098)	81.23%
16	<b>Net Cash Provided by/(Used in) Operating Activities</b>	<b>(245,098)</b>	<b>311,163</b>	<b>226.95%</b>
17				
18	<b>Cash Inflows/Outflows From Investment Activities:</b>			
19	Construction/Acquisition of Property, Plant and Equipment			
20	(net of AFUDC & Capital Lease Related Acquisitions)	(153,117)	(126,839)	17.16%
21	Acquisition of Other Noncurrent Assets			
22	Proceeds from Disposal of Noncurrent Assets			
23	Investments In and Advances to Affiliates			
24	Contributions and Advances from Affiliates			
25	Disposition of Investments in and Advances to Affiliates			
26	Other Investing Activities (explained on attached page)			
27	<b>Net Cash Provided by/(Used in) Investing Activities</b>	<b>(153,117)</b>	<b>(126,839)</b>	<b>17.16%</b>
28				
29	<b>Cash Flows from Financing Activities:</b>			
30	Proceeds from Issuance of:			
31	Long-Term Debt	550,000		-100.00%
32	Preferred Stock			
33	Common Stock			
34	Other:			
35	Net Increase (Decrease) in Line of Credit	(592,303)	(125,000)	78.90%
36	Other:			
37	Payment for Retirement of:			
38	Capital Lease Obligations	(66,915)	(72,875)	-8.91%
39	Preferred Stock			
40	Common Stock			
41	Other:			
42	Debt Issue Costs	(11,235)		100.00%
43	Dividends on Preferred Stock			
44	Dividends on Common Stock			
45	Other Financing Activities (Contribution from Parent Co.)	500,000		-100.00%
46	<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>379,547</b>	<b>(197,875)</b>	<b>-152.13%</b>
47				
48	<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(18,668)</b>	<b>(13,551)</b>	<b>27.41%</b>
49	<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>65,835</b>	<b>47,167</b>	<b>-28.36%</b>
50	<b>Cash and Cash Equivalents at End of Year</b>	<b>47,167</b>	<b>33,616</b>	<b>-28.73%</b>



Company Name: Cut Bank Gas Company

SCHEDULE 24

LONG TERM DEBT

Year: 2017

	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	Note Payable to Hearthstone Utilities, Inc.	10/16	10/28	550,000	550,000	550,000	4.23%	23,721	4.31%
2									
3									
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28									
29									
30									
31									
32	TOTAL			550,000	550,000	550,000		23,721	4.31%

Company Name: Cut Bank Gas Company

**SCHEDULE 25**

**PREFERRED STOCK**

Year: 2017

	Series	Issue Date Mo./Yr.	Shares Issued	Par Value	Call Price	Net Proceeds	Cost of Money	Principal Outstanding	Annual Cost	Embed. Cost %
1	NOT APPLICABLE									
2										
3										
4										
5										
6										
7										
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29										
30										
31										
32	<b>TOTAL</b>									

Company Name: Cut Bank Gas Company

SCHEDULE 26

COMMON STOCK

Year: 2017

		Avg. Number of Shares Outstanding	Book Value Per Share	Earnings Per Share	Dividends Per Share	Retention Ratio	Market Price		Price/ Earnings Ratio
							High	Low	
1									
2									
3									
4	January	9,031	\$ 10.00						
5									
6	February	9,031	\$ 10.00						
7									
8	March	9,031	\$ 10.00	4.15					
9									
10	April	9,031	\$ 10.00						
11									
12	May	9,031	\$ 10.00						
13									
14	June	9,031	\$ 10.00	(3.06)					
15									
16	July	9,031	\$ 10.00						
17									
18	August	9,031	\$ 10.00						
19									
20	September	9,031	\$ 10.00	(6.56)					
21									
22	October	9,031	\$ 10.00						
23									
24	November	9,031	\$ 10.00						
25									
26	December	9,031	\$ 10.00	3.79					
27									
28									
29									
30									
31									
32	TOTAL Year End	9,031	\$ 10.00	(1.68)	-	N/A	N/A	N/A	N/A

## MONTANA EARNED RATE OF RETURN

Year: 2017

	Description	Last Year	This Year	% Change
1	Rate Base			
2	101 Plant in Service	1,975,743	2,146,056	-7.94%
3	108 (Less) Accumulated Depreciation	(792,335)	(871,724)	9.11%
4	<b>NET Plant in Service</b>	<b>1,183,408</b>	<b>1,274,332</b>	<b>-7.13%</b>
5	Additions			
6	154, 156 Materials & Supplies	57,813	83,393	-30.67%
7	165 Prepayments			
8	Other Additions (Schedule 27A)	83,884	85,538	-1.93%
9	<b>TOTAL Additions</b>	<b>141,697</b>	<b>168,931</b>	<b>-16.12%</b>
10	Deductions			
11	190 Accumulated Deferred Income Taxes	143,035	79,873	79.08%
12	252 Customer Advances for Construction			
13	255 Accumulated Def. Investment Tax Credits			
14	Other Deductions (Schedule 27A)	155,372	152,676	1.77%
15	<b>TOTAL Deductions</b>	<b>298,407</b>	<b>232,548</b>	<b>28.32%</b>
16	<b>TOTAL Rate Base</b>	<b>1,026,698</b>	<b>1,210,715</b>	<b>-15.20%</b>
17	<b>Net Earnings</b>	<b>(27,310)</b>	<b>18,532</b>	<b>-247.37%</b>
18	<b>Rate of Return on Average Rate Base</b>	<b>-2.660%</b>	<b>1.531%</b>	<b>-273.78%</b>
19				
20	<b>Rate of Return on Average Equity</b>	<b>-2.40%</b>	<b>1.37%</b>	<b>-275.05%</b>
21				
22	Major Normalizing Adjustments & Commission			
23				
24	Ratemaking adjustments to Utility Operations			
25				
26				
27				
28				
29				
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46				
47	<b>Adjusted Rate of Return on Average Rate Base</b>	<b>-2.660%</b>	<b>1.531%</b>	
48				
49	<b>Adjusted Rate of Return on Average Equity</b>	<b>-2.40%</b>	<b>1.37%</b>	<b>-275.05%</b>

\*\* Prior period amounts have been reclassified to reflect current year presentations

Company Name: Cut Bank Gas Company

SCHEDULE 27A

**SCHEDULE TO ATTACH TO PSC REPORT**

Year: 2017

LINE 14 SCH 27 / PER COMMISSION ORDER #6311b

	Last Year	This Year
Operating expenses	\$ 584,037	\$ 584,509
Maintenance expenses	\$ 23,623	\$ 16,063
Taxes other than income	\$ 41,968	\$ 42,667
	649,628	643,239
Less:		
Purchased Gas		
	649,628	643,239
Divided by	8	8
1/8 Op. & Maint. For working capital	81,203	80,405
Debt Issue Costs - Long Term Debt	\$ 2,681	\$ 5,133
Total Other Additions	\$ 83,884	\$ 85,538

	Last Year	This Year
Deductions to Rate Base		
Customer Deposits	34,497	26,501
Capital Lease Obligation	120,875	68,867
Regulatory Liability - EDIT	-	57,309
Total Other Deductions	155,372	152,676

## MONTANA COMPOSITE STATISTICS

Year: 2017

	Description	Amount
1		
2	Plant (Intrastate Only)	
3		
4	101 Plant in Service	2,309,384
5	107 Construction Work in Progress	52,398
6	114 Plant Acquisition Adjustments	1,056,771
7	105 Plant Held for Future Use	
8	154, 156 Materials & Supplies	67,335
9	(Less):	
10	108, 111 Depreciation & Amortization Reserves	(912,246)
11	252 Contributions in Aid of Construction	(86,314)
12		
13	<b>NET BOOK COSTS</b>	<b>2,487,328</b>
14		
15	Revenues & Expenses	
16		
17	400 Operating Revenues	1,534,534
18		
19	403 - 407 Depreciation & Amortization Expenses	81,121
20	Federal & State Income Taxes	(3,868)
21	Other Taxes	54,869
22	Other Operating Expenses	1,383,880
23	TOTAL Operating Expenses	1,516,002
24		
25	Net Operating Income	18,532
26		
27	415 - 421.1 Other Income	1,444
28	421.2 - 426.5 Other Deductions	
29	427 - 432 Interest Charges	35,115
30	<b>NET INCOME</b>	<b>(15,139)</b>
31		
32	Customers (Intrastate Only)	
33		
34	Year End Average:	
35	Residential	1,261
36	Commercial	254
37	Industrial	
38	Other	
39		
40	<b>TOTAL NUMBER OF CUSTOMERS</b>	<b>1,515</b>
41		
42	Other Statistics (Intrastate Only)	
43	Average Annual Residential Use (Mcf or Dkt) mcf	101.3
44	Average Annual Residential Cost per (Mcf or Dkt) (\$) *	\$7.83
45	* Avg annual cost = [(cost per Mcf or Dkt x annual use) + (mo. svc chrg x 12)]/annual use	
46	Average Residential Monthly Bill	66
47	Gross Plant per Customer	1,467

Company Name: Cut Bank Gas Company

**SCHEDULE 29**

**MONTANA CUSTOMER INFORMATION**

Year: 2017

	City/Town	Population (Include Rural)	Residential Customers	Commercial Customers	Industrial & Other Customers	Total Customers
1	Cut Bank	4,000	1,261	254		1,515
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31						
32	<b>TOTAL Montana Customers</b>	4,000	1,261	254		1,515

Company Name: Cut Bank Gas Company

SCHEDULE 30

**MONTANA EMPLOYEE COUNTS**

Year: 2017

	Department	Year Beginning	Year End	Average
1	Administration	1	1	1
2	Service	4	4	4
3	Office	2	1	2
4				
5				
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48				
49				
50	<b>TOTAL Montana Employees</b>	7	6	7



Company Name: Cut Bank Gas Company

SCHEDULE 31

**MONTANA CONSTRUCTION BUDGET (ASSIGNED & ALLOCATED)**

Year: 2017

	Project Description	Total Company	Total Montana
1	2018 General Budget	156,090	156,090
2			
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49			
50	<b>TOTAL</b>	<b>156,090</b>	<b>156,090</b>

## TRANSMISSION SYSTEM - TOTAL COMPANY &amp; MONTANA

Year: 2017

Total Company				
		Peak Day of Month	Peak Day Volumes Mcf or Dkt	Total Monthly Volumes Mcf or Dkt
1	January	Cut Bank Gas Company does not have a transmission system.		
2	February			
3	March			
4	April			
5	May			
6	June			
7	July			
8	August			
9	September			
10	October			
11	November			
12	December			
13	<b>TOTAL</b>			

Montana				
		Peak Day of Month	Peak Day Volumes Mcf or Dkt	Total Monthly Volumes Mcf or Dkt
14	January			
15	February			
16	March			
17	April			
18	May			
19	June			
20	July			
21	August			
22	September			
23	October			
24	November			
25	December			
26	<b>TOTAL</b>			

Company Name: Cut Bank Gas Company

SCHEDULE 32

Page 2 of 3

**DISTRIBUTION SYSTEM - TOTAL COMPANY & MONTANA**

Year: 2017

Total Company				
		Peak Day of Month	Peak Day Volumes Mcf or Dkt	Total Monthly Volumes Mcf or Dkt
1	January			
2	February			
3	March			
4	April			
5	May			
6	June			
7	July			
8	August			
9	September			
10	October			
11	November			
12	December			
13	<b>TOTAL</b>			

Montana				
		Peak Day of Month	Peak Day Volumes Mcf or Dkt	Total Monthly Volumes Mcf or Dkt
14	January	10	1,582	33,503
15	February	7	1,570	26,913
16	March	9	1,263	21,805
17	April	3	741	13,820
18	May	17	460	6,196
19	June	22	151	3,181
20	July	11	101	2,309
21	August	2	102	2,486
22	September	22	408	5,380
23	October	2	838	13,938
24	November	3	1,234	24,347
25	December	31	1,745	32,615
26	<b>TOTAL</b>			<b>186,493</b>

## STORAGE SYSTEM - TOTAL COMPANY &amp; MONTANA

Year: 2017

		Total Company						
		Peak Day of Month		Peak Day Volumes (Mcf or Dkt)		Total Monthly Volumes (Mcf or Dkt)		
		Injection	Withdrawal	Injection	Withdrawal	Injection	Withdrawal	Losses
1	January	Cut Bank Gas Company does not have a storage system.						
2	February							
3	March							
4	April							
5	May							
6	June							
7	July							
8	August							
9	September							
10	October							
11	November							
12	December							
13	TOTAL							

		Montana						
		Peak Day of Month		Peak Day Volumes (Mcf or Dkt)		Total Monthly Volumes (Mcf or Dkt)		
		Injection	Withdrawal	Injection	Withdrawal	Injection	Withdrawal	Losses
14	January							
15	February							
16	March							
17	April							
18	May							
19	June							
20	July							
21	August							
22	September							
23	October							
24	November							
25	December							
26	TOTAL							

Company Name: Cut Bank Gas Company

SCHEDULE 33

SOURCES OF GAS SUPPLY

Year: 2017

	Name of Supplier	Last Year Volumes Mcf or Dkt	This Year Volumes Mcf or Dkt	Last Year Avg. Commodity Cost	This Year Avg. Commodity Cost
1	North Western Energy @14.9	163,453	187,494	\$4.21366	\$4.40543
2	Cut Bank Gas Company - Royalty @14.73	2,609	\$ -	\$0.23611	\$ -
3					
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31					
32					
33	Total Gas Supply Volumes	166,062	187,494	\$4.1512	\$4.4054

Company Name: Cut Bank Gas Company

**SCHEDULE 34**

**MONTANA CONSERVATION & DEMAND SIDE MANAGEMENT PROGRAMS**

Year: 2017

	Program Description	Current Year Expenditures	Last Year Expenditures	% Change	Planned Savings (Mcf or Dkt)	Achieved Savings (Mcf or Dkt)	Difference
1							
2	Cut Bank Gas Company does not have conservation and demand side management programs.						
3							
4							
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31							
32	<b>TOTAL</b>						

## MONTANA CONSUMPTION AND REVENUES

Year: 2017

	Sales of Gas	Operating Revenues		MCF Sold		Avg. No. of Customers	
		Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
	at 13.08						
1	Residential	879,345	1,000,137	114,411	127,704	1,271	1,261
2	Commercial - Small	460,015	534,397	71,530	78,678	238	254
3	Commercial - Large						
4	Industrial - Small						
5	Industrial - Large						
6	Interruptible Industrial						
7	Other Sales to Public						
8	Authorities						
9	Sales to Other Utilities						
10	Interdepartmental						
11	<b>TOTAL</b>	<b>\$1,339,361</b>	<b>\$1,534,534</b>	<b>185,941</b>	<b>206,382</b>	<b>1,509</b>	<b>1,515</b>
12							
13							
14							
15		Operating Revenues		BCF Transported		Avg. No. of Customers	
16							
17		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
18	<b>Transportation of Gas</b>						
19							
20	Utilities						
21	Industrial	Cut Bank Gas Company has no Transmission Revenue					
22	Other						
23							
24	<b>TOTAL</b>						

## Natural Gas Universal System Benefits Programs

Year: 2017

	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						
3						
4						
5						
6						
7						
8	Market Transformation					
9						
10						
11						
12						
13						
14						
15	Research & Development					
16						
17						
18						
19						
20						
21						
22	Low Income					
23						
24	As per D98.8.179 Order 6104 Cut Bank Gas Company pays 1.12% of its gross revenues derived from					
25	natural gas sales to Energy Share Montana to meet the Universal Systems Benefits Program					
26	requirements.					
27						
28						
29	Other					
30						
31	91 customers who were LIEAP eligible received \$70.00 each on their natural gas bill from the					
32	Cut Bank Gas Company customer bill assistance program which is administered by Energy Share					
33	of Montana and Opportunities Inc.					
34						
35						
36						
37						
38						
39						
40						
41						
42	Total					
43	Number of customers that received low income rate discounts					N/A
44	Average monthly bill discount amount (\$/mo)					N/A
45	Average LIEAP-eligible household income					N/A
46	Number of customers that received weatherization assistance					N/A
47	Expected average annual bill savings from weatherization					N/A
48	Number of residential audits performed					N/A



## Montana Conservation &amp; Demand Side Management Programs

Year: 2017

	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		Cut Bank Gas Company does not have Conservation and Demand Side Management Programs.				
3						
4						
5						
6						
7						
8	Demand Response					
9						
10						
11						
12						
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14						
15	Market Transformation					
16						
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20						
21						
22	Research & Development					
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29	Low Income					
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35	Other					
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48	Total					