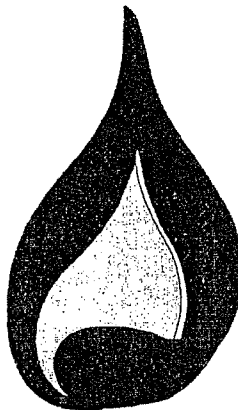


YEAR ENDING 2017

ANNUAL REPORT
OF

MONTANA-DAKOTA UTILITIES CO.

GAS UTILITY



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

IDENTIFICATION

Year: 2017

- | | |
|--|---|
| 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

Board of Directors 1/

Line No.	Name of Director and Address (City, State) (a)	Remuneration (b)
1	David L. Goodin (Chairman), Bismarck, ND	-
2	Daniel S. Kuntz, Bismarck, ND	-
3	Nicole A. Kivisto, Bismarck, ND	-
4	Jason L. Vollmer, Bismarck, ND 2/	-
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/ Doran N. Schwartz resigned from the Managing Committee effective	
13	September 21, 2017. Jason L. Vollmer was elected to the Managing	
14	Committee on September 30, 2017, replacing Doran N. Schwartz.	
15		
16		
17		

Officers

Year: 2017

Line No.	Title of Officer (a)	Department Supervised (b)	Name (c)
1	President & Chief	Executive	Nicole A. Kivisto
2	Executive Officer		
3			
4	Vice President	Electric Supply	Jay W. Skabo
5			
6	Vice President	Operations	Patrick C. Darras
7			
8	Executive Vice President	Regulatory Affairs, Customer Service, and Gas Supply	Garret Senger
9			
10			
11	Controller	Accounting	Tammy J. Nygard
12			
13	Vice President - MDU Resources Group, Inc.	Human Resources	Anne M. Jones
14			
15	General Counsel and Secretary		Daniel S. Kuntz
16	- MDU Resources Group, Inc.		
17			
18	Vice President - MDU Resources Group, Inc.	Chief Financial Officer	Jason L. Vollmer 1/
19			
20	Vice President - MDU Resources Group, Inc.	Chief Accounting Officer	Stephanie A. Barth 2/
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32	1/ Effective September 30, 2017, Jason L. Vollmer replaced Doran N. Schwartz as Chief Financial Officer		
33	of MDU Resources Group, Inc.		
34	2/ Effective September 30, 2017, Stephanie A. Barth replaced Jason L. Vollmer as Chief Accounting Officer		
35	of MDU Resources Group, Inc.		
36			
37			
38			
39			
40			
41			

CORPORATE STRUCTURE

Year: 2017

	Subsidiary/Company Name	Line of Business	Earnings (000's)	Percent of Total
1	Montana-Dakota Utilities Co./	Electric and Natural Gas	\$81,591	29.09%
2	Great Plains Natural Gas Co.	Distribution		
3	(Divisions of MDU Resources			
4	Group, Inc.)/Cascade			
5	Natural Gas Corp. and			
6	Intermountain Gas Company			
7				
8	WBI Holdings, Inc.	Pipeline and Midstream	20,009	7.14%
9				
10				
11	Knife River Corporation	Construction Materials and	123,398	44.00%
12		Contracting		
13				
14	MDU Construction Services	Construction Services	53,306	19.01%
15	Group, Inc.			
16				
17	Centennial Energy Resources LLC/	Other	2,128	0.76%
18	Centennial Holdings Capital LLC			
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46				
47				
48				
49				
50	TOTAL		\$280,432	100.00%

CORPORATE ALLOCATIONS - GAS

Year: 2017

Items Allocated		Classification	Allocation Method	\$ to MT Utility	MT %	\$ to Other
1	Audit Costs	Administrative & General	Various Corporate Overhead Allocation Factors	\$9,164	3.19%	\$278,274
2						
3	Advertising	Administrative & General	Various Corporate Overhead Allocation Factors, Time and/or Actual Costs Incurred	4,442	3.13%	137,578
4						
5						
6	Air Service	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	1,190	1.95%	59,874
7						
8						
9	Automobile	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	168	2.50%	6,550
10						
11						
12	Bank Services	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	10,278	3.10%	321,431
13						
14						
15	Computer Rental	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	74	3.13%	2,289
16						
17						
18	Consultant Fees	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	16,531	2.21%	729,916
19						
20						
21	Contract Services	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	40,653	1.98%	2,008,905
22						
23						
24	Corporate Aircraft	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	1,647	3.02%	52,961
25						
26						
27	Directors Expenses	Administrative & General	Corporate Overhead Allocation Factor	52,328	3.12%	1,625,508
28						
29	Employee Benefits	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	6,413	3.13%	198,789
30						

CORPORATE ALLOCATIONS - GAS

Year: 2017

	Items Allocated	Classification	Allocation Method		Year: 2017	
					\$ to MT Utility	MT %
1	Employee Meetings	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred		50	3.09%
2						
3						
4	Employee Reimbursable Expenses	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred		3,062	2.66%
5						
6						
7	Legal Retainers & Fees	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred		12,181	3.12%
8						
9						
10	Meal Allowance	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred		7	2.21%
11						
12						
13	Meals & Entertainment	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred		2,009	2.83%
14						
15						
16	Moving Expense	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred		0	0.00%
17						
18						
19	Industry Dues & Licenses	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred		2,370	2.86%
20						
21						
22	Office Expenses	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred		1,527	1.97%
23						
24						
25	Prepaid Insurance	Administrative & General	Various Corporate Overhead Allocation Factors and Allocation Factors Based on Actual Experience		29,448	9.27%
26						
27						
28	Permits and Filing Fees	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred		1,031	3.05%
29						

Company Name: Montana-Dakota Utilities Co.

SCHEDULE 5

CORPORATE ALLOCATIONS - GAS

Year: 2017

Items Allocated		Classification	Allocation Method	\$ to MT Utility	MT %	\$ to Other
1	Postage & Express Mail	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	3	2.61%	112
2						
3						
4	Payroll	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	644,825	2.95%	21,176,861
5						
6						
7	Reimbursements	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	(172)	2.43%	(6,900)
8						
9						
10	Rental	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	0	0.00%	0
11						
12						
13	Reference Materials	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	5,319	2.90%	178,073
14						
15						
16	Seminars & Meeting	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	2,270	3.10%	70,848
17	Registrations					
18						
19						
20	Software Maintenance	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	35,798	2.43%	1,438,413
21						
22						
23						
24	Telephone & Cell Phones	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	5,691	1.47%	382,573
25						
26						
27	Training Material	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	2,414	2.78%	84,438
28						
29						
30	TOTAL			\$890,721	2.90%	\$29,785,801

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - GAS

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	KNIFE RIVER CORPORATION					
2		Expense	Actual Costs Incurred	\$0		\$0
3		Contract Services		2,648		2,613
4		Materials				
5		Capital				
6		Contract Services	Actual Costs Incurred	1,160		2,210
7		Materials		21,264		21,262
8		Miscellaneous		117		117
9						
10		Other				
11		Balance Sheet Accts		4,159,591		0
12		Resources Cost Centers		7,536		0
13						
14						
15						
16		Total Knife River Corporation Operating Revenues for the Year 2017 Excludes Intersegment Eliminations			\$1,812,529,000	
17	TOTAL	Grand Total Affiliate Transactions		\$4,192,316	0.2313%	\$26,202
18	WBI HOLDINGS, INC.					
19		Natural Gas	Actual Costs Incurred	\$49,626,719		\$14,273,611
20						
21		Purchases/Transportation				
22		Expense	Actual Costs Incurred	68,916		21,738
23		Contract Services		520		0
24		Materials		10,834		2,999
25		Miscellaneous		985		229
26		Employee Benefits				
27						
28		Capital				
29		Contract Services	Actual Costs Incurred	586,510		92,526
30		Materials		53,704		13,037
31		Miscellaneous		662		180
32						
33		Other				
34		Balance Sheet Accounts		37,663		0
35		Resources Cost Centers		59,984		0
36						
37		Total WBI Operating Revenues for the Year 2017 Excludes Intersegment Eliminations			\$122,213,000	
38		Grand Total Affiliate Transactions		\$50,446,497	41.2775%	\$14,404,320
39	TOTAL					

Company Name: Montana-Dakota Utilities Co.

SCHEDULE 6

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - GAS

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	MDU CONSTRUCTION SERVICES GROUP, INC.					
2		Expense	Actual Costs Incurred	\$0		\$0
3		Material				
4						
5		Capital	Actual Costs Incurred	1,190,102		1,190,102
6		Contract Services		0		0
7		Material				
8						
9		Other	Actual Costs Incurred	16,481		0
10		Resources Cost Centers		598,070		0
11		Balance Sheet Accounts				
12						
13						
14						
15		Total MDU Construction Services Group, Inc Operating Revenues for the Year 2017 Excludes Intersegment Eliminations		\$1,367,602,000		
16	TOTAL	Grand Total Affiliate Transactions		\$1,804,653	0.1320%	\$1,190,102

Company Name: Montana-Dakota Utilities Co.

SCHEDULE 6

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - GAS

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	CENTENNIAL HOLDINGS	Expense	1/ Various Corporate Overhead			
2	CAPITAL, LLC	Contract Services	Allocation Factors and/or	\$167,306		\$38,851
3		Corporate Aircraft	Actual Costs Incurred	17,938		5,621
4		Office Expense		197,955		45,957
5		Miscellaneous		615,977		143,040
6						
7		Capital				
8		Corporate Aircraft	Actual Costs Incurred	27,795		6,358
9		Future Source Shares (Plane)		1,108,277		238,466
10						
11		Other				
12		Resources Cost Centers		110,094		0
13		Balance Sheet Accounts		2,771,407		0
14						
15		Total Centennial Holdings Capital, LLC Operating Revenues for the Year 2017			\$7,874,000	
16		Excludes Intersegment Eliminations				
17	TOTAL	Grand Total Affiliate Transactions		\$5,016,749	63.7128%	\$478,293

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - GAS

Year: 2017

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affli. Revs.	(f) Charges to MT Utility
1	MDU ENERGY CAPITAL	Expense	Actual Costs Incurred			
2		Contract Services		\$2,503		\$694
3		Cost of Service		328,915		76,380
4		Office Expenses		32,842		9,230
5		Payroll		187,492		69,018
6		Other		43,290		10,588
7						
8		Capital	Actual Costs Incurred			
9		Contract Services		56,046		11,742
10		Payroll		2,282		707
11		Material		11,635		2,909
12		Other		5,674		508
13		Office Expenses		4,815		1,037
14						
15		Other Transactions/Reimbursements	Actual Costs Incurred			
16		Clearing		7,310		0
17		Balance Sheet Accounts		93,950		0
18		Other		0		0
19						
20						
21						
22		Total MDU Energy Capital Operating Revenues for the Year 2017			\$567,501,000	
23	TOTAL	Grand Total Affiliate Transactions		\$776,754	0.1369%	\$182,813

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: 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	KNIFE RIVER CORPORATION	MDU RESOURCES GROUP, INC.	1/ Various Corporate Overhead Allocation Factors, Time Studies and/or Actual Costs Incurred			
2		Corporate Overhead				
3		Audit Costs		\$63,492		
4		Advertising		32,273		
5		Air Service		18,796		
6		Automobile		2,062		
7		Bank Services		74,090		
8		Corporate Aircraft		12,827		
9		Consultant Fees		169,249		
10		Contract Services		876,597		
11		Computer Rental		528		
12		Directors Expenses		375,124		
13		Employee Benefits		46,145		
14		Employee Meeting		360		
15		Employee Reimbursable Expense		31,498		
16		Express Mail		-		
17		Insurance		-		
18		Legal Retainers & Fees		87,273		
19		Moving Allowance		-		
20		Meal Allowance		96		
21		Cash Donations		16,382		
22		Meals & Entertainment		17,401		
23		Industry Dues & Licenses		18,723		
24		Office Expenses		25,449		
25		Supplemental Insurance		(619,328)		
26		Permits & Filing Fees		7,567		
27		Postage		32		
28		Payroll		5,095,460		
29		Reimbursements		(1,962)		
30		Reference Materials		38,358		
31		Rental		-		
32		Seminars & Meeting Registrations		16,434		
33		Software Maintenance		421,691		
34		Telephone/Cell Expenses		148,168		
35		Training		22,557		
36		Total MDU Resources Group, Inc.		\$6,997,342	0.4193%	

Company Name: Montana-Dakota Utilities Co.

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	KNIFE RIVER CORPORATION	MONTANA-DAKOTA UTILITIES CO.	Actual Costs Incurred			
2		Other Direct Charges				
3		Contract Services		\$48,896		
4		Communications		282,495		
5		Employee Discounts		17,346		
6		Dues, Permits, and Filing Fees		20,220		
7		Legal		24,270		
8		Sponsorship		44,600		
9		Electric Consumption		189,433		
10		Gas Consumption		104,070		
11		Bank Fees		30,483		\$20,411
12		Computer/Software Support		1,087,616		
13		Office Expense		19,992		
14		Cost of Service		791,943		172,685
15		Audit Costs		676,442		
16		Auto		-		
17		Travel		34,635		
18		Employee Benefits		52,534		
19		Balance Sheet		396,967		
20						
21		Total Montana-Dakota Utilities Co.		\$3,821,942	0.2290%	\$193,096
22			Actual Costs Incurred			
23		OTHER TRANSACTIONS/REIMBURSEMENTS				
24						
26		Federal & State Tax Liability Payments		\$52,570,520		
28		Miscellaneous Reimbursements		(568,000)		
29						
30		Total Other Transactions/Reimbursements		\$52,002,520	3.1161%	
31						
32		Grand Total Affiliate Transactions		\$62,821,804	3.7645%	\$193,096
33						
34		Total Knife River Corporation Operating Expenses for 2017-Excludes Intersegment Eliminations		\$1,668,813,000		

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Year: 2017

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.

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	WBI ENERGY, INC.	MDU RESOURCES GROUP, INC.	1/ Various Corporate Overhead Allocation Factors, Time Studies and/or Actual Costs Incurred	\$33,405		
2		Corporate Overhead		16,243		
3		Audit Costs		4,622		
4		Advertising		700		
5		Air Service		40,390		
6		Automobile		6,124		
7		Bank Services		103,315		
8		Corporate Aircraft		187,859		
9		Consultant Fees		280		
10		Contract Services		195,894		
11		Computer Rental		22,882		
12		Directors Expenses		210		
13		Employee Benefits		9,998		
14		Employee Meeting		-		
15		Employee Reimbursable Expense		-		
16		Express Mail		46,215		
17		Insurance		-		
18		Legal Retainers & Fees		36		
19		Moving Allowance		8,241		
20		Meal Allowance		7,850		
21		Cash Donations		10,084		
22		Meals & Entertainment		9,031		
23		Industry Dues & Licenses		(334,735)		
24		Office Expenses		4,394		
25		Supplemental Insurance		11		
26		Permits & Filing Fees		2,451,484		
27		Postage		(592)		
28		Payroll		31,521		
29		Reimbursements		-		
30		Reference Materials		8,659		
31		Rental		172,273		
32		Seminars & Meeting Registrations		70,684		
33		Software Maintenance		10,046		
34		Telephone/Cell Expenses				
35		Training				
36		Total MDU Resources Group, Inc.		\$3,117,124	3.6317%	

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	WBI ENERGY, INC.	MONTANA-DAKOTA UTILITIES CO.	Actual Costs Incurred			
2		Other Direct Charges				
3		Audit Costs		\$195,992		
4		Auto		21		
5		Bank Fees		9,796		
6		Communication Services		57,525		
7		Computer/Software Support		293,186		
8		Contract Services		373,076		
9		Utility/Merchandise Discounts		26,333		
10		Dues, Permits, and Filing Fees		27,130		
11		Misc Employee Benefits		432,488		
12		Electric Consumption		660,118		\$399,570
13		Gas Consumption		43,971		24,353
14		Cost of Service		147,973		32,266
15		Legal Fees		2,858		
16		Office Expense		58,417		
17		Sponsorship		24,800		
18		Training Registration		-		
19		Travel		6,850		
20		Payroll		807		
21		Balance Sheet		283,940		
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33		Total Montana-Dakota Utilities Co.		2,645,281	3.0819%	\$456,189

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	WBI ENERGY, INC.					
2						
3		OTHER TRANSACTIONS/REIMBURSEMENTS	Actual Costs Incurred			
4						
5		Federal & State Tax Liability Payments				
6		Miscellaneous Reimbursements			\$38,070,684	
7		Total Other Transactions/Reimbursements			(67,958)	
8					\$38,002,726	44.2757%
9		Grand Total Affiliate Transactions				
10				\$43,765,131	50.9893%	\$456,189
11						
12						
13		Total WBI Energy Operating Expenses for 2017 - Excludes Intersegment Eliminations			\$85,832,000	

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: 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	MDU CONSTRUCTION SERVICES GROUP INC	MDU RESOURCES GROUP, INC.	1/ Various Corporate Overhead Allocation Factors, Time Studies and/or Actual Costs Incurred	\$25,017		
2		Corporate Overhead		12,421		
3		Audit Costs		17,467		
4		Advertising		822		
5		Air Service		29,096		
6		Automobile		5,279		
7		Bank Services		64,078		
8		Corporate Aircraft		214,554		
9		Consultant Fees		213		
10		Contract Services		147,904		
11		Computer Rental		18,618		
12		Directors Expenses		141		
13		Employee Benefits		22,234		
14		Employee Meeting		-		
15		Employee Reimbursable Expense		-		
16		Express Mail		34,541		
17		Insurance		-		
18		Legal Retainers & Fees		53		
19		Moving Allowance		6,480		
20		Meal Allowance		9,327		
21		Cash Donations		6,563		
22		Meals & Entertainment		13,696		
23		Industry Dues & Licenses		(243,417)		
24		Office Expenses		2,952		
25		Supplemental Insurance		20		
26		Permits & Filing Fees		2,390,950		
27		Postage		(1,358)		
28		Payroll		16,020		
29		Reimbursements		-		
30		Reference Materials		6,969		
31		Rent		221,295		
32		Seminars & Meeting Registrations		55,427		
33		Software Maintenance		9,494		
34		Telephone/Cell Expenses				
35		Training				
36		Total MDU Resources Group, Inc.		\$3,086,856	0.2400%	

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	MDU CONSTRUCTION SERVICES GROUP INC	Intercompany Settlements	Actual Costs Incurred			
2		Audit Costs		\$446,346		
3		Bank Fees		77,824		
4		Communication Services		168,045		
5		Computer/Software Support		667,055		
6		Contract Services		95,266		
7		Cost of Service		228,461		\$49,816
8		Dues, Permits, and Filing Fees		43,328		
9		Electric Consumption		-		
10		Gas Consumption		3,983		3,983
11		Marketing		1,588		
12		Misc Employee Benefits		67,180		
13		Misc Other		2,677		
14		Office Expense		22,038		
15		Payflex		(537)		
16		Payroll		831		
17		Sponsorship		17,200		
18		Travel		7,644		
19						
20		Total Montana-Dakota Utilities Co.		\$1,848,929	0.1438%	\$53,799
21						
22		OTHER TRANSACTIONS/REIMBURSEMENTS	Actual Costs Incurred			
23		Federal & State Tax Liability Payments		\$28,230,830		
24		Miscellaneous Reimbursements		(342,779)		
25						
26		Total Other Transactions/Reimbursements		\$27,888,051	2.1686%	
27						
28		Grand Total Affiliate Transactions		\$32,823,836	2.5524%	\$53,799
29						
30		Total MDU Construction Services Group, Inc. Operating Expenses for 2017			\$1,286,012,000	
31		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: 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	CENTENNIAL ENERGY	MONTANA-DAKOTA UTILITIES CO.				
2	RESOURCES INT					
3		Other Direct Charges		\$550		
4		Dues, Permits, and Filing Fees		2,573		
5		Bank Fees				
6						
8		Intercompany Settlements				
9		Dues, Permits, and Filing Fees		300		
10		Misc		25		
11		Total Montana-Dakota Utilities Co.		\$3,448	3.4480%	\$0
12						
13		OTHER TRANSACTIONS/REIMBURSEMENTS				
14		Federal & State Tax Liability Payments		(\$1,820,673)		
15						
16		Total Other Transactions/Reimbursements		(\$1,820,673)	-1820.6730%	\$0
17						
18		Grand Total Affiliate Transactions		(\$1,817,225)	-1817.2250%	\$0
19						
20		Total Centennial Energy Resources International Operating Expenses for 2017			\$100,000	
21		Excludes Intersegment Eliminations				

Company Name: Montana-Dakota Utilities Co.

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	CENTENNIAL HOLDINGS	MONTANA-DAKOTA UTILITIES CO.	Actual costs incurred			
2	CAPITAL CORP. AND	Direct and Intercompany charges				
3	FUTURESOURCE	Bank Fees		\$1,241		
4		Contract Services		4,378		
5		Materials		96,725		
6		Office Expense		21,770		
7		Travel		-		
8		Electric Consumption		182,964		
9		Gas Consumption		12,500		
10		Payroll		380,009		
11		Legal		135		
12		Dues, Permits, and Filing Fees		970		
13		Miscellaneous		40		
14						
15						
16		Total Montana-Dakota Utilities Co.		\$700,732	9.0068%	\$0
17		OTHER TRANSACTIONS/REIMBURSEMENTS				
18		Miscellaneous Reimbursements		(\$67,943)		
19		Federal & State Tax Liability Payments		(121,127)		
20		Total Other Transactions/Reimbursements		(\$189,070)	-2.4302%	\$0
21						
22		Grand Total Affiliate Transactions		\$511,662	6.5766%	\$0
23						
24		Total CHCC Operating Expenses for 2017			\$7,780,000	
25		Excludes Intersegment Eliminations				

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	MDU ENERGY	MDU RESOURCES GROUP, INC.	1/ Various Corporate Overhead			
2	CAPITAL 2/	Corporate Overhead	Allocation Factors, Time	\$66,551		
3		Audit Costs	Studies and/or Actual Costs	33,078		
4		Advertising	Incurred	7,338		
5		Air Service		1,317		
6		Automobile		77,244		
7		Bank Services		12,560		
8		Corporate Aircraft		111,899		
9		Consultant Fees		332,013		
10		Contract Services		546		
11		Computer Rental		393,631		
12		Directors Expenses		48,192		
13		Employee Benefits		371		
14		Employee Meeting		18,453		
15		Employee Reimbursable Expense		-		
16		Express Mail		-		
17		Insurance		91,390		
18		Legal Retainers & Fees		-		
19		Moving Allowance		-		
20		Meal Allowance		55		
21		Cash Donations		17,283		
22		Meals & Entertainment		14,756		
23		Industry Dues & Licenses		19,452		
24		Office Expenses		12,764		
25		Supplemental Insurance		(646,542)		
26		Permits & Filing Fees		7,740		
27		Postage		23		
28		Payroll		4,922,257		
29		Reimbursements		(1,303)		
30		Reference Materials		40,026		
31		Rental		-		
32		Seminars & Meeting Registrations		16,525		
33		Software Maintenance		272,884		
34		Telephone/Cell Expenses		52,562		
35		Training		18,632		
36		Total MDU Resources Group, Inc.		\$5,941,697	1.1705%	

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	MDU ENERGY	MONTANA-DAKOTA UTILITIES CO.	1/ Various Corporate Overhead Allocation Factors, Cost of Service Factors, Time Studies and/or Actual Costs Incurred			
2	CAPITAL 2/	Executive Departments				
3		Automobile				
4		Materials				
5		Employee Benefits				
6		Office Expenses				
7		Contract Services				
8		Payroll				
9		Travel				
10		Other				
11						
12		General & Administrative	1/ Various Corporate Overhead Allocation Factors, Cost of Service Factors, Time Studies and/or Actual Costs Incurred			
13		Office Expenses				
14						
15						
16						
17		Other Miscellaneous Departments				
18		Payroll				
19		Travel				
20		Office Expenses				
21		Employee Benefits				
22		Automobile				
23						
24						
25						
26						
27						
28						
29						
30						

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	IMDU ENERGY	MONTANA-DAKOTA UTILITIES CO.	1/ Various Corporate Overhead Allocation Factors, Cost of Service Factors, Time Studies and/or Actual Costs Incurred			
2	CAPITAL 2/	Payroll & HR				
3		Employee Benefits				
4		Payroll				
5		Travel				
6		Office Expenses				
7		Automobile				
8						
9		Other Direct Charges				
10		Audit	Actual costs incurred	-		
11		Bank Fees		\$3,238		
12		Communications		-		
13		Computer Equip/Software		48,731		
14		Contract Services		69,529		
15		Employee Benefits		8,806		
16		Filing Fees		53,441		
17		Office Expenses		-		
18		Automobile		-		
19		Travel		1,699		
20		Legal		1,514		
21		Balance Sheet		218,309		
22						
23		Intercompany Settlements				
24		O&M	Actual costs incurred			
25		Auto		173		
26		Bank Fees		23,667		
27		Communications		340,484		
28		Contract Services		790,064		
29		Cost of Service		1,727,225		
30		Employee Benefits		72,887		
31		Marketing		41,641		
32		Material		24,491		
33		Miscellaneous		346,484		
34		Office Expenses		188,184		
35		Payroll		12,294,947		
36		SISP		133,029		
37		Software Maintenance		2,078,116		
38		Sponsorship		47,200		
39		Travel		242,801		
						\$376,625

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	MDU ENERGY	MONTANA-DAKOTA UTILITIES CO.	Actual costs incurred	\$419,578 498,558 67,543 (19,605) (109,801) (6,101)		
2	CAPITAL 2/	Other				
3		Audit				
4		LTIP				
5		MII				
6		Payflex				
7		Prepaid				
8		Miscellaneous				
9						
10		Capital	Actual costs incurred	22,232 374,344 448 61,901 1,825 1,185,346 31,470 2,126,894 \$23,411,292	4.6118%	\$376,625
11		Contract Services				
12		Material				
13		Misc Employee Benefit				
14		Misc Other				
15		Office Expenses				
16		Payroll				
17		Travel				
18		Utility Group Project Allocation				
19		Total Montana-Dakota Utilities Co.				
20						
21		OTHER TRANSACTIONS/REIMBURSEMENTS				
22		Federal & State Tax Liability Payments		\$3,092,143		
23		Miscellaneous Reimbursements		(490,616)		
24						
25		Total Other Transactions/Reimbursements		\$2,601,527	0.5125%	\$0
26						
27		Grand Total Affiliate Transactions		\$31,954,516	6.2947%	\$376,625
28						
29		Total MDU Energy Capital Operating Expenses for 2017			\$507,638,000	
30		Excludes Intersegment Eliminations				

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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: 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	CENTENNIAL ENERGY	MONTANA-DAKOTA UTILITIES CO.	Actual costs incurred			
2	HOLDING INC					
3		Other Direct Charges				
4		Audit Costs		\$133,625		
5		Bank Fees		2,706		
6		Contract Services		213,029		
7		Dues, Permits, and Filing Fees		250		
8		Legal		3,407		
9		Miscellaneous		432		
10		Total Montana-Dakota Utilities Co.		\$353,449		
11						
12		Grand Total Affiliate Transactions		\$353,449		
13						
14						
15						

MONTANA UTILITY INCOME STATEMENT

Year: 2017

	Account Number & Title	Last Year	This Year	% Change
1	400 Operating Revenues	\$57,557,588	\$69,468,925	20.69%
2				
3	Operating Expenses			
4	401 Operation Expenses	\$45,019,423	\$54,143,474	20.27%
5	402 Maintenance Expense	876,471	1,205,440	37.53%
6	Total O & M Expenses	45,895,894	55,348,914	20.60%
7				
8	403 Depreciation Expense	4,175,499	4,427,802	6.04%
9	404-405 Amort. & Depl. of Gas Plant	607,798	598,565	-1.52%
10	406 Amort. of Gas Plant Acquisition Adjustments			
11	407.1 Amort. of Property Losses, Unrecovered Plant			
12	& Regulatory Study Costs			
13	407.2 Amort. of Conversion Expense			
14	408.1 Taxes Other Than Income Taxes	4,831,147	5,209,297	7.83%
15	409.1 Income Taxes - Federal	815,172	(240,195)	-129.47%
16	- Other	317,690	(11,066)	-103.48%
17	410.1 Provision for Deferred Income Taxes	4,242,305	31,643,725	645.91%
18	411.1 (Less) Provision for Def. Inc. Taxes - Cr.	4,977,522	30,404,292	510.83%
19	411.4 Investment Tax Credit Adjustments			
20	411.6 (Less) Gains from Disposition of Utility Plant			
21	411.7 Losses from Disposition of Utility Plant			
22				
23	TOTAL Utility Operating Expenses	\$55,907,983	\$66,572,750	19.08%
24	NET UTILITY OPERATING INCOME	\$1,649,605	\$2,896,175	75.57%

MONTANA REVENUES

SCHEDULE 9

	Account Number & Title	Last Year	This Year	% Change
1	Sales of Gas			
2				
3	480 Residential	\$33,080,390	\$41,001,283	23.94%
4	481 Commercial & Industrial - Small	20,606,208	25,893,772	25.66%
5	Commercial & Industrial - Large	235,753	223,082	-5.37%
6	482 Other Sales to Public Authorities			
7	484 Interdepartmental Sales			
8	485 Intracompany Transfers			
9	Net Unbilled Revenue	1,859,488	431,385	-76.80%
10				
11	TOTAL Sales to Ultimate Consumers	\$55,781,839	\$67,549,522	21.10%
12	483 Sales for Resale			
13				
14	TOTAL Sales of Gas	\$55,781,839	\$67,549,522	21.10%
15	Other Operating Revenues			
16	487 Forfeited Discounts & Late Payment Revenues			
17	488 Miscellaneous Service Revenues	\$49,722	\$216,873	336.17%
18	489 Revenues from Transp. of Gas for Others 1/	1,298,998	1,247,486	-3.97%
19	490 Sales of Products Extracted from Natural Gas			
20	491 Revenues from Nat. Gas Processed by Others			
21	492 Incidental Gasoline & Oil Sales			
22	493 Rent From Gas Property	334,506	321,139	-4.00%
23	494 Interdepartmental Rents			
24	495 Other Gas Revenues	92,523	133,905	44.73%
25				
26	TOTAL Other Operating Revenues	1,775,749	1,919,403	8.09%
27	Total Gas Operating Revenues	\$57,557,588	\$69,468,925	20.69%
28	496 (Less) Provision for Rate Refunds			
29				
30	TOTAL Oper. Revs. Net of Pro. for Refunds	\$57,557,588	\$69,468,925	20.69%

1/ Includes unbilled revenue.

MONTANA OPERATION & MAINTENANCE EXPENSES

Account Number & Title		Last Year	This Year	% Change
1	Production Expenses			
2				
3	Production & Gathering - Operation			
4	750 Operation Supervision & Engineering			
5	751 Production Maps & Records			
6	752 Gas Wells Expenses			
7	753 Field Lines Expenses			
8	754 Field Compressor Station Expenses	NOT	NOT	
9	755 Field Compressor Station Fuel & Power	APPLICABLE	APPLICABLE	
10	756 Field Measuring & Regulating Station Expense			
11	757 Purification Expenses			
12	758 Gas Well Royalties			
13	759 Other Expenses			
14	760 Rents			
15				
16	Total Operation - Natural Gas Production			
17	Production & Gathering - Maintenance			
18				
19	761 Maintenance Supervision & Engineering			
20	762 Maintenance of Structures & Improvements			
21	763 Maintenance of Producing Gas Wells			
22	764 Maintenance of Field Lines			
23	765 Maintenance of Field Compressor Sta. Equip.	NOT	NOT	
24	766 Maintenance of Field Meas. & Reg. Sta. Equip.	APPLICABLE	APPLICABLE	
25	767 Maintenance of Purification Equipment			
26	768 Maintenance of Drilling & Cleaning Equip.			
27	769 Maintenance of Other Equipment			
28				
29	Total Maintenance- Natural Gas Prod.			
30	TOTAL Natural Gas Production & Gathering			
31	Products Extraction - Operation			
32				
33	770 Operation Supervision & Engineering			
34	771 Operation Labor			
35	772 Gas Shrinkage			
36	773 Fuel			
37	774 Power			
38	775 Materials			
39	776 Operation Supplies & Expenses	NOT	NOT	
40	777 Gas Processed by Others	APPLICABLE	APPLICABLE	
41	778 Royalties on Products Extracted			
42	779 Marketing Expenses			
43	780 Products Purchased for Resale			
44	781 Variation in Products Inventory			
45	782 (Less) Extracted Products Used by Utility - Cr.			
46	783 Rents			
47				
48	Total Operation - Products Extraction			
49	Products Extraction - Maintenance			
50				
51	784 Maintenance Supervision & Engineering			
52	785 Maintenance of Structures & Improvements			
53	786 Maintenance of Extraction & Refining Equip.			
54	787 Maintenance of Pipe Lines			
55	788 Maintenance of Extracted Prod. Storage Equip.	NOT	NOT	
56	789 Maintenance of Compressor Equipment	APPLICABLE	APPLICABLE	
57	790 Maintenance of Gas Meas. & Reg. Equip.			
58	791 Maintenance of Other Equipment			
59				
60	Total Maintenance - Products Extraction			
61	TOTAL Products Extraction			

MONTANA OPERATION & MAINTENANCE EXPENSES

Account Number & Title		Last Year	This Year	% Change
1	Production Expenses - continued			
2				
3	Exploration & Development - Operation			
4	795 Delay Rentals			
5	796 Nonproductive Well Drilling			
6	797 Abandoned Leases			
7	798 Other Exploration			
8				
9	TOTAL Exploration & Development			
10				
11	Other Gas Supply Expenses - Operation			
12	800 Natural Gas Wellhead Purchases			
13	800.1 Nat. Gas Wellhead Purch., Intracomp. Trans.			
14	801 Natural Gas Field Line Purchases			
15	802 Natural Gas Gasoline Plant Outlet Purchases			
16	803 Natural Gas Transmission Line Purchases			
17	804 Natural Gas City Gate Purchases	\$35,286,822	\$40,925,809	15.98%
18	805 Other Gas Purchases			
19	805.1 Purchased Gas Cost Adjustments	(345,372)	816,111	336.30%
20	805.2 Incremental Gas Cost Adjustments			
21	806 Exchange Gas			
22	807.1 Well Expenses - Purchased Gas			
23	807.2 Operation of Purch. Gas Measuring Stations			
24	807.3 Maintenance of Purch. Gas Measuring Stations			
25	807.4 Purchased Gas Calculations Expenses			
26	807.5 Other Purchased Gas Expenses			
27	808.1 Gas Withdrawn from Storage -Dr.	(1,119,603)	823,568	173.56%
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	208,061	183,555	-11.78%
33				
34	TOTAL Other Gas Supply Expenses	\$34,029,908	\$42,749,043	25.62%
35	TOTAL PRODUCTION EXPENSES	\$34,029,908	\$42,749,043	25.62%

MONTANA OPERATION & MAINTENANCE EXPENSES

Account Number & Title		Last Year	This Year	% Change
1	Storage, Terminaling & Processing Expenses			
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	NOT	NOT	
11	821 Purification Expenses	APPLICABLE	APPLICABLE	
12	822 Exploration & Development			
13	823 Gas Losses			
14	824 Other Expenses			
15	825 Storage Well Royalties			
16	826 Rents			
17				
18	Total Operation - Underground Strg. Exp.			
19				
20	Underground Storage Expenses - Maintenance			
21	830 Maintenance Supervision & Engineering			
22	831 Maintenance of Structures & Improvements			
23	832 Maintenance of Reservoirs & Wells			
24	833 Maintenance of Lines			
25	834 Maintenance of Compressor Station Equip.			
26	835 Maintenance of Meas. & Reg. Sta. Equip.	NOT	NOT	
27	836 Maintenance of Purification Equipment	APPLICABLE	APPLICABLE	
28	837 Maintenance of Other Equipment			
29				
30	Total Maintenance - Underground Storage			
31	TOTAL Underground Storage Expenses			
32				
33	Other Storage Expenses - Operation			
34	840 Operation Supervision & Engineering			
35	841 Operation Labor and Expenses			
36	842 Rents			
37	842.1 Fuel	NOT	NOT	
38	842.2 Power	APPLICABLE	APPLICABLE	
39	842.3 Gas Losses			
40				
41	Total Operation - Other Storage Expenses			
42				
43	Other Storage Expenses - Maintenance			
44	843.1 Maintenance Supervision & Engineering			
45	843.2 Maintenance of Structures & Improvements			
46	843.3 Maintenance of Gas Holders			
47	843.4 Maintenance of Purification Equipment			
48	843.6 Maintenance of Vaporizing Equipment	NOT	NOT	
49	843.7 Maintenance of Compressor Equipment	APPLICABLE	APPLICABLE	
50	843.8 Maintenance of Measuring & Reg. Equipment			
51	843.9 Maintenance of Other Equipment			
52	Total Maintenance - Other Storage Exp.			
53	TOTAL - Other Storage Expenses			
54	TOTAL - STORAGE, TERMINALING & PROC.			

MONTANA OPERATION & MAINTENANCE EXPENSES

Account Number & Title		Last Year	This Year	% Change
1	Transmission Expenses			
2				
3	Operation			
4	850 Operation Supervision & Engineering			
5	851 System Control & Load Dispatching			
6	852 Communications System Expenses			
7	853 Compressor Station Labor & Expenses			
8	854 Gas for Compressor Station Fuel			
9	855 Other Fuel & Power for Compressor Stations	NOT	NOT	
10	856 Mains Expenses	APPLICABLE	APPLICABLE	
11	857 Measuring & Regulating Station Expenses			
12	858 Transmission & Compression of Gas by Others			
13	859 Other Expenses			
14	860 Rents			
15				
16	Total Operation - Transmission			
17				
18	Maintenance			
19	861 Maintenance Supervision & Engineering			
20	862 Maintenance of Structures & Improvements			
21	863 Maintenance of Mains			
22	864 Maintenance of Compressor Station Equip.			
23	865 Maintenance of Measuring & Reg. Sta. Equip.	NOT	NOT	
24	866 Maintenance of Communication Equipment	APPLICABLE	APPLICABLE	
25	867 Maintenance of Other Equipment			
26	Total Maintenance - Transmission			
27	TOTAL Transmission Expenses			
28	Distribution Expenses			
29				
30	Operation			
31	870 Operation Supervision & Engineering	\$609,440	\$828,007	35.86%
32	871 Distribution Load Dispatching	6,153	7,420	20.59%
33	872 Compressor Station Labor and Expenses			
34	873 Compressor Station Fuel and Power			
35	874 Mains and Services Expenses	1,449,458	1,322,994	-8.72%
36	875 Measuring & Reg. Station Exp.-General	42,065	36,877	-12.33%
37	876 Measuring & Reg. Station Exp.-Industrial	12,452	24,062	93.24%
38	877 Meas. & Reg. Station Exp.-City Gate Ck. Sta.			
39	878 Meter & House Regulator Expenses	407,438	508,347	24.77%
40	879 Customer Installations Expenses	422,515	479,643	13.52%
41	880 Other Expenses	1,018,580	1,111,698	9.14%
42	881 Rents	38,014	35,811	-5.80%
43				
44	Total Operation - Distribution	\$4,006,115	\$4,354,859	8.71%
45				
46	Maintenance			
47	885 Maintenance Supervision & Engineering	\$211,800	\$297,054	40.25%
48	886 Maintenance of Structures & Improvements	9,203	8,506	-7.57%
49	887 Maintenance of Mains	36,824	114,739	211.59%
50	888 Maint. of Compressor Station Equipment			
51	889 Maint. of Meas. & Reg. Station Exp.-General	51,102	57,004	11.55%
52	890 Maint. of Meas. & Reg. Sta. Exp.-Industrial	37,655	43,720	16.11%
53	891 Maint. of Meas. & Reg. Sta. Equip.-City Gate			
54	892 Maintenance of Services	72,107	159,657	121.42%
55	893 Maintenance of Meters & House Regulators	143,556	240,989	67.87%
56	894 Maintenance of Other Equipment	207,677	190,996	-8.03%
57				
58	Total Maintenance - Distribution	\$769,924	\$1,112,665	44.52%
52	TOTAL Distribution Expenses	\$4,776,039	\$5,467,524	14.48%

MONTANA OPERATION & MAINTENANCE EXPENSES

Account Number & Title		Last Year	This Year	% Change
1	Customer Accounts Expenses			
2				
3	Operation			
4	901 Supervision	\$68,953	\$77,796	12.82%
5	902 Meter Reading Expenses	174,354	189,308	8.58%
6	903 Customer Records & Collection Expenses	1,628,413	1,459,741	-10.36%
7	904 Uncollectible Accounts Expenses	235,536	258,342	9.68%
8	905 Miscellaneous Customer Accounts Expenses	49,858	65,566	31.51%
9				
10	TOTAL Customer Accounts Expenses	\$2,157,114	\$2,050,753	-4.93%
11	Customer Service & Informational Expenses			
12				
13	Operation			
14	907 Supervision	\$26,872	\$28,986	7.87%
15	908 Customer Assistance Expenses	5,657	10,969	93.90%
16	909 Informational & Instructional Advertising Exp.	48,074	36,469	-24.14%
17	910 Miscellaneous Customer Service & Info. Exp.	(1)	116	11700.00%
18				
19	TOTAL Customer Service & Info. Expenses	\$80,602	\$76,540	-5.04%
20	Sales Expenses			
21				
22	Operation			
23	911 Supervision	\$177	\$679	283.62%
24	912 Demonstrating & Selling Expenses	52,090	61,637	18.33%
25	913 Advertising Expenses	33,870	36,191	6.85%
26	916 Miscellaneous Sales Expenses	2,087	2,256	8.10%
27				
28	TOTAL Sales Expenses	\$88,224	\$100,763	14.21%
29	Administrative & General Expenses			
30				
31	Operation			
32	920 Administrative & General Salaries	\$1,252,230	\$1,303,511	4.10%
33	921 Office Supplies & Expenses	702,562	837,947	19.27%
34	922 (Less) Administrative Expenses Transferred - Cr.			
35	923 Outside Services Employed	100,442	118,439	17.92%
36	924 Property Insurance	113,255	112,311	-0.83%
37	925 Injuries & Damages	299,749	360,375	20.23%
38	926 Employee Pensions & Benefits	1,637,393	1,689,122	3.16%
39	927 Franchise Requirements			
40	928 Regulatory Commission Expenses	203,618	40,489	-80.12%
41	929 (Less) Duplicate Charges - Cr.			
42	930 Miscellaneous General Expenses	132,225	115,721	-12.48%
43	931 Rents	215,986	233,601	8.16%
44				
45	TOTAL Operation - Admin. & General	\$4,657,460	\$4,811,516	3.31%
46				
47	Maintenance			
48	935 Maintenance of General Plant	\$106,547	\$92,775	-12.93%
49				
50	TOTAL Administrative & General Expenses	\$4,764,007	\$4,904,291	2.94%
51	TOTAL OPERATION & MAINTENANCE EXP.	\$45,895,894	\$55,348,914	20.60%

MONTANA TAXES OTHER THAN INCOME

Year: 2017

	Description of Tax	Last Year	This Year	% Change
1	Payroll Taxes	\$457,039	\$488,139	6.80%
2	Secretary of State	240	246	2.50%
3	Highway Use Tax	364	385	5.77%
4	Montana Consumer Counsel	97,651	39,616	-59.43%
5	Montana PSC	171,687	187,381	9.14%
6	Delaware Franchise Taxes	16,854	23,325	38.39%
7	Property Taxes	4,087,312	4,470,205	9.37%
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50	TOTAL MT Taxes other than Income	\$4,831,147	\$5,209,297	7.83%

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - GAS

Year: 2017

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	ABB ENTERPRISE SOFTWARE INC	Software License & Maintenance	\$139,606	\$0	0.00%
2					
3	AEVENIA INC	TL-089-1 Storm Damage	218,085	0	0.00%
4					
5	AGRI INDUSTRIES, INC.	Pipeline Install, Directional Boring	156,837	104,366	66.54%
6					
7	ALLIANCE PIPELINE LP	Contract Service - Minor-Gwinner Pipeline	894,670	0	0.00%
8					
9	AMERICAN GAS ASSOCIATION	Industrial Membership	303,189	70,405	23.22%
10					
11	ANCHOR QEA	Lewis & Clark Erosion Control	101,854	0	0.00%
12					
13	ANDERSON & WOOD CONSTRUCTION CO. INC.	Contract Service - Jct line, Stanley	113,072	0	0.00%
14					
15	ARBOR SOLUTIONS TREE SERVICE LLC	Tree Trimming	307,888	0	0.00%
16					
17	ARVIG CONSTRUCTION	Construction Services	1,382,294	0	0.00%
18					
19	ASSOCIATED BUILDERS	Contract Services	431,007	10,813	2.51%
20					
21	AUTOMIC SOFTWARE, INC.	Software License & Maintenance	113,090	15,517	13.72%
22					
23	B&H UTILITY SERVICES, INC.	Contractor Services	201,611	0	0.00%
24					
25	BARR ENGINEERING COMPANY	Engineering Services - Power Plants	247,569	0	0.00%
26					
27	BARTLETT & WEST, INC.	Engineering Services - GPNG Trans Line	110,849	0	0.00%
28					
29	BORDER STATES BISMARCK	Contract Services - TL091 Reconductor	181,905	3,168	1.74%
30					
31	BOYCE LAW FIRM LLP	Legal Services	98,780	0	0.00%
32					
33	BROADRIDGE ICS	Contract Services	121,019	3,709	3.06%
34					
35	BULLINGER TREE SERVICE	Tree Trimming	439,172	0	0.00%
36					
37	BURNS & MCCONNELL ENGINEERING CO. INC.	Engineering Services	1,138,336	0	0.00%
38					
39	CBB COLLECTIONS INC.	Collection Services	89,699	52,981	59.07%
40					
41	CENTRAL TRENCHING INC.	Contract Services	315,661	0	0.00%
42					
43	CGI TECHNOLOGIES AND SOLUTIONS INC	Consulting Services - PragmaCad	385,051	55,843	14.50%
44					
45	CHIEF CONSTRUCTION INC	Construction Services	960,385	0	0.00%
46					
47	CITY OF BILLINGS	Multiple Permits	82,955	82,955	100.00%
48					
49	CITY OF BISMARCK	TL129-1 Special Assessment/GO Disposal Permit	108,448	18	0.02%
50					

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - GAS

Year: 2017

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	CLIENT FOCUSED MEDIA, INC.	Information & Instructional Advertising	\$124,142	\$7,271	5.86%
2					
3	COHEN TAUBER SPIEVACK & WAGNER, PC	Legal Services	155,045	3,072	1.98%
4					
5	COP CONSTRUCTION LLC	Contractor Services	261,710	175,355	67.00%
6					
7	CORVAL CONSTRUCTORS INC.	Construction Services - Rice Project	2,152,791	0	0.00%
8					
9	CREDIT COLLECTIONS BUREAU	Credit Collections	78,963	0	0.00%
10					
11	CROWLEY FLECK PLLP	Legal Services	132,251	29,988	22.68%
12					
13	CYBER ADVISORS, INC.	Software Maintenance	101,592	5,908	5.82%
14					
15	DATALINK CORPORATION	Software Maintenance	95,714	3,179	3.32%
16					
17	DAVEY TREE EXPERT COMPANY	Tree Trimming	223,941	0	0.00%
18					
19	DELOITTE & TOUCHE LLP	Auditing & Consulting Services	2,100,474	28,406	1.35%
20					
21	DELZER CONSTRUCTION	Delzer Construction - GPNG	85,087	0	0.00%
22					
23	DIS TECHNOLOGIES	GIS Data Conversion	110,311	9,470	8.58%
24					
25	DNV-GL	SL Essentials	155,100	4,523	2.92%
26					
27	EDISON ELECTRIC INSTITUTE	Industrial Membership	142,702	2,570	1.80%
28					
29	EDLING ELECTRIC INC.	Contract Services - Fiber-Interduct Work	126,218	0	0.00%
30					
31	ELECTRIC COMPANY OF SOUTH DAKOTA, THE	Contractor Services	494,492	0	0.00%
32					
33	ELECTRO-TEST AND MAINTENANCE INC.	Contract Services - Substations	138,400	0	0.00%
34					
35	ENERGY WORLDNET INC.	Software Maintenance	122,747	17,127	13.95%
36					
37	ENVIROSYSTEMS USA INC - FORMERLY VISTEC	Boiler Work	91,099	0	0.00%
38					
39	ESRI	Consulting Services	187,027	11,779	6.30%
40					
41	EVERIST, THOMAS S.	Directors Fees	78,262	2,436	3.11%
42					
43	EXTREME UNDERGROUND HDD INC.	Contractor Services	581,875	0	0.00%
44					
45	FAGG, KAREN B.	Directors Fees	79,684	2,481	3.11%
46					
47	FIS ENERGY SYSTEMS, INC.	Software Maintenance	91,855	120	0.13%
48					
49	FISCHER CONTRACTING	Construction Services	622,249	0	0.00%
50					

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - GAS

Year: 2017

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	FITCH RATINGS	Credit Rating Maintenance	\$143,396	\$3,515	2.45%
2					
3	FORRESTER,GARY	Lobbying & Promotion	118,956	3,702	3.11%
4					
5	FRANZ CONSTRUCTION INC	Contract Services - Power Plant	1,204,180	0	0.00%
6					
7	GE - WIND TURBINE PARTS/TRAINING	Contract Services - Diamond Willow	207,239	0	0.00%
8					
9	H.F. JACOBS & SON CONSTRUCTION INC.	Contract Services - Bowdle Station	197,990	0	0.00%
10					
11	HDR INC	Engineering Services	430,771	0	0.00%
12					
13	HESSMORGANHOUSE LLC	Administrative Services SISP Program	87,500	2,715	3.10%
14					
15	HIGH VOLTAGE, INC	Contractor Services	3,490,574	0	0.00%
16					
17	HIGHMARK ERECTORS INC	Contractor Services	1,578,946	0	0.00%
18					
19	HONEYWELL	SE & SP Support Renewal	103,102	0	0.00%
20					
21	HPI LLC	Contract Services - Miles City Turbine	560,254	0	0.00%
22					
23	INDOOR SERVICES, INC	Janitorial Services	127,180	11,787	9.27%
24					
25	INDUSTRIAL CONTRACTORS, INC.	Contractor Services	831,515	0	0.00%
26					
27	INSIGHT	Software Maintenance	747,546	22,211	2.97%
28					
29	INTERIORS BY FRANCE	Contract Service - Annex Bldg - Carpets	102,436	8,807	8.60%
30					
31	ITRON INC.	Contractor Services & Software Maint.	309,215	17,936	5.80%
32					
33	J.B. CONSTRUCTION INC	Pole Replacement - Fire Damage	411,856	0	0.00%
34					
35	JACKSON UTILITIES LLC	Gas & Elec Line Install - Directional Boring	2,363,470	660,541	27.95%
36					
37	JACOBS CONSULTANCY INC.	Consultant Services - PSMS Gas Analysis	579,666	42,590	7.35%
38					
39	JACOBSEN TREE EXPERTS	Tree Trimming	862,083	0	0.00%
40					
41	JOE'S DIGGING SERVICE	Contract Services - Williston Reclamation	139,932	0	0.00%
42					
43	JOHN HANCOCK LIFE INSURANCE COMPANY	Retirement Plan Services	14,481,507	3,238	0.02%
44					
45	JOHNSON,DENNIS	Director Fees	86,919	2,707	3.11%
46					
47	JP MORGAN SECURITIES	Private Placement Financing	250,000	0	0.00%
48					
49	K&H ELECTRIC INC.	Contract Services	86,908	0	0.00%
50					

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - GAS

Year: 2017

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	K&L GATES LLP	Legal Services	\$102,789	\$11,663	11.35%
2					
3	KADRMAS LEE & JACKSON	Engineering Services	696,534	507	0.07%
4					
5	KEY CONTRACTING INC.	Contract Services - Transmission Line	637,850	0	0.00%
6					
7	L & S ELECTRIC INC.	Lewis & Clark Rep. Exiter System	77,708	0	0.00%
8					
9	LIGNITE ENERGY COUNCIL	Membership Dues	112,284	701	0.62%
10					
11	M C M GENERAL CONTRACTORS, INC.	Construction Services	293,741	0	0.00%
12					
13	MAJOR LEAGUE BLASTING, LLC	Contract Services - Boiler Cleaning	274,169	0	0.00%
14					
15	MANAGED DESIGN, INC.	Software Design	96,764	1,410	1.46%
16					
17	MARCO, INC.	Software Maintenance - PUR lvr - Web	625,898	53,735	8.59%
18					
19	MAVRO IMAGING	PUR Payment Processing Software	224,148	19,244	8.59%
20					
21	MCM GENERAL CONTRACTORS, INC.	Construction Services	204,899	0	0.00%
22					
23	MECHANICAL DYNAMICS AND ANALYSIS, INC.	Contract Services - Power Plants	1,158,625	0	0.00%
24					
25	MERJENT	Contract Services - Great Plains Gas Lines	123,923	0	0.00%
26					
27	MICROSOFT CORPORATION	Software Maintenance	1,426,606	31,023	2.17%
28					
29	MINNESOTA VALLEY TESTING	Fuel Sampling & Testing	203,080	0	0.00%
30					
31	MOBILE SOLUTIONS SERVICES INC.	Phone Services	241,131	0	0.00%
32					
33	MOUNTRAIL WILLIAMS ELECTRIC COOP	Stanley Substation, GA Badlands Reg	609,362	0	0.00%
34					
35	ND PUBLIC SERVICE COMMISSION	Thunder Spirit Wind Project	315,550	0	0.00%
36					
37	NERC	Contract Services - Quarterly Assessment	164,225	0	0.00%
38					
39	NORDEX USA INC.	Thunder Spirit - Service Contract	2,284,250	0	0.00%
40					
41	NORTHERN IMPROVEMENT COMPANY	Contract Services - Resurfacing BSC	301,973	6,177	2.05%
42					
43	NYSE MARKET INC	Financial Services	205,780	6,308	3.07%
44					
45	ONE CALL LOCATORS LTD (ELM)	Line Locating Services	2,275,923	390,520	17.16%
46					
47	OPEN SYSTEMS INTERNATIONAL, INC.	Software Maintenance	749,648	0	0.00%
48					
49	OPEN TEXT CORPORATION	Software Maintenance	99,726	4,959	4.97%
50					

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - GAS

Year: 2017

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	OPTIV SECURITY, INC	Software Maintenance	\$516,933	\$10,557	2.04%
2					
3	ORACLE CORP	Software Maintenance	1,873,815	69,148	3.69%
4					
5	ORMAT NEVADA INC.	Energy Converter Maintenance	221,436	0	0.00%
6					
7	OSMOSE UTILITIES SERVICES, INC.	Contract Services	275,444	0	0.00%
8					
9	PAULSON, GARY D.	Contract Services - Meter Reconnects	129,140	129,140	100.00%
10					
11	PEARCE, HARRY J	Directors Fees	157,917	4,915	3.11%
12					
13	PERKINS COIE LLP	Legal Services	192,700	6,026	3.13%
14					
15	POWERCOSTS INC.	Software Maintenance	559,232	0	0.00%
16					
17	POWERPLAN, INC	Consulting Services - Software	357,026	18,986	5.32%
18					
19	PRESORT PLUS LLC	Mail Delivery & Pickup	90,635	11,728	12.94%
20					
21	PRIMORIS AEVENIA INC.	Contract Serv - Storm Damage, Line Maint.	1,349,429	0	0.00%
22					
23	Q3 CONTRACTING	Consulting Services	2,574,814	0	0.00%
24					
25	R & L CONTRACTING INC.	Cont. Services - Office Install for Wind Techs	204,503	0	0.00%
26					
27	RAILWORKS TRACK SYSTEMS, INC.	Construction Services - Replace Track	102,452	0	0.00%
28					
29	RBC CAPITAL MARKETS LLC	Financial Services	150,104	0	0.00%
30					
31	RENEW ENERGY MAINTENANCE LLC	Contractor Services - Diamond Willow	542,984	0	0.00%
32					
33	ROCKY MOUNTAIN CONTRACTORS, INC.	Contract Services	1,190,102	1,190,102	100.00%
34					
35	RUSHMORE UNDERGROUND UTILITIES	Contract Services	101,200	0	0.00%
36					
37	SCHERBENSKE INC.	Contractor Services - Ellendale Substation	2,209,670	0	0.00%
38					
39	SOUTHERN CROSS CORP	Construction Services	680,257	92,631	13.62%
40					
41	SPHERION STAFFING LLC	Temp Services	217,762	11,485	5.27%
42					
43	STINSON LEONARD STREET LLP	Legal Services	117,619	9	0.01%
44					
45	TCH CONSTRUCTION	Contract Services	138,993	10,660	7.67%
46					
47	THOMSON REUTERS INC.	Consulting Services	311,123	5,512	1.77%
48					
49	TRC ENVIRONMENTAL CORPORATION	Testing Pollution Control Equipment	284,955	0	0.00%
50					

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - GAS

Year: 2017

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	TREASURY MANAGEMENT SERVICES	Banking Services	\$513,060	\$82,601	16.10%
2					
3	TRIPWIRE, INC.	Software & Consulting Service	98,242	0	0.00%
4					
5	TRUE NORTH CONTRACTING LLC	Contract Services	157,141	148,838	94.72%
6					
7	UBISENSE, INC.	Underground GPS Based Leak Survey	237,579	51,120	21.52%
8					
9	UNITED ACCOUNTS INC.	Credit Collections	101,533	2,774	2.73%
10					
11	US DEPARTMENT OF ENERGY	Transmission Charges	883,616	0	0.00%
12					
13	USIC LOCATING SERVICES, INC.	Line Locating Services	123,516	0	0.00%
14					
15	VERIZON WIRELESS	Phone Services	188,230	1,933	1.03%
16					
17	VIRTUAL HOLD TECHNOLOGY, LLC	Software Maintenance	84,457	6,101	7.22%
18					
19	WELLS FARGO SHAREOWNERS SERVICES	Stock Transfer Agent	356,402	10,439	2.93%
20					
21	WESTERN HORIZON	Weed Spraying	104,958	3,550	3.38%
22					
23	WESTERN UNION FINANCIAL SERVICE	Financial Services	79,462	20,122	25.32%
24					
25	WONDERWARE PACWEST	Software Maintenance	77,115	4,496	5.83%
26					
27	WORKFORCE SERVICES, INC.	Vehicle Maintenance	359,009	8,677	2.42%
28					
29	WORKIVA INC.	Cloud Based Subscription for FCC Filing	351,105	6,366	1.81%
30					
31	XEROX CORPORATION	Copier Leases	141,220	14,888	10.54%
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	Total Payments for Services		\$78,593,380	\$3,932,260	5.00%

POLITICAL ACTION COMMITTEES / POLITICAL CONTRIBUTIONS

Year: 2017

	Description	Total Company	Montana	% Montana
1	Contributions to Candidates by PAC	\$8,260	\$0	0.00%
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40	TOTAL Contributions	\$8,260	\$0	0.00%

PENSION COSTS

Year: 2017

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: 0	Is the Plan Over Funded? No		
5				
6	Item	Current Year	Last Year	% Change
7	Change in Benefit Obligation	(000's)	(000's)	
8	Benefit obligation at beginning of year	\$245,858	\$251,676	-2.31%
9	Service cost	-	-	0.00%
10	Interest cost	9,090	9,679	-6.09%
11	Plan participants' contributions	-	-	0.00%
12	Amendments	-	-	0.00%
13	Actuarial (Gain) Loss	10,543	(99)	10749.49%
14	Curtailment gain	-	-	0.00%
15	Benefits paid	(14,603)	(15,398)	5.16%
16	Benefit obligation at end of year	\$250,888	\$245,858	2.05%
17	Change in Plan Assets			
18	Fair value of plan assets at beginning of year	\$182,213	\$183,045	-0.45%
19	Actual return on plan assets	24,679	14,566	69.43%
20	Employer contribution	423	-	423.00%
21	Plan participants' contributions	-	-	0.00%
22	Benefits paid	(14,603)	(15,398)	5.16%
23	Fair value of plan assets at end of year	\$192,712	\$182,213	5.76%
24	Funded Status	(\$58,176)	(\$63,645)	8.59%
25	Unrecognized net actuarial loss	102,514	108,983	-5.94%
26	Unrecognized prior service cost	-	-	0.00%
27	Unrecognized net transition obligation	-	-	0.00%
28	Accrued benefit cost	\$44,338	\$45,338	-2.21%
29	Weighted-Average Assumptions as of Year End			
30	Discount rate	3.38	3.82	-11.52%
31	Expected return on plan assets	6.75	6.75	0.00%
32	Rate of compensation increase	-	-	0.00%
33	Components of Net Periodic Benefit Costs			
34	Service cost	-	-	0.00%
35	Interest cost	9,090	9,679	-6.09%
36	Expected return on plan assets	(11,222)	(11,467)	2.14%
37	Amortization of prior service cost	-	-	0.00%
38	Recognized net actuarial loss	3,554	3,534	0.57%
39	Curtailment loss	-	-	0.00%
40	Net periodic benefit cost	\$1,422	\$1,746	-18.56%
41	Montana Intrastate Costs:			
42	Pension costs	\$1,422	\$1,746	-18.56%
43	Pension costs capitalized	294	373	-21.18%
44	Accumulated pension asset (liability) at year end	\$44,338	\$45,338	-2.21%
45	Number of Company Employees:			
46	Covered by the plan	1,503	1,546	-2.78%
47	Not covered by the plan	708	771	-8.17%
48	Active	440	469	-6.18%
49	Retired	941	954	-1.36%
50	Deferred vested terminated	122	123	-0.81%

PENSION COSTS

Year: 2017

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: 0		Is the Plan Over Funded? No	
5				
6	Item	Current Year	Last Year	% Change
7	Change in Benefit Obligation	(000's)	(000's)	
8	Benefit obligation at beginning of year	\$245,858	\$251,676	-2.31%
9	Service cost	-	-	0.00%
10	Interest cost	9,090	9,679	-6.09%
11	Plan participants' contributions	-	-	0.00%
12	Amendments	-	-	0.00%
13	Actuarial (Gain) Loss	10,543	(99)	10749.49%
14	Curtailment gain	-	-	0.00%
15	Benefits paid	(14,603)	(15,398)	5.16%
16	Benefit obligation at end of year	\$250,888	\$245,858	2.05%
17	Change in Plan Assets			
18	Fair value of plan assets at beginning of year	\$182,213	\$183,045	-0.45%
19	Actual return on plan assets	24,679	14,566	69.43%
20	Employer contribution	423	-	423.00%
21	Plan participants' contributions	-	-	0.00%
22	Benefits paid	(14,603)	(15,398)	5.16%
23	Fair value of plan assets at end of year	\$192,712	\$182,213	5.76%
24	Funded Status			
25	Unrecognized net actuarial loss	(\$58,176)	(\$63,645)	8.59%
26	Unrecognized prior service cost	102,514	108,983	-5.94%
27	Unrecognized net transition obligation	-	-	0.00%
28	Accrued benefit cost	-	-	0.00%
29	Weighted-Average Assumptions as of Year End			
30	Discount rate	3.38	3.82	-11.52%
31	Expected return on plan assets	6.75	6.75	0.00%
32	Rate of compensation increase	-	-	0.00%
33	Components of Net Periodic Benefit Costs			
34	Service cost	-	-	0.00%
35	Interest cost	\$9,090	\$9,679	-6.09%
36	Expected return on plan assets	(11,222)	(11,467)	2.14%
37	Amortization of prior service cost	-	-	0.00%
38	Recognized net actuarial loss	3,554	3,534	0.57%
39	Curtailment loss	-	-	0.00%
40	Net periodic benefit cost	\$1,422	\$1,746	-18.56%
41	Montana Intrastate Costs:			
42	Pension costs	\$1,422	\$1,746	-18.56%
43	Pension costs capitalized	294	373	-21.18%
44	Accumulated pension asset (liability) at year end	\$44,338	\$45,338	-2.21%
45	Number of Company Employees:			
46	Covered by the plan	1,503	1,546	-2.78%
47	Not covered by the plan	708	771	-8.17%
48	Active	440	469	-6.18%
49	Retired	941	954	-1.36%
50	Deferred vested terminated	122	123	-0.81%

OTHER POST EMPLOYMENT BENEFITS (OPEBS)

Year: 2017

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	3.38	3.83	-11.75%
8 Expected return on plan assets	5.75	5.75	0.00%
9 Medical cost inflation rate	4.50	4.50	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	\$40,267	\$46,752	-13.87%
18 Service cost	616	716	-13.97%
19 Interest cost	1,443	1,749	-17.50%
20 Plan participants' contributions	804	825	-2.55%
21 Amendments	-	-	0.00%
22 Actuarial (Gain) Loss	260	(6,443)	104.04%
23 Acquisition	-	-	0.00%
24 Benefits paid	(3,262)	(3,332)	-2.10%
25 Benefit obligation at end of year	\$40,128	\$40,267	-0.35%
26 Change in Plan Assets			
27 Fair value of plan assets at beginning of year	\$47,253	\$47,449	-0.41%
28 Actual return on plan assets	5,645	2,275	148.13%
29 Acquisition	-	-	0.00%
30 Employer contribution	91	36	152.78%
31 Plan participants' contributions	804	825	-2.55%
32 Benefits paid	(3,262)	(3,332)	-2.10%
33 Fair value of plan assets at end of year	\$50,531	\$47,253	6.94%
34 Funded Status			
35 Unrecognized net actuarial loss	\$10,403	\$6,986	48.91%
36 Unrecognized prior service cost	-	-	0.00%
37 Unrecognized transition obligation	-	-	0.00%
38 Accrued benefit cost	\$10,403	\$6,986	48.91%
39 Components of Net Periodic Benefit Costs			
40 Service cost	\$616	\$716	-13.97%
41 Interest cost	1,443	1,749	-17.50%
42 Expected return on plan assets	(2,651)	(2,591)	-2.32%
43 Amortization of prior service cost	(976)	(976)	0.00%
44 Recognized net actuarial gain	-	502	-100.00%
45 Transition amount amortization	-	-	0.00%
46 Net periodic benefit cost	(\$1,568)	(\$600)	161.33%
47 Accumulated Post Retirement Benefit Obligation			
48 Amount funded through VEBA	\$895	\$861	3.95%
49 Amount funded through 401(h)	-	-	0.00%
50 Amount funded through Other	-	-	0.00%
51 TOTAL	\$895	\$861	3.95%
52 Amount that was tax deductible - VEBA (1)	\$91	\$36	152.78%
53 Amount that was tax deductible - 401(h)	-	-	0.00%
54 Amount that was tax deductible - Other	-	-	0.00%
55 TOTAL	\$91	\$36	152.78%

(1) Estimated

Other Post Employment Benefits (OPEBS) Continued

Year: 2017

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the plan	1,271	1,332	-4.58%
3	Not covered by the plan	39	36	8.33%
4	Active	557	602	-7.48%
5	Retired	544	552	-1.45%
6	Spouses/dependants covered by the plan	170	178	-4.49%
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	NOT APPLICABLE		
21	Acquisition			
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	NOT APPLICABLE		
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			
37	Accumulated Post Retirement Benefit Obligation			
38	Amount funded through VEBA	NOT APPLICABLE		
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			
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	NOT APPLICABLE		
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)

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							

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	\$792,750	\$1,377,007	\$1,888,244	\$4,058,001	\$3,510,991	16%
2	Jason L. Vollmer 3/ Vice President, CFO & Treasurer	\$256,625	\$230,988	\$146,938	\$634,551	N/A	N/A
3	David C. Barney President & CEO of Knife River Corporation	\$427,140	\$483,736	\$591,364	\$1,502,240	\$1,376,616	9%
4	Jeffrey S. Thiede President & CEO of MDU Construction Services Group	\$437,750	\$743,629	\$455,481	\$1,636,860	\$1,325,906	23%
5	Nicole A. Kivisto 4/ President & CEO of Montanan-Dakota Utilities Co.	\$378,000	\$433,906	\$416,935	\$1,228,841	N/A	N/A

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.

3/ Mr. Vollmer was promoted to Vice President, Chief Financial Officer and Treasurer effective September 30, 2017. He appears as a named executive officer for the first time in 2017.

4/ Ms. Kivisto appears as a named executive officer for the first time in 2017.

EXECUTIVE COMPENSATION TABLES

Summary Compensation Table for 2017

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) ³	Total (\$) (j)
David L. Goodin	2017	792,750	—	1,504,546	—	1,377,007	342,727	40,971	4,058,001
President and CEO	2016	755,000	—	1,441,954	—	1,055,490	218,301	40,246	3,510,991
	2015	755,000	—	1,386,992	—	376,745	—	39,411	2,558,148
Jason L. Vollmer⁴	2017	256,625	—	95,101	—	230,988	3,681	48,156	634,551
Vice President, CFO and Treasurer									
David C. Barney	2017	427,140	—	324,247	—	483,736	93,786	173,331	1,502,240
President and CEO of	2016	406,800	—	276,232	—	593,114	77,565	22,905	1,376,616
Knife River Corporation	2015	395,000	—	225,739	—	637,588	9,530	22,556	1,290,413
Jeffrey S. Thiede	2017	437,750	—	332,318	—	743,629	—	123,163	1,636,860
President and CEO of	2016	425,000	—	288,598	—	489,600	—	122,708	1,325,906
MDU Construction Services Group, Inc.	2015	425,000	—	242,902	—	161,857	—	172,506	1,002,265
Nicole A. Kivisto⁵	2017	378,000	—	286,955	—	433,906	96,931	33,049	1,228,841
President and CEO of Montana-Dakota Utilities Co.									
Doran N. Schwartz⁶	2017	291,748	—	297,190	—	—	118,256	36,665	743,859
Former Vice President	2016	380,000	6,175	290,292	—	345,306	77,084	35,772	1,134,629
and CFO	2015	380,000	—	279,228	—	123,253	—	35,571	818,052

¹ Amounts in this column represent the aggregate grant date fair value of performance share award opportunities at target 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 the Monte Carlo simulation, as described in Note 10 of our audited financial statements in our Annual Report on Form 10-K for the year ended December 31, 2017. For 2017, the total aggregate grant date fair value of performance share award opportunities assuming the highest level of payout would be as follows:

Name	Aggregate grant date fair value at highest payout (\$)
David L. Goodin	3,009,092
Jason L. Vollmer	190,201
David C. Barney	648,494
Jeffrey S. Thiede	664,635
Nicole A. Kivisto	573,910
Doran N. Schwartz ^a	594,380

^a Mr. Schwartz resigned effective September 29, 2017. As a result, he forfeited performance shares reported in column e.

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² Amounts shown for 2017 represent the change in the actuarial present value for the named executive officers' accumulated benefits under the pension plan, SISP, and Excess SISP, collectively referred to as the "accumulated pension change," plus above-market earnings on deferred annual incentives as of December 31, 2017.

Name	Accumulated Pension Change	Above Market Interest (\$)
David L. Goodin	330,392	12,335
Jason L. Vollmer	3,681	—
David C. Barney	93,786	—
Nicole A. Kivisto	96,629	302
Doran N. Schwartz	118,256	—

³ All Other Compensation is comprised of:

Name	401(k) (\$) ^a	Life Insurance Premium (\$)	Matching Charitable Contributions (\$)	Nonqualified Defined Contribution Plan (\$)	Total (\$)
David L. Goodin	39,150	621	1,200	—	40,971
Jason L. Vollmer	24,826	280	500	22,550	48,156
David C. Barney	21,600	531	1,200	150,000	173,331
Jeffrey S. Thiede	21,600	543	1,020	100,000	123,163
Nicole A. Kivisto	32,400	469	180	—	33,049
Doran N. Schwartz ^b	36,000	365	300	—	36,665

^a Represents company contributions to the 401(k) plan, which includes matching contributions and retirement contributions made after the pension plans were frozen at December 31, 2009.

^b Mr. Schwartz resigned effective September 29, 2017.

⁴ Mr. Vollmer was promoted to vice president, chief financial officer and treasurer effective September 30, 2017. He appears as a named executive officer for the first time in 2017.

⁵ Ms. Kivisto was promoted to president and chief executive officer of the electric and natural gas distribution segments effective January 9, 2015. She appears as a named executive officer for the first time in 2017.

⁶ Mr. Schwartz resigned effective September 29, 2017. As a result, he forfeited performance shares reported in column e.

Grants of Plan-Based Awards in 2017

Name (a)	Grant Date (b)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			Grant Date Fair Value of Stock and Option Awards (\$) (i)
		Threshold (\$) (c)	Target (\$) (d)	Maximum (\$) (e)	Threshold (#) (f)	Target (#) (g)	Maximum (#) (h)	
David L. Goodin	2/15/2017 ¹	198,188	792,750	1,585,500				
	2/15/2017 ²				12,378	61,890	123,780	1,504,546
Jason L. Vollmer ⁴	2/15/2017 ³	33,245	132,981	265,962				
	2/15/2017 ²				782	3,912	7,824	95,101
David C. Barney	2/15/2017 ¹	80,089	320,355	768,852				
	2/15/2017 ²				2,668	13,338	26,676	324,247
Jeffrey S. Thiede	2/15/2017 ¹	82,078	328,313	787,951				
	2/15/2017 ²				2,734	13,670	27,340	332,318
Nicole A. Kivisto	2/15/2017 ³	61,425	245,700	491,400				
	2/15/2017 ²				2,361	11,804	23,608	286,955
Doran N. Schwartz ⁵	2/15/2017 ¹	63,619	254,475	508,950				
	2/15/2017 ²				2,445	12,225	24,450	297,190

¹ Annual incentive for 2017 granted pursuant to the MDU Resources Group, Inc. Long-Term Performance-Based Incentive Plan.

² Performance shares for the 2017-2019 performance period granted pursuant to the MDU Resources Group, Inc. Long-Term Performance-Based Incentive Plan.

³ Annual incentive for 2017 granted pursuant to the MDU Resources Group, Inc. Executive Incentive Compensation Plan.

⁴ Mr. Vollmer's non-equity incentive award shown in columns c, d, and e is prorated based on his promotion effective September 30, 2017.

⁵ Mr. Schwartz resigned effective September 29, 2017, and forfeited his non-equity and equity incentive plan awards.

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

Annual Incentive

The compensation committee recommended the 2017 annual incentive award opportunities for our named executive officers and the board approved these opportunities at its meeting on February 15, 2017. The award opportunities at threshold, target, and maximum are reflected in columns (c), (d), and (e), respectively, of the Grants of Plan-Based Awards Table. The actual amount paid with respect to 2017 performance is reflected in column (g) of the Summary Compensation Table.

As described in the "Annual Incentives" section of the "Compensation Discussion and Analysis," payment of annual award opportunities is dependent upon achievement of performance measures; actual payout may range from 0% to 200% of the target except for the construction materials and contracting and construction services segments which may range from 0% to 240%.

Messrs. Goodin, Schwartz, Barney, and Thiede received their 2017 annual incentive award opportunities pursuant to the Long-Term Performance-Based Incentive Plan. To be eligible to receive a payment, they must remain employed by the company through December 31, 2017. Mr. Schwartz resigned his position effective September 29, 2017, and therefore was not eligible to receive an annual incentive award.

The performance measures associated with the annual incentive may not be adjusted if the adjustment would increase their annual incentive award payment, unless the compensation committee determined and established the adjustment in writing within 90 days of the beginning of the performance period. The compensation committee may at its sole discretion use negative discretion based on subjective or objective measures and adjust any annual incentive award payment downward.

Mr. Vollmer and Ms. Kivisto were awarded their annual incentive opportunities pursuant to the MDU Resources Group, Inc. Executive Incentive Compensation Plan. Under the Executive Incentive Compensation Plan, executives who retire during the year at age 65 remain

Proxy Statement

eligible to receive an award, but executives who terminate employment for other reasons are not eligible for an award. The compensation committee generally does not modify the performance measures; 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 measures, the compensation committee, in consultation with the CEO, may modify the performance measures. The compensation committee has full discretion to determine the extent to which goals have been achieved, the payment level, and whether to adjust payment of awards downward based upon individual performance. For further discussion of the specific 2017 incentive plan performance measures and results, see the "Annual Incentives" section in the "Compensation Discussion and Analysis."

Long-Term Incentive

The compensation committee recommended long-term incentive award opportunities for the named executive officers in the form of performance shares, and the board approved the award opportunities at its meeting on February 15, 2017. The long-term incentive opportunities are presented as the number of performance shares at threshold, target, and maximum in columns (f), (g), and (h) of the Grants of Plan-Based Awards Table. The value of the long-term performance-based incentive opportunities is based on the aggregate grant date fair value and is reflected in column (e) of the Summary Compensation Table and column (l) of the Grant of Plan-Based Awards Table.

Depending on our 2017-2019 total stockholder return compared to the total three-year stockholder returns of our peer group companies, executives will receive from 0% to 200% of the target awards in February 2020. We also will pay dividend equivalents in cash on the number of shares actually vested for the performance period. The dividend equivalents will be paid in 2020 at the same time as the performance share awards are issued. In the event the company's 2017-2019 total stockholder return is negative, the number of shares that would otherwise vest for the performance period will be reduced from 50% to 100%. For further discussion of the specific long-term incentive plan, see the "Long-Term Incentives" section in the "Compensation Discussion and Analysis."

Nonqualified Defined Contribution Plan

The CEO recommends participants and contribution amounts to the Nonqualified Defined Contribution Plan which are approved by the compensation committee of the board of directors. The purpose of the plan is to recognize outstanding performance coupled with enhanced retention as the Nonqualified Defined Contribution Plan requires a vesting period. The amount shown in column (i) - All Other Compensation of the Summary Compensation Table includes contributions of \$100,000 for Mr. Thiede, \$150,000 for Mr. Barney, and \$22,550 for Mr. Vollmer. For further information, see the section entitled "Nonqualified Deferred Compensation for 2017."

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	792,750	—	4,058,001	19.5%
Jason L. Vollmer	256,625	—	634,551	40.4%
David C. Barney	427,140	—	1,502,240	28.4%
Jeffrey S. Thiede	437,750	—	1,636,860	26.7%
Nicole A. Kivisto	378,000	—	1,228,841	30.8%
Doran N. Schwartz	291,748	—	743,859	39.2%

Outstanding Equity Awards at Fiscal Year-End 2017

Name (a)	Stock Awards		Equity Incentive Plan Awards:	
	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)	Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (i) ¹	Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) (j) ²
David L. Goodin	—	—	354,234	9,521,810
Jason L. Vollmer	—	—	14,138	380,029
David C. Barney	—	—	63,998	1,720,266
Jeffrey S. Thiede	—	—	67,544	1,815,583
Nicole A. Kivisto	—	—	60,317	1,621,321
Doran N. Schwartz ³	—	—	71,267	1,915,657

¹ Below is a breakdown by year of the outstanding performance share plan awards:

Performance Period End	2015 Award	2016 Award	2017 Award	Total
	12/31/2017	12/31/2018	12/31/2019	
David L. Goodin	144,328	197,528	12,378	354,234
Jason L. Vollmer	3,822	9,534	782	14,138
David C. Barney	23,490	37,840	2,668	63,998
Jeffrey S. Thiede	25,276	39,534	2,734	67,544
Nicole A. Kivisto	24,468	33,488	2,361	60,317
Doran N. Schwartz	29,056	39,766	2,445	71,267

Shares for the 2015 award are shown at the maximum level (200%) based on results for the 2015-2017 performance cycle above target.

Shares for the 2016 award are shown at the maximum level (200%) based on results for the first two years of the 2016-2018 performance cycle above target.

Shares for the 2017 award are shown at the threshold (20%) based on results for the first year of the 2017-2019 performance cycle below threshold.

² Value based on the number of performance shares reflected in column (i) multiplied by \$26.88, the year-end per share closing stock price for 2017.

³ Mr. Schwartz resigned his position effective September 29, 2017. As a result, he forfeited all shares associated with the 2015-2017, 2016-2018, and 2017-2019 performance periods.

While for purposes of the Outstanding Equity Awards at Fiscal Year-End 2017 Table, the number of shares and value shown for the 2015-2017 performance cycle is at 200% of target, the actual results for the performance period certified by the compensation committee and settled on February 16, 2018, was 144% of target. For further information, see the "Long-Term Incentives" section of the "Compensation Discussion and Analysis."

Proxy Statement

Option Exercises and Stock Vested During 2017

Name (a)	Stock Awards	
	Number of Shares Acquired on Vesting (#) (d) ¹	Value Realized on Vesting (\$) (e) ²
David L. Goodin	22,900	654,368
Jason L. Vollmer	—	—
David C. Barney	5,081	145,190
Jeffrey S. Thiede	5,349	152,848
Nicole A. Kivisto	2,755	78,724
Doran N. Schwartz	6,017	171,936

¹ Reflects performance shares for the 2014-2016 performance period ended December 31, 2016, which were approved February 16, 2017.

² Reflects the value of vested performance shares based on the closing stock price of \$26.37 per share on February 16, 2017, and the dividend equivalents paid on the vested shares.

Pension Benefits for 2017

Name (a)	Plan Name (b)	Number of Years Credited Service (#) (c) ¹	Present Value of Accumulated Benefit (\$) (d)	Payments During Last Fiscal Year (\$) (e)
David L. Goodin	Pension	26	1,220,459	—
	Basic SISP ²	10	2,500,218	—
	Excess SISP ³	26	39,023	—
Jason L. Vollmer	Pension	4	24,451	—
	Basic SISP ²	n/a	—	—
	Excess SISP ³	n/a	—	—
David C. Barney	Pension ³	n/a	—	—
	Basic SISP ²	10	1,477,483	—
	Excess SISP ³	n/a	—	—
Jeffrey S. Thiede	Pension ³	n/a	—	—
	Basic SISP ³	n/a	—	—
	Excess SISP ³	n/a	—	—
Nicole A. Kivisto	Pension	14	254,722	—
	Basic SISP ²	6	489,832	—
	Excess SISP ³	n/a	—	—
Doran N. Schwartz	Pension	4	125,585	—
	Basic SISP ²	10	923,825	—
	Excess SISP ³	n/a	—	—

¹ Years of credited service related to the pension plan reflects the years of participation in the plan as of December 31, 2009, when the pension plan was frozen. Years of credited service related to the Basic SISP reflects the years toward full vesting of the benefit which is 10 years. Years of credited service related to Excess SISP reflects the same number of credited years of services as the pension plan.

² The present value of accumulated benefits for the Basic SISP assumes the named executive officer would be fully vested in the benefit on the benefit commencement date; therefore, no reduction was made to reflect actual vesting levels.

³ Messrs. Barney and Thiede are not eligible to participate in the pension plans. Mr. Thiede does not participate in the SISP. Mr. Goodin is the only named executive officer eligible to participate in the Excess SISP.

The amounts shown for the pension plan, Basic SISP, and Excess SISP represent the actuarial present values of the executives' accumulated benefits accrued as of December 31, 2017, calculated using:

- a 3.18% discount rate for the Basic SISP and Excess SISP;
- a 3.36% discount rate for the pension plan;
- the Society of Actuaries RP-2014 Adjusted to 2006 Total Dataset Mortality with Scale MP-2017 for post-retirement mortality; and
- no recognition of future salary increases or pre-retirement mortality.

The actuary assumed a retirement age of 60 for the pension, Basic SISP, and Excess SISP benefits and assumed retirement benefits commence at age 60 for the pension and 65 for Basic and Excess SISP benefits.

Pension Plan

The MDU Resources Group, Inc. Pension Plan for Non-Bargaining Unit Employees (pension plan) applies to employees hired before 2006 and was amended to cease benefit accruals as of December 31, 2009. The benefits under the pension plan are based on a participant's average annual salary over the 60 consecutive month period where the participant received the highest annual salary between 1999 and 2009. Benefits are paid as straight life annuities for single participants and as actuarially reduced annuities with a survivor benefit for married participants unless they choose otherwise.

Supplemental Income Security Plan

The Supplemental Income Security Plan (SISP), a defined benefit nonqualified retirement plan, is offered to select key managers and executives. SISP benefits are determined by reference to levels defined within the plan. Our compensation committee, after receiving recommendations from our CEO, determined each participant's level within the plan. On February 11, 2016, the SISP was amended to exclude new participants to the plan and freeze current benefit levels for existing participants.

Basic SISP Benefits

Basic SISP is a supplemental retirement benefit intended to augment the retirement income provided under the pension plans. The Basic SISP benefits are subject to the following ten-year vesting schedule:

- 0% vesting for less than three years of participation;
- 20% vesting for three years of participation;
- 40% vesting for four years of participation; and
- an additional 10% vesting for each additional year of participation up to 100% vesting for ten years of participation.

Participants can elect to receive the Basic SISP as:

- monthly retirement benefits only;
- monthly death benefits paid to a beneficiary only; or
- a combination of retirement and death benefits, where each benefit is reduced proportionately.

Regardless of the election, if the participant dies before the SISP retirement benefit commences, only the SISP death benefit is provided.

Basic SISP benefits vested as of December 31, 2004, are grandfathered under Section 409A of the Internal Revenue Code (Section 409A) and are subject to the SISP provisions then in effect. Typically, the grandfathered Section 409A SISP benefits are paid over 15 years, with benefits commencing when the participant attains age 65 or when the participant retires if they work beyond age 65. Basic SISP benefits vesting after December 31, 2004, are governed by amended provisions in the plan intended to comply with Section 409A. The SISP benefits for key employees as defined by Section 409A commence six months after the participant attains age 65 or when the participant retires if they work beyond age 65. The benefits are paid over a 173-month period where the first payment includes the equivalent of six months of payments plus interest equal to one-half of the annual prime interest rate on the participant's last date of employment.

The following are Messrs. Goodin and Barney's benefits under the grandfathered provision and those subject to Section 409A.

	Grandfathered (\$)	Subject to §409A (\$)	Total (\$)
David L. Goodin	271,291	2,228,927	2,500,218
David C. Barney	362,075	1,115,408	1,477,483

Proxy Statement

Excess SISP Benefits

Excess SISP is an additional retirement benefit relating to Internal Revenue Code limitations on retirement benefits provided under the pension plans. Excess SISP benefits are equal to the difference between 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 the actual benefits payable to the participant under the pension plans. Participants are only eligible for the Excess SISP benefits if the participant is fully vested under the pension plan, their employment terminates prior to age 65, and benefits under the pension plan are reduced due to limitations under the Internal Revenue Code on plan compensation.

In 2009, the SISP was amended to limit eligibility for the Excess SISP benefit. Mr. Goodin is the only named executive officer eligible for the Excess SISP benefit and must remain employed with the company until age 60 in order to receive the 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.

Both Basic and Excess SISP benefits are forfeited if the participant's employment is terminated for cause.

Nonqualified Deferred Compensation for 2017

Deferred Annual Incentive Compensation

Executives participating in the annual 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 2017 was 4.38% based on an average of the Moody's U.S. Long-Term Corporate Bond Yield Average for "A" and "Baa" rated companies. 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 earned. The amounts are paid in accordance with the participant's election in either a lump sum or in monthly installments not to exceed 120 months. In the event of a change of control, all amounts deferred would immediately become payable. For purposes of deferred annual incentive compensation, a change of control 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 gross fair market value of all of our assets.

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 employees. The compensation committee approves the amount of employer contributions under the Nonqualified Defined Contribution Plan and the obligations under the plan constitute an unsecured promise of the company to make such payments. The company credits contributions to plan accounts which capture the hypothetical investment experience based on the participant's elections. Contributions made prior to 2017 vest four years after each contribution in accordance with the terms of the plan. Contributions made in 2017 vest rateably over a three-year period with 1/3 vesting after the first year, an additional 1/3 after the second year, and the final 1/3 after the third year. Amounts shown as aggregate earnings in the table below for Messrs. Vollmer, Barney, and Thiede reflect the change in investment value at market rates. Participants may elect to receive their vested contributions and investment earnings either in a lump sum upon separation from service with the company or in annual installments over a period of years 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.

The table below includes individual contributions from deferrals of annual incentive compensation and company contributions under the Nonqualified Defined Contribution Plan:

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	527,745	—	28,630	—	752,052 ¹
Jason L. Vollmer	—	22,550	5,125	—	27,675 ²
David C. Barney	—	150,000	23,341	—	173,341 ³
Jeffrey S. Thiede	—	100,000	83,052	—	579,981 ⁴
Nicole A. Kivisto	—	—	723	—	16,945
Doran N. Schwartz	—	—	—	—	—

¹ Mr. Goodin deferred 50% of his 2016 annual incentive compensation which was \$1,055,490 as reported in the Summary Compensation Table for 2016.

² Mr. Vollmer received \$22,550 under the Nonqualified Defined Contribution Plan for 2017. This is reported in column (i) of the Summary Compensation Table for 2017.

³ Mr. Barney received \$150,000 under the Nonqualified Defined Contribution Plan for 2017. This is reported in column (i) of the Summary Compensation Table for 2017.

⁴ Mr. Thiede received \$100,000 under the Nonqualified Defined Contribution Plan for 2017. Mr. Thiede's balance also includes contributions of \$100,000 for 2016, \$150,000 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 the Proxy Statement for its respective year, where applicable.

Potential Payments upon Termination or Change of Control

The Potential Payments upon Termination or Change of Control Table shows the payments and benefits our named executive officers would receive in connection with a variety of employment termination scenarios or upon a change of control. For the named executive officers, the information assumes the terminations or the change of control occurred on December 31, 2017. Mr. Schwartz received no actual termination payments upon his resignation effective September 29, 2017.

The table excludes compensation and benefits that our named executive officers would have already earned during their employment with us whether or not a termination or change of control event had occurred or 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 also do not include Nonqualified Defined Contribution Plan or deferred annual compensation amounts which are shown and explained in the Nonqualified Deferred Compensation for 2017 Table.

Compensation

Upon a change of control, annual incentives granted under our Long-Term Performance-Based Incentive Plan (LTIP) would vest at target and be paid in cash. Messrs. Goodin, Barney, and Thiede were awarded their annual incentives for 2017 under the LTIP and would receive the value of their annual incentive compensation at the target amount under the change of control scenarios. Having been employed for the entire year, no amounts are shown for annual incentives in the tables for Messrs. Goodin, Barney, and Thiede under termination scenarios, as they would be eligible to receive their annual incentive award based on the level that performance measures were achieved for the performance period regardless of a termination scenario occurring on December 31, 2017.

Mr. Vollmer and Ms. Kivisto were granted their annual incentive award under the Executive Incentive Compensation Plan (EICP) which has no change of control provision in regards to annual incentive compensation other than for deferred compensation. Unless otherwise determined by the compensation committee for named executive officers, or employment termination after age 65, the EICP requires participants to remain employed with the company through the service year to be eligible for a payout. Having been employed for the entire performance period, no amounts are shown for annual incentives in the tables for Mr. Vollmer or Ms. Kivisto, as they would be eligible to receive their annual incentive award based on the level that performance measures were achieved for the performance period regardless of termination or change of control scenarios occurring on December 31, 2017.

Proxy Statement

Upon a change of control, performance share awards under the LTIP would be deemed fully earned and vest at their target levels for the named executive officers. For this purpose, the term "change of control" is defined in the LTIP as:

- the acquisition by an individual, entity, or group of 20% or more of our outstanding common stock;
- a majority of our board of directors whose election or nomination was not approved by a majority of the incumbent 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.

For termination scenarios other than a change of control, our award agreements provide that performance share awards are forfeited if the participant's employment terminates before the participant has reached age 55 and completed 10 years of service. If a participant's employment is terminated other than for cause after reaching age 55 and completing 10 years of service, performance shares are prorated as follows:

- termination of employment during the first year of the performance period = shares are forfeited;
- termination of employment during the second year of the performance period = performance shares earned are prorated based on the number of months employed during the performance period; and
- termination of employment during the third year of the performance period = full amount of any performance shares earned are received.

Under the termination scenarios, Messrs. Goodin, Barney, and Thiede would receive performance shares as they have each reached age 55 and have 10 or more years of service. The number of performance shares received would be based on the following:

- 2015-2017 performance shares would vest based on the achievement of the performance measure for the period ended December 31, 2017, which was 144%;
- 2016-2018 performance shares would be prorated at 24 out of 36 months (2/3) of the performance period and vest based on the achievement of the performance measure for the period ended December 31, 2018. For purposes of the Potential Payments upon Termination or Change of Control Table, the vesting is shown at 100%; and
- 2017-2019 performance shares would be forfeited.

For purposes of calculating the performance share value shown in the Potential Payments upon Termination or Change of Control Table, the number of vesting shares was multiplied by the average of the high and low stock price for the last market day of the year, which was December 29, 2017. Dividend equivalents based on the number of vesting shares are also included in the amounts presented.

Neither Ms. Kivisto nor Mr. Vollmer have reached age 55; therefore, they are not eligible for vesting of performance shares in the event of their termination.

Benefits and Perquisites

Supplemental Income Security Plan

Basic SISP benefits presented in the Potential Payments upon Termination or Change of Control Table represent the present value of vested Basic SISP as of December 31, 2017 for payments commencing at age 65 and payable for 15 years. Only Messrs. Goodin, Barney, and Ms. Kivisto are eligible for Basic SISP benefits. While Messrs. Goodin and Barney are 100% vested in their SISP benefit, Ms. Kivisto entered the plan in 2011 and is only 70% vested in her SISP benefit at December 31, 2017. In the event of death, Messrs. Goodin, Barney, and Ms. Kivisto's beneficiaries would receive monthly death benefit payments for 15 years. The present value calculations used a 3.18% discount rate and the following monthly SISP benefit payments:

	Monthly SISP Retirement Payment (\$)	Monthly SISP Death Payment (\$)
David L. Goodin	23,040	46,080
David C. Barney	10,936	21,872
Nicole A. Kivisto	3,500	13,144

The present value of the SISP benefit under the disability scenario for Ms. Kivisto reflects credit for two additional years of vesting or 90% as provided for in the plan. The terms of the Basic SISP benefit are described following the Pension Benefits for 2017 Table.

Disability

We provide disability benefits to some of our salaried employees equal to 60% of their base salary, subject to a salary limit of \$200,000 for officers and \$100,000 for other salaried employees when calculating benefits. For all eligible employees, disability payments continue until age 65 if disability occurs at or before age 60 and for five years if disability occurs between the ages of 60 and 65. Disability benefits are reduced for amounts paid as retirement benefits. The disability amounts in the Potential Payments upon Termination or Change of Control Table 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. For Messrs. Goodin and Vollmer and Ms. Kivisto, who participate in the pension plan, the amount represents the present value of the disability benefit after reduction for retirement benefits using a discount rate of 3.36%. Because Mr. Goodin's retirement benefit is greater than the disability benefit, the amount shown is zero. For Messrs. Barney and Thiede, who do not participate in the pension plan, the amount represents the present value of the disability benefit without reduction for retirement benefits using the discount rate of 3.18%, which is considered a reasonable rate for purposes of the calculation.

Severance

None of the current named executive officers have employment or severance agreements with the company. The compensation committee generally considers providing severance benefits on a case-by-case basis. Because severance payments are discretionary, no amounts are presented in the tables.

Proxy Statement

Potential Payments upon Termination or Change of Control Table

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) (\$)
David L. Goodin						
Compensation:						
Annual Incentive	—	—	—	—	792,750	792,750
Performance Shares	4,900,080	4,900,080	4,900,080	4,900,080	6,621,837	6,621,837
Benefits and Perquisites:						
Basic SISP	2,502,092	2,502,092	—	2,502,092	2,502,092	—
SISP Death Benefits	—	—	6,607,177	—	—	—
Disability Benefits	—	—	—	—	—	—
Total	7,402,172	7,402,172	11,507,257	7,402,172	9,916,679	7,414,587
Jason L. Vollmer						
Compensation:						
Performance Shares	—	—	—	—	299,366	299,366
Benefits and Perquisites:						
Disability Benefits	—	—	—	980,108	—	—
Total	—	—	—	980,108	299,366	299,366
David C. Barney						
Compensation:						
Annual Incentive	—	—	—	—	320,355	320,355
Performance Shares	851,383	851,383	851,383	851,383	1,248,908	1,248,908
Benefits and Perquisites:						
Basic SISP	1,463,790	1,463,790	—	1,463,790	1,463,790	—
SISP Death Benefits	—	—	3,136,115	—	—	—
Disability Benefits	—	—	—	277,761	—	—
Total	2,315,173	2,315,173	3,987,498	2,592,934	3,033,053	1,569,263
Jeffrey S. Thiede						
Compensation:						
Annual Incentive	—	—	—	—	328,313	328,313
Performance Shares	904,925	904,925	904,925	904,925	1,308,189	1,308,189
Benefits and Perquisites:						
Disability Benefits	—	—	—	470,306	—	—
Total	904,925	904,925	904,925	1,375,231	1,636,502	1,636,502
Nicole A. Kivisto						
Compensation:						
Performance Shares	—	—	—	—	1,158,901	1,158,901
Benefits and Perquisites:						
Basic SISP	261,024	261,024	—	335,704	261,024	—
SISP Death Benefits	—	—	1,884,651	—	—	—
Disability Benefits	—	—	—	784,536	—	—
Total	261,024	261,024	1,884,651	1,120,240	1,419,925	1,158,901

CEO Pay Ratio Disclosure

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 402(u) of Regulation S-K, we are providing information regarding the relationship of the annual total compensation of David L. Goodin, our president and chief executive officer, to the annual total compensation of our median employee.

Our employee workforce fluctuates during the year largely depending on the seasonality, number, and size of construction activity conducted by our businesses. Approximately 49.8% of our employee workforce is employed under union bargained labor contracts which define compensation and benefits for participants which may include payments made by the company associated with employee participation in union benefit and pension plans.

We identified the median employee by examining the 2017 taxable wage information for all individuals on the company's payroll records as of December 31, 2017, excluding Mr. Goodin. All of the company's employees are located in the United States. We made no adjustments to annualize compensation for individuals employed for only part of the year. We selected taxable wages as reported to the Internal Revenue Service on Form W-2 for 2017 to identify the median employee as it includes substantially all of the compensation for our median employee and provided a reasonably efficient and economic manner for the identification of the median employee. Our median employee works for our gas distribution segment. He is a unionized employee with compensation consisting of wages, meal allowances, company matching 401(k) contributions and a years of service award. Our median employee does not participate in the company's pension plan since he joined the company in 2011, after the plan was frozen. He does receive an additional 5% company match to his 401(k) plan in lieu of pension contributions.

Once identified, we categorized the median employee's compensation to correspond to the compensation components as reported in the Summary Compensation Table. For 2017, the total annual compensation of Mr. Goodin as reported in the Summary Compensation Table included in this Proxy Statement was \$4,058,001, and the total annual compensation of our median employee was \$84,883. Based on this information, the 2017 ratio of annual total compensation of Mr. Goodin to the median employee was 48 to 1.

BALANCE SHEET

Account Number & Title		Last Year	This Year	% Change
1	Assets and Other Debits			
2				
3	Utility Plant			
4	101 Gas Plant in Service	\$528,808,631	\$552,389,410	4.46%
5	101.1 Property Under Capital Leases			
6	102 Gas Plant Purchased or Sold			
7	104 Gas Plant Leased to Others			
8	105 Gas Plant Held for Future Use			
9	105.1 Production Properties Held for Future Use			
10	106 Completed Constr. Not Classified - Gas	11,784,780	18,189,485	54.35%
11	107 Construction Work in Progress - Gas	3,881,032	5,874,134	51.35%
12	108 (Less) Accumulated Depreciation	(243,338,976)	(255,268,098)	4.90%
13	111 (Less) Accumulated Amortization & Depletion	(1,925,981)	(2,462,462)	27.85%
14	114 Gas Plant Acquisition Adjustments	97,266	97,266	0.00%
15	115 (Less) Accum. Amort. Gas Plant Acq. Adj.	(66,489)	(69,309)	4.24%
16	116 Other Gas Plant Adjustments			
17	117 Gas Stored Underground - Noncurrent	2,692,161	2,514,929	-6.58%
18	118 Other Utility Plant	1,941,601,222	2,038,161,040	4.97%
19	119 Accum. Depr. and Amort. - Other Util. Plant	(633,372,373)	(664,061,045)	4.85%
20				
21	Total Utility Plant	\$1,610,161,273	\$1,695,365,350	5.29%
22				
23	Other Property & Investments			
24	121 Nonutility Property	\$16,090,676	\$16,449,813	2.23%
25	122 (Less) Accum. Depr. & Amort. of Nonutil. Prop.	(4,352,234)	(5,380,673)	23.63%
26	123 Investments in Associated Companies			
27	123.1 Investments in Subsidiary Companies	1,603,873,802	1,704,908,136	6.30%
28	124 Other Investments	70,369,897	76,779,282	9.11%
29	125 Sinking Funds			
30				
31	Total Other Property & Investments	\$1,685,982,141	\$1,792,756,558	6.33%
32				
33	Current & Accrued Assets			
34	131 Cash	\$3,946,952	\$619,085	-84.31%
35	132-134 Special Deposits	2,279,900	4,603,012	101.90%
36	135 Working Funds	212,131	150,750	-28.94%
37	136 Temporary Cash Investments			
38	141 Notes Receivable			
39	142 Customer Accounts Receivable	24,806,476	25,259,589	1.83%
40	143 Other Accounts Receivable	3,663,520	4,110,686	12.21%
41	144 (Less) Accum. Provision for Uncollectible Accts.	(481,777)	(561,438)	16.53%
42	145 Notes Receivable - Associated Companies			
43	146 Accounts Receivable - Associated Companies	34,423,691	34,029,187	-1.15%
44	151 Fuel Stock	4,528,869	4,684,911	3.45%
45	152 Fuel Stock Expenses Undistributed			
46	153 Residuals and Extracted Products			
47	154 Plant Materials and Operating Supplies	17,336,690	16,837,763	-2.88%
48	155 Merchandise			
49	156 Other Material & Supplies			
50	163 Stores Expense Undistributed			
51	164.1 Gas Stored Underground - Current	12,822,648	9,179,608	-28.41%
52	165 Prepayments	5,936,055	5,865,158	-1.19%
53	166 Advances for Gas Explor., Devl. & Production			
54	171 Interest & Dividends Receivable			
55	172 Rents Receivable			
56	173 Accrued Utility Revenues	47,631,992	50,091,799	5.16%
57	174 Miscellaneous Current & Accrued Assets			
58				
59	Total Current & Accrued Assets	\$157,107,147	\$154,870,110	-1.42%

BALANCE SHEET

Account Number & Title		Last Year	This Year	% Change
1	Assets and Other Debits (cont.)			
2				
3	Deferred Debits			
4	181 Unamortized Debt Expense	\$2,276,700	\$2,353,114	3.36%
5	182.1 Extraordinary Property Losses			
6	182.2 Unrecovered Plant & Regulatory Study Costs	3,406,606	2,959,651	-13.12%
7	182.3 Other Regulatory Assets	217,540,263	206,776,202	-4.95%
8	183 Prelim. Electric Survey & Investigation Chrg.	948,016	1,678,581	77.06%
9	183.1 Prelim. Nat. Gas Survey & Investigation Chrg.	12,888	7,900	-38.70%
10	183.2 Other Prelim. Nat. Gas Survey & Inv'tg. Chrgs.		24,835	100.00%
11	184 Clearing Accounts	(35,372)	(52,274)	47.78%
12	185 Temporary Facilities			
13	186 Miscellaneous Deferred Debits	26,117,491	29,033,605	11.17%
14	187 Deferred Losses from Disposition of Util. Plant			
15	188 Research, Devel. & Demonstration Expend.			
16	189 Unamortized Loss on Reacquired Debt	5,297,814	4,726,100	-10.79%
17	190 Accumulated Deferred Income Taxes	87,892,895	59,350,651	-32.47%
18	191 Unrecovered Purchased Gas Costs	1,874,756	2,175,012	16.02%
19	192.1 Unrecovered Incremental Gas Costs			
20	192.2 Unrecovered Incremental Surcharges			
21				
22	Total Deferred Debits	\$345,332,057	\$309,033,377	-10.51%
23				
24	TOTAL ASSETS & OTHER DEBITS	\$3,798,582,618	\$3,952,025,395	4.04%
25				
26	Account Number & Title	This Year	This Year	% Change
27	Liabilities and Other Credits			
28				
29	Proprietary Capital			
30	201 Common Stock Issued	\$195,843,297	\$195,843,297	0.00%
31	202 Common Stock Subscribed			
32	204 Preferred Stock Issued	15,000,000	0	-100.00%
33	205 Preferred Stock Subscribed			
34	207 Premium on Capital Stock	1,239,047,477	1,239,981,494	0.08%
35	211 Miscellaneous Paid-In Capital			
36	213 (Less) Discount on Capital Stock			
37	214 (Less) Capital Stock Expense	(6,569,697)	(6,569,697)	0.00%
38	216 Appropriated Retained Earnings	595,204,310	620,946,628	4.32%
39	216.1 Unappropriated Retained Earnings	317,077,496	419,801,251	32.40%
40	217 (Less) Reacquired Capital Stock	(3,625,813)	(3,625,813)	0.00%
41	219 Accumulated Other Comprehensive Income	(35,732,744)	(37,333,718)	-4.48%
42				
43	Total Proprietary Capital	\$2,316,244,326	\$2,429,043,442	4.87%
44				
45	Long Term Debt			
46	221 Bonds			
47	222 (Less) Reacquired Bonds			
48	223 Advances from Associated Companies			
49	224 Other Long Term Debt	681,754,986	714,686,250	4.83%
50	225 Unamortized Premium on Long Term Debt			
51	226 (Less) Unamort. Discount on Long Term Debt-Dr.			
52				
53	Total Long Term Debt	\$681,754,986	\$714,686,250	4.83%

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NOTES TO FINANCIAL STATEMENTS (Continued)			

Definitions

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

AFUDC	Allowance for funds used during construction
ASC	FASB Accounting Standards Codification
ASU	Accounting Standards Update
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
IFRS	International Financial Reporting Standards
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
MISO	Midcontinent Independent System Operator, Inc.
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
SEC	United States Securities and Exchange Commission
SDPUC	South Dakota Public Utilities Commission
Stock Purchase Plan	Company's Dividend Reinvestment and Direct Stock Purchase Plan which was terminated effective December 5, 2016

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NOTES TO FINANCIAL STATEMENTS (Continued)			

TCJA Tax Cuts and Jobs Act

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 approximately 143,000 electric and 297,000 natural gas residential, commercial, industrial and municipal customers in 278 communities and adjacent rural areas as of December 31, 2017.

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 \$728.7 million; current and accrued assets would increase by \$915.1 million; deferred debits would increase by \$738.8 million; long-term debt would increase by \$851.7 million; other noncurrent liabilities and current and accrued liabilities would increase by \$497.6 million; and deferred credits would increase by \$1.0 billion as of December 31, 2017. Furthermore, operating revenues would increase by \$3.8 billion and operating expenses, excluding income taxes, would increase by \$3.5 billion for the twelve months ended December 31, 2017. In addition, net cash provided by operating activities would increase by \$172.0 million; net cash used in investing activities would increase by \$69.2 million; net cash used in financing activities would increase by \$110.9 million; the effect of exchange rate changes on cash would decrease by \$1,000; and the net change in cash and cash equivalents would be a decrease of \$8.1 million for the twelve months ended December 31, 2017. 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.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

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, 2017, up to the date of issuance of these financial statements.

On December 22, 2017, President Trump signed into law the TCJA which includes lower corporate tax rates, repealing the domestic production deduction, disallowance of immediate expensing for regulated utility property and modifying or repealing many other business deductions and credits. In accordance with the accounting guidance on accounting for income taxes, entities must account for the effects of the change in tax laws or rates in the period of enactment. In the fourth quarter of 2017, the period of enactment, the Company performed a one-time revaluation of the net deferred tax liabilities to account for the reduction in the corporate tax rate from 35 percent to 21 percent effective January 1, 2018. For more information on the impacts of the TCJA on the year ended December 31, 2017, see Notes 3 and 10. The Company is currently reviewing the components of the TCJA and evaluating the impact on the Company's consolidated financial statements and related disclosures for 2018 and thereafter.

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 \$690,000 and \$856,000 at December 31, 2017 and 2016, 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, 2017 and 2016 was \$561,000 and \$482,000, respectively.

Inventories and natural gas in storage

Natural gas in storage is carried at cost using the last-in, first-out method. All other inventories are stated at the lower of cost or net realizable value. 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:

	2017	2016
	(In thousands)	
Plant materials and operating supplies	\$ 16,838	\$ 17,337
Gas stored underground-current	9,179	12,822
Fuel stock	4,685	4,529
Total	\$ 30,702	\$ 34,688

The remainder of natural gas in storage, which largely represents the cost of gas required to maintain pressure levels for normal operating purposes, was \$2.5 million and \$2.7

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NOTES TO FINANCIAL STATEMENTS (Continued)			

million at December 31, 2017 and 2016, 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 12.

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

	2017	2016
	(In thousands)	
AFUDC - borrowed	\$ 503	\$ 357
AFUDC - equity	\$ 401	\$ (3)

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:

	2017	2016	Weighted Average Depreciable Life in Years
	(Dollars in thousands, where applicable)		
Electric:			
Generation	\$ 1,034,765	\$ 1,036,373	39
Distribution	415,543	398,382	44
Transmission	296,941	284,048	57
Construction in progress	117,922	62,110	-
Other	112,301	103,107	15
Natural gas distribution:			
Distribution	506,539	481,727	46
Construction in progress	6,998	5,698	-
Other	123,702	114,728	13
Less accumulated depreciation, depletion and amortization	921,861	878,704	
Net utility plant	\$ 1,692,850	\$ 1,607,469	
Nonutility property	\$ 16,450	\$ 16,091	
Less accumulated depreciation, depletion and amortization	5,381	4,352	
Net nonutility property	\$ 11,069	\$ 11,739	

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NOTES TO FINANCIAL STATEMENTS (Continued)			

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 2017 and 2016. 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, 2017 and 2016, there were no impairment losses recorded. At December 31, 2017, 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 4.9 percent, and a long-term growth rate projection of 3.5 percent were utilized in the goodwill impairment test performed in the fourth quarter of 2017. 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.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

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 \$50.1 million and \$47.6 million at December 31, 2017 and 2016, 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 through rate adjustments were \$2.2 million and \$1.9 million at December 31, 2017 and 2016, respectively, which is included in unrecovered purchased gas costs.

Stock-based compensation

The Company records the compensation expense for performance share awards using an estimated forfeiture rate. The estimated forfeiture rate is calculated based on an average of actual historical forfeitures. The Company also preforms an analysis of any known factors at the time of the calculation to identify any necessary adjustments to the average historical forfeiture rate. At the time actual forfeitures become more than estimated forfeitures, the Company records compensation expense using actual forfeitures.

Income taxes

The Company and its subsidiaries file consolidated 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 by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. 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.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

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.

The Company records uncertain tax positions in accordance with accounting guidance on accounting for income taxes on the basis of a two-step process in which (1) the Company determines whether it is more-likely-than-not that the tax position will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of the tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. Tax positions that do not meet the more-likely-than-not criteria are reflected as a tax liability. 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 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.

New accounting standards

Recently adopted accounting standards

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. The Company adopted the guidance on January 1, 2017, on a prospective basis. The guidance did not have a material effect on the Company's results of operations, financial position, cash flows or disclosures.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

Improvements to Employee Share-Based Payment Accounting In March 2016, the FASB issued guidance regarding simplification of several aspects of the accounting for share-based payment transactions. The guidance affects the income tax consequences, classification of awards as either equity or liabilities, classification on the statement of cash flows and calculation of dilutive shares. The Company adopted the guidance on January 1, 2017. All amendments in the guidance that apply to the Company were adopted on a prospective basis resulting in no adjustments being made to retained earnings. The adoption of the guidance impacted the Statement of Income and the Comparative Balance Sheet in the first quarter of 2017 due to the taxes related to the stock-based compensation award that vested in February 2017 being recognized as income tax expense as compared to a reduction to additional paid-in capital under the previous guidance. Adoption of the guidance also increased the number of shares included in the diluted earnings per share calculation due to the exclusion of tax benefits in the incremental shares calculation. The change in the weighted average common shares outstanding - diluted did not result in a material effect on the earnings per common share - diluted.

Recently issued accounting standards not yet adopted

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. In August 2015, the FASB issued guidance deferring the effective date of the revenue guidance and allowing entities to early adopt. With this decision, the guidance was effective for the Company on January 1, 2018. Entities had the option of using either a full retrospective or modified retrospective approach to adopting the guidance. Under the modified retrospective approach, an entity recognizes the cumulative effect of initially applying the guidance with an adjustment to the opening balance of retained earnings in the period of adoption.

The Company adopted the guidance on January 1, 2018, using the modified retrospective approach. The Company has substantially completed the evaluation of contracts and methods of revenue recognition under the previous accounting guidance and has not identified any material cumulative effect adjustments to be made to retained earnings. In addition, the Company will have expanded revenue disclosures, both quantitatively and qualitatively, related to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers in the first quarter of 2018. The Company has reviewed substantially all of its revenue streams to evaluate the impact of this guidance and does not anticipate a significant change in the timing of revenue recognition, results of operations, financial position or cash flows. The Company reviewed its internal controls related to revenue recognition and disclosures and concluded that the guidance impacts certain business processes and controls. As such, the Company has developed modifications to its internal controls for certain topics under the guidance as they apply to the Company and such modifications were not deemed to be significant.

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 was effective for the Company on January 1, 2018. The guidance was to be applied using a modified retrospective approach with the exception of equity securities without readily determinable fair values which should be applied prospectively. The Company continues to evaluate the effects the adoption of the new guidance will have on its results of operations, financial position, cash flows and disclosures and does not anticipate a material impact.

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Classification of Certain Cash Receipts and Cash Payments In August 2016, the FASB issued guidance to clarify the classification of certain cash receipts and payments in the statement of cash flows. The guidance is intended to standardize the presentation and classification of certain transactions, including cash payments for debt prepayment or extinguishment, proceeds from insurance claim settlements and distributions from equity method investments. In addition, the guidance clarifies how to classify transactions that have characteristics of more than one class of cash flows. The Company adopted the guidance on January 1, 2018, on a prospective basis. The Company does not anticipate the guidance to have a material effect on its future results of operations, financial position, cash flows and disclosures.

Clarifying the Definition of a Business In January 2017, the FASB issued guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions or disposals of assets or businesses. The guidance provides a screen to determine when an integrated set of assets and activities is not a business. The guidance also affects other aspects of accounting, such as determining reporting units for goodwill testing and whether an entity has acquired or sold a business. The Company adopted the guidance on January 1, 2018, on a prospective basis. The Company does not anticipate the guidance to have a material effect on its future results of operations, financial position, cash flows and disclosures.

Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost In March 2017, the FASB issued guidance to improve the presentation of net periodic pension cost and net periodic postretirement benefit cost. The guidance requires the service cost component to be presented in the income statement in the same line item or items as other compensation costs arising from services performed during the period. Other components of net benefit costs shall be presented in the income statement separately from the service cost component and outside a subtotal of income from operations. The guidance allows only the service cost component to be eligible for capitalization.

In December 2017, the FERC issued guidance to provide clarification of whether and how to apply this ASU for purposes of regulatory accounting and reporting. The FERC concluded that pension and postretirement benefit cost, in its entirety without separation of the various components, be recorded in operating expenses. Regarding capitalization, companies may continue to capitalize the service cost component and non-service cost component or elect to capitalize only the service cost component as prescribed by ASU No. 2017-07. The company is evaluating the adoption of the guidance in the first quarter of 2018. The guidance will not have a material impact on the Company's results of operations, financial position, cash flows or disclosures.

Leases In February 2016, the FASB issued guidance regarding leases. The guidance requires lessees to recognize a lease liability and a right-of-use asset on the balance sheet for operating and financing leases with terms of more than 12 months. The guidance remains largely the same for lessors, although some changes were made to better align lessor accounting with the new lessee accounting and to align with the revenue recognition standard. The guidance also requires additional disclosures, both quantitative and qualitative, related to operating and finance leases for the lessee and sales-type, direct financing and operating leases for the lessor. This guidance will be effective for the Company on January 1, 2019, and should be applied using a retrospective approach with early adoption permitted. The Company continues to evaluate the potential impact the adoption of the new guidance will have on its results of operations, financial position, cash flows and disclosures. The Company is planning to adopt the standard on January 1, 2019, utilizing the practical expedient that allows the Company to not reassess whether an expired or existing contract contains a lease, the classification of leases or initial direct costs.

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In January 2018, the FASB issued a practical expedient for land easements under the new lease guidance. The practical expedient permits an entity to elect the option to not evaluate land easements under the new guidance if they existed or expired before the adoption of the new lease guidance and were not previously accounted for as leases under the previous lease guidance. Once an entity adopts the new guidance, the entity should apply the new guidance on a prospective basis to all new or modified land easements. The Company is currently evaluating the impact of the practical expedient.

On January 5, 2018, the FASB issued a proposed accounting standard update to the guidance that would allow an entity the option to adopt the guidance on a modified retrospective basis. Under the modified retrospective approach, an entity would recognize a cumulative effect adjustment of initially applying the guidance to the opening balance of retained earnings in the period of adoption. The Company is monitoring the status of the proposal.

Simplifying the Test for Goodwill Impairment In January 2017, the FASB issued guidance on simplifying the test for goodwill impairment by eliminating Step 2, which required an entity to measure the amount of impairment loss by comparing the implied fair value of reporting unit goodwill with the carrying amount of such goodwill. This guidance requires entities to perform a quantitative impairment test, previously Step 1, to identify both the existence of impairment and the amount of impairment loss by comparing the fair value of a reporting unit to its carrying amount. Entities will continue to have the option of performing a qualitative assessment to determine if the quantitative impairment test is necessary. The guidance also requires additional disclosures if an entity has one or more reporting units with zero or negative carrying amounts of net assets. The guidance will be effective for the Company on January 1, 2020, and should be applied on a prospective basis with early adoption 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.

Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income In February 2018, the FASB issued guidance that allows an entity to reclassify the stranded tax effects resulting from the newly enacted federal corporate income tax rate from accumulated other comprehensive income (loss) to retained earnings. The guidance is effective for the Company on January 1, 2019, including interim periods, with early adoption permitted. The guidance can be applied using one of two methods. One method is to record the reclassification of the stranded income taxes at the beginning of the period of adoption. The other method is to apply the guidance retrospectively to each period in which the income tax effects of the TCJA are recognized in accumulated other comprehensive income (loss). The Company is evaluating adoption of the guidance in the first quarter of 2018. At December 31, 2017, the Company had \$7.7 million of stranded tax effects in the accumulated other comprehensive loss balance, including \$6.7 million related to the stranded tax effects of subsidiaries.

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 \$(517,000) and \$1.7 million, net of tax of \$315,000 and \$(1.0) million, for the years ended December 31, 2017 and 2016, respectively.

Schedule 18A

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

	Postretirement Liability Adjustment	Subsidiary Other Comprehensive Loss	Total Accumulated Other Comprehensive Loss
Twelve Months Ended December 31, 2017			
	(In thousands)		
Balance at December 31, 2016	\$ (4,287)	\$ (31,446)	\$ (35,733)
Other comprehensive loss before reclassifications	(599)	(1,358)	(1,957)
Amounts reclassified from accumulated other comprehensive loss	83	1,416	1,499
Amounts reclassified to accumulated other comprehensive loss from a regulatory asset	---	(1,143)	(1,143)
Net current-period other comprehensive income loss	(516)	(1,085)	(1,601)
Balance at December 31, 2017	\$ (4,803)	\$ (32,531)	\$ (37,334)

	Postretirement Liability Adjustment	Subsidiary Other Comprehensive Loss	Total Accumulated Other Comprehensive Loss
Twelve Months Ended December 31, 2016			
	(In thousands)		
Balance at December 31, 2015	\$ (5,952)	\$ (31,196)	\$ (37,148)
Other comprehensive income (loss) before reclassifications	310	(1,911)	(1,601)
Amounts reclassified from accumulated other comprehensive loss	1,355	1,661	3,016
Net current-period other comprehensive income (loss)	1,665	(250)	1,415
Balance at December 31, 2016	\$ (4,287)	\$ (31,446)	\$ (35,733)

Reclassifications out of accumulated other comprehensive loss were as follows:

Twelve Months Ended December 31,	2017	2016	Location on Statement of Income
	(In thousands)		
Amortization of postretirement liability losses included in net periodic benefit cost credit	\$ (133)	\$ (2,182)	(a)
	50	827	Income taxes
	(83)	(1,355)	
Subsidiary reclassifications out of accumulated other comprehensive loss	(1,416)	(1,661)	Equity in earnings of Subsidiary Companies
Total reclassifications	\$ (1,499)	\$ (3,016)	

(a) Included in net periodic benefit cost (credit). For more information, see Note 12.

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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, 2017 and 2016. 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*	2017	2016
(In thousands)			
Regulatory assets:			
Pension and postretirement benefits (a)	(h)	\$ 95,806	\$ 101,611
Asset retirement obligations (a) (b)	-	12,036	9,437
Taxes recoverable from customers (a)	Over plant lives	8,253	15,989
Unamortized loss on required debt	Up to 9 years	4,726	5,298
Costs related to identifying generation development (c)	Up to 9 years	2,960	3,407
Unrecovered purchased gas costs	Up to 1 year	2,175	1,875
Other (a) (d) (e)	Up to 20 years	14,283	18,754
Total regulatory assets		140,239	156,371
Regulatory liabilities:			
Taxes refundable to customers (f)		155,329	6,177
Plant removal and decommissioning costs (b) (f)		55,519	57,363
Pension and postretirement benefits (f)		11,056	9,099
Accumulated provision for rate refunds		---	1,343
Other (f) (g)		3,214	2,992
Total regulatory liabilities		225,118	76,974
Net regulatory position		\$ (84,879)	\$ 79,397

* 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, 2017 and 2016, approximately \$118.5 million and \$121.2 million respectively, of regulatory assets were not earning a rate of return.

In the fourth quarter of 2017, the Company performed a one-time revaluation of the Company's regulated deferred tax assets and liabilities for the reduction of the corporate tax rate from 35 percent to 21 percent effective January 1, 2018, as identified in the

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TCJA. The revaluation of the Company's regulatory deferred tax assets and liabilities are being deferred as the Company works with the various regulators on a plan for amounts expected to be returned to customers, as discussed in Note 14. In the fourth quarter of 2017, the revaluation of the deferred tax assets and liabilities resulted in a decrease of \$7.4 million in taxes recoverable from customers and an increase of \$149.8 million in taxes refundable to customers. These regulatory amounts are expected to generally be refunded over the remaining life of the related assets as prescribed in the TCJA. The approved regulatory treatment of the impacts of the TCJA by the various regulators may affect the analyses performed.

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 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 \$51.6 million and \$47.9 million as of December 31, 2017 and 2016, respectively, are classified as Other Investments on the Comparative Balance Sheet. The net unrealized gains on these investments for the years ended December 31, 2017 and 2016, were \$6.5 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.

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, 2017 and 2016, there were no transfers between Levels 1 and 2.

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The Company's assets measured at fair value on a recurring basis were as follows:

	Fair Value Measurements at December 31, 2017, Using						Balance at December 31, 2017	
	Quoted Prices In Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)			
(In thousands)								
Assets:								
Money market funds	\$	—	\$	3,762	\$	—	\$	3,762
Insurance contract*		—		51,578		—		51,578
Total assets measured at fair value	\$	—	\$	55,340	\$	—	\$	55,340

*The insurance contract invests approximately 49 percent in fixed-income investments, 23 percent in common stock of large-cap companies, 14 percent in common stock of mid-cap companies, 11 percent in common stock of small-cap companies, 2 percent in target date investments and 1 percent in cash equivalents.

	Fair Value Measurements at December 31, 2016, Using						Balance at December 31, 2016	
	Quoted Prices In Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)			
(In thousands)								
Assets:								
Money market funds	\$	—	\$	513	\$	—	\$	513
Insurance contract*		—		47,861		—		47,861
Total assets measured at fair value	\$	—	\$	48,374	\$	—	\$	48,374

*The insurance contract invests approximately 52 percent in fixed-income investments, 22 percent in common stock of large-cap companies, 13 percent in common stock of mid-cap companies, 10 percent in common stock of small-cap companies, 1 percent in target date investments and 2 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:

	2017		2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In thousands)			
Long-term debt	\$ 714,686	\$ 752,311	\$ 681,755	\$ 717,599

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, 2017	Amount Outstanding at December 31, 2016	Letters of Credit at December 31, 2017	Expiration Date
(Dollars in millions)						
MDU Resources Group, Inc.	Commercial paper/Revolving credit agreement	(a) \$ 175.0	\$ 73.8	(b) \$ 111.0	(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 revolving 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.

Schedule 18A

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

	2017	2016
	(In thousands)	
Senior Notes at a weighted average rate of 4.84%, due on dates ranging from September 16, 2018 to November 21, 2046	\$ 640,500	\$ 570,000
Commercial paper at an interest rate of 1.68%, supported by revolving credit agreement	73,750	111,000
Other note at a rate of 6.0%, due on November 30, 2038	436	755
Total long-term debt	\$ 714,686	\$ 681,755

Schedule of Debt Maturities Long-term debt maturities for the five years and thereafter following December 31, 2017, were as follows:

	2018	2019	2020	2021	2022	Thereafter
	(In thousands)					
Long-term debt maturities	\$100,011	\$74,461	\$712	\$713	\$714	\$538,075

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:

	2017	2016
	(In thousands)	
Balance at beginning of year	\$ 119,521	\$ 103,737
Liabilities incurred	4,559	10,834
Liabilities settled	(2,509)	(995)
Accretion expense *	6,277	5,976
Revisions in estimates	(39)	(31)
Balance at end of year	\$ 127,809	\$ 119,521

* Includes \$6.3 million and \$6.0 million in 2017 and 2016, respectively, related to regulatory assets.

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.

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Note 7 - Preferred Stocks

Preferred stocks at December 31 were as follows:

	2017	2016
	(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
4.70% Series - 50,000 shares	---	5,000
Total preferred stocks	\$ ---	\$ 15,000

For the year 2016, dividends declared on the 4.50% Series and 4.70% Series preferred stocks were \$4.50 and \$4.70 per share, respectively. On April 1, 2017, the Company redeemed all outstanding 4.50% Series and 4.70% Series preferred stocks at \$105 per share and \$102 per share, respectively, for a repurchase price of approximately \$15.6 million and \$300,000 of redeemable preferred stock classified as long-term debt.

Note 8 - Common Stock

For the years 2017 and 2016, dividends declared on common stock were \$.7750 and \$.7550 per common share, respectively.

The Company's Stock Purchase Plan provided 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 provides participants the option to invest in the Company's common stock. From January 2015 through August 2015, the Stock Purchase Plan and K-Plan, with respect to Company stock, purchased shares of authorized but unissued common stock from the Company. From September 2015 through December 2017, the K-Plan purchased shares of common stock on the open market. At December 31, 2017, there were 7.8 million shares of common stock reserved for original issuance under the K-Plan. From September 2015 through December 4, 2016, the Stock Purchase Plan purchased shares of common stock on the open market. On December 5, 2016, the Stock Purchase Plan was terminated and all remaining shares reserved for original issuance under the plan were de-registered.

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 declare or pay distributions if as of the last day of any fiscal quarter, the ratio of Centennial's average consolidated indebtedness as of the last day of such fiscal quarter and each of the preceding three fiscal quarters to Centennial's Consolidated EBITDA does not exceed 3 to 1; and after giving effect to such distribution, all distributions made during the

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12-month period ending on the last day of the fiscal quarter in which such distribution is made will not exceed the remainder of Centennial's Consolidated EBITDA minus Centennial's capital expenditures less the net cash proceeds from all sales of capital assets from continuing operations, for the immediately preceding 12-month period. Intermountain has regulatory limitations on the amount of dividends it can pay. Based on these limitations, approximately \$1.3 billion of the net assets of the Company's subsidiaries were restricted from being used to transfer funds to the Company at December 31, 2017. 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 \$384 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, 2017. 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 other stock awards. As of December 31, 2017, there were 5.1 million remaining shares available to grant under these plans. The Company generally purchases shares on the open market for non-employee director stock awards. The Company purchased shares on the open market for the employee performance shares that vested in 2017. The Company anticipates future employee performance share awards will continue to be satisfied by purchasing shares on the open market.

Total stock-based compensation expense (after tax), excluding the amount recognized by the Company's subsidiaries, was \$805,000 and \$808,000 in 2017 and 2016, respectively.

As of December 31, 2017, total remaining unrecognized compensation expense, excluding the amount to be recognized by the Company's subsidiaries, related to stock-based compensation was approximately \$1.5 million (before income taxes) which will be amortized over a weighted average period of 1.5 years.

Stock awards

Non-employee directors receive shares of common stock in addition to and in lieu of cash payment for directors' fees. Shares of common stock were issued under the non-employee director stock compensation plan or the non-employee director long-term incentive compensation plan. There were 40,572 shares with a fair value of \$1.1 million and 37,218 shares with a fair value of \$1.1 million issued under these plans during the years ended December 31, 2017 and 2016, 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.

Target grants of performance shares outstanding at December 31, 2017, were as follows:

Grant Date	Performance Period	Target Grant of Shares
February 2016	2016-2018	258,825
March 2016	2016-2018	2,151
February 2017	2017-2019	164,558

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.

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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 2017 and 2016 were:

	2017	2016
Weighted average grant-date fair value	\$ 24.31	\$ 14.60
Blended volatility range	22.70 % - 25.56 %	29.25 % - 32.51 %
Risk-free interest rate range	.69 % - 1.61 %	.47 % - 0.92 %
Weighted average discounted dividends per share	\$ 1.70	\$ 1.56

The fair value of the performance shares that vested during the years ended December 31, 2017 and 2016, was \$9.6 million and \$953,000, respectively.

A summary of the status of the performance share awards for the year ended December 31, 2017, was as follows:

	Number of Shares	Weighted Average Grant-Date Fair Value
Nonvested at beginning of period	664,188	\$ 21.47
Granted	203,646	24.31
Additional performance shares earned	81,643	19.22
Less:		
Vested	360,319	24.88
Forfeited	163,624	24.46
Nonvested at end of period	425,534	\$ 18.35

Note 10 - Income Taxes

Income before income taxes for the years ended December 31, 2017 and 2016, respectively was \$76.5 million and \$62.2 million.

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

	2017	2016
	(In thousands)	
Current:		
Federal	\$ (19,922)	\$ (5,774)
State	(1,380)	(1,657)
	(21,302)	(7,431)
Deferred:		
Income taxes:		
Federal	32,335	11,595
State	2,590	2,303
Investment tax credit - net	191	(112)
	35,116	13,786
Total income tax expense	\$ 13,814	\$ 6,355

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In accordance with the accounting guidance on accounting for income taxes, the tax effects of the change in tax laws or rates are to be recorded in the period of enactment. The TCJA was enacted on December 22, 2017, as discussed in Note 1. Therefore, the reduction in the corporate tax rate from 35 percent to 21 percent required the Company to prepare a one-time revaluation of the Company's deferred tax assets and liabilities in the fourth quarter of 2017, the period of enactment. The deferred taxes associated with the non-regulated operations were revalued at the new tax rate because deferred taxes should reflect what the Company expects to pay or receive in future periods under the applicable tax rate. As a result of the revaluation, the Company reduced the value of these assets and liabilities and recorded a tax expense of \$2.9 million for the year ended December 31, 2017. Included in the tax expense was \$1.0 million related to amounts in accumulated other comprehensive loss.

The Company's regulated operations prepared a one-time revaluation of the Company's regulatory deferred tax assets and liabilities in the fourth quarter of 2017 related to the enactment of the TCJA. The revaluation is being deferred under regulatory accounting as the Company works with the various regulators on a plan for amounts expected to be returned to customers, as discussed in Notes 3 and 14. The revaluation of the deferred tax assets and liabilities resulted in a net decrease of \$157.2 million in the fourth quarter of 2017. These regulatory amounts are expected to generally be refunded over the remaining life of the related assets as prescribed in the TCJA. The approved regulatory treatment of the impacts of the TCJA by the various regulators may affect the analyses performed.

The changes included in the TCJA are broad and complex. While the Company was able to make reasonable estimates of the impact of the reduction in corporate tax rate on the Company's net deferred tax liabilities, it may be affected by other analyses related to the TCJA, including, but not limited to, the state tax effect of adjustments to federal temporary differences. The final transition impacts of the TCJA may differ from amounts disclosed, possibly materially, due to, among other things, changes in interpretations, legislative action to address questions, changes in accounting standards for income taxes or related interpretations, or updates or changes to estimates the Company has utilized to calculate the transition impacts. The SEC has issued rules that would allow for a measurement period of up to one year after the enactment date of the TCJA to finalize the recording of the related tax impacts. The Company currently anticipates finalizing and recording any resulting adjustments by December 31, 2018, which will be included in income from continuing operations.

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

	2017	2016
	(In thousands)	
Deferred tax assets:		
Postretirement	\$ 26,021	\$ 41,319
Production Tax Credits	19,367	16,944
Compensation-related	5,294	13,049
Customer advances	5,762	8,852
Other	2,907	7,729
Total deferred tax assets	59,351	87,893
Deferred tax liabilities:		
Depreciation and basis differences on property, plant and equipment	173,782	297,848
Postretirement	25,745	41,039
Cost recovery mechanisms	2,285	4,635
Other	5,386	14,497
Total deferred tax liabilities	207,198	358,019
Net deferred income tax liability	\$ 147,847	\$ 270,126

As of December 31, 2017 and 2016, the Company had a federal income tax credit carryforward of \$19.4 million and \$16.9 million respectively. The federal income tax credit carryforwards will expire in 2036 and 2037 if not utilized. As of December 31, 2017 and 2016, 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, 2016, to December 31, 2017, to deferred income tax expense:

	2017
	(In thousands)
Change in net deferred income tax liability from the preceding table	\$ (122,279)
Deferred taxes associated with TCJA enactment for regulated activities	157,157
Deferred taxes associated with other comprehensive income	315
Other	(77)
Deferred income tax expense for the period	\$ 35,116

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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,	2017		2016	
	Amount	%	Amount	%
(Dollars in thousands)				
Computed tax at federal statutory rate	\$ 26,781	35.0	\$ 21,762	35.0
Increases (reductions) resulting from:				
Production tax credit	(13,958)	(18.2)	(13,544)	(21.8)
Deductible K-Plan dividends	(1,092)	(1.4)	(1,180)	(1.9)
Nonqualified benefit plan	(2,342)	(3.1)	(1,085)	(1.7)
Amortization and deferral of investment tax credit	(171)	(0.2)	(73)	(0.1)
AFUDC equity	(140)	(0.2)	1	0.0
State income taxes, net of federal income tax	1,923	2.5	1,183	1.9
TCJA revaluation	1,890	2.5	---	---
TCJA revaluation related to accumulated other comprehensive loss balance	1,045	1.4	---	---
Other	(122)	(0.2)	(709)	(1.2)
Total income tax expense	\$ 13,814	18.1	\$ 6,355	10.2

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 2014. With few exceptions, as of December 31, 2017, the Company is no longer subject to state and local income tax examinations by tax authorities for years ending prior to 2013.

The Company had no unrecognized tax benefits for the years ended December 31, 2017 and 2016.

For the year ended December 31, 2017, the Company recognized approximately \$14,000 of interest income, related to income taxes. At December 31, 2016, the Company had accrued assets of approximately \$18,000 for the receipt of interest income.

Note 11 - Cash Flow Information

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

	2017	2016
	(In thousands)	
Interest, net of AFUDC – borrowed of \$503 and \$357 in 2017 and 2016, respectively	\$ 30,101	\$ 30,867
Income taxes refunded, net	\$ (7,885)	\$ (8,641)

Noncash investing transactions at December 31 were as follows:

	2017	2016
	(In thousands)	
Property, plant and equipment additions in accounts payable	\$ 12,324	\$ 9,495

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Note 12 - Employee Benefit Plans**Pension and other postretirement benefit plans**

The Company has noncontributory qualified 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 2016, all of the Company's defined pension plans were frozen. These employees were 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, 2017 and 2016, and amounts recognized in the Comparative Balance Sheet at December 31, 2017 and 2016, were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2017	2016	2017	2016
(In thousands)				
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 245,858	\$ 251,676	\$ 40,267	\$ 46,752
Service cost	—	—	616	716
Interest cost	9,090	9,679	1,443	1,749
Plan participants' contributions	—	—	804	825
Actuarial (gain) loss	10,543	(99)	260	(6,444)
Benefits paid	(14,602)	(15,398)	(3,262)	(3,331)
Benefit obligation at end of year	250,889	245,858	40,128	40,267
Change in net plan assets:				
Fair value of plan assets at beginning of year	182,213	183,045	47,253	47,449
Actual gain on plan assets	24,679	14,566	5,645	2,274
Employer contribution	422	—	91	36
Plan participants' contributions	—	—	804	825
Benefits paid	(14,602)	(15,398)	(3,262)	(3,331)
Fair value of net plan assets at end of year	192,712	182,213	50,531	47,253
Funded status – over (under)	\$ (58,177)	\$ (63,645)	\$ 10,403	\$ 6,986
Amounts recognized in the Comparative Balance Sheet at December 31:				
Other deferred debits (credits)	\$ (58,177)	\$ (63,645)	\$ 10,403	\$ 6,986
Net amount recognized	\$ (58,177)	\$ (63,645)	\$ 10,403	\$ 6,986
Amounts recognized in accumulated other comprehensive (income) loss/regulatory assets (liabilities) consist of:				
Actuarial loss	\$ 102,514	\$ 108,983	\$ 683	\$ 3,416
Prior service credit	—	—	(8,228)	(9,204)
Total	\$ 102,514	\$ 108,983	\$ (7,545)	\$ (5,788)

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.

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:

	2017	2016
	(In thousands)	
Projected benefit obligation	\$ 250,889	\$ 245,858
Accumulated benefit obligation	\$ 250,889	\$ 245,858
Fair value of plan assets	\$ 192,712	\$ 183,213

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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	
	2017	2016	2017	2016
(In thousands)				
Components of net periodic benefit cost (credit):				
Service cost	\$ —	\$ —	\$ 616	\$ 716
Interest cost	9,090	9,679	1,443	1,749
Expected return on assets	(11,222)	(11,467)	(2,651)	(2,591)
Amortization of prior service credit	—	—	(976)	(976)
Recognized net actuarial loss	3,554	3,535	—	502
Net periodic benefit cost (credit), including amount capitalized	1,422	1,747	(1,568)	(600)
Less amount capitalized	294	374	(360)	(152)
Net periodic benefit cost (credit)	1,128	1,373	(1,208)	(448)
Other changes in plan assets and benefit obligations recognized in accumulated other comprehensive (income) loss/regulatory assets (liabilities):				
Net gain	(2,915)	(3,198)	(2,733)	(6,127)
Amortization of actuarial loss	(3,554)	(3,535)	—	(502)
Amortization of prior service credit	—	—	976	976
Total recognized in accumulated other comprehensive income and regulatory liabilities	(6,469)	(6,733)	(1,757)	(5,653)
Total recognized in net periodic benefit credit and accumulated other comprehensive income and regulatory liabilities	\$ (5,341)	\$ (5,360)	\$ (2,965)	\$ (6,101)

The estimated net loss for the defined benefit pension plans that will be amortized from accumulated other comprehensive loss and regulatory asset into net periodic benefit cost in 2018 is \$3.9 million. The estimated net loss and prior service credit for the other postretirement benefit plans that will be amortized from accumulated other comprehensive loss and regulatory asset into net periodic benefit cost in 2018 are \$0 and \$976,000, 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	
	2017	2016	2017	2016
Discount rate	3.37%	3.81%	3.38%	3.83%
Expected return on plan assets	6.75%	6.75%	5.75%	5.75%

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

	Pension Benefits		Other Postretirement Benefits	
	2017	2016	2017	2016
Discount rate	3.82%	3.98%	3.83%	4.04%
Expected return on plan assets	6.75%	6.75%	5.75%	5.75%

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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, 2017, 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 20 percent to 25 percent equity securities and 75 percent to 80 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:

	2017	2016
Health care trend rate assumed for next year	7.5%	10.7%
Health care cost trend rate - ultimate	4.5%	4.5%
Year in which ultimate trend rate achieved	2024	2024

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, 2017:

	1 Percentage Point Increase	1 Percentage Point Decrease
	(In thousands)	
Effect on total of service and interest cost components	\$ 58	\$ (47)
Effect on postretirement benefit obligation	\$ 1,289	\$ (1,113)

Outside investment managers manage the Company's pension and postretirement assets. 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.

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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.

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.

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, 2017 and 2016, 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, 2017, 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, 2017
(In thousands)				
Assets:				
Cash equivalents	\$ —	\$ 2,074	\$ —	\$ 2,074
Equity securities:				
U.S. companies	7,257	—	—	7,257
International companies	960	—	—	960
Collective and mutual funds *	93,436	36,842	—	130,278
Corporate bonds	—	40,761	—	40,761
Municipal bonds	—	9,157	—	9,157
U.S. Government securities	564	—	—	564
Total assets measured at fair value	\$ 102,217	\$ 88,834	\$ —	\$ 191,051

*Collective and mutual funds invest approximately 31 percent in common stock of international companies, 28 percent in corporate bonds, 19 percent in common stock of large-cap U.S. companies, 7 percent in cash equivalents, 1 percent in U.S. Government securities and 14 percent in other investments.

Fair Value Measurements at December 31, 2016, 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, 2016
(In thousands)				
Assets:				
Cash equivalents	\$ —	\$ 3,467	\$ —	\$ 3,467
Equity securities:				
U.S. companies	6,200	—	—	6,200
International companies	866	—	—	866
Collective and mutual funds *	88,539	34,995	—	123,534
Corporate bonds	—	37,522	—	37,522
Municipal bonds	—	6,011	—	6,011
U.S. Government securities	2,377	1,117	—	3,494
Total assets measured at fair value	\$ 97,982	\$ 83,112	\$ —	\$ 181,094

*Collective and mutual funds invest approximately 29 percent in common stock of international companies, 21 percent in corporate bonds, 20 percent in common stock of large-cap U.S. companies, 8 percent in cash equivalents, 7 percent in U.S. Government securities and 15 percent in other investments.

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

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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.

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, 2017 and 2016, there were no transfers between Levels 1 and 2.

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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, 2017, Using					Balance at December 31, 2017
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)			
	(In thousands)					
Assets:						
Cash equivalents	\$ —	\$ 2,738	\$ —	\$ —	\$ —	2,738
Equity securities:						
U.S. companies	1,074	—	—	—	—	1,074
Insurance contract*	—	46,719	—	—	—	46,719
Total assets measured at fair value	\$ 1,074	\$ 49,457	\$ —	\$ —	\$ —	50,531

*The insurance contract invests approximately 38 percent in corporate bonds, 23 percent in common stock of large-cap U.S. companies, 21 percent in U.S. Government securities, 9 percent in mortgage-backed securities and 9 percent in other investments.

	Fair Value Measurements at December 31, 2016, Using						Balance at December 31, 2016
	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)		
	(In thousands)						
Assets:							
Cash equivalents	\$	—	\$	101	\$	—	\$ 101
Equity securities:							
U.S. companies		1,040		—		—	1,040
Insurance contract*		—		46,112		—	46,112
Total assets measured at fair value	\$	1,040	\$	46,213	\$	—	\$ 47,253

*The insurance contract invests approximately 38 percent in corporate bonds, 25 percent in common stock of large-cap U.S. companies, 20 percent in U.S. Government securities, 9 percent in mortgage-backed securities and 8 percent in other investments.

The Company expects to contribute approximately \$12.1 million to its defined benefit pension plans in 2018. The Company does not expect to contribute to its postretirement benefit plans in 2018.

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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)		
2018	\$ 14,763	\$ 2,809	\$ 120
2019	14,764	2,765	116
2020	14,876	2,640	111
2021	14,950	2,594	104
2022	15,071	2,597	97
2023–2027	74,531	12,349	357

Nonqualified benefit plans

In addition to the qualified defined pension benefit plans 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, upon death, to their beneficiaries for a 15-year period. In February 2016, the Company froze the unfunded, nonqualified defined benefit plans to new participants and eliminated benefit increases. Vesting for participants not fully vested was retained. The Company's net periodic benefit cost for these plans was \$2.2 million and \$509,000 in 2017 and 2016, respectively, which reflects a curtailment gain of \$2.2 million in the first quarter of 2016. The total projected benefit obligation for these plans was \$52.3 million and \$59.1 million at December 31, 2017 and 2016, respectively. The accumulated benefit obligation for these plans was \$52.3 million and \$59.1 million at December 31, 2017 and 2016, respectively. A discount rate of 3.18 percent and 3.54 percent at December 31, 2017 and 2016, respectively, was used to determine benefit obligations. No rate of compensation increase was used to determine the benefit obligation at December 31, 2017 and 2016, due to the plans being frozen. A discount rate of 3.54 percent and 3.76 percent for the years ended December 31, 2017 and 2016, respectively, and a rate of compensation increase of 4.00 percent for the year ended December 31, 2016, were used to determine net periodic benefit cost. No rate of compensation increase was used to determine net periodic benefit cost at December 31, 2017, due to the plans being frozen.

The amount of benefit payments for the unfunded, nonqualified benefit plans are expected to aggregate \$3.6 million in 2018; \$3.7 million in 2019; \$3.9 million in 2020; \$4.0 million in 2021, \$3.6 million in 2022 and \$19.3 million for the years 2023 through 2027.

In 2012, the Company established a nonqualified defined contribution plan for certain key management employees. Expenses incurred under this plan for 2017 and 2016 were \$167,000 and \$33,000, respectively.

The Company had investments of \$74.7 million and \$68.2 million at December 31, 2017 and 2016, respectively, consisting of equity securities of \$45.5 million and \$42.2 million, respectively, life insurance carried on plan participants (payable upon the employee's death) of \$20.8 million and \$20.4 million, respectively, and other investments of \$8.4 million and \$5.6 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 \$11.1 million in 2017 and \$10.7 million in 2016.

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Note 13 - 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:

	2017	2016
	(In thousands)	
Big Stone Station:		
Utility plant in service	\$ 158,084	\$ 157,144
Less accumulated depreciation	51,740	49,568
	\$ 106,344	\$ 107,576
Coyote Station:		
Utility plant in service	\$ 155,287	\$ 156,334
Less accumulated depreciation	103,897	105,928
	\$ 51,390	\$ 50,406
Wygen III:		
Utility plant in service	\$ 65,065	\$ 66,251
Less accumulated depreciation	7,652	7,550
	\$ 57,413	\$ 58,701

Note 14 - Regulatory Matters and Revenues Subject to Refund

The Company regularly reviews the need for electric and natural gas rate changes in each of the jurisdictions in which service is provided. The Company files for rate adjustments to seek recovery of operating costs and capital investments, as well as reasonable returns as allowed by regulators. The Company's most recent cases by jurisdiction are discussed in the following paragraphs. The jurisdictions in which the Company provides service have requested the Company furnish plans for the effect of the reduced corporate tax rate due to the enactment of the TCJA which may impact the Company's rates. The following paragraphs include additional details on each jurisdiction's request.

MNPUC

On December 21, 2016, Great Plains filed an application with the MNPUC requesting authority to implement a gas utility infrastructure cost tariff of approximately \$456,000 annually. The tariff will allow Great Plains to recover infrastructure investments, not previously included in rates, mandated by federal or state agencies associated with Great Plains' pipeline integrity programs. On October 6, 2017, the MNPUC approved the implementation of the natural gas utility infrastructure cost tariff to collect an annual increase of approximately \$456,000. Great Plains submitted a compliance filing on October 10, 2017, and the rates were implemented for service rendered on and after November 1, 2017.

On December 29, 2017, the MNPUC issued a notice of investigation related to tax changes with the enactment of the TCJA. On January 19, 2018, the MNPUC issued a notice of request for information, commission planning meeting and subsequent comment period. Great Plains provided preliminary impacts of the TCJA by January 30, 2018. A commission planning

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meeting was held on February 6, 2018, to discuss the impacts of the TCJA. Initial filings addressing the impacts of the TCJA were submitted on March 2, 2018. This matter is pending before the MNPUC.

MTPSC

On September 25, 2017, Montana-Dakota filed an application with the MTPSC for a natural gas rate increase of approximately \$2.8 million annually or approximately 4.1 percent above current rates. The requested increase is primarily to recover the increased investment in distribution facilities to enhance system safety and reliability and the depreciation and taxes associated with the increase in investment. Montana-Dakota is also introducing an SSIP and the proposed adjustment mechanism required to fund the SSIP. Montana-Dakota requested an interim increase of approximately \$1.6 million or approximately 2.3 percent, subject to refund. On December 27, 2017, the MTPSC requested Montana-Dakota identify a plan for the impacts of the TCJA for the natural gas segment within the natural gas rate case. On January 12, 2018, Montana-Dakota filed a revised interim increase of approximately \$764,000, subject to refund, incorporating the estimated impacts of the TCJA reduction in the federal corporate income tax rate. The interim request for rate relief was denied by the MTPSC on March 6, 2018. A hearing is scheduled for April 26, 2018. This matter is pending before the MTPSC.

On December 27, 2017, the MTPSC requested Montana-Dakota identify a plan for the impacts of the TCJA and to file a proposal for the impacts on the electric segment by March 31, 2018. Montana-Dakota submitted its plan on March 31, 2018.

NDPSC

On June 30, 2017, Montana-Dakota filed an application for advance determination of prudence and a certificate of public convenience and necessity with the NDPSC to purchase an expansion of the Thunder Spirit Wind farm. The advance determination of prudence would provide Montana-Dakota with assurance that the project is prudent and in the best interest of the public and assists in the recovery of Montana-Dakota's investment upon completion of the project. The expansion is expected to serve customers by the end of 2018 and is estimated to cost approximately \$85 million. On November 16, 2017, the NDPSC granted Montana-Dakota's request for an advance determination of prudence and certificate of public convenience and necessity to acquire and operate the Thunder Spirit Wind farm expansion.

On July 21, 2017, Montana-Dakota filed an application with the NDPSC for a natural gas rate increase of approximately \$5.9 million annually or approximately 5.4 percent above current rates. The requested increase is primarily to recover the increased investment in distribution facilities to enhance system safety and reliability and the depreciation and taxes associated with the increase in investment. Montana-Dakota is also introducing an SSIP and the proposed adjustment mechanism required to fund the SSIP. Montana-Dakota requested an interim increase of approximately \$4.6 million or approximately 4.2 percent, subject to refund. On September 6, 2017, the NDPSC approved the request for interim rates effective with service rendered on or after September 19, 2017. On January 12, 2018, Montana-Dakota requested a delay of the rate case as a result of the enactment of the TCJA to allow the Company time to investigate the implications of the TCJA on the rate case. On February 14, 2018, the NDPSC approved the delay of hearing and scheduled it to begin on May 30, 2018. Also on February 14, 2018, Montana-Dakota filed a revised interim increase request of approximately \$2.7 million, subject to refund, incorporating the estimated impacts of the TCJA reduction in the federal corporate income tax rate. Updated interim rates were implemented on March 1, 2018. A hearing is scheduled to begin on May 30, 2018. This matter is pending before the NDPSC.

On January 10, 2018, the NDPSC issued a general order initiating the investigation into the effects of the TCJA. The order required regulatory deferral accounting on the impacts of the TCJA and for companies to file comments and the expected impacts. On February 15, 2018, Montana-Dakota filed a summary of the primary impacts of the TCJA on the electric

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and natural gas utilities. On March 9, 2018, Montana-Dakota submitted a request to decrease electric rates by \$7.2 million or 3.9 percent annually. This matter is pending before the NDPSC.

SDPUC

On December 29, 2017, the SDPUC issued an order initiating the investigation into the effects of the TCJA. The order required Montana-Dakota to provide comments by February 1, 2018, regarding the general effects of the TCJA on the cost of service in South Dakota and possible mechanisms for adjusting rates. The order also stated that all rates impacted by the federal income tax shall be adjusted effective January 1, 2018, subject to refund.

WYPSC

On December 29, 2017, the WYPSC issued a general order requiring regulatory deferral accounting on the impacts of the TCJA. A technical conference was held on February 6, 2018, to discuss the implications of the TCJA. On March 23, 2018, the WYPSC issued an order requiring all public utilities to submit an initial assessment of the overall effects of the TCJA on rates by March 30, 2018. Montana-Dakota submitted its initial assessment on March 30, 2018. This matter is pending before the WYPSC.

FERC

On September 1, 2017, Montana-Dakota submitted an update to its transmission formula rate under the MISO tariff, which reflects an incremental increase of approximately \$2.5 million to include a revenue requirement for the Company's multivalue project, for a total of \$13.6 million, which was effective January 1, 2018.

Montana-Dakota and certain MISO Transmission Owners with projected rates submitted a filing to the FERC on February 1, 2018, requesting the FERC to waive certain provisions of the MISO tariff in order for Montana-Dakota and certain MISO Transmission Owners with projected rates to revise their rates to reflect the reduction in the corporate tax rate. Under the MISO tariff, rates are to be changed only on an annual basis with any changes reflected in subsequent true-ups. If the waiver is granted, MISO expects to implement new rates reflecting the reduction in the tax rate beginning with services rendered on March 1, 2018, and will re-bill January and February 2018 services to reflect the new rates. The FERC approved the waiver request on March 15, 2018, and new rates reflecting the effects of the TCJA were implemented by MISO on March 1, 2018. The total revenue requirement for the Company's multivalue project was reduced to \$12.0 million.

Note 15 - Commitments and Contingencies

Claims and Litigation

The Company is party to claims and lawsuits arising out of its business, which may include, but are not limited to, matters involving property damage, personal injury, and environmental, contractual, statutory and regulatory obligations. 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. Accruals are based on the best information available, but in certain situations management is unable to estimate an amount or range of a reasonably possible loss including, but not limited to when: (1) the damages are unsubstantiated or indeterminate, (2) the proceedings are in the early stages, (3) numerous parties are involved, or (4) the matter involves novel or unsettled legal theories. The Company accrued liabilities of \$283,000 and \$1.7 million, which have not been discounted, for contingencies related to litigation as of December 31, 2017 and 2016, respectively. The

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2017	Year/Period of Report 2017/Q4
MDU Resources Group, Inc.			
NOTES TO FINANCIAL STATEMENTS (Continued)			

Company will continue to monitor each matter and adjust accruals as might be warranted based on new information and further developments. Management believes that the outcomes with respect to probable and reasonably possible losses in excess of the amounts accrued, net of insurance recoveries, while uncertain, either cannot be estimated or will not have a material effect upon the Company's financial position, results of operations or cash flows. Legal costs are expensed as they are incurred.

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, 2017, were:

	2018	2019	2020	2021	2022	Thereafter
(In thousands)						
Operating leases	\$2,681	\$1,772	\$1,722	\$1,635	\$1,449	\$25,774

Rent expense was \$2.7 million and \$2.0 million for the years ended December 31, 2017 and 2016, respectively.

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 26 years. The commitments under these contracts as of December 31, 2017, were:

	2018	2019	2020	2021	2022	Thereafter
(In thousands)						
Purchase commitments	\$143,184	\$74,500	\$69,547	\$46,824	\$22,373	\$135,629

These commitments were not reflected in the Company's financial statements. Amounts purchased under various commitments for the years ended December 31, 2017 and 2016, were \$256.7 million and \$228.1 million, respectively.

BALANCE SHEET

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	\$122,938	\$283,024	130.22%
7	228.3 Accumulated Provision for Pensions & Benefits	46,541,513	45,731,295	-1.74%
8	228.4 Accumulated Misc. Operating Provisions			
9	229 Accumulated Provision for Rate Refunds	1,343,280	0	-100.00%
10	230 Asset Retirement Obligations	119,521,302	127,809,107	6.93%
11				
12	Total Other Noncurrent Liabilities	\$167,529,033	\$173,823,426	3.76%
13				
14	Current & Accrued Liabilities			
15	231 Notes Payable			
16	232 Accounts Payable	\$36,758,884	\$45,904,554	24.88%
17	233 Notes Payable to Associated Companies			
18	234 Accounts Payable to Associated Companies	5,591,989	7,233,715	29.36%
19	235 Customer Deposits	1,425,667	1,361,897	-4.47%
20	236 Taxes Accrued	14,992,270	3,296,066	-78.01%
21	237 Interest Accrued	7,531,734	8,191,173	8.76%
22	238 Dividends Declared	37,767,342	38,572,614	2.13%
23	239 Matured Long Term Debt			
24	240 Matured Interest			
25	241 Tax Collections Payable	937,989	1,095,165	16.76%
26	242 Miscellaneous Current & Accrued Liabilities	30,518,735	35,763,020	17.18%
27	243 Obligations Under Capital Leases - Current			
28				
29	Total Current & Accrued Liabilities	\$135,524,610	\$141,418,204	4.35%
30				
31	Deferred Credits			
32	252 Customer Advances for Construction	\$23,481,419	\$23,674,715	0.82%
33	253 Other Deferred Credits	91,493,076	87,716,626	-4.13%
34	254 Other Regulatory Liabilities	22,896,238	172,633,655	653.98%
35	255 Accumulated Deferred Investment Tax Credits	1,640,385	1,830,976	11.62%
36	256 Deferred Gains from Disposition Of Util. Plant			
37	257 Unamortized Gain on Reacquired Debt			
38	281-283 Accumulated Deferred Income Taxes	358,018,545	207,198,101	-42.13%
39				
40	Total Deferred Credits	\$497,529,663	\$493,054,073	-0.90%
41				
42	TOTAL LIABILITIES & OTHER CREDITS	\$3,798,582,618	\$3,952,025,395	4.04%

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

	Account Number & Title	Last Year	This Year	% Change
1				
2	Intangible Plant			
3	301 Organization			
4	302 Franchises & Consents			
5	303 Miscellaneous Intangible Plant	\$9,224,257	\$9,830,158	6.57%
6				
7	Total Intangible Plant	\$9,224,257	\$9,830,158	6.57%
8				
9	Production Plant			
10				
11	Production & Gathering Plant			
12	325.1 Producing Lands			
13	325.2 Producing Leaseholds			
14	325.3 Gas Rights			
15	325.4 Rights-of-Way			
16	325.5 Other Land & Land Rights			
17	326 Gas Well Structures			
18	327 Field Compressor Station Structures			
19	328 Field Meas. & Reg. Station Structures			
20	329 Other Structures			
21	330 Producing Gas Wells-Well Construction			
22	331 Producing Gas Wells-Well Equipment			
23	332 Field Lines			
24	333 Field Compressor Station Equipment			
25	334 Field Meas. & Reg. Station Equipment			
26	335 Drilling & Cleaning Equipment			
27	336 Purification Equipment			
28	337 Other Equipment			
29	338 Unsuccessful Exploration & Dev. Costs			
30				
31	Total Production & Gathering Plant			
32				
33	Products Extraction Plant			
34				
35	340 Land & Land Rights			
36	341 Structures & Improvements			
37	342 Extraction & Refining Equipment			
38	343 Pipe Lines			
39	344 Extracted Products Storage Equipment			
40	345 Compressor Equipment			
41	346 Gas Measuring & Regulating Equipment			
42	347 Other Equipment			
43				
44	Total Products Extraction Plant			
45				
46	Total Production Plant			

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

	Account Number & Title	Last Year	This Year	% Change
1				
2	Natural Gas Storage and Processing Plant			
3				
4	Underground Storage Plant			
5	350.1 Land			
6	350.2 Rights-of-Way			
7	351 Structures & Improvements			
8	352 Wells			
9	352.1 Storage Leaseholds & Rights			
10	352.2 Reservoirs			
11	352.3 Non-Recoverable Natural Gas	NOT	NOT	
12	353 Lines	APPLICABLE	APPLICABLE	
13	354 Compressor Station Equipment			
14	355 Measuring & Regulating Equipment			
15	356 Purification Equipment			
16	357 Other Equipment			
17				
18	Total Underground Storage Plant			
19				
20	Other Storage Plant			
21	360 Land & Land Rights			
22	361 Structures & Improvements			
23	362 Gas Holders			
24	363 Purification Equipment			
25	363.1 Liquification Equipment			
26	363.2 Vaporizing Equipment	NOT	NOT	
27	363.3 Compressor Equipment	APPLICABLE	APPLICABLE	
28	363.4 Measuring & Regulating Equipment			
29	363.5 Other Equipment			
30				
31	Total Other Storage Plant			
32				
33	Total Natural Gas Storage and Processing Plant			
34				
35	Transmission Plant			
36	365.1 Land & Land Rights			
37	365.2 Rights-of-Way			
38	366 Structures & Improvements			
39	367 Mains			
40	368 Compressor Station Equipment	NOT	NOT	
41	369 Measuring & Reg. Station Equipment	APPLICABLE	APPLICABLE	
42	370 Communication Equipment			
43	371 Other Equipment			
44				
45	Total Transmission Plant			

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

	Account Number & Title	Last Year	This Year	% Change
1	Distribution Plant			
2	374 Land & Land Rights	\$38,808	\$38,480	-0.85%
3	375 Structures & Improvements	256,248	243,878	-4.83%
4	376 Mains	37,034,463	39,368,794	6.30%
5	377 Compressor Station Equipment			
6	378 Meas. & Reg. Station Equipment-General	735,265	707,671	-3.75%
7	379 Meas. & Reg. Station Equipment-City Gate	125,755	125,755	0.00%
8	380 Services	31,316,527	33,737,648	7.73%
9	381 Meters	22,310,042	22,868,443	2.50%
10	382 Meter Installations			
11	383 House Regulators	3,006,598	3,148,233	4.71%
12	384 House Regulator Installations			
13	385 Industrial Meas. & Reg. Station Equipment	333,409	431,100	29.30%
14	386 Other Prop. on Customers' Premises			0.00%
15	387 Other Equipment	1,724,526	1,962,010	13.77%
16				
17	Total Distribution Plant	\$96,881,641	\$102,632,012	5.94%
18	General Plant			
19				
20	389 Land & Land Rights	\$858,877	\$852,812	-0.71%
21	390 Structures & Improvements	4,715,195	4,710,666	-0.10%
22	391 Office Furniture & Equipment	277,763	240,753	-13.32%
23	392 Transportation Equipment	2,853,409	3,453,329	21.02%
24	393 Stores Equipment	14,253	14,253	0.00%
25	394 Tools, Shop & Garage Equipment	1,143,501	1,522,693	33.16%
26	395 Laboratory Equipment	27,164	27,161	-0.01%
27	396 Power Operated Equipment	2,417,235	2,377,649	-1.64%
28	397 Communication Equipment	493,472	455,406	-7.71%
29	398 Miscellaneous Equipment	28,320	44,004	55.38%
30	399 Other Tangible Property			
31				
32	Total General Plant	\$12,829,189	\$13,698,726	6.78%
33	Common Plant			
34				
35	389 Land & Land Rights	\$134,488	\$157,968	17.46%
36	390 Structures & Improvements	2,834,764	3,294,472	16.22%
37	391 Office Furniture & Equipment	602,404	442,249	-26.59%
38	392 Transportation Equipment	1,159,982	1,230,296	6.06%
39	393 Stores Equipment	20,738	20,755	0.08%
40	394 Tools, Shop & Garage Equipment	63,360	91,184	43.91%
41	396 Power Operated Equipment			
42	397 Communication Equipment	384,692	405,582	5.43%
43	398 Miscellaneous Equipment	104,880	104,802	-0.07%
44				
45	Total Common Plant	\$5,305,308	\$5,747,308	8.33%
46	Total Gas Plant in Service	\$124,240,395	\$131,908,204	6.17%

MONTANA DEPRECIATION SUMMARY

Year: 2017

	Functional Plant Classification	Plant Cost	Accumulated Depreciation		Current
			Last Year Bal.	This Year Bal.	Avg. Rate
1	Production & Gathering				
2	Products Extraction				
3	Underground Storage				
4	Other Storage				
5	Transmission				
6	Distribution	102,632,012	56,366,171	58,375,473	3.86%
7	General	14,256,632	3,655,010	3,524,964	2.34%
8	Common	15,019,560	5,485,880	5,988,258	4.86%
9	Total	\$131,908,204	\$65,507,061	\$67,888,695	3.81%

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)	\$824,176	\$1,055,933	28.12%
11	Assigned to Other			
12	155 Merchandise			
13	156 Other Materials & Supplies			
14	163 Stores Expense Undistributed			
15	Total Materials & Supplies	\$824,176	\$1,055,933	28.12%

MONTANA REGULATORY CAPITAL STRUCTURE & COSTS

SCHEDULE 22

	Commission Accepted - Most Recent 1/	% Cap. Str.	% Cost Rate	Weighted Cost
1	Docket Number D2014.8.72			
2	Order Number 7373c			
3				
4	Common Equity		9.500%	
5	Preferred Stock			
6	Long Term Debt			
7				
8	Total			
9				
10	<u>Actual at Year End</u>			
11				
12	Common Equity	51.507%	9.500%	4.893%
13	Long Term Debt	44.842%	5.173%	2.320%
14	Short Term Debt	3.651%	1.953%	0.071%
15	Total	100.000%		7.284%

1/ Order No. 7373c only addressed return on equity. Cost of capital, capital structure, and cost of service items were not individually identified.

STATEMENT OF CASH FLOWS

Year: 2017

	Description	Last Year	This Year	% Change
1	Increase/(decrease) in Cash & Cash Equivalents:			
2				
3	Cash Flows from Operating Activities:			
4	Net Income	\$64,432,820	\$281,202,988	336.43%
5	Depreciation	69,472,176	67,700,375	-2.55%
6	Amortization	1,007,968	495,300	-50.86%
7	Deferred Income Taxes - Net	13,897,453	34,925,280	151.31%
8	Investment Tax Credit Adjustments - Net	(111,916)	190,592	270.30%
9	Change in Operating Receivables - Net	(4,875,815)	(426,114)	91.26%
10	Change in Materials, Supplies & Inventories - Net	932,859	4,163,158	346.28%
11	Change in Operating Payables & Accrued Liabilities - Net	13,130,347	2,207,920	-83.18%
12	Change in Other Regulatory Assets	(16,088,758)	5,923,937	136.82%
13	Change in Other Regulatory Liabilities	(1,050,586)	(1,212,357)	-15.40%
14	Allowance for Other Funds Used During Construction (AFUDC)	3,391	(400,908)	-11922.71%
15	Change in Other Assets & Liabilities - Net	(8,850,289)	(15,841,825)	-79.00%
16	Less Undistributed Earnings from Subsidiary Companies	108,902,925	(102,928,921)	-194.51%
17	Other Operating Activities (explained on attached page)			
18	Net Cash Provided by/(Used in) Operating Activities	\$240,802,575	\$275,999,425	14.62%
19				
20	Cash Inflows/Outflows From Investment Activities:			
21	Construction/Acquisition of Property, Plant and Equipment			
22	(net of AFUDC & Capital Lease Related Acquisitions)	(\$159,143,894)	(\$145,516,664)	8.56%
23	Acquisition of Other Noncurrent Assets	(128,825)	(468,090)	-263.35%
24	Proceeds from Disposal of Noncurrent Assets			
25	Investments In and Advances to Affiliates	(5,000,000)	(40,000,000)	-700.00%
26	Contributions and Advances from Affiliates	15,000,000	40,000,000	166.67%
27	Disposition of Investments in and Advances to Affiliates			
28	Other Investing Activities: Depreciation & RWIP on Nonutility Plant	680,706	1,064,862	56.43%
29	Net Cash Provided by/(Used in) Investing Activities	(\$148,592,013)	(\$144,919,892)	2.47%
30				
31	Cash Flows from Financing Activities:			
32	Proceeds from Issuance of:			
33	Long-Term Debt	\$106,419,500	\$70,500,000	-33.75%
34	Preferred Stock			
35	Common Stock			
36	Other:			
37	Net Increase in Short-Term Debt			
38	Other: Repurchase of Common Stock	0	(564,642)	100.00%
39	Other: Tax Withholding on Stock-Based Compensation	(226,301)	(508,519)	-124.71%
40	Payment for Retirement of:			
41	Long-Term Debt	(50,009,533)	(37,568,736)	24.88%
42	Preferred Stock	0	(15,600,000)	100.00%
43	Common Stock			
44	Other: Adjustment to Retained Earnings			
45	Net Decrease in Short-Term Debt			
46	Dividends on Preferred Stock	(685,003)	(342,501)	50.00%
47	Dividends on Common Stock	(146,471,060)	(150,384,383)	-2.67%
48	Other Financing Activities (related to IGC acquisition)			
49	Net Cash Provided by (Used in) Financing Activities	(\$90,972,397)	(\$134,468,781)	-47.81%
50				
51	Net Increase/(Decrease) in Cash and Cash Equivalents	\$1,238,165	(\$3,389,248)	-373.73%
52	Cash and Cash Equivalents at Beginning of Year	\$2,920,918	\$4,159,083	42.39%
53	Cash and Cash Equivalents at End of Year	\$4,159,083	\$769,835	-81.49%

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/		
1	5.98% Senior Notes	12/03	12/33	\$30,000,000	\$29,375,535	\$30,000,000	5.98%	\$1,863,000	6.21%		
2	6.33% Senior Notes	08/06	08/26	100,000,000	89,123,930	100,000,000	6.33%	7,514,000	7.51%		
3	6.04% Senior Notes	09/08	09/18	100,000,000	99,637,569	100,000,000	6.04%	6,181,000	6.18%		
4	5.18% Senior Notes	04/14	04/44	50,000,000	49,760,822	50,000,000	5.18%	2,640,000	5.28%		
5	4.24% Senior Notes	07/14	07/24	60,000,000	59,708,737	60,000,000	4.24%	2,607,600	4.35%		
6	4.34% Senior Notes	07/14	07/26	40,000,000	39,802,958	40,000,000	4.34%	1,776,800	4.44%		
7	3.78% Senior Notes	10/15	10/25	87,000,000	86,528,003	87,000,000	3.78%	3,378,210	3.88%		
8	4.03% Senior Notes	12/15	12/30	52,000,000	51,713,645	52,000,000	4.03%	2,143,440	4.12%		
9	4.87% Senior Notes	10/15	10/45	11,000,000	10,940,539	11,000,000	4.87%	546,040	4.96%		
10	4.15% Senior Notes	11/16	11/46	40,000,000	39,773,916	40,000,000	4.15%	1,691,200	4.23%		
11	3.73% Senior Notes	03/17	03/37	40,000,000	39,826,369	40,000,000	3.73%	1,518,800	3.80%		
12	3.36% Senior Notes	03/17	03/32	20,000,000	19,913,935	20,000,000	3.36%	685,000	3.43%		
13	2.00% Senior Notes 2/	09/17	09/32	10,500,000	10,500,000	10,500,000	2.00%		2.00%		
14	Minot Air Force Base Payable	09/08	11/38			436,250	6.00%	26,175	6.00%		
15	Commercial Paper	05/14	05/19	509,197		73,750,000	Variable	43,469			
16	Amortization of Loss on Required Debt										
17											
18											
19											
20											
21											
22											
23											
24											
25											
26	TOTAL			\$641,009,197	\$626,605,958	\$714,686,250		\$32,614,734	4.56%		

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

2/ Debt is associated with an economic development project in North Dakota. Interest is capitalized in the project work order.

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	1/									
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
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21										
22										
23										
24										
25										
26										
27										
28										
29										
30										
31										
32	TOTAL					\$0		\$0	\$0	0.00%

COMMON STOCK

Year: 2017

		Avg. Number of Shares Outstanding 1/	Book Value Per Share	Earnings Per Share 2/	Dividends Per Share	Retention Ratio	Market Price High	Low	Price/ Earnings Ratio 3/
1	January								
2	February								
3	March	195,304,376	\$11.77	\$0.19	\$0.1925	-1.32%	\$29.74	\$25.83	22.6
4	April								
5	May								
6	June	195,304,376	11.79	0.21	0.1925	8.33%	27.89	25.58	22.0
7	July								
8	August								
9	September	195,304,376	12.05	0.45	0.1925	57.22%	27.73	25.14	21.6
10	October								
11	November								
12	December	195,304,376	12.44	0.59	0.1975	66.53%	28.22	25.89	18.5
13	TOTAL Year End	195,304,376	\$12.44	\$1.44	\$0.7750	46.18%			

1/ Basic shares

2/ Basic earnings per share.

3/ Calculated on 12 months ended using closing stock price. Based on continuing earnings.

MONTANA EARNED RATE OF RETURN

Year: 2017

	Description	Last Year	This Year	% Change
	Rate Base			
1				
2	101 Plant in Service	\$124,240,395	\$131,908,204	6.17%
3	108 (Less) Accumulated Depreciation	65,507,061	67,888,695	3.64%
4				
5	Net Plant in Service	\$58,733,334	\$64,019,509	9.00%
6				
7	Additions			
8	154, 156 Materials & Supplies	\$824,176	\$1,055,933	28.12%
9	165 Prepayments	32,698	31,304	-4.26%
10	Prepaid Demand/Commodity Charges	1,171,602	1,132,504	-3.34%
11	Gas in Underground Storage	4,353,773	3,147,873	-27.70%
12	189 Unamortized Loss on Debt	206,050	179,538	-12.87%
13	182 Other Regulatory Assets	0	0	0.00%
14	Provision for Pension & Benefits	6,814,942	6,638,051	-2.60%
15	Provision for Injuries & Damages	22,148	(13,675)	-161.74%
16				
17	Total Additions	\$13,425,389	\$12,171,528	-9.34%
18	Deductions			
19	282 Accumulated Deferred Income Taxes	\$13,141,702	\$13,863,503	5.49%
20	DIT Related to Pension & Benefits	2,691,517	2,560,366	-4.87%
21	DIT Related to Injuries & Damages	8,364	(5,182)	-161.96%
22	252 Customer Advances for Construction	1,938,175	2,121,992	9.48%
23				
24	Total Deductions	\$17,779,758	\$18,540,679	4.28%
25	Total Rate Base	\$54,378,965	\$57,650,358	6.02%
26				
27	Net Earnings	\$1,649,605	\$2,896,175	75.57%
28				
29	Rate of Return on Average Rate Base	3.10%	5.17%	66.77%
30				
31	Rate of Return on Average Equity	1.30%	5.34%	310.77%
32	Major Normalizing Adjustments & Commission			
33	Rate-making Adjustments to Utility Operations			
34	Adjustments to Operating Revenues 1/			
35	Weather Normalization	\$843,222	(\$312,284)	-137.03%
36	Gain (Loss) from Disposition of Utility Plant 2/	(8,158)	(7,227)	11.41%
37	Penalty Revenue 3/	27,472	(9,651)	-135.13%
38				
39	Adjustments to Operating Expenses 1/			
40	Elimination of Promotional & Institutional Advertising	(27,036)	(31,558)	-16.73%
41				
42	Other Adjustments to Federal & State Income Taxes			
43	Federal & State Out of Period & Closing/Filing	(298,057)	202,590	167.97%
44	Deferred Federal & State Out of Period & Closing/Filing	310,201	(186,107)	-160.00%
45				
46	Total Adjustments to Operating Income	\$877,428	(\$314,087)	-135.80%
47				
48	Adjusted Rate of Return on Average Rate Base	4.74%	4.61%	-2.74%
49				
50	Adjusted Rate of Return on Average Equity	4.57%	4.26%	-6.78%

1/ Updated amounts, net of taxes.

2/ Amortized over five years.

3/ Adjusted to reflect a three year average.

MONTANA COMPOSITE STATISTICS

Year: 2017

	Description	Amount
1		
2	Plant (Intrastate Only) (000 Omitted)	
3		
4	101 Plant in Service	\$124,499
5	107 Construction Work in Progress	171,145
6	114 Plant Acquisition Adjustments	
7	104 Plant Leased to Others	
8	105 Plant Held for Future Use	
9	154, 156 Materials & Supplies	1,056
10	(Less):	
11	108, 111 Depreciation & Amortization Reserves	67,889
12	252 Contributions in Aid of Construction	2,122
13		
14	NET BOOK COSTS	\$226,689
15		
16	Revenues & Expenses (000 Omitted)	
17		
18	400 Operating Revenues	\$69,468
19		
20	403 - 407 Depreciation & Amortization Expenses	\$5,026
21	Federal & State Income Taxes	988
22	Other Taxes	5,209
23	Other Operating Expenses	55,349
24	Total Operating Expenses	\$66,572
25		
26	Net Operating Income	\$2,896
27		
28	Other Income	1,076
29	Other Deductions	876
30		
31	NET INCOME	\$3,096
32		
33	Customers (Intrastate Only)	
34		
35	Year End Average:	
36	Residential	74,363
37	Firm General	9,512
38	Small Interruptible	44
39	Large Interruptible	5
40		
41	TOTAL NUMBER OF CUSTOMERS	83,924
42		
43	Other Statistics (Intrastate Only)	
44		
45	Average Annual Residential Use (Dkt)	81
46	Average Annual Residential Cost per (Dkt) (\$) *	\$6.87
47	* Avg annual cost = [(cost per Dkt x annual use) + (monthly service charge x 12)]/annual use	
48	Average Residential Monthly Bill	\$46.37
49	Gross Plant per Customer	\$1,483

MONTANA CUSTOMER INFORMATION

Year: 2017

	City/Town	Population (Includes Rural) 1/	Residential Customers	Commercial Customers	Industrial & Other Customers	Total Customers
1	Belfry	218	130	17		147
2	Billings	104,170	48,974	5,142	9	54,125
3	Bridger	708	420	63		483
4	Crow Agency	1,616	275	77		352
5	Edgar	114	106	12		118
6	Fromberg	438	284	20		304
7	Hardin	3,505	1,231	216	1	1,448
8	Joliet	595	372	47		419
9	Laurel	6,718	4,102	339		4,441
10	Park City	983	746	27		773
11	Pryor	618	79	13		92
12	Rockvale	Not Available	70	4		74
13	Silesia	96	33	1		34
14	Warren	Not Available		2		2
15	Alzada	29	10	10	1	21
16	Baker	1,741	805	199	1	1,005
17	Carlyle	Not Available	8	1		9
18	Fort Peck	233	142	13		155
19	Fairview	840	405	64	1	470
20	Forsyth	1,777	852	153	1	1,006
21	Frazer	362	97	14		111
22	Glasgow	3,250	1,608	353	4	1,965
23	Glendive	4,935	3,181	466	7	3,654
24	Hinsdale	217	112	23		135
25	Ismay	19	11	4		15
26	Malta	1,997	992	213	2	1,207
27	Miles City	8,410	3,973	622	6	4,601
28	Nashua	290	172	20		192
29	Poplar	810	843	121	6	970
30	Richey	177	130	27		157
31	Rosebud	111	41	7		48
32	Saco	197	37	4		41
33	Savage	Not Available	158	25		183
34	Sidney	5,191	2,645	501	6	3,152
35	Terry	605	321	66		387
36	St. Marie	264	265	11		276
37	Wibaux	589	216	57		273
38	Whitewater	64	28	10		38
39	Wolf Point	2,621	1,362	210	2	1,574
40	MT Oil Fields	Not Available	1	3		4
41	TOTAL Montana Customers	154,508	75,237	9,177	47	84,461

1/ 2010 Census

MONTANA EMPLOYEE COUNTS

Year: 2017

	Department	Year Beginning	Year End	Average
1	Electric	23	26	24
2	Gas	35	38	36
3	Accounting	4	4	4
4	Management	3	4	4
5	Service	40	36	38
6	Training	2	0	1
7	Power Production	38	38	38
8				
9				
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41				
42				
43				
44	TOTAL Montana Employees	145	146	145

MONTANA CONSTRUCTION BUDGET (ASSIGNED & ALLOCATED)		Year: 2017	
	Project Description	Total Company	Total Montana
1	Projects > \$1,000,000		
2			
3	<u>Common-General</u>		
4	Renovate purchased Substation and Communications building in Bismarck	\$1,892,286	\$410,889
5			1/
6	<u>Common-Intangible</u>		
7	Purchase Workforce Asset Management software for the Company	1,450,514	314,963
8			1/
9	Total Common	\$3,342,800	\$725,852
10			
11	<u>Electric-Distribution</u>		
12	Replace street lighting with LED lighting in MT	1,885,404	1,885,404
13	Replace PCB transformers across the Company	1,330,891	238,462
14			1/
15	<u>Electric-Intangible</u>		
16	Replace mapboard in Electric Dispatch at General Office	1,200,267	245,267
17			1/
18	<u>Electric-Steam Production</u>		
19	Upgrade scrubber pond liner at Lewis & Clark Station	3,320,503	778,849
20	Install environmental compliance at Big Stone Station	1,436,411	336,921
21	Replace turbine generator on Unit 1 at Lewis & Clark Station	1,086,534	254,855
22	Install slag pond liner for Coal Combustion Residuals Compliance at Coyote	1,071,151	251,247
23			1/
24	<u>Electric-Other Production</u>		
25	Acquire Thunder Spirit II wind farm	86,591,896	22,763,567
26	Replace gearboxes at Diamond Willow wind farm	1,341,304	352,606
27			1/
28	<u>Electric-Transmission</u>		
29	Construct 345kV line-Big Stone to Ellendale, ND	24,084,753	0
30	Construct 345kV substation at Ellendale, ND	16,282,000	0
31	Construct 115kV line from Ellendale, ND to Leola, SD (SD portion)	6,098,497	0
32	Construct 115/kV line from Ellendale, ND to Leola, SD (ND portion)	4,860,328	0
33	Construct 115/46kV substation in Bowdle, SD	4,773,722	0
34	Upgrade Foxtail Wind facilities from Wishek, ND to Ellendale, ND (Reimbursable)	3,240,311	760,040
35	Construct 34.5KV line from WAPA sub to NW Watford City, ND	2,566,956	0
36	Construct 230/34.5kV substation at Watford City, ND	2,436,579	0
37	Construct 115kV junction substation in Miles City, MT	2,035,166	2,035,166
38	Regrade Heskett 115kV substation	1,401,485	178,623
39	Purchase spare mobile substation for Bismarck, ND	1,290,760	0
40	Install 50MVar reactor on 345kV line from Ellendale, ND to Big Stone, SD	1,093,192	0
41	Add 115kV bay for junction substation in Ellendale, ND	1,037,196	220,514
42	Relocate 230kV lines to 345kV substation in Ellendale, ND	1,006,441	236,068
43			1/
44	Total Electric	\$171,471,747	\$30,537,589
45			
46	<u>Gas-Distribution</u>		
47	Install main from Milnor to Gwinner, ND	10,557,056	0
48	Total Gas	\$10,557,056	\$0
49	Total Projects > \$1,000,000	\$185,371,603	\$31,263,441

MONTANA CONSTRUCTION BUDGET (ASSIGNED & ALLOCATED)

Year: 2017

Project Description		Total Company	Total Montana	
1	Other Projects <\$1,000,000			
2				
3	Electric			
4	Production	12,927,842	2,953,841	1/
5	Integrated Transmission	3,504,655	964,140	1/
6	Direct Transmission	(8,500)	1,281,672	2/
7	Distribution	28,175,708	4,063,104	3/
8	General	4,640,608	871,193	3/
9	Intangible	1,326,511	284,601	1/
10	Common:			
11	General Office	4,468,600	913,130	1/
12	Other Direct	1,088,852	246,767	3/
13				
14	Total Other Electric	\$56,124,276	\$11,578,448	
15				
16	Gas			
17	Distribution	32,165,618	9,950,074	3/
18	General	5,172,489	913,117	3/
19	Intangible	610,004	83,844	1/
20	Common:			
21	General Office	2,696,649	643,157	1/
22	Other Direct	580,939	179,011	3/
23				
24	Total Other Gas	41,225,699	11,769,203	
25	Total Other Projects <\$1,000,000	\$97,349,975	\$23,347,651	
26				
27	Total Projects	\$282,721,578	\$54,611,092	

1/ Allocated to Montana.

2/ Directly assigned to Montana.

3/ Combination of allocated and directly assigned to Montana.

TRANSMISSION 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	NOT APPLICABLE		
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
14	January	NOT APPLICABLE		
15	February			
16	March			
17	April			
18	May			
19	June			
20	July			
21	August			
22	September			
23	October			
24	November			
25	December			
26	TOTAL			

DISTRIBUTION SYSTEM - TOTAL COMPANY & MONTANA

Year: 2017

	Total Company			
		Peak Day of Month	Peak Day Volumes Dkt	Total Monthly Volumes Dkt
1	January	3	356,996	8,422,980
2	February	7	318,428	6,170,674
3	March	10	275,224	5,440,543
4	April	25	167,779	3,409,004
5	May	18	99,942	2,122,184
6	June	13	58,888	1,563,027
7	July	19	56,251	1,475,131
8	August	1	55,460	1,542,009
9	September	25	109,470	2,102,763
10	October	30	205,891	3,812,376
11	November	6	256,276	5,702,957
12	December	30	380,395	7,728,841
13	TOTAL			49,492,489

	Montana			
		Peak Day of Month	Peak Day Volumes Dkt	Total Monthly Volumes Dkt
1	January	3	102,404	2,424,807
2	February	7	91,796	1,798,522
3	March	9	71,111	1,430,329
4	April	9	42,309	891,178
5	May	18	28,280	591,483
6	June	13	18,720	393,766
7	July	18	18,449	376,609
8	August	30	15,838	350,260
9	September	23	37,015	648,905
10	October	30	50,957	1,099,570
11	November	6	73,619	1,573,505
12	December	31	108,878	2,227,312
13	TOTAL			13,806,246

STORAGE SYSTEM - TOTAL COMPANY & MONTANA

		Total Company					
		Peak Day of Month		Peak Day Volumes (Dkt)		Total Monthly Volumes (Dkt)	
		Injection	Withdrawal	Injection	Withdrawal	Injection	Withdrawal
1	January	30	3	11,580	197,626	82,759	4,021,531
2	February	16	7	16,321	164,820	138,731	1,946,550
3	March	29	10	25,653	128,613	260,681	1,338,226
4	April	7	25	44,813	68,011	663,417	480,268
5	May	11	18	67,067	18,256	1,616,070	117,886
6	June	21	13	70,069	4,480	1,988,222	55,917
7	July	27	18	79,194	5,590	2,174,133	47,214
8	August	4	19	101,663	4,272	2,316,630	55,176
9	September	13	16	71,418	11,832	1,690,036	89,155
10	October	20	30	53,983	84,853	1,048,834	707,522
11	November	23	6	24,141	119,514	99,815	1,809,850
12	December	18	31	12,063	225,250	72,235	3,085,538
13	TOTAL					12,151,563	13,754,833

		Montana					
		Peak Day of Month		Peak Day Volumes (Dkt)		Total Monthly Volumes (Dkt)	
		Injection	Withdrawal	Injection	Withdrawal	Injection	Withdrawal
14	January	NOT AVAILABLE					
15	February						
16	March						
17	April						
18	May						
19	June						
20	July						
21	August						
22	September						
23	October						
24	November						
25	December						
26	TOTAL						

SOURCES OF GAS SUPPLY

		Year: 2017			
	Name of Supplier 1/	Last Year Volumes Dkt	This Year Volumes Dkt	Last Year Avg. Commodity Cost	This Year Avg. Commodity Cost
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
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26					
27					
28					
29					
30					
31					
32					
33	Total Gas Supply Volumes	34,730,869	35,317,621	\$1.984	\$2.530

1/ Supplier information is proprietary and confidential.

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	MT Conservation & DSM Program	\$139,153	\$119,542	16.41%	7,530	7,257	(273)
3	(As Detailed on Schedule 36B)						
4							
5							
6							
7							
8							
9							
10							
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12							
13							
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21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32	TOTAL	\$139,153	\$119,542	16.41%	7,530	7,257	(273)

MONTANA CONSUMPTION AND REVENUES

Year: 2017

	Sales of Gas	Operating Revenues		DK Sold		Avg. No. of Customers	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1	Residential	\$41,001,283	\$33,080,390	6,038,139	5,230,674	74,363	73,755
2	Firm General	25,259,797	19,886,290	3,928,571	3,373,897	9,512	9,343
3	Small Interruptible	633,975	719,918	155,466	193,099	14	12
4	Large Interruptible	223,082	235,753	59,547	71,459	1	0
5							
6							
7							
8							
9							
10							
11	TOTAL	\$67,118,137	\$53,922,351	10,181,723	8,869,129	83,890	83,110
12							
13							
14	Transportation of Gas	Operating Revenues		BCF Transported		Avg. No. of Customers	
15		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
16							
17							
18							
19	Small Interruptible	\$559,706	\$519,151	0.6	0.5	30	31
20	Large Interruptible	632,600	793,872	3.0	4.5	4	5
21							
22							
23							
24	TOTAL	\$1,192,306	\$1,313,023	3.6	5.0	34	36

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 (Mcf or Dkt)	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	Discounts	\$379,243	\$0	\$379,243		2017
24	Furnace Safety/Repair	0	50,000	50,000		2017
25	Bill Assistance	0	65,000	65,000		2017
26						
27						
28						
29	Other					
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42	Total	\$379,243	\$115,000	\$494,243		2017
43	Number of customers that received low income rate discounts			(Average)	2,944	
44	Average monthly bill discount amount (\$/mo)				\$10.74	
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 & DEMAND SIDE MANAGEMENT PROGRAMS

Year: 2017

	Program Description	Actual Current Year Expenditures	Contracted or Committed Current Year Expenditures	Total Current Year Expenditures	Expected savings (Mcf or Dkt)	Most recent program evaluation
1	Local Conservation					
2	High Efficiency Furnace	\$117,663	\$0	\$117,663	6,159	2017
3	High Efficiency Water Heater	1,192	0	1,192	48	2017
4	Programmable Thermostat	8,218	0	8,218	974	2017
5	High Efficiency Boiler	975	0	975	76	2017
6	Residential Energy Assessment	11,105	0	11,105	N/A	2017
7						
8						
9	Demand Response					
10						
11						
12						
13						
14						
15						
16	Market Transformation					
17						
18						
19						
20						
21						
22						
23	Research & Development					
24						
25						
26						
27						
28						
29						
30	Low Income					
31						
32						
33						
34						
35						
36	Other					
37						
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39						
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41						
42						
43						
44						
45						
46						
47	Total	\$139,153	\$0	\$139,153	7,257	2017