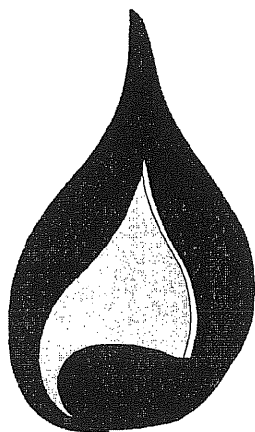


YEAR ENDING _____

ANNUAL REPORT
OF

GAS UTILITY



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

IDENTIFICATION

Year: 2020

1.	Legal Name of Respondent:	Montana-Dakota Utilities Co.
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:	Travis R. Jacobson
5a.	Telephone Number:	(701) 222-7855
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: MDU Energy Capital, LLC	
1b.	Means by which control was held: Common Stock	
1c.	Percent Ownership: 100%	

SCHEDULE 2

Board of Directors		
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	-
5		
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16		
17		

Officers

Year: 2020

Line No.	Title of Officer (a)	Department Supervised (b)	Name (c)
1	President & Chief Executive Officer	Executive	Nicole A. Kivisto
2			
3	Vice President	Electric Supply	Jay W. Skabo
4			
5	Vice President	Engineering & Operation Services	Patrick C. Darras
6			
7	Executive Vice President	Business Development & Gas Supply	Scott W. Madison
8			
9	Executive Vice President	Regulatory Affairs, Customer Service, & Administration	Garret Senger
10			
11			
12	Vice President	Regulatory Affairs & Customer Service	Mark A. Chiles
13			
14	Vice President	Safety Process Improvement & Operations Systems	Hart Gilchrist
15			
16			
17	Vice President	Field Operations	Eric P. Martuscelli
18			
19	Controller	Accounting	Tammy J. Nygaard
20			
21			
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41			

CORPORATE STRUCTURE

Year: 2020

	Subsidiary/Company Name	Line of Business	Earnings (000's)	Percent of Total
1	Montana-Dakota Utilities Co. and Great Plains Natural Gas Co. (A division of Montana-Dakota Utilities Co.)	Electric and Natural Gas Distribution	\$69,637	100.00%
2				
3				
4				
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6				
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11				
12				
13				
14				
15				
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42				
43				
44				
45				
46				
47				
48				
49				
50	TOTAL		\$69,637	100.00%

CORPORATE ALLOCATIONS - GAS

Year: 2020

	Items Allocated	Classification	Allocation Method	\$ to MT Utility	MT %	\$ to Other
1	Not applicable					
2						
3						
4						
5						
6						
7						
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AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - GAS

Year: 2020

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility	
1	KNIFE RIVER CORPORATION	Expense	Actual Costs Incurred				
2		Contract Services		\$25		\$25	
3		Materials		205		205	
4							
5		Capital		Actual Costs Incurred			
6		Contract Services			11,684	11,684	
7							
8							
9		Other					
10		Balance Sheet Accts			1,132	0	
11							
12							
13			Total Knife River Corporation Operating Revenues for the Year 2020			\$2,178,002,000	
14			Excludes Intersegment Eliminations				
15	TOTAL	Grand Total Affiliate Transactions		\$13,046	0.0006%	\$11,914	
16	WBI ENERGY, INC.	Natural Gas	Actual Costs Incurred				
17		Purchases/Transportation		\$60,131,130		\$17,576,767	
18							
19		Expense		Actual Costs Incurred			
20		Contract Services			29,113	9,568	
21		Materials			10,551	4,063	
22		Miscellaneous			14,887	5,100	
23							
24							
25		Capital		Actual Costs Incurred			
26	Contract Services			547,002	547,002		
27	Materials			98,417	98,332		
28	Miscellaneous			4,835	3,937		
29							
30	Other						
31	Balance Sheet Accounts			7,534	0		
32							
33							
34		Total WBI Energy, Inc Operating Revenues for the Year 2020			\$143,877,000		
35		Excludes Intersegment Eliminations					
36	TOTAL	Grand Total Affiliate Transactions		\$60,843,469	42.2885%	\$18,244,769	

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - GAS

Year: 2020

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.	Expense	Actual Costs Incurred						
2							Contract Services	\$400	\$400
3							Miscellaneous	613	155
4									
5									
6		Other Transactions/Reimbursements	Balance Sheet Accounts	Actual Costs Incurred					
7									37,782
8									
9									
10									
11									
12									
13									
14			Total MDU Construction Services Group, Inc Operating Revenues for the Year 2020			\$2,095,723,000			
15			Excludes Intersegment Eliminations						
16	TOTAL	Grand Total Affiliate Transactions		\$38,795	0.0019%	\$555			

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - GAS

Year: 2020

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 CAPITAL, LLC	Expense	Actual Costs Incurred				
2		Office Expense		\$3,533		\$886	
3		Miscellaneous		1,141,464		286,177	
4		Corporate Aircraft		7,875		2,592	
5							
6		Capital					
7		Miscellaneous	Actual Costs Incurred	40,069		8,644	
8		Corporate Aircraft		448		111	
9							
9		Other					
10		Balance Sheet Accounts			4,428,681		0
11							
12							
13			Total Centennial Holdings Capital, LLC Operating Revenues for the Year 2020			\$11,903,000	
14		Excludes Intersegment Eliminations					
15	TOTAL	Grand Total Affiliate Transactions		\$5,622,070	47.2324%	\$298,410	

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - GAS

Year: 2020

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility	
1	MDU ENERGY CAPITAL	Expense	Actual Costs Incurred				
2		Cost of Service		\$162,547		\$45,617	
3		Office Expenses		1,132,815		283,787	
4		Payroll		185,345		137,611	
5		Miscellaneous		63,679		12,899	
6							
7		Capital	Actual Costs Incurred				
8		Contract Services		149,074		36,337	
9		Payroll		44,113		10,652	
10		Material		8,852		2,138	
11		Miscellaneous		4,344		1,049	
12							
13		Other Transactions/Reimbursements	Actual Costs Incurred				
14		Clearing		(10,958)		0	
15		Balance Sheet Accounts		520,130		0	
16		Miscellaneous		92,567		0	
17							
18							
19			Total MDU Energy Capital Operating Revenues for the Year 2020			\$602,006,681	
20							
21	TOTAL	Grand Total Affiliate Transactions		\$2,352,508	0.3908%	\$530,090	

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - GAS

Year: 2020

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 RESOURCES GROUP, INC.					
2		Corporate Overhead	Various Corporate Overhead			
3		Advertising	Allocation Methodologies	\$20,904		\$5,315
4		Air Service	and/or Actual Costs Incurred	194		49
5		Audit Costs		40,601		10,323
6		Automobile		2,985		759
7		Bank Services		24,192		6,151
8		Corporate Aircraft		3,258		828
9		Consultant Fees		163,620		41,601
10		Contract Services		261,771		66,611
11		Directors Expense		245,258		62,358
12		Employee Benefits		8,874		2,256
13		Employee Reimbursable Expense		3,806		968
14		Entertainment		79		20
15		Insurance		139,895		36,162
16		Legal Retainer Fees		53,518		13,607
17		Meals		4,467		1,136
18		Industry Dues & Licenses		13,529		3,440
19		Office Expenses		11,725		2,981
20		Permits & Filing Fees		7,184		1,827
21		Postage		47		12
22		Payroll		4,617,933		1,174,134
23		Reference Materials		24,974		6,350
24		Rental		1,334		339
25		Seminars & Meeting Registrations		16,928		4,304
26		Software Maintenance		323,480		82,247
27		Telephone/Cell Expenses		40,741		10,359
28		Safety Training		69		18
29		Uniforms		179		46

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - GAS

Year: 2020

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 RESOURCES GROUP, INC.	Expense	Actual Costs Incurred				
2		Cost of Service		\$595,166		\$148,386	
3		Office Expenses		162,665		38,381	
4		Payroll		958		272	
5		Miscellaneous		118,635		29,820	
6							
7		Capital	Actual Costs Incurred				
8		Contract Services		9,612		2,321	
9		Payroll		577,088		132,018	
10		Miscellaneous		56,109		13,306	
11							
12		Other Transactions/Reimbursements	Actual Costs Incurred				
13		Clearing		164,558			
14		Balance Sheet Accounts		342,012			
15		Miscellaneous		78,343		7,990	
16							
17		Total MDU Resources Group, Inc. Operating Revenues for the Year 2020				\$0	
18							
19							
20							
21							
22							
23	TOTAL	Grand Total Affiliate Transactions		\$8,136,691	0.0000%	\$1,906,695	

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Year: 2020

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	Other Direct Charges	Actual Costs Incurred					
2		Contract Services		\$48,445				
3		Communications		16,204				
4		Employee Discounts		12,762				
5		Electric Consumption		133,989				
6		Gas Consumption		92,869				
7		Bank Fees		8,333				
8		Computer/Software Support		7,535				
9		Office Expense		29				
10		Cost of Service 1/		611,343				
11		Employee Benefits		(10,561)				
12		Total Other Direct Charges		\$920,948			0.0469%	\$279,870
13		OTHER TRANSACTIONS/REIMBURSEMENTS		Actual Costs Incurred				
14	Miscellaneous Reimbursements	(29,200)						
15	Total Other Transactions/Reimbursements	(\$29,200)	-0.0015%	\$0				
16								
17	Grand Total Affiliate Transactions	\$891,748	0.0454%	\$279,870				
18								
19	Total Knife River Corporation Operating Expenses for 2020 - Excludes Intersegment Eliminations				\$1,963,504,000			
20								
21								
22								

1/ 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: 2020

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		Other Direct Charges	Actual Costs Incurred			
3		Auto		\$1,143		
4		Computer/Software Support		8,497		
5		Contract Services		262,247		
6		Electric Consumption		638,180		\$384,417
7		Gas Consumption		32,000		23,391
8		Cost of Service 1/		78,421		28,253
9		Misc Employee Benefits		6,401		
10		Misc Employee Discount		25,242		
11		Dues, Permits and Filing Fees		71		
12		Office Expense		1,942		
13		Travel		457		
14		Payroll		16,499		
15		Total Other Direct Charges		\$1,071,100	1.1339%	\$436,061
16						
17		OTHER TRANSACTIONS/REIMBURSEMENTS	Actual Costs Incurred			
18		Miscellaneous Reimbursements		(4,583)		
19		Total Other Transactions/Reimbursements		(\$4,583)	-0.0049%	\$0
20						
21		Grand Total Affiliate Transactions		\$1,066,517	1.1291%	\$436,061
22						
23						
24		Total WBI Energy Operating Expenses for 2020 - Excludes Intersegment Eliminations			\$94,458,000	

1/ 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: 2020

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	Other Direct Charges	Actual Costs Incurred				
2		Communication Services		\$472			
3		Contract Services		38,327			
4		Cost of Service 1/		146,156		\$54,684	
5		Gas Consumption		3,138		3,138	
6		Misc Employee Benefits		30			
7		Travel		1,168			
8		Total Other Direct Charges			\$189,291	0.0097%	\$57,822
9							
10		OTHER TRANSACTIONS/REIMBURSEMENTS		Actual Costs Incurred			
11		Miscellaneous Reimbursements			(91,092)		
12		Total Other Transactions/Reimbursements			(\$91,092)	-0.0047%	\$0
13							
14		Grand Total Affiliate Transactions			\$98,199	0.0050%	\$57,822
15							
16		Total MDU Construction Services Group, Inc. Operating Expenses for 2020				\$1,948,079,000	
17		Excludes Intersegment Eliminations					

1/ 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: 2020

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	Direct and Intercompany Charges Contract Services Materials Office Expense Electric Consumption Gas Consumption	Actual Costs Incurred			
2	CAPITAL CORP. AND					
3	FUTURESOURCE					
4						
5						
6						
7						
8						
9		Total Direct and Intercompany Charges		\$217,547	1.4182%	\$0
10		OTHER TRANSACTIONS/REIMBURSEMENTS				
11		Miscellaneous Reimbursements		(\$89,779)		
12		Total Other Transactions/Reimbursements		(\$89,779)	-0.5853%	\$0
13						
14						
15		Grand Total Affiliate Transactions		\$127,768	0.8329%	\$0
16						
17		Total CHCC Operating Expenses for 2020			\$15,340,000	
18		Excludes Intersegment Eliminations				

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Year: 2020

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					
2	CAPITAL 1/	Other Direct Charges	Actual Costs Incurred			
3		Contract Services		\$4,960,334		
4		Employee Benefits		(27,228)		
5						
6						
7		Intercompany Settlements				
8		O&M	Actual Costs Incurred			
9		Equipment		2,183		
10		Communications		351,551		
11		Contract Services		573,309		
12		Cost of Service 2/		1,886,170		\$439,042
13		Employee Benefits		185,564		
14		Marketing		47,193		
15		Material		6,734		
16		Miscellaneous		108,468		
17		Office Expenses		155,640		
18		Payroll		17,328,519		
19		SISP		93,133		
20		Software Maintenance		2,344,395		
21		Sponsorship		80		
22		Travel		92,337		
23						
24		Other	Actual Costs Incurred			
25		Audit		(1,856)		
26		LTIP		730,745		
27		Payflex		(24,110)		
28		Prepaid		395,169		
29		Miscellaneous		212,379		
30						
31						

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Year: 2020

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			
2	CAPITAL 1/	Capital				
3		Contract Services		\$2,227,503		
4		Material		310,642		
5		Misc Employee Benefit		2,644		
6		Misc Other		74,796		
7		Office Expenses		54,954		
8		Payroll		2,414,538		
9		Travel		19,774		
10		Equipment		(130,833)		
11		Total Other Direct Charges & Intercompany Settlements		\$34,394,727	5.5521%	\$439,042
12						
13		OTHER TRANSACTIONS/REIMBURSEMENTS	Actual Costs Incurred			
14		Miscellaneous Reimbursements		(\$356,353)		
15		Total Other Transactions/Reimbursements		(\$356,353)		
16						
17		Grand Total Affiliate Transactions		\$34,038,374	5.4946%	\$439,042
18						
19		Total MDU Energy Capital Operating Expenses for 2020			\$619,492,008	
20		Excludes Intersegment Eliminations				

1/ MDU Energy Capital is the parent company for Cascade Natural Gas Company, Intermountain Gas Company, and Montana Dakota.

This schedule only reflects amounts for Cascade Natural Gas Company and Intermountain Gas Company.

2/ 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: 2020

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 HOLDING INC	Other Direct Charges Contract Services	Actual Costs Incurred					
2								
3								
4						\$78,206		
5								
6					Total Other Direct Charges		\$78,206	\$0
7								
8					Grand Total Affiliate Transactions		\$78,206	\$0
9								
10								
11								

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Year: 2020

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 RESOURCES GROUP INC.	Other Direct Charges	Actual Costs Incurred			
2		Communication Services		\$105,048		
3		Computer/Software Support		15,130		
4		Contract Services		1,128		
5		Miscellaneous		10,551		
6		Misc Employee Benefits		9,328		
7		Office Expense		350		
8		Payroll		39,330		
9		Travel		533		
10		Total Other Direct Charges		\$181,398		
11		OTHER TRANSACTIONS/REIMBURSEMENTS		Actual Costs Incurred		
12	Miscellaneous Reimbursements	(61,381)				
13	Total Other Transactions/Reimbursements	(\$61,381)				
14	Grand Total Affiliate Transactions	\$120,017			\$0	
15	Total MDU Resources Group Inc. Operating Expenses for 2020					
16	Excludes Intersegment Eliminations				\$0	

MONTANA UTILITY INCOME STATEMENT

Year: 2020

	Account Number & Title	Last Year	This Year	% Change
1	400 Operating Revenues	\$73,088,254	\$65,557,787	-10.30%
2				
3	Operating Expenses			
4	401 Operation Expenses	\$57,311,405	\$49,053,907	-14.41%
5	402 Maintenance Expense	1,462,914	1,317,344	-9.95%
6	Total O& M Expenses	58,774,319	50,371,251	-14.30%
7				
8	403 Depreciation Expense	4,834,475	5,303,927	9.71%
9	404-405 Amort. & Depl. of Gas Plant	665,257	722,199	8.56%
10	406 Amort. of Gas Plant Acquisition Adjustments			
11	407.1 Amort. of Property Losses, Unrecovered Plant & Regulatory Study Costs			
12	407.2 Amort. of Conversion Expense			
13	408.1 Taxes Other Than Income Taxes	6,550,522	7,498,983	14.48%
14	409.1 Income Taxes - Federal	(577,283)	(1,071,903)	-85.68%
15	- Other	(153,765)	(24,823)	83.86%
16	410.1 Provision for Deferred Income Taxes	5,215,385	4,344,466	-16.70%
17	411.1 (Less) Provision for Def. Inc. Taxes - Cr.	4,815,693	3,568,794	-25.89%
18	411.4 Investment Tax Credit Adjustments			
19	411.6 (Less) Gains from Disposition of Utility Plant			
20	411.7 Losses from Disposition of Utility Plant			
21				
22				
23	TOTAL Utility Operating Expenses	\$70,493,217	\$63,575,306	-9.81%
24	NET UTILITY OPERATING INCOME	\$2,595,037	\$1,982,481	-23.60%

MONTANA REVENUES

SCHEDULE 9

	Account Number & Title	Last Year	This Year	% Change
1	Sales of Gas			
2				
3	480 Residential	\$44,160,599	\$38,975,818	-11.74%
4	481 Commercial & Industrial - Small	28,152,010	23,838,936	-15.32%
5	Commercial & Industrial - Large	285,028	214,702	-24.67%
6	482 Other Sales to Public Authorities			
7	484 Interdepartmental Sales			
8	485 Intracompany Transfers			
9	Net Unbilled Revenue	(1,453,508)	543,632	137.40%
10				
11	TOTAL Sales to Ultimate Consumers	\$71,144,129	\$63,573,088	-10.64%
12	483 Sales for Resale			
13				
14	TOTAL Sales of Gas	\$71,144,129	\$63,573,088	-10.64%
15	Other Operating Revenues			
16	487 Forfeited Discounts & Late Payment Revenues	\$64,202	\$48,991	-23.69%
17	488 Miscellaneous Service Revenues	67,086	48,313	-27.98%
18	489 Revenues from Transp. of Gas for Others 1/	1,164,843	1,375,240	18.06%
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	318,031	307,775	-3.22%
23	494 Interdepartmental Rents			
24	495 Other Gas Revenues	329,963	204,380	-38.06%
25				
26	TOTAL Other Operating Revenues	1,944,125	1,984,699	2.09%
27	Total Gas Operating Revenues	\$73,088,254	\$65,557,787	-10.30%
28	496 (Less) Provision for Rate Refunds			
29				
30	TOTAL Oper. Revs. Net of Pro. for Refunds	\$73,088,254	\$65,557,787	-10.30%

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	NOT	NOT	
8	754 Field Compressor Station Expenses	APPLICABLE	APPLICABLE	
9	755 Field Compressor Station Fuel & Power			
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	NOT	NOT	
23	765 Maintenance of Field Compressor Sta. Equip.	APPLICABLE	APPLICABLE	
24	766 Maintenance of Field Meas. & Reg. Sta. Equip.			
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	NOT	NOT	
55	788 Maintenance of Extracted Prod. Storage Equip.	APPLICABLE	APPLICABLE	
56	789 Maintenance of Compressor Equipment			
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	\$44,193,748	\$37,067,574	-16.12%
18	805 Other Gas Purchases			
19	805.1 Purchased Gas Cost Adjustments	468,191	(153,560)	-132.80%
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.	(961,725)	(850,823)	11.53%
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	181,270	165,768	-8.55%
33				
34	TOTAL Other Gas Supply Expenses	\$43,881,484	\$36,228,959	-17.44%
35	TOTAL PRODUCTION EXPENSES	\$43,881,484	\$36,228,959	-17.44%

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	NOT	NOT	
10	820 Measuring & Reg. Station Expenses	APPLICABLE	APPLICABLE	
11	821 Purification Expenses			
12	822 Exploration & Development			
13	823 Gas Losses			
14	824 Other Expenses			
15	825 Storage Well Royalties			
16	826 Rents			
17				
18	Total Operation - Underground Strg. Exp.			
19	Underground Storage Expenses - Maintenance			
20	830 Maintenance Supervision & Engineering			
21	831 Maintenance of Structures & Improvements			
22	832 Maintenance of Reservoirs & Wells			
23	833 Maintenance of Lines			
24	834 Maintenance of Compressor Station Equip.	NOT	NOT	
25	835 Maintenance of Meas. & Reg. Sta. Equip.	APPLICABLE	APPLICABLE	
26	836 Maintenance of Purification Equipment			
27	837 Maintenance of Other Equipment			
28				
29				
30	Total Maintenance - Underground Storage			
31	TOTAL Underground Storage Expenses			
32	Other Storage Expenses - Operation			
33	840 Operation Supervision & Engineering			
34	841 Operation Labor and Expenses			
35	842 Rents	NOT	NOT	
36	842.1 Fuel	APPLICABLE	APPLICABLE	
37	842.2 Power			
38	842.3 Gas Losses			
39				
40				
41	Total Operation - Other Storage Expenses			
42	Other Storage Expenses - Maintenance			
43	843.1 Maintenance Supervision & Engineering			
44	843.2 Maintenance of Structures & Improvements			
45	843.3 Maintenance of Gas Holders			
46	843.4 Maintenance of Purification Equipment	NOT	NOT	
47	843.6 Maintenance of Vaporizing Equipment	APPLICABLE	APPLICABLE	
48	843.7 Maintenance of Compressor Equipment			
49	843.8 Maintenance of Measuring & Reg. Equipment			
50	843.9 Maintenance of Other Equipment			
51				
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	NOT	NOT	
9	855 Other Fuel & Power for Compressor Stations	APPLICABLE	APPLICABLE	
10	856 Mains Expenses			
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.	NOT	NOT	
23	865 Maintenance of Measuring & Reg. Sta. Equip.	APPLICABLE	APPLICABLE	
24	866 Maintenance of Communication Equipment			
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	\$1,179,958	\$1,099,722	-6.80%
32	871 Distribution Load Dispatching	9,173	12,690	38.34%
33	872 Compressor Station Labor and Expenses			
34	873 Compressor Station Fuel and Power			
35	874 Mains and Services Expenses	1,700,342	1,533,968	-9.78%
36	875 Measuring & Reg. Station Exp.-General	61,353	73,791	20.27%
37	876 Measuring & Reg. Station Exp.-Industrial	5,405	9,158	69.44%
38	877 Meas. & Reg. Station Exp.-City Gate Ck. Sta.	845	7,014	730.06%
39	878 Meter & House Regulator Expenses	446,651	593,330	32.84%
40	879 Customer Installations Expenses	587,873	401,876	-31.64%
41	880 Other Expenses	1,323,898	1,377,824	4.07%
42	881 Rents	34,412	43,750	27.14%
43				
44	Total Operation - Distribution	\$5,349,910	\$5,153,123	-3.68%
45				
46	Maintenance			
47	885 Maintenance Supervision & Engineering	\$303,098	\$326,190	7.62%
48	886 Maintenance of Structures & Improvements	7,864	7,039	-10.49%
49	887 Maintenance of Mains	142,908	69,351	-51.47%
50	888 Maint. of Compressor Station Equipment			
51	889 Maint. of Meas. & Reg. Station Exp.-General	90,740	137,302	51.31%
52	890 Maint. of Meas. & Reg. Sta. Exp.-Industrial	42,503	64,610	52.01%
53	891 Maint. of Meas. & Reg. Sta. Equip.-City Gate	7,273	25,970	257.07%
54	892 Maintenance of Services	345,410	166,998	-51.65%
55	893 Maintenance of Meters & House Regulators	223,072	182,855	-18.03%
56	894 Maintenance of Other Equipment	175,498	243,516	38.76%
57				
58	Total Maintenance - Distribution	\$1,338,366	\$1,223,831	-8.56%
52	TOTAL Distribution Expenses	\$6,688,276	\$6,376,954	-4.65%

MONTANA OPERATION & MAINTENANCE EXPENSES

Account Number & Title		Last Year	This Year	% Change
1	Customer Accounts Expenses			
2				
3	Operation			
4	901 Supervision	\$67,999	\$18,951	-72.13%
5	902 Meter Reading Expenses	231,261	271,335	17.33%
6	903 Customer Records & Collection Expenses	1,291,056	1,284,377	-0.52%
7	904 Uncollectible Accounts Expenses	296,544	298,207	0.56%
8	905 Miscellaneous Customer Accounts Expenses	90,564	79,568	-12.14%
9				
10	TOTAL Customer Accounts Expenses	\$1,977,424	\$1,952,438	-1.26%
11	Customer Service & Informational Expenses			
12				
13	Operation			
14	907 Supervision	\$44,906	\$57,249	27.49%
15	908 Customer Assistance Expenses	148,430	194,422	30.99%
16	909 Informational & Instructional Advertising Exp.	49,253	70,633	43.41%
17	910 Miscellaneous Customer Service & Info. Exp.	0	64	#DIV/0!
18				
19	TOTAL Customer Service & Info. Expenses	\$242,589	\$322,368	32.89%
20	Sales Expenses			
21				
22	Operation			
23	911 Supervision	\$834	(\$77)	-109.23%
24	912 Demonstrating & Selling Expenses	70,478	83,088	17.89%
25	913 Advertising Expenses	30,913	16,424	-46.87%
26	916 Miscellaneous Sales Expenses	2,354	363	-84.58%
27				
28	TOTAL Sales Expenses	\$104,579	\$99,798	-4.57%
29	Administrative & General Expenses			
30				
31	Operation			
32	920 Administrative & General Salaries	\$1,813,007	\$2,002,806	10.47%
33	921 Office Supplies & Expenses	848,445	1,023,139	20.59%
34	922 (Less) Administrative Expenses Transferred - Cr.			
35	923 Outside Services Employed	61,328	94,449	54.01%
36	924 Property Insurance	152,539	146,402	-4.02%
37	925 Injuries & Damages	478,913	424,118	-11.44%
38	926 Employee Pensions & Benefits	1,801,946	1,035,581	-42.53%
39	927 Franchise Requirements			
40	928 Regulatory Commission Expenses	89,541	88,406	-1.27%
41	929 (Less) Duplicate Charges - Cr.			
42	930 Miscellaneous General Expenses	167,582	122,130	-27.12%
43	931 Rents	342,118	360,190	5.28%
44				
45	TOTAL Operation - Admin. & General	\$5,755,419	\$5,297,221	-7.96%
46				
47	Maintenance			
48	935 Maintenance of General Plant	\$124,548	\$93,513	-24.92%
49				
50	TOTAL Administrative & General Expenses	\$5,879,967	\$5,390,734	-8.32%
51	TOTAL OPERATION & MAINTENANCE EXP.	\$58,774,319	\$50,371,251	-14.30%

MONTANA TAXES OTHER THAN INCOME

Year: 2020

	Description of Tax	Last Year	This Year	% Change
1	Payroll Taxes	\$579,377	\$509,311	-12.09%
2	Secretary of State	255	253	-0.78%
3	Highway Use Tax	442	445	0.68%
4	Montana Consumer Counsel	33,983	2,929	-91.38%
5	Montana PSC	180,145	93,052	-48.35%
6	Delaware Franchise Taxes	8,670	8,181	-5.64%
7	Property Taxes	5,747,650	6,884,812	19.78%
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49				
50	TOTAL MT Taxes other than Income	\$6,550,522	\$7,498,983	14.48%

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - GAS

Year: 2020

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	4T CONSTRUCTION INC	Pipeline Install, Underground Construction	\$234,396	\$0	0.00%
2					
3	AGRI INDUSTRIES INC	Contract Services	339,936	29,184	8.59%
4					
5	AMERICAN GAS ASSOCIATION	Industrial Membership	292,558	41,655	14.24%
6					
7	ARBOR SOLUTIONS TREE SERVICE LLC	Vegetation Removal	80,750	0	0.00%
8					
9	ARVIG CONSTRUCTION	Construction Services	818,632	0	0.00%
10					
11	B & B EXCAVATING INC	Contract Services	334,148	0	0.00%
12					
13	B & B BUILDERS INC	Contract Services	615,530	0	0.00%
14					
15	B&H UTILITY SERVICES INC	Contract Services	311,690	0	0.00%
16					
17	BARR ENGINEERING COMPANY	Engineering Services - Power Plants	522,976	0	0.00%
18					
19	BARTLETT & WEST INC	Contract Services	122,517	0	0.00%
20					
21	BASIN ELECTRIC POWER COOP	Contract Services	3,552,205	0	0.00%
22					
23	BESTE CONSULTING INC	Consulting Services	411,427	0	0.00%
24					
25	BLUE HERON CONSULTING CORPORATION	Consulting Services	161,680	14,809	9.16%
26					
27	BRABECK CONSTRUCTION	Construction Services	1,478,434	1,478,434	100.00%
28					
29	BRINK CONSTRUCTORS INC	Construction Services	3,387,452	0	0.00%
30					
31	BROSZ ENGINEERING INC	Engineering Services	169,924	0	0.00%
32					
33	BROTHERS PIPELINE CORP	Construction Services	258,742	0	0.00%
34					
35	BULLINGER TREE SERVICE	Vegetation Removal	468,300	0	0.00%
36					
37	BURNS & MCDONNELL ENGINEERING CO INC	Engineering Services	803,133	0	0.00%
38					
39	BUTLER MACHINERY CO	Contract Services	106,561	879	0.82%
40					
41	CENTRAL MECHANICAL INC	Contract Services	141,090	12,923	9.16%
42					
43	CGI TECHNOLOGIES AND SOLUTIONS INC	Consulting Services	366,264	34,456	9.41%
44					
45	CHIEF CONSTRUCTION INC	Contract Services	895,664	0	0.00%
46					
47	CLIMATE CONTROL SYSTEMS AND SERVICE LLC	Contract Services	106,548	0	0.00%
48					
49	COMPLETE CONTRACTING SOLUTIONS	Contract Services	306,415	0	0.00%
50					

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - GAS

Year: 2020

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	CONDUCTOR POWER LLC	Contract Services - Power Plants	\$1,592,564	\$0	0.00%
2					
3	CROWLEY FLECK PLLP	Legal Services	174,968	20,623	11.79%
4					
5	DAKOTA FENCE COMPANY	Fence Maintenance & Installation	1,177,250	139	0.01%
6					
7	DAKOTA WEST CONTRACTING INC	Contract Services	404,548	37,071	9.16%
8					
9	DIGITAL OFFICE CENTRE	Contract Services	81,677	8,474	10.38%
10					
11	DNV GL ENERGY INSIGHTS USA INC	SL Essentials	87,905	0	0.00%
12					
13	DNV GL NOBLE DENTON USA LLC	SL Essentials	100,609	6,767	6.73%
14					
15	ECI CONTRACTING	Construction Services	1,061,150	0	0.00%
16					
17	EDISON ELECTRIC INSTITUTE	Industrial Membership	149,480	1,424	0.95%
18					
19	ELLINGSON TRENCHLESS LLC	Contract Services	1,239,329	0	0.00%
20					
21	EN ENGINEERING LLC	Engineering Services	194,338	0	0.00%
22					
23	ENERGY WORLDNET INC	Contract Services	216,468	44	0.02%
24					
25	ENTHALPY ENERGY SERVICES LLC	Contract Services	172,027	0	0.00%
26					
27	ENVIRONMENTAL SYSTEMS RESEARCH INST INC	Contract Services	202,775	21,704	10.70%
28					
29	ERNST & YOUNG LLP	Legal Services	92,258	0	0.00%
30					
31	EXTREME UNDERGROUND HDD LLC	Underground Construction	816,257	0	0.00%
32					
33	FERRELL NORTH AMERICA	Contract Services	138,233	0	0.00%
34					
35	FIRESIDE OFFICE SOLUTIONS	Contract Services	112,719	3,217	2.85%
36					
37	FIS ENERGY SYSTEMS INC	Software Maintenance	264,527	21,184	8.01%
38					
39	FISCHER CONTRACTING	Construction Services	601,397	0	0.00%
40					
41	FITCH RATINGS	Credit Rating Services	87,500	9,233	10.55%
42					
43	FRANZ CONSTRUCTION INC	Contract Services - Power Plant	189,714	0	0.00%
44					
45	FUSEFORWARD CLOUD SERVICES LTD	Contract Services	162,720	11,207	6.89%
46					
47	GE STEAM POWER INC	Contract Services	317,958	0	0.00%
48					
49	GREAT SOUTHWESTERN CONSTRUCTION INC	Construction Services	2,136,470	0	0.00%
50					

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - GAS

Year: 2020

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	GRIFFITH EXCAVATING INC	Construction Services	\$161,963	\$0	0.00%
2					
3	GUARDIAR USA LLC	Contract Services	79,914	0	0.00%
4					
5	HANGING H COMPANIES LLC	Construction Services - Service Lines	2,903,624	2,903,624	100.00%
6					
7	HDR INC	Engineering Services	1,107,783	0	0.00%
8					
9	HIGH COUNTRY LINE CONSTRUCTION INC	Construction Services	6,354,512	0	0.00%
10					
11	HIGH VOLTAGE INC	Contract Services - Preventative Maintenance	7,150,981	0	0.00%
12					
13	HIGHMARK ERECTORS INC	Construction Services	2,895,781	0	0.00%
14					
15	HONEYWELL PROCESS SOLUTIONS	SE & SP Support Renewal	100,525	0	0.00%
16					
17	INDOOR SERVICES INC	Janitorial Services	125,427	12,835	10.23%
18					
19	INDUSTRIAL CONTRACTORS INC	Contract Services - Maintenance	466,430	0	0.00%
20					
21	INSIGHT DIRECT USA INC	Software Maintenance	170,580	7,824	4.59%
22					
23	INTEGRAL CONSULTING INC	Consulting Services	197,809	0	0.00%
24					
25	INTERSTATE POWER SYSTEMS INC	Construction Services	79,951	48	0.06%
26					
27	IQGEO AMERICA INC	Contract Services	326,378	62,896	19.27%
28					
29	ITRON INC	Software Maintenance	281,066	30,984	11.02%
30					
31	JACKSON UTILITIES LLC	Gas & Electric Line Installation	856,470	108,444	12.66%
32					
33	JACOBSEN TREE EXPERTS	Vegetation Removal	595,627	0	0.00%
34					
35	JOHN MUGGLI CONTRACTING	Construction Services	408,659	0	0.00%
36					
37	KATO ENGINEERING INC	Engineering Services	84,520	0	0.00%
38					
39	KEY CONTRACTING INC	Contract Services - Transmission Line	686,394	0	0.00%
40					
41	KPMG LLP	Contract Services	130,000	0	0.00%
42					
43	KS ENERGY SERVICES LLC	Construction Services	759,553	0	0.00%
44					
45	LATTITUDE GEOGRAPHICS	Contract Services	143,609	12,918	9.00%
46					
47	LIGNITE ENERGY COUNCIL	Membership Dues	101,747	0	0.00%
48					
49	MAGNOLIA RIVER SERVICES INC	Construction Services	407,414	71,875	17.64%
50					

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - GAS

Year: 2020

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	MAVIRO INC	Pur Payment Processing Software	\$102,687	\$0	0.00%
2					
3	MBN ENGINEERING INC	Engineering Services	243,356	0	0.00%
4					
5	MCM GENERAL CONTRACTORS INC	Construction Services	765,281	0	0.00%
6					
7	MICHELS CORPORATION	Contract Services	4,372,098	0	0.00%
8					
9	MIDWEST POWERLINES	Construction Services	171,178	0	0.00%
10					
11	MISSOURI RIVER CONTRACTING	Contract Services	517,968	49,888	9.63%
12					
13	MOORHEAD ELECTRIC INC (MEI)	Equipment Rental	366,667	0	0.00%
14					
15	MOORHEAD ELECTRIC LLC	Equipment Rental	241,929	0	0.00%
16					
17	MOSAIC COMPANY	Contract Services	496,107	95,604	19.27%
18					
19	NEXUS CONTROLS LLC	Contract Services	90,059	0	0.00%
20					
21	NORDEX USA INC	Thunder Spirit - Service Contract	2,522,043	0	0.00%
22					
23	ONE CALL LOCATORS LTD	Line Locating Services	2,926,786	486,262	16.61%
24					
25	ONTRACKS ENTERPRISES INC	Consulting Services	1,814,044	296,193	16.33%
26					
27	OPEN SYSTEMS INTERNATIONAL	Software Maintenance	410,953	0	0.00%
28					
29	ORACLE CORP	Software Maintenance	722,562	27,306	3.78%
30					
31	ORMAT NEVEDA INC	Energy Converter Maintenance	422,840	0	0.00%
32					
33	OTTER TAIL POWER CO	Contract Services - Power Plant	5,690,927	0	0.00%
34					
35	PANDELL TECH USA	Contract Services	253,657	3,795	1.50%
36					
37	PATHFINDER INSPECTIONS & FIELD SERVICES	Contract Services	138,490	16,914	12.21%
38					
39	POWER ENGINEERS INC	Engineering Services	307,569	0	0.00%
40					
41	POWERPLAN INC	Consulting Services - Software	555,183	27,741	5.00%
42					
43	PRESORT PLUS LLC	Mail Delivery & Pickup	90,054	14,036	15.59%
44					
45	PROBST ELECTRIC INC	Contract Services	1,833,226	0	0.00%
46					
47	PROSOURCE TECHNOLOGIES LLC	Mail Delivery & Pickup	426,021	0	0.00%
48					
49	QUALITY INTEGRATED SERVICES INC	Contract Services	475,466	372,669	78.38%
50					

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - GAS

Year: 2020

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	RESOURCE DATA INC	Contract Services	\$300,721	\$35,990	11.97%
2					
3	RK NEAL LLC	Contract Services	197,243	0	0.00%
4					
5	ROCKY MOUNTAIN CONTRACTORS INC	Contract Services	3,751,792	400	0.01%
6					
7	ROCKY MOUNTAIN LINE SYSTEMS INC	Contract Services	574,027	0	0.00%
8					
9	ROSSCO CRANE & RIGGING INC	Contract Services	149,092	0	0.00%
10					
11	ROUGH RIDER ELECTRIC COOPERATIVE INC	Contract Services	810,468	0	0.00%
12					
13	S&D CONTROLS	Contract Services	77,530	0	0.00%
14					
15	SC DRILLING INC	Contract Services	170,323	0	0.00%
16					
17	SCHERBENSKE INC	Contract Services	335,041	0	0.00%
18					
19	SCHULTE TA INC	Contract Services	161,364	0	0.00%
20					
21	SKEELS ELECTRIC COMPANY	Contract Services	100,775	9,134	9.06%
22					
23	SKYSKOPES INC	Contract Services	139,904	0	0.00%
24					
25	SOLOMON CORPORATION	Contract Services	78,630	0	0.00%
26					
27	SOUTHERN CROSS	Contract Services - Preventative Maintenance	961,251	283,090	29.45%
28					
29	SPHERION STAFFING LLC	Temp Services	296,533	3,677	1.24%
30					
31	SPP INNOVATIONS LLC	Contract Services	113,085	9,899	8.75%
32					
33	SUBURBAN CONSULTING ENGINEERS INC	Consulting Services	697,456	115,895	16.62%
34					
35	SWANSON & YOUNGDALE INC	Contract Services	78,619	0	0.00%
36					
37	SWCA ENVIRONMENTAL CONSULTANTS	Consulting Services	154,183	0	0.00%
38					
39	TELEVENT USA LLC	Software Maintenance	104,899	7,172	6.84%
40					
41	THE ELECTRIC COMPANY OF SD	Construction Services	421,317	0	0.00%
42					
43	TRC ENVIRONMENTAL CORPORATION	Construction Services	212,694	0	0.00%
44					
45	TREE MECHANICS LLC	Vegetation Removal	126,785	0	0.00%
46					
47	TRU PIPE INC	Underground Maintenance	238,598	77,948	32.67%
48					
49	UTILITY TELECOM CONSULTING GROUP INC	Consulting Services	103,290	7,205	6.98%
50					

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - GAS

Year: 2020

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	VIRGINIA TRANSFORMER CORP	Contract Services	\$184,762	\$0	0.00%
2					
3	WALD FENCING SUPPLIES	Construction Services	77,746	0	0.00%
4					
5	WANG PIPELINE SERVICES INC	Construction Services	790,448	0	0.00%
6					
7	WANZEK CONSTRUCTION INC	Construction Services	244,560	0	0.00%
8					
9	WEED WARRIORS	Contract Services	78,874	0	0.00%
10					
11	WEISZ & SONS INC	Construction Services	205,074	0	0.00%
12					
13	WESTERN EDGE ELECTRIC INC	Construction Services	96,003	4,044	4.21%
14					
15	WESTMORELAND SAVAGE MINING LLC	Equipment Rental	110,540	0	0.00%
16					
17	WINN CONSTRUCTION INC	Construction Services	88,801	0	0.00%
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
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37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49					
50					
	Total Payments for Services		\$92,828,109	\$6,909,737	7.44%

POLITICAL ACTION COMMITTEES / POLITICAL CONTRIBUTIONS

Year: 2020

	Description	Total Company	Montana	% Montana
1	Contributions to Candidates by PAC	\$178,537	\$16,200	9.07%
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
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27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40	TOTAL Contributions	\$178,537	\$16,200	9.07%

PENSION COSTS

Year: 2020

1	Plan Names: MDU Resources Group, Inc. for Collective Bargaining Unit Employees & MDU Resources			
2	Group, Inc. Pension Plan for Non-Bargaining Unit Employees - Montana-Dakota share only			
3	Defined Benefit Plan? Yes		Defined Contribution Plan? No	
4	Actuarial Cost Method? Traditional Unit Credit		IRS Code: 1A	
5	Annual Contribution by Employer: 0		Is the Plan Over Funded? No	
6	Item	Current Year	Last Year 1/	% Change
7	Change in Benefit Obligation	(000's)	(000's)	
8	Benefit obligation at beginning of year	\$206,730	\$192,341	7.48%
9	Service cost	-	-	0.00%
10	Interest cost	5,888	7,468	-21.16%
11	Plan participants' contributions	-	-	0.00%
12	Amendments	-	-	0.00%
13	Actuarial (Gain) Loss	12,282	19,782	-37.91%
14	Curtailment gain	-	-	0.00%
15	Benefits paid	(12,177)	(12,861)	5.32%
16	Benefit obligation at end of year	\$212,723	\$206,730	2.90%
17	Change in Plan Assets			
18	Fair value of plan assets at beginning of year	\$176,548	\$146,292	20.68%
19	Actual return on plan assets	19,660	27,665	-28.94%
20	Employer contribution	-	15,452	-100.00%
21	Plan participants' contributions	-	-	0.00%
22	Benefits paid	(12,177)	(12,861)	5.32%
23	Fair value of plan assets at end of year	\$184,031	\$176,548	4.24%
24	Funded Status	(\$28,692)	(\$30,182)	4.94%
25	Unrecognized net actuarial loss	88,626	89,939	-1.46%
26	Unrecognized prior service cost	-	-	0.00%
27	Unrecognized net transition obligation	-	-	0.00%
28	Accrued benefit cost	\$59,934	\$59,757	0.30%
29	Weighted-Average Assumptions as of Year End			
30	Discount rate	2.29	2.95	-22.37%
31	Expected return on plan assets	6.00	6.25	-4.00%
32	Rate of compensation increase	-	-	0.00%
33	Components of Net Periodic Benefit Costs			
34	Service cost	-	-	0.00%
35	Interest cost	\$5,888	\$7,468	-21.16%
36	Expected return on plan assets	(9,554)	(8,751)	-9.18%
37	Amortization of prior service cost	-	-	0.00%
38	Recognized net actuarial loss	3,489	2,662	31.07%
39	Curtailment loss	-	-	0.00%
40	Net periodic benefit cost	(\$177)	\$1,379	-112.84%
41	Montana Intrastate Costs:			
42	Pension costs	(\$177)	\$1,379	-112.84%
43	Pension costs capitalized	-	-	0.00%
44	Accumulated pension asset (liability) at year end	(\$28,692)	(\$30,182)	4.94%
45	Number of Company Employees:			
46	Covered by the plan	1,065	1,081	-1.48%
47	Not covered by the plan	720	698	3.15%
48	Active	305	336	-9.23%
49	Retired	678	661	2.57%
50	Deferred vested terminated	82	84	-2.38%

OTHER POST EMPLOYMENT BENEFITS (OPEBS)

Year: 2020

	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	2.28	2.97	-23.23%
8	Expected return on plan assets	5.50	5.75	-4.35%
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	\$32,643	\$31,688	3.01%
18	Service cost	489	373	31.10%
19	Interest cost	938	1,175	-20.17%
20	Plan participants' contributions	260	459	-43.36%
21	Amendments	-	-	0.00%
22	Actuarial (Gain) Loss	712	1,365	-47.84%
23	Acquisition	-	-	0.00%
24	Benefits paid	(2,094)	(2,417)	13.36%
25	Benefit obligation at end of year	\$32,948	\$32,643	0.93%
26	Change in Plan Assets			
27	Fair value of plan assets at beginning of year	\$48,063	\$41,865	14.80%
28	Actual return on plan assets	5,377	8,150	-34.02%
29	Acquisition	-	-	0.00%
30	Employer contribution	29	6	383.33%
31	Plan participants' contributions	260	(2,417)	110.76%
32	Benefits paid	(2,094)	459	-556.21%
33	Fair value of plan assets at end of year	\$51,635	\$48,063	7.43%
34	Funded Status	\$18,687	\$15,420	21.19%
35	Unrecognized net actuarial loss	(5,911)	(3,758)	-57.29%
36	Unrecognized prior service cost	(4,496)	(5,428)	17.17%
37	Unrecognized transition obligation	-	-	0.00%
38	Accrued benefit cost	\$8,280	\$6,234	32.82%
39	Components of Net Periodic Benefit Costs			
40	Service cost	\$489	\$373	31.10%
41	Interest cost	938	1,175	-20.17%
42	Expected return on plan assets	(2,513)	(2,476)	-1.49%
43	Amortization of prior service cost	(931)	(931)	0.00%
44	Recognized net actuarial gain	-	-	0.00%
45	Transition amount amortization	-	-	0.00%
46	Net periodic benefit cost	(\$2,017)	(\$1,859)	-8.50%
47	Accumulated Post Retirement Benefit Obligation			
48	Amount funded through VEBA	\$289	(\$2,411)	111.99%
49	Amount funded through 401(h)	-	-	0.00%
50	Amount funded through Other _____	-	-	0.00%
51	TOTAL	\$289	(\$2,411)	111.99%
52	Amount that was tax deductible - VEBA 1/	\$29	\$6	383.33%
53	Amount that was tax deductible - 401(h)	-	-	0.00%
54	Amount that was tax deductible - Other _____	-	-	0.00%
55	TOTAL	\$29	\$6	383.33%

1/ Estimated

Other Post Employment Benefits (OPEBS) Continued

Year: 2020

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the plan	1,046	1,189	-12.03%
3	Not covered by the plan	14	39	-64.10%
4	Active	393	502	-21.71%
5	Retired	493	527	-6.45%
6	Spouses/dependants covered by the plan	160	160	0.00%
7	Montana			
8	Change in Benefit Obligation			
9	Benefit obligation at beginning of year			
10	Service cost			
11	Interest cost			
12	Plan participants' contributions			
13	Amendments			
14	Actuarial gain			
15	Acquisition			
16	Benefits paid			
17	Benefit obligation at end of year			
18	Change in Plan Assets			
19	Fair value of plan assets at beginning of year			
20	Actual return on plan assets			
21	Acquisition			
22	Employer contribution			
23	Plan participants' contributions			
24	Benefits paid			
25	Fair value of plan assets at end of year			
26	Funded Status			
27	Unrecognized net actuarial loss			
28	Unrecognized prior service cost			
29	Prepaid (accrued) benefit cost			
30	Components of Net Periodic Benefit Costs			
31	Service cost			
32	Interest cost			
33	Expected return on plan assets			
34	Amortization of prior service cost			
35	Recognized net actuarial loss			
36	Net periodic benefit cost			
37	Accumulated Post Retirement Benefit Obligation			
38	Amount funded through VEBA			
39	Amount funded through 401(h)			
40	Amount funded through other _____			
41	TOTAL			
42	Amount that was tax deductible - VEBA			
43	Amount that was tax deductible - 401(h)			
44	Amount that was tax deductible - Other			
45	TOTAL			
46	Montana Intrastate Costs:			
47	Pension costs	(\$2,017)	(\$1,859)	-8.50%
48	Pension costs capitalized	119	87	36.78%
49	Accumulated pension asset (liability) at year end	8,280	6,234	32.82%
50	Number of Montana Employees:			
51	Covered by the plan			
52	Not covered by the plan			
53	Active			
54	Retired			
55	Spouses/dependants covered by the plan			

TOP TEN MONTANA COMPENSATED EMPLOYEES (ASSIGNED OR ALLOCATED)

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	\$960,000	\$1,818,000	\$3,645,410	\$6,423,410	\$6,144,355	5%
2	Jason L. Vollmer Vice President & CFO	\$440,000	\$499,950	\$767,196	\$1,707,146	\$1,589,981	7%
3	David C. Barney President & CEO of Knife River Corporation	\$487,000	\$804,646	\$1,032,072	\$2,323,718	\$2,426,077	-4%
4	Jeffrey S. Thiede President & CEO of MDU Construction Services Group, Inc.	\$487,000	\$852,128	\$895,392	\$2,234,520	\$2,201,940	1%
5	Nicole A. Kivisto President & CEO of Montana-Dakota Utilities Co., Cascade Natural Gas Corporation and Intermountain Gas Company	\$487,000	\$436,839	\$982,462	\$1,906,301	\$1,972,052	-3%

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.

Proxy Statement

EXECUTIVE COMPENSATION TABLES

Summary Compensation Table for 2020

Name and Principal Position (a)	Year (b)	Salary (\$) (c)	Stock Awards (\$) (e) ¹	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	2020	960,000	2,974,497	1,818,000	484,134	186,779	6,423,410
President and CEO	2019	860,000	3,029,392	1,403,520	735,366	116,077	6,144,355
	2018	824,460	2,433,437	807,971	16,503	72,884	4,155,255
Jason L. Vollmer	2020	440,000	654,388	499,950	6,880	105,928	1,707,146
Vice President and CFO	2019	400,000	605,877	489,600	8,455	86,049	1,589,981
	2018	350,000	495,840	222,950	—	69,589	1,138,379
David C. Barney	2020	487,000	725,030	804,646	86,980	220,062	2,323,718
President and CEO of	2019	468,500	738,389	843,300	174,117	201,771	2,426,077
Knife River Corporation	2018	455,000	958,410	384,589	—	251,255	2,049,254
Jeffrey S. Thiede	2020	487,000	725,030	852,128	—	170,362	2,234,520
President and CEO of	2019	468,500	738,389	843,300	—	151,751	2,201,940
MDU Construction Services Group, Inc.	2018	455,000	958,410	437,141	—	140,925	1,991,476
Nicole A. Kivisto	2020	487,000	725,030	436,839	184,058	73,374	1,906,301
President and CEO of	2019	455,000	738,389	480,139	243,761	54,763	1,972,052
Montana-Dakota Utilities Co., Cascade Natural Gas Corporation, and Intermountain Gas Company	2018	430,000	609,197	225,277	210	42,302	1,306,986

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 as described in Note 13 of our audited financial statements in our Annual Report on Form 10-K for the year ended December 31, 2020. For 2020, the aggregate grant date fair value of outstanding 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	5,948,994
Jason L. Vollmer	1,308,775
David C. Barney	1,450,061
Jeffrey S. Thiede	1,450,061
Nicole A. Kivisto	1,450,061

² Amounts shown for 2020 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, 2020.

Name	Accumulated Pension Change (\$)	Above Market Earnings (\$)
David L. Goodin	435,581	48,553
Jason L. Vollmer	6,880	—
David C. Barney	86,980	—
Jeffrey S. Thiede	—	—
Nicole A. Kivisto	181,795	2,263

³ All Other Compensation is comprised of:

Name	401(k) Plan (\$) ^a	Nonqualified Defined Contribution Plan (\$)	Life Insurance Premium (\$)	Matching Charitable Contributions (\$)	Dividend Equivalents (\$) ^b	Total (\$)
David L. Goodin	41,325	—	774	3,600	141,080	186,779
Jason L. Vollmer	28,500	44,000	681	3,600	29,147	105,928
David C. Barney	22,800	150,000	754	1,200	45,308	220,062
Jeffrey S. Thiede	22,800	100,000	754	1,500	45,308	170,362
Nicole A. Kivisto	34,200	—	754	3,600	34,820	73,374

^a Represents company contributions to the 401(k) plan, which includes matching contributions and retirement contributions associated with the freeze of the pension plans at December 31, 2009.

^b Represents accrued dividend equivalents for 2020 on the 2020-2022, 2019-2021, and 2018-2020 performance share awards associated with financial performance measures and restricted stock units awarded to Mr. Barney and Mr. Thiede in 2018. The 2020-2022 and 2019-2021 performance share awards are presented at target, and the 2018-2020 performance share awards are presented based on the actual achievement of the performance measure.

Grants of Plan-Based Awards in 2020

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 (\$)(l)
		Threshold (\$)(c)	Target (\$)(d)	Maximum (\$)(e)	Threshold (#)(f)	Target (#)(g)	Maximum (#)(h)	
David L. Goodin	2/13/2020 ¹	435,000	1,200,000	2,400,000				
	2/13/2020 ²				16,438	82,191	164,382	2,974,497
Jason L. Vollmer	2/13/2020 ¹	119,625	330,000	660,000				
	2/13/2020 ²				3,616	18,082	36,164	654,388
David C. Barney	2/13/2020 ¹	91,313	365,250	876,600				
	2/13/2020 ²				4,006	20,034	40,068	725,030
Jeffrey S. Thiede	2/13/2020 ¹	91,313	365,250	876,600				
	2/13/2020 ²				4,006	20,034	40,068	725,030
Nicole A. Kivisto	2/13/2020 ¹	164,363	365,250	730,500				
	2/13/2020 ²				4,006	20,034	40,068	725,030

¹ Annual incentive for 2020 granted pursuant to the MDU Resources Group, Inc. Executive Incentive Compensation Plan.

² Performance shares for the 2020-2022 performance period granted pursuant to the MDU Resources Group, Inc. Long-Term Performance-Based Incentive Plan.

Proxy Statement

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

Annual Incentive

The compensation committee recommended the 2020 annual incentive award opportunities for our named executive officers and the board approved these opportunities at its meeting on February 13, 2020. 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 2020 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%.

All our named executive officers 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 or after age 65 remain eligible to receive a prorated 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 in years of unusually adverse or favorable external conditions or other unforeseen significant factors beyond the control of management, the compensation committee may modify the performance measures. No performance measures were modified in determining 2020 annual incentives. 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 2020 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 13, 2020. 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 (i) of the Grant of Plan-Based Awards Table.

Depending on the achievement of the performance measures associated with our 2020-2022 performance period, executives will receive from 0% to 200% of the target awards in February 2023. 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 2023 if and to the extent they vest and at the same time as the performance share awards are settled.

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 \$44,000 to Mr. Vollmer, \$150,000 to Mr. Barney, and \$100,000 to Mr. Thiede. For further information, see the section entitled “[Nonqualified Deferred Compensation for 2020](#).”

Salary and Bonus in Proportion to Total Compensation

The following table shows the proportion of salary and bonus to total compensation as presented in the Summary Compensation Table. No bonuses were paid to the executive officers in 2020.

Name	Salary (\$)	Bonus (\$)	Total Compensation (\$)	Salary and Bonus as a % of Total Compensation
David L. Goodin	960,000	—	6,423,410	14.9%
Jason L. Vollmer	440,000	—	1,707,146	25.8%
David C. Barney	487,000	—	2,323,718	21.0%
Jeffrey S. Thiede	487,000	—	2,234,520	21.8%
Nicole A. Kivisto	487,000	—	1,906,301	25.5%

Outstanding Equity Awards at Fiscal Year-End 2020

Stock Awards

Name (a)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested
	(#) (i) ¹	(\$) (j) ²
David L. Goodin	337,917	8,900,734
Jason L. Vollmer	69,817	1,838,980
David C. Barney	97,104	2,557,719
Jeffrey S. Thiede	97,104	2,557,719
Nicole A. Kivisto	83,401	2,196,782

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

Name	Performance Period End	2018 Award	2019 Award	2020 Award	Total
		12/31/2020	12/31/2021	12/31/2022	
David L. Goodin		156,920	98,806	82,191	337,917
Jason L. Vollmer		31,974	19,761	18,082	69,817
David C. Barney		52,987	24,083	20,034	97,104
Jeffrey S. Thiede		52,987	24,083	20,034	97,104
Nicole A. Kivisto		39,284	24,083	20,034	83,401

Shares for the 2018 award are shown at the maximum level (200%) based on results for the 2018-2020 performance period above target. The number of shares under the 2018 award also includes 11,419 time-vesting restricted stock units granted to Messrs. Barney and Thiede.

Shares for the 2019 award are shown at the target level (100%) based on results for the first two years of the 2019-2021 performance period between threshold and target.

Shares for the 2020 award are shown at the target level (100%) based on results for the first year of the 2020-2022 performance period between threshold and target.

² Value based on the number of performance shares and restricted stock units reflected in column (i) multiplied by \$26.34, the year-end per share closing stock price for 2020.

While for purposes of the Outstanding Equity Awards at Fiscal Year-End 2020 Table, the number of shares and value shown for the 2018-2020 performance period is at 200% of target, the actual results for the performance period certified by the compensation committee and settled on February 11, 2021, was 150% 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 2020

Name (a)	Stock Awards	
	Number of Shares Acquired on Vesting (#) (d) ¹	Value Realized on Vesting (\$) (e) ²
David L. Goodin	14,234	484,170
Jason L. Vollmer	899	30,580
David C. Barney	3,067	104,324
Jeffrey S. Thiede	3,144	106,943
Nicole A. Kivisto	2,714	92,317

¹ Reflects performance shares for the 2017-2019 performance period ended December 31, 2019, which were settled February 13, 2020.

² Reflects the value of vested performance shares based on the closing stock price of \$31.63 per share on February 13, 2020, and the dividend equivalents paid on the vested shares.

Pension Benefits for 2020

Name (a)	Plan Name (b)	Number of Years Credited Service (#) (c) ¹	Present Value of Accumulated Benefit (\$) (d)
David L. Goodin	Pension	26	1,433,114
	Basic SISP ²	10	3,209,181
	Excess SISP ³	26	44,583
Jason L. Vollmer	Pension	4	36,192
	Basic SISP ³	n/a	—
	Excess SISP ³	n/a	—
David C. Barney	Pension ³	n/a	—
	Basic SISP ²	10	1,710,384
	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	345,211
	Basic SISP ²	10	726,043
	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. Messrs. Vollmer and Thiede do 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, 2020, calculated using:

- a 1.95% discount rate for the Basic SISP and Excess SISP;
- a 2.25% discount rate for the pension plan;
- the Society of Actuaries Pri-2012 Total Dataset Mortality with Scale MP-2020 (post commencement only); and
- no recognition of 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 Excess SISP and age 65 for Basic 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 nonqualified defined benefit 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. SISP benefits are payable to the participant or their beneficiary for a period of 15 years. The Basic SISP benefits are subject to a vesting schedule where participants are 100% vested after ten years of participation in the plan.

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.

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.

Proxy Statement

Nonqualified Deferred Compensation for 2020

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 by the compensation committee. The interest rate in effect for 2020 was 4.14% based on an average of the Treasury High Quality Market Corporate Bond Yield Curve for the last business day of each month for the twelve month period from October 2018 to September 2019. 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 and after 2017 vest rateably over a three-year period. Amounts shown as aggregate earnings in the table below for Messrs. Vollmer, Barney, and Thiede reflect the change in investment value at market rates for the hypothetical investments selected by the participants. 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 latter 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	701,760	—	108,834	—	2,795,829 ¹
Jason L. Vollmer	—	44,000	26,331	—	194,007 ²
David C. Barney	—	150,000	96,016	—	790,996 ³
Jeffrey S. Thiede	—	100,000	132,359	—	1,116,799 ⁴
Nicole A. Kivisto	120,035	—	5,073	—	143,587 ⁵

¹ Mr. Goodin deferred 50% of his 2019 annual incentive compensation which was \$1,403,520 as reported in the Summary Compensation Table for 2019.

² Mr. Vollmer received \$44,000 under the Nonqualified Defined Contribution Plan for 2020. Mr. Vollmer's balance also includes contributions of \$40,000, \$35,000, and \$22,550 for 2019, 2018, and 2017, respectively. Each of these amounts are reported in column (i) of the Summary Compensation Table for its respective year, where applicable.

³ Mr. Barney received \$150,000 under the Nonqualified Defined Contribution Plan for 2020. Mr. Barney's balance also includes contributions of \$150,000 for each of 2019, 2018, and 2017. Each of these amounts are reported in column (i) of the Summary Compensation Table for its respective year.

⁴ Mr. Thiede received \$100,000 under the Nonqualified Defined Contribution Plan for 2020. Mr. Thiede's balance also includes contributions of \$100,000 for each of 2019, 2018, 2017, and 2016, \$150,000 for 2015, \$75,000 for 2014, and \$33,000 for 2013. Each of these amounts was reported in column (i) of the Summary Compensation Table in the Proxy Statement for its respective year, where applicable.

⁵ Ms. Kivisto deferred 25% of her 2019 annual incentive compensation which was \$480,139 as reported in the Summary Compensation Table for 2019.

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. The scenarios include:

- Voluntary Termination;
- Not for Cause Termination;
- Death;
- Disability;
- Change of Control with Termination; and
- Change of Control without Termination.

For the named executive officers, the information assumes the terminations or the change of control occurred on December 31, 2020.

The table excludes compensation and benefits our named executive officers would earn during their employment with us whether or not a termination or change of control event had occurred. The tables also do not include benefits under plans or arrangements generally available to all salaried employees and that do not discriminate in favor of the named executive officers, 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 2020](#)” Table.

Compensation

None of our named executive officers have employment or severance agreements entitling them to their base salary, some multiple of base salary or severance upon termination or change of control. Our 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.

All our named executive officers were granted their 2020 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. The EICP requires participants to remain employed with the company through the service year to be eligible for a payout unless otherwise determined by the compensation committee for executive officers or employment termination after age 65. As all our scenarios assume a termination or change in control event on December 31st, the named executive officers would be considered employed for the entire performance period; therefore, no amounts are shown for annual incentives in the tables for our named executive officers, 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 occurring on December 31, 2020.

All named executive officers received their performance share awards under the Long-Term Performance-Based Incentive Plan (LTIP). Upon a change of control (with or without termination), performance share awards 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.

Proxy Statement

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:

- 2018-2020 performance shares would vest based on the achievement of the performance measure for the period ended December 31, 2020, which was 150%;
- 2019-2021 performance shares would be prorated at 24 out of 36 months (2/3) of the performance period and vest based on the actual achievement of the performance measure for the period ended December 31, 2021. For purposes of the Potential Payments upon Termination or Change of Control Table, the performance achievement for the performance period is shown at target; and
- 2020-2022 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 31, 2020. 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.

Messrs. Barney and Thiede were granted 11,419 restricted stock units in February 2018. The restricted stock units and dividend equivalents vested on December 31, 2020, after Messrs. Barney and Thiede met the conditions for vesting by being continuously employed by the company through the vesting date. In the case of a change of control (with or without termination) occurring on December 31, 2020, the restricted stock units plus dividend equivalents would have vested pursuant to their normal terms.

Benefits and Perquisites

Supplemental Income Security Plan

As described in the "Pension Benefits for 2020" section, the Basic SISP provides a benefit of payments for 15 years commencing at the latter of retirement or age 65. Of the named executive officers, only Messrs. Goodin, Barney, and Ms. Kivisto participate in the Basic SISP benefits and are 100% vested in their benefit.

Under all scenarios except death and change of control without termination, the payment represents the present value of the vested Basic SISP benefit as of December 31, 2020, using the monthly retirement benefit shown in the table below and a discount rate of 1.95%. In the event of death, Messrs. Goodin, Barney, and Ms. Kivisto's beneficiaries would receive monthly death benefit payments for 15 years. The Potential Payments upon Termination or Change of Control Table shows the present value calculations of the monthly death benefit using the 1.95% discount rate.

	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	6,572	13,144

Because the plan requires a participant to be no longer actively employed by the company in order to be eligible for payments, we do not show benefits for the change of control without termination scenario.

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. 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 payments 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 2.25%. 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 1.95%, which is considered a reasonable rate for purposes of the calculation.

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:						
Performance Shares	4,103,672	4,103,672	4,103,672	4,103,672	6,608,842	6,608,842
Benefits and Perquisites:						
Basic SISP	3,212,382	3,212,382	—	3,212,382	3,212,382	—
SISP Death Benefits	—	—	7,198,103	—	—	—
Disability Benefits	—	—	—	—	—	—
Total	7,316,054	7,316,054	11,301,775	7,316,054	9,821,224	6,608,842
Jason L. Vollmer						
Compensation:						
Performance Shares	—	—	—	—	1,088,165	1,088,165
Benefits and Perquisites:						
Disability Benefits	—	—	—	995,310	—	—
Total	—	—	—	995,310	1,088,165	1,088,165
David C. Barney						
Compensation:						
Performance Shares	956,112	956,112	956,112	956,112	1,607,038	1,607,038
Restricted Stock Units	—	—	326,127	326,127	326,127	326,127
Benefits and Perquisites:						
Basic SISP	1,708,300	1,708,300	—	1,708,300	1,708,300	—
SISP Death Benefits	—	—	3,416,600	—	—	—
Disability Benefits	—	—	—	286,082	—	—
Total	2,664,412	2,664,412	4,698,839	3,276,621	3,641,465	1,933,165
Jeffrey S. Thiede						
Compensation:						
Performance Shares	970,335	970,335	970,335	970,335	1,616,520	1,616,520
Restricted Stock Units	—	—	326,127	326,127	326,127	326,127
Benefits and Perquisites:						
Disability Benefits	—	—	—	344,478	—	—
Total	970,335	970,335	1,296,462	1,640,940	1,942,647	1,942,647
Nicole A. Kivisto						
Compensation:						
Performance Shares	—	—	—	—	1,514,878	1,514,878
Benefits and Perquisites:						
Basic SISP	727,629	727,629	—	727,629	727,629	—
SISP Death Benefits	—	—	2,053,209	—	—	—
Disability Benefits	—	—	—	740,094	—	—
Total	727,629	727,629	2,053,209	1,467,723	2,242,507	1,514,878

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 project activity conducted by our businesses. Approximately 55% 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 2020 taxable wage information for all individuals on the company's payroll records as of December 31, 2020, 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 2020 to identify the median employee as it includes substantially all of the compensation for our median employee and provided a reasonably efficient and cost-effective manner for the identification of the median employee. Our median employee works for a subsidiary of our construction materials and contracting segment with compensation consisting of wages, bonus, company 401(k) matching and profit sharing contributions.

Once identified, we categorized the median employee's compensation to correspond to the compensation components as reported in the Summary Compensation Table. For 2020, the total annual compensation of Mr. Goodin as reported in the Summary Compensation Table included in this Proxy Statement was \$6,423,410, and the total annual compensation of our median employee was \$94,463. Based on this information, the 2020 ratio of annual total compensation of Mr. Goodin to the median employee was 68 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	\$651,791,776	\$688,339,867	5.61%
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	12,616,583	8,365,312	-33.70%
11	107 Construction Work in Progress - Gas	2,202,056	4,304,037	95.46%
12	108 (Less) Accumulated Depreciation	(280,728,295)	(294,951,110)	5.07%
13	111 (Less) Accumulated Amortization & Depletion	(3,671,933)	(4,285,958)	16.72%
14	114 Gas Plant Acquisition Adjustments	97,266	97,266	0.00%
15	115 (Less) Accum. Amort. Gas Plant Acq. Adj.	(74,951)	(77,772)	3.76%
16	116 Other Gas Plant Adjustments			
17	117 Gas Stored Underground - Noncurrent	1,584,292	1,580,342	-0.25%
18	118 Other Utility Plant	2,291,872,320	2,392,557,972	4.39%
19	119 Accum. Depr. and Amort. - Other Utl. Plant	(767,304,868)	(845,946,251)	10.25%
20				
21	Total Utility Plant	\$1,908,384,246	\$1,949,983,705	2.18%
22				
23	Other Property & Investments			
24	121 Nonutility Property	\$17,183,717	\$17,225,038	0.24%
25	122 (Less) Accum. Depr. & Amort. of Nonutil. Prop.	(7,014,058)	(7,811,064)	11.36%
26	123 Investments in Associated Companies			
27	123.1 Investments in Subsidiary Companies			
28	124 Other Investments	35,472,517	39,399,253	11.07%
29	125 Sinking Funds			
30				
31	Total Other Property & Investments	\$45,642,176	\$48,813,227	6.95%
32				
33	Current & Accrued Assets			
34	131 Cash	\$3,101,977	\$6,314,995	103.58%
35	132-134 Special Deposits	8,351	0	-100.00%
36	135 Working Funds	404,400	150,000	-62.91%
37	136 Temporary Cash Investments			
38	141 Notes Receivable			
39	142 Customer Accounts Receivable	25,441,438	25,930,474	1.92%
40	143 Other Accounts Receivable	4,742,209	5,368,195	13.20%
41	144 (Less) Accum. Provision for Uncollectible Accts.	(607,757)	(1,662,797)	173.60%
42	145 Notes Receivable - Associated Companies			
43	146 Accounts Receivable - Associated Companies	4,082,412	3,645,045	-10.71%
44	151 Fuel Stock	4,557,811	3,467,573	-23.92%
45	152 Fuel Stock Expenses Undistributed			
46	153 Residuals and Extracted Products			
47	154 Plant Materials and Operating Supplies	23,683,940	23,908,712	0.95%
48	155 Merchandise			
49	156 Other Material & Supplies			
50	163 Stores Expense Undistributed			
51	164.1 Gas Stored Underground - Current	10,136,688	12,297,386	21.32%
52	165 Prepayments	6,316,901	7,838,806	24.09%
53	166 Advances for Gas Explor., Devl. & Production			
54	171 Interest & Dividends Receivable			
55	172 Rents Receivable			
56	173 Accrued Utility Revenues	43,690,970	38,123,450	-12.74%
57	174 Miscellaneous Current & Accrued Assets			
58				
59	Total Current & Accrued Assets	\$125,559,340	\$125,381,839	-0.14%

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	\$3,366,323	\$2,981,345	-11.44%
5	182.1 Extraordinary Property Losses			
6	182.2 Unrecovered Plant & Regulatory Study Costs	2,051,519	1,590,048	-22.49%
7	182.3 Other Regulatory Assets	248,309,102	295,619,348	19.05%
8	183 Prelim. Electric Survey & Investigation Chrg.	2,025,691	2,239,944	10.58%
9	183.1 Prelim. Nat. Gas Survey & Investigation Chrg.	466,818	480,105	2.85%
10	183.2 Other Prelim. Nat. Gas Survey & Invtg. Chrgs.	175,485	0	-100.00%
11	184 Clearing Accounts	(51,596)	(3,021)	-94.14%
12	185 Temporary Facilities			
13	186 Miscellaneous Deferred Debits	30,927,165	33,788,188	9.25%
14	187 Deferred Losses from Disposition of Util. Plant			
15	188 Research, Devel. & Demonstration Expend.			
16	189 Unamortized Loss on Reacquired Debt	3,582,671	3,010,957	-15.96%
17	190 Accumulated Deferred Income Taxes	34,336,206	30,898,456	-10.01%
18	191 Unrecovered Purchased Gas Costs	(7,260,615)	(6,252,017)	-13.89%
19	192.1 Unrecovered Incremental Gas Costs			
20	192.2 Unrecovered Incremental Surcharges			
21				
22	Total Deferred Debits	\$317,928,769	\$364,353,353	14.60%
23				
24	TOTAL ASSETS & OTHER DEBITS	\$2,397,514,531	\$2,488,532,124	3.80%
25				
26	Account Number & Title	This Year	This Year	% Change
27	Liabilities and Other Credits			
28				
29	Proprietary Capital			
30	201 Common Stock Issued	\$1,000	\$1,000	0.00%
31	202 Common Stock Subscribed			
32	204 Preferred Stock Issued			
33	205 Preferred Stock Subscribed			
34	207 Premium on Capital Stock	138,653,236	176,087,676	27.00%
35	211 Miscellaneous Paid-In Capital			
36	213 (Less) Discount on Capital Stock			
37	214 (Less) Capital Stock Expense			
38	216 Appropriated Retained Earnings	666,173,397	692,013,888	3.88%
39	216.1 Unappropriated Retained Earnings			
40	217 (Less) Reacquired Capital Stock			
41	219 Accumulated Other Comprehensive Income	(5,845,725)	(6,796,303)	-16.26%
42				
43	Total Proprietary Capital	\$798,981,908	\$861,306,261	7.80%
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	858,114,076	826,501,962	-3.68%
50	225 Unamortized Premium on Long Term Debt			
51	226 (Less) Unamort. Discount on Long Term Debt-Dr.			
52				
53	Total Long Term Debt	\$858,114,076	\$826,501,962	-3.68%

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	\$919,830	\$1,358,949	47.74%
7	228.3 Accumulated Provision for Pensions & Benefits	15,956,506	16,095,150	0.87%
8	228.4 Accumulated Misc. Operating Provisions			
9	229 Accumulated Provision for Rate Refunds	1,003,000	1,576,507	57.18%
10	230 Asset Retirement Obligations	157,784,448	165,008,923	4.58%
11				
12	Total Other Noncurrent Liabilities	\$175,663,784	\$184,039,529	4.77%
13				
14	Current & Accrued Liabilities			
15	231 Notes Payable	\$0	\$50,000,000	N/A
16	232 Accounts Payable	42,766,713	33,574,632	-21.49%
17	233 Notes Payable to Associated Companies			
18	234 Accounts Payable to Associated Companies	7,440,437	8,244,639	10.81%
19	235 Customer Deposits	1,981,246	994,205	-49.82%
20	236 Taxes Accrued	12,804,780	19,361,246	51.20%
21	237 Interest Accrued	7,768,377	7,724,134	-0.57%
22	238 Dividends Declared	9,970,000	11,000,000	10.33%
23	239 Matured Long Term Debt			
24	240 Matured Interest			
25	241 Tax Collections Payable	1,049,033	1,819,823	73.48%
26	242 Miscellaneous Current & Accrued Liabilities	27,235,388	23,306,404	-14.43%
27	243 Obligations Under Capital Leases - Current			
28				
29	Total Current & Accrued Liabilities	\$111,015,974	\$156,025,083	40.54%
30				
31	Deferred Credits			
32	252 Customer Advances for Construction	\$17,699,064	\$17,318,240	-2.15%
33	253 Other Deferred Credits	44,742,469	45,219,805	1.07%
34	254 Other Regulatory Liabilities	155,076,682	146,195,835	-5.73%
35	255 Accumulated Deferred Investment Tax Credits	4,060,897	6,171,416	51.97%
36	256 Deferred Gains from Disposition Of Util. Plant			
37	257 Unamortized Gain on Reacquired Debt			
38	281-283 Accumulated Deferred Income Taxes	232,159,677	245,754,093	5.86%
39				
40	Total Deferred Credits	\$453,738,789	\$460,659,389	1.53%
41				
42	TOTAL LIABILITIES & OTHER CREDITS	\$2,397,514,531	\$2,488,532,224	3.80%

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NOTES TO FINANCIAL STATEMENTS (Continued)			

Definitions

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

Abbreviation or Acronym

AARP	American Association of Retired Persons
AFUDC	Allowance for funds used during construction
ASC	FASB Accounting Standards Codification
ASU	FASB Accounting Standards Update
Big Stone Station	475-MW coal-fired electric generating facility near Big Stone City, South Dakota (22.7 percent ownership)
BSSE	345-kilovolt transmission line from Ellendale, North Dakota, to Big Stone City, South Dakota (50 percent ownership)
Company	Montana-Dakota Utilities Co., a direct wholly owned subsidiary of MDU Energy Capital
COVID-19	Coronavirus disease 2019
Coyote Creek	Coyote Creek Mining Company, LLC, a subsidiary of The North American Coal Corporation
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
Holding Company Reorganization	The internal holding company reorganization completed on January 1, 2019, which resulted in MDU Resources becoming a holding company and indirectly owning all of the outstanding capital stock of the Company (prior to the reorganization, the Company was a public utility division of MDU Resources)
LIBOR	London Inter-bank Offered Rate
MDU Energy Capital	MDU Energy Capital, LLC, a direct wholly owned subsidiary of MDU Resources
MDU Resources	MDU Resources Group, Inc., a holding company indirectly owning all of the outstanding capital stock of the Company
MISO	Midcontinent Independent System Operator, Inc.
MNPUC	Minnesota Public Utilities Commission
MTPSC	Montana Public Service Commission

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MW	Megawatt
NDPSC	North Dakota Public Service Commission
SDPUC	South Dakota Public Utilities Commission
SOFR	Secured Overnight Financing Rate
Wygen III	100-MW coal-fired electric generating facility near Gillette, Wyoming (25 percent ownership)
WYPSC	Wyoming Public Service Commission

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NOTES TO FINANCIAL STATEMENTS (Continued)

Notes to Financial Statements**Note 1 - Basis of Presentation**

The Company is incorporated under the laws of the state of Delaware and is a wholly owned subsidiary of MDU Energy Capital. The Company is comprised of Montana-Dakota and Great Plains, a public utility division of Montana-Dakota. The Company is organized into two reportable operating segments, electric and natural gas distribution. The Company's operating segments are determined based on the separate services and regulation.

On January 2, 2019, MDU Resources announced the completion of the Holding Company Reorganization, which resulted in Montana-Dakota becoming a subsidiary of MDU Resources. The purpose of the reorganization was to make the public utility division into a subsidiary of the holding company, just as the other operating companies are wholly owned subsidiaries.

In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic, and the President of the United States declared the COVID-19 outbreak as a national emergency. Governmental restrictions and guidelines implemented to control the spread of COVID-19 reduced commercial and interpersonal activity throughout the Company's areas of operation. Most of the Company's products and services are considered essential and accordingly operations have been generally allowed to continue. The Company has experienced some inefficiency impacts, including operation suspensions and interruptions at some locations to carry out preventive measures or in response to instances of positive tests or quarantines. The Company has assessed the impacts of the COVID-19 pandemic on its results of operations for the twelve months ended December 31, 2020, and determined there were no material adverse impacts.

On June 30, 2020, in response to the COVID-19 emergency, FERC issued an Order allowing a 12-month waiver of certain provisions of its regulations surrounding the AFUDC rate calculation. This temporary waiver allows a company to compute the AFUDC rate for the 12-month period starting with March 2020 using the company's simple average of the actual historical short-term debt balances for 2019, instead of current period short-term debt balances while leaving all other aspects of the AFUDC formula unchanged. On February 23, 2021, the FERC issued an Order extending its June 2020 AFUDC rate waiver for an additional seven months. The extension allows companies the option to modify their AFUDC rate calculation through September 30, 2021 to mitigate the impact of short-term debt issued during this period.

FERC's accounting regulations and precedent require the maximum AFUDC rate to be computed by considering short-term debt as the first source of construction financing, which is based on the premise that short-term debt is not used elsewhere in the development of rates. Historically, FERC has only provided exceptions to this AFUDC requirement in unique situations where certain amounts of short-term debt were a defined cost in the setting of rates. However, in its Order, FERC noted that the need to maintain liquidity and improve financing flexibility during this unique state of emergency also warrants an exception to the AFUDC rate computation. This waiver will ensure that companies would be able to remove from the AFUDC rate the distorting effects of temporary increases in the amount of current period short-term debt needed in response to the COVID-19 emergency.

The Company opted to elect the temporary waiver for the calculation of AFUDC. This election was in place March 1, 2020 and will be utilized through September 30, 2021. Following the temporary waiver period, the Company will return to the traditional AFUDC rate calculation.

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 144,000

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NOTES TO FINANCIAL STATEMENTS (Continued)			

electric and 305,000 natural gas residential, commercial, industrial and municipal customers in 289 communities and adjacent rural areas as of December 31, 2020.

Montana-Dakota and Great Plains are regulated businesses which account for certain income and expense items under the provisions of regulatory accounting, which requires them 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 5 for more information regarding the nature and amounts of these regulatory deferrals.

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 has ownership interests in the assets, liabilities and expenses of jointly owned electric transmission and 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, operating leases, and current unrecovered purchased gas costs. If GAAP were followed, utility plant, other property and investments would increase by \$148.8 million; current and accrued assets would decrease by \$5.7 million; deferred debits would decrease by \$82.3 million; long-term debt would decrease by \$3.2 million; current and accrued liabilities would increase by \$23.5 million; and deferred credits and other noncurrent liabilities would increase by \$40.4 million as of December 31, 2020. Furthermore, operating revenues would increase by \$5.5 million and operating expenses, excluding income taxes, would increase by \$9.4 million for the twelve months ended December 31, 2020. In addition, net cash provided by operating activities would increase by \$877,000; net cash provided by investing activities would decrease by \$35.9 million; net cash used in financing activities would increase by \$35.0 million; and the net change in cash and cash equivalents would net to \$0 for the twelve months ended December 31, 2020.

Management has also evaluated the impact of events occurring after December 31, 2020, up to the date of issuance of these financial statements. For more information on the Company's subsequent events, see Note 19.

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; property depreciable lives; tax provisions; expected credit losses; environmental and other loss contingencies; regulatory assets expected to be recovered in rates charged to customers; 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.

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Note 2 - Significant Accounting Policies**New accounting standards****Recently adopted accounting standards**

ASU 2016-13 - Measurement of Credit Losses on Financial Instruments In June 2016, the FASB issued guidance on the measurement of credit losses on certain financial instruments. The guidance introduced a new impairment model known as the current expected credit loss model that replaced the incurred loss impairment methodology previously included under GAAP. This guidance required entities to present certain investments in debt securities, trade accounts receivable and other financial assets at their net carrying value of the amount expected to be collected on the financial statements. The Company early adopted the guidance on January 1, 2020, using a modified retrospective approach.

The Company formed an implementation team to review and assess existing financial assets to identify and evaluate the financial assets subject to the new current expected credit loss model. The Company assessed the impact of the guidance on its processes and internal controls and identified and updated existing internal controls and processes to ensure compliance with the new guidance; such modifications were deemed insignificant. During the assessment phase, the Company identified the complete portfolio of assets subject to the current expected credit loss model. The Company determined the guidance did not have a material impact on its results of operations, financial position, cash flows or disclosures and did not record a material cumulative effect adjustment upon adoption. See Receivables and allowance for expected credit losses within this note for additional information on the Company's expected credit losses.

ASU 2018-13 - Changes to the Disclosure Requirements for Fair Value Measurement In August 2018, the FASB issued guidance on modifying the disclosure requirements on fair value measurements as part of the disclosure framework project. The guidance modified, among other things, the disclosures required for Level 3 fair value measurements, including the range and weighted average of significant unobservable inputs. The guidance removed, among other things, the disclosure requirement to disclose transfers between Levels 1 and 2. The Company adopted the guidance on January 1, 2020, and determined it did not have a material impact on its disclosures.

Recently issued accounting standards not yet adopted

ASU 2018-14 - Changes to the Disclosure Requirements for Defined Benefit Plans In August 2018, the FASB issued guidance on modifying the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans as part of the disclosure framework project. The guidance removed disclosures that are no longer considered cost beneficial, clarifies the specific requirements of disclosures and added disclosure requirements identified as relevant. The guidance added, among other things, the requirement to include an explanation for significant gains and losses related to changes in benefit obligations for the period. The guidance removed, among other things, the disclosure requirement to disclose the amount of net periodic benefit costs to be amortized over the next fiscal year from accumulated other comprehensive income (loss) and the effects a one percentage point change in assumed health care cost trend rates will have on certain benefit components. The Company expects to early adopt the guidance in 2021 using a retrospective basis. The Company determined the new guidance will not materially impact its disclosures.

ASU 2019-12 - Simplifying the Accounting for Income Taxes In December 2019, the FASB issued guidance on simplifying the accounting for income taxes by removing certain exceptions in ASC 740 and providing simplification amendments. The guidance removed exceptions on intraperiod tax allocations and reporting and provided simplification on accounting for franchise taxes, tax basis goodwill and tax law changes. The Company adopted the guidance on January 1, 2021, and determined it did not have a material impact on its results of operations, financial position, cash flows and disclosures.

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ASU 2020-04 - Reference Rate Reform In March 2020, the FASB issued optional guidance to ease the facilitation of the effects of reference rate reform on financial reporting. The guidance applies to certain contract modifications, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. LIBOR is expected to be retired with a full phase-out by the end of 2021 and replaced by new reference rates, which includes SOFR. The guidance can be applied beginning in the interim period that includes March 12, 2020, and cannot be applied to contract modifications or hedging relationships entered into or evaluated after December 31, 2022. The Company has updated its credit agreements to include language regarding the successor or alternate rate to LIBOR, and a review of other contracts and agreements is on going. The Company does not expect the guidance to have a material impact on its results of operations, financial position, cash flows or disclosures.

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.

Revenue recognition

Revenue is recognized when a performance obligation is satisfied by transferring control over a product or service to a customer. Revenue is measured based on consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. The Company is considered an agent for certain taxes collected from customers. As such, the Company presents revenues net of these taxes at the time of sale to be remitted to governmental authorities, including sales and use taxes.

The Company generates revenue from the sales of electric and natural gas products and services, which includes retail and transportation services. The Company establishes a customer's retail or transportation service account based on the customer's application/contract for service, which indicates approval of a contract for service. The contract identifies an obligation to provide service in exchange for delivering or standing ready to deliver the identified commodity; and the customer is obligated to pay for the service as provided in the applicable tariff. The product sales are based on a fixed rate that includes a base and per-unit rate, which are included in approved tariffs as determined by state or federal regulatory agencies. The quantity of the commodity consumed or transported determines the total per-unit revenue. The service provided, along with the product consumed or transported, are a single performance obligation because both are required in combination to successfully transfer the contracted product or service to the customer. Revenues are recognized over time as customers receive and consume the products and services. The method of measuring progress toward the completion of the single performance obligation is on a per-unit output method basis, with revenue recognized based on the direct measurement of the value to the customer of the goods or services transferred to date. For contracts governed by the Company's utility tariffs, amounts are billed monthly with the amount due between 15 and 22 days of receipt of the invoice depending on the applicable state's tariff. For other contracts not governed by tariff, payment terms are net 30 days. At this time, the Company has no material obligations for returns, refunds or other similar obligations.

The Company recognizes all other revenues when services are rendered or goods are delivered.

Legal costs

The Company expenses external legal fees as they are incurred.

Receivables and allowance for expected credit losses

Receivables consists primarily of trade receivables from the sale of goods and services, which are recorded at the invoiced amount. The Company's trade receivables are all due in 12 months or less. The total balance of receivables past due 90 days or more was \$2.8

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million and \$515,000 at December 31, 2020 and 2019, respectively. In response to the COVID-19 pandemic, certain measures were taken including waiving late fees, suspending disconnects due to nonpayment or delaying write-offs of impacted accounts. As a consequence, the Company has experienced an increase in the balance of receivables past due 90 days.

The Company's expected credit losses are determined through a review using historical credit loss experience, changes in asset specific characteristics, current conditions and reasonable and supportable future forecasts, among other specific account data, and is performed at least quarterly. The Company develops and documents its methodology to determine its allowance for expected credit losses at each of its reportable business segments. Risk characteristics used by the business segments may include customer mix, knowledge of customers and general economic conditions of the various local economies, among others. Specific account balances are written off when management determines the amounts to be uncollectible.

The Company conducted additional analysis of its receivables and allowance for expected credit losses due to the impacts of COVID-19. As more customer balances enter arrears, further analysis supported increasing the uncollectible factors used in determining the expected credit losses during 2020. Management has reviewed the balance reserved through the allowance for expected credit losses and believes it is reasonable.

Details of the Company's expected credit losses were as follows:

	Electric	Natural gas distribution	Total
(In thousands)			
At January 1, 2020	\$ 328	\$ 280	\$ 608
Current expected credit loss provision	1,517	1,190	2,707
Less write-offs charged against the allowance	1,289	1,047	2,336
Credit loss recoveries collected	343	341	684
At December 31, 2020	\$ 899	\$ 764	\$ 1,663

The Company's allowance for doubtful accounts at December 31, 2019 was \$608,000.

Receivables also consist of accrued unbilled revenue representing revenues recognized in excess of amounts billed. Accrued unbilled revenue was \$38.1 million and \$43.7 million at December 31, 2020 and 2019, respectively.

Inventories and natural gas in storage

Natural gas in storage is valued at cost using the last-in, first-out method. All other inventories are valued at lower of cost or net realizable value using the average cost method. The portion of the cost of natural gas in storage expected to be used within 12 months was included in inventories. Inventories at December 31 consisted of:

	2020	2019
(In thousands)		
Plant materials and operating supplies	\$ 23,909	\$ 23,684
Gas stored underground-current	12,297	10,136
Fuel stock	3,468	4,558
Total	\$ 39,674	\$ 38,378

The remainder of natural gas in storage, which largely represents the cost of gas required to maintain pressure levels for normal operating purposes, was \$1.6 million for each of the years ended December 31, 2020 and 2019.

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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 for the years ended December 31 were as follows:

	2020	2019
	(In thousands)	
AFUDC - borrowed	\$ 1,421	\$ 1,703
AFUDC - equity	\$ 428	\$ 669

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, and amortization.

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 2020 and 2019. Unforeseen events and changes in circumstances could require the recognition of impairment losses at some future date.

Regulatory assets and liabilities

The Company accounts 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. The Company records regulatory assets or liabilities at the time the Company determines the amounts to be recoverable in current or future rates.

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. Natural gas costs refundable through rate adjustments were \$6.3 million and \$7.3 million at December 31, 2020 and 2019, respectively, which was included in unrecovered purchased gas costs.

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 the Company completes in the fourth quarter, or more frequently if events or changes in circumstances indicate that goodwill may be impaired. 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.

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Goodwill impairment, if any, is measured by 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 goodwill of the reporting unit is not impaired. If the carrying value of a reporting unit exceeds its fair value, the Company must record an impairment loss for the amount that the carrying value of the reporting unit, including goodwill, exceeds the fair value of the reporting unit. For the years ended December 31, 2020 and 2019, there were no impairment losses recorded. The Company performed its annual goodwill impairment test in the fourth quarter of 2020 and determined the fair value substantially exceeded the carrying value of its reporting units at October 31, 2020.

Investments

The Company's investments include 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 7 and 14.

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.

Income taxes

MDU Resources and its subsidiaries file consolidated federal income tax returns and combined and separate state income tax returns. Federal income taxes paid by MDU Resources, as parent of the consolidated group, are allocated to the individual subsidiaries based on the ratio of the separate company computations of tax. MDU Resources makes a similar allocation for state income taxes paid in connection with combined state filings. MDU Resources 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 liabilities are expected to be reflected as a reduction in future rates charged to customers in accordance with applicable regulatory procedures.

The Company uses the deferral method of accounting for investment tax credits and amortizes the credits on regulated electric 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.

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Note 3 - Revenue from Contracts with Customers

Revenue is recognized when a performance obligation is satisfied by transferring control over a product or service to a customer. Revenue is measured based on consideration specified in a contract with a customer and excludes any sales incentives and amounts collected on behalf of third parties. The Company is considered an agent for certain taxes collected from customers. As such, the Company presents revenues net of these taxes at the time of sale to be remitted to governmental authorities, including sales and use taxes.

As part of the adoption of ASC 606 - Revenue from Contracts with Customers, the Company elected the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Company otherwise would have recognized is 12 months or less.

Disaggregation

In the following table, revenue is disaggregated by the type of customer or service provided. The Company believes this level of disaggregation best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The table also includes a reconciliation of the disaggregated revenue by reportable segments.

Year Ended December 31, 2020	Electric	Natural Gas Distribution	Total
(In thousands)			
Residential utility sales	\$ 122,663	\$ 144,291	\$ 266,954
Commercial utility sales	131,477	95,302	226,779
Industrial utility sales	36,744	4,424	41,168
Other utility sales	6,634	---	6,634
Natural gas transportation	---	6,635	6,635
Other	32,452	5,621	38,073
Revenues from contracts with customers	329,970	256,273	586,243
Revenues out of scope	3,146	6,158	9,304
Total external operating revenues	\$ 333,116	\$ 262,431	\$ 595,547

Year Ended December 31, 2019	Electric	Natural Gas Distribution	Total
(In thousands)			
Residential utility sales	\$ 125,369	\$ 162,461	\$ 287,830
Commercial utility sales	141,596	113,569	255,165
Industrial utility sales	37,765	6,503	44,268
Other utility sales	7,408	---	7,408
Natural gas transportation	---	6,988	6,988
Other	35,574	6,516	42,090
Revenues from contracts with customers	347,712	296,037	643,749
Revenues out of scope	4,013	2,454	6,467
Total external operating revenues	\$ 351,725	\$ 298,491	\$ 650,216

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Note 4 - Property, Plant and Equipment

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

	2020	2019	Weighted Average Depreciable Life in Years
(Dollars in thousands, where applicable)			
Electric:			
Generation	\$ 1,133,390	\$ 1,139,059	48
Distribution	464,442	443,780	46
Transmission	524,155	445,485	64
Construction in progress	61,766	66,664	-
Other	134,221	126,759	14
Natural gas distribution:			
Distribution	619,252	589,079	47
Transmission	7,344	7,214	51
General	56,960	54,795	14
Construction in progress	6,693	7,190	-
Other	85,441	78,555	16
Less accumulated depreciation, and amortization	1,145,261	1,051,780	
Net utility plant	\$ 1,948,403	\$ 1,906,800	
Nonutility property	\$ 17,225	\$ 17,184	16
Less accumulated depreciation, and amortization	7,811	7,014	
Net nonutility property	\$ 9,414	\$ 10,170	

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Note 5 - Regulatory Assets and Liabilities

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

	Estimated Recovery or Refund Period*	2020	2019
(In thousands)			
Regulatory assets:			
Pension and postretirement benefits (a)	(h)	\$ 93,242	\$ 94,630
Plant to be retired (a)	---	65,919	32,932
Asset retirement obligations (a) (b)	Over plant lives	20,890	17,317
Taxes recoverable from customers (a)	Over plant lives	7,364	8,027
Unamortized loss on required debt	Up to 6 years	3,011	3,583
Costs related to identifying generation development (c)	Up to 6 years	1,590	2,051
Unrecovered purchased gas costs	Up to 1 year	(6,252)	(7,261)
Electric fuel and purchased power deferral (a)	Up to 1 year	(3,667)	(5,824)
Other (a) (d) (e)	Up to 18 years	20,633	14,572
Total regulatory assets		202,730	160,027
Regulatory liabilities:			
Taxes refundable to customers (f)	Over plant lives	130,179	138,393
Plant removal and decommissioning costs (b) (f)	Over plant lives	55,267	55,539
Pension and postretirement benefits (f)	(h)	11,055	13,832
Accumulated provision for rate refunds	Up to 1 year	1,576	1,003
Other (f) (g)	Up to 21 years	11,074	7,007
Total regulatory liabilities		209,151	215,774
Net regulatory position		\$ (6,421)	\$ (55,747)

* Estimated recovery or refund period for amounts currently being recovered or refunded in rates to customers.

- (a) Included in other regulatory assets on the Comparative Balance Sheet.
- (b) Included in accumulated provision for depreciation, and amortization 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.

As of December 31, 2020 and 2019, approximately \$166.3 million and \$126.9 million respectively, of regulatory assets were not earning a rate of return but are expected to be recovered from customers in future rates. These assets are largely comprised of the unfunded portion of pension and postretirement benefits, asset retirement obligations, accelerated depreciation on plant to be retired and the estimated future cost of manufactured gas plant site remediation.

In February 2019, the Company announced that it intends to retire one aging coal-fired electric generating unit in March 2021 and two units in early 2022. The Company has accelerated the depreciation related to these facilities in property, plant and equipment and has recorded the difference between the accelerated depreciation, in accordance with GAAP, and the depreciation approved for rate-making purposes as regulatory assets. The Company expects to recover the regulatory assets related to the plants to be retired in

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future rates.

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 6 - 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, 2020 and 2019. This amount is included in miscellaneous deferred debits. No impairments have been recorded in any periods.

Note 7 - 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 defined 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 \$26.1 million and \$22.7 million at December 31, 2020 and 2019, respectively, are classified as Other Investments on the Comparative Balance Sheet. The net unrealized gains on these investments for each of the years ended December 31, 2020 and 2019, were \$3.4 million. 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 fair value 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.

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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, 2020, Using			Balance at December 31, 2020
	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	\$ —	\$ 1,112	\$ —	\$ 1,112
Insurance contract*	—	26,080	—	26,080
Total assets measured at fair value	\$ —	\$ 27,192	\$ —	\$ 27,192

*The insurance contract invests approximately 57 percent in fixed-income investments, 18 percent in common stock of large-cap companies, 9 percent in common stock of mid-cap companies, 9 percent in common stock of small-cap companies, 5 percent in target date investments and 2 percent in cash equivalents.

	Fair Value Measurements at December 31, 2019, Using			Balance at December 31, 2019
	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	\$ —	\$ 1,107	\$ —	\$ 1,107
Insurance contract*	—	22,669	—	22,669
Total assets measured at fair value	\$ —	\$ 23,776	\$ —	\$ 23,776

*The insurance contract invests approximately 51 percent in fixed-income investments, 23 percent in common stock of large-cap companies, 12 percent in common stock of mid-cap companies, 10 percent in common stock of small-cap companies, 3 percent in target date investments and 1 percent in cash equivalents.

The Company's 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.

The Company applies the provisions of the fair value measurement standard to its nonrecurring, non-financial measurements, including long-lived asset impairments. These assets are not measured at fair value on an ongoing basis but are subject to fair value

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adjustments only in certain circumstances. The Company reviews the carrying value of its long-lived assets, excluding goodwill, whenever events or changes in circumstances indicate that such carrying amounts may not be recoverable.

In the second quarter of 2019, the Company reviewed a non-utility investment for impairment. This was a cost-method investment and was written down to zero using the income approach to determine its fair value, requiring the Company to record a write-down of \$2.0 million, before tax. The fair value of this investment was categorized as Level 3 in the fair value hierarchy. The reduction is reflected in Other Investments on the Company's Comparative Balance Sheet, as well as within Other Income and Deductions as Other Deductions on the Statement of Income.

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 categorized as Level 2 in the fair value hierarchy and 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:

	2020	2019
	(In thousands)	
Carrying Amount	\$ 826,502	\$ 858,114
Fair Value	\$ 966,157	\$ 934,279

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

Note 8 - Debt

Certain debt instruments of the Company contain restrictive and financial covenants and cross default provisions. In order to borrow under the debt agreements, the Company must be in compliance with the applicable covenants and certain other conditions all of which the Company was in compliance with at December 31, 2020. 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, 2020	Amount Outstanding at December 31, 2019	Letters of Credit at December 31, 2019	Expiration Date
			(Dollars in millions)			
Montana-Dakota Utilities Co.	Commercial paper/Revolving credit agreement	(a) \$ 175.0	\$ 87.7	(b) \$ 118.6	(b) \$ ---	12/19/24

(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 included in other long-term debt on the Comparative Balance Sheet.

The 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.

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Short-term debt

On April 8, 2020, the Company entered into a \$75.0 million term loan agreement with a LIBOR-based variable interest rate and a maturity date of April 7, 2021. At December 31, 2020, the Company had \$50.0 million outstanding under the agreement. The agreement contains customary covenants and provisions, including a covenant of the Company not to permit, at any time, the ratio or total debt to total capitalization to be greater than 65 percent. The covenants also include certain restrictions on the sale of certain assets, loans and investments.

Long-term debt

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

	2020	2019
	(In thousands)	
Senior notes at a weighted average rate of 4.47%, due on dates ranging from July 15, 2024 to November 18, 2059	\$ 730,000	\$ 730,000
Commercial paper at an interest rate of 0.27%, supported by revolving credit agreement	87,700	118,600
Term loan agreement at an interest rate of 2.00%, due on September 3, 2032	8,400	9,100
Other note at a rate of 6.0%, due on November 30, 2038	402	414
Total long-term debt	\$ 826,502	\$ 858,114

On January 1, 2019, MDU Resources' revolving credit agreement and commercial paper program became the Company's revolving credit agreement and commercial paper program as a result of the Holding Company Reorganization. The outstanding balance of the revolving credit agreement was also transferred to the Company. All of the related terms and covenants of the credit agreements remained the same.

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, the ratio of funded debt to total capitalization (determined on a consolidated basis) 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.

The Company's ratio of total debt to total capitalization at December 31, 2020, was 49 percent.

Schedule of Debt Maturities Long-term debt maturities for the five years and thereafter following December 31, 2020, were as follows:

	2021	2022	2023	2024	2025	Thereafter
	(In thousands)					
Long-term debt maturities	\$700	\$700	\$700	\$148,400	\$87,700	\$588,302

Note 9 - 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.

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

	2020	2019
	(In thousands)	
Balance at beginning of year	\$ 157,784	\$ 142,923
Liabilities incurred	2,916	7,100
Liabilities settled	(2,456)	(2,349)
Accretion expense *	8,027	7,289
Revisions in estimates	(1,262)	2,821
Balance at end of year	\$ 165,009	\$ 157,784

* Includes \$8.0 million and \$7.3 million in 2020 and 2019, 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. For more information on the Company's regulatory assets and liabilities, see Note 5.

Note 10 - Stock-Based Compensation

Total stock-based compensation expense (after tax) was \$2.7 million and \$1.7 million in 2020 and 2019, respectively.

As of December 31, 2020, total remaining unrecognized compensation expense related to stock-based compensation was approximately \$2.9 million (before income taxes) which will be amortized over a weighted average period of 1.6 years.

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Note 11 - Accumulated other comprehensive income (loss)

The Company's accumulated other comprehensive income (loss) is comprised of postretirement liability adjustments.

The postretirement liability adjustment in other comprehensive loss was \$6.8 million, net of tax of \$2.2 million, for the year ended December 31, 2020.

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

Twelve Months Ended December 31, 2020	Postretirement Liability Adjustment	Subsidiary Other Comprehensive Loss	Total Accumulated Other Comprehensive Loss
(In thousands)			
Balance at December 31, 2019	\$ (5,846)	\$ ---	\$ (5,846)
Other comprehensive loss before reclassifications	(1,104)	---	(1,104)
Amounts reclassified from accumulated other comprehensive loss	154	---	154
Net current-period other comprehensive loss	(950)	---	(950)
Balance at December 31, 2020	\$ (6,796)	\$ ---	\$ (6,796)

Twelve Months Ended December 31, 2019	Postretirement Liability Adjustment	Subsidiary Other Comprehensive Loss	Total Accumulated Other Comprehensive Loss
(In thousands)			
Balance at December 31, 2018	\$ (4,846)	\$ (33,496)	\$ (38,342)
Adjustment for Holding Company Reorganization	---	33,496	33,496
Other comprehensive loss before reclassifications	(1,230)	---	(1,230)
Amounts reclassified from accumulated other comprehensive loss	230	---	230
Net current-period other comprehensive loss	(1,000)	---	(1,000)
Balance at December 31, 2019	\$ (5,846)	\$ ---	\$ (5,846)

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The following amounts were reclassified out of accumulated other comprehensive loss into net income. The amounts presented in parenthesis indicate a decrease to net income on the Statement of Income. The reclassifications were as follows:

Twelve Months Ended December 31,	2020	2019	Location on Statement of Income
	(In thousands)		
Amortization of postretirement liability losses included in net periodic benefit cost	\$ (204)	\$ (304)	Operating Expenses
	50	74	Income taxes
Total reclassifications	\$ (154)	\$ (230)	

Note 12 - Income Taxes

Income before income taxes for the years ended December 31, 2020 and 2019, respectively was \$58.9 million and \$54.6 million.

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

	2020	2019
	(In thousands)	
Current:		
Federal	\$ (20,364)	\$ (26,940)
State	(2,317)	(3,042)
	(22,681)	(29,982)
Deferred:		
Income taxes:		
Federal	7,831	13,512
State	1,957	3,230
Investment tax credit - net	2,111	683
	11,899	17,425
Total income tax benefit	\$ (10,782)	\$ (12,557)

The Company has recorded regulatory liabilities in FERC account 254 for excess deferred income taxes, including gross ups, to reflect the future revenue reduction required to return previously collected income taxes to customers. The balance of the excess deferred income tax regulatory liability, including gross ups, was \$130.0 million and \$138.3 million as of December 31, 2020 and 2019, respectively.

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

	2020	2019
	(In thousands)	
Deferred tax assets:		
Postretirement	\$ 16,763	\$ 17,805
Production Tax Credits	-	5,343
Compensation-related	5,336	4,593
Customer advances	4,112	4,155
Other	4,687	2,440
Total deferred tax assets	30,898	34,336
Deferred tax liabilities:		
Depreciation and basis differences on property, plant and equipment	194,102	190,246
Postretirement	27,438	26,953
Plants to be retired	16,592	8,610
Cost recovery mechanisms	2,621	1,569
Other	5,001	4,782
Total deferred tax liabilities	245,754	232,160
Net deferred income tax liability	\$ (214,856)	\$ (197,824)

As of December 31, 2020 and 2019, 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, 2019, to December 31, 2020, to deferred income tax expense:

	2020
	(In thousands)
Change in net deferred income tax liability from the preceding table	\$ 17,032
Excess deferred income tax amortization	(6,233)
Deferred taxes associated with other comprehensive income (loss)	307
Other	793
Deferred income tax expense for the period	\$ 11,899

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Total income tax benefit 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,	2020		2019	
	Amount	%	Amount	%
	(Dollars in thousands)			
Computed tax at federal statutory rate	\$ 12,360	21.0	\$ 11,459	21.0
Increases (reductions) resulting from:				
Production tax credit	(16,009)	(27.2)	(15,843)	(29.0)
Excess deferred income tax amortization	(6,233)	(10.6)	(7,449)	(13.7)
Amortization and deferral of investment tax credit	2,111	3.6	683	1.3
R&D tax credit	(1,000)	(1.7)	(245)	(0.4)
Deductible K-Plan dividends	(524)	(0.9)	(568)	(1.0)
AFUDC equity	(90)	(0.2)	219	0.4
State income taxes, net of federal income tax	(743)	(1.3)	179	0.3
Nonqualified benefit plan	(1,209)	(2.1)	(1,234)	(2.3)
Other	555	0.9	242	0.4
Total income tax benefit	\$ (10,782)	(18.5)	\$ (12,557)	(23.0)

MDU Resources 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 2016. With few exceptions, as of December 31, 2020, the Company is no longer subject to state and local income tax examinations by tax authorities for years ending prior to 2016.

For the years ended December 31, 2020 and 2019, total reserves for uncertain tax positions were not material. The Company recognizes interest related to uncertain tax positions in interest expense and penalties related to income taxes in income tax expense.

Note 13 - Cash Flow Information

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

	2020	2019
	(In thousands)	
Interest, net of AFUDC – borrowed of \$1,421 and \$1,703 in 2020 and 2019, respectively	\$ 33,553	\$ 30,215
Income taxes refunded, net	\$ (24,454)	\$ (14,869)

Noncash investing and financing transactions at December 31 were as follows:

	2020	2019
	(In thousands)	
Property, plant and equipment additions in accounts payable	\$ 6,592	\$ 15,832

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Note 14 - 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.

Prior to 2013, all of the Company's defined benefit pension plans were frozen. These employees were eligible to receive additional defined contribution plan benefits. In October 2018, the Company transferred the liability of certain participants in the defined benefit pension plan, who are currently receiving benefits to an annuity company. The transfer of the benefit payments for these participants reduced the Company's liability and future premiums.

Effective January 1, 2010, eligibility to receive retiree medical benefits was modified. Employees who had attained age 55 with 10 years of continuous service by December 31, 2010, were provided the option to choose between a pre-65 comprehensive medical plan coupled with a Medicare supplement or a specified company funded Retiree Reimbursement Account, regardless of when they retire. All other eligible employees must meet the new eligibility criteria of age 60 and 10 years of continuous service at the time they retire to 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 and amounts recognized in the Comparative Balance Sheet at December 31 were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2020	2019	2020	2019
(In thousands)				
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 206,730	\$ 192,341	\$ 32,643	\$ 31,688
Service cost	---	---	489	373
Interest cost	5,888	7,468	938	1,176
Plan participants' contributions	---	---	260	459
Actuarial loss	12,282	19,782	712	1,365
Benefits paid	(12,177)	(12,861)	(2,094)	(2,418)
Benefit obligation at end of year	212,723	206,730	32,948	32,643
Change in net plan assets:				
Fair value of plan assets at beginning of year	176,548	146,292	48,063	41,865
Actual return on plan assets	19,660	27,664	5,377	8,150
Employer contribution	---	15,453	29	6
Plan participants' contributions	---	---	260	459
Benefits paid	(12,177)	(12,861)	(2,094)	(2,417)
Fair value of net plan assets at end of year	184,031	176,548	51,635	48,063
Funded status – over (under)	\$ (28,692)	\$ (30,182)	\$ 18,687	\$ 15,420
Amounts recognized in the Comparative Balance Sheet at December 31:				
Other deferred debits (credits)	\$ (28,692)	\$ (30,182)	\$ 18,687	\$ 15,420
Net amount recognized	\$ (28,692)	\$ (30,182)	\$ 18,687	\$ 15,420
Amounts recognized in regulatory assets or liabilities:				
Actuarial (gain) loss	\$ 88,626	\$ 94,491	\$ (5,910)	\$ (3,940)
Prior service credit	---	---	(4,497)	(5,691)
Total	\$ 88,626	\$ 94,491	\$ (10,407)	\$ (9,631)

Employer contributions and benefits paid in the preceding table include only those amounts contributed directly to, or paid directly from, plan assets. Amounts related to regulated operations are recorded as regulatory assets or liabilities and are expected to be reflected in rates charged to customers over time. For more information on regulatory assets and liabilities, see Note 5.

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:

	2020	2019
(In thousands)		
Projected benefit obligation	\$ 212,723	\$ 206,730
Accumulated benefit obligation	\$ 212,723	\$ 206,730
Fair value of plan assets	\$ 184,031	\$ 176,548

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The components of net periodic benefit cost (credit) are included in operating expenses on the Statement of Income. These components related to the Company's pension and other postretirement benefit plans for the years ended December 31 were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2020	2019	2020	2019
(In thousands)				
Components of net periodic benefit cost (credit):				
Service cost	\$ ---	\$ ---	\$ 489	\$ 373
Interest cost	5,888	7,468	938	1,176
Expected return on assets	(9,555)	(8,751)	(2,514)	(2,476)
Amortization of prior service credit	---	---	(931)	(932)
Recognized net actuarial loss	3,489	2,662	---	---
Net periodic benefit cost (credit), including amount capitalized	(178)	1,379	(2,018)	(1,859)
Less amount capitalized	---	---	119	87
Net periodic benefit cost (credit)	(178)	1,379	(2,137)	(1,946)
Other changes in plan assets and benefit obligations recognized in regulatory assets or liabilities:				
Net (gain) loss	2,330	906	(2,278)	(4,515)
Amortization of actuarial loss	(3,645)	(2,871)	---	---
Amortization of prior service credit	---	---	945	946
Total recognized in regulatory assets or liabilities	(1,315)	(1,965)	(1,333)	(3,569)
Total recognized in net periodic benefit credit and regulatory assets or liabilities	\$ (1,493)	\$ (586)	\$ (3,470)	\$ (5,515)

The estimated net loss for the defined benefit pension plans that will be amortized from regulatory assets or liabilities into net periodic benefit cost in 2021 is \$3.9 million. The estimated prior service credit for the other postretirement benefit plans that will be amortized from regulatory assets or liabilities into net periodic benefit credit in 2021 is \$931,000. Prior service credit 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	
	2020	2019	2020	2019
Discount rate	2.29 %	2.96 %	2.28 %	2.97 %
Expected return on plan assets	6.00 %	6.25 %	5.50 %	5.75 %

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

	Pension Benefits		Other Postretirement Benefits	
	2020	2019	2020	2019
Discount rate	2.96 %	4.02 %	2.97 %	4.03 %
Expected return on plan assets	6.25 %	6.25 %	5.75 %	5.75 %

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, 2020, the expected rate of return on pension plan assets is based on the targeted asset allocation range of 35 percent to 45 percent equity securities and 55 percent to 65 percent fixed-income

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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 10 percent equity securities and 90 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:

	2020	2019
Health care trend rate assumed for next year	7.0 %	7.4 %
Health care cost trend rate - ultimate	4.5 %	4.5 %
Year in which ultimate trend rate achieved	2031	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 Company contributes a flat dollar amount to the monthly premiums which is updated annually on January 1.

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, 2020:

	1 Percentage Point Increase	1 Percentage Point Decrease
	(In thousands)	
Effect on total of service and interest cost components	\$ 10	\$ (9)
Effect on postretirement benefit obligation	\$ 417	\$ (378)

The Company does not expect to contribute to its defined benefit pension plan in 2021 due to an additional \$12.4 million contributed to the plan in 2019. The Company does not expect to contribute to its postretirement benefit plan in 2021.

The following benefit payments, which reflect future service, as appropriate, and expected Medicare Part D subsidies at December 31, 2020, are as follows:

Years	Pension		Other	Expected
	Benefits	Benefits	Postretirement Benefits	Medicare Part D Subsidy
(In thousands)				
2021	\$ 12,479	\$ 2,686	\$ 71	71
2022	12,467	2,532	65	65
2032	12,482	2,404	61	61
2024	12,491	2,288	55	55
2025	12,394	2,181	51	51
2026–2030	59,135	10,002	178	178

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.

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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 fair value ASC establishes a hierarchy for grouping assets and liabilities, based on the significance of inputs. The estimated fair values of the Company's pension plans' assets are determined using the market approach.

The carrying value of the pension plans' Level 2 cash equivalents approximates fair value and is determined using observable inputs in active markets or the net asset value of shares held at year end, which is determined using other observable inputs including pricing from outside sources.

The estimated fair value of the pension plans' Level 1 and Level 2 equity securities are based on the closing price reported on the active market on which the individual securities are traded or other known sources including pricing from outside sources. 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.

All investments measured at net asset value in the tables that follow are invested in comingled funds, separate accounts or common collective trusts which do not have publicly quoted prices. The fair value of the comingled funds, separate accounts and common collective trusts are determined based on the net asset value of the underlying investments. The fair value of the underlying investments held by the comingled funds, separate accounts and common collective trusts is generally based on quoted prices in active markets.

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.

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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, 2020, Using			Balance at December 31, 2020
	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	\$ ---	\$ 3,760	\$ ---	\$ 3,760
Equity securities:				
U.S. companies	6,158	---	---	6,158
International companies	---	828	---	828
Collective and mutual funds *	85,054	26,748	---	111,802
Corporate bonds	---	44,497	---	44,497
Municipal bonds	---	4,855	---	4,855
U.S. Government securities	5,359	1,292	---	6,651
Investments measured at net asset value	---	---	---	5,480
Total assets measured at fair value	\$ 96,571	\$ 81,980	\$ ---	\$ 184,031

* Collective and mutual funds invest approximately 36 percent in corporate bonds, 24 percent in common stock of international companies, 18 percent in common stock of large-cap U.S. companies, 8 percent in cash equivalents, 5 percent in U.S. Government securities and 9 percent in other investments.

	Fair Value Measurements at December 31, 2019, Using			Balance at December 31, 2019
	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	\$ ---	\$ 12,647	\$ ---	\$ 12,647
Equity securities:				
U.S. companies	6,987	---	---	6,987
International companies	---	453	---	453
Collective and mutual funds *	77,773	28,466	---	106,239
Corporate bonds	---	39,039	---	39,039
Municipal bonds	---	5,717	---	5,717
U.S. Government securities	3,526	1,007	---	4,533
Total assets measured at fair value	\$ 88,286	\$ 87,329	\$ ---	\$ 175,615

* Collective and mutual funds invest approximately 29 percent in common stock of international companies, 21 percent in common stock of large-cap U.S. companies, 18 percent in U.S. Government securities, 9 percent in corporate bonds, 6 percent in cash equivalents and 17 percent in other investments.

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

The estimated fair value of the other postretirement benefit plans' Level 2 cash equivalents is valued at the net asset value of shares held at year end, based on published market quotations on active markets, or using other known sources including pricing from outside sources. The estimated fair value of the other postretirement benefit plans' Level 1 and Level 2 equity securities is based on the closing price reported on the active market on which the individual securities are traded or other known sources including pricing from outside sources. 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.

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, 2020, Using			Balance at December 31, 2020
	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	\$ ---	\$ 1,787	\$ ---	\$ 1,787
Equity securities:				
U.S. companies	940	---	---	940
International companies	---	1	---	1
Collective and mutual funds (a)	5	74	---	79
Insurance contract (b)	---	48,823	---	48,823
Investments measured at net asset value	---	---	---	5
Total assets measured at fair value	\$ 945	\$ 50,685	\$ ---	\$ 51,635

(a) Collective and mutual funds invest approximately 36 percent in corporate bonds, 24 percent in common stock of international companies, 18 percent in common stock of large-cap U.S. companies, 8 percent in cash equivalents, 5 percent in U.S. Government securities and 9 percent in other investments.

(b) The insurance contract invests approximately 67 percent in corporate bonds, 12 percent in U.S. Government securities, 10 percent in common stock of large-cap U.S. companies, 4 percent in common stock of small-cap U.S. companies, 1 percent in cash equivalents and 6 percent in other investments.

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	Fair Value Measurements at December 31, 2019, Using			Balance at December 31, 2019
	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	\$ ---	\$ 2,041	\$ ---	\$ 2,041
Equity securities:				
U.S. companies	1,054	---	---	1,054
Collective and mutual funds (a)	5	112	---	117
Insurance contract (b)	---	44,851	---	44,851
Total assets measured at fair value	\$ 1,059	\$ 47,004	\$ ---	\$ 48,063

- (a) Collective and mutual funds invest approximately 29 percent in common stock of international companies, 21 percent in common stock of large-cap U.S. companies, 18 percent in U.S. Government securities, 9 percent in corporate bonds, 6 percent in cash equivalents and 17 percent in other investments.
- (b) The insurance contract invests approximately 50 percent in corporate bonds, 25 percent in common stock of large-cap U.S. companies, 7 percent in U.S. Government securities, 7 percent in common stock of small-cap U.S. companies and 11 percent in other investments.

Nonqualified benefit plans

In addition to the qualified defined benefit pension plans reflected in the table at the beginning of this note, the Company also has unfunded, nonqualified defined 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 projected benefit obligation and accumulated benefit obligation for these plans at December 31 were as follows:

	2020	2019
(In thousands)		
Projected benefit obligation	\$ 16,893	\$ 17,059
Accumulated benefit obligation	\$ 16,893	\$ 17,059

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The components of net periodic benefit cost are included in operating expenses on the Statement of Income. These components related to the Company's nonqualified defined benefit plans for the years ended December 31 were as follows:

	2020	2019
(In thousands)		
Components of net periodic benefit cost:		
Service cost	\$ 58	\$ 109
Interest cost	438	606
Recognized net actuarial loss	127	59
Net periodic benefit cost	\$ 623	\$ 774

Weighted average assumptions used at December 31 were as follows:

	2020	2019
Benefit obligation discount rate	1.95%	2.71%
Benefit obligation rate of compensation increase	N/A	N/A
Net periodic benefit cost discount rate	2.71%	3.85%
Net periodic benefit cost rate of compensation increase	N/A	N/A

The amount of future benefit payments for the unfunded, nonqualified defined benefit plans at December 31, 2020, are expected to aggregate as follows:

	2021	2022	2023	2024	2025	2026-2030
(In thousands)						
Nonqualified benefits	\$ 1,572	\$ 1,576	\$ 1,537	\$ 1,553	\$ 1,371	4,616

In 2012, the Company established a nonqualified defined contribution plan for certain key management employees. In 2020, the plan was frozen to new participants and no new Company contributions will be made to the plan after December 31, 2020. A new plan was adopted in 2020 to replace the plan originally established in 2012 with similar provisions. Vesting for participants not fully vested was retained. Expenses incurred under this plan for 2020 and 2019 were \$259,000 and \$227,000, respectively.

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The amount of investments that the Company anticipates using to satisfy obligations under these plans at December 31 was as follows:

	2020	2019
	(In thousands)	
Investments		
Insurance contract*	\$ 26,080	\$ 22,669
Life insurance**	11,753	10,996
Other	1,112	1,108
Total investments	\$ 38,945	\$ 34,773

* For more information on the insurance contract, see Note 7.

**Investments of life insurance are carried on plan participants (payable upon the employee's death).

Defined contribution plans

The Company sponsors various defined contribution plans for eligible employees, and the costs incurred under these plans were \$9.2 million in 2020 and \$9.1 million in 2019.

Note 15 - Jointly Owned Facilities

The financial statements include the Company's ownership interests in three coal-fired electric generating facilities (Big Stone Station, Coyote Station and Wygen III) and one major transmission line (BSSE). Each owner of the jointly owned facilities is responsible for financing its investment.

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

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At December 31, the Company's share of the cost of utility plant in service, construction work in progress and related accumulated depreciation for the jointly owned facilities was as follows:

	Ownership Percentage	2020	2019
(In thousands)			
Big Stone Station:	22.7%		
Utility plant in service		\$ 155,967	\$ 152,836
Construction work in progress		104	518
Less accumulated depreciation		45,435	46,266
		\$ 110,636	\$ 107,088
BSSE:	50.0%		
Utility plant in service		\$ 107,442	\$ 105,767
Construction work in progress		---	---
Less accumulated depreciation		2,682	1,232
		\$ 104,760	\$ 104,535
Coyote Station:	25.0%		
Utility plant in service		\$ 159,784	\$ 160,235
Construction work in progress		323	21
Less accumulated depreciation		108,852	107,638
		\$ 51,255	\$ 52,618
Wygen III:	25.0%		
Utility plant in service		\$ 66,101	\$ 67,869
Construction work in progress		232	112
Less accumulated depreciation		10,038	10,482
		\$ 56,295	\$ 57,499

Note 16 - Regulatory Matters

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. Certain regulatory proceedings and cases may also contain recurring mechanisms that can have an annual true-up. Examples of these recurring mechanisms include infrastructure riders, transmission trackers, renewable resource cost adjustment riders, as well as weather normalization and decoupling mechanisms. The following paragraphs summarize the Company's significant regulatory proceedings and cases by jurisdiction including the status of each open request. The Company is unable to predict the ultimate outcome of these matters, the timing of final decisions of the various regulators and courts, or the effect on the Company's results of operations, financial position or cash flows.

Coal-fired plant retirements

In February 2019, the Company announced that it intends to retire three aging coal-fired electric generating units, resulting from the Company's analysis showing that the plants are no longer expected to be cost competitive for customers. The retirements were in March 2021 for Unit 1 at Lewis & Clark Station in Sidney, Montana, and are expected to be in early 2022 for Units 1 and 2 at Heskett Station near Mandan, North Dakota. In addition, the Company announced that it intends to construct Heskett Unit 4, an 88-MW simple-cycle natural gas-fired combustion turbine peaking unit at the existing Heskett Station near Mandan, North Dakota. Heskett Unit 4 production costs coupled with the MISO market purchases are expected to be about half the total cost of continuing to run the coal-fired

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electric generating units at Heskett and Lewis & Clark stations. Heskett Unit 4 was included in the Company's integrated resource plan submitted to the NDPSC in July 2019. On August 28, 2019, the Company filed for an advanced determination of prudence with the NDPSC for Heskett Unit 4. This request was approved by the NDPSC on August 5, 2020. Heskett Unit 4 is expected to be placed into service in 2023. The Company filed, and the commissions approved, requests with the NDPSC, MTPSC and SDPUC for the usage of deferred accounting for the costs related to the retirement of Unit 1 at Lewis & Clark Station and Units 1 and 2 at Heskett Station.

On March 2, 2021, Montana-Dakota filed with the NDPSC to offset the savings associated with the cessation of operations of Unit 1 at Lewis & Clark Station with the amortization of the deferred regulatory asset effective April 1, 2021 in a manner consistent with the NDPSC's Order. And on March 11, 2021, Montana-Dakota filed with the SDPUC to offset the savings associated with the cessation of operations of Unit 1 at Lewis & Clark Station with the amortization of the deferred regulatory asset effective April 1, 2021. These matters are pending Commission action.

MNPUC

On September 27, 2019, Great Plains filed an application with the MNPUC for a natural gas rate increase of approximately \$2.9 million annually or approximately 12.0 percent above current rates. The requested increase was primarily to recover investments in facilities to enhance safety and reliability and the depreciation and taxes associated with the increase in investment. On November 22, 2019, Great Plains received approval to implement an interim rate increase of approximately \$2.6 million or approximately 11.0 percent, subject to refund, effective January 1, 2020. On October 26, 2020, the MNPUC issued an order authorizing an annual increase in revenues of approximately \$2.6 million or approximately 11.5 percent. On March 1, 2021, the MNPUC approved the rates to be effective April 1, 2021.

MTPSC

On May 8, 2020, Montana-Dakota filed a request with the MTPSC to use deferred accounting for costs related to the COVID-19 pandemic. The filing was withdrawn by Montana-Dakota on January 25, 2021.

On June 22, 2020, Montana-Dakota filed an application with the MTPSC for a natural gas rate increase of approximately \$8.6 million annually or approximately 13.4 percent above current rates. The requested increase was primarily to recover investments in facilities that were made to enhance system safety and reliability, as well as the depreciation, taxes and operation and maintenance costs associated with this increase in investment. On January 14, 2021, Montana-Dakota received approval to implement an interim rate increase of approximately \$4.9 million or approximately 7.7 percent, subject to refund, effective February 1, 2021. On February 1, 2021, Montana-Dakota filed a stipulation and settlement agreement with the MTPSC reflecting an updated increase of approximately \$7.3 million annually or approximately 11.4 percent above current rates. On February 16, 2021, the MTPSC approved the settlement. Rates were effective April 1, 2021.

NDPSC

On April 24, 2020, Montana-Dakota filed a request with the NDPSC to use deferred accounting for costs related to the COVID-19 pandemic. On February 3, 2021, the NDPSC approved this request with an accounting order to track expenses and revenues related to the COVID-19 pandemic. This order had an effective date of April 24, 2020.

On August 26, 2020, Montana-Dakota filed an application with the NDPSC for a natural gas rate increase of approximately \$9.0 million annually or approximately 7.8 percent above current rates. The requested increase was primarily to recover investments in facilities to enhance system safety and reliability and the depreciation and taxes associated with the increase in investment. On December 16, 2020, Montana-Dakota received approval to implement an interim rate increase of approximately \$6.9 million or approximately 6.0

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percent, subject to refund, effective January 1, 2021. A hearing was held March 17 and 18, 2021. On April 9, 2021, Montana-Dakota, AARP and NDPSC Advocacy Staff filed a unanimous settlement agreement reflecting an updated increase of approximately \$6.9 million annually or approximately 6.0 percent above current rates. This matter is pending before the NDPSC.

Montana-Dakota has a renewable resource cost adjustment rate tariff that allows for annual adjustments for recent projected capital costs and related expenses for projects determined to be recoverable under the tariff. On November 2, 2020, Montana-Dakota filed an annual update to its renewable resource cost adjustment requesting to recover a revised revenue requirement of approximately \$14.4 million annually, not including the prior period true-up adjustment. The update reflects a decrease of approximately \$300,000 from the revenues currently included in rates. On January 6, 2021, the NDPSC approved the increase with rates effective February 1, 2021.

WYPSC

On May 14, 2020, Montana-Dakota filed separate requests for its electric and natural gas services with the WYPSC to use deferred accounting for costs related to the COVID-19 pandemic. These filings were withdrawn by Montana-Dakota on March 2, 2021.

FERC

On September 1, 2020, Montana Dakota filed an update to its transmission formula rate under the MISO tariff for its multi-value project for \$12.9 million, which is effective January 1, 2021.

Note 17 - Commitments and Contingencies

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.

At December 31, 2020 and 2019, the Company accrued liabilities, which have not been discounted, of \$1,359,000 and \$920,000, respectively. At December 31, 2020 and 2019, the Company also recorded corresponding insurance receivables of \$0 and \$250,000, respectively, and regulatory assets of \$792,000 and \$375,000, respectively, related to the accrued liabilities. The accruals are for contingencies, including litigation and environmental matters. This includes amounts that have been accrued for matters discussed in Environmental matters within this note. The 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.

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Montana-Dakota Utilities Co.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 12/31/2020	2020/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

Environmental matters

Manufactured Gas Plant Sites A claim has been made against Montana-Dakota for cleanup of environmental contamination at a manufactured gas plant site operated by Montana-Dakota and its predecessors. Any accruals related to this claim are reflected in regulatory assets. For more information see Note 5.

Demand has been made of Montana-Dakota to participate in investigation and remediation of environmental contamination at a site in Missoula, Montana. The site operated as a former manufactured gas plant from approximately 1907 to 1938 when it was converted to a butane-air plant that operated until 1956. Montana-Dakota or its predecessors owned or controlled the site for a period of the time it operated as a manufactured gas plant and Montana-Dakota operated the butane-air plant from 1940 to 1951, at which time it sold the plant. There are no documented wastes or by-products resulting from the mixing or distribution of butane-air gas. Preliminary assessment of a portion of the site provided a recommended remedial alternative for that portion of approximately \$560,000. However, the recommended remediation would not address any potential contamination to adjacent parcels that may be impacted by contamination from the manufactured gas plant. An environmental assessment was started in 2020, which is estimated to cost approximately \$800,000. Montana-Dakota and another party agreed to voluntarily investigate and remediate the site and that Montana-Dakota will pay two-thirds of the costs for further investigation and remediation of the site. Montana-Dakota has accrued costs of \$800,000 for the remediation and investigation costs, and has incurred costs of \$130,000 as of December 31, 2020. Montana-Dakota received notice from a prior insurance carrier that it will participate in payment of defense costs incurred in relation to the claim.

The Company has received notices from and entered into agreement with certain of its insurance carriers that they will participate in defense for certain contamination claims subject to full and complete reservations of rights and defenses to insurance coverage. To the extent these claims are not covered by insurance, the Company intends to seek recovery of remediation costs through its natural gas rates charged to customers.

Operating leases

The Company leases certain equipment, facilities and land under operating lease agreements.

The future operating lease undiscounted cash flows as of December 31, 2020, were:

	2021	2022	2023	2024	2025	Thereafter
	(In thousands)					
Operating leases	\$1,949	\$1,664	\$1,521	\$1,414	\$1,385	\$24,904

Total lease costs were \$2.3 million for the year ended December 31, 2020.

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) 12/31/2020	Year/Period of Report 2020/Q4
Montana-Dakota Utilities Co.			
NOTES TO FINANCIAL STATEMENTS (Continued)			

The following details the amounts included in the Comparative Balance Sheet related to associated companies at December 31:

	2020	2019
	<i>(In thousands)</i>	
Accounts receivable from associated companies	\$ 3,645	\$ 4,082
Accounts payable to associated companies	8,245	7,440
Dividend declared	11,000	9,970
Miscellaneous deferred debits	11,970	12,313
Other deferred credits	12,489	10,970

Note 19 - Subsequent Events

On February 16, 2021, the Company repaid the \$50.0 million term loan balance that had a maturity date of April 7, 2021.

On March 8, 2021, the Company entered into a \$50.0 million term loan agreement with a LIBOR-based variable interest rate and maturity date of March 7, 2022 to cover higher gas costs related to a cold weather event. The agreement contains customary covenants and provisions, including a covenant of the Company not to permit, at any time, the ratio of total debt to total capitalization to be greater than 65 percent. The covenants also include certain restrictions on the sale of certain assets, loans and investments. The higher gas costs are expected to be recovered through future rate adjustments.

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	\$10,659,313	\$11,486,256	7.76%
6				
7	Total Intangible Plant	\$10,659,313	\$11,486,256	7.76%
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	NOT	NOT	
18	327 Field Compressor Station Structures	APPLICABLE	APPLICABLE	
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	NOT	NOT	
39	344 Extracted Products Storage Equipment	APPLICABLE	APPLICABLE	
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	NOT	NOT	
11	352.3 Non-Recoverable Natural Gas	APPLICABLE	APPLICABLE	
12	353 Lines			
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	NOT	NOT	
26	363.2 Vaporizing Equipment	APPLICABLE	APPLICABLE	
27	363.3 Compressor Equipment			
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	\$38,563	\$38,563	0.00%
3	375 Structures & Improvements	233,795	228,271	-2.36%
4	376 Mains	48,456,803	51,994,642	7.30%
5	377 Compressor Station Equipment			
6	378 Meas. & Reg. Station Equipment-General	771,906	843,669	9.30%
7	379 Meas. & Reg. Station Equipment-City Gate	168,795	168,795	0.00%
8	380 Services	42,353,059	44,995,837	6.24%
9	381 Meters	24,902,419	26,069,479	4.69%
10	382 Meter Installations			
11	383 House Regulators	3,652,061	3,852,454	5.49%
12	384 House Regulator Installations			
13	385 Industrial Meas. & Reg. Station Equipment	431,100	550,180	27.62%
14	386 Other Prop. on Customers' Premises			
15	387 Other Equipment	2,378,568	2,746,721	15.48%
16				
17	Total Distribution Plant	\$123,387,069	\$131,488,611	6.57%
18	General Plant			
19				
20	389 Land & Land Rights	\$1,049,494	\$1,063,718	1.36%
21	390 Structures & Improvements	4,755,024	6,101,902	28.33%
22	391 Office Furniture & Equipment	175,136	208,804	19.22%
23	392 Transportation Equipment	3,487,285	3,780,434	8.41%
24	393 Stores Equipment	14,253	27,580	93.50%
25	394 Tools, Shop & Garage Equipment	1,644,193	1,900,849	15.61%
26	395 Laboratory Equipment	54,382	64,508	18.62%
27	396 Power Operated Equipment	2,631,639	2,644,384	0.48%
28	397 Communication Equipment	543,454	592,780	9.08%
29	398 Miscellaneous Equipment	27,889	30,199	8.28%
30	399 Other Tangible Property			
31				
32	Total General Plant	\$14,382,749	\$16,415,158	14.13%
33	Common Plant			
34				
35	389 Land & Land Rights	\$247,358	\$240,696	-2.69%
36	390 Structures & Improvements	3,665,831	4,101,322	11.88%
37	391 Office Furniture & Equipment	566,648	691,322	22.00%
38	392 Transportation Equipment	1,320,044	1,437,535	8.90%
39	393 Stores Equipment	36,096	37,367	3.52%
40	394 Tools, Shop & Garage Equipment	91,646	83,937	-8.41%
41	396 Power Operated Equipment			
42	397 Communication Equipment	410,597	435,656	6.10%
43	398 Miscellaneous Equipment	121,323	132,123	8.90%
44				
45	Total Common Plant	\$6,459,543	\$7,159,958	10.84%
46	Total Gas Plant in Service	\$154,888,674	\$166,549,983	7.53%

MONTANA DEPRECIATION SUMMARY

Year: 2020

	Functional Plant Classification	Plant Cost	Accumulated Depreciation		Current Avg. Rate
			Last Year Bal.	This Year Bal.	
1	Production & Gathering				
2	Products Extraction				
3	Underground Storage				
4	Other Storage				
5	Transmission				
6	Distribution	131,488,611	64,240,111	66,823,579	3.68%
7	General	17,240,769	3,480,516	3,777,700	1.84%
8	Common	17,820,603	7,302,070	8,063,707	4.90%
9	Total	\$166,549,983	\$75,022,697	\$78,664,986	3.62%

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)	\$1,157,276	\$1,083,765	-6.35%
11	Assigned to Other			
12	155 Merchandise			
13	156 Other Materials & Supplies			
14	163 Stores Expense Undistributed			
15	Total Materials & Supplies	\$1,157,276	\$1,083,765	-6.35%

MONTANA REGULATORY CAPITAL STRUCTURE & COSTS

SCHEDULE 22

	Commission Accepted - Most Recent 1/	% Cap. Str.	% Cost Rate	Weighted Cost
1	Docket Number <u>D2017.9.79</u>			
2	Order Number <u>7573f</u>			
3				
4	Common Equity		9.400%	
5	Preferred Stock			
6	Long Term Debt			
7				
8	Total			
9				
10	<u>Actual at Year End</u>			
11				
12	Common Equity	49.918%	9.400%	4.692%
13	Long Term Debt	42.332%	4.718%	1.997%
14	Short Term Debt	7.750%	1.561%	0.121%
15	Total	100.000%		6.810%

1/ Order No. 7573f only addressed return on equity. Cost of capital, capital structure, and cost of service items were not individually identified.

STATEMENT OF CASH FLOWS

Year: 2020

	Description	Last Year	This Year	% Change
1	Increase/(decrease) in Cash & Cash Equivalents:			
2				
3	Cash Flows from Operating Activities:			
4	Net Income	\$67,122,122	\$69,637,113	3.75%
5	Depreciation	82,470,237	88,802,202	7.68%
6	Amortization	(213,245)	956,692	548.64%
7	Deferred Income Taxes - Net	16,741,960	9,788,419	-41.53%
8	Investment Tax Credit Adjustments - Net	683,008	2,110,519	209.00%
9	Change in Operating Receivables - Net	(7,626,137)	377,385	104.95%
10	Change in Materials, Supplies & Inventories - Net	(3,924,791)	(1,291,281)	67.10%
11	Change in Operating Payables & Accrued Liabilities - Net	(18,052,024)	3,232,496	117.91%
12	Change in Other Regulatory Assets	14,479,768	(5,828,240)	-140.25%
13	Change in Other Regulatory Liabilities	(4,964,556)	(1,688,343)	65.99%
14	Allowance for Other Funds Used During Construction (AFUDC)	(669,240)	(427,750)	36.08%
15	Change in Other Assets & Liabilities - Net	(13,414,180)	530,365	103.95%
16	Less Undistributed Earnings from Subsidiary Companies			
17	Other Operating Activities (explained on attached page)			
18	Net Cash Provided by/(Used in) Operating Activities	\$132,632,922	\$166,199,577	25.31%
19				
20	Cash Inflows/Outflows From Investment Activities:			
21	Construction/Acquisition of Property, Plant and Equipment			
22	(net of AFUDC & Capital Lease Related Acquisitions)	(\$155,387,861)	(\$168,695,102)	-8.56%
23	Acquisition of Other Noncurrent Assets	(536,349)	(95,284)	82.23%
24	Proceeds from Disposal of Noncurrent Assets	0	(5,887,911)	N/A
25	Investments In and Advances to Affiliates			
26	Contributions and Advances from Affiliates	0	35,000,000	N/A
27	Disposition of Investments in and Advances to Affiliates			
28	Other Investing Activities: Depreciation & RWIP on Nonutility Plant	817,074	805,106	-1.46%
29	Net Cash Provided by/(Used in) Investing Activities	(\$155,107,136)	(\$138,873,191)	10.47%
30				
31	Cash Flows from Financing Activities:			
32	Proceeds from Issuance of:			
33	Long-Term Debt	\$270,100,000	\$0	-100.00%
34	Preferred Stock			
35	Common Stock			
36	Other:			
37	Net Increase in Short-Term Debt			
38	Other: Repurchase of Common Stock			
39	Other: Tax Withholding on Stock-Based Compensation	(574,376)	(85,654)	85.09%
40	Payment for Retirement of:			
41	Long-Term Debt	(200,711,418)	(31,612,114)	84.25%
42	Preferred Stock			
43	Common Stock			
44	Other: Adjustment to Retained Earnings			
45	Net Decrease in Short-Term Debt	0	50,000,000	N/A
46	Dividends on Preferred Stock			
47	Dividends on Common Stock	(44,050,502)	(42,670,000)	3.13%
48	Other Financing Activities (related to IGC acquisition)			
49	Net Cash Provided by (Used in) Financing Activities	\$24,763,704	(\$24,367,768)	-198.40%
50				
51	Net Increase/(Decrease) in Cash and Cash Equivalents	\$2,289,490	\$2,958,618	29.23%
52	Cash and Cash Equivalents at Beginning of Year	\$1,216,887	\$3,506,377	188.14%
53	Cash and Cash Equivalents at End of Year	\$3,506,377	\$6,464,995	84.38%

LONG TERM DEBT

Year: 2020

	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	5.18% Senior Notes	04/14	04/44	50,000,000	49,760,822	50,000,000	5.18%	2,640,000	5.28%
4	4.24% Senior Notes	07/14	07/24	60,000,000	59,708,737	60,000,000	4.24%	2,607,600	4.35%
5	4.34% Senior Notes	07/14	07/26	40,000,000	39,802,958	40,000,000	4.34%	1,776,800	4.44%
6	3.78% Senior Notes	10/15	10/25	87,000,000	86,528,003	87,000,000	3.78%	3,378,210	3.88%
7	4.03% Senior Notes	12/15	12/30	52,000,000	51,713,645	52,000,000	4.03%	2,143,440	4.12%
8	4.87% Senior Notes	10/15	10/45	11,000,000	10,940,539	11,000,000	4.87%	546,040	4.96%
9	4.15% Senior Notes	11/16	11/46	40,000,000	39,773,916	40,000,000	4.15%	1,691,200	4.23%
10	3.73% Senior Notes	03/17	03/37	40,000,000	39,826,363	40,000,000	3.73%	1,518,800	3.80%
11	3.36% Senior Notes	03/17	03/32	20,000,000	19,913,929	20,000,000	3.36%	685,000	3.43%
12	3.66% Senior Notes	10/19	10/39	50,000,000	49,765,798	50,000,000	3.66%	1,864,000	3.73%
13	3.98% Senior Notes	10/19	10/49	50,000,000	49,765,798	50,000,000	3.98%	2,023,000	4.05%
14	4.08% Senior Notes	11/19	11/59	100,000,000	99,564,031	100,000,000	4.08%	4,144,000	4.14%
15	2.00% Senior Notes 2/	09/17	09/32	10,500,000	10,493,971	8,400,000	2.00%	168,000	2.00%
16	Minot Air Force Base Payable	09/08	11/38	509,197	509,197	401,962	6.00%	24,118	6.00%
17	Revolving Credit Facility	12/19	12/24			87,700,000	1.05%		
18	Amortization of Loss on Recquired Debt							43,469	
19									
20									
21									
22									
23									
24									
25									
26	TOTAL			\$741,009,197	\$726,567,172	\$826,501,962		\$34,630,677	4.19%

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.

PREFERRED STOCK

Year: 2020

	Series	Issue Date Mo./Yr.	Shares Issued	Par Value	Call Price	Net Proceeds	Cost of Money	Principal Outstanding	Annual Cost	Embed. Cost %
1	Not applicable									
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
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24										
25										
26										
27										
28										
29										
30										
31										
32	TOTAL					\$0		\$0	\$0	0.00%

COMMON STOCK

Year: 2020

		Avg. Number of Shares Outstanding	Book Value Per Share	Earnings Per Share 1/	Dividends Per Share 1/	Retention Ratio 1/	Market Price		Price/Earnings Ratio 1/
							High 1/	Low 1/	
1	January	1,000	\$1.00						
2									
3	February	1,000	\$1.00						
4									
5	March	1,000	\$1.00						
6									
7	April	1,000	\$1.00						
8									
9	May	1,000	\$1.00						
10									
11	June	1,000	\$1.00						
12									
13	July	1,000	\$1.00						
14									
15	August	1,000	\$1.00						
16									
17	September	1,000	\$1.00						
18									
19	October	1,000	\$1.00						
20									
21	November	1,000	\$1.00						
22									
23	December	1,000	\$1.00						
24									
25	TOTAL Year End	1,000	\$1.00						

1/ Montana-Dakota is an indirect wholly owned subsidiary of MDU Resources Group, Inc. The common stock shares noted above are not publicly traded. As a result, the earnings per share, dividends per share, retention ratio, market price and price/earnings ratio are not applicable.

MONTANA EARNED RATE OF RETURN

Year: 2020

	Description	Last Year	This Year	% Change
	Rate Base			
1				
2	101 Plant in Service	\$154,888,674	\$166,549,983	7.53%
3	108 (Less) Accumulated Depreciation	75,022,697	78,664,986	4.85%
4				
5	Net Plant in Service	\$79,865,977	\$87,884,997	10.04%
6				
7	Additions			
8	154, 156 Materials & Supplies	\$1,157,276	\$1,083,765	-6.35%
9	165 Prepayments	31,571	36,039	14.15%
10	Prepaid Demand/Commodity Charges	1,276,145	1,490,046	16.76%
11	Gas in Underground Storage	2,998,276	3,945,444	31.59%
12	189 Unamortized Loss on Debt	139,671	131,430	-5.90%
13	182 Other Regulatory Assets	17,957	16,619	-7.45%
14	Provision for Pension & Benefits	9,828,667	10,084,226	2.60%
15	Provision for Injuries & Damages	(16,073)	(31,093)	-93.45%
16				
17	Total Additions	\$15,433,490	\$16,756,476	8.57%
18	Deductions			
19	282 Accumulated Deferred Income Taxes	\$14,531,218	\$14,344,259	-1.29%
20	DIT Related to Pension & Benefits	2,455,344	2,519,128	2.60%
21	DIT Related to Injuries & Damages	(3,921)	(7,584)	-93.42%
22	252 Customer Advances for Construction	2,290,354	2,755,815	20.32%
23				
24	Total Deductions	\$19,272,995	\$19,611,618	1.76%
25	Total Rate Base	\$76,026,472	\$85,029,855	11.84%
26				
27	Net Earnings	\$2,595,037	\$1,982,481	-23.60%
28				
29	Rate of Return on Average Rate Base	3.70%	2.46%	-33.51%
30				
31	Rate of Return on Average Equity	2.70%	0.69%	-74.44%
32	Major Normalizing Adjustments & Commission			
33	<u>Ratemaking Adjustments to Utility Operations</u>			
34	<u>Adjustments to Operating Revenues 1/</u>			
35	Weather Normalization	(\$1,294,120)	(\$58,617)	95.47%
36	Gain (Loss) from Disposition of Utility Plant 2/	(3,537)	568	116.06%
37	Penalty Revenue 3/	(51,045)	20,263	139.70%
38				
39	<u>Adjustments to Operating Expenses 1/</u>			
40	Elimination of Promotional & Institutional Advertising	(33,305)	(18,822)	43.49%
41				
42	<u>Other Adjustments to Federal & State Income Taxes</u>			
43	Federal & State Out of Period & Closing/Filing	226,468	41,102	-81.85%
44	Deferred Federal & State Out of Period & Closing/Filing	(220,035)	17,850	108.11%
45				
46	Total Adjustments to Operating Income	(\$1,321,830)	(\$77,916)	94.11%
47				
48	Adjusted Rate of Return on Average Rate Base	1.81%	2.37%	30.94%
49				
50	Adjusted Rate of Return on Average Equity	-1.07%	0.50%	146.73%

1/ Updated amounts, net of taxes.

2/ Amortized over five years.

3/ Adjusted to reflect a three year average.

MONTANA COMPOSITE STATISTICS

Year: 2020

	Description	Amount
1		
2	Plant (Intrastate Only) (000 Omitted)	
3		
4	101 Plant in Service	\$157,619
5	107 Construction Work in Progress	1,192
6	114 Plant Acquisition Adjustments	
7	104 Plant Leased to Others	
8	105 Plant Held for Future Use	
9	154, 156 Materials & Supplies	1,084
10	(Less):	
11	108, 111 Depreciation & Amortization Reserves	78,665
12	252 Customer Advances for Construction	2,756
13		
14	NET BOOK COSTS	\$78,474
15		
16	Revenues & Expenses (000 Omitted)	
17		
18	400 Operating Revenues	\$65,558
19		
20	403 - 407 Depreciation & Amortization Expenses	6,026
21	Federal & State Income Taxes	(321)
22	Other Taxes	7,499
23	Other Operating Expenses	50,371
24	Total Operating Expenses	63,575
25		
26	Net Operating Income	1,983
27		
28	Other Income	792
29	Other Deductions	1,666
30		
31	NET INCOME	\$1,109
32		
33	Customers (Intrastate Only)	
34		
35	Year End Average:	
36	Residential	76,181
37	Firm General	9,899
38	Small Interruptible	44
39	Large Interruptible	5
40		
41	TOTAL NUMBER OF CUSTOMERS	86,129
42		
43	Other Statistics (Intrastate Only)	
44		
45	Average Annual Residential Use (Dkt)	81
46	Average Annual Residential Cost per (Dkt) (\$) *	\$6.39
47	* Avg annual cost = [(cost per Dkt x annual use) + (monthly service charge x 12)]/annual use	
48	Average Residential Monthly Bill	\$43.13
49	Gross Plant per Customer	\$1,830

MONTANA CUSTOMER INFORMATION

Year: 2020

	City/Town	Population (Includes Rural) 1/	Residential Customers	Commercial Customers	Industrial & Other Customers	Total Customers
1	Belfry	218	130	18		148
2	Billings	104,170	50,645	5,520	9	56,174
3	Bridger	708	423	65		488
4	Crow Agency	1,616	277	70		347
5	Edgar	114	111	13		124
6	Fromberg	438	289	19		308
7	Hardin	3,505	1,233	216	1	1,450
8	Joliet	595	388	48		436
9	Laurel	6,718	4,210	355		4,565
10	Park City	983	751	31		782
11	Pryor	618	77	12		89
12	Rockvale	Not Available	68	5		73
13	Silesia	96	34	2		36
14	Warren	Not Available		2		2
15	Alzada	29	10	10	2	22
16	Baker	1,741	796	199	1	996
17	Carlyle	Not Available	8	1		9
18	Fort Peck	233	142	13		155
19	Fairview	840	400	61	1	462
20	Forsyth	1,777	847	154	1	1,002
21	Frazer	362	95	14		109
22	Glasgow	3,250	1,625	364	2	1,991
23	Glendive	4,935	3,136	469	9	3,614
24	Hinsdale	217	113	22		135
25	Ismay	19	12	3		15
26	Malta	1,997	985	216	2	1,203
27	Miles City	8,410	3,959	633	7	4,599
28	Nashua	290	173	20		193
29	Poplar	810	796	121	6	923
30	Richey	177	126	29		155
31	Rosebud	111	41	7		48
32	Saco	197	35	4		39
33	Savage	Not Available	159	27		186
34	Sidney	5,191	2,649	499	4	3,152
35	Terry	605	320	68		388
36	St. Marie	264	266	12		278
37	Wibaux	589	213	54		267
38	Whitewater	64	29	10		39
39	Wolf Point	2,621	1,345	212	2	1,559
40	MT Oil Fields	Not Available	1	2		3
41	TOTAL Montana Customers	154,508	76,917	9,600	47	86,564

1/ 2010 Census

MONTANA EMPLOYEE COUNTS

Year: 2020

	Department	Year Beginning	Year End	Average
1	Electric	24	25	24
2	Gas	41	44	42
3	Accounting	7	7	7
4	Management	7	6	7
5	Service	35	31	33
6	Training	0	0	0
7	Power Production	37	36	37
8				
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42				
43				
44	TOTAL Montana Employees	151	149	150

MONTANA CONSTRUCTION BUDGET (ASSIGNED & ALLOCATED)

Year: 2020

	Project Description	Total Company	Total Montana	
1	Projects > \$1,000,000			
2				
3	<u>Common-Intangible</u>			
4	Purchase Workforce Asset Management software for the Company	3,978,361	1,053,222	1/
5				
6	Total Common	\$3,978,361	\$1,053,222	
7				
8	<u>Electric-Steam Production</u>			
9	Decommissioning of Lewis & Clark Station	\$6,477,923	\$1,554,261	1/
10				
11	<u>Electric-Other Production</u>			
12	Construct Simple Cycle Turbine Heskett 4	16,780,421	4,026,160	1/
13	Replace inlet spline gear & combustion hardware on Glendive 2	1,813,531	435,124	1/
14	Modifications to equipment for continuing operations-Heskett III	1,576,045	378,144	1/
15	Install FAA light mitigation solution at Thunder Spirit Wind Farm	1,204,628	306,356	1/
16				
17	<u>Electric-Transmission</u>			
18	Install breaker and bay at 230kV substation near Heskett	4,195,873	506,590	1/
19	Rebuild 60kV line - Cedar Creek Sub to Cabin Creek Sub, MT	2,536,227	2,536,227	2/
20	Construct 115kV junction substation-Miles City, MT	1,687,617	1,687,617	2/
21	Install control house at Lewis & Clark SW substation	1,636,126	589,964	1/
22	Construct 115kV line to Miles City substation	1,514,857	1,514,857	2/
23	Extend TL010-9 for ONEOK expansion	1,098,845	1,098,845	2/
24	Relocate Beulah Junction to Mandan line to new Mandan substation	1,074,756	257,869	1/
25				
26				
27				
28				
29				
30				
31	Total Electric	\$41,596,849	\$14,892,014	
32				
33				
34	Total Gas	\$0	\$0	
35	Total Projects > \$1,000,000	\$45,575,210	\$15,945,236	

1/ Allocated to Montana.
 2/ Directly assigned to Montana.

MONTANA CONSTRUCTION BUDGET (ASSIGNED & ALLOCATED)

Year: 2020

	Project Description	Total Company	Total Montana	
1	Other Projects <\$1,000,000			
2				
3	Electric			
4	Production	\$8,386,357	\$1,885,535	1/
5	Integrated Transmission	39,635,912	1,929,953	1/
6	Direct Transmission	5,882,124	1,361,214	1/
7	Distribution	24,728,988	4,905,289	2/
8	General	5,034,212	966,037	2/
9	Intangible	1,752,257	384,091	1/
10	Common:			
11	General Office	4,118,872	837,852	1/
12	Other Direct	314,806	81,559	2/
13				
14	Total Other Electric	\$89,853,528	\$12,351,530	
15				
16	Gas			
17	Distribution	\$39,143,830	\$10,570,625	2/
18	General	5,779,029	1,483,283	2/
19	Intangible	280,534	69,557	1/
20	Common:			
21	General Office	2,545,070	632,846	1/
22	Other Direct	352,887	103,596	2/
23				
24	Total Other Gas	\$48,101,350	\$12,859,907	
25	Total Other Projects <\$1,000,000	\$137,954,878	\$25,211,437	
26				
27	Total Projects	\$183,530,088	\$41,156,673	

1/ Allocated to Montana.

2/ Combination of allocated and directly assigned to Montana.

TRANSMISSION SYSTEM - TOTAL COMPANY & MONTANA

Year: 2020

		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: 2020

Total Company				
		Peak Day of Month	Peak Day Volumes Dkt	Total Monthly Volumes Dkt
1	January	15	379,323	8,250,636
2	February	12	329,005	6,962,304
3	March	19	264,044	5,736,061
4	April	2	229,376	3,649,932
5	May	11	132,022	2,471,881
6	June	9	71,006	1,790,263
7	July	7	61,633	1,625,571
8	August	31	66,580	1,677,343
9	September	8	112,284	2,313,596
10	October	25	268,258	4,844,441
11	November	9	247,815	5,636,631
12	December	23	289,018	6,977,482
13	TOTAL			51,936,141

Montana				
		Peak Day of Month	Peak Day Volumes Dkt	Total Monthly Volumes Dkt
1	January	14	110,818	2,149,557
2	February	18	80,552	1,788,980
3	March	19	70,946	1,497,143
4	April	2	67,300	1,154,898
5	May	11	37,683	654,082
6	June	17	21,567	456,395
7	July	7	15,275	361,834
8	August	31	16,809	348,011
9	September	8	30,057	618,369
10	October	25	80,026	1,332,582
11	November	9	71,546	1,584,716
12	December	13	75,918	1,932,553
13	TOTAL			13,879,120

STORAGE SYSTEM - TOTAL COMPANY & MONTANA

Year: 2020

		Total Company						
		Peak Day of Month		Peak Day Volumes (Dkt)		Total Monthly Volumes (Dkt)		
		Injection	Withdrawal	Injection	Withdrawal	Injection	Withdrawal	Losses
1	January	19	14	1,998	202,192	18,628	3,317,688	
2	February	28	12	4,490	170,661	39,357	2,664,665	
3	March	27	19	33,585	116,370	269,981	1,702,038	
4	April	30	2	92,503	70,976	1,022,758	460,792	
5	May	26	11	85,933	13,048	1,634,961	83,481	
6	June	20	7	109,351	3,704	2,669,352	19,485	
7	July	17	7	107,699	9,926	3,057,209	44,399	
8	August	22	31	92,510	3,795	2,724,033	25,079	
9	September	19	7	82,961	6,543	2,071,251	63,516	
10	October	10	25	68,819	116,662	758,481	894,999	
11	November	5	9	20,219	111,297	110,787	1,657,914	
12	December	9	23	4,458	134,465	23,897	2,340,608	
13	TOTAL					14,400,695	13,274,664	

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

SOURCES OF GAS SUPPLY

Year: 2020

	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					
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12					
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28					
29					
30					
31	1/ Supplier information is proprietary and confidential.				
32					
33	Total Gas Supply Volumes	44,114,577	39,328,196	\$2.167	\$1.685

MONTANA CONSERVATION & DEMAND SIDE MANAGEMENT PROGRAMS

Year: 2020

	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	\$122,555	\$143,446	-14.56%	7,048	6,809	(239)
3	(As Detailed on Schedule 36B)						
4							
5							
6							
7							
8							
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26							
27							
28							
29							
30							
31							
32	TOTAL	\$122,555	\$143,446	-14.56%	7,048	6,809	(239)

MONTANA CONSUMPTION AND REVENUES

Year: 2020

	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	\$38,975,818	\$44,160,599	6,170,090	6,860,062	76,181	75,508
2	Firm General	23,468,536	27,647,435	3,943,726	4,508,771	9,899	9,765
3	Small Interruptible	370,400	504,575	101,140	124,243	15	17
4	Large Interruptible	214,702	285,028	69,364	85,465	1	1
5							
6							
7							
8							
9							
10							
11	TOTAL	\$63,029,456	\$72,597,637	10,284,320	11,578,541	86,096	85,291
12							
13							
14		Operating Revenues		BCF Transported		Avg. No. of Customers	
15							
16		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
17	Transportation of Gas						
18							
19	Small Interruptible	\$565,917	\$603,456	0.6	0.6	29	28
20	Large Interruptible	681,847	570,720	3.1	2.5	4	4
21							
22							
23							
24	TOTAL	\$1,247,764	\$1,174,176	3.7	3.1	33	32

NATURAL GAS UNIVERSAL SYSTEM BENEFITS PROGRAMS

Year: 2020

	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	\$372,714	\$0	\$372,714		2020
24	Furnace Safety/Repair	0	50,000	50,000		2020
25	Bill Assistance	0	65,000	65,000		2020
26	Weatherization	0	62,000	62,000		2020
27						
28						
29	Other					
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42	Total	\$372,714	\$177,000	\$549,714		2020
43	Number of customers that received low income rate discounts			(Average)	3,092	
44	Average monthly bill discount amount (\$/mo)				\$10.05	
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: 2020

	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	\$108,651	\$0	\$108,651	5,733	2020
3	Programmable Thermostat	12,546	0	12,546	815	2020
4	High Efficiency Boiler	1,358	0	1,358	0	2020
5	Custom Efficiency	0	0	0	500	2020
6	Residential Energy Assessment	0	0	0	N/A	2020
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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42						
43						
44						
45						
46						
47	Total	\$122,555	\$0	\$122,555	7,048	