

IDENTIFICATION

Year: 2006

1.	Legal Name of Respondent:	MDU Resources Group, Inc.
2.	Name Under Which Respondent Does Business:	Montana-Dakota Utilities Co.
3.	Date Utility Service First Offered in Montana	1920
4.	Address to send Correspondence Concerning Report:	Montana-Dakota Utilities Co. 400 North Fourth Street Bismarck, ND 58501
5.	Person Responsible for This Report:	Donald R. Ball
5a.	Telephone Number:	(701) 222-7630
Control Over Respondent		
1.	If direct control over the respondent was held by another entity at the end of year provide the following:	
	1a. Name and address of the controlling organization or person:	
	1b. Means by which control was held:	
	1c. Percent Ownership:	

SCHEDULE 2

Board of Directors 1/		
Line No.	Name of Director and Address (City, State) (a)	Remuneration (b)
1	Martin A. White, Bismarck, ND 2/	-
2	Terry D. Hildestad, Bismarck, ND 2/	-
3	Warren L. Robinson, Bismarck, ND 3/	-
4	Vernon A. Raile, Bismarck, ND 3/	-
5	Paul K. Sandness, Bismarck, ND	-
6	Bruce T. Imsdahl, Bismarck, ND	-
7		
8		
9	1/ Montana-Dakota Utilities Co. is a division of MDU Resources Group, Inc.,	
10	and has no Board of Directors. The affairs of the Company are managed by	
11	a Managing Committee, the members of which are provided herein rather	
12	than the directors of MDU Resources Group, Inc.	
13	2/ Martin A. White retired on 8/17/06 and was replaced by Terry D. Hildestad.	
14	3/ Warren L. Robinson retired on 1/03/06 and was replaced by Vernon A.	
15	Raile.	
16		
17		
18		

Officers

Year: 2006

Line No.	Title of Officer (a)	Department Supervised (b)	Name (c)
1	President and Chief Executive Officer	Executive	Bruce T. Imsdahl
2			
3			
4	Executive Vice President	Operations & Acquisitions	David L. Goodin
5			
6	Executive Vice President	Business Development and Gas Supply	Dennis L. Haider
7			
8			
9	Executive Vice President - Finance & Chief Accounting Officer	Accounting, Information Systems, and Regulatory Affairs	John F. Renner
10			
11			
12			
13	Vice President	Regulatory Affairs	Donald R. Ball
14			
15	Vice President	Operations	K. Frank Morehouse
16			
17	Vice President	Human Resources	Richard D. Spratt
18			
19	Vice President	Electric Supply	Andrea L. Stomberg
20			
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CORPORATE STRUCTURE

Year: 2006

	Subsidiary/Company Name	Line of Business	Earnings (000's)	Percent of Total
1	Montana-Dakota Utilities Co./	Electric and Natural Gas Distribution	\$20,081	6.38%
2	Great Plains Natural Gas Co.			
3	(Divisions of MDU Resources			
4	Group, Inc.)			
5				
6	WBI Holdings, Inc.	Pipeline and Energy Services and Natural Gas and Oil Production	175,623	55.74%
7				
8				
9	Knife River Corporation	Construction Materials and Mining	85,702	27.20%
10				
11		Construction Services	27,851	8.84%
12	MDU Construction Services			
13	Group, Inc.			
14		Independent Power Production	4,513	1.43%
15	Centennial Energy Resources LLC			
16		Other	1,302	0.41%
17	Centennial Holdings Capital Corp.			
18				
19				
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49				
50	TOTAL		\$315,072	100.00%

CORPORATE ALLOCATIONS - ELECTRIC

Year: 2006

	Items Allocated	Classification	Allocation Method	\$ to MT Utility	MT %	\$ to Other
1	Audit Costs	Administrative & General	Various Corporate Overhead Allocation Factors	\$2,970	1.40%	\$209,620
2						
3	Advertising	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	2,115	1.46%	143,104
4						
5						
6	Air Service	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	2,477	1.67%	146,118
7						
8						
9	Automobile	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	1,271	3.16%	38,977
10						
11						
12	Bank Services	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	7,207	1.69%	419,567
13						
14						
15	Computer Rental	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	32,761	10.95%	266,304
16						
17						
18	Consultant Fees	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	31,745	2.09%	1,486,332
19						
20						
21	Contract Services	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	52,256	2.15%	2,377,864
22						
23						
24	Corporate Aircraft	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	4,253	1.88%	222,202
25						
26						
27	Directors Expenses	Administrative & General	Corporate Overhead Allocation Factor Based on a Combination of Net Plant Investment and Number of Employees	64,071	1.76%	3,580,059
28						
29						
30						
31	Employee Benefits	Administrative & General	Corporate Overhead Allocation Factor Based on Number of Employees	7,795	1.75%	438,127
32						

CORPORATE ALLOCATIONS - ELECTRIC

Year: 2006

	Items Allocated	Classification	Allocation Method	\$ to MT Utility	MT %	\$ to Other
1	Employee Meetings	Administrative & General	Various Corporate Overhead Allocation Factors and/or	3,122	1.70%	180,594
2			Actual Costs Incurred			
3						
4	Employee Reimbursable	Administrative & General	Various Corporate Overhead Allocation Factors, Time	6,171	1.88%	321,829
5	Expenses		Studies, and/or Actual Costs Incurred			
6						
7	Legal Retainers & Fees	Administrative & General	Various Corporate Overhead Allocation Factors and/or	24,321	1.68%	1,422,892
8			Actual Costs Incurred			
9						
10	Moving Expense	Administrative & General	Various Corporate Overhead Allocation Factors and/or	541	2.35%	22,521
11			Actual Costs Incurred			
12						
13	Meal Allowance	Administrative & General	Various Corporate Overhead Allocation Factors, Time	90	1.94%	4,543
14			Studies, and/or Actual Costs Incurred			
15						
16	Meals & Entertainment	Administrative & General	Various Corporate Overhead Allocation Factors, Time	2,273	1.80%	123,814
17			Studies, and/or Actual Costs Incurred			
18						
19	Industry Dues & Licenses	Administrative & General	Various Corporate Overhead Allocation Factors, Time	3,049	2.18%	136,823
20			Studies, and/or Actual Costs Incurred			
21						
22	Office Expenses	Administrative & General	Various Corporate Overhead Allocation Factors and/or	18,155	3.27%	536,252
23			Actual Costs Incurred			
24						
25	Prepaid Insurance	Administrative & General	Various Corporate Overhead Allocation Factors and	28,029	1.51%	1,822,169
26			Allocation Factors Based on Actual Experience			
27						
28	Permits and Filing Fees	Administrative & General	Various Corporate Overhead Allocation Factors and/or	595	1.86%	31,389
29			Actual Costs Incurred			

SCHEDULE 5

Company Name: Montana-Dakota Utilities Co.

CORPORATE ALLOCATIONS - ELECTRIC

Year: 2006

	Items Allocated	Classification	Allocation Method	\$ to MT Utility	MT %	\$ to Other
1	Postage	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	957	1.69%	55,716
2						
3						
4	Payroll	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	421,675	2.08%	19,874,511
5						
6						
7	Rental	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	113	1.69%	6,573
8						
9						
10	Reference Materials	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	2,883	1.71%	165,384
11						
12						
13	Reimbursements and	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	(1,657)	12.49%	(11,609)
14	Waranty Credits					
15						
16	Supplemental Insurance	Administrative & General	Various Corporate Overhead Allocation Factors	7,473	1.70%	432,367
17						
18	Seminars & Meeting	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	4,054	2.42%	163,405
19	Registrations					
20						
21	Software Maintenance	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	62,550	3.88%	1,549,797
22						
23						
24	Telephone	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	11,213	11.50%	86,298
25						
26						
27	Training Material	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	5,705	2.46%	225,760
28						
29						
30						
31	TOTAL			\$810,233	2.17%	\$36,479,302

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - ELECTRIC

Year: 2006

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility
1	KNIFE RIVER CORPORATION	Expense	Actual Costs Incurred			
2		Materials		\$8,033		2,110
3		Contract Services		1,672		363
4						
5						
6						
7		Capital	Actual Costs Incurred			
8		Materials		6,661		
9		Contract Services		1,227		
10						
11		Other Transactions/Reimbursements				
12		Miscellaneous		2,337,924		
13						
14						
15			Total Knife River Corporation Operating Revenues for the Year 2006			1,877,021,000
16			Excludes Intersegment Eliminations			
17						
18						
19	TOTAL	Grand Total Affiliate Transactions		\$2,355,517	0.1255%	\$2,473

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - ELECTRIC

Year: 2006

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility
1	WBI HOLDINGS, INC.	Expense	Actual Costs Incurred			
2		Contract Services		\$8,786		\$2,654
3		Air Services		90		21
4		Software Maintenance		73		17
5		Reimbursable Expense		90		90
6		Seminar Registration		166		38
7						
8						
9						
10						
11		Capital		Actual Costs Incurred		
12		Reimbursable Expense			60	
13		Contract Services			90,999	
14		Materials			2,417	
15		Other			7,979	
16						
17						
18						
19						
20		Other Transactions/Reimbursements		Actual Costs Incurred		
21		Miscellaneous			30,874	
22						
23						
24						
25						
26		Total WBI Operating Revenues for the Year 2006				\$927,672,000
27		Excludes Intersegment Eliminations				
28						
29						
30	TOTAL	Grand Total Affiliate Transactions		\$141,534	0.0153%	\$2,820

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - ELECTRIC

Year: 2006

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		Materials		\$1,270		\$66	
3		Contract Services		744			
4							
5							
6							
7							
8							
9		Capital		Actual Costs Incurred			
10		Materials			898		
11							
12							
13							
14							
15		Other Transactions/Reimbursements		Actual Costs Incurred			
16		Miscellaneous			675,248		
17		Auto and Work			361		
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28			Total MDU Construction Services Group, Inc Operating Revenues for the Year 2006			\$987,582,000	
29			Excludes Intersegment Eliminations				
30							
31							
32	TOTAL	Grand Total Affiliate Transactions		\$678,521	0.0687%	\$66	

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - ELECTRIC

Year: 2006

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 ENERGY RESOURCES/CHCC	Expense	* Various Corporate Overhead				
2		Corporate Aircraft	Allocation Factors and/or	\$135,184		\$30,436	
3		Rent	Actual Costs Incurred	72,034		16,664	
4		Cost of Service		126,289		29,215	
5							
6							
7							
8							
9		Capital		Actual Costs Incurred			
10		Corporate Aircraft			5,520		
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23			Total Centennial Energy Resources/CHCC	Operating Revenues for the Year 2006		\$74,262,000	
24			Excludes Intersegment Eliminations				
25							
26							
27							
28							
29	TOTAL	Grand Total Affiliate Transactions		\$339,028	0.4565%	\$76,315	

Company Name: Montana-Dakota Utilities Co.

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.
1	KNIFE RIVER CORPORATION	MDU RESOURCES GROUP, INC.			
2		Corporate Overhead	* Various Corporate Overhead Allocation		
3		Audit Costs	Factors, Time Studies and/or Actual	\$103,212	
4		Advertising	Costs Incurred	67,332	
5		Air Service		56,718	
6		Automobile		12,758	
7		Bank Services		161,321	
8		Corporate Aircraft		85,943	
9		Consultant Fees		570,319	
10		Contract Services		835,696	
11		Computer Rental		1,197	
12		Directors Expenses		1,356,527	
13		Employee Benefits		168,325	
14		Employee Meeting		69,377	
15		Employee Reimbursable Expense		124,328	
16		Express Mail		119	
17		Insurance		661,292	
18		Legal Retainers & Fees		551,414	
19		Moving Allowance		8,330	
20		Meal Allowance		1,721	
21		Cash Donations		20,559	
22		Meal & Entertainment		46,976	
23		Industry Dues & Licenses		51,825	
24		Office Expenses		143,896	
25		Supplemental Insurance		166,260	
26		Permits & Filing Fees		14,528	
27		Postage		21,301	
28		Payroll		7,540,079	
29		Reference Materials		63,417	
30		Rental		2,527	
31		Seminars & Meeting Registrations		61,992	
32		Software Maintenance		742,033	
33		Telephone Expenses		3,381	
34		Training		85,892	
33		Total MDU Resources Group, Inc.		\$13,800,595	0.8019%

Company Name: Montana-Dakota Utilities Co.

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.
1	KNIFE RIVER CORPORATION	MONTANA-DAKOTA UTILITIES CO.			
2		Communications Department	* Various Corporate Overhead Allocation		
3		Air Service	Factors, Cost of Service Factors, Time	\$37	
4		Employee Reimbursable Expense	Studies and /or Actual Costs Incurred	53	
5		Meals & Entertainment		9	
6		Office Expenses		308	
7		Office Telephones		18,240	
8		Payroll		6,531	
9					
10					
11		Office Services	* General Office Complex and Office		
12		Contract Services	Supplies Cost of Service Allocation	1,090	
13		Employee Meetings	Factors	18	
14		Express Mail		14,008	
15		Rental of Office Equipment		328	
16		Office Expenses		10,219	
17		Postage		8,316	
18		Cost of Service - General Office Buildings		406,814	
19					
20					
21		Information Systems	* Various Corporate Overhead Allocation		
22		Organizational/Professional Dues	Factors and /or Actual Costs Incurred	527	
23		Air Service		25	
24		Employee Reimbursable Expense		50	
25		Meals & Entertainment		12	
26		Office Expenses		126	
27		Office Telephones		581	
28		Payroll		14,239	
29		Seminars & Meeting Registrations		16	
30					
31					

Company Name: Montana-Dakota Utilities Co.

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.
1	KNIFE RIVER CORPORATION	Transportation & Procurement	* Various Corporate Overhead Allocation Factors and /or Actual Costs Incurred		
2		Air Service		\$40	
3		Employee Reimbursable Expense		192	
4		Meals & Entertainment		36	
5		Office Expenses		108	
6		Payroll		12,125	
7		Automobile		672	
8		Electric Consumption		111	
8		Gas Consumption		105	
9					
10		Purchasing			
11		Employee Reimbursable Expense	* Various Corporate Overhead Allocation Factors and /or Actual Costs Incurred	2	
12		Payroll		823	
13					
14		Other Miscellaneous Departments	* Various Corporate Overhead Allocation Factors and /or Actual Costs Incurred		
15		Automobile		(10)	
16		Payroll	(197)		
17					
18					
19		Other Direct Charges	Actual Costs Incurred		
20		Employee Discounts		48,253	
21		Corporate/Commercial Air Service		119,559	
22		Computer/Software Support		106,814	
23		Electric Consumption		55,957	
24		Gas Consumption		101,029	
25		Deferred Compensation		7,464	
26		Miscellaneous		178,277	
27					
28					
23		Total Montana-Dakota Utilities Co.		\$1,112,908	0.0647%

Company Name: Montana-Dakota Utilities Co.

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.
1	KNIFE RIVER CORPORATION	OTHER TRANSACTIONS/REIMBURSEMENTS			
2					
3		Insurance		(\$7,574)	
4		Federal & State Tax Liability Payments		45,262,378	
5		KESOP carrying costs		205,637	
6		Tax Deferred Savings Plan		208,105	
7		Miscellaneous Reimbursements		(224,353)	
8					
9		Total Other Transactions/Reimbursements		\$45,444,194	2.6407%
10					
11		Grand Total Affiliate Transactions		\$60,357,697	3.5073%
12					
13					
14					
15		Total Knife River Corporation Operating Expenses for 2006 - Excludes Intersegment Eliminations			\$1,720,917,000

* Corporate overhead allocation factors are derived from net plant investment and number of employees. A cost of service allocation factor for the general office complex is derived by the ratio of MDU Resources and Montana-Dakota Utilities payroll allocated to affiliated companies to the total payroll costs for employees located in the general office complex. Cost of service allocation factors are also derived for office supplies, computer facilities and fixed and mobile radios based on usage of such supplies/facilities by affiliated companies.

SCHEDULE 7

Year: 2006

(f)
Revenues
to MT Utility

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SCHEDULE 7

Year: 2006

(f) Revenues to MT Utility
\$97,200

SCHEDULE 7

Year: 2006

(f) Revenues to MT Utility
\$191,380

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

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 HOLDINGS, INC.	MDU RESOURCES GROUP, INC.				
2		Corporate Overhead	* Various Corporate Overhead Allocation			
3		Audit Costs	Factors, Time Studies and/or Actual	\$52,227		
4		Advertising	Costs Incurred	37,190		
5		Air Service		42,782		
6		Automobile		11,484		
7		Bank Services		126,752		
8		Corporate Aircraft		70,684		
9		Consultant Fees		433,005		
10		Contract Services		695,929		
11		Computer Rental		35,014		
12		Directors Expenses		1,079,702		
13		Employee Benefits		131,636		
14		Employee Meeting		54,511		
15		Employee Reimbursable Expense		90,001		
16		Express Mail		100		
17		Insurance		560,802		
18		Legal Retainers & Fees		427,737		
19		Meal Allowance		1,381		
20		Cash Donations		16,153		
21		Meal & Entertainment		35,391		
22		Moving Expense		6,495		
23		Industry Dues & Licenses		40,789		
24		Office Expenses		193,065		
25		Supplemental Insurance		130,633		
26		Permits & Filing Fees		7,871		
27		Postage		16,736		
28		Payroll		5,664,656		
29		Reference Materials		50,013		
30		Rental		1,986		
31		Seminars & Meeting Registrations		46,339		
32		Software Maintenance		292,193		
33		Telephone		3,406		
34		Training Material		63,452		
35		Total MDU Resources Group, Inc.		\$10,420,115	1.6314%	

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

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 HOLDINGS, INC.	MONTANA-DAKOTA UTILITIES CO.				
2		Communications Department	* Various Corporate Overhead Allocation			
3		Expense	Factors, Cost of Service Factors, Time			
4		Air Service	Studies and /or Actual Costs Incurred	\$29		
5		Employee Reimbursable Expense		41		
6		Meals & Entertainment		7		
7		Office Expenses		242		
8		Office Telephone		14,331		
9		Payroll		5,132		
10						
11		Office Services	* General Office Complex and Office			
12		Expense	Supplies cost of Service Allocation			
13		Contract Services	Factors	840		
14		Employee Meetings		14		
15		Express Mail		11,001		
16		Office Expenses		17,298		
17		Postage		6,534		
18		Cost of Service - General Office Buildings		345,959		\$82,660
19						
20		Purchasing Department	* Various Corporate Overhead Allocation			
21		Capital	Factors, Cost of Service Factors, Time			
22		Payroll	Studies and /or Actual Costs Incurred	37,041		
23		Office Supplies		349		
24		Expense				
25		Payroll		863		
26		Employee Reimbursable Expense		2		
27						
28						
29		Information Systems	* Various Corporate Overhead Allocation			
30		Expense	Factors and /or Actual Costs Incurred			
31		Office Telephones		439		
32		Payroll		5,343		
33		Professional Organizational Dues		71		
34						

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Year: 2006

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price		(e) % Total Affil. Exp.	(f) Revenues to MT Utility	
1	WBI HOLDINGS, INC.	Region Operations	* Various Corporate Overhead Allocation Factors and /or Actual Costs Incurred				
2		Expense					
3		Automobile			\$1,633		
4		Air Services			6		
5		Contract Services			489		
6		Custodial Services & Supplies			57		
7		Materials			1,156		
8		Meals & Entertainment			248		
9		Other Reimburseable Expenses			348		
10		Office Telephone			11,042		
11		Payroll			9,328		
12		Photocopier			81		
13		Office Supplies			522		
14		Annual Easements			2,411		
15		Freight			1		
16		Utilities			1,478		
17		General & Administrative Expenses			150		
18							
19		Transportation Department		* Various Corporate Overhead Allocation Factors, Time Studies and /or Actual Costs incurred			
20		Capital					
21		Payroll			22,657		
22		Automobile			2		
23		Air Service			19		
24		Meals & Entertainment			33		
25		Employee Reimbursable Expense			61		
26		Office Expenses			70		
27		Utilities			290		
28		Clearing Accounts					
29		Automobile			1,046		
30		Air Service			37		
31		Contract Services			22		
32		Custodial Services			382		
33		Employee Reimbursable Expense			273		
34							
35							

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Year: 2006

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 HOLDINGS, INC.	Meals & Entertainment	Actual Costs Incurred	\$35	0.3186%		
2		Office Expenses		122			
3		Office Telephone		263			
4		Professional Organ. Dues		9			
5		Payroll		13,309			
6		Permits & Filing Fees		3			
7		Utilities		322			
8		Expense					
9		Payroll		36,396			
10		Automobile		2,182			
11		Air Service		118			
12		Employee Reimbursable Expense		691			
13		Meals & Entertainment		144			
14		Office Expenses		333			
15		Company Consumption - Electric		451			
16		Company Consumption - Gas		429			
17							
18		Other Direct Charges					
19		Utility/Merchandise Discounts		158,317			\$88,116
20		Corporate Aircraft		250,148			
21		Radio Maintenance		1,801			
22		Vehicle Maintenance		34,918			
23		Computer/Software Support		11,002			
24		Cathodic Protection		14,465			5,411
25		Purchased Power for Compressor Stations		79,337			71,394
26		Electric Compressor - Electricity Cost		139,460			14,014
27		Office Building Utilities		295,241			90,965
28		Legal Fees		18,741			
29		Employee Reimbursable Exp		115,827			
30		Miscellaneous		278,401			4,709
31		BitterCreek Projects		83,090			
32	Total Montana-Dakota Utilities Co. 1/		\$2,034,932				
33							
34							

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Year: 2006

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 HOLDINGS, INC.					
2		1/ Total Montana-Dakota Charges By Category				
3		Expense		\$1,958,589	0.3066%	
4		Capital		60,521	0.0095%	
5		Clearing		15,822	0.0025%	
6		Total		2,034,932	0.3186%	
7						
8						
9		OTHER TRANSACTIONS/REIMBURSEMENTS				
10		Insurance	Actual Costs Incurred	\$1,932		
11		Federal & State Tax Liability Payments		45,750,057		
12		Tax Deferred Savings Plan		17,512		
13		KESOP carrying costs		76,017		
14		Miscellaneous Reimbursements		(26,729)		
15		Total Other Transactions/Reimbursements		\$45,818,789	7.1733%	
16						
17		Grand Total Affiliate Transactions		\$58,273,836	9.1233%	\$357,269
18						
19						
20						
21		Total WBI Holdings Operating Expenses for 2006 - Excludes Intersegment Eliminations			\$638,737,000	

* Corporate overhead allocation factors are derived from net plant investment and number of employees. A cost of service allocation factor for the general office complex is derived by the ratio of MDU Resources and Montana-Dakota Utilities payroll allocated to affiliated companies to the total payroll costs for employees located in the general office complex. Cost of service allocation factors are also derived for office supplies, computer facilities and fixed and mobile radios based on usage of such supplies/facilities by affiliated companies.

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Year: 2006

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	MDU CONSTRUCTION	MDU RESOURCES GROUP, INC.				
2	SERVICES GROUP INC	Corporate Overhead	* Various Corporate Overhead Allocation			
3		Audit Costs	Factors, Time Studies and/or Actual	\$11,958		
4		Advertising	Costs Incurred	8,515		
5		Air Service		14,357		
6		Automobile		1,640		
7		Bank Services		29,021		
8		Corporate Aircraft		12,119		
9		Consultant Fees		85,693		
10		Contract Services		154,857		
11		Computer Rental		215		
12		Directors Expenses		244,031		
13		Employee Benefits		30,069		
14		Employee Meeting		12,481		
15		Employee Reimbursable Expense		26,328		
16		Express Mail		21		
17		Insurance		147,789		
18		Legal Retainers & Fees		97,933		
19		Moving Allowance		1,424		
20		Meal Allowance		297		
21		Cash Donations		3,698		
22		Meal & Entertainment		9,644		
23		Industry Dues & Licenses		6,291		
24		Office Expenses		39,424		
25		Supplemental Insurance		29,909		
26		Permits & Filing Fees		1,749		
27		Postage		3,832		
28		Payroll		1,594,930		
29		Reference Materials		11,369		
30		Rent		455		
31		Seminars & Meeting Registrations		10,113		
32		Software Maintenance		33,745		
33		Telephone		476		
34		Training Material		13,823		
35		Total MDU Resources Group, Inc.		\$2,638,206	0.2816%	

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Year: 2006

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	MONTANA-DAKOTA UTILITIES CO.				
2	SERVICES GROUP INC	Communications Department	* Various Corporate Overhead Allocation			
3		Air Service	Factors, Cost of Service Factors, Time	\$8		
4		Automobile	Studies and /or Actual Costs Incurred	2		
5		Contract Services		3		
6		Professional Organ. Dues		1		
7		Meals & Entertainment		2		
8		Office Expenses		56		
9		Office Telephone		4,303		
10		Payroll		1,462		
11		Employee Reimbursable Expense		15		
12		Materials		3		
13		Permits & Filing Fees				
14						
15		Office Services	* General Office Complex and Office			
16		Contract Services	Supplies Cost of Service Allocation	194		
17		Employee Meetings		4		
18		Express Mail		2,519		
19		Office Expenses		2,626		
20		Postage		1,496		
21		Cost of Service - General Office Buildings		226,250		\$54,058
22						
23		Information Systems	* Various Corporate Overhead Allocation			
24		Air Service	Factors and /or Actual Costs Incurred	7		
25		Professional Organ. Dues		399		
26		Employee Reimbursable Expense		27		
27		Office Expenses		63		
28		Payroll		8,127		
29		Office Telephones		112		
30		Seminars & Meeting Reg		8		
31		Meals & Entertainment		1		
32						

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Year: 2006

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	MONTANA-DAKOTA UTILITIES CO.				
2	SERVICES GROUP INC	Business Development	* General Office Complex and Office			
3		Air Service	Supplies Cost of Service Allocation	\$1,036		
4		Meals & Entertainment		534		
5		Office Expenses		51		
6		Payroll		53,782		
7		Employee Reimbursable Expense		476		
8						
9						
10		Transportation Department	* Various Corporate Overhead Allocation			
11		Automobile	Factors, Time Studies and /or Actual	88		
12		Air Services	Costs incurred	171		
13		Meals & Entertainment		390		
14		Other Reimburseable Expenses		663		
15		Payroll		68,174		
16		Office Supplies		411		
17		Company Consumption - Electric		1,336		
18		Company Consumption - Gas		1,271		
19						
20						
21						
22						
23						
24						
25						

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Year: 2006

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	Other Direct Charges	Actual Costs Incurred			
2	SERVICES GROUP INC	Legal Fees		\$6,114		
3		Air Service		196,586		
4		Employee Reimbursable Expense		5,894		
5		Advertising		1,394		
6		Telephone		41,370		
7		Consulting Service		1,564		
8		Computer/Software Support		40,497		
9		Office Expenses		2,630		
10		Filing fees		6,952		
11		Misc Employee Benefits		131,235		
12		Miscellaneous		140,546		
13		Seminars and Meeting Registration		2,352		
14		Employee Discounts		3,307		
15		Gas Consumption		3,079		\$3,079
16		Total Montana-Dakota Utilities Co.		959,592	0.1024%	57,136
17						
18		OTHER TRANSACTIONS/REIMBURSEMENTS	Actual Costs Incurred			
19		Payroll		3,205,192		
20		Federal & State Tax Liability Payments		16,501,908		
21		Insurance		18,147		
22		Miscellaneous Reimbursements		(283,230)		
23		KESOP Carrying Costs		6,760		
24						
25		Total Other Transactions/Reimbursements		\$19,448,777	2.0758%	
26						
27		Grand Total Affiliate Transactions		\$23,046,575	2.4598%	\$57,136
28						
29		Total MDU Construction Services Group, Inc. Operating Expenses for 2006				
30		Excludes Intersegment Eliminations			\$936,931,000	
31						

* Corporate overhead allocation factors are derived from net plant investment and number of employees. A cost of service allocation factor for the general office complex is derived by the ratio of MDU Resources and Montana-Dakota Utilities payroll allocated to affiliated companies to the total payroll costs for employees located in the general office complex. Cost of service allocation factors are also derived for office supplies, computer facilities and fixed and mobile radios based on usage of such supplies/facilities by affiliated companies.

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

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	MDU RESOURCES GROUP, INC.	* Various Corporate Overhead Allocation Factors, Time Studies and/or Actual Costs Incurred			
2	RESOURCES/CHCC	Corporate Overhead				
3		Audit Costs		\$21,277		
4		Advertising		15,152		
5		Air Service		14,818		
6		Automobile		2,844		
7		Bank Services		51,639		
8		Corporate Aircraft		23,518		
9		Consultant Fees		151,060		
10		Contract Services		272,381		
11		Computer Rental		383		
12		Directors Expenses		448,056		
13		Employee Benefits		53,134		
14		Employee Meeting		22,208		
15		Employee Reimbursable Expense		36,391		
16		Express Mail		38		
17		Insurance		255,943		
18		Legal Retainers & Fees		174,263		
19		Cash Donations		6,581		
20		Meals & Entertainment		15,441		
21		Meal Allowance		512		
22		Moving		2,466		
23		Industry Dues & Licenses		16,187		
24		Office Expenses		32,598		
25		Supplemental Insurance		53,220		
26		Permits & Filing Fees		3,053		
27		Postage		6,819		
28		Payroll		2,099,185		
29		Reference Materials		20,256		
30		Rental		809		
31		Seminars & Meeting Registrations		16,459		
32		Software Maintenance		43,552		
33		Telephone	483			
34		Training	22,504			
32		Total MDU Resources Group, Inc.		\$3,883,230	5.2352%	

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	CENTENNIAL ENERGY	MONTANA-DAKOTA UTILITIES CO.				
2	RESOURCES/CHCC	Communications Department	* Various Corporate Overhead Allocation			
3		Air Service	Factors, Cost of Service Factors, Time	\$10		
4		Employee Reimbursable Expense	Studies and /or Actual Costs Incurred	17		
5		Meals & Entertainment		3		
6		Office Expenses		99		
7		Office Telephone		5,839		
8		Payroll		2,093		
9						
10		Office Services	* General Office Complex and Office			
11		Contract Services	Supplies Cost of Service Allocation	335		
12		Express Mail	Factors	4,483		
13		Postage		2,662		
14		Office Expenses		3,064		
15		Employee Meetings		6		
16		Cost of Service - General Office Buildings		150,689		\$36,004
17						
18		Information Systems	* Various Corporate Overhead Allocation			
19		Payroll	Factors and /or Actual Costs Incurred	4,700		
20		Professional Organization Dues		242		
21		Office Telephones		180		
22		Automobile		(16)		
23						
24		Other Miscellaneous Departments	* Various Corporate Overhead Allocation			
25		Office Supplies	Factors and /or Actual Costs Incurred	155		
26		Payroll		14,629		
27		Automobile		1,062		
28		Air Services		52		
29		Employee Reimbursable Expense		315		
30		Meals & Entertainment		57		
31		Electric Consumption		175		
32		Gas Consumption		166		
33						
34						

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

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 RESOURCES/CHCC	Other Direct Charges	Actual costs incurred		2.8306%	
2		Employee Discounts		\$8,655		
3		Employee Benefits		46,326		
4		Corporate/Commercial Air Service		45,922		
5		Computer/Software Costs		1,105,775		
6		Employee Reimbursable Exp and Fuel		403,246		
7		Legal Fees		26,957		
8		Telephone		7,573		
9		Building Expenses		130,368		
10		Office Expenses		(982)		
11		Miscellaneous		134,781		
12	Total Montana-Dakota Utilities Co.			\$2,099,635		\$36,004
14	OTHER TRANSACTIONS/REIMBURSEMENTS		Actual costs incurred		3.3941%	\$36,004
15	Payroll	3,084,380				
16	Federal & State Tax Liability Payments	(\$6,669,464)				
17	Miscellaneous	119,824				
18	Total Other Transactions/Reimbursements			(\$3,465,261)		
20	Grand Total Affiliate Transactions			\$2,517,604		
22	Total Centennial Energy Resources/CHCC Operating Expenses for 2006				\$74,176,000	
23	Excludes Intersegment Eliminations					

* Corporate overhead allocation factors are derived from net plant investment and number of employees. A cost of service allocation factor for the general office complex is derived by the ratio of MDU Resources and Montana-Dakota Utilities payroll allocated to affiliated companies to the total payroll costs for employees located in the general office complex. Cost of service allocation factors are also derived for office supplies, computer facilities and fixed and mobile radios based on usage of such supplies/facilities by affiliated companies.

MONTANA UTILITY INCOME STATEMENT

Year: 2006

	Account Number & Title	Last Year	This Year	% Change
1	400 Operating Revenues	\$43,180,041	\$41,322,950	-4.30%
2				
3	Operating Expenses			
4	401 Operation Expenses	\$25,327,669	\$26,422,102	4.32%
5	402 Maintenance Expense	3,342,793	4,429,713	32.52%
6	403 Depreciation Expense	5,112,703	5,192,449	1.56%
7	404-405 Amortization of Electric Plant	323,291	339,787	5.10%
8	406 Amort. of Plant Acquisition Adjustments	107,323	105,765	-1.45%
9	407 Amort. of Property Losses, Unrecovered Plant & Regulatory Study Costs			
11	408.1 Taxes Other Than Income Taxes	2,818,314	2,769,655	-1.73%
12	409.1 Income Taxes - Federal	2,539,782	621,745	-75.52%
13	- Other	547,047	145,242	-73.45%
14	410.1 Provision for Deferred Income Taxes	(1,201,944)	(655,122)	45.49%
15	411.1 (Less) Provision for Def. Inc. Taxes - Cr.	(67,218)	5,805	108.64%
16	411.4 Investment Tax Credit Adjustments			
17	411.6 (Less) Gains from Disposition of Utility Plant			
18	411.7 Losses from Disposition of Utility Plant			
19				
20	TOTAL Utility Operating Expenses	\$38,849,760	\$39,377,141	1.36%
21	NET UTILITY OPERATING INCOME	\$4,330,281	\$1,945,809	-55.07%

MONTANA REVENUES

SCHEDULE 9

	Account Number & Title	Last Year	This Year	% Change
1	Sales of Electricity			
2	440 Residential	10,848,748	\$11,299,252	4.15%
3	442 Commercial & Industrial - Small	6,350,701	6,458,163	1.69%
4	Commercial & Industrial - Large	16,442,140	16,578,275	0.83%
5	444 Public Street & Highway Lighting	681,478	683,755	0.33%
6	445 Other Sales to Public Authorities	308,133	327,889	6.41%
7	446 Sales to Railroads & Railways			
8	448 Interdepartmental Sales			
9	Net Unbilled Revenue	(128,027)	(81,455)	36.38%
10	TOTAL Sales to Ultimate Consumers	\$34,503,173	\$35,265,879	2.21%
11	447 Sales for Resale	7,197,443	4,717,593	-34.45%
12				
13	TOTAL Sales of Electricity	\$41,700,616	\$39,983,472	-4.12%
14	449.1 (Less) Provision for Rate Refunds			
15				
16	TOTAL Revenue Net of Provision for Refunds	\$41,700,616	\$39,983,472	-4.12%
17	Other Operating Revenues			
18	450 Forfeited Discounts & Late Payment Revenues			
19	451 Miscellaneous Service Revenues	\$2,412	\$2,360	-2.16%
20	453 Sales of Water & Water Power			
21	454 Rent From Electric Property	878,991	841,982	-4.21%
22	455 Interdepartmental Rents			
23	456 Other Electric Revenues	598,022	495,136	-17.20%
24				
25	TOTAL Other Operating Revenues	\$1,479,425	\$1,339,478	-9.46%
26	Total Electric Operating Revenues	\$43,180,041	\$41,322,950	-4.30%

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2006

Account Number & Title		Last Year	This Year	% Change
1	Power Production Expenses			
2				
3	Steam Power Generation			
4	Operation			
5	500 Operation Supervision & Engineering	\$411,168	\$459,031	11.64%
6	501 Fuel	9,446,064	9,682,348	2.50%
7	502 Steam Expenses	898,165	824,938	-8.15%
8	503 Steam from Other Sources			
9	504 (Less) Steam Transferred - Cr.			
10	505 Electric Expenses	284,879	297,535	4.44%
11	506 Miscellaneous Steam Power Expenses	678,601	641,107	-5.53%
12	507 Rents			
13				
14	TOTAL Operation - Steam	11,718,877	11,904,959	1.59%
15				
16	Maintenance			
17	510 Maintenance Supervision & Engineering	152,162	177,721	16.80%
18	511 Maintenance of Structures	138,540	148,100	6.90%
19	512 Maintenance of Boiler Plant	1,065,448	1,751,403	64.38%
20	513 Maintenance of Electric Plant	293,715	408,120	38.95%
21	514 Maintenance of Miscellaneous Steam Plant	251,699	261,623	3.94%
22				
23	TOTAL Maintenance - Steam	1,901,564	2,746,967	44.46%
24				
25	TOTAL Steam Power Production Expenses	\$13,620,441	\$14,651,926	7.57%
26				
27	Nuclear Power Generation			
28	Operation			
29	517 Operation Supervision & Engineering			
30	518 Nuclear Fuel Expense			
31	519 Coolants & Water			
32	520 Steam Expenses			
33	521 Steam from Other Sources			
34	522 (Less) Steam Transferred - Cr.			
35	523 Electric Expenses			
36	524 Miscellaneous Nuclear Power Expenses			
37	525 Rents			
38				
39	TOTAL Operation - Nuclear		NOT APPLICABLE	
40				
41	Maintenance			
42	528 Maintenance Supervision & Engineering			
43	529 Maintenance of Structures			
44	530 Maintenance of Reactor Plant Equipment			
45	531 Maintenance of Electric Plant			
46	532 Maintenance of Miscellaneous Nuclear Plant			
47				
48	TOTAL Maintenance - Nuclear		NOT APPLICABLE	
49				
50	TOTAL Nuclear Power Production Expenses			

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2006

Account Number & Title		Last Year	This Year	% Change
1	Power Production Expenses -continued			
2	Hydraulic Power Generation			
3	Operation			
4	535 Operation Supervision & Engineering			
5	536 Water for Power			
6	537 Hydraulic Expenses		NOT	
7	538 Electric Expenses		APPLICABLE	
8	539 Miscellaneous Hydraulic Power Gen. Expenses			
9	540 Rents			
10				
11	TOTAL Operation - Hydraulic			
12	Maintenance			
13				
14	541 Maintenance Supervision & Engineering			
15	542 Maintenance of Structures			
16	543 Maint. of Reservoirs, Dams & Waterways		NOT	
17	544 Maintenance of Electric Plant		APPLICABLE	
18	545 Maintenance of Miscellaneous Hydro Plant			
19				
20	TOTAL Maintenance - Hydraulic			
21				
22	TOTAL Hydraulic Power Production Expenses			
23	Other Power Generation			
24	Operation			
25				
26	546 Operation Supervision & Engineering	\$20,154	\$22,918	13.71%
27	547 Fuel	465,541	312,589	-32.85%
28	548 Generation Expenses	277	190	-31.41%
29	549 Miscellaneous Other Power Gen. Expenses	205,564	143,034	-30.42%
30	550 Rents			
31				
32	TOTAL Operation - Other	691,536	478,731	-30.77%
33	Maintenance			
34				
35	551 Maintenance Supervision & Engineering	6,944	9,669	39.24%
36	552 Maintenance of Structures	2,565	1,548	-39.65%
37	553 Maintenance of Generating & Electric Plant	17,836	14,497	-18.72%
38	554 Maintenance of Misc. Other Power Gen. Plant	533	13,796	2488.37%
39				
40	TOTAL Maintenance - Other	27,878	39,510	41.72%
41				
42	TOTAL Other Power Production Expenses	\$719,414	\$518,241	-27.96%
43	Other Power Supply Expenses			
44				
45	555 Purchased Power	\$5,173,902	\$6,113,643	18.16%
46	556 System Control & Load Dispatching	334,113	266,239	-20.31%
47	557 Other Expenses		14	100.00%
48				
49	TOTAL Other Power Supply Expenses	\$5,508,015	\$6,379,896	15.83%
50				
51	TOTAL Power Production Expenses	\$19,847,870	\$21,550,063	8.58%

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2006

Account Number & Title		Last Year	This Year	% Change
1	Transmission Expenses			
2	Operation			
3	560 Operation Supervision & Engineering	\$410,281	\$312,331	-23.87%
4	561 Load Dispatching	89,963	291,150	223.63%
5	562 Station Expenses	134,884	143,765	6.58%
6	563 Overhead Line Expenses	28,643	19,405	-32.25%
7	564 Underground Line Expenses			
8	565 Transmission of Electricity by Others	153,414	187,950	22.51%
9	566 Miscellaneous Transmission Expenses	33,323	40,130	20.43%
10	567 Rents	212,742	205,904	-3.21%
11	575 Day-Ahead and Real-Time Market Administration		103,668	100.00%
12				
13	TOTAL Operation - Transmission	1,063,250	1,304,303	22.67%
14	Maintenance			
15	568 Maintenance Supervision & Engineering	27,127	32,896	21.27%
16	569 Maintenance of Structures			
17	570 Maintenance of Station Equipment	94,468	141,633	49.93%
18	571 Maintenance of Overhead Lines	151,460	175,173	15.66%
19	572 Maintenance of Underground Lines			
20	573 Maintenance of Misc. Transmission Plant			
21				
22	TOTAL Maintenance - Transmission	273,055	349,702	28.07%
23				
24	TOTAL Transmission Expenses	\$1,336,305	\$1,654,005	23.77%
25	Distribution Expenses			
26	Operation			
27	580 Operation Supervision & Engineering	\$210,448	\$286,604	36.19%
28	581 Load Dispatching			
29	582 Station Expenses	67,331	52,423	-22.14%
30	583 Overhead Line Expenses	90,706	75,880	-16.35%
31	584 Underground Line Expenses	96,934	147,140	51.79%
32	585 Street Lighting & Signal System Expenses	10,145	11,681	15.14%
33	586 Meter Expenses	150,380	171,995	14.37%
34	587 Customer Installations Expenses	120,448	151,999	26.19%
35	588 Miscellaneous Distribution Expenses	447,481	463,075	3.48%
36	589 Rents	25,763	27,028	4.91%
37				
38				
39	TOTAL Operation - Distribution	1,219,636	1,387,825	13.79%
40	Maintenance			
41	590 Maintenance Supervision & Engineering	108,372	161,699	49.21%
42	591 Maintenance of Structures			
43	592 Maintenance of Station Equipment	55,818	38,466	-31.09%
44	593 Maintenance of Overhead Lines	513,994	572,014	11.29%
45	594 Maintenance of Underground Lines	148,533	184,965	24.53%
46	595 Maintenance of Line Transformers	46,248	42,345	-8.44%
47	596 Maintenance of Street Lighting, Signal Systems	46,444	55,485	19.47%
48	597 Maintenance of Meters	3,158	5,857	85.47%
49	598 Maintenance of Miscellaneous Dist. Plant	99,668	92,694	-7.00%
50				
51	TOTAL Maintenance - Distribution	1,022,235	1,153,525	12.84%
52				
53	TOTAL Distribution Expenses	\$2,241,871	\$2,541,350	13.36%

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2006

Account Number & Title		Last Year	This Year	% Change
1	Customer Accounts Expenses			
2	Operation			
3	901 Supervision	\$50,385	\$86,166	71.02%
4	902 Meter Reading Expenses	232,612	234,477	0.80%
5	903 Customer Records & Collection Expenses	488,853	457,304	-6.45%
6	904 Uncollectible Accounts Expenses	41,501	32,936	-20.64%
7	905 Miscellaneous Customer Accounts Expenses	48,072	79,202	64.76%
8				
9	TOTAL Customer Accounts Expenses	\$861,423	\$890,085	3.33%
10	Customer Service & Information Expenses			
11	Operation			
12	907 Supervision	\$2,572	\$3,254	26.52%
13	908 Customer Assistance Expenses	15,693	7,523	-52.06%
14	909 Informational & Instructional Adv. Expenses	7,523	5,814	-22.72%
15	910 Miscellaneous Customer Service & Info. Exp.			
16				
17				
18	TOTAL Customer Service & Info Expenses	\$25,788	\$16,591	-35.66%
19	Sales Expenses			
20	Operation			
21	911 Supervision	\$18,336	\$13,734	-25.10%
22	912 Demonstrating & Selling Expenses	22,698	28,302	24.69%
23	913 Advertising Expenses	1,321	6,988	428.99%
24	916 Miscellaneous Sales Expenses	7,763	8,595	10.72%
25				
26				
27	TOTAL Sales Expenses	\$50,118	\$57,619	14.97%
28	Administrative & General Expenses			
29	Operation			
30	920 Administrative & General Salaries	\$1,263,225	\$1,203,372	-4.74%
31	921 Office Supplies & Expenses	615,854	706,485	14.72%
32	922 (Less) Administrative Expenses Transferred - Cr.			
33	923 Outside Services Employed	153,516	152,579	-0.61%
34	924 Property Insurance	120,357	144,863	20.36%
35	925 Injuries & Damages	233,193	220,585	-5.41%
36	926 Employee Pensions & Benefits	1,597,612	1,369,136	-14.30%
37	927 Franchise Requirements			
38	928 Regulatory Commission Expenses	32,987	33,974	2.99%
39	929 (Less) Duplicate Charges - Cr.			
40	930.1 General Advertising Expenses	14,136	25,626	81.28%
41	930.2 Miscellaneous General Expenses	94,410	110,363	16.90%
42	931 Rents	63,736	35,110	-44.91%
43				
44				
45	TOTAL Operation - Admin. & General	4,189,026	4,002,093	-4.46%
46	Maintenance			
47	935 Maintenance of General Plant	118,061	140,009	18.59%
48				
49	TOTAL Administrative & General Expenses	\$4,307,087	\$4,142,102	-3.83%
50				
51	TOTAL Operation & Maintenance Expenses	\$28,670,462	\$30,851,815	7.61%

MONTANA TAXES OTHER THAN INCOME

Year: 2006

	Description of Tax	Last Year	This Year	% Change
1	Payroll Taxes	\$476,525	\$418,884	-12.10%
2	Secretary of State	319	342	7.21%
3	Highway Use Tax	378	307	-18.78%
4	Montana Consumer Counsel	39,928	23,851	-40.26%
5	Montana PSC	94,346	85,678	-9.19%
6	Montana Electric	47,806	50,171	4.95%
7	Coal Conversion	294,592	273,192	-7.26%
8	Delaware Franchise	20,922	20,342	-2.77%
9	Property Taxes	1,843,498	1,896,888	2.90%
10				
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49				
50	TOTAL MT Taxes Other Than Income	\$2,818,314	\$2,769,655	-1.73%

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - ELECTRIC

	Name of Recipient	Nature of Service	Total Company	Montana
1	Able Field Services	Plant update & repair	101,765	25,982
2				
3	ADP Proxy Service	Investor Communication Services	212,479	3,588
4				
5	Ahern Fire Protection	Fire system installation	244,900	62,525
6				
7	Alstom Power	Plant update & repair	1,982,862	506,246
8				
9	API Construction Company	Plant update & repair	241,266	61,598
10				
11	Atlantic Insulco Environmental	Environmental Work	383,355	97,875
12				
13	Bailey Crane Service	Crane service	120,555	30,670
14				
15	Basin Electric Power Coop	Consulting Services	107,007	27,320
16				
17	Benco Equipment Company	Vehicle Maintenance	199,574	3,282
18				
19	Bullinger Tree Service	Tree Trimming Service	252,348	
20				
21	Ceda Inc.	Boiler Maintenance	292,507	74,680
22				
23	Chief Construction	Construction Services	439,128	39
24				
25	Christensen IR	Investor Relations	102,308	1,728
26				
27	Compucom	Computer Service & Software Maintenance	104,265	3,490
28				
29	Connecting Point	Computer Service & Software Maintenance	160,479	5,349
30				
31	Corporate Technologies LLC	Software Maintenance	86,261	1,486
32				
33	Corrosion Monitoring Services	Corrosion Monitoring	91,058	23,248
34				
35	Deloitte & Touche, LLP	Auditing and Consulting Services	402,484	5,038
36				
37	Diversified Graphics Inc.	Annual Report	235,964	3,984
38				
39	EAPC Architects Engineers	Engineering services	173,564	44,313
40				
41	Edison Electric Institute	Membership Fees	83,588	17,944
42				
43	Environmental Plant Services	Boiler Maintenance	179,871	45,923
44				
45	Fischer Contracting	Contract Services	147,403	
46				
47	Floyd Wilson	Consulting Services	176,459	2,980
48				
49	Franz Construction	Construction Services	69,833	18,142
50				

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - ELECTRIC

	Name of Recipient	Nature of Service	Total Company	Montana
1	Gagnon, Inc	Refractory Repairs	1,577,743	404,216
2				
3	Gary Forrester	Consulting Services	83,035	
4				
5	GE Energy Services	Construction Services	3,264,218	819,598
6				
7	GE Packaged Power	Construction Services	93,366	26,647
8				
9	Hamon Custodis, Inc.	Plant update & repair	200,274	51,132
10				
11	HessMorganHouse, LLC	Consulting Services	75,000	1,267
12				
13	Hughes, Kellner, Sullivan	Legal Services	84,288	25,569
14				
15	IBM	Contract Services - Computer Maintenance	134,996	10,223
16				
17	Industrial Contractors, Inc	Construction Services	1,893,606	483,457
18				
19	Infrasource Underground	Underground gas line installment	1,450,281	
20				
21	JP Pipeline Construction, Inc.	Underground gas line installment	587,449	
22				
23	Kappel Tree Service	Tree Trimming Service	149,510	83,685
24				
25	Kekst and Company Inc.	Consulting Services	110,830	1,872
26				
27	Larson Design Office, Inc.	Contract Services - Office Design	82,970	1,401
28				
29	Leboeuf, Lamb, Greene & Macrae	Legal Services	551,920	9,321
30				
31	Lignite Energy Council	Membership Fees	106,638	16,689
32				
33	McDermott, Will & Emery	Legal Services	253,835	4,178
34				
35	MCM General Contractors, Inc	Boring and pipe installation	109,268	
36				
37	Merril Communications	Contract Services - Stockholder Mtg Mat.	92,211	1,557
38				
39	Micon, Inc.	Consulting Services	121,407	15,305
40				
41	Microsoft	Contract Services - Software Maintenance	440,432	16,007
42				
43	Moody's Investors Services	Financial Services	152,400	6,387
44				
45	ND Newspaper Association	Advertising	81,164	6,709
46				
47	New York Life	Consulting Services	543,101	9,011
48				
49	New York Stock Exchange	Financial Services	165,000	2,786
50				

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - ELECTRIC

	Name of Recipient	Nature of Service	Total Company	Montana
1	Northern Improvement	Contract Services - Heskett	144,837	144
2				
3	One Call Locators, LTD	Line Location Service	1,151,461	17,392
4				
5	Oracle Corp.	Software Maintenance	453,025	20,089
6				
7	Osmose Utilities Service Inc.	Contract Services - Overhead Line Maint.	156,624	85,253
8				
9	Outdoor Services Inc.	Contract Services - Meter Reading	1,125,542	30,901
10				
11	Pearce & Durick	Legal Services	67,977	18
12				
13	Philip Service Corporation	Gritblast Services	158,273	40,409
14				
15	Pipeling Services of Iowa	Contract Services - Pipeline Installation	989,046	
16				
17	Pole Maintenance Co.	Contract Services - Pole Treatment	187,301	353
18				
19	Progressive Maintenance Co.	Custodial Services	99,008	14,783
20				
21	Rhino Contracting	Fiber Optics Installation	127,927	6,201
22				
23	Sargent & Lundy LLC	Consulting Services	139,319	33,017
24				
25	Southern Cross Corporation	Contract Services - Leak Detection	158,989	
26				
27	Standard & Poor's	Financial Services	279,879	3,089
28				
29	State-Line Contractors, Inc	Construction Services	394,177	
30				
31	Swanson & Youngdale, Inc.	Industrial Painting Contractors	128,765	32,875
32				
33	Sylvan Benefit Consultants	Consulting Services	158,089	2,399
34				
35	T&K Inspection, Inc.	Gas Construction	193,289	
36				
37	The Structure Group	Contract Serv. - Software Install & Maint.	79,500	20,297
38				
39	Thelen Reid & Priest, LLP	Legal Services	961,732	20,372
40				
41	Towers Perrin	Consultant - Compensation and Benefits	114,396	1,988
42				
43	Treasury Management Services	Banking Services	164,862	10,697
44				
45	True Value Home Center	Construction Services	118,614	
46				
47	UBS Investment Bank	Banking Services	1,000,000	
48				
49	Ulmer Tree Services	Tree Trimming Service	138,507	
50				

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - ELECTRIC

	Name of Recipient	Nature of Service	Total Company	Montana
1	Utilities International, Inc.	Consulting Services	96,250	12,072
2				
3	Utility Partners, LC	Consultant - Mobile Service Computer	190,400	5,638
4				
5	Van Horn Media	Advertising	114,150	
6				
7	Weisz & Sons	Contractor Services	203,736	
8				
9	Wells Fargo	Stock Transfer Agent and ESOP Admin	327,721	5,534
10				
11	Williams & Associates	Consulting Services	121,276	2,048
12				
13	Xerox Corporation	Contract Services - Equip. Maintenance	175,104	22,062
14				
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50				
51	TOTAL Payments for Services		28,915,999	3,452,075

SCHEDULE 12

Year: 2006

% Montana
25.53%
1.69%
25.53%
25.53%
25.53%
25.53%
25.44%
25.53%
1.64%
0.00%
25.53%
0.01%
1.69%
3.35%
3.33%
1.72%
25.53%
1.25%
1.69%
25.53%
21.47%
25.53%
0.00%
1.69%
25.98%

SCHEDULE 12

Year: 2006

% Montana
25.62%
0.00%
25.11%
28.54%
25.53%
1.69%
30.33%
7.57%
25.53%
0.00%
0.00%
55.97%
1.69%
1.69%
1.69%
15.65%
1.65%
0.00%
1.69%
12.61%
3.63%
4.19%
8.27%
1.66%
1.69%

SCHEDULE 12

Year: 2006

% Montana
0.10%
1.51%
4.43%
54.43%
2.75%
0.03%
25.53%
0.00%
0.19%
14.93%
4.85%
23.70%
0.00%
1.10%
0.00%
25.53%
1.52%
0.00%
25.53%
2.12%
1.74%
6.49%
0.00%
0.00%
0.00%

POLITICAL ACTION COMMITTEES / POLITICAL CONTRIBUTIONS Year: 2006

	Description	Total Company	Montana	% Montana
1	Contributions to Candidates by PAC	\$92,517	\$10,810	11.68%
2				
3				
4				
5				
6				
7				
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9				
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42				
43	TOTAL Contributions	\$92,517	\$10,810	11.68%

Pension Costs

Year: 2006

1	Plan Name MDU Resources Group, Inc. Master Pension Plan Trust			
2	Defined Benefit Plan? Yes	Defined Contribution Plan? No		
3	PROPRIETARY SCHEDULE			
4	PROPRIETARY SCHEDULE			
5				
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation			
7	Benefit obligation at beginning of year			
8	Service cost			
9	Interest Cost			
10	Plan participants' contributions	PROPRIETARY SCHEDULE		
11	Amendments			
12	Actuarial (Gain) Loss			
13	Acquisition			
14	Benefits paid			
15	Benefit obligation at end of year			
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year			
18	Actual return on plan assets			
19	Acquisition			
20	Employer contribution			
21	Plan participants' contributions	PROPRIETARY SCHEDULE		
22	Benefits paid			
23	Fair value of plan assets at end of year			
24	Funded Status			
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost	PROPRIETARY SCHEDULE		
27	Unrecognized net transition obligation			
28	Accrued benefit cost			
29				
30	Weighted-average Assumptions as of Year End			
31	Discount rate	5.75	5.50	4.55%
32	Expected return on plan assets	8.50	8.50	0.00%
33	Rate of compensation increase	4.25	4.25	0.00%
34				
35	Components of Net Periodic Benefit Costs			
36	Service cost			
37	Interest cost			
38	Expected return on plan assets	PROPRIETARY SCHEDULE		
39	Amortization of prior service cost			
40	Recognized net actuarial gain			
41	Transition amount amortization			
42	Net periodic benefit cost			
43				
44	Montana Intrastate Costs:			
45	Pension Costs	PROPRIETARY SCHEDULE		
46	Pension Costs Capitalized			
47	Accumulated Pension Asset (Liability) at Year End			
48	Number of Company Employees:			
49	Covered by the Plan			
50	Not Covered by the Plan	PROPRIETARY SCHEDULE		
51	Active			
52	Retired			
53	Deferred Vested Terminated			

Other Post Employment Benefits (OPEBS)

	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	5.75	5.50	4.55%
8	Expected return on plan assets	7.50	7.50	0.00%
9	Medical Cost Inflation Rate	6.00	6.00	0.00%
10	Actuarial Cost Method	PROPRIETARY SCHEDULE		
11	Rate of compensation increase	PROPRIETARY SCHEDULE		
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				
16				
TOTAL COMPANY				
17	Change in Benefit Obligation			
18	Benefit obligation at beginning of year			
19	Service cost			
20	Interest Cost			
21	Plan participants' contributions			
22	Amendments			
23	Actuarial (Gain) Loss			
24	Acquisition			
25	Benefits paid			
26	Benefit obligation at end of year			
27	Change in Plan Assets			
28	Fair value of plan assets at beginning of year			
29	Actual return on plan assets			
30	Acquisition			
31	Employer contribution			
32	Plan participants' contributions			
33	Benefits paid			
34	Fair value of plan assets at end of year			
35	Funded Status			
36	Unrecognized net actuarial loss			
37	Unrecognized prior service cost			
38	Unrecognized transition obligation			
39	Accrued benefit cost			
40	Components of Net Periodic Benefit Costs			
41	Service cost			
42	Interest cost			
43	Expected return on plan assets			
44	Amortization of prior service cost			
45	Recognized net actuarial gain			
46	Transition amount amortization			
47	Net periodic benefit cost			
48	Accumulated Post Retirement Benefit Obligation			
49	Amount Funded through VEBA			
50	Amount Funded through 401(h)			
51	Amount Funded through Other _____			
52	TOTAL			
53	Amount that was tax deductible - VEBA			
54	Amount that was tax deductible - 401(h)			
55	Amount that was tax deductible - Other _____			
56	TOTAL			

Other Post Employment Benefits (OPEBS) Continued

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan			
3	Not Covered by the Plan			
4	Active	PROPRIETARY SCHEDULE		
5	Retired			
6	Spouses/Dependants covered by the Plan			
7	Montana			
8	Change in Benefit Obligation			
9	Benefit obligation at beginning of year	NOT APPLICABLE		
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			
48	Pension Costs Capitalized			
49	Accumulated Pension Asset (Liability) at Year End			
50	Number of Montana Employees:			
51	Covered by the Plan			
52	Not Covered by the Plan			
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							
6							
7							
8							
9							
10							

PROPRIETARY SCHEDULE

COMPENSATION OF TOP 5 CORPORATE EMPLOYEES - SEC INFORMATION

Line No.	Name/Title	Base Salary	Bonuses	Other 1/	Total Compensation	Total Compensation Last Year	% Increase Total Compensation
1	Terry D. Hildestad - President & CEO	\$562,500	\$1,125,000	\$1,044,425	\$2,731,925	\$1,132,125	141%
2	John G. Harp - President & CEO of MDU Construction Services Group	310,000	810,000	954,089	2,074,089	756,300	174%
3	Martin A. White - Former Chairman & CEO	468,750	1,000,000	404,863	1,873,613	2,611,322	-28%
4	William Schneider - President & CEO of Knife River Corporation	392,000	392,000	851,147	1,635,147	627,664	161%
5	Warren L. Robinson - Former Executive Vice President & CFO	53,125	0	1,518,483	1,571,608	1,216,945	29%

1/ See page 19a for details.

BALANCE SHEET

Year: 2006

	Account Number & Title	Last Year	This Year	% Change
1	Assets and Other Debits			
2	Utility Plant			
3	101 Electric Plant in Service	\$612,872,068	\$637,795,179	4.07%
4	101.1 Property Under Capital Leases			
5	102 Electric Plant Purchased or Sold			
6	104 Electric Plant Leased to Others			
7	105 Electric Plant Held for Future Use			
8	106 Completed Constr. Not Classified - Electric			
9	107 Construction Work in Progress - Electric	6,921,649	14,613,072	111.12%
10	108 (Less) Accumulated Depreciation	(367,766,106)	(377,570,239)	2.67%
11	111 (Less) Accumulated Amortization	(2,999,637)	(3,610,255)	20.36%
12	114 Electric Plant Acquisition Adjustments	10,387,642	10,387,642	0.00%
13	115 (Less) Accum. Amort. Electric Plant Acq. Adj.	(7,991,817)	(8,406,076)	5.18%
14	120 Nuclear Fuel (Net)			
15	Other Utility Plant	318,326,106	331,383,690	4.10%
16	Accum. Depr. and Amort. - Other Util. Plant	(180,464,109)	(190,959,948)	5.82%
17	TOTAL Utility Plant	\$389,285,796	\$413,633,065	6.25%
18	Other Property & Investments			
19	121 Nonutility Property	\$2,443,473	\$2,657,836	8.77%
20	122 (Less) Accum. Depr. & Amort. of Nonutil. Prop.	(829,525)	(910,813)	9.80%
21	123 Investments in Associated Companies			
22	123.1 Investments in Subsidiary Companies	1,679,383,163	1,950,702,048	16.16%
23	124 Other Investments	35,253,698	37,506,147	6.39%
24	125 Sinking Funds			
25	TOTAL Other Property & Investments	\$1,716,250,809	\$1,989,955,218	15.95%
26	Current & Accrued Assets			
27	131 Cash	\$5,373,898	\$17,325,263	222.40%
28	132-134 Special Deposits	1,200	1,200	0.00%
29	135 Working Funds	41,215	80,790	96.02%
30	136 Temporary Cash Investments	10,150,233	736,071	-92.75%
31	141 Notes Receivable			
32	142 Customer Accounts Receivable	50,421,682	33,082,491	-34.39%
33	143 Other Accounts Receivable	1,845,962	3,620,779	96.15%
34	144 (Less) Accum. Provision for Uncollectible Accts.	(437,714)	(284,641)	-34.97%
35	145 Notes Receivable - Associated Companies			
36	146 Accounts Receivable - Associated Companies	24,451,470	23,870,580	-2.38%
37	151 Fuel Stock	2,976,919	4,006,441	34.58%
38	152 Fuel Stock Expenses Undistributed			
39	153 Residuals and Extracted Products			
40	154 Plant Materials and Operating Supplies	6,912,703	7,733,344	11.87%
41	155 Merchandise	1,441,219	1,445,448	0.29%
42	156 Other Material & Supplies			
43	163 Stores Expense Undistributed			0.00%
44	164.1 Gas Stored Underground - Current	21,165,381	29,714,379	40.39%
45	165 Prepayments	6,032,773	4,753,587	-21.20%
46	166 Advances for Gas Explor., Devl. & Production			
47	171 Interest & Dividends Receivable			
48	172 Rents Receivable			
49	173 Accrued Utility Revenues	45,345,150	35,632,536	-21.42%
50	174 Miscellaneous Current & Accrued Assets	256,692	1,774,615	591.34%
51	TOTAL Current & Accrued Assets	\$175,978,783	\$163,492,883	-7.10%

BALANCE SHEET

Year: 2006

	Account Number & Title	Last Year	This Year	% Change
1	Assets and Other Debits (cont.)			
2				
3	Deferred Debits			
4				
5	181 Unamortized Debt Expense	\$894,805	\$955,806	6.82%
6	182.1 Extraordinary Property Losses			
7	182.2 Unrecovered Plant & Regulatory Study Costs			
	182.3 Other Regulatory Assets	2,797,718	25,546,923	813.13%
	183 Prelim. Electric Survey & Investigation Chrg.	3,989,782	449,996	-88.72%
8	183.1 Prelim. Nat. Gas Survey & Investigation Chrg.	3,310	66,452	100.00%
9	183.2 Other Prelim. Nat. Gas Survey & Invtg. Chrgs.			
10	184 Clearing Accounts	(151,263)	(142,924)	-5.51%
11	185 Temporary Facilities			
12	186 Miscellaneous Deferred Debits	23,904,554	19,052,180	-20.30%
13	187 Deferred Losses from Disposition of Util. Plant			
14	188 Research, Devel. & Demonstration Expend.			
15	189 Unamortized Loss on Reacquired Debt	3,160,191	11,231,577	255.41%
16	190 Accumulated Deferred Income Taxes	30,075,911	34,268,544	13.94%
17	191 Unrecovered Purchased Gas Costs	690,765	(7,516,468)	-1188.14%
18	192.1 Unrecovered Incremental Gas Costs			
19	192.2 Unrecovered Incremental Surcharges			
20	TOTAL Deferred Debits	\$65,365,773	\$83,912,086	28.37%
21				
22	TOTAL ASSETS & OTHER DEBITS	\$2,346,881,161	\$2,650,993,252	12.96%
	Account Number & Title	Last Year	This Year	% Change
23	Liabilities and Other Credits			
24				
25	Proprietary Capital			
26				
27	201 Common Stock Issued	\$120,262,786	\$181,557,543	50.97%
28	202 Common Stock Subscribed			
29	204 Preferred Stock Issued	15,000,000	15,000,000	0.00%
30	205 Preferred Stock Subscribed			
31	207 Premium on Capital Stock	912,418,421	877,665,566	-3.81%
32	211 Miscellaneous Paid-In Capital			
33	213 (Less) Discount on Capital Stock			
34	214 (Less) Capital Stock Expense	(3,412,569)	(3,412,569)	0.00%
35	216 Appropriated Retained Earnings	48,122,299	53,187,450	10.53%
36	216.1 Unappropriated Retained Earnings	836,672,917	1,051,023,038	25.62%
37	217 (Less) Reacquired Capital Stock	(3,625,812)	(3,625,813)	0.00%
38	219 Accumulated Other Comprehensive Income	(33,816,131)	(6,482,400)	80.83%
39	TOTAL Proprietary Capital	\$1,891,621,911	\$2,164,912,815	14.45%
40				
41	Long Term Debt			
42				
43	221 Bonds	\$125,000,000	\$157,000,000	25.60%
44	222 (Less) Reacquired Bonds			
45	223 Advances from Associated Companies			
46	224 Other Long Term Debt	61,000,000	26,650,000	-56.31%
47	225 Unamortized Premium on Long Term Debt			
48	226 (Less) Unamort. Discount on Long Term Debt-Dr.	(27,781)	(2,997)	-89.21%
49	TOTAL Long Term Debt	\$185,972,219	\$183,647,003	-1.25%

BALANCE SHEET

Year: 2006

	Account Number & Title	Last Year	This Year	% Change
1				
2	Total Liabilities and Other Credits (cont.)			
3				
4	Other Noncurrent Liabilities			
5				
6	227 Obligations Under Cap. Leases - Noncurrent			
7	228.1 Accumulated Provision for Property Insurance			
8	228.2 Accumulated Provision for Injuries & Damages	\$1,098,206	\$1,057,598	-3.70%
9	228.3 Accumulated Provision for Pensions & Benefits	37,496,669	41,940,504	11.85%
10	228.4 Accumulated Misc. Operating Provisions			
11	229 Accumulated Provision for Rate Refunds	692,276	1,567,886	126.48%
12	230 Asset Retirement Obligations	2,258,805	3,128,412	38.50%
13	TOTAL Other Noncurrent Liabilities	\$41,545,956	\$47,694,400	14.80%
14				
15	Current & Accrued Liabilities			
16				
17	231 Notes Payable	\$0	\$0	0.00%
18	232 Accounts Payable	41,434,341	32,330,118	-21.97%
19	233 Notes Payable to Associated Companies			
20	234 Accounts Payable to Associated Companies	10,185,274	18,146,315	78.16%
21	235 Customer Deposits	2,142,110	2,322,058	8.40%
22	236 Taxes Accrued	11,005,242	15,637,578	42.09%
23	237 Interest Accrued	1,930,553	2,800,536	45.06%
24	238 Dividends Declared	22,950,510	24,606,427	7.22%
25	239 Matured Long Term Debt			
26	240 Matured Interest			
27	241 Tax Collections Payable	2,441,357	1,824,219	-25.28%
28	242 Miscellaneous Current & Accrued Liabilities	22,034,050	21,263,357	-3.50%
29	243 Obligations Under Capital Leases - Current			
30	TOTAL Current & Accrued Liabilities	\$114,123,437	\$118,930,608	4.21%
31				
32	Deferred Credits			
33				
34	252 Customer Advances for Construction	\$1,978,144	\$2,604,275	31.65%
35	253 Other Deferred Credits	26,475,796	47,443,787	79.20%
36	254 Other Regulatory Liabilities	11,509,917	11,145,347	-3.17%
37	255 Accumulated Deferred Investment Tax Credits	1,370,153	965,261	-29.55%
38	256 Deferred Gains from Disposition Of Util. Plant			
39	257 Unamortized Gain on Reacquired Debt			
40	281-283 Accumulated Deferred Income Taxes	72,283,628	73,649,756	1.89%
41	TOTAL Deferred Credits	\$113,617,638	\$135,808,426	19.53%
42				
43	TOTAL LIABILITIES & OTHER CREDITS	\$2,346,881,161	\$2,650,993,252	12.96%

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2006

	Account Number & Title	Last Year	This Year	% Change
1				
2	Intangible Plant			
3				
4	301 Organization			
5	302 Franchises & Consents			
6	303 Miscellaneous Intangible Plant	\$3,870,686	\$3,885,751	0.39%
7				
8	TOTAL Intangible Plant	\$3,870,686	\$3,885,751	0.39%
9				
10	Production Plant			
11				
12	Steam Production			
13				
14	310 Land & Land Rights	\$264,273	\$260,437	-1.45%
15	311 Structures & Improvements	11,930,347	11,932,977	0.02%
16	312 Boiler Plant Equipment	38,309,759	39,609,241	3.39%
17	313 Engines & Engine Driven Generators			
18	314 Turbogenerator Units	10,308,729	11,006,393	6.77%
19	315 Accessory Electric Equipment	3,476,231	3,472,947	-0.09%
20	316 Miscellaneous Power Plant Equipment	3,808,485	3,794,755	-0.36%
21				
22	TOTAL Steam Production Plant	\$68,097,824	\$70,076,750	2.91%
23				
24	Nuclear Production			
25				
26	320 Land & Land Rights			
27	321 Structures & Improvements			
28	322 Reactor Plant Equipment			
29	323 Turbogenerator Units			
30	324 Accessory Electric Equipment			
31	325 Miscellaneous Power Plant Equipment			
32				
33	TOTAL Nuclear Production Plant		NOT APPLICABLE	
34				
35	Hydraulic Production			
36				
37	330 Land & Land Rights			
38	331 Structures & Improvements			
39	332 Reservoirs, Dams & Waterways			
40	333 Water Wheels, Turbines & Generators			
41	334 Accessory Electric Equipment			
42	335 Miscellaneous Power Plant Equipment			
43	336 Roads, Railroads & Bridges			
44				
45	TOTAL Hydraulic Production Plant		NOT APPLICABLE	

Company Name: Montana-Dakota Utilities Co.

SCHEDULE 19

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MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2006

	Account Number & Title	Last Year	This Year	% Change
1				
2	Production Plant (cont.)			
3				
4	Other Production			
5				
6	340 Land & Land Rights	\$17,181	\$16,931	-1.46%
7	341 Structures & Improvements	102,715	115,646	12.59%
8	342 Fuel Holders, Producers & Accessories	76,759	101,818	32.65%
9	343 Prime Movers			
10	344 Generators	7,168,590	7,068,812	-1.39%
11	345 Accessory Electric Equipment	207,096	204,090	-1.45%
12	346 Miscellaneous Power Plant Equipment	9,853	12,348	25.32%
13				
14	TOTAL Other Production Plant	\$7,582,194	\$7,519,645	-0.82%
15				
16	TOTAL Production Plant	\$75,680,018	\$77,596,395	2.53%
17				
18	Transmission Plant			
19				
20	350 Land & Land Rights	\$674,792	\$670,407	-0.65%
21	352 Structures & Improvements	464	457	-1.51%
22	353 Station Equipment	13,588,798	13,596,970	0.06%
23	354 Towers & Fixtures	1,131,093	1,114,733	-1.45%
24	355 Poles & Fixtures	6,634,608	6,615,359	-0.29%
25	356 Overhead Conductors & Devices	5,899,514	5,868,618	-0.52%
26	357 Underground Conduit			
27	358 Underground Conductors & Devices			
28	359 Roads & Trails			
29				
30	TOTAL Transmission Plant	\$27,929,269	\$27,866,544	-0.22%
31				
32	Distribution Plant			
33				
34	360 Land & Land Rights	\$255,257	\$259,769	1.77%
35	361 Structures & Improvements			
36	362 Station Equipment	4,224,159	4,496,421	6.45%
37	363 Storage Battery Equipment			
38	364 Poles, Towers & Fixtures	5,668,387	5,904,081	4.16%
39	365 Overhead Conductors & Devices	4,520,214	4,711,321	4.23%
40	366 Underground Conduit	12,967	12,967	0.00%
41	367 Underground Conductors & Devices	4,747,068	5,103,310	7.50%
42	368 Line Transformers	6,630,898	6,954,158	4.88%
43	369 Services	3,767,367	3,923,303	4.14%
44	370 Meters	2,159,308	2,180,622	0.99%
45	371 Installations on Customers' Premises	621,329	666,186	7.22%
46	372 Leased Property on Customers' Premises			
47	373 Street Lighting & Signal Systems	1,551,292	1,564,354	0.84%
48				
49	TOTAL Distribution Plant	\$34,158,246	\$35,776,492	4.74%

Company Name: Montana-Dakota Utilities Co.

SCHEDULE 19

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MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2006

	Account Number & Title	Last Year	This Year	% Change
1				
2	General Plant			
3				
4	389 Land & Land Rights	\$2,069	\$2,067	-0.10%
5	390 Structures & Improvements	107,417	115,701	7.71%
6	391 Office Furniture & Equipment	153,025	200,312	30.90%
7	392 Transportation Equipment	1,034,261	1,193,112	15.36%
8	393 Stores Equipment	10,863	10,863	0%
9	394 Tools, Shop & Garage Equipment	446,657	470,068	5.24%
10	395 Laboratory Equipment	211,307	211,092	-0.10%
11	396 Power Operated Equipment	1,601,000	1,836,658	14.72%
12	397 Communication Equipment	365,108	337,873	-7.46%
13	398 Miscellaneous Equipment	19,909	19,874	-0.18%
14	399 Other Tangible Property			
15				
16	TOTAL General Plant	\$3,951,616	\$4,397,620	11.29%
17				
18	Common Plant			
19				
20	389 Land & Land Rights	\$186,878	\$183,876	-1.61%
21	390 Structures & Improvements	3,074,253	3,034,352	-1.30%
22	391 Office Furniture & Equipment	948,654	1,037,028	9.32%
23	392 Transportation Equipment	1,381,954	1,378,887	-0.22%
24	393 Stores Equipment	11,359	11,239	-1.06%
25	394 Tools, Shop & Garage Equipment	201,674	195,170	-3.23%
26	395 Laboratory Equipment			
27	396 Power Operated Equipment			
28	397 Communication Equipment	312,186	277,084	-11.24%
29	398 Miscellaneous Equipment	78,604	98,973	25.91%
30	399 Other Tangible Property			
31				
32	TOTAL Common Plant	\$6,195,562	\$6,216,609	0.34%
33				
34				
35	TOTAL Electric Plant in Service	\$151,785,397	\$155,739,411	2.61%

MONTANA DEPRECIATION SUMMARY

Year: 2006

	Functional Plant Classification	Plant Cost	Accumulated Depreciation		Current Avg. Rate
			Last Year Bal.	This Year Bal.	
1					
2	Steam Production 1/	\$74,385,262	\$55,393,460	\$56,023,516	3.93%
3	Nuclear Production				
4	Hydraulic Production				
5	Other Production	7,519,645	2,542,487	2,653,982	2.02%
6	Transmission	27,866,544	16,608,555	16,968,598	2.04%
7	Distribution	35,776,492	20,101,711	21,046,740	3.47%
8	General	5,603,934	2,487,904	2,810,827	4.44%
9	Common	8,896,046	4,032,424	4,404,766	5.64%
10	TOTAL	\$160,047,923	\$101,166,541	\$103,908,429	3.52%

MONTANA MATERIALS & SUPPLIES (ASSIGNED & ALLOCATED)

SCHEDULE 21

	Account	Last Year Bal.	This Year Bal.	%Change
1				
2	151 Fuel Stock	\$858,931	\$1,140,172	32.74%
3	152 Fuel Stock Expenses Undistributed			
4	153 Residuals			
5	154 Plant Materials & Operating Supplies:			
6	Assigned to Construction (Estimated)			
7	Assigned to Operations & Maintenance			
8	Production Plant (Estimated)	494,783	490,635	-0.84%
9	Transmission Plant (Estimated)	220,902	254,947	15.41%
10	Distribution Plant (Estimated)	550,353	598,462	8.74%
11	Assigned to Other			
12	155 Merchandise			
13	156 Other Materials & Supplies			
14	157 Nuclear Materials Held for Sale			
15	163 Stores Expense Undistributed			
16				
17	TOTAL Materials & Supplies	\$2,124,969	\$2,484,216	16.91%

MONTANA REGULATORY CAPITAL STRUCTURE & COSTS

SCHEDULE 22

	Commission Accepted - Most Recent	% Cap. Str.	% Cost Rate	Weighted Cost
1	Docket Number 86.5.28			
2	Order Number 5219b			
3				
4	Common Equity	35.548%	12.300%	4.372%
5	Preferred Stock	11.280%	9.019%	1.017%
6	Long Term Debt - First Mortgage Bonds	44.491%	10.232%	4.552%
7	Other Long Term Debt	8.681%	8.222%	0.714%
8	TOTAL	100.000%		10.655%
9				
10	<u>Actual at Year End</u>			
11				
12	Common Equity	46.590%	12.300%	5.731%
13	Preferred Stock	3.508%	4.567%	0.160%
14	Long Term Debt	36.928%	7.358%	2.717%
15	Short Term Debt	12.974%	5.436%	0.705%
16	TOTAL	100.000%		9.313%

STATEMENT OF CASH FLOWS

Year: 2006

	Description	Last Year	This Year	% Change
1	Increase/(decrease) in Cash & Cash Equivalents:			
2				
3	Cash Flows from Operating Activities:			
4	Net Income	\$275,082,651	\$315,757,473	14.79%
5	Depreciation	30,352,510	31,171,213	2.70%
6	Amortization	947,347	756,294	-20.17%
7	Deferred Income Taxes - Net	(12,462,831)	(2,826,505)	-77.32%
8	Investment Tax Credit Adjustments - Net	(499,604)	(404,892)	-18.96%
9	Change in Operating Receivables - Net	(21,779,728)	15,992,191	173.43%
10	Change in Materials, Supplies & Inventories - Net	20,226	(10,403,390)	-51535.73%
11	Change in Operating Payables & Accrued Liabilities - Net	16,677,311	7,285,432	-56.32%
12	Change in Other Regulatory Assets	535,884	(4,072,255)	-859.91%
13	Change in Other Regulatory Liabilities	935,646	505,037	-46.02%
14	Allowance for Funds Used During Construction (AFUDC)	(223,020)	(413,791)	85.54%
15	Change in Other Assets & Liabilities - Net	23,524,096	38,004,249	61.55%
16	Less Undistributed Earnings from Subsidiary Companies	(256,943,375)	(294,990,232)	14.81%
17	Other Operating Activities (explained on attached page)			
18	Net Cash Provided by/(Used in) Operating Activities	\$56,167,113	\$96,360,824	71.56%
19				
20	Cash Inflows/Outflows From Investment Activities:			
21	Construction/Acquisition of Property, Plant and Equipment			
22	(net of AFUDC & Capital Lease Related Acquisitions)	(\$41,690,838)	(\$59,249,261)	42.12%
23	Acquisition of Other Noncurrent Assets	(1,872,165)	(95,820)	-94.88%
24	Proceeds from Disposal of Noncurrent Assets			
25	Investments In and Advances to Affiliates	(41,246,406)	(27,820,669)	-32.55%
26	Contributions and Advances from Affiliates	75,434,000	79,572,000	5.49%
27	Disposition of Investments in and Advances to Affiliates			
28	Other Investing Activities: Depreciation & RWIP on Nonutility Plant	95,894	89,364	-6.81%
29	Net Cash Provided by/(Used in) Investing Activities	(\$9,279,515)	(\$7,504,386)	-19.13%
30				
31	Cash Flows from Financing Activities:			
32	Proceeds from Issuance of:			
33	Long-Term Debt	\$23,000,000	\$100,000,000	100.00%
34	Preferred Stock			
35	Common Stock	\$47,233,779	20,932,376	-55.68%
36	Other:			
37	Net Increase in Short-Term Debt			
38	Other: Commercial Paper			
39	Payment for Retirement of:			
40	Long-Term Debt	(20,950,000)	(102,350,000)	388.54%
41	Preferred Stock			0.00%
42	Common Stock			
43	Other: Adjustment to Retained Earnings	(330,879)	(9,755,039)	-2848.22%
44	Net Decrease in Short-Term Debt			
45	Dividends on Preferred Stock	(685,004)	(685,005)	0.00%
46	Dividends on Common Stock	(88,366,793)	(94,421,992)	6.85%
47	Other Financing Activities (explained on attached page)			
48	Net Cash Provided by (Used in) Financing Activities	(\$40,098,897)	(\$86,279,660)	-115.17%
49				
50	Net Increase/(Decrease) in Cash and Cash Equivalents	\$6,788,701	\$2,576,778	-62.04%
51	Cash and Cash Equivalents at Beginning of Year	\$8,776,645	\$15,565,346	77.35%
52	Cash and Cash Equivalents at End of Year	\$15,565,346	\$18,142,124	16.55%

LONG TERM DEBT

Year: 2006

	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	8.25 % Secured MTN, Series A	04/92	04/07	\$30,000,000	\$26,111,796	\$6,500,000	8.25%	\$661,505	10.18%
2	8.60 % Secured MTN, Series A	04/92	04/12	35,000,000	28,906,532	4,500,000	8.60%	495,900	11.02%
3	6.71 % Secured MTN, Series A	09/97	10/09	15,000,000	13,488,404	1,000,000	6.71%	81,950	8.20%
4	5.83 % Secured MTN, Series A	09/98	10/08	15,000,000	14,813,914	15,000,000	5.83%	912,900	6.09%
5	5.98 % Senior Notes	12/03	12/33	30,000,000	29,456,832	30,000,000	5.98%	1,861,500	6.21%
6	6.33 % Senior Notes	08/06	08/26	100,000,000	89,123,930	100,000,000	6.33%	7,514,000	7.51%
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9									
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22									
23									
24									
25									
26	TOTAL			\$225,000,000	\$201,901,408	\$157,000,000		\$11,527,755	7.34%

1/ Includes interest expense, bond discount expense, debt issuance expense and loss on bond reacquisition and redemption.

|

PREFERRED STOCK

Year: 2006

	Series	Issue Date Mo./Yr.	Shares Issued	Par Value	Call Price 1/	Net Proceeds	Cost of Money	Principal Outstanding	Annual Cost	Embed. Cost %
1	4.50 % Cumulative	01/51	100,000	\$100	\$105	\$10,000,000	4.50%	\$10,000,000	\$450,000	4.50%
2	4.70 % Cumulative	12/55	50,000	100	102	5,000,000	4.70%	5,000,000	235,000	4.70%
3	5.10 % Cumulative 2/	05/61	50,000	100	102	4,947,548	5.29%	900,000	47,565	5.29%
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31										
32	TOTAL					\$19,947,548		\$15,900,000	\$732,565	4.61%

1/ Plus accrued dividends.

2/ Mandatory annual redemption of \$100,000

COMMON STOCK

Year: 2006

		Avg. Number of Shares Outstanding 2/	Book Value Per Share	Earnings Per Share 3/	Dividends Per Share	Retention Ratio	Market Price		Price/Earnings Ratio 4/
							High	Low	
1									
2									
3									
4	January								
5									
6	February								
7									
8	March 1/	179,823,306	\$10.79	\$0.30	\$0.13	57.77%	\$24.53	\$21.85	13.7 X
9									
10	April								
11									
12	May								
13									
14	June 1/	179,910,557	11.09	0.40	0.13	68.33%	24.99	22.53	15.5 X
15									
16	July								
17									
18	August								
19									
20	September	180,291,061	11.65	0.60	0.14	77.50%	25.40	22.25	13.2 X
21									
22	October								
23									
24	November								
25									
26	December	180,900,456	11.88	0.46	0.14	70.65%	27.04	22.29	14.7 X
27									
28									
29									
30	TOTAL Year End	180,234,460	\$11.88	\$1.76	\$0.52	70.26%			14.7 X

1/ Restated for three-for-two common stock split effected July 2006.

2/ Basic shares

3/ Basic earnings per share.

4/ Calculated on 12 months ended using closing stock price.

MONTANA EARNED RATE OF RETURN

Year: 2006

	Description	Last Year	This Year	% Change
	Rate Base			
1				
2	101 Plant in Service 1/	\$153,610,289	\$157,395,852	2.46%
3	108 (Less) Accumulated Depreciation 2/	99,096,092	101,762,272	2.69%
4				
5	NET Plant in Service	\$54,514,197	\$55,633,580	2.05%
6				
7	CWIP in Service Pending Reclassification	\$423,887	\$413,739	-2.39%
8				
9	Additions			
10	151 Fuel Stocks	\$858,931	\$1,140,172	32.74%
11	154, 156 Materials & Supplies	1,266,038	1,344,044	6.16%
12	165 Prepayments	35,477	33,101	-6.70%
13	Other Additions			
14				
15	TOTAL Additions	\$2,160,446	\$2,517,317	16.52%
16				
17	Deductions			
18	190 Accumulated Deferred Income Taxes	\$9,948,899	\$9,126,855	-8.26%
19	252 Customer Advances for Construction	171,785	245,461	42.89%
20	255 Accumulated Def. Investment Tax Credits	329,920	239,921	-27.28%
21	Other Deductions			
22				
23	TOTAL Deductions	\$10,450,604	\$9,612,237	-8.02%
24	TOTAL Rate Base	\$46,647,926	\$48,952,399	4.94%
25				
26	Net Earnings	\$4,330,281	\$1,945,809	-55.07%
27				
28	Rate of Return on Average Rate Base	9.28%	4.07%	-56.14%
29				
30	Rate of Return on Average Equity	10.23%	1.05%	-89.74%
31				
32	Major Normalizing Adjustments & Commission			
33	<u>Ratemaking adjustments to Utility Operations 3/</u>			
34				
35	<u>Adjustment to Operating Revenues</u>			
36	Late Payment Revenues	\$17,961	\$18,551	3.28%
37				
38	<u>Adjustment to Operating Expenses</u>			
39	Elimination of Promotional & Institutional Advertising	(9,369)	(19,768)	110.99%
40	Elimination of Supplemental Insurance	(155,024)	(58,958)	-61.97%
41				
42	Total Adjustments to Operating Income	\$182,354	\$97,277	-46.65%
43				
44				
45	Adjusted Rate of Return on Average Rate Base	9.67%	4.27%	-55.84%
46				
47	Adjusted Rate of Return on Average Equity	10.93%	1.48%	-86.46%

1/ Excludes Acquisition Adjustment of \$2,691,139 for 2005 and \$2,652,071 for 2006.

2/ Excludes Acquisition Adjustment of \$2,070,449 for 2005 and \$2,146,157 for 2006.

3/ Updated amounts, net of taxes.

MONTANA COMPOSITE STATISTICS

Year: 2006

	Description	Amount
1		
2	Plant (Intrastate Only) (000 Omitted)	
3		
4	101 Plant in Service	\$123,538
5	107 Construction Work in Progress	1,459
6	114 Plant Acquisition Adjustments	
7	105 Plant Held for Future Use	
8	154, 156 Materials & Supplies	1,344
9	(Less):	
10	108, 111 Depreciation & Amortization Reserves	101,762
11	252 Contributions in Aid of Construction	245
12		
13	NET BOOK COSTS	\$24,334
14		
15	Revenues & Expenses (000 Omitted)	
16		
17	400 Operating Revenues	\$41,323
18		
19	403 - 407 Depreciation & Amortization Expenses	\$5,638
20	Federal & State Income Taxes	118
21	Other Taxes	2,770
22	Other Operating Expenses	30,851
23	TOTAL Operating Expenses	\$39,377
24		
25	Net Operating Income	\$1,946
26		
27	Other Income	398
28	Other Deductions	1,486
29		
30	NET INCOME	\$858
31		
32	Customers (Intrastate Only)	
33		
34	Year End Average:	
35		18,269
36	Small General	5,144
37	Large General	255
38	Other	182
39		
40	TOTAL NUMBER OF CUSTOMERS	23,850
41		
42	Other Statistics (Intrastate Only)	
43		
44	Average Annual Residential Use (Kwh)	8,430
45	Average Annual Residential Cost per (Kwh) (Cents) *	\$0.074
46	* Avg annual cost = [(cost per Kwh x annual use) + (mo. svc chrg x 12)]/annual use	
47	Average Residential Monthly Bill	\$51.54
48	Gross Plant per Customer	\$5,180

MONTANA CUSTOMER INFORMATION

Year: 2006

	City/Town	Population (Includes Rural) 1/	Residential Customers	Commercial Customers	Industrial & Other Customers	Total Customers
1	Antelope	43	52	13	2	67
2	Bainville	153	90	40	6	136
3	Baker	1,695	950	322	13	1,285
4	Brockton	245	102	23	3	128
5	Carlyle	Not Available	2	4		6
6	Culbertson	716	332	147	4	483
7	Fallon	138	172	82	1	255
8	Fairview	709	379	93	3	475
9	Flaxville	87	54	24	3	81
10	Forsyth	1,944	1,023	270	11	1,304
11	Froid	195	133	47	4	184
12	Glendive	4,729	3,214	766	34	4,014
13	Homestead	Not Available	19	9	1	29
14	Ismay	26	21	15	1	37
15	Medicine Lake	269	164	52	4	220
16	Miles City	8,487	4,479	1,008	39	5,526
17	Outlook	82	50	33	13	96
18	Plentywood	2,061	947	258	6	1,211
19	Plevna	138	95	26	3	124
20	Poplar	911	890	173	15	1,078
21	Poplar Oil Field	Not Available		6	12	18
22	Redstone	Not Available	17	19	1	37
23	Reserve	37	24	13	3	40
24	Rosebud	Not Available	70	46	2	118
25	Savage	Not Available	128	31	2	161
26	Scobey	1,082	581	180	3	764
27	Sidney	4,774	2,296	498	24	2,818
28	Terry	611	358	99	10	467
29	Whitetail	Not Available	26	19	1	46
30	Wibaux	567	291	99	8	398
31	Wolf Point	2,663	1,469	347	10	1,826
32	Kinsey	Not Available	115	41	2	158
33	MT Oil Fields	Not Available	9	59	76	144
35	TOTAL Montana Customers	32,362	18,552	4,862	320	23,734

1/ 2000 Census.

MONTANA EMPLOYEE COUNTS 1/

Year: 2006

	Department	Year Beginning	Year End	Average
1	Electric	20	20	20.0
2	Gas	44	43	43.5
3	Accounting	20	19	19.5
5	Management	7	7	7.0
7	Service 2/	53(2)	53(3)	53(2.5)
4	Communications/Substation/Training	6	5	5.5
6	Power	26	27	26.5
10				
11				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
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39				
40				
41				
42				
43				
44				
45				
46				
47				
48				
49				
50				
51				
52				
53				
54	TOTAL Montana Employees	176(2)	174(3)	175(2.5)

1/ Parentheses denotes part-time.

2/ Reflects service employees such as meter readers and servicemen.

MONTANA CONSTRUCTION BUDGET (ASSIGNED & ALLOCATED)

Year: 2006

	Project Description	Total Company	Total Montana	
1	<u>Projects>\$1,000,000</u>			
2	<u>Electric-Steam Production</u>			
3	Install 20 MW of Wind Generation in Montana	\$35,500,000	\$8,767,322	1/
4	Install Adv. Hybrid Precipitator Control Solution at Big Stone I	4,525,431	1,155,389	1/
5	Replace Generator Windings at Big Stone I	1,158,393	295,750	1/
6				
7	<u>Electric-Distribution</u>			
8	Install Automated Meter Reading System	3,348,468	662,027	1/
9				
10	<u>Electric-Transmission</u>			
11	Replace Lines Crossing Memorial Bridge in Bismarck, ND	4,303,294	1,098,672	1/
12	Construct Cabin Creek 115/57 KV Substation near Baker, MT	2,579,887	2,579,887	2/
13	Reconductor Sweet Avenue 115 KV Line in Bismarck, ND	1,173,864	299,699	1/
14				
15	<u>Gas-Distribution</u>			
16	Install Automated Meter Reading System	6,025,681	1,960,154	1/
17				
18	<u>Common-General</u>			
19	Construct Region Office and Service Center in Billings, MT	4,598,748	2,120,421	1/
20	Replace Customer Information System	4,052,550	984,446	1/
21	Install Automated Meter Reading System	1,482,620	383,999	1/
22				
23	<u>Other Projects<\$1,000,000</u>			
24	<u>Electric</u>			
25	Production	15,779,410	4,028,643	1/
26	Integrated Transmission	1,243,451	291,633	1/
27	Direct Transmission	2,087,809	212,857	2/
28	Distribution	9,142,866	1,790,782	2/
29	General	2,673,512	401,917	2/
30	Common:			
31	General Office	1,413,561	328,224	1/
32	Other Direct	765,839	109,169	2/
33	Total Electric	33,106,448	7,163,225	
34	<u>Gas</u>			
35	Transmission	85,684	0	
36	Distribution	14,395,103	3,961,070	2/
37	General	2,571,029	733,614	2/
38	Common:			
39	General Office	1,162,400	293,650	1/
40	Other Direct	329,005	82,914	2/
41	Total Gas	18,543,221	5,071,248	
42	TOTAL	\$110,734,994	32,542,239	

1/ Allocated to Montana.

2/ Directly assigned to Montana.

TOTAL INTEGRATED SYSTEM & MONTANA PEAK AND ENERGY

Year: 2006

Integrated System

	Peak Day of Month	Peak Hour	Peak Day Volumes Megawatts	Total Monthly Volumes Energy (Mwh)	Non-Requirements Sales For Resale (Mwh)	
1	Jan.	2	1900	339.2	262,300	66,296
2	Feb.	17	1000	366.3	244,303	44,511
3	Mar.	2	1100	321.7	257,779	55,602
4	Apr.	3	1000	299.8	173,627	16,908
5	May	23	1700	351.2	194,155	27,580
6	Jun.	29	1800	457.5	232,821	40,747
7	Jul.	12	1700	485.5	285,313	49,202
8	Aug.	9	1700	468.5	281,115	79,096
9	Sep.	7	1700	371.6	227,890	43,972
10	Oct.	30	1900	347.5	231,288	37,215
11	Nov.	29	1900	397.2	201,865	4,482
12	Dec.	6	1900	382.7	229,015	18,333
13	TOTAL			2,821,471	483,944	

Montana

	Peak Day of Month	Peak Hour	Peak Day Volumes Megawatts	Total Monthly Volumes Energy (Mwh)	Non-Requirements Sales For Resale (Mwh)
14	Jan.	2	1900	89.5	Not Available
15	Feb.	17	1000	89.6	
16	Mar.	2	1100	80.7	
17	Apr.	3	1000	73.7	
18	May	23	1700	82.7	
19	Jun.	29	1800	111.0	
20	Jul.	12	1700	110.1	
21	Aug.	9	1700	113.5	
22	Sep.	7	1700	90.7	
23	Oct.	30	1900	93.5	
24	Nov.	29	1900	101.4	
25	Dec.	6	1900	96.8	
26	TOTAL				

TOTAL SYSTEM Sources & Disposition of Energy

SCHEDULE 33

	Sources	Megawatthours	Disposition	Megawatthours
1	Generation (Net of Station Use)			
2	Steam	2,209,961	Sales to Ultimate Consumers (Include Interdepartmental)	2,483,248
3	Nuclear			
4	Hydro - Conventional			
5	Hydro - Pumped Storage		Requirements Sales for Resale	
6	Other	8,096		
7	(Less) Energy for Pumping			
8	NET Generation	2,218,057	Non-Requirements Sales for Resale	483,944
9	Purchases	822,953		
10	Power Exchanges			
11	Received	31,297	Energy Furnished Without Charge	
12	Delivered	24,759		
13	NET Exchanges	6,538		
14	Transmission Wheeling for Others		Energy Used Within Electric Utility	
15	Received	1,458,737		
16	Delivered	1,374,418		
17	NET Transmission Wheeling	84,319	Total Energy Losses	132,971
18	Transmission by Others Losses	(31,704)		
19	TOTAL	3,100,163	TOTAL	3,100,163

Montana-Dakota's annual peak occurred during HE1700 July 12, 2006. All generation units were available for operation during the peak hour. The following units were on line and providing energy.

Heskett #1	19.0
Heskett #2	68.2
Lewis & Clark	38.2
Glendive Turbine	27.9
Coyote	102.0
Big Stone	97.0

In addition to the above units, Montana-Dakota was purchasing 67 MW of its 67 MW share of the Antelope Valley Unit 2. Montana-Dakota also purchased 59.7 MW from MISO to meet the peak demand.

SOURCES OF ELECTRIC SUPPLY

Year: 2006

	Type	Plant Name	Location	Annual Peak (MW)	Annual Energy (Mwh)
1	Combustion Turbine	Williston Plant	Williston, ND	9.0	(66.2)
2	Combustion Turbine	Miles City Turbine	Miles City, MT	23.4	1,648.9
3	Thermal	Lewis & Clark Station	Sidney, MT	53.5	336,935.8
4	Combustion Turbine	Glendive Turbine	Glendive, MT	78.4	6,513.5
5	Thermal	Heskett Station	Mandan, ND	100.0	444,265.6
6	Thermal	Big Stone Station	Milbank, SD	108.3	727,346.7
7				(MDU SHARE)	
8	Thermal	Coyote Station	Beulah, ND	107.0	701,854.9
9				(MDU SHARE)	
10	Purchases	Basin Electric	10/31/2006	66.4	476,160.0
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43	Total			546.0	2,694,659.2

<u>Outage Start Date/Time</u>	<u>Outage End Date/Time</u>	<u>Brief Description of Primary Cause</u>	<u>1/</u>
<u>Big Stone Plant</u>			
2/11/2006 2:18	2/12/2006 17:02	Tube leak	
2/24/2006 14:47	2/24/2006 22:39	Unit trip	
6/1/2006 18:00	6/12/2006 3:35	Scheduled maintenance outage	
6/13/2006 20:00	6/14/2006 7:56	Repair water strainer seals	
8/10/2006 12:50	8/10/2006 14:40	Unit trip - FD fan oil pump	
9/29/2006 21:51	10/1/2006 0:19	Replace filter bags, inspect gen stator ends	
11/21/2006 21:58	11/23/2006 2:53	Tube leak	
<u>Coyote Station</u>			
1/12/2006 21:56	1/15/2006 20:40	Scheduled boiler wash outage	
4/5/2006 11:41	4/6/2006 8:26	Condensor leak	
4/8/2006 2:17	4/9/2006 2:36	Tube leak	
4/13/2006 21:57	5/26/2006 2:37	Scheduled maintenance outage	
5/28/2006 15:33	5/30/2006 22:10	Hydrogen leak	
5/31/2006 15:50	5/31/2006 22:27	Hydrogen leak	
6/3/2006 12:22	6/3/2006 22:25	Unit trip - PT	
6/14/2006 18:47	6/16/2006 2:40	Unit trip - tube leak	
8/31/2006 21:59	9/3/2006 21:54	Boiler wash	
9/26/2006 6:21	9/27/2006 19:18	Tube leak	
11/7/2006 11:22	11/7/2006 14:28	Tube leak	
11/9/2006 5:45	11/11/2006 3:16	Tube leak	
11/16/2006 14:37	11/17/2006 23:25	Tube leak	
12/14/2006 21:59	12/17/2006 21:40	Scheduled boiler wash	
<u>Heskett Unit 1</u>			
3/19/2006 0:46	3/26/2006 4:46	Scheduled maintenance outage	
3/29/2006 23:14	3/31/2006 2:07	Scheduled outage - exciter and precip work	
3/31/2006 19:32	4/26/2006 23:09	Super heater main steam line	
10/1/2006 18:33	10/7/2006 16:31	Scheduled maintenance outage	
<u>Heskett Unit 2</u>			
1/3/2006 22:35	1/7/2006 10:27	Scheduled boiler cleaning	
1/28/2006 10:14	2/3/2006 20:43	Tube leak	
2/9/2006 17:43	2/15/2006 20:19	Tube leak	
4/3/2006 8:15	4/9/2006 4:09	Tube leak	
4/20/2006 23:35	5/7/2006 13:08	Tube leak	
6/22/2006 1:01	6/27/2006 7:17	Scheduled outage - repair air leaks	
8/26/2006 1:13	11/21/2006 23:27	Scheduled major overhaul	
12/8/2006 21:22	12/11/2006 8:16	Remove fine screen in stop valve	

<u>Outage Start Date/Time</u>	<u>Outage End Date/Time</u>	<u>Brief Description of Primary Cause</u>	<u>1/</u>
<u>Lewis & Clark Station</u>			
5/2/2006 23:59	5/12/2006 8:32	Scheduled maintenance outage	
7/17/2006 9:09	7/17/2006 13:05	Discharge gate loose	
8/4/2006 5:46	8/4/2006 11:47	Clean scrubber	
8/15/2006 20:56	8/16/2006 0:03	Unit trip - line fault	
8/16/2006 3:49	8/16/2006 8:48	Unit trip - line fault	
9/26/2006 12:48	9/26/2006 19:59	Clean scrubber	
10/20/2006 23:54	11/5/2006 9:56	Scheduled maintenance outage	

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

MONTANA CONSERVATION & DEMAND SIDE MANAGEMENT PROGRAMS

Year: 2006

	Program Description	Current Year Expenditures	Last Year Expenditures	% Change	Planned Savings (MW & MWH)	Achieved Savings (MW & MWH)	Difference (MW & MWH)
1	NONE						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32	TOTAL						

ELECTRIC UNIVERSAL SYSTEM BENEFITS PROGRAMS

Year: 2006

	Program Description	Actual Current Year Expenditures	Contracted or Committed Current Year Expenditures	Total Current Year Expenditures	Expected savings (MW and MWh)	Most recent program evaluation
1	Local Conservation					
2	Commercial Lighting	\$19,536	\$0	\$19,536		
3						
4						
5						
6						
7	Market Transformation					
8						
9						
10						
11						
12						
13	Renewable Resources					
14						
15						
16						
17						
18						
19	Research & Development					
20						
21						
22						
23						
24						
25	Low Income					
26	Discounts	\$92,252	\$0	\$92,252		
27						
28	Bill Assistance	46,000	0	46,000		
29						
30	Conservation	137,200	0	137,200		
31						
32	Furnace Safety	20,000	0	20,000		
33						
34	Education	1,547	0	1,547		
35	Large Customer Self Directed					
36		\$203,808	\$0	\$203,808		
37						
38						
39						
40						
41	Total	\$520,343	\$0	\$520,343		2006
42	Number of customers that received low income rate discounts			(Average)		1,045
43	Average monthly bill discount amount (\$/mo)					\$7.36
44	Average LIEAP-eligible household income					N/A
45	Number of customers that received weatherization assistance					N/A
46	Expected average annual bill savings from weatherization					N/A
47	Number of residential audits performed					N/A

MONTANA CONSERVATION & DEMAND SIDE MANAGEMENT PROGRAMS Year: 2006

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

Company Name: Montana-Dakota Utilities Co.

SCHEDULE 36

MONTANA CONSUMPTION AND REVENUES

Year: 2006

	Sales of Electricity	Operating Revenues		MegaWatt Hours Sold		Avg. No. of Customers	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1	Residential	\$11,299,252	\$10,848,748	154,001	147,571	18,269	18,272
2	Small General	6,458,163	6,350,701	105,775	103,394	5,144	5,059
3	Large General	16,578,275	16,442,140	368,376	364,406	255	254
4	Lighting	683,755	681,478	9,761	9,750	79	79
5	Municipal Pumping	327,889	308,133	6,997	6,482	103	103
6	Sales to Other Utilities	4,717,593	7,197,443	Not Applicable	Not Applicable	Not Applicable	Not Applicable
7							
8							
9							
10							
11							
12							
13	TOTAL	\$40,064,927	\$41,828,643	644,910	631,603	23,850	23,767

