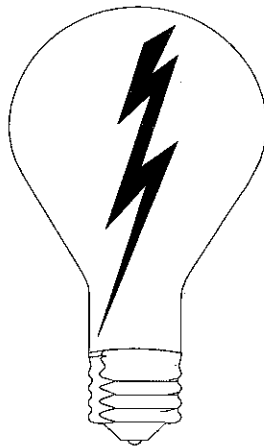


YEAR ENDING \_\_\_\_\_

# ANNUAL REPORT OF

---

## ELECTRIC UTILITY



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

## IDENTIFICATION

Year: 2020

1.	Legal Name of Respondent:	Montana-Dakota Utilities Co.
2.	Name Under Which Respondent Does Business:	Montana-Dakota Utilities Co.
3.	Date Utility Service First Offered in Montana	1920
4.	Address to send Correspondence Concerning Report:	Montana-Dakota Utilities Co. 400 North Fourth Street Bismarck, ND 58501
5.	Person Responsible for This Report:	Travis R. Jacobson
5a.	Telephone Number:	(701) 222-7855
Control Over Respondent		
1.	If direct control over the respondent was held by another entity at the end of year provide the following:	
1a.	Name and address of the controlling organization or person: MDU Energy Capital, LLC	
1b.	Means by which control was held: Common Stock	
1c.	Percent Ownership: 100%	

## SCHEDULE 2

Board of Directors		
Line No.	Name of Director and Address (City, State) (a)	Remuneration (b)
1	David L. Goodin (Chairman), Bismarck, ND	-
2	Daniel S. Kuntz, Bismarck, ND	-
3	Nicole A. Kivisto, Bismarck, ND	-
4	Jason L. Vollmer, Bismarck, ND	-
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		

## Officers

Year: 2020

Line No.	Title of Officer (a)	Department Supervised (b)	Name (c)
1	President & Chief Executive Officer	Executive	Nicole A. Kivisto
2			
3	Vice President	Electric Supply	Jay W. Skabo
4			
5	Vice President	Engineering & Operations Services	Patrick C. Darras
6			
7	Executive Vice President	Business Development & Gas Supply	Scott W. Madison
8			
9	Executive Vice President	Regulatory Affairs, Customer Service & Administration	Garret Senger
10			
11			
12	Vice President	Regulatory Affairs & Customer Service	Mark A. Chiles
13			
14	Vice President	Safety Process Improvement & Operations Systems	Hart Gilchrist
15			
16			
17	Vice President	Field Operations	Eric P. Martuscelli
18			
19	Controller	Accounting	Tammy J. Nygard
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			

## CORPORATE STRUCTURE

Year: 2020

	Subsidiary/Company Name	Line of Business	Earnings (000's)	Percent of Total
1	Montana-Dakota Utilities Co. and	Electric and Natural Gas	\$69,637	100.00%
2	Great Plains Natural Gas Co. (A	Distribution		
3	division of Montana-Dakota			
4	Utilities Co.)			
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				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46				
47				
48				
49				
50	<b>TOTAL</b>		\$69,637	100.00%

Company Name: Montana-Dakota Utilities Co.

**SCHEDULE 5**

**CORPORATE ALLOCATIONS - ELECTRIC**

Year: 2020

	Items Allocated	Classification	Allocation Method	\$ to MT Utility	MT %	\$ to Other
1	Not applicable					
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						

## AFFILIATE TRANSACTIONS - PRODUCTS &amp; SERVICES PROVIDED TO UTILITY - ELECTRIC

Year: 2020

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility
1	<b>KNIFE RIVER CORPORATION</b>	Expense	Actual Costs Incurred			
2		Contract Services		\$5,626		\$1,350
3		Materials		6,042		1,185
4						
5						
6		Other Transactions/Reimbursements				
7		Balance Sheet Acct		1,133		0
8						
9						
10		Total Knife River Corporation Operating Revenues for the Year 2020			\$2,178,002,000	
11		Excludes Intersegment Eliminations				
12	<b>TOTAL</b>	<b>Grand Total Affiliate Transactions</b>		\$12,801	0.0006%	\$2,535

## AFFILIATE TRANSACTIONS - PRODUCTS &amp; SERVICES PROVIDED TO UTILITY - ELECTRIC

Year: 2020

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility
1	WBI ENERGY, INC.	Expense	Actual Costs Incurred			
2		Fuel		\$52,132		\$13,447
3		Miscellaneous		39,277		10,290
4						
5						
6		Capital	Actual Costs Incurred			
7		Miscellaneous		842		160
8						
9						
10						
11		Other Transactions/Reimbursements	Actual Costs Incurred			
12						
13		Balance sheet accounts		7,534		0
14						
15						
16		Total WBI Operating Revenues for the Year 2019			\$143,877,000	
17		Excludes Intersegment Eliminations				
18	TOTAL	Grand Total Affiliate Transactions		\$99,785	0.0694%	\$23,897

## AFFILIATE TRANSACTIONS - PRODUCTS &amp; SERVICES PROVIDED TO UTILITY - ELECTRIC

Year: 2020

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility
1	<b>MDU CONSTRUCTION SERVICES GROUP, INC</b>	Expense	Actual Costs Incurred			
2		Contract Services		\$864		\$194
3						
4		Capital				
5		Contract Services	Actual Costs Incurred	2,042,609		681,375
6						
7		Other Transactions/Reimbursements	Actual Costs Incurred	37,782		0
8		Balance Sheet Accounts				
9						
10						
11						
12						
13						
14		Total MDU Construction Services Group, Inc Operating Revenues for the Year 2020			\$2,095,723,000	
15		Excludes Intersegment Eliminations				
16	<b>TOTAL</b>	<b>Grand Total Affiliate Transactions</b>		\$2,081,255	0.0993%	\$681,569



## AFFILIATE TRANSACTIONS - PRODUCTS &amp; SERVICES PROVIDED TO UTILITY - ELECTRIC

Year: 2020

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility
1	<b>CENTENNIAL HOLDINGS CAPITAL, LLC</b>	Expense	Various Corporate Overhead			
2		Corporate Aircraft	Allocation Factors and/or	\$4,505		\$969
3		Miscellaneous	Actual Costs Incurred	1,562,602		346,404
4		Office Expense		2,991		663
5						
6						
7		Capital	Actual Costs Incurred			
8		Corporate Aircraft		621		126
9		Miscellaneous		58,139		12,067
10						
11		Other Transactions/Reimbursements				
12		Balance Sheet Accounts		4,428,682		0
13						
14		Total Centennial Holdings Capital, LLC Operating Revenues for the Year 2020			\$11,903,000	
15		Excludes Intersegment Eliminations				
16	<b>TOTAL</b>	<b>Grand Total Affiliate Transactions</b>		\$6,057,540	50.8909%	\$360,229

## AFFILIATE TRANSACTIONS - PRODUCTS &amp; SERVICES PROVIDED TO UTILITY - ELECTRIC

Year: 2020

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility
1	MDU ENERGY CAPITAL	Expense	Actual Costs Incurred			
2		Cost of Service		\$78,186		\$14,426
3		Office Expenses		584,007		129,127
4		Payroll/Employee Benefits		1,783		0
5		Miscellaneous		5,722		236
6						
7		Capital	Actual Costs Incurred			
8		Contract Services		206,742		42,910
9		Payroll/Employee Benefits		62,184		12,906
10		Miscellaneous		14,591		2,995
11						
12						
13		Other Transactions/Reimbursements	Actual Costs Incurred			
14		Clearing		(10,958)		0
15		Balance Sheet Accounts		520,131		0
16		Miscellaneous		92,567		0
17						
18		Total MDU Energy Capital Operating Revenues for the Year 2020			\$602,006,681	
19						
20	<b>TOTAL</b>	<b>Grand Total Affiliate Transactions</b>		\$1,554,955	0.2583%	\$202,600

## AFFILIATE TRANSACTIONS - PRODUCTS &amp; SERVICES PROVIDED TO UTILITY - ELECTRIC

Year: 2020

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility
1	MDU RESOURCES GROUP, INC.					
2		Corporate Overhead	Various Corporate Overhead			
3		Advertising	Allocation Methodologies	\$29,614		\$6,653
4		Air Service	and/or Actual Costs Incurred	262		59
5		Audit Costs		57,519		12,922
6		Automobile		4,212		946
7		Bank Services		34,272		7,700
8		Corporate Aircraft		4,615		1,037
9		Consultant Fees		231,290		51,962
10		Contract Services		369,950		83,115
11		Directors Expense		347,448		78,059
12		Employee Benefits		12,554		2,820
13		Employee Reimbursable Expense		5,377		1,208
14		Entertainment		112		25
15		Insurance		197,201		44,304
16		Legal Retainer Fees		75,817		17,033
17		Meals		6,314		1,419
18		Industry Dues & Licenses		19,160		4,304
19		Office Expenses		16,542		3,717
20		Permits & Filing Fees		10,164		2,284
21		Postage		66		15
22		Payroll		6,529,349		1,466,909
23		Reference Materials		35,349		7,942
24		Rental		1,885		424
25		Seminars & Meeting Registrations		23,960		5,383
26		Software Maintenance		457,350		102,750
27		Telephone/Cell Expenses		57,483		12,914
28		Safety Training		97		22
29		Uniforms		253		57

## AFFILIATE TRANSACTIONS - PRODUCTS &amp; SERVICES PROVIDED TO UTILITY - ELECTRIC

Year: 2020

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility
1	MDU RESOURCES GROUP, INC.	Expense	Actual Costs Incurred			
2		Cost of Service		\$577,296		\$122,760
3		Office Expenses		334,522		64,693
4		Payroll		2,530		621
5		Miscellaneous		128,371		28,458
6						
7		Capital	Actual Costs Incurred			
8		Contract Services		13,947		2,895
9		Payroll		523,485		108,651
10		Material		63,897		12,222
11		Miscellaneous		19,231		3,996
12		Other Transactions/Reimbursements	Actual Costs Incurred			
13		Clearing		164,558		0
14		Balance Sheet Accounts		342,012		0
15		Miscellaneous		78,343		10,266
16						
17		Total MDU Resources Group, Inc. Operating Revenues for the Year 2020			\$0	
18						
19						
20						
21						
22						
23	TOTAL	Grand Total Affiliate Transactions		\$10,776,407	0.0000%	\$2,270,545

## AFFILIATE TRANSACTIONS - PRODUCTS &amp; SERVICES PROVIDED BY UTILITY

Year: 2020

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	KNIFE RIVER CORPORATION	Other Direct Charges	Actual Costs Incurred			
2		Contract Services		\$48,445		
3		Communications		16,204		
4		Employee Discounts		12,762		
5		Electric Consumption		133,989		
6		Gas Consumption		92,869		\$52,785
7		Bank Fees		8,333		
8		Computer/Software Support		7,535		
9		Office Expense		29		
10		Cost of Service 1/		611,343		227,085
11		Employee Benefits		(10,561)		
12		<b>Total Other Direct Charges</b>		\$920,948	0.0469%	\$279,870
13		OTHER TRANSACTIONS/REIMBURSEMENTS	Actual Costs Incurred			
14		Miscellaneous Reimbursements		(29,200)		
15		<b>Total Other Transactions/Reimbursements</b>		(\$29,200)	-0.0015%	\$0
16						
17		<b>Grand Total Affiliate Transactions</b>		\$891,748	0.0454%	\$279,870
18						
19						
20						
21						
22		<b>Total Knife River Corporation Operating Expenses for 2020 - Excludes Intersegment Eliminations</b>			\$1,963,504,000	

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

## AFFILIATE TRANSACTIONS - PRODUCTS &amp; SERVICES PROVIDED BY UTILITY

Year: 2020

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	WBI ENERGY, INC.					
2		Other Direct Charges	Actual Costs Incurred			
3		Auto		\$1,143		
4		Computer/Software Support		8,497		
5		Contract Services		262,247		
6		Electric Consumption		638,180		\$384,417
7		Gas Consumption		32,000		23,391
8		Cost of Service 1/		78,421		28,253
9		Misc Employee Benefits		6,401		
10		Misc Employee Discount		25,242		
11		Dues, Permits and Filing Fees		71		
12		Office Expense		1,942		
13		Travel		457		
14		Payroll		16,499		
15		<b>Total Other Direct Charges</b>		<b>\$1,071,100</b>	<b>1.1339%</b>	<b>\$436,061</b>
16						
17		OTHER TRANSACTIONS/REIMBURSEMENTS	Actual Costs Incurred			
18		Miscellaneous Reimbursements		(4,583)		
19		<b>Total Other Transactions/Reimbursements</b>		<b>(\$4,583)</b>	<b>-0.0049%</b>	<b>\$0</b>
20						
21		<b>Grand Total Affiliate Transactions</b>		<b>\$1,066,517</b>	<b>1.1291%</b>	<b>\$436,061</b>
22						
23						
24		<b>Total WBI Energy Operating Expenses for 2020 - Excludes Intersegment Eliminations</b>			<b>\$94,458,000</b>	

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

## AFFILIATE TRANSACTIONS - PRODUCTS &amp; SERVICES PROVIDED BY UTILITY

Year: 2020

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	MDU CONSTRUCTION SERVICES GROUP INC	Other Direct Charges	Actual Costs Incurred		0.0097%	\$54,684 3,138
2		Communication Services		\$472		
3		Contract Services		38,327		
4		Cost of Service 1/		146,156		
5		Gas Consumption		3,138		
6		Misc Employee Benefits		30		
7		Travel		1,168		
8		<b>Total Other Direct Charges</b>		\$189,291		\$57,822
9			Actual Costs Incurred		-0.0047%	\$0
10		OTHER TRANSACTIONS/REIMBURSEMENTS				
11		Miscellaneous Reimbursements		(91,092)		
12		<b>Total Other Transactions/Reimbursements</b>		(\$91,092)		
13					0.0050%	\$57,822
14		<b>Grand Total Affiliate Transactions</b>		\$98,199		
15						
16		<b>Total MDU Construction Services Group, Inc. Operating Expenses for 2020</b>			\$1,948,079,000	
17		<b>Excludes Intersegment Eliminations</b>				

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

## AFFILIATE TRANSACTIONS - PRODUCTS &amp; SERVICES PROVIDED BY UTILITY

Year: 2020

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	CENTENNIAL HOLDINGS	Direct and Intercompany Charges Contract Services Materials Office Expense Electric Consumption Gas Consumption	Actual Costs Incurred			
2	CAPITAL CORP. AND					
3	FUTURESOURCE			\$25,457		
4				10,463		
5				6,834		
				163,645		
				11,148		
6						
7		<b>Total Direct and Intercompany Charges</b>		\$217,547	1.4182%	\$0
8						
9		OTHER TRANSACTIONS/REIMBURSEMENTS	Actual Cost Incurred			
10		Miscellaneous Reimbursements		(\$89,779)		
11		<b>Total Other Transactions/Reimbursements</b>		(\$89,779)		
12						
13		<b>Grand Total Affiliate Transactions</b>		\$127,768	0.8329%	\$0
14						
15		<b>Total CHCC Operating Expenses for 2020</b>			\$15,340,000	
16		<b>Excludes Intersegment Eliminations</b>				



## AFFILIATE TRANSACTIONS - PRODUCTS &amp; SERVICES PROVIDED BY UTILITY

Year: 2020

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	MDU ENERGY					
2	CAPITAL 1/	Other Direct Charges	Actual Costs Incurred			
3		Contract Services		\$4,960,334		
4		Employee Benefits		(27,228)		
5						
6		Intercompany Settlements				
7		O&M	Actual Costs Incurred			
8		Equipment		2,183		
9		Communications		351,551		
10		Contract Services		573,309		
11		Cost of Service 2/		1,886,170		\$439,042
12		Employee Benefits		185,564		
13		Marketing		47,193		
14		Material		6,734		
15		Miscellaneous		108,468		
16		Office Expenses		155,640		
17		Payroll		17,328,519		
18		SISP		93,133		
19		Software Maintenance		2,344,395		
20		Sponsorship		80		
21		Travel		92,337		
22						
23		Other	Actual Costs Incurred			
24		Audit		(1,856)		
25		LTIP		730,745		
26		Payflex		(24,110)		
27		Prepaid		395,169		
28		Miscellaneous		212,379		
29						
30						

## AFFILIATE TRANSACTIONS - PRODUCTS &amp; SERVICES PROVIDED BY UTILITY

Year: 2020

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	MDU ENERGY					
2	CAPITAL 1/	Capital	Actual Costs Incurred			
3		Contract Services		\$2,227,503		
4		Material		310,642		
5		Misc Employee Benefit		2,644		
6		Misc Other		74,796		
7		Office Expenses		54,954		
8		Payroll		2,414,538		
9		Travel		19,774		
10		Equipment		(130,833)		
11		<b>Total Other Direct Charges &amp; Intercompany Settlements</b>		\$34,394,727	5.5521%	\$439,042
12						
13		OTHER TRANSACTIONS/REIMBURSEMENTS				
14		Miscellaneous Reimbursements		(\$356,353)		
15		<b>Total Other Transactions/Reimbursements</b>		(\$356,353)	-0.0575%	\$0
16						
17		<b>Grand Total Affiliate Transactions</b>		\$34,038,374	5.4946%	\$439,042
18						
19		<b>Total MDU Energy Capital Operating Expenses for 2020</b>			\$619,492,008	
20		<b>Excludes Intersegment Eliminations</b>				

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

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

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

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Year: 2020

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	CENTENNIAL ENERGY HOLDING INC	Other Direct Charges Contract Services	Actual Costs Incurred			
2						
3						
4				\$78,206		
5						
6				\$78,206		\$0
7	CENTENNIAL ENERGY HOLDING INC	Other Direct Charges Contract Services	Actual Costs Incurred			
8				\$78,206		
9						
10				\$78,206		\$0
11						

## AFFILIATE TRANSACTIONS - PRODUCTS &amp; SERVICES PROVIDED BY UTILITY

Year: 2020

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	MDU RESOURCES GROUP INC.	Other Direct Charges	Actual Costs Incurred			
2		Communication Services		\$105,048		
3		Computer/Software Support		15,130		
4		Contract Services		1,128		
5		Miscellaneous		10,551		
6		Misc Employee Benefits		9,328		
7		Office Expense		350		
8		Payroll		39,330		
9		Travel		533		
10						
11		<b>Total Other Direct Charges</b>		\$181,398		\$0
12						
13		OTHER TRANSACTIONS/REIMBURSEMENTS	Actual Costs Incurred			
14		Miscellaneous Reimbursements		(61,381)		
15		<b>Total Other Transactions/Reimbursements</b>		(\$61,381)		
16						
17		<b>Grand Total Affiliate Transactions</b>		\$120,017		
18						
19		<b>Total MDU Resources Group Inc. Operating Expenses for 2020</b>				
20		<b>Excludes Intersegment Eliminations</b>			\$0	

## MONTANA UTILITY INCOME STATEMENT

Year: 2020

	Account Number & Title	Last Year	This Year	% Change
1	400 Total Operating Revenues	\$73,303,512	\$70,813,141	-3.40%
2				
3	Operating Expenses			
4	401 Operation Expenses	\$42,164,383	\$38,521,725	-8.64%
5	402 Maintenance Expense	5,134,288	3,618,547	-29.52%
6	Total O & M Expenses	47,298,671	42,140,272	-10.91%
7				
8	403 Depreciation Expense	11,523,256	13,917,135	20.77%
9	404-405 Amortization of Electric Plant	503,540	590,636	17.30%
10	406 Amort. of Plant Acquisition Adjustments	0	0	0.00%
11	407 Amort. of Property Losses, Unrecovered Plant & Regulatory Study Costs			
12				
13	408.1 Taxes Other Than Income Taxes	6,466,494	6,891,798	6.58%
14	409.1 Income Taxes - Federal	(6,765,871)	(7,197,950)	-6.39%
15	- Other	(410,301)	1,535	100.37%
16	410.1 Provision for Deferred Income Taxes	10,826,232	7,353,579	-32.08%
17	411.1 (Less) Provision for Def. Inc. Taxes - Cr.	7,897,208	4,469,166	-43.41%
18	411.4 Investment Tax Credit Adjustments			
19	411.6 (Less) Gains from Disposition of Utility Plant			
20	411.7 Losses from Disposition of Utility Plant			
21				
22	<b>Total Utility Operating Expenses</b>	<b>\$61,544,813</b>	<b>\$59,227,839</b>	<b>-3.76%</b>
23	<b>NET UTILITY OPERATING INCOME</b>	<b>\$11,758,699</b>	<b>\$11,585,302</b>	<b>-1.47%</b>

## MONTANA UTILITY REVENUES

## SCHEDULE 9

	Account Number & Title	Last Year	This Year	% Change
1	Sales of Electricity			
2				
3	440 Residential	\$19,517,599	\$19,694,481	0.91%
4	442 Commercial & Industrial - Small	11,924,688	11,286,982	-5.35%
5	Commercial & Industrial - Large	35,325,368	33,509,576	-5.14%
6	444 Public Street & Highway Lighting	667,773	564,275	-15.50%
7	445 Other Sales to Public Authorities	508,448	526,475	3.55%
8	446 Sales to Railroads & Railways			
9	448 Interdepartmental Sales			
10	Net Unbilled Revenue	(232,639)	147,772	163.52%
11				
12	<b>Total Sales to Ultimate Consumers</b>	<b>\$67,711,237</b>	<b>\$65,729,561</b>	<b>-2.93%</b>
13	447 Sales for Resale	361,443	192,738	-46.68%
14				
15	<b>Total Sales of Electricity</b>	<b>\$68,072,680</b>	<b>\$65,922,299</b>	<b>-3.16%</b>
16	449.1 (Less) Provision for Rate Refunds	(499,881)	0	100.00%
17				
18	<b>Total Revenue Net of Provision for Refunds</b>	<b>\$67,572,799</b>	<b>\$65,922,299</b>	<b>-2.44%</b>
19	Other Operating Revenues			
20	450 Forfeited Discounts & Late Payment Revenues	\$55,887	\$61,693	10.39%
21	451 Miscellaneous Service Revenues	37,093	23,387	-36.95%
22	453 Sales of Water & Water Power			
23	454 Rent From Electric Property	1,239,834	1,164,862	-6.05%
24	455 Interdepartmental Rents			
25	456 Other Electric Revenues	4,397,899	3,640,900	-17.21%
26				
27	<b>Total Other Operating Revenues</b>	<b>\$5,730,713</b>	<b>\$4,890,842</b>	<b>-14.66%</b>
28	<b>TOTAL OPERATING REVENUES</b>	<b>\$73,303,512</b>	<b>\$70,813,141</b>	<b>-3.40%</b>

## MONTANA OPERATION &amp; MAINTENANCE EXPENSES

Account Number & Title		Last Year	This Year	% Change
1	Power Production Expenses			
2				
3	Steam Power Generation			
4	Operation			
5	500 Operation Supervision & Engineering	\$513,112	\$445,457	-13.19%
6	501 Fuel	13,479,774	11,933,590	-11.47%
7	502 Steam Expenses	1,718,088	1,673,905	-2.57%
8	503 Steam from Other Sources			
9	504 (Less) Steam Transferred - Cr.			
10	505 Electric Expenses	499,447	492,958	-1.30%
11	506 Miscellaneous Steam Power Expenses	716,618	830,134	15.84%
12	507 Rents	2,778	42	-98.49%
13				
14	TOTAL Operation - Steam	16,929,817	15,376,086	-9.18%
15				
16	Maintenance			
17	510 Maintenance Supervision & Engineering	280,167	240,188	-14.27%
18	511 Maintenance of Structures	156,004	128,886	-17.38%
19	512 Maintenance of Boiler Plant	1,506,880	857,806	-43.07%
20	513 Maintenance of Electric Plant	402,044	190,986	-52.50%
21	514 Maintenance of Miscellaneous Steam Plant	458,602	347,695	-24.18%
22				
23	TOTAL Maintenance - Steam	2,803,697	1,765,561	-37.03%
24	<b>TOTAL Steam Power Production Expenses</b>	<b>\$19,733,514</b>	<b>\$17,141,647</b>	<b>-13.13%</b>
25				
26	Nuclear Power Generation			
27	Operation			
28	517 Operation Supervision & Engineering			
29	518 Nuclear Fuel Expense			
30	519 Coolants & Water			
31	520 Steam Expenses			
32	521 Steam from Other Sources	NOT	NOT	
33	522 (Less) Steam Transferred - Cr.	APPLICABLE	APPLICABLE	
34	523 Electric Expenses			
35	524 Miscellaneous Nuclear Power Expenses			
36	525 Rents			
37				
38	TOTAL Operation - Nuclear			
39				
40	Maintenance			
41	528 Maintenance Supervision & Engineering			
42	529 Maintenance of Structures			
43	530 Maintenance of Reactor Plant Equipment	NOT	NOT	
44	531 Maintenance of Electric Plant	APPLICABLE	APPLICABLE	
45	532 Maintenance of Miscellaneous Nuclear Plant			
46				
47	TOTAL Maintenance - Nuclear			
48	<b>TOTAL Nuclear Power Production Expenses</b>			

## MONTANA OPERATION &amp; MAINTENANCE EXPENSES

Account Number & Title			Last Year	This Year	% Change
1	Power Production Expenses -continued				
2	Hydraulic Power Generation				
3	Operation				
4	535	Operation Supervision & Engineering			
5	536	Water for Power			
6	537	Hydraulic Expenses	NOT	NOT	
7	538	Electric Expenses	APPLICABLE	APPLICABLE	
8	539	Miscellaneous Hydraulic Power Gen. Expenses			
9	540	Rents			
10					
11	TOTAL Operation - Hydraulic				
12					
13	Maintenance				
14	541	Maintenance Supervision & Engineering			
15	542	Maintenance of Structures	NOT	NOT	
16	543	Maint. of Reservoirs, Dams & Waterways	APPLICABLE	APPLICABLE	
17	544	Maintenance of Electric Plant			
18	545	Maintenance of Miscellaneous Hydro Plant			
19					
20	TOTAL Maintenance - Hydraulic				
21	TOTAL Hydraulic Power Production Expenses				
22					
23	Other Power Generation				
24	Operation				
25	546	Operation Supervision & Engineering	\$86,464	\$77,721	-10.11%
26	547	Fuel	849,326	705,210	-16.97%
27	548	Generation Expenses	852,570	842,027	-1.24%
28	549	Miscellaneous Other Power Gen. Expenses	248,261	212,842	-14.27%
29	550	Rents	220,666	214,045	-3.00%
30					
31	TOTAL Operation - Other		2,257,287	2,051,845	-9.10%
32					
33	Maintenance				
34	551	Maintenance Supervision & Engineering	40,778	39,373	-3.45%
35	552	Maintenance of Structures	9,236	35,213	281.26%
36	553	Maintenance of Generating & Electric Plant	169,393	194,615	14.89%
37	554	Maintenance of Misc. Other Power Gen. Plant	23,982	31,178	30.01%
38					
39	TOTAL Maintenance - Other		243,389	300,379	23.42%
40	TOTAL Other Power Production Expenses		\$2,500,676	\$2,352,224	-5.94%
41					
42	Other Power Supply Expenses				
43	555	Purchased Power	\$5,550,695	\$3,492,973	-37.07%
44	556	System Control & Load Dispatching	430,015	419,413	-2.47%
45	557	Other Expenses			
46					
47	TOTAL Other Power Supply Expenses		\$5,980,710	\$3,912,386	-34.58%
48	TOTAL Power Production Expenses		\$28,214,900	\$23,406,257	-17.04%

**MONTANA OPERATION & MAINTENANCE EXPENSES**

Account Number & Title			Last Year	This Year	% Change
1	Transmission Expenses				
2	Operation				
3	560	Operation Supervision & Engineering	\$883,449	\$1,000,174	13.21%
4	561	Load Dispatching	481,272	500,481	3.99%
5	562	Station Expenses	95,413	115,313	20.86%
6	563	Overhead Line Expenses	67,497	77,402	14.67%
7	564	Underground Line Expenses			
8	565	Transmission of Electricity by Others	5,968,957	6,298,756	5.53%
9	566	Miscellaneous Transmission Expenses	26,090	56,239	115.56%
10	567	Rents	45,655	35,856	-21.46%
11	575	Day-Ahead and Real-Time Market Administration	134,976	135,868	0.66%
12					
13	TOTAL Operation - Transmission		7,703,309	8,220,089	6.71%
14	Maintenance				
15	568	Maintenance Supervision & Engineering	35,050	36,453	4.00%
16	569	Maintenance of Structures			
17	570	Maintenance of Station Equipment	228,234	177,665	-22.16%
18	571	Maintenance of Overhead Lines	286,234	87,946	-69.27%
19	572	Maintenance of Underground Lines			
20	573	Maintenance of Misc. Transmission Plant			
21					
22	TOTAL Maintenance - Transmission		549,518	302,064	-45.03%
23	TOTAL Transmission Expenses		\$8,252,827	\$8,522,153	3.26%
24	Distribution Expenses				
25	Operation				
26					
27	580	Operation Supervision & Engineering	\$448,934	\$419,937	-6.46%
28	581	Load Dispatching			
29	582	Station Expenses	115,460	128,110	10.96%
30	583	Overhead Line Expenses	193,967	252,578	30.22%
31	584	Underground Line Expenses	296,934	307,701	3.63%
32	585	Street Lighting & Signal System Expenses	5,936	3,989	-32.80%
33	586	Meter Expenses	330,695	281,423	-14.90%
34	587	Customer Installations Expenses	61,727	27,627	-55.24%
35	588	Miscellaneous Distribution Expenses	826,831	806,116	-2.51%
36	589	Rents	42,571	41,016	-3.65%
37					
38	TOTAL Operation - Distribution		2,323,055	2,268,497	-2.35%
39	Maintenance				
40	590	Maintenance Supervision & Engineering	217,662	205,570	-5.56%
41	591	Maintenance of Structures			
42	592	Maintenance of Station Equipment	43,471	21,729	-50.01%
43	593	Maintenance of Overhead Lines	719,935	506,445	-29.65%
44	594	Maintenance of Underground Lines	149,659	103,187	-31.05%
45	595	Maintenance of Line Transformers	26,443	16,134	-38.99%
46	596	Maintenance of Street Lighting, Signal Systems	16,224	11,149	-31.28%
47	597	Maintenance of Meters	8,848	8,392	-5.15%
48	598	Maintenance of Miscellaneous Dist. Plant	252,381	297,130	17.73%
49					
50	TOTAL Maintenance - Distribution		1,434,623	1,169,736	-18.46%
51	TOTAL Distribution Expenses		\$3,757,678	\$3,438,233	-8.50%



**MONTANA OPERATION & MAINTENANCE EXPENSES**

Account Number & Title		Last Year	This Year	% Change
1	Customer Accounts Expenses			
2	Operation			
3	901 Supervision	\$23,230	\$8,676	-62.65%
4	902 Meter Reading Expenses	94,532	97,911	3.57%
5	903 Customer Records & Collection Expenses	432,803	391,076	-9.64%
6	904 Uncollectible Accounts Expenses	199,280	268,829	34.90%
7	905 Miscellaneous Customer Accounts Expenses	70,121	34,045	-51.45%
8				
9	TOTAL Customer Accounts Expenses	\$819,966	\$800,537	-2.37%
10	Customer Service & Information Expenses			
11	Operation			
12	907 Supervision	\$12,977	\$17,410	34.16%
13	908 Customer Assistance Expenses	16,265	37,251	129.03%
14	909 Informational & Instructional Adv. Expenses	34,557	24,051	-30.40%
15	910 Miscellaneous Customer Service & Info. Exp.			
16				
17				
18	TOTAL Customer Service & Info Expenses	\$63,799	\$78,712	23.37%
19	Sales Expenses			
20	Operation			
21	911 Supervision	\$180	(\$10)	-105.56%
22	912 Demonstrating & Selling Expenses	12,446	22,890	83.91%
23	913 Advertising Expenses	1,342	2,158	60.80%
24	916 Miscellaneous Sales Expenses	3,573	591	-83.46%
25				
26				
27	TOTAL Sales Expenses	\$17,541	\$25,629	46.11%
28	Administrative & General Expenses			
29	Operation			
30	920 Administrative & General Salaries	\$2,082,096	\$2,279,361	9.47%
31	921 Office Supplies & Expenses	453,988	966,607	112.91%
32	922 (Less) Administrative Expenses Transferred - Cr.			
33	923 Outside Services Employed	102,335	132,741	29.71%
34	924 Property Insurance	261,671	259,425	-0.86%
35	925 Injuries & Damages	587,591	511,151	-13.01%
36	926 Employee Pensions & Benefits	1,783,445	821,218	-53.95%
37	927 Franchise Requirements			
38	928 Regulatory Commission Expenses	208,895	267,535	28.07%
39	929 (Less) Duplicate Charges - Cr.			
40	930 Miscellaneous General Expenses	215,887	156,897	-27.32%
41	931 Rents	372,991	393,009	5.37%
42				
43				
44	TOTAL Operation - Admin. & General	6,068,899	5,787,944	-4.63%
45	Maintenance			
46	935 Maintenance of General Plant	103,061	80,807	-21.59%
47				
48	TOTAL Administrative & General Expenses	\$6,171,960	\$5,868,751	-4.91%
49	TOTAL Operation & Maintenance Expenses	\$47,298,671	\$42,140,272	-10.91%

## MONTANA TAXES OTHER THAN INCOME

Year: 2020

	Description of Tax	Last Year	This Year	% Change
1	Payroll Taxes	\$661,254	\$579,812	-12.32%
2	Secretary of State	328	318	-3.05%
3	Highway Use Tax	1,029	1,048	1.85%
4	Montana Consumer Counsel	(12,155)	70,762	682.16%
5	Montana PSC	270,088	187,451	-30.60%
6	Montana Electric	49,798	45,847	-7.93%
7	Coal Conversion	231,262	233,496	0.97%
8	Delaware Franchise	11,139	10,315	-7.40%
9	Property Taxes	5,101,654	5,593,105	9.63%
10	Wind Generation Tax	152,097	169,644	11.54%
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				
44				
45				
46				
47				
48				
49				
50	<b>TOTAL MT Taxes Other Than Income</b>	<b>\$6,466,494</b>	<b>\$6,891,798</b>	<b>6.58%</b>

## PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - ELECTRIC

2020

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	4T CONSTRUCTION INC	Pipeline Install, Underground Construction	\$234,396	\$8,866	3.78%
2					
3	AGRI INDUSTRIES INC	Contract Services	339,936	259,690	76.39%
4					
5	AMERICAN GAS ASSOCIATION	Industrial Membership	292,558	0	0.00%
6					
7	ARBOR SOLUTIONS TREE SERVICE LLC	Vegetation Removal	80,750	0	0.00%
8					
9	ARVIG CONSTRUCTION	Construction Services	818,632	0	0.00%
10					
11	B & B EXCAVATING INC	Contract Services	334,148	0	0.00%
12					
13	B & B BUILDERS INC	Contract Services	615,530	147,685	23.99%
14					
15	B&H UTILITY SERVICES INC	Contract Services	311,690	0	0.00%
16					
17	BARR ENGINEERING COMPANY	Engineering Services - Power Plants	522,976	104,395	19.96%
18					
19	BARTLETT & WEST INC	Contract Services	122,517	0	0.00%
20					
21	BASIN ELECTRIC POWER COOP	Contract Services	3,552,205	412,308	11.61%
22					
23	BESTE CONSULTING INC	Consulting Services	411,427	125,267	30.45%
24					
25	BLUE HERON CONSULTING CORPORATION	Consulting Services	161,680	19,192	11.87%
26					
27	BRABECK CONSTRUCTION	Construction Services	1,478,434	0	0.00%
28					
29	BRINK CONSTRUCTORS INC	Construction Services	3,387,452	49,029	1.45%
30					
31	BROSZ ENGINEERING INC	Engineering Services	169,924	67,646	39.81%
32					
33	BROTHERS PIPELINE CORP	Construction Services	258,742	0	0.00%
34					
35	BULLINGER TREE SERVICE	Vegetation Removal	468,300	8,884	1.90%
36					
37	BURNS & MCDONNELL ENGINEERING CO INC	Engineering Services	803,133	186,759	23.25%
38					
39	BUTLER MACHINERY CO	Contract Services	106,561	24,145	22.66%
40					
41	CENTRAL MECHANICAL INC	Contract Services	141,090	16,748	11.87%
42					
43	CGI TECHNOLOGIES AND SOLUTIONS INC	Consulting Services	366,264	11,417	3.12%
44					
45	CHIEF CONSTRUCTION INC	Contract Services	895,664	0	0.00%
46					
47	CLIMATE CONTROL SYSTEMS AND SERVICES LLC	Contract Services	106,548	0	0.00%
48					
49	COMPLETE CONTRACTING SOLUTIONS	Contract Services	306,415	0	0.00%
50					

## PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - ELECTRIC

2020

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	CONDUCTOR POWER LLC	Contract Services - Power Plants	\$1,592,564	\$697,205	43.78%
2					
3	CROWLEY FLECK PLLP	Legal Services	174,968	10,106	5.78%
4					
5	DAKOTA FENCE COMPANY	Fence Maintenance & Installation	1,177,250	251,854	21.39%
6					
7	DAKOTA WEST CONTRACTING INC	Contract Services	404,548	48,036	11.87%
8					
9	DIGITAL OFFICE CENTRE	Contract Services	81,677	10,862	13.30%
10					
11	DNV GL ENERGY INSIGHTS USA INC	SL Essentials	87,905	17,422	19.82%
12					
13	DNV GL NOBLE DENTON USA LLC	SL Essentials	100,609	0	0.00%
14					
15	ECI CONTRACTING	Construction Services	1,061,150	0	0.00%
16					
17	EDISON ELECTRIC INSTITUTE	Industrial Membership	149,480	31,067	20.78%
18					
19	ELLINGSON TRENCHLESS LLC	Contract Services	1,239,329	0	0.00%
20					
21	EN ENGINEERING LLC	Engineering Services	194,338	0	0.00%
22					
23	ENERGY WORLDNET INC	Contract Services	216,468	24,146	11.15%
24					
25	ENTHALPY ENERGY SERVICES LLC	Contract Services	172,027	40,822	23.73%
26					
27	ENVIRONMENTAL SYSTEMS RESEARCH INST INC	Contract Services	202,775	7,772	3.83%
28					
29	ERNST & YOUNG LLP	Legal Services	92,258	0	0.00%
30					
31	EXTREME UNDERGROUND HDD LLC	Underground Construction	816,257	808	0.10%
32					
33	FERRELL NORTH AMERICA	Contract Services	138,233	0	0.00%
34					
35	FIRESIDE OFFICE SOLUTIONS	Contract Services	112,719	5,092	4.52%
36					
37	FIS ENERGY SYSTEMS INC	Software Maintenance	264,527	0	0.00%
38					
39	FISCHER CONTRACTING	Construction Services	601,397	0	0.00%
40					
41	FITCH RATINGS	Credit Rating Services	87,500	11,500	13.14%
42					
43	FRANZ CONSTRUCTION INC	Contract Services - Power Plant	189,714	0	0.00%
44					
45	FUSEFORWARD CLOUD SERVICES LTD	Contract Services	162,720	4,460	2.74%
46					
47	GE STEAM POWER INC	Contract Services	317,958	72,871	22.92%
48					
49	GREAT SOUTHWESTERN CONSTRUCTION INC	Construction Services	2,136,470	512,608	23.99%
50					

## PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - ELECTRIC

2020

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	GRIFFITH EXCAVATING INC	Construction Services	\$161,963	\$154,561	95.43%
2					
3	GUARDIAR USA LLC	Contract Services	79,914	0	0.00%
4					
5	HANGING H COMPANIES LLC	Construction Services - Service Lines	2,903,624	0	0.00%
6					
7	HDR INC	Engineering Services	1,107,783	716,059	64.64%
8					
9	HIGH COUNTRY LINE CONSTRUCTION INC	Construction Services	6,354,512	78,011	1.23%
10					
11	HIGH VOLTAGE INC	Contract Services - Preventative Maintenance	7,150,981	2,455,225	34.33%
12					
13	HIGHMARK ERECTORS INC	Contract Services	2,895,781	918,195	31.71%
14					
15	HONEYWELL PROCESS SOLUTIONS	SE & SP Support Renewal	100,525	24,119	23.99%
16					
17	INDOOR SERVICES INC	Janitorial Services	125,427	16,655	13.28%
18					
19	INDUSTRIAL CONTRACTORS INC	Contract Services - Maintenance	466,430	111,549	23.92%
20					
21	INSIGHT DIRECT USA INC	Software Maintenance	170,580	9,168	5.37%
22					
23	INTEGRAL CONSULTING INC	Consulting Services	197,809	0	0.00%
24					
25	INTERSTATE POWER SYSTEMS INC	Construction Services	79,951	19,094	23.88%
26					
27	IQGEO AMERICA INC	Contract Services	326,378	18,770	5.75%
28					
29	ITRON INC	Software Maintenance	281,066	9,905	3.52%
30					
31	JACKSON UTILITIES LLC	Gas & Electric Line Installation	856,470	233,394	27.25%
32					
33	JACOBSEN TREE EXPERTS	Vegetation Removal	595,627	199,163	33.44%
34					
35	JOHN MUGGLI CONTRACTING	Construction Services	408,659	408,659	100.00%
36					
37	KATO ENGINEERING INC	Engineering Services	84,520	20,279	23.99%
38					
39	KEY CONTRACTING INC	Contract Services - Transmission Line	686,394	13,806	2.01%
40					
41	KPMG LLP	Contract Services	130,000	14,328	11.02%
42					
43	KS ENERGY SERVICES LLC	Construction Services	759,553	0	0.00%
44					
45	LATITUDE GEOGRAPHICS	Contract Services	143,609	16,125	11.23%
46					
47	LIGNITE ENERGY COUNCIL	Membership Dues	101,747	22,859	22.47%
48					
49	MAGNOLIA RIVER SERVICES INC	Construction Services	407,414	0	0.00%
50					

## PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - ELECTRIC

2020

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	MAVIRO INC	Pur Payment Processing Software	\$102,687	\$24,638	23.99%
2					
3	MBN ENGINEERING INC	Engineering Services	243,356	112,494	46.23%
4					
5	MCM GENERAL CONTRACTORS INC	Construction Services	765,281	0	0.00%
6					
7	MICHELS CORPORATION	Contract Services	4,372,098	0	0.00%
8					
9	MIDWEST POWERLINES	Construction Services	171,178	15,728	9.19%
10					
11	MISSOURI RIVER CONTRACTING	Contract Services	517,968	59,236	11.44%
12					
13	MOORHEAD ELECTRIC INC (MEI)	Equipment Rental	366,667	366,667	100.00%
14					
15	MOORHEAD ELECTRIC LLC	Equipment Rental	241,929	241,929	100.00%
16					
17	MOSAIC COMPANY	Contract Services	496,107	28,531	5.75%
18					
19	NEXUS CONTROLS LLC	Contract Services	90,059	21,608	23.99%
20					
21	NORDEX USA INC	Thunder Spirit - Service Contract	2,522,043	1,831	0.07%
22					
23	ONE CALL LOCATORS LTD	Line Locating Services	2,926,786	174,818	5.97%
24					
25	ONTRACKS ENTERPRISES INC	Consulting Services	1,814,044	92,426	5.10%
26					
27	OPEN SYSTEMS INTERNATIONAL INC	Software Maintenance	410,953	82,678	20.12%
28					
29	ORACLE CORP	Software Maintenance	722,562	16,928	2.34%
30					
31	ORMAT NEVEDA INC	Energy Converter Maintenance	422,840	100,662	23.81%
32					
33	OTTER TAIL POWER CO	Contract Services - Power Plant	5,690,927	14,837	0.26%
34					
35	PANDELL TECH USA	Contract Services	253,657	33,513	13.21%
36					
37	PATHFINDER INSPECTIONS & FIELD SERVICES	Contract Services	138,490	17,803	12.86%
38					
39	POWER ENGINEERS INC	Engineering Services	307,569	26,266	8.54%
40					
41	POWERPLAN INC	Consulting Services - Software	555,183	54,649	9.84%
42					
43	PRESORT PLUS LLC	Mail Delivery & Pickup	90,054	6,890	7.65%
44					
45	PROBST ELECTRIC INC	Contract Services	1,833,226	0	0.00%
46					
47	PROSOURCE TECHNOLOGIES LLC	Mail Delivery & Pickup	426,021	0	0.00%
48					
49	QUALITY INTEGRATED SERVICES INC	Contract Services	475,466	0	0.00%
50					

## PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - ELECTRIC

2020

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	RESOURCE DATA INC	Contract Services	\$300,721	\$22,746	7.56%
2					
3	RK NEAL LLC	Contract Services	197,243	46,956	23.81%
4					
5	ROCKY MOUNTAIN CONTRACTORS INC	Contract Services	3,751,792	681,375	18.16%
6					
7	ROCK MOUTNAIN LINE SYSTEMS INC	Contract Services	574,027	0	0.00%
8					
9	ROSSCO CRANE & RIGGING INC	Contract Services	149,092	13,374	8.97%
10					
11	ROUGH RIDER ELECTRIC COOPERATIVE INC	Contract Services	810,468	0	0.00%
12					
13	S&D CONTROLS	Contract Services	77,530	18,602	23.99%
14					
15	SC DRILLING INC	Contract Services	170,323	0	0.00%
16					
17	SCHERBENSKE INC	Contract Services	335,041	0	0.00%
18					
19	SCHULTE TA INC	Contract Services	161,364	0	0.00%
20					
21	SKEELS ELECTRIC COMPANY	Contract Services	100,775	8,533	8.47%
22					
23	SKYSKOPES INC	Contract Services	139,904	0	0.00%
24					
25	SOLOMON CORPORATION	Contract Services	78,630	10,824	13.77%
26					
27	SOUTHERN CROSS	Contract Services - Preventative Maintenance	961,251	0	0.00%
28					
29	SPHERION STAFFING LLC	Temp Services	296,533	7,553	2.55%
30					
31	SPP INNOVATIONS LLC	Contract Services	113,085	13,701	12.12%
32					
33	SUBURBAN CONSULTING ENGINEERS INC	Consulting Services	697,456	36,437	5.22%
34					
35	SWANSON & YOUNGDALE INC	Contract Services	78,619	18,954	24.11%
36					
37	SWCA ENVIRONMENTAL CONSULTANTS	Consulting Services	154,183	123,480	80.09%
38					
39	TELEVENT USA LLC	Software Maintenance	104,899	3,111	2.97%
40					
41	THE ELECTRIC COMPANY OF SD	Construction Services	421,317	0	0.00%
42					
43	TRC ENVIRONMENTAL CORPORATION	Construction Services	212,694	50,750	23.86%
44					
45	TREE MECHANICS LLC	Vegetation Removal	126,785	0	0.00%
46					
47	TRU PIPE INC	Underground Maintenance	238,598	0	0.00%
48					
49	UTILITY TELECOM CONSULTING GROUP INC	Consulting Services	103,290	6,613	6.40%
50					

## PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - ELECTRIC

2020

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	VIRGINIA TRANSFORMER CORP	Contract Services	\$184,762	\$2,946	1.59%
2					
3	WALD FENCING & SUPPLIES	Construction Services	77,746	0	0.00%
4					
5	WANG PIPELINE SERVICES INC	Construction Services	790,448	790,448	100.00%
6					
7	WANZEK CONSTRUCTION INC	Construction Services	244,560	62,195	25.43%
8					
9	WEED WARRIORS	Contract Services	78,874	0	0.00%
10					
11	WEISZ & SONS INC	Construction Services	205,074	0	0.00%
12					
13	WESTERN EDGE ELECTRIC INC	Construction Services	96,003	3,059	3.19%
14					
15	WESTMORELAND SAVAGE MINING LLC	Equipment Rental	110,540	26,569	24.04%
16					
17	WINN CONSTRUCTION INC	Construction Services	88,801	25,583	28.81%
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					
44					
45					
46					
47					
48					
49					
50					
	<b>Total Payments for Services</b>		<b>\$92,828,109</b>	<b>\$12,116,527</b>	<b>13.05%</b>



POLITICAL ACTION COMMITTEES / POLITICAL CONTRIBUTIONS				Year: 2020
	Description	Total Company	Montana	% Montana
1	Contributions to Candidates by PAC	\$178,537	\$16,200	9.07%
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
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 Contributions	\$178,537	\$16,200	9.07%

## PENSION COSTS

Year: 2020

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

## OTHER POST EMPLOYMENT BENEFITS (OPEBS)

Year: 2020

	Item	Current Year	Last Year	% Change
1	<b>Regulatory Treatment:</b>			
2	Commission authorized - most recent			
3	Docket number:			
4	Order numbers:			
5	Amount recovered through rates -			
6	<b>Weighted-Average Assumptions as of Year End</b>			
7	Discount rate	2.28	2.97	-23.23%
8	Expected return on plan assets	5.50	5.75	-4.35%
9	Medical cost inflation rate	4.50	4.50	0.00%
10	Actuarial cost method	Projected unit credit	Projected unit credit	
11	Rate of compensation increase	N/A	N/A	
12	<b>List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:</b>			
13	<b>VEBA</b>			
14	<b>Describe any Changes to the Benefit Plan:</b>			
15	<b>TOTAL COMPANY</b>			
16	<b>Change in Benefit Obligation</b>	(000's)	(000's)	
17	Benefit obligation at beginning of year	\$32,643	\$31,688	3.01%
18	Service cost	489	373	31.10%
19	Interest cost	938	1,175	-20.17%
20	Plan participants' contributions	260	459	-43.36%
21	Amendments	-	-	0.00%
22	Actuarial (Gain) Loss	712	1,365	-47.84%
23	Acquisition	-	-	0.00%
24	Benefits paid	(2,094)	(2,417)	13.36%
25	Benefit obligation at end of year	\$32,948	\$32,643	0.93%
26	<b>Change in Plan Assets</b>			
27	Fair value of plan assets at beginning of year	\$48,063	\$41,865	14.80%
28	Actual return on plan assets	5,377	8,150	-34.02%
29	Acquisition	-	-	0.00%
30	Employer contribution	29	6	383.33%
31	Plan participants' contributions	260	(2,417)	110.76%
32	Benefits paid	(2,094)	459	-556.21%
33	Fair value of plan assets at end of year	\$51,635	\$48,063	7.43%
34	<b>Funded Status</b>	\$18,687	\$15,420	21.19%
35	Unrecognized net actuarial loss	(5,911)	(3,758)	-57.29%
36	Unrecognized prior service cost	(4,496)	(5,428)	17.17%
37	Unrecognized transition obligation	-	-	0.00%
38	Accrued benefit cost	\$8,280	\$6,234	32.82%
39	<b>Components of Net Periodic Benefit Costs</b>			
40	Service cost	\$489	\$373	31.10%
41	Interest cost	938	1,175	-20.17%
42	Expected return on plan assets	(2,513)	(2,476)	-1.49%
43	Amortization of prior service cost	(931)	(931)	0.00%
44	Recognized net actuarial gain	-	-	0.00%
45	Transition amount amortization	-	-	0.00%
46	Net periodic benefit cost	(\$2,017)	(\$1,859)	-8.50%
47	<b>Accumulated Post Retirement Benefit Obligation</b>			
48	Amount funded through VEBA	\$289	(\$2,411)	111.99%
49	Amount funded through 401(h)	-	-	0.00%
50	Amount funded through Other _____	-	-	0.00%
51	TOTAL	\$289	(\$2,411)	111.99%
52	Amount that was tax deductible - VEBA 1/	\$29	\$6	383.33%
53	Amount that was tax deductible - 401(h)	-	-	0.00%
54	Amount that was tax deductible - Other _____	-	-	0.00%
55	TOTAL	\$29	\$6	383.33%

1/ Estimated

## Other Post Employment Benefits (OPEBS) Continued

Year: 2020

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

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

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

## COMPENSATION OF TOP 5 CORPORATE EMPLOYEES - SEC INFORMATION 1/

Line No.	Name/Title	Base Salary	Bonuses	Other 2/	Total Compensation	Total Compensation Last Year 2/	% Increase Total Compensation
1	David L. Goodin President & CEO	\$960,000	\$1,818,000	\$3,645,410	\$6,423,410	\$6,144,355	5%
2	Jason L. Vollmer Vice President & CFO	\$440,000	\$499,950	\$767,196	\$1,707,146	\$1,589,981	7%
3	David C. Barney President & CEO of Knife River Corporation	\$487,000	\$804,646	\$1,032,072	\$2,323,718	\$2,426,077	-4%
4	Jeffrey S. Thiede President & CEO of MDU Construction Services Group, Inc.	\$487,000	\$852,128	\$895,392	\$2,234,520	\$2,201,940	1%
5	Nicole A. Kivisto President & CEO of Montana-Dakota Utilities Co., Cascade Natural Gas Corporation and Intermountain Gas Company	\$487,000	\$436,839	\$982,462	\$1,906,301	\$1,972,052	-3%

1/ See Schedule 17A for Total Compensation detail.

2/ Amounts represent the aggregate grant date fair value of the performance share awards calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 - Share Based Payment.

## Proxy Statement

## EXECUTIVE COMPENSATION TABLES

## Summary Compensation Table for 2020

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

<sup>1</sup> Amounts in this column represent the aggregate grant date fair value of performance share award opportunities at target calculated in accordance with Financial Accounting Standards Board (FASB) generally accepted accounting principles for stock-based compensation in FASB Accounting Standards Codification Topic 718. This column was prepared assuming none of the awards were or will be forfeited. The amounts were calculated as described in Note 13 of our audited financial statements in our Annual Report on Form 10-K for the year ended December 31, 2020. For 2020, the aggregate grant date fair value of outstanding performance share award opportunities assuming the highest level of payout would be as follows:

Name	Aggregate grant date fair value at highest payout (\$)
David L. Goodin	5,948,994
Jason L. Vollmer	1,308,775
David C. Barney	1,450,061
Jeffrey S. Thiede	1,450,061
Nicole A. Kivisto	1,450,061

## Proxy Statement

<sup>2</sup> Amounts shown for 2020 represent the change in the actuarial present value for the named executive officers' accumulated benefits under the pension plan, SISP, and Excess SISP, collectively referred to as the "accumulated pension change," plus above-market earnings on deferred annual incentives as of December 31, 2020.

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

<sup>3</sup> All Other Compensation is comprised of:

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

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

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

## Grants of Plan-Based Awards in 2020

Name (a)	Grant Date (b)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			Grant Date Fair Value of Stock and Option Awards (\$) (i)
		Threshold (\$) (c)	Target (\$) (d)	Maximum (\$) (e)	Threshold (#) (f)	Target (#) (g)	Maximum (#) (h)	
David L. Goodin	2/13/2020 <sup>1</sup>	435,000	1,200,000	2,400,000				
	2/13/2020 <sup>2</sup>				16,438	82,191	164,382	2,974,497
Jason L. Vollmer	2/13/2020 <sup>1</sup>	119,625	330,000	660,000				
	2/13/2020 <sup>2</sup>				3,616	18,082	36,164	654,388
David C. Barney	2/13/2020 <sup>1</sup>	91,313	365,250	876,600				
	2/13/2020 <sup>2</sup>				4,006	20,034	40,068	725,030
Jeffrey S. Thiede	2/13/2020 <sup>1</sup>	91,313	365,250	876,600				
	2/13/2020 <sup>2</sup>				4,006	20,034	40,068	725,030
Nicole A. Kivisto	2/13/2020 <sup>1</sup>	164,363	365,250	730,500				
	2/13/2020 <sup>2</sup>				4,006	20,034	40,068	725,030

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

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



## Proxy Statement

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

#### Annual Incentive

The compensation committee recommended the 2020 annual incentive award opportunities for our named executive officers and the board approved these opportunities at its meeting on February 13, 2020. The award opportunities at threshold, target, and maximum are reflected in columns (c), (d), and (e), respectively, of the Grants of Plan-Based Awards Table. The actual amount paid with respect to 2020 performance is reflected in column (g) of the Summary Compensation Table.

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

All our named executive officers were awarded their annual incentive opportunities pursuant to the MDU Resources Group, Inc. Executive Incentive Compensation Plan. Under the Executive Incentive Compensation Plan, executives who retire during the year at or after age 65 remain eligible to receive a prorated award, but executives who terminate employment for other reasons are not eligible for an award. The compensation committee generally does not modify the performance measures; however, if in years of unusually adverse or favorable external conditions or other unforeseen significant factors beyond the control of management, the compensation committee may modify the performance measures. No performance measures were modified in determining 2020 annual incentives. The compensation committee has full discretion to determine the extent to which goals have been achieved, the payment level, and whether to adjust payment of awards downward based upon individual performance. For further discussion of the specific 2020 incentive plan performance measures and results, see the “Annual Incentives” section in the [“Compensation Discussion and Analysis.”](#)

#### Long-Term Incentive

The compensation committee recommended long-term incentive award opportunities for the named executive officers in the form of performance shares, and the board approved the award opportunities at its meeting on February 13, 2020. The long-term incentive opportunities are presented as the number of performance shares at threshold, target, and maximum in columns (f), (g), and (h) of the Grants of Plan-Based Awards Table. The value of the long-term performance-based incentive opportunities is based on the aggregate grant date fair value and is reflected in column (e) of the Summary Compensation Table and column (i) of the Grant of Plan-Based Awards Table.

Depending on the achievement of the performance measures associated with our 2020-2022 performance period, executives will receive from 0% to 200% of the target awards in February 2023. We also will pay dividend equivalents in cash on the number of shares actually vested for the performance period. The dividend equivalents will be paid in 2023 if and to the extent they vest and at the same time as the performance share awards are settled.

#### Nonqualified Defined Contribution Plan

The CEO recommends participants and contribution amounts to the Nonqualified Defined Contribution Plan which are approved by the compensation committee of the board of directors. The purpose of the plan is to recognize outstanding performance coupled with enhanced retention as the Nonqualified Defined Contribution Plan requires a vesting period. The amount shown in column (i) - All Other Compensation of the Summary Compensation Table includes contributions of \$44,000 to Mr. Vollmer, \$150,000 to Mr. Barney, and \$100,000 to Mr. Thiede. For further information, see the section entitled [“Nonqualified Deferred Compensation for 2020.”](#)

#### Salary and Bonus in Proportion to Total Compensation

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

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

## Outstanding Equity Awards at Fiscal Year-End 2020

### Stock Awards

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

<sup>1</sup> Below is a breakdown by year of the outstanding performance share plan awards:

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

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

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

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

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

While for purposes of the Outstanding Equity Awards at Fiscal Year-End 2020 Table, the number of shares and value shown for the 2018-2020 performance period is at 200% of target, the actual results for the performance period certified by the compensation committee and settled on February 11, 2021, was 150% of target. For further information, see the “Long-Term Incentives” section of the [“Compensation Discussion and Analysis.”](#)

## Proxy Statement

## Option Exercises and Stock Vested During 2020

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

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

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

## Pension Benefits for 2020

Name (a)	Plan Name (b)	Number of Years Credited Service (#) (c) <sup>1</sup>	Present Value of Accumulated Benefit (\$) (d)
David L. Goodin	Pension	26	1,433,114
	Basic SISP <sup>2</sup>	10	3,209,181
	Excess SISP <sup>3</sup>	26	44,583
Jason L. Vollmer	Pension	4	36,192
	Basic SISP <sup>3</sup>	n/a	—
	Excess SISP <sup>3</sup>	n/a	—
David C. Barney	Pension <sup>3</sup>	n/a	—
	Basic SISP <sup>2</sup>	10	1,710,384
	Excess SISP <sup>3</sup>	n/a	—
Jeffrey S. Thiede	Pension <sup>3</sup>	n/a	—
	Basic SISP <sup>3</sup>	n/a	—
	Excess SISP <sup>3</sup>	n/a	—
Nicole A. Kivisto	Pension	14	345,211
	Basic SISP <sup>2</sup>	10	726,043
	Excess SISP <sup>3</sup>	n/a	—

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

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

<sup>3</sup> Messrs. Barney and Thiede are not eligible to participate in the pension plans. Messrs. Vollmer and Thiede do not participate in the SISP. Mr. Goodin is the only named executive officer eligible to participate in the Excess SISP.

The amounts shown for the pension plan, Basic SISP, and Excess SISP represent the actuarial present values of the executives' accumulated benefits accrued as of December 31, 2020, calculated using:

- a 1.95% discount rate for the Basic SISP and Excess SISP;
- a 2.25% discount rate for the pension plan;
- the Society of Actuaries Pri-2012 Total Dataset Mortality with Scale MP-2020 (post commencement only); and
- no recognition of pre-retirement mortality.

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

### **Pension Plan**

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

### **Supplemental Income Security Plan**

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

### **Basic SISP Benefits**

Basic SISP is a supplemental retirement benefit intended to augment the retirement income provided under the pension plans. SISP benefits are payable to the participant or their beneficiary for a period of 15 years. The Basic SISP benefits are subject to a vesting schedule where participants are 100% vested after ten years of participation in the plan.

Participants can elect to receive the Basic SISP as:

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

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

### **Excess SISP Benefits**

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

In 2009, the SISP was amended to limit eligibility for the Excess SISP benefit. Mr. Goodin is the only named executive officer eligible for the Excess SISP benefit and must remain employed with the company until age 60 in order to receive the benefit. Benefits generally commence six months after the participant's employment terminates and continue to age 65 or until the death of the participant, if prior to age 65.

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

## Proxy Statement

### Nonqualified Deferred Compensation for 2020

#### Deferred Annual Incentive Compensation

Executives participating in the annual incentive compensation plans may elect to defer up to 100% of their annual incentive awards. Deferred amounts accrue interest at a rate determined by the compensation committee. The interest rate in effect for 2020 was 4.14% based on an average of the Treasury High Quality Market Corporate Bond Yield Curve for the last business day of each month for the twelve month period from October 2018 to September 2019. The deferred amount will be paid in accordance with the participant's election, following termination of employment or beginning in the fifth year following the year the award was earned. The amounts are paid in accordance with the participant's election in either a lump sum or in monthly installments not to exceed 120 months. In the event of a change of control, all amounts deferred would immediately become payable. For purposes of deferred annual incentive compensation, a change of control is defined as:

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

#### Nonqualified Defined Contribution Plan

The company adopted the Nonqualified Defined Contribution Plan, effective January 1, 2012, to provide deferred compensation for a select group of employees. The compensation committee approves the amount of employer contributions under the Nonqualified Defined Contribution Plan and the obligations under the plan constitute an unsecured promise of the company to make such payments. The company credits contributions to plan accounts which capture the hypothetical investment experience based on the participant's elections. Contributions made prior to 2017 vest four years after each contribution in accordance with the terms of the plan. Contributions made in and after 2017 vest rateably over a three-year period. Amounts shown as aggregate earnings in the table below for Messrs. Vollmer, Barney, and Thiede reflect the change in investment value at market rates for the hypothetical investments selected by the participants. Participants may elect to receive their vested contributions and investment earnings either in a lump sum upon separation from service with the company or in annual installments over a period of years upon the latter of (i) separation from service and (ii) age 65. Plan benefits become fully vested if the participant dies while actively employed. Benefits are forfeited if the participant's employment is terminated for cause.

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

Name (a)	Executive Contributions in Last FY (\$) (b)	Registrant Contributions in Last FY (\$) (c)	Aggregate Earnings in Last FY (\$) (d)	Aggregate Withdrawals/ Distributions (\$) (e)	Aggregate Balance at Last FYE (\$) (f)
David L. Goodin	701,760	—	108,834	—	2,795,829 <sup>1</sup>
Jason L. Vollmer	—	44,000	26,331	—	194,007 <sup>2</sup>
David C. Barney	—	150,000	96,016	—	790,996 <sup>3</sup>
Jeffrey S. Thiede	—	100,000	132,359	—	1,116,799 <sup>4</sup>
Nicole A. Kivisto	120,035	—	5,073	—	143,587 <sup>5</sup>

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

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

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

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

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

## Potential Payments upon Termination or Change of Control

The Potential Payments upon Termination or Change of Control Table shows the payments and benefits our named executive officers would receive in connection with a variety of employment termination scenarios or upon a change of control. The scenarios include:

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

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

The table excludes compensation and benefits our named executive officers would earn during their employment with us whether or not a termination or change of control event had occurred. The tables also do not include benefits under plans or arrangements generally available to all salaried employees and that do not discriminate in favor of the named executive officers, such as benefits under our qualified defined benefit pension plan (for employees hired before 2006), accrued vacation pay, continuation of health care benefits, and life insurance benefits. The tables also do not include Nonqualified Defined Contribution Plan or deferred annual compensation amounts which are shown and explained in the [“Nonqualified Deferred Compensation for 2020”](#) Table.

### Compensation

None of our named executive officers have employment or severance agreements entitling them to their base salary, some multiple of base salary or severance upon termination or change of control. Our compensation committee generally considers providing severance benefits on a case-by-case basis. Because severance payments are discretionary, no amounts are presented in the tables.

All our named executive officers were granted their 2020 annual incentive award under the Executive Incentive Compensation Plan (EICP) which has no change of control provision in regards to annual incentive compensation other than for deferred compensation. The EICP requires participants to remain employed with the company through the service year to be eligible for a payout unless otherwise determined by the compensation committee for executive officers or employment termination after age 65. As all our scenarios assume a termination or change in control event on December 31st, the named executive officers would be considered employed for the entire performance period; therefore, no amounts are shown for annual incentives in the tables for our named executive officers, as they would be eligible to receive their annual incentive award based on the level that performance measures were achieved for the performance period regardless of termination or change of control occurring on December 31, 2020.

All named executive officers received their performance share awards under the Long-Term Performance-Based Incentive Plan (LTIP). Upon a change of control (with or without termination), performance share awards would be deemed fully earned and vest at their target levels for the named executive officers. For this purpose, the term “change of control” is defined in the LTIP as:

- the acquisition by an individual, entity, or group of 20% or more of our outstanding common stock;
- a majority of our board of directors whose election or nomination was not approved by a majority of the incumbent board members;
- consummation of a merger or similar transaction or sale of all or substantially all of our assets, unless our stockholders immediately prior to the transaction beneficially own more than 60% of the outstanding common stock and voting power of the resulting corporation in substantially the same proportions as before the merger, no person owns 20% or more of the resulting corporation’s outstanding common stock or voting power except for any such ownership that existed before the merger and at least a majority of the board of the resulting corporation is comprised of our directors; or
- stockholder approval of our liquidation or dissolution.

## Proxy Statement

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

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

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

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

For purposes of calculating the performance share value shown in the Potential Payments upon Termination or Change of Control Table, the number of vesting shares was multiplied by the average of the high and low stock price for the last market day of the year, which was December 31, 2020. Dividend equivalents based on the number of vesting shares are also included in the amounts presented.

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

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

## Benefits and Perquisites

### Supplemental Income Security Plan

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

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

	Monthly SISP Retirement Payment (\$)	Monthly SISP Death Payment (\$)
David L. Goodin	23,040	46,080
David C. Barney	10,936	21,872
Nicole A. Kivisto	6,572	13,144

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

**Disability**

We provide disability benefits to some of our salaried employees equal to 60% of their base salary, subject to a salary limit of \$200,000 for officers and \$100,000 for other salaried employees. For all eligible employees, disability payments continue until age 65 if disability occurs at or before age 60 and for five years if disability occurs between the ages of 60 and 65. Disability benefits are reduced for amounts paid as retirement benefits. The disability payments in the Potential Payments upon Termination or Change of Control Table reflect the present value of the disability benefits attributable to the additional \$100,000 of base salary recognized for executives under our disability program, subject to the 60% limitation, after reduction for amounts that would be paid as retirement benefits. For Messrs. Goodin and Vollmer and Ms. Kivisto, who participate in the pension plan, the amount represents the present value of the disability benefit after reduction for retirement benefits using a discount rate of 2.25%. Because Mr. Goodin's retirement benefit is greater than the disability benefit, the amount shown is zero. For Messrs. Barney and Thiede, who do not participate in the pension plan, the amount represents the present value of the disability benefit without reduction for retirement benefits using the discount rate of 1.95%, which is considered a reasonable rate for purposes of the calculation.



## Proxy Statement

### Potential Payments upon Termination or Change of Control Table

Executive Benefits and Payments upon Termination or Change of Control	Voluntary Termination (\$)	Not for Cause Termination (\$)	Death (\$)	Disability (\$)	Change of Control (With Termination) (\$)	Change of Control (Without Termination) (\$)
<b>David L. Goodin</b>						
<b>Compensation:</b>						
Performance Shares	4,103,672	4,103,672	4,103,672	4,103,672	6,608,842	6,608,842
<b>Benefits and Perquisites:</b>						
Basic SISP	3,212,382	3,212,382	—	3,212,382	3,212,382	—
SISP Death Benefits	—	—	7,198,103	—	—	—
Disability Benefits	—	—	—	—	—	—
<b>Total</b>	<b>7,316,054</b>	<b>7,316,054</b>	<b>11,301,775</b>	<b>7,316,054</b>	<b>9,821,224</b>	<b>6,608,842</b>
<b>Jason L. Vollmer</b>						
<b>Compensation:</b>						
Performance Shares	—	—	—	—	1,088,165	1,088,165
<b>Benefits and Perquisites:</b>						
Disability Benefits	—	—	—	995,310	—	—
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>995,310</b>	<b>1,088,165</b>	<b>1,088,165</b>
<b>David C. Barney</b>						
<b>Compensation:</b>						
Performance Shares	956,112	956,112	956,112	956,112	1,607,038	1,607,038
Restricted Stock Units	—	—	326,127	326,127	326,127	326,127
<b>Benefits and Perquisites:</b>						
Basic SISP	1,708,300	1,708,300	—	1,708,300	1,708,300	—
SISP Death Benefits	—	—	3,416,600	—	—	—
Disability Benefits	—	—	—	286,082	—	—
<b>Total</b>	<b>2,664,412</b>	<b>2,664,412</b>	<b>4,698,839</b>	<b>3,276,621</b>	<b>3,641,465</b>	<b>1,933,165</b>
<b>Jeffrey S. Thiede</b>						
<b>Compensation:</b>						
Performance Shares	970,335	970,335	970,335	970,335	1,616,520	1,616,520
Restricted Stock Units	—	—	326,127	326,127	326,127	326,127
<b>Benefits and Perquisites:</b>						
Disability Benefits	—	—	—	344,478	—	—
<b>Total</b>	<b>970,335</b>	<b>970,335</b>	<b>1,296,462</b>	<b>1,640,940</b>	<b>1,942,647</b>	<b>1,942,647</b>
<b>Nicole A. Kivisto</b>						
<b>Compensation:</b>						
Performance Shares	—	—	—	—	1,514,878	1,514,878
<b>Benefits and Perquisites:</b>						
Basic SISP	727,629	727,629	—	727,629	727,629	—
SISP Death Benefits	—	—	2,053,209	—	—	—
Disability Benefits	—	—	—	740,094	—	—
<b>Total</b>	<b>727,629</b>	<b>727,629</b>	<b>2,053,209</b>	<b>1,467,723</b>	<b>2,242,507</b>	<b>1,514,878</b>

## CEO Pay Ratio Disclosure

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

Our employee workforce fluctuates during the year largely depending on the seasonality, number, and size of construction project activity conducted by our businesses. Approximately 55% of our employee workforce is employed under union bargained labor contracts which define compensation and benefits for participants which may include payments made by the company associated with employee participation in union benefit and pension plans.

We identified the median employee by examining the 2020 taxable wage information for all individuals on the company's payroll records as of December 31, 2020, excluding Mr. Goodin. All of the company's employees are located in the United States. We made no adjustments to annualize compensation for individuals employed for only part of the year. We selected taxable wages as reported to the Internal Revenue Service on Form W-2 for 2020 to identify the median employee as it includes substantially all of the compensation for our median employee and provided a reasonably efficient and cost-effective manner for the identification of the median employee. Our median employee works for a subsidiary of our construction materials and contracting segment with compensation consisting of wages, bonus, company 401(k) matching and profit sharing contributions.

Once identified, we categorized the median employee's compensation to correspond to the compensation components as reported in the Summary Compensation Table. For 2020, the total annual compensation of Mr. Goodin as reported in the Summary Compensation Table included in this Proxy Statement was \$6,423,410, and the total annual compensation of our median employee was \$94,463. Based on this information, the 2020 ratio of annual total compensation of Mr. Goodin to the median employee was 68 to 1.

## BALANCE SHEET

Account Number & Title		Last Year	This Year	% Change
1	<b>Assets and Other Debits</b>			
2				
3	<b>Utility Plant</b>			
4	101 Electric Plant in Service	\$1,761,947,720	\$2,078,844,364	17.99%
5	101.1 Property Under Capital Leases			
6	102 Electric Plant Purchased or Sold			
7	104 Electric Plant Leased to Others			
8	105 Electric Plant Held for Future Use			
9	106 Completed Constr. Not Classified - Electric	301,370,525	79,467,784	-73.63%
10	107 Construction Work in Progress - Electric	60,581,510	61,323,619	1.22%
11	108 (Less) Accumulated Depreciation	(689,415,181)	(762,207,739)	10.56%
12	111 (Less) Accumulated Amortization	(3,859,742)	(4,986,212)	29.19%
13	114 Electric Plant Acquisition Adjustments	10,468,339	10,468,339	0.00%
14	115 (Less) Accum. Amort. Electric Plant Acq. Adj.	(10,403,569)	(10,407,604)	0.04%
15	120 Nuclear Fuel (Net)			
16	Other Utility Plant	825,796,200	865,140,690	4.76%
17	Accum. Depr. and Amort. - Other Util. Plant	(348,101,556)	(367,659,536)	5.62%
18				
19	<b>Total Utility Plant</b>	<b>\$1,908,384,246</b>	<b>\$1,949,983,705</b>	<b>2.18%</b>
20				
21	<b>Other Property &amp; Investments</b>			
22	121 Nonutility Property	\$17,183,717	\$17,225,038	0.24%
23	122 (Less) Accum. Depr. & Amort. of Nonutil. Prop.	(7,014,058)	(7,811,064)	11.36%
24	123 Investments in Associated Companies			
25	123.1 Investments in Subsidiary Companies			
26	124 Other Investments	35,472,517	39,399,253	11.07%
27	125 Sinking Funds			
28				
29	<b>Total Other Property &amp; Investments</b>	<b>\$45,642,176</b>	<b>\$48,813,227</b>	<b>6.95%</b>
30				
31	<b>Current &amp; Accrued Assets</b>			
32	131 Cash	\$3,101,977	\$6,314,995	103.58%
33	132-134 Special Deposits	8,351	0	-100.00%
34	135 Working Funds	404,400	150,000	-62.91%
35	136 Temporary Cash Investments			
36	141 Notes Receivable			
37	142 Customer Accounts Receivable	25,441,438	25,930,474	1.92%
38	143 Other Accounts Receivable	4,742,209	5,368,195	13.20%
39	144 (Less) Accum. Provision for Uncollectible Accts.	(607,757)	(1,662,797)	173.60%
40	145 Notes Receivable - Associated Companies			
41	146 Accounts Receivable - Associated Companies	4,082,412	3,645,045	-10.71%
42	151 Fuel Stock	4,557,811	3,467,573	-23.92%
43	152 Fuel Stock Expenses Undistributed			
44	153 Residuals and Extracted Products			
45	154 Plant Materials and Operating Supplies	23,683,940	23,908,712	0.95%
46	155 Merchandise			
47	156 Other Material & Supplies			
48	163 Stores Expense Undistributed			
49	164.1 Gas Stored Underground - Current	10,136,688	12,297,386	21.32%
50	165 Prepayments	6,316,901	7,838,806	24.09%
51	166 Advances for Gas Explor., Devl. & Production			
52	171 Interest & Dividends Receivable			
53	172 Rents Receivable			
54	173 Accrued Utility Revenues	43,690,970	38,123,450	-12.74%
55	174 Miscellaneous Current & Accrued Assets			
56				
57	<b>Total Current &amp; Accrued Assets</b>	<b>\$125,559,340</b>	<b>\$125,381,839</b>	<b>-0.14%</b>

## BALANCE SHEET

	Account Number & Title	Last Year	This Year	% Change
1	<b>Assets and Other Debits (cont.)</b>			
2				
3	<b>Deferred Debits</b>			
4	181 Unamortized Debt Expense	\$3,366,323	\$2,981,345	-11.44%
5	182.1 Extraordinary Property Losses			
6	182.2 Unrecovered Plant & Regulatory Study Costs	2,051,519	1,590,048	-22.49%
7	182.3 Other Regulatory Assets	248,309,102	295,619,348	19.05%
8	183 Prelim. Electric Survey & Investigation Chrg.	2,025,691	2,239,944	10.58%
9	183.1 Prelim. Nat. Gas Survey & Investigation Chrg.	466,818	480,105	2.85%
10	183.2 Other Prelim. Nat. Gas Survey & Invtg. Chrgs.	175,485	0	-100.00%
11	184 Clearing Accounts	(51,596)	(3,021)	-94.14%
12	185 Temporary Facilities			
13	186 Miscellaneous Deferred Debits	30,927,165	33,788,188	9.25%
14	187 Deferred Losses from Disposition of Util. Plant			
15	188 Research, Devel. & Demonstration Expend.			
16	189 Unamortized Loss on Reacquired Debt	3,582,671	3,010,957	-15.96%
17	190 Accumulated Deferred Income Taxes	34,336,206	30,898,456	-10.01%
18	191 Unrecovered Purchased Gas Costs	(7,260,615)	(6,252,017)	-13.89%
19	192.1 Unrecovered Incremental Gas Costs			
20	192.2 Unrecovered Incremental Surcharges			
21				
22	<b>Total Deferred Debits</b>	\$317,928,769	\$364,353,353	14.60%
23				
24	<b>TOTAL ASSETS &amp; OTHER DEBITS</b>	\$2,397,514,531	\$2,488,532,124	3.80%
25	<b>Liabilities and Other Credits</b>			
26				
27	<b>Proprietary Capital</b>			
28	201 Common Stock Issued	\$1,000	\$1,000	0.00%
29	202 Common Stock Subscribed			
30	204 Preferred Stock Issued			
31	205 Preferred Stock Subscribed			
32	207 Premium on Capital Stock	138,653,236	176,087,676	27.00%
33	211 Miscellaneous Paid-In Capital			
34	213 (Less) Discount on Capital Stock			
35	214 (Less) Capital Stock Expense			
36	216 Appropriated Retained Earnings	666,173,397	692,013,888	3.88%
37	216.1 Unappropriated Retained Earnings			
38	217 (Less) Reacquired Capital Stock			
39	219 Accumulated Other Comprehensive Income	(5,845,725)	(6,796,303)	-16.26%
40				
41	<b>Total Proprietary Capital</b>	\$798,981,908	\$861,306,261	7.80%
42				
43	<b>Long Term Debt</b>			
44	221 Bonds			
45	222 (Less) Reacquired Bonds			
46	223 Advances from Associated Companies			
47	224 Other Long Term Debt	858,114,076	826,501,962	-3.68%
48	225 Unamortized Premium on Long Term Debt			
49	226 (Less) Unamort. Discount on Long Term Debt-Dr.			
50				
51	<b>Total Long Term Debt</b>	\$858,114,076	\$826,501,962	-3.68%

## BALANCE SHEET

Account Number & Title		Last Year	This Year	% Change
1	<b>Total Liabilities and Other Credits (cont.)</b>			
2				
3	<b>Other Noncurrent Liabilities</b>			
4	227 Obligations Under Cap. Leases - Noncurrent			
5	228.1 Accumulated Provision for Property Insurance			
6	228.2 Accumulated Provision for Injuries & Damages	\$919,830	\$1,358,849	47.73%
7	228.3 Accumulated Provision for Pensions & Benefits	15,956,506	16,095,150	0.87%
8	228.4 Accumulated Misc. Operating Provisions			
9	229 Accumulated Provision for Rate Refunds	1,003,000	1,576,507	57.18%
10	230 Asset Retirement Obligations	157,784,448	165,008,923	4.58%
11				
12	<b>TOTAL Other Noncurrent Liabilities</b>	\$175,663,784	\$184,039,429	4.77%
13				
14	<b>Current &amp; Accrued Liabilities</b>			
15	231 Notes Payable	\$0	\$50,000,000	N/A
16	232 Accounts Payable	42,766,713	33,574,632	-21.49%
17	233 Notes Payable to Associated Companies			
18	234 Accounts Payable to Associated Companies	7,440,437	8,244,639	10.81%
19	235 Customer Deposits	1,981,246	994,205	-49.82%
20	236 Taxes Accrued	12,804,780	19,361,246	51.20%
21	237 Interest Accrued	7,768,377	7,724,134	-0.57%
22	238 Dividends Declared	9,970,000	11,000,000	10.33%
23	239 Matured Long Term Debt			
24	240 Matured Interest			
25	241 Tax Collections Payable	1,049,033	1,819,823	73.48%
26	242 Miscellaneous Current & Accrued Liabilities	27,235,388	23,306,404	-14.43%
27	243 Obligations Under Capital Leases - Current			
28				
29	<b>TOTAL Current &amp; Accrued Liabilities</b>	\$111,015,974	\$156,025,083	40.54%
30				
31	<b>Deferred Credits</b>			
32	252 Customer Advances for Construction	\$17,699,064	\$17,318,240	-2.15%
33	253 Other Deferred Credits	44,742,469	45,219,805	1.07%
34	254 Other Regulatory Liabilities	155,076,682	146,195,835	-5.73%
35	255 Accumulated Deferred Investment Tax Credits	4,060,897	6,171,416	51.97%
36	256 Deferred Gains from Disposition Of Util. Plant			
37	257 Unamortized Gain on Reacquired Debt			
38	281-283 Accumulated Deferred Income Taxes	232,159,677	245,754,093	5.86%
39				
40	<b>TOTAL Deferred Credits</b>	\$453,738,789	\$460,659,389	1.53%
41				
42	<b>TOTAL LIABILITIES &amp; OTHER CREDITS</b>	\$2,397,514,531	\$2,488,532,124	3.80%

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

## Definitions

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

### **Abbreviation or Acronym**

<b>AARP</b>	American Association of Retired Persons
<b>AFUDC</b>	Allowance for funds used during construction
<b>ASC</b>	FASB Accounting Standards Codification
<b>ASU</b>	FASB Accounting Standards Update
<b>Big Stone Station</b>	475-MW coal-fired electric generating facility near Big Stone City, South Dakota (22.7 percent ownership)
<b>BSSE</b>	345-kilovolt transmission line from Ellendale, North Dakota, to Big Stone City, South Dakota (50 percent ownership)
<b>Company</b>	Montana-Dakota Utilities Co., a direct wholly owned subsidiary of MDU Energy Capital
<b>COVID-19</b>	Coronavirus disease 2019
<b>Coyote Creek</b>	Coyote Creek Mining Company, LLC, a subsidiary of The North American Coal Corporation
<b>Coyote Station</b>	427-MW coal fired electric generating facility near Beulah, North Dakota (25 percent ownership)
<b>EBITDA</b>	Earnings before interest, taxes, depreciation, and amortization
<b>FASB</b>	Financial Accounting Standards Board
<b>FERC</b>	Federal Energy Regulatory Commission
<b>GAAP</b>	Accounting principles generally accepted in the United States of America
<b>Great Plains</b>	Great Plains Natural Gas Co., a public utility division of the Company
<b>Holding Company Reorganization</b>	The internal holding company reorganization completed on January 1, 2019, which resulted in MDU Resources becoming a holding company and indirectly owning all of the outstanding capital stock of the Company (prior to the reorganization, the Company was a public utility division of MDU Resources)
<b>LIBOR</b>	London Inter-bank Offered Rate
<b>MDU Energy Capital</b>	MDU Energy Capital, LLC, a direct wholly owned subsidiary of MDU Resources
<b>MDU Resources</b>	MDU Resources Group, Inc., a holding company indirectly owning all of the outstanding capital stock of the Company
<b>MISO</b>	Midcontinent Independent System Operator, Inc.
<b>MNPUC</b>	Minnesota Public Utilities Commission
<b>MTPSC</b>	Montana Public Service Commission

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

**MW** Megawatt

**NDPSC** North Dakota Public Service Commission

**SDPUC** South Dakota Public Utilities Commission

**SOFR** Secured Overnight Financing Rate

**Wygen III** 100-MW coal-fired electric generating facility near Gillette, Wyoming (25 percent ownership)

**WYPSC** Wyoming Public Service Commission

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

## Notes to Financial Statements

### Note 1 - Basis of Presentation

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

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

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

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

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

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

Montana-Dakota generates, transmits, and distributes electricity and distributes natural gas in Montana, North Dakota, South Dakota, and Wyoming. Great Plains distributes natural gas in western Minnesota and southeastern North Dakota. These operations also supply related value-added services. The Company provides service to approximately 144,000



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

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

Montana-Dakota and Great Plains are regulated businesses which account for certain income and expense items under the provisions of regulatory accounting, which requires them to defer as regulatory assets or liabilities certain items that would have otherwise been reflected as expense or income, respectively, based on the expected regulatory treatment in future rates. The expected recovery or flowback of these deferred items generally is based on specific ratemaking decisions or precedent for each item. Regulatory assets and liabilities are being amortized consistently with the regulatory treatment established by the FERC and the applicable state public service commissions. See Note 5 for more information regarding the nature and amounts of these regulatory deferrals.

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

The Company has ownership interests in the assets, liabilities and expenses of jointly owned electric transmission and generating facilities.

The financial statements were prepared in accordance with the accounting requirements of the FERC set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than GAAP. These requirements differ from GAAP related to the presentation of certain items including, but not limited to, the current portion of long-term debt, deferred income taxes, cost of removal liabilities, operating leases, and current unrecovered purchased gas costs. If GAAP were followed, utility plant, other property and investments would increase by \$148.8 million; current and accrued assets would decrease by \$5.7 million; deferred debits would decrease by \$82.3 million; long-term debt would decrease by \$3.2 million; current and accrued liabilities would increase by \$23.5 million; and deferred credits and other noncurrent liabilities would increase by \$40.4 million as of December 31, 2020. Furthermore, operating revenues would increase by \$5.5 million and operating expenses, excluding income taxes, would increase by \$9.4 million for the twelve months ended December 31, 2020. In addition, net cash provided by operating activities would increase by \$877,000; net cash provided by investing activities would decrease by \$35.9 million; net cash used in financing activities would increase by \$35.0 million; and the net change in cash and cash equivalents would net to \$0 for the twelve months ended December 31, 2020.

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

#### Use of estimates

The preparation of financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Estimates are used for items such as long-lived assets and goodwill; property depreciable lives; tax provisions; expected credit losses; environmental and other loss contingencies; regulatory assets expected to be recovered in rates charged to customers; unbilled revenues; actuarially determined benefit costs; asset retirement obligations; and the valuation of stock-based compensation. As additional information becomes available, or actual amounts are determinable, the recorded estimates are revised. Consequently, operating results can be affected by revisions to prior accounting estimates.

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

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

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

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

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

**Recently issued accounting standards not yet adopted**

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

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

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

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

#### **Cash and cash equivalents**

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

#### **Revenue recognition**

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

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

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

#### **Legal costs**

The Company expenses external legal fees as they are incurred.

#### **Receivables and allowance for expected credit losses**

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

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

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

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

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

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

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

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

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

#### Inventories and natural gas in storage

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

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

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

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

**Property, plant and equipment**

Additions to property, plant and equipment are recorded at cost. When regulated assets are retired, or otherwise disposed of in the ordinary course of business, the original cost of the asset is charged to accumulated depreciation. With respect to the retirement or disposal of all other assets, the resulting gains or losses are recognized as a component of income. The Company is permitted to capitalize AFUDC on regulated construction projects and to include such amounts in rate base when the related facilities are placed in service. The amount of AFUDC for the years ended December 31 were as follows:

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

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

**Impairment of long-lived assets**

The Company reviews the carrying values of its long-lived assets, excluding goodwill, whenever events or changes in circumstances indicate that such carrying values may not be recoverable. The determination of whether an impairment has occurred is based on an estimate of undiscounted future cash flows attributable to the assets, compared to the carrying value of the assets. If impairment has occurred, the amount of the impairment recognized is determined by estimating the fair value of the assets and recording a loss if the carrying value is greater than the fair value. No impairment losses were recorded in 2020 and 2019. Unforeseen events and changes in circumstances could require the recognition of impairment losses at some future date.

**Regulatory assets and liabilities**

The Company accounts for certain income and expense items under the provisions of regulatory accounting, which requires these businesses to defer as regulatory assets or liabilities certain items that would have otherwise been reflected as expense or income, respectively. The Company records regulatory assets or liabilities at the time the Company determines the amounts to be recoverable in current or future rates.

**Natural gas costs recoverable or refundable through rate adjustments**

Under the terms of certain orders of the applicable state public service commissions, the Company is deferring natural gas commodity, transportation and storage costs that are greater or less than amounts presently being recovered through its existing rate schedules. Such orders generally provide that these amounts are recoverable or refundable through rate adjustments. Natural gas costs refundable through rate adjustments were \$6.3 million and \$7.3 million at December 31, 2020 and 2019, respectively, which was included in unrecovered purchased gas costs.

**Goodwill**

Goodwill represents the excess of the purchase price over the fair value of identifiable net tangible and intangible assets acquired in a business combination. Goodwill is required to be tested for impairment annually, which the Company completes in the fourth quarter, or more frequently if events or changes in circumstances indicate that goodwill may be impaired. The Company has determined that the reporting units for its goodwill impairment test are its operating segments, or components of an operating segment, that constitute a business for which discrete financial information is available and for which segment management regularly reviews the operating results.

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

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

#### Investments

The Company's investments include the cash surrender value of life insurance policies, an insurance contract, and other miscellaneous investments. The Company measures its investment in the insurance contract at fair value with any unrealized gains and losses recorded on the Statement of Income. The Company has not elected the fair value option for its other investments. For more information, see Notes 7 and 14.

#### Asset retirement obligations

The Company records the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the Company capitalizes a cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, the Company either settles the obligation for the recorded amount or incurs a regulatory asset or liability.

#### Income taxes

MDU Resources and its subsidiaries file consolidated federal income tax returns and combined and separate state income tax returns. Federal income taxes paid by MDU Resources, as parent of the consolidated group, are allocated to the individual subsidiaries based on the ratio of the separate company computations of tax. MDU Resources makes a similar allocation for state income taxes paid in connection with combined state filings. MDU Resources provides deferred federal and state income taxes on all temporary differences between the book and tax basis of the Company's assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. Taxes recoverable from customers have been recorded as regulatory assets. Taxes refundable to customers and excess deferred income tax balances associated with the Company's rate-regulated activities have been recorded as regulatory liabilities. These regulatory liabilities are expected to be reflected as a reduction in future rates charged to customers in accordance with applicable regulatory procedures.

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

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

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

**Note 3 – Revenue from Contracts with Customers**

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

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

**Disaggregation**

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

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

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

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

**Note 4 - Property, Plant and Equipment**

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

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



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

**Note 5 - Regulatory Assets and Liabilities**

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

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

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

(a) Included in other regulatory assets on the Comparative Balance Sheet.

(b) Included in accumulated provision for depreciation, and amortization on the Comparative Balance Sheet.

(c) Included in unrecovered plant and regulatory study costs on the Comparative Balance Sheet.

(d) Included in prepayments on the Comparative Balance Sheet.

(e) Included in miscellaneous deferred debits on the Comparative Balance Sheet.

(f) Included in other regulatory liabilities on the Comparative Balance Sheet.

(g) Included in accumulated deferred investment tax credits on the Comparative Balance Sheet.

(h) Recovered as expense is incurred.

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

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

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

future rates.

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

#### **Note 6 - Goodwill and Other Intangible Assets**

The carrying amount of goodwill, which is related to the natural gas distribution business, remained unchanged at \$4.8 million for the years ended December 31, 2020 and 2019. This amount is included in miscellaneous deferred debits. No impairments have been recorded in any periods.

#### **Note 7 - Fair Value Measurements**

The Company measures its investments in certain fixed-income and equity securities at fair value with changes in fair value recognized in income. The Company anticipates using these investments, which consist of an insurance contract, to satisfy its obligations under its unfunded, nonqualified defined benefit plan for executive officers and certain key management employees, and invests in these fixed-income and equity securities for the purpose of earning investment returns and capital appreciation. These investments, which totaled \$26.1 million and \$22.7 million at December 31, 2020 and 2019, respectively, are classified as Other Investments on the Comparative Balance Sheet. The net unrealized gains on these investments for each of the years ended December 31, 2020 and 2019, were \$3.4 million. The change in fair value, which is considered part of the cost of the plan, is classified in Other Income and Deductions as Life Insurance on the Statement of Income.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The fair value ASC establishes a hierarchy for grouping assets and liabilities, based on the significance of inputs. The estimated fair values of the Company's assets and liabilities measured on a recurring basis are determined using the market approach.

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

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

Fair Value Measurements at December 31, 2020, Using					Balance at December 31, 2020			
Quoted Prices In Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)					
(In thousands)								
Assets:								
Money market funds	\$	—	\$	1,112	\$	—	\$	1,112
Insurance contract*		—		26,080		—		26,080
Total assets measured at fair value	\$	—	\$	27,192	\$	—	\$	27,192

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

Fair Value Measurements at December 31, 2019, Using					
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2019	
(In thousands)					
Assets:					
Money market funds	\$ —	\$ 1,107	\$ —	\$	1,107
Insurance contract*	—	22,669	—		22,669
Total assets measured at fair value	\$ —	\$ 23,776	\$ —	\$	23,776

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

The Company's money market funds are valued at the net asset value of shares held at the end of the period, based on published market quotations on active markets, or using other known sources including pricing from outside sources. The estimated fair value of the Company's Level 2 insurance contract is based on contractual cash surrender values that are determined primarily by investments in managed separate accounts of the insurer. These amounts approximate fair value. The managed separate accounts are valued based on other observable inputs or corroborated market data.

Though the Company believes the methods used to estimate fair value are consistent with those used by other market participants, the use of other methods or assumptions could result in a different estimate of fair value.

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

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

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

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

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

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

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

#### Note 8 - Debt

Certain debt instruments of the Company contain restrictive and financial covenants and cross default provisions. In order to borrow under the debt agreements, the Company must be in compliance with the applicable covenants and certain other conditions all of which the Company was in compliance with at December 31, 2020. In the event the Company does not comply with the applicable covenants and other conditions, alternative sources of funding may need to be pursued.

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

Company	Facility	Facility Limit	Amount Outstanding at December 31, 2020	Amount Outstanding at December 31, 2019	Letters of Credit at December 31, 2019	Expiration Date
(Dollars in millions)						
Montana-Dakota Utilities Co.	Commercial paper/Revolving credit agreement	(a) \$ 175.0	\$ 87.7	(b) \$ 118.6	(b) \$ ---	12/19/24

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

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

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

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

**Short-term debt**

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

**Long-term debt**

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

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

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

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

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

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

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

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

**Note 9 - Asset Retirement Obligations**

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

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

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

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

\* Includes \$8.0 million and \$7.3 million in 2020 and 2019, respectively, related to regulatory assets.

The Company believes that largely all expenses related to asset retirement obligations at the Company's regulated operations will be recovered in rates over time and, accordingly, defers such expenses as regulatory assets. For more information on the Company's regulatory assets and liabilities, see Note 5.

#### Note 10 - Stock-Based Compensation

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

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

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

**Note 11 - Accumulated other comprehensive income (loss)**

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

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

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

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

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

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

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

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

#### Note 12 - Income Taxes

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

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

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

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



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

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

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

As of December 31, 2020 and 2019, no valuation allowances have been recorded associated with previously identified deferred tax assets. Changes in tax regulations or assumptions regarding current and future taxable income could require valuation allowances in the future.

The following table reconciles the change in the net deferred income tax liability from December 31, 2019, to December 31, 2020, to deferred income tax expense:

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

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

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

Years ended December 31,	2020		2019	
	Amount	%	Amount	%
(Dollars in thousands)				
Computed tax at federal statutory rate	\$ 12,360	21.0	\$ 11,459	21.0
Increases (reductions) resulting from:				
Production tax credit	(16,009)	(27.2)	(15,843)	(29.0)
Excess deferred income tax amortization	(6,233)	(10.6)	(7,449)	(13.7)
Amortization and deferral of investment tax credit	2,111	3.6	683	1.3
R&D tax credit	(1,000)	(1.7)	(245)	(0.4)
Deductible K-Plan dividends	(524)	(0.9)	(568)	(1.0)
AFUDC equity	(90)	(0.2)	219	0.4
State income taxes, net of federal income tax	(743)	(1.3)	179	0.3
Nonqualified benefit plan	(1,209)	(2.1)	(1,234)	(2.3)
Other	555	0.9	242	0.4
Total income tax benefit	\$ (10,782)	(18.5)	\$ (12,557)	(23.0)

MDU Resources and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state and local jurisdictions. The Company is no longer subject to U.S. federal income tax examinations by tax authorities for years ending prior to 2016. With few exceptions, as of December 31, 2020, the Company is no longer subject to state and local income tax examinations by tax authorities for years ending prior to 2016.

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

### Note 13 - Cash Flow Information

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

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

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

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

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

**Note 14 - Employee Benefit Plans****Pension and other postretirement benefit plans**

The Company has noncontributory qualified defined benefit pension plans and other postretirement benefit plans for certain eligible employees. The Company uses a measurement date of December 31 for all of its pension and postretirement benefit plans.

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

Effective January 1, 2010, eligibility to receive retiree medical benefits was modified. Employees who had attained age 55 with 10 years of continuous service by December 31, 2010, were provided the option to choose between a pre-65 comprehensive medical plan coupled with a Medicare supplement or a specified company funded Retiree Reimbursement Account, regardless of when they retire. All other eligible employees must meet the new eligibility criteria of age 60 and 10 years of continuous service at the time they retire to be eligible for a specified company funded Retiree Reimbursement Account. Employees hired after December 31, 2009, will not be eligible for retiree medical benefits.

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

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

Changes in benefit obligation and plan assets and amounts recognized in the Comparative Balance Sheet at December 31 were as follows:

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

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

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

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

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

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

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

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

The estimated net loss for the defined benefit pension plans that will be amortized from regulatory assets or liabilities into net periodic benefit cost in 2021 is \$3.9 million. The estimated prior service credit for the other postretirement benefit plans that will be amortized from regulatory assets or liabilities into net periodic benefit credit in 2021 is \$931,000. Prior service credit is amortized on a straight-line basis over the average remaining service period of active participants.

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

	Pension Benefits		Other Postretirement Benefits	
	2020	2019	2020	2019
Discount rate	2.29 %	2.96 %	2.28 %	2.97 %
Expected return on plan assets	6.00 %	6.25 %	5.50 %	5.75 %

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

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

The expected rate of return on pension plan assets is based on a targeted asset allocation range determined by the funded ratio of the plan. As of December 31, 2020, the expected rate of return on pension plan assets is based on the targeted asset allocation range of 35 percent to 45 percent equity securities and 55 percent to 65 percent fixed-income

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

securities and the expected rate of return from these asset categories. The expected rate of return on other postretirement plan assets is based on the targeted asset allocation range of 10 percent equity securities and 90 percent fixed-income securities and the expected rate of return from these asset categories. The expected return on plan assets for other postretirement benefits reflects insurance-related investment costs.

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

	2020	2019
Health care trend rate assumed for next year	7.0 %	7.4 %
Health care cost trend rate - ultimate	4.5 %	4.5 %
Year in which ultimate trend rate achieved	2031	2024

The Company's other postretirement benefit plans include health care and life insurance benefits for certain retirees. The plans underlying these benefits may require contributions by the retiree depending on such retiree's age and years of service at retirement or the date of retirement. The Company contributes a flat dollar amount to the monthly premiums which is updated annually on January 1.

Assumed health care cost trend rates may have a significant effect on the amounts reported for the health care plans. A one percentage point change in the assumed health care cost trend rates would have had the following effects at December 31, 2020:

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

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

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

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

Outside investment managers manage the Company's pension and postretirement assets. The Company's investment policy with respect to pension and other postretirement assets is to make investments solely in the interest of the participants and beneficiaries of the plans and for the exclusive purpose of providing benefits accrued and defraying the reasonable expenses of administration. The Company strives to maintain investment diversification to assist in minimizing the risk of large losses. The Company's policy guidelines allow for investment of funds in cash equivalents, fixed-income securities and equity securities.

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

The guidelines prohibit investment in commodities and futures contracts, equity private placement, employer securities, leveraged or derivative securities, options, direct real estate investments, precious metals, venture capital and limited partnerships. The guidelines also prohibit short selling and margin transactions. The Company's practice is to periodically review and rebalance asset categories based on its targeted asset allocation percentage policy.

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

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

The estimated fair value of the pension plans' Level 1 and Level 2 equity securities are based on the closing price reported on the active market on which the individual securities are traded or other known sources including pricing from outside sources. The estimated fair value of the pension plans' Level 1 and Level 2 collective and mutual funds are based on the net asset value of shares held at year end, based on either published market quotations on active markets or other known sources including pricing from outside sources. The estimated fair value of the pension plans' Level 2 corporate and municipal bonds is determined using other observable inputs, including benchmark yields, reported trades, broker/dealer quotes, bids, offers, future cash flows and other reference data. The estimated fair value of the pension plans' Level 1 U.S. Government securities are valued based on quoted prices on an active market. The estimated fair value of the pension plans' Level 2 U.S. Government securities are valued mainly using other observable inputs, including benchmark yields, reported trades, broker/dealer quotes, bids, offers, to be announced prices, future cash flows and other reference data. Some of these securities are valued using pricing from outside sources.

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

Though the Company believes the methods used to estimate fair value are consistent with those used by other market participants, the use of other methods or assumptions could result in a different estimate of fair value.

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

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

	Fair Value Measurements at December 31, 2020, Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		Balance at December 31, 2020
	(In thousands)				
Assets:					
Cash equivalents	\$ ---	\$ 3,760	\$ ---	\$	3,760
Equity securities:					
U.S. companies	6,158	---	---		6,158
International companies	---	828	---		828
Collective and mutual funds *	85,054	26,748	---		111,802
Corporate bonds	---	44,497	---		44,497
Municipal bonds	---	4,855	---		4,855
U.S. Government securities	5,359	1,292	---		6,651
Investments measured at net asset value	---	---	---		5,480
Total assets measured at fair value	\$ 96,571	\$ 81,980	\$ ---	\$	184,031

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

	Fair Value Measurements at December 31, 2019, Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		Balance at December 31, 2019
	(In thousands)				
Assets:					
Cash equivalents	\$ ---	\$ 12,647	\$ ---	\$	12,647
Equity securities:					
U.S. companies	6,987	---	---		6,987
International companies	---	453	---		453
Collective and mutual funds *	77,773	28,466	---		106,239
Corporate bonds	---	39,039	---		39,039
Municipal bonds	---	5,717	---		5,717
U.S. Government securities	3,526	1,007	---		4,533
Total assets measured at fair value	\$ 88,286	\$ 87,329	\$ ---	\$	175,615

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



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

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

The estimated fair value of the other postretirement benefit plans' Level 2 cash equivalents is valued at the net asset value of shares held at year end, based on published market quotations on active markets, or using other known sources including pricing from outside sources. The estimated fair value of the other postretirement benefit plans' Level 1 and Level 2 equity securities is based on the closing price reported on the active market on which the individual securities are traded or other known sources including pricing from outside sources. The estimated fair value of the other postretirement benefit plans' Level 2 insurance contract is based on contractual cash surrender values that are determined primarily by investments in managed separate accounts of the insurer. These amounts approximate fair value. The managed separate accounts are valued based on other observable inputs or corroborated market data.

Though the Company believes the methods used to estimate fair value are consistent with those used by other market participants, the use of other methods or assumptions could result in a different estimate of fair value.

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

	Fair Value Measurements at December 31, 2020, Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		Balance at December 31, 2020
	(In thousands)				
Assets:					
Cash equivalents	\$ ---	\$ 1,787	\$ ---	\$	1,787
Equity securities:					
U.S. companies	940	---	---		940
International companies	---	1	---		1
Collective and mutual funds (a)	5	74	---		79
Insurance contract (b)	---	48,823	---		48,823
Investments measured at net asset value	---	---	---		5
Total assets measured at fair value	\$ 945	\$ 50,685	\$ ---	\$	51,635

- (a) Collective and mutual funds invest approximately 36 percent in corporate bonds, 24 percent in common stock of international companies, 18 percent in common stock of large-cap U.S. companies, 8 percent in cash equivalents, 5 percent in U.S. Government securities and 9 percent in other investments.
- (b) The insurance contract invests approximately 67 percent in corporate bonds, 12 percent in U.S. Government securities, 10 percent in common stock of large-cap U.S. companies, 4 percent in common stock of small-cap U.S. companies, 1 percent in cash equivalents and 6 percent in other investments.

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

Fair Value Measurements at December 31, 2019, Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2019
(In thousands)				
Assets:				
Cash equivalents	\$ ---	\$ 2,041	\$ ---	\$ 2,041
Equity securities:				
U.S. companies	1,054	---	---	1,054
Collective and mutual funds (a)	5	112	---	117
Insurance contract (b)	---	44,851	---	44,851
<b>Total assets measured at fair value</b>	<b>\$ 1,059</b>	<b>\$ 47,004</b>	<b>\$ ---</b>	<b>\$ 48,063</b>

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

#### Nonqualified benefit plans

In addition to the qualified defined benefit pension plans reflected in the table at the beginning of this note, the Company also has unfunded, nonqualified defined benefit plans for executive officers and certain key management employees that generally provide for defined benefit payments at age 65 following the employee's retirement or, upon death, to their beneficiaries for a 15-year period. In February 2016, the Company froze the unfunded, nonqualified defined benefit plans to new participants and eliminated benefit increases. Vesting for participants not fully vested was retained.

The projected benefit obligation and accumulated benefit obligation for these plans at December 31 were as follows:

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

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

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

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

Weighted average assumptions used at December 31 were as follows:

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

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

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

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

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

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

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

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

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

#### Defined contribution plans

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

#### Note 15 - Jointly Owned Facilities

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

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

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

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

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

#### Note 16 - Regulatory Matters

The Company regularly reviews the need for electric and natural gas rate changes in each of the jurisdictions in which service is provided. The Company files for rate adjustments to seek recovery of operating costs and capital investments, as well as reasonable returns as allowed by regulators. Certain regulatory proceedings and cases may also contain recurring mechanisms that can have an annual true-up. Examples of these recurring mechanisms include infrastructure riders, transmission trackers, renewable resource cost adjustment riders, as well as weather normalization and decoupling mechanisms. The following paragraphs summarize the Company's significant regulatory proceedings and cases by jurisdiction including the status of each open request. The Company is unable to predict the ultimate outcome of these matters, the timing of final decisions of the various regulators and courts, or the effect on the Company's results of operations, financial position or cash flows.

#### Coal-fired plant retirements

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

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

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

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

#### **MNPUC**

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

#### **MTPSC**

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

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

#### **NDPSC**

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

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

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

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

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

#### WYPSC

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

#### FERC

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

#### Note 17 - Commitments and Contingencies

The Company is party to claims and lawsuits arising out of its business, which may include, but are not limited to, matters involving property damage, personal injury, and environmental, contractual, statutory and regulatory obligations. The Company accrues a liability for those contingencies when the incurrence of a loss is probable, and the amount can be reasonably estimated. If a range of amounts can be reasonably estimated and no amount within the range is a better estimate than any other amount, then the minimum of the range is accrued. The Company does not accrue liabilities when the likelihood that the liability has been incurred is probable, but the amount cannot be reasonably estimated or when the liability is believed to be only reasonably possible or remote. For contingencies where an unfavorable outcome is probable or reasonably possible and which are material, the Company discloses the nature of the contingency and, in some circumstances, an estimate of the possible loss. Accruals are based on the best information available, but in certain situations management is unable to estimate an amount or range of a reasonably possible loss including, but not limited to when: (1) the damages are unsubstantiated or indeterminate, (2) the proceedings are in the early stages, (3) numerous parties are involved, or (4) the matter involves novel or unsettled legal theories.

At December 31, 2020 and 2019, the Company accrued liabilities, which have not been discounted, of \$1,359,000 and \$920,000, respectively. At December 31, 2020 and 2019, the Company also recorded corresponding insurance receivables of \$0 and \$250,000, respectively, and regulatory assets of \$792,000 and \$375,000, respectively, related to the accrued liabilities. The accruals are for contingencies, including litigation and environmental matters. This includes amounts that have been accrued for matters discussed in Environmental matters within this note. The Company will continue to monitor each matter and adjust accruals as might be warranted based on new information and further developments. Management believes that the outcomes with respect to probable and reasonably possible losses in excess of the amounts accrued, net of insurance recoveries, while uncertain, either cannot be estimated or will not have a material effect upon the Company's financial position, results of operations or cash flows. Legal costs are expensed as they are incurred.

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

**Environmental matters**

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

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

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

**Operating leases**

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

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

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

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



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

**Purchase commitments**

The Company has entered into various commitments, largely consisting of contracts for natural gas and coal supply, purchased power, natural gas transportation and storage contracts, employee service; and information technology. Certain of these contracts are subject to variability in volume and price. The commitment terms vary in length up to 23 years. The commitments under these contracts as of December 31, 2020, were:

	2021	2022	2023	2024	2025	Thereafter
	(In thousands)					
Purchase commitments	\$162,206	\$79,143	\$72,022	\$44,207	\$38,909	\$131,527

These commitments were not reflected in the Company's financial statements. Amounts purchased under various commitments for the years ended December 31, 2020 and 2019, were \$284.6 million and \$314.5 million, respectively.

**Guarantees**

**Fuel Contract** Coyote Station entered into a coal supply agreement with Coyote Creek that provides for the purchase of coal necessary to supply the coal requirements of the Coyote Station for the period May 2016 through December 2040. Coal purchased under the coal supply agreement is reflected in inventories on the Company's Comparative Balance Sheets and is recovered from customers as a component of electric fuel and purchased power.

The coal supply agreement transfers all operating and economic risk to the Coyote Station owners, as the agreement is structured so that the price of the coal will cover all costs of operations, as well as future reclamation costs. The Coyote Station owners are also providing a guarantee of the value of the assets of Coyote Creek as they would be required to buy the assets at book value should they terminate the contract prior to the end of the contract term and are providing a guarantee of the value of the equity of Coyote Creek in that they are required to buy the entity at the end of the contract term at equity value. The authority to direct the activities of the entity is shared by the four unrelated owners of the Coyote Station, with no primary beneficiary existing.

At December 31, 2020, the Company's exposure to loss as a result of the agreement, based on the Company's ownership percentage, was \$33.7 million.

**Note 18 - Related-Party Transactions**

The Company provides and receives certain services to/from associated companies. The amount charged for services provided to the Company was \$86.3 million and \$82.2 million for the years ended December 31, 2020 and 2019, respectively, largely transportation, storage and gathering services provided by subsidiaries of WBI Holdings related to the Company's natural gas distribution operations. Certain support services are also provided to the Company, which includes costs for payroll, pension and other postretirement benefits. The Company records its allocated share of the MDU Resources pension and other postretirement benefit plans, which are included in miscellaneous deferred debits and other deferred credits. The amount charged for services received from the Company was \$36.3 million and \$33.7 million for the years ended December 31, 2020 and 2019, respectively.

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

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

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

#### Note 19 - Subsequent Events

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

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

**MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)**

	Account Number & Title	Last Year	This Year	% Change
1				
2	<b>Intangible Plant</b>			
4	301 Organization			
5	302 Franchises & Consents			
6	303 Miscellaneous Intangible Plant	\$8,359,836	\$8,666,677	3.67%
7				
8	<b>Total Intangible Plant</b>	\$8,359,836	\$8,666,677	3.67%
9				
10	<b>Production Plant</b>			
12	<b>Steam Production</b>			
14	310 Land & Land Rights	\$241,408	\$243,546	0.89%
15	311 Structures & Improvements	25,810,039	26,957,871	4.45%
16	312 Boiler Plant Equipment	71,212,947	70,617,554	-0.84%
17	313 Engines & Engine Driven Generators			
18	314 Turbogenerator Units	13,705,136	13,832,381	0.93%
19	315 Accessory Electric Equipment	5,267,866	5,295,091	0.52%
20	316 Miscellaneous Power Plant Equipment	5,407,214	4,958,656	-8.30%
21				
22	<b>Total Steam Production Plant</b>	\$121,644,610	\$121,905,099	0.21%
23				
24	<b>Nuclear Production</b>			
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	<b>Total Nuclear Production Plant</b>			
34				
35	<b>Hydraulic Production</b>			
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	<b>Total Hydraulic Production Plant</b>			

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

Year: 2020

	Account Number & Title		Last Year	This Year	% Change
1					
2	<b>Production Plant (cont.)</b>				
4	<b>Other Production</b>				
6	340	Land & Land Rights	\$9,164	\$9,245	0.88%
7	341	Structures & Improvements	11,066,746	15,006,923	35.60%
8	342	Fuel Holders, Producers & Accessories	732,401	1,353,322	84.78%
9	343	Prime Movers			
10	344	Generators	108,538,213	99,717,604	-8.13%
11	345	Accessory Electric Equipment	14,383,757	17,358,557	20.68%
12	346	Miscellaneous Power Plant Equipment	501,565	1,182,769	135.82%
13					
14	<b>Total Other Production Plant</b>		\$135,231,846	\$134,628,420	-0.45%
15					
16	<b>Total Production Plant</b>		\$256,876,456	\$256,533,519	-0.13%
17					
18	<b>Transmission Plant</b>				
20	350	Land & Land Rights	\$1,008,030	\$973,026	-3.47%
21	352	Structures & Improvements	425	429	0.94%
22	353	Station Equipment	29,611,086	30,459,157	2.86%
23	354	Towers & Fixtures	1,127,769	1,137,722	0.88%
24	355	Poles & Fixtures	18,510,256	20,444,826	10.45%
25	356	Overhead Conductors & Devices	11,828,344	16,525,800	39.71%
26	357	Underground Conduit	287,885	290,435	0.89%
27	358	Underground Conductors & Devices	548,796	553,656	0.89%
28	359	Roads & Trails			
29					
30	<b>Total Transmission Plant</b>		\$62,922,591	\$70,385,051	11.86%
31					
32	<b>Distribution Plant</b>				
34	360	Land & Land Rights	\$434,214	\$434,214	0.00%
35	361	Structures & Improvements			
36	362	Station Equipment	12,752,729	17,491,817	37.16%
37	363	Storage Battery Equipment			
38	364	Poles, Towers & Fixtures	10,273,374	10,689,290	4.05%
39	365	Overhead Conductors & Devices	7,273,549	7,730,948	6.29%
40	366	Underground Conduit	12,967	12,967	0.00%
41	367	Underground Conductors & Devices	14,093,554	15,024,110	6.60%
42	368	Line Transformers	13,964,203	14,311,458	2.49%
43	369	Services	6,590,967	6,716,827	1.91%
44	370	Meters	3,373,659	3,379,940	0.19%
45	371	Installations on Customers' Premises	1,031,228	1,310,251	27.06%
46	372	Leased Property on Customers' Premises			
47	373	Street Lighting & Signal Systems	2,695,534	2,709,884	0.53%
48					
49	<b>Total Distribution Plant</b>		\$72,495,978	\$79,811,706	10.09%

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

Year: 2020

	Account Number & Title	Last Year	This Year	% Change
1				
2	<b>General Plant</b>			
4	389 Land & Land Rights	\$8,434	\$8,292	-1.68%
5	390 Structures & Improvements	346,103	350,015	1.13%
6	391 Office Furniture & Equipment	54,539	51,518	-5.54%
7	392 Transportation Equipment	1,799,725	1,813,913	0.79%
8	393 Stores Equipment			
9	394 Tools, Shop & Garage Equipment	1,340,386	1,372,386	2.39%
10	395 Laboratory Equipment	48,313	47,232	-2.24%
11	396 Power Operated Equipment	3,729,946	3,549,559	-4.84%
12	397 Communication Equipment	380,499	639,653	68.11%
13	398 Miscellaneous Equipment	7,829	10,369	32.44%
14	399 Other Tangible Property			
15				
16	<b>Total General Plant</b>	<b>\$7,715,774</b>	<b>\$7,842,937</b>	<b>1.65%</b>
17				
18	<b>Common Plant</b>			
20	389 Land & Land Rights	\$332,018	\$309,399	-6.81%
21	390 Structures & Improvements	5,042,568	5,174,499	2.62%
22	391 Office Furniture & Equipment	809,571	899,318	11.09%
23	392 Transportation Equipment	1,763,603	1,711,075	-2.98%
24	393 Stores Equipment	41,149	41,780	1.53%
25	394 Tools, Shop & Garage Equipment	123,195	95,937	-22.13%
26	395 Laboratory Equipment			
27	396 Power Operated Equipment			
28	397 Communication Equipment	528,483	507,589	-3.95%
29	398 Miscellaneous Equipment	168,700	170,604	1.13%
30	399 Other Tangible Property			
31				
32	<b>Total Common Plant</b>	<b>\$8,809,287</b>	<b>\$8,910,201</b>	<b>1.15%</b>
34				
35	<b>Total Electric Plant in Service</b>	<b>\$417,179,922</b>	<b>\$432,150,091</b>	<b>3.59%</b>

## MONTANA DEPRECIATION SUMMARY

Year: 2020

	Functional Plant Classification	Plant Cost	Accumulated Depreciation		Current Avg. Rate
			Last Year Bal.	This Year Bal.	
1					
2	Steam Production 1/	\$124,397,427	\$65,442,828	\$69,353,820	4.10%
3	Nuclear Production				
4	Hydraulic Production				
5	Other Production	134,628,420	30,577,603	35,223,835	3.78%
6	Transmission	70,385,051	24,268,321	24,597,828	1.15%
7	Distribution	79,811,706	27,461,508	27,603,136	3.17%
8	General	10,369,834	2,964,643	3,325,644	3.60%
9	Common	15,049,981	7,114,416	6,700,679	4.01%
10	<b>Total</b>	<b>\$434,642,419</b>	<b>\$157,829,319</b>	<b>\$166,804,942</b>	<b>3.34%</b>

## MONTANA MATERIALS &amp; SUPPLIES (ASSIGNED &amp; ALLOCATED)

## SCHEDULE 21

	Account	Last Year Bal.	This Year Bal.	%Change
1				
2	151 Fuel Stock	\$1,183,150	\$888,257	-24.92%
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)	785,279	1,459,098	85.81%
9	Transmission Plant (Estimated)	1,410,840	765,264	-45.76%
10	Distribution Plant (Estimated)	1,918,783	1,941,826	1.20%
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	<b>Total Materials &amp; Supplies</b>	<b>\$5,298,052</b>	<b>\$5,054,445</b>	<b>-4.60%</b>

## MONTANA REGULATORY CAPITAL STRUCTURE &amp; COSTS

## SCHEDULE 22

	Commission Accepted - Most Recent	% Cap. Str.	% Cost Rate	Weighted Cost
1	Docket Number 2007.7.79			
2	Order Number 6846f			
3				
4	Common Equity	50.67%	10.25%	5.19%
5	Preferred Stock	3.58%	4.61%	0.17%
6	Long Term Debt	38.18%	7.22%	2.76%
7	Short Term Debt	7.57%	6.11%	0.46%
8	<b>TOTAL</b>	<b>100.00%</b>		<b>8.58%</b>
9				
10	<u>Actual at Year End</u>			
11				
12	Common Equity	49.918%	10.250%	5.117%
13	Long Term Debt	42.332%	4.718%	1.997%
14	Short Term Debt	7.750%	1.561%	0.121%
15	<b>TOTAL</b>	<b>100.000%</b>		<b>7.235%</b>

1/ Accumulated depreciation excludes accelerated depreciation of \$6,515,556 and \$11,910,548 for 2019 and 2020, respectively.

## STATEMENT OF CASH FLOWS

Year: 2020

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

## LONG TERM DEBT

Year: 2020

	Description	Issue Date Mo./Yr.	Maturity Date Mo./Yr.	Principal Amount	Net Proceeds	Outstanding Per Balance Sheet	Yield to Maturity	Annual Net Cost Inc. Prem/Disc.	Total Cost % 1/
1	5.98% Senior Notes	12/03	12/33	\$30,000,000	\$29,375,535	\$30,000,000	5.98%	\$1,863,000	6.21%
2	6.33% Senior Notes	08/06	08/26	100,000,000	89,123,930	100,000,000	6.33%	7,514,000	7.51%
3	5.18% Senior Notes	04/14	04/44	50,000,000	49,760,822	50,000,000	5.18%	2,640,000	5.28%
4	4.24% Senior Notes	07/14	07/24	60,000,000	59,708,737	60,000,000	4.24%	2,607,600	4.35%
5	4.34% Senior Notes	07/14	07/26	40,000,000	39,802,958	40,000,000	4.34%	1,776,800	4.44%
6	3.78% Senior Notes	10/15	10/25	87,000,000	86,528,003	87,000,000	3.78%	3,378,210	3.88%
7	4.03% Senior Notes	12/15	12/30	52,000,000	51,713,645	52,000,000	4.03%	2,143,440	4.12%
8	4.87% Senior Notes	10/15	10/45	11,000,000	10,940,539	11,000,000	4.87%	546,040	4.96%
9	4.15% Senior Notes	11/16	11/46	40,000,000	39,773,916	40,000,000	4.15%	1,691,200	4.23%
10	3.73% Senior Notes	03/17	03/37	40,000,000	39,826,363	40,000,000	3.73%	1,518,800	3.80%
11	3.36% Senior Notes	03/17	03/32	20,000,000	19,913,929	20,000,000	3.36%	685,000	3.43%
12	3.66% Senior Notes	10/19	10/39	50,000,000	49,765,798	50,000,000	3.66%	1,864,000	3.73%
13	3.98% Senior Notes	10/19	10/49	50,000,000	49,765,798	50,000,000	3.98%	2,023,000	4.05%
14	4.08% Senior Notes	11/19	11/59	100,000,000	99,564,031	100,000,000	4.08%	4,144,000	4.14%
15	2.00% Senior Notes 2/	09/17	09/32	10,500,000	10,493,971	8,400,000	2.00%	168,000	2.00%
16	Minot Air Force Base Payable	09/08	11/38	509,197	509,197	401,962	6.00%	24,118	6.00%
17	Revolving Credit Facility	12/19	12/24			87,700,000	1.05%		
18	Amortization of Loss on Reacquired Debt							43,469	
19									
20									
21									
22									
23									
24									
25									
26	<b>TOTAL</b>			\$741,009,197	\$726,567,172	\$826,501,962		\$34,630,677	4.19%

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

2/ Debt is associated with an economic development project in North Dakota.



Company Name: Montana-Dakota Utilities Co.

**SCHEDULE 25**

**PREFERRED STOCK**

Year: 2020

	Series	Issue Date Mo./Yr.	Shares Issued	Par Value	Call Price	Net Proceeds	Cost of Money	Principal Outstanding	Annual Cost	Embed. Cost %
1	Not Applicable									
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										
16										
17										
18										
19										
20										
21										
22										
23										
24										
25										
26										
27										
28										
29										
30										
31										
32	<b>TOTAL</b>					\$0		\$0	\$0	0.00%

Company Name: Montana-Dakota Utilities Co.

**SCHEDULE 26**

**COMMON STOCK**

Year: 2020

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

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

## MONTANA EARNED RATE OF RETURN

Year: 2020

	Description	Last Year	This Year	% Change
	Rate Base			
1				
2	101 Plant in Service	\$417,179,922	\$432,150,091	3.59%
3	108 (Less) Accumulated Depreciation	157,829,319	166,804,942	5.69%
4				
5	<b>Net Plant in Service</b>	<b>\$259,350,603</b>	<b>\$265,345,149</b>	<b>2.31%</b>
6				
7	Additions			
8	151 Fuel Stocks	\$1,183,150	\$888,257	-24.92%
9	154, 156 Materials & Supplies	4,114,902	4,166,188	1.25%
10	165 Prepayments	59,434	67,271	13.19%
11	189 Unamortized Loss on Debt	569,750	459,294	-19.39%
12	254 Other Regulatory Liability	50,412	61,528	22.05%
13	Provision for Pension & Benefits	5,674,541	5,621,842	-0.93%
14	Provision for Injuries & Damages	(45,918)	(86,820)	-89.08%
15				
16	<b>Total Additions</b>	<b>\$11,606,271</b>	<b>\$11,177,560</b>	<b>-3.69%</b>
17	Deductions			
18	282 Accumulated Deferred Income Taxes	\$51,547,890	\$52,158,761	1.19%
19	252 Customer Advances for Construction	1,462,912	1,189,097	-18.72%
20	255 Accumulated Def. Investment Tax Credits			
21	Other Deductions			
22	DIT Related to Pension	1,475,184	1,458,430	-1.14%
23	DIT Related to Injuries & Damages	(11,201)	(21,178)	-89.07%
24				
25	<b>Total Deductions</b>	<b>\$54,474,785</b>	<b>\$54,785,110</b>	<b>0.57%</b>
26	<b>Total Rate Base</b>	<b>\$216,482,089</b>	<b>\$221,737,599</b>	<b>2.43%</b>
27				
28	<b>Net Earnings</b>	<b>\$11,758,699</b>	<b>\$11,585,302</b>	<b>-1.47%</b>
29				
30	<b>Rate of Return on Average Rate Base</b>	<b>5.48%</b>	<b>5.29%</b>	<b>-3.47%</b>
31				
32	<b>Rate of Return on Average Equity</b>	<b>6.26%</b>	<b>6.35%</b>	<b>1.44%</b>
33	Major Normalizing Adjustments & Commission			
34	Rate-making Adjustments to Utility Operations			
35	Adjustments to Operating Revenues 1/			
36	Gain (Loss) from Disposition of Property 2/	(14,577)	(15,092)	-3.53%
37				
38	Adjustments to Operating Expenses 1/			
39	Elimination of Promotional & Institutional Advertising	(9,162)	(7,303)	20.29%
40				
41	Other Adjustments to Federal & State Income Taxes			
42	Federal & State Out of Period & Closing/Filing	(1,547,286)	369,171	123.86%
43	Deferred Federal & State Out of Period & Closing/Filing	1,608,356	2,728,256	69.63%
44	Total Adjustments to Operating Income	(\$66,485)	(\$3,105,216)	4570.55%
45				
46	<b>Adjusted Rate of Return on Average Rate Base</b>	<b>5.45%</b>	<b>3.87%</b>	<b>-28.99%</b>
47				
48	<b>Adjusted Rate of Return on Average Equity</b>	<b>6.20%</b>	<b>3.51%</b>	<b>-43.39%</b>

1/ Updated amounts, net of taxes.

2/ Amortized over 5 years.

## MONTANA COMPOSITE STATISTICS

Year: 2020

	Description	Amount
1		
2	Plant (Intrastate Only) (000 Omitted)	
3		
4	101 Plant in Service	\$375,216
5	107 Construction Work in Progress	10,038
6	114 Plant Acquisition Adjustments	
7	105 Plant Held for Future Use	
8	154, 156 Materials & Supplies	4,166
9	(Less):	
10	108, 111 Depreciation & Amortization Reserves	166,805
11	252 Customer Advances for Construction	1,189
12		
13	<b>NET BOOK COSTS</b>	<b>\$221,426</b>
14		
15	Revenues & Expenses (000 Omitted)	
16		
17	400 Operating Revenues	\$70,813
18		
19	403 - 407 Depreciation & Amortization Expenses	14,508
20	Federal & State Income Taxes	(4,312)
21	Other Taxes	6,892
22	Other Operating Expenses	42,140
23	Total Operating Expenses	59,228
24		
25	Net Operating Income	11,585
26		
27	Other Income	717
28	Other Deductions	4,842
29		
30	<b>NET INCOME</b>	<b>\$7,460</b>
31		
32	Customers (Intrastate Only)	
33		
34	Year End Average:	
35	Residential	19,575
36	Small General	5,620
37	Large General	254
38	Other	167
39		
40	<b>TOTAL NUMBER OF CUSTOMERS</b>	<b>25,616</b>
41		
42	Other Statistics (Intrastate Only)	
43		
44	Average Annual Residential Use (Kwh))	9,293
45	Average Annual Residential Cost per (Kwh) *	\$0.110
46	* Avg annual cost = [(cost per Kwh x annual use) +	
47	(mo. svc chrg x 12)]/annual use	
48	Average Residential Monthly Bill	\$85.19
49	Gross Plant per Customer	\$14,648

## MONTANA CUSTOMER INFORMATION

Year: 2020

	City/Town	Population (Includes Rural) 1/	Residential Customers	Commercial Customers	Industrial & Other Customers	Total Customers
1	Antelope	51	68	17	2	87
2	Bainville	208	151	47	4	202
3	Baker	1,741	948	348	23	1,319
4	Brockton	255	100	24	1	125
5	Carlyle	Not Available	2	5		7
6	Culbertson	714	396	150	5	551
7	Fallon	164	193	144		337
8	Fairview	840	434	111	2	547
9	Flaxville	71	59	32	2	93
10	Forsyth	1,777	1,010	302	12	1,324
11	Froid	185	142	50	2	194
12	Glendive	4,935	3,400	866	43	4,309
13	Homestead	Not Available	25	9	1	35
14	Ismay	19	26	24		50
15	Kinsey	Not Available	117	89		206
16	Medicine Lake	225	184	57	2	243
17	Miles City	8,410	4,607	1,142	61	5,810
18	Outlook	47	52	37	8	97
19	Plentywood	1,734	987	254	5	1,246
20	Plevna	162	95	37	2	134
21	Poplar	810	864	181	12	1,057
22	Poplar Oil Field	Not Available		4	9	13
23	Redstone	Not Available	15	22		37
24	Reserve	23	23	10	2	35
25	Rosebud	111	69	72	3	144
26	Savage	Not Available	145	34	1	180
27	Scobey	1,017	585	172	4	761
28	Sidney	5,191	2,930	563	34	3,527
29	Terry	605	364	127	6	497
30	Whitetail	Not Available	29	26		55
31	Wibaux	589	287	104	12	403
32	Wolf Point	2,621	1,458	308	19	1,785
33	MT Oil Fields	Not Available	8	75	72	155
34	<b>TOTAL Montana Customers</b>	32,505	19,773	5,443	349	25,565

1/ 2010 Census.

## MONTANA EMPLOYEE COUNTS

Year: 2020

	Department	Year Beginning	Year End	Average
1	Electric	24	25	24
2	Gas	41	44	42
3	Accounting	7	7	7
4	Management	7	6	7
5	Service	35	31	33
6	Training	0	0	0
7	Power Production	37	36	37
8				
9				
10				
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				
44	<b>TOTAL Montana Employees</b>	151	149	150

## MONTANA CONSTRUCTION BUDGET (ASSIGNED &amp; ALLOCATED)

Year: 2020

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

1/ Allocated to Montana.

2/ Directly assigned to Montana.

## MONTANA CONSTRUCTION BUDGET (ASSIGNED &amp; ALLOCATED)

Year: 2020

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

1/ Allocated to Montana.

2/ Combination of allocated and directly assigned to Montana.



## TOTAL INTEGRATED SYSTEM &amp; MONTANA PEAK AND ENERGY

Year: 2020

## 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.	16	900	571.1	326,034	3,503
2	Feb.	13	900	530.3	284,437	5,174
3	Mar.	20	900	460.2	290,352	3,177
4	Apr.	2	1100	450.4	254,579	8,318
5	May	20	1500	373.4	219,587	4,376
6	Jun.	29	1700	509.6	249,866	869
7	Jul.	17	1600	554.6	279,443	1,100
8	Aug.	19	1600	585.6	288,362	471
9	Sep.	2	1800	448.8	229,152	3,485
10	Oct.	26	1000	452.1	258,727	7,601
11	Nov.	12	1000	446.6	273,964	13,997
12	Dec.	14	1000	495.1	304,981	5,332
13	<b>TOTAL</b>				3,259,484	57,403

## Montana

		Peak Day of Month	Peak Hour	Peak Day Volumes Megawatts	Total Monthly Volumes Energy (Mwh)	Non-Requirements Sales For Resale (Mwh)
14	Jan.	16	900	130.8	Not Available	Not Available
15	Feb.	13	900	126.1		
16	Mar.	20	900	106.8		
17	Apr.	2	1100	108.0		
18	May	20	1500	96.7		
19	Jun.	29	1700	106.0		
20	Jul.	17	1600	130.6		
21	Aug.	19	1600	141.1		
22	Sep.	2	1800	107.0		
23	Oct.	26	1000	108.2		
24	Nov.	12	1000	108.5		
25	Dec.	14	1000	114.7		
26	<b>TOTAL</b>					

## TOTAL SYSTEM SOURCES &amp; DISPOSITION OF ENERGY

SCHEDULE 33

	Sources	Megawatthours	Disposition	Megawatthours
1	Generation (Net of Station Use)			
2	Steam	1,858,481	Sales to Ultimate Consumers (Include Interdepartmental)	3,204,523
3	Nuclear			
4	Hydro - Conventional		Requirements Sales for Resale	
5	Hydro - Pumped Storage			
6	Other	789,265	Non-Requirements Sales for Resale	57,403
7	(Less) Energy for Pumping			
8	<b>NET Generation</b>	2,647,746		
9	Purchases	890,054		
10	Power Exchanges			
11	Received		Energy Furnished Without Charge	
12	Delivered			
13	<b>NET Exchanges</b>			
14	Transmission Wheeling for Others		Energy Used Within Electric Utility	
15	Received	1,048,536		
16	Delivered	1,028,157	Total Energy Losses	296,253
17	<b>NET Transmission Wheeling</b>	20,379		
18	Transmission by Others Losses			
19	<b>TOTAL</b>	3,558,179	<b>TOTAL</b>	3,558,179

Montana-Dakota's annual peak occurred during HE1600 August 19, 2020. All generation units were available for operation during the peak hour. The generation units' contributions to the peak are as follows:

Big Stone	46.6
Cedar Hills	1.1
Coyote	106.6
Diamond Willow	1.6
Glendive Turbine	0.0
Glen Ullin Ormat	4.5
Heskett #1	7.4
Heskett #2	52.3
Heskett #3	0.0
Lewis & Clark	22.6
Lewis & Clark 2	0.0
Miles City	0.0
Thunder Spirit	3.0

Montana-Dakota also purchased 329.563 MW from MISO to meet energy requirements at the time of the system peak.

## SOURCES OF ELECTRIC SUPPLY

Year: 2020

	Type	Plant Name	Location	Annual Peak (MW)	Annual Energy (Mwh)
<b>Integrated System</b>					
1	Thermal	Big Stone Station 1/	Milbank, SD	108.08	394,021
2	Wind	Cedar Hills	Rhame, ND	19.40	55,889
3	Thermal	Coyote Station 1/	Beulah, ND	107.50	552,839
4	Wind	Diamond Willow	Baker, MT	30.20	98,781
5	Heat Recovery	Glen Ullin Ormat Sub	Glen Ullin, ND	4.90	29,813
6	Combustion Turbine	Glendive Turbine	Glendive, MT	75.79	853
7	Thermal	Heskett Station 1 & 2	Mandan, ND	74.20	469,765
8	Combustion Turbine	Heskett Station 3	Mandan, ND	82.00	1,331
9	Thermal	Lewis & Clark Station 1	Sidney, MT	43.10	232,433
10	Combustion Turbine	Lewis & Clark Station 2	Sidney, MT	19.00	1,613
11	Combustion Turbine	Miles City Turbine	Miles City, MT	23.00	349
12	Oil	Portable Generators	Ray/Alexander, ND	4.00	10
13	Wind	Thunder Spirit	Hettinger, ND	151.00	600,626
14	Purchased Power				800,782
15	Total Integrated System			742.17	3,239,105.0
16					
17					
<b>Sheridan System</b>					
16	Generation		Gillette, WY		209,423.0
17	Purchases				89,272.0
18	Total Sheridan System				298,695.0
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39	Total			742.17	3,537,800

1/ Reflects Montana-Dakota Utilities' share.

Outage Start Date/Time	Outage End Date/Time	Brief Description of Primary Cause 1/
<b><u>Big Stone Plant</u></b>		
03/06/2020 02:08	03/06/2020 04:51	A ID fan VFD cell failure
05/26/2020 05:00	05/26/2020 07:17	Auxiliary boiler fuel issues
06/15/2020 13:00	06/18/2020 12:49	Tube leak
09/03/2020 14:09	09/03/2020 15:25	Operating procedure error
09/25/2020 18:00	10/01/2020 00:00	Planned outage
10/01/2020 00:00	10/16/2020 20:00	Planned outage
10/18/2020 06:00	10/18/2020 09:00	Auxiliary boiler fuel issues
10/18/2020 09:00	10/18/2020 13:20	Glycol steam valve leak
10/18/2020 13:20	10/18/2020 17:44	FDFT instrumentation control issues
10/23/2020 09:42	10/23/2020 11:09	Operating procedure error
12/17/2020 08:13	12/17/2020 11:21	BFP lube oil leak (maintenance personnel error)
<b><u>Coyote Station</u></b>		
01/21/2020 20:00	01/23/2020 12:00	Boiler wash outage
01/23/2020 12:00	01/23/2020 21:48	Extended wash outage
01/24/2020 01:03	01/24/2020 05:20	Low feedwater pH excursion
01/24/2020 06:22	01/24/2020 16:44	Low feedwater pH excursion
03/08/2020 22:12	03/14/2020 19:53	Boiler wash outage
03/14/2020 21:20	03/15/2020 08:00	Low boiler water pH excursion
05/05/2020 01:40	05/08/2020 03:55	Waterwall tube leak
05/15/2020 23:40	05/16/2020 19:15	Submerged flight conveyor plugged up
05/30/2020 21:48	06/06/2020 11:24	Boiler wash outage
08/15/2020 19:38	08/16/2020 00:38	X22 transformer failure
09/28/2020 17:15	10/01/2020 10:03	#6 cyclone tube leak
10/11/2020 16:59	10/11/2020 20:50	Tripped inverter #5
10/26/2020 17:05	10/28/2020 10:06	Economizer tube leak
11/04/2020 01:10	11/05/2020 09:16	#11 cyclone tube leak
11/29/2020 21:08	12/05/2020 15:32	Boiler wash outage
12/06/2020 19:08	12/06/2020 22:30	AVR issues
12/07/2020 09:23	12/07/2020 12:46	AVR issues
<b><u>Lewis &amp; Clark Station Unit 1</u></b>		
01/01/2020 00:00	01/22/2020 10:06	#1 & turst bearing wiped due to oil atarvation during oil cooler change
01/22/2020 14:35	01/27/2020 19:06	Significant lube oil leak and smoke around bearing #1 housing
04/26/2020 12:32	04/28/2020 08:48	Lower superheater boiler tube leak
05/13/2020 16:23	05/13/2020 21:48	Incorrect breaker closure external to the plant switchyard
06/24/2020 20:54	06/26/2020 05:44	Scrubber disk inoperable due to buildup, outage for cleaning
08/08/2020 13:01	08/08/2020 14:55	MFT on false coal flameout
08/25/2020 14:15	09/16/2020 08:20	Low river condition at intake
<b><u>R.M. Heskett Unit 1</u></b>		
06/12/2020 20:05	06/19/2020 11:29	Spring cleaning outage
10/16/2020 20:36	10/23/2020 04:24	Fall cleaning outage
<b><u>R.M. Heskett Unit II</u></b>		
02/08/2020 08:44	02/14/2020 01:51	Off line to clean fluidized bed
03/13/2020 16:39	03/18/2020 18:55	Arc flashed while changing brushes tripping unit off line
05/29/2020 20:22	06/09/2020 12:27	Spring outage (clean the boiler and precips)
08/28/2020 22:52	09/14/2020 02:00	Fall outage. Clean bed and turbine valve work.
09/14/2020 02:00	09/15/2020 11:00	Outage extended due to turbine valve work

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

MONTANA CONSERVATION & DEMAND SIDE MANAGEMENT PROGRAMS

Year: 2020

	Program Description	Current Year Expenditures	Last Year Expenditures	% Change	Planned Savings (MWH)	Achieved Savings (MWH)	Difference (MWH)
1	MT Conservation & DSM Program (As Detailed on Schedule 35B)	\$136,213	\$119,160	14.31%	1,103.0	1,377.9	274.9
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	\$136,213	\$119,160	14.31%	1,103.0	1,377.9	274.9

**ELECTRIC UNIVERSAL SYSTEM BENEFITS PROGRAMS**

Year: 2020

	Program Description	Actual Current Year Expenditures	Contracted or Committed Current Year Expenditures	Total Current Year Expenditures	Expected savings (MWh)	Most recent program evaluation
1	Local Conservation					
2	Commercial Lighting	\$136,213	\$0	\$136,213	1,377.9	2020
3						
4						
5						
6						
7	Market Transformation					
8						
9						
10						
11						
12	Renewable Resources					
13						
14						
15						
16						
17	Research & Development					
18						
19						
20						
21						
22	Low Income					
23	Discounts	\$312,660	\$0	\$312,660		2020
24						
25	Bill Assistance		90,000	90,000		2020
26						
27	Weatherization		90,000	90,000		2020
28						
29	Furnace Safety		50,000	50,000		2020
30						
31	Education	4,887	0	4,887		2020
32						
33	Energy Audits		10,000	10,000		2020
34	Large Customer Self Directed					
35	Customer A	\$215,727	\$0	\$215,727		
36	Customer B	15,775		15,775		
37	Customer C	5,709		5,709		
38						
39						
40	Total	\$690,971	\$240,000	\$930,971	1,377.9	
41	Number of customers that received low income rate discounts			(Average)	1,243	
42	Average monthly bill discount amount (\$/mo)				\$20.96	
43	Average LIEAP-eligible household income				N/A	
44	Number of customers that received weatherization assistance				N/A	
45	Expected average annual bill savings from weatherization				N/A	
46	Number of residential audits performed				N/A	

## MONTANA CONSERVATION &amp; DEMAND SIDE MANAGEMENT PROGRAMS

Year: 2020

	Program Description	Actual Current Year Expenditures	Contracted or Committed Current Year Expenditures	Total Current Year Expenditures	Expected savings (MWh)	Most recent program evaluation
1	Local Conservation					
2	LED Lighting	\$136,213	\$0	\$136,213	1,377.9	2020
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	\$136,213	\$0	\$136,213	1,377.9	

## MONTANA CONSUMPTION AND REVENUES

Year: 2020

	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	\$19,694,481	\$19,517,599	181,915	182,138	19,575	19,666
2	Small General	11,286,982	11,924,688	110,113	116,248	5,620	5,636
3	Large General	33,509,576	35,325,368	437,827	475,037	254	255
4	Lighting	564,275	667,773	4,784	5,422	65	62
5	Municipal Pumping	526,475	508,448	5,904	5,604	102	99
6	Sales to Other Utilities	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
7							
8							
9							
10							
11							
12							
13	<b>TOTAL</b>	\$65,581,789	\$67,943,876	740,543	784,449	25,616	25,718