

**IDENTIFICATION**

Year: 2004

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

**SCHEDULE 2**

<b>Board of Directors 1/</b>		
Line No.	Name of Director and Address (City, State) (a)	Remuneration (b)
1	Martin A. White, Bismarck, ND	-
2	Warren L. Robinson, Bismarck, ND	-
3	Cynthia J. Norland, Bismarck, ND 2/	-
4	Paul K. Sandness, Bismarck, ND 3/	-
5	Lester H. Loble, II, Bismarck, ND 4/	-
6	Ronald D. Tipton, Bismarck, ND 5/	-
7	Bruce T. Imsdahl, Bismarck, ND	-
8		
9	1/ Montana-Dakota Utilities Co. is a division of MDU Resources Group, Inc.,	
10	and has no Board of Directors. The affairs of the Company are managed by	
11	a Managing Committee, the members of which are provided herein rather	
12	than the directors of MDU Resources Group, Inc.	
13	2/ Cynthia J. Norland served on the Managing Committee from 1/02/04 to	
14	4/05/04.	
15	3/ Paul K. Sandness served on the Managing Committee starting 4/06/04.	
16	4/ Lester H Loble, II retired on 1/02/04.	
17	5/ Ronald D. Tipton resigned his position as Chief Executive Officer effective	
18	9/28/04 and retired 1/02/05.	

Officers

Year: 2004

Line No.	Title of Officer (a)	Department Supervised (b)	Name (c)
1	President and Chief Executive Officer	Executive	Bruce T. Imsdahl
2			
3			
4	Vice President	Gas Supply and Office Services	Donald F. Klempel
5			
6	Vice President	Electric Supply	Andrea L. Stomberg
7			
8	Executive Vice President	Business Development and Strategic Planning	Dennis L. Haider
9			
10			
11	Vice President	Operations	David L. Goodin
12			
13	Vice President, Controller and Chief Accounting Officer 1/	Accounting, Information Systems and Fleet and Procurement	John F. Renner
14			
15			
16			
17	Vice President	Human Resources	Richard D. Spratt
18			
19	Assistant Vice President	Regulatory Affairs	Donald R. Ball
20			
21			
22			
23			
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25			
26			
27			
28	1/ Effective 11/1/04 John F. Renner assumed the title of Vice President, Controller and Chief Accounting Officer. Craig A. Keller held this position until 11/1/04.		
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**CORPORATE STRUCTURE**

Year: 2004

	Subsidiary/Company Name	Line of Business	Earnings (000's)	Percent of Total
1	Montana-Dakota Utilities Co./	Electric and Natural Gas Distribution	\$14,972	7.25%
2	Great Plains Natural Gas Co.			
3	(Divisions of MDU Resources			
4	Group, Inc.)			
5				
6	WBI Holdings, Inc.	Pipeline and Energy Services and Natural Gas and Oil Production	119,723	58.01%
7				
8				
9	Knife River Corporation	Construction Materials and Mining	50,707	24.57%
10				
11				
12	Utility Services, Inc.	Utility Services	(5,650)	-2.74%
13				
14	Centennial Energy Resources LLC	Independent Power Production	26,309	12.75%
15				
16	Centennial Holdings Capital Corp.	Other	321	0.16%
17				
18				
19				
20				
21				
22				
23				
24				
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48				
49				
50	<b>TOTAL</b>		\$206,382	100.00%

**CORPORATE ALLOCATIONS - ELECTRIC**

Year: 2004

	Items Allocated	Classification	Allocation Method	\$ to MT Utility	MT %	\$ to Other
1	Audit Costs	Administrative & General	Various Corporate Overhead Allocation Factors	\$3,432	2.80%	\$119,268
2						
3	Advertising	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	2,880	2.71%	103,391
4						
5						
6	Air Service	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	3,583	2.01%	174,597
7						
8						
9	Automobile	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	1,699	3.65%	44,827
10						
11						
12	Bank Services	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	12,824	2.80%	445,698
13						
14						
15	Corporate Aircraft	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	3,855	2.83%	132,495
16						
17						
18						
19	Consultant Fees	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	32,008	3.75%	821,811
20						
21						
22	Contract Services	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	60,250	4.00%	1,444,780
23						
24						
25	Directors Expenses	Administrative & General	Corporate Overhead Allocation Factor Based on a Combination of Net Plant Investment and Number of Employees	55,637	2.82%	1,917,071
26						
27						
28						
29	Employee Benefits	Administrative & General	Corporate Overhead Allocation Factor Based on Number of Employees	5,244	2.76%	184,704
30						
31						
32	Employee Meetings	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	4,320	2.90%	144,694
33						

**CORPORATE ALLOCATIONS - ELECTRIC**

Year: 2004

	Items Allocated	Classification	Allocation Method	\$ to MT Utility	MT %	\$ to Other
1	Employee Reimbursable Expenses	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	6,852	2.63%	254,019
2						
3						
4	Express Mail	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	6	3.68%	157
5						
6						
7	Legal Retainers & Fees	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	34,285	2.80%	1,189,283
8						
9						
10	Moving Expense	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	8,457	2.79%	295,010
11						
12						
13	Meal Allowance	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	139	2.95%	4,577
14						
15						
16	Meals & Entertainment	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	3,771	2.98%	122,727
17						
18						
19	Industry Dues & Licenses	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	4,143	3.48%	114,991
20						
21						
22	Office Expenses	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	2,894	2.97%	94,584
23						
24						
25	Prepaid Insurance	Administrative & General	Various Corporate Overhead Allocation Factors and Allocation Factors Based on Actual Experience	67,397	3.38%	1,925,070
26						
27						
28	Permits and Filing Fees	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	527	2.77%	18,476
29						

Company Name: Montana-Dakota Utilities Co.

**CORPORATE ALLOCATIONS - ELECTRIC**

Year: 2004

Items Allocated	Classification	Allocation Method	\$ to MT Utility	MT %	\$ to Other
1 Postage	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	1,066	2.80%	36,988
2					
3					
4 Payroll	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	549,627	2.92%	18,264,244
5					
6					
7 Rental	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	328	4.97%	6,272
8					
9					
10 Reference Materials	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	2,746	2.77%	96,254
11					
12					
13 Seminars & Meeting Registrations	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	2,549	2.86%	86,709
14					
15					
16 Software Maintenance	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	5,965	2.70%	215,255
17					
18					
19 Training Material	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	3,381	2.80%	117,523
20					
21					
22					
<b>23 TOTAL</b>			<b>\$879,865</b>	<b>3.01%</b>	<b>\$28,375,475</b>

**AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - ELECTRIC**

Year: 2004

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>					
2		Expense	Actual Costs Incurred	\$4,251		899
3		Materials		1,704		58
4		Contract Services				
5		Capital	Actual Costs Incurred			
6		Materials		1,514		
7		Contract Services		325		
8						
9		Other Transactions/Reimbursements				
10		Miscellaneous		4,966		
11						
12						
13						
14		Total Knife River Corporation Operating Revenues for the Year 2004			1,322,161,097	
15		Excludes Intersegment Eliminations				
16						
17						
18	<b>TOTAL</b>	<b>Grand Total Affiliate Transactions</b>		\$12,760	0.0010%	\$957

**AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - ELECTRIC**

Year: 2004

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility
1	WBI HOLDINGS, INC.	Expense	Actual Costs Incurred			
2		Contract Services		\$8,356		\$2,238
3		Miscellaneous		87		23
4		Office Supplies		462		104
5		Reimbursable Expense		539		111
6		Software Maintenance		408		89
7						
8						
9						
10		Capital				
11		Material	Actual Costs Incurred			
12		Miscellaneous		91		
13				67		
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26		Total WBI Operating Revenues for the Year 2004			\$700,068,230	
27		Excludes Intersegment Eliminations				
28						
29						
30	<b>TOTAL</b>	<b>Grand Total Affiliate Transactions</b>		\$10,010	0.0014%	\$2,565



**AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - ELECTRIC**

Year: 2004

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>UTILITY SERVICES, INC.</b>	Expense	Actual Costs Incurred	\$12,959		\$235
2		Materials				
3						
4						
5						
6						
7						
8						
9		Capital	Actual Costs Incurred			
10		Materials		18,807		
11		Work Equipment		37,680		
12						
13		Other Transactions/Reimbursements				
14		Miscellaneous		7,034		
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25		Total USI Operating Revenues for the Year 2004			\$426,820,871	
26		Excludes Intersegment Eliminations				
27						
28						
29	<b>TOTAL</b>	<b>Grand Total Affiliate Transactions</b>		\$76,480	0.0179%	\$235

**AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - ELECTRIC**

Year: 2004

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 ENERGY RESOURCES/CHCC</b>	Expense	* Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	\$256,957		\$57,035	
2		Corporate Aircraft					
3		Rent					
4		Cost of Service					
5		Legal					
6					67,734		15,528
7					98,957		22,685
8					90		21
9							
10		Capital	Actual Costs Incurred		19,481		
11		Corporate Aircraft					
12							
13							
14		Other Transactions/Reimbursements					
15		Miscellaneous			3,699		
16		Contract			129,155		
17							
18							
19							
20							
21							
22							
23			Total Centennial Energy Resources/CHCC Operating Revenues for the Year 2004			\$47,482,460	
24			Excludes Intersegment Eliminations				
25							
26							
27							
28							
29	<b>TOTAL</b>	<b>Grand Total Affiliate Transactions</b>		\$576,073	1.2132%	\$95,269	

**AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY**

Year: 2002

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 Utilit
1	KNIFE RIVER CORPORATION	MDU RESOURCES GROUP, INC.	* Various Corporate Overhead Allocation Factors, Time Studies and/or Actual Costs Incurred			
2		Corporate Overhead				
3		Audit Costs		\$52,638		
4		Advertising		47,463		
5		Air Service		60,687		
6		Automobile		15,044		
7		Bank Services		196,706		
8		Corporate Aircraft		55,311		
9		Consultant Fees		266,173		
10		Contract Services		571,344		
11		Directors Expenses		839,490		
12		Employee Benefits		81,375		
13		Employee Meeting		63,927		
14		Employee Reimbursable Expense		95,723		
15		Express Mail		58		
16		Insurance		854,768		
17		Legal Retainers & Fees		525,186		
18		Moving Allowance		129,812		
19		Meal Allowance		1,836		
20		Cash Donations		41,742		
21		Meal & Entertainment		48,026		
22		Industry Dues & Licenses		46,458		
23		Office Expenses		40,727		
24		Supplemental Insurance		1,110,347		
25		Permits & Filing Fees		8,104		
26		Postage		16,316		
27		Payroll		7,487,867		
28		Reference Materials		42,042		
29		Rental		1,411		
30		Seminars & Meeting Registrations		35,707		
31		Software Maintenance		96,135		
32		Training		51,865		
33		<b>Total MDU Resources Group, Inc.</b>		<b>\$12,884,288</b>	<b>1.0423%</b>	

**AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY**

Year: 200

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 Utilit	
1	KNIFE RIVER CORPORATION	MONTANA-DAKOTA UTILITIES CO.	* Various Corporate Overhead Allocation Factors, Cost of Service Factors, Time Studies and /or Actual Costs Incurred				
2		Communications Department					
3		Automobile					
4		Air Service			\$662		
5		Contract Services			104		
6		Employee Reimbursable Expense			352		
7		Materials			391		
8		Meals & Entertainment			328		
9		Moving Allowance			66		
10		Office Expenses			157		
11		Office Telephone			857		
12		Organizational Dues			155,516		
13		Payroll			64		
14		Permits & Filing Fees			63,614		
15		Seminars & Meeting Registrations			190		
16					223		
17		Office Services		* General Office Complex and Office Supplies Cost of Service Allocation Factors			
18		Automobile				44	
19		Employee Meetings				64	
20		Express Mail				14,861	
21		Rental of Office Equipment				353	
22		Office Expenses				10,448	
23		Postage				10,266	
24		Cost of Service - General Office Buildings				357,438	
25							
26							
27		Information Systems		* Various Corporate Overhead Allocation Factors and /or Actual Costs Incurred			
28		Automobile				22	
29		Air Service				340	
30		Contract Services				356	
31		Employee Reimbursable Expense				278	
32		Meals & Entertainment				55	
33		Office Expenses				7,656	
34							
35							

85,563

**AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY**

Year: 2004

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 Utilit
1	KNIFE RIVER CORPORATION					
2		Professional Organ. Dues		34		
3		Payroll		20,517		
4		Seminars & Meeting Registrations		95		
5		Training		1,033		
6						
7		Other Miscellaneous Departments	* Various Corporate Overhead Allocation Factors and /or Actual Costs Incurred	115		
8		Automobile		654		
9		Office Supplies				
10		Employee Reimbursable Expense		89		
11		Moving Allowance		2,664		
12		Payroll				
13						
14		Other Direct Charges	Actual Costs Incurred			
15		Employee Discounts		42,746		
16		Corporate/Commercial Air Service		18,060		
17		Computer/Software Support		590,301		
18		Electric Consumption		36,170		
19		Gas Consumption		84,732		
20		Telephone		2,981		
21		Miscellaneous		78,687		
22						
23						
24		<b>Total Montana-Dakota Utilities Co.</b>		<b>\$ 1,503,581</b>	<b>0.1216%</b>	<b>\$165,364</b>

6,228

73,573

**AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY**

Year: 2004

Line No.	(a) Affiliate Name	(b) Products & Services TRANSACTIONS/REIMBURSEMENTS	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utilit
1	KNIFE RIVER CORPORATION	OTHER TRANSACTIONS/REIMBURSEMENTS				
2		Insurance		1,132,159		
3		Federal & State Tax Liability Payments		11,479,807		
4		KESOP carrying costs		320,960		
5		Tax Deferred Savings Plan		132,527		
6		Interest		(30,289)		
7		Miscellaneous Reimbursements		(545,907)		
8						
9						
10		<b>Total Other Transactions/Reimbursements</b>		<b>\$12,489,257</b>	<b>1.0104%</b>	
11						
12		<b>Grand Total Affiliate Transactions</b>		<b>\$26,877,126</b>	<b>2.1743%</b>	<b>\$165,364</b>
13						
14						
15						
16		<b>Total Knife River Corporation Operating Expenses for 2004 - Excludes Intersegment Eliminations</b>			<b>\$1,236,130,820</b>	

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

**AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY**

Year: 2004

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	WBI HOLDINGS, INC.	MDU RESOURCES GROUP, INC.	* Various Corporate Overhead Allocation Factors, Time Studies and/or Actual Costs Incurred			
2		Corporate Overhead				
3		Audit Costs		\$30,062		
4		Advertising		25,233		
5		Air Service		34,198		
6		Automobile		13,154		
7		Bank Services		112,338		
8		Corporate Aircraft		32,107		
9		Consultant Fees		217,434		
10		Contract Services		325,825		
11		Directors Expenses		477,003		
12		Employee Benefits		46,347		
13		Employee Meeting		36,508		
14		Employee Reimbursable Expense		63,965		
15		Express Mail		42		
16		Insurance		488,154		
17		Legal Retainers & Fees		298,537		
18		Meal Allowance		1,229		
19		Cash Donations		23,839		
20		Meal & Entertainment		31,463		
21		Moving Expense		74,334		
22		Industry Dues & Licenses		29,917		
23		Office Expenses		23,948		
24		Supplemental Insurance		634,114		
25		Permits & Filing Fees		4,654		
26		Postage		9,323		
27		Payroll		4,690,326		
28		Reference Materials		24,224		
29		Rental		2,169		
30		Seminars & Meeting Registrations		22,824		
31		Software Maintenance		53,206		
32		Training Material		29,620		
33		<b>Total MDU Resources Group, Inc.</b>		<b>\$7,856,097</b>	<b>1.5824%</b>	

**AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY**

Year: 2004

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	WBI HOLDINGS, INC.	Products & Services				
2		MONTANA-DAKOTA UTILITIES CO.				
3		Communications Department				
4		Expense				
5		Automobile		\$1,301		
6		Air Service		77		
7		Annual Easements		1,559		
8		Contract Services		1,739		
9		Custodial Services & Supplies		128		
10		Employee Reimbursable Expense		369		
11		Materials		812		
12		Meals & Entertainment		178		
13		Office Expenses		462		
14		Office Telephone		64,366		
15		Payroll		34,991		
16		Permits & Filing Fees		518		
17		Photocopier		159		
18		Professional Organ Dues		22		
19		Seminars & Meeting Registrations		72		
20		Utilities		2,757		
21		Office Services				
22		Expense				
23		Automobile		53		
24		Employee Meetings		85		
25		Express Mail		8,486		
26		Office Expenses		32,991		
27		Postage		5,864		
28		Cost of Service - General Office Buildings		360,443		\$86,282
			* Various Corporate Overhead Allocation Factors, Cost of Service Factors, Time Studies and /or Actual Costs Incurred			
			* General Office Complex and Office Supplies cost of Service Allocation Factors			



**AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY**

Year: 2004

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price Factors, Cost of Service Factors, Time Studies and /or Actual Costs Incurred	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	WBI HOLDINGS, INC.	Purchasing Department			
2		Capital	* Various Corporate Overhead Allocation		
3		Payroll	Factors, Cost of Service Factors, Time		
4		Expense	Studies and /or Actual Costs Incurred	37,739	
5		Office Expenses		183	
6					
7		Information Systems	* Various Corporate Overhead Allocation		
8		Expense	Factors and /or Actual Costs Incurred		
9		Automobile		12	
10		Air Service		58	
11		Contract Services		2,763	
12		Employee Reimbursable Expense		46	
13		Meals & Entertainment		23	
14		Office Expenses		3,443	
15		Payroll		35,502	
16		Training Material		239	
17		Seminars & Meeting Registrations		(11)	
18					
19					
20		Region Operations	Actual Costs Incurred		
21		Expense			
22		Automobile		2,452	
23		Office Telephone		68	
24		Payroll		5,409	
25					

**AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY**

Year: 2004

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	WBI HOLDINGS, INC.	Transportation Department	* Various Corporate Overhead Allocation Factors, Time Studies and /or Actual Costs incurred	19,892		
2		Capital				
3		Payroll				
4		Clearing Accounts				
5		Automobile				
6		Air Service				
7		Contract Services				
8		Corporate Aircraft				
9		Employee Reimbursable Expense				
10		Materials				
11		Meals & Entertainment				
12		Office Expenses				
13		Office Telephone				
14		Professional Organ. Dues				
15		Payroll				
16		Reference Material				
17		Utilities				
18						
19		Other Miscellaneous Departments	* Various Corporate Overhead Allocation Factors, Time Studies and /or Actual Costs incurred	453		
20		Expense				
21		Automobile				
22		Moving Allowance				
23		Office Expenses				
24		Payroll				
25		Moving Allowance				
26						
27						
28						

**AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY**

Year: 2004

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	WBI HOLDINGS, INC.	Capital				
2		Automobile		204		
3		Air Service		228		
4		Contract Services		53		
5		Corporate Aircraft		112		
6		Professional Organ. Dues		33		
7		Employee Reimbursable Expense		641		
8		Meals & Entertainment		243		
9		Office Expenses		43		
10		Payroll		5,051		
11		Reference Material		33		
12		Seminars & Meeting Registrations		55		
13						
14		Other Direct Charges	Actual Costs Incurred			
15		Utility/Merchandise Discounts		151,398		83,824
16		Corporate Aircraft		150,316		
17		Radio Maintenance		10,022		
18		Vehicle Maintenance		29,854		
19		Computer/Software Support		218,661		
20		Catholic Protection		13,998		4,452
21		Purchased Power for Compressor Stations		78,390		68,892
22		Electric Compressor - Electricity Cost		164,376		107,547
23		Office Building Utilities		174,246		84,329
24		Help Desk Services		302		
25		Miscellaneous		96,163		
26						
27						
28		Total Montana-Dakota Utilities Co. 1/		1,729,819	0.3484%	\$435,325
29						
30		1/ Total Montana-Dakota Charges By Category				
31		Expense		1,658,409	0.3340%	
32		Capital		64,326	0.0130%	
33		Clearing		7,083	0.0014%	
34		Total		1,729,819	0.3484%	
35						

**AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY**

Year: 2004

Line No.	(a) Affiliate Name	(b) Products & Services TRANSACTIONS/REIMBURSEMENTS	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	WBI HOLDINGS, INC.	OTHER TRANSACTIONS/REIMBURSEMENTS	Actual Costs Incurred			
2		Insurance		\$651,337		
3		Federal & State Tax Liability Payments		50,648,487		
4		Tax Deferred Savings Plan		17,512		
5		KESOP carrying costs		48,975		
6		Interest		(17,298)		
7		Charges of Corp Development		93,593		
8		<b>Total Other Transactions/Reimbursements</b>		<b>\$51,442,605</b>	10.3614%	
9						
10		<b>Grand Total Affiliate Transactions</b>		<b>\$61,028,521</b>	12.2922%	\$435,325
11						
12						
13						
14		<b>Total WBI Holdings Operating Expenses for 2004 - Excludes Intersegment Eliminations</b>			<b>\$496,480,944</b>	

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

**AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY**

Year: 200

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 Utilit
1	UTILITY SERVICES, INC.	MDU RESOURCES GROUP, INC.	* Various Corporate Overhead Allocation Factors, Time Studies and/or Actual Costs Incurred			
2		Corporate Overhead				
3		Audit Costs			\$9,203	
4		Advertising			7,724	
5		Air Service			21,744	
6		Automobile			2,834	
7		Bank Services			34,389	
8		Corporate Aircraft			10,099	
9		Consultant Fees			41,234	
10		Contract Services			99,740	
11		Directors Expenses			145,103	
12		Employee Benefits			14,346	
13		Employee Meeting			11,176	
14		Employee Reimbursable Expense			28,359	
15		Express Mail			11	
16		Insurance			149,435	
17		Legal Retainers & Fees			91,533	
18		Moving Allowance			22,613	
19		Meal Allowance			349	
20		Cash Donations			7,298	
21		Meal & Entertainment			10,787	
22		Industry Dues & Licenses			8,590	
23		Office Expenses			7,197	
24		Supplemental Insurance			194,117	
25		Permits & Filing Fees			1,405	
26		Postage			2,851	
27		Payroll			1,477,293	
28		Reference Materials			7,447	
29		Rent			240	
30		Seminars & Meeting Registrations			7,044	
31		Software Maintenance			17,876	
32		Training Material			9,078	
33		<b>Total MDU Resources Group, Inc.</b>			<b>\$2,441,115</b>	<b>0.5643%</b>

**AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY**

Year: 200

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 Utilit
1	UTILITY SERVICES, INC.	MONTANA-DAKOTA UTILITIES CO.				
2		Communications Department				
3		Air Service	* Various Corporate Overhead Allocation	\$13		
4		Automobile	Factors, Cost of Service Factors, Time	98		
5		Contract Services	Studies and /or Actual Costs Incurred	54		
6		Professional Organ. Dues		7		
7		Office Expenses		142		
8		Office Telephone		18,727		
9		Payroll		9,300		
10		Employee Reimbursable Expense		43		
11		Materials		37		
12		Meal & Entertainment		7		
13		Permits & Filing Fees		21		
14		Seminars & Meeting Registrations		25		
15						
16		Office Services	* General Office Complex and Office	10		
17		Automobile	Supplies Cost of Service Allocation	18		
18		Employee Meetings		2,598		
19		Express Mail		1,892		
20		Office Expenses		1,770		
21		Postage		1,045,317		
22		Cost of Service - General Office Buildings				\$250,226
23						
24		Information Systems				
25		Contract Services	* Various Corporate Overhead Allocation	64		
26		Employee Reimbursable Expense	Factors and /or Actual Costs Incurred	31		
27		Office Expenses		1,355		
28		Payroll		3,730		
29		Air Services		39		
30		Training Material		162		
31		Meal & Entertainment		5		

Company Name: Montana-Dakota Utilities Co.

SCHEDULE

**AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY**

Year: 200

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 Utiliti
1	UTILITY SERVICES, INC.	USI President and COO	* Various Corporate Overhead Allocation	1,639		
2		Office Supplies	Factors, Time Studies and/or	10,719		
3		Payroll	Actual Costs Incurred			
4						
5						
6						
7		Other Miscellaneous Departments	* Various Corporate Overhead Allocation			
8		Air Services	Factors, Time Studies and/or	61		
9		Automobile	Actual Costs Incurred	3,997		
10		Office Expenses		145		
11		Meals and Entertainment		779		
12		Employee Reimbursable Expense		(519)		
13		Payroll		10		
14		Moving Allowance		1,646		
15		Reference Materials				
16						
17		Other Direct Charges	Actual Costs Incurred			
18		Legal Fees		28,166		
19		Contract Services		4,999		
20		Air Service		127,010		
21		Meals and Entertainment		14,474		
22		Employee Reimbursable Expense		83,179		
23		Telephone		73,071		
24		Consulting Service		400,552		
25		Computer/Software Support		18,234		
26		Office Expenses		13,704		
27		Filing fees		33,545		
28		Miscellaneous		47,907		
27		Seminars and Meeting Registration		36,216		
28		Gas Consumption		2,608		
29		<b>Total Montana-Dakota Utilities Co.</b>		<b>\$1,987,606</b>	<b>0.4595%</b>	<b>2,608</b>
						<b>\$252,834</b>

Company Name: Montana-Dakota Utilities Co.

**AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY** Year: 200

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 Utilit
1	UTILITY SERVICES, INC.	OTHER TRANSACTIONS/REIMBURSEMENTS	Actual Costs Incurred			
2		Payroll		2,830,677		
3		Federal & State Tax Liability Payments		(\$5,704,262)		
4		Audit fees		164,500		
5		Supplemental Insurance		205,890		
6		Insurance		520,998		
7		Miscellaneous		180,863		
8		KESOP/Deferred Comp carrying costs		13,435		
9						
10		<b>Total Other Transactions/Reimbursements</b>		<b>(1,787,899)</b>	<b>-0.4133%</b>	
11						
12		<b>Grand Total Affiliate Transactions</b>		<b>\$2,640,822</b>	<b>0.6105%</b>	<b>\$252,83</b>
13						
14						
15						
16		<b>Total Utility Services, Inc. Operating Expenses for 2004 - Excludes Intersegment Eliminations</b>			<b>\$ 432,578,014</b>	

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



**AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY**

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenue to MT Util
1	CENTENNIAL ENERGY	MDU RESOURCES GROUP, INC.	* Various Corporate Overhead Allocation Factors, Time Studies and/or Actual Costs Incurred			
2	RESOURCES/CHCC	Corporate Overhead				
3		Audit Costs		\$2,699		
4		Advertising		2,266		
5		Air Service		32,214		
6		Automobile		1,195		
7		Bank Services		10,087		
8		Corporate Aircraft		7,232		
9		Consultant Fees		11,867		
10		Contract Services		29,257		
11		Directors Expenses		56,064		
12		Employee Benefits		5,012		
13		Employee Meeting		3,278		
14		Employee Reimbursable Expense		15,482		
15		Insurance		43,834		
16		Legal Retainers & Fees		26,770		
17		Cash Donations		2,141		
18		Meals & Entertainment		4,455		
19		Meal Allowance		181		
20		Moving		7,422		
21		Industry Dues & Licenses		2,801		
22		Office Expenses		2,161		
23		Supplemental Insurance		56,941		
24		Permits & Filing Fees		527		
25		Postage		840		
26		Payroll		707,633		
27		Reference Materials		2,170		
28		Rental		227		
29		Seminars & Meeting Registrations		2,828		
30		Software Maintenance		5,163		
31		Training		2,662		
32		<b>Total MDU Resources Group, Inc.</b>		<b>\$1,045,409</b>		<b>2.6655%</b>

**AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY**

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenue to MT Util	
1	CENTENNIAL ENERGY	MONTANA-DAKOTA UTILITIES CO.	* Various Corporate Overhead Allocation Factors, Cost of Service Factors, Time Studies and /or Actual Costs Incurred				
2	RESOURCES/CHCC	Communications Department					
3		Automobile			27		
4		Employee Reimbursable Expense			31		
5		Contract Services			15		
6		Materials			9		
7		Office Expenses			41		
8		Office Telephone			4,698		
9		Payroll			5,383		
10		Seminars & Meeting Registrations			6		
11		Office Services		* General Office Complex and Office Supplies Cost of Service Allocation Factors	765		
12		Express Mail			462		
13		Postage			202		
14		Office Expenses			5		
15		Employee Meetings			35,817		8,57
16		Cost of Service - General Office Buildings					
17		Information Systems	* Various Corporate Overhead Allocation Factors and /or Actual Costs Incurred	113			
18		Payroll		309			
19		Office Expenses		10			
20		Contract Services					
21		Other Miscellaneous Departments	* Various Corporate Overhead Allocation Factors and /or Actual Costs Incurred	33			
22		Office Supplies		50			
23		Payroll					
24		Other Direct Charges	Actual costs incurred	1,115			
25		Employee Discounts		235,667			
26		Corporate/Commercial Air Service		327,331			
27		Computer/Software Costs		401,559			
28		Employee Reimbursable Exp and Fuel		1,076,209			
29		Consulting Fees		4,951			
30		Legal Fees		8,024			
31		Telephone		80,450			
32		Building Expenses		64,378			
33		Miscellaneous		2,247,659			
34		<b>Total Montana-Dakota Utilities Co.</b>				5.731%	8,5.
35							
36							
37							
38							
39							

**AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY**

Year: 2004

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenue to MT UI
1	CENTENNIAL ENERGY					
2	RESOURCES/CHCC					
3		OTHER TRANSACTIONS/REIMBURSEMENT	Actual costs incurred			
4		Payroll		2,456,870		
5		Federal & State Tax Liability Payments		(\$8,071,379)		
6		Interest		(353)		
7		Insurance		1,175,324		
8		Miscellaneous		222,737		
9		<b>Total Other Transactions/Reimbursements</b>		<b>(4,216,802)</b>	<b>-10.752%</b>	<b>8,5</b>
10		<b>Grand Total Affiliate Transactions</b>		<b>(\$923,734)</b>	<b>-2.355%</b>	
11		<b>Total Centennial Energy Resources/CHCC Operating Expenses for 2004</b>				
12		<b>Excludes Intersegment Eliminations</b>				
13					<b>\$39,219,819</b>	

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

## MONTANA UTILITY INCOME STATEMENT

Year: 2004

	Account Number & Title	Last Year	This Year	% Change
1	400 Operating Revenues	\$42,122,826	\$42,820,495	1.66%
2				
3	Operating Expenses			
4	401 Operation Expenses	\$23,141,671	\$25,702,253	11.06%
5	402 Maintenance Expense	3,192,821	3,071,521	-3.80%
6	403 Depreciation Expense	4,759,038	4,948,123	3.97%
7	404-405 Amortization of Electric Plant	272,373	279,522	2.62%
8	406 Amort. of Plant Acquisition Adjustments	99,956	105,490	5.54%
9	407 Amort. of Property Losses, Unrecovered Plant & Regulatory Study Costs			
10				
11	408.1 Taxes Other Than Income Taxes	2,593,059	2,754,634	6.23%
12	409.1 Income Taxes - Federal	1,980,193	1,716,706	-13.31%
13	- Other	427,094	383,661	-10.17%
14	410.1 Provision for Deferred Income Taxes	62,221	(574,358)	-1023.09%
15	411.1 (Less) Provision for Def. Inc. Taxes - Cr.	86,807	(47,311)	-154.50%
16	411.4 Investment Tax Credit Adjustments			
17	411.6 (Less) Gains from Disposition of Utility Plant			
18	411.7 Losses from Disposition of Utility Plant			
19				
20	<b>TOTAL Utility Operating Expenses</b>	\$36,615,233	\$38,340,241	4.71%
21	<b>NET UTILITY OPERATING INCOME</b>	\$5,507,593	\$4,480,254	-18.65%

## MONTANA REVENUES

SCHEDULE 9

	Account Number & Title	Last Year	This Year	% Change
1	Sales of Electricity			
2	440 Residential	\$11,036,914	\$10,204,278	-7.54%
3	442 Commercial & Industrial - Small	6,208,889	6,116,789	-1.48%
4	Commercial & Industrial - Large	15,345,026	15,721,572	2.45%
5	444 Public Street & Highway Lighting	675,140	680,183	0.75%
6	445 Other Sales to Public Authorities	323,038	316,013	-2.17%
7	446 Sales to Railroads & Railways			
8	448 Interdepartmental Sales			
9	Net Unbilled Revenue	214,033	430,002	100.90%
10	<b>TOTAL Sales to Ultimate Consumers</b>	\$33,803,040	\$33,468,837	-0.99%
11	447 Sales for Resale	6,832,812	7,730,500	13.14%
12				
13	<b>TOTAL Sales of Electricity</b>	\$40,635,852	\$41,199,337	1.39%
14	449.1 (Less) Provision for Rate Refunds			
15				
16	<b>TOTAL Revenue Net of Provision for Refunds</b>	\$40,635,852	\$41,199,337	1.39%
17	Other Operating Revenues			
18	450 Forfeited Discounts & Late Payment Revenues			
19	451 Miscellaneous Service Revenues	\$29,043	\$29,949	3.12%
20	453 Sales of Water & Water Power			
21	454 Rent From Electric Property	885,274	935,923	5.72%
22	455 Interdepartmental Rents			
23	456 Other Electric Revenues	572,657	655,286	14.43%
24				
25	<b>TOTAL Other Operating Revenues</b>	\$1,486,974	\$1,621,158	9.02%
26	<b>Total Electric Operating Revenues</b>	\$42,122,826	\$42,820,495	1.66%

**MONTANA OPERATION & MAINTENANCE EXPENSES**

Year: 2004

Account Number & Title		Last Year	This Year	% Change
1	Power Production Expenses			
2				
3	Steam Power Generation			
4	Operation			
5	500 Operation Supervision & Engineering	\$348,635	\$429,548	23.21%
6	501 Fuel	8,606,944	9,663,511	12.28%
7	502 Steam Expenses	759,506	917,016	20.74%
8	503 Steam from Other Sources			
9	504 (Less) Steam Transferred - Cr.			
10	505 Electric Expenses	259,003	282,047	8.90%
11	506 Miscellaneous Steam Power Expenses	452,798	518,062	14.41%
12	507 Rents			
13				
14	TOTAL Operation - Steam	10,426,886	11,810,184	13.27%
15				
16	Maintenance			
17	510 Maintenance Supervision & Engineering	130,699	153,534	17.47%
18	511 Maintenance of Structures	171,667	123,344	-28.15%
19	512 Maintenance of Boiler Plant	913,885	964,770	5.57%
20	513 Maintenance of Electric Plant	285,006	129,007	-54.74%
21	514 Maintenance of Miscellaneous Steam Plant	184,826	237,985	28.76%
22				
23	TOTAL Maintenance - Steam	1,686,083	1,608,640	-4.59%
24				
25	<b>TOTAL Steam Power Production Expenses</b>	<b>\$12,112,969</b>	<b>\$13,418,824</b>	<b>10.78%</b>
26				
27	Nuclear Power Generation			
28	Operation			
29	517 Operation Supervision & Engineering			
30	518 Nuclear Fuel Expense			
31	519 Coolants & Water			
32	520 Steam Expenses			
33	521 Steam from Other Sources			
34	522 (Less) Steam Transferred - Cr.			
35	523 Electric Expenses			
36	524 Miscellaneous Nuclear Power Expenses			
37	525 Rents			
38				
39	TOTAL Operation - Nuclear		NOT APPLICABLE	
40				
41	Maintenance			
42	528 Maintenance Supervision & Engineering			
43	529 Maintenance of Structures			
44	530 Maintenance of Reactor Plant Equipment			
45	531 Maintenance of Electric Plant			
46	532 Maintenance of Miscellaneous Nuclear Plant			
47				
48	TOTAL Maintenance - Nuclear		NOT APPLICABLE	
49				
50	<b>TOTAL Nuclear Power Production Expenses</b>			

**MONTANA OPERATION & MAINTENANCE EXPENSES**

Year: 2004

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			
7	538 Electric Expenses			
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			
16	543 Maint. of Reservoirs, Dams & Waterways			
17	544 Maintenance of Electric Plant			
18	545 Maintenance of Miscellaneous Hydro Plant			
19				
20	TOTAL Maintenance - Hydraulic			
21				
22	<b>TOTAL Hydraulic Power Production Expenses</b>			
23				
24	Other Power Generation			
25	Operation			
26	546 Operation Supervision & Engineering	\$6,176	\$16,831	172.52%
27	547 Fuel	339,395	369,899	8.99%
28	548 Generation Expenses	494	478	-3.24%
29	549 Miscellaneous Other Power Gen. Expenses	26,899	107,574	299.92%
30	550 Rents			
31				
32	TOTAL Operation - Other	372,964	494,782	32.66%
33				
34	Maintenance			
35	551 Maintenance Supervision & Engineering	2,520	6,674	164.84%
36	552 Maintenance of Structures	1,343	1,810	34.77%
37	553 Maintenance of Generating & Electric Plant	142,897	168,912	18.21%
38	554 Maintenance of Misc. Other Power Gen. Plant	460	612	33.04%
39				
40	TOTAL Maintenance - Other	147,220	178,008	20.91%
41				
42	<b>TOTAL Other Power Production Expenses</b>	\$520,184	\$672,790	29.34%
43				
44	Other Power Supply Expenses			
45	555 Purchased Power	\$5,060,542	\$5,229,734	3.34%
46	556 System Control & Load Dispatching	279,404	324,129	16.01%
47	557 Other Expenses		84	100.00%
48				
49	TOTAL Other Power Supply Expenses	\$5,339,946	\$5,553,947	4.01%
50				
51	<b>TOTAL Power Production Expenses</b>	\$17,973,099	\$19,645,561	9.31%

**MONTANA OPERATION & MAINTENANCE EXPENSES**

Year: 2004

Account Number & Title		Last Year	This Year	% Change
1	Transmission Expenses			
2	Operation			
3	560 Operation Supervision & Engineering	\$365,589	\$454,238	24.25%
4	561 Load Dispatching	70,433	90,388	28.33%
5	562 Station Expenses	111,860	140,488	25.59%
6	563 Overhead Line Expenses	35,244	26,504	-24.80%
7	564 Underground Line Expenses			
8	565 Transmission of Electricity by Others	96,221	90,317	-6.14%
9	566 Miscellaneous Transmission Expenses	35,819	36,054	0.66%
10	567 Rents	205,478	208,714	1.57%
11				
12	TOTAL Operation - Transmission	920,644	1,046,703	13.69%
13	Maintenance			
14	568 Maintenance Supervision & Engineering	30,200	32,823	8.69%
15	569 Maintenance of Structures			
16	570 Maintenance of Station Equipment	259,608	121,359	-53.25%
17	571 Maintenance of Overhead Lines	128,372	106,205	-17.27%
18	572 Maintenance of Underground Lines			
19	573 Maintenance of Misc. Transmission Plant			
20				
21	TOTAL Maintenance - Transmission	418,180	260,387	-37.73%
22				
23	<b>TOTAL Transmission Expenses</b>	<b>\$1,338,824</b>	<b>\$1,307,090</b>	<b>-2.37%</b>
24	Distribution Expenses			
25	Operation			
27	580 Operation Supervision & Engineering	\$207,737	\$263,407	26.80%
28	581 Load Dispatching			
29	582 Station Expenses	56,398	53,755	-4.69%
30	583 Overhead Line Expenses	109,122	69,515	-36.30%
31	584 Underground Line Expenses	121,798	139,852	14.82%
32	585 Street Lighting & Signal System Expenses	17,925	1,630	-90.91%
33	586 Meter Expenses	153,217	167,153	9.10%
34	587 Customer Installations Expenses	89,277	107,127	19.99%
35	588 Miscellaneous Distribution Expenses	424,078	418,641	-1.28%
36	589 Rents	18,130	22,795	25.73%
37				
38	TOTAL Operation - Distribution	1,197,682	1,243,875	3.86%
39	Maintenance			
40	590 Maintenance Supervision & Engineering	112,948	145,633	28.94%
41	591 Maintenance of Structures			
42	592 Maintenance of Station Equipment	56,367	33,924	-39.82%
43	593 Maintenance of Overhead Lines	388,777	435,434	12.00%
44	594 Maintenance of Underground Lines	129,354	107,244	-17.09%
45	595 Maintenance of Line Transformers	36,387	42,443	16.64%
46	596 Maintenance of Street Lighting, Signal Systems	30,986	39,816	28.50%
47	597 Maintenance of Meters	3,148	3,070	-2.48%
48	598 Maintenance of Miscellaneous Dist. Plant	61,502	91,899	49.42%
49				
50	TOTAL Maintenance - Distribution	819,469	899,463	9.76%
51				
52	<b>TOTAL Distribution Expenses</b>	<b>\$2,017,151</b>	<b>\$2,143,338</b>	<b>6.26%</b>

**MONTANA OPERATION & MAINTENANCE EXPENSES**

Year: 2004

Account Number & Title		Last Year	This Year	% Change
1	Customer Accounts Expenses			
2	Operation			
3	901 Supervision	\$47,391	\$51,425	8.51%
4	902 Meter Reading Expenses	187,093	222,093	18.71%
5	903 Customer Records & Collection Expenses	491,300	503,629	2.51%
6	904 Uncollectible Accounts Expenses	61,951	74,312	19.95%
7	905 Miscellaneous Customer Accounts Expenses	38,557	35,050	-9.10%
8				
9	TOTAL Customer Accounts Expenses	\$826,292	\$886,509	7.29%
10	Customer Service & Information Expenses			
11	Operation			
12	907 Supervision	\$3,484	\$1,511	-56.63%
13	908 Customer Assistance Expenses	17,423	21,239	21.90%
14	909 Informational & Instructional Adv. Expenses	4,735	3,713	-21.58%
15	910 Miscellaneous Customer Service & Info. Exp.			
16				
17				
18	TOTAL Customer Service & Info Expenses	\$25,642	\$26,463	3.20%
19	Sales Expenses			
20	Operation			
21	911 Supervision	\$36,969	\$45,595	23.33%
22	912 Demonstrating & Selling Expenses	28,575	22,251	-22.13%
23	913 Advertising Expenses	8,475	3,283	-61.26%
24	916 Miscellaneous Sales Expenses	8,223	7,877	-4.21%
25				
26				
27	TOTAL Sales Expenses	\$82,242	\$79,006	-3.93%
28	Administrative & General Expenses			
29	Operation			
30	920 Administrative & General Salaries	\$1,238,477	\$1,966,732	58.80%
31	921 Office Supplies & Expenses	688,213	672,717	-2.25%
32	922 (Less) Administrative Expenses Transferred - Cr.			
33	923 Outside Services Employed	189,539	200,929	6.01%
34	924 Property Insurance	172,756	125,169	-27.55%
35	925 Injuries & Damages	226,393	265,720	17.37%
36	926 Employee Pensions & Benefits	890,133	1,134,539	27.46%
37	927 Franchise Requirements			
38	928 Regulatory Commission Expenses	387,409	30,444	-92.14%
39	929 (Less) Duplicate Charges - Cr.			
40	930.1 General Advertising Expenses	7,544	9,775	29.57%
41	930.2 Miscellaneous General Expenses	95,557	102,114	6.86%
42	931 Rents	53,352	52,645	-1.33%
43				
44				
45	TOTAL Operation - Admin. & General	3,949,373	4,560,784	15.48%
46	Maintenance			
47	935 Maintenance of General Plant	121,869	125,023	2.59%
48				
49	TOTAL Administrative & General Expenses	\$4,071,242	\$4,685,807	15.10%
50				
51	TOTAL Operation & Maintenance Expenses	\$26,334,492	\$28,773,774	9.26%



**MONTANA TAXES OTHER THAN INCOME**

Year: 2004

	Description of Tax	Last Year	This Year	% Change
1	Payroll Taxes	\$365,666	\$415,553	13.64%
2	Secretary of State	225	282	25.33%
3	Highway Use Tax	413	481	16.46%
4	Montana Consumer Counsel	32,679	37,928	16.06%
5	Montana PSC	79,779	97,385	22.07%
6	Montana Electric	48,514	51,506	6.17%
7	Coal Conversion	272,349	293,529	7.78%
8	Delaware Franchise	20,809	21,331	2.51%
9	Property Taxes	1,772,625	1,836,639	3.61%
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50	<b>TOTAL MT Taxes Other Than Income</b>	<b>\$2,593,059</b>	<b>\$2,754,634</b>	<b>6.23%</b>

**PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - ELECTRIC** Year: 2004

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	ADP Proxy Service	Investor Communication Services	204,793	5,728	2.80%
2					
3	API Construction Company	Construction Services	86,878	22,123	25.46%
4					
5	Benco Equipment Company	Vehicle Maintenance	180,456	1,222	0.68%
6					
7	Braden Constructions Services	Construction Services	89,890	22,890	25.46%
8					
9	Bullinger Tree Service	Tree Trimming Service	244,378	2,616	1.07%
10					
11	C. Fox Consulting	Consulting Services	111,456	6,184	5.55%
12					
13	Ceda Inc.	Boiler Maintenance	138,908	21,272	15.31%
14					
15	Chief Construction	Construction Services	363,695		0.00%
16					
17	Citigate Financial Intelligence	Investor Relations Services	77,452	2,166	2.80%
18					
19	Deloitte & Touche, LLP	Auditing and Consulting Services	247,793	361	0.15%
20					
21	Diversified Graphics Inc.	Annual Report	325,237	9,096	2.80%
22					
23	DMVW Railroad	Construction Services	223,964	57,032	25.46%
24					
25	Duffield Construction Inc	Construction Services	322,013		0.00%
26					
27	DWD LLC	Tree Trimming Service	166,334		0.00%
28	(Intermountain Tree Expert Co)				
29					
30	Edison Electric Institute	Membership Fees	95,349	14,674	15.39%
31					
32	Edling Electric, Inc	Construction Services-Electrical	234,071		0.00%
33					
34	Electro-Test & Maintenance	Contract Services - Replace Xfmr's	120,885	76,446	63.24%
35					
36	Ernst & Young, LLP	Consulting Services	91,399	7,856	8.59%
37					
38	Fischer Contracting	Contract Services	100,986		0.00%
39					
40	Franz Construction	Construction Services	90,307	27,496	30.45%
41					
42	GE Energy Services	Construction Services	516,735	126,504	24.48%

**PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - ELECTRIC** Year: 2004

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	Great Place to Work Institute	Consulting Services	116,606	1,990	1.71%
2					
3	H. Zinder & Associates	Consulting Services	77,771		0.00%
4					
5	Hamilton Spray	Contract Services - Pole Spraying	146,180	28,461	19.47%
6					
7	Hughes, Kellner, Sullivan	Legal Services	73,308	18,466	25.19%
8					
9	IBM	Contract Services - Computer Maintenance	114,255	10,161	8.89%
10					
11	Image Integration Services	Consulting Services	130,971	10,823	8.26%
12					
13	Industrial Contractors, Inc	Construction Services	705,672	178,759	25.33%
14					
15	J.D. Edwards	Contract Services - Software Maintenace	563,480	22,038	3.91%
16					
17	James W. Sewall Company	Consulting Services	311,928	40,423	12.96%
18					
19	Kappel Tree Service	Tree Trimming Service	79,473	44,488	55.98%
20					
21	Kringen Construction Inc.	Construction Services	185,816	47,317	25.46%
22					
23	Larson Design Office, Inc.	Contract Services - Office Design	109,700	3,068	2.80%
24					
25	Leboeuf, Lamb, Greene & Macrae	Legal Services	245,752	6,873	2.80%
26					
27	Lignite Energy Council	Membership Fees	88,810	12,608	14.20%
28					
29	Lindtech Commercial Htg & Air	Contract Services - Annex Bldg AC	117,050	15,169	12.96%
30					
31	McDermott, Will & Emery	Legal Services	189,579	5,200	2.74%
32					
33	Merril Communications	Contract Services - Stockholder Mtg Mat.	97,079	1,951	2.01%
34					
35	Microsoft	Contract Services - Software Maintenace	268,270	6,930	2.58%
36					
37	Moody's Investors Services	Financial Services	176,500	16,792	9.51%
38					
39	New York Life	K-Plan Administrator	199,827		0.00%
40					
41	New York Stock Exchange	Financial Services	116,306	3,028	2.60%
42					
43	One Call Locators, LTD	Line Location Service	841,937	31,821	3.78%

**PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - ELECTRIC** Year: 2004

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	Outdoor Services Inc.	Contract Services - Meter Reading	658,473	26,791	4.07%
2					
3	Philip Services Corp.	Boiler Maintenance	414,993	105,677	25.46%
4					
5	Pole Maintenance Co.	Contract Services - Pole Treatment	289,738	55,441	19.13%
6					
7	Power Generation Service	Contract Services	230,097	58,593	25.46%
8					
9	Progressive Maintenance Co.	Custodial Services	83,632	11,676	13.96%
10					
11	Rocky Mountain Line	Construction Services	246,095		0.00%
12					
13	Rolta International, Inc	Contract Services	981,612	127,209	12.96%
14					
15	Sargent & Lundy, LLC	Consulting Services	150,739	38,385	25.46%
16					
17	Southern Cross Corporation	Contract Services - Leak Detection	228,067		0.00%
18					
19	Standard & Poor's	Financial Services	153,893	8,335	5.42%
20					
21	State-Line Contractors, Inc	Construction Services	276,253		0.00%
22					
23	Tetra Tech EM Inc.	Contract Services	179,677	45,754	25.46%
24					
25	Thelen Reid & Priest, LLP	Legal Services	1,498,965	78,740	5.25%
26					
27	The Structure Group	Contract Serv. - Software Install & Maint.	125,925	31,067	24.67%
28					
29	Towers Perrin	Consultant - Compensation and Benefits	522,096	21,627	4.14%
30					
31	Ulmer Tree Services	Tree Trimming Service	106,223		0.00%
32					
33	Underground Locators, LLC	Line Location Service	112,353		0.00%
34					
35	US Bank	Bank Services	197,420	12,355	6.26%
36					
37	Utilities International, Inc.	Consulting Services	775,303	100,195	12.92%
38					
39	Utility Partners, LC	Consultant - Mobile Service Computer	120,593	15,628	12.96%
40					
41	Wells Fargo	Stock Transfer Agent and ESOP Admin	318,812	8,916	2.80%
42					
43					0.00%
44					0.00%
45					0.00%
46					0.00%
47	<b>TOTAL Payments for Services</b>		<b>16,660,206</b>	<b>1,656,421</b>	<b>9.94%</b>

**POLITICAL ACTION COMMITTEES / POLITICAL CONTRIBUTIONS** Year: 2004

	Description	Total Company	Montana	% Montana
1	Contributions to Candidates by PAC	\$53,515	\$8,375	15.65%
2				
3				
4				
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43	<b>TOTAL Contributions</b>	\$53,515	\$8,375	15.65%

## Pension Costs

Year: 2004

1	Plan Name MDU Resources Group, Inc. Master Pension Plan Trust			
2	Defined Benefit Plan? Yes	Defined Contribution Plan? No		
3		PROPRIETARY SCHEDULE		
4		PROPRIETARY SCHEDULE		
5				
	Item	Current Year	Last Year	% Change
6	<b>Change in Benefit Obligation</b>			
7	Benefit obligation at beginning of year			
8	Service cost			
9	Interest Cost			
10	Plan participants' contributions	PROPRIETARY SCHEDULE		
11	Amendments			
12	Actuarial (Gain) Loss			
13	Acquisition			
14	Benefits paid			
15	Benefit obligation at end of year			
16	<b>Change in Plan Assets</b>			
17	Fair value of plan assets at beginning of year			
18	Actual return on plan assets			
19	Acquisition			
20	Employer contribution	PROPRIETARY SCHEDULE		
21	Plan participants' contributions			
22	Benefits paid			
23	Fair value of plan assets at end of year			
24	<b>Funded Status</b>			
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost	PROPRIETARY SCHEDULE		
27	Unrecognized net transition obligation			
28	Accrued benefit cost			
29				
30	<b>Weighted-average Assumptions as of Year End</b>			
31	Discount rate	5.75	6.00	-4.17%
32	Expected return on plan assets	8.50	8.50	0.00%
33	Rate of compensation increase	4.75	4.75	0.00%
34				
35	<b>Components of Net Periodic Benefit Costs</b>			
36	Service cost			
37	Interest cost			
38	Expected return on plan assets	PROPRIETARY SCHEDULE		
39	Amortization of prior service cost			
40	Recognized net actuarial gain			
41	Transition amount amortization			
42	Net periodic benefit cost			
43				
44	<b>Montana Intrastate Costs:</b>			
45	Pension Costs	PROPRIETARY SCHEDULE		
46	Pension Costs Capitalized			
47	Accumulated Pension Asset (Liability) at Year End			
48	<b>Number of Company Employees:</b>			
49	Covered by the Plan			
50	Not Covered by the Plan	PROPRIETARY SCHEDULE		
51	Active			
52	Retired			
53	Deferred Vested Terminated			

**Other Post Employment Benefits (OPEBS)**

	Item	Current Year	Last Year	% Change
1	<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	5.75	6.00	-4.17%
8	Expected return on plan assets	7.50	7.50	0.00%
9	Medical Cost Inflation Rate	6.00	6.00	0.00%
10	Actuarial Cost Method	PROPRIETARY SCHEDULE		
11	Rate of compensation increase	PROPRIETARY SCHEDULE		
12	<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> The Company adopted FASB Staff Position No. FAS 106-2 "Accounting and			
15	Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" during 2004.			
16	The accumulated benefit obligation and net periodic costs for 2004 reflect the adoption of this accounting standard.			
	<b>TOTAL COMPANY</b>			
17	<b>Change in Benefit Obligation</b>			
18	Benefit obligation at beginning of year			
19	Service cost			
20	Interest Cost			
21	Plan participants' contributions			
22	Amendments	PROPRIETARY SCHEDULE		
23	Actuarial (Gain) Loss			
24	Acquisition			
25	Benefits paid			
26	Benefit obligation at end of year			
27	<b>Change in Plan Assets</b>			
28	Fair value of plan assets at beginning of year			
29	Actual return on plan assets			
30	Acquisition			
31	Employer contribution			
32	Plan participants' contributions	PROPRIETARY SCHEDULE		
33	Benefits paid			
34	Fair value of plan assets at end of year			
35	<b>Funded Status</b>			
36	Unrecognized net actuarial loss			
37	Unrecognized prior service cost	PROPRIETARY SCHEDULE		
38	Unrecognized transition obligation			
39	Accrued benefit cost			
40	<b>Components of Net Periodic Benefit Costs</b>			
41	Service cost			
42	Interest cost			
43	Expected return on plan assets			
44	Amortization of prior service cost	PROPRIETARY SCHEDULE		
45	Recognized net actuarial gain			
46	Transition amount amortization			
47	Net periodic benefit cost			
48	<b>Accumulated Post Retirement Benefit Obligation</b>			
49	Amount Funded through VEBA			
50	Amount Funded through 401(h)			
51	Amount Funded through Other _____			
52	TOTAL	PROPRIETARY SCHEDULE		
53	Amount that was tax deductible - VEBA			
54	Amount that was tax deductible - 401(h)			
55	Amount that was tax deductible - Other _____			
56	TOTAL			

**Other Post Employment Benefits (OPEBS) Continued**

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



## COMPENSATION OF TOP 5 CORPORATE EMPLOYEES - SEC INFORMATION

Line No.	Name/Title	Base Salary	Bonuses	Other 1/	Total Compensation	Total Compensation Last Year	% Increase Total Compensation
1	Martin A. White - Chairman of the Board, President & CEO	\$647,500	\$1,265,550	\$443,058	\$2,356,108	\$2,575,040	-9%
2	Ronald D. Tipton - CEO of Montana-Dakota Utilities Co. and Great Plains Natural Gas Co. 2/	348,516	152,460	2,391,218	2,892,194	629,923	359%
3	Warren L. Robinson - Executive Vice President, & Chief Financial Officer	348,500	350,000	154,401	852,901	912,034	-6%
4	John K. Castleberry - President & CEO of WBI Holdings, Inc.	348,500	350,000	153,372	851,872	1,001,644	-15%
5	Terry D. Hildestad - President & CEO of Knife River Corporation	348,500	120,925	155,395	624,820	615,050	2%

1/ See page 19a for details.

2/ Mr. Tipton retired as Chief Executive Officer on September 28, 2004.

## BALANCE SHEET

Year: 2004

	Account Number & Title	Last Year	This Year	% Change
1	<b>Assets and Other Debits</b>			
2	Utility Plant			
3	101 Electric Plant in Service	\$587,604,301	\$596,386,956	1.49%
4	101.1 Property Under Capital Leases			
5	102 Electric Plant Purchased or Sold			
6	104 Electric Plant Leased to Others			
7	105 Electric Plant Held for Future Use			
8	106 Completed Constr. Not Classified - Electric			
9	107 Construction Work in Progress - Electric	5,593,056	4,475,318	-19.98%
10	108 (Less) Accumulated Depreciation	(340,950,610)	(351,948,476)	3.23%
11	111 (Less) Accumulated Amortization	(2,105,038)	(2,548,871)	21.08%
12	114 Electric Plant Acquisition Adjustments	10,387,643	10,387,642	0.00%
13	115 (Less) Accum. Amort. Electric Plant Acq. Adj.	(7,163,298)	(7,577,557)	5.78%
14	120 Nuclear Fuel (Net)			
15	Other Utility Plant	291,260,321	305,659,302	4.94%
16	Accum. Depr. and Amort. - Other Util. Plant	(162,265,813)	(171,379,764)	5.62%
17	<b>TOTAL Utility Plant</b>	<b>\$382,360,562</b>	<b>\$383,454,550</b>	<b>0.29%</b>
18	<b>Other Property &amp; Investments</b>			
19	121 Nonutility Property	\$1,036,084	\$1,511,061	45.84%
20	122 (Less) Accum. Depr. & Amort. of Nonutil. Prop.	(353,568)	(498,029)	40.86%
21	123 Investments in Associated Companies			
22	123.1 Investments in Subsidiary Companies	1,278,850,163	1,479,846,408	15.72%
23	124 Other Investments	22,254,889	33,381,533	50.00%
24	125 Sinking Funds			
25	<b>TOTAL Other Property &amp; Investments</b>	<b>\$1,301,787,568</b>	<b>\$1,514,240,973</b>	<b>16.32%</b>
26	<b>Current &amp; Accrued Assets</b>			
27	131 Cash	\$861,378	\$1,593,384	84.98%
28	132-134 Special Deposits	1,200	1,200	0.00%
29	135 Working Funds	15,965	40,596	154.28%
30	136 Temporary Cash Investments	8,529,412	7,142,665	-16.26%
31	141 Notes Receivable			
32	142 Customer Accounts Receivable	37,004,255	29,563,788	-20.11%
33	143 Other Accounts Receivable	3,987,038	4,471,664	12.16%
34	144 (Less) Accum. Provision for Uncollectible Accts.	(319,419)	(270,046)	-15.46%
35	145 Notes Receivable - Associated Companies			
36	146 Accounts Receivable - Associated Companies	17,473,063	20,736,266	18.68%
37	151 Fuel Stock	2,753,765	2,831,449	2.82%
38	152 Fuel Stock Expenses Undistributed			
39	153 Residuals and Extracted Products			
40	154 Plant Materials and Operating Supplies	6,197,652	6,614,811	6.73%
41	155 Merchandise	1,139,740	1,272,501	11.65%
42	156 Other Material & Supplies			
43	163 Stores Expense Undistributed		24,487	100.00%
44	164.1 Gas Stored Underground - Current	18,438,454	21,773,200	18.09%
45	165 Prepayments	8,839,446	7,074,369	-19.97%
46	166 Advances for Gas Explor., Devl. & Production			
47	171 Interest & Dividends Receivable			
48	172 Rents Receivable			
49	173 Accrued Utility Revenues	27,625,923	42,306,751	53.14%
50	174 Miscellaneous Current & Accrued Assets	117,438	178,863	52.30%
51	<b>TOTAL Current &amp; Accrued Assets</b>	<b>\$132,665,310</b>	<b>\$145,355,948</b>	<b>9.57%</b>

## BALANCE SHEET

Year: 2004

Account Number & Title		Last Year	This Year	% Change
1	<b>Assets and Other Debits (cont.)</b>			
2				
3	<b>Deferred Debits</b>			
4				
5	181 Unamortized Debt Expense	\$1,533,592	\$1,466,592	-4.37%
6	182.1 Extraordinary Property Losses			
7	182.2 Unrecovered Plant & Regulatory Study Costs			
	182.3 Other Regulatory Assets	4,744,491	3,333,602	-29.74%
	183 Prelim. Electric Survey & Investigation Chrg.	1,127,322	1,424,297	26.34%
8	183.1 Prelim. Nat. Gas Survey & Investigation Chrg.			
9	183.2 Other Prelim. Nat. Gas Survey & Invtg. Chrgs.			
10	184 Clearing Accounts	(124,215)	(149,815)	20.61%
11	185 Temporary Facilities			
12	186 Miscellaneous Deferred Debits	22,910,284	26,759,428	16.80%
13	187 Deferred Losses from Disposition of Util. Plant			
14	188 Research, Devel. & Demonstration Expend.			
15	189 Unamortized Loss on Reacquired Debt	4,518,768	3,531,307	-21.85%
16	190 Accumulated Deferred Income Taxes	21,238,378	26,215,669	23.44%
17	191 Unrecovered Purchased Gas Costs	10,518,527	15,533,707	47.68%
18	192.1 Unrecovered Incremental Gas Costs			
19	192.2 Unrecovered Incremental Surcharges			
20	<b>TOTAL Deferred Debits</b>	\$66,467,147	\$78,114,787	17.52%
21				
22	<b>TOTAL ASSETS &amp; OTHER DEBITS</b>	\$1,883,280,587	\$2,121,166,258	12.63%
	Account Number & Title	This Year	This Year	% Change
23	<b>Liabilities and Other Credits</b>			
24				
25	<b>Proprietary Capital</b>			
26				
27	201 Common Stock Issued	\$113,716,632	\$118,586,065	4.28%
28	202 Common Stock Subscribed			
29	204 Preferred Stock Issued	15,000,000	15,000,000	0.00%
30	205 Preferred Stock Subscribed			
31	207 Premium on Capital Stock	761,023,634	866,861,363	13.91%
32	211 Miscellaneous Paid-In Capital			
33	213 (Less) Discount on Capital Stock			
34	214 (Less) Capital Stock Expense	(3,236,160)	(3,412,569)	5.45%
35	216 Appropriated Retained Earnings	47,203,550	43,802,615	-7.20%
36	216.1 Unappropriated Retained Earnings	528,082,638	655,292,626	24.09%
37	217 (Less) Reacquired Capital Stock		(3,625,813)	-100.00%
38	219 Accumulated Other Comprehensive Income	(7,528,653)	(11,491,485)	-52.64%
39	<b>TOTAL Proprietary Capital</b>	\$1,454,261,641	\$1,681,012,802	15.59%
40				
41	<b>Long Term Debt</b>			
42				
43	221 Bonds	\$160,850,000	\$145,850,000	-9.33%
44	222 (Less) Reacquired Bonds			
45	223 Advances from Associated Companies			
46	224 Other Long Term Debt	42,700,000	38,100,000	-10.77%
47	225 Unamortized Premium on Long Term Debt			
48	226 (Less) Unamort. Discount on Long Term Debt-Dr.	(36,671)	(32,226)	-12.12%
49	<b>TOTAL Long Term Debt</b>	\$203,513,329	\$183,917,774	-9.63%

## BALANCE SHEET

Year: 2004

	Account Number & Title	Last Year	This Year	% Change
1				
2	<b>Total Liabilities and Other Credits (cont.)</b>			
3				
4	<b>Other Noncurrent Liabilities</b>			
5				
6	227 Obligations Under Cap. Leases - Noncurrent			
7	228.1 Accumulated Provision for Property Insurance			
8	228.2 Accumulated Provision for Injuries & Damages	\$1,017,175	\$1,046,120	2.85%
9	228.3 Accumulated Provision for Pensions & Benefits	29,785,661	38,777,977	30.19%
10	228.4 Accumulated Misc. Operating Provisions			
11	229 Accumulated Provision for Rate Refunds	299,228		-100.00%
12	230 Asset Retirement Obligations	602,589	646,150	7.23%
13	<b>TOTAL Other Noncurrent Liabilities</b>	<b>\$31,704,653</b>	<b>\$40,470,247</b>	<b>27.65%</b>
14				
15	<b>Current &amp; Accrued Liabilities</b>			
16				
17	231 Notes Payable	\$0	\$0	0.00%
18	232 Accounts Payable	26,572,779	30,776,542	15.82%
19	233 Notes Payable to Associated Companies			
20	234 Accounts Payable to Associated Companies	7,113,407	7,930,615	11.49%
21	235 Customer Deposits	1,584,497	1,845,929	16.50%
22	236 Taxes Accrued	10,323,491	9,081,392	-12.03%
23	237 Interest Accrued	2,324,244	2,047,469	-11.91%
24	238 Dividends Declared	19,441,745	21,449,171	10.33%
25	239 Matured Long Term Debt			
26	240 Matured Interest			
27	241 Tax Collections Payable	1,662,094	1,618,279	-2.64%
28	242 Miscellaneous Current & Accrued Liabilities	10,665,144	22,696,729	112.81%
29	243 Obligations Under Capital Leases - Current			
30	<b>TOTAL Current &amp; Accrued Liabilities</b>	<b>\$79,687,401</b>	<b>\$97,446,126</b>	<b>22.29%</b>
31				
32	<b>Deferred Credits</b>			
33				
34	252 Customer Advances for Construction	\$1,284,167	\$1,702,239	32.56%
35	253 Other Deferred Credits	16,816,218	21,674,170	28.89%
36	254 Other Regulatory Liabilities	15,633,652	12,186,926	-22.05%
37	255 Accumulated Deferred Investment Tax Credits	2,461,954	1,869,757	-24.05%
38	256 Deferred Gains from Disposition Of Util. Plant			
39	257 Unamortized Gain on Reacquired Debt			
40	281-283 Accumulated Deferred Income Taxes	77,917,572	80,886,217	3.81%
41	<b>TOTAL Deferred Credits</b>	<b>\$114,113,563</b>	<b>\$118,319,309</b>	<b>3.69%</b>
42				
43	<b>TOTAL LIABILITIES &amp; OTHER CREDITS</b>	<b>\$1,883,280,587</b>	<b>\$2,121,166,258</b>	<b>12.63%</b>

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

Year: 2004

	Account Number & Title	Last Year	This Year	% Change
1				
2	<b>Intangible Plant</b>			
3				
4	301 Organization			
5	302 Franchises & Consents			
6	303 Miscellaneous Intangible Plant	\$2,662,973	\$3,534,595	32.73%
7				
8	<b>TOTAL Intangible Plant</b>	\$2,662,973	\$3,534,595	32.73%
9				
10	<b>Production Plant</b>			
11				
12	Steam Production			
13				
14	310 Land & Land Rights	\$246,133	\$259,760	5.54%
15	311 Structures & Improvements	10,679,959	11,463,725	7.34%
16	312 Boiler Plant Equipment	34,617,687	36,872,621	6.51%
17	313 Engines & Engine Driven Generators			
18	314 Turbogenerator Units	8,765,513	9,288,307	5.96%
19	315 Accessory Electric Equipment	3,105,191	3,276,301	5.51%
20	316 Miscellaneous Power Plant Equipment	3,433,668	3,803,358	10.77%
21				
22	<b>TOTAL Steam Production Plant</b>	\$60,848,151	\$64,964,072	6.76%
23				
24	Nuclear Production			
25				
26	320 Land & Land Rights			
27	321 Structures & Improvements			
28	322 Reactor Plant Equipment			
29	323 Turbogenerator Units			
30	324 Accessory Electric Equipment			
31	325 Miscellaneous Power Plant Equipment			
32				
33	<b>TOTAL Nuclear Production Plant</b>		NOT APPLICABLE	
34				
35	Hydraulic Production			
36				
37	330 Land & Land Rights			
38	331 Structures & Improvements			
39	332 Reservoirs, Dams & Waterways			
40	333 Water Wheels, Turbines & Generators			
41	334 Accessory Electric Equipment			
42	335 Miscellaneous Power Plant Equipment			
43	336 Roads, Railroads & Bridges			
44				
45	<b>TOTAL Hydraulic Production Plant</b>		NOT APPLICABLE	

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

	Account Number & Title	Last Year	This Year	% Change
1				
2	Production Plant (cont.)			
3				
4	Other Production			
5				
6	340 Land & Land Rights	\$16,002	\$16,887	5.53%
7	341 Structures & Improvements	88,392	93,287	5.54%
8	342 Fuel Holders, Producers & Accessories	66,642	70,332	5.54%
9	343 Prime Movers			
10	344 Generators	6,532,036	7,016,678	7.42%
11	345 Accessory Electric Equipment	178,038	187,895	5.54%
12	346 Miscellaneous Power Plant Equipment	6,965	9,684	39.04%
13				
14	<b>TOTAL Other Production Plant</b>	<b>\$6,888,075</b>	<b>\$7,394,763</b>	<b>7.36%</b>
15				
16	<b>TOTAL Production Plant</b>	<b>\$67,736,226</b>	<b>\$72,358,835</b>	<b>6.82%</b>
17				
18	<b>Transmission Plant</b>			
19				
20	350 Land & Land Rights	\$642,731	\$667,649	3.88%
21	352 Structures & Improvements	432	455	5.32%
22	353 Station Equipment	12,723,366	13,293,882	4.48%
23	354 Towers & Fixtures	1,053,739	1,111,848	5.51%
24	355 Poles & Fixtures	5,962,362	6,449,272	8.17%
25	356 Overhead Conductors & Devices	5,544,518	5,837,621	5.29%
26	357 Underground Conduit			
27	358 Underground Conductors & Devices			
28	359 Roads & Trails			
29				
30	<b>TOTAL Transmission Plant</b>	<b>\$25,927,148</b>	<b>\$27,360,727</b>	<b>5.53%</b>
31				
32	<b>Distribution Plant</b>			
33				
34	360 Land & Land Rights	\$249,633	\$253,670	1.62%
35	361 Structures & Improvements			
36	362 Station Equipment	3,995,048	4,243,851	6.23%
37	363 Storage Battery Equipment			
38	364 Poles, Towers & Fixtures	5,379,917	5,546,606	3.10%
39	365 Overhead Conductors & Devices	4,246,097	4,402,354	3.68%
40	366 Underground Conduit	12,967	12,967	
41	367 Underground Conductors & Devices	4,431,399	4,600,297	3.81%
42	368 Line Transformers	6,263,420	6,471,209	3.32%
43	369 Services	3,542,576	3,665,105	3.46%
44	370 Meters	2,075,263	2,118,203	2.07%
45	371 Installations on Customers' Premises	541,643	587,476	8.46%
46	372 Leased Property on Customers' Premises			
47	373 Street Lighting & Signal Systems	1,544,921	1,541,034	-0.25%
48				
49	<b>TOTAL Distribution Plant</b>	<b>\$32,282,884</b>	<b>\$33,442,772</b>	<b>3.59%</b>

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

	Account Number & Title	Last Year	This Year	% Change
1				
2	<b>General Plant</b>			
3				
4	389 Land & Land Rights	\$2,061	\$2,067	0.29%
5	390 Structures & Improvements	86,490	107,330	24.10%
6	391 Office Furniture & Equipment	262,881	243,131	-7.51%
7	392 Transportation Equipment	970,757	1,091,863	12.48%
8	393 Stores Equipment	20,667	10,863	-47.44%
9	394 Tools, Shop & Garage Equipment	508,984	397,602	-21.88%
10	395 Laboratory Equipment	277,782	207,975	-25.13%
11	396 Power Operated Equipment	1,582,068	1,605,902	1.51%
12	397 Communication Equipment	575,157	338,059	-41.22%
13	398 Miscellaneous Equipment	31,663	19,874	-37.23%
14	399 Other Tangible Property			
15				
16	<b>TOTAL General Plant</b>	<b>\$4,318,510</b>	<b>\$4,024,666</b>	<b>-6.80%</b>
17				
18	<b>Common Plant</b>			
19				
20	389 Land & Land Rights	\$171,370	\$170,275	-0.64%
21	390 Structures & Improvements	2,806,977	2,820,429	0.48%
22	391 Office Furniture & Equipment	921,598	930,815	1.00%
23	392 Transportation Equipment	1,387,035	1,372,890	-1.02%
24	393 Stores Equipment	11,416	11,293	-1.08%
25	394 Tools, Shop & Garage Equipment	196,444	200,357	1.99%
26	395 Laboratory Equipment			
27	396 Power Operated Equipment	7,784		-100.00%
28	397 Communication Equipment	383,013	321,746	-16.00%
29	398 Miscellaneous Equipment	76,552	76,824	0.36%
30	399 Other Tangible Property			
31				
32	<b>TOTAL Common Plant</b>	<b>\$5,962,189</b>	<b>\$5,904,629</b>	<b>-0.97%</b>
33				
34				
35	<b>TOTAL Electric Plant in Service</b>	<b>\$138,889,930</b>	<b>\$146,626,224</b>	<b>5.57%</b>

**MONTANA DEPRECIATION SUMMARY**

Year: 2004

	Functional Plant Classification	Plant Cost	Accumulated Depreciation		Current Avg. Rate
			Last Year Bal.	This Year Bal.	
1					
2	Steam Production 1/	\$69,602,596	\$47,572,288	\$52,222,933	3.92%
3	Nuclear Production				
4	Hydraulic Production				
5	Other Production	7,394,763	2,104,008	2,366,372	1.88%
6	Transmission	27,360,727	15,234,552	15,582,774	2.19%
7	Distribution	33,442,772	18,220,153	19,128,291	3.18%
8	General	4,024,666	2,664,928	2,404,187	4.75%
9	Common	5,904,629	3,241,922	3,583,047	6.93%
10	<b>TOTAL</b>	<b>\$147,730,153</b>	<b>\$89,037,851</b>	<b>\$95,287,604</b>	<b>3.47%</b>

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

SCHEDULE 21

	Account	Last Year Bal.	This Year Bal.	%Change
1				
2	151 Fuel Stock	\$743,519	\$802,176	7.89%
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)	426,183	473,650	11.14%
9	Transmission Plant (Estimated)	236,242	235,545	-0.30%
10	Distribution Plant (Estimated)	446,723	516,951	15.72%
11	Assigned to Other			
12	155 Merchandise			
13	156 Other Materials & Supplies			
14	157 Nuclear Materials Held for Sale			
15	163 Stores Expense Undistributed			
16				
17	<b>TOTAL Materials &amp; Supplies</b>	<b>\$1,852,667</b>	<b>\$2,028,322</b>	<b>9.48%</b>

**MONTANA REGULATORY CAPITAL STRUCTURE & COSTS**

SCHEDULE 22

	Commission Accepted - Most Recent	% Cap. Str.	% Cost Rate	Weighted Cost
1	Docket Number	86.5.28		
2	Order Number	5219b		
3				
4	Common Equity	35.548%	12.300%	4.372%
5	Preferred Stock	11.280%	9.019%	1.017%
6	Long Term Debt - First Mortgage Bonds	44.491%	10.232%	4.552%
7	Other Long Term Debt	8.681%	8.222%	0.714%
8	<b>TOTAL</b>	<b>100.000%</b>		<b>10.655%</b>
9				
10	<u>Actual at Year End</u>			
11				
12	Common Equity	51.638%	12.300%	6.351%
13	Preferred Stock	4.466%	4.616%	0.206%
14	Long Term Debt	40.455%	8.644%	3.497%
15	Short Term Debt	3.441%	4.472%	0.154%
16	<b>TOTAL</b>	<b>100.000%</b>		<b>10.208%</b>

1/ Includes deferred AFUDC, depreciation and interest on Coyote and acquisition adjustment.



## STATEMENT OF CASH FLOWS

Year: 2004

	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	\$175,324,972	\$207,066,607	18.10%
5	Depreciation	30,195,105	29,529,445	-2.20%
6	Amortization	1,252,461	1,140,203	-8.96%
7	Deferred Income Taxes - Net	4,469,701	(2,008,646)	-144.94%
8	Investment Tax Credit Adjustments - Net	(596,333)	(592,197)	-0.69%
9	Change in Operating Receivables - Net	(11,474,034)	3,643,265	131.75%
10	Change in Materials, Supplies & Inventories - Net	(4,067,492)	(3,986,837)	1.98%
11	Change in Operating Payables & Accrued Liabilities - Net	22,096,610	17,758,725	-19.63%
12	Change in Other Regulatory Assets	(1,092,811)	1,410,889	229.11%
13	Change in Other Regulatory Liabilities	672,317	(3,403,165)	-606.18%
14	Allowance for Funds Used During Construction (AFUDC)	(217,797)	(264,953)	21.65%
15	Change in Other Assets & Liabilities - Net	(13,303,142)	(4,483,170)	66.30%
16	Less Undistributed Earnings from Subsidiary Companies	(153,788,920)	(191,408,704)	24.46%
17	Other Operating Activities (explained on attached page)			
18	<b>Net Cash Provided by/(Used in) Operating Activities</b>	<b>\$49,470,637</b>	<b>\$54,401,462</b>	<b>9.97%</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)	(\$45,338,342)	(\$36,250,756)	-20.04%
23	Acquisition of Other Noncurrent Assets	4,502,946	(11,126,644)	-347.10%
24	Proceeds from Disposal of Noncurrent Assets			
25	Investments In and Advances to Affiliates	(50,630,421)	(75,952,020)	50.01%
26	Contributions and Advances from Affiliates	56,273,000	64,106,000	13.92%
27	Disposition of Investments in and Advances to Affiliates			
28	Other Investing Activities: Depreciation & RWIP on Nonutility Plant	49,965	144,461	189.12%
29	<b>Net Cash Provided by/(Used in) Investing Activities</b>	<b>(\$35,142,852)</b>	<b>(\$59,078,959)</b>	<b>68.11%</b>
30				
31	<b>Cash Flows from Financing Activities:</b>			
32	Proceeds from Issuance of:			
33	Long-Term Debt	\$30,000,000		-100.00%
34	Preferred Stock			
35	Common Stock	49,126,951	\$106,904,941	117.61%
36	Other:			
37	Net Increase in Short-Term Debt			
38	Other: Commercial Paper			
39	Payment for Retirement of:			
40	Long-Term Debt	(10,500,000)	(19,600,000)	86.67%
41	Preferred Stock	(100,000)		100.00%
42	Common Stock			
43	Other: Adjustment to Retained Earnings		(231,602)	-100.00%
44	Net Decrease in Short-Term Debt	(8,000,000)		100.00%
45	Dividends on Preferred Stock	(718,155)	(685,004)	-4.62%
46	Dividends on Common Stock	(74,118,558)	(82,340,948)	11.09%
47	Other Financing Activities (explained on attached page)			
48	<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>(\$14,309,762)</b>	<b>\$4,047,387</b>	<b>128.28%</b>
49				
50	<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>\$18,023</b>	<b>(\$630,110)</b>	<b>-3596.14%</b>
51	<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>\$9,388,732</b>	<b>\$9,406,755</b>	<b>0.19%</b>
52	<b>Cash and Cash Equivalents at End of Year</b>	<b>\$9,406,755</b>	<b>\$8,776,645</b>	<b>-6.70%</b>

**LONG TERM DEBT**

	Description	Issue Date Mo./Yr.	Maturity Date Mo./Yr.	Principal Amount	Net Proceeds	Outstanding Per Balance Sheet	Yield to Maturity	Annual Net Cost Inc. Prem/Disc.	Total Cost % 1/
1	8.25 % Secured MTN, Series A	04/92	04/07	\$30,000,000	\$26,111,796	\$30,000,000	8.25%	\$3,053,100	10.18%
2	8.60 % Secured MTN, Series A	04/92	04/12	35,000,000	28,906,532	35,000,000	8.60%	3,857,000	11.02%
3	6.71 % Secured MTN, Series A	09/97	10/09	15,000,000	13,488,404	15,000,000	6.71%	1,229,250	8.20%
4	5.83 % Secured MTN, Series A	09/98	10/08	15,000,000	14,813,914	15,000,000	5.83%	912,900	6.09%
5	5.98 % Senior Notes	12/03	12/33	30,000,000	29,456,832	30,000,000	5.98%	1,861,500	6.21%
6	Mercer County 6.65 % 2/	06/92	06/22	15,000,000	14,061,276	15,000,000	6.65%	1,093,200	7.29%
7	Richland County 6.65 % 2/	06/92	06/22	3,250,000	3,063,677	3,250,000	6.65%	235,398	7.24%
8	Morton County 6.65 % 2/	06/92	06/22	2,600,000	2,420,986	2,600,000	6.65%	190,944	7.34%
9	5.10 % Cumulative Preferred Stock 3/ 4/	05/61	12/14	5,000,000	4,947,548	1,100,000	5.10%	58,135	5.29%
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26	<b>TOTAL</b>			\$150,850,000	\$137,270,965	\$146,950,000		\$12,491,427	8.50%

1/ Includes interest expense, bond discount expense, debt issuance expense and loss on bond reacquisition and redemption.  
 2/ Pollution Control Refunding Revenue Bonds.  
 3/ Classified as long-term debt upon adoption of SFAS No. 150 in 2003.  
 4/ Mandatory annual redemption of \$100,000

**PREFERRED STOCK**

Year: 2004

	Series	Issue Date Mo./Yr.	Shares Issued	Par Value	Call Price 1/	Net Proceeds	Cost of Money	Principal Outstanding	Annual Cost	Embed. Cost %
1	4.50 % Cumulative	01/51	100,000	\$100	\$105	\$10,000,000	4.50%	\$10,000,000	\$450,000	4.50%
2	4.70 % Cumulative	12/55	50,000	100	102	5,000,000	4.70%	5,000,000	235,000	4.70%
3										
4										
5										
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28										
29										
30										
31										
32	<b>TOTAL</b>					\$15,000,000		\$15,000,000	\$685,000	4.57%

1/ Plus accrued dividends.

Year: 2004

**COMMON STOCK**

		Avg. Number of Shares Outstanding 1/	Book Value Per Share	Earnings Per Share 2/	Dividends Per Share	Retention Ratio	Market Price High	Market Price Low	Price/Earnings Ratio 3/
1									
2									
3									
4	January								
5									
6	February								
7									
8	March	114,658,130	\$12.93	\$0.20	\$0.17	15.00%	\$24.35	\$22.67	15.0 X
9									
10	April								
11									
12	May								
13									
14	June	116,559,018	13.26	0.50	0.17	66.00%	24.03	21.85	14.3 X
15									
16	July								
17									
18	August								
19									
20	September	117,109,110	13.66	0.61	0.18	70.49%	26.43	23.72	15.4 X
21									
22	October								
23									
24	November								
25									
26	December	117,582,021	14.09	0.45	0.18	60.00%	27.70	25.20	15.2 X
27									
28									
29									
30	TOTAL Year End	116,481,816	\$14.09	\$1.76	\$0.70	60.23%			15.2 X

1/ Basic shares

2/ Basic earnings per share.

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

## MONTANA EARNED RATE OF RETURN

Year: 2004

	Description	Last Year	This Year	% Change
	Rate Base			
1				
2	101 Plant in Service 1/	\$141,051,725	\$148,619,567	5.37%
3	108 (Less) Accumulated Depreciation 2/	87,309,431	93,358,003	6.93%
4				
5	<b>NET Plant in Service</b>	<b>\$53,742,294</b>	<b>\$55,261,564</b>	<b>2.83%</b>
6				
7	CWIP in Service Pending Reclassification	\$535,923	\$346,749	-35.30%
8				
9	Additions			
10	151 Fuel Stocks	\$743,519	\$802,176	7.89%
11	154, 156 Materials & Supplies	1,109,148	1,226,146	10.55%
12	165 Prepayments	75,433	52,443	-30.48%
13	Other Additions			
14				
15	<b>TOTAL Additions</b>	<b>\$1,928,100</b>	<b>\$2,080,765</b>	<b>7.92%</b>
16				
17	Deductions			
18	190 Accumulated Deferred Income Taxes	\$11,269,136	\$11,373,992	0.93%
19	252 Customer Advances for Construction	154,832	433,144	179.75%
20	255 Accumulated Def. Investment Tax Credits	552,857	183,767	-66.76%
21	Other Deductions			
22				
23	<b>TOTAL Deductions</b>	<b>\$11,976,825</b>	<b>\$11,990,903</b>	<b>0.12%</b>
24	<b>TOTAL Rate Base</b>	<b>\$44,229,492</b>	<b>\$45,698,175</b>	<b>3.32%</b>
25				
26	<b>Net Earnings</b>	<b>\$5,507,593</b>	<b>\$4,480,254</b>	<b>-18.65%</b>
27				
28	<b>Rate of Return on Average Rate Base</b>	<b>12.96%</b>	<b>9.96%</b>	<b>-23.15%</b>
29				
30	<b>Rate of Return on Average Equity</b>	<b>18.21%</b>	<b>11.82%</b>	<b>-35.09%</b>
31				
32	Major Normalizing Adjustments & Commission			
33	<u>Ratemaking adjustments to Utility Operations 3/</u>			
34				
35	<u>Adjustment to Operating Revenues</u>			
36	Late Payment Revenues	\$9,559	\$11,127	16.40%
37				
38				
39	<u>Adjustment to Operating Expenses</u>			
40	Elimination of Promotional & Institutional Advertising	(9,710)	(7,915)	-18.49%
41				
42	Total Adjustments to Operating Income	\$19,269	\$19,042	-1.18%
43				
44				
45	<b>Adjusted Rate of Return on Average Rate Base</b>	<b>13.01%</b>	<b>10.01%</b>	<b>-23.06%</b>
46				
47	<b>Adjusted Rate of Return on Average Equity</b>	<b>18.31%</b>	<b>11.92%</b>	<b>-34.90%</b>

1/ Excludes Acquisition Adjustment of \$2,506,417 for 2003 and \$2,645,181 for 2004.

2/ Excludes Acquisition Adjustment of \$1,728,420 for 2003 and \$1,929,601 for 2004.

3/ Updated amounts, net of taxes.

## MONTANA COMPOSITE STATISTICS

Year: 2004

	Description	Amount
1		
2	Plant (Intrastate Only) (000 Omitted)	
3		
4	101 Plant in Service	\$118,191
5	107 Construction Work in Progress	861
6	114 Plant Acquisition Adjustments	
7	105 Plant Held for Future Use	
8	154, 156 Materials & Supplies	1,226
9	(Less):	
10	108, 111 Depreciation & Amortization Reserves	93,358
11	252 Contributions in Aid of Construction	433
12		
13	<b>NET BOOK COSTS</b>	<b>\$26,487</b>
14	Revenues & Expenses (000 Omitted)	
15		
16		
17	400 Operating Revenues	\$42,820
18		
19	403 - 407 Depreciation & Amortization Expenses	\$5,333
20	Federal & State Income Taxes	1,479
21	Other Taxes	2,755
22	Other Operating Expenses	28,774
23	TOTAL Operating Expenses	\$38,341
24		
25	Net Operating Income	\$4,479
26		
27	Other Income	246
28	Other Deductions	1,805
29		
30	<b>NET INCOME</b>	<b>\$2,920</b>
31	Customers (Intrastate Only)	
32		
33		
34	Year End Average:	
35	Residential	18,328
36	Small General	4,927
37	Large General	249
38	Other	182
39		
40	<b>TOTAL NUMBER OF CUSTOMERS</b>	<b>23,686</b>
41	Other Statistics (Intrastate Only)	
42		
43		
44	Average Annual Residential Use (Kwh)	7,549
45	Average Annual Residential Cost per (Kwh) (Cents) *	\$0.075
46	* Avg annual cost = [(cost per Kwh x annual use) + ( mo. svc chrg x 12)]/annual use	
47	Average Residential Monthly Bill	\$46.40
48	Gross Plant per Customer	\$4,990

## MONTANA CUSTOMER INFORMATION

Year: 2004

	City/Town	Population (Includes Rural) 1/	Residential Customers	Commercial Customers	Industrial & Other Customers	Total Customers
1	Antelope	43	50	14	2	66
2	Bainville	153	89	32	5	126
3	Baker	1,695	936	309	13	1,258
4	Brockton	245	99	27	3	129
5	Carlyle	Not Available	2	4		6
6	Culbertson	716	345	134	4	483
7	Fallon	138	179	77	1	257
8	Fairview	709	377	88	3	468
9	Flaxville	87	61	21	3	85
10	Forsyth	1,944	1,032	268	11	1,311
11	Froid	195	137	43	4	184
12	Glendive	4,729	3,190	750	33	3,973
13	Homestead	Not Available	19	10	1	30
14	Ismay	26	20	15	1	36
15	Medicine Lake	269	168	47	4	219
16	Miles City	8,487	4,494	974	40	5,508
17	Outlook	82	53	26	3	82
18	Outlook Oil Field	Not Available		5	10	15
19	Plentywood	2,061	959	249	6	1,214
20	Plevna	138	90	27	3	120
21	Poplar	911	902	169	15	1,086
22	Poplar Oil Field	Not Available		4	11	15
23	Redstone	Not Available	21	15	1	37
24	Reserve	37	28	13	3	44
25	Rosebud	Not Available	71	42	2	115
26	Savage	Not Available	129	30	2	161
27	Scobey	1,082	597	169	3	769
28	Sidney	4,774	2,260	492	24	2,776
29	Terry	611	355	106	10	471
30	Whitetail	Not Available	27	15	1	43
31	Wibaux	567	285	96	8	389
32	Wolf Point	2,663	1,494	325	10	1,829
33	Kinsey	Not Available	114	34	2	150
34	MT Oil Fields	Not Available	8	50	76	134
35	<b>TOTAL Montana Customers</b>	32,362	18,591	4,680	318	23,589

1/ 2000 Census.

**MONTANA EMPLOYEE COUNTS 1/**

Year: 2004

	Department	Year Beginning	Year End	Average
1	Electric	19	21	20
2	Gas	42	45(1)	43(1)
3	Accounting	20	19	20
5	Management	6	8	7
7	Service 2/	58(3)	55(3)	57(3)
4	Marketing/Communications	7	7	7
6	Power	27	26	26
10				
11				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42	<b>TOTAL Montana Employees</b>	179(3)	181(4)	180(4)

1/ Parentheses denotes part-time.

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



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

**Year: 2004**

	Project Description	Total Company	Total Montana	
1	<u>Projects&gt;\$1,000,000</u>			
2				
3	<u>Electric-Steam Production</u>			
4	Upgrade Coal System at Heskett Station	\$1,272,683	\$324,085	1/
5	Install AHPC Resolution at Big Stone	1,108,822	282,358	1/
6	Replace HP-IP Turbine at Big Stone	1,099,875	280,080	1/
7				
8	<u>Other Projects&lt;\$1,000,000</u>			
9				
10	<u>Electric</u>			
11	Production	8,219,099	2,092,967	1/
12	Transmission:			
13	Integrated	2,028,142	774,951	1/
14	Direct	632,125	46,561	2/
15	Distribution	7,517,577	1,085,026	2/
16	General	1,505,962	320,806	2/
17	Common:			
18	General Office	979,559	228,725	1/
19	Other Direct	762,744	100,953	2/
20	Total Electric	21,645,208	4,649,989	
21				
22	<u>Gas</u>			
25	Distribution	9,692,737	2,457,441	2/
26	General	3,029,008	452,988	2/
27	Common:			
28	General Office	807,711	207,769	1/
29	Other Direct	362,163	100,033	2/
30	Total Gas	13,891,619	3,218,231	
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42	TOTAL	\$39,018,207	\$8,754,743	

1/ Allocated to Montana.

2/ Directly assigned to Montana.

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

Year: 2004

## 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.	28	1900	367.7	285,050	63,227
2	Feb.	3	1000	345.7	254,161	66,613
3	Mar.	11	1000	305.0	279,715	97,430
4	Apr.	12	1200	277.8	240,478	75,784
5	May	12	1100	281.6	222,656	51,739
6	Jun.	30	1600	382.6	211,379	42,445
7	Jul.	20	1600	458.4	268,103	60,876
8	Aug.	6	1800	395.4	258,216	65,738
9	Sep.	1	1800	413.0	255,168	64,189
10	Oct.	18	1200	306.7	252,420	65,501
11	Nov.	29	1900	333.5	277,566	86,330
12	Dec.	23	1900	368.7	301,081	81,644
13	<b>TOTAL</b>				3,105,993	821,516

## Montana

		Peak Day of Month	Peak Hour	Peak Day Volumes Megawatts	Total Monthly Volumes Energy (Mwh)	Non-Requirements Sales For Resale (Mwh)
14	Jan.	28	1900	96.9		
15	Feb.	3	1000	90.4		
16	Mar.	11	1000	81.3		
17	Apr.	12	1200	71.5		
18	May	12	1100	72.1		
19	Jun.	30	1600	95.7		
20	Jul.	20	1600	109.8	Not Available	Not Available
21	Aug.	6	1800	107.0		
22	Sep.	1	1800	107.4		
23	Oct.	18	1200	80.8		
24	Nov.	29	1900	87.3		
25	Dec.	23	1900	97.4		
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	2,539,948	Sales to Ultimate Consumers (Include Interdepartmental)	2,303,460
3	Nuclear			
4	Hydro - Conventional			
5	Hydro - Pumped Storage		Requirements Sales for Resale	
6	Other	12,925		
7	(Less) Energy for Pumping			
8	<b>NET Generation</b>	2,552,873	Non-Requirements Sales for Resale	821,516
9	Purchases	791,117		
10	Power Exchanges			
11	Received	21,717	Energy Furnished Without Charge	
12	Delivered	51,149		
13	<b>NET Exchanges</b>	(29,432)		
14	Transmission Wheeling for Others		Energy Used Within Electric Utility	239,263
15	Received	1,304,206		
16	Delivered	1,226,517		
17	<b>NET Transmission Wheeling</b>	77,689	Total Energy Losses	
18	Transmission by Others Losses	(28,008)		
19	<b>TOTAL</b>	3,364,239	<b>TOTAL</b>	3,364,239

Montana-Dakota's annual peak occurred during HE1600 July 20, 2004. All generation units were available for operation during the peak hour. The following units were on line and providing energy.

Heskett #1	20.8
Heskett #2	67.4
Lewis & Clark	41.8
Glendive Turbine	53.4
Miles City Turbine	12.6
Coyote	102.0
Big Stone	44.0

In addition to the above units, Montana-Dakota was purchasing 67 MW of its 67 MW share of the Antelope Valley Unit 2.

**SOURCES OF ELECTRIC SUPPLY**

Year: 2004

	Type	Plant Name	Location	Annual Peak (MW)	Annual Energy (Mwh)
1	Combustion Turbine	Williston Plant	Williston, ND	10.6	(75.4)
2	Combustion Turbine	Miles City Turbine	Miles City, MT	28.9	3,311.3
3	Thermal	Lewis & Clark Station	Sidney, MT	48.1	345,856.7
4	Combustion Turbine	Glendive Turbine	Glendive, MT	72.3	9,688.8
5	Thermal	Heskett Station	Mandan, ND	103.7	613,144.9
6	Thermal	Big Stone Station	Milbank, SD	106.6	771,679.0
7				(MDU SHARE)	
8	Thermal	Coyote Station	Beulah, ND	106.8	809,267.3
9				(MDU SHARE)	
10	Purchases	Basin Electric	10-31-2006	66.4	467,598.0
11					
12					
13					
14					
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41					
42					
43	<b>Total</b>			543.4	3,020,470.6

<u>Outage Start Date/Time</u>	<u>Outage End Date/Time</u>	<u>Brief Description of Primary Cause</u>	<u>1/</u>
<b><u>Big Stone Plant</u></b>			
4/24/2004 2:14	4/25/2004 0:42	Cyclone tube leak	
6/4/2004 17:58	6/12/2004 23:08	Scheduled outage	
7/14/2004 10:04	7/15/2004 22:48	Cyclone, reheat, and wall tube leaks	
7/20/2004 0:01	7/20/2004 13:38	Unit trip - loss of power stabilizing transformer	
7/23/2004 4:45	7/23/2004 12:09	Unit trip - high back pressure	
8/20/2004 14:59	8/21/2004 5:50	Air heater pin rack failure	
9/27/2004 16:41	9/28/2004 21:30	Secondary superheat outlet tube leak	
10/22/2004 20:09	10/30/2004 11:06	Scheduled boiler wash	
<b><u>Coyote Station</u></b>			
2/5/2004 23:07	2/9/2004 2:38	Scheduled boiler wash outage	
2/9/2004 5:41	2/9/2004 7:37	Unit trip - high drum level	
3/15/2004 9:33	3/15/2004 11:22	Unit trip - low DA storage tank level	
3/31/2004 11:10	3/31/2004 13:29	Unit trip - high furnace pressure	
4/11/2004 8:51	4/13/2004 16:33	Unit trip - 345 KV line fault	
5/19/2004 13:05	5/20/2004 22:00	Boiler floor tube leak	
5/20/2004 22:01	5/27/2004 17:38	Scheduled spring outage	
6/30/2004 18:52	6/30/2004 22:45	EH leak on turbine governor valve #4	
7/8/2004 23:00	7/10/2004 4:32	Boiler floor tube leak	
7/14/2004 21:59	7/16/2004 9:12	Reheat tube leaks	
7/26/2004 15:50	7/26/2004 19:30	Unit trip - high drum level	
8/24/2004 15:55	8/27/2004 6:52	Primary superheat tube leak	
9/1/2004 17:47	9/1/2004 19:27	FD fan turbine thrust bearing trip	
10/7/2004 23:14	10/11/2004 23:24	Scheduled boiler wash outage	
11/7/2004 4:40	11/8/2004 6:21	Boiler floor tube leak	
11/22/2004 10:01	11/22/2004 12:46	Unit trip - low furnace pressure	
<b><u>Heskett Unit 1</u></b>			
3/5/2004 22:09	3/12/2004 0:30	Maintenance Outage	
8/27/2004 20:44	8/30/2004 7:54	Platen superheater tube leak	
9/12/2004 23:46	9/19/2004 16:22	Maintenance Outage	
<b><u>Heskett Unit 2</u></b>			
1/1/2004 0:00	1/1/2004 15:40	Maintenance Outage	
2/14/2004 6:22	2/20/2004 0:01	In bed superheater tube leak	
3/27/2004 14:50	4/2/2004 20:37	In bed generating tube leak due to erosion	
6/13/2004 8:09	7/3/2004 13:12	In bed evaporative tube leak	
10/9/2004 1:51	10/16/2004 16:40	Furnace wall tube leak	
12/9/2004 0:23	12/12/2004 20:03	Platen superheater tube leak	

**Company Name: Montana-Dakota Utilities Co.**

<u>Outage Start Date/Time</u>	<u>Outage End Date/Time</u>	<u>Brief Description of Primary Cause</u>	<u>1/</u>
<b><u>Lewis &amp; Clark Station</u></b>			
3/19/2004 12:43	3/19/2004 18:25	Clean scrubber disc	
4/25/2004 12:47	5/6/2004 9:42	Maintenance Outage	
6/11/2004 17:33	6/14/2004 9:17	Clean super heater	
7/22/2004 14:22	7/22/2004 17:48	Feedwater Control - low suction in boiler feed pump	
9/24/2004 20:00	10/4/2004 9:19	Maintenance Outage	
10/9/2004 16:53	10/9/2004 19:55	Low-vacuum trip	
10/22/2004 11:12	10/22/2004 14:48	Scrubber pipe repair	

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

**MONTANA CONSERVATION & DEMAND SIDE MANAGEMENT PROGRAMS**

Year: 2004

	Program Description	Current Year Expenditures	Last Year Expenditures	% Change	Planned Savings (MW & MWH)	Achieved Savings (MW & MWH)	Difference (MW & MWH)
1							
2	Weatherization Program	\$127,200	\$127,200		N/A	N/A	N/A
3							
4	Energy Audits	10,000	10,000		N/A	N/A	N/A
5							
6	Lighting Retrofits	27,097	30,589	-11.42%	N/A	N/A	N/A
7							
8							
9	<b>TOTAL</b>	\$164,297	\$167,789	-2.08%	N/A	N/A	N/A

10  
11  
12  
13 \*\* Note - The residential conservation programs listed are administered through the Universal Systems Benefits Program (USBP).  
14 USBP funds were directed to these programs through third parties. Estimated savings are not available.  
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32

Company Name: Montana-Dakota Utilities Co.

SCHEDULE 36

MONTANA CONSUMPTION AND REVENUES

Year: 2004

	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	\$10,204,278	\$11,036,914	138,362	150,544	18,328	18,395
2	Small General	6,116,789	6,208,889	99,743	101,994	4,927	4,838
3	Large General	15,721,572	15,345,026	347,546	339,729	249	249
4	Lighting	680,183	675,140	9,744	9,684	79	77
5	Municipal Pumping	316,013	323,038	6,709	6,992	103	101
6	Sales to Other Utilities	7,730,450	6,832,812	Not Applicable	Not Applicable	Not Applicable	Not Applicable
7							
8							
9							
10							
11							
12							
13	<b>TOTAL</b>	\$40,769,285	\$40,421,819	602,104	608,943	23,686	23,660