

**IDENTIFICATION**

Year: 2006

1. Legal Name of Respondent:	MDU Resources Group, Inc.
2. Name Under Which Respondent Does Business:	Montana-Dakota Utilities Co.
3. Date Utility Service First Offered in Montana	1920
4. Address to send Correspondence Concerning Report:	Montana-Dakota Utilities Co. 400 North Fourth Street Bismarck, ND 58501
5. Person Responsible for This Report:	Donald R. Ball
5a. Telephone Number:	(701) 222-7630
<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/	-
2	Terry D. Hildestad, Bismarck, ND 2/	-
3	Warren L. Robinson, Bismarck, ND 3/	-
4	Vernon A. Raile, Bismarck, ND 3/	-
5	Paul K. Sandness, Bismarck, ND	-
6	Bruce T. Imsdahl, Bismarck, ND	-
7		
8		
9	1/ Montana-Dakota Utilities Co. is a division of MDU Resources Group, Inc.,	
10	and has no Board of Directors. The affairs of the Company are managed by	
11	a Managing Committee, the members of which are provided herein rather	
12	than the directors of MDU Resources Group, Inc.	
13	2/ Martin A. White retired on 8/17/06 and was replaced by Terry D. Hildestad.	
14	3/ Warren L. Robinson retired on 1/03/06 and was replaced by Vernon A.	
15	Raile.	
16		
17		
18		

**Officers**

Year: 2006

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

Year: 2006

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

**CORPORATE ALLOCATIONS - GAS**

Year: 2006

	Items Allocated	Classification	Allocation Method	\$ to MT Utility	MT %	\$ to Other
1	Audit Costs	Administrative & General	Various Corporate Overhead Allocation Factors	\$2,749	1.29%	\$209,841
2						
3	Advertising	Administrative & General	Various Corporate Overhead Allocation Factors, and/or Actual Costs Incurred	1,958	1.35%	143,261
4						
5						
6	Air Service	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	2,286	1.54%	146,309
7						
8						
9	Automobile	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	1,166	2.90%	39,082
10						
11						
12	Bank Services	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	6,672	1.56%	420,102
13						
14						
15	Computer Rental	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	29,936	10.01%	269,129
16						
17						
18	Consultant Fees	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	29,279	1.93%	1,488,798
19						
20						
21	Contract Services	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	48,081	1.98%	2,382,039
22						
23						
24	Corporate Aircraft	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	3,922	1.73%	222,533
25						
26						
27	Directors Expenses	Administrative & General	Corporate Overhead Allocation Factor Based on a Combination of Net Plant Investment and Number of Employees	59,271	1.63%	3,584,858
28						
29						
30						
31	Employee Benefits	Administrative & General	Corporate Overhead Allocation Factor Based on Number of Employees	7,211	1.62%	438,711
32						

**CORPORATE ALLOCATIONS - GAS**

Year: 2006

	Items Allocated	Classification	Allocation Method	\$ to MT Utility	MT %	\$ to Other
1	Employee Meetings	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	2,890	1.57%	180,826
2						
3						
4	Employee Reimbursable Expenses	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	5,696	1.74%	322,304
5						
6						
7	Legal Retainers & Fees	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	22,515	1.56%	1,424,698
8						
9						
10	Meal Allowance	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	83	1.79%	4,550
11						
12						
13	Meals & Entertainment	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	2,090	1.66%	123,997
14						
15						
16	Moving Expense	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	499	2.16%	22,563
17						
18						
19	Industry Dues & Licenses	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	2,813	2.01%	137,059
20						
21						
22	Office Expenses	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	16,613	3.00%	537,795
23						
24						
25	Prepaid Insurance	Administrative & General	Various Corporate Overhead Allocation Factors and Allocation Factors Based on Actual Experience	25,612	1.38%	1,824,586
26						
27						
28	Permits and Filing Fees	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	549	1.72%	31,435
29						

## CORPORATE ALLOCATIONS - GAS

Year: 2006

	Items Allocated	Classification	Allocation Method	\$ to MT Utility	MT %	\$ to Other
1	Postage	Administrative & General	Various Corporate Overhead Allocation Factors and/or	886	1.56%	55,787
2			Actual Costs Incurred			
3						
4	Payroll	Administrative & General	Various Corporate Overhead Allocation Factors, Time	388,070	1.91%	19,908,116
5			Studies, and/or Actual Costs Incurred			
6						
7	Reimbursements and	Administrative & General	Various Corporate Overhead Allocation Factors and/or	(1,514)	11.41%	(11,752)
8	Warranty Credits		Actual Costs Incurred			
9						
10	Rental	Administrative & General	Various Corporate Overhead Allocation Factors and/or	104	1.56%	6,582
11			Actual Costs Incurred			
12						
13	Supplemental Insurance	Administrative & General	Various Corporate Overhead Allocation Factors	6,828	1.55%	433,012
14						
15	Reference Materials	Administrative & General	Various Corporate Overhead Allocation Factors and/or	2,668	1.59%	165,600
16			Actual Costs Incurred			
17						
18	Seminars & Meeting	Administrative & General	Various Corporate Overhead Allocation Factors, Time	3,730	2.23%	163,729
19	Registrations		Studies, and/or Actual Costs Incurred			
20						
21	Software Maintenance	Administrative & General	Various Corporate Overhead Allocation Factors, Time	57,183	3.55%	1,555,164
22			Studies, and/or Actual Costs Incurred			
23						
24	Telephone	Administrative & General	Various Corporate Overhead Allocation Factors and/or	10,246	10.51%	87,265
25			Actual Costs Incurred			
26						
27	Training Material	Administrative & General	Various Corporate Overhead Allocation Factors, Time	5,244	2.27%	226,220
28			Studies, and/or Actual Costs Incurred			
29						
30	<b>TOTAL</b>			<b>\$745,336</b>	<b>2.00%</b>	<b>\$36,544,199</b>

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

Year: 2006

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility	
1	<b>KNIFE RIVER CORPORATION</b>	Expense	Actual Costs Incurred				
2		Materials		\$1,019		\$675	
3							
4							
5							
6							
7							
8		Capital		Actual Costs Incurred			
9		Contract Services			2,362		
10		Materials			7,596		
11							
12							
13							
14							
15							
16							
17							
18							
19			Total Knife River Corporation Operating Revenues for the Year 2006			1,877,021,000	
20			Excludes Intersegment Eliminations				
21							
22							
23	<b>TOTAL</b>	<b>Grand Total Affiliate Transactions</b>		\$10,978	0.0006%	\$675	

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

Year: 2006

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility	
1	<b>WBI HOLDINGS, INC</b>	Natural Gas	Actual Costs Incurred				
2		Purchases/Transportation		\$67,305,686		\$19,734,727	
3							
4		Expense	Actual Costs Incurred				
5		Contract Services		2,272			
6		Legal Fees		9,376			
7		Materials		3,787			
8		Seminars		3,024			
9		Software Maintenance		62			
10		Reference Materials		8,027			
11		Miscellaneous Employee Benefits		74			
12		Miscellaneous		10			
13		Air Services		179			
14		Public Info Mtgs		113			
15							
16		Capital	Actual Costs Incurred				
17		Contract Services		124,425			
18		Reimbursable Expense		51			
19		Material		2,841			
20							
21							
22							
23							
24							
25							
26							
27			Total WBI Operating Revenues for the Year 2006			\$927,672,000	
28			Excludes Intersegment Eliminations				
29							
30							
31	<b>TOTAL</b>	<b>Grand Total Affiliate Transactions</b>		\$67,459,929	7.2720%	\$19,734,727	



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

Year: 2006

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility						
1	<b>MDU CONSTRUCTION SERVICES GROUP, INC</b>	Expense	Actual Costs Incurred									
2												
3							Materials	\$57	\$57			
4							Contract Services	806				
5												
6												
7												
8												
9												
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21												
22							Total MDU Construction Services Group, Inc Operating Revenues for the Year 2006				\$987,582,000	
23							Excludes Intersegment Eliminations					
24												
25												
26	<b>TOTAL</b>	<b>Grand Total Affiliate Transactions</b>		\$863	0.0001%	\$57						

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

Year: 2006

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility	
1	<b>CENTENNIAL ENERGY RESOURCES/CHCC</b>	Expense	* Various Corporate Overhead				
2		Corporate Aircraft	Allocation Factors and/or	\$114,899		\$28,045	
3		Rent	Actual Costs Incurred	61,363		15,227	
4		Cost of Service		107,973		26,793	
5							
6							
7		Capital					
8		Corporate Aircraft	Actual Costs Incurred	403			
9		Subcontract Labor					
10							
11							
12							
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16							
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20							
21							
22			Total Centennial Energy Resources/CHCC Operating Revenues for the Year 2006			\$74,262,000	
23			Excludes Intersegment Eliminations				
24							
25							
26							
27							
28							
29	<b>TOTAL</b>	<b>Grand Total Affiliate Transactions</b>		\$284,638	0.3833%	\$70,066	

Company Name: Montana-Dakota Utilities Co.

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

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

Company Name: Montana-Dakota Utilities Co.

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

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

Company Name: Montana-Dakota Utilities Co.

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

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.
1	KNIFE RIVER CORPORATION	Transportation & Procurement	* Various Corporate Overhead Allocation Factors and /or Actual Costs Incurred		
2		Air Service		\$40	
3		Employee Reimbursable Expense		192	
4		Meals & Entertainment		36	
5		Office Expenses		108	
6		Payroll		12,125	
7		Automobile		672	
8		Electric Consumption		111	
9		Gas Consumption		105	
10					
11		Purchasing	* Various Corporate Overhead Allocation Factors and /or Actual Costs Incurred		
12		Employee Reimbursable Expense		2	
13		Payroll		823	
14					
15		Other Miscellaneous Departments	* Various Corporate Overhead Allocation Factors and /or Actual Costs Incurred		
16		Automobile		(10)	
17		Payroll		(197)	
18					
19					
20		Other Direct Charges	Actual Costs Incurred		
21		Employee Discounts		48,253	
22		Corporate/Commercial Air Service		119,559	
23		Computer/Software Support		106,814	
24		Electric Consumption		55,957	
25		Gas Consumption		101,029	
26		Deferred Compensation		7,464	
27		Miscellaneous		178,277	
28					
29					
30			<b>Total Montana-Dakota Utilities Co.</b>		

Company Name: Montana-Dakota Utilities Co.

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

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

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

**SCHEDULE 7**

Year: 2006

(f)  
Revenues  
to MT Utility

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**SCHEDULE 7**

Year: 2006

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





**SCHEDULE 7**

Year: 2006

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

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

Year: 2006

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	WBI HOLDINGS, INC.	MDU RESOURCES GROUP, INC.				
2		Corporate Overhead	* Various Corporate Overhead Allocation			
3		Audit Costs	Factors, Time Studies and/or Actual	\$52,227		
4		Advertising	Costs Incurred	37,190		
5		Air Service		42,782		
6		Automobile		11,484		
7		Bank Services		126,752		
8		Corporate Aircraft		70,684		
9		Consultant Fees		433,005		
10		Contract Services		695,929		
11		Computer Rental		35,014		
12		Directors Expenses		1,079,702		
13		Employee Benefits		131,636		
14		Employee Meeting		54,511		
15		Employee Reimbursable Expense		90,001		
16		Express Mail		100		
17		Insurance		560,802		
18		Legal Retainers & Fees		427,737		
19		Meal Allowance		1,381		
20		Cash Donations		16,153		
21		Meal & Entertainment		35,391		
22		Moving Expense		6,495		
23		Industry Dues & Licenses		40,789		
24		Office Expenses		193,065		
25		Supplemental Insurance		130,633		
26		Permits & Filing Fees		7,871		
27		Postage		16,736		
28		Payroll		5,664,656		
29		Reference Materials		50,013		
30		Rental		1,986		
31		Seminars & Meeting Registrations		46,339		
32		Software Maintenance		292,193		
33		Telephone		3,406		
34		Training Material		63,452		
35		<b>Total MDU Resources Group, Inc.</b>		<b>\$10,420,115</b>	<b>1.6314%</b>	

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

Year: 2006

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	WBI HOLDINGS, INC.	MONTANA-DAKOTA UTILITIES CO.				
2		Communications Department	* Various Corporate Overhead Allocation			
3		Expense	Factors, Cost of Service Factors, Time			
4		Air Service	Studies and /or Actual Costs Incurred	\$29		
5		Employee Reimbursable Expense		41		
6		Meals & Entertainment		7		
7		Office Expenses		242		
8		Office Telephone		14,331		
9		Payroll		5,132		
10						
11		Office Services	* General Office Complex and Office			
12		Expense	Supplies cost of Service Allocation			
13		Contract Services	Factors	840		
14		Employee Meetings		14		
15		Express Mail		11,001		
16		Office Expenses		17,298		
17		Postage		6,534		
18		Cost of Service - General Office Buildings		345,959		\$82,660
19						
20		Purchasing Department	* Various Corporate Overhead Allocation			
21		Capital	Factors, Cost of Service Factors, Time			
22		Payroll	Studies and /or Actual Costs Incurred	37,041		
23		Office Supplies		349		
24		Expense				
25		Payroll		863		
26		Employee Reimbursable Expense		2		
27						
28						
29		Information Systems	* Various Corporate Overhead Allocation			
30		Expense	Factors and /or Actual Costs Incurred			
31		Office Telephones		439		
32		Payroll		5,343		
33		Professional Organizational Dues		71		
34						

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

Year: 2006

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

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

Year: 2006

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility	
1	WBI HOLDINGS, INC.	Meals & Entertainment	Actual Costs Incurred	\$35	0.3186%		
2		Office Expenses		122			
3		Office Telephone		263			
4		Professional Organ. Dues		9			
5		Payroll		13,309			
6		Permits & Filing Fees		3			
7		Utilities		322			
8		Expense					
9		Payroll		36,396			
10		Automobile		2,182			
11		Air Service		118			
12		Employee Reimbursable Expense		691			
13		Meals & Entertainment		144			
14		Office Expenses		333			
15		Company Consumption - Electric		451			
16		Company Consumption - Gas		429			
17							
18		Other Direct Charges					
19		Utility/Merchandise Discounts		158,317			\$88,116
20		Corporate Aircraft		250,148			
21		Radio Maintenance		1,801			
22		Vehicle Maintenance		34,918			
23		Computer/Software Support		11,002			
24		Cathodic Protection		14,465			5,411
25		Purchased Power for Compressor Stations		79,337			71,394
26		Electric Compressor - Electricity Cost		139,460			14,014
27		Office Building Utilities		295,241			90,965
28		Legal Fees		18,741			
29		Employee Reimbursable Exp		115,827			
30		Miscellaneous		278,401			4,709
31		BitterCreek Projects		83,090			
32	Total Montana-Dakota Utilities Co. 1/		\$2,034,932	0.3186%	\$357,269		
33							
34							

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

Year: 2006

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	WBI HOLDINGS, INC.					
2		1/ Total Montana-Dakota Charges By Category				
3		Expense		\$1,958,589	0.3066%	
4		Capital		60,521	0.0095%	
5		Clearing		15,822	0.0025%	
6		Total		2,034,932	0.3186%	
7						
8						
9		OTHER TRANSACTIONS/REIMBURSEMENTS				
10		Insurance	Actual Costs Incurred	1,932		
11		Federal & State Tax Liability Payments		45,750,057		
12		Tax Deferred Savings Plan		17,512		
13		KESOP carrying costs		76,017		
14		Miscellaneous Reimbursements		(26,729)		
15		<b>Total Other Transactions/Reimbursements</b>		<b>\$45,818,789</b>	7.1733%	
16						
17		<b>Grand Total Affiliate Transactions</b>		<b>\$58,273,836</b>	9.1233%	<b>\$357,269</b>
18						
19						
20						
21		<b>Total WBI Holdings Operating Expenses for 2006 - Excludes Intersegment Eliminations</b>			<b>\$638,737,000</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.

JCTS & SERVICES PROVIDED BY UTILITY

Year: 2006

Line	(a) Affiliate Name	(b) & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	MDU CONSTRUCTION	MDU RESOURCES GROUP, INC.				
2	SERVICES GROUP INC	Corporate Overhead	* Various Corporate Overhead Allocation			
3		Audit Costs	Factors, Time Studies and/or Actual	\$11,958		
4		Advertising	Costs Incurred	8,515		
5		Air Service		14,357		
6		Automobile		1,640		
7		Bank Services		29,021		
8		Corporate Aircraft		12,119		
9		Consultant Fees		85,693		
10		Contract Services		154,857		
11		Computer Rental		215		
12		Directors Expenses		244,031		
13		Employee Benefits		30,069		
14		Employee Meeting		12,481		
15		Employee Reimbursable Expense		26,328		
16		Express Mail		21		
17		Insurance		147,789		
18		Legal Retainers & Fees		97,933		
19		Moving Allowance		1,424		
20		Meal Allowance		297		
21		Cash Donations		3,698		
22		Meal & Entertainment		9,644		
23		Industry Dues & Licenses		6,291		
24		Office Expenses		39,424		
25		Supplemental Insurance		29,909		
26		Permits & Filing Fees		1,749		
27		Postage		3,832		
28		Payroll		1,594,930		
29		Reference Materials		11,369		
30		Rent		455		
31		Seminars & Meeting Registrations		10,113		
32		Software Maintenance		33,745		
33		Telephone		476		
34		Training Material		13,823		
35		<b>Total MDU Resources Group, Inc.</b>		<b>\$2,638,206</b>	<b>0.2816%</b>	



JCTS & SERVICES PROVIDED BY UTILITY

Year: 2006

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

JCTS & SERVICES PROVIDED BY UTILITY

Year: 2006

Line	(a) Affiliate Name	(b) & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	MDU CONSTRUCTION	MONTANA-DAKOTA UTILITIES CO.				
2	SERVICES GROUP INC	Business Development	* General Office Complex and Office			
3		Air Service	Supplies Cost of Service Allocation	\$1,036		
4		Meals & Entertainment		534		
5		Office Expenses		51		
6		Payroll		53,782		
7		Employee Reimbursable Expense		476		
8						
9						
10		Transportation Department	* Various Corporate Overhead Allocation			
11		Automobile	Factors, Time Studies and /or Actual	88		
12		Air Services	Costs incurred	171		
13		Meals & Entertainment		390		
14		Other Reimburseable Expenses		663		
15		Payroll		68,174		
16		Office Supplies		411		
17		Company Consumption - Electric		1,336		
18		Company Consumption - Gas		1,271		
19						
20						
21						
22						
23						
24						
25						

JCTS & SERVICES PROVIDED BY UTILITY

Year: 2006

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

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

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

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	CENTENNIAL ENERGY	MDU RESOURCES GROUP, INC.				
2	RESOURCES/CHCC	Corporate Overhead	* Various Corporate Overhead Allocation			
3		Audit Costs	Factors, Time Studies and/or Actual	\$21,277		
4		Advertising	Costs Incurred	15,152		
5		Air Service		14,818		
6		Automobile		2,844		
7		Bank Services		51,639		
8		Corporate Aircraft		23,518		
9		Consultant Fees		151,060		
10		Contract Services		272,381		
11		Computer Rental		383		
12		Directors Expenses		448,056		
13		Employee Benefits		53,134		
14		Employee Meeting		22,208		
15		Employee Reimbursable Expense		36,391		
16		Express Mail		38		
17		Insurance		255,943		
18		Legal Retainers & Fees		174,263		
19		Cash Donations		6,581		
20		Meals & Entertainment		15,441		
21		Meal Allowance		512		
22		Moving		2,466		
23		Industry Dues & Licenses		16,187		
24		Office Expenses		32,598		
25		Supplemental Insurance		53,220		
26		Permits & Filing Fees		3,053		
27		Postage		6,819		
28		Payroll		2,099,185		
29		Reference Materials		20,256		
30		Rental		809		
31		Seminars & Meeting Registrations		16,459		
32		Software Maintenance		43,552		
33		Telephone		483		
34		Training		22,504		
35		<b>Total MDU Resources Group, Inc.</b>		<b>\$3,883,230</b>	<b>5.2352%</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) Revenues to MT Utility
1	CENTENNIAL ENERGY	MONTANA-DAKOTA UTILITIES CO.				
2	RESOURCES/CHCC	Communications Department	* Various Corporate Overhead Allocation			
3		Air Service	Factors, Cost of Service Factors, Time	\$10		
4		Employee Reimbursable Expense	Studies and /or Actual Costs Incurred	17		
5		Meals & Entertainment		3		
6		Office Expenses		99		
7		Office Telephone		5,839		
8		Payroll		2,093		
9						
10		Office Services	* General Office Complex and Office			
11		Contract Services	Supplies Cost of Service Allocation	335		
12		Express Mail	Factors	4,483		
13		Postage		2,662		
14		Office Expenses		3,064		
15		Employee Meetings		6		
16		Cost of Service - General Office Buildings		150,689		\$36,004
17						
18		Information Systems	* Various Corporate Overhead Allocation			
19		Payroll	Factors and /or Actual Costs Incurred	4,700		
20		Professional Organization Dues		242		
21		Office Telephones		180		
22		Automobile		(16)		
23						
24		Other Miscellaneous Departments	* Various Corporate Overhead Allocation			
25		Office Supplies	Factors and /or Actual Costs Incurred	155		
26		Payroll		14,629		
27		Automobile		1,062		
28		Air Services		52		
29		Employee Reimbursable Expense		315		
30		Meals & Entertainment		57		
31		Electric Consumption		175		
32		Gas Consumption		166		
33						
34						

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

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1	CENTENNIAL ENERGY	Other Direct Charges	Actual costs incurred			
2	RESOURCES/CHCC	Employee Discounts		\$8,655		
3		Employee Benefits		46,326		
4		Corporate/Commercial Air Service		45,922		
5		Computer/Software Costs		1,105,775		
6		Employee Reimbursable Exp and Fuel		403,246		
7		Legal Fees		26,957		
8		Telephone		7,573		
9		Building Expenses		130,368		
10		Office Expenses		(982)		
11		Miscellaneous		134,781		
12		<b>Total Montana-Dakota Utilities Co.</b>		\$2,099,635	2.831%	\$36,004
13						
14		OTHER TRANSACTIONS/REIMBURSEMENTS	Actual costs incurred			
15		Payroll		3,084,380		
16		Federal & State Tax Liability Payments		(6,669,464)		
17		Miscellaneous		119,824		
18		<b>Total Other Transactions/Reimbursements</b>		<b>(\$3,465,261)</b>		
19						
20		<b>Grand Total Affiliate Transactions</b>		<b>\$2,517,604</b>	<b>3.394%</b>	<b>\$36,004</b>
21						
22		<b>Total Centennial Energy Resources/CHCC Operating Expenses for 2006</b>			\$74,176,000	
23		<b>Excludes Intersegment Eliminations</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: 2006

	Account Number & Title	Last Year	This Year	% Change
1	400 Operating Revenues	\$97,137,549	\$80,305,939	-17.33%
2				
3	Operating Expenses			
4	401 Operation Expenses	\$89,017,114	\$72,954,433	-18.04%
5	402 Maintenance Expense	721,942	838,584	16.16%
6	403 Depreciation Expense	2,159,270	2,281,903	5.68%
7	404-405 Amort. & Depl. of Gas Plant	192,645	184,633	-4.16%
8	406 Amort. of Gas Plant Acquisition Adjustments	0	0	
9	407.1 Amort. of Property Losses, Unrecovered Plant & Regulatory Study Costs	0	0	
10				
11	407.2 Amort. of Conversion Expense	0	0	
12	408.1 Taxes Other Than Income Taxes	2,449,395	2,362,155	-3.56%
13	409.1 Income Taxes - Federal	2,686,060	165,588	-93.84%
14	- Other	763,969	76,810	-89.95%
15	410.1 Provision for Deferred Income Taxes	(2,469,418)	(177,970)	92.79%
16	411.1 (Less) Provision for Def. Inc. Taxes - Cr.	(307,675)	(743)	99.76%
17	411.4 Investment Tax Credit Adjustments	0	0	
18	411.6 (Less) Gains from Disposition of Utility Plant	0	(302,635)	100.00%
19	411.7 Losses from Disposition of Utility Plant	0	0	
20	<b>TOTAL Utility Operating Expenses</b>	<b>\$95,213,302</b>	<b>\$78,382,758</b>	<b>-17.68%</b>
21	<b>NET UTILITY OPERATING INCOME</b>	<b>\$1,924,247</b>	<b>\$1,923,181</b>	<b>-0.06%</b>

## MONTANA REVENUES

SCHEDULE 9

	Account Number & Title	Last Year	This Year	% Change
1	Sales of Gas			
2	480 Residential	\$60,243,176	\$51,334,359	-14.79%
3	481 Commercial & Industrial - Small	34,727,875	29,300,355	-15.63%
4	Commercial & Industrial - Large	15,754	0	-100.00%
5	482 Other Sales to Public Authorities			
6	484 Interdepartmental Sales			
7	485 Intracompany Transfers			
8	Net Unbilled Revenue	152,256	(1,825,360)	-1298.88%
9	<b>TOTAL Sales to Ultimate Consumers</b>	<b>95,139,061</b>	<b>78,809,354</b>	<b>-17.16%</b>
10	483 Sales for Resale			
11	<b>TOTAL Sales of Gas</b>	<b>\$95,139,061</b>	<b>\$78,809,354</b>	<b>-17.16%</b>
12	Other Operating Revenues			
13	487 Forfeited Discounts & Late Payment Revenues			
14	488 Miscellaneous Service Revenues	\$40,711	\$73,619	80.83%
15	489 Revenues from Transp. of Gas for Others 1/	1,699,694	1,219,824	-28.23%
16	490 Sales of Products Extracted from Natural Gas			
17	491 Revenues from Nat. Gas Processed by Others			
18	492 Incidental Gasoline & Oil Sales			
19	493 Rent From Gas Property	167,200	139,506	-16.56%
20	494 Interdepartmental Rents			
21	495 Other Gas Revenues	90,883	63,636	-29.98%
22	<b>TOTAL Other Operating Revenues</b>	<b>1,998,488</b>	<b>1,496,585</b>	<b>-25.11%</b>
23	<b>Total Gas Operating Revenues</b>	<b>\$97,137,549</b>	<b>\$80,305,939</b>	<b>-17.33%</b>
24				
25	496 (Less) Provision for Rate Refunds			
26				
27	<b>TOTAL Oper. Revs. Net of Pro. for Refunds</b>	<b>\$97,137,549</b>	<b>\$80,305,939</b>	<b>-17.33%</b>

**MONTANA OPERATION & MAINTENANCE EXPENSES**

Year: 2006

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



**MONTANA OPERATION & MAINTENANCE EXPENSES**

Year: 2006

Account Number & Title		Last Year	This Year	% Change
1	<b>Production Expenses - continued</b>			
2				
3	Exploration & Development - Operation			
4	795 Delay Rentals			
5	796 Nonproductive Well Drilling			
6	797 Abandoned Leases			
7	798 Other Exploration			
8	<b>TOTAL Exploration &amp; Development</b>			
9				
10	Other Gas Supply Expenses - Operation			
11	800 Natural Gas Wellhead Purchases			
12	800.1 Nat. Gas Wellhead Purch., Intracomp. Trans.			
13	801 Natural Gas Field Line Purchases			
14	802 Natural Gas Gasoline Plant Outlet Purchases			
15	803 Natural Gas Transmission Line Purchases			
16	804 Natural Gas City Gate Purchases	\$72,146,521	\$62,015,050	-14.04%
17	805 Other Gas Purchases			
18	805.1 Purchased Gas Cost Adjustments	5,688,345	1,610,213	-71.69%
19	805.2 Incremental Gas Cost Adjustments			
20	806 Exchange Gas			
21	807.1 Well Expenses - Purchased Gas			
22	807.2 Operation of Purch. Gas Measuring Stations			
23	807.3 Maintenance of Purch. Gas Measuring Stations			
24	807.4 Purchased Gas Calculations Expenses			
25	807.5 Other Purchased Gas Expenses			
26	808.1 Gas Withdrawn from Storage -Dr.	15,406,641	16,929,672	9.89%
27	808.2 (Less) Gas Delivered to Storage -Cr.	(14,931,280)	(18,515,750)	-24.01%
28	809.2 (Less) Deliveries of Nat. Gas for Processing-Cr.			
29	810 (Less) Gas Used for Compressor Sta. Fuel-Cr.			
30	811 (Less) Gas Used for Products Extraction-Cr.			
31	812 (Less) Gas Used for Other Utility Operations-Cr.			
32	813 Other Gas Supply Expenses	103,264	75,074	-27.30%
33	<b>TOTAL Other Gas Supply Expenses</b>	\$78,413,491	\$62,114,259	-20.79%
34				
35	<b>TOTAL PRODUCTION EXPENSES</b>	\$78,413,491	\$62,114,259	-20.79%

**MONTANA OPERATION & MAINTENANCE EXPENSES**

Year: 2006

Account Number & Title		Last Year	This Year	% Change
1	<b>Storage, Terminaling &amp; Processing Expenses</b>			
2				
3	Underground Storage Expenses - Operation			
4	814 Operation Supervision & Engineering			
5	815 Maps & Records			
6	816 Wells Expenses			
7	817 Lines Expenses			
8	818 Compressor Station Expenses			
9	819 Compressor Station Fuel & Power			
10	820 Measuring & Reg. Station Expenses			
11	821 Purification Expenses			
12	822 Exploration & Development			
13	823 Gas Losses			
14	824 Other Expenses			
15	825 Storage Well Royalties			
16	826 Rents			
17	<b>Total Operation - Underground Strg. Exp.</b>			
18				
19	Underground Storage Expenses - Maintenance			
20	830 Maintenance Supervision & Engineering			
21	831 Maintenance of Structures & Improvements			
22	832 Maintenance of Reservoirs & Wells			
23	833 Maintenance of Lines			
24	834 Maintenance of Compressor Station Equip.			
25	835 Maintenance of Meas. & Reg. Sta. Equip.			
26	836 Maintenance of Purification Equipment			
27	837 Maintenance of Other Equipment			
28	<b>Total Maintenance - Underground Storage</b>			
29	<b>TOTAL Underground Storage Expenses</b>			
30				
31	Other Storage Expenses - Operation			
32	840 Operation Supervision & Engineering			
33	841 Operation Labor and Expenses			
34	842 Rents			
35	842.1 Fuel			
36	842.2 Power			
37	842.3 Gas Losses			
38	<b>Total Operation - Other Storage Expenses</b>			
39				
40	Other Storage Expenses - Maintenance			
41	843.1 Maintenance Supervision & Engineering			
42	843.2 Maintenance of Structures & Improvements			
43	843.3 Maintenance of Gas Holders			
44	843.4 Maintenance of Purification Equipment			
45	843.6 Maintenance of Vaporizing Equipment			
46	843.7 Maintenance of Compressor Equipment			
47	843.8 Maintenance of Measuring & Reg. Equipment			
48	843.9 Maintenance of Other Equipment			
49	<b>Total Maintenance - Other Storage Exp.</b>			
50	<b>TOTAL - Other Storage Expenses</b>			
51				
52	<b>TOTAL - STORAGE, TERMINALING &amp; PROC.</b>			



## MONTANA OPERATION &amp; MAINTENANCE EXPENSES

Year: 2006

Account Number & Title		Last Year	This Year	% Change
1	<b>Transmission Expenses</b>			
2	Operation			
3	850 Operation Supervision & Engineering			
4	851 System Control & Load Dispatching			
5	852 Communications System Expenses			
6	853 Compressor Station Labor & Expenses			
7	854 Gas for Compressor Station Fuel		NOT	
8	855 Other Fuel & Power for Compressor Stations		APPLICABLE	
9	856 Mains Expenses			
10	857 Measuring & Regulating Station Expenses			
11	858 Transmission & Compression of Gas by Others			
12	859 Other Expenses			
13	860 Rents			
14	<b>Total Operation - Transmission</b>			
15	Maintenance			
16	861 Maintenance Supervision & Engineering			
17	862 Maintenance of Structures & Improvements			
18	863 Maintenance of Mains			
19	864 Maintenance of Compressor Station Equip.		NOT	
20	865 Maintenance of Measuring & Reg. Sta. Equip.		APPLICABLE	
21	866 Maintenance of Communication Equipment			
22	867 Maintenance of Other Equipment			
23	<b>Total Maintenance - Transmission</b>			
24	<b>TOTAL Transmission Expenses</b>			
25	<b>Distribution Expenses</b>			
26	Operation			
27	870 Operation Supervision & Engineering	\$361,345	\$463,445	28.26%
28	871 Distribution Load Dispatching	54,302	57,729	6.31%
29	872 Compressor Station Labor and Expenses			
30	873 Compressor Station Fuel and Power			
31	874 Mains and Services Expenses	836,886	1,035,373	23.72%
32	875 Measuring & Reg. Station Exp.-General	32,414	33,217	2.48%
33	876 Measuring & Reg. Station Exp.-Industrial	4,048	12,023	197.01%
34	877 Meas. & Reg. Station Exp.-City Gate Ck. Sta.	0	0	0.00%
35	878 Meter & House Regulator Expenses	299,701	417,219	39.21%
36	879 Customer Installations Expenses	704,156	635,374	-9.77%
37	880 Other Expenses	1,007,635	1,042,770	3.49%
38	881 Rents	27,657	29,660	7.24%
39	<b>Total Operation - Distribution</b>	\$3,328,144	\$3,726,810	11.98%
40	Maintenance			
41	885 Maintenance Supervision & Engineering	\$162,105	\$159,493	-1.61%
42	886 Maintenance of Structures & Improvements	2,138	2,100	-1.78%
43	887 Maintenance of Mains	90,041	119,743	32.99%
44	888 Maint. of Compressor Station Equipment			
45	889 Maint. of Meas. & Reg. Station Exp.-General	46,452	33,053	-28.84%
46	890 Maint. of Meas. & Reg. Sta. Exp.-Industrial	25,949	17,985	-30.69%
47	891 Maint. of Meas. & Reg. Sta. Equip.-City Gate			
48	892 Maintenance of Services	65,530	71,069	8.45%
49	893 Maintenance of Meters & House Regulators	135,746	199,795	47.18%
50	894 Maintenance of Other Equipment	62,573	68,231	9.04%
51	<b>Total Maintenance - Distribution</b>	\$590,534	\$671,469	13.71%
52	<b>TOTAL Distribution Expenses</b>	\$3,918,678	\$4,398,279	12.24%



## MONTANA OPERATION &amp; MAINTENANCE EXPENSES

Year: 2006

Account Number & Title		Last Year	This Year	% Change
1				
2	<b>Customer Accounts Expenses</b>			
3	Operation			
4	901 Supervision	\$142,076	\$170,261	19.84%
5	902 Meter Reading Expenses	614,264	635,994	3.54%
6	903 Customer Records & Collection Expenses	1,322,652	1,203,544	-9.01%
7	904 Uncollectible Accounts Expenses	382,644	255,133	-33.32%
8	905 Miscellaneous Customer Accounts Expenses	108,060	140,958	30.44%
9				
10	<b>TOTAL Customer Accounts Expenses</b>	<b>\$2,569,696</b>	<b>\$2,405,890</b>	<b>-6.37%</b>
11				
12	<b>Customer Service &amp; Informational Expenses</b>			
13	Operation			
14	907 Supervision	\$2,766	\$3,745	35.39%
15	908 Customer Assistance Expenses	18,605	16,606	-10.74%
16	909 Informational & Instructional Advertising Exp.	15,724	37,607	139.17%
17	910 Miscellaneous Customer Service & Info. Exp.	75	403	437.33%
18				
19	<b>TOTAL Customer Service &amp; Info. Expenses</b>	<b>\$37,170</b>	<b>\$58,361</b>	<b>57.01%</b>
20				
21	<b>Sales Expenses</b>			
22	Operation			
23	911 Supervision	\$56,928	\$62,332	9.49%
24	912 Demonstrating & Selling Expenses	141,879	130,933	-7.72%
25	913 Advertising Expenses	10,014	24,214	141.80%
26	916 Miscellaneous Sales Expenses	18,129	18,308	0.99%
27				
28	<b>TOTAL Sales Expenses</b>	<b>\$226,950</b>	<b>\$235,787</b>	<b>3.89%</b>
29				
30	<b>Administrative &amp; General Expenses</b>			
31	Operation			
32	920 Administrative & General Salaries	\$1,176,399	\$1,162,815	-1.15%
33	921 Office Supplies & Expenses	579,404	687,505	18.66%
34	922 (Less) Administrative Expenses Transferred - Cr.			
35	923 Outside Services Employed	148,320	112,383	-24.23%
36	924 Property Insurance	81,713	100,550	23.05%
37	925 Injuries & Damages	387,631	405,863	4.70%
38	926 Employee Pensions & Benefits	1,817,083	1,607,178	-11.55%
39	927 Franchise Requirements	1,000		
40	928 Regulatory Commission Expenses	69,934	136,612	95.34%
41	929 (Less) Duplicate Charges - Cr.			
42	930.1 General Advertising Expenses	46,066	59,767	29.74%
43	930.2 Miscellaneous General Expenses	74,595	96,056	28.77%
44	931 Rents	59,518	44,597	-25.07%
45				
46	<b>TOTAL Operation - Admin. &amp; General</b>	<b>\$4,441,663</b>	<b>\$4,413,326</b>	<b>-0.64%</b>
47	Maintenance			
48	935 Maintenance of General Plant	\$131,408	\$167,115	27.17%
49				
50	<b>TOTAL Administrative &amp; General Expenses</b>	<b>\$4,573,071</b>	<b>\$4,580,441</b>	<b>0.16%</b>
51	<b>TOTAL OPERATION &amp; MAINTENANCE EXP.</b>	<b>\$89,739,056</b>	<b>\$73,793,017</b>	<b>-17.77%</b>



**MONTANA TAXES OTHER THAN INCOME**

Year: 2006

	Description of Tax	Last Year	This Year	% Change
1	Payroll Taxes	\$489,210	\$453,822	-7.23%
2	Secretary of State	286	317	10.84%
3	Highway Use Tax	187	154	-17.65%
4	Montana Consumer Counsel	106,547	55,250	-48.14%
5	Montana PSC	260,606	198,444	-23.85%
6	Franchise Taxes	18,771	18,827	0.30%
7	Property Taxes	1,568,852	1,630,759	3.95%
8	Tribal Taxes	4,936	4,582	-7.17%
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50	<b>TOTAL MT Taxes other than Income</b>	<b>\$2,449,395</b>	<b>\$2,362,155</b>	<b>-3.56%</b>



**PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - GAS**

	Name of Recipient	Nature of Service	Total Company	Montana
1	Able Field Services	Plant update & repair	\$101,765	
2				
3	ADP Proxy Service	Investor Communication Services	212,479	\$3,322
4				
5	Ahern Fire Protection	Fire system installation	244,900	
6				
7	Alstom Power	Plant update & repair	1,982,862	
8				
9	API Construction Company	Plant update & repair	241,266	
10				
11	Atlantic Insulco Environmental	Environmental Work	383,355	
12				
13	Bailey Crane Service	Crane service	120,555	
14				
15	Basin Electric Power Coop	Consulting Services	107,007	
16				
17	Benco Equipment Company	Vehicle Maintenance	199,574	3,426
18				
19	Bullinger Tree Service	Tree Trimming Service	252,348	
20				
21	Ceda Inc.	Boiler Maintenance	292,507	
22				
23	Chief Construction	Construction Services	439,128	
24				
25	Christensen IR	Investor Relations	102,308	1,599
26				
27	Compucom	Computer Service & Software Maintenance	104,265	3,191
28				
29	Connecting Point	Computer Service & Software Maintenance	160,479	4,899
30				
31	Corporate Technologies LLC	Software Maintenance	86,261	1,376
32				
33	Corrosion Monitoring Services	Corrosion Monitoring	91,058	
34				
35	Deloitte & Touche, LLP	Auditing and Consulting Services	402,484	731
36				
37	Diversified Graphics Inc.	Annual Report	235,964	3,689
38				
39	EAPC Architects Engineers	Engineering services	173,564	
40				
41	Edison Electric Institute	Membership Fees	83,588	
42				
43	Environmental Plant Services	Boiler Maintenance	179,871	
44				
45	Fischer Contracting	Contract Services	147,403	
46				
47	Floyd Wilson	Consulting Services	176,459	2,759
48				
49	Franz Construction	Construction Services	69,833	
50				

**PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - GAS**

	Name of Recipient	Nature of Service	Total Company	Montana
1	Gagnon, Inc	Refractory Repairs	1,577,743	1,298
2				
3	Gary Forrester	Consulting Services	83,035	
4				
5	GE Energy Services	Construction Services	3,264,218	
6				
7	GE Packaged Power	Construction Services	93,366	
8				
9	Hamon Custodis, Inc.	Plant update & repair	200,274	
10				
11	HessMorganHouse, LLC	Consulting Services	75,000	1,173
12				
13	Hughes, Kellner, Sullivan	Legal Services	84,288	43,281
14				
15	IBM	Contract Services - Computer Maintenance	134,996	9,352
16				
17	Industrial Contractors, Inc	Construction Services	1,893,606	
18				
19	Infrasource Underground	Underground gas line installment	1,450,281	
20				
21	JP Pipeline Construction, Inc.	Underground gas line installment	587,449	
22				
23	Kappel Tree Service	Tree Trimming Service	149,510	
24				
25	Kekst and Company Inc.	Consulting Services	110,830	1,733
26				
27	Larson Design Office, Inc.	Contract Services - Office Design	82,970	1,297
28				
29	Leboeuf, Lamb, Greene & Macrae	Legal Services	551,920	8,628
30				
31	Lignite Energy Council	Membership Fees	106,638	
32				
33	McDermott, Will & Emery	Legal Services	253,835	3,868
34				
35	MCM General Contractors, Inc	Boring and pipe installation	109,268	
36				
37	Merril Communications	Contract Services - Stockholder Mtg Mat.	92,211	1,442
38				
39	Micon, Inc.	Consulting Services	121,407	14,187
40				
41	Microsoft	Contract Services - Software Maintenance	440,432	14,641
42				
43	Moody's Investors Services	Financial Services	152,400	5,838
44				
45	ND Newspaper Association	Advertising	81,164	17,658
46				
47	New York Life	Consulting Services	543,101	8,275
48				
49	New York Stock Exchange	Financial Services	165,000	2,580
50				

**PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - GAS**

	Name of Recipient	Nature of Service	Total Company	Montana
1	Northern Improvement	Contractor Services	144,837	
2				
3	One Call Locators, LTD	Line Location Service	1,151,461	246,293
4				
5	Oracle Corp.	Software Maintenance	453,025	18,362
6				
7	Osmoste Utilities Service Inc.	Contract Services - Overhead Line Maint.	156,624	
8				
9	Outdoor Services Inc.	Contract Services - Meter Reading	1,125,542	143,640
10				
11	Pearce & Durick	Legal Services	67,977	16
12				
13	Philip Service Corporation	Gritblast Services	158,273	
14				
15	Pipelng Services of Iowa	Contract Services - Pipeline Installation	989,046	
16				
17	Pole Maintenance Co.	Contract Services - Pole Treatment	187,301	
18				
19	Progressive Maintenance Co.	Custodial Services	99,008	9,147
20				
21	Rhino Contracting	Fiber Optics Installation	127,927	
22				
23	Sargent & Lundy LLC	Consulting Services	139,319	2,453
24				
25	Southern Cross Corporation	Contract Services - Leak Detection	158,989	48,562
26				
27	Standard & Poor's	Financial Services	279,879	2,841
28				
29	State-Line Contractors, Inc	Construction Services	394,177	361,151
30				
31	Swanson & Youngdale, Inc.	Industrial Painting Contractors	128,765	
32				
33	Sylvan Benefit Consultants	Consulting Services	158,089	2,221
34				
35	T&K Inspection, Inc.	Gas Construction	193,289	
36				
37	The Structure Group	Contract Serv. - Software Install & Maint.	79,500	
38				
39	Thelen Reid & Priest, LLP	Legal Services	961,732	15,303
40				
41	Towers Perrin	Consultant - Compensation and Benefits	114,396	1,840
42				
43	Treasury Management Services	Banking Services	164,862	30,352
44				
45	True Value Home Center	Construction Services	118,614	
46				
47	UBS Investment Bank	Banking Services	1,000,000	
48				
49	Ulmer Tree Services	Tree Trimming Service	138,507	
50				

**PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - GAS**

	Name of Recipient	Nature of Service	Total Company	Montana
1	Utilities International, Inc.	Consulting Services	96,250	10,553
2				
3	Utility Partners, LC	Consultant - Mobile Service Computer	190,400	22,652
4				
5	Van Horn Media	Advertising	114,150	26,844
6				
7	Weisz & Sons	Contractor Services	203,736	
8				
9	Wells Fargo	Stock Transfer Agent and ESOP Admin	327,721	4,879
10				
11	Williams & Associates	Consulting Services	121,276	1,896
12				
13	Xerox Corporation	Contract Services - Equip. Maintenance	175,104	20,450
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50				
51	<b>TOTAL Payments for Services</b>		<b>\$28,915,999</b>	<b>\$1,129,698</b>



**SCHEDULE 12**

Year: 2006

% Montana
0.00%
1.56%
0.00%
0.00%
0.00%
0.00%
0.00%
0.00%
0.00%
1.72%
0.00%
0.00%
0.00%
1.56%
3.06%
3.05%
1.60%
0.00%
0.18%
1.56%
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**SCHEDULE 12**

Year: 2006

% Montana
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1.56%
51.35%
6.93%
0.00%
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1.56%
1.56%
1.56%
0.00%
1.52%
0.00%
1.56%
11.69%
3.32%
3.83%
21.76%
1.52%
1.56%

**SCHEDULE 12**

Year: 2006

% Montana
0.00%
21.39%
4.05%
0.00%
12.76%
0.02%
0.00%
0.00%
0.00%
9.24%
0.00%
1.76%
30.54%
1.02%
91.62%
0.00%
1.40%
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1.59%
1.61%
18.41%
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**SCHEDULE 12**

Year: 2006

% Montana
10.96%
11.90%
23.52%
0.00%
1.49%
1.56%
11.68%
3.91%



**POLITICAL ACTION COMMITTEES / POLITICAL CONTRIBUTIONS** Year: 2006

	Description	Total Company	Montana	% Montana
1	Contributions to Candidates by PAC	\$92,517	\$10,810	11.68%
2				
3				
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6				
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43	<b>TOTAL Contributions</b>	\$92,517	\$10,810	11.68%

**Pension Costs**

Year: 2006

1	Plan Name MDU Resources Group, Inc. Master Pension Plan Trust			
2	Defined Benefit Plan? Yes	Defined Contribution Plan? No		
3	PROPRIETARY SCHEDULE			
4	PROPRIETARY SCHEDULE			
5				
	Item	Current Year	Last Year	% Change
6	<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			
21	Plan participants' contributions	PROPRIETARY SCHEDULE		
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	5.50	4.55%
32	Expected return on plan assets	8.50	8.50	0.00%
33	Rate of compensation increase	4.25	4.25	0.00%
34				
35	<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)**

Year: 2006

	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	5.50	4.55%
8	Expected return on plan assets	7.50	7.50	0.00%
9	Medical Cost Inflation Rate	6.00	6.00	0.00%
10	Actuarial Cost Method	PROPRIETARY SCHEDULE		
11	Rate of compensation increase	PROPRIETARY SCHEDULE		
12	<b>List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:</b>			
13	<b>VEBA</b>			
14	<b>Describe any Changes to the Benefit Plan:</b>			
15				
16				
<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			
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			
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			
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			
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			
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			

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

Line No.	Name/Title	Base Salary	Bonuses	Other	Total Compensation	Total Compensation Last Year	% Increase Total Compensation
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							

PROPRIETARY SCHEDULE

**COMPENSATION OF TOP 5 CORPORATE EMPLOYEES - SEC INFORMATION**

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

1/ See page 20a for details.



BALANCE SHEET

Account Number & Title		Last Year	This Year	% Change
1	<b>Assets and Other Debits</b>			
2	Utility Plant			
3	101 Gas Plant in Service	\$233,794,882	\$245,828,420	5.15%
4	101.1 Property Under Capital Leases			
5	102 Gas Plant Purchased or Sold			
6	104 Gas Plant Leased to Others	25,772	25,772	0.00%
7	105 Gas Plant Held for Future Use			
8	105.1 Production Properties Held for Future Use			
9	106 Completed Constr. Not Classified - Gas			
10	107 Construction Work in Progress - Gas	4,134,840	2,377,127	-42.51%
11	108 (Less) Accumulated Depreciation	(146,801,896)	(154,122,605)	4.99%
12	111 (Less) Accumulated Amortization & Depletion	(770,117)	(828,529)	7.58%
13	114 Gas Plant Acquisition Adjustments	12,606,238	12,606,238	0.00%
14	115 (Less) Accum. Amort. Gas Plant Acq. Adj.	(2,757,496)	(3,236,143)	17.36%
15	116 Other Gas Plant Adjustments			
16	117 Gas Stored Underground - Noncurrent	2,892,328	3,893,518	34.62%
17	118 Other Utility Plant	695,053,405	729,448,508	4.95%
18	119 Accum. Depr. and Amort. - Other Util. Plant	(408,892,160)	(422,359,241)	3.29%
19	<b>TOTAL Utility Plant</b>	<b>\$389,285,796</b>	<b>\$413,633,065</b>	<b>6.25%</b>
20	<b>Other Property &amp; Investments</b>			
21	121 Nonutility Property	\$2,443,473	\$2,657,836	8.77%
22	122 (Less) Accum. Depr. & Amort. of Nonutil. Prop.	(829,525)	(910,813)	9.80%
23	123 Investments in Associated Companies			
24	123.1 Investments in Subsidiary Companies	1,679,383,163	1,950,702,048	16.16%
25	124 Other Investments	35,253,698	37,506,147	6.39%
26	125 Sinking Funds			
27	<b>TOTAL Other Property &amp; Investments</b>	<b>\$1,716,250,809</b>	<b>\$1,989,955,218</b>	<b>15.95%</b>
28	<b>Current &amp; Accrued Assets</b>			
29	131 Cash	\$5,373,898	\$17,325,263	222.40%
30	132-134 Special Deposits	1,200	1,200	0.00%
31	135 Working Funds	41,215	80,790	96.02%
32	136 Temporary Cash Investments	10,150,233	736,071	-92.75%
33	141 Notes Receivable			
34	142 Customer Accounts Receivable	50,421,682	33,082,491	-34.39%
35	143 Other Accounts Receivable	1,845,962	3,620,779	96.15%
36	144 (Less) Accum. Provision for Uncollectible Accts.	(437,714)	(284,641)	-34.97%
37	145 Notes Receivable - Associated Companies			
38	146 Accounts Receivable - Associated Companies	24,451,470	23,870,580	-2.38%
39	151 Fuel Stock	2,976,919	4,006,441	34.58%
40	152 Fuel Stock Expenses Undistributed			
41	153 Residuals and Extracted Products			
42	154 Plant Materials and Operating Supplies	6,912,703	7,733,344	11.87%
43	155 Merchandise	1,441,219	1,445,448	0.29%
44	156 Other Material & Supplies			
45	163 Stores Expense Undistributed			0.00%
46	164.1 Gas Stored Underground - Current	21,165,381	29,714,379	40.39%
47	165 Prepayments	6,032,773	4,753,587	-21.20%
48	166 Advances for Gas Explor., Devl. & Production			
49	171 Interest & Dividends Receivable			
50	172 Rents Receivable			
51	173 Accrued Utility Revenues	45,345,150	35,632,536	-21.42%
52	174 Miscellaneous Current & Accrued Assets	256,692	1,774,615	591.34%
53	<b>TOTAL Current &amp; Accrued Assets</b>	<b>\$175,978,783</b>	<b>\$163,492,883</b>	<b>-7.10%</b>

## BALANCE SHEET

Year: 2006

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

## BALANCE SHEET

Year: 2006

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

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

Year: 2006

	Account Number & Title	Last Year	This Year	% Change
1	<b>Intangible Plant</b>			
2				
3	301 Organization			
4	302 Franchises & Consents			
5	303 Miscellaneous Intangible Plant	\$2,610,507	\$2,673,840	2.43%
6				
7	<b>TOTAL Intangible Plant</b>	\$2,610,507	\$2,673,840	2.43%
8				
9	<b>Production Plant</b>			
10				
11	Production & Gathering Plant			
12				
13	325.1 Producing Lands			
14	325.2 Producing Leaseholds			
15	325.3 Gas Rights			
16	325.4 Rights-of-Way			
17	325.5 Other Land & Land Rights			
18	326 Gas Well Structures			
19	327 Field Compressor Station Structures			
20	328 Field Meas. & Reg. Station Structures			
21	329 Other Structures			
22	330 Producing Gas Wells-Well Construction			
23	331 Producing Gas Wells-Well Equipment			
24	332 Field Lines			
25	333 Field Compressor Station Equipment			
26	334 Field Meas. & Reg. Station Equipment			
27	335 Drilling & Cleaning Equipment			
28	336 Purification Equipment			
29	337 Other Equipment			
30	338 Unsuccessful Exploration & Dev. Costs			
31				
32	<b>Total Production &amp; Gathering Plant</b>		NOT APPLICABLE	
33				
34	Products Extraction Plant			
35				
36	340 Land & Land Rights			
37	341 Structures & Improvements			
38	342 Extraction & Refining Equipment			
39	343 Pipe Lines			
40	344 Extracted Products Storage Equipment			
41	345 Compressor Equipment			
42	346 Gas Measuring & Regulating Equipment			
43	347 Other Equipment			
44				
45	<b>Total Products Extraction Plant</b>		NOT APPLICABLE	
46				
47	<b>TOTAL Production Plant</b>			

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

Year: 2006

	Account Number & Title	Last Year	This Year	% Change
1				
2	<b>Natural Gas Storage and Processing Plant</b>			
3				
4	Underground Storage Plant			
5				
6	350.1 Land			
7	350.2 Rights-of-Way			
8	351 Structures & Improvements			
9	352 Wells			
10	352.1 Storage Leaseholds & Rights			
11	352.2 Reservoirs			
12	352.3 Non-Recoverable Natural Gas			
13	353 Lines			
14	354 Compressor Station Equipment			
15	355 Measuring & Regulating Equipment			
16	356 Purification Equipment			
17	357 Other Equipment			
18				
19	<b>Total Underground Storage Plant</b>			
20				
21	Other Storage Plant			
22				
23	360 Land & Land Rights			
24	361 Structures & Improvements			
25	362 Gas Holders			
26	363 Purification Equipment			
27	363.1 Liquification Equipment			
28	363.2 Vaporizing Equipment			
29	363.3 Compressor Equipment			
30	363.4 Measuring & Regulating Equipment			
31	363.5 Other Equipment			
32				
33	<b>Total Other Storage Plant</b>			
34				
35	<b>TOTAL Natural Gas Storage and Processing Plant</b>			
36				
37	<b>Transmission Plant</b>			
38				
39	365.1 Land & Land Rights			
40	365.2 Rights-of-Way			
41	366 Structures & Improvements			
42	367 Mains			
43	368 Compressor Station Equipment			
44	369 Measuring & Reg. Station Equipment			
45	370 Communication Equipment			
46	371 Other Equipment			
47				
48	<b>TOTAL Transmission Plant</b>			

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

Year: 2006

	Account Number & Title	Last Year	This Year	% Change
1				
2	<b>Distribution Plant</b>			
3				
4	374 Land & Land Rights	\$36,193	\$36,193	0.00%
5	375 Structures & Improvements	195,171	195,164	0.00%
6	376 Mains	23,438,845	24,963,343	6.50%
7	377 Compressor Station Equipment			
8	378 Meas. & Reg. Station Equipment-General	550,256	569,797	3.55%
9	379 Meas. & Reg. Station Equipment-City Gate	128,221	128,221	0.00%
10	380 Services	13,896,561	15,150,522	9.02%
11	381 Meters	11,765,756	12,471,111	5.99%
12	382 Meter Installations			
13	383 House Regulators	1,577,859	1,647,153	4.39%
14	384 House Regulator Installations			
15	385 Industrial Meas. & Reg. Station Equipment	178,175	184,923	3.79%
16	386 Other Prop. on Customers' Premises 1/	161,799	161,799	0.00%
17	387 Other Equipment	970,931	999,583	2.95%
18				
19	<b>TOTAL Distribution Plant</b>	<b>\$52,899,767</b>	<b>\$56,507,809</b>	<b>6.82%</b>
20				
21	<b>General Plant</b>			
22				
23	389 Land & Land Rights	\$26,744	\$26,744	0.00%
24	390 Structures & Improvements	453,537	454,400	0.19%
25	391 Office Furniture & Equipment	415,589	418,584	0.72%
26	392 Transportation Equipment	2,291,170	2,607,809	13.82%
27	393 Stores Equipment	43,786	43,786	0.00%
28	394 Tools, Shop & Garage Equipment	609,041	663,124	8.88%
29	395 Laboratory Equipment	19,696	17,973	-8.75%
30	396 Power Operated Equipment	1,502,175	1,660,620	10.55%
31	397 Communication Equipment	292,484	295,046	0.88%
32	398 Miscellaneous Equipment	14,310	15,099	5.51%
33	399 Other Tangible Property			
34				
35	<b>TOTAL General Plant</b>	<b>\$5,668,532</b>	<b>\$6,203,185</b>	<b>9.43%</b>
36				
37	<b>Common Plant</b>			
38				
39	389 Land & Land Rights	\$200,799	\$522,834	160.38%
40	390 Structures & Improvements	2,377,161	2,247,610	-5.45%
41	391 Office Furniture & Equipment	834,851	973,940	16.66%
42	392 Transportation Equipment	1,133,785	1,189,409	4.91%
43	393 Stores Equipment	9,551	9,664	1.18%
44	394 Tools, Shop & Garage Equipment	155,985	154,415	-1.01%
45	396 Power Operated Equipment			
46	397 Communication Equipment	275,020	297,173	8.06%
47	398 Miscellaneous Equipment	75,442	98,173	30.13%
48				
49	<b>TOTAL Common Plant</b>	<b>\$5,062,594</b>	<b>\$5,493,218</b>	<b>8.51%</b>
50				
51	<b>TOTAL Gas Plant in Service</b>	<b>\$66,241,400</b>	<b>\$70,878,052</b>	<b>7.00%</b>

1/ Includes gas plant leased to others.



**MONTANA DEPRECIATION SUMMARY**

Year: 2006

	Functional Plant Classification	Plant Cost	Accumulated Depreciation		Current Avg. Rate
			Last Year Bal.	This Year Bal.	
1	Production & Gathering				
2	Products Extraction				
3	Underground Storage				
4	Other Storage				
5	Transmission				
6	Distribution	\$56,507,809	\$34,426,838	\$35,989,542	3.18%
7	General	6,256,290	2,697,521	3,191,516	3.21%
8	Common	8,113,953	3,355,879	3,701,416	5.78%
9	<b>TOTAL</b>	<b>\$70,878,052</b>	<b>\$40,480,238</b>	<b>\$42,882,474</b>	<b>3.48%</b>

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

SCHEDULE 21

	Account	Last Year Bal.	This Year Bal.	%Change
1				
2	151 Fuel Stock			
3	152 Fuel Stock Expenses - Undistributed			
4	153 Residuals & Extracted Products			
5	154 Plant Materials & Operating Supplies:			
6	Assigned to Construction (Estimated)			
7	Assigned to Operations & Maintenance			
8	Production Plant (Estimated)			
9	Transmission Plant (Estimated)			
10	Distribution Plant (Estimated)	\$413,587	\$445,552	7.73%
11	Assigned to Other			
12	155 Merchandise			
13	156 Other Materials & Supplies			
14	163 Stores Expense Undistributed			
15				
16	<b>TOTAL Materials &amp; Supplies</b>	<b>\$413,587</b>	<b>\$445,552</b>	<b>7.73%</b>

**MONTANA REGULATORY CAPITAL STRUCTURE & COSTS**

SCHEDULE 22

	Commission Accepted - Most Recent	% Cap. Str.	% Cost Rate	Weighted Cost
1	Docket Number D95.7.90			
2	Order Number 5856b			
3				
4	Common Equity	44.810%	12.000%	5.377%
5	Preferred Stock	1.810%	4.653%	0.084%
6	Long Term Debt	53.390%	10.212%	5.452%
7	Other			
8	<b>TOTAL</b>			<b>10.913%</b>
9				
10	<u>Actual at Year End</u>			
11				
12	Common Equity	46.590%	12.000%	5.591%
13	Preferred Stock	3.508%	4.567%	0.160%
14	Long Term Debt	36.928%	7.358%	2.717%
15	Short Term Debt	12.974%	5.436%	0.705%
16	<b>TOTAL</b>	<b>100.000%</b>		<b>9.173%</b>





## STATEMENT OF CASH FLOWS

Year: 2006

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

**LONG TERM DEBT**

Year: 2006

	Description	Issue Date Mo./Yr.	Maturity Date Mo./Yr.	Principal Amount	Net Proceeds	Outstanding Per Balance Sheet	Yield to Maturity	Annual Net Cost Inc. Prem/Disc.	Total Cost % 1/
1	8.25 % Secured MTN, Series A	04/92	04/07	\$30,000,000	\$26,111,796	\$6,500,000	8.25%	\$661,505	10.18%
2	8.60 % Secured MTN, Series A	04/92	04/12	35,000,000	28,906,532	4,500,000	8.60%	495,900	11.02%
3	6.71 % Secured MTN, Series A	09/97	10/09	15,000,000	13,488,404	1,000,000	6.71%	81,950	8.20%
4	5.83 % Secured MTN, Series A	09/98	10/08	15,000,000	14,813,914	15,000,000	5.83%	912,900	6.09%
5	5.98 % Senior Notes	12/03	12/33	30,000,000	29,456,832	30,000,000	5.98%	1,861,500	6.21%
6	6.33 % Senior Notes	08/06	08/26	100,000,000	89,123,930	100,000,000	6.33%	7,514,000	7.51%
7									
8									
9									
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23									
24									
25									
26	<b>TOTAL</b>			\$225,000,000	\$201,901,408	\$157,000,000		\$11,527,755	7.34%

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

**PREFERRED STOCK**

Year: 2006

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

1/ Plus accrued dividends.

2/ Mandatory annual redemption of \$100,000



COMMON STOCK

Year: 2006

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

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

2/ Basic shares

3/ Basic earnings per share.

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

## MONTANA EARNED RATE OF RETURN

Year: 2006

	Description	Last Year	This Year	% Change
	Rate Base			
1				
2	101 Plant in Service	\$66,241,400	\$70,878,052	7.00%
3	108 (Less) Accumulated Depreciation	40,480,238	42,882,474	5.93%
4				
5	<b>NET Plant in Service</b>	<b>\$25,761,162</b>	<b>\$27,995,578</b>	<b>8.67%</b>
6				
7	CWIP in Service Pending Reclassification	\$711,152	\$349,235	-50.89%
8				
9	Additions			
10	154, 156 Materials & Supplies	\$413,587	\$445,552	7.73%
11	165 Prepayments	26,073	23,697	-9.11%
12	Prepaid Demand/Commodity Charges	1,131,518	1,116,541	-1.32%
13	Gas in Underground Storage	7,043,943	10,262,348	45.69%
14	Unamortized Gas IRP			
15				
16	<b>TOTAL Additions</b>	<b>\$8,615,121</b>	<b>\$11,848,138</b>	<b>37.53%</b>
17				
18	Deductions			
19	190 Accumulated Deferred Income Taxes	\$3,425,445	\$3,477,910	1.53%
20	252 Customer Advances for Construction	405,582	465,720	14.83%
21	255 Accumulated Def. Investment Tax Credits	144,798	111,105	-23.27%
22	Other Deductions			
23				
24	<b>TOTAL Deductions</b>	<b>\$3,975,825</b>	<b>\$4,054,735</b>	<b>1.98%</b>
25	<b>TOTAL Rate Base</b>	<b>\$31,111,610</b>	<b>\$36,138,216</b>	<b>16.16%</b>
26				
27	<b>Net Earnings</b>	<b>\$1,924,247</b>	<b>\$1,923,181</b>	<b>-0.06%</b>
28				
29	<b>Rate of Return on Average Rate Base</b>	<b>6.18%</b>	<b>5.72%</b>	<b>-7.44%</b>
30				
31	<b>Rate of Return on Average Equity</b>	<b>4.72%</b>	<b>4.59%</b>	<b>-2.75%</b>
32				
33	Major Normalizing Adjustments & Commission			
34	Ratemaking adjustments to Utility Operations 1/			
35				
36	Adjustment to Operating Revenues			
38	Weather Normalization	271,476	644,663	137.47%
39	Late Payment Revenue	57,841	62,583	8.20%
40	Gain from Disposition of Utility Plant 2/		(146,748)	100.00%
41				
42	Adjustment to Operating Expenses			
43	Elimination of Promotional & Institutional Advertising	(33,991)	(50,903)	49.75%
44	Elimination of Supplemental Insurance	(138,869)	(53,874)	-61.21%
45				
46	Total Adjustments to Operating Income	\$502,177	\$665,275	32.48%
47				
48	<b>Adjusted Rate of Return on Average Rate Base</b>	<b>7.80%</b>	<b>7.70%</b>	<b>-1.28%</b>
49				
50	<b>Adjusted Rate of Return on Average Equity</b>	<b>7.60%</b>	<b>8.84%</b>	<b>16.32%</b>

2/ Amortized over five years.



**MONTANA COMPOSITE STATISTICS**

Year: 2006

	Description	Amount
1		
2	Plant (Intrastate Only) (000 Omitted)	
3		
4	101 Plant in Service	\$65,491
5	107 Construction Work in Progress	383
6	114 Plant Acquisition Adjustments	
7	104 Plant Leased to Others	13
8	105 Plant Held for Future Use	
9	154, 156 Materials & Supplies	446
10	(Less):	
11	108, 111 Depreciation & Amortization Reserves	42,882
12	252 Contributions in Aid of Construction	466
13		
14	<b>NET BOOK COSTS</b>	<b>\$22,985</b>
15		
16	Revenues & Expenses (000 Omitted)	
17		
18	400 Operating Revenues	\$80,306
19		
20	403 - 407 Depreciation & Amortization Expenses	\$2,467
21	Federal & State Income Taxes	64
22	Other Taxes	2,362
23	Other Operating Expenses	73,490
24	TOTAL Operating Expenses	\$78,383
25		
26	Net Operating Income	\$1,923
27		
28	Other Income	600
29	Other Deductions	1,341
30		
31	<b>NET INCOME</b>	<b>\$1,182</b>
32		
33	Customers (Intrastate Only)	
34		
35	Year End Average:	
36	Residential	66,361
37	Firm General	8,031
38	Small Interruptible	44
39	Large Interruptible	5
40		
41	<b>TOTAL NUMBER OF CUSTOMERS</b>	<b>74,441</b>
42		
43	Other Statistics (Intrastate Only)	
44		
45	Average Annual Residential Use (Dkt)	79
46	Average Annual Residential Cost per (Dkt) (\$) * 1/	\$8.75
47	* Avg annual cost = [(cost per Dkt x annual use) + (monthly service charge x 12)]/annual use	
48	Average Residential Monthly Bill	\$64.46
49	Gross Plant per Customer	\$880

1/ Reflects cost per dk effective December 1, 2006.

## MONTANA CUSTOMER INFORMATION

Year: 2006

	City/Town	Population (Includes Rural) 1/	Residential Customers	Commercial Customers	Industrial & Other Customers	Total Customers
1	Belfry	219	131	19		150
2	Billings	89,847	42,889	4,122		47,011
3	Bridger	745	403	64		467
4	Crow Agency	1,552	307	68		375
5	Edgar	Not Available	104	8		112
6	Fromberg	486	280	20		300
7	Hardin	3,384	1,261	196		1,457
8	Joliet	575	356	42		398
9	Laurel	6,255	3,591	266		3,857
10	Park City	870	516	23		539
11	Pryor	628	89	13		102
12	Rockvale	Not Available	62	4		66
13	Silesia	Not Available	34	2		36
14	Warren	Not Available		2		2
15	Alzada	Not Available	10	7		17
16	Baker	1,695	797	170		967
17	Carlyle	Not Available	7	1		8
18	Fort Peck	240	126	12		138
19	Fairview	709	353	51		404
20	Forsyth	1,944	865	146		1,011
21	Frazer	452	96	15		111
22	Glasgow	3,253	1,628	299		1,927
23	Glendive	4,729	2,967	409		3,376
24	Hinsdale	Not Available	113	19		132
25	Ismay	26	9	4		13
26	Malta	2,120	987	201		1,188
27	Miles City	8,487	3,861	538		4,399
28	Nashua	325	171	18		189
29	Poplar	911	850	136		986
30	Richey	189	124	25		149
31	Rosebud	Not Available	42	6		48
32	Saco	224	41	8		49
33	Savage	Not Available	146	18		164
34	Sidney	4,774	2,285	402		2,687
35	Terry	611	314	60		374
36	St. Marie	183	149	12		161
37	Wibaux	567	213	50		263
38	Whitewater	Not Available	33	10		43
39	Wolf Point	2,663	1,367	203		1,570
40	MT Oil Fields	Not Available	2	3		5
41	<b>TOTAL Montana Customers</b>	138,663	67,579	7,672		75,251

**MONTANA EMPLOYEE COUNTS 1/**

Year: 2006

	Department	Year Beginning	Year End	Average
1	Electric	20	20	20.0
2	Gas	44	43	43.5
3	Accounting	20	19	19.5
4	Management	7	7	7.0
5	Service 2/	53(2)	53(3)	53(2.5)
6	Communications/Substation/Training	6	5	5.5
7	Power	26	27	26.5
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39				
40				
41				
42				
43				
44	<b>TOTAL Montana Employees</b>	176(2)	174(3)	175(2.5)

1/ Parentheses denotes part-time.

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



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

**Year: 2006**

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

1/ Allocated to Montana.

2/ Directly assigned to Montana.

TRANSMISSION SYSTEM - TOTAL COMPANY & MONTANA

Year: 2006

		Total Company		
		Peak Day of Month	Peak Day Volumes Mcf or Dkt	Total Monthly Volumes Mcf or Dkt
1	January	<b>NOT APPLICABLE</b>		
2	February			
3	March			
4	April			
5	May			
6	June			
7	July			
8	August			
9	September			
10	October			
11	November			
12	December			
13	<b>TOTAL</b>			

		Montana		
		Peak Day of Month	Peak Day Volumes Mcf or Dkt	Total Monthly Volumes Mcf or Dkt
14	January	<b>NOT APPLICABLE</b>		
15	February			
16	March			
17	April			
18	May			
19	June			
20	July			
21	August			
22	September			
23	October			
24	November			
25	December			
26	<b>TOTAL</b>			

**DISTRIBUTION SYSTEM - TOTAL COMPANY & MONTANA**

Year: 2006

		<b>Total Company</b>		
		Peak Day of Month	Peak Day Volumes Dkt	Total Monthly Volumes Dkt
1	January	16	203,085	5,418,826
2	February	17	306,001	5,719,358
3	March	12	193,897	5,064,475
4	April	2	135,645	2,786,988
5	May	4	111,148	2,042,270
6	June	9	56,318	1,415,637
7	July	31	56,045	1,340,939
8	August	31	55,550	1,380,820
9	September	18	89,609	1,767,695
10	October	30	200,269	3,881,401
11	November	28	269,114	4,936,205
12	December	2	259,667	5,809,760
13	<b>TOTAL</b>			41,564,374

		<b>Montana</b>		
		Peak Day of Month	Peak Day Volumes Dkt	Total Monthly Volumes Dkt
14	January	21	68,029	1,792,860
15	February	17	98,365	1,811,072
16	March	12	69,944	1,705,836
17	April	2	47,535	1,001,089
18	May	4	33,477	686,449
19	June	1	22,746	467,902
20	July	31	26,965	506,269
21	August	30	26,873	493,223
22	September	17	31,706	596,389
23	October	30	66,236	1,325,847
24	November	28	90,757	1,607,578
25	December	2	79,689	1,785,168
26	<b>TOTAL</b>			13,779,682

STORAGE SYSTEM - TOTAL COMPANY & MONTANA

Year: 2006

		Total Company						
		Peak Day of Month		Peak Day Volumes (Dkt)		Total Monthly Volumes (Dkt)		
		Injection	Withdrawal	Injection	Withdrawal	Injection	Withdrawal	Losses
1	January	7	21	732	72,662	7,017	1,369,695	
2	February	15	17	2,578	174,207	12,619	2,073,825	
3	March	28	19	15,781	70,020	53,039	1,226,793	
4	April	15	2	44,005	21,871	645,426	163,354	
5	May	25	4	70,154	12,373	1,480,848	31,392	
6	June	30	28	53,840	417	1,357,451	1,498	
7	July	28	31	58,360	206	1,597,076	348	
8	August	15	30	70,882	312	1,654,110	843	
9	September	30	18	117,050	1,185	1,863,646	5,192	
10	October	1	30	129,701	67,291	804,930	385,700	
11	November	7	29	32,436	142,781	107,027	1,274,185	
12	December	23	2	3,948	137,805	22,774	1,971,201	
13	<b>TOTAL</b>					9,605,963	8,504,026	

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





**SOURCES OF GAS SUPPLY**

Year: 2006

	Name of Supplier 1/	Last Year Volumes Dkt	This Year Volumes Dkt	Last Year Avg. Commodity Cost	This Year Avg. Commodity Cost
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
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21					
22					
23					
24					
25					
26					
27					
28					
29	1/ Supplier information is proprietary and confidential.				
30					
31					
32					
33	<b>Total Gas Supply Volumes</b>	32,653,681	32,141,281	\$7.006	\$5.744

**MONTANA CONSERVATION & DEMAND SIDE MANAGEMENT PROGRAMS**

Year: 2006

	Program Description	Current Year Expenditures	Last Year Expenditures	% Change	Planned Savings (Mcf or Dkt)	Achieved Savings (Mcf or Dkt)	Difference
1							
2	MT Conservation & DSM Program	\$38,006	\$13,305	185.65%	N/A	2,505.0	N/A
3	(As Detailed on Schedule 36B)						
4							
5							
6							
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21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32	<b>TOTAL</b>	\$38,006	\$13,305	185.65%	N/A	2,505	N/A



**MONTANA CONSUMPTION AND REVENUES**

Year: 2006

	Sales of Gas	Operating Revenues		DK Sold		Avg. No. of Customers	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1	Residential	\$51,334,359	\$60,243,176	5,249,591	5,635,528	66,361	65,393
2	Firm General	29,107,567	34,499,786	3,076,522	3,308,993	8,031	7,927
3	Small Interruptible	192,788	228,089	24,239	24,649	3	3
4	Large Interruptible		15,754		1,810	0	0
5							
6							
7							
8							
9							
10							
11	<b>TOTAL</b>	\$80,634,714	\$94,986,805	8,350,352	8,970,980	74,395	73,323
12							
13							
14		Operating Revenues		BCF Transported		Avg. No. of Customers	
15							
16							
17	<b>Transportation of Gas</b>	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
18							
19	Small Interruptible	\$826,970	\$754,424	0.9	0.9	41	38
20	Large Interruptible	429,568	914,287	4.6	4.9	5	5
21							
22							
23							
24	<b>TOTAL</b>	\$1,256,538	\$1,668,711	5.5	5.8	46	43

**NATURAL GAS UNIVERSAL SYSTEM BENEFITS PROGRAMS**

Year: 2006

	Program Description	Actual Current Year Expenditures	Contracted or Committed Current Year Expenditures	Total Current Year Expenditures	Expected savings (Mcf or Dkt)	Most recent program evaluation
1	Local Conservation					
2						
3						
4						
5						
6						
7						
8	Market Transformation					
9						
10						
11						
12						
13						
14						
15	Research & Development					
16						
17						
18						
19						
20						
21						
22	Low Income					
23	Discounts	\$269,490	\$0	\$269,490		
24						
25						
26						
27						
28						
29	Other					
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42	Total	\$269,490	\$0	\$269,490		2006
43	Number of customers that received low income rate discounts			(Average)	2,931	
44	Average monthly bill discount amount (\$/mo)				\$7.66	
45	Average LIEAP-eligible household income				N/A	
46	Number of customers that received weatherization assistance				N/A	
47	Expected average annual bill savings from weatherization				N/A	
48	Number of residential audits performed				N/A	



**MONTANA CONSERVATION & DEMAND SIDE MANAGEMENT PROGRAMS**

Year: 2006

	Program Description	Actual Current Year Expenditures	Contracted or Committed Current Year Expenditures	Total Current Year Expenditures	Expected savings (Mcf or Dkt)	Most recent program evaluation
1	Local Conservation					
2	Furnace Incentive	\$27,000	\$0	\$27,000	2,024.0	
3						
4	Thermostat Incentive	2,580	0	2,580	477.0	
5						
6	Water Heater Incentive	180	0	180	4.0	
7						
8						
9	Demand Response					
10						
11						
12						
13						
14						
15						
16	Market Transformation					
17						
18						
19						
20						
21						
22						
23	Research & Development					
24						
25						
26						
27						
28						
29						
30	Low Income					
31						
32						
33						
34						
35						
36	Other					
37						
38	Open House/Customer Educ.	\$8,246	\$0	\$8,246		
39						
40						
41						
42						
43						
44						
45						
46						
47	Total	\$38,006	\$0	\$38,006	2,505.0	2006