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PUBLIC SERVICE  
COMMISSION

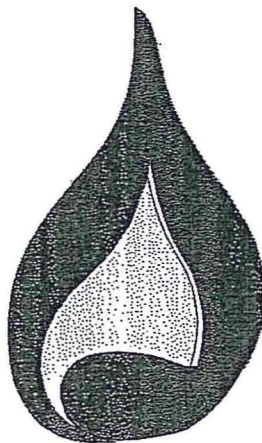
YEAR ENDING **2013**

# ANNUAL REPORT OF

Cut Bank Gas Company

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## GAS UTILITY



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

## IDENTIFICATION

Year: 2013

1.	Legal Name of Respondent:	Cut Bank Gas Company
2.	Name Under Which Respondent Does Business:	Cut Bank Gas Company
3.	Date Utility Service First Offered in Montana	19-Nov-56
4.	Address to send Correspondence Concerning Report:	403 East Main St Cut Bank, MT 59427
5.	Person Responsible for This Report:	Jed Henthorne
5a.	Telephone Number:	(406)791-7500
Control Over Respondent		
1.	If direct control over the respondent was held by another entity at the end of year provide the following:	
	1a. Name and address of the controlling organization or person:	
	1b. Means by which control was held:	
	1c. Percent Ownership:	

## SCHEDULE 2

Board of Directors		
Line No.	Name of Director and Address (City, State)	Remuneration
	(a)	(b)
1	Richard M. Osborne	
2	Thomas J. Smith	
3		

## Officers

Year : 2013

Line No.	Title of Officer (a)	Department Supervised (b)	Name (c)
1	General Manager	Total Company	Nick Bohr
2			
3	VP Administration	Total Company	Jed D. Henthorne
4			
7	Assistant Secretary	Total Company	Cheryl Johnson
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## CORPORATE STRUCTURE

Year 2013

	Subsidiary/Company Name	Line of Business	Earnings	Percent of Total
1	Cut Bank Gas Company - a subsidiary of		81,071	100.00%
2	Energy West Incorporated			
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42				100.00%
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50	<b>TOTAL</b>		81,071	



CORPORATE ALLOCATIONS

Year: 2013

	Items Allocated	Classification	Allocation Method	\$ to MT Utility	MT %	\$ to Other
1	ENERGY WEST,	921	DIRECT PAYROLL & 4 FACTOR	115,496	3.22%	3,466,695.44
2	OVERHEADS					
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34	TOTAL			115,496	3.22%	3,466,695

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY Year: 2013

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	None					
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32	TOTAL					

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY Year: 2013

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	None					
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32	TOTAL					

**MONTANA UTILITY INCOME STATEMENT**

Year: 2013

	Account Number & Title	Last Year	This Year	% Change
1	400 Operating Revenues	1,702,489	1,801,479	5.81%
2				
3	Operating Expenses			
4	401 Operation Expenses	1,475,018	1,567,234	6.25%
5	402 Maintenance Expense	65,586	64,733	-1.30%
6	403 Depreciation Expense	27,600	12,927	-53.16%
7	404-405 Amort. & Depl. of Gas Plant			
8	406 Amort. of Gas Plant Acquisition Adjustments	62,538		-100.00%
9	407.1 Amort. of Property Losses, Unrecovered Plant			
10	& Regulatory Study Costs			
11	407.2 Amort. of Conversion Expense			
12	408.1 Taxes Other Than Income Taxes	30,337	43,468	43.28%
13	409.1 Income Taxes - Federal	11,600	98,360	747.93%
14	- Other	2,620	11,330	332.44%
15	410.1 Provision for Deferred Income Taxes	5,008	(77,641)	-1650.34%
16	411.1 (Less) Provision for Def. Inc. Taxes - Cr.			
17	411.4 Investment Tax Credit Adjustments			
18	411.6 (Less) Gains from Disposition of Utility Plant			
19	411.7 Losses from Disposition of Utility Plant			
20	<b>TOTAL Utility Operating Expenses</b>	<b>1,680,307</b>	<b>1,720,411</b>	<b>2.39%</b>
21	<b>NET UTILITY OPERATING INCOME</b>	<b>22,182</b>	<b>81,068</b>	<b>265.46%</b>

**SCHEDULE 9****MONTANA REVENUES**

	Account Number & Title	Last Year	This Year	% Change
1	Sales of Gas			
2	480 Residential	1,058,322	1,103,555	4.3%
3	481 Commercial & Industrial - Small	639,503	688,543	7.7%
4	Commercial & Industrial - Large			
5	482 Other Sales to Public Authorities			
6	484 Interdepartmental Sales			
7	485 Intracompany Transfers			
8	<b>TOTAL Sales to Ultimate Consumers</b>	<b>1,697,825</b>	<b>1,792,098</b>	<b>5.6%</b>
9	483 Sales for Resale			
10	<b>TOTAL Sales of Gas</b>	<b>1,697,825</b>	<b>1,792,098</b>	<b>5.6%</b>
11	Other Operating Revenues			
12	487 Forfeited Discounts & Late Payment Revenues			
13	488 Miscellaneous Service Revenues	3,903	2,811	-28.0%
14	489 Revenues from Transp. of Gas for Others			
15	490 Sales of Products Extracted from Natural Gas			
16	491 Revenues from Nat. Gas Processed by Others			
17	492 Incidental Gasoline & Oil Sales			
18	493 Rent From Gas Property			
19	494 Interdepartmental Rents			
20	495 Other Gas Revenues	761	6,570	763.3%
21	<b>TOTAL Other Operating Revenues</b>	<b>4,664</b>	<b>9,381</b>	<b>101.1%</b>
22	<b>Total Gas Operating Revenues</b>	<b>1,702,489</b>	<b>1,801,479</b>	<b>5.8%</b>
23				
24	496 (Less) Provision for Rate Refunds			
25				
26	<b>TOTAL Oper. Revs. Net of Pro. for Refunds</b>	<b>1,702,489</b>	<b>1,801,479</b>	<b>5.8%</b>
27				

SCHEDULE 9A

SCHEDULE TO ATTACH TO PSC REPORT  
12/31/2013

Line 48 Sch 9 Other Gas Revenue

	Last Year	This Year
Interest Income	416	427
Patronage Dividend		
Loss on Investment in Cooperatives		
Miscellaneous	345	963
Gain on Disposal of Non-Utility Property		5180
Totals	761.00	6,570.00



**MONTANA OPERATION & MAINTENANCE EXPENSES**

Year 2013

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			
8	755 Field Compressor Station Fuel & Power			
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	23,312	19,094	-18%
	762 Maintenance of Structures & Improvements			
18	763 Maintenance of Producing Gas Wells	8,775	16,397	87%
19	764 Maintenance of Field Lines	191	2,455	1185%
20	765 Maintenance of Field Compressor Sta. Equip.	54	2,068	3730%
21	766 Maintenance of Field Meas. & Reg. Sta. Equip.			
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>	32,332	40,014	24%
26	<b>TOTAL Natural Gas Production &amp; Gathering</b>	32,332	40,014	24%
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			
35	777 Gas Processed by Others			
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.			
49	789 Maintenance of Compressor Equipment			
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 &amp; MAINTENANCE EXPENSES

Year 2013

Account Number & Title		Last Year	This Year	
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	5,588	2,456	-56%
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	958,339	947,930	-1%
17	805 Other Gas Purchases			
18	805.1 Purchased Gas Cost Adjustments	(5,035)	126,951	2621%
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.			
27	808.2 (Less) Gas Delivered to Storage -Cr.			
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			
33	<b>TOTAL Other Gas Supply Expenses</b>	958,892	1,077,337	12%
34				
35	<b>TOTAL PRODUCTION EXPENSES</b>	991,224	1,117,351	13%

**MONTANA OPERATION & MAINTENANCE EXPENSES**

Year 2013

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 & MAINTENANCE EXPENSES**

Year 2013

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			
8	855 Other Fuel & Power for Compressor Stations			
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.			
20	865 Maintenance of Measuring & Reg. Sta. Equip.			
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	5,237	4,502	-14%
28	871 Distribution Load Dispatching			
29	872 Compressor Station Labor and Expenses			
30	873 Compressor Station Fuel and Power			
31	874 Mains and Services Expenses	58,100	62,385	7%
32	875 Measuring & Reg. Station Exp.-General		24	#DIV/0!
33	876 Measuring & Reg. Station Exp.-Industrial			
34	877 Meas. & Reg. Station Exp.-City Gate Ck. Sta.			
35	878 Meter & House Regulator Expenses	16,799	8,701	-48%
36	879 Customer Installations Expenses	4,734	2,079	-56%
37	880 Other Expenses	19,539	13,010	-33%
38	881 Rents			
39	<b>Total Operation - Distribution</b>	104,409	90,701	-13%
40	Maintenance			
41	885 Maintenance Supervision & Engineering			
42	886 Maintenance of Structures & Improvements			
43	887 Maintenance of Mains	3,327	10,346	211%
44	888 Maint. of Compressor Station Equipment			
45	889 Maint. of Meas. & Reg. Station Exp.-General	124		-100%
46	890 Maint. of Meas. & Reg. Sta. Exp.-Industrial			
47	891 Maint. of Meas. & Reg. Sta. Equip.-City Gate			
48	892 Maintenance of Services			
49	893 Maintenance of Meters & House Regulators	402		-100%
50	894 Maintenance of Other Equipment			
51	<b>Total Maintenance - Distribution</b>	3,853	10,346	169%
52	<b>TOTAL Distribution Expenses</b>	108,262	101,047	-7%

## MONTANA OPERATION &amp; MAINTENANCE EXPENSES

Year: 2013

Account Number & Title		Last Year	This Year	% Change
1				
2	<b>Customer Accounts Expenses</b>			
3	Operation			
4	901 Supervision			
5	902 Meter Reading Expenses	24,032	20,459	-15%
6	903 Customer Records & Collection Expenses	81,204	87,218	7%
7	904 Uncollectible Accounts Expenses	9,600	4,800	-50%
8	905 Miscellaneous Customer Accounts Expenses			
9				
10	<b>TOTAL Customer Accounts Expenses</b>	114,836	112,477	-2%
11				
12	<b>Customer Service &amp; Informational Expenses</b>			
13	Operation			
14	907 Supervision			
15	908 Customer Assistance Expenses			
16	909 Informational & Instructional Advertising Exp.			
17	910 Miscellaneous Customer Service & Info. Exp.			
18				
19	<b>TOTAL Customer Service &amp; Info. Expenses</b>			
20				
21	<b>Sales Expenses</b>			
22	Operation			
23	911 Supervision			
24	912 Demonstrating & Selling Expenses			
25	913 Advertising Expenses			
26	916 Miscellaneous Sales Expenses			
27				
28	<b>TOTAL Sales Expenses</b>			
29				
30	<b>Administrative &amp; General Expenses</b>			
31	Operation			
32	920 Administrative & General Salaries	7,536	14,383	91%
33	921 Office Supplies & Expenses	37,303	39,106	5%
34	922 (Less) Administrative Expenses Transferred - Cr.	(9,947)	(2,057)	79%
35	923 Outside Services Employed			
36	924 Property Insurance	20,277	26,953	33%
37	925 Injuries & Damages			
38	926 Employee Pensions & Benefits	59,114	44,238	-25%
39	927 Franchise Requirements			
40	928 Regulatory Commission Expenses	19,616	20,921	7%
41	929 (Less) Duplicate Charges - Cr.			
42	930.1 General Advertising Expenses			
43	930.2 Miscellaneous General Expenses	158,248	139,854	-12%
44	931 Rents	4,734	3,321	-30%
45	933 Transportation			
46	<b>TOTAL Operation - Admin. &amp; General</b>	296,881	286,719	-3%
47	Maintenance			
48	935 Maintenance of General Plant	29,401	14,373	-51%
49				
50	<b>TOTAL Administrative &amp; General Expenses</b>	326,282	301,092	-8%
51	<b>TOTAL OPERATION &amp; MAINTENANCE EXP.</b>	623,163	587,811	-6%

SCHEDULE 10A

**CUT BANK GAS COMPANY**  
SCHEDULE TO ATTACH TO PSC REPORT  
DECEMBER 31, 2013

Year: 2013

LINE 276 Page 5 SCH 10 MISCELLANEOUS GENERAL EXPENSE

	Last Year	This Year
Interest expense	32750	24358
Donations	35	
Miscellaneous expense	125463	115496
Regulatory order		
Communication expense		
TOTAL	158,248.00	139,854.00



## MONTANA TAXES OTHER THAN INCOME

Year 2013

	Description of Tax	Last Year	This Year	% Change
1	Payroll Taxes	(519)	16,970	3369.75%
2	Superfund			
3	Secretary of State			
4	Montana Consumer Counsel	2,261	2,019	-10.71%
5	Montana PSC	4,480	7,022	56.76%
6	Franchise Taxes			
7	Property Taxes	19,519	15,278	-21.73%
8	Tribal Taxes			
9	Natural Gas Production Tax	4,596	2,179	-52.59%
10	Vehicle Licenses			
11	Revenue & rate recovery			
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51	<b>TOTAL MT Taxes other than Income</b>	<b>30,337</b>	<b>43,468</b>	<b>43.28%</b>



## PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES

Year: 2013

	Name of Recipient	Nature of Service	Total Company	Montana		% Montana
1	NONE					
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50	TOTAL Payments for Services					

**POLITICAL ACTION COMMITTEES / POLITICAL CONTRIBUTIONS** Year:2013

	Description	Total Company	Montana	% Montana
1	None			
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50	<b>TOTAL Contributions</b>			

## Pension Costs

Year 2013

1	Plan Name				
2	Defined Benefit Plan? <u>No</u>		Defined Contributor <u>Yes</u>		
3	Actuarial Cost Method? <u>N/A</u>		IRS Code: <u>401(a),401(k)</u>		
4	Annual Contribution by Employer: <u>-0-</u>		Is the Plan Over Funded? <u></u>		
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				
11	Amendments				
12	Actuarial Gain				
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				
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				
27	Prepaid (accrued) benefit cost				
28					
29	<b>Weighted-average Assumptions as of Year End</b>				
30	Discount rate				
31	Expected return on plan assets				
32	Rate of compensation increase				
33					
34	<b>Components of Net Periodic Benefit Costs</b>				
35	Service cost				
36	Interest cost				
37	Expected return on plan assets				
38	Amortization of prior service cost				
39	Recognized net actuarial loss				
40	Net periodic benefit cost				
41					
42	<b>Montana Intrastate Costs:</b>				
43	Pension Costs				
44	Pension Costs Capitalized				
45	Accumulated Pension Asset (Liability) at Year End				
46	<b>Number of Company Employees:</b>				
47	Covered by the Plan	5	6		20.00%
48	Not Covered by the Plan				
49	Active	5	6		20.00%
50	Retired				
51	Deferred Vested Terminated				

## Other Post Employment Benefits (OPEBS)

Item	Current Year	Last Year		% Change
<b>1 Regulatory Treatment:</b>				
2 Commission authorized - most recent				
3 Docket number: _____				
4 Order number: _____				
5 Amount recovered through rates				
<b>6 Weighted-average Assumptions as of Year End</b>				
7 Discount rate	Cut Bank Gas Company has no other post employment benefits			
8 Expected return on plan assets				
9 Medical Cost Inflation Rate				
10 Actuarial Cost Method				
11 Rate of compensation increase				
<b>12 List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:</b>				
13				
14				
<b>15 Describe any Changes to the Benefit Plan:</b>				
16				
<b>17 TOTAL COMPANY</b>				
<b>18 Change in Benefit Obligation</b>				
19 Benefit obligation at beginning of year				
20 Service cost				
21 Interest Cost				
22 Plan participants' contributions				
23 Amendments				
24 Actuarial Gain				
25 Acquisition				
26 Benefits paid				
27 Benefit obligation at end of year				
<b>28 Change in Plan Assets</b>				
29 Fair value of plan assets at beginning of year				
30 Actual return on plan assets				
31 Acquisition				
32 Employer contribution				
33 Plan participants' contributions				
34 Benefits paid				
35 Fair value of plan assets at end of year				
<b>36 Funded Status</b>				
37 Unrecognized net actuarial loss				
38 Unrecognized prior service cost				
39 Prepaid (accrued) benefit cost				
<b>40 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 loss				
46 Net periodic benefit cost				
<b>47 Accumulated Post Retirement Benefit Obligation</b>				
48 Amount Funded through VEBA				
49 Amount Funded through 401(h)				
50 Amount Funded through Other _____				
51 TOTAL				
52 Amount that was tax deductible - VEBA				
53 Amount that was tax deductible - 401(h)				
54 Amount that was tax deductible - Other _____				
55 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				
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				
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	5	6		
52	Not Covered by the Plan				
53	Active	5	6		
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	Kevin J. Degenstein President and Chief Operating Officer	229,621	21,000	10,696	261,317	259,175	0.83%
2	Jed D. Henthorne Vice President of Administration	144,203	5,000	6,496	155,699	150,700	3.32%
3	Nick Bohr	103,585	2,500		106,085	111,243	
4	Mark S. Coryell Serviceman 2nd Class	63,054	500		63,554	61,877	2.71%
5	S. Jane Lindberg Bookkeeper	56,268	500		56,768	55,840	1.66%
6	Matt Embody Serviceman 4th Class	42,170	500		42,670	38,660	
7	Lori L. Milbrandt Secretary/Receptionist	37,516	500		38,016	37,332	1.83%
8	Tim Curtis Tech II	25,306	500		25,806		
9	Joseph S. Racki Serviceman 3rd Class	16,489			16,489	61,719	-73.28%



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

Line No.	Name/Title	Base Salary	Bonuses	Other	Total Compensation	Total Compensation Last Year	% Increase Total Compensation
1	Richard Osborne CEO	250,000		43,440	293,440	250,000	17%
2	Beck Howell Corporate Secretary Operations	230,000	5,000	9,534	244,534	175,850	39%
3	Kevin J. Degenstein President and COO	229,621	21,100	10,696	261,417	259,175	1%
4	Thomas Smith VP / CFO	145,500	20,100	32,442	198,042	340,912	-42%
5	Jed D. Henthorne VP Admin	144,203	5,000	6,496	155,699	150,700	3%

## BALANCE SHEET

Account Number & Title		Last Year	This Year	12 month % Change
<b>Assets and Other Debits</b>				
1				
2	Utility Plant			
3	101 Gas Plant in Service	1,182,068	1,246,817	5.48%
4	101.1 Property Under Capital Leases			
5	102 Gas Plant Purchased or Sold			
6	104 Gas Plant Leased to Others			
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			
11	108 (Less) Accumulated Depreciation	(674,666)	(672,651)	0.30%
12	111 (Less) Accumulated Amortization & Depletion			
13	114 Gas Plant Acquisition Adjustments	1,056,771	1,056,771	
14	115 (Less) Accum. Amort. Gas Plant Acq. Adj.			
15	116 Other Gas Plant Adjustments			
16	117 Gas Stored Underground - Noncurrent			
17	118 Other Utility Plant			
18	119 Accum. Depr. and Amort. - Other Utl. Plant			
19	<b>TOTAL Utility Plant</b>	1,564,173	1,630,937	4.27%
<b>Other Property &amp; Investments</b>				
20				
21	121 Nonutility Property			
22	122 (Less) Accum. Depr. & Amort. of Nonutil. Prop.			
23	123 Investments in Associated Companies			
24	123.1 Investments in Subsidiary Companies			
25	124 Other Investments	2,311	2,882	24.71%
26	125 Sinking Funds			
27	<b>TOTAL Other Property &amp; Investments</b>	2,311	2,882	24.71%
<b>Current &amp; Accrued Assets</b>				
28				
29	131 Cash	229,715	270,917	17.94%
30	132-134 Special Deposits			
31	135 Working Funds			
32	136 Temporary Cash Investments			
33	141 Notes Receivable			
34	142 Customer Accounts Receivable	275,447	297,694	8.08%
35	143 Other Accounts Receivable	446	2,487	457.62%
36	144 (Less) Accum. Provision for Uncollectible Accts.	(21,931)	(17,215)	21.50%
37	145 Notes Receivable - Associated Companies			
38	146 Accounts Receivable - Associated Companies	(14,628)	(104,421)	-613.84%
39	151 Fuel Stock			
40	152 Fuel Stock Expenses Undistributed			
41	153 Residuals and Extracted Products			
42	154 Plant Materials and Operating Supplies	30,836	23,994	-22.19%
43	155 Merchandise	1,785	1,785	
44	156 Other Material & Supplies			
45	163 Stores Expense Undistributed			
46	164.1 Gas Stored Underground - Current			
47	165 Prepayments			
48	166 Advances for Gas Explor., Devl. & Production			
49	171 Interest & Dividends Receivable			
50	172 Rents Receivable			
51	173 Accrued Utility Revenues			
52	174 Miscellaneous Current & Accrued Assets	8,606	33,395	288.04%
53	<b>TOTAL Current &amp; Accrued Assets</b>	510,276	508,636	-0.32%

## BALANCE SHEET

	Account Number & Title	Last Year	This Year	
1	<b>Assets and Other Debits (cont.)</b>			
2				
3	<b>Deferred Debits</b>			
4				
5	181 Unamortized Debt Expense			
6	182.1 Extraordinary Property Losses			
7	182.2 Unrecovered Plant & Regulatory Study Costs			
8	183.1 Prelim. Nat. Gas Survey & Investigation Chrg.			
9	183.2 Other Prelim. Nat. Gas Survey & Invtg. Chrgs.			
10	184 Clearing Accounts	443		-100.00%
11	185 Temporary Facilities			
12	186 Miscellaneous Deferred Debits			
13	187 Deferred Losses from Disposition of Util. Plant			
14	188 Research, Devel. & Demonstration Expend.			
15	189 Unamortized Loss on Reacquired Debt			
16	190 Accumulated Deferred Income Taxes	117,637	117,374	-0.22%
17	191 Unrecovered Purchased Gas Costs	130,911	(71,826)	-154.87%
18	192.1 Unrecovered Incremental Gas Costs			
19	192.2 Unrecovered Incremental Surcharges			
20	<b>TOTAL Deferred Debits</b>	248,991	45,548	-81.71%
21				
22	<b>TOTAL ASSETS &amp; OTHER DEBITS</b>	2,325,751	2,188,003	-5.92%
	Account Number & Title	Last Year	This year	
23	<b>Liabilities and Other Credits</b>			
24				
25	<b>Proprietary Capital</b>			
26				
27	201 Common Stock Issued	90,310	90,310	
28	202 Common Stock Subscribed			
29	204 Preferred Stock Issued			
30	205 Preferred Stock Subscribed			
31	207 Premium on Capital Stock			
32	211 Miscellaneous Paid-In Capital	509,710	509,710	
33	213 (Less) Discount on Capital Stock			
34	214 (Less) Capital Stock Expense			
35	215 Appropriated Retained Earnings			
36	216 Unappropriated Retained Earnings	74,628	155,699	108.63%
37	217 (Less) Reacquired Capital Stock			
38	<b>TOTAL Proprietary Capital</b>	674,648	755,719	12.02%
39				
40	<b>Long Term Debt</b>			
41				
42	221 Bonds			
43	222 (Less) Reacquired Bonds			
44	223 Advances from Associated Companies			
45	224 Other Long Term Debt			
46	225 Unamortized Premium on Long Term Debt			
47	226 (Less) Unamort. Discount on L-Term Debt-Dr.			
48	<b>TOTAL Long Term Debt</b>			

## BALANCE SHEET

	Account Number & Title	Last Year	This year	
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			
9	228.3 Accumulated Provision for Pensions & Benefits			
10	228.4 Accumulated Misc. Operating Provisions			
11	229 Accumulated Provision for Rate Refunds			
12	<b>TOTAL Other Noncurrent Liabilities</b>			
13				
14	<b>Current &amp; Accrued Liabilities</b>			
15				
16	231 Notes Payable			
17	232 Accounts Payable	142,348	161,188	13.24%
18	233 Notes Payable to Associated Companies	774,878	704,161	-9.13%
19	234 Accounts Payable to Associated Companies	281,288	199,532	-29.06%
20	235 Customer Deposits	44,152	44,297	0.33%
21	236 Taxes Accrued	52,258	8,890	-82.99%
22	237 Interest Accrued	27,974	29,152	4.21%
23	238 Dividends Declared			
24	239 Matured Long Term Debt			
25	240 Matured Interest			
26	241 Tax Collections Payable			
27	242 Miscellaneous Current & Accrued Liabilities	16,639	20,819	25.12%
28	243 Obligations Under Capital Leases - Current			
29	<b>TOTAL Current &amp; Accrued Liabilities</b>	1,339,537	1,168,039	-12.80%
30				
31	<b>Deferred Credits</b>			
32				
33	252 Customer Advances for Construction			
34	253 Other Deferred Credits	72,169	28,540	-60.45%
35	255 Accumulated Deferred Investment Tax Credits			
36	256 Deferred Gains from Disposition Of Util. Plant			
37	257 Unamortized Gain on Reacquired Debt			
38	281-283 Accumulated Deferred Income Taxes	239,397	235,705	-1.54%
39	<b>TOTAL Deferred Credits</b>	311,566	264,245	-15.19%
40				
41	<b>TOTAL LIABILITIES &amp; OTHER CREDITS</b>	2,325,751	2,188,003	-5.92%



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

Year 2013

	Account Number & Title	Last Year	This Year	% Change
1	<b>Intangible Plant</b>			
2				
3	301 Organization	11,354	11,354	
4	302 Franchises & Consents			
5	303 Miscellaneous Intangible Plant			
6				
7	<b>TOTAL Intangible Plant</b>	<b>11,354</b>	<b>11,354</b>	
8				
9	<b>Production Plant</b>			
10				
11	Production & Gathering Plant			
12				
13	325.1 Producing Lands			
14	325.2 Producing Leaseholds	12,878	12,878	
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	6,590		-100.00%
20	328 Field Meas. & Reg. Station Structures			
21	329 Other Structures			
22	330 Producing Gas Wells-Well Construction	8,159	8,159	
23	331 Producing Gas Wells-Well Equipment	101,835	101,835	
24	332 Field Lines	4,413	8,052	82.46%
25	333 Field Compressor Station Equipment	9,799	1,801	-81.62%
26	334 Field Meas. & Reg. Station Equipment	2,476	2,476	
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>	<b>146,150</b>	<b>135,201</b>	<b>-7.49%</b>
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>			
46				
47	<b>TOTAL Production Plant</b>	<b>146,150</b>	<b>135,201</b>	

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

Year 2013

	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	792	792	
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>	792	792	



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

Year 2013

	Account Number & Title	Last Year	This Year	% Change
1				
2	<b>Distribution Plant</b>			
3				
4	374 Land & Land Rights			
5	375 Structures & Improvements			
6	376 Mains	588,168	650,349	10.57%
7	377 Compressor Station Equipment			
8	378 Meas. & Reg. Station Equipment-General			
9	379 Meas. & Reg. Station Equipment-City Gate	18,379	18,379	
10	380 Services	4,029	7,102	76.27%
11	381 Meters	83,275	93,831	12.68%
12	382 Meter Installations	18,672	18,558	-0.61%
13	383 House Regulators			
14	384 House Regulator Installations			
15	385 Industrial Meas. & Reg. Station Equipment			
16	386 Other Prop. on Customers' Premises			
17	387 Other Equipment			
18				
19	<b>TOTAL Distribution Plant</b>	712,523	788,219	10.62%
20				
21	<b>General Plant</b>			
22				
23	389 Land & Land Rights	10,000	10,000	
24	390 Structures & Improvements	90,245	90,245	
25	391 Office Furniture & Equipment	41,332	41,332	
26	392 Transportation Equipment	88,859	88,859	
27	393 Stores Equipment			
28	394 Tools, Shop & Garage Equipment	29,868	29,868	
29	395 Laboratory Equipment			
30	396 Power Operated Equipment	49,287	49,287	
31	397 Communication Equipment	899	899	
32	398 Miscellaneous Equipment	761	761	
33	399 Other Tangible Property			
34				
35	<b>TOTAL General Plant</b>	311,251	311,251	
36				
37	<b>TOTAL Gas Plant in Service</b>	1,182,070	1,246,817	5.48%

## MONTANA DEPRECIATION SUMMARY

Year 2013

	Functional Plant Classification	Plant Cost	Accumulated Depreciation		Current Avg. Rate
			Last Year Bal.	This Year Bal.	
1	Production & Gathering		134,703	91,375	-32%
2	Products Extraction				
3	Underground Storage				
4	Other Storage				
5	Transmission		791		-100%
6	Distribution		256,438	301,243	17%
7	General		254,734	280,033	10%
8	<b>TOTAL</b>		646,666	672,651	4%

## MONTANA MATERIALS &amp; SUPPLIES (ASSIGNED &amp; 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)	30,836	23,994	-22.19%
11	Assigned to Other	1,785	1,785	
12	155 Merchandise			
13	156 Other Materials & Supplies			
14	163 Stores Expense Undistributed			
15				
16	<b>TOTAL Materials &amp; Supplies</b>	32,621	25,779	26.54%

## MONTANA REGULATORY CAPITAL STRUCTURE &amp; COSTS

SCHEDULE 22

	Commission Accepted - Most Recent	% Cap. Str.	% Cost Rate	Weighted Cost
1	Docket Number D2006.2.15			
2	Order Number 6720c			
3				
4	Common Equity 187,849	55.00%	10.27%	5.65%
5	Preferred Stock			
6	Long Term Debt 153,695	45.00%	7.00%	3.15%
7	Other			
8	<b>TOTAL</b> 341,544	100.00%		8.80%
9				
10	Actual at Year End			
11				
12	Common Equity 755,719	100.00%		
13	Preferred Stock -			
14	Long Term Debt -			
15	Other			
16	<b>TOTAL</b> 755,719	100.00%		



## STATEMENT OF CASH FLOWS

Year 2013

	Description	Last Year	This Year	% Change
1				
2	Increase/(decrease) in Cash & Cash Equivalents:			
3				
4	<b>Cash Flows from Operating Activities:</b>			
5	Net Income	22,182	81,071	265.48%
6	Depreciation	27,600	(2,015)	-107.30%
7	Amortization			
8	Deferred Income Taxes - Net	5,008	39,733	693.39%
9	Regulatory Orders			
10	Change in Operating Receivables - Net	9,608	(22,162)	-330.66%
11	Change in Materials, Supplies & Inventories - Net			
12	Change in Operating Payables & Accrued Liabilities - Net	(567,512)		100.00%
13	Allowance for Funds Used During Construction (AFUDC)			
14	Change in Other Assets & Liabilities - Net	114,319	80,651	-29.45%
15	Other Operating Activities (explained on attached page)			
16	<b>Net Cash Provided by/(Used in) Operating Activities</b>	<b>(388,795)</b>	<b>177,278</b>	<b>145.60%</b>
17				
18	<b>Cash Inflows/Outflows From Investment Activities:</b>			
19	Construction/Acquisition of Property, Plant and Equipment			
20	(net of AFUDC & Capital Lease Related Acquisitions)	(200,231)	(65,358)	67.36%
21	Acquisition of Other Noncurrent Assets			
22	Proceeds from Disposal of Noncurrent Assets			
23	Investments In and Advances to Affiliates			
24	Contributions and Advances from Affiliates			
25	Disposition of Investments in and Advances to Affiliates			
26	Other Investing Activities (explained on attached page)			
27	<b>Net Cash Provided by/(Used in) Investing Activities</b>	<b>(200,231)</b>	<b>(65,358)</b>	<b>67.36%</b>
28				
29	<b>Cash Flows from Financing Activities:</b>			
30	Proceeds from Issuance of:			
31	Long-Term Debt	774,878	(70,717)	-109.13%
32	Preferred Stock			
33	Common Stock			
34	Other:			
35	Net Increase in Short-Term Debt			
36	Other:			
37	Payment for Retirement of:			
38	Long-Term Debt			
39	Preferred Stock			
40	Common Stock			
41	Other:			
42	Net Decrease in Short-Term Debt			
43	Dividends on Preferred Stock			
44	Dividends on Common Stock			
45	Other Financing Activities (explained on attached page)			
46	<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>774,878</b>	<b>(70,717)</b>	<b>-109.13%</b>
47				
48	<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>185,852</b>	<b>41,203</b>	<b>-77.83%</b>
49	<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>43,863</b>	<b>229,715</b>	<b>423.71%</b>
50	<b>Cash and Cash Equivalents at End of Year</b>	<b>229,715</b>	<b>270,917</b>	<b>17.94%</b>

SCHEDULE 23a

**CUT BANK GAS CO.  
SCHEDULE TO ATTACH TO PSC REPORT**

**2013**

LINE 45 SCH 23 OTHER FINANCING ACTIVITIES

	<u>LAST YEAR</u>	<u>THIS YEAR</u>	<u>% CHANGE</u>
Payments on regulatory order	44,800.47	48,176.00	7%
TOTAL	44,800.47	48,176.00	7%



**LONG TERM DEBT**

Year 2013

	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	not applicable								
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
32	<b>TOTAL</b>								

**PREFERRED STOCK****Year 2013**

	Series	Issue Date Mo./Yr.	Shares Issued	Par Value	Call Price	Net Proceeds	Cost of Money	Principal Outstanding	Annual Cost	Embed. Cost %
1	NOT APPLICABLE									
2										
3										
4										
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31										
32	<b>TOTAL</b>									

## COMMON STOCK

Year 2013

		Avg. Number of Shares Outstanding	Book Value Per Share	Earnings Per Share	Dividends Per Share	Retention Ratio	Market Price		Price/ Earnings Ratio
							High	Low	
1									
2									
3				Information only available for the fiscal year end December 2009					
4	January								
5									
6	February								
7									
8	March								
9									
10	April								
11									
12	May								
13									
14	June								
15									
16	July								
17									
18	August								
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20	September								
21									
22	October								
23									
24	November								
25									
26	December								
27									
28									
29									
30									
31									
32	TOTAL Year End	9031	\$9.69	\$0.64	-	N/A	N/A	N/A	N/A

## MONTANA EARNED RATE OF RETURN

Year 2013

	Description	Last Year	This Year	% Change
	Rate Base			
1				
2	101 Plant in Service	1,182,070	1,246,817	5.48%
3	108 (Less) Accumulated Depreciation	(674,666)	(672,651)	0.30%
4	<b>NET Plant in Service</b>	<b>507,404</b>	<b>574,166</b>	<b>13.16%</b>
5				
6	Additions			
7	154, 156 Materials & Supplies	32,621	25,779	-20.97%
8	165 Prepayments			
9	Other Additions (Schedule 27A)	76,506	74,762	-2.28%
10	<b>TOTAL Additions</b>	<b>109,127</b>	<b>100,541</b>	<b>-7.87%</b>
11				
12	Deductions			
13	190 Accumulated Deferred Income Taxes	121,760	118,331	-2.82%
14	252 Customer Advances for Construction			
15	255 Accumulated Def. Investment Tax Credits			
16	Other Deductions	44,152	44,297	0.33%
17	<b>TOTAL Deductions</b>	<b>165,912</b>	<b>162,628</b>	<b>-1.98%</b>
18	<b>TOTAL Rate Base</b>	<b>450,619</b>	<b>512,079</b>	<b>13.64%</b>
19				
20	<b>Net Earnings</b>	<b>22,182</b>	<b>81,068</b>	<b>265.46%</b>
21				
22	<b>Rate of Return on Average Rate Base</b>	<b>4.923%</b>	<b>15.831%</b>	<b>221.60%</b>
23				
24	<b>Rate of Return on Average Equity</b>			
25				
26	Major Normalizing Adjustments & Commission			
27	Ratemaking adjustments to Utility Operations			
28				
29				
30				
31				
32				
33				
34				
35				
36				
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39				
40				
41				
42				
43				
44				
45				
46				
47	<b>Adjusted Rate of Return on Average Rate Base</b>			
48				
49	<b>Adjusted Rate of Return on Average Equity</b>			



SCHEDULE 27A

**CUT BANK GAS COMPANY  
SCHEDULE TO ATTACH TO PSC REPORT  
2013**

LINE 14 SCH 27 / PER COMMISSION ORDER #6311b

	Last Year	This Year
Operating expenses	\$ 1,475,018	\$ 1,567,234
Maintenance expenses	65,586	64,733
Taxes other than income	30,337	43,468
	<u>1,570,941</u>	<u>1,675,435</u>
Less:		
Purchased Gas	958,892	1,077,337
	<u>612,049</u>	<u>598,098</u>
Divided by	8	8
1/8 Op. & Maint. For working capital	76,506	74,762

## MONTANA COMPOSITE STATISTICS

2013

	Description	Amount
1		
2	Plant (Intrastate Only) (000 Omitted)	
3		
4	101 Plant in Service	1,246,817
5	107 Construction Work in Progress	
6	114 Plant Acquisition Adjustments	1,056,771
7	105 Plant Held for Future Use	
8	154, 156 Materials & Supplies	25,779
9	(Less):	
10	108, 111 Depreciation & Amortization Reserves	(672,651)
11	252 Contributions in Aid of Construction	
12		
13	<b>NET BOOK COSTS</b>	<b>1,656,716</b>
14		
15	Revenues & Expenses (000 Omitted)	
16		
17	400 Operating Revenues	1,801,479
18		
19	403 - 407 Depreciation & Amortization Expenses	12,927
20	Federal & State Income Taxes	109,690
21	Other Taxes	(34,173)
22	Other Operating Expenses	1,631,967
23	TOTAL Operating Expenses	1,720,411
24		
25	Net Operating Income	81,068
26		
27	415 - 421.1 Other Income	9,381
28	421.2 - 426.5 Other Deductions	
29		
30	<b>NET INCOME</b>	<b>90,449</b>
31		
32	Customers (Intrastate Only)	
33		
34	Year End Average:	
35	Residential	1,251
36	Commercial	252
37	Industrial	
38	Other	
39		
40	<b>TOTAL NUMBER OF CUSTOMERS</b>	<b>1,503</b>
41		
42	Other Statistics (Intrastate Only)	
43		
44	Average Annual Residential Use (Mcf or Dkt) mcf	95.5
45	Average Annual Residential Cost per (Mcf or Dkt) (\$) *	\$9.24
46	* Avg annual cost = [(cost per Mcf or Dkt x annual use) + ( mo. svc chrg x 12)]/annual use	1,038
47	Average Residential Monthly Bill	74
48	Gross Plant per Customer	830

## MONTANA CUSTOMER INFORMATION

Year 2013

	City/Town	Population (Include Rural)	Residential Customers	Commercial Customers	Industrial & Other Customers	Total Customers
1	Cut Bank	4,000				
2						
3						
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31						
32	<b>TOTAL Montana Customers</b>	4,000				

## MONTANA EMPLOYEE COUNTS

2013

	Department	Year Beginning	Year End	Average
1	Administration	1	1	1
2	Service	3	3	3
3	Office	2	2	2
4				
5				
6				
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49				
50	TOTAL Montana Employees	6	6	6



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

2013

	Project Description	Total Company	Total Montana
1			
2	Cut Bank Gas Company does not project a		
3	construction budget		
4			
5			
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49			
50	<b>TOTAL</b>		

## TRANSMISSION SYSTEM - TOTAL COMPANY &amp; MONTANA

2013

Total Company				
		Peak Day of Month	Peak Day Volumes Mcf or Dkt	Total Monthly Volumes Mcf or Dkt
1	January	Cut Bank Gas Company does not have a transmission system.		
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			
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 &amp; MONTANA

Year 2013

Total Company				
		Peak Day of Month	Peak Day Volumes Mcf or Dkt	Total Monthly Volumes Mcf or Dkt
1	January	Cut Bank Gas Company does not have the equipment to measure for this.		
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			
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>			

## STORAGE SYSTEM - TOTAL COMPANY &amp; MONTANA

2013

		Total Company						
		Peak Day of Month		Peak Day Volumes (Mcf or Dkt)		Total Monthly Volumes (Mcf or Dkt)		
		Injection	Withdrawal	Injection	Withdrawal	Injection	Withdrawal	Losses
1	January	Cut Bank Gas Company does not have a storage system.						
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)		
		Injection	Withdrawal	Injection	Withdrawal	Injection	Withdrawal	Losses
14	January							
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>							



## SOURCES OF GAS SUPPLY

Year 2013

	Name of Supplier	Last Year Volumes Mcf or Dkt	This Year Volumes Mcf or Dkt		Last Year Avg. Commodity Cost		This Year Avg. Commodity Cost
1	North Western Energy	163,704	172,180		\$5.8541		\$5.50545
2	Cut Bank Gas Company - Royalty	12,461	8,752		\$0.4484		\$0.27971
3							
4							
5							
6							
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31							
32							
33	<b>Total Gas Supply Volumes</b>	176,165	180,932		\$5.4717		\$5.2527

## NA CONSERVATION &amp; DEMAND SIDE MANAGEMENT PROGRAMS

2013

	Program Description	Current Year Expenditures	Last Year Expenditures	% Change	Planned Savings (Mcf or Dkt)	Achieved Savings (Mcf or Dkt)	Difference
1							
2	Cut Bank Gas Company does not have conservati						
3	demand side management programs.						
4							
5							
6							
7							
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28							
29							
30							
31							
32	<b>TOTAL</b>						

## MONTANA CONSUMPTION AND REVENUES

2013

	Sales of Gas	Operating Revenues		MCF Sold		Avg. No. of Customers	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1	Residential	1,103,555	1,058,322	119,459	112,391	1,251	1,241
2	Commercial - Small	688,543	639,503	85,440	78,152	252	249
3	Commercial - Large						
4	Industrial - Small						
5	Industrial - Large						
6	Interruptible Industrial						
7	Other Sales to Public Authorities						
8	Sales to Other Utilities						
9	Interdepartmental						
10							
11	<b>TOTAL</b>	\$1,792,098	\$1,697,825	204899	190,543	1503	1,490
12							
13							
14							
15	Transportation of Gas	Operating Revenues		BCF Transported		Avg. No. of Customers	
16		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
17							
18							
19	Utilities	Cut Bank Gas Company has no Transmission Revenue					
20	Industrial						
21	Other						
22							
23							
24	<b>TOTAL</b>						

**Natural Gas Universal System Benefits Programs**

	Program Description	Actual Current Year Expenditures	Contracted or Committed Current Year Expenditures	Total Current Year Expenditures	Expected savings (MW and MWh)	Most recent program evaluation
1	Local Conservation					
2						
3						
4						
5						
6						
7						
8	Market Transformation					
9						
10						
11						
12						
13						
14						
15	Research & Development					
16						
17						
18						
19						
20						
21						
22	Low Income					
23						
24	As per D98.8.179 Order 6104 Cut Bank Gas Company pays 1.12% of its gross revenues derived from					
25	natural gas sales to Energy Share Montana to meet the Universal Systems Benefits Program					
26	requirements.					
27						
28						
29	Other					
30						
31	100 customers who were LIEAP eligible received \$175.00 each on their natural gas bill from the					
32	Cut Bank Gas Company customer bill assistance program which is administered by Energy Share					
33	of Montana and Opportunities Inc.					
34						
35						
36						
37						
38						
39						
40						
41						
42	Total					
43	Number of customers that received low income rate discounts					N/A
44	Average monthly bill discount amount (\$/mo)					N/A
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**

	Program Description	Actual Current Year Expenditures	Contracted or Committed Current Year Expenditures	Total Current Year Expenditures	Expected savings (MW and MWh)	Most recent program evaluation
1	Local Conservation					
2						
3		Cut Bank Gas Company does not have Conservation and				
4		Demand Side Management Programs.				
5						
6						
7						
8	Demand Response					
9						
10						
11						
12						
13						
14						
15	Market Transformation					
16						
17						
18						
19						
20						
21						
22	Research & Development					
23						
24						
25						
26						
27						
28						
29	Low Income					
30						
31						
32						
33						
34						
35	Other					
36						
37						
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42						
43						
44						
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47						
48	Total					