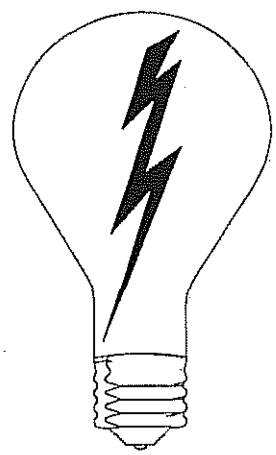
YEAR ENDING 2013

ANNUAL REPORT
OF

MONTANA-DAKOTA UTILITIES CO.

ELECTRIC UTILITY



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

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 1**

IDENTIFICATION Year: 2013

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:	Tamie A. Aberle
5a.	Telephone Number:	(701) 222-7856

Control Over Respondent

1. If direct control over the respondent was held by another entity at the end of year provide the following:

   1a. Name and address of the controlling organization or person:

   1b. Means by which control was held:

   1c. Percent Ownership:

SCHEDULE 2

Board of Directors 1/

Line No.	Name of Director and Address (City, State) (a)	Remuneration (b)
1	David L. Goodin (Chairman), Bismarck, ND	-
2	Doran N. Schwartz, Bismarck, ND	-
3	Paul K. Sandness, Bismarck, ND	-
4	K. Frank Morehouse, Bismarck, ND	-
5		-
6		
7		
8	1/ Montana-Dakota Utilities Co. is a Division of MDU Resources Group, Inc.,	
9	and has no Board of Directors. The affairs of the Company are managed by	
10	a Managing Committee, the members of which are provided herein rather	
11	than the directors of MDU Resources Group, Inc.	
12		
13		
14		
15		
16		
17		
18		

Officers Year: 2013

Line No.	Title of Officer (a)	Department Supervised (b)	Name (c)
1	President & Chief	Executive	K. Frank Morehouse
2	Executive Officer		
3			
4	Executive Vice President	Combined Utility Operations Support	Mike J. Gardner
5			
6	Vice President	Electric Supply	Jay W. Skabo 1/
7			
8	Vice President	Operations	Nicole A. Kivisto 2/
9			
10	Vice President	Human Resources, Customer Service &	Anne M. Jones 3/
11		Safety	
12			
13	Vice President	Regulatory Affairs and Chief	Garret Senger
14		Accounting Officer	
15			
16	General Counsel and Secretary		Paul K. Sandness
17			
18			
19			
20			
21			
22			
23			
24			
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27			
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36			
37	1/ Jay Skabo replace Andrea Stromberg as Vice President of Electric Supply on 1/3/14		
38	2/ Nicole Kivisto was appointed Vice President of Operations effective 1/3/14		
39	3/ Anne M. Jones was appointed Vice President of Human Resources, Customer Service		
40	and Safety effective on 7/1/13		

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 4**

CORPORATE STRUCTURE Year: 2013

Subsidiary/Company Name	Line of Business	Earnings (000's)	Percent of Total
Montana-Dakota Utilities Co./ Great Plains Natural Gas Co. (Divisions of MDU Resources Group, Inc.) Cascade Natural Gas Corp. and Intermountain Gas Company	Electric and Natural Gas Distribution	$72,493	26.05%
WBI Holdings, Inc.	Pipeline and Energy Services and Exploration and Production	102,079	36.69%
Knife River Corporation	Construction Materials and Mining	50,946	18.31%
MDU Construction Services Group, Inc.	Construction Services	52,213	18.76%
Centennial Energy Resources LLC/ Centennial Holdings Capital LLC	Other	4,824	1.73%
Intersegment Eliminations		(4,307)	-1.54%
TOTAL		$278,248	100.00%

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 5**

CORPORATE ALLOCATIONS - ELECTRIC

Year: 2013

Items Allocated	Classification	Allocation Method	$ to MT Utility	MT %	$ to Other
Audit Costs	Administrative & General	Various Corporate Overhead Allocation Factors	$6,711	1.85%	$355,521
Advertising	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	2,644	1.85%	139,921
Air Service	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	1,841	1.29%	140,796
Automobile	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	320	1.83%	17,177
Bank Services	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	6,377	1.86%	337,296
Computer Rental	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	95	1.86%	4,993
Consultant Fees	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	13,073	1.99%	642,830
Contract Services	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	25,719	1.43%	1,769,182
Corporate Aircraft	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	2,120	1.88%	110,371
Directors Expenses	Administrative & General	Corporate Overhead Allocation Factor	52,945	1.86%	2,797,948
Employee Benefits	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	2,540	1.87%	133,299

Company Name: Montana-Dakota Utilities Co. SCHEDULE 5

CORPORATE ALLOCATIONS - ELECTRIC

Year: 2013

Items Allocated	Classification	Allocation Method	$ to MT Utility	MT %	$ to Other
Employee Meetings	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	2,275	1.88%	119,016
Employee Reimbursable Expenses	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	3,462	1.45%	235,599
Legal Retainers & Fees	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	21,464	1.86%	1,133,747
Meal Allowance	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	24	1.90%	1,250
Meals & Entertainment	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	2,000	1.63%	120,828
Industry Dues & Licenses	Administrative & General	Various Corporate Overhead Allocation Factors, Time Studies, and/or Actual Costs Incurred	2,164	1.80%	117,786
Office Expenses	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	2,338	2.06%	111,031
Prepaid Insurance	Administrative & General	Various Corporate Overhead Allocation Factors and Allocation Factors Based on Actual Experience	18,131	11.25%	143,062
Permits and Filing Fees	Administrative & General	Various Corporate Overhead Allocation Factors and/or Actual Costs Incurred	505	1.87%	26,451

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 5**

CORPORATE ALLOCATIONS - ELECTRIC

Year: 2013

	Items Allocated	Classification	Allocation Method	$ to MT Utility	MT %	$ to Other
1	Postage & Express Mail	Administrative & General	Various Corporate Overhead Allocation Factors and/or	189	1.84%	10,104
2			Actual Costs Incurred			
3						
4	Payroll	Administrative & General	Various Corporate Overhead Allocation Factors, Time	461,102	1.85%	24,406,906
5			Studies, and/or Actual Costs Incurred			
6						
7	Reference Materials	Administrative & General	Various Corporate Overhead Allocation Factors and/or	3,995	1.89%	206,865
8			Actual Costs Incurred			
9						
10	Reimbursements	Administrative & General	Various Corporate Overhead Allocation Factors and/or	(278)	1.84%	(14,860)
11			Actual Costs Incurred			
12						
13	Seminars & Meeting	Administrative & General	Various Corporate Overhead Allocation Factors, Time	1,652	1.85%	87,562
14	Registrations		Studies, and/or Actual Costs Incurred			
15						
16	Software Maintenance	Administrative & General	Various Corporate Overhead Allocation Factors, Time	12,951	1.84%	691,395
17			Studies, and/or Actual Costs Incurred			
18						
19	Telephone & Cell Phones	Administrative & General	Various Corporate Overhead Allocation Factors and/or	5,555	1.53%	357,907
20			Actual Costs Incurred			
21						
22	Training Material	Administrative & General	Various Corporate Overhead Allocation Factors, Time	1,465	1.97%	72,923
23			Studies, and/or Actual Costs Incurred			
24						
25						
26	**TOTAL**			$653,379	1.87%	$34,276,906

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 6**

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - ELECTRIC 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	**KNIFE RIVER**	Expense	Actual Costs Incurred			
2	**CORPORATION**					
3		Materials		25,820		5,557
4		Contract Services		5,594		1,086
5		Office Expenses		8		2
6						
7		Capital	Actual Costs Incurred			
8		Contract Services		61,787		12
9		Materials		125,725		28,540
10						
11						
12		Other Transactions/Reimbursements				
13		Balance Sheet Acct		121,113		
14		MDU Resources Cost Centers		11,323		
15						
16		Total Knife River Corporation Operating Revenues for the Year 2013			$1,712,137,000	
17		Excludes Intersegment Eliminations				
18						
19						
20	**TOTAL**	**Grand Total Affiliate Transactions**		$351,370	0.0205%	$35,197

Company Name: **Montana-Dakota Utilities Co.** **SCHEDULE 6**

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - ELECTRIC

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	**WBI HOLDINGS, INC.**	Expense	Actual Costs Incurred			
2		Contract Services		$10,746		$2,176
3		Fuel		36,294		10,399
4		Material		102		0
5		Other		124		0
6						
7						
8		Capital	Actual Costs Incurred			
9		Contract Services		5,772		5,819
10		Other		376		87
11						
12						
13		Other Transactions/Reimbursements	Actual Costs Incurred			
14		Auto Clearing		6,921		
15		Balance sheet accounts		782,399		
16		Non Utility		3,600		
17		MDU Resources Cost Centers		21,102		
18						
19		Total WBI Operating Revenues for the Year 2013			$738,091,000	
20		Excludes Intersegment Eliminations				
21						
22						
23	**TOTAL**	**Grand Total Affiliate Transactions**		$867,436	0.1175%	$18,481

Company Name: Montana-Dakota Utilities Co. SCHEDULE 6

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - ELECTRIC

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	**MDU CONSTRUCTION**	Expense	Actual Costs Incurred			
2	**SERVICES GROUP, INC**	Contract Services		$442,510		$7,125
3		Materials		26,999		0
4						
5		Capital	Actual Costs Incurred			
6		Contract Services		7,028,326		170,080
7		Materials		930		0
8						
9						
10		Other Transactions/Reimbursements	Actual Costs Incurred			
11		MDU Resources Cost Centers		4,662		
12		Balance Sheet Accounts		110,937		
13						
14						
15		Total MDU Construction Services Group, Inc Operating Revenues for the Year 2013			$1,039,839,000	
16		Excludes Intersegment Eliminations				
17						
18						
19	**TOTAL**	**Grand Total Affiliate Transactions**		$7,614,364	0.7323%	$177,205

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 6**

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - ELECTRIC 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	**CENTENNIAL HOLDINGS**	Expense	1/ Various Corporate Overhead			
2	**CAPITAL, LLC**	Contract Services	Allocation Factors and/or	$94,988		$18,944
3		Corporate Aircraft	Actual Costs Incurred	31,857		4,908
4		Office Expense		290,145		57,865
5		Rent		191,806		38,252
6						
7						
8		Capital	Actual Costs Incurred			
9		Corporate Aircraft		5,993		1,322
10						
11						
12		Other Transactions/Reimbursements	Actual Costs Incurred			
13		MDU Resources Cost Centers		240,479		
14		Balance Sheet Accounts		3,114,982		
15		Clearing Accounts		(210)		
16						
17						
18		Total Centennial Holdings Capital, LLC Operating Revenues for the Year 2013			$9,620,000	
19		Grand Total Affiliate Transactions				
20						
21						
22	**TOTAL**	**Grand Total Affiliate Transactions**		$3,970,040	41.2686%	$121,291

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

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 6**

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY - ELECTRIC 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	**MDU ENERGY CAPITAL**	Expense	Actual Costs Incurred			
2						
3		Contract Services		13,420		2,608
4		Cost of Service		15,711		3,129
5		Materials		549		127
6		Office Expenses		31,190		5,901
7		Other		26,683		5,099
8						
9						
10		Capital	Actual Costs Incurred			
11		Contract Services		54,930		11,102
12		Materials		4,713		341
13		Other		19,138		3,812
14						
15						
16		Other Transactions/Reimbursements	Actual Costs Incurred			
17		Auto Clearing		40		
18		Balance Sheet Accounts		697		
19		Non Utility		33,875		
20						
21						
22		Total MDU Energy Capital Operating Revenues for the Year 2013			$559,965,000	
23		Grand Total Affiliate Transactions				
24						
25	**TOTAL**	**Grand Total Affiliate Transactions**		$200,946	0.0359%	$32,119

Company Name: Montana-Dakota Utilities Co. SCHEDULE 7

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	KNIFE RIVER	MDU RESOURCES GROUP, INC.				
2	CORPORATION	Corporate Overhead	1/ Various Corporate Overhead Allocation			
3		Audit Costs	Factors, Time Studies and/or Actual	$83,729		
4		Advertising	Costs Incurred	33,070		
5		Air Service		30,811		
6		Automobile		4,502		
7		Bank Services		79,603		
8		Corporate Aircraft		26,071		
9		Consultant Fees		148,721		
10		Contract Services		897,639		
11		Computer Rental		1,181		
12		Directors Expenses		661,195		
13		Employee Benefits		32,202		
14		Employee Meeting		28,404		
15		Employee Reimbursable Expense		55,705		
16		Legal Retainers & Fees		268,103		
17		Meal Allowance		313		
18		Cash Donations		18,114		
19		Meals & Entertainment		28,337		
20		Industry Dues & Licenses		28,374		
21		Office Expenses		32,626		
22		Supplemental Insurance		(815,498)		
23		Permits & Filing Fees		6,334		
24		Postage		2,348		
25		Payroll		6,204,833		
26		Reimbursements		(3,463)		
27		Reference Materials		48,314		
28		Seminars & Meeting Registrations		20,832		
29		Software Maintenance		212,602		
30		Telephone/cell Expenses		138,763		
31		Training		20,079		
32		**Total MDU Resources Group, Inc.**		$8,293,844	0.5124%	

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 7**

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	KNIFE RIVER	MONTANA-DAKOTA UTILITIES CO.				
2	CORPORATION	Other Direct Charges	Actual Costs Incurred			
3		Vehicle Maintenance		$305		
4		Communications		53,699		
5		Employee Discounts		20,636		
6		Dues, Permits, and Filing Fees		603		
7		Sponsorship		45,600		
8		Electric Consumption		107,562		
9		Gas Consumption		31,601		$4,869
10		Bank Fees		34,559		
11		Computer/Software Support		1,080,930		
12		Office Expense		13,265		
13		Cost of Service		537,193		127,350
14		Audit Costs		636,652		
15		Auto		1,049		
16		Travel		17,958		
17		Employee Benefits		1,403		
18		Contract Services		362,611		
19						
20		**Total Montana-Dakota Utilities Co.**		$2,945,628	0.1820%	$132,219
21						
22		OTHER TRANSACTIONS/REIMBURSEMENTS	Actual Costs Incurred			
23						
24		Federal & State Tax Liability Payments		$36,378,234		
25		Miscellaneous Reimbursements		(277,986)		
26						
27		**Total Other Transactions/Reimbursements**		$36,100,248	2.2305%	
28						
29		**Grand Total Affiliate Transactions**		$47,339,720	2.9249%	$132,219
30						
31		**Total Knife River Corporation Operating Expenses for 2013-Excludes Intersegment Eliminations**			$1,618,508,000	

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

KNIFE RIVER CORPORATION

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Company Name: Montana-Dakota Utilities Co. **SCHEDULE 7**

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	WBI ENERGY, INC.	MDU RESOURCES GROUP, INC.				
2		Corporate Overhead	1/ Various Corporate Overhead			
3		Audit Costs	Allocation Factors, Time	$132,760		
4		Advertising	Studies and/or Actual Costs	52,001		
5		Air Service	Incurred	43,761		
6		Automobile		5,702		
7		Bank Services		125,723		
8		Corporate Aircraft		40,922		
9		Consultant Fees		235,080		
10		Contract Services		379,208		
11		Computer Rental		1,858		
12		Directors Expenses		1,041,694		
13		Employee Benefits		48,990		
14		Employee Meeting		43,882		
15		Employee Reimbursable Expense		75,956		
16		Legal Retainers & Fees		421,848		
17		Meal Allowance		443		
18		Cash Donations		28,411		
19		Meals & Entertainment		40,887		
20		Industry Dues & Licenses		43,121		
21		Office Expenses		31,376		
22		Supplemental Insurance		(1,300,801)		
23		Permits & Filing Fees		9,732		
24		Postage		3,817		
25		Payroll		8,123,697		
26		Reimbursements		(5,601)		
27		Reference Materials		77,006		
28		Seminars & Meeting Registrations		32,326		
29		Software Maintenance		208,953		
30		Telephone/cell Expenses		91,740		
31		Training		22,849		
32		**Total MDU Resources Group, Inc.**		$10,057,341	1.8068%	

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	WBI ENERGY, INC.	MONTANA-DAKOTA UTILITIES CO.				
2		Transportation Department	1/ Various Corporate Overhead			
3		Clearing Accounts	Allocation Factors, Time			
4		Office Expenses	Studies and/or Actual Costs	19		
5						
6		Other Direct Charges	Actual Costs Incurred			
7		Utility/Merchandise Discounts		28,086		
8		Audit Costs		473,574		
9		Contract Services		752,097		
10		Auto		10,194		
11		Vehicle Maintenance		4,434		
12		Dues, Permits, and Filing Fees		(20,991)		
13		Misc Employee Benefits		75,767		
14		Computer/Software Support		419,908		
15		Sponsorship		74,200		
16		Electric Consumption		443,297		$303,086
17		Gas Consumption		33,217		24,335
18		Cost of Service		267,061		63,311
19		Legal Fees		24,886		
20		Travel		37,315		
21		Communication Services		14,846		
22		Office Expense		55,088		
23		Bank Fees		17,434		
24		Training Registration		2,333		
25		Marketing/Advertising		8,414		
26						
27		Total Montana-Dakota Utilities Co.		2,721,179	0.4889%	$390,732
28						
29						
30		OTHER TRANSACTIONS/REIMBURSEMENTS	Actual Costs Incurred			
31		Federal & State Tax Liability Payments		($28,326,264)		
32		Miscellaneous Reimbursements		(63,720)		
33		**Total Other Transactions/Reimbursements**		($28,389,984)	-5.1002%	
34						
35		**Grand Total Affiliate Transactions**		($15,611,464)	-2.8046%	$390,732
36						
37		**Total WBI Energy Operating Expenses for 2013 - Excludes Intersegment Eliminations**			$556,643,000	

WBI Energy, Inc.

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Company Name: **Montana-Dakota Utilities Co.** **SCHEDULE 7**

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	MDU CONSTRUCTION	MDU RESOURCES GROUP, INC.				
2	SERVICES GROUP INC	Corporate Overhead	1/ Various Corporate Overhead			
3		Audit Costs	Allocation Factors, Time	$22,621		
4		Advertising	Studies and/or Actual Costs	9,015		
5		Air Service	Incurred	32,975		
6		Automobile		1,362		
7		Bank Services		21,486		
8		Corporate Aircraft		7,026		
9		Consultant Fees		40,156		
10		Contract Services		60,930		
11		Computer Rental		318		
12		Directors Expenses		178,353		
13		Employee Benefits		8,512		
14		Employee Meeting		7,625		
15		Employee Reimbursable Expense		43,559		
16		Legal Retainers & Fees		72,297		
17		Meal Allowance		85		
18		Cash Donations		4,881		
19		Meals & Entertainment		16,731		
20		Industry Dues & Licenses		7,655		
21		Office Expenses		9,999		
22		Supplemental Insurance		(220,653)		
23		Permits & Filing Fees		1,698		
24		Postage		638		
25		Payroll		2,384,732		
26		Reimbursements		(940)		
27		Reference Materials		13,182		
28		Seminars & Meeting Registrations		5,804		
29		Software Maintenance		55,643		
30		Telephone/cell Expenses		37,186		
31		Training Material		5,937		
32		**Total MDU Resources Group, Inc.**		$2,828,813	0.2963%	

Company Name: **Montana-Dakota Utilities Co.** **SCHEDULE 7**

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	MDU CONSTRUCTION	Intercompany Settlements	Actual Costs Incurred			
2	SERVICES GROUP INC	Sponsorship		$12,400		
3		Audit		426,186		
4		Computer/Software Support		215,301		
5		Travel		46,718		
6		Cost of Service		117,038		$27,746
7		Employee Benefits		188,384		
8		Bank Fees		74,656		
9		Dues, Permits, and Filing Fees		19,264		
10		Payroll		1,166,656		
11		Office Expense		23,850		
12		Contract Services		198,962		
13		Communications		27,464		
14		Miscellaneous		306,844		
15		Auto		836		
16		**Total Montana-Dakota Utilities Co.**		$2,824,559	0.2959%	$27,746
17						
18		OTHER TRANSACTIONS/REIMBURSEMENTS	Actual Costs Incurred			
19		Federal & State Tax Liability Payments		$33,514,134		
20		Miscellaneous Reimbursements		(284,678)		
21						
22		**Total Other Transactions/Reimbursements**		$33,229,456	3.4810%	
23		**Grand Total Affiliate Transactions**		$38,882,828	4.0732%	$27,746
24						
25		**Total MDU Construction Services Group, Inc. Operating Expenses for 2013**				
26		**Excludes Intersegment Eliminations**			$954,593,000	
27						

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

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Year: 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	CENTENNIAL ENERGY	MONTANA-DAKOTA UTILITIES CO.				
2	RESOURCES INT					
3		Other Direct Charges	Actual costs incurred			
4		Audit Costs		$13,423		
5		Dues, Permits, and Filing Fees		423		
6		Bank Fees		2,436		
7						
8		Intercompany Settlements	Actual costs incurred			
9		Office Expense		250		
10		**Total Montana-Dakota Utilities Co.**		$16,532	6.7478%	
11						
12		OTHER TRANSACTIONS/REIMBURSEMENTS	Actual costs incurred			
13		Federal & State Tax Liability Payments		($521,569)		
14		**Total Other Transactions/Reimbursements**		($521,569)		
15						
16		**Grand Total Affiliate Transactions**		($505,037)	-206.1376%	
17						
18		**Total Centennial Energy Resources international Operating Expenses for 2013**			$245,000	
19		**Excludes Intersegment Eliminations**				

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 7**

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	CENTENNIAL HOLDINGS	MONTANA-DAKOTA UTILITIES CO.				
2	CAPITAL CORP. AND	Direct and Intercompany charges	Actual costs incurred			
3	FUTURESOURCE	Dues, Permits, and Filing Fees		$283,506		
4		Contract Services		123		
5		Insurance		653		
6		Auto		403		
7		Materials		55,590		
8		Office Expense		12,469		
9		Electric Consumption		163,513		
10		Gas Consumption		10,891		
11		Payroll		397,449		
12		Miscellaneous		24,907		
13		**Total Montana-Dakota Utilities Co.**		949,504	34.8314%	
14						
15		OTHER TRANSACTIONS/REIMBURSEMENTS				
16		Miscellaneous Reimbursements		($337)		
17		Federal & State Tax Liability Payments		922,644		
18		**Total Other Transactions/Reimbursements**		$922,307		
19						
20		**Grand Total Affiliate Transactions**		$1,871,811	68.6651%	
21						
22		**Total CHCC Operating Expenses for 2013**			$2,726,000	
23		**Excludes Intersegment Eliminations**				

Company Name: Montana-Dakota Utilities Co. SCHEDULE 7

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	MDU ENERGY	MDU RESOURCES GROUP, INC.				
2	CAPITAL 2/	Corporate Overhead	1/ Various Corporate Overhead			
3		Audit Costs	Allocation Factors, Time	$63,391		
4		Advertising	Studies and/or Actual Costs	24,953		
5		Air Service	Incurred	18,704		
6		Automobile		2,987		
7		Bank Services		60,143		
8		Corporate Aircraft		19,634		
9		Consultant Fees		112,261		
10		Contract Services		228,374		
11		Computer Rental		890		
12		Directors Expenses		498,906		
13		Employee Benefits		23,516		
14		Employee Meeting		21,215		
15		Employee Reimbursable Expense		33,051		
16		Legal Retainers & Fees		202,162		
17		Meal Allowance		219		
18		Cash Donations		13,636		
19		Meals & Entertainment		19,084		
20		Industry Dues & Licenses		20,874		
21		Office Expenses		18,573		
22		Supplemental Insurance		(619,357)		
23		Permits & Filing Fees		4,717		
24		Postage		1,801		
25		Payroll		4,044,674		
26		Reimbursements		(2,649)		
27		Reference Materials		36,759		
28		Seminars & Meeting Registrations		15,532		
29		Software Maintenance		111,912		
30		Telephone/cell Expenses		46,375		
31		Training Material		12,497		
32		**Total MDU Resources Group, Inc.**		$5,034,834	1.0026%	

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 7**

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	MDU ENERGY	MONTANA-DAKOTA UTILITIES CO.				
2	CAPITAL 2/	Executive Departments	1/ Various Corporate Overhead			
3		Automobile	Allocation Factors, Cost of	34		
4		Employee Benefits	Service Factors, Time Studies	4,859		
5		Office Expense	and/or Actual Costs Incurred	2,636		
6		Payroll		650,735		
7		Travel		41,716		
8		General & Administrative				
9		Office Expense	1/ Various Corporate Overhead	12		
10			Allocation Factors, Cost of			
11			Service Factors, Time Studies			
12			and/or Actual Costs Incurred			
13		Other Miscellaneous Departments				
14		Payroll	1/ Various Corporate Overhead	34,711		
15		Travel	Allocation Factors, Cost of	293		
16		Office Expense	Service Factors, Time Studies	23		
17		Employee Benefits	and/or Actual Costs Incurred	510		
18		Automobile		10		
20		Payroll & HR				
21		Employee Benefits	1/ Various Corporate Overhead	$12,049		
22		Payroll	Allocation Factors, Cost of	138,690		
23		Contract Services	Service Factors, Time Studies	2,761		
24		Travel	and/or Actual Costs Incurred	7,529		
25		Office Expense		595		
26		Automobile		292		
27		Other Direct Charges				
28		Audit	Actual costs incurred	116,933		
29		Bank Fees		5,066		
30		Communications		36,087		
31		Computer Equip/Software		124,789		
32		Contract Services		309,604		
33		Employee Benefits		27,688		
34		Filing Fees		1,440		
35		Industry Dues		221,679		

Company Name: Montana-Dakota Utilities Co. SCHEDULE 7

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	MDU ENERGY	Miscellaneous		5,572		
2	CAPITAL 2/	Travel		560		
3		Vehicle Maintenance		41		
4		Legal		8,480		
5		Office Expense		25,002		
6		Training		8,113		
7						
8		Intercompany Settlements	Actual costs incurred			
9		O&M				
10		Advertising		24,202		
11		Auto		(2,369)		
12		Contract Services		369,042		
13		Cost of Service		1,413,218		$335,025
14		Employee Benefits		93,109		
15		Material		22,772		
16		Miscellaneous		110,072		
17		Office Expense		498,985		
18		Payroll		9,473,087		
19		Supplemental Insurance		138,068		
20		Software Maintenance		1,019,328		
21		Travel		197,641		
22						
23		Other	Actual costs incurred			
24		Audit		$404,630		
25		LTIP		509,324		
26		MII		204,686		
27		Miscellaneous		(8,190)		
28		Payflex		(35,556)		

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 7**

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	MDU ENERGY	Capital	Actual costs incurred			
2	CAPITAL 2/	Auto		1,049		
3		Contract Services		531,088		
4		Material		226,722		
5		Office Expense		15,119		
6		Payroll		599,458		
7		Travel		46,807		
8		Utility Group Project Allocation		5,243,953		
9		**Total Montana-Dakota Utilities Co.**		22,884,754	4.5570%	$335,025
10						
11		OTHER TRANSACTIONS/REIMBURSEMENTS				
12		Federal & State Tax Liability Payments		($5,657,299)		
13		Miscellaneous Reimbursements		(271,036)		
14		**Total Other Transactions/Reimbursements**		($5,928,335)	-1.1805%	
15		**Grand Total Affiliate Transactions**		$21,991,253	4.3791%	$335,025
16		**Total MDU Energy Capital Operating Expenses for 2013**			$502,185,000	
17		**Excludes Intersegment Eliminations**				
18						

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

2/ MDU Energy Capital is the parent company for Cascade Natural Gas Company and Intermountain Gas Company.

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 7**

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	CENTENNIAL ENERGY	MONTANA-DAKOTA UTILITIES CO.				
2	HOLDING INC					
3		Other Direct Charges	Actual costs incurred			
4		Audit Costs		$132,248		
5		Dues, Permits, and Filing Fees		125		
6		Contract Services		166,115		
7		Bank Fees		2,672		
8		Miscellaneous		98		
9		**Total Montana-Dakota Utilities Co.**		$301,258		
10						
11		**Grand Total Affiliate Transactions**		$301,258		
12						
13						
14						

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 8**

MONTANA UTILITY INCOME STATEMENT

Year: 2013

	Account Number & Title		Last Year	This Year	% Change
1	400	Total Operating Revenues	$53,445,582	$55,524,393	3.89%
2					
3		Operating Expenses			
4	401	Operation Expenses	$29,347,739	$31,929,541	8.80%
5	402	Maintenance Expense	3,982,866	4,306,730	8.13%
6		Total O & M Expenses	33,330,605	36,236,271	8.72%
7					
8	403	Depreciation Expense	6,042,166	6,305,038	4.35%
9	404-405	Amortization of Electric Plant	148,470	258,678	74.23%
10	406	Amort. of Plant Acquisition Adjustments	51,606	52,822	2.36%
11	407	Amort. of Property Losses, Unrecovered Plant			
12		& Regulatory Study Costs			
13	408.1	Taxes Other Than Income Taxes	3,832,822	3,585,763	-6.45%
14	409.1	Income Taxes - Federal	(1,793,532)	(2,635,389)	-46.94%
15		- Other	(396,131)	(61,636)	84.44%
16	410.1	Provision for Deferred Income Taxes	3,796,672	3,963,402	4.39%
17	411.1	(Less) Provision for Def. Inc. Taxes - Cr.	544,971	488,560	-10.35%
18	411.4	Investment Tax Credit Adjustments			
19	411.6	(Less) Gains from Disposition of Utility Plant			
20	411.7	Losses from Disposition of Utility Plant			
21					
22		**Total Utility Operating Expenses**	$45,557,649	$48,193,509	5.79%
23		**NET UTILITY OPERATING INCOME**	$7,887,933	$7,330,884	-7.06%

MONTANA UTILITY REVENUES

SCHEDULE 9

	Account Number & Title		Last Year	This Year	% Change
1		Sales of Electricity			
2					
3	440	Residential	$15,359,105	$16,263,640	5.89%
4	442	Commercial & Industrial - Small	9,463,999	9,813,480	3.69%
5		Commercial & Industrial - Large	24,308,656	24,943,984	2.61%
6	444	Public Street & Highway Lighting	837,536	877,894	4.82%
7	445	Other Sales to Public Authorities	455,265	442,532	-2.80%
8	446	Sales to Railroads & Railways			
9	448	Interdepartmental Sales			
10		Net Unbilled Revenue	373,807	406,770	8.82%
11					
12		**Total Sales to Ultimate Consumers**	$50,798,368	$52,748,300	3.84%
13	447	Sales for Resale	172,804	225,814	30.68%
14					
15		**Total Sales of Electricity**	$50,971,172	$52,974,114	3.93%
16	449.1	(Less) Provision for Rate Refunds			
17					
18		**Total Revenue Net of Provision for Refunds**	$50,971,172	$52,974,114	3.93%
19		Other Operating Revenues			
20	450	Forfeited Discounts & Late Payment Revenues			
21	451	Miscellaneous Service Revenues	$16,005	$37,067	131.60%
22	453	Sales of Water & Water Power			
23	454	Rent From Electric Property	1,174,531	1,193,080	1.58%
24	455	Interdepartmental Rents			
25	456	Other Electric Revenues	1,283,874	1,320,132	2.82%
26					
27		**Total Other Operating Revenues**	$2,474,410	$2,550,279	3.07%
28		**TOTAL OPERATING REVENUES**	$53,445,582	$55,524,393	3.89%

Company Name: Montana-Dakota Utilities Co.

MONTANA OPERATION & MAINTENANCE EXPENSES

	Account Number & Title	Last Year	This Year	% Change
1	Power Production Expenses			
2				
3	Steam Power Generation			
4	Operation			
5	500 Operation Supervision & Engineering	$440,878	$454,394	3.07%
6	501 Fuel	11,554,557	12,574,264	8.83%
7	502 Steam Expenses	1,012,596	1,077,988	6.46%
8	503 Steam from Other Sources			
9	504 (Less) Steam Transferred - Cr.			
10	505 Electric Expenses	396,440	410,441	3.53%
11	506 Miscellaneous Steam Power Expenses	516,592	573,916	11.10%
12	507 Rents	894	1,827	104.36%
13				
14	TOTAL Operation - Steam	13,921,957	15,092,830	8.41%
15				
16	Maintenance			
17	510 Maintenance Supervision & Engineering	214,102	181,261	-15.34%
18	511 Maintenance of Structures	128,832	125,572	-2.53%
19	512 Maintenance of Boiler Plant	1,120,028	1,091,006	-2.59%
20	513 Maintenance of Electric Plant	466,591	422,451	-9.46%
21	514 Maintenance of Miscellaneous Steam Plant	300,874	327,520	8.86%
22				
23	TOTAL Maintenance - Steam	2,230,427	2,147,810	-3.70%
24	**TOTAL Steam Power Production Expenses**	$16,152,384	$17,240,640	6.74%
25				
26	Nuclear Power Generation			
27	Operation			
28	517 Operation Supervision & Engineering			
29	518 Nuclear Fuel Expense			
30	519 Coolants & Water			
31	520 Steam Expenses			
32	521 Steam from Other Sources		NOT	
33	522 (Less) Steam Transferred - Cr.		APPLICABLE	
34	523 Electric Expenses			
35	524 Miscellaneous Nuclear Power Expenses			
36	525 Rents			
37				
38	TOTAL Operation - Nuclear			
39				
40	Maintenance			
41	528 Maintenance Supervision & Engineering			
42	529 Maintenance of Structures			
43	530 Maintenance of Reactor Plant Equipment		NOT	
44	531 Maintenance of Electric Plant		APPLICABLE	
45	532 Maintenance of Miscellaneous Nuclear Plant			
46				
47	TOTAL Maintenance - Nuclear			
48	**TOTAL Nuclear Power Production Expenses**			

MONTANA OPERATION & MAINTENANCE EXPENSES Year: 2013

	Account Number & Title	Last Year	This Year	% Change
1	Power Production Expenses -continued			
2	Hydraulic Power Generation			
3	Operation			
4	535 Operation Supervision & Engineering			
5	536 Water for Power			
6	537 Hydraulic Expenses		NOT	
7	538 Electric Expenses		APPLICABLE	
8	539 Miscellaneous Hydraulic Power Gen. Expenses			
9	540 Rents			
10				
11	TOTAL Operation - Hydraulic			
12				
13	Maintenance			
14	541 Maintenance Supervision & Engineering			
15	542 Maintenance of Structures		NOT	
16	543 Maint. of Reservoirs, Dams & Waterways		APPLICABLE	
17	544 Maintenance of Electric Plant			
18	545 Maintenance of Miscellaneous Hydro Plant			
19				
20	TOTAL Maintenance - Hydraulic			
21	**TOTAL Hydraulic Power Production Expenses**			
22				
23	Other Power Generation			
24	Operation			
25	546 Operation Supervision & Engineering	$33,979	$18,172	-46.52%
26	547 Fuel	295,813	164,639	-44.34%
27	548 Generation Expenses	165,486	147,432	-10.91%
28	549 Miscellaneous Other Power Gen. Expenses	96,997	87,969	-9.31%
29	550 Rents	85,510	1,389	-98.38%
30				
31	TOTAL Operation - Other	677,785	419,601	-38.09%
32				
33	Maintenance			
34	551 Maintenance Supervision & Engineering	12,813	11,877	-7.31%
35	552 Maintenance of Structures	180	1,892	951.11%
36	553 Maintenance of Generating & Electric Plant	128,019	153,626	20.00%
37	554 Maintenance of Misc. Other Power Gen. Plant	850	375	-55.88%
38				
39	TOTAL Maintenance - Other	141,862	167,770	18.26%
40	**TOTAL Other Power Production Expenses**	$819,647	$587,371	-28.34%
41				
42	Other Power Supply Expenses			
43	555 Purchased Power	$6,813,257	$7,781,870	14.22%
44	556 System Control & Load Dispatching	320,786	366,467	14.24%
45	557 Other Expenses			
46				
47	TOTAL Other Power Supply Expenses	$7,134,043	$8,148,337	14.22%
48	**TOTAL Power Production Expenses**	$24,106,074	$25,976,348	7.76%

MONTANA OPERATION & MAINTENANCE EXPENSES

	Account Number & Title		Last Year	This Year	% Change
1		Transmission Expenses			
2	Operation				
3	560	Operation Supervision & Engineering	$270,435	$245,129	-9.36%
4	561	Load Dispatching	399,984	390,984	-2.25%
5	562	Station Expenses	89,112	138,485	55.41%
6	563	Overhead Line Expenses	42,307	46,701	10.39%
7	564	Underground Line Expenses			
8	565	Transmission of Electricity by Others	238,824	397,933	66.62%
9	566	Miscellaneous Transmission Expenses	21,028	12,233	-41.83%
10	567	Rents	167,782	174,765	4.16%
11	575	Day-Ahead and Real-Time Market Administration	99,188	143,897	45.08%
12					
13		TOTAL Operation - Transmission	1,328,660	1,550,127	16.67%
14	Maintenance				
15	568	Maintenance Supervision & Engineering	9,434	18,421	95.26%
16	569	Maintenance of Structures			
17	570	Maintenance of Station Equipment	160,507	144,034	-10.26%
18	571	Maintenance of Overhead Lines	120,491	362,359	200.74%
19	572	Maintenance of Underground Lines			
20	573	Maintenance of Misc. Transmission Plant			
21					
22		TOTAL Maintenance - Transmission	290,432	524,814	80.70%
23		**TOTAL Transmission Expenses**	$1,619,092	$2,074,941	28.15%
24					
25		Distribution Expenses			
26	Operation				
27	580	Operation Supervision & Engineering	$372,758	$404,616	8.55%
28	581	Load Dispatching			
29	582	Station Expenses	124,277	89,975	-27.60%
30	583	Overhead Line Expenses	(21,163)	184,620	972.37%
31	584	Underground Line Expenses	129,327	211,694	63.69%
32	585	Street Lighting & Signal System Expenses	21,318	12,892	-39.53%
33	586	Meter Expenses	73,642	196,637	167.02%
34	587	Customer Installations Expenses	62,867	60,990	-2.99%
35	588	Miscellaneous Distribution Expenses	632,236	680,520	7.64%
36	589	Rents	32,502	28,393	-12.64%
37					
38		TOTAL Operation - Distribution	1,427,764	1,870,337	31.00%
39	Maintenance				
40	590	Maintenance Supervision & Engineering	170,884	88,174	-48.40%
41	591	Maintenance of Structures			
42	592	Maintenance of Station Equipment	22,204	19,676	-11.39%
43	593	Maintenance of Overhead Lines	525,903	795,946	51.35%
44	594	Maintenance of Underground Lines	229,640	172,230	-25.00%
45	595	Maintenance of Line Transformers	47,291	38,422	-18.75%
46	596	Maintenance of Street Lighting, Signal Systems	37,377	49,254	31.78%
47	597	Maintenance of Meters	7,846	3,114	-60.31%
48	598	Maintenance of Miscellaneous Dist. Plant	179,876	193,304	7.47%
49					
50		TOTAL Maintenance - Distribution	1,221,021	1,360,120	11.39%
51		**TOTAL Distribution Expenses**	$2,648,785	$3,230,457	21.96%

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 10**

MONTANA OPERATION & MAINTENANCE EXPENSES Year: 2013

	Account Number & Title	Last Year	This Year	% Change
1	Customer Accounts Expenses			
2	Operation			
3	901 Supervision	$35,068	$16,249	-53.66%
4	902 Meter Reading Expenses	128,362	89,989	-29.89%
5	903 Customer Records & Collection Expenses	401,037	486,095	21.21%
6	904 Uncollectible Accounts Expenses	79,588	135,507	70.26%
7	905 Miscellaneous Customer Accounts Expenses	21,292	46,961	120.56%
8				
9	TOTAL Customer Accounts Expenses	$665,347	$774,801	16.45%
10				
11	Customer Service & Information Expenses			
12	Operation			
13	907 Supervision	$7,613	$12,248	60.88%
14	908 Customer Assistance Expenses	12,031	11,416	-5.11%
15	909 Informational & Instructional Adv. Expenses	11,701	20,930	78.87%
16	910 Miscellaneous Customer Service & Info. Exp.	41	193	370.73%
17				
18	TOTAL Customer Service & Info Expenses	$31,386	$44,787	42.70%
19				
20	Sales Expenses			
21	Operation			
22	911 Supervision	$484	($70)	-114.46%
23	912 Demonstrating & Selling Expenses	14,199	7,203	-49.27%
24	913 Advertising Expenses	1,952	4,680	139.75%
25	916 Miscellaneous Sales Expenses	5,006	3,339	-33.30%
26				
27	TOTAL Sales Expenses	$21,641	$15,152	-29.98%
28				
29	Administrative & General Expenses			
30	Operation			
31	920 Administrative & General Salaries	$987,686	$1,035,913	4.88%
32	921 Office Supplies & Expenses	606,523	632,663	4.31%
33	922 (Less) Administrative Expenses Transferred - Cr.			
34	923 Outside Services Employed	95,617	101,275	5.92%
35	924 Property Insurance	168,111	176,179	4.80%
36	925 Injuries & Damages	299,449	251,119	-16.14%
37	926 Employee Pensions & Benefits	1,511,355	1,500,258	-0.73%
38	927 Franchise Requirements			
39	928 Regulatory Commission Expenses	319,995	128,497	-59.84%
40	929 (Less) Duplicate Charges - Cr.			
41	930 Miscellaneous General Expenses	87,168	111,048	27.40%
42	931 Rents	63,252	76,617	21.13%
43				
44	TOTAL Operation - Admin. & General	4,139,156	4,013,569	-3.03%
45	Maintenance			
46	935 Maintenance of General Plant	99,124	106,216	7.15%
47				
48	**TOTAL Administrative & General Expenses**	$4,238,280	$4,119,785	-2.80%
49	**TOTAL Operation & Maintenance Expenses**	$33,330,605	$36,236,271	8.72%

Company Name: Montana-Dakota Utilities Co. SCHEDULE 11

MONTANA TAXES OTHER THAN INCOME

Year: 2013

	Description of Tax	Last Year	This Year	% Change
1	Payroll Taxes	$464,072	$486,754	4.89%
2	Secretary of State	370	316	-14.59%
3	Highway Use Tax	586	553	-5.63%
4	Montana Consumer Counsel	54,218	(71,592)	-232.04%
5	Montana PSC	104,515	(8,568)	-108.20%
6	Montana Electric	52,831	55,261	4.60%
7	Coal Conversion	259,663	261,805	0.82%
8	Delaware Franchise	21,397	20,849	-2.56%
9	Property Taxes	2,875,170	2,840,384	-1.21%
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50	**TOTAL MT Taxes Other Than Income**	$3,832,822	$3,585,762	-6.45%

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - ELECTRIC Year: 2013

Name of Recipient	Nature of Service	Total Company	Montana	% Montana
43TC LLC	Consulting Service	$149,056	$9,156	6.14%
Accuvant	Software Maintenance - Web Security	100,336	5,624	5.61%
Adams Trucking Inc.	Hauling Steel - Heskett Unit III	216,032	49,995	23.14%
AFPI	Annual Report Preparation	126,946	2,380	1.87%
Agri Industries Inc.	Electric Line Replacement & Extension	143,700	127,020	88.39%
American Gas Association	Industrial Membership	305,492		0.00%
Automotive Rentals Inc.	Auto Purchases & Services	88,779	41	0.05%
Avery Pipeline Services	Contractor Services - Pipeline install	354,795	53,802	15.16%
AZCO Inc.	Contract Services - Heskett Unit III	3,217,981	744,727	23.14%
B&H Contracting and Mobile Washing Inc.	Contractor Services	174,253		0.00%
Barr Engineering Inc.	Engineering Services	229,034	53,005	23.14%
Benco Equipment Co.	Vehicle Maintenance	236,038	730	0.31%
Blue Heron Consulting	Consulting Services	1,074,248	116,077	10.81%
Border States Electric Supply	Contract Services - Heskett Station	165,219	37,857	22.91%
Boyce, Greenfield, Pashby & Welk, LLP	Legal Services	108,024	25,000	23.14%
Brink Construction Inc.	Contract Services - Electric Line Install	112,331	25,996	23.14%
Broadridge	Contract Services	130,180	2,440	1.87%
Bullinger Tree Service	Tree Trimming	322,176	12,932	4.01%
CA Contracting Inc.	Contract Services	5,098,245		0.00%
Central Trenching Inc.	Contract Services - Trenching	706,155		0.00%
CGI Technologies and Solutions, Inc.	Consulting Services- PragmaCAD	326,695	20,213	6.19%
Chief Construction	Contract Services	1,044,878		0.00%
Cisco System Capital Corp	Software Maintenance	121,382	1,890	1.56%
City of Billings	Permit Fees	143,509		0.00%
City of Williston	Permit Fees	228,227	28	0.01%

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 12**

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - ELECTRIC

Year: 2013

Name of Recipient	Nature of Service	Total Company	Montana	% Montana
Cleary Building Corporation	Contractor - Pierre Building	$123,532		0.00%
Cohen Tauber Speivack & Wagner, PC	Legal Services	347,662	$5,851	1.68%
Concentric Energy Advisors, Inc.	Consulting Services	203,685		0.00%
Connecting Point	Computer Services & Software Maint.	189,226	8,874	4.69%
Corrosion Monitoring Services, Inc.	Monitoring Services	217,513	50,338	23.14%
Corval Group Inc.	Contract Services - Heskett Unit III	7,928,557	1,834,879	23.14%
Dakota Tree Service, Inc.	Tree Trimming	245,209	11,773	4.80%
Deangelo Brothers Inc.	Contract Services	121,632	6,456	5.31%
Dell Marketing L.P.	Software Maintenance	150,535	5,471	3.63%
Deloitte & Touche, LLP.	Auditing & Consulting Services	1,104,432	27,490	2.49%
Denny's Electric Motor Repair	Line Installation	182,942		0.00%
DeSert NDT, LLC	Contract Service - Mobile X Ray	185,345	40,899	22.07%
Dig It Up Backhoe Service Inc.	Contract Services	260,156		0.00%
Duane Morris, LLP	Legal Services	665,245	12,388	1.86%
Edison Electric Institute	Industrial Membership	107,434	19,679	18.32%
Edling Electric, Inc.	Contractor Services	92,408	4,237	4.58%
Electric Company of South Dakota, The	Contract Services - Line extensions	726,495		0.00%
Energy Transportation Inc.	Contract Services - Transformer Install	85,234		0.00%
ESRI	Consulting Services	217,496	10,335	4.75%
ETSystem, Inc.	Contract Services	64,600	7,653	11.85%
Fischer Contracting	Construction Services - Gas	673,995		0.00%
Five Point Partners, LLC	Contract Services - CIS system	895,283	50,058	5.59%
Forrester, Gary	Lobbying & Promotion	108,926	2,018	1.85%
Franz Construction Inc.	Contractor Services - Power Plant	119,490	32,532	27.23%
Gagnon, Inc.	Contract Services - Heskett Station	90,776	21,008	23.14%

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 12**

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - ELECTRIC Year: 2013

Name of Recipient	Nature of Service	Total Company	Montana	% Montana
GE International Inc.	Contractor Service - Power Plant	$1,056,378	$244,474	23.14%
GL Noble Denton Inc.	Software Maintenance	303,077	23,593	7.78%
Govert Powerline Services Inc.	Contract Services - Power lines	972,757	122,855	12.63%
HDR Engineering Inc.	Engineering Services	1,274,023	144,600	11.35%
High Voltage Inc.	Contractor Services	1,474,408	297,465	20.18%
Highmark, Inc.	Contractor Services	1,114,564		0.00%
Houston Engineering, Inc.	Engineering Services	367,632	73,984	20.12%
Hulsing & Associates Architects, P.C.	Architect Services	89,206		0.00%
Industrial Contractors, Inc.	Contractor Services	2,171,159	502,320	23.14%
InfraSource	Underground Gas Line Installation	15,099,421	1,906,487	12.63%
Intermountain Tree Expert Co	Tree Trimming Services	209,126		0.00%
International Business Machines Corp	Computer Rental & Service	108,692	6,022	5.54%
Interstate Power Systems Inc.	Contract Services - Heskett Station	137,585	31,841	23.14%
Itron Inc.	Contractor Services & Software Maintenance	208,525	5,778	2.77%
J.B. Construction, Inc.	Pipeline Services	613,103	6,364	1.04%
Jackson Utilities	Gas & Electric Line Install - Directional Boring	1,188,548		0.00%
Jacobsen Tree Experts	Tree Trimming Services	87,489	2,975	3.40%
Kadrmas, Lee & Jackson	Engineering Services	933,787	166,122	17.79%
Kappel Tree Service LLC	Tree Trimming Services	491,888	193,278	39.29%
Lignite Energy Council	Membership Dues	122,826	23,319	18.99%
M C M General Contractors, Inc.	Construction Services	460,147		0.00%
M.J. Electric LLC	Contract Services - Transmission Lines	1,162,002	268,918	23.14%
Martin Construction Inc.	Contract Services - Substation	245,648		0.00%
Mavo Systems North Dakota	Contractor Services	1,194,927	251,229	21.02%

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - ELECTRIC

Year: 2013

Name of Recipient	Nature of Service	Total Company	Montana	% Montana
Mechanical Dynamics	Contract Services - Heskett Station	$262,381	$60,722	23.14%
Michels Corporation	Contract Services	2,821,664		0.00%
Microsoft Licensing GP	Software Maintenance	1,054,554	18,718	1.77%
Millcreek Engineering Company	Engineering Services	2,210,657	511,605	23.14%
Minnesota Limited LLC	Contract Services - Lower Trans Line	195,788		0.00%
Mi-Tech Services , Inc.	Pole Inspection & Treatments	187,080	183,180	97.92%
Montana Dept. of Environmental Quality	Title V Emission Fee	76,858	17,316	22.53%
Moorhead Machinery & Boiler Co	Contractor Services - Power Plant	3,407,805	788,657	23.14%
National Conductor Constructors	Contract Services - Transformer	312,627		0.00%
ND Public Service Commission	Filing Fees	276,250	54,385	19.69%
NERC	Contract Services - Quarterly Assessment	119,621	26,131	21.85%
Northern Border Pipeline Comp	Contract Services - Heskett Unit III	3,090,953	634,109	20.51%
Northern Improvement Company	Contract Service - Heskett Ash Disposal	559,769	135,090	24.13%
NYSE Market	Financial Services	183,790	3,305	1.80%
One Call Locators LTD (Elm)	Line Locating Services	2,066,580	50,994	2.47%
Open Systems International Inc.	Software Maintenance	203,820	44,371	21.77%
Oracle Corp	Software Maintenance	1,278,338	75,337	5.89%
Ormat Nevada Inc.	Install Energy Converter	259,648	60,090	23.14%
Osmose Utilities Services Inc.	Pole Inspection & Treatments	163,181		0.00%
Otter Tail Power Co	Contract Services - Power line, Metretek	318,339	73,542	23.10%
Pearce, Harry J	Active Director's Fee	138,750	2,572	1.85%
Pillsbury Winthrop Shaw Pittman LLP	Legal Fees	75,000		0.00%
Pond and Lucier LLC	Contract Services - Power Plants	161,579	37,394	23.14%
Power Engineers, Inc.	Engineering Services	236,475	54,726	23.14%

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 12**

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - ELECTRIC Year: 2013

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	PowerPlan, Inc.	Consulting Services - Software	$589,883	$57,367	9.73%
2					
3	Probst Electric, Inc.	Contract Services	946,279		0.00%
4					
5	Progressive Maintenance Co	Custodial Services	127,643	17,039	13.35%
6					
7	ProSource Tech Inc.	Contract Service - Environmental	2,968,966	237,347	7.99%
8					
9	PSC Industrial Outsourcing	Contractor Services - Power Plant	329,897	76,973	23.33%
10					
11	Q3 Contracting	Construction Services	506,607		0.00%
12					
13	RailWorks Track Systems, Inc.	Contract Services - Heskett Station	1,395,432	322,940	23.14%
14					
15	Resco	Contract Services - Substations	103,749		0.00%
16					
17	Rhino Contracting	Contractor Services - Gas & Electric	127,267		0.00%
18					
19	Rocky Mountain Line Systems	Contractor Services	407,789		0.00%
20					
21	Sargent & Lundy, LLC	Engineering Services	529,864	102,340	19.31%
22					
23	Sega, Inc.	Engineering Services	1,684,123	389,751	23.14%
24					
25	Skye Recruitment Solutions	Recruitment Services	147,174	31,637	21.50%
26					
27	Southern Cross Corp	Construction Services - Gas	253,176		0.00%
28					
29	Spherion Staffing LLC	Temp Services	588,748	59,175	10.05%
30					
31	Standard & Poor's	Financial Services	75,202	8,125	10.80%
32					
33	State-Line Contractors Inc.	Construction Services	712,934		0.00%
34					
35	Telvent USA Corporation	GIS Enhancement	103,339	4,228	4.09%
36					
37	Thomson Reuters Inc.	Consulting Services	133,332	2,446	1.83%
38					
39	Timberline Construction Inc.	Contractor Services - Transmission Lines	677,675	89,137	13.15%
40					
41	Titan Electric Inc.	Contractor Services	441,920		0.00%
42					
43	Towill, Inc.	GIS Surveying Services	86,957	20,124	23.14%
44					
45	Treasury Management Services	Banking Services	373,566	34,408	9.21%
46					
47	TurbinePROs, LLC	Contractor Services - Heskett Station	806,938	186,747	23.14%
48					

Company Name: **Montana-Dakota Utilities Co.** **SCHEDULE 12**

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES - ELECTRIC Year: 2013

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	Ulmer Tree Service	Tree Trimming Service	$214,604		0.00%
2					
3	Ulteig Engineers Inc.	Engineering Services	278,708	$145,241	52.11%
4					
5	USIC Locating Services, Inc.	Line Locating	123,668		0.00%
6					
7	Utilclimatic LLC	Install Energy Converter	132,238	19,550	14.78%
8					
9	Utility Shareholders of ND	Dues	90,000		0.00%
10					
11	Van Horn Media	Advertising	222,933	9,206	4.13%
12					
13	Veit & Company Inc.	Contractor Services - Heskett Station	438,300	101,434	23.14%
14					
15	Ventyx Inc.	Software Maintenance	145,994	23,522	16.11%
16					
17	Virtual Hold Technology, LLC	Software Maintenance	78,483	1,299	1.66%
18					
19	Volt Management Corp	Contract Services - Software	102,912	10,008	9.73%
20					
21	Wald Fencing	Contractor Services	109,292	25,293	23.14%
22					
23	Wausau Financial Systems Inc.	Software Support	127,991	10,558	8.25%
24					
25	Weisz & Sons Inc.	Contractor Services	82,300		0.00%
26					
27	Wells Concrete	Contract Services - Heskett Station	125,417	29,025	23.14%
28					
29	Wells Fargo Shareowners Servic	Stock Transfer Agent	284,622	5,286	1.86%
30					
31	Wesco Inc.	Contractor Services - Substation	997,915	96,123	9.63%
32					
33	Western Fence	Contract Services - Security Fences	76,508	7,987	10.44%
34					
35	Western Union Financial Serv.	Financial Services	105,512	7,689	7.29%
36					
37	Whertec Inc.	Contract Services - Boiler	81,950	18,965	23.14%
38					
39	Willis of Minnesota	Consulting Services	82,815	1,490	1.80%
40					
41	Workforce Services, Inc.	Vehicle Maintenance	224,399		0.00%
42					
43	Wrigley Mechanical, Inc.	Contract Services - Miles City Turbine	133,430	31,052	23.27%
44					
45	Xerox Corporation	Copier Leases	149,463	16,062	10.75%
46					
47					
48					
49					
50					
	Total Payments for Services		$99,307,858	12,744,294	12.82%

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 13**

POLITICAL ACTION COMMITTEES / POLITICAL CONTRIBUTIONS Year: 2013

	Description	Total Company	Montana	% Montana
1	Contributions to Candidates by PAC	$30,728	$2,660	8.66%
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43	**TOTAL Contributions**	$30,728	$2,660	8.66%

Pension Costs

Year: 2013

1	Plan Name MDU Resources Group, Inc. Master Pension Plan Trust			
2	Defined Benefit Plan? Yes	Defined Contribution Plan? No		
3	Actuarial Cost Method? Traditional Unit Credit	IRS Code: 1A		
4	Annual Contribution by Employer: 10,014,592	Is the Plan Over Funded? No		
5				
6	Item	Current Year	Last Year	% Change
7	**Change in Benefit Obligation**	(000's)	(000's)	
8	Benefit obligation at beginning of year	$262,909	$249,823	5.24%
9	Service cost	-	-	0.00%
10	Interest cost	9,240	10,126	-8.75%
11	Plan participants' contributions	-	-	0.00%
12	Amendments	-	-	0.00%
13	Actuarial (Gain) Loss	(24,666)	18,532	-233.10%
14	Curtailment gain	-	-	0.00%
15	Benefits paid	(17,204)	(15,572)	-10.48%
16	Benefit obligation at end of year	$230,279	$262,909	-12.41%
17	**Change in Plan Assets**			
18	Fair value of plan assets at beginning of year	$177,800	$161,284	10.24%
19	Actual return on plan assets	20,324	20,050	1.37%
20	Employer contribution	10,015	12,038	-16.81%
21	Plan participants' contributions	-	-	0.00%
22	Benefits paid	(17,204)	(15,572)	-10.48%
23	Fair value of plan assets at end of year	$190,935	$177,800	7.39%
24	**Funded Status**	($39,344)	($85,109)	53.77%
25	Unrecognized net actuarial loss	74,036	-	N/A
26	Unrecognized prior service cost	-	-	0.00%
27	Unrecognized net transition obligation	-	-	0.00%
28	Accrued benefit cost	$34,692	($85,109)	140.76%
29	**Weighted-Average Assumptions as of Year End**			
30	Discount rate	4.50	3.61	24.65%
31	Expected return on plan assets	7.00	7.00	0.00%
32	Rate of compensation increase	-	-	0.00%
33	**Components of Net Periodic Benefit Costs**			
34	Service cost	-	-	0.00%
35	Interest cost	9,240	10,126	-8.75%
36	Expected return on plan assets	(11,438)	(13,666)	16.30%
37	Amortization of prior service cost	-	-	0.00%
38	Recognized net actuarial loss	4,028	2,800	43.86%
39	Curtailment loss	-	-	0.00%
40	Net periodic benefit cost	$1,830	($740)	347.30%
41	**Montana Intrastate Costs:**			
42	Pension costs	$1,830	($740)	347.30%
43	Pension costs capitalized	405	(160)	353.13%
44	Accumulated pension asset (liability) at year end	$34,692	($85,109)	140.76%
45	**Number of Company Employees:**			
46	Covered by the plan	1,678	1,726	-2.78%
47	Not covered by the plan	701	609	15.11%
48	Active	600	655	-8.40%
49	Retired	963	962	0.10%
50	Deferred vested terminated	115	109	5.50%

Other Post Employment Benefits (OPEBS) Year: 2013

	Item	Current Year	Last Year	% Change
1	**Regulatory Treatment:**			
2	Commission authorized - most recent			
3	Docket number:			
4	Order numbers:			
5	Amount recovered through rates -			
6	**Weighted-Average Assumptions as of Year End**			
7	Discount rate	4.49	3.65	23.01%
8	Expected return on plan assets	6.00	6.00	0.00%
9	Medical cost inflation rate	6.00	6.00	0.00%
10	Actuarial cost method	Projected unit credit	Projected unit credit	
11	Rate of compensation increase	N/A	N/A	
12	**List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:**			
13	**VEBA**			
14	**Describe any Changes to the Benefit Plan:**			
15	**TOTAL COMPANY**			
16	**Change in Benefit Obligation**	(000's)	(000's)	
17	Benefit obligation at beginning of year	$49,593	$57,161	-13.24%
18	Service cost	906	881	2.84%
19	Interest cost	1,699	2,080	-18.32%
20	Plan participants' contributions	830	1,767	-53.03%
21	Amendments	-	(9,227)	-100.00%
22	Actuarial (Gain) Loss	(5,998)	1,276	-570.06%
23	Acquisition	-	-	0.00%
24	Benefits paid	(3,824)	(4,345)	11.99%
25	Benefit obligation at end of year	$43,206	$49,593	-12.88%
26	**Change in Plan Assets**			
27	Fair value of plan assets at beginning of year	$43,411	$38,975	11.38%
28	Actual return on plan assets	7,943	3,696	114.91%
29	Acquisition	-	-	0.00%
30	Employer contribution	301	3,318	-90.93%
31	Plan participants' contributions	830	1,767	-53.03%
32	Benefits paid	(3,824)	(4,345)	11.99%
33	Fair value of plan assets at end of year	$48,661	$43,411	12.09%
34	**Funded Status**	$5,455	($6,182)	188.24%
35	Unrecognized net actuarial loss	-	-	0.00%
36	Unrecognized prior service cost	-	-	0.00%
37	Unrecognized transition obligation	-	-	0.00%
38	Accrued benefit cost	$5,455	($6,182)	188.24%
39	**Components of Net Periodic Benefit Costs**			
40	Service cost	$906	$881	2.84%
41	Interest cost	1,699	2,080	-18.32%
42	Expected return on plan assets	(2,545)	(2,895)	12.09%
43	Amortization of prior service cost	(976)	(580)	-68.28%
44	Recognized net acturial gain	961	612	57.03%
45	Transition amount amortization	-	3,284	-100.00%
46	Net periodic benefit cost	$45	$3,382	-98.67%
47	**Accumulated Post Retirement Benefit Obligation**			
48	Amount funded through VEBA	$1,131	$5,085	-77.76%
49	Amount funded through 401(h)			
50	Amount funded through Other ____________			
51	TOTAL	$1,131	$5,085	-77.76%
52	Amount that was tax deductible - VEBA (1)	$301	$3,318	-90.93%
53	Amount that was tax deductible - 401(h)			
54	Amount that was tax deductible - Other ____________			
55	TOTAL	$301	$3,318	-90.93%

(1) Estimated

Other Post Employment Benefits (OPEBS) Continued

Year: 2013

	Item	Current Year	Last Year	% Change
1	**Number of Company Employees:**			
2	Covered by the plan	1,527	1,627	-6.15%
3	Not covered by the plan	35	36	-2.78%
4	Active	770	866	-11.09%
5	Retired	568	601	-5.49%
6	Spouses/dependants covered by the plan	189	160	18.13%
7	**Montana**			
8	**Change in Benefit Obligation**			
9	Benefit obligation at beginning of year			
10	Service cost	NOT APPLICABLE		
11	Interest cost			
12	Plan participants' contributions			
13	Amendments			
14	Actuarial gain			
15	Acquisition			
16	Benefits paid			
17	Benefit obligation at end of year			
18	**Change in Plan Assets**			
19	Fair value of plan assets at beginning of year			
20	Actual return on plan assets			
21	Acquisition	NOT APPLICABLE		
22	Employer contribution			
23	Plan participants' contributions			
24	Benefits paid			
25	Fair value of plan assets at end of year			
26	**Funded Status**			
27	Unrecognized net actuarial loss	NOT APPLICABLE		
28	Unrecognized prior service cost			
29	Prepaid (accrued) benefit cost			
30	**Components of Net Periodic Benefit Costs**			
31	Service cost			
32	Interest cost	NOT APPLICABLE		
33	Expected return on plan assets			
34	Amortization of prior service cost			
35	Recognized net actuarial loss			
36	Net periodic benefit cost			
37	**Accumulated Post Retirement Benefit Obligation**			
38	Amount funded through VEBA			
39	Amount funded through 401(h)	NOT APPLICABLE		
40	Amount funded through other ______________			
41	TOTAL			
42	Amount that was tax deductible - VEBA			
43	Amount that was tax deductible - 401(h)			
44	Amount that was tax deductible - Other			
45	TOTAL			
46	**Montana Intrastate Costs:**			
47	Pension costs	NOT APPLICABLE		
48	Pension costs capitalized			
49	Accumulated pension asset (liability) at year end			
50	**Number of Montana Employees:**			
51	Covered by the plan			
52	Not covered by the plan	NOT APPLICABLE		
53	Active			
54	Retired			
55	Spouses/dependants covered by the plan			

Company Name: Montana-Dakota Utilities Co.

SCHEDULE 16
Year: 2013

TOP TEN MONTANA COMPENSATED EMPLOYEES (ASSIGNED OR ALLOCATED)

Line No.	Name/Title	Base Salary	Bonuses	Other	Total Compensation	Total Compensation Last Year	% Increase Total Compensation
1							
2							
3							
4							
5	The requested information will be provided after the entry of a protective order which maintains the confidentiality of the information being provided. Montana-Dakota, contemporaneously with the filing of this annual report, is moving for the entry of the necessary protective order.						
6							
7							
8							
9							
10							

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 17**

Year: 2013

COMPENSATION OF TOP 5 CORPORATE EMPLOYEES - SEC INFORMATION 1/

Line No.	Name/Title	Base Salary	Bonuses	Other 2/	Total Compensation	Total Compensation Last Year 2/	% Increase Total Compensation
1	David L. Goodin President & CEO	$625,000	$1,610,625	$37,517	$2,273,142	3/	
2	Doran N. Schwartz Vice President and CFO	345,000	296,355	34,881	$676,236	718,254	-6%
3	Jeffrey S. Thiede President & CEO of MDU Construction Services Group	367,068	825,000	66,282	$1,258,350	3/	
4	J. Kent Wells President & CEO of Fidelity Exploration & Production Company	570,000	1,425,000	20,556	$2,015,556	1,523,801	32%
5	Paul K. Sandness General Counsel & Secretary	344,000	354,595	39,131	$737,726	3/	

1/ See Schedule 17A for Total Compensation detail.

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

3/ These individuals were not named executive officers for purposes of the 2012 SEC filing.

The committee, upon recommendation of the chief executive officer, selected Mr. Thiede as a participant for 2013 with an employer contribution of $33,000 or 10% of his base salary as of January 1, 2013. The contribution was awarded to recognize his promotion to president of the construction services segment and achievement of an annualized return on invested capital that was 4.7 percentage points higher than the weighted average cost of capital for the construction services segment. We believe that Mr. Thiede's participation in this plan and the four-year vesting requirement enhances retention since he cannot participate in any of our defined benefit retirement plans.

Impact of Tax and Accounting Treatment

The compensation committee may consider the impact of tax and/or accounting treatment in determining compensation. Section 162(m) of the Internal Revenue Code places a limit of $1 million on the amount of compensation paid to certain officers that we may deduct as a business expense in any tax year unless, among other things, the compensation qualifies as performance-based compensation, as that term is used in Section 162(m). Generally, long-term incentive compensation and annual incentive awards for our chief executive officer and those executive officers whose overall compensation is likely to exceed $1 million are structured to be deductible for purposes of Section 162(m) of the Internal Revenue Code, but we may pay compensation to an executive officer that is not deductible. All annual or long-term incentive compensation paid to our named executive officers in 2013 satisfied the requirements for deductibility.

Section 409A of the Internal Revenue Code imposes additional income taxes on executive officers for certain types of deferred compensation if the deferral does not comply with Section 409A. We have amended our compensation plans and arrangements affected by Section 409A with the objective of not triggering any additional income taxes under Section 409A.

Section 4999 of the Internal Revenue Code imposes an excise tax on payments to executives and others of amounts that are considered to be related to a change of control if they exceed levels specified in Section 280G of the Internal Revenue Code. To the extent a change in control triggers liability for an excise tax, payment of the excise tax will be made by the individual. The company will not pay the excise tax. We do not consider the potential impact of Section 4999 or 280G when designing our compensation programs.

The compensation committee also considers the accounting and cash flow implications of various forms of executive compensation. In our financial statements, we record salaries and annual incentive compensation as expenses in the amount paid, or to be paid, to the named executive officers. For our equity awards, accounting rules also require that we record an expense in our financial statements. We calculate the accounting expense of equity awards to employees in accordance with Financial Accounting Standards Board generally accepted accounting principles for stock-based compensation.

Stock Ownership Requirements

We instituted stock ownership guidelines on May 5, 1993, which we revised in November 2010 to provide that executives who participate in our Long-Term Performance-Based Incentive Plan are required within five years to own our common stock equal to a multiple of their base salaries. Stock owned through our 401(k) plan or by a spouse is considered in ownership calculations. Unvested performance shares and other unvested equity awards are not considered in ownership calculations. The level of stock ownership compared to the requirements is determined based on the closing sale price of the stock on the last trading day of the year and base salary at December 31 of each year. Each February, the compensation committee receives a report on the status of stock holdings by executives. The committee may, in its sole discretion, grant an extension of time to meet the ownership requirements or take such other action as it deems appropriate to enable the executive to achieve compliance with the policy. The table shows the named executive officers' holdings as of December 31, 2013:

Name	Assigned Guideline Multiple of Base Salary	Actual Holdings as a Multiple of Base Salary	Number of Years at Guideline Multiple (#)
David L. Goodin	4X	2.13	1.00(1)
Doran N. Schwartz	3X	2.54	3.87(2)
J. Kent Wells	3X	1.49	2.67(3)
Jeffrey S. Thiede	3X	0.15	(4)
Paul K. Sandness	3X	4.80	9.75

(1) Participant must meet ownership requirement by January 1, 2018.

(2) Participant must meet ownership requirement by January 1, 2015.

(3) Participant must meet ownership requirement by May 1, 2016.

(4) Participant must meet ownership requirement by January 1, 2019.

The compensation committee may consider the policy and the executive's stock ownership in determining compensation. The committee, however, did not do so with respect to 2013 compensation.

Policy Regarding Hedging Stock Ownership

Our executive compensation policy prohibits Section 16 officers from hedging their ownership of company common stock. Executives may not enter into transactions that allow the executive to benefit from devaluation of our stock or otherwise own stock technically but without the full benefits and risks of such ownership. See the Security Ownership section of the proxy statement for our policy on margin accounts and pledging of our stock.

Compensation Committee Report

The compensation committee has reviewed and discussed the Compensation Discussion and Analysis required by Regulation S-K, Item 402(b), with management. Based on the review and discussions referred to in the preceding sentence, the compensation committee recommended to the board of directors that the Compensation Discussion and Analysis be included in our proxy statement on Schedule 14A.

Thomas Everist, Chairman
Karen B. Fagg
Thomas C. Knudson
Patricia L. Moss

Summary Compensation Table for 2013

Name and Principal Position (a)	Year (b)	Salary ($) (c)	Bonus ($) (d)	Stock Awards ($) (e)(1)	Option Awards ($) (f)	Non-Equity Incentive Plan Compensation ($) (g)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (h)(2)	All Other Compensation ($) (i)	Total ($) (j)
David L. Goodin	2013	625,000	–	1,241,280	–	1,610,625	532,991	37,517(3)	4,047,413
President and CEO	2012	–	–	–	–	–	–	–	–
	2011	–	–	–	–	–	–	–	–
Terry D. Hildestad	2013	74,481(4)	–	–	–	–	17,928	13,565(3)	105,974
President and CEO	2012	750,000	–	897,277	–	518,250	355,027	38,224	2,558,778
	2011	750,000	–	1,084,318	–	954,750	739,760	37,499	3,566,327
Doran N. Schwartz	2013	345,000	–	342,579	–	296,355	28,459	34,881(3)	1,047,274
Vice President and CFO	2012	300,000	–	179,445	–	103,650	100,935	34,224	718,254
	2011	273,000	–	197,341	–	173,765	147,789	33,549	825,444
J. Kent Wells	2013	570,000	–	1,509,419	–	1,425,000	–	20,556(3)	3,524,975
Vice Chairman of the	2012	550,000	–	877,331	–	–	–	96,470	1,523,801
Corporation and President and CEO of Fidelity Exploration & Production Company	2011	367,671	916,685(5)	925,000(6)	–	1,007,306(7)	–	84,580(8)	3,301,242
Jeffrey S. Thiede	2013	367,068	–	–	–	825,000	–	66,282(3)	1,258,350
President and CEO of	2012	–	–	–	–	–	–	–	–
MDU Construction Services Group, Inc.	2011	–	–	–	–	–	–	–	–
Paul K. Sandness	2013	344,000	–	387,138	–	354,595	–	39,131(3)	1,124,864
General Counsel and	2012	–	–	–	–	–	–	–	–
Secretary	2011	–	–	–	–	–	–	–	–

(1) Amounts in this column represent the aggregate grant date fair value of the performance share awards calculated in accordance with Financial Accounting Standards Board generally accepted accounting principles for stock-based compensation in FASB Accounting Standards Codification Topic 718. This column was prepared assuming none of the awards will be forfeited. The amounts were calculated using a Monte Carlo simulation, as described in Note 13 of our audited financial statements in our Annual Report on Form 10-K for the year ended December 31, 2013.

(2) Amounts shown represent the change in the actuarial present value for years ended December 31, 2011, 2012, and 2013 for the named executive officers' accumulated benefits under the pension plan, excess SISP, and SISP, collectively referred to as the "accumulated pension change," plus above-market earnings on deferred annual incentives, if any. The amounts shown are based on accumulated pension change and above-market earnings as of December 31, 2011, 2012, and 2013, as follows:

Name	Accumulated Pension Change 12/31/2011 ($)	Accumulated Pension Change 12/31/2012 ($)	Accumulated Pension Change 12/31/2013 ($)	Above-Market Earnings 12/31/2011 ($)	Above-Market Earnings 12/31/2012 ($)	Above-Market Earnings 12/31/2013 ($)
David L. Goodin	–	–	532,986	–	–	5
Terry D. Hildestad	728,587	331,845	(582,178)	11,173	23,182	17,928
Doran N. Schwartz	147,789	100,935	28,459	–	–	–
J. Kent Wells	–	–	–	–	–	–
Jeffrey S. Thiede	–	–	–	–	–	–
Paul K. Sandness	–	–	(170,904)	–	–	–

PROXY

(3)

	401(k) ($)(a)	Life Insurance Premium ($)	Matching Charitable Contribution ($)	Automobile Allowance ($)	Additional LTD Premium ($)	Nonqualified Defined Contribution Plan ($)	Total ($)
David L. Goodin	36,975	242	300	–	–	–	37,517
Terry D. Hildestad	11,752	13	1,800	–	–	–	13,565
Doran N. Schwartz	34,425	156	300	–	–	–	34,881
J. Kent Wells	20,400	156	–	–	–	–	20,556
Jeffrey S. Thiede	20,400	156	–	12,000	726	33,000	66,282
Paul K. Sandness	36,975	156	2,000	–	–	–	39,131

(a) Represents company contributions to 401(k) plan, which include matching contributions and contributions made in lieu of pension plan accruals after pension plans were frozen at December 31, 2009.

(4) Mr. Hildestad's reported salary includes $65,827 of vacation payout.

(5) Includes a cash recruitment payment of $550,000 and guaranteed target annual incentive payment of $366,685.

(6) Represents the aggregate grant date fair value of the portion of Mr. Wells' additional 2011 annual incentive award that was paid in shares of our common stock calculated in accordance with Financial Accounting Standards Board generally accepted accounting principles for stock-based compensation in FASB Accounting Standards Codification Topic 718.

(7) Includes $82,296, the value of Mr. Wells' annual incentive earned above the guaranteed target amount and the $925,010 cash portion of Mr. Wells' additional 2011 annual incentive.

(8) The 2011 amount for Mr. Wells' all other compensation has been reduced to reflect the removal of $4,925, an excess 401(k) company match, that exceeded the limit when contributions from his prior company and current company were aggregated.

Grants of Plan-Based Awards in 2013

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards
Name (a)	Grant Date (b)	Threshold ($) (c)	Target ($) (d)	Maximum ($) (e)	Threshold (#) (f)	Target (#) (g)	Maximum (#) (h)	(#) (i)	(#) (j)	($/Sh) (k)	($) (l)
David L.	3/4/2013(1)	290,625	937,500	1,940,625	–	–	–	–	–	–	–
Goodin	3/4/2013(2)	–	–	–	8,558	42,788	85,576	–	–	–	1,241,280
Terry D.	–	–	–	–	–	–	–	–	–	–	–
Hildestad	–	–	–	–	–	–	–	–	–	–	–
Doran N.	3/4/2013(3)	53,475	172,500	357,075	–	–	–	–	–	–	–
Schwartz	3/4/2013(2)	–	–	–	2,362	11,809	23,618	–	–	–	342,579
J. Kent Wells	3/4/2013(1)	178,125	712,500	1,425,000	–	–	–	–	–	–	–
	3/4/2013(2)	–	–	–	10,406	52,031	104,062	–	–	–	1,509,419
Jeffrey S.	2/7/2013(3)	231,000	330,000	825,000	–	–	–	–	–	–	–
Thiede	–	–	–	–	–	–	–	–	–	–	–
Paul K.	3/4/2013(3)	63,984	206,400	427,248	–	–	–	–	–	–	–
Sandness	3/4/2013(2)	–	–	–	2,669	13,345	26,690	–	–	–	387,138

(1) Annual Incentive for 2013 granted pursuant to the MDU Resources Group, Inc. Long-Term Performance-Based Incentive Plan.

(2) Performance shares for the 2013-2015 performance period granted pursuant to the MDU Resources Group, Inc. Long-Term Performance-Based Incentive Plan.

(3) Annual Incentive for 2013 granted pursuant to the MDU Resources Group, Inc. Executive Incentive Compensation Plan.

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

Incentive Awards

Annual Incentive

On March 4, 2013, the compensation committee recommended the 2013 annual incentive award opportunities for our named executive officers, except for Mr. Thiede, and the board approved these opportunities at its meeting on March 4, 2013. Mr. Thiede's 2013 annual incentive award opportunity was established on February 7, 2013 by Mr. Goodin and the former chief executive officer of the construction services segment and was left unchanged by the compensation committee when he was promoted. These award opportunities are reflected in the Grants of Plan-Based Awards table at grant on March 4, 2013, (February 7, 2013 for Mr. Thiede) in columns (c), (d), and (e) and in the Summary Compensation Table as earned with respect to 2013 in column (g).

Executive officers may receive a payment of annual cash incentive awards based upon achievement of annual performance measures with a threshold, target, and maximum level. A target incentive award is established based on a percent of the executive's base salary. Based upon achievement of goals, actual payment may range from 0% to 207% of the target for Messrs. Goodin, Schwartz, and Sandness, from 0% to 200% of the target for Mr. Wells, and from 0% to 250% of the target for Mr. Thiede.

In order to be eligible to receive a payment of an annual incentive award under the Long-Term Performance-Based Incentive Plan, Messrs. Goodin and Wells must have remained employed by the company through December 31, 2013, unless the compensation committee determines otherwise. The committee has full discretion to determine the extent to which goals have been achieved, the payment level, whether any final payment will be made, and whether to adjust awards downward based upon individual performance. Unless otherwise determined and established in writing by the compensation committee within 90 days of the beginning of the performance period, the performance goals may not be adjusted if the adjustment would increase the annual incentive award payment. The compensation committee may use negative discretion and adjust any annual incentive award payment downward, using any subjective or objective measures as it shall determine. The application of any reduction, and the methodology used in determining any such reduction, is in the sole discretion of the compensation committee.

With respect to annual incentive awards granted pursuant to the MDU Resources Group, Inc. Executive Incentive Compensation Plan, which includes Messrs. Schwartz, Thiede, and Sandness, participants who retire during the year at age 65 pursuant to their employer's bylaws remain eligible to receive an award. Subject to the compensation committee's discretion, executives who terminate employment for other reasons are not eligible for an award. The compensation committee has full discretion to determine the extent to which goals have been achieved, the payment level, and whether any final payment will be made. Once performance goals are approved by the committee for executive incentive compensation plan awards, the committee generally does not modify the goals. However, if major unforeseen changes in economic and environmental conditions or other significant factors beyond the control of management substantially affected management's ability to achieve the specified performance goals, the committee, in consultation with the chief executive officer, may modify the performance goals. Such goal modifications will only be considered in years of unusually adverse or favorable external conditions.

Annual incentive award payments for Messrs. Goodin, Schwartz, and Sandness were determined based on achievement of performance goals at the following business segments – (i) construction services and construction materials and contracting, (ii) exploration and production, (iii) pipeline and energy services, and (iv) electric and natural gas distribution – and were calculated as follows:

	Column A Percentage of Annual Incentive Target Achieved	Column B Percentage of Average Invested Capital	Column A x Column B
Construction Services Segment and Construction Materials and Contracting Segment	208.8%	28.5%	59.5%
Exploration and Production Segment	200.0%	26.6%	53.2%
Pipeline and Energy Services Segment	50.0%	9.8%	4.9%
Electric and Natural Gas Distribution Segments	154.3%	35.1%	54.2%
Total (Payout Percentage)			171.8%

The award opportunity available to Mr. Wells was:

Exploration and Production's 2013 earnings* results as a % of 2013 target (weighted 75.0%)	Corresponding payment of annual incentive target based on earnings	MDU Resources Group, Inc.'s consolidated 2013 earnings per share results as a % of target (weighted 25%)	Corresponding payment of annual incentive target based on consolidated earnings per share result
Less than 90%	0%	Less than 85%	0%
90%	25%	85%	25%
100%	100%	90%	50%
101%	120%	95%	75%
102%	140%	100%	100%
103%	160%	103%	120%
104%	180%	106%	140%
105%	200%	109%	160%
		112%	180%
		115%	200%

* Earnings is defined as GAAP earnings reported for the exploration and production segment, adjusted to exclude the (i) effect on earnings of any noncash write-downs of oil and natural gas properties due to ceiling test impairment charges and any associated earnings benefit resulting from lower depletion, depreciation, and amortization expenses and (ii) the effect on earnings of any noncash gains and losses that result from (x) ineffectiveness in hedge accounting, (y) derivatives that no longer qualify for hedge accounting treatment, or (z) the discontinuation of hedge accounting treatment.

The award opportunity available to Mr. Thiede was:

Construction Services' 2013 earnings* results as a % of 2013 target (weighted 100%)	Corresponding payment of annual incentive target based on earnings
Less than 70%	0%
70%	70%
100%	100%
116%	130%
130%	160%
144%	190%
157%	220%
171%	250%

* Earnings is defined as GAAP earnings reported for the construction services segment.

For discussion of the specific incentive plan performance targets and results, please see the Compensation Discussion and Analysis.

Long-Term Incentive

On March 4, 2013, the compensation committee recommended long-term incentive grants to the named executive officers, except for Mr. Thiede, in the form of performance shares, and the board approved these grants at its meeting on March 4, 2013. These grants are reflected in columns (f), (g), (h), and (l) of the Grants of Plan-Based Awards table and in column (e) of the Summary Compensation Table.

If the company's 2013-2015 total stockholder return is positive, from 0% to 200% of the target grant will be paid out in February 2016, depending on our 2013-2015 total stockholder return compared to the total three-year stockholder returns of companies in our performance graph peer group. The payout percentage is determined as follows:

The Company's Percentile Rank	Payout Percentage of March 4, 2013 Grant
75th or higher	200%
50th	100%
25th	20%
Less than 25th	0%

Payouts for percentile ranks falling between the intervals will be interpolated. We also will pay dividend equivalents in cash on the number of shares actually earned for the performance period. The dividend equivalents will be paid in 2016 at the same time as the performance share awards are paid.

If the common stock of a company in the peer group ceases to be traded at any time during the 2013-2015 performance period, the company will be deleted from the peer group. Percentile rank will be calculated without regard to the return of the deleted company. If MDU Resources Group, Inc. or a company in the peer group spins off a segment of its business, the shares of the spun-off entity will be treated as a cash dividend that is reinvested in MDU Resources Group, Inc. or the company in the peer group.

If the company's 2013-2015 total stockholder return is negative, the number of shares otherwise earned, if any, for the performance period will be reduced in accordance with the following table:

Total Stockholder Return	Reduction in Award
0% through -5%	50%
-5.01% through -10%	60%
-10.01% through -15%	70%
-15.01% through -20%	80%
-20.01% through -25%	90%
-25.01% or below	100%

Salary and Bonus in Proportion to Total Compensation

The following table shows the proportion of salary and bonus to total compensation:

Name	Salary ($)	Bonus ($)	Total Compensation ($)	Salary and Bonus as a % of Total Compensation
David L. Goodin	625,000	–	4,047,413	15.4%
Terry D. Hildestad	74,481	–	105,974	70.3%
Doran N. Schwartz	345,000	–	1,047,274	32.9%
J. Kent Wells	570,000	–	3,524,975	16.2%
Jeffrey S. Thiede	367,068	–	1,258,350	29.2%
Paul K. Sandness	344,000	–	1,124,864	30.6%

Outstanding Equity Awards at Fiscal Year-End 2013

	Option Awards					Stock Awards			
Name (a)	Number of Securities Underlying Unexercised Options Exercisable (#) (b)	Number of Securities Underlying Unexercised Options Unexercisable (#) (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)	Option Exercise Price ($) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested ($) (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (j)(1)
David L. Goodin	–	–	–	–	–	–	–	148,124(2)	4,525,188
Terry D. Hildestad	–	–	–	–	–	–	–	146,206(2)	4,466,593
Doran N. Schwartz	–	–	–	–	–	–	–	64,252(2)	1,962,899
J. Kent Wells	–	–	–	–	–	–	–	206,196(2)	6,299,288
Jeffrey S. Thiede	–	–	–	–	–	–	–	–	–
Paul K. Sandness	–	–	–	–	–	–	–	74,104(2)	2,263,877

(1) Value based on the number of performance shares reflected in column (i) multiplied by $30.55, the year-end closing price for 2013.

(2) Below is a breakdown by year of the plan awards:

Named Executive Officer	Award	Shares	End of Performance Period
David L. Goodin	2011	30,376	12/31/13
	2012	32,172	12/31/14
	2013	85,576	12/31/15
Terry D. Hildestad	2011	108,486	12/31/13
	2012	37,720	12/31/14
	2013	–	12/31/15
Doran N. Schwartz	2011	19,744	12/31/13
	2012	20,890	12/31/14
	2013	23,618	12/31/15
J. Kent Wells	2011	–	12/31/13
	2012	102,134	12/31/14
	2013	104,062	12/31/15
Jeffrey S. Thiede	2011	–	12/31/13
	2012	–	12/31/14
	2013	–	12/31/15
Paul K. Sandness	2011	24,156	12/31/13
	2012	23,258	12/31/14
	2013	26,690	12/31/15

Shares for the 2011 award are shown at the maximum level (200%) based on results for the 2011-2013 performance cycle above target.

Shares for the 2012 award are shown at the maximum level (200%) based on results for the first two years of the 2012-2014 performance cycle above target.

Shares for the 2013 award are shown at the maximum level (200%) based on results for the first year of the 2013-2015 performance cycle above target.

Pension Benefits for 2013

Name (a)	Plan Name (b)	Number of Years Credited Service (#) (c)	Present Value of Accumulated Benefit ($) (d)	Payments During Last Fiscal Year ($) (e)
David L. Goodin	MDU Pension Plan	26	839,516	–
	SISP I(1)(3)	10	365,414	–
	SISP II(2)(3)	10	570,332	–
	SISP II 2012 Upgrade(4)	1	57,247	–
	SISP II 2013 Upgrade(4)	0	782,190	–
	SISP Excess(5)	26	30,865	–
Terry D. Hildestad	MDU Pension Plan	35	1,438,289	95,896
	SISP I(1)(3)	10	2,061,898	–
	SISP II(2)(3)	10	3,404,499	–
	SISP Excess(5)	35	192,720	182,410
Doran N. Schwartz	MDU Pension Plan	4	77,776	–
	SISP II(2)(3)	6	400,999	–
	SISP II 2013 Upgrade(4)	0	132,714	–
J. Kent Wells(6)	–	–	–	–
Jeffrey S. Thiede(6)	–	–	–	–
Paul K. Sandness	MDU Pension Plan	29	1,383,460	–
	SISP I(1)(3)	10	389,048	–
	SISP II(2)(3)	10	1,088,256	–
	SISP Excess(5)	29	153,245	–

(1) Grandfathered under Section 409A.

(2) Not grandfathered under Section 409A.

(3) Years of credited service only affects vesting under SISP I and SISP II. The number of years of credited service in the table reflects the years of vesting service completed in SISP I and SISP II as of December 31, 2013, rather than total years of service with the company. Ten years of vesting service is required to obtain the full benefit under these plans. The present value of accumulated benefits was calculated by assuming the named executive officer would have ten years of vesting service on the assumed benefit commencement date; therefore, no reduction was made to reflect actual vesting levels.

(4) Benefit level increases granted under SISP II on or after January 1, 2010 require an additional three years of vesting service for the increase. Mr. Goodin received a benefit increase effective January 1, 2012 and Messrs. Goodin and Schwartz received benefit level increases effective January 1, 2013; the present value of their accumulated benefits was calculated assuming that the additional vesting requirements would be met.

(5) The number of years of credited service under the SISP excess reflects the years of credited benefit service in the MDU pension plan as of December 31, 2009, when the MDU pension plan was frozen, rather than the years of participation in the SISP excess. We reflect years of credited benefit service in the MDU pension plan because the SISP excess provides a benefit that is based on benefits that would have been payable under the MDU pension plan absent Internal Revenue Code limitations.

(6) Messrs. Wells and Thiede are not eligible to participate in the MDU pension plan and do not participate in the SISP.

The amounts shown for the pension plan and SISP excess represent the actuarial present values of the executives' accumulated benefits accrued as of December 31, 2013, calculated using a 4.32% and 4.48% discount rate for the SISP excess and MDU pension plan, respectively, the 2014 IRS Static Mortality Table for post-retirement mortality, and no recognition of future salary increases or pre-retirement mortality. The assumed retirement age for these benefits was age 60 for Messrs. Goodin, Schwartz, and Sandness. This is the earliest age at which the executives could begin receiving unreduced benefits. Mr. Hildestad's benefits reflect his actual retirement date of January 3, 2013. The amounts shown for the SISP I and SISP II were determined using a 4.32% discount rate and assume benefits commenced at age 65.

Pension Plan

Messrs. Goodin, Hildestad, Schwartz, and Sandness participate in the MDU Resources Group, Inc. Pension Plan for Non-Bargaining Unit Employees, which we refer to as the MDU pension plan. Pension benefits under the MDU pension plan are based on the participant's average annual salary over the 60 consecutive month period in which the participant received the highest annual salary during the participant's final 10 years of service. For this purpose, only a participant's salary is considered; incentives and other forms of compensation are not included. Benefits are determined by multiplying (1) the participant's years of credited service by (2) the sum of (a) the average annual salary up to the social security integration level times 1.1% and (b) the average annual salary over the social security integration level times 1.45%. The maximum years of service recognized when determining benefits under the pension plan is 35. Pension plan benefits are not reduced for social security benefits.

The MDU pension plan was amended to cease benefit accruals as of December 31, 2009, meaning the normal retirement benefit will not change. The years of credited service in the table reflect the named executive officers' years of credited service as of December 31, 2009.

To receive unreduced retirement benefits under the MDU pension plan, participants must either remain employed until age 60 or elect to defer commencement of benefits until age 60. Mr. Hildestad was eligible for unreduced retirement benefits under the MDU pension plan. Participants whose employment terminates between the ages of 55 and 60, with 5 years of service under the MDU pension plan, are eligible for early retirement benefits. Early retirement benefits are determined by reducing the normal retirement benefit by 0.25% per month for each month before age 60. If a participant's employment terminates before age 55, the same reduction applies for each month the termination occurs before age 62, with the reduction capped at 21%.

Benefits for single participants under the MDU pension plan are paid as straight life annuities, and benefits for married participants are paid as actuarially reduced annuities with a survivor benefit for spouses, unless participants choose otherwise. Participants hired before January 1, 2004, who terminate employment before age 55, may elect to receive their benefits in a lump sum. Mr. Goodin would have been eligible for a lump sum if he had retired on December 31, 2013.

The Internal Revenue Code limits the amounts paid under the MDU pension plan and the amount of compensation recognized when determining benefits. In 2009 when the MDU pension plan was frozen, the maximum annual benefit payable under the pension plan was $195,000 and the maximum amount of compensation recognized when determining benefits was $245,000.

Supplemental Income Security Plan

We also offer select key managers and executives benefits under our defined benefit nonqualified retirement plan, which we refer to as the Supplemental Income Security Plan or SISP. Messrs. Goodin, Hildestad, Schwartz, and Sandness participate in the SISP. Benefits under the SISP consist of:

- a supplemental retirement benefit intended to augment the retirement income provided under the pension plans – we refer to this benefit as the regular SISP benefit
- an excess retirement benefit relating to Internal Revenue Code limitations on retirement benefits provided under the pension plans – we refer to this benefit as the SISP excess benefit, and
- death benefits – we refer to these benefits as the SISP death benefit.

SISP benefits are forfeited if the participant's employment is terminated for cause.

Regular SISP Benefits and Death Benefits

Regular SISP benefits and death benefits are determined by reference to one of two schedules attached to the SISP – the original schedule or the amended schedule. Our compensation committee, after receiving recommendations from our chief executive officer, determines the level at which participants are placed in the schedules. A participant's placement is generally, but not always, determined by reference to the participant's annual base salary. Benefit levels in the amended schedule, which became effective on January 1, 2010, are 20% lower than the benefit levels in the original schedule. The amended schedule applies to new participants and participants who receive a benefit level increase on or after January 1, 2010. Two of the named executive officers, Messrs. Goodin and Schwartz, received a benefit level increase effective January 1, 2013, which requires three years of vesting.

Participants can elect to receive (1) the regular SISP benefit only, (2) the SISP death benefit only, or (3) a combination of both. Regardless of the participant's election, if the participant dies before the regular SISP benefit would commence, only the SISP death benefit is provided. If the participant elects to receive both a regular SISP benefit and a SISP death benefit, each of the benefits is reduced proportionately.

The regular SISP benefits reflected in the table above are based on the assumption that the participant elects to receive only the regular SISP benefit. The present values of the SISP death benefits that would be provided if the named executive officers had died on December 31, 2013, prior to the commencement of regular SISP benefits, are reflected in the table that appears in the section entitled "Potential Payments upon Termination or Change of Control."

Regular SISP benefits that were vested as of December 31, 2004, and were grandfathered under Section 409A of the Internal Revenue Code remain subject to SISP provisions then in effect, which we refer to as SISP I benefits. Regular SISP benefits that are subject to Section 409A of the Internal Revenue Code, which we refer to as SISP II benefits, are governed by amended provisions intended to comply with Section 409A. Participants generally have more discretion with respect to the distributions of their SISP I benefits.

The time and manner in which the regular SISP benefits are paid depend on a variety of factors, including the time and form of benefit elected by the participant and whether the benefits are SISP I or SISP II benefits. Unless the participant elects otherwise, the SISP I benefits are paid over 180 months, with benefits commencing when the participant attains age 65 or, if later, when the participant retires.

The SISP II benefits commence when the participant attains age 65 or, if later, when the participant retires, subject to a six-month delay if the participant is subject to the provisions of Section 409A of the Internal Revenue Code that require delayed commencement of these types of retirement benefits. The SISP II benefits are paid over 180 months or, if commencement of payments is delayed for six months, 173 months. If the commencement of benefits is delayed for six months, the first payment includes the payments that would have been paid during the six-month period plus interest equal to one-half of the annual prime interest rate on the participant's last date of employment. If the participant dies after the regular SISP benefits have begun but before receipt of all of the regular SISP benefits, the remaining payments are made to the participant's designated beneficiary.

Rather than receiving their regular SISP I benefits in equal monthly installments over 15 years commencing at age 65, participants can elect a different form and time of commencement of their SISP I benefits. Participants can elect to defer commencement of the regular SISP I benefits. If this is elected, the participant retains the right to receive a monthly SISP death benefit if death occurs prior to the commencement of the regular SISP I benefit.

Participants also can elect to receive their SISP I benefits in one of three actuarially equivalent forms – a life annuity, 100% joint and survivor annuity, or a joint and two-thirds joint and survivor annuity, provided that the cost of providing these actuarial equivalent forms of benefits does not exceed the cost of providing the normal form of benefit. Neither the election to receive an actuarially equivalent benefit nor the administrator's right to pay the regular SISP benefit in the form of an actuarially equivalent lump sum are available with respect to SISP II benefits.

To promote retention, the regular SISP benefits are subject to the following 10-year vesting schedule:

- 0% vesting for less than 3 years of participation
- 20% vesting for 3 years of participation
- 40% vesting for 4 years of participation and
- an additional 10% vesting for each additional year of participation up to 100% vesting for 10 years of participation.

There is an additional vesting requirement on benefit level increases for the regular SISP benefit granted on or after January 1, 2010. The requirement applies only to the increased benefit level. The increased benefit vests after the later of three additional years of participation in the SISP or the end of the regular vesting schedule described above. The additional three-year vesting requirement for benefit level increases is pro-rated for participants who are officers, attain age 65, and, pursuant to the company's bylaws, are required to retire prior to the end of the additional vesting period as follows:

- 33% of the increase vests for participants required to retire at least one year but less than two years after the increase is granted and
- 66% of the increase vests for participants required to retire at least two years but less than three years after the increase is granted.

The benefit level increases of participants who attain age 65 and are required to retire pursuant to the company's bylaws will be further reduced to the extent the participants are not fully vested in their regular SISP benefit under the 10-year vesting schedule described above. The additional vesting period associated with a benefit level increase may be waived by the compensation committee.

SISP death benefits become fully vested if the participant dies while actively employed. Otherwise, the SISP death benefits are subject to the same vesting schedules as the regular SISP benefits.

The SISP also provides that if a participant becomes totally disabled, the participant will continue to receive credit for up to two additional years under the SISP as long as the participant is totally disabled during such time. Since the named executive officers other than Mr. Goodin, in his upgrade, and Mr. Schwartz are fully vested in their SISP benefits, this would not result in any incremental benefit for the named executive officers other than Messrs. Goodin and Schwartz. The present value of these two additional years of service for Messrs. Goodin and Schwartz is reflected in the table in "Potential Payments upon Termination or Change of Control" below.

SISP Excess Benefits

SISP excess benefits are equal to the difference between (1) the monthly retirement benefits that would have been payable to the participant under the pension plans absent the limitations under the Internal Revenue Code and (2) the actual benefits payable to the participant under the pension plans. Participants are only eligible for the SISP excess benefits if (1) the participant is fully vested under the pension plan, (2) the participant's employment terminates prior to age 65, and (3) benefits under the pension plan are reduced due to limitations under the Internal Revenue Code on plan compensation. Effective January 1, 2005, participants who were not then vested in the SISP excess benefits were also required to remain actively employed by the company until age 60. In 2009, the plan was amended to limit eligibility for the SISP excess benefit to current SISP participants (1) who were already vested in the SISP excess benefit or (2) who would become vested in the SISP excess benefits if they remain employed with the company until age 60. The plan was further amended to freeze the SISP excess benefits to a maximum of the benefit level payable based on the participant's years of service and compensation level as of December 31, 2009. Mr. Sandness would be entitled to the SISP excess benefit if he was to terminate employment prior to age 65. Mr. Goodin must remain employed until age 60 to become entitled to his SISP excess benefit. Mr. Hildestad's benefits reflect his actual payment during 2013 as his retirement commenced before attainment of age 65 and the present value of his future payments that continue until he reaches age 65. Messrs. Schwartz, Wells, and Thiede are not eligible for this benefit.

Benefits generally commence six months after the participant's employment terminates and continue to age 65 or until the death of the participant, if prior to age 65. If a participant who dies prior to age 65 elected a joint and survivor benefit, the survivor's SISP excess benefit is paid until the date the participant would have attained age 65.

Nonqualified Deferred Compensation for 2013

Name (a)	Executive Contributions in Last FY ($) (b)	Registrant Contributions in Last FY ($) (c)	Aggregate Earnings in Last FY ($) (d)	Aggregate Withdrawals/ Distributions ($) (e)	Aggregate Balance at Last FYE ($) (f)
David L. Goodin	–	–	6	1,526	–
Terry D. Hildestad	–	–	46,850	–	1,048,483
Doran N. Schwartz	–	–	–	–	–
J. Kent Wells	–	–	–	–	–
Jeffrey S. Thiede	–	33,000	5,751	–	38,751(1)
Paul K. Sandness	–	–	–	–	–

(1) Includes $33,000 which was awarded to Jeffrey S. Thiede under the Nonqualified Defined Contribution Plan which is reported for 2013 in column (i) of the Summary Compensation Table in this proxy statement.

Deferral of Annual Incentive Compensation

Participants in the executive incentive compensation plans may elect to defer up to 100% of their annual incentive awards. Deferred amounts accrue interest at a rate determined annually by the compensation committee. The interest rate in effect for 2013 was 4.58% or the "Moody's Rate," which is the average of (i) the number that results from adding the daily Moody's U.S. Long-Term Corporate Bond Yield Average for "A" rated companies as of the last day of each month for the 12-month period ending October 31 and dividing by 12 and (ii) the number that results from adding the daily Moody's U.S. Long-Term Corporate Bond Yield Average for "BBB" rated companies as of the last day of each month for the 12-month period ending October 31 and dividing by 12. The deferred amount will be paid in accordance with the participant's election, following termination of employment or beginning in the fifth year following the year the award was granted. The amounts will be paid in accordance with the participant's election in a lump sum or in monthly installments not to exceed 120 months. In the event of a change of control, all amounts become immediately payable.

A change of control is defined as:

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

Nonqualified Defined Contribution Plan

The company adopted the Nonqualified Defined Contribution Plan, effective January 1, 2012, to provide deferred compensation for a select group of management or highly compensated employees who do not participate in the SISP. The compensation committee determines the amount of employer contributions under the Nonqualified Defined Contribution Plan, which are credited to plan accounts and not funded. After satisfying a four-year vesting requirement for each contribution, the contributions and investment earnings will be distributed to the executive in a lump sum upon separation from service with the company or in annual installments commencing upon the later of (i) separation from service and (ii) age 65. Plan benefits become fully vested if the participant dies while actively employed. Benefits are forfeited if the participant's employment is terminated for cause.

Potential Payments upon Termination or Change of Control

The following tables show the payments and benefits our named executive officers would receive in connection with a variety of employment termination scenarios and upon a change of control. For the named executive officers other than Mr. Hildestad, the information assumes the terminations and the change of control occurred on December 31, 2013. For Mr. Hildestad, the information relates to his actual retirement on January 3, 2013 and assumes that a change of control occurred on December 31, 2013. All of the payments and benefits described below would be provided by the company or its subsidiaries.

The tables exclude compensation and benefits provided under plans or arrangements that do not discriminate in favor of the named executive officers and that are generally available to all salaried employees, such as benefits under our qualified defined benefit pension plan (for employees hired before 2006), accrued vacation pay, continuation of health care benefits, and life insurance benefits. The tables include amounts under the Nonqualified Defined Contribution Plan, but do not include the named executive officers' deferred annual incentive compensation. See the Pension Benefits for 2013 table and the Nonqualified Deferred Compensation for 2013 table, and accompanying narratives, for a description of the named executive officers' accumulated benefits under our qualified defined benefit pension plans, the Nonqualified Defined Contribution Plan, and their deferred annual incentive compensation.

The calculation of the present value of excess SISP benefits our named executive officers would be entitled to upon termination of employment under the SISP was computed based on calculations assuming an age rounded to the nearest whole year of age. Actual payments may differ. The terms of the excess SISP benefit are described following the Pension Benefits for 2013 table.

We provide disability benefits to some of our salaried employees equal to 60% of their base salary, subject to a cap on the amount of base salary taken into account when calculating benefits. For officers, the limit on base salary is $200,000. For other salaried employees, the limit is $100,000. For all salaried employees, disability payments continue until age 65 if disability occurs at or before age 60 and for 5 years if disability occurs between the ages of 60 and 65. Disability benefits are reduced for amounts paid as retirement benefits. The amounts in the tables reflect the present value of the disability benefits attributable to the additional $100,000 of base salary recognized for executives under our disability program, subject to the 60% limitation, after reduction for amounts that would be paid as retirement benefits. As the tables reflect, the reduction for amounts paid as retirement benefits would eliminate disability benefits assuming a termination of employment on December 31, 2013 for Mr. Sandness.

Upon a change of control, share-based awards granted under our Long-Term Performance-Based Incentive Plan vest and non-share-based awards are paid in cash. All performance share awards for Messrs. Goodin, Hildestad, Schwartz, Wells, and Sandness and the annual incentives for Messrs. Goodin and Wells, which were awarded under the Long-Term Performance-Based Incentive Plan, would vest at their target levels. For this purpose, the term "change of control" is defined as:

- the acquisition by an individual, entity, or group of 20% or more of our outstanding common stock
- a change in a majority of our board of directors since April 22, 1997, without the approval of a majority of the board members as of April 22, 1997, or whose election was approved by such board members
- consummation of a merger or similar transaction or sale of all or substantially all of our assets, unless our stockholders immediately prior to the transaction beneficially own more than 60% of the outstanding common stock and voting power of the resulting corporation in substantially the same proportions as before the merger, no person owns 20% or more of the resulting corporation's outstanding common stock or voting power except for any such ownership that existed before the merger and at least a majority of the board of the resulting corporation is comprised of our directors or
- stockholder approval of our liquidation or dissolution.

Performance share awards will be forfeited if the participant's employment terminates for any reason before the participant has reached age 55 and completed 10 years of service. Performance shares and related dividend equivalents for those participants whose employment is terminated other than for cause after the participant has reached age 55 and completed 10 years of service will be prorated as follows:

- if the termination of employment occurs during the first year of the performance period, the shares are forfeited
- if the termination of employment occurs during the second year of the performance period, the executive receives a prorated portion of any performance shares earned based on the number of months employed during the performance period and
- if the termination of employment occurs during the third year of the performance period, the executive receives the full amount of any performance shares earned.

As of December 31, 2013, Messrs. Goodin, Schwartz, and Wells had not satisfied this requirement. Accordingly, if a December 31, 2013 termination other than for cause without a change of control is assumed, the named executive officers' 2013-2015 performance share awards would be forfeited; any amounts earned under the 2012-2014 performance share award for Mr. Sandness would be reduced by one-third and such awards for Messrs. Goodin, Schwartz, and Wells would be forfeited; and any amounts earned under the 2011-2013 performance share award for Mr. Sandness would not be reduced and the awards for Messrs. Goodin and Schwartz would be forfeited. Mr. Wells had no 2011-2013 performance share awards, and Mr. Thiede had no 2013-2015, 2012-2014, or 2011-2013 performance share awards. The number of performance shares earned following a termination depends on actual performance through the full performance period. As actual performance for the 2011-2013 performance share awards has been determined, the amounts for these awards in the event of a termination without a change of control were based on actual performance, which resulted in vesting of 193% of the target award. For the 2012-2014 performance share awards, because we do not know what actual performance through the entire performance period will be, we have assumed target performance will be achieved and, therefore, show two-thirds of the target award. No amounts are shown for the 2013-2015 performance share awards because such awards would be forfeited. Although vesting would only occur after completion of the performance period, the amounts shown in the tables were not reduced to reflect the present value of the performance shares that could vest. Dividend equivalents attributable to earned performance shares would also be paid. Dividend equivalents.accrued through December 31, 2013, are included in the amounts shown.

The value of the vesting of performance shares shown in the tables was determined by multiplying the number of performance shares that would vest due to termination or a change of control by the closing price of our stock on December 31, 2013.

The compensation committee may consider providing severance benefits on a case-by-case basis for employment terminations. The compensation committee adopted a checklist of factors in February 2005 to consider when determining whether any such severance benefits should be paid. The tables do not reflect any such severance benefits, as these benefits are made in the discretion of the committee on a case-by-case basis and it is not possible to estimate the severance benefits, if any, that would be paid.

David L. Goodin

Executive Benefits and Payments Upon Termination or Change of Control	Voluntary Termination ($)	Not for Cause Termination ($)	For Cause Termination ($)	Death ($)	Disability ($)	Change of Control (With Termination) ($)	Change of Control (Without Termination) ($)
Compensation:							
Short-term Incentive(1)						937,500	937,500
2011-2013 Performance Shares						494,749	494,749
2012-2014 Performance Shares						513,465	513,465
2013-2015 Performance Shares						1,336,911	1,336,911
Benefits and Perquisites:							
Regular SISP(2)	930,586	930,586			987,517	930,586	
SISP Death Benefits(3)				6,118,589			
Disability Benefits(4)					107,847		
Total	**930,586**	**930,586**		**6,118,589**	**1,095,364**	**4,213,211**	**3,282,625**

(1) Represents the target 2013 annual incentive, which would be deemed earned upon change of control under the Long-Term Performance-Based Incentive Plan.

(2) Represents the present value of Mr. Goodin's vested regular SISP benefit as of December 31, 2013, which was $12,145 per month for 15 years, commencing at age 65. Present value was determined using a 4.32% discount rate. The terms of the regular SISP benefit are described following the Pension Benefits for 2013 table. The amount payable for a disability reflects a credit for two additional years of vesting, which would result in full vesting of the 2012 SISP upgrade.

(3) Represents the present value of 180 monthly payments of $46,080 per month, which would be paid as a SISP death benefit under the SISP. Present value was determined using a 4.32% discount rate. The terms of the SISP death benefit are described following the Pension Benefits for 2013 table.

(4) Represents the present value of the disability benefit after reduction for amounts that would be paid as retirement benefits. Present value was determined using a 4.48% discount rate.

Terry D. Hildestad

Executive Benefits and Payments Upon Termination or Change of Control	Voluntary Termination ($) (1)	Not for Cause Termination ($)	For Cause Termination ($)	Death ($)	Disability ($)	Change of Control ($)
Compensation:						
2011-2013 Performance Shares	3,410,244					1,766,966
2012-2014 Performance Shares	602,011					602,011
2013-2015 Performance Shares						
Total	**4,012,255**					**2,368,977**

(1) Mr. Hildestad retired on January 3, 2013. The information in this table relates to his actual retirement on January 3, 2013, and assumes that a change of control occurred on December 31, 2013. The amount shown for the 2011-2013 Performance Shares is based on actual performance, resulting in payment of 193% of the target award. The amount shown for the 2012-2014 Performance Shares is the target award, prorated based on the number of months Mr. Hildestad worked during the performance period. His termination qualified as normal retirement under our qualified pension plan and our SISP. Mr. Hildestad also had an accumulated benefit under our Nonqualified Deferred Compensation Plan. These plans and Mr. Hildestad's benefits under them are described in the Pension Benefits for 2013 table and the Nonqualified Deferred Compensation for 2013 table and accompanying narratives.

Doran N. Schwartz

Executive Benefits and Payments Upon Termination or Change of Control	Voluntary Termination ($)	Not for Cause Termination ($)	For Cause Termination ($)	Death ($)	Disability ($)	Change of Control (With Termination) ($)	Change of Control (Without Termination) ($)
Compensation:							
2011-2013 Performance Shares						321,580	321,580
2012-2014 Performance Shares						333,404	333,404
2013-2015 Performance Shares						368,972	368,972
Benefits and Perquisites:							
Regular SISP	240,266(1)	240,266(1)			320,355(2)	240,266(1)	
SISP Death Benefits(3)				2,580,217			
Disability Benefits(4)					761,399		
Total	**240,266**	**240,266**		**2,580,217**	**1,081,754**	**1,264,222**	**1,023,956**

(1) Represents the present value of Mr. Schwartz's vested regular SISP benefit as of December 31, 2013, which was $4,380 per month for 15 years, commencing at age 65. Present value was determined using a 4.32% discount rate. The terms of the regular SISP benefit are described following the Pension Benefits for 2013 table.

(2) Represents the present value of Mr. Schwartz's vested SISP benefit described in footnote 1, adjusted to reflect the increase in the present value of his regular SISP benefit that would result from an additional two years of vesting under the SISP. Present value was determined using a 4.32% discount rate.

(3) Represents the present value of 180 monthly payments of $19,432 per month, which would be paid as a SISP death benefit under the SISP. Present value was determined using a 4.32% discount rate. The terms of the SISP death benefit are described following the Pension Benefits for 2013 table.

(4) Represents the present value of the disability benefit after reduction for amounts that would be paid as retirement benefits. Present value was determined using a 4.48% discount rate.

J. Kent Wells

Executive Benefits and Payments Upon Termination or Change of Control	Voluntary Termination ($)	Not for Cause Termination ($)	For Cause Termination ($)	Death ($)	Disability ($)	Change of Control (With Termination) ($)	Change of Control (Without Termination) ($)
Compensation:							
Short-term Incentive(1)						712,500	712,500
2012-2014 Performance Shares						1,630,059	1,630,059
2013-2015 Performance Shares						1,625,709	1,625,709
Benefits and Perquisites:							
Disability Benefits (2)					399,567		
Total					**399,567**	**3,968,268**	**3,968,268**

(1) Represents the target 2013 annual incentive, which would be deemed earned upon change of control under the Long-Term Performance-Based Incentive Plan.

(2) Represents the present value of the disability benefit. Present value was determined using the 4.32% discount rate applied for purposes of the SISP calculations. Though Mr. Wells is not a participant in the SISP, this rate is considered reasonable for purposes of this calculation as it would be applied if Mr. Wells were to become a SISP participant.

Jeffrey S. Thiede

Executive Benefits and Payments Upon Termination or Change of Control	Voluntary Termination ($)	Not for Cause Termination ($)	For Cause Termination ($)	Death ($)	Disability ($)	Change of Control (With Termination) ($)	Change of Control (Without Termination) ($)
Compensation:							
Benefits and Perquisites:							
Nonqualified Defined Contribution Plan Death Benefit(1)				38,751			
Disability Benefits(2)					598,158		
Total				**38,751**	**598,158**		

(1) Represents the value of Mr. Thiede's unvested Nonqualified Defined Contribution Plan account at December 31, 2013, which would be paid upon death.

(2) Represents the present value of the disability benefit. Present value was determined using the 4.32% discount rate applied for purposes of the SISP calculations. Though Mr. Thiede is not a participant in the SISP, this rate is considered reasonable for purposes of this calculation as it would be applied if Mr. Thiede were to become a SISP participant.

Paul K. Sandness

Executive Benefits and Payments Upon Termination or Change of Control	Voluntary Termination ($)	Not for Cause Termination ($)	For Cause Termination ($)	Death ($)	Disability ($)	Change of Control (With Termination) ($)	Change of Control (Without Termination) ($)
Compensation:							
2011-2013 Performance Shares	759,356	759,356		759,356	759,356	393,441	393,441
2012-2014 Performance Shares	247,476	247,476		247,476	247,476	371,198	371,198
2013-2015 Performance Shares						416,965	416,965
Benefits and Perquisites:							
Regular SISP(1)	1,437,027	1,437,027			1,437,027	1,437,027	
Excess SISP(2)	150,947	150,947			150,947	150,947	
SISP Death Benefits(3)				3,630,256			
Total	**2,594,806**	**2,594,806**		**4,637,088**	**2,594,806**	**2,769,578**	**1,181,604**

(1) Represents the present value of Mr. Sandness' vested regular SISP benefit as of December 31, 2013, which was $13,670 per month for 15 years, commencing at age 65. Present value was determined using a 4.32% discount rate. The terms of the regular SISP benefit are described following the Pension Benefits for 2013 table.

(2) The present value of all excess SISP benefits Mr. Sandness would be entitled to upon termination of employment under the SISP was computed based on calculations of ages rounded to the nearest whole age. Actual payments may differ. The terms of the excess SISP benefit are described following the Pension Benefits for 2013 table.

(3) Represents the present value of 180 monthly payments of $27,340 per month, which would be paid as a SISP death benefit under the SISP. Present value was determined using a 4.32% discount rate. The terms of the SISP death benefit are described following the Pension Benefits for 2013 table.

Director Compensation for 2013

Name (a)	Fees Earned or Paid in Cash ($) (b)	Stock Awards ($) (c)	Option Awards ($) (d)	Non-Equity Incentive Plan Compensation ($) (e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (f)	All Other Compensation ($) (g)(1)	Total ($) (h)
Thomas Everist	65,000	110,000(2)	–	–	–	156	175,156
Karen B. Fagg	65,000	110,000(2)	–	–	–	656	175,656
Mark A. Hellerstein (3)	22,917	45,833(4)	–	–	–	65	68,815
A. Bart Holaday	55,000(5)	110,000(2)	–	–	–	156	165,156
Dennis W. Johnson	70,000	110,000(2)	–	–	–	156	180,156
Thomas C. Knudson	55,000	110,000(2)	–	–	–	156	165,156
Richard H. Lewis (6)	18,333	36,667(4)	–	–	–	481,572(7)	536,572
William E. McCracken (3)	22,917	45,833(4)	–	–	–	65	68,815
Patricia L. Moss	55,000	110,000(2)	–	–	–	156	165,156
Harry J. Pearce	138,750	110,000(2)	–	–	–	156	248,906
John K. Wilson	55,000(8)	110,000(2)	–	–	–	156	165,156

(1) Group life insurance premium and a matching charitable contribution of $500 for Ms. Fagg.

(2) Reflects the aggregate grant date fair value of 3,603 shares of MDU Resources Group, Inc. stock purchased for our non-employee directors measured in accordance with Financial Accounting Standards Board generally accepted accounting principles for stock-based compensation in FASB Accounting Standards Codification Topic 718. The grant date fair value is based on the purchase price of our common stock on the grant date on November 20, 2013, which was $30.528. The $7.62 in cash paid to each director for the fractional shares is included in the amounts reported in column (c) to this table.

(3) Elected a Director effective August 1, 2013.

(4) Reflects the aggregate grant date fair value of MDU Resources Group, Inc. stock purchased for our non-employee directors measured in accordance with Financial Accounting Standards Board generally accepted accounting principles for stock-based compensation in FASB Accounting Standards Codification Topic 718. The grant date fair value is based on the purchase price of our common stock on the grant date on November 20, 2013, which was $30.528. The stock payment is pro-rated for directors who do not serve the entire calendar year. There were 1,501 shares purchased for Messrs. Hellerstein and McCracken with $10.80 in cash paid to each for the fractional shares, and for Mr. Lewis there were 1,201 shares purchased with $2.54 in cash paid to Mr. Lewis for the fractional share.

(5) Includes $54,977 that Mr. Holaday received in our common stock in lieu of cash.

(6) Mr. Lewis served on the board until April 23, 2013.

(7) Comprised of a group life insurance premium of $52, payments of $18,961 during 2013 from Mr. Lewis' deferred compensation and the value of Mr. Lewis' deferred compensation at December 31, 2013, which is payable over five years in monthly installments.

(8) Includes $54,977 that Mr. Wilson received in our common stock in lieu of cash.

The following table shows the cash and stock retainers payable to our non-employee directors.

Base Retainer	$ 55,000
Additional Retainers:	
Non-Executive Chairman(1)	90,000
Lead Director, if any	33,000
Audit Committee Chairman	15,000
Compensation Committee Chairman	10,000
Nominating and Governance Committee Chairman	10,000
Annual Stock Grant(2)	110,000

(1) Increased from $75,000 to $90,000 effective June 1, 2013.

(2) The annual stock grant is a grant of shares equal in value to $110,000.

There are no meeting fees.

In addition to liability insurance, we maintain group life insurance in the amount of $100,000 on each non-employee director for the benefit of each director's beneficiaries during the time each director serves on the board. The annual cost per director is $156.

Directors may defer all or any portion of the annual cash retainer and any other cash compensation paid for service as a director pursuant to the Deferred Compensation Plan for Directors. Deferred amounts are held as phantom stock with dividend accruals and are paid out in cash over a five-year period after the director leaves the board.

Directors are reimbursed for all reasonable travel expenses, including spousal expenses, in connection with attendance at meetings of the board and its committees. All amounts together with any other perquisites were below the disclosure threshold for 2013.

Our post-retirement income plan for directors was terminated in May 2001 for current and future directors. The net present value of each director's benefit was calculated and converted into phantom stock. Payment is deferred pursuant to the Deferred Compensation Plan for Directors and will be made in cash over a five-year period after the director's retirement from the board.

Our director stock ownership policy contained in our corporate governance guidelines requires each director to own our common stock equal in value to five times the director's annual cash base retainer. Shares acquired through purchases on the open market and participation in our director stock plans will be considered in ownership calculations as will ownership of our common stock by a spouse. A director is allowed five years commencing January 1 of the year following the year of that director's initial election to the board to meet the requirements. The level of common stock ownership is monitored with an annual report made to the compensation committee of the board. For stock ownership, please see "Security Ownership."

Narrative Disclosure of our Compensation Policies and Practices as They Relate to Risk Management

The human resources department has conducted an assessment of the risks arising from our compensation policies and practices for all employees and concluded that none of these risks is reasonably likely to have a material adverse effect on the company. Based on the human resources department's assessment and taking into account information received from the risk identification process, senior management and our management policy committee concluded that risks arising from our compensation policies and practices for all employees are not reasonably likely to have a material adverse effect on the company. After review and discussion with senior management, the compensation committee concurred with this assessment.

As part of its assessment of the risks arising from our compensation policies and practices for all employees, the human resources department identified the principal areas of risk faced by the company that may be affected by our compensation policies and practices for all employees, including any risks resulting from our operating businesses' compensation policies and practices. In assessing the risks arising from our compensation policies and practices, the human resources department identified the following practices designed to prevent excessive risk taking:

Business management and governance practices

- risk management is a specific performance competency included in the annual performance assessment of Section 16 officers
- board oversight on capital expenditure and operating plans that promotes careful consideration of financial assumptions
- limitation on business acquisitions without board approval
- employee integrity training programs and anonymous reporting systems
- quarterly risk assessment and internal control reports at audit committee meetings and
- prohibitions on holding company stock in an account that is subject to a margin call, pledging company stock as collateral for a loan, and hedging of company stock by Section 16 officers and directors.

Compensation practices

- active compensation committee review of executive compensation, including the ratio of executive compensation to total stockholder return compared to the ratio for the performance graph peer group (PEER Analysis)
- the initial determination of a position's salary grade to be at or near the 50th percentile of base salaries paid to similar positions at peer group companies and/or relevant industry companies
- consideration of peer group and/or relevant industry practices to establish appropriate compensation target amounts
- a balanced compensation mix of fixed salary and annual or long-term incentives tied to the company's financial performance
- use of interpolation for annual and long-term incentive awards to avoid payout cliffs
- negative discretion to adjust any annual or long-term incentive award payment downward
- use of caps on annual incentive awards and long-term incentive stock grant awards
- discretionary clawbacks on incentive payments in the event of a financial restatement

- use of performance shares, rather than stock options or stock appreciation rights, as equity component of incentive compensation
- use of performance shares with a relative, rather than an absolute, total stockholder return performance goal and mandatory reduction in award if total stockholder return is negative
- use of three-year performance periods to discourage short-term risk-taking
- substantive incentive goals measured primarily by return on invested capital, earnings, and earnings per share criteria, which encourage balanced performance and are important to stockholders
- use of financial performance metrics that are readily monitored and reviewed
- regular review of the appropriateness of the companies in the performance graph peer group
- stock ownership requirements for executives participating in the MDU Resources Group, Inc. Long-Term Performance-Based Incentive Plan and the board
- mandatory holding periods for 50% of any net after-tax shares earned under long-term incentive awards granted in 2011 and thereafter and
- use of independent consultants in establishing pay targets at least biennially.

BALANCE SHEET

Year: 2013

	Account Number & Title		Last Year	This Year	% Change
1		**Assets and Other Debits**			
2					
3	**Utility Plant**				
4	101	Electric Plant in Service	$1,026,072,887	$1,058,520,652	3.16%
5	101.1	Property Under Capital Leases			
6	102	Electric Plant Purchased or Sold			
7	104	Electric Plant Leased to Others			
8	105	Electric Plant Held for Future Use			
9	106	Completed Constr. Not Classified - Electric			
10	107	Construction Work in Progress - Electric	51,466,500	135,575,579	163.42%
11	108	(Less) Accumulated Depreciation	(466,606,769)	(493,075,562)	5.67%
12	111	(Less) Accumulated Amortization	(6,462,259)	(6,774,890)	4.84%
13	114	Electric Plant Acquisition Adjustments	10,387,642	10,387,643	0.00%
14	115	(Less) Accum. Amort. Electric Plant Acq. Adj.	(10,147,565)	(10,375,809)	2.25%
15	120	Nuclear Fuel (Net)			
16		Other Utility Plant	492,232,530	567,306,000	15.25%
17		Accum. Depr. and Amort. - Other Utl. Plant	(236,314,767)	(250,744,628)	6.11%
18					
19		**Total Utility Plant**	$860,628,199	$1,010,818,985	17.45%
20					
21	**Other Property & Investments**				
22	121	Nonutility Property	$4,584,951	$15,629,869	240.90%
23	122	(Less) Accum. Depr. & Amort. of Nonutil. Prop.	(1,636,553)	(2,901,889)	77.32%
24	123	Investments in Associated Companies			
25	123.1	Investments in Subsidiary Companies	2,253,293,721	2,380,828,521	5.66%
26	124	Other Investments	52,122,735	60,687,111	16.43%
27	125	Sinking Funds			
28					
29		**Total Other Property & Investments**	$2,308,364,854	$2,454,243,612	6.32%
30					
31	**Current & Accrued Assets**				
32	131	Cash	$3,444,688	$4,718,520	36.98%
33	132-134	Special Deposits	255,310	260,505	2.03%
34	135	Working Funds	150,850	332,668	120.53%
35	136	Temporary Cash Investments			
36	141	Notes Receivable			
37	142	Customer Accounts Receivable	24,120,553	29,796,719	23.53%
38	143	Other Accounts Receivable	20,937,588	4,403,590	-78.97%
39	144	(Less) Accum. Provision for Uncollectible Accts.	(275,241)	(443,629)	61.18%
40	145	Notes Receivable - Associated Companies			
41	146	Accounts Receivable - Associated Companies	2,957,114	31,371,687	960.89%
42	151	Fuel Stock	5,129,837	4,751,688	-7.37%
43	152	Fuel Stock Expenses Undistributed			
44	153	Residuals and Extracted Products			
45	154	Plant Materials and Operating Supplies	18,983,774	19,097,488	0.60%
46	155	Merchandise	451,882	75,479	-83.30%
47	156	Other Material & Supplies			
48	163	Stores Expense Undistributed	0	0	0.00%
49	164.1	Gas Stored Underground - Current	16,903,055	5,386,681	-68.13%
50	165	Prepayments	4,829,235	5,074,231	5.07%
51	166	Advances for Gas Explor., Devl. & Production			
52	171	Interest & Dividends Receivable			
53	172	Rents Receivable			
54	173	Accrued Utility Revenues	39,447,024	49,648,010	25.86%
55	174	Miscellaneous Current & Accrued Assets			
56					
57		**Total Current & Accrued Assets**	$137,335,669	$154,473,637	12.48%

BALANCE SHEET

	Account Number & Title		Last Year	This Year	% Change
1		**Assets and Other Debits (cont.)**			
2					
3	**Deferred Debits**				
4	181	Unamortized Debt Expense	$1,407,362	$1,219,120	-13.38%
5	182.1	Extraordinary Property Losses			
6	182.2	Unrecovered Plant & Regulatory Study Costs	4,959,490	3,698,596	-25.42%
7	182.3	Other Regulatory Assets	115,340,807	83,915,120	-27.25%
8	183	Prelim. Electric Survey & Investigation Chrg.	431,776	336,423	-22.08%
9	183.1	Prelim. Nat. Gas Survey & Investigation Chrg.	0	61,412	100.00%
10	183.2	Other Prelim. Nat. Gas Survey & Invtg. Chrgs.			
11	184	Clearing Accounts	(18,477)	(6,513)	-64.75%
12	185	Temporary Facilities			
13	186	Miscellaneous Deferred Debits	27,076,963	26,225,949	-3.14%
14	187	Deferred Losses from Disposition of Util. Plant			
15	188	Research, Devel. & Demonstration Expend.			
16	189	Unamortized Loss on Reacquired Debt	8,126,591	7,407,081	-8.85%
17	190	Accumulated Deferred Income Taxes	68,164,363	49,133,806	-27.92%
18	191	Unrecovered Purchased Gas Costs	2,915,460	8,019,627	175.07%
19	192.1	Unrecovered Incremental Gas Costs			
20	192.2	Unrecovered Incremental Surcharges			
21					
22		**Total Deferred Debits**	$228,404,335	$180,010,621	-21.19%
23					
24	**TOTAL ASSETS & OTHER DEBITS**		$3,534,733,057	$3,799,546,855	7.49%
25		**Liabilities and Other Credits**			
26					
27	**Proprietary Capital**				
28	201	Common Stock Issued	$189,369,450	$189,868,780	0.26%
29	202	Common Stock Subscribed			
30	204	Preferred Stock Issued	15,000,000	15,000,000	0.00%
31	205	Preferred Stock Subscribed			
32	207	Premium on Capital Stock	1,043,190,134	1,061,253,848	1.73%
33	211	Miscellaneous Paid-In Capital			
34	213	(Less) Discount on Capital Stock			
35	214	(Less) Capital Stock Expense	(4,110,305)	(4,257,578)	3.58%
36	216	Appropriated Retained Earnings	520,210,825	540,130,502	3.83%
37	216.1	Unappropriated Retained Earnings	936,934,577	1,062,999,041	13.45%
38	217	(Less) Reacquired Capital Stock	(3,625,813)	(3,625,813)	0.00%
39	219	Accumulated Other Comprehensive Income	(48,720,612)	(38,204,576)	21.58%
40					
41		**Total Proprietary Capital**	$2,648,248,256	$2,823,164,204	6.60%
42					
43	**Long Term Debt**				
44	221	Bonds	$280,000,000	$280,000,000	0.00%
45	222	(Less) Reacquired Bonds			
46	223	Advances from Associated Companies			
47	224	Other Long Term Debt	76,867,452	154,705,972	101.26%
48	225	Unamortized Premium on Long Term Debt			
49	226	(Less) Unamort. Discount on Long Term Debt-Dr.			
50					
51		**Total Long Term Debt**	$356,867,452	$434,705,972	21.81%

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

Year: 2013

BALANCE SHEET

	Account Number & Title		Last Year	This Year	% Change
1	**Total Liabilities and Other Credits (cont.)**				
2					
3	**Other Noncurrent Liabilities**				
4	227	Obligations Under Cap. Leases - Noncurrent			
5	228.1	Accumulated Provision for Property Insurance			
6	228.2	Accumulated Provision for Injuries & Damages	$1,064,262	$1,355,445	27.36%
7	228.3	Accumulated Provision for Pensions & Benefits	59,754,547	51,449,261	-13.90%
8	228.4	Accumulated Misc. Operating Provisions			
9	229	Accumulated Provision for Rate Refunds	4,364,636	191,185	-95.62%
10	230	Asset Retirement Obligations	6,789,483	7,142,915	5.21%
11					
12	**TOTAL Other Noncurrent Liabilities**		$71,972,928	$60,138,806	-16.44%
13					
14	**Current & Accrued Liabilities**				
15	231	Notes Payable			
16	232	Accounts Payable	$41,180,110	$44,138,862	7.18%
17	233	Notes Payable to Associated Companies			
18	234	Accounts Payable to Associated Companies	6,422,842	4,839,083	-24.66%
19	235	Customer Deposits	1,593,246	1,428,796	-10.32%
20	236	Taxes Accrued	12,398,861	12,336,506	-0.50%
21	237	Interest Accrued	4,926,930	4,973,368	0.94%
22	238	Dividends Declared	170,817	33,737,408	19650.61%
23	239	Matured Long Term Debt			
24	240	Matured Interest			
25	241	Tax Collections Payable	968,815	1,143,473	18.03%
26	242	Miscellaneous Current & Accrued Liabilities	22,283,490	29,444,730	32.14%
27	243	Obligations Under Capital Leases - Current			
28					
29	**TOTAL Current & Accrued Liabilities**		$89,945,111	$132,042,226	46.80%
30					
31	**Deferred Credits**				
32	252	Customer Advances for Construction	$13,769,060	$18,726,550	36.00%
33	253	Other Deferred Credits	106,324,544	62,138,894	-41.56%
34	254	Other Regulatory Liabilities	9,543,392	16,286,380	70.66%
35	255	Accumulated Deferred Investment Tax Credits	813,836	767,331	-5.71%
36	256	Deferred Gains from Disposition Of Util. Plant			
37	257	Unamortized Gain on Reacquired Debt			
38	281-283	Accumulated Deferred Income Taxes	237,248,478	251,576,492	6.04%
39					
40	**TOTAL Deferred Credits**		$367,699,310	$349,495,647	-4.95%
41					
42	**TOTAL LIABILITIES & OTHER CREDITS**		$3,534,733,057	$3,799,546,855	7.49%

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
MDU Resources Group, Inc.	(1) X An Original (2) _ A Resubmission	12/31/2013	2013/Q4

NOTES TO FINANCIAL STATEMENTS (Continued)

Definitions

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

Abbreviation or Acronym	
AFUDC	Allowance for funds used during construction
ASC	FASB Accounting Standards Codification
BART	Best available retrofit technology
Big Stone Station	475-MW coal-fired electric generating facility near Big Stone City, South Dakota (22.7 percent ownership)
Cascade	Cascade Natural Gas Corporation, an indirect wholly owned subsidiary of MDU Energy Capital
Centennial	Centennial Energy Holdings, Inc., a direct wholly owned subsidiary of the Company
Company	MDU Resources Group, Inc.
Coyote Station	427-MW coal fired electric generating facility near Beulah, North Dakota (25 percent ownership)
EBITDA	Earnings before interest, taxes, depreciation and amortization
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
GAAP	Accounting principles generally accepted in the United States of America
Great Plains	Great Plains Natural Gas Co., a public utility division of the Company
Intermountain	Intermountain Gas Company, an indirect wholly owned subsidiary of MDU Energy Capital
K-Plan	Company's 401(k) Retirement Plan
MDU Energy Capital	MDU Energy Capital, LLC, a direct wholly owned subsidiary of the Company
MNPUC	Minnesota Public Utilities Commission
Montana-Dakota	Montana-Dakota Utilities Co., a public utility division of the Company
MTPSC	Montana Public Service Commission
MW	Megawatt
NDPSC	North Dakota Public Service Commission
SDPUC	South Dakota Public Utilities Commission
Stock Purchase Plan	Company's Dividend Reinvestment and Direct Stock Purchase Plan
Wygen III	100-MW coal-fired electric generating facility near Gillette, Wyoming (25 percent ownership)
WYPSC	Wyoming Public Service Commission

Name of Respondent	This Report is: (1) X An Original (2) _ A Resubmission	Date of Report (Mo, Da, Yr)	Year/Period of Report
MDU Resources Group, Inc.		12/31/2013	2013/Q4

NOTES TO FINANCIAL STATEMENTS (Continued)

Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies
Basis of presentation
The Company is a diversified natural resource company, which was incorporated under the laws of the state of Delaware in 1924. Montana-Dakota and Great Plains are public utility divisions of the Company.

Montana-Dakota generates, transmits, and distributes electricity and distributes natural gas in Montana, North Dakota, South Dakota, and Wyoming. Great Plains distributes natural gas in western Minnesota and southeastern North Dakota. These operations also supply related value-added services. The Company provides service to more than 134,000 electric and 280,000 natural gas residential, commercial, industrial and municipal customers in 277 communities and adjacent rural areas as of December 31, 2013.

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

The Company owns two wholly owned subsidiaries, Centennial and MDU Energy Capital, as well as ownership interests in the assets, liabilities and expenses of jointly owned electric generating facilities.

The financial statements were prepared in accordance with the accounting requirements of the FERC set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than GAAP. These requirements differ from GAAP related to the presentation of certain items including, but not limited to, the current portion of long-term debt, deferred income taxes, cost of removal liabilities, and current unrecovered purchased gas costs. As required by the FERC for Form 1 report purposes, the Company reports its subsidiary investments using the equity method rather than consolidating the assets, liabilities, revenues and expenses of the subsidiaries, as required by GAAP. If GAAP were followed, utility plant, other property and investments would increase by $1.6 billion; current and accrued assets would increase by $962.2 million; deferred debits would increase by $720.3 million; long-term debt would increase by $1.4 billion; other noncurrent liabilities and current and accrued liabilities would increase by $592.7 million; deferred credits would increase by $1.2 billion; and capital would increase by $32.7 million as of December 31, 2013. Furthermore, operating revenues would increase by $3.9 billion and operating expenses, excluding income taxes, would increase by $3.5 billion for the twelve months ended December 31, 2013. In addition, net cash provided by operating activities would increase by $534.9 million; net cash used in investing activities would increase by $582.8 million; net cash provided by financing activities would increase by $42.9 million; the effect of exchange rate changes on cash would decrease by $215,000; and the net change in cash and cash equivalents would be a decrease of $5.3 million for the twelve months ended December 31, 2013. Reporting its subsidiary investments using the equity method rather than GAAP has no effect on net income or retained earnings.

The Notes to Financial Statements accompanying this FERC Form No. 1 relate to the nonconsolidated parent company and its two public utility divisions. For information on disclosures of the subsidiary companies, refer to the Company's Form 10-K.

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

Note 3 for more information regarding the nature and amounts of these regulatory deferrals.

Management has also evaluated the impact of events occurring after December 31, 2013, up to the date of issuance of these consolidated financial statements.

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

Accounts receivable and allowance for doubtful accounts
Accounts receivable consists primarily of trade receivables from the sale of goods and services which are recorded at the invoiced amount. The total balance of receivables past due 90 days or more was $623,000 and $92,000 as of December 31, 2013 and 2012, respectively.

The allowance for doubtful accounts is determined through a review of past due balances and other specific account data. Account balances are written off when management determines the amounts to be uncollectible. The Company's allowance for doubtful accounts as of December 31, 2013 and 2012, was $444,000 and $275,000, respectively.

Inventories and natural gas in storage
Inventories, other than natural gas in storage, were stated at the lower of average cost or market value. Natural gas in storage is carried at cost using the last-in, first-out method. The portion of the cost of natural gas in storage expected to be used within one year was included in inventories. Inventories at December 31 consisted of:

	2013	2012
	(In thousands)	
Plant materials and operating supplies	$ 19,097	$ 18,984
Gas stored underground-current	5,387	16,903
Fuel stock	4,752	5,130
Merchandise	75	452
Total	$ 29,311	$ 41,469

The remainder of natural gas in storage, which largely represents the cost of gas required to maintain pressure levels for normal operating purposes, was $1.6 million and $3.0 million at December 31, 2013 and 2012, respectively.

Investments
The Company's investments include its investment in subsidiary companies, the cash surrender value of life insurance policies, an insurance contract, and other miscellaneous investments. The Company measures its investment in the insurance contract at fair value with any unrealized gains and losses recorded on the Statement of Income. The Company has not elected the fair value option for its other investments. For more information, see Notes 4 and 11.

Property, plant and equipment
Additions to property, plant and equipment are recorded at cost. When regulated assets are retired, or otherwise disposed of in the ordinary course of business, the original cost of the asset is charged to accumulated depreciation. With respect to the retirement or disposal of all other assets, the resulting gains or losses are recognized as a component of income. The Company is permitted to capitalize AFUDC on regulated construction projects and to include such amounts in rate base when the related facilities are placed in service. The amount of AFUDC capitalized was $5.0 million and $4.8 million in 2013 and 2012, respectively. Property, plant and equipment are depreciated on a straight-line basis

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
MDU Resources Group, Inc.	(1) X An Original (2) _ A Resubmission	12/31/2013	2013/Q4

NOTES TO FINANCIAL STATEMENTS (Continued)

over the average useful lives of the assets. The Company collects removal costs for plant assets in regulated utility rates. These amounts are included in accumulated provision for depreciation, amortization and depletion.

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

	2013	2012	Weighted Average Depreciable Life in Years
	(Dollars in thousands, where applicable)		
Electric:			
Generation	$ 570,394	$ 546,011	42
Distribution	308,202	276,446	39
Transmission	196,824	180,543	48
Construction in progress	141,365	62,123	-
Other	94,286	81,553	14
Natural gas distribution:			
Distribution	348,167	308,090	41
Construction in progress	10,219	33,389	-
Other	100,774	89,036	13
Less accumulated depreciation, depletion and amortization	760,971	719,531	
Net utility plant	$ 1,009,260	$ 857,660	

	2013	2012
Nonutility property	$ 15,630	$ 4,585
Less accumulated depreciation, depletion and amortization	2,902	1,637
Net nonutility property	$ 12,728	$ 2,948

Impairment of long-lived assets

The Company reviews the carrying values of its long-lived assets, excluding goodwill, whenever events or changes in circumstances indicate that such carrying values may not be recoverable. The determination of whether an impairment has occurred is based on an estimate of undiscounted future cash flows attributable to the assets, compared to the carrying value of the assets. If impairment has occurred, the amount of the impairment recognized is determined by estimating the fair value of the assets and recording a loss if the carrying value is greater than the fair value. No significant impairment losses were recorded in 2013 and 2012. Unforeseen events and changes in circumstances could require the recognition of impairment losses at some future date.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of identifiable net tangible and intangible assets acquired in a business combination. Goodwill is required to be tested for impairment annually, which is completed in the fourth quarter, or more frequently if events or changes in circumstances indicate that goodwill may be impaired.

The goodwill impairment test is a two-step process performed at the reporting unit level. The Company has determined that the reporting units for its goodwill impairment test are its operating segments, or components of an operating segment, that constitute a business for which discrete financial information is available and for which segment management regularly reviews the operating results. The first step of the impairment test involves comparing the fair value of each reporting unit to its carrying value. If the fair value of a reporting unit exceeds its carrying value, the test is complete and no impairment is recorded. If the fair value of a reporting unit is less than its carrying value, step two of the test is performed to determine the amount of the impairment loss, if any. The impairment is computed by comparing the implied fair value of the affected reporting unit's goodwill to the carrying value of that goodwill. If the carrying value is greater than the implied fair value, an impairment loss must be recorded. For the years ended December 31, 2013 and 2012, there were no impairment losses recorded. At December 31, 2013, the fair value of the natural gas distribution reporting unit substantially exceeded its carrying value. For more information on goodwill, see Note 2.

Determining the fair value of a reporting unit requires judgment and the use of significant estimates which include assumptions about the Company's future revenue, profitability and cash flows, amount and timing of estimated capital expenditures, inflation rates, weighted average cost of capital, operational plans, and current and future economic conditions, among others. The fair value of each reporting unit is determined using a weighted combination of income and market approaches. The Company uses a discounted cash flow methodology for its income approach. Under the income approach, the discounted cash flow model determines fair value based on the present value of projected cash flows over a specified period and a residual value related to future cash flows beyond the projection period. Both values are discounted using a rate which reflects the best estimate of the weighted average cost of capital at each reporting unit. The weighted average cost of capital of approximately 5 percent, and a long-term growth rate projection of approximately 3 percent were utilized in the goodwill impairment test performed in the fourth quarter of 2013. Under the market approach, the Company estimates fair value using multiples derived from comparable sales transactions and enterprise value to EBITDA for comparative peer companies for each respective reporting unit. These multiples are applied to operating data for each reporting unit to arrive at an indication of fair value. In addition, the Company adds a reasonable control premium when calculating the fair value utilizing the peer multiples, which is estimated as the premium that would be received in a sale in an orderly transaction between market participants. The Company believes that the estimates and assumptions used in its impairment assessments are reasonable and based on available market information, but variations in any of the assumptions could result in materially different calculations of fair value and determinations of whether or not an impairment is indicated.

Revenue recognition

Revenue is recognized when the earnings process is complete, as evidenced by an agreement between the customer and the Company, when delivery has occurred or services have been rendered, when the fee is fixed or determinable and when collection is reasonably assured. The Company recognizes utility revenue each month based on the services provided to all utility customers during the month. Accrued utility revenues represent revenues recognized in excess of amounts billed. Accrued utility revenues were $49.6 million and $39.4 million at December 31, 2013 and 2012, respectively. The Company recognizes all other revenues when services are rendered or goods are delivered. The Company presents revenues net of taxes collected from customers at the time of sale to be remitted to governmental authorities, including sales and use taxes.

Asset retirement obligations

The Company records the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the Company capitalizes a cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, the Company either settles the obligation for the recorded amount or incurs a regulatory asset or liability. For more information on asset retirement obligations, see Note 6.

Legal costs
The Company expenses external legal fees as they are incurred.

Natural gas costs recoverable or refundable through rate adjustments
Under the terms of certain orders of the applicable state public service commissions, the Company is deferring natural gas commodity, transportation and storage costs that are greater or less than amounts presently being recovered through its existing rate schedules. Such orders generally provide that these amounts are recoverable or refundable through rate adjustments over a 12 month period. Natural gas costs recoverable or refundable, as applicable, through rate adjustments were $8.0 million and $2.9 million at December 31, 2013 and 2012, respectively, which is included in unrecovered purchased gas costs.

Insurance
The Company is insured for workers' compensation losses in guaranteed cost programs. Automobile liability and general liability losses are insured, subject to self insured retentions of $500,000 per accident or occurrence. The Company also has coverage above the self insured retentions on a claims made basis. The Company is retaining losses within its retentions on the basis of estimates of liability for claims incurred but not reported.

Income taxes
The Company and its subsidiaries file consolidated method federal income tax returns and combined and separate state income tax returns. Federal income taxes paid by the Company, as parent of the consolidated group, are allocated to the individual subsidiaries based on the ratio of the separate company computations of tax. The Company makes a similar allocation for state income taxes paid in connection with combined state filings. The Company provides deferred federal and state income taxes on all temporary differences between the book and tax basis of the Company's assets and liabilities. Taxes recoverable from customers have been recorded as regulatory assets. Taxes refundable to customers and excess deferred income tax balances associated with the Company's rate-regulated activities have been recorded as regulatory liabilities. These regulatory assets and liabilities are expected to be recovered from or refunded to customers in future rates in accordance with applicable regulatory procedures.

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

Tax positions taken or expected to be taken in an income tax return are evaluated for recognition using a more-likely-than-not threshold, and those tax positions requiring recognition are measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon ultimate settlement with a taxing authority. The Company recognizes interest and penalties accrued related to unrecognized tax benefits in interest and penalties, respectively.

Use of estimates
The preparation of financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Estimates are used for items such as impairment testing of long-lived assets and goodwill; fair value of acquired assets and liabilities under the acquisition method of accounting; property depreciable lives; tax provisions; uncollectible accounts; environmental and other loss contingencies; accumulated provision for revenues subject to refund; unbilled revenues; actuarially determined benefit costs; asset retirement

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obligations; and the valuation of stock-based compensation. As additional information becomes available, or actual amounts are determinable, the recorded estimates are revised. Consequently, operating results can be affected by revisions to prior accounting estimates.

Cash flow information

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

	2013	2012
	(In thousands)	
Interest, net of amount capitalized	$ 16,152	$ 15,802
Income taxes refunded, net	$ (11,453)	$ (10,137)

Noncash investing transactions at December 31 were as follows:

	2013	2012
	(In thousands)	
Property, plant and equipment additions in accounts payable	$ 7,075	$ 14,323

Comprehensive income (loss)

Comprehensive income (loss) is the sum of net income (loss) as reported and other comprehensive income (loss). The Company's other comprehensive loss resulted from postretirement liability adjustments and other comprehensive loss recorded by its subsidiaries.

The postretirement liability adjustment in other comprehensive income was $454,000 and $396,000, net of tax of $(304,000) and $(245,000), for the years ended December 31, 2013 and 2012, respectively.

The after-tax changes in the components of accumulated other comprehensive loss as of December 31, 2013, were as follows:

	Postretirement Liability Adjustment	Subsidiary Other Comprehensive Loss	Total Accumulated Other Comprehensive Loss
		(In thousands)	
Balance at December 31, 2012	$ (4,913)	$ (43,808)	$ (48,721)
Other comprehensive gain before reclassifications	348	12,104	12,452
Amounts reclassified from accumulated other comprehensive loss	106	(2,042)	(1,936)
Net current-period other comprehensive gain	454	10,062	10,516
Balance at December 31, 2013	$ (4,459)	$ (33,746)	$ (38,205)

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Reclassifications out of accumulated other comprehensive loss for the year ended December 31 were as follows:

		2013	Location on Statement of Income
		(In thousands)	
Amortization of postretirement liability losses included in net periodic benefit cost	$	(176)	(a)
		70	Income taxes
		(106)	
Subsidiary reclassifications out of accumulated other comprehensive loss		2,042	Equity in earnings of Subsidiary Companies
Total reclassifications	$	1,936	

(a) Included in net periodic benefit cost (credit). For more information, see Note 11.

Note 2 - Goodwill and Other Intangible Assets

The carrying amount of goodwill, which is related to the natural gas distribution business, remained unchanged at $4.8 million for the years ended December 31, 2013 and 2012. This amount is included in miscellaneous deferred debits. No impairments have been recorded in any periods.

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Note 3 - Regulatory Assets and Liabilities

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

	Estimated Recovery Period*	2013	2012
		(In thousands)	
Regulatory assets:			
Pension and postretirement benefits (a)	(f)	$ 67,130	$ 103,937
Taxes recoverable from customers (a)	Over plant lives	10,902	---
Unrecovered purchased gas costs	Up to 12 months	8,020	2,915
Unamortized loss on required debt	Up to 13 years	7,407	8,127
Costs related to identifying generation development (a) (e)	Up to 13 years	4,512	5,773
Plant costs (a)	Up to 3 years	4,333	9,194
Other (a) (b) (g)	Largely within 1 year	6,026	5,912
Total regulatory assets		108,330	135,858
Regulatory liabilities:			
Plant removal and decommissioning costs (c)		110,790	106,858
Pension and postretirement benefits (d)		8,017	---
Taxes refundable to customers (d)		7,802	9,020
Accumulated provision for rate refunds		191	4,365
Other (h)		2,369	1,058
Total regulatory liabilities		129,169	121,301
Net deferred income tax assets (liabilities)**		6,797	(6,229)
Net regulatory position		$ (14,042)	$ 8,328

* Estimated recovery period for regulatory assets currently being recovered in rates charged to customers.

** Represents deferred income taxes related to regulatory assets and liabilities. The deferred income tax assets are not earning a rate of return.

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

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

(c) Included in accumulated provision for depreciation, amortization and depletion and asset retirement obligations on the Comparative Balance Sheet.

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

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

(f) Recovered as expense is incurred.

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

(h) Included in miscellaneous deferred debits and other regulatory assets on the Comparative Balance Sheet.

The regulatory assets are expected to be recovered in rates charged to customers. A portion of the Company's regulatory assets are not earning a return; however, these regulatory assets are expected to be recovered from customers in future rates. Excluding deferred income taxes, as of December 31, 2013 and 2012, approximately $92.8 million and $122.6 million respectively, of regulatory assets were not earning a rate of return.

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

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Note 4 - Fair Value Measurements
The Company measures its investments in certain fixed-income and equity securities at fair value with changes in fair value recognized in income. The Company anticipates using these investments, which consist of an insurance contract, to satisfy its obligations under its unfunded, nonqualified benefit plan for executive officers and certain key management employees, and invests in these fixed-income and equity securities for the purpose of earning investment returns and capital appreciation. These investments, which totaled $41.6 million and $32.6 million as of December 31, 2013 and 2012, respectively, are classified as Other Investments on the Comparative Balance Sheet. The net unrealized gains on these investments for the years ended December 31, 2013 and 2012, were $9.0 million and $3.5 million, respectively. The change in fair value, which is considered part of the cost of the plan, is classified in Other Income and Deductions as Life Insurance on the Statement of Income.

The fair value of the Company's money market funds approximates cost.

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

The estimated fair values of the Company's assets and liabilities measured on a recurring basis are determined using the market approach.

The Company's Level 2 money market funds consist of investments in short-term unsecured promissory notes and the value is based on comparable market transactions taking into consideration the credit quality of the issuer.

The estimated fair value of the Company's Level 2 insurance contract is based on contractual cash surrender values that are determined primarily by investments in managed separate accounts of the insurer. These amounts approximate fair value. The managed separate accounts are valued based on other observable inputs or corroborated market data.

Though the Company believes the methods used to estimate fair value are consistent with those used by other market participants, the use of other methods or assumptions could result in a different estimate of fair value. For the years ended December 31, 2013 and 2012, there were no transfers between Levels 1 and 2.

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

	Fair Value Measurements at December 31, 2013, Using			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Signficant Unobservable Inputs (Level 3)	Balance at December 31, 2013
	(In thousands)			
Assets:				
Money market funds	$ —	$ 1,110	$ —	$ 1,110
Insurance contract*	—	41,564	—	41,564
Total assets measured at fair value	$ —	$ 42,674	$ —	$ 42,674

* The insurance contract invests approximately 29 percent in common stock of mid-cap companies, 28 percent in common stock of small-cap companies, 28 percent in common stock of large-cap companies and 15 percent in fixed-income investments.

	Fair Value Measurements at December 31, 2012, Using			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Signficant Unobservable Inputs (Level 3)	Balance at December 31, 2012
	(In thousands)			
Assets:				
Money market funds	$ —	$ 620	$ —	$ 620
Insurance contract*	—	32,586	—	32,586
Total assets measured at fair value	$ —	$ 33,206	$ —	$ 33,206

* The insurance contract invests approximately 28 percent in common stock of mid-cap companies, 28 percent in common stock of small-cap companies, 29 percent in common stock of large-cap companies and 15 percent in fixed-income investments.

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

	2013		2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In thousands)			
Long-term debt	$ **434,706**	$ **469,787**	$ 356,867	$ 411,210

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

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Note 5 - Debt
Certain debt instruments of the Company, including those discussed later, contain restrictive covenants and provisions. In order to borrow under the respective credit agreements, the Company must be in compliance with the applicable covenants and certain other conditions. In the event the Company does not comply with the applicable covenants and other conditions, alternative sources of funding may need to be pursued.

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

Company	Facility	Facility Limit	Amount Outstanding at December 31, 2013	Amount Outstanding at December 31, 2012	Letters of Credit at December 31, 2013	Expiration Date
			(Dollars in millions)			
MDU Resources Group, Inc.	Commercial paper/Revolving credit agreement (a)	$ 125.0	$ 78.9 (b)	$ 76.0 (b)	$ –	10/4/17

(a) The commercial paper program is supported by a revolving credit agreement with various banks (provisions allow for increased borrowings, at the option of the Company on stated conditions, up to a maximum of $150 million). There were no amounts outstanding under the credit agreement.
(b) Amount outstanding under commercial paper program included in other long-term debt on the Comparative Balance Sheet.

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

The following includes information related to the preceding table.

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

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

There are no credit facilities that contain cross-default provisions between the Company and any of its subsidiaries.

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

	2013	2012
	(In thousands)	
Senior Notes at a weighted average rate of 6.24%, due on dates ranging from September 30, 2016 to December 15, 2033	$ 280,000	$ 280,000
Credit agreement and other at a weighted average rate of 2.59%, due on dates ranging from January 1, 2017 to April 15, 2044	154,706	76,867
Total long-term debt	$ 434,706	$ 356,867

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The amounts of scheduled long-term debt maturities for the five years and thereafter following December 31, 2013, aggregate $108,000 in 2014; $109,000 in 2015; $50.1 million in 2016; $78.9 million in 2017; $100.0 million in 2018 and $205.5 million thereafter.

Note 6 - Asset Retirement Obligations

The Company records obligations related to the decommissioning of certain electric generating facilities, special handling and disposal of hazardous materials at certain electric generating facilities, natural gas distribution facilities and buildings, and certain other obligations.

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

	2013	2012
	(In thousands)	
Balance at beginning of year	$ 6,789	$ 6,645
Liabilities settled	---	(10)
Revisions in estimates	(17)	(195)
Accretion expense	371	349
Balance at end of year	$ 7,143	$ 6,789

The Company believes that any expenses related to asset retirement obligations at the Company's regulated operations will be recovered in rates over time and, accordingly, defers such expenses as regulatory assets.

Note 7 - Preferred Stocks

Preferred stocks at December 31 were as follows:

	2013	2012
	(In thousands, except shares and per share amounts)	
Authorized:		
Preferred -		
500,000 shares, cumulative, par value $100, issuable in series		
Preferred stock A -		
1,000,000 shares, cumulative, without par value, issuable in series (none outstanding)		
Preference -		
500,000 shares, cumulative, without par value, issuable in series (none outstanding)		
Outstanding:		
4.50% Series - 100,000 shares	$ 10,000	$ 10,000
4.70% Series - 50,000 shares	5,000	5,000
Total preferred stocks	$ 15,000	$ 15,000

For the years 2013 and 2012, dividends declared on the 4.50% Series and 4.70% Series preferred stocks were $4.50 and $4.70 per share, respectively. The 4.50% Series and 4.70% Series preferred stocks outstanding are subject to redemption, in whole or in part, at the option of the Company with certain limitations on 30 days notice on any quarterly dividend date at a redemption price, plus accrued dividends, of $105 per share and $102 per share, respectively.

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In the event of a voluntary or involuntary liquidation, all preferred stock series holders are entitled to $100 per share, plus accrued dividends.

The affirmative vote of two-thirds of a series of the Company's outstanding preferred stock is necessary for amendments to the Company's charter or bylaws that adversely affect that series; creation of or increase in the amount of authorized stock ranking senior to that series (or an affirmative majority vote where the authorization relates to a new class of stock that ranks on parity with such series); a voluntary liquidation or sale of substantially all of the Company's assets; a merger or consolidation, with certain exceptions; or the partial retirement of that series of preferred stock when all dividends on that series of preferred stock have not been paid. The consent of the holders of a particular series is not required for such corporate actions if the equivalent vote of all outstanding series of preferred stock voting together has consented to the given action and no particular series is affected differently than any other series.

Subject to the foregoing, the holders of common stock exclusively possess all voting power. However, if cumulative dividends on preferred stock are in arrears, in whole or in part, for one year, the holders of preferred stock would obtain the right to one vote per share until all dividends in arrears have been paid and current dividends have been declared and set aside.

Note 8 - Common Stock

For the years 2013 and 2012, dividends declared on common stock were $.6950 and $.6750 per common share, respectively.

The Company's Stock Purchase Plan provides interested investors the opportunity to make optional cash investments and to reinvest all or a percentage of their cash dividends in shares of the Company's common stock. The K-Plan is partially funded with the Company's common stock. From January 2012 through December 2013, purchases of shares of common stock on the open market were used to fund the Stock Purchase Plan and K-Plan. At December 31, 2013, there were 15.6 million shares of common stock reserved for original issuance under the Stock Purchase Plan and K-Plan.

The Company depends on earnings from its divisions and dividends from its subsidiaries to pay dividends on common stock. The declaration and payment of dividends is at the sole discretion of the board of directors, subject to limitations imposed by the Company's credit agreements, federal and state laws, and applicable regulatory limitations. In addition, the Company and Centennial are generally restricted to paying dividends out of capital accounts or net assets. The following discusses the most restrictive limitations.

Pursuant to a covenant under a credit agreement, Centennial may only make distributions to the Company in an amount up to 100 percent of Centennial's consolidated net income after taxes, excluding noncash write-downs, for the immediately preceding fiscal year. Intermountain and Cascade have regulatory limitations on the amount of dividends each can pay. Based on these limitations, approximately $2.1 billion of the net assets of the Company's subsidiaries were restricted from being used to transfer funds to the Company at December 31, 2013. In addition, the Company's credit agreement also contains restrictions on dividend payments. The most restrictive limitation requires the Company not to permit the ratio of funded debt to capitalization (determined with respect to the Company alone, excluding its subsidiaries) to be greater than 65 percent. Based on this limitation, approximately $219 million of the Company's (excluding its subsidiaries) net assets, which represents common stockholders' equity including retained earnings, would be restricted from use for dividend payments at December 31, 2013. In addition, state regulatory commissions may require the Company to maintain certain capitalization ratios. These requirements are not expected to affect the Company's ability to pay dividends in the near term.

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Note 9 - Stock-Based Compensation

The Company has several stock-based compensation plans under which it is currently authorized to grant restricted stock and stock. As of December 31, 2013, there are 6.2 million remaining shares available to grant under these plans. The Company generally issues new shares of common stock to satisfy restricted stock, stock and performance share awards.

Total stock-based compensation expense (after tax), excluding the amount recognized by the Company's subsidiaries, was $629,000 and $548,000 in 2013 and 2012, respectively.

As of December 31, 2013, total remaining unrecognized compensation expense, excluding the amount to be recognized by the Company's subsidiaries, related to stock-based compensation was approximately $1.2 million (before income taxes) which will be amortized over a weighted average period of 1.7 years.

Stock options

The Company had granted stock options to directors, key employees and employees. The Company has not granted stock options since 2003 and as of December 31, 2013 and 2012, there were no stock options outstanding.

The Company received cash of $88,000 from the exercise of stock options for the year ended December 31, 2012. The aggregate intrinsic value of options exercised during the year ended December 31, 2012, was $60,000.

Stock awards

Nonemployee directors may receive shares of common stock instead of cash in payment for directors' fees under the nonemployee director stock compensation plan. There were 36,713 shares with a fair value of $1.1 million and 53,888 shares with a fair value of $1.1 million issued under this plan during the years ended December 31, 2013 and 2012, respectively.

A key employee of a subsidiary of the Company received an award of 43,103 shares of common stock under a long-term incentive plan with a fair value of $930,000 during the year ended December 31, 2012.

Performance share awards

Since 2003, key employees of the Company and its subsidiaries have been awarded performance share awards each year. Entitlement to performance shares is based on the Company's total shareholder return over designated performance periods as measured against a selected peer group.

Target grants of performance shares outstanding at December 31, 2013, were as follows:

Grant Date	Performance Period	Target Grant of Shares
February 2011	2011-2013	254,514
February 2012	2012-2014	251,196
March 2013	2013-2015	244,281

Participants may earn from zero to 200 percent of the target grant of shares based on the Company's total shareholder return relative to that of the selected peer group. Compensation expense is based on the grant-date fair value as determined by Monte Carlo simulation. The blended volatility term structure ranges are comprised of 50 percent historical volatility and 50 percent implied volatility. Risk-free interest rates were based on U.S. Treasury security rates in effect as of the grant date. Assumptions used for grants of performance shares issued in 2013 and 2012 were:

	2013	2012
Grant-date fair value	$ 29.01	$ 17.18
Blended volatility range	16.10 % - 19.39 %	24.29 % - 25.81 %
Risk-free interest rate range	.09 % - .40 %	.10 % - .35 %
Discounted dividends per share	$ 2.12	$ 1.19

There were no performance shares that vested in 2013 or 2012.

A summary of the status of the performance share awards for the year ended December 31, 2013, was as follows:

	Number of Shares	Weighted Average Grant-Date Fair Value
Nonvested at beginning of period	786,136	$ 18.17
Granted	264,614	29.01
Vested	—	—
Forfeited	(300,759)	18.20
Nonvested at end of period	749,991	$ 21.99

Note 10 - Income Taxes

Income before income taxes for the years ended December 31, 2013 and 2012, respectively was $61,704 and $53,891.

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

	2013	2012
	(In thousands)	
Current:		
Federal*	$ (12,057)	$ (15,719)
State	(690)	(2,476)
Deferred:		
Income taxes:		
Federal	24,572	27,118
State	1,801	2,988
Investment tax credit - net	(47)	(57)
Total income tax expense	$ 13,579	$ 11,854

* There was no change in uncertain tax benefits for the years ended December 31, 2013 and 2012.

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

	2013	2012
	(In thousands)	
Deferred tax assets:		
Accrued pension costs	$ 26,146	$ 41,955
Compensation-related	12,675	9,009
Legal and environmental contingencies	515	407
Other	10,575	13,803
Total deferred tax assets	49,911	65,174
Deferred tax liabilities:		
Depreciation and basis differences on property, plant and equipment	256,026	226,833
Other	3,125	1,196
Total deferred tax liabilities	259,151	228,029
Net regulatory matters deferred tax asset (liability)	6,797	(6,229)
Net deferred income tax liability	$ (202,443)	$ (169,084)

As of December 31, 2013 and 2012, no valuation allowance has been recorded associated with the previously identified deferred tax assets.

The following table reconciles the change in the net deferred income tax liability from December 31, 2012, to December 31, 2013, to deferred income tax expense:

	2013
	(In thousands)
Change in net deferred income tax liability from the preceding table	$ 33,359
Deferred taxes associated with other comprehensive loss	(304)
Other	(6,729)
Deferred income tax expense for the period	$ 26,326

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

Years ended December 31,	2013		2012	
	Amount	%	Amount	%
	(Dollars in thousands)			
Computed tax at federal statutory rate	$ 21,596	35.0	$ 18,862	35.0
Increases (reductions) resulting from:				
Nonqualified benefit plan	(3,504)	(5.7)	(1,460)	(2.7)
Federal renewable energy credit	(3,404)	(5.5)	(3,401)	(6.3)
AFUDC equity	(1,075)	(1.7)	(1,084)	(2.0)
Deductible K-Plan dividends	(866)	(1.4)	(1,529)	(2.8)
Amortization and deferral of investment tax credit	(47)	(0.1)	(57)	(0.1)
State income taxes, net of federal income tax benefit (expense)	1,491	2.4	1,449	2.7
Other	(612)	(1.0)	(926)	(1.8)
Total income tax expense (benefit)	$ 13,579	22.0	$ 11,854	22.0

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state and local jurisdictions. The Company is no longer subject to U.S. federal or state and local income tax examinations by tax authorities for years ending prior to 2007. The 2007 through 2009 tax years are currently under audit.

The amount of the unrecognized tax benefits (excluding interest) for the years ended December 31, 2013 and 2012 remained unchanged at $95,000.

The amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was $116,000, including approximately $21,000 for the payment of interest and penalties at December 31, 2013 and December 31, 2012, respectively.

It is likely that substantially all of the unrecognized tax benefits, as well as interest, at December 31, 2013, will be settled in the next twelve months due to the anticipated settlement of federal and state audits.

For the years ended December 31, 2013 and 2012, the Company recognized approximately $8,000 and $4,000, respectively, in interest expense. Penalties were not material in 2013 and 2012. The Company recognized interest income of approximately $102,000 and $60,000 for the years ended December 31, 2013 and 2012, respectively. The Company had accrued assets of approximately $526,000 and $267,000 at December 31, 2013 and 2012, respectively, for the receipt of interest income.

In September 2013, the Internal Revenue Service released final regulations relating to the capitalization of tangible personal property which are effective for tax years beginning on or after January 1, 2014. The Company does not expect these new regulations to have a material effect on its results of operations, financial position or cash flows.

Note 11 - Employee Benefit Plans

Pension and other postretirement benefit plans

The Company has noncontributory defined benefit pension plans and other postretirement benefit plans for certain eligible employees. The Company uses a measurement date of December 31 for all of its pension and postretirement benefit plans. Other postretirement plans presented here include certain of the Company's subsidiaries.

Defined pension plan benefits to all nonunion and certain union employees hired after December 31, 2005, were discontinued. In 2010, all benefit and service accruals for nonunion and certain union plans were frozen. Effective June 30, 2011, all benefit and service accruals for an additional union plan were frozen. These employees will be eligible to receive additional defined contribution plan benefits.

Effective January 1, 2010, eligibility to receive retiree medical benefits was modified at certain of the Company's businesses. Employees who attain age 55 with 10 years of continuous service by December 31, 2010, will be provided the current retiree medical insurance benefits or can elect the new benefit, if desired, regardless of when they retire. All other current employees must meet the new eligibility criteria of age 60 and 10 years of continuous service at the time they retire. These employees will be eligible for a specified company funded Retiree Reimbursement Account. Employees hired after December 31, 2009, will not be eligible for retiree medical benefits.

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

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Changes in benefit obligation and plan assets for the years ended December 31, 2013 and 2012, and amounts recognized in the Comparative Balance Sheet at December 31, 2013 and 2012, were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2013	2012	**2013**	2012
	(In thousands)			
Change in benefit obligation:				
Benefit obligation at beginning of year	$ **262,910**	$ 249,823	$ **49,593**	$ 57,161
Service cost	**—**	—	**906**	881
Interest cost	**9,240**	10,127	**1,700**	2,080
Plan participants' contributions	**—**	—	**830**	1,767
Amendments	**—**	—	**—**	(9,227)
Actuarial (gain) loss	**(24,667)**	18,532	**(5,998)**	1,276
Benefits paid	**(17,204)**	(15,572)	**(3,825)**	(4,345)
Benefit obligation at end of year	**230,279**	262,910	**43,206**	49,593
Change in net plan assets:				
Fair value of plan assets at beginning of year	**177,801**	161,284	**43,411**	38,975
Actual gain on plan assets	**20,324**	20,050	**7,944**	3,696
Employer contribution	**10,014**	12,039	**301**	3,318
Plan participants' contributions	**—**	—	**830**	1,767
Benefits paid	**(17,204)**	(15,572)	**(3,825)**	(4,345)
Fair value of net plan assets at end of year	**190,935**	177,801	**48,661**	43,411
Funded status – (under) over	$ **(39,344)**	$ (85,109)	$ **5,455**	$ (6,182)
Amounts recognized in the Comparative Balance Sheet at December 31:				
Other deferred debits (credits)	$ **(39,344)**	$ (85,109)	$ **5,455**	$ (6,182)
Net amount recognized	$ **(39,344)**	$ (85,109)	$ **5,455**	$ (6,182)
Amounts recognized in accumulated other comprehensive (income) loss/regulatory assets (liabilities) consist of:				
Actuarial loss	$ **74,036**	$ 111,617	$ **6,776**	$ 19,133
Prior service credit	**—**	—	**(12,132)**	(13,108)
Total	$ **74,036**	$ 111,617	$ **(5,356)**	$ 6,025

Employer contributions and benefits paid in the preceding table include only those amounts contributed directly to, or paid directly from, plan assets. The above table includes amounts related to regulated operations, which are recorded as regulatory assets (liabilities) and are expected to be reflected in rates charged to customers over time. For more information on regulatory assets (liabilities), see Note 3.

Unrecognized pension actuarial losses in excess of 10 percent of the greater of the projected benefit obligation or the market-related value of assets are amortized on a straight-line basis over the expected average remaining service lives of active participants for non-frozen plans and over the average life expectancy of plan participants for frozen plans. The market-related value of assets is determined using a five-year average of assets. Unrecognized postretirement net transition obligation was amortized over a 20-year period ending 2012.

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

	2013	2012
	(In thousands)	
Projected benefit obligation	$ 230,279	$ 262,910
Accumulated benefit obligation	$ 230,279	$ 262,910
Fair value of plan assets	$ 190,935	$ 177,801

Components of net periodic benefit cost for the Company's pension and other postretirement benefit plans for the years ended December 31 were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2013	2012	2013	2012
	(In thousands)			
Components of net periodic benefit cost (credit):				
Service cost	$ —	$ —	$ 906	$ 881
Interest cost	9,240	10,127	1,700	2,079
Expected return on assets	(11,438)	(13,668)	(2,546)	(2,895)
Amortization of prior service credit	—	—	(976)	(580)
Recognized net actuarial loss	4,028	2,801	961	613
Amortization of net transition obligation	—	—	—	3,284
Net periodic benefit cost (credit)	1,830	(740)	45	3,382
Other changes in plan assets and benefit obligations recognized in accumulated other comprehensive (income) loss:				
Net (gain) loss	(33,553)	12,149	(11,396)	475
Prior service credit	—	—	—	(9,227)
Amortization of actuarial loss	(4,028)	(2,801)	(961)	(613)
Amortization of prior service credit	—	—	976	580
Amortization of net transition obligation	—	—	—	(3,284)
Total recognized in accumulated other comprehensive (income) loss/regulatory assets (liabilities)	(37,581)	9,348	(11,381)	(12,069)
Total recognized in net periodic benefit cost and accumulated other comprehensive (income) loss/regulatory assets (liabilities)	$ (35,751)	$ 8,608	$ (11,336)	$ (8,687)

The estimated net loss for the defined benefit pension plans that will be amortized from accumulated other comprehensive loss or regulatory asset(liability), as applicable, into net periodic benefit cost in 2014 is $2.7 million. The estimated net loss and prior service credit for the other postretirement benefit plans that will be amortized from accumulated other comprehensive loss or regulatory asset(liability), as applicable, into net periodic benefit cost in 2014 are $686,000 and $1.2 million, respectively. Prior service cost is amortized on a straight line basis over the average remaining service period of active participants.

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

	Pension Benefits		Other Postretirement Benefits	
	2013	2012	2013	2012
Discount rate	4.50 %	3.63 %	4.49 %	3.65%
Expected return on plan assets	7.00 %	7.00%	6.00 %	6.00%

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

	Pension Benefits		Other Postretirement Benefits	
	2013	2012	**2013**	2012
Discount rate	**3.62 %**	4.18%	**3.65 %**	4.12%
Expected return on plan assets	**7.00 %**	7.75%	**6.00 %**	6.75%

The expected rate of return on pension plan assets is based on the targeted asset allocation range of 60 percent to 70 percent equity securities and 30 percent to 40 percent fixed-income securities and the expected rate of return from these asset categories. The expected rate of return on other postretirement plan assets is based on the targeted asset allocation range of 65 percent to 75 percent equity securities and 25 percent to 35 percent fixed-income securities and the expected rate of return from these asset categories. The expected return on plan assets for other postretirement benefits reflects insurance-related investment costs.

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

	2013	2012
Health care trend rate assumed for next year	**6.0 %**	6.0 %
Health care cost trend rate - ultimate	**6.0 %**	6.0 %
Year in which ultimate trend rate achieved	**1999**	1999

The Company's other postretirement benefit plans include health care and life insurance benefits for certain retirees. The plans underlying these benefits may require contributions by the retiree depending on such retiree's age and years of service at retirement or the date of retirement. The accounting for the health care plans anticipates future cost-sharing changes that are consistent with the Company's expressed intent to generally increase retiree contributions each year by the excess of the expected health care cost trend rate over six percent.

Assumed health care cost trend rates may have a significant effect on the amounts reported for the health care plans. A one percentage point change in the assumed health care cost trend rates would have had the following effects at December 31, 2013:

	1 Percentage Point Increase	1 Percentage Point Decrease
	(In thousands)	
Effect on total of service and interest cost components	$ 33	$ (30)
Effect on postretirement benefit obligation	$ 947	$ (853)

The Company's pension assets are managed by 16 outside investment managers. The Company's other postretirement assets are managed by one outside investment manager. The Company's investment policy with respect to pension and other postretirement assets is to make investments solely in the interest of the participants and beneficiaries of the plans and for the exclusive purpose of providing benefits accrued and defraying the reasonable expenses of administration. The Company strives to maintain investment diversification to assist in minimizing the risk of large losses. The Company's policy guidelines allow for investment of funds in cash equivalents, fixed-income securities and equity securities. The guidelines prohibit investment in commodities and futures contracts, equity private placement, employer securities, leveraged or derivative securities, options, direct real estate investments, precious metals, venture capital and limited partnerships. The

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guidelines also prohibit short selling and margin transactions. The Company's practice is to periodically review and rebalance asset categories based on its targeted asset allocation percentage policy.

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

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

The carrying value of the pension plans' Level 1 and Level 2 cash equivalents approximates fair value and is determined using observable inputs in active markets or the net asset value of shares held at year end, which is determined using other observable inputs including pricing from outside sources. Units of this fund can be redeemed on a daily basis at their net asset value and have no redemption restrictions. The assets are invested in high quality, short-term instruments of domestic and foreign issuers.

The estimated fair value of the pension plans' Level 1 equity securities is based on the closing price reported on the active market on which the individual securities are traded.

The estimated fair value of the pension plans' Level 1 and Level 2 collective and mutual funds are based on the net asset value of shares held at year end, based on either published market quotations on active markets or other known sources including pricing from outside sources.

The estimated fair value of the pension plans' Level 2 corporate and municipal bonds is determined using other observable inputs, including benchmark yields, reported trades, broker/dealer quotes, bids, offers, future cash flows and other reference data.

The estimated fair value of the pension plans' Level 1 U.S. Treasury securities are valued based on quoted prices on an active market.

The estimated fair value of the pension plans' Level 2 U.S. Treasury securities are valued mainly using other observable inputs, including benchmark yields, reported trades, broker/dealer quotes, bids, offers, to be announced prices, future cash flows and other reference data. Some of these securities are valued using pricing from outside sources.

Though the Company believes the methods used to estimate fair value are consistent with those used by other market participants, the use of other methods or assumptions could result in a different estimate of fair value. For the years ended December 31, 2013 and 2012, there were no transfers between Levels 1 and 2.

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

	Fair Value Measurements at December 31, 2013, Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2013
	(In thousands)			
Assets:				
Cash equivalents	$ 1,454	$ 5,364	$ —	$ 6,818
Equity securities:				
U.S. companies	35,696	—	—	35,696
International companies	22,488	—	—	22,488
Collective and mutual funds *	66,296	24,225	—	90,521
Corporate bonds	—	24,360	—	24,360
Municipal bonds	—	4,311	—	4,311
U.S. Treasury securities	4,269	2,472	—	6,741
Total assets measured at fair value	$ 130,203	$ 60,732	$ —	$ 190,935

*Collective and mutual funds invest approximately 11 percent in common stock of mid-cap U.S. companies, 34 percent in common stock of large-cap U.S. companies, 11 percent in U.S. Treasuries, 27 percent in corporate bonds and 17 percent in other investments.

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

	Fair Value Measurements at December 31, 2012, Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2012
	(In thousands)			
Assets:				
Cash equivalents	$ 1,234	$ 6,015	$ —	$ 7,249
Equity securities:				
U.S. companies	50,019	—	—	50,019
International companies	22,898	—	—	22,898
Collective and mutual funds *	47,608	11,539	—	59,147
Corporate bonds	—	25,942	—	25,942
Municipal bonds	—	5,349	—	5,349
U.S. Treasury securities	4,589	2,608	—	7,197
Total assets measured at fair value	$ 126,348	$ 51,453	$ —	$ 177,801

*Collective and mutual funds invest approximately 12 percent in common stock of mid-cap U.S. companies, 26 percent in common stock of large-cap U.S. companies, 13 percent in U.S. Treasuries, 41 percent in corporate bonds and 8 percent in other investments.

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The following table sets forth a summary of changes in the fair value of the pension plans' Level 3 assets for the year ended December 31, 2012:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Corporate Bonds	Collateral Held on Loaned Securities	Total
	(In thousands)		
Balance at beginning of year	$ 168	$ —	$ 168
Total realized/unrealized losses	(29)	—	(29)
Purchases, issuances and settlements (net)	(139)	—	(139)
Balance at end of year	$ —	$ —	$ —

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

The estimated fair value of the other postretirement benefit plans' Level 1 and Level 2 cash equivalents is valued at the net asset value of shares held at year end, based on published market quotations on active markets, or using other known sources including pricing from outside sources. Units of this fund can be redeemed on a daily basis at their net asset value and have no redemption restrictions. The assets are invested in high-quality, short-term money market instruments that consist of municipal obligations.

The estimated fair value of the other postretirement benefit plans' Level 1 equity securities is based on the closing price reported on the active market on which the individual securities are traded.

The estimated fair value of the other postretirement benefit plans' Level 2 insurance contract is based on contractual cash surrender values that are determined primarily by investments in managed separate accounts of the insurer. These amounts approximate fair value. The managed separate accounts are valued based on other observable inputs or corroborated market data.

Though the Company believes the methods used to estimate fair value are consistent with those used by other market participants, the use of other methods or assumptions could result in a different estimate of fair value. For the years ended December 31, 2013 and 2012, there were no transfers between Levels 1 and 2.

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

	Fair Value Measurements at December 31, 2013, Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2013
		(In thousands)		
Assets:				
Cash equivalents	$ 444	$ 756	$ —	$ 1,200
Equity securities:				
U.S. companies	1,060	—	—	1,060
Insurance contract*	—	46,401	—	46,401
Total assets measured at fair value	$ 1,504	$ 47,157	$ —	$ 48,661

* The insurance contract invests approximately 55 percent in common stock of large-cap U.S. companies, 12 percent in U.S. Treasuries, 8 percent in mortgage-backed securities, 8 percent in common stock of mid-cap U.S. companies, 9 percent in corporate bonds, and 8 percent in other investments.

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

	Fair Value Measurements at December 31, 2012, Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2012
		(In thousands)		
Assets:				
Cash equivalents	$ 600	$ 1,163	$ —	$ 1,763
Equity securities:				
U.S. companies	660	—	—	660
Insurance contract*	—	40,988	—	40,988
Total assets measured at fair value	$ 1,260	$ 42,151	$ —	$ 43,411

* The insurance contract invests approximately 51 percent in common stock of large-cap U.S. companies, 15 percent in U.S. Treasuries, 10 percent in mortgage-backed securities, 11 percent in corporate bonds, and 13 percent in other investments.

The Company expects to contribute approximately $19.1 million to its defined benefit pension plans in 2014. The Company does not expect to contribute to its postretirement benefit plans in 2014.

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

Years	Pension Benefits	Other Postretirement Benefits	Expected Medicare Part D Subsidy
		(In thousands)	
2014	$ 13,794	$ 3,017	$ 184
2015	13,972	2,984	178
2016	14,132	2,950	171
2017	14,328	2,944	163
2018	14,513	2,927	155
2019 – 2023	75,584	13,769	638

Nonqualified benefit plans

In addition to the qualified plan defined pension benefits reflected in the table at the beginning of this note, the Company also has unfunded, nonqualified benefit plans for executive officers and certain key management employees that generally provide for defined benefit payments at age 65 following the employee's retirement or to their beneficiaries upon death for a 15-year period. The Company's net periodic benefit cost for these plans was $4.1 million and $4.6 million in 2013 and 2012, respectively. The total projected benefit obligation for these plans was $61.9 million and $64.7 million at December 31, 2013 and 2012, respectively. The accumulated benefit obligation for these plans was $57.2 million and $61.1 million at December 31, 2013 and 2012, respectively. A weighted average discount rate of 4.32 percent and 3.45 percent at December 31, 2013 and 2012, respectively, and a rate of compensation increase of 4.00 percent and 3.00 percent at December 31, 2013 and 2012, respectively, were used to determine benefit obligations. A discount rate of 3.45 percent and 4.00 percent at December 31, 2013 and 2012, respectively, and a rate of compensation increase of 3.00 percent and 4.00 percent at December 31, 2013 and 2012, respectively, were used to determine net periodic benefit cost.

The amount of benefit payments for the unfunded, nonqualified benefit plans are expected to aggregate $3.1 million in 2014; $3.8 million in 2015; $3.7 million in 2016; $3.8 million in 2017, $4.0 million in 2018 and $21.6 million for the years 2019 through 2023.

In 2012, the Company established a nonqualified defined contribution plan for certain key management employees. Costs incurred under this plan for 2013 and 2012 were $36,000 and $17,000, respectively.

The Company had investments of $60.4 million and $51.9 million at December 31, 2013 and 2012, respectively, consisting of equity securities of $35.6 million and $25.6 million, respectively, life insurance carried on plan participants (payable upon the employee's death) of $17.8 million and $18.7 million, respectively, and other investments of $7.0 million and $5.2 million, respectively. The Company anticipates using these investments to satisfy obligations under these plans.

Defined contribution plans

The Company sponsors various defined contribution plans for eligible employees, and costs incurred under these plans were $11.1 million in 2013 and $10.0 million in 2012.

Note 12 - Jointly Owned Facilities

The financial statements include the Company's ownership interests in the assets, liabilities and expenses of the Big Stone Station, Coyote Station and Wygen III. Each owner of the stations is responsible for financing its investment in the jointly owned facilities.

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

At December 31, the Company's share of the cost of utility plant in service and related accumulated depreciation for the stations was as follows:

	2013	2012
	(In thousands)	
Big Stone Station:		
Utility plant in service	$ 63,890	$ 63,146
Less accumulated depreciation	41,323	40,859
	$ 22,567	$ 22,287
Coyote Station:		
Utility plant in service	$ 138,261	$ 135,073
Less accumulated depreciation	89,528	87,524
	$ 48,733	$ 47,549
Wygen III:		
Utility plant in service	$ 64,332	$ 63,462
Less accumulated depreciation	4,639	3,368
	$ 59,693	$ 60,094

Note 13 - Regulatory Matters and Revenues Subject to Refund

On September 26, 2012, Montana-Dakota filed an application with the MTPSC for a natural gas rate increase. Montana-Dakota requested a total increase of $3.5 million annually or approximately 5.9 percent above current rates. The requested increase includes the costs associated with the increased investment in facilities, including ongoing investment in new and replacement distribution facilities, an operations building, automated meter reading and a new customer billing system. Montana-Dakota requested an interim increase, subject to refund, of $1.7 million or approximately 2.9 percent. On April 12, 2013, the MTPSC issued an interim order authorizing an interim increase of $850,000 annually to be effective with service rendered on or after April 15, 2013, subject to refund. A hearing was held August 5-6, 2013. On December 5, 2013, Montana-Dakota and the Montana Consumer Counsel filed a stipulation with the MTPSC with an increase of $1.5 million annually. On December 12, 2013, the MTPSC approved the stipulation to be effective with service rendered on or after December 15, 2013.

On February 11, 2013, Montana-Dakota filed an application with the NDPSC for approval of an environmental cost recovery rider for recovery of Montana-Dakota's share of the costs resulting from the environmental retrofit required to be installed at the Big Stone Station. The costs proposed to be recovered are associated with the ongoing construction costs for the installation of the BART air-quality control system. On February 27, 2013, the NDPSC suspended the filing pending further review. On May 31, 2013, Montana-Dakota filed revisions to its filing to reflect revised budget amounts. A hearing was held on September 16, 2013. On December 18, 2013, the NDPSC approved the environmental cost recovery rider tariff and adjustment.

On September 18, 2013, Montana-Dakota filed an application with the NDPSC for a natural gas rate increase. Montana-Dakota requested a total increase of $6.8 million annually or approximately 6.4 percent above current rates. The requested increase includes the costs associated with the increased investment in facilities, including ongoing investment in new and replacement distribution facilities, an operations building, automated meter reading and a new customer billing system. Montana-Dakota requested an interim increase, subject to refund, of $4.5 million or approximately 4.2 percent. On October 9, 2013, the NDPSC approved the interim increase to be effective with service rendered on or after November 17, 2013. On October 23, 2013, Montana-Dakota and the NDPSC Advocacy Staff filed a settlement agreement that resolved the revenue requirement portion of the application and reflected a natural gas rate increase of $4.3 million annually or approximately 4.0 percent, and agreed that Montana-Dakota will only implement $4.3 million of interim rate relief. The NDPSC held an informal hearing on the settlement on November 13, 2013. Montana-Dakota implemented the interim rate increase of $4.3 million effective with service rendered on or after November 17, 2013. On December 30, 2013, the NDPSC approved the settlement on the revenue requirement. A hearing on the rate design portion of the case was held February 5, 2014, and approved on April 9, 2014.

On February 27, 2014, Montana-Dakota filed an application with the NDPSC for approval of an electric generation resource recovery rider for recovery of Montana-Dakota's investment in the Heskett III generator, located near Mandan, ND. Montana-Dakota requested recovery of $7.4 million annually or approximately 4.6 percent above current rates. The NDPSC had previously approved an advance determination of prudence and issued a certificate of public convenience and necessity for Heskett III on April 11, 2012. On March 12, 2014, the NDPSC suspended the filing pending further review.

Note 14 - Commitments and Contingencies

Claims and Litigation

The Company is party to claims and lawsuits arising out of its business. The Company accrues a liability for those contingencies when the incurrence of a loss is probable and the amount can be reasonably estimated. If a range of amounts can be reasonably estimated and no amount within the range is a better estimate than any other amount, then the minimum of the range is accrued. The Company does not accrue liabilities when the likelihood that the liability has been incurred is probable but the amount cannot be reasonably estimated or when the liability is believed to be only reasonably possible or remote. For contingencies where an unfavorable outcome is probable or reasonably possible and which are material, the Company discloses the nature of the contingency and, in some circumstances, an estimate of the possible loss. The Company had accrued liabilities of $1.4 million and $1.1 million for contingencies related to litigation as of December 31, 2013 and 2012, respectively.

Operating leases

The Company leases certain equipment, facilities and land under operating lease agreements. The amounts of annual minimum lease payments due under these leases as of December 31, 2013, were $4.2 million in 2014, $2.8 million in 2015, $2.7 million in 2016, $2.5 million in 2017, $1.4 million in 2018 and $19.6 million thereafter. Rent expense was $3.3 million and $2.8 million for the years ended December 31, 2013 and 2012, respectively.

Purchase commitments

The Company has entered into various commitments, largely natural gas and coal supply, purchased power, and natural gas transportation and storage contracts, some of which are subject to variability in volume and price. These commitments range from one to 11 years. The commitments under these contracts as of December 31, 2013, were $172.0 million in 2014, $76.8 million in 2015, $51.9 million in 2016, $17.1 million in 2017, $6.9 million in 2018 and $17.4 million thereafter. These commitments were not reflected in the Company's financial statements. Amounts purchased under various commitments for the years ended December 31, 2013 and 2012, were $305.9 million and $241.5 million, respectively.

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
MDU Resources Group, Inc.	(1) X An Original (2) _ A Resubmission	12/31/2013	2013/Q4

NOTES TO FINANCIAL STATEMENTS (Continued)

Note 15 - Subsequent Event

On January 28, 2014, the Company entered into a note purchase agreement. The Company contracted to issue $50.0 million and $100.0 million of Senior Notes under the agreement on April 15, 2014 and July 15, 2014, respectively, with due dates ranging from July 2024 to April 2044 at a weighted average interest rate of 4.6 percent.

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2013

	Account Number & Title		Last Year	This Year	% Change
1					
2		**Intangible Plant**			
4	301	Organization			
5	302	Franchises & Consents			
6	303	Miscellaneous Intangible Plant	$4,994,372	$6,866,423	37.48%
7					
8		**Total Intangible Plant**	$4,994,372	$6,866,423	37.48%
9					
10		**Production Plant**			
12	**Steam Production**				
14	310	Land & Land Rights	$230,326	$235,751	2.36%
15	311	Structures & Improvements	11,808,791	15,811,839	33.90%
16	312	Boiler Plant Equipment	40,275,472	41,786,584	3.75%
17	313	Engines & Engine Driven Generators			
18	314	Turbogenerator Units	11,483,520	12,723,936	10.80%
19	315	Accessory Electric Equipment	3,608,352	3,722,452	3.16%
20	316	Miscellaneous Power Plant Equipment	3,785,973	3,954,962	4.46%
21					
22		**Total Steam Production Plant**	$71,192,434	$78,235,524	9.89%
23					
24	**Nuclear Production**				
26	320	Land & Land Rights			
27	321	Structures & Improvements			
28	322	Reactor Plant Equipment		NOT	
29	323	Turbogenerator Units		APPLICABLE	
30	324	Accessory Electric Equipment			
31	325	Miscellaneous Power Plant Equipment			
32					
33		**Total Nuclear Production Plant**			
34					
35	**Hydraulic Production**				
37	330	Land & Land Rights			
38	331	Structures & Improvements			
39	332	Reservoirs, Dams & Waterways		NOT	
40	333	Water Wheels, Turbines & Generators		APPLICABLE	
41	334	Accessory Electric Equipment			
42	335	Miscellaneous Power Plant Equipment			
43	336	Roads, Railroads & Bridges			
44					
45		**Total Hydraulic Production Plant**			

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2013

	Account Number & Title		Last Year	This Year	% Change
1					
2		**Production Plant (cont.)**			
4	**Other Production**				
6	340	Land & Land Rights	$15,043	$15,398	2.36%
7	341	Structures & Improvements	1,826,111	1,833,498	0.40%
8	342	Fuel Holders, Producers & Accessories	592,299	629,579	6.29%
9	343	Prime Movers			
10	344	Generators	32,985,507	33,104,620	0.36%
11	345	Accessory Electric Equipment	4,222,381	4,232,581	0.24%
12	346	Miscellaneous Power Plant Equipment	56,942	68,849	20.91%
13					
14		**Total Other Production Plant**	$39,698,283	$39,884,525	0.47%
15					
16		**Total Production Plant**	$110,890,717	$118,120,049	6.52%
17					
18		**Transmission Plant**			
20	350	Land & Land Rights	$669,464	$749,085	11.89%
21	352	Structures & Improvements	404	414	2.48%
22	353	Station Equipment	19,350,392	19,947,924	3.09%
23	354	Towers & Fixtures	1,072,374	1,097,537	2.35%
24	355	Poles & Fixtures	8,025,465	8,570,152	6.79%
25	356	Overhead Conductors & Devices	6,102,731	6,591,662	8.01%
26	357	Underground Conduit	273,155	279,590	2.36%
27	358	Underground Conductors & Devices	521,740	534,030	2.36%
28	359	Roads & Trails			
29					
30		**Total Transmission Plant**	$36,015,725	$37,770,394	4.87%
31					
32		**Distribution Plant**			
34	360	Land & Land Rights	$265,312	$276,027	4.04%
35	361	Structures & Improvements			
36	362	Station Equipment	8,049,285	8,271,913	2.77%
37	363	Storage Battery Equipment			
38	364	Poles, Towers & Fixtures	7,143,237	7,521,432	5.29%
39	365	Overhead Conductors & Devices	5,418,047	5,767,465	6.45%
40	366	Underground Conduit	12,967	12,967	0.00%
41	367	Underground Conductors & Devices	8,140,633	9,370,611	15.11%
42	368	Line Transformers	10,408,202	11,277,304	8.35%
43	369	Services	4,923,513	5,270,486	7.05%
44	370	Meters	3,057,734	3,303,743	8.05%
45	371	Installations on Customers' Premises	834,170	920,724	10.38%
46	372	Leased Property on Customers' Premises			
47	373	Street Lighting & Signal Systems	1,696,459	1,730,902	2.03%
48					
49		**Total Distribution Plant**	$49,949,559	$53,723,574	7.56%

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 19**

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED) Year: 2013

	Account Number & Title		Last Year	This Year	% Change
1					
2		**General Plant**			
4	389	Land & Land Rights	$2,055	$2,057	0.10%
5	390	Structures & Improvements	135,830	135,830	0.00%
6	391	Office Furniture & Equipment	205,890	103,607	-49.68%
7	392	Transportation Equipment	1,331,513	1,362,737	2.35%
8	393	Stores Equipment			
9	394	Tools, Shop & Garage Equipment	670,545	694,018	3.50%
10	395	Laboratory Equipment	27,448	27,361	-0.32%
11	396	Power Operated Equipment	2,447,750	2,597,852	6.13%
12	397	Communication Equipment	570,743	591,444	3.63%
13	398	Miscellaneous Equipment	6,523	11,919	82.72%
14	399	Other Tangible Property			
15					
16	**Total General Plant**		$5,398,297	$5,526,825	2.38%
17					
18		**Common Plant**			
20	389	Land & Land Rights	$159,418	$156,632	-1.75%
21	390	Structures & Improvements	3,700,325	3,721,814	0.58%
22	391	Office Furniture & Equipment	848,520	795,981	-6.19%
23	392	Transportation Equipment	1,306,177	1,342,629	2.79%
24	393	Stores Equipment	11,043	10,886	-1.42%
25	394	Tools, Shop & Garage Equipment	80,382	97,162	20.88%
26	395	Laboratory Equipment			
27	396	Power Operated Equipment			
28	397	Communication Equipment	314,046	400,818	27.63%
29	398	Miscellaneous Equipment	144,662	150,764	4.22%
30	399	Other Tangible Property			
31					
32	**Total Common Plant**		$6,564,573	$6,676,686	1.71%
34					
35	**Total Electric Plant in Service**		$213,813,243	$228,683,951	6.95%

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 20**

MONTANA DEPRECIATION SUMMARY

Year: 2013

	Functional Plant Classification	Plant Cost	Accumulated Depreciation Last Year Bal.	Accumulated Depreciation This Year Bal.	Current Avg. Rate
1					
2	Steam Production 1/	$81,116,782	$58,436,007	$61,679,188	3.19%
3	Nuclear Production				
4	Hydraulic Production				
5	Other Production	39,884,525	7,541,996	9,366,846	4.43%
6	Transmission	37,770,394	18,769,138	19,714,839	1.40%
7	Distribution	53,723,574	24,820,180	25,437,481	2.10%
8	General	7,542,447	3,625,273	3,890,018	2.80%
9	Common	11,527,487	5,352,173	5,542,604	3.87%
10	**Total**	$231,565,209	$118,544,767	$125,630,976	2.86%

MONTANA MATERIALS & SUPPLIES (ASSIGNED & ALLOCATED)

SCHEDULE 21

	Account		Last Year Bal.	This Year Bal.	%Change
1					
2	151	Fuel Stock	$1,448,243	$1,328,152	-8.29%
3	152	Fuel Stock Expenses Undistributed			
4	153	Residuals			
5	154	Plant Materials & Operating Supplies:			
6		Assigned to Construction (Estimated)			
7		Assigned to Operations & Maintenance			
8		Production Plant (Estimated)	576,820	599,172	3.88%
9		Transmission Plant (Estimated)	652,300	724,156	11.02%
10		Distribution Plant (Estimated)	1,178,303	1,077,266	-8.57%
11		Assigned to Other			
12	155	Merchandise			
13	156	Other Materials & Supplies			
14	157	Nuclear Materials Held for Sale			
15	163	Stores Expense Undistributed			
16	**Total Materials & Supplies**		$3,855,666	$3,728,746	-3.29%

MONTANA REGULATORY CAPITAL STRUCTURE & COSTS

SCHEDULE 22

	Commission Accepted - Most Recent		% Cap. Str.	% Cost Rate	Weighted Cost
1	Docket Number	2007.7.79			
2	Order Number	6846f			
3					
4	Common Equity		50.67%	10.25%	5.19%
5	Preferred Stock		3.58%	4.61%	0.17%
6	Long Term Debt		38.18%	7.22%	2.76%
7	Short Term Debt		7.57%	6.11%	0.46%
8	**TOTAL**		100.00%		8.58%
9					
10	Actual at Year End				
11					
12	Common Equity		49.725%	10.250%	5.097%
13	Preferred Stock		1.781%	4.581%	0.082%
14	Long Term Debt		41.363%	5.599%	2.316%
15	Short Term Debt		7.131%	0.788%	0.056%
16	**TOTAL**		100.000%		7.551%

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

Company Name: Montana-Dakota Utilities Co. SCHEDULE 23

STATEMENT OF CASH FLOWS Year: 2013

	Description	Last Year	This Year	% Change
1	Increase/(decrease) in Cash & Cash Equivalents:			
2				
3	**Cash Flows from Operating Activities:**			
4	Net Income	($754,434)	$278,932,594	37072.43%
5	Depreciation	44,085,955	46,494,481	5.46%
6	Amortization	359,112	907,752	152.78%
7	Deferred Income Taxes - Net	30,106,065	26,373,104	-12.40%
8	Investment Tax Credit Adjustments - Net	(57,381)	(46,505)	18.95%
9	Change in Operating Receivables - Net	27,095,103	(34,739,156)	-228.21%
10	Change in Materials, Supplies & Inventories - Net	1,127,458	12,157,212	978.29%
11	Change in Operating Payables & Accrued Liabilities - Net	(6,116,385)	10,683,423	274.67%
12	Change in Other Regulatory Assets	8,529,038	415,753	-95.13%
13	Change in Other Regulatory Liabilities	(316,175)	585,554	285.20%
14	Allowance for Other Funds Used During Construction (AFUDC)	(3,097,868)	(3,071,017)	0.87%
15	Change in Other Assets & Liabilities - Net	(17,630,258)	(4,961,481)	71.86%
16	Less Undistributed Earnings from Subsidiary Companies	143,869,235	(126,450,415)	-187.89%
17	Other Operating Activities (explained on attached page)			
18	**Net Cash Provided by/(Used in) Operating Activities**	$227,199,465	$207,281,299	-8.77%
19				
20	**Cash Inflows/Outflows From Investment Activities:**			
21	Construction/Acquisition of Property, Plant and Equipment			
22	(net of AFUDC & Capital Lease Related Acquisitions)	($150,633,728)	($209,636,993)	-39.17%
23	Acquisition of Other Noncurrent Assets	11,802	612,311	5088.20%
24	Proceeds from Disposal of Noncurrent Assets			
25	Investments In and Advances to Affiliates			
26	Contributions and Advances from Affiliates	3,612,427	8,983,924	148.69%
27	Disposition of Investments in and Advances to Affiliates			
28	Other Investing Activities: Depreciation & RWIP on Nonutility Plant	184,926	226,482	22.47%
29	**Net Cash Provided by/(Used in) Investing Activities**	($146,824,573)	($199,814,276)	-36.09%
30				
31	**Cash Flows from Financing Activities:**			
32	Proceeds from Issuance of:			
33	Long-Term Debt			
34	Preferred Stock			
35	Common Stock	87,945	14,554,486	16449.53%
36	Other:	22,423	-	-100.00%
37	Net Increase in Short-Term Debt			
38	Other: Commercial Paper	76,000,000	77,924,000	2.53%
39	Payment for Retirement of:			
40	Long-Term Debt	(21,401)	(85,480)	-299.42%
41	Preferred Stock			
42	Common Stock			
43	Other: Adjustment to Retained Earnings			
44	Net Decrease in Short-Term Debt			
45	Dividends on Preferred Stock	(685,003)	(685,003)	0.00%
46	Dividends on Common Stock	(159,083,992)	(97,719,376)	38.57%
48	**Net Cash Provided by (Used in) Financing Activities**	($83,680,028)	($6,011,373)	92.82%
49				
50	**Net Increase/(Decrease) in Cash and Cash Equivalents**	($3,305,136)	$1,455,650	144.04%
51	**Cash and Cash Equivalents at Beginning of Year**	$6,900,674	$3,595,538	-47.90%
52	**Cash and Cash Equivalents at End of Year**	$3,595,538	$5,051,188	40.48%

Company Name: Montana-Dakota Utilities Co. SCHEDULE 24

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/
1	6.61% Senior Notes	09/09	09/16	$25,000,000	$24,423,218	$25,000,000	6.61%	$1,780,000	7.12%
2	6.66% Senior Notes	10/09	09/16	25,000,000	24,423,218	25,000,000	6.66%	1,793,000	7.17%
3	5.98% Senior Notes	12/03	12/33	30,000,000	29,456,832	30,000,000	5.98%	1,861,500	6.21%
4	6.33 % Senior Notes	08/06	08/26	100,000,000	89,123,930	100,000,000	6.33%	7,514,000	7.51%
5	6.04 % Senior Notes	09/08	09/18	100,000,000	99,637,568	100,000,000	6.04%	6,181,000	6.18%
6	Term Loan	09/13	10/14	75,000,000	75,000,000	75,000,000	0.94%	703,125	0.94%
7									
8									
9									
10									
11									
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15									
16									
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19									
20									
21									
22									
23									
24									
25									
26	TOTAL			$355,000,000	$342,064,766	$355,000,000		$19,832,625	5.59%

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

PREFERRED STOCK

Year: 2013

	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	5.28%	308,600	16,309	5.28%
4										
5										
6										
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29										
30										
31										
32	**TOTAL**					$19,947,548		$15,308,600	$701,309	4.58%

1/ Plus accrued dividends

2/ Per GAAP, classified as long-term debt

COMMON STOCK

Year: 2013

		Avg. Number of Shares Outstanding 1/	Book Value Per Share	Earnings Per Share 2/	Dividends Per Share	Retention Ratio	Market Price High	Market Price Low	Price/ Earnings Ratio 3/
1	January								
2									
3	February								
4									
5	March	188,830,529	$14.09	$0.30	$0.1725	42.50%	$25.00	$21.50	4/
6									
7	April								
8									
9	May								
10									
11	June	188,830,529	14.19	0.25	0.1725	31.00%	27.14	23.37	4/
12									
13	July								
14									
15	August								
16									
17	September	188,830,529	14.49	0.45	0.1725	61.67%	30.21	25.94	42.4
18									
19	October								
20									
21	November								
22									
23	December	188,929,310	15.01	0.48	0.1775	63.02%	30.97	27.53	20.8
24									
30	TOTAL Year End	188,929,310	$15.01	$1.48	$0.6950	53.04%			

1/ Basic shares
2/ Basic earnings per share.
3/ Calculated on 12 months ended using closing stock price.
4/ Not meaningful due to the effects of write-down(s) of oil and gas properties

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 27**

MONTANA EARNED RATE OF RETURN Year: 2013

		Description	Last Year	This Year	% Change
		Rate Base			
1					
2	101	Plant in Service 1/	$214,458,975	$229,161,232	6.86%
3	108	(Less) Accumulated Depreciation 2/	116,250,397	123,229,738	6.00%
4					
5		**Net Plant in Service**	$98,208,578	$105,931,494	7.86%
6		CWIP in Service Pending Reclassification	$792,300	$0	-100.00%
7					
8		Additions			
9	151	Fuel Stocks	$1,448,243	$1,328,152	-8.29%
10	154, 156	Materials & Supplies	2,407,423	2,400,594	-0.28%
11	165	Prepayments	37,447	38,535	2.91%
12	189	Unamortized Loss on Debt	1,091,022	948,172	-13.09%
13					
14		**Total Additions**	$4,984,135	$4,715,453	-5.39%
15		Deductions			
16	190	Accumulated Deferred Income Taxes	$25,901,244	$29,385,112	13.45%
17	252	Customer Advances for Construction	817,960	1,270,254	55.30%
18	255	Accumulated Def. Investment Tax Credits	0	0	0.00%
19		Other Deductions			
20					
21		**Total Deductions**	$26,719,204	$30,655,366	14.73%
22		**Total Rate Base**	$77,265,809	$79,991,581	3.53%
23					
24		**Net Earnings**	$7,887,933	$7,330,884	-7.06%
25					
26		**Rate of Return on Average Rate Base**	9.97%	9.32%	-6.52%
27					
28		**Rate of Return on Average Equity**	13.09%	13.29%	1.53%
29		Major Normalizing Adjustments & Commission			
30		Ratemaking Adjustments to Utility Operations			
31		Adjustments to Operating Revenues 3/			
32		Late Payment Revenues 5/	$15,358	$0	-100.00%
33		Gain from Disposition of Property 4/	14,817	14,801	-0.11%
34					
35		Adjustments to Operating Expenses 3/			
36		Elimination of Promotional & Institutional Advertising	(6,344)	(5,792)	8.70%
37					
38		Other Adjustments to Federal & State Income Taxes			
39		Federal & State Out of Period & Closing/Filing	2,396,833	484,104	-79.80%
40		Deferred Federal & State Out of Period & Closing/Filing	(2,332,219)	(285,838)	87.74%
42		Total Adjustments to Operating Income	($28,095)	($177,673)	532.40%
43					
44		**Adjusted Rate of Return on Average Rate Base**	9.94%	9.10%	-8.45%
45					
46		**Adjusted Rate of Return on Average Equity**	13.03%	12.86%	-1.30%

1/ Excludes Acquisition Adjustment of $2,348,651 for 2012 and $2,403,977 for 2013.
2/ Excludes Acquisition Adjustment of $2,294,370 for 2012 and $2,401,238 for 2013.
3/ Updated amounts, net of taxes.
4/ Amortized over 5 years.
5/ 2013 revenue is included in account 456.

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 28**

MONTANA COMPOSITE STATISTICS Year: 2013

		Description	Amount
1			
2		Plant (Intrastate Only) (000 Omitted)	
3			
4	101	Plant in Service	$226,608
5	107	Construction Work in Progress	2,525
6	114	Plant Acquisition Adjustments	
7	105	Plant Held for Future Use	
8	154, 156	Materials & Supplies	2,401
9		(Less):	
10	108, 111	Depreciation & Amortization Reserves	123,230
11	252	Contributions in Aid of Construction	1,270
12			
13		**NET BOOK COSTS**	$107,034
14			
15		Revenues & Expenses (000 Omitted)	
16			
17	400	Operating Revenues	$55,524
18			
19	403 - 407	Depreciation & Amortization Expenses	$6,617
20		Federal & State Income Taxes	1,755
21		Other Taxes	3,586
22		Other Operating Expenses	36,236
23		Total Operating Expenses	$48,194
24			
25		Net Operating Income	$7,330
26			
27		Other Income	1,183
28		Other Deductions	1,860
29			
30		**NET INCOME**	$6,653
31			
32		Customers (Intrastate Only)	
33			
34		Year End Average:	
35		Residential	19,285
36		Small General	5,580
37		Large General	265
38		Other	178
39			
40		**TOTAL NUMBER OF CUSTOMERS**	25,308
41			
42		Other Statistics (Intrastate Only)	
43			
44		Average Annual Residential Use (Kwh))	9,824
45		Average Annual Residential Cost per (Kwh) (Cents) * 1/	$0.087
46		* Avg annual cost = [(cost per Kwh x annual use) + (mo. svc chrg x 12)]/annual use	
47		Average Residential Monthly Bill	$71.22
48		Gross Plant per Customer	$8,954

1/ Reflects average revenue for 2013.

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 29**

MONTANA CUSTOMER INFORMATION Year: 2013

	City/Town	Population (Includes Rural) 1/	Residential Customers	Commercial Customers	Industrial & Other Customers	Total Customers
1	Antelope	51	68	21	2	91
2	Bainville	208	148	49	5	202
3	Baker	1,741	994	360	21	1,375
4	Brockton	255	105	22	1	128
5	Carlyle	Not Available	2	5		7
6	Culbertson	714	392	158	4	554
7	Fallon	164	189	114		303
8	Fairview	840	422	110	4	536
9	Flaxville	71	59	27	2	88
10	Forsyth	1,777	1,029	280	12	1,321
11	Froid	185	152	51	2	205
12	Glendive	4,935	3,438	840	51	4,329
13	Homestead	Not Available	23	9	1	33
14	Ismay	19	25	19		44
15	Kinsey	Not Available	112	67		179
16	Medicine Lake	225	188	56	3	247
17	Miles City	8,410	4,582	1,065	52	5,699
18	Outlook	47	58	41	10	109
19	Plentywood	1,734	1,007	266	5	1,278
20	Plevna	162	96	29	2	127
21	Poplar	810	887	174	13	1,074
22	Poplar Oil Field	Not Available	7		7	14
23	Redstone	Not Available	17	21		38
24	Reserve	23	25	12	2	39
25	Rosebud	111	69	61	3	133
26	Savage	Not Available	145	32	2	179
27	Scobey	1,017	593	179	4	776
28	Sidney	5,191	2,755	526	33	3,314
29	Terry	605	360	111	6	477
30	Whitetail	Not Available	27	24		51
31	Wibaux	589	296	103	10	409
32	Wolf Point	2,621	1,487	321	16	1,824
33	MT Oil Fields	Not Available	8	67	79	154
34	**TOTAL Montana Customers**	32,505	19,765	5,220	352	25,337

1/ 2010 Census.

MONTANA EMPLOYEE COUNTS 1/ Year: 2013

	Department	Year Beginning	Year End	Average
1	Electric	21 (1)	23	22
2	Gas	42	37	40
3	Accounting	4	2	3
4	Management	4	3	4
5	Service	31	38	34
6	Training	1	1	1
7	Power Production	35	33	34
8				
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43				
44	**TOTAL Montana Employees**	138 (1)	137	138

1/ Parentheses denotes part-time.

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 31**

MONTANA CONSTRUCTION BUDGET (ASSIGNED & ALLOCATED) **Year: 2013**

	Project Description	Total Company	Total Montana	
1	**Projects>$1,000,000**			
2				
3	**Common-General**			
4	Construct District Office in Williston, ND	$2,675,440	$0	
5	Construct District Office in Watford City, ND	2,778,603	0	
6				
7	**Common-Intangible**			
8	Replace Customer Information System	2,761,509	646,727	1/
9				
10	**Total Common**	8,215,552	646,727	
11				
12	**Electric-Steam Production**			
13	Upgrade Material Handling System for Coal/Limestone-Heskett	1,632,862	377,888	1/
14	Install Technology for Air Quality Control-Big Stone	33,457,387	7,742,930	1/
15				
16	**Electric-Other Production**			
17	Install 88MW Combustion Turbine in ND	8,646,216	2,000,965	1/
18				
19	**Electric-Transmission**			
20	Construct 46KV line to Dakota Prairie Refining-Dickinson, ND	1,533,584	0	
21	Construct 115KV Little Muddy substation-Williston, ND	1,185,293	274,309	1/
22	Construct 115KV substation-Mandan, ND	1,138,119	0	
23	Raise 115KV line-Heskett to Beulah, ND	1,230,472	284,764	1/
24	Extend 60KV line-Little Muddy Substation to Williston, ND	2,231,657	0	
25	Construct 345KV line-Big Stone to Ellendale, ND	4,541,316	1,050,981	1/
26	Construct transmission line-Baker to Pleva, MT	1,559,281	1,559,281	2/
27	Construct 69KV transmission line-Stanley to Ross, ND	1,327,560	0	
28	Install transformer and bus for junction substation-Dickinson, ND	8,135,689	1,882,815	1/
29	Construct 115/57KV substation-Lignite, ND	5,747,844	0	
30	Install 115KV line loop-Kenmare to Lignite, ND	8,047,897	0	
31	Rebuild transmission line-Glendive to Baker, MT	2,094,518	2,094,518	2/
32	Install optical ground wire-Heskett to Wishek, ND	1,139,711	263,759	1/
33				
34	**Total Electric**	83,649,406	17,532,210	
35				
36	**Gas-Intangible**			
37	Contribution to loop line extension-Belle Fourche to Whitewood, SD	4,014,100	0	
38				
39	**Gas-Distribution**			
40	Install 12" main loop line extension-Williston, ND	3,387,207	0	
41				
42	**Total Gas**	7,401,307	0	
43	**Total Projects >$1,000,000**	99,266,265	18,178,937	

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 31**

MONTANA CONSTRUCTION BUDGET (ASSIGNED & ALLOCATED) **Year: 2013**

	Project Description	Total Company	Total Montana	
1	**Other Projects<$1,000,000**			
2				
3	**Electric**			
4	Production	$ 6,839,458	$ 1,439,915	1/
5	Integrated Transmission	3,130,032	677,438	1/
6	Direct Transmission	7,706,813	1,226,664	2/
7	Distribution	32,711,521	5,571,784	2/
8	General	5,110,652	916,031	1/
9	Intangible	101,410	23,469	1/
10	Common:			
11	General Office	2,962,144	599,191	1/
12	Other Direct	912,980	66,068	2/
13				
14	**Total Other Electric**	59,475,010	10,520,560	
15				
16	**Gas**			
17	Distribution	18,722,919	4,333,657	1/
18	General	3,393,852	912,901	1/
19	Intangible	927,887	259,598	1/
20	Common:			
21	General Office	2,107,976	589,752	1/
22	Other Direct	361,670	56,234	2/
23				
24	**Total Other Gas**	25,514,304	6,152,142	
25	**Total Other Projects <$1,000,000**	84,989,314	16,672,702	
26				
27	**Total Projects**	$ 196,951,481	$ 37,789,808	

1/ Allocated to Montana.
2/ Directly assigned to Montana.

Company Name: Montana-Dakota Utilities Co. SCHEDULE 32

TOTAL INTEGRATED SYSTEM & MONTANA PEAK AND ENERGY

Year: 2013

Integrated System

		Peak Day of Month	Peak Hour	Peak Day Volumes Megawatts	Total Monthly Volumes Energy (Mwh)	Non-Requirements Sales For Resale (Mwh)
1	Jan.	31	1000	516.2	310,718	
2	Feb.	20	1000	481.5	254,665	779
3	Mar.	18	1000	450.9	268,669	6,626
4	Apr.	9	1000	425.3	234,130	136
5	May	13	1800	397.9	217,750	161
6	Jun.	25	1600	455.6	240,544	8,440
7	Jul.	11	1800	539.5	301,549	446
8	Aug.	28	1800	546.9	257,418	97
9	Sep.	6	1800	540.5	215,808	4,838
10	Oct.	28	2000	431.3	249,497	927
11	Nov.	21	1900	496.4	276,707	307
12	Dec.	9	1900	559.7	330,813	39
13	**TOTAL**				3,158,268	22,796

Montana

		Peak Day of Month	Peak Hour	Peak Day Volumes Megawatts	Total Monthly Volumes Energy (Mwh)	Non-Requirements Sales For Resale (Mwh)
14	Jan.	31	1000	106.8		
15	Feb.	20	1000	96.7		
16	Mar.	18	1000	90.3		
17	Apr.	9	1000	95.1		
18	May	13	1800	102.0		
19	Jun.	25	1600	101.6		
20	Jul.	11	1800	129.0	Not Available	Not Available
21	Aug.	28	1800	122.9		
22	Sep.	6	1800	133.0		
23	Oct.	28	2000	98.8		
24	Nov.	21	1900	115.5		
25	Dec.	9	1900	118.5		
26	**TOTAL**					

TOTAL SYSTEM SOURCES & DISPOSITION OF ENERGY

SCHEDULE 33

	Sources	Megawatthours	Disposition	Megawatthours
1	Generation (Net of Station Use)			
2	Steam	2,242,180	Sales to Ultimate Consumers	
3	Nuclear		(Include Interdepartmental)	3,173,086
4	Hydro - Conventional			
5	Hydro - Pumped Storage		Requirements Sales	
6	Other	187,821	for Resale	
7	(Less) Energy for Pumping			
8	**NET Generation**	2,430,001	Non-Requirements Sales	
9	Purchases	973,039	for Resale	22,796
10	Power Exchanges			
11	Received	71,374	Energy Furnished	
12	Delivered	73,152	Without Charge	
13	**NET Exchanges**	(1,778)		
14	Transmission Wheeling for Other		Energy Used Within	
15	Received	1,802,322	Electric Utility	
16	Delivered	1,694,102		
17	**NET Transmission Wheeling**	108,220	Total Energy Losses	262,263
18	Transmission by Others Losses	(51,337)		
19	**TOTAL**	3,458,145	**TOTAL**	3,458,145

Montana-Dakota's annual peak occurred during HE1900 December 9, 2013. All generation units were available for operation during the peak hour. The following units were online and providing energy.

Big Stone	96.4
Cedar Hills	16.5
Coyote	95.5
Diamond Willow	26.8
Glendive Turbine	0.0
Glen Ullin Ormat	4.9
Heskett #1	17.2
Heskett #2	60.0
Lewis & Clark	41.2

Montana-Dakota also purchased 158.025 Mw from MISO to meet the peak demand. The remaining demand was purchased from Western Area Power Administration through Balancing Authority services and was paid back in-kind the following month.

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 34**

SOURCES OF ELECTRIC SUPPLY - INTEGRATED SYSTEM

Year: 2013

	Type	Plant Name	Location	Annual Peak (MW)	Annual Energy (Mwh)
1	Combustion Turbine	Miles City Turbine	Miles City, MT	20.90	0.0
2	Thermal	Lewis & Clark Station	Sidney, MT	52.46	298,969.3
3	Combustion Turbine	Glendive Turbine	Glendive, MT	76.86	1,782.4
4	Thermal	Heskett Station	Mandan, ND	104.45	444,872.7
5	Thermal	Big Stone Station 1/	Milbank, SD	112.69	623,380.1
6	Thermal	Coyote Station 1/	Beulah, ND	107.59	666,430.5
7	Wind	Diamond Willow	Baker, MT	31.40	93,175.0
8	Heat Recovery	Glen Ullin Ormat Sub	Glen Ullin, ND	6.50	38,052.8
9	Wind	Cedar Hills	Rhame, ND	20.10	54,805.2
10					
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40					
41	**Total**			532.95	2,221,468.0

1/ Reflects Montana-Dakota Utilities share.

Company Name: Montana-Dakota Utilities Co. SCHEDULE 34A

Outage Start Date/Time	Outage End Date/Time	Brief Description of Primary Cause 1/
		Big Stone Plant
02/13/2013 17:02	02/16/2013 02:54	Tube leak
03/07/2013 02:04	03/08/2013 03:39	Tube leak
04/24/2013 11:02	04/29/2013 15:51	Tube leak (primary)
05/08/2013 14:55	05/24/2013 03:03	Spring outage
05/24/2013 03:30	05/24/2013 03:44	Manual trip done for voltage regulator testing
05/28/2013 13:24	05/28/2013 14:11	Boiler trip (FDF Oil Pump)
05/28/2013 14:20	05/28/2013 14:44	Boiler trip (low drum level)
05/28/2013 21:56	05/29/2013 14:27	Drum safety valve leaking
06/08/2013 04:08	06/08/2013 05:14	Low drum level trip due to boiler feed pump lube oil trip
06/16/2013 09:02	06/16/2013 10:42	Low drum level trip due to boiler feed pump lube oil trip
06/16/2013 18:10	06/16/2013 19:41	Low drum level trip due to boiler feed pump lube oil trip
06/21/2013 16:58	06/23/2013 03:20	Turbine trip due to auxiliary transformer failure
07/20/2013 00:16	07/25/2013 00:26	Boiler Tube Leak
09/26/2013 02:30	09/27/2013 23:28	Boiler Tube Leak (Reheat Outlet)
10/02/2013 10:22	10/04/2013 07:13	Boiler Tube Leak (Reheat Outlet and #9 Cyclone)
10/18/2013 22:54	10/22/2013 18:51	Outage To Replace UAT
10/26/2013 10:24	10/26/2013 13:02	Low DA Storage Tank - Condensate Polisher Malfunction
10/29/2013 00:47	10/29/2013 12:54	"A" BFP Safety Valve and Drain Valve Leaking
12/19/2013 17:35	12/21/2013 00:10	Primary Superheat Tube Leak
12/24/2013 14:39	12/24/2013 17:19	X51 Failure
12/24/2013 17:52	12/24/2013 20:43	High Drum Level Trip
12/27/2013 03:00	12/27/2013 16:00	ID Fan C Bearing Failure
		Coyote Station
01/01/2013 00:00	02/15/2013 00:29	Generator ground to neutral fault
02/15/2013 14:40	02/15/2013 18:19	Hi Transformer Temp
04/30/2013 08:14	04/30/2013 10:02	Unit Trip Open breaker on center line
05/02/2013 18:25	05/02/2013 23:45	GR Fan Tripped
05/17/2013 09:42	05/19/2013 04:39	Secondary Superheat Tube Leak
05/30/2013 22:04	05/31/2013 23:59	Spring Outage
06/01/2013 00:00	06/09/2013 02:10	Spring Outage
06/20/2013 20:10	06/20/2013 22:04	345 KV line trouble-storms in the area
06/22/2013 22:28	06/23/2013 01:50	Transformer X-41 ground fault/lost "A" 13.8 & 4.16 Busses
07/02/2013 20:43	07/04/2013 00:18	Cyclone tube leak
09/02/2013 21:37	09/06/2013 14:12	Fall wash outage
09/10/2013 21:58	09/12/2013 02:54	Secondary Superheat Tube Leak
12/12/2013 21:36	12/15/2013 22:00	Wash Outage
12/15/2013 22:00	12/16/2013 06:31	Extended Wash Outage
12/22/2013 10:55	12/24/2013 07:55	Roof Tube Leak
12/25/2013 02:50	12/27/2013 19:05	Superheater Outlet Tube Leak
12/31/2013 14:53	12/31/2013 16:04	Oil Leak on "B" FD Fan

Company Name: Montana-Dakota Utilities Co. SCHEDULE 34A

Outage Start Date/Time	Outage End Date/Time	Brief Description of Primary Cause 1/
		Lewis & Clark Station
02/17/2013 12:20	02/17/2013 16:09	Lost power to scrubber DCS controller.
04/11/2013 06:02	04/11/2013 15:29	Scrubber Disc Cleaning
05/03/2013 22:29	05/20/2013 09:39	Scheduled Spring Maintenance And Cleaning Outage
07/16/2013 02:55	07/16/2013 14:03	Scrubber disc cleaning
09/06/2013 03:53	09/06/2013 13:47	Scrubber Disc Cleaning
10/04/2013 21:49	10/15/2013 10:15	Scheduled fall maintenance and cleaning outage
12/16/2013 06:54	12/16/2013 18:58	Scrubber Disc Cleaning
		Heskett Unit 1
04/16/2013 16:51	05/01/2013 07:00	Scheduled Maintenance Outage
05/01/2013 07:00	05/03/2013 09:30	Feed water Regulating bypass valve internal leak couldn't control drum level
06/08/2013 04:05	06/08/2013 11:39	Loss of circ wtr pumps due to loss of power on Unit 2
07/17/2013 23:19	07/18/2013 06:14	HP heater drips to DA steam leak- weld repair
09/06/2013 23:33	09/13/2013 05:30	Scheduled Maintenance Outage
09/16/2013 11:24	09/18/2013 06:47	Generator Field Ground- Removed Unit for repair of insulation near commutator rings.
		Heskett Unit II
01/22/2013 22:58	01/27/2013 15:51	Scheduled Cleaning Outage
03/22/2013 22:28	04/01/2013 00:00	Turbine Overhaul
04/01/2013 00:00	05/05/2013 07:00	Turbine Overhaul
05/05/2013 07:00	06/05/2013 12:24	Delay on Field Rewind
06/05/2013 12:24	06/05/2013 13:55	60G2 Gen #2 Voltage Balance Relay
06/06/2013 10:28	06/07/2013 16:44	blown crossover gasket
06/08/2013 04:03	06/10/2013 18:18	Main Disconnect Switch arced, Switcher 7026 opened separated the unit from system
06/25/2013 10:09	06/27/2013 14:03	Turbine control valves hang up at 49 to 52 MW Cam bushings to tight
07/01/2013 12:52	07/04/2013 05:44	Bed agglomeration.
08/18/2013 20:50	08/20/2013 02:32	FD Fan Duct Pressure switch failed
08/20/2013 02:37	08/20/2013 03:30	High Exhaust Hood Temperature Trip
08/20/2013 03:30	08/22/2013 19:34	Bed agglomeration.
10/25/2013 20:57	11/05/2013 08:31	Scheduled Maintenance Outage
12/26/2013 20:16	12/30/2013 19:48	Bed agglomeration

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

Company Name: Montana-Dakota Utilities Co. SCHEDULE 35

MONTANA CONSERVATION & DEMAND SIDE MANAGEMENT PROGRAMS

Year: 2013

	Program Description	Current Year Expenditures	Last Year Expenditures	% Change	Planned Savings (MW & MWH)	Achieved Savings (MW & MWH)	Difference (MW & MWH)
1							
2	MT Conservation & DSM Program	$12,772	$92,916	-86.25%	N/A	144.5 MWh	N/A
3	(As Detailed on Schedule 35B)						
4							
5							
6							
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30							
31							
32	TOTAL	$12,772	$92,916	-86.25%	N/A	144.5 MWh	N/A

ELECTRIC UNIVERSAL SYSTEM BENEFITS PROGRAMS

Year: 2013

	Program Description	Actual Current Year Expenditures	Contracted or Committed Current Year Expenditures	Total Current Year Expenditures	Expected savings (MW and MWh)	Most recent program evaluation
1	Local Conservation					
2	Commercial Lighting	$11,888	$0	$11,888	142.3 MWh	2013
3	Air Conditioning Efficiency	884	0	884	2.2 MWh	2013
4						
5						
6						
7	Market Transformation					
8						
9						
10						
11						
12	Renewable Resources					
13						
14						
15						
16						
17	Research & Development					
18						
19						
20						
21						
22	Low Income					
23	Discounts	$261,877	$0	$261,877		2013
24						
25	Bill Assistance		90,000	90,000		2013
26						
27	Weatherization		152,000	152,000		2013
28						
29	Furnace Safety		50,000	50,000		2013
30						
31	Education		0	0		2013
32						
33	Energy Audits		10,000	10,000		2013
34	Large Customer Self Directed					
35		$270,085	$0	$270,085		
36						
37						
38						
39						
40	Total	$544,734	$302,000	$846,734	144.5 MWh	2013
41	Number of customers that received low income rate discounts			(Average)	1,330	
42	Average monthly bill discount amount ($/mo)				$16.41	
43	Average LIEAP-eligible household income				N/A	
44	Number of customers that received weatherization assistance				N/A	
45	Expected average annual bill savings from weatherization				N/A	
46	Number of residential audits performed				N/A	

Company Name: Montana-Dakota Utilities Co. **SCHEDULE 35B**

MONTANA CONSERVATION & DEMAND SIDE MANAGEMENT PROGRAMS

Year: 2013

	Program Description	Actual Current Year Expenditures	Contracted or Committed Current Year Expenditures	Total Current Year Expenditures	Expected savings (MW and MWh)	Most recent program evaluation
1	Local Conservation					
2	Commercial Lighting	$11,888	$0	$11,888	142.3 MWh	2013
3	Air Conditioning Efficiency	884	0	884	2.2 MWh	2013
4						
5						
6						
7						
8	Demand Response					
9						
10						
11						
12						
13						
14						
15	Market Transformation					
16						
17						
18						
19						
20						
21						
22	Research & Development					
23						
24						
25						
26						
27						
28						
29	Low Income					
30						
31						
32						
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34						
35	Other					
36						
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40						
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42						
43						
44						
45						
46	Total	$12,772	$0	$12,772	144.5 MWh	2013

Company Name: **Montana-Dakota Utilities Co.** SCHEDULE 36

MONTANA CONSUMPTION AND REVENUES

Year: 2013

	Sales of Electricity	Operating Revenues Current Year	Operating Revenues Previous Year	MegaWatt Hours Sold Current Year	MegaWatt Hours Sold Previous Year	Avg. No. of Customers Current Year	Avg. No. of Customers Previous Year
1	Residential	$16,263,640	$15,359,106	189,449	181,708	19,285	18,886
2	Small General	9,813,480	9,463,999	127,198	124,656	5,580	5,662
3	Large General	24,943,984	24,308,656	442,744	432,249	265	286
4	Lighting	877,894	837,536	10,006	9,831	77	107
5	Municipal Pumping	442,532	455,265	7,201	7,603	101	107
6	Sales to Other Utilities			Not Applicable	Not Applicable	Not Applicable	Not Applicable
7							
8							
9							
10							
11							
12							
13	**TOTAL**	$52,341,530	$50,424,562	776,598	756,047	25,308	25,048