

**MONTANA-DAKOTA UTILITIES CO.
TOTAL UTILITY
TWELVE MONTHS ENDED DECEMBER 31, 2014**

<u>Per Books</u>	<u>Total Wages</u>	<u>% of total</u>	<u>2015 % Increase</u>	<u>Weighted Average</u>
Non-Union	\$49,967,766	61.1558%	3.50%	2.14%
Union	31,737,866	38.8442%	4.00%	1.55%
Total	\$81,705,632	100.0000%		3.69%

**MONTANA-DAKOTA UTILITES CO.
ELECTRIC UTILITY - SOUTH DAKOTA
LABOR EXPENSE
TWELVE MONTHS ENDED DECEMBER 31, 2014**

	<u>Per Books</u>	<u>Pro Forma</u>	
5110 - Straight time	\$1,784,774	\$1,850,632	1/
5120 - Premium time	137,706	142,787	1/
5130 - Bonuses & Commissions	72,293	84,510	2/
5131 - Incentive Comp Accrual	96,872	113,242	2/
5140 - Moving	3,751	3,751	
5150 - Meals	662	662	
5193 - Vacation	23,584	24,454	1/
Total	<u>\$2,119,642</u>	<u>\$2,220,038</u>	<u>4.74%</u>

1/ Projected 2015 labor increase of 3.50% for non-union employees and 4.00% for union employees.

2/ Pro Forma amount is based on a 3 year average percentage of total bonus & commissions and incentives to total straight time labor, premium labor and vacation by year applied to the Pro Forma 2015 labor.

	<u>Per Books</u>	<u>Pro Forma</u>	<u>Pro Forma Adjustment</u>
Fuel and Purchased Power	\$31,388	\$32,875	\$1,487
Production	455,690	477,274	21,584
Transmission	304,898	319,339	14,441
Distribution	735,125	769,944	34,819
Customer Accounting	179,614	188,121	8,507
Customer Service	13,736	14,387	651
Sales	17,723	18,562	839
A & G	381,468	399,536	18,068
Total	<u>\$2,119,642</u>	<u>\$2,220,038</u>	<u>\$100,396</u>

MONTANA-DAKOTA UTILITIES CO.
INCENTIVE COMPENSATION EXPENSE - UTILITY
DECEMBER 31, 2014

	Gas			Electric			Total		
	Per Books			Per Books			Per Books		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
5110 Straight time	\$18,795,371	\$20,897,948	\$21,603,112	\$22,210,707	\$23,546,038	\$24,610,579	\$41,006,078	\$44,443,986	\$46,213,691
5120 Premium time	1,233,105	1,513,920	1,414,269	2,030,766	2,597,266	2,348,351	3,263,871	4,111,186	3,762,620
5130 Bonuses & Commissions	621,436	913,296	923,409	857,540	1,221,225	1,273,442	1,478,976	2,134,521	2,196,851
5131 Incentive Comp Accrual	1,183,043	1,536,366	1,177,677	1,428,203	1,799,280	1,321,667	2,611,246	3,335,646	2,499,344
5140 Moving	132,775	10,351	19,297	63,015	10,234	4,616	195,790	20,585	23,913
5150 Meals	8,910	10,188	11,048	7,232	7,215	4,426	16,142	17,403	15,474
5193 Vacation	252,510	302,769	284,312	303,216	347,647	325,083	555,726	650,416	609,395
Total	\$22,227,150	\$25,184,838	25,433,124	26,900,679	29,528,905	29,888,164	49,127,829	54,713,743	55,321,288
Bonuses	(1,804,479)	(2,449,662)	(2,101,086)	(2,285,743)	(3,020,505)	(2,595,109)	(4,090,222)	(5,470,167)	(4,696,195)
Labor Excluding Bonuses	\$20,422,671	\$22,735,176	\$23,332,038	\$24,614,936	\$26,508,400	\$27,293,055	\$45,037,607	\$49,243,576	\$50,625,093
3 year average restated bonus: 1/							4,392,916	4,822,148	4,957,399
Labor with 3 year average bonus							<u>\$49,430,523</u>	<u>\$54,065,724</u>	<u>\$55,582,492</u>
1/ Average bonuses									
	2012	2013	2014						
Gas bonus (5130 & 5131)	\$1,804,479	\$2,449,662	\$2,101,086						
Electric bonus (5130 & 5131)	2,285,743	3,020,505	2,595,109						
Total	\$4,090,222	\$5,470,167	\$4,696,195						
Gas Labor (5110, 5120, & 5193)	\$20,280,986	\$22,714,637	\$23,301,693						
Electric Labor (5110, 5120, & 5193)	24,544,689	26,490,951	27,284,013						
Total	\$44,825,675	\$49,205,588	\$50,585,706						
3 year average bonus	9.1%	11.1%	9.3%	9.8%					

H-42

Erickson, Rhonda

From: Ross, Amanda
Sent: Wednesday, February 25, 2015 1:45 PM
To: Erickson, Rhonda
Subject: RE: wage request

Shoot! I forgot that part. Sorry!
Our union contract expires 4/30 and they haven't started negotiations yet for new rates.
Non-Union increase for 2015 were 3.5%

~ Amanda Ross
Montana-Dakota Utilities

-----Original Message-----

From: Erickson, Rhonda
Sent: Wednesday, February 25, 2015 01:28 PM Central Standard Time
To: Ross, Amanda
Subject: RE: wage request

Thanks Amanda! Do you know what the projected increase in labor is for union and non-union workers for 2015?

From: Ross, Amanda
Sent: Wednesday, February 25, 2015 12:40 PM
To: Erickson, Rhonda
Subject: wage request

Hi Rhonda!
Here are the 2014 wages. I excluded Great Plains.

Union Code	Division	FY	Hours	Gross Pay Add
	81 and Not 40	14		
11			49,669.86	1,994,240.05
12			108,367.65	4,100,570.06
13			36,288.10	1,238,848.28
15			139,793.22	5,761,830.66
81			14,576.50	722,622.58
82			29,235.18	1,478,469.71
84			2,080.00	111,114.77
89			16,226.39	693,941.86
90			1,023,189.39	33,868,127.76
	Non-union		1,419,306.37	49,967,765.74
IBEW				
11			106,703.94	4,180,471.08
12			107,697.58	7,507,574.51
13			84,279.14	2,405,664.14
15			247,467.24	9,826,074.18
24			0.00	2,500.00
81			50,258.11	2,221,395.28
82			85,377.25	3,438,198.04
84			12,583.50	589,727.66
90			39,747.50	1,646,280.72
	Union		794,114.26	31,737,865.21
			<u>2,213,420.63</u>	<u>81,705,631.95</u>

Amanda Ross
Montana-Dakota Utilities Co.

-----Original Message-----

From: Erickson, Rhonda
Sent: Wednesday, February 25, 2015 11:41 AM
To: Ross, Amanda
Subject: FW:

Amanda,

We are working on electric rate cases for Montana and South Dakota and I was wondering if you could provide me with the breakdown of total company union wages versus non-union wages for 2014? Also, would you know what the projected increases for union and non-union labor is for 2015? I have attached an email that you sent to GayLynn last year that we used for our rate cases so you can see what I am asking for. If you have any questions, let me know. Thanks!

Rhonda Erickson
Regulatory Analyst
Montana-Dakota Utilities Co.
400 N. 4th Street
Bismarck, ND 58501
(701) 222-7995
rhonda.erickson@mdu.com

H-44

-----Original Message-----

From: GO5thFloor@mdu.com [mailto:GO5thFloor@mdu.com]

Sent: Wednesday, February 25, 2015 11:48 AM

To: Erickson, Rhonda

Subject:

KM-4050

[00:c0:ee:1d:fa:a7]

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