



MONTANA-DAKOTA UTILITIES CO.

A Subsidiary of MDU Resources Group, Inc.

400 North Fourth Street
Bismarck, ND 58501
701-222-7900
www.montana-dakota.com

November 6, 2025

Ms. Leah Mohr
Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, SD 57501-5070

**Re: MDU Resources Group, Inc.
IRS Form 3115 (Natural Gas Safe Harbor for Repairs)**

Dear Ms. Mohr:

Montana-Dakota Utilities Co. (Montana-Dakota), a Subsidiary of MDU Resources Group, Inc. (MDU Resources), is included in the consolidated federal tax return for MDU Resources. MDU Resources has elected a change in accounting method relating to natural gas repair and maintenance expenditures for tax purposes. Montana-Dakota herewith respectfully files its IRS Form 3115, Application of Change in Accounting Method, for the tax year ending December 31, 2024.

Montana-Dakota is required to provide a copy of the completed application to any regulatory body having jurisdiction over the public utility property subject to the application within thirty (30) calendar days of filing the federal income tax return for the year of change. Montana-Dakota therefore provides a copy of Form 3115, Application of Change in Accounting Method, for the year ending December 31, 2024, for your reference in accordance with Section 3.12(3)(c) of Rev. Proc. 2025-23.

With this change in accounting method, Montana-Dakota will continue to depreciate each asset at issue while the repair and maintenance expenditures will be treated by Montana-Dakota as currently deductible under the Natural Gas Safe Harbor Method described in Sections 5.02 and 5.03 of Rev. Proc. 2023-15. Attachment A contains Form 3115 relating to gas distribution and transmission assets filed on behalf of Montana-Dakota by MDU Resources Group, Inc.

Please contact me at (701) 222-7855 or at travis.jacobson@mdu.com with any questions regarding this filing.

Sincerely,

/s/ Travis R. Jacobson

Travis R. Jacobson
Vice President of Regulatory Affairs

Attachment

Attachment A

Application for Change in Accounting MethodGo to www.irs.gov/Form3115 for instructions and the latest information.

OMB No. 1545-2070

Attachment
Sequence No. **315**

Name of filer (name of parent corporation if a consolidated group) (see instructions)	Identification number (see instructions)
MDU Resources Group, Inc. and Subsidiaries	30-1133956
Number, street, and room or suite no. If a P.O. box, see the instructions.	Principal business activity code number (see instructions)
1200 West Century Avenue P.O. Box 5650	221100
City or town, state, and ZIP code	Tax year of change begins (MM/DD/YYYY) 01/01/2024
Bismarck, ND 58506-5650	Tax year of change ends (MM/DD/YYYY) 12/31/2024
Name of applicant(s) (if different than filer) and identification number(s) (see instructions)	Name of contact person (see instructions)
See Attachment	Jessica Anderson
	Contact person's telephone number
	701-222-7754

Does the filer want to receive a copy of the change in method of accounting letter ruling or other correspondence related to this Form 3115 by fax or encrypted email attachment? If "Yes," see instructions ☐ Yes ☒ No

If the applicant is a member of a consolidated group, check this box ☒

If Form 2848, Power of Attorney and Declaration of Representative, is attached (see instructions for when Form 2848 is required), check this box ☒

Check the box to indicate the type of applicant.

- ☐ Individual
- ☒ Corporation
- ☐ Controlled foreign corporation (Sec. 957)
- ☐ 10/50 corporation (Sec. 904(d)(2)(E))
- ☐ Qualified personal service corporation (Sec. 448(d)(2))
- ☐ Exempt organization. Enter Code section: _____
- ☐ Cooperative (Sec. 1381)
- ☐ Partnership
- ☐ S corporation
- ☐ Insurance co. (Sec. 816(a))
- ☐ Insurance co. (Sec. 831)
- ☐ Other (specify): _____

Check the appropriate box to indicate the type of accounting method change being requested.

See instructions.

- ☐ Depreciation or Amortization
- ☐ Financial Products and/or Financial Activities of Financial Institutions
- ☒ Other (specify): Natural Gas Safe Harbor

Caution: To be eligible for approval of the requested change in method of accounting, the taxpayer must provide all information that is relevant to the taxpayer or to the taxpayer's requested change in method of accounting. This includes (1) all relevant information requested on this Form 3115 (including its instructions), and (2) any other relevant information, even if not specifically requested on Form 3115.

The taxpayer must attach all applicable statements requested throughout this form.

Part I Information for Automatic Change Request

	Yes	No
1 Enter the applicable designated automatic accounting method change number ("DCN") for the requested automatic change. Enter only one DCN, except as provided for in guidance published by the IRS. If the requested change has no DCN, check "Other," and provide both a description of the change and a citation of the IRS guidance providing the automatic change. See instructions.		
a (1) DCN: 269 (2) DCN: _____ (3) DCN: _____ (4) DCN: _____ (5) DCN: _____ (6) DCN: _____ (7) DCN: _____ (8) DCN: _____ (9) DCN: _____ (10) DCN: _____ (11) DCN: _____ (12) DCN: _____		
b Other ☐ Description: _____		
2 Do any of the eligibility rules restrict the applicant from filing the requested change using the automatic change procedures (see instructions)? If "Yes," attach an explanation		✓
3 Has the filer provided all the information and statements required (a) on this form and (b) by the List of Automatic Changes under which the applicant is requesting a change? See instructions	✓	
Note: Complete Part II and Part IV of this form, and, Schedules A through E, if applicable.		

Part II Information for All Requests

	Yes	No
4 During the tax year of change, did or will the applicant (a) cease to engage in the trade or business to which the requested change relates, or (b) terminate its existence? See instructions		✓
5 Is the applicant requesting to change to the principal method in the tax year of change under Regulations section 1.381(c)(4)-1(d)(1) or 1.381(c)(5)-1(d)(1)?		✓
If "No," go to line 6a.		
If "Yes," the applicant cannot file a Form 3115 for this change. See instructions.		

Sign Here	Under penalties of perjury, I declare that I have examined this application, including accompanying schedules and statements, and to the best of my knowledge and belief, the application contains all the relevant facts relating to the application, and it is true, correct, and complete. Declaration of preparer (other than applicant) is based on all information of which preparer has any knowledge.		
	Signature of filer (and spouse, if joint return)	Date	Name and title (print or type)
Preparer (other than filer/applicant)	Stephanie Sierant	9/18/25	Stephanie Sierant
	Lynn Afeman		Lynn Afeman
	Firm's name KPMG LLP		Date 9/10/2025

Part II Information for All Requests <i>(continued)</i>		Yes	No
6a	Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any federal income tax return(s) under examination (see instructions)? If "No," go to line 7a.		✓
b	Is the method of accounting the applicant is requesting to change an issue under consideration (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s))? See instructions	N/A	
c	Enter the name and telephone number of the examining agent and the tax year(s) under examination. Name _____ Telephone number _____ Tax year(s) _____		
d	Has a copy of this Form 3115 been provided to the examining agent identified on line 6c?	N/A	
7a	Does audit protection apply to the applicant's requested change in method of accounting? See instructions . . . If "No," attach an explanation.	✓	
b	If "Yes," check the applicable box and attach the required statement. ☒ Not under exam ☐ 3-month window ☐ 120 day: Date examination ended _____ ☐ Method not before director ☐ Negative adjustment ☐ CAP: Date member joined group _____ ☐ Audit protection at end of exam ☐ Other		
8a	Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any federal income tax return(s) before Appeals and/or a federal court? If "No," go to line 9.		✓
b	Is the method of accounting the applicant is requesting to change an issue under consideration by Appeals and/or a federal court (for either the applicant or any present or former consolidated group in which the applicant was a member for the tax year(s) the applicant was a member)? See instructions If "Yes," attach an explanation.	N/A	
c	If "Yes," enter the name of the (check the box) ☐ Appeals officer and/or ☐ counsel for the government, telephone number, and the tax year(s) before Appeals and/or a federal court. Name N/A _____ Telephone number N/A _____ Tax year(s) N/A _____		
d	Has a copy of this Form 3115 been provided to the Appeals officer and/or counsel for the government identified on line 8c?	N/A	
9	If the applicant answered "Yes" to line 6a and/or 8a with respect to any present or former consolidated group, attach a statement that provides each parent corporation's (a) name, (b) identification number, (c) address, and (d) tax year(s) during which the applicant was a member that is under examination, before an Appeals office, and/or before a federal court. N/A		
10	If for federal income tax purposes, the applicant is either an entity (including a limited liability company) treated as a partnership or an S corporation, is it requesting a change from a method of accounting that is an issue under consideration in an examination, before Appeals, or before a federal court, with respect to a federal income tax return of a partner, member, or shareholder of that entity?	N/A	
11a	Has the applicant, its predecessor, or a related party requested or made (under either an automatic or non-automatic change procedure) a change in method of accounting within any of the 5 tax years ending with the tax year of change? If "No," go to line 12.	✓	
b	If "Yes," for each trade or business, attach a description of each requested change in method of accounting (including the tax year of change) and state whether the applicant received consent. SEE STATEMENT		
c	If any application was withdrawn, not perfected, or denied, or if a Consent Agreement granting a change was not signed and returned to the IRS, or the change was not made or not made in the requested year of change, attach an explanation. N/A		
12	Does the applicant, its predecessor, or a related party currently have pending any request (including any concurrently filed request) for a private letter ruling, change in method of accounting, or technical advice? . . . If "Yes," for each request attach a statement providing (a) the name(s) of the taxpayer, (b) identification number(s), (c) the type of request (private letter ruling, change in method of accounting, or technical advice), and (d) the specific issue(s) in the request(s).		✓
13	Is the applicant requesting to change its overall method of accounting? If "Yes," complete Schedule A on page 4 of the form.		✓

Part II Information for All Requests <i>(continued)</i>		Yes	No						
14 If the applicant is either (i) not changing its overall method of accounting, or (ii) changing its overall method of accounting and changing to a special method of accounting for one or more items, attach a detailed and complete description for each of the following (see instructions): SEE STATEMENT a The item(s) being changed. b The applicant's present method for the item(s) being changed. c The applicant's proposed method for the item(s) being changed. d The applicant's present overall method of accounting (cash, accrual, or hybrid).									
15a Attach a detailed and complete description of the applicant's trade(s) or business(es). See section 446(d). SEE STATEMENT b If the applicant has more than one trade or business, as defined in Regulations section 1.446-1(d), describe (i) whether each trade or business is accounted for separately; (ii) the goods and services provided by each trade or business and any other types of activities engaged in that generate gross income; (iii) the overall method of accounting for each trade or business; and (iv) which trade or business is requesting to change its accounting method as part of this application or a separate application. SEE STATEMENT Note: If you are requesting an automatic method change, see the instructions to see if you are required to complete lines 16a-16c.									
16a Attach a full explanation of the legal basis supporting the proposed method for the item being changed. Include a detailed and complete description of the facts that explains how the law specifically applies to the applicant's situation and that demonstrates that the applicant is authorized to use the proposed method. b Include all authority (statutes, regulations, published rulings, court cases, etc.) supporting the proposed method. c Include either a discussion of the contrary authorities or a statement that no contrary authority exists. N/A									
17 Will the proposed method of accounting be used for the applicant's books and records and financial statements? For insurance companies, see the instructions If "No," attach an explanation. SEE STATEMENT		✓							
18 Does the applicant request a conference with the IRS National Office if the IRS National Office proposes an adverse response?	✓								
19a If the applicant is changing to either the overall cash method, an overall accrual method, or is changing its method of accounting for any property subject to section 263A, any long-term contract subject to section 460 (see 19b), or inventories subject to section 471 or 474, enter the applicant's gross receipts for the 3 tax years preceding the tax year of change. <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; border-bottom: 1px solid black;">1st preceding year ended: mo. N/A yr. N/A</td> <td style="width: 33%; border-bottom: 1px solid black;">2nd preceding year ended: mo. N/A yr. N/A</td> <td style="width: 33%; border-bottom: 1px solid black;">3rd preceding year ended: mo. N/A yr. N/A</td> </tr> <tr> <td style="border-bottom: 1px solid black;">\$ N/A</td> <td style="border-bottom: 1px solid black;">\$ N/A</td> <td style="border-bottom: 1px solid black;">\$ N/A</td> </tr> </table> b If the applicant is changing its method of accounting for any long-term contract subject to section 460, in addition to completing 19a, enter the applicant's gross receipts for the 4th tax year preceding the tax year of change: 4th preceding year ended: mo. N/A yr. N/A \$ N/A	1st preceding year ended: mo. N/A yr. N/A	2nd preceding year ended: mo. N/A yr. N/A	3rd preceding year ended: mo. N/A yr. N/A	\$ N/A	\$ N/A	\$ N/A			
1st preceding year ended: mo. N/A yr. N/A	2nd preceding year ended: mo. N/A yr. N/A	3rd preceding year ended: mo. N/A yr. N/A							
\$ N/A	\$ N/A	\$ N/A							
Part III Information for Non-Automatic Change Request N/A		Yes	No						
20 Is the applicant's requested change described in any revenue procedure, revenue ruling, notice, regulation, or other published guidance as an automatic change request? If "Yes," attach an explanation describing why the applicant is submitting its request under the non-automatic change procedures.									
21 Attach a copy of all documents related to the proposed change (see instructions).									
22 Attach a statement of the applicant's reasons for the proposed change.									
23 If the applicant is a member of a consolidated group for the year of change, do all other members of the consolidated group use the proposed method of accounting for the item being changed? If "No," attach an explanation.									
24a Enter the amount of user fee attached to this application (see instructions) \$									
b If the applicant qualifies for a reduced user fee, attach the required information or certification (see instructions).									

Part IV **Section 481(a) Adjustment**

Yes	No
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- 25** Does published guidance require the applicant (or permit the applicant and the applicant is electing) to implement the requested change in method of accounting on a cut-off basis?
If "Yes," attach an explanation and do not complete lines 26, 27, 28, and 29 below.
- 26** Enter the section 481(a) adjustment. Indicate whether the adjustment is an increase (+) or a decrease (-) in income. \$ SEE STATEMENT Attach a summary of the computation and an explanation of the methodology used to determine the section 481(a) adjustment. If it is based on more than one component, show the computation for each component. If the applicant waived any deductions with respect to the method of accounting pursuant to Regulations section 1.59A-3(c)(6)(i), include a summary of the waived deductions. If more than one applicant is applying for the method change on the application, attach a list of the (a) name, (b) identification number, and (c) the amount of the section 481(a) adjustment attributable to each applicant.
- 27** Is the applicant required to take into account in the year of change any remaining portion of a section 481(a) adjustment from a prior change (see instructions)? If "Yes," enter the amount. \$ _____
- 28** Is the applicant making an election to take the entire amount of the adjustment into account in the tax year of change? If "Yes," check the box for the applicable elective provision used to make the election (see instructions).
☐ \$50,000 de minimis election ☐ Eligible acquisition transaction election
- 29** Is any part of the section 481(a) adjustment attributable to transactions between members of an affiliated group, a consolidated group, a controlled group, or other related parties?
If "Yes," attach an explanation.

Schedule A—Change in Overall Method of Accounting (If Schedule A applies, Part I below must be completed.) N/A

Part I	Change in Overall Method (see instructions)
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- 1 Check the appropriate boxes below to indicate the applicant's present and proposed methods of accounting.

Present method: ☐ Cash ☐ Accrual ☐ Hybrid (attach description)

Proposed method: ☐ Cash ☐ Accrual ☐ Hybrid (attach description)

- 2** Enter the following amounts as of the close of the tax year preceding the year of change. If none, state "None." Also, attach a statement providing a breakdown of the amounts entered on lines 2a through 2g.

- a Income accrued but not received (such as accounts receivable)
- b Income received or reported before it was earned (such as advanced payments). Attach a description of the income and the legal basis for the proposed method
- c Expenses accrued but not paid (such as accounts payable)
- d Prepaid expenses previously deducted
- e Supplies on hand previously deducted and/or not previously reported
- f Inventory on hand previously deducted and/or not previously reported. Complete Schedule D, Part II
- g Other amounts (specify). Attach a description of the item and the legal basis for its inclusion in the calculation of the section 481(a) adjustment. _____
- h **Net section 481(a) adjustment** (Combine lines 2a–2g.) Indicate whether the adjustment is an increase (+) or decrease (-) in income. Also enter the net amount of this section 481(a) adjustment amount on Part IV, line 26

Amount

0

- 3 Is the applicant also requesting the recurring item exception under section 461(h)(3)? ☐ Yes ☐ No

- 4 Attach copies of the profit and loss statement (Schedule F (Form 1040) for farmers) and the balance sheet, if applicable, as of the close of the tax year preceding the year of change. Also attach a statement specifying the accounting method used when preparing the balance sheet. If books of account are not kept, attach a copy of the business schedules submitted with the federal income tax return or other return (such as tax-exempt organization returns) for that period. If the amounts in Part I, lines 2a through 2g, do not agree with the amounts shown on the balance sheet, attach a statement explaining the differences.

- 5 Is the applicant making a change to the overall cash method or to a method in which a taxpayer uses an accrual method for purchases and sales of inventory and uses the cash method for computing all other items of income and expense (see instructions)? ☐ Yes ☐ No

Part II	Change to the Cash Method for Non-Automatic Change Request (see instructions)
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Applicants requesting a change to the cash method must attach the following information:

- 1 A description of inventory items (items whose production, purchase, or sale is an income-producing factor) and materials and supplies used in carrying out the business.
- 2 An explanation as to whether the applicant is required to use an accrual method under any section of the Code or regulations.

Schedule B—Changes Related to the Deferral Method for Advance Payments, Cost Offset Methods, and/or the Applicable Financial Statement Income Inclusion Rule (see instructions) N/A

- 1 If the applicant is requesting to change to the deferral method for advance payments under Regulations section 1.451-8(c) or (d), as described in the instructions, attach the information specified in the instructions.
- 2 If the applicant is requesting to change to or within a cost offset method under Regulations section 1.451-3(c) and/or Regulations section 1.451-8(e), as described in the instructions, attach the information specified in the instructions.
- 3 If the applicant is requesting to change to or within a method to conform to the applicable financial statement (AFS) income inclusion rule under section 451(b) and Regulations section 1.451-3, as described in the instructions, attach a detailed description of the proposed method including the information specified in the instructions.

Schedule C—Changes Within the LIFO Inventory Method (see instructions) N/A**Part I General LIFO Information**

Complete this section if the requested change involves changes within the LIFO inventory method. Also, attach a copy of all Forms 970, Application To Use LIFO Inventory Method, filed to adopt or expand the use of the LIFO method.

- 1 Attach a description of the applicant's present and proposed LIFO methods and submethods for each of the following items:
 - a Valuing inventory (for example, unit method or dollar-value method).
 - b Pooling (for example, by line or type or class of goods, natural business unit, multiple pools, raw material content, simplified dollar-value method, inventory price index computation (IPIC) pools, vehicle-pool method, etc.).
 - c Pricing dollar-value pools (for example, double-extension, index, link-chain, link-chain index, IPIC method, etc.).
 - d Determining the current-year cost of goods in the ending inventory (such as, most recent acquisitions, earliest acquisitions during the current year, average cost of current-year acquisitions, rolling-average cost, or other permitted method).
- 2 If any present method or submethod used by the applicant is not the same as indicated on Form(s) 970 filed to adopt or expand the use of the method, attach an explanation.
- 3 If the proposed change is not requested for all the LIFO inventory, attach a statement specifying the inventory to which the change is and is not applicable.
- 4 If the proposed change is not requested for all of the LIFO pools, attach a statement specifying the LIFO pool(s) to which the change is applicable.
- 5 Attach a statement addressing whether the applicant values any of its LIFO inventory on a method other than cost. For example, if the applicant values some of its LIFO inventory at retail and the remainder at cost, identify which inventory items are valued under each method.
- 6 If changing to the IPIC method, attach a completed Form 970.

Part II Change in Pooling Inventories

- 1 If the applicant is proposing to change its pooling method or the number of pools, attach a description of the contents of, and state the base year for, each dollar-value pool the applicant presently uses and proposes to use.
- 2 If the applicant is proposing to use natural business unit (NBU) pools or requesting to change the number of NBU pools, attach the following information (to the extent not already provided) in sufficient detail to show that each proposed NBU was determined under Regulations sections 1.472-8(b)(1) and (2):
 - a A description of the types of products produced by the applicant. If possible, attach a brochure.
 - b A description of the types of processes and raw materials used to produce the products in each proposed pool.
 - c If all of the products to be included in the proposed NBU pool(s) are not produced at one facility, state the reasons for the separate facilities, the location of each facility, and a description of the products each facility produces.
 - d A description of the natural business divisions adopted by the taxpayer. State whether separate cost centers are maintained and if separate profit and loss statements are prepared.
 - e A statement addressing whether the applicant has inventories of items purchased and held for resale that are not further processed by the applicant, including whether such items, if any, will be included in any proposed NBU pool.
 - f A statement addressing whether all items including raw materials, goods-in-process, and finished goods entering into the entire inventory investment for each proposed NBU pool are presently valued under the LIFO method. Describe any items that are not presently valued under the LIFO method that are to be included in each proposed pool.
 - g A statement addressing whether, within the proposed NBU pool(s), there are items both sold to unrelated parties and transferred to a different unit of the applicant to be used as a component part of another product prior to final processing.
- 3 If the applicant is engaged in manufacturing and is proposing to use the multiple pooling method or raw material content pools, attach information to show that each proposed pool will consist of a group of items that are substantially similar. See Regulations section 1.472-8(b)(3).
- 4 If the applicant is engaged in the wholesaling or retailing of goods and is requesting to change the number of pools used, attach information to show that each of the proposed pools is based on customary business classifications of the applicant's trade or business. See Regulations section 1.472-8(c).

Schedule D—Change in the Treatment of Long-Term Contracts Under Section 460, Inventories, or Other Section 263A Assets (see instructions) **N/A****Part I Change in Reporting Income From Long-Term Contracts** (Also complete Part III on pages 7 and 8.)

- 1** To the extent not already provided, attach a description of the applicant's present and proposed methods for reporting income and expenses from long-term contracts. Also, attach a representative actual contract (without any deletions) for the requested change. If the applicant is a construction contractor, attach a detailed description of its construction activities.
- 2a** Are the applicant's contracts long-term contracts as defined in section 460(f)(1) (see instructions)? ☐ Yes ☐ No
- b** If "Yes," do all the contracts qualify for the exception under section 460(e) (see instructions)? ☐ Yes ☐ No
If line 2b is "No," attach an explanation.
- c** Is the applicant requesting to use the percentage-of-completion method using cost-to-cost under Regulations section 1.460-4(b)? ☐ Yes ☐ No
- d** If line 2c is "Yes," in computing the completion factor of a contract, will the applicant use the simplified cost-to-cost method described in Regulations section 1.460-5(c)? ☐ Yes ☐ No
- e** If line 2c is "No," is the applicant requesting to use the exempt-contract percentage-of-completion method under Regulations section 1.460-4(c)(2)? ☐ Yes ☐ No
If line 2e is "Yes," attach an explanation of what method the applicant will use to determine a contract's completion factor.
If line 2e is "No," attach an explanation of what method the applicant is using and the authority for its use.
- 3a** Does the applicant have long-term manufacturing contracts as defined in section 460(f)(2)? ☐ Yes ☐ No
- b** If "Yes," attach a description of the applicant's manufacturing activities, including any required installation of manufactured goods.
- 4a** Does the applicant enter into cost-plus long-term contracts? ☐ Yes ☐ No
- b** Does the applicant enter into federal long-term contracts? ☐ Yes ☐ No

Part II Change in Valuing Inventories Including Cost Allocation Changes (Also complete Part III on pages 7 and 8.)

- 1** Attach a description of the inventory goods being changed.
- 2** Attach a description of the inventory goods (if any) NOT being changed.
- 3a** Is the applicant subject to section 263A? If "No," go to line 4a ☐ Yes ☐ No
- b** Is the applicant's present inventory valuation method in compliance with section 263A (see instructions)? ☐ Yes ☐ No
If "No," attach a detailed explanation.
- 4a** Check the appropriate boxes in the chart.
- | | Inventory Method Being Changed | | Inventory Method Not Being Changed |
|---|--------------------------------|-----------------|------------------------------------|
| | Present method | Proposed method | Present method |
| Identification methods: | | | |
| Specific identification | | | |
| FIFO | | | |
| LIFO | | | |
| Other (attach explanation) | | | |
| Valuation methods: | | | |
| Cost | | | |
| Cost or market, whichever is lower | | | |
| Retail cost | | | |
| Retail, lower of cost or market | | | |
| Other (attach explanation) | | | |
| b Enter the value at the end of the tax year preceding the year of change. | \$ | \$ | |
- 5** If the applicant is changing from the LIFO inventory method to a non-LIFO method, attach the following information (see instructions).
- a** Copies of Form(s) 970 filed to adopt or expand the use of the method.
- b** **Only for applicants requesting a non-automatic change.** A statement describing whether the applicant is changing to the method required by Regulations section 1.472-6(a) or (b), or whether the applicant is proposing a different method.
- c** **Only for applicants requesting an automatic change.** The statement required by section 23.01(5) of Rev. Proc. 2022-14 (or its successor).
- 6** Is the applicant presently using the AFS cost offset method as described in Regulations section 1.451-3(c) and/or the advance payment cost offset method described in Regulations section 1.451-8(e), or is the applicant changing to such methods for the same year of change as the requested change in inventory method? If "Yes," see the instructions for rules regarding concurrent changes ☐ Yes ☐ No

Part III Method of Cost Allocation (Complete this part if the requested change involves either property subject to section 263A or long-term contracts as described in section 460.) See instructions.

Section A—Allocation and Capitalization Methods

Attach a description (including sample computations) of the present and proposed method(s) the applicant uses to capitalize direct and indirect costs properly allocable to real or tangible personal property produced and property acquired for resale, or to allocate direct and indirect costs required to be allocated to long-term contracts. Include a description of the method(s) used for allocating indirect costs to intermediate cost objectives such as departments or activities prior to the allocation of such costs to long-term contracts, real or tangible personal property produced, and property acquired for resale. The description must include the following:

- 1 The method of allocating direct and indirect costs (for example, specific identification, burden rate, standard cost, or other reasonable allocation method).
- 2 The method of allocating mixed service costs (for example, direct reallocation, step-allocation, simplified service cost using the labor-based allocation ratio, simplified service cost using the production cost allocation ratio, or other reasonable allocation method).
- 3 Except for long-term contract accounting methods, the method of capitalizing additional section 263A costs (for example, simplified production with or without the historic absorption ratio election, modified simplified production with or without the historic absorption ratio election, simplified resale with or without the historic absorption ratio election including permissible variations, the U.S. ratio, or other reasonable allocation method).

Section B—Direct and Indirect Costs Required To Be Allocated

Check the appropriate boxes showing the costs that are or will be fully included, to the extent required, in the cost of real or tangible personal property produced or property acquired for resale under section 263A or allocated to long-term contracts under section 460. Mark "N/A" in a box if those costs are not incurred by the applicant. If a box is not checked, it is assumed that those costs are not fully included to the extent required. Attach an explanation for boxes that are not checked.

	Present method	Proposed method
1 Direct material		
2 Direct labor		
3 Indirect labor		
4 Officers' compensation (not including selling activities)		
5 Pension and other related costs		
6 Employee benefits		
7 Indirect materials and supplies		
8 Purchasing costs		
9 Handling, processing, assembly, and repackaging costs		
10 Offsite storage and warehousing costs		
11 Depreciation, amortization, and cost recovery allowance for equipment and facilities placed in service and not temporarily idle		
12 Depletion		
13 Rent		
14 Taxes other than state, local, and foreign income taxes		
15 Insurance		
16 Utilities		
17 Maintenance and repairs that relate to a production, resale, or long-term contract activity		
18 Engineering and design costs (not including section 174 research and experimental expenses)		
19 Rework labor, scrap, and spoilage		
20 Tools and equipment		
21 Quality control and inspection		
22 Bidding expenses incurred in the solicitation of contracts awarded to the applicant		
23 Licensing and franchise costs		
24 Capitalizable service costs (including mixed service costs)		
25 Administrative costs (not including any costs of selling or any return on capital)		
26 Research and experimental expenses attributable to long-term contracts		
27 Interest		
28 Other costs (Attach a list of these costs.)		

Part III Method of Cost Allocation (continued) See instructions.**Section C—Other Costs Not Required To Be Allocated** (Complete Section C only if the applicant is requesting to change its method for these costs.)

	Present method	Proposed method
1 Marketing, selling, advertising, and distribution expenses		
2 Research and experimental expenses not included in Section B, line 26		
3 Bidding expenses not included in Section B, line 22		
4 General and administrative costs not included in Section B		
5 Income taxes		
6 Cost of strikes		
7 Warranty and product liability costs		
8 Section 179 costs		
9 On-site storage		
10 Depreciation, amortization, and cost recovery allowance not included in Section B, line 11		
11 Other costs (Attach a list of these costs.)		

Schedule E—Change in Depreciation or Amortization (see instructions) N/A

Applicants requesting approval to change their method of accounting for depreciation or amortization complete this section. Applicants **must** provide this information for each item or class of property for which a change is requested.

Note: See the **Summary of the List of Automatic Accounting Method Changes** in the instructions for information regarding automatic changes under sections 56, 167, 168, or 197, or former sections 168, 1400I, or 1400L. **Do not** file Form 3115 with respect to certain late elections and election revocations. See instructions.

- 1 Is depreciation for the property determined under Regulations section 1.167(a)-11 (CLADR)? ☐ Yes ☐ No
If "Yes," the only changes permitted are under Regulations section 1.167(a)-11(c)(1)(iii).
- 2 Is any of the depreciation or amortization required to be capitalized under any Code section, such as section 263A? ☐ Yes ☐ No
If "Yes," enter the applicable section _____
- 3 Has a depreciation, amortization, expense, or disposition election been made for the property, such as the election under sections 168(f)(1), 168(i)(4), 179, 179C, or Regulations section 1.168(i)-8(d)? ☐ Yes ☐ No
If "Yes," state the election made _____
- 4a Attach a statement describing the property subject to the change. Include the property's description, type, placed-in-service year, and use in the applicant's trade or business or income-producing activity. Also include the type and amount of any federal tax credit claimed or grant received, along with any necessary adjustments to basis required under the Internal Revenue Code, with respect to the property.
- b If the property is residential rental property, did the applicant live in the property before renting it? . . ☐ Yes ☐ No
- c Is the property public utility property? ☐ Yes ☐ No
- 5 To the extent not already provided in the applicant's description of its present method, attach a statement explaining how the property is treated under the applicant's present method (for example, depreciable property, inventory property, supplies under Regulations section 1.162-3, nondepreciable section 263(a) property, property deductible as a current expense, etc.).
- 6 If the property is not currently treated as depreciable or amortizable property, attach a statement of the facts supporting the proposed change to depreciate or amortize the property.
- 7 If the property is currently treated and/or will be treated as depreciable or amortizable property, provide the following information for both the present (if applicable) and proposed methods:
 - a The Code section under which the property is or will be depreciated or amortized (for example, section 168(g)).
 - b The applicable asset class from Rev. Proc. 87-56, 1987-2 C.B. 674, for each asset depreciated under section 168 (MACRS) or under former section 1400L; the applicable asset class from Rev. Proc. 83-35, 1983-1 C.B. 745, for each asset depreciated under former section 168 (ACRS); an explanation why no asset class is identified for each asset for which an asset class has not been identified by the applicant.
 - c The facts to support the asset class for the proposed method.
 - d The depreciation or amortization method of the property, including the applicable Code section (for example, 200% declining balance method under section 168(b)(1)).
 - e The useful life, recovery period, or amortization period of the property.
 - f The applicable convention of the property.
 - g Whether the additional first-year special depreciation allowance (for example, as provided by section 168(k), 168(l), 168(m), or former section 168(n), 1400L(b), or 1400N(d)) was or will be claimed for the property. If not, also provide an explanation as to why no special depreciation allowance was or will be claimed.
 - h Whether the property was or will be in a single asset account, a multiple asset account, or a general asset account.

ATTACHMENT TO FORM 3115

Filed Under Rev. Proc. 2015-13, 2025-23, and 2023-15, DCN 269

Entity Name: MDU Resources Group, Inc. and Subsidiaries

EIN: 30-1133956

For the Tax Year Ended 12/31/2024

Part I - Name of Applicants

MDU Resources Group, Inc. and Subsidiaries (EIN: 30-1133956, “Filer” or “Taxpayer”), the parent of an affiliated group of corporations that files a consolidated tax return, is requesting to make an automatic accounting method change under Section 5.02 of Rev. Proc. 2023-15, as amplified and modified under Section 3.12 of Rev. Proc. 2025-23, on behalf of the following applicants (hereinafter collectively referred to as the “Applicants” unless otherwise indicated).

Name of Applicant	EIN
Montana-Dakota Utilities Co.	41-0423660
Cascade Natural Gas Corporation	91-0599090
Intermountain Gas Company	82-0221463
WBI Energy Transmission, Inc.	45-0372309

Statement Required by Section 6.02(5) of Rev. Proc. 2015-13

The Taxpayer represents that the above referenced Applicants are the only members of the consolidated group that have this item that is the matter of this method change request.

Part II, Question 7b – Audit Protection

Audit protection applies to the Applicants’ requested change in method of accounting as the Applicants do not have any federal income tax returns currently under examination.

Part II, Questions 11(b) – Accounting Method Changes in the Past Five Years

- MDU Resources Group, Inc. and Subsidiaries – (EIN: 30-1133956) changed its method of accounting for depreciating certain fixed assets, pursuant to the automatic consent procedures of Rev. Proc. 2023-24 (DCN 7) for the tax year ended 12/31/2022.
- MDU Resources Group, Inc. and Subsidiaries – (EIN: 30-1133956) changed its method of accounting for depreciating certain fixed assets which were placed into service during tax years ending 1994-2020, pursuant to the automatic consent procedures of Rev. Proc. 2022-14 (DCN 7 and 244) for the tax year ended 12/31/2021.

Part II, Question 14 – Description of Present and Proposed Methods**a) The item(s) being changed.**

The Applicants are requesting to change their treatment of natural gas transmission and distribution property to adopt the natural gas transmission and distribution property safe harbor method of accounting (“NGSH Method”) provided in Rev. Proc. 2023-15, as amplified and modified in Section 3.12 of Rev. Proc. 2025-23. Specifically, the Applicants are changing to “the safe harbor method for linear property” in accordance with Rev. Proc. 2023-15, as amplified and modified in Section 3.12 of Rev. Proc. 2025-23. In conjunction with this change, the Applicants will make a late general asset account election as required under section 5.08(2) of Rev. Proc. 2023-15, as amplified and modified

in Section 3.12 of Rev. Proc. 2025-23. The Applicants have a depreciable interest in natural gas transmission and distribution property and incur costs (other than excluded costs) to maintain, repair, replace or improve such property.

b) The applicant's present method for the item(s) being changed.

The Taxpayer is a publicly traded company. The Taxpayer is a holding company with multiple subsidiaries regulated by the Federal Energy Regulatory Commission ("FERC"). The Applicants presently utilize units of property ("UOPs") as determined and used in its books of account for regulatory reporting purposes and do not define the UOP in a manner that is consistent with the safe harbor. The Applicants make repairs determinations for natural gas transmission and distribution property utilizing these UOPs.

The Applicants have not claimed or received a federal income tax credit, grant or subsidy with respect to any of the costs or assets subject to this accounting method change.

c) The applicant's proposed method for the item(s) being changed.

Under the Applicants' proposed method of accounting, the Applicants will follow the NGSH Method for linear transmission and linear distribution property as described below.

With respect to linear transmission property, the Applicants will utilize the safe harbor method for linear property described in Section 5.02 of Rev. Proc. 2023-15 to determine repairs and maintenance deductions, including:

- Determining UOPs for such property in accordance with Section 5.02(1) of the revenue procedure;
- Applying the simplified rule for replacements of such property in accordance with Section 5.02(2) of the revenue procedure;
- Following the treatment outlined for blanket work orders in Section 5.02(3) of the revenue procedure; and
- Applying the aggregation requirements of Section 5.06 of the revenue procedure.

With respect to linear distribution property, the Applicants will utilize the safe harbor method for linear property described in Section 5.03 of Rev. Proc. 2023-15 to determine repairs and maintenance deductions, including:

- Applying the simplified rule for replacements of distribution mains in accordance with Section 5.03(2) of the revenue procedure;
- Following the treatment outlined for blanket work orders in Section 5.03(3) of the revenue procedure;
- Applying the aggregation requirements of Section 5.06 of the revenue procedure;
- Following the rules for identified distribution service line costs provided in Section 5.07(2) of the revenue procedure and the simplified rules for unidentified distribution service line costs provided in Section 5.07(3) of the revenue procedure.

In applying the NGSH Method to linear transmission and distribution property, the Applicants will capitalize all costs designated as "per se capital expenditures" in Section 5.05(1) of Rev. Proc. 2015-13.

In addition, the Applicants are making late general asset account (GAA) elections under IRC Section 168(i)(4) and Treas. Reg. Sec. 1.168(i)-1(l) to include in GAAs natural gas transmission and

distribution property placed in service prior to the tax year of change and owned by the Taxpayer at the beginning of the tax year of change.

d) The applicant's present overall method of accounting (cash, accrual, or hybrid).

The Applicants' overall method of accounting is the accrual method.

Part II, Question 15 – Description of Trade or Business

a. A detailed and completed description of the Applicants' trade or business.

MDU Resources Group, Inc., through its subsidiaries and other affiliated entities, engages in Electric Power Generation, and Transmission and Distribution and Natural Gas Transmission and Distribution. Information for each Applicant is listed below.

Applicant	EIN	Activity Code
Montana-Dakota Utilities Co.	41-0423660	221500
Cascade Natural Gas Corporation	91-0599090	221210
Intermountain Gas Company	82-0221463	221210
WBI Energy Transmission, Inc.	45-0372309	221210

Note: Regulated by FERC

(b) Statement regarding more than one trade or business

None of the Applicants has more than one trade or business as defined under Treas. Reg. § 1.446-1(d).

Part II, Question 17 – Book / Tax Conformity

The proposed method of accounting will not be used for the Applicants' books and records and financial statement purposes because the method is not an acceptable method under the FERC accounting rules and the method does not likely follow the same rules as the generally accepted accounting principles ("GAAP"). The proposed method will only be used in the Applicants' tax books and records.

Part IV, Question 26 – Section 481(a) Adjustment

The I.R.C § 481(a) adjustment is computed as the difference between the amount of tangible property subject to the method change request that were depreciated or expensed as a repair under the present method of accounting and the amount that would have been taken into account under the proposed method of accounting as of the beginning of the year of change. The I.R.C § 481(a) adjustments that result in a net decrease in taxable income will be recognized fully in the year of change.

Applicant	Present Method	Proposed Method	Section 481(a) Adjustment
Montana-Dakota Utilities Co.	\$3,602,566	\$3,643,361	(\$40,796)
Cascade Natural Gas Corporation	(\$8,945,460)	4,056,089	(\$13,001,549)
Intermountain Gas Company	\$1,683,953	\$92,435	\$1,591,517
WBI Energy Transmission, Inc.	\$13,289,716	\$9,985,241	\$3,304,476
Total	\$9,630,774	\$17,777,127	(\$8,146,352)

Statement Required by Section 3.12(3)(a)(ii) of Rev. Proc. 2025-23

- (A) Each Applicant consents to, and agrees to apply, all the provisions of Treas. Reg. Sec. 1.168(i)-1 to the assets that are subject to the election specified in section 5.08(2) of Rev. Proc. 2023-15; and,
- (B) Except as provided in Treas. Reg. Sec. 1.168(i)-1(c)(1)(ii)(A), (e)(3), (g), or (h), the election made by the taxpayer under section 5.08(2) of Rev. Proc. 2023-15 is irrevocable and will be binding on the taxpayer for computing taxable income for the year of change and for all subsequent taxable years with respect to the assets that are subject to this election.

Statement Required by Section 3.12(3)(c) of Rev. Proc. 2025-23

Each Applicant that owns public utility property, as defined in section 168(i)(10), agrees to the following terms and conditions:

- i. A normalization method of accounting (within the meaning of § 168(i)(9)) will be used for the public utility property subject to the Form 3115;
- ii. As of the beginning of the year of change, the taxpayer will adjust its deferred tax reserve account or similar account in the taxpayer's regulatory books of account by the amount of the deferral of federal income tax liability associated with the I.R.C. § 481(a) adjustment applicable to the public utility property subject to the Form 3115 if such amount is no longer being normalized for regulatory purposes by the taxpayer; and
- iii. Within 30 calendar days of filing the federal income tax return for the year of change, the taxpayer will provide a copy of the completed Form 3115 to any regulatory body having jurisdiction over the public utility property subject to the Form 3115.

REQUEST FOR CORRESPONDENCE BY FAX UNDER SECTION 9.04(3) OF REV. PROC. 2025-1

The Applicants request that the Internal Revenue Service send any correspondence, including requests for additional information, by both regular mail and facsimile to the Applicant at 706-664-0381, as well as to the Applicant's authorized representative, Lynn Afeman at (202) 533-3839. Any inadvertent disclosure violations resulting from a facsimile transmission are hereby waived.