

MONTANA-DAKOTA UTILITIES CO.  
 COST OF GAS  
 SOUTH DAKOTA - RESIDENTIAL AND GENERAL SERVICE  
 PROJECTED 2015 BASED ON APRIL 2015 PGA

Billing Determinants	Rate 1/	Amount
<b><u>Demand Charges</u></b>		
<b><i>Transportation</i></b>		
FT-1 MDDQ	62,753 dk/Month	\$9.21000 \$6,935,462
FT-1 Negotiated Contract	9,310 dk/Month	12.10920 1,352,840
FTN-1 MDDQ	23,625 dk/Month	0.24274 68,817
Northern Border et. al.	62,749 dk/Month	0.36400 274,088
T-FTG-1 MDDQ	1,369 dk/Month	9.86250 162,021
<b><i>Storage</i></b>		
FS-1 Capacity Reservation	2,525,424 dk/Month	0.01757 532,460
FS-1 Deliverability Reservation	43,030 dk/Month	2.01507 1,040,502
<b>Total Demand Charges</b>		<b>10,366,190</b>
<b><u>Commodity Charges</u></b>		
<b><i>Transportation Charges</i></b>		
FT-1 Commodity	3,033,444 dk	0.02982 90,457
FT-1 Negotiated Contract	3,398,150 dk	0.00140 4,757
Fuel - Transp. WBI	127,977 dk	2.93200 375,229
Electric Power WBI	6,431,594 dk	0.00668 42,963
Fuel - Transp. NB	11,467 dk	3.56000 40,823
T-FTG-1 Commodity	249,843 dk	0.06433 16,072
Fuel - Transp. NW	4,971 dk	2.93200 14,575
SDIP	211,218 dk	2.39800 506,501
Source Gas	21,026 dk	1.07562 22,616
<b><i>Storage Charges</i></b>		
FS-1 Injection	2,184,040 dk	0.01221 26,667
FS-1 Withdrawal	2,123,552 dk	0.01221 25,929
Fuel - Storage	52,893 dk	2.39800 126,837
Electric Power WBI	4,307,592 dk	0.00056 2,412
<b><i>Gas Commodity Charges</i></b>		
Gas Commodity	6,681,437 dk	2.93200 2/ 19,589,973
<b>Total Commodity Charges</b>		<b>20,885,811</b>
<b><u>Return on Rate Base</u></b>		
Demand Charges 3/		40,436
Prepaid Commodity Balances 3/		25,932
Cycle Storage Balances 3/		190,786
<b>Total Return</b>		<b>257,154</b>
<b>Total Gas Costs</b>		<b>\$31,509,155</b>
<b>Residential and General Service dk Requirements 4/</b>		<b>6,681,437</b>
Average Cost of Gas per dk		<b>\$4.716</b>
Average Cost of Gas as Adjusted for Losses @ 99.0%		<b>\$4.764</b>

1/ WBI Energy's Thirteenth Revised Sheet No. 12, Third Revised Sheet No. 15, Fourteenth Revised Sheet No. 18 and SENDOUT Model for Gas Commodity.

2/ Weighted cost of gas for 2015.

3/ Exhibit C.

4/ Normalized dk sales for the twelve months ended January 31, 2015, adjusted for losses at 1.0%.

5/ Gas cost level in rates effective March 1, 2015:

Cost of Purchased Gas	\$4.685
Adjustment for Distribution Losses	0.9900
Gas Cost Level in Base Tariff Rates	\$4.732

MONTANA-DAKOTA UTILITIES CO.  
 COMPUTATION OF CURRENT GAS COST ADJUSTMENT  
 SOUTH DAKOTA - INTERRUPTIBLE  
 PROJECTED 2015 BASED ON APRIL 2015 PGA

Billing Determinants	Rate 1/	Amount
<b><u>Demand Charges</u></b>		
<i>Transportation</i>		
FT-1 MDDQ	3,911 dk/Month	\$9.21000 \$432,244
FTN-1 MDDQ	1,306 dk/Month	0.24274 3,804
Northern Border et. al.	3,320 dk/Month	0.36400 14,502
T-FTG-1 MDDQ	72 dk/Month	9.86250 8,521
<i>Storage</i>		
FS-1 Capacity Reservation	139,583 dk/Month	0.01757 29,430
FS-1 Deliverability Reservation	2,378 dk/Month	2.01507 57,502
<b>Total Demand Charges</b>		<b>546,003</b>
<b><u>Commodity Charges</u></b>		
<i>Transportation Charges</i>		
FT-1 Commodity	1,440,785 dk	0.02982 42,964
Fuel - Transp. WBI	28,669 dk	2.93200 84,058
Electric Power WBI	1,440,785 dk	0.00668 9,624
Fuel - Transp. NB	607 dk	3.56000 2,161
T-FTG-1 Commodity	13,140 dk	0.06433 845
Fuel - Transp. NW	261 dk	2.93200 765
SDIP	11,674 dk	2.39800 27,994
Source Gas	4,576 dk	1.07562 4,922
<i>Storage Charges</i>		
FS-1 Injection	475,262 dk	0.01221 5,803
FS-1 Withdrawal	436,178 dk	0.01221 5,326
Fuel - Storage	11,192 dk	2.93200 32,815
Electric Power WBI	911,440 dk	0.00056 510
<i>Gas Commodity Charges</i>		
Gas Commodity	1,453,925 dk	2.93200 2/ 4,262,908
<b>Total Commodity Charges</b>		<b>4,480,695</b>
<b><u>Return on Rate Base</u></b>		
Demand Charges 3/		2,235
Prepaid Commodity Balances 3/		1,433
Cycle Storage Balances 3/		10,545
<b>Total Return</b>		<b>14,213</b>
<b>Total Annualized Gas Cost</b>		<b>\$5,040,911</b>
<b>Interruptible dk Requirements</b>		<b>1,453,925</b>
Average Cost of Gas per dk		<b>\$3.467</b>
Average Cost of Gas as Adjusted for Losses @ 99.0%		<b>\$3.502</b>

1/ WBI Energy's Thirteenth Revised Sheet No. 12, Third Revised Sheet No. 15, Fourteenth Revised Sheet No. 18 and SENDOUT Model for Gas Commodity.

2/ Weighted cost of gas for 2015.

3/ See Exhibit B, page 1. Allocated to interruptible on MDDQ.

4/ Gas cost level in rates effective March 1, 2015:

Cost of Purchased Gas	\$3.500
Adjustment for Distribution Losses	0.9900
Gas Cost Level in Base Tariff Rates	\$3.535

**MONTANA-DAKOTA UTILITIES CO.  
RETURN ON CYCLE STORAGE BALANCES  
AND PREPAID DEMAND AND COMMODITY BALANCES  
SOUTH DAKOTA  
EFFECTIVE APRIL 2015**

	General Service		
	Storage Balance 1/	Commodity Balance 2/	Prepaid Demand
October 2014	\$5,626,710	\$481,108	\$1,764,571
November	3,878,091	395,430	1,378,207
December	2,141,346	308,329	607,101
January 2015	431,467	201,113	(228,505)
February	(768,961)	122,654	(838,025)
March	(1,535,311)	77,201	(1,223,337)
April	(1,384,644)	84,180	(1,152,605)
May	(526,435)	123,827	(670,062)
June	652,540	178,294	(18,219)
July	2,096,923	245,254	610,324
August	3,573,838	313,594	1,237,210
September	4,827,725	371,597	1,809,412
October	5,202,781	388,925	1,856,317
13 month average	<u>\$1,862,775</u>	<u>\$253,193</u>	<u>\$394,799</u>
Rate of Return	7.600%	7.600%	7.600%
Return	\$141,571	\$19,243	\$30,005
Return Requirement	<u>\$190,786</u>	<u>\$25,932</u>	<u>\$40,436</u>

1/ Monthly balance from SENDOUT Model, allocated to the South Dakota system on the ratio of storage capacity MDDQ.

2/ Monthly balance allocated to the South Dakota system based on sales volumes.

**South Dakota - Capital Structure - Docket No. NG12-008 Eff. 11/13 - Staff Memo**

	Ratio	Cost	Weighted	Adj. For Tax
Long Term Debt	45.872%	5.934%	2.720%	2.723%
Preferred Stock	2.128%	4.585%	0.100%	0.154%
Common Equity	52.000%	9.200%	4.780%	7.365%
Total	100.000%		7.600%	10.242%

**GAS SUPPLY**  
**JANUARY 2015 - ESTIMATED**

JANUARY 2015 DESCRIPTION	Current Month			Adjustments			Total		
	Dk	Amount	Rate per Dk	Dk	Amount	Rate per Dk	Dk	Amount	Rate per Dk
<b>GAS COMMODITY</b>									
Gas purchases - non-affiliated	3,308,183	10,317,717.48		(2,843)	\$ (19,425.08)		3,305,340	\$ 10,298,292.40	
Gas purchases - Prairielands Energy	20,126	62,994.38	3.11891470	-	-		20,126	62,994.38	3.11573980
Reverse prior month imbalance - WBI	(6,427)	(14,295.91)		3,087	-		(3,340)	(14,295.91)	
Reverse prior month imbalance - Northern Border (NB)	(6,840)	(29,276.64)	4.28021053	-	-		(6,840)	(29,276.64)	
Reverse prior month imbalance - Northwestern (NW)	7	29.96		-	-		7	29.96	
Total purchases	3,315,049	10,337,169.27	3.11825535	244	(19,425.08)		3,315,293	10,317,744.19	3.112166614
Imbalance adjustment	-		3.11825535	-	-		-	-	
Cash In/Out - Source Gas	-	(1,658.08)		394	-		394	(1,658.08)	
Storage gas used for Power Production				(59)	(252.53)	4.28021113	(59)	(252.53)	4.28016949
Imbalance used for Power Production				51	-		51	-	
WBI Withheld volumes on Transfer to Prepaid Storage				-	-		-	-	
Current month negative imbalance - WBI	-	-	3.11825535	-	-		-	-	
Current month negative imbalance - NB	804	2,507.08	3.11825535	-	-		804	2,507.08	
Current month negative imbalance - NW	-	-	3.11825535	-	-		-	-	
Permanent storage withdrawal -	-	-	3.11540000	-	-		-	-	
Permanent storage withdrawal - Layer 2	1,495,309	4,658,485.66	3.11540000	-	-	3.68940000	1,495,309	4,658,485.66	3.115400000
Permanent storage withdrawal - Layer 1	1,439,982	4,486,119.92	3.11540000	-	-	3.68940000	1,439,982	4,486,119.92	3.115400000
Temporary storage withdrawal - Layer 2	-	-	3.45350486	-	-	3.27720000	-	-	
Temporary storage withdrawal - Layer 3	-	-	3.67892640	-	-	3.67892640	-	-	
Total cost of gas supply	6,251,144	19,482,623.85	3.11664934	630	(19,677.61)		6,251,774	19,462,946.24	3.113187751
Less:									
Temporary storage injection - Layer 4	-	-	3.11825535	-	-	4.28021113	-	-	
Temporary storage injection - Layer 3	-	-	3.11825535	-	-	4.28021113	-	-	
Permanent storage injection - Layer 2	-	-	3.68940000	-	-	3.68940000	-	-	
Permanent storage injection - Layer 3	-	-	3.68940000	-	-	2.91100000	-	-	
Permanent storage injection - Layer 1	-	-	3.68940000	-	-	3.68940000	-	-	
Net cost of gas supply	6,251,144	19,482,623.85	3.11664934	630	(19,677.61)		6,251,774	19,462,946.24	3.113187751
Less:									
Fuel-in-kind - WBI	175,612	547,603.06	3.11825535	630	2,696.53	4.28021113	176,242	550,299.59	3.122408904
Fuel-in-kind - NB	7,162	22,332.94	3.11825535	-	-	4.28021113	7,162	22,332.94	3.118254677
Fuel-in-kind - NW	4,987	15,550.74	3.11825535	-	-	4.28021113	4,987	15,550.74	3.118255464
Commodity cost of positive imbalance - WBI	-	-	3.11825535	-	-	4.28021113	-	-	
Commodity cost of positive imbalance - NB	-	-	3.11825535	-	-	4.28021113	-	-	
Commodity cost of positive imbalance - NW	1	3.12	3.11825535	-	-	4.28021113	1	3.12	
Total gas commodity costs	6,063,382	\$ 18,897,133.99	3.11659961	-	\$ (22,374.14)	-	6,063,382	\$ 18,874,759.85	3.112909569

**NON-GAS COMMODITY**

Volume for delivery - State of South Dakota				-			-		
Volume for delivery (excluding prepaid & imbalance) - WBI	2,808,425			(3,087)			2,805,338		
Volume for delivery (excluding prepaid & imbalance) - NB	191,990			-			191,990		
Volume for delivery (excluding prepaid & imbalance) - NW	202,713			-			202,713		
Volume for delivery (excluding prepaid & imbalance) - Hank	-			-			-		
Current period gathering costs - intercompany		\$ 8,445.14			\$ (265.30)			\$ 8,179.84	
Current period gathering costs - other		(8,500.25)			268.67			(8,231.58)	
Current period prepaid storage costs		54,828.52			8,582.20			63,410.72	
Current period WBI electric power/transportation costs		33,270.47			(222.25)			33,048.22	
Current period Pemi transport & fuel cost credit		-			-			-	
Cost of fuel-in-kind		505,105.74			2,505.52			507,611.26	

**GAS SUPPLY**  
**FEBRUARY 2015 - ESTIMATED**

DESCRIPTION	Current Month			Adjustments			Total		
	Dk	Amount	Rate per Dk	Dk	Amount	Rate per Dk	Dk	Amount	Rate per Dk
<b>GAS COMMODITY</b>									
Gas purchases - non-affiliated	3,098,271	8,423,628.08		(2,697)	\$ (2,660.84)		3,095,574	\$ 8,420,967.24	
Gas purchases - Prairielands Energy	4,282	11,561.40	2.71878981	-	-		4,282	11,561.40	2.72029689
Reverse prior month imbalance - WBI	(5,728)	-		-	-		(5,728)	-	
Reverse prior month imbalance - Northern Border (NE)	(804)	(2,507.08)	3.11825871	-	-		(804)	(2,507.08)	
Reverse prior month imbalance - Northwestern (NW)	1	3.12		-	-		1	3.12	
Total purchases	3,096,022	8,432,685.52	2.72371628	(2,697)	(2,660.84)		3,093,325	8,430,024.68	2.725230837
Imbalance adjustment	-		2.72371628	5,728			5,728		
Cash In/Out - Source Gas	-	1,657.79		448	-		448	1,657.79	
Storage gas used for Power Production				(61)	(190.21)	3.11825535	(61)	(190.21)	3.11819672
Imbalance used for Power Production				52			52		
WBI Withheld volumes on Transfer to Prepaid Storage				-	-		-	-	
Current month negative imbalance - WBI	-	-	2.72371628	-	-		-	-	
Current month negative imbalance - NB	-	-	2.72371628	-	-		-	-	
Current month negative imbalance - NW	-	-	2.72371628	-	-		-	-	
Permanent storage withdrawal -	-	-	3.11540000	-	-		-	-	
Permanent storage withdrawal - Layer 2	-	-	3.11540000	-	-	3.11540000	-	-	
Permanent storage withdrawal - Layer 1	2,615,029	8,146,861.35	3.11540000	(2,266)	(7,059.50)	3.11540000	2,612,763	8,139,801.85	3.115400000
Temporary storage withdrawal - Layer 2	-	-	3.45350486	-	-	3.27720000	-	-	
Temporary storage withdrawal - Layer 3	-	-	3.67892640	-	-	3.67892640	-	-	
Total cost of gas supply	5,711,051	16,581,204.66	2.90335433	1,204	(9,910.55)		5,712,255	16,571,294.11	2.901007415
<b>Less:</b>									
Temporary storage injection - Layer 4	-	-	2.72371628	-	-	3.11825535	-	-	
Temporary storage injection - Layer 3	-	-	2.72371628	-	-	3.11825535	-	-	
Permanent storage injection - Layer 2	-	-	3.68940000	-	-	3.68940000	-	-	
Permanent storage injection - Layer 3	-	-	3.68940000	-	-	2.91100000	-	-	
Permanent storage injection - Layer 1	-	-	3.68940000	-	-	3.68940000	-	-	
Net cost of gas supply	5,711,051	16,581,204.66	2.90335433	1,204	(9,910.55)		5,712,255	16,571,294.11	2.901007415
<b>Less:</b>									
Fuel-in-kind - WBI	160,929	438,324.94	2.72371628	1,204	3,754.38	3.11825535	162,133	442,079.32	2.726646149
Fuel-in-kind - NB	6,144	16,734.51	2.72371628	-	-	3.11825535	6,144	16,734.51	2.723715820
Fuel-in-kind - NW	4,504	12,267.62	2.72371628	-	-	3.11825535	4,504	12,267.62	2.723716696
Commodity cost of positive imbalance - WBI	-	-	2.72371628	-	-	3.11825535	-	-	
Commodity cost of positive imbalance - NB	2,141	5,831.48	2.72371628	-	-	3.11825535	2,141	5,831.48	2.723717889
Commodity cost of positive imbalance - NW	5	13.62	2.72371628	-	-	3.11825535	5	13.62	
Total gas commodity costs	5,537,328	\$16,108,032.49	2.90899013	-	\$ (13,664.93)	-	5,537,328	\$16,094,367.56	2.906522344

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