

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - SOUTH DAKOTA  
LABOR EXPENSE  
PRO FORMA 2014**

	2013	2014	% Change	Pro forma 2014 1/	% Change
5110 Straight time	\$4,359,244	\$4,542,191	4.20%	\$4,709,798	3.69%
5120 Premium time	237,613	201,442	-15.22%	208,875	3.69%
5140 Moving		315	#DIV/0!	315	0.00%
5150 Meals	758	1,022	34.83%	1,022	0.00%
5193 Vacation	65,663	59,882	-8.80%	62,092	3.69%
Subtotal	<u>4,663,278</u>	<u>4,804,852</u>	<u>3.04%</u>	<u>4,982,102</u>	<u>3.69%</u>
5130 Bonuses & Commiss	139,335	145,467	4.40%	447,393	207.56%
5131 Incentive Comp Acci	302,984	242,760	-19.88%	0	-100.00%
Total	<u>\$5,105,597</u>	<u>\$5,193,079</u>	<u>1.71%</u>	<u>\$5,429,495</u>	<u>4.55%</u>

1/ Straight time, premium time and vacation were increased at the overall wage increase. Moving and meals remained flat and incentive compensation is calculated based on the three year average ratio of incentive compensation to labor (straight time, premium time and vacation) applied to pro form labor.

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

	2014		2015	Weighted
	Wages	% of total	% increase	Average
Union Wages	\$31,737,866	38.84416%	4.00%	1.55%
Non-Union Wages	49,967,766	61.15584%	3.50%	2.14%
Total Wages Paid	\$81,705,632	100.00000%		3.69%

	12/31/2014			With Increase			Increase
	Total	Union	Non-Union	Union	Non-Union	Total	
5110 Straight time	\$44,216,896	\$17,175,682	\$27,041,214	\$17,862,709	\$27,987,656	\$45,850,365	
5120 Premium time	3,712,810	1,442,210	2,270,600	1,499,898	2,350,071	3,849,969	
5193 Vacation	583,619	226,702	356,917	235,770	369,409	605,179	
Total	\$48,513,325	\$18,844,594	\$29,668,731	\$19,598,377	\$30,707,136	\$50,305,513	3.69%

**MONTANA-DAKOTA UTILITIES CO.  
LABOR EXPENSE - UTILITY  
TWELVE MONTHS ENDING DECEMBER 31, 2014**

	Gas			Electric			Total		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
5110 Straight time	\$16,519,557	\$18,545,717	\$19,208,397	\$22,647,033	\$23,977,158	\$25,008,499	\$39,166,590	\$42,522,875	\$44,216,896
5120 Premium time	1,068,629	1,333,335	1,207,879	2,151,881	2,784,679	2,504,931	3,220,510	4,118,014	3,712,810
5130 Bonuses & Comm.	553,480	823,363	842,768	857,930	1,222,159	1,277,771	1,411,410	2,045,522	2,120,539
5131 Incentive Comp	1,041,146	1,370,316	1,044,551	1,456,964	1,852,065	1,344,962	2,498,110	3,222,381	2,389,513
5140 Moving	123,056	5,628	19,119	63,015	10,234	4,616	186,071	15,862	23,735
5150 Meals	4,102	5,548	6,046	7,232	7,215	4,426	11,334	12,763	10,472
5193 Vacation	223,216	270,012	253,569	303,216	347,647	330,050	526,432	617,659	583,619
Total	19,533,186	22,353,919	22,582,329	27,487,271	30,201,157	30,475,255	47,020,457	52,555,076	53,057,584
Change		14.44%	1.02%		9.87%	0.91%		11.77%	0.96%

	2012	2013	2014	Average
5110 Straight time	39,166,590	42,522,875	44,216,896	
5120 Premium time	3,220,510	4,118,014	3,712,810	
5193 Vacation	526,432	617,659	583,619	
Total	42,913,532	47,258,548	48,513,325	\$46,228,468

Bonuses & Incentive	3,909,520	5,267,903	4,510,052	
Retention bonus	159,700	454,100	623,900	
	3,749,820	4,813,803	3,886,152	4,149,925

Ratio of Incentive to Labor	8.74%	10.19%	8.01%	8.98%
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**RETENTION INCENTIVE - ALL EMPLOYEES**

	2011	2012	2013	2014	TOTAL
1ST QTR	4,800	8,800	107,550	134,750	255,900
2ND QTR	5,100	25,200	110,550	175,100	315,950
3RD QTR	6,600	29,700	115,650	160,400	312,350
4TH QTR	5,200	96,000	120,350	153,650	375,200
<b>TOTAL</b>	<b>21,700</b>	<b>159,700</b>	<b>454,100</b>	<b>623,900</b>	<b>1,259,400</b>

Union Code	Division	FY	Hours	Gross Pay Add
S1 and Hat 40		14		
U11			49,669.86	1,094,240.05
U12			108,367.65	4,100,570.06
U13			36,268.18	1,236,048.28
U15			139,793.22	5,761,830.65
U81			14,576.50	722,622.58
U82			29,235.18	1,478,469.71
U84			2,080.00	111,114.77
U89			16,226.39	693,941.86
U90			1,023,169.39	33,860,127.78
Non-union			1,419,006.37	49,067,765.14
UBEW				
U11			106,703.94	4,180,471.08
U12			187,697.58	7,507,574.51
U13			64,279.14	2,405,664.14
U16			247,467.24	9,826,074.18
U24			0.00	2,500.00
U81			60,258.11	2,221,395.28
U82			85,377.25	3,438,198.64
U84			12,583.58	509,727.66
U90			39,747.60	1,846,200.72
Union			704,114.26	31,737,866.21
			<b>2,213,420.63</b>	<b>81,705,631.95</b>

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

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**Mulkern, Rita**

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**From:** Aberle, Tamie  
**Sent:** Sunday, April 26, 2015 4:16 PM  
**To:** Mulkern, Rita  
**Subject:** FW: Contract Negotiations Update

FYI – we should change SD gas. Thanks

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**From:** Jacobson, Travis  
**Sent:** Friday, April 24, 2015 6:59 PM  
**To:** Senger, Garret; Aberle, Tamie  
**Subject:** RE: Contract Negotiations Update

We used 3.5%. We can update though.

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

**From:** Senger, Garret  
**Sent:** Friday, April 24, 2015 06:54 PM Central Standard Time  
**To:** Aberle, Tamie; Jacobson, Travis  
**Subject:** Fwd: Contract Negotiations Update

The electric union members will see a 4% increase. Not sure what you have included in the MT/SD cases.

Sent from my iPhone  
Garret Senger

Begin forwarded message:

**From:** "Kaiser, Jim" <[Jim.Kaiser@MDU.com](mailto:Jim.Kaiser@MDU.com)>  
**Date:** April 24, 2015 at 6:03:47 PM CDT  
**To:** All Montana Dakota Utilities Employees <[AllMontana-DakotaUtilitiesCo@MDU.com](mailto:AllMontana-DakotaUtilitiesCo@MDU.com)>  
**Cc:** "Sanders, Josh" <[Josh.Sanders@mdu.com](mailto:Josh.Sanders@mdu.com)>  
**Subject:** Contract Negotiations Update

Good afternoon,

This update is to inform you that MDU's contract negotiations have come to a close. IBEW System Council U-13 received an offer from the company that they will present to all of the different local unions where they represent MDU employees. The current labor agreement has been extended to May 31" to allow time for these presentations and for a vote by the membership. It is expected that the vote will be completed around mid-May.

Throughout negotiations the discussions between both parties was very open and positive. The Company negotiation team believes middle ground was found on many of the proposals to address issues that we all are facing. We appreciate the continued spirit of cooperation and diligence to serve our customers demonstrated through MDU employees' hard work and daily commitment to safety.

A special thanks to the Company employees and IBEW Representatives who have been involved in the negotiation process.

**Mulkern, Rita**

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**From:** Erickson, Rhonda  
**Sent:** Friday, March 06, 2015 11:02 AM  
**To:** Mulkern, Rita  
**Subject:** FW: wage request

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**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?

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**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.