

**MONTANA-DAKOTA UTILITIES CO.
 AVERAGE PREFERRED STOCK
 TWELVE MONTHS ENDING DECEMBER 31, 2014
 PRO FORMA**

<u>Description</u>	<u>Balance Outstanding</u>	<u>Annual Cost</u>	<u>Adjusted Embedded Cost</u>
Balance at 12/31/2013	\$15,308,600	\$701,310	4.581%
2014 Redemptions			
5.1% Series			
Balance at 12/31/2014	<u>\$15,308,600</u>	<u>\$701,310</u>	<u>4.581%</u>
Average @ 12/31/2014	<u>\$15,308,600</u>	<u>\$701,310</u>	<u>4.581%</u>
2015 Redemptions			
5.1% Series	(100,000)	(5,285)	5.285%
Balance at 12/31/2015	<u>\$15,208,600</u>	<u>\$696,025</u>	<u>4.577%</u>
Average @ 12/31/2015	<u>\$15,258,600</u>	<u>\$698,668</u>	<u>4.579%</u>

**MONTANA-DAKOTA UTILITIES CO.
PREFERRED STOCK CAPITAL
DECEMBER 31, 2014**

<u>Description</u>	<u>Date of Issuance</u>	<u>Call (Redemption) Price</u>	<u>Dividend Rate</u>	<u>Par Value of Issue</u>	<u>Gross Proceeds (000's)</u>	<u>Underwriters' Commission</u>		<u>Issuance Expense</u>	
						<u>Amount</u>	<u>% Gross Proceeds</u>	<u>Amount</u>	<u>% Gross Proceeds</u>
4.5% Series	01/01/51	\$105	4.5%	\$100	\$10,000				
4.7% Series	12/07/55	102	4.7%	100	5,000				
5.1% Series	05/23/61	100/102	5.1%	100	5,000	\$25,000	0.50%	\$27,452	0.549%

<u>Description</u>	<u>Net Proceeds</u>		<u>Cost of Money 1/ 2/</u>	<u>Principal Outstanding</u>	<u>December 31, 2014</u>		<u>Method of Offering</u>
	<u>Amount (000's)</u>	<u>Per Unit</u>			<u>Annual Cost</u>	<u>Embedded Cost</u>	
4.5% Series	\$10,000	100.000%	4.500%	\$10,000,000	\$450,000		Public
4.7% Series	5,000	100.000%	4.700%	5,000,000	235,000		Public
5.1% Series	4,948	98.951%	5.285%	308,600	16,310		Private
Total				<u>\$15,308,600</u>	<u>\$701,310</u>	<u>4.581%</u>	

1/ Yield to maturity based upon the life, net proceeds, and quarterly compounding of the stated dividend rate of each issue.

2/ 4.5% Series and 4.7% Series issue expense fully recovered.

**MONTANA-DAKOTA UTILITIES CO.
PREFERRED STOCK CAPITAL
DECEMBER 31, 2015**

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						<u>Amount</u>	<u>% Gross Proceeds</u>	<u>Amount</u>	<u>% Gross Proceeds</u>
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4.7% Series	12/07/55	102	4.7%	100	5,000				
5.1% Series	05/23/61	100/102	5.1%	100	5,000	\$25,000	0.50%	\$27,452	0.549%

<u>Description</u>	<u>Net Proceeds</u>		<u>Cost of Money 1/ 2/</u>	<u>Principal Outstanding</u>	<u>December 31, 2015</u>		<u>Method of Offering</u>
	<u>Amount (000's)</u>	<u>Per Unit</u>			<u>Annual Cost</u>	<u>Embedded Cost</u>	
4.5% Series	\$10,000	100.000%	4.500%	\$10,000,000	\$450,000		Public
4.7% Series	5,000	100.000%	4.700%	5,000,000	235,000		Public
5.1% Series	4,948	98.951%	5.285%	208,600	11,025		Private
Total				<u>\$15,208,600</u>	<u>\$696,025</u>	<u>4.577%</u>	

1/ Yield to maturity based upon the life, net proceeds, and quarterly compounding of the stated dividend rate of each issue.

2/ 4.5% Series and 4.7% Series issue expense fully recovered.