

MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - SOUTH DAKOTA
Embedded Class Cost of Service Study
Cost of Service by Component
Pro Forma

| | Total South Dakota | Residential | | | Total Residential |
|---|-----------------------|-------------|-------------|-------------|----------------------|
| | | Demand | Energy | Customer | |
| Rate Base | 57,484,505 | 13,073,079 | 0 | 26,487,131 | 39,560,210 |
| Adjustments to Rate Base | 19,626,498 | 4,044,583 | 76,987 | 9,629,490 | 13,751,060 |
| Pro Forma Rate Base | 77,111,003 | 17,117,662 | 76,987 | 36,116,621 | 53,311,270 |
| Operating Income for Proposed Return | 5,860,436 | 1,300,943 | 5,851 | 2,744,862 | 4,051,656 |
| Current Operating Income | 2,217,805 | (1,581,501) | 4,886,706 | (3,267,012) | 38,193 |
| Adjustment to Operating Income | (2,209,300) | (480,004) | 470,631 | (1,028,375) | (1,037,748) |
| Required Increase in Operating Income | 5,851,931 | 3,362,448 | (5,351,486) | 7,040,249 | 5,051,211 |
| Related Taxes for Increase | | | | | |
| Federal Income | 1,555,577 | 893,815 | (1,422,547) | 1,871,460 | 1,342,728 |
| Revenue Tax | 11,128 | 6,394 | (10,176) | 13,388 | 9,606 |
| Total Increase in Revenue | 7,418,636 | 4,262,657 | (6,784,209) | 8,925,097 | 6,403,545 |
| Retail Revenue Before Increase | | | | | |
| Per Books | 77,255,711 | 10,651,457 | 25,953,713 | 6,442,191 | 43,047,361 |
| Pro Forma Adjustments | (10,800,599) | (2,172,536) | (3,058,808) | (167,842) | (5,399,186) |
| Total Retail Revenue Before Increase | 66,455,112 | 8,478,921 | 22,894,905 | 6,274,349 | 37,648,175 |
| Total Cost of Service Required from Rates | 73,873,748 | 12,741,578 | 16,110,696 | 15,199,446 | 44,051,720 |
| Less Cost of Gas | 46,787,331 | 8,478,920 | 15,911,110 | 0 | 24,390,030 |
| Net Distribution Cost of Service | 27,086,417 | 4,262,658 | 199,586 | 15,199,446 | 19,661,690 |
| Pro Forma Rate of Return | 0.01% | (12.04%) | 6958.76% | (11.89%) | (1.87%) |
| Proforma Billing Units | | | | | |
| Dk | 8,871,554 | 3,803,810 | 3,803,810 | 3,803,810 | |
| Demand | | | | | |
| Bills | 778,728 | | | 687,600 | |
| Unit Cost of Service | | | | | |
| Energy cost per Dk | | | \$0.052 | | |
| Demand cost per DK | | \$1.121 | | | |
| Customer Cost Per Month | | | | \$22.11 | |

MONTANA-DAKOTA UTILITIES CO.
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| | Total South Dakota | Small Firm General | | | Total Small Firm General |
|---|-----------------------|--------------------|-----------|-----------|--------------------------------|
| | | Demand | Energy | Customer | |
| Rate Base | 57,484,505 | 2,771,537 | 0 | 2,919,954 | 5,691,491 |
| Adjustments to Rate Base | 19,626,498 | 868,190 | 14,381 | 1,053,602 | 1,936,173 |
| Pro Forma Rate Base | 77,111,003 | 3,639,727 | 14,381 | 3,973,556 | 7,627,664 |
| Operating Income for Proposed Return | 5,860,436 | 276,619 | 1,093 | 301,990 | 579,702 |
| Current Operating Income | 2,217,805 | (331,653) | 205,134 | (18,825) | (145,344) |
| Adjustment to Operating Income | (2,209,300) | (99,646) | 290,127 | (122,273) | 68,208 |
| Required Increase in Operating Income | 5,851,931 | 707,918 | (494,168) | 443,088 | 656,838 |
| Related Taxes for Increase | | | | | |
| Federal Income | 1,555,577 | 188,181 | (131,361) | 117,782 | 174,602 |
| Revenue Tax | 11,128 | 1,346 | (940) | 843 | 1,249 |
| Total Increase in Revenue | 7,418,636 | 897,445 | (626,469) | 561,713 | 832,689 |
| Retail Revenue Before Increase | | | | | |
| Per Books | 77,255,711 | 2,193,671 | 4,125,754 | 1,129,242 | 7,448,667 |
| Pro Forma Adjustments | (10,800,599) | (447,435) | (655,066) | (33,548) | (1,136,049) |
| Total Retail Revenue Before Increase | 66,455,112 | 1,746,236 | 3,470,688 | 1,095,694 | 6,312,618 |
| Total Cost of Service Required from Rates | 73,873,748 | 2,643,681 | 2,844,219 | 1,657,407 | 7,145,307 |
| Less Cost of Gas | 46,787,331 | 1,746,236 | 2,809,868 | 0 | 4,556,104 |
| Net Distribution Cost of Service | 27,086,417 | 897,445 | 34,351 | 1,657,407 | 2,589,203 |
| Pro Forma Rate of Return | 0.01% | (11.85%) | 3443.86% | (3.55%) | (1.01%) |
| Proforma Billing Units | | | | | |
| Dk | 8,871,554 | 710,559 | 710,559 | 710,559 | |
| Demand | | | | | |
| Bills | 778,728 | | | 65,496 | |
| Unit Cost of Service | | | | | |
| Energy cost per Dk | | | \$0.048 | | |
| Demand cost per DK | | \$1.263 | | | |
| Customer Cost Per Month | | | | \$25.31 | |

MONTANA-DAKOTA UTILITIES CO.
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| | Total South Dakota | Large Firm General | | | Total Large Firm General |
|---|-----------------------|--------------------|-------------|-----------|--------------------------------|
| | | Demand | Energy | Customer | |
| Rate Base | 57,484,505 | 7,655,108 | 0 | 3,084,792 | 10,739,900 |
| Adjustments to Rate Base | 19,626,498 | 2,438,475 | 50,574 | 922,119 | 3,411,168 |
| Pro Forma Rate Base | 77,111,003 | 10,093,583 | 50,574 | 4,006,911 | 14,151,068 |
| Operating Income for Proposed Return | 5,860,436 | 767,112 | 3,844 | 304,525 | 1,075,481 |
| Current Operating Income | 2,217,805 | (1,044,444) | 2,804,929 | 301,564 | 2,062,049 |
| Adjustment to Operating Income | (2,209,300) | (295,164) | (640,702) | (114,631) | (1,050,497) |
| Required Increase in Operating Income | 5,851,931 | 2,106,720 | (2,160,383) | 117,592 | 63,929 |
| Related Taxes for Increase | | | | | |
| Federal Income | 1,555,577 | 560,014 | (574,279) | 31,258 | 16,993 |
| Revenue Tax | 11,128 | 4,006 | (4,108) | 224 | 122 |
| Total Increase in Revenue | 7,418,636 | 2,670,740 | (2,738,770) | 149,074 | 81,044 |
| Retail Revenue Before Increase | | | | | |
| Per Books | 77,255,711 | 6,031,158 | 16,265,228 | 1,324,311 | 23,620,697 |
| Pro Forma Adjustments | (10,800,599) | (1,230,153) | (2,178,689) | (37,817) | (3,446,659) |
| Total Retail Revenue Before Increase | 66,455,112 | 4,801,005 | 14,086,539 | 1,286,494 | 20,174,038 |
| Total Cost of Service Required from Rates | 73,873,748 | 7,471,745 | 11,347,769 | 1,435,568 | 20,255,082 |
| Less Cost of Gas | 46,787,331 | 4,801,005 | 11,220,551 | 0 | 16,021,556 |
| Net Distribution Cost of Service | 27,086,417 | 2,670,740 | 127,218 | 1,435,568 | 4,233,526 |
| Pro Forma Rate of Return | 0.01% | (13.27%) | 4279.33% | 4.67% | 7.15% |
| Proforma Billing Units | | | | | |
| Dk | 8,871,554 | 2,498,683 | 2,498,683 | 2,498,683 | |
| Demand | | | | | |
| Bills | 778,728 | | | 25,176 | |
| Unit Cost of Service | | | | | |
| Energy cost per Dk | | | \$0.051 | | |
| Demand cost per DK | | \$1.069 | | | |
| Customer Cost Per Month | | | | \$57.02 | |

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Pro Forma

| | Total South Dakota | Small Interruptible | | | Total Small Interruptible |
|---|-----------------------|---------------------|-----------|----------|---------------------------------|
| | | Demand | Energy | Customer | |
| Rate Base | 57,484,505 | 186,927 | 0 | 131,789 | 318,716 |
| Adjustments to Rate Base | 19,626,498 | 84,834 | 921 | 45,803 | 131,558 |
| Pro Forma Rate Base | 77,111,003 | 271,761 | 921 | 177,592 | 450,274 |
| Operating Income for Proposed Return | 5,860,436 | 20,654 | 70 | 13,497 | 34,221 |
| Current Operating Income | 2,217,805 | (42,036) | 160,659 | 43,348 | 161,971 |
| Adjustment to Operating Income | (2,209,300) | (5,025) | (68,724) | (39,392) | (113,141) |
| Required Increase in Operating Income | 5,851,931 | 67,715 | (91,865) | 9,541 | (14,609) |
| Related Taxes for Increase | | | | | |
| Federal Income | 1,555,577 | 18,000 | (24,419) | 2,536 | (3,883) |
| Revenue Tax | 11,128 | 129 | (175) | 18 | (28) |
| Total Increase in Revenue | 7,418,636 | 85,844 | (116,459) | 12,095 | (18,520) |
| Retail Revenue Before Increase | | | | | |
| Per Books | 77,255,711 | 17,708 | 461,134 | 100,575 | 579,417 |
| Pro Forma Adjustments | (10,800,599) | (3,612) | (232,324) | (44,415) | (280,351) |
| Total Retail Revenue Before Increase | 66,455,112 | 14,096 | 228,810 | 56,160 | 299,066 |
| Total Cost of Service Required from Rates | 73,873,748 | 99,940 | 112,351 | 68,255 | 280,546 |
| Less Cost of Gas | 46,787,331 | 14,096 | 110,075 | 0 | 124,171 |
| Net Distribution Cost of Service | 27,086,417 | 85,844 | 2,276 | 68,255 | 156,375 |
| Pro Forma Rate of Return | 0.01% | (17.32%) | 9982.08% | 2.23% | 10.84% |
| Proforma Billing Units | | | | | |
| Dk | 8,871,554 | 360,362 | 360,362 | 360,362 | |
| Demand | | | | | |
| Bills | 778,728 | | | 312 | |
| Unit Cost of Service | | | | | |
| Energy cost per Dk | | | \$0.006 | | |
| Demand cost per DK | | \$0.238 | | | |
| Customer Cost Per Month | | | | \$218.77 | |

MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - SOUTH DAKOTA
Embedded Class Cost of Service Study
Cost of Service by Component
Pro Forma

| | Total South Dakota | Large Interruptible | | | Total Large Interruptible |
|---|-----------------------|---------------------|-----------|-----------|---------------------------------|
| | | Demand | Energy | Customer | |
| Rate Base | 57,484,505 | 1,037,810 | 0 | 136,378 | 1,174,188 |
| Adjustments to Rate Base | 19,626,498 | 351,950 | 8,918 | 35,671 | 396,539 |
| Pro Forma Rate Base | 77,111,003 | 1,389,760 | 8,918 | 172,049 | 1,570,727 |
| Operating Income for Proposed Return | 5,860,436 | 105,622 | 678 | 13,076 | 119,376 |
| Current Operating Income | 2,217,805 | (162,233) | 257,321 | 5,848 | 100,936 |
| Adjustment to Operating Income | (2,209,300) | (24,792) | (46,809) | (4,521) | (76,122) |
| Required Increase in Operating Income | 5,851,931 | 292,647 | (209,834) | 11,749 | 94,562 |
| Related Taxes for Increase | | | | | |
| Federal Income | 1,555,577 | 77,793 | (55,779) | 3,123 | 25,137 |
| Revenue Tax | 11,128 | 556 | (399) | 22 | 179 |
| Total Increase in Revenue | 7,418,636 | 370,996 | (266,012) | 14,894 | 119,878 |
| Retail Revenue Before Increase | | | | | |
| Per Books | 77,255,711 | 240,317 | 2,278,051 | 41,201 | 2,559,569 |
| Pro Forma Adjustments | (10,800,599) | (49,016) | (487,737) | (1,601) | (538,354) |
| Total Retail Revenue Before Increase | 66,455,112 | 191,301 | 1,790,314 | 39,600 | 2,021,215 |
| Total Cost of Service Required from Rates | 73,873,748 | 562,297 | 1,524,302 | 54,494 | 2,141,093 |
| Less Cost of Gas | 46,787,331 | 191,301 | 1,504,169 | 0 | 1,695,470 |
| Net Distribution Cost of Service | 27,086,417 | 370,996 | 20,133 | 54,494 | 445,623 |
| Pro Forma Rate of Return | 0.01% | (13.46%) | 2360.53% | 0.77% | 1.58% |
| Proforma Billing Units | | | | | |
| Dk | 8,871,554 | 1,498,140 | 1,498,140 | 1,498,140 | |
| Demand | | | | | |
| Bills | 778,728 | | | 144 | |
| Unit Cost of Service | | | | | |
| Energy cost per Dk | | | \$0.013 | | |
| Demand cost per DK | | \$0.248 | | | |
| Customer Cost Per Month | | | | \$378.43 | |

MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - SOUTH DAKOTA
Embedded Class Cost of Service Study
Summary Report
Twelve Months Ended December 31, 2022
Pro Forma

| Operating Income and Rate of Return | Total | Total | Total | Total | Total | Total |
|--|--------------|-------------|-----------------------|-----------------------|------------------------|------------------------|
| | South Dakota | Residential | Small Firm General | Large Firm General | Small Interruptible | Large Interruptible |
| Sales Revenues | 77,255,711 | 43,047,361 | 7,448,667 | 23,620,697 | 579,417 | 2,559,569 |
| Adjustments to Sales Revenues | (10,800,599) | (5,399,186) | (1,136,049) | (3,446,659) | (280,351) | (538,354) |
| Total Sales Revenues | 66,455,112 | 37,648,175 | 6,312,618 | 20,174,038 | 299,066 | 2,021,215 |
| Other Revenues | 749,202 | 545,892 | 70,981 | 115,573 | 4,592 | 12,164 |
| Adjustments to Other Revenues | (241,038) | (136,552) | (22,896) | (73,173) | (1,085) | (7,332) |
| Total Other Revenues | 508,164 | 409,340 | 48,085 | 42,400 | 3,507 | 4,832 |
| Total Operating Revenues | 66,963,276 | 38,057,515 | 6,360,703 | 20,216,438 | 302,573 | 2,026,047 |
| Operating Expense | | | | | | |
| Cost of Gas | 56,883,532 | 29,976,427 | 5,971,146 | 18,488,605 | 273,609 | 2,173,745 |
| Adj. to Cost of Gas | (10,096,201) | (5,586,397) | (1,415,042) | (2,467,049) | (149,438) | (478,275) |
| Total Cost of Gas | 46,787,331 | 24,390,030 | 4,556,104 | 16,021,556 | 124,171 | 1,695,470 |
| Other O&M Expense | 12,592,175 | 9,242,961 | 1,165,299 | 1,905,638 | 77,413 | 200,864 |
| Adjustments to Other O&M | 1,930,449 | 1,407,676 | 179,324 | 299,400 | 12,315 | 31,734 |
| Total Other O&M Expense | 14,522,624 | 10,650,637 | 1,344,623 | 2,205,038 | 89,728 | 232,598 |
| Total Operation & Maintenance Expense | 61,309,955 | 35,040,667 | 5,900,727 | 18,226,594 | 213,899 | 1,928,068 |
| Depreciation Expense | 5,196,612 | 3,930,600 | 516,941 | 661,862 | 24,962 | 62,247 |
| Adjustment to Depreciation Expense | (23,249) | (1,480) | (3,656) | (15,470) | (676) | (1,967) |
| Total Depreciation Expense | 5,173,363 | 3,929,120 | 513,285 | 646,392 | 24,286 | 60,280 |
| Taxes Other Than Income Taxes | 1,180,705 | 835,139 | 114,200 | 202,521 | 7,387 | 21,458 |
| Adjustment to Taxes Other Than Income | 115,479 | 79,803 | 11,108 | 21,597 | 697 | 2,274 |
| Total Taxes Other Than Income | 1,296,184 | 914,942 | 125,308 | 224,118 | 8,084 | 23,732 |
| Current Income Taxes - Fed. & State | 355,919 | (183,872) | (61,482) | 535,521 | 40,493 | 25,259 |
| Adjustment to Current Income Taxes | (526,214) | (232,354) | 24,211 | (269,230) | (29,689) | (19,152) |
| Total Current Income Taxes | (170,295) | (416,226) | (37,271) | 266,291 | 10,804 | 6,107 |

**MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - SOUTH DAKOTA
Embedded Class Cost of Service Study
Summary Report
Twelve Months Ended December 31, 2022
Pro Forma**

| Operating Income and Rate of Return | Total South Dakota | Total Residential | Total Small Firm General | Total Large Firm General | Total Small Interruptible | Total Large Interruptible |
|--|-----------------------|----------------------|--------------------------------|--------------------------------|---------------------------------|---------------------------------|
| Deferred Income Taxes | (421,835) | (246,195) | (41,112) | (119,926) | (1,826) | (12,776) |
| Adjustment to Deferred Income Tax | (232,601) | (165,238) | (23,098) | (38,583) | (1,504) | (4,178) |
| Total Deferred Income Taxes | (654,436) | (411,433) | (64,210) | (158,509) | (3,330) | (16,954) |
| Total Operating Expenses | 66,954,771 | 39,057,070 | 6,437,839 | 19,204,886 | 253,743 | 2,001,233 |
| Pro Forma Operating Income | 8,505 | (999,555) | (77,136) | 1,011,552 | 48,830 | 24,814 |
| Rate Base | 57,484,505 | 39,560,210 | 5,691,491 | 10,739,900 | 318,716 | 1,174,188 |
| Adjustment to Rate Base | 19,626,498 | 13,751,060 | 1,936,173 | 3,411,168 | 131,558 | 396,539 |
| Total Pro Forma Rate Base | 77,111,003 | 53,311,270 | 7,627,664 | 14,151,068 | 450,274 | 1,570,727 |
| Pro Forma Rate of Return | 0.011% | -1.875% | -1.011% | 7.148% | 10.845% | 1.580% |