

**MONTANA-DAKOTA UTILITIES CO.
MATERIALS AND SUPPLIES
BY PRINCIPAL ITEM OF MAIN ACCOUNT
ELECTRIC UTILITY - SOUTH DAKOTA
DECEMBER 31, 2013 AND DECEMBER 31, 2014**

Description	Balance @ 12/31/13	Balance @ 12/31/14	Beginning & Ending Average
Production	\$142,502	\$135,299	\$138,901
Transmission	263,050	328,863	295,957
Transmission & Distribution	121,341	97,787	109,564
Distribution	336,316	341,291	338,803
Transportation Material	0	0	0
Limestone	1,952	2,255	2,104
Reserve for Inventory Shrinkage	(7,797)	(9,206)	(8,502)
Total	<u>\$857,364</u>	<u>\$896,289</u>	<u>\$876,827</u>

**MONTANA-DAKOTA UTILITIES CO.
MATERIALS AND SUPPLIES
ELECTRIC UTILITY - SOUTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2014
ADJUSTMENT E**

	<u>Per Books</u>	<u>Pro Forma 1/</u>	<u>Pro Forma Adjustment</u>
December 2013	\$857,364	\$896,289	
January 2014	747,743	809,815	
February	748,968	748,968	
March	720,563	720,563	
April	748,791	748,791	
May	788,976	788,976	
June	834,499	834,499	
July	859,853	859,853	
August	852,977	852,977	
September	840,236	840,236	
October	831,597	831,597	
November	814,863	814,863	
December	896,289	896,289	
Beginning and ending average	<u>\$876,827</u>		
Thirteen month average		<u>\$818,747</u>	<u>(\$58,080)</u>

1/ Reflects actual balances through January 2015.

**MONTANA-DAKOTA UTILITIES CO.
FUEL STORES
ELECTRIC UTILITY - SOUTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2014
ADJUSTMENT F**

	<u>Per Books</u>	<u>Pro Forma 1/</u>	<u>Pro Forma Adjustment</u>
December 2013	\$252,184	\$233,025	
January 2014	252,893	249,993	
February	258,646	258,646	
March	257,156	257,156	
April	265,124	265,124	
May	258,872	258,872	
June	233,151	233,151	
July	235,975	235,975	
August	225,893	225,893	
September	214,644	214,644	
October	230,294	230,294	
November	211,220	211,220	
December	233,025	233,025	
Beginning and ending average	<u>\$242,605</u>		
Thirteen month average		<u>\$239,001</u>	<u>(\$3,604)</u>

1/ Reflects actual balances through January 2015.

**MONTANA-DAKOTA UTILITIES CO.
PREPAID INSURANCE
ELECTRIC UTILITY - SOUTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2014
ADJUSTMENT G**

	<u>Per Books</u>	<u>Pro Forma 1/</u>	<u>Pro Forma Adjustment</u>
December 2013	\$6,218	\$12,748	
January 2014	85,561	92,164	
February	76,325	76,325	
March	69,446	69,446	
April	73,325	73,325	
May	64,707	64,707	
June	56,029	56,029	
July	47,286	47,286	
August	38,575	38,575	
September	29,865	29,865	
October	21,155	21,155	
November	21,531	21,531	
December	12,748	12,748	
Beginning and ending average	<u>\$9,483</u>		
Thirteen month average		<u>\$47,377</u>	<u>\$37,894</u>

1/ Reflects actual balances through January 2015.

**MONTANA-DAKOTA UTILITIES CO.
UNAMORTIZED GAIN (LOSS) ON DEBT
ELECTRIC UTILITY - SOUTH DAKOTA
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2014
ADJUSTMENT H**

	Unamortized Loss on Debt	Accumulated DIT Unamortized Loss on Debt
Balance at December 31, 2013	\$269,022	(94,158)
Balance at December 31, 2014	234,083	(85,899)
Average Balance	\$251,553	(\$90,029)
2015 Amortization 1/	22,443	(7,855)
Balance at December 31, 2015	\$211,640	(\$78,044)
Average Balance at December 31, 2015	\$222,862	(\$81,972)
Pro Forma Adjustment	<u>(\$28,691)</u>	<u>\$8,057</u>

1/ Reflects a reallocation of balance and current amortization.

**MONTANA-DAKOTA UTILITIES CO.
DEFERRED GENERATION COSTS
ELECTRIC UTILITY - SOUTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2014
ADJUSTMENT I**

	<u>Deferred Generation</u>	<u>Accumulated DIT Deferred Generation</u>
Deferred Generation Costs 1/	\$814,359	(\$285,026)
Amortization 2/	81,436	(28,503)
Balance	<u>\$732,923</u>	<u>(\$256,523)</u>
 Pro Forma Adjustment 3/	 <u>\$773,641</u>	 <u>(\$270,775)</u>

1/ Deferred costs of securing new electric generation pursuant to the Order in Docket No. EL09-025.

2/ Amortized over ten years.

3/ Average balance.

**MONTANA-DAKOTA UTILITIES CO.
DECOMMISSIONING OF POWER PLANTS
ELECTRIC UTILITY - SOUTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2013
ADJUSTMENT J**

	<u>Accum. Amort.</u>	<u>Accumulated DIT</u>
Accumulated Amortization - Power Plants 1/	\$0	\$0
Amortization 2/	(136,083)	47,629
Balance	<u>(\$136,083)</u>	<u>\$47,629</u>
Pro Forma Adjustment 2/	<u>(\$68,042)</u>	<u>\$23,815</u>

1/ Accumulated amortization of power plant decommission costs.

2/ Amortized over the remaining life of each plant.

3/ Average balance.

**MONTANA-DAKOTA UTILITIES CO.
RETIRED POWER PLANTS AMORTIZATION
ELECTRIC UTILITY - SOUTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2014
ADJUSTMENT K**

	<u>Unamort. Balance</u>	<u>Accumulated DIT</u>
Decommissioning of Retired Plants 1/	(\$39,787)	\$13,925
Amortization 2/	3,979	(1,393)
Balance	<u>(\$35,808)</u>	<u>\$12,532</u>
 Pro Forma Adjustment 3/	 <u>(\$37,798)</u>	 <u>\$13,229</u>

1/ Unamortized decommissioning costs of retired plants.

2/ Amortized over ten years.

3/ Average balance.

**MONTANA-DAKOTA UTILITIES CO.
UNAMORTIZED REGULATORY COMMISSION EXPENSE
ELECTRIC UTILITY - SOUTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2014
ADJUSTMENT L**

	<u>Pro Forma</u>	<u>Acc. Deferred Inc. Tax</u>
Pro Forma - Balance at December 31, 2014	\$498,070	(\$174,325)
Amorization 1/	(99,614)	34,865
Pro Forma - Balance at December 31, 2015	<u>\$398,456</u>	<u>(\$139,460)</u>
 Average Balance	 448,263	 (156,893)
Pro Forma Adjustment	<u>\$448,263</u>	<u>(156,893)</u>

1/ Reflects 5-year amortization of projected rate case expenses.

**MONTANA-DAKOTA UTILITIES CO.
CUSTOMER ADVANCES FOR CONSTRUCTION
ELECTRIC UTILITY - SOUTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2014
ADJUSTMENT N**

	<u>Per Books</u>	<u>Pro Forma 1/</u>	<u>Pro Forma Adjustment</u>
December 2013	\$72,172	\$74,458	
January 2014	72,172	74,458	
February	72,172	74,458	
March	77,550	74,458	
April	77,550	74,458	
May	77,550	74,458	
June	74,458	74,458	
July	74,458	74,458	
August	74,458	74,458	
September	74,458	74,458	
October	74,458	74,458	
November	74,458	74,458	
December	74,458	74,458	
Beginning and ending average	<u>\$73,315</u>		
13 month average		<u>\$74,458</u>	<u>\$1,143</u>

1/ Reflects actual balances through December 2014. No refunds related to plant service were issued.