

**MONTANA-DAKOTA UTILITIES CO.
OPERATION & MAINTENANCE EXPENSE
ELECTRIC UTILITY - SOUTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2022
PRO FORMA**

Function	Total	Cost of Fuel & Purchased Power	Labor	Benefits	Subcontract Labor	Big Stone/ Coyote	Materials	Vehicles & Work Equip.	Company Consumption	Postage
Cost of Fuel & Purchased Power	\$3,232,543	\$3,247,864	\$0			\$5,212				
Production	1,395,274	76,209	252,225		\$396,533	556,324	\$23,762	\$7,169	\$4,975	\$89
Transmission	740,255	20,613	423,585		130,257	703	25,270	48,582	1,616	
Distribution	1,381,920		1,078,321		56,943		42,780	179,218	18,166	1,358
Customer Accounting	291,536		169,716		5,801		2	22,468	198	30,610
Customer Service & Information	23,597		16,069					525		
Sales	9,762		9,035					487		
Administrative and General	2,019,590		596,477	\$446,136	59,910	0	2,702	3,412	11,545	9,181
Total Other O&M	5,861,934	96,822	2,545,428	446,136	649,444	\$557,027	94,516	261,861	36,500	41,238
Total O&M	\$9,094,477	\$3,344,686	\$2,545,428	\$446,136	\$649,444	\$562,239	\$94,516	\$261,861	\$36,500	\$41,238
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**MONTANA-DAKOTA UTILITIES CO.
OPERATION & MAINTENANCE EXPENSE
ELECTRIC UTILITY - SOUTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2022
PRO FORMA**

Function	Uncollectible Accounts	Advertising	Insurance	Software Maintenance	Industry Dues	Rent Expense	Annual Easements	Regulatory Commission	Office Supplies	All Other O&M
Cost of Fuel & Purchased Power										(\$20,533)
Production				\$5,565		\$2,450	\$47,672		\$1,002	21,299
Transmission				53,025		394	3,876		494	31,840
Distribution				1,777		5,783	4,122		1,312	(7,860)
Customer Accounting	\$48,560			3,234		359			3,367	7,221
Customer Service & Information Sales		\$6,510							31	462
Administrative and General		3,403	\$199,821	132,005	\$47,378	131,512	460	\$189,787	23,929	161,932
Total Other O&M	48,560	9,913	199,821	\$195,606	47,378	140,498	56,130	189,787	30,284	214,985
Total O&M	<u>\$48,560</u>	<u>\$9,913</u>	<u>\$199,821</u>	<u>\$195,606</u>	<u>\$47,378</u>	<u>\$140,498</u>	<u>\$56,130</u>	<u>\$189,787</u>	<u>\$30,284</u>	<u>\$194,452</u>
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**MONTANA-DAKOTA UTILITIES CO.
 ELECTRIC UTILITY - SOUTH DAKOTA
 FUEL AND PURCHASED POWER
 TWELVE MONTHS ENDING DECEMBER 31, 2022
 ADJUSTMENT NO. 4**

	Per Books	Pro Forma	Pro Forma Adjustment
Fuel and Purchased Power	\$3,701,495	\$3,247,864	(\$453,631)
Production	73,423	76,209	2,786
Transmission	20,719	20,613	(106)
Total	<u>\$3,795,637</u>	<u>\$3,344,686</u>	<u>(\$450,951)</u>

Pro Forma costs recovered through the Fuel and Purchased Power Cost Adjustment, by account:

	Per Books	Pro Forma	Pro Forma Adjustment
<u>Fuel and Purchased Power Costs</u>			
Accounts 501 Coal and 547 Gas	\$1,357,429	\$1,406,748	\$49,319
Account 502 Reagent 1/	73,423	76,209	2,786
Account 555 Energy	1,828,656	1,634,355	(194,301)
Accounts 555 Demand and 547 Pipeline	199,630	206,761	7,131
Account 575 Market Admin. 2/	20,719	20,613	(106)
Total Fuel and Purchased Power Costs	<u>\$3,479,857</u>	<u>\$3,344,686</u>	<u>(\$135,171)</u>
Deferred Fuel and Purchased Power Cost	\$315,780	\$0	(\$315,780)
 Total Cost	 <u>\$3,795,637</u>	 <u>\$3,344,686</u>	 <u>(\$450,951)</u>

1/ Account 502 is recorded as production expense.

2/ Account 575 is recorded as transmission expense.

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - SOUTH DAKOTA
LABOR EXPENSE
TWELVE MONTHS ENDING DECEMBER 31, 2022
ADJUSTMENT NO. 5**

	Per Books	Pro Forma	Pro Forma Adjustment
Fuel and Purchased Power	\$7,676	\$0	(\$7,676)
Production	257,897	252,225	(5,672)
Transmission	375,346	423,585	48,239
Distribution	944,340	1,078,321	133,981
Customer Accounting	150,628	169,716	19,088
Customer Service	14,089	16,069	1,980
Sales	7,944	9,035	1,091
A & G	567,071	596,477	29,406
Total	<u>\$2,324,991</u>	<u>\$2,545,428</u>	<u>\$220,437</u>

	Per Books 2022	Pro Forma 2023 1/	Pro Forma Adjustment
5110 Straight Time 2/	\$1,958,967	\$2,029,264	\$70,297
5120 Premium Time 2/	153,071	152,958	(113)
5130 Bonuses & Comm. 3/	81,729	81,658	(71)
5131 Incentive Comp. 4/	101,494	251,167	149,673
5140 Moving Allowance 3/	2,226	2,226	0
5150 Meals 3/	343	343	0
5193 Vacation 2/	27,161	27,812	651
	<u>\$2,324,991</u>	<u>\$2,545,428</u>	<u>\$220,437</u>

- 1/ Pro forma 2023 values reflect the removal of labor related to Heskett Units I & II operations that were retired. See Rule 20:10:13:81, Statement H, Schedule H-1, pages 5 - 6. The projected balances also include employee additions, see Rule 20:10:13:81, Statement H, Schedule H-1, pages 5 - 6.
- 2/ Reflects a 3.96% increase for 2023 based on the weighted average increases of 3.0% for union employees and 4.5% for non-union as shown on Rule 20:10:13:81, Statement H, Schedule H-1, page 7.
- 3/ Adjusted to reflect ongoing stock compensation, miscellaneous bonuses, moving allowance and meals.
- 4/ Reflects an average incentive level of 12.21% applied to straight time and vacation. See Rule 20:10:13:81, Statement H, Schedule H-1 page 7.

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - SOUTH DAKOTA
LABOR EXPENSE SUPPORT WORKPAPER
PER BOOKS 2022 & PRO FORMA 2023**

	2022 Total Per Books	Heskett Units I & II	Adjusted 2022 Per Books Total	Pro Forma Labor Expense 1/	Distribution Outage Management System 2/	Total Pro Forma Labor Expense 2023
Fuel & Purchased Power						
Straight Time	\$6,324	\$6,324	\$0	\$0		\$0
Premium Time	1,177	1,177	0	0		0
Bonuses & Commissions	56	56	0	0		0
Incentive Compensation	101	101	0	0		0
Vacation/Other Non-Prod.	18	18	0	0		0
Fuel & Purchased Power Total	\$7,676	\$7,676	\$0	\$0	\$0	\$0
Production						
Straight Time	\$235,390	\$29,082	\$206,308	\$214,478		\$214,478
Premium Time	11,760	4,763	6,997	7,274		7,274
Bonuses & Commissions	972	15	957	957		957
Incentive Compensation	6,493	610	5,883	26,521		26,521
Moving Allowance	261		261	261		261
Taxable Meals	3		3	3		3
Vacation/Other Non-Prod.	3,018	391	2,627	2,731		2,731
Production Total	\$257,897	\$34,861	\$223,036	\$252,225	\$0	\$252,225
Transmission						
Straight Time	\$321,555		\$321,555	\$334,289		\$334,289
Premium Time	39,459		39,459	41,022		41,022
Bonuses & Commissions	2,007		2,007	2,007		2,007
Incentive Compensation	7,618		7,618	41,383		41,383
Taxable Meals	246		246	246		246
Vacation/Other Non-Prod.	4,461		4,461	4,638		4,638
Transmission Total	\$375,346		\$375,346	\$423,585	\$0	\$423,585
Distribution						
Straight Time	\$797,066		\$797,066	\$828,630	\$29,529	\$858,159
Premium Time	97,077		97,077	100,921		100,921
Bonuses & Commissions	561		561	561		561
Incentive Compensation	37,499		37,499	102,519	3,605	106,124
Moving Allowance	1,470		1,470	1,470		1,470
Taxable Meals	83		83	83		83
Vacation/Other Non-Prod.	10,584		10,584	11,003		11,003
Distribution Total	\$944,340		\$944,340	\$1,045,187	\$33,134	\$1,078,321
Customer Accounts						
Straight Time	\$140,675		\$140,675	\$146,246		\$146,246
Premium Time	2,852		2,852	2,965		2,965
Bonuses & Commissions	637		637	637		637
Incentive Compensation	4,739		4,739	18,075		18,075
Taxable Meals	2		2	2		2
Vacation/Other Non-Prod.	1,723		1,723	1,791		1,791
Customer Accounts Total	\$150,628		\$150,628	\$169,716	\$0	\$169,716
Customer Service						
Straight Time	\$13,556		\$13,556	\$14,093		\$14,093
Bonuses & Commissions	57		57	57		57
Incentive Compensation	306		306	1,742		1,742
Vacation/Other Non-Prod.	170		170	177		177
Customer Service Total	\$14,089		\$14,089	\$16,069	\$0	\$16,069
Sales						
Straight Time	\$7,601		\$7,601	\$7,902		\$7,902
Bonuses & Commissions	57		57	57		57
Incentive Compensation	191		191	977		977
Vacation/Other Non-Prod.	95		95	99		99
Sales Total	\$7,944		\$7,944	\$9,035	\$0	\$9,035

**MONTANA-DAKOTA UTILITIES CO.
 ELECTRIC UTILITY - SOUTH DAKOTA
 LABOR EXPENSE SUPPORT WORKPAPER
 PER BOOKS 2022 & PRO FORMA 2023**

	2022 Total Per Books	Heskett Units I & II	Adjusted 2022 Per Books Total	Pro Forma Labor Expense 1/	Distribution Outage Management System 2/	Total Pro Forma Labor Expense 2023
A&G						
Straight Time	\$436,800		\$436,800	\$454,097		\$454,097
Premium Time	746		746	776		776
Bonuses & Commissions	77,382		77,382	77,382		77,382
Incentive Compensation	44,547		44,547	56,345		56,345
Moving Allowance	495		495	495		495
Taxable Meals	9		9	9		9
Vacation/Other Non-Prod.	7,092		7,092	7,373		7,373
A&G Total	\$567,071		\$567,071	\$596,477	\$0	\$596,477
	\$2,324,991	\$42,537	\$2,282,454	\$2,512,294	\$33,134	\$2,545,428
Straight Time	\$1,958,967	\$35,406	\$1,923,561	\$1,999,735	\$29,529	\$2,029,264
Premium Time	153,071	5,940	147,131	152,958	0	152,958
Bonuses & Commissions	81,729	71	81,658	81,658	0	81,658
Incentive Compensation	101,494	711	100,783	247,562	3,605	251,167
Moving Allowance	2,226	0	2,226	2,226	0	2,226
Taxable Meals	343	0	343	343	0	343
Vacation/Other Non-Prod.	27,161	409	26,752	27,812	0	27,812
	\$2,324,991	\$42,537	\$2,282,454	\$2,512,294	\$33,134	\$2,545,428

1/ Pro Forma Straight Time, Premium Time, and Vacation/Other Non-Productive time is increased 3.96%. Bonus & Commissions and Taxable Meals pro forma period will reflect the adjusted per books 2022 costs. Incentive Compensation reflects the average incentive level of 12.21% of Pro Forma Straight Time and Vacation/Other Non-Productive time.

3.96% Pro Forma Labor Increase
 12.21% Average Incentive

2/ The Company is implementing a Distribution Outage Management System in 2023, which will require hiring the following positions, as well as the promotion of two current positions.

Distribution Outage - Pro Forma Straight Time Adjustment:

System Operators:	\$434,000	(4 positions)
Business Analyst:	81,000	
Manager of OT Dist. Systems:	20,000	(promotion)
Supervisor-Field Ops:	10,000	(promotion)
System Support Engineer:	73,000	3/ Hired in June 2022
System Administrator:	61,000	3/ Hired in October 2022
Total Additional Salaries:	\$679,000	
Allocate to South Dakota:	4.348859%	(Factor #118)
Straight Time Adjustment:	\$29,529	

3/ The system support engineer was hired in June of 2022 and the system administrator was hired in October of 2022. Amount being added in the pro forma adjustment is the balance of the total salary and the amount expensed in 2022.

**MONTANA-DAKOTA UTILITIES CO.
 INCENTIVE PERCENTAGE CALCULATION AND
 LABOR INFLATION CALCULATION**

Class	Salary	1/1/2023	
		Target	Payout
IBEW	\$28,261,086.61	4.5%	\$1,271,748.90
Non-Exempt:			
30	\$0.00	6.0%	\$0.00
31	1,758,869.58	6.0%	105,532.17
32	1,564,077.80	6.0%	93,844.67
33	4,037,263.71	6.0%	242,235.82
34	2,287,226.45	6.0%	137,233.59
35	1,669,602.40	6.0%	100,176.14
36	1,502,684.47	6.0%	90,161.07
38	0.00	10.0%	0.00
39	0.00	10.0%	0.00
Exempt:			
34	\$2,630,488.30	8.0%	\$210,439.06
35	6,683,787.23	8.0%	534,702.98
36	8,639,875.89	8.0%	691,190.07
37	11,453,040.35	8.0%	916,243.23
38	8,979,369.74	10.0%	897,936.97
39	11,442,683.01	10.0%	1,144,268.30
40	3,711,386.11	15.0%	556,707.92
41	1,661,088.06	20.0%	332,217.61
42	5,499,956.65	30.0%	1,649,987.00
Executive:			
E	\$1,173,000.00	35.0%	\$410,550.00
F	1,157,000.00	40.0%	462,800.00
G	661,000.00	45.0%	297,450.00
H	1,128,000.00	50.0%	564,000.00
I	0.00	60.0%	0.00
J	1,585,000.00	75.0%	1,188,750.00
K	1,085,000.00	125.0%	1,356,250.00
Total 5131 Incentive	<u>\$108,571,486.36</u>		<u>\$13,254,425.50</u>

Total 5131 - Incentive at Potential 12.21%

Pro Forma Labor Increase:

	Total Wages	% of Total	2023 % Increase	2023 Weighted Increase
Union Wages	\$33,924,328	36.08672%	3.00%	1.08%
Non-Union Wages	60,083,452	63.91328%	4.50%	2.88%
Total Wages Paid	\$94,007,780	100.00000%		3.96%

**MONTANA-DAKOTA UTILITIES CO.
 BENEFITS EXPENSE
 ELECTRIC UTILITY - SOUTH DAKOTA
 TWELVE MONTHS ENDING DECEMBER 31, 2022
 ADJUSTMENT NO. 6**

	<u>Per Books</u>	<u>Pro Forma 1/</u>	<u>Pro Forma Adjustment</u>
Medical/Dental	\$278,682	\$314,462 2/	\$35,780
Pension expense	(24,418)	6,266 3/	30,684
Post-retirement	(80,050)	(93,586) 3/	(13,536)
401-K	199,782	206,885 4/	7,103
Workers compensation	8,860	8,493 4/	(367)
Other Benefits	3,474	3,616 4/	142
Total	<u>\$386,330</u>	<u>\$446,136</u>	<u>\$59,806</u>

- 1/ Pro Forma values reflect the removal of benefits associated with Heskett Units I & II operations that were retired. The projected balances also include benefits for additional employees. See Rule 20:10:13:81, Statement H, Schedule H-1, page 9.
- 2/ Pro Forma increase of 13% based on expected premium increase for 2023. See Rule 20:10:13:81, Statement H, Schedule H-1, page 9.
- 3/ Pro Forma based on 2023 actuarial expense increase of 125.66% for Pension and decrease of 16.91% for Post Retirement. See Rule 20:10:13:81, Statement H, Schedule H-1, page 9.
- 4/ Pro Forma reflects the straight time labor increase of 3.96%. See Rule 20:10:13:81, Statement H, Schedule H-1, page 9.

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - SOUTH DAKOTA
BENEFITS EXPENSE SUPPORT WORKPAPER
TWELVE MONTHS ENDING DECEMBER 31, 2022**

	2022 Per Books	Heskett Units I & II	2022 Adjusted Per Books	Pro Forma 2023		Adjustment for New Positions 5/	Total Pro Forma 2023
Medical/Dental	\$278,682	(\$3,121)	\$275,561	\$311,384	1/	\$3,078	\$314,462
Pension expense	(24,418)		(24,418)	6,266	2/		6,266
Post-retirement	(80,050)		(80,050)	(93,586)	3/		(93,586)
401 K	199,782	(3,050)	196,732	204,523	4/	2,362	206,885
Workers compensation	8,860	(818)	8,042	8,360	4/	133	8,493
Other benefits	3,474	(44)	3,430	3,566	4/	50	3,616
Total Benefits Expense	\$386,330	(\$7,033)	\$379,297	\$440,513		\$5,623	\$446,136

1/ Medical/Dental percentage increase based on actual 2023 medical premium increase: 13.00%

2/ Total Company pension expense based on the 2023 actuarial estimate.

	Per Books 2022	Actuarial Estimate 2023
Bargaining	(\$344,911)	\$53,192
Non-Bargaining	(469,776)	155,841
Total	(\$814,687)	\$209,033
	Increase	125.66%

3/ Total Company post-retirement expense based on the 2023 actuarial estimate.

	Per Books 2022	Actuarial Estimate 2023
Total	(\$2,793,707)	(\$3,266,146)
	Decrease	-16.91%

4/ Adjusted based on the straight time labor increase percentage: 3.96%

5/ See Rule 20:10:13:81, Statement H, Schedule H-1, page 10.

**MONTANA-DAKOTA UTILITIES CO.
 ELECTRIC UTILITY - SOUTH DAKOTA
 BENEFIT COST CALCULATION FOR
 2023 PRO FORMA LABOR ADJUSTMENTS**

2023 Distribution Management Additions:

	<u>Medical 1/</u>	<u>Dental 3/</u>		<u>Workers Compensation</u>
Company paid benefits:	\$484	\$22		
# of Employees:	5	5		
	\$2,420	\$110		
# of Pay periods:	26	26		
Annual Company paid benefits:	\$62,920	\$2,860		
HSA Company Contribute: 2/	5,000			
Total Annual Company paid benefits:	\$67,920	\$2,860		
Allocation to South Dakota:	4.348859%	4.348859%		
Total SD Electric:	\$2,954	\$124	\$3,078	
	401K			
Total Salaries:	\$679,000			
Company 401K Additions:	54,320	4/		
Allocation to South Dakota:	4.348859%			
Total SD Electric:	\$2,362			
				<u>Other Benefits</u>
				Total Salaries: \$679,000
				Workers Comp. Ratio: 0.4500% 5/
				\$3,056
				Allocation to South Dakota: 4.348859%
				Total SD Electric: \$133
				Total Salaries: \$679,000
				Other Benefits Ratio: 0.1700% 6/
				\$1,154
				Allocation to South Dakota: 4.348859%
				Total SD Electric: \$50

- 1/ Assumes current Medical HSA Plan 2, employee and spouse.
- 2/ Number of employees/FTE x \$1,000 annual Company contribution to HSA.
- 3/ Assumes current Dental Basic plan, employee +1.
- 4/ Assumes Company bimonthly match of 3% in addition to an annual match 5%. Total match of 8% is represented.
- 5/ Ratio of total South Dakota 2022 Straight Time and Vacation/Non Productive time to total South Dakota 2022 Workers Compensation.
- 6/ Ratio of total South Dakota 2022 Straight Time and Vacation/Non Productive time to total South Dakota 2022 Other Benefits.

**MONTANA-DAKOTA UTILITIES CO.
 SUBCONTRACT LABOR
 ELECTRIC UTILITY - SOUTH DAKOTA
 TWELVE MONTHS ENDING DECEMBER 31, 2022
 ADJUSTMENT NO. 7**

	<u>Per Books</u>	<u>Pro Forma</u>	<u>Pro Forma Adjustment</u>
Fuel & Purchased Power	\$509	\$0 2/	(\$509)
Production	223,087	396,533 1/ 2/	173,446
Transmission	1,578,549	130,257 2/	(1,448,292)
Distribution	56,943	56,943	0
Customer Accounting	5,801	5,801	0
Administrative and General	59,910	59,910	0
Total	<u>\$1,924,799</u>	<u>\$649,444</u>	<u>(\$1,275,355)</u>

1/ Increase to Maintenance Agreement for Thunder Spirit.

2/ Adjusted to reflect Heskett Units I & II retirement and exclusion of the Transmission Rider.

	<u>Per Books</u>	<u>Transmission Rider</u>	<u>Heskett Units I & II</u>	<u>Adjusted Per Books</u>
Fuel & Purchased Power	\$509		\$509	\$0
Production	223,087		5,844	217,243
Transmission	1,578,549	\$1,448,292		130,257
Distribution	56,943			56,943
Customer Accounting	5,801			5,801
Administrative and General	59,910			59,910
Total	<u>\$1,924,799</u>	<u>\$1,448,292</u>	<u>\$6,353</u>	<u>\$470,154</u>

**MONTANA-DAKOTA UTILITIES CO.
 ELECTRIC UTILITY - SOUTH DAKOTA
 BIG STONE AND COYOTE
 TWELVE MONTHS ENDING DECEMBER 31, 2022
 ADJUSTMENT NO. 8**

<u>Big Stone and Coyote</u>	<u>Per Books</u>	<u>Pro Forma 1/</u>	<u>Pro Forma Adjustment</u>
Fuel and Purchased Power	\$5,239	\$5,212	(\$27)
Production	581,198	556,324	(24,874)
Transmission	2,120	703	(1,417)
A&G	655 2/	0	(655)
Total	<u>\$589,212</u>	<u>\$562,239</u>	<u>(\$26,973)</u>

<u>Big Stone</u>	<u>Per Books</u>	<u>Pro Forma 1/</u>	<u>Pro Forma Adjustment</u>
Fuel and Purchased Power	\$3,940	\$3,688	(\$252)
Production	202,279	249,908	47,629
Total	<u>\$206,219</u>	<u>\$253,596</u>	<u>\$47,377</u>

<u>Coyote</u>	<u>Per Books</u>	<u>Pro Forma 1/</u>	<u>Pro Forma Adjustment</u>
Fuel and Purchased Power	\$1,299	\$1,524	\$225
Production	378,919	306,416	(72,503)
Transmission	2,120	703	(1,417)
A&G	655 2/	0	(655)
Total	<u>\$382,993</u>	<u>\$308,643</u>	<u>(\$74,350)</u>

1/ Reflects expected cost of operation for 2023.

2/ Reflects one time expense that will not be repeated.

**MONTANA-DAKOTA UTILITIES CO.
 MATERIALS
 ELECTRIC UTILITY - SOUTH DAKOTA
 TWELVE MONTHS ENDING DECEMBER 31, 2022
 ADJUSTMENT NO. 9**

	<u>Per Books</u>	<u>Pro Forma</u>	<u>Pro Forma Adjustment</u>
Fuel & Purchased Power	\$0	\$0	\$0
Production	24,464	23,762 1/ 2/	(702)
Transmission	24,113	25,270 2/	1,157
Distribution	40,821	42,780 2/	1,959
Customer Accounting	2	2	0
A&G	2,702	2,702	0
Total	<u>\$92,102</u>	<u>\$94,516</u>	<u>\$2,414</u>

1/ Adjusted to reflect Heskett Units I & II retirement.

	<u>Per Books</u>	<u>Heskett Units I & II</u>	<u>Adjusted Per Books</u>
Production	\$24,464	\$1,790	\$22,674

2/ Reflects a 4.8% increase in electric production, distribution and transmission materials as shown in Workpaper Statement H, page 20.

**MONTANA-DAKOTA UTILITIES CO.
 VEHICLES AND WORK EQUIPMENT
 ELECTRIC UTILITY - SOUTH DAKOTA
 TWELVE MONTHS ENDING DECEMBER 31, 2022
 ADJUSTMENT NO. 10**

	Per Books	Pro Forma	
	South Dakota	South Dakota 1/	Adjustment
Production	\$6,310	\$7,169	\$859
Transmission	42,558	48,582	6,024
Distribution	156,994	179,218	22,224
Customer Accounting	19,681	22,468	2,787
Customer Service	460	525	65
Sales	425	487	62
A & G	2,990	3,412	422
Total Company Vehicles	<u>\$229,418</u>	<u>\$261,861</u>	<u>\$32,443</u>

1/ Based on pro forma plant and proposed depreciation rates as shown in Workpaper Statement H, page 21.

	Per Books 2022	Heskett Units I & II	Adjusted 2022
All Other			
Production	\$6,310	\$31	\$6,279
Transmission	42,558		42,558
Distribution	156,994		156,994
Customer Accounting	19,681		19,681
Customer Service & Information	460		460
Sales	425		425
Administrative & General	2,990		2,990
Total	<u>\$229,418</u>	<u>\$31</u>	<u>\$229,387</u>

**MONTANA-DAKOTA UTILITIES CO.
COMPANY CONSUMPTION
ELECTRIC UTILITY - SOUTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2022
ADJUSTMENT NO. 11**

	Per Books - Total	Adjusted Per Books	Pro Forma	
	South Dakota		South Dakota	Adjustment
Production	\$6,736	\$5,560	\$4,975	(\$1,761)
Transmission	1,579	1,579	1,616	37
Distribution	18,223	18,223	18,166	(57)
Customer Accounting	190	190	198	8
A & G	12,082	12,082	11,545	(537)
Total	\$38,810	\$37,634	\$36,500	(\$2,310)

	Per Books - Electric	Adjusted Per Books	Pro Forma	
	South Dakota		South Dakota 2/	Adjustment
Production	\$2,133	\$2,103	\$2,223	\$90
Transmission	682	682	711	29
Distribution	13,381	13,381	13,948	567
A & G	7,837	7,837	8,169	332
Total Electric	\$24,033	\$24,003	\$25,051	\$1,018

	Per Books - Gas	Adjusted Per Books	Pro Forma	
	South Dakota		South Dakota 1/	Adjustment
Production	\$4,034	\$2,906	\$2,178	(\$1,856)
Transmission	103	103	77	(26)
Distribution	2,832	2,832	2,123	(709)
A & G	3,582	3,582	2,685	(897)
Total Gas	\$10,551	\$9,423	\$7,063	(\$3,488)

	Per Books - Utilities	Adjusted Per Books	Pro Forma	
	South Dakota		South Dakota 2/	Adjustment
Production	\$569	\$551	\$574	\$5
Transmission	794	794	828	34
Distribution	2,010	2,010	2,095	85
Customer Accounting	190	190	198	8
A & G	663	663	691	28
Total Gas	\$4,226	\$4,208	\$4,386	\$160

1/ Decreased 25.05% to reflect 2022 normalized volumes at current rates. See Workpaper Statement H, page 24.

2/ Increased 4.23% to reflect 2022 actual volumes at current rates. See Workpaper Statement H, page 25.

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - SOUTH DAKOTA
POSTAGE
TWELVE MONTHS ENDING DECEMBER 31, 2022
ADJUSTMENT NO. 12**

	<u>Per Books</u>	<u>Pro Forma</u>	<u>Pro Forma Adjustment</u>
Production	\$89	\$89	\$0
Distribution	1,358	1,358	0
Customer Accounting	27,246	30,610 1/	3,364
A&G	9,181	9,181	0
Total	<u>\$37,874</u>	<u>\$41,238</u>	<u>\$3,364</u>

1/ Reflects an 13.18% increase based on the Pro Forma weighted average increase, partially offset by electronic billing savings for the twelve months ending December 31, 2022. This is shown on Workpaper Statement H, page 26.

**MONTANA-DAKOTA UTILITIES CO.
 UNCOLLECTIBLE ACCOUNTS
 ELECTRIC UTILITY - SOUTH DAKOTA
 TWELVE MONTHS ENDING DECEMBER 31, 2022
 ADJUSTMENT NO. 13**

	Per Books	Pro Forma	
	2022	2023	Adjustment
Distribution	\$86	\$0	(\$86)
Customer Accounting	36,326	48,560	1/ 12,234
Total Uncollectible Accounts	<u>\$36,412</u>	<u>\$48,560</u>	<u>\$12,148</u>

1/ Based on five year average of write-offs to revenues applied to pro forma revenues.

	2023
Total Pro Forma Sales Revenue	\$15,664,450
Five-Year Average Write-Offs	0.31%
	<u>\$48,560</u>

	Net Write Offs	Sales Revenue	% Write Off to Revenue
12 Months Ending:			
12/31/2018	\$42,355	\$15,441,624	0.27%
12/31/2019	52,916	15,803,100	0.33%
12/31/2020	31,321	14,770,519	0.21%
12/31/2021	77,616	14,500,996	0.54%
12/31/2022	35,773	16,331,206	0.22%
Total	<u>\$239,981</u>	<u>\$76,847,445</u>	0.31%

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - SOUTH DAKOTA
ADVERTISING
TWELVE MONTHS ENDING DECEMBER 31, 2022
ADJUSTMENT NO. 14**

	<u>Per Books</u>	<u>Pro Forma 1/</u>	<u>Pro Forma Adjustment</u>
Customer Accounting	\$10	\$0	(\$10)
Customer Service & Information	6,653	6,510	(143)
Sales	1,036	0	(1,036)
A&G	7,717	3,403	(4,314)
Total	<u>\$15,416</u>	<u>\$9,913</u>	<u>(\$5,503)</u>

1/ Eliminates promotional advertising expense and advertising expenses not applicable to South Dakota electric operations. See Statement Workpaper H, page 29.

**MONTANA-DAKOTA UTILITIES CO.
 ELECTRIC UTILITY - SOUTH DAKOTA
 INSURANCE EXPENSE
 TWELVE MONTHS ENDING DECEMBER 31, 2022
 ADJUSTMENT NO. 15**

<u>A&G Expense for Insurance</u>	<u>Per Books</u>	<u>Pro Forma 1/</u>	<u>Pro Forma Adjustment</u>
Director's & Officer's Liability	\$15,115	\$12,543	(\$2,572)
Excess Liability:			
Fiduciary Liability	1,110	960	(150)
Employment Liability	498	402	(96)
Excess/Third Party Liability	95,512	85,185	(10,327)
Property/All Risk	41,566	48,747	7,181
Blanket Crime	548	494	(54)
Special Contingency	51	48	(3)
Hired and Non-owned Aircraft Liability	61	61	0
Self Insurance	4,721	20,054	15,333
Coyote Insurance	17,388	16,476	(912)
Big Stone Insurance	16,171	14,851	(1,320)
Total	<u>\$192,741</u>	<u>\$199,821</u>	<u>\$7,080</u>

1/ Adjusted to reflect insurance expense at current levels as well as an additional \$1,800 added to excess liability and \$3,015 to Property - All Risk for Heskett IV. See Workpaper Statement H, page 34.

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - SOUTH DAKOTA
SOFTWARE MAINTENANCE
TWELVE MONTHS ENDING DECEMBER 31, 2022
ADJUSTMENT NO. 16**

	<u>Per Books</u>	<u>Pro Forma 1/</u>	<u>Pro Forma Adjustment</u>
Production	\$3,687	\$5,565	\$1,878
Transmissoin	52,812	53,025	213
Distribution	2,384	1,777	(607)
Customer Accounting	1,342	3,234	1,892
A&G	132,221	132,005	(216)
Total	<u>\$192,446</u>	<u>\$195,606</u>	<u>\$3,160</u>

1/ Pro Forma based on 2023 estimated levels. See Statement
Workpaper H, pages 36 through 42.

MONTANA-DAKOTA UTILITIES CO.
INDUSTRY DUES
ELECTRIC UTILITY - SOUTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2022
ADJUSTMENT NO. 17

	South Dakota		Pro Forma Adjustment	Benefit to Ratepayer
	Per Books	Pro Forma		
Chamber of Commerce - Ashley	\$110	\$110	\$0	Chambers of Commerce provide value to the city assuring they continue to thrive and grow. They provide assistance for new customers, new homeowners, renters in finding a utility, and they support and serve the communities.
Chamber of Commerce - Ellendale	116	116	0	Chambers of Commerce provide value to the city assuring they continue to thrive and grow. They provide assistance for new customers, new homeowners, renters in finding a utility, and they support and serve the communities.
Chamber of Commerce - Linton	29	29	0	Chambers of Commerce provide value to the city assuring they continue to thrive and grow. They provide assistance for new customers, new homeowners, renters in finding a utility, and they support and serve the communities.
Chamber of Commerce - Mobridge	359	351 1/	(8)	Chambers of Commerce provide value to the city assuring they continue to thrive and grow. They provide assistance for new customers, new homeowners, renters in finding a utility, and they support and serve the communities.
Edison Electric Institute	7,397	7,781 1/	384	Provide guidance and oversight at national level on legislative topics. Created utility subgroups to allow for information sharing. Although Montana-Dakota did not have to use the Mutual Assistance Program during the April 2022 ice storm, it has the option to do so if needed. Identifies opportunities to use federal dollars. Notifies and educates on Health and Safety items such as: carbon emissions, economic impact, and sustainability.
Governor's Office of Economic Development	842	0 2/	(842)	N/A
Hoven Service Club	52	52	0	Supports local businesses and helps attract new business.
International Right-Of-Way	14	14	0	Training and curriculum for members. Offers a curriculum pathway of progressive credentialing options for infrastructure professionals in the Electric & Utilities Industry.
Ipswich Commercial Club	17	17	0	Promotes a strong local economy and business climate and provides education on workforce issues.
Lignite Energy Council	5,974	5,651 1/	(323)	Legislative support and information sharing on the value of Lignite fueled baseload power plants.
Midcontinent Independent	57	57	0	Regional Transmission Organization
Midwest Energy Association, Inc.	1,293	1,293	0	Provides leading education to natural gas and electric delivery personnel. Cost-effective means of getting your personnel trained, connected, and educated in the ever-demanding and ever-changing energy industry.
Mobridge Rotary Club	129	129	0	Exchange ideas, develop plans, and hear from the community to address the world's most pressing problems.
New England Lions Club	3	3	0	Provides humanitarian and community service by helping improve health and well-being and strengthening communities.
North Central Electric Association	721	721	0	Provides education and professional development to members abilities to provide safe, wise and efficient use of electricity for light, heat and energy for public use.
North American Energy Markets	171	166 1/	(5)	Promote an informed, efficient and open energy marketplace. Offer training and educational opportunities and energy contract templates embraced by the industry for efficient transactions and settlements.
North Dakota Safety Council	155	155	0	Provides resources and safety training programs. Supports a safe workplace.
Open Access Technology International, Inc.	34	34	0	Solutions optimize efficiency, improve system operations, and empower innovation for increased safety, reliability, sustainability, and quality of life.
South Dakota Electric Council	22	22 1/	0	Promotes technical and product knowledge, continuing education, and better communication. They are committed to building cooperation, fostering goodwill, and improving the electrical industry.
South Dakota Electric Utility	30,068	30,068	0	Supports and serves the communities. Helps improve business conditions.
South Dakota Safety Council	11	11	0	Provides resources and safety training programs. Supports a safe workplace.
United Telecom Council (UTC)	145	132 1/	(13)	Gives voice to the utility workforce who create and maintain critical communications systems that help keep the lights on and the water flowing. Serves as the source and resource to deploy technologies and solutions that deliver secure, reliable, and affordable services. Gives access to a telecom/IT/technology market and access to legal, regulatory, research, and standards experts.
West Associates	425	412 1/	(13)	Has small forum and candid discussions where members can collaborate on environmental compliance matters, emissions regulations, transmission permitting, and natural resources. Group was assembled for western utilities and focuses on the unique challenges that are faced such as the amount of federal and tribal land present and the unique hydrogeological features in our service territories.
Wishek Association of Commerce	44	54 1/	10	Supports local businesses and helps attract new business.
Other	599	0	(599) 3/	
Total	\$48,787	\$47,378	(\$1,409)	

1/ Pro Forma reflects actual amounts for those invoices that have been received as of March 1, 2023.
2/ Inadvertently recorded as Industry Dues. Reclassified to Advertising.
3/ Eliminated. Dues not applicable to South Dakota electric operations.

MONTANA-DAKOTA UTILITIES CO.
RENT EXPENSE
ELECTRIC UTILITY - SOUTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2022
ADJUSTMENT NO. 18

	South Dakota		Pro Forma
	Per Books	Pro Forma	Adjustment
Production	\$2,450	\$2,450	\$0
Transmission	394	394	0
Distribution	5,783	5,783	0
Customer Accounts	359	359	0
A&G	128,197	131,512 1/	3,315
Total	<u>\$137,183</u>	<u>\$140,498</u>	<u>\$3,315</u>

1/ Higher forecasted expense related to Shared Services.

**MONTANA-DAKOTA UTILITIES CO.
 ANNUAL EASEMENTS
 ELECTRIC UTILITY - SOUTH DAKOTA
 TWELVE MONTHS ENDING DECEMBER 31, 2022
 ADJUSTMENT NO. 19**

	South Dakota		1/ 2/	Pro Forma Adjustment
	Per Books	Pro Forma		
Production	\$44,945	\$47,672		\$2,727
Transmission	1,875	3,876		2,001
Distribution	3,697	4,122		425
A&G	0	460		460
Total	<u>\$50,517</u>	<u>\$56,130</u>		<u>\$5,613</u>

1/ Includes Radio Tower leases in support of a new 2-way radio replacement project.

2/ Diamond Willow easements reflect per books, Cedar Hills easements include contractual 2% annual escalation, and Thunder Spirit easements includes 2023 inflation factor of 6.0% CPI - All Urban Consumers, US City Average, All Items Index.

**MONTANA-DAKOTA UTILITIES CO.
 REGULATORY COMMISSION EXPENSE
 ELECTRIC UTILITY - SOUTH DAKOTA
 TWELVE MONTHS ENDING DECEMBER 31, 2022
 ADJUSTMENT NO. 20**

	<u>Per Books</u>	<u>Pro Forma</u>	<u>Pro Forma Adjustment</u>
Rate Case Expense 1/	\$0	\$188,016	\$188,016
Recurring Level of Expense 2/	43,275	70	(43,205)
Depreciation Study Expense 3/	0	1,701	1,701
Regulatory Commission Expense	<u>\$43,275</u>	<u>\$189,787</u>	<u>\$146,512</u>

1/ Reflects a five year amortization of rate case expense.

2/ Reflects a three year average of regulatory expenses.

3/ Expenses related to depreciation studies amortized over five years.

**MONTANA-DAKOTA UTILITIES CO.
 OFFICE SUPPLIES EXPENSE
 ELECTRIC UTILITY - SOUTH DAKOTA
 TWELVE MONTHS ENDING DECEMBER 31, 2022
 ADJUSTMENT NO. 21**

	Per Books 2022	Pro Forma 1/	Pro Forma Adjustment
Production	\$455	\$1,002	\$547
Transmission	385	494	109
Distribution	1,243	1,312	69
Customer Accounts	3,281	3,367	86
Customer Service	2	31	29
Sales	70	149	79
A&G	22,585	23,929	1,344
Total 1/	<u>\$28,021</u>	<u>\$30,284</u>	<u>\$2,263</u>

1/ Adjusted to exclude Heskett Unit I & II.

	Per Books 2022	Heskett Unit I & II	Adjusted 2022	Normalizing Adjustment 2/	Normalized Adjusted 2022
Production	\$455	\$16	\$439	\$563	\$1,002
Transmission	385		385	109	494
Distribution	1,243		1,243	69	1,312
Customer Accounts	3,281		3,281	86	3,367
Customer Service	2		2	29	31
Sales	70		70	79	149
A&G	22,585		22,585	1,344	23,929
Total	<u>\$28,021</u>	<u>\$16</u>	<u>\$28,005</u>	<u>\$2,279</u>	<u>\$30,284</u>

2/ Normalizing Adjustment to reflect 2018 - 2022 average costs, as shown on Workpaper Statment H, page 61.

MONTANA-DAKOTA UTILITIES CO.
ALL OTHER O&M
ELECTRIC UTILITY - SOUTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2022
ADJUSTMENT NO. 22

	Per Books O&M	Items Adjusted Individually	All Other O&M	Heskett Units I & II	Pro Forma O&M 1/	Pro Forma Adjustment
Fuel and Purchased Power	\$3,694,538	\$3,714,919	(\$20,381)	\$152	(\$20,533)	(\$152)
Production	1,255,309	1,224,741	30,568	9,269	21,299	(9,269)
Transmission	2,132,290	2,100,450	31,840		31,840	0
Distribution	1,224,012	1,231,872	(7,860)		(7,860)	0
Customer Accounting	252,087	244,866	7,221		7,221	0
Customer Service	21,666	21,204	462		462	0
Sales	9,566	9,475	91		91	0
A & G	1,778,376	1,616,444	161,932		161,932	0
Total Other O & M	\$6,673,306	\$6,449,052	\$224,254	\$9,269	\$214,985	(\$9,269)
Total O & M	<u>\$10,367,844</u>	<u>\$10,163,971</u>	<u>\$203,873</u>	<u>\$9,421</u>	<u>\$194,452</u>	<u>(\$9,421)</u>

1/ Adjusted to reflect Heskett Units I & II retirement.

**MONTANA-DAKOTA UTILITIES CO.
ITEMS ADJUSTED INDIVIDUALLY
ELECTRIC UTILITY - SOUTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2022**

Function	Per Books	Cost of Fuel & Purchased Power	Labor	Benefits	Subcontract Labor	Big Stone/ Coyote	Materials	Vehicles & Work Equip.	Company Consumption	Postage
Cost of Fuel & Purchased Power	\$3,694,538	\$3,701,495	\$7,676		\$509	\$5,239				
Production	1,255,309	73,423	257,897		223,087	581,198	\$24,464	\$6,310	\$6,736	\$89
Transmission	2,132,290	20,719	375,346		1,578,549	2,120	24,113	42,558	1,579	
Distribution	1,224,012		944,340		56,943		40,821	156,994	18,223	1,358
Customer Accounting	252,087		150,628		5,801		2	19,681	190	27,246
Customer Service & Information	21,666		14,089					460		
Sales	9,566		7,944					425		
Administrative and General	1,778,376		567,071	\$386,330	59,910	655	2,702	2,990	12,082	9,181
Total Other O&M	6,673,306	94,142	2,317,315	386,330	1,924,290	\$583,973	92,102	229,418	38,810	37,874
Total O&M	\$10,367,844	\$3,795,637	\$2,324,991	\$386,330	\$1,924,799	\$589,212	\$92,102	\$229,418	\$38,810	\$37,874

**MONTANA-DAKOTA UTILITIES CO.
ITEMS ADJUSTED INDIVIDUALLY
ELECTRIC UTILITY - SOUTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2022**

Function	Uncollectible Accounts	Advertising	Insurance	Software Maintenance	Industry Dues	Rent Expense	Annual Easements	Regulatory Commission	Office Supplies	Adjusted Individually	Total items All Other O&M
Cost of Fuel & Purchased Power										\$3,714,919	(\$20,381)
Production				\$3,687		\$2,450	\$44,945		\$455	1,224,741	30,568
Transmission				52,812		394	1,875		385	2,100,450	31,840
Distribution	\$86			2,384		5,783	3,697		1,243	1,231,872	(7,860)
Customer Accounting	36,326	\$10		1,342		359			3,281	244,866	7,221
Customer Service & Information		6,653							2	21,204	462
Sales		1,036							70	9,475	91
Administrative and General		7,717	\$192,741	132,221	\$48,787	128,197	0	\$43,275	\$22,585	1,616,444	161,932
Total Other O&M	36,412	\$15,416	192,741	192,446	48,787	137,183	50,517	43,275	28,021	6,449,052	224,254
Total O&M	\$36,412	\$15,416	\$192,741	\$192,446	\$48,787	\$137,183	\$50,517	\$43,275	\$28,021	\$10,163,971	\$203,873