

Montana-Dakota Utilites Co.  
 Benefits Budget Summary - 2023  
 09/15/22

	2022 MDU Budget 1/	2023 MDU Budget 1/	% Increase MDU Budget	Additional Dollar Amount MDU Budget
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
Medical <sup>3/</sup> - 5194	12,271,000	13,900,000	13%	\$1,629,000 B
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*3/ Healthcare and Dental premiums approved by HCT and MPC 9/15/2022, includes VOYA Stop-loss premiums*

**Change Explanation:**

*B/ Increase due to higher premiums, increased benefit enrollment, and inclusion of VOYA premiums for 2023*

Pension - Bargaining

## Section II - Required disclosures

### Components of net periodic benefit cost (NPBC) and other changes recognized in other comprehensive income (OCI)

	12/31/2022	12/31/2021
<b>Components of net periodic benefit cost</b>		
Service cost	\$0	\$0
Interest cost	2,144,334	2,021,964
Expected return on plan assets	(3,812,129)	(3,859,216)
Amortization of net (gain)/loss	1,322,884	1,611,364
Amortization of transition (asset)/obligation	0	0
Amortization of prior service cost/(credit)	0	0
Net periodic benefit cost	\$(344,911)	\$(225,888)
<b>Other changes recognized in OCI</b>		
Net (gain)/loss	\$1,947,596	\$(1,923,133)
Prior service cost/(credit)	0	0
Amortization of net gain/(loss)	(1,322,884)	(1,611,364)
Amortization of transition asset/(obligation)	0	0
Amortization of prior service (cost)/credit	0	0
Total recognized in other comprehensive income	\$624,712	\$(3,534,497)
<b>Total recognized in net periodic benefit cost and OCI</b>	<b>\$279,801</b>	<b>\$(3,760,385)</b>
<b>Weighted-average assumptions used to determine net periodic benefit cost</b>		
Discount rate	2.67%	2.34%
Expected long-term return on plan assets	6.00%	6.00%
Rate of compensation increase	N/A	N/A

#### Basis used to determine expected long-term return on plan assets

You are required to disclose the basis you used to determine the overall expected long-term return on plan assets.

## Pension - Bargaining

### Section II - Required disclosures

#### Net periodic benefit cost for upcoming period

01/01/2023 - 12/31/2023	
<b>Components of net periodic benefit cost</b>	
Service cost	\$0
Interest cost	3,029,822
Expected return on plan assets	(3,638,875)
Amortization of net (gain)/loss <sup>1</sup>	662,245
Amortization of transition (asset)/obligation <sup>1</sup>	0
Amortization of prior service cost/(credit) <sup>1</sup>	0
<b>Net periodic benefit cost<sup>2</sup></b>	<b>\$53,192</b>
<b>Weighted-average assumptions used to determine net periodic benefit cost</b>	
Discount rate	5.07%
Expected long-term rate of return	6.50%
Rate of compensation increase	N/A

<sup>1</sup> These amounts represent the estimated portion of the net (gain)/loss, transition (asset)/obligation, and net prior service cost/(credit) remaining in accumulated other comprehensive income that is expected to be recognized as a component of net periodic benefit cost over the upcoming fiscal year.

<sup>2</sup> Your plan allows benefit payments in the form of a lump sum. Accounting rules state a plan will recognize a settlement if the plan pays an amount (other than monthly income payments) greater than the plan's service cost (SC) plus interest cost (IC). If payments are greater, a portion of some deferred recognition items must be recognized and will impact the net periodic benefit cost. A settlement would occur in the upcoming year if lump sum payments exceed \$3,029,822.

#### Basis used to determine expected long-term return on plan assets

In next year's disclosure, you will be required to explain the basis you used to determine the overall expected long-term return on plan assets.

**Pension - Non Bargaining****Section II - Required disclosures - Utilities****Components of net periodic benefit cost (NPBC) and other changes recognized in other comprehensive income (OCI)**

	12/31/2022	12/31/2021
<b>Components of net periodic benefit cost</b>		
Service cost	\$0	\$0
Interest cost	2,937,149	2,729,058
Expected return on plan assets	(5,407,579)	(5,498,412)
Amortization of net (gain)/loss	2,000,654	2,267,524
Amortization of transition (asset)/obligation	0	0
Amortization of prior service cost/(credit)	0	0
Net periodic benefit cost	\$(469,776)	\$(501,830)
<b>Other changes recognized in OCI</b>		
Net (gain)/loss	\$4,995,820	\$(1,178,119)
Prior service cost/(credit)	0	0
Amortization of net gain/(loss)	(2,000,654)	(2,267,524)
Amortization of transition asset/(obligation)	0	0
Amortization of prior service (cost)/credit	0	0
Total recognized in other comprehensive income	\$2,995,166	\$(3,445,643)
<b>Total recognized in net periodic benefit cost and OCI</b>	<b>\$2,525,390</b>	<b>\$(3,947,473)</b>
<b>Weighted-average assumptions used to determine net periodic benefit cost</b>		
Discount rate	2.60%	2.25%
Expected long-term return on plan assets	6.00%	6.00%
Rate of compensation increase	N/A	N/A

**Basis used to determine expected long-term return on plan assets**

You are required to disclose the basis you used to determine the overall expected long-term return on plan assets.

## Section III - Additional information - Total

### Net periodic benefit cost for upcoming period

	01/01/2023 - 12/31/2023	
Components of net periodic benefit cost		Utilities
Service cost		\$0
Interest cost <sup>2</sup>		4,350,988
Expected return on plan assets <sup>2</sup>		(5,286,303)
Amortization of net (gain)/loss <sup>1</sup>		1,091,156
Amortization of transition (asset)/obligation <sup>1</sup>		0
Amortization of prior service cost/(credit) <sup>1</sup>		0
Net periodic benefit cost		\$155,841

### Weighted-average assumptions used to determine net periodic benefit cost

Discount rate	5.04%
Expected long-term rate of return	6.50%
Rate of compensation increase	N/A

MRVA as of 1/1/2023 <sup>2</sup>	\$94,763,522
PBO as of 1/1/2023	\$90,135,159

<sup>1</sup> These amounts represent the estimated portion of the net (gain)/loss, transition (asset)/obligation, and net prior service cost/(credit) remaining in accumulated other comprehensive income that is expected to be recognized as a component of net periodic postretirement benefit cost over the upcoming fiscal year.

<sup>2</sup> These components are weighted based on the division's PBO



## Section II - Required disclosures - Utilities

### Components of net periodic postretirement benefit cost (NPPBC) and other changes recognized in other comprehensive income (OCI)

	12/31/2022	12/31/2021
<b>Components of net periodic postretirement benefit cost</b>		
Service cost	\$457,667	\$522,363
Interest cost	688,236	708,566
Expected return on plan assets	(2,668,359)	(2,525,619)
Amortization of net (gain)/loss	(339,957)	0
Amortization of transition (asset)/obligation	0	0
Amortization of prior service cost/(credit)	(931,294)	(931,294)
Net periodic postretirement benefit cost	\$(2,793,707)	\$(2,225,984)
<b>Other Changes Recognized in OCI</b>		
Net (gain)/loss	\$7,092,916	\$(3,958,558)
Prior service cost/(credit)	0	0
Amortization of net gain/(loss)	339,957	0
Amortization of transition asset/(obligation)	0	0
Amortization of prior service (cost)/credit	931,294	931,294
Total recognized in other comprehensive income	\$8,364,167	\$(3,027,264)
<b>Total recognized in net periodic postretirement benefit cost and OCI</b>	<b>\$5,570,460</b>	<b>\$(5,253,248)</b>
<b>Weighted-average assumptions used to determine net periodic postretirement benefit cost</b>		
Discount rate	2.65%	2.28%
Expected long-term return on plan assets	5.50%	5.50%
Medical trend – initial (pre/post)	7.00%/6.00%	7.00%/6.50%
Medical trend - ultimate	4.50%	4.50%
Year ultimate trend rate is reached (pre/post)	2031/2029	2031/2030

#### Basis used to determine expected long-term return on plan assets

You are required to disclose the basis you used to determine the overall expected long-term return on plan assets.

## Net periodic postretirement benefit cost for upcoming period

01/01/2023 - 12/31/2023

### Components of net periodic postretirement

	Utilities
Service cost	\$275,110
Interest cost	962,287
Expected return on plan assets	(2,837,440)
Amortization of net (gain)/loss <sup>1</sup>	(734,809)
Amortization of transition (asset)/obligation <sup>1</sup>	0
Amortization of prior service cost/(credit) <sup>1</sup>	(931,294)
Net periodic postretirement benefit cost	(\$3,266,146)

### Weighted-average assumptions used to determine net periodic postretirement benefit cost

Discount rate	5.07%
Expected long-term rate of return	5.50%
Rate of compensation increase	3.00%

Assets as of 1/1/2023 <sup>2</sup>	\$38,284,436
APBO as of 1/1/2023	\$19,878,029

<sup>1</sup> These amounts represent the estimated portion of the net (gain)/loss, transition (asset)/obligation, and net prior service cost/(credit) remaining in accumulated other comprehensive income that is expected to be recognized as a component of net periodic postretirement benefit cost over the upcoming fiscal year.

<sup>2</sup> MDU assets reflect a 5 year asset averaging method