

MONTANA-DAKOTA UTILITIES CO.  
OPERATION & MAINTENANCE EXPENSE  
GAS UTILITY - SOUTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2014  
PRO FORMA

Function	Total	Cost of Gas	Labor	Benefits	Vehicles & Work Equipment	Subcontract Labor	Materials	Software Maintenance	Office Expense	Communications
Cost of Gas	\$32,640,945	\$32,640,945								
Other Gas Supply	100,627		\$82,874		\$1,086	\$777		\$4,589	\$388	\$504
Distribution	4,416,730		3,235,095		306,002	580,693	\$250,188	35,814	17,748	66,166
Customer Accounting	1,603,704		957,136		26,579	56,638	330	23,756	21,139	33,877
Customer Service & Information	175,450		117,913		5,216				197	0
Sales	24,801		16,033		7				344	2,177
Administrative and General	3,941,797		1,020,314	\$1,495,765	9,366	120,191	13,239	108,903	142,460	66,367
Total Other O&M	10,263,109	0	5,429,365	1,495,765	348,256	758,299	263,757	173,062	182,276	169,091
Total O&M	<u>\$42,904,054</u>	<u>\$32,640,945</u>	<u>\$5,429,365</u>	<u>\$1,495,765</u>	<u>\$348,256</u>	<u>\$758,299</u>	<u>\$263,757</u>	<u>\$173,062</u>	<u>\$182,276</u>	<u>\$169,091</u>
Adjustment No.		4	5	6	7	8	9	10	11	12
Page No.		3	4	5	6	7	8	9	10	11

MONTANA-DAKOTA UTILITIES CO.  
OPERATION & MAINTENANCE EXPENSE  
GAS UTILITY - SOUTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2014  
PRO FORMA

Function	Rent	Company Consumption	Uncollectible Accounts	Postage	Advertising	Insurance	Industry Dues	Regulatory Commission Expense	All Other O&M
Cost of Gas									
Other Gas Supply									\$10,409
Distribution	\$9,418	\$52,077	\$7,843	\$1,572					(145,886)
Customer Accounting			191,069	212,686					80,494
Customer Service & Information					\$50,175				1,949
Sales				78	0				6,162
Administrative and General	\$122,147	21,741		33,716	25,783	\$289,251	\$45,869	\$95,216	331,469
Total Other O&M	131,565	73,818	198,912	248,052	75,958	289,251	45,869	95,216	284,597
Total O&M	<u>\$131,565</u>	<u>\$73,818</u>	<u>\$198,912</u>	<u>\$248,052</u>	<u>\$75,958</u>	<u>\$289,251</u>	<u>\$45,869</u>	<u>\$95,216</u>	<u>\$284,597</u>
Adjustment No.	13	14	15	16	17	18	19	20	
Page No.	12	13	14	15	16	17	18	19	20

**MONTANA-DAKOTA UTILITIES CO.  
COST OF GAS  
GAS UTILITY - SOUTH DAKOTA  
ADJUSTMENT NO. 4**

	Pro Forma Dk Sales 1/	Dk Adjusted for Distribution Losses 2/	Commodity Charge 3/	Pro Forma Cost of Gas
Residential	3,607,260	3,643,697	\$4.716	\$17,183,675
Firm General Service	2,950,669	2,980,474	4.716	14,055,915
Small Interruptible	21,860	22,081	3.467	76,555
Large Interruptible	378,296	382,117	3.467	1,324,800
Total	<u>6,958,085</u>	<u>7,028,369</u>		<u>\$32,640,945</u>
Per Books Cost of Gas				<u>43,342,839</u>
Pro Forma Adjustment				<u>(\$10,701,894)</u>

1/ Rule 20:10:13:85, Statement I, page 2.

2/ Distribution loss factor of 1%.

3/ April 2015 PGA adjusted to reflect annual commodity costs.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - SOUTH DAKOTA  
LABOR EXPENSE  
TWELVE MONTHS ENDING DECEMBER 31, 2014  
ADJUSTMENT NO. 5**

	Per Books		Pro Forma	Pro Forma
	Gas Utility	South Dakota	South Dakota 1/	Adjustment
Other Gas Supply	\$408,707	\$79,267	\$82,874	\$3,607
Distribution	13,375,233	3,094,304	3,235,095	140,791
Customer Accounting	4,018,213	915,482	957,136	41,654
Customer Service	275,110	112,781	117,913	5,132
Sales	225,427	15,335	16,033	698
A&G	4,279,640	975,910	1,020,314	44,404
Total	<u>\$22,582,330</u>	<u>\$5,193,079</u>	<u>\$5,429,365</u>	<u>\$236,286</u>

1/ Reflects a 4.55% increase which includes a 4.00 percent increase for union employees effective in May 2015 and a 3.50 percent increase to non-union employees effective in December 2014 and a three year average ratio to labor for bonuses and incentive pay.

**MONTANA-DAKOTA UTILITIES CO.  
BENEFITS EXPENSE  
GAS UTILITY - SOUTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2014  
ADJUSTMENT NO. 6**

	Per Books		Pro Forma 1/	Pro Forma Adjustment
	Gas Utility	South Dakota		
Medical/Dental	\$2,824,462	\$698,964	\$727,622	\$28,658
Pension expense	176,541	47,305	111,786	64,481
Post-retirement	(103,857)	(36,830)	24,323	61,153
401-K	2,264,214	548,372	573,323	24,951
Workers compensation	119,846	38,797	40,563	1,766
Other benefits	71,913	17,358	18,148	790
Total	<u>\$5,353,119</u>	<u>\$1,313,966</u>	<u>\$1,495,765</u>	<u>\$181,799</u>

1/ Reflects the following changes:

Medical and dental is an increase of 4.10 percent

Pension is an increase of 136.31 percent

Postretirement is an increase of 166.04 percent

401K is an increase of 4.55 percent

Workers Compensation expense is based on the ratio of worker's compensation to pro forma labor.

Other benefits is an increase of 4.55 percent

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - SOUTH DAKOTA  
VEHICLES AND WORK EQUIPMENT  
TWELVE MONTHS ENDING DECEMBER 31, 2014  
ADJUSTMENT NO. 7**

	Per Books		Pro Forma	Pro Forma
	Gas Utility	South Dakota	South Dakota 1/	Adjustment
Other Gas Supply	\$5,500	\$1,067	\$1,086	\$19
Distribution	1,377,713	300,661	306,002	5,341
Customer Accounting	136,878	26,115	26,579	464
Customer Service	8,360	5,125	5,216	91
Sales	9,493	6	7	1
A&G	41,109	9,203	9,366	163
Total	<u>\$1,579,053</u>	<u>\$342,177</u>	<u>\$348,256</u>	<u>\$6,079</u>

1/ Based on pro forma plant and current depreciation rates.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - SOUTH DAKOTA  
SUBCONTRACT LABOR  
TWELVE MONTHS ENDING DECEMBER 31, 2014  
ADJUSTMENT NO. 8**

	Per Books		Pro Forma	Pro Forma
	Gas Utility	South Dakota	South Dakota 1/	Adjustment
Other Gas Supply	\$4,006	\$777	\$777	\$0
Distribution	2,690,664	469,000	580,693	111,693
Customer Accounting	206,681	51,974	56,638	4,664
A&G	586,611	119,860	120,191	331
Total	<u>\$3,487,962</u>	<u>\$641,611</u>	<u>\$758,299</u>	<u>\$116,688</u>

1/ Subcontract labor for region operations and information systems was lower than normal in 2014.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - SOUTH DAKOTA  
MATERIALS  
TWELVE MONTHS ENDING DECEMBER 31, 2014  
ADJUSTMENT NO. 9**

	Per Books		Pro Forma South Dakota 1/	Pro Forma Adjustment
	Gas Utility	South Dakota		
Distribution	\$1,242,076	\$234,194	\$250,188	\$15,994
Customer Accounting	5,649	330	330	0
Customer Service	1,434		0	0
A&G	63,448	14,185	13,239	(946)
Total	<u>\$1,312,607</u>	<u>\$248,709</u>	<u>\$263,757</u>	<u>\$15,048</u>

1/ Distribution increase is due to lower than normal expenses in 2014 and the decrease in A&G is due to a non-recurring expense in 2014.



**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - SOUTH DAKOTA  
SOFTWARE MAINTENANCE  
TWELVE MONTHS ENDING DECEMBER 31, 2014  
ADJUSTMENT NO. 10**

	Per Books		Pro Forma South Dakota 1/	Pro Forma Adjustment
	Gas Utility	South Dakota		
Other Gas Supply	\$23,663	\$4,589	\$4,589	\$0
Distribution	146,963	34,691	35,814	1,123
Customer Accounting	10,772	22,108	23,756	1,648
A&G	451,199	103,516	108,903	5,387
Total	<u>\$632,597</u>	<u>\$164,904</u>	<u>\$173,062</u>	<u>\$8,158</u>

1/ Increase in software fees and fixed network.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - SOUTH DAKOTA  
OFFICE EXPENSE  
TWELVE MONTHS ENDING DECEMBER 31, 2014  
ADJUSTMENT NO. 11**

	Per Books		Pro Forma South Dakota 1/	Pro Forma Adjustment
	Gas Utility	South Dakota		
Other Gas Supply	\$2,002	\$388	\$388	\$0
Distribution	105,350	17,240	17,748	508
Customer Accounting	104,390	20,885	21,139	254
Customer Service	1,578	197	197	0
Sales	2,592	344	344	0
A&G	625,731	139,633	142,460	2,827
Total	<u>\$841,643</u>	<u>\$178,687</u>	<u>\$182,276</u>	<u>\$3,589</u>

1/ Information systems expense was lower than normal in 2014. Increase associated with a new copier purchased in 2014.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - SOUTH DAKOTA  
COMMUNICATION EXPENSE  
TWELVE MONTHS ENDING DECEMBER 31, 2014  
ADJUSTMENT NO. 12**

	Per Books		Pro Forma South Dakota 1/	Pro Forma Adjustment
	Gas Utility	South Dakota		
Other Gas Supply	\$2,599	\$504	\$504	\$0
Distribution	284,218	65,598	66,166	568
Customer Accounting	151,427	35,154	33,877	(1,277)
Customer Service	213			0
Sales	5,392	2,946	2,177	(769)
A&G	289,331	66,370	66,367	(3)
Total	<u>\$733,180</u>	<u>\$170,572</u>	<u>\$169,091</u>	<u>(\$1,481)</u>

1/ 2014 included expense incorrectly recorded. Also additional phones and increased cost for district operations.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - SOUTH DAKOTA  
RENT EXPENSE  
TWELVE MONTHS ENDING DECEMBER 31, 2014  
ADJUSTMENT NO. 13**

	Per Books		Pro Forma	Pro Forma
	Gas Utility	South Dakota	South Dakota 1/	Adjustment
Distribution	\$192,564	\$33,418	\$9,418	(\$24,000)
A&G	497,403	117,683	122,147	4,464
Total	<u>\$689,967</u>	<u>\$151,101</u>	<u>\$131,565</u>	<u>(\$19,536)</u>

1/ Distribution decrease is to reflect one-fifth of payment of five year lease recorded in 2014. Increase in A&G is for additional office space.

**MONTANA-DAKOTA UTILITIES CO.  
COMPANY CONSUMPTION  
GAS UTILITY - SOUTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2014  
ADJUSTMENT NO. 14**

	Per Books			Pro Forma
	Gas Utility	South Dakota	Pro Forma 1/	Adjustment
<u>Total</u>				
Distribution	\$341,809	\$63,859	\$52,077	(\$11,782)
A&G	101,543	23,297	21,741	(1,556)
Total	<u>\$443,352</u>	<u>\$87,156</u>	<u>\$73,818</u>	<u>(\$13,338)</u>
 <u>Electric</u>				
Distribution	\$123,063	\$12,273	\$12,273	\$0
A&G	71,848	16,484	16,484	0
Total Electric	<u>\$194,911</u>	<u>\$28,757</u>	<u>\$28,757</u>	<u>\$0</u>
 <u>Gas</u>				
Distribution	\$218,746	\$51,586	\$39,804	(\$11,782)
A&G	29,695	6,813	5,257	(1,556)
Total Gas	<u>\$248,441</u>	<u>\$58,399</u>	<u>\$45,061</u>	<u>(\$13,338)</u>

1/ Reflects a 22.84% decrease to reflect normalized firm sales revenue at current rates.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - SOUTH DAKOTA  
UNCOLLECTIBLE ACCOUNTS  
TWELVE MONTHS ENDING DECEMBER 31, 2014  
ADJUSTMENT NO. 15**

	Per Books		Pro Forma	Pro Forma
	Gas Utility	South Dakota	South Dakota 1/	Adjustment
Distribution	\$29,763	\$11,673	\$7,843	(\$3,830)
Customer Accounting	1,160,145	284,373	191,069	(93,304)
Total	<u>\$1,189,908</u>	<u>\$296,046</u>	<u>\$198,912</u>	<u>(\$97,134)</u>

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

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - SOUTH DAKOTA  
POSTAGE  
TWELVE MONTHS ENDING DECEMBER 31, 2014  
ADJUSTMENT NO. 16**

	Per Books		Pro Forma	Pro Forma
	Gas Utility	South Dakota	South Dakota 1/	Adjustment
Distribution	\$8,940	\$1,558	\$1,572	\$14
Customer Accounting	972,583	212,606	212,686	80
Sales	481	77	78	1
A&G	145,623	33,409	33,716	307
Total	<u>\$1,127,627</u>	<u>\$247,650</u>	<u>\$248,052</u>	<u>\$402</u>

1/ Reflects increase in postage rates to be effective in 2015 and reduction in number of customer bills moving to electronic billing.

**MONTANA-DAKOTA UTILITIES CO.  
ADVERTISING EXPENSE  
GAS UTILITY - SOUTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2014  
ADJUSTMENT NO. 17**

	Per Books			Pro Forma
	Gas Utility	South Dakota	Pro Forma 1/	Adjustment
Informational	\$223,249	\$50,873	\$50,175	(\$698)
Promotional	149,525	27,874		(27,874)
Institutional	80,054	26,766	25,783	(983)
Total	<u>\$452,828</u>	<u>\$105,513</u>	<u>\$75,958</u>	<u>(\$29,555)</u>

1/ Eliminates promotional advertising expenses and informational and institutional expenses not applicable to South Dakota gas operations.



**MONTANA-DAKOTA UTILITIES CO.  
INSURANCE EXPENSE  
GAS UTILITY - SOUTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2014  
ADJUSTMENT NO. 18**

<u>A&amp;G Expense for Insurance</u>	<u>Per Books</u>		<u>Pro Forma 1/</u>	<u>Pro Forma Adjustment</u>
	<u>Gas Utility</u>	<u>South Dakota</u>		
Director's & Officer's Liability Insurance	\$73,531	\$16,870	\$17,171	\$301
Excess Liability				
Fiduciary & Employee Benefits Liability	23,630	5,421	5,620	199
Public Liab. & Property Ins. Damage of Others	514,664	118,076	136,425	18,349
All Risk	393,210	90,212	90,059	(153)
Blanket Crime	2,973	682	798	116
Special Contingency	384	88	83	(5)
Self Insurance	63,933	14,668	39,095	24,427
Total	<u>\$1,072,325</u>	<u>\$246,017</u>	<u>\$289,251</u>	<u>\$43,234</u>

1/ Adjusted to reflect insurance expense at current levels.

**MONTANA-DAKOTA UTILITIES CO.  
INDUSTRY DUES  
GAS UTILITY - SOUTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2014  
ADJUSTMENT NO. 19**

	Per Books	Pro Forma	Pro Forma Adjustment
American Gas Association	\$17,426	\$16,677 1/	(\$749)
Belle Fourche Chamber of Commerce	610	610 1/	0
Belle Fourche Development Corp	500	500 1/	0
Black Hills & Badlands Tourism	313	313	0
Black Hills Community Economic Development	250	250	0
Black Hills Home Builders Association	450	450	0
Common Ground Alliance (CGA)	135	135	0
Construction Industry Center	375	375	0
Deadwood Chamber of Commerce	600	600 1/	0
Energy Solutions Center	1,524	1,524	0
Fort Pierre Development Corporation	500	500 1/	0
Gettysburg Chamber of Commerce	28	30	2
High Plains Western Heritage		100 1/	100
Ipswich Commercial Club	10	20 1/	10
Lead Area Chamber of Commerce	330	330 1/	0
Midwest Energy Association, Inc.	4,904	4,256 1/	(648)
Mobridge Chamber of Commerce	189	200	11
National Association of Regulatory Commissions	341	341	0
National Energy & Utility Affordability Coalition	26	26	0
Pierre Area Chamber of Commerce	591	675 1/	84
Pierre Economic Dev. Corporation	1,000	1,000	0
Rapid City Area Chamber of Commerce	7,790	7,840 1/	50
Rapid City Area Economic Development	5,000	5,000 1/	0
SD Chamber of Economic Dev. Council	250	250 1/	0
Selby Community Club	26	28 1/	2
Spearfish Chamber of Commerce	710	750 1/	40
Spearfish Downtown Business Association		50 1/	50
Spearfish Economic Dev.	1,000	1,000 1/	0
Sturgis Area Chamber of Commerce	700	700 1/	0
Sturgis Economic Dev. Council	500	500 1/	0
Utility Telecom Council	535	535	0
Utility Solid Waste Activities Group	889	254 1/	(635)
Whitewood Chamber of Commerce	50	50	0
Other	3,297		(3,297)
Total Industry Dues	<u>\$50,849</u>	<u>\$45,869</u>	<u>(\$4,980)</u>

1/ Reflects 2015 amount.

MONTANA-DAKOTA UTILITIES CO.  
REGULATORY COMMISSION EXPENSE  
GAS UTILITY - SOUTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2014  
ADJUSTMENT NO. 20

	Per Books	ProForma 1/	Pro Forma Adjustment
A & G	<u>\$51,038</u>	<u>\$95,216</u>	<u>\$44,178</u>

1/ Reflects five year amortization of remaining balance from Docket No. NG12-008, this case (Docket No. NG15-\_\_\_\_) and a three year average of ongoing regulatory commission expenses.

**MONTANA-DAKOTA UTILITIES CO.  
OTHER O&M  
GAS UTILITY - SOUTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2014**

<u>Function</u>	<u>Per Books Other O &amp; M</u>	<u>Items Adjusted Individually</u>	<u>Other O &amp; M</u>
Other Gas Supply	\$97,001	\$86,592	\$10,409
Distribution	4,180,310	4,326,196	(145,886)
Customer Accounting	1,649,521	1,569,027	80,494
Customer Service & Informat	170,925	168,976	1,949
Sales	52,744	46,582	6,162
Administrative and General	3,623,171	3,291,702	331,469
Total Other O&M	<u>\$9,773,672</u>	<u>\$9,489,075</u>	<u>\$284,597</u>

MONTANA-DAKOTA UTILITIES CO.  
ITEMS ADJUSTED INDIVIDUALLY  
GAS UTILITY - SOUTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2014

Function	Per Books	Cost of Gas	Labor	Benefits	Vehicles & Work Equipment	Subcontract Labor	Materials	Software Maintenance	Office Expense	Communications
Cost of Gas	\$43,342,839	\$43,342,839								
Other Gas Supply	97,001		\$79,267		\$1,067	\$777		\$4,589	\$388	\$504
Distribution	4,180,310		3,094,304		300,661	469,000	234,194	34,691	17,240	65,598
Customer Accounting	1,649,521		915,482		26,115	51,974	330	22,108	20,885	35,154
Customer Service & Information	170,925		112,781		5,125				197	0
Sales	52,744		15,335		6				344	2,946
Administrative and General	3,623,171		975,910	\$1,313,966	9,203	119,860	14,185	\$103,516	139,633	66,370
Total Other O&M	9,773,672	0	5,193,079	1,313,966	342,177	641,611	248,709	164,904	178,687	170,572
Total O&M	<u>\$53,116,511</u>	<u>\$43,342,839</u>	<u>\$5,193,079</u>	<u>\$1,313,966</u>	<u>\$342,177</u>	<u>\$641,611</u>	<u>\$248,709</u>	<u>\$164,904</u>	<u>\$178,687</u>	<u>\$170,572</u>

MONTANA-DAKOTA UTILITIES CO.  
ITEMS ADJUSTED INDIVIDUALLY  
GAS UTILITY - SOUTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2014

Function	Rent	Company Consumption	Uncollectible Accounts	Postage	Advertising	Insurance	Industry Dues	Regulatory Commission Expense	Total items adjusted individually	All Other O&M
Cost of Gas									\$43,342,839	
Other Gas Supply									86,592	\$10,409
Distribution	\$33,418	\$63,859	\$11,673	\$1,558					4,326,196	(145,886)
Customer Accounting			284,373	212,606					1,569,027	80,494
Customer Service & Information					\$50,873				168,976	1,949
Sales				77	27,874				46,582	6,162
Administrative and General	\$117,683	23,297		33,409	26,766	\$246,017	\$50,849	\$51,038	3,291,702	331,469
Total Other O&M	151,101	87,156	296,046	247,650	105,513	246,017	50,849	51,038	9,489,075	284,597
Total O&M	<u>\$151,101</u>	<u>\$87,156</u>	<u>\$296,046</u>	<u>\$247,650</u>	<u>\$105,513</u>	<u>\$246,017</u>	<u>\$50,849</u>	<u>\$51,038</u>	<u>\$52,831,914</u>	<u>\$284,597</u>