

ELECTRIC & NATURAL GAS UTILITIES PRIMER

Data provided as of 9/30/2022



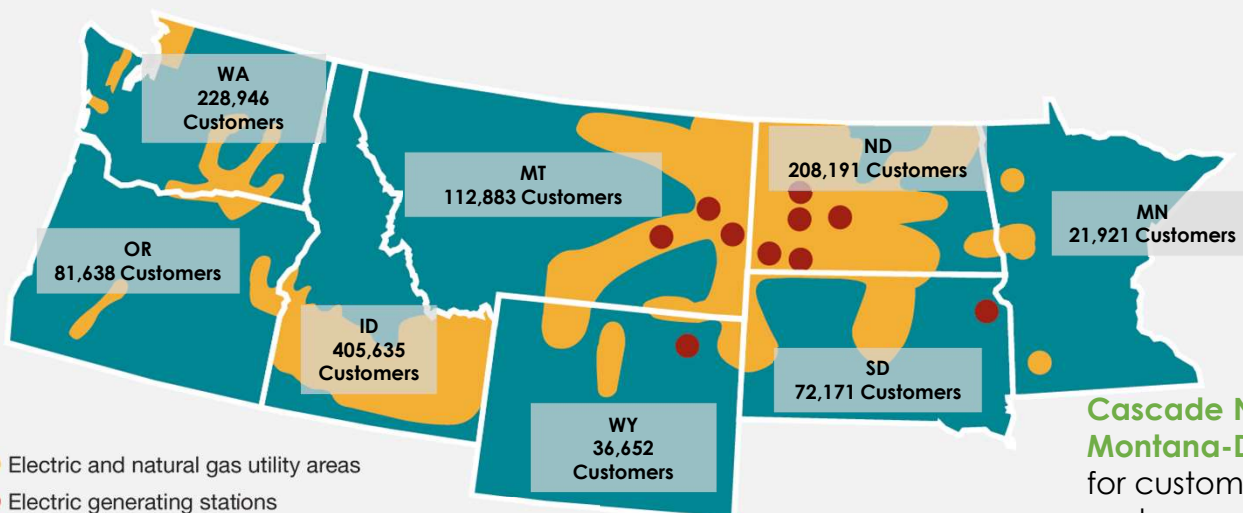
 **MDU RESOURCES**
GROUP, INC. | Building a Strong America®

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UTILITIES GROUP BUSINESS OVERVIEW

Our utilities group of four brands is committed to providing affordable and reliable electric and natural gas service to 1.16 million customers across eight states



\$2.8 Billion Combined rate base	735 MW Owned generation
29,800 Miles of transmission/distribution	1,600 Skilled employees

Numbers based on December 31, 2021.

Cascade Natural Gas, Intermountain Gas Company, and Montana-Dakota Utilities ranked first, third, and sixth respectively, for customer service satisfaction among residential natural gas customers in the West Midsize segment, according to a J.D Power 2022 study.

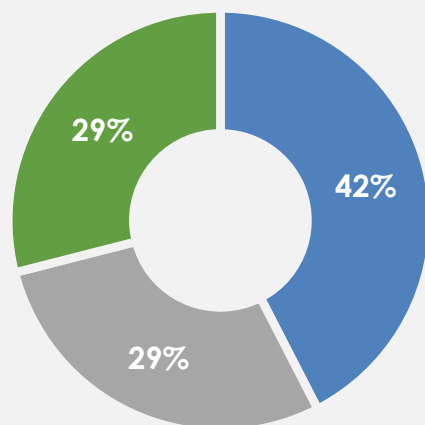
Montana-Dakota Utilities was awarded the Edison Electric Institute's Emergency Response Award by the National Utility Association for their storm recovery and assistance efforts following destructive blizzards in April.



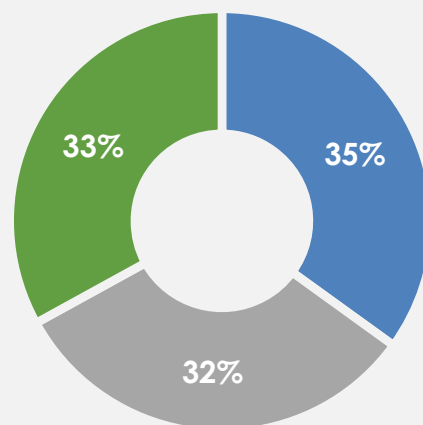
Customer count as of 9/30/2022.



GENERATION MIX



12/31/21 Generation



Current Generation*



Note: Based on nameplate rating

*Accounts for retirement of Heskett Units I and II

- Increased renewable generation from 11% of portfolio to 29% since 2010
- Retired three coal-fired units in 2021-2022 totaling 144-megawatts
- Constructing an 88-megawatt gas fired plant as a replacement; expected to be placed in service in 2023
- Coal trending down to 31% over the next two years from 69% in 2013 – mix shifting toward renewables and natural gas

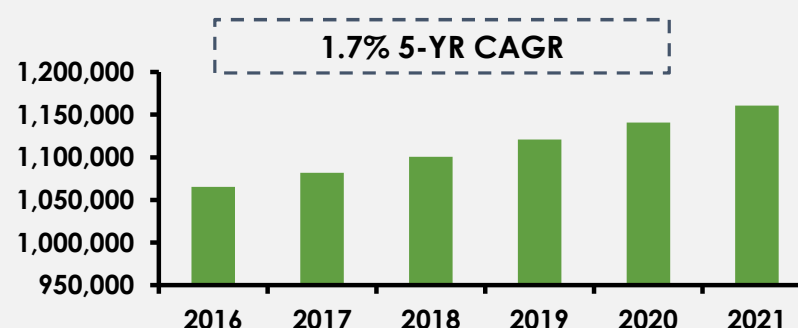


RATE BASE ORGANIC GROWTH DRIVERS

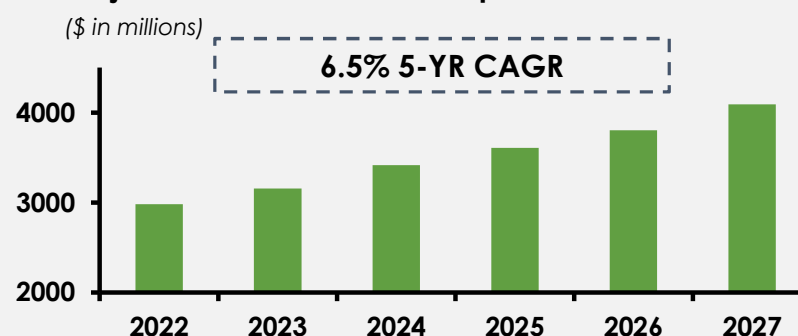
Continuous Rate Base growth supported by strong customer growth and system investments

- Utility earnings growth is driven by capital deployment, resulting in growth in Rate Base
- Organic growth is driven in part by positive demographics
 - 1.7% annual customer growth rate since 2016 and 1-2% continued projected growth through 2026
 - Compares favorably to other utilities
- MDU Utilities Group expected to deploy \$2.1 billion in capex over the next 5 years
 - Focus on upgrading and expanding existing systems, replacing coal-fired units, while targeting regulatory recovery of costs

Historical MDU Utilities Group Customer Base



Projected MDU Utilities Group Rate Base¹



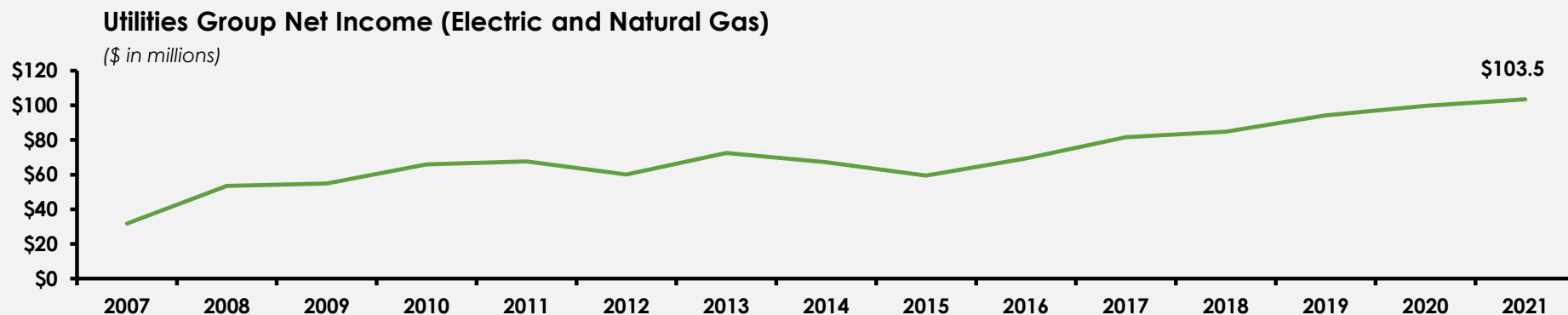
1. Including CWIP.



UTILITY INDUSTRY REGULATORY DYNAMICS

Constructive regulatory mechanisms help stabilize earnings performance

- Constructive regulatory relationships in all service territories allow for adequate and timely recovery of incurred costs
 - Largely operates on forward test periods, supported by interim rate relief and/or full decoupling in certain jurisdictions
 - In addition, the utilities group in large part is allowed timely recovery via dedicated trackers and normalization mechanisms, such as fuel and purchased gas clause adjustments



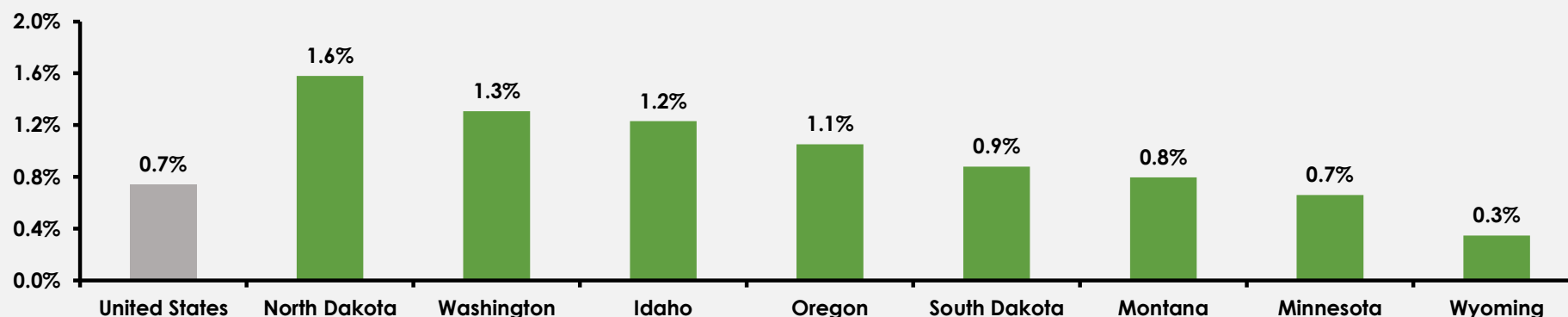


STRONG DEMOGRAPHIC BACKDROP

Customer growth driven by strong demographic expansion in key markets

- Projected population growth in nearly all of our service territories is faster than the national average
- North Dakota is both our largest and fastest-growing service territory
- Diversified residential, commercial, and industrial customer base allows the company to capitalize across a variety of verticals as our key service areas continue to grow

Projected Population CAGR, 2020-2030¹



1. University of Virginia Weldon Cooper Center, Demographics Research Group. (2018). National Population Projections.

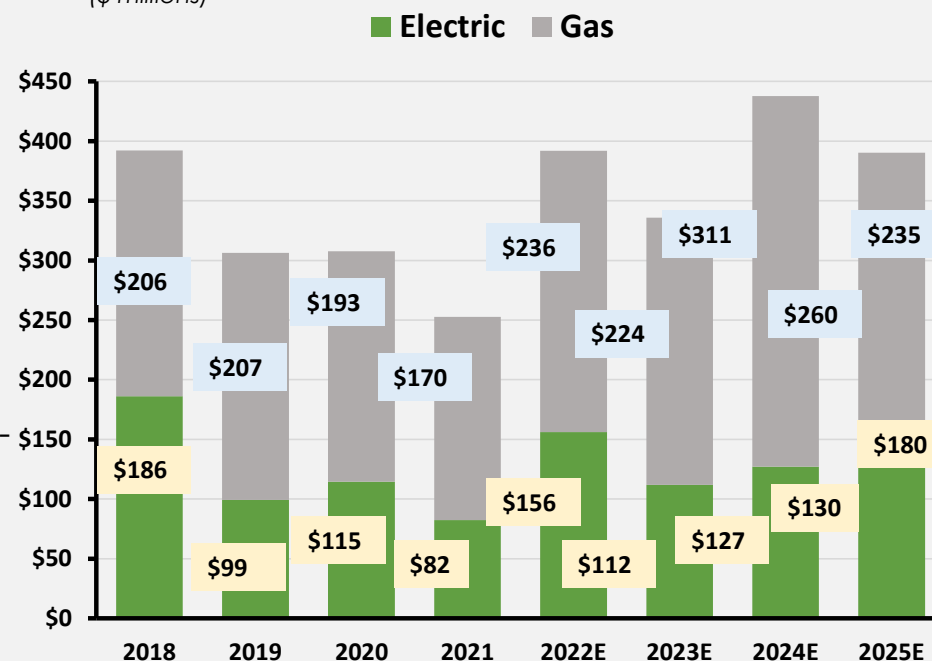
CAPITAL EXPENDITURES

Balanced CapEx investments support growth

- Expect to deploy nearly \$1.2 billion in CapEx over the next 3 years
- Investments will be deployed for:
 - System upgrades and replacements needed to supply safe and reliable service
 - Supporting customer growth
- Capital expenditures forecast also includes:
 - Construction of 88-megawatt simple-cycle, natural gas-fired combustion turbine near Mandan, North Dakota
 - Decommissioning the Heskett Units I and II coal-fired electric generating facilities

Capital Expenditures

(\$ millions)





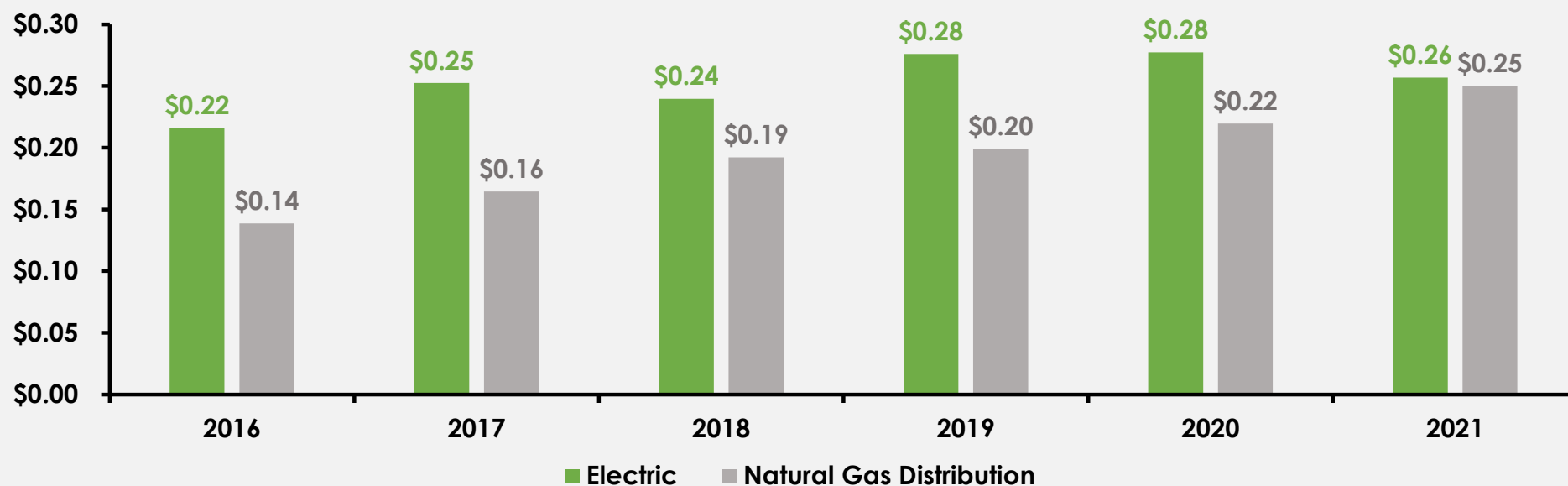
EARNINGS PER SHARE

Steady EPS growth since 2016

Segment EPS

(\$ per share)

2016-2021 Total EPS CAGR
7.2%



Based on 12/31/2021 outstanding shares of 202.4 million.

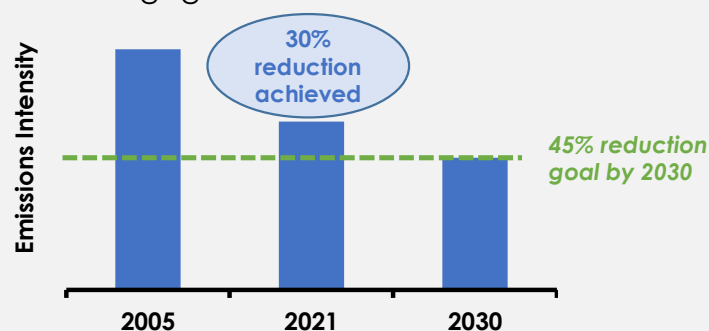


ENVIRONMENTAL FOCUS

Focused on operating our business with a decreasing environmental footprint

GHG Emissions Reduction Targets

- Target to **reduce electric utility GHG emissions by 45% by 2030** vs. 2005 levels
- Reduction to be achieved primarily through the continued diversification of our electric generating fleet, helping drive rate base / earnings growth



Sustainable Operations



Retirement of Coal Facilities

- Ceased operations at Lewis & Clark Station in Sydney, MT in March 2021
- Ceased operations at Heskett I & II in Mandan, ND in February 2022
- Company no longer wholly owns any coal fired units

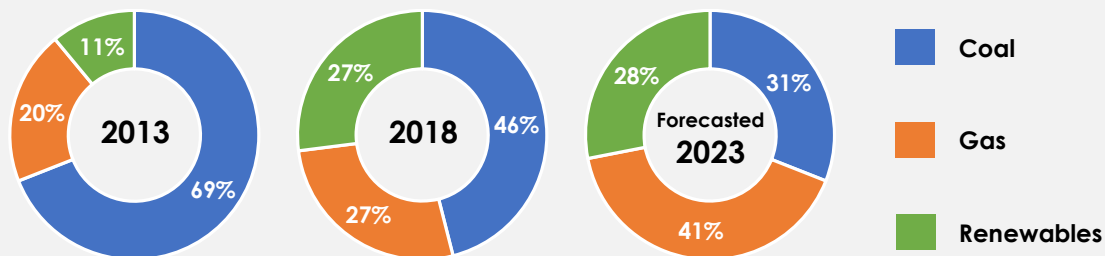


Water Use. Facilities safely utilize water from rivers, lakes, and wells for various processes and cleanly discharge them back to the water bodies



Renewable Energy. As of December 31, 2021, approximately 29% of electric generation nameplate capacity was from renewable resources

Transitioning Our Electric Resources (Based on Nameplate Rating)



JAMESTOWN TO ELLENDALE 345-KILOVOLT TRANSMISSION LINE



- ❑ One of 18 transmission projects recently approved by the Midcontinent Independent System Operator (MISO) as part of its first phase of the multi-year Long-Range Transmission Planning initiative.
- ❑ Montana-Dakota Utilities to collectively work with Otter Tail Power Company to own, construct, operate, and maintain the project, which MISO estimates will cost approximately \$439 million, of which the company expects to invest 50%, recovered through a MISO rate.
- ❑ Allows both companies to create a more resilient regional transmission grid while continuing to provide reliable, affordable electricity to its customers.
- ❑ Work to begin late in 2022 to coordinate with landowners, local governments, agencies, and other interested parties.
- ❑ Targeting an in-service date of late 2028.



Appendix





ELECTRIC REGULATORY MECHANISMS

	MT	ND	SD	WY
Fuel Clause Adjustment	X	X	X	X
Transmission Rider		X	X	
Infrastructure/ Renewable Rider		X	X	
Generation Rider		X		
Property Tax Tracker				
Interim Rate Relief	X			
Forecasted Test Period	X	X	X*	
Forward Year Test Period	X	X	X	X
Energy Efficiency Tracker	X			

*If rate case isn't completed in 6 months full rate request goes into effect on an interim basis



NATURAL GAS REGULATORY MECHANISMS

	MN	MT	ND	SD	WY	ID	WA	OR
Purchased Gas Adjustment	X	X	X	X	X	X	X	X
Full Decoupling	X						X	X
Weather Normalization	X		X	X			X	X
Full Fixed Residential Rate			X					
Pipeline Replacement / Integrity Tracker	X						X	
Property Tax Tracker		X						
Earnings Sharing							X	X
Interim Rate Relief	X	X	X	X*				
Forecasted Test Period								
Forward Year Test Period	X	X	X	X	X	X		X
Historical Test Period							X	
Energy Efficiency Tracker	X	X		X		X	X	X

*If rate case isn't completed in 6 months full rate request goes into effect on an interim basis