

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2021

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 1-03480

MDU RESOURCES GROUP INC

(Exact name of registrant as specified in its charter)

Delaware	30-1133956
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1200 West Century Avenue
P.O. Box 5650
Bismarck, North Dakota 58506-5650
(Address of principal executive offices)
(Zip Code)

(701) 530-1000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$1.00 per share	MDU	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐.

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒	Accelerated Filer ☐
Non-Accelerated Filer ☐	Smaller Reporting Company ☐
	Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of October 28, 2021: 203,350,740 shares.

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Definitions

The following abbreviations and acronyms used in this Form 10-Q are defined below:

Abbreviation or Acronym

2020 Annual Report	Company's Annual Report on Form 10-K for the year ended December 31, 2020
AFUDC	Allowance for funds used during construction
ASC	FASB Accounting Standards Codification
ASU	FASB Accounting Standards Update
Big Stone Station	475-MW coal-fired electric generating facility near Big Stone City, South Dakota (22.7 percent ownership)
Brazilian Transmission Lines	Company's former investment in companies owning three electric transmission lines in Brazil
Cascade	Cascade Natural Gas Corporation, an indirect wholly owned subsidiary of MDU Energy Capital
Centennial	Centennial Energy Holdings, Inc., a direct wholly owned subsidiary of the Company
Centennial Capital	Centennial Holdings Capital LLC, a direct wholly owned subsidiary of Centennial
Centennial Resources	Centennial Energy Resources LLC, a former direct wholly owned subsidiary of Centennial
Company	MDU Resources Group, Inc.
COVID-19	Coronavirus disease 2019. In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic and the President of the United States declared the COVID-19 outbreak a national emergency.
Coyote Creek	Coyote Creek Mining Company, LLC, a subsidiary of The North American Coal Corporation
Coyote Station	427-MW coal-fired electric generating facility near Beulah, North Dakota (25 percent ownership)
dk	Decatherm
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
EPA	United States Environmental Protection Agency
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
Fidelity	Fidelity Exploration & Production Company, a direct wholly owned subsidiary of WBI Holdings (previously referred to as the Company's exploration and production segment)
GAAP	Accounting principles generally accepted in the United States of America
GHG	Greenhouse gas
Great Plains	Great Plains Natural Gas Co., a public utility division of Montana-Dakota
IBEW	International Brotherhood of Electrical Workers
Intermountain	Intermountain Gas Company, an indirect wholly owned subsidiary of MDU Energy Capital
IPUC	Idaho Public Utilities Commission
Knife River	Knife River Corporation, a direct wholly owned subsidiary of Centennial
kWh	Kilowatt-hour
LIBOR	London Inter-bank Offered Rate
MDU Construction Services	MDU Construction Services Group, Inc., a direct wholly owned subsidiary of Centennial
MDU Energy Capital	MDU Energy Capital, LLC, a direct wholly owned subsidiary of the Company
MISO	Midcontinent Independent System Operator, Inc., the organization that provides open-access transmission services and monitors the high-voltage transmission system in the Midwest United States and Manitoba, Canada and a southern United States region which includes much of Arkansas, Mississippi, and Louisiana.
MMcf	Million cubic feet
MMdk	Million dk
MNPUC	Minnesota Public Utilities Commission
Montana-Dakota	Montana-Dakota Utilities Co., a direct wholly owned subsidiary of MDU Energy Capital
MW	Megawatt

NDDEQ	North Dakota Department of Environmental Quality
NDPSC	North Dakota Public Service Commission
NERC	North American Electricity Reliability Corporation
Non-GAAP	Not in accordance with GAAP
Oil	Includes crude oil and condensate
PHMSA	Pipeline and Hazardous Materials Safety Administration
Regional Haze Rule	The EPA developed the Regional Haze Rule requiring states to develop and implement comprehensive plans to reduce human-caused regional haze in designated areas such as national parks and wilderness areas.
SDPUC	South Dakota Public Utilities Commission
SEC	United States Securities and Exchange Commission
SOFR	Secured Overnight Financing Rate
SPP	Southwest Power Pool, the organization that manages the electric grid and wholesale power market for the central United States.
TSA	Transportation Security Administration
VIE	Variable interest entity
WBI Holdings	WBI Holdings, Inc., a direct wholly owned subsidiary of Centennial
WUTC	Washington Utilities and Transportation Commission

Introduction

The Company is a regulated energy delivery and construction materials and services business. The organizational entity was originally incorporated as Montana-Dakota under the state laws of Delaware in 1924. Pursuant to an internal holding company reorganization completed on January 1, 2019, the Company was incorporated under the state laws of Delaware. Its principal executive offices are located at 1200 West Century Avenue, P.O. Box 5650, Bismarck, North Dakota 58506-5650, telephone (701) 530-1000.

The Company's strategy is to deliver superior value with a two-platform model, regulated energy delivery and construction materials and services businesses, while pursuing organic growth opportunities and using a disciplined approach to strategic acquisitions of well-managed companies and properties.

The Company focuses on infrastructure and is Building a Strong America® by providing essential products and services through its regulated energy delivery and construction materials and services platforms, which are both comprised of different operating segments. Most of these segments experience seasonality related to the industries in which they operate. The two-platform approach helps balance this seasonality and the risk associated with each type of industry. Through its regulated energy delivery platform, the Company generates, transmits and distributes electricity and provides natural gas distribution, transportation and storage services. These businesses are regulated by state public service commissions and/or the FERC. The construction materials and services platform provides construction services to a variety of industries, including commercial, industrial and governmental customers, and provides construction materials through aggregate mining and marketing of related products, such as ready-mixed concrete, asphalt and asphalt oil.

The Company is organized into five reportable business segments. These business segments include: electric, natural gas distribution, pipeline, construction materials and contracting, and construction services. The Company's business segments are determined based on the Company's method of internal reporting, which generally segregates the strategic business units due to differences in products, services and regulation. The internal reporting of these segments is defined based on the reporting and review process used by the Company's chief executive officer.

The Company, through its wholly owned subsidiary, MDU Energy Capital, owns Montana-Dakota, Cascade and Intermountain. The electric segment is comprised of Montana-Dakota while the natural gas distribution segment is comprised of Montana-Dakota, Cascade and Intermountain.

The Company, through its wholly owned subsidiary, Centennial, owns WBI Holdings, Knife River, MDU Construction Services and Centennial Capital. WBI Holdings is the pipeline segment, Knife River is the construction materials and contracting segment, MDU Construction Services is the construction services segment and Centennial Capital is reflected in the Other category.

For more information on the Company's business segments, see Note 17 of the Notes to Consolidated Financial Statements.

Part I -- Financial Information

Item 1. Financial Statements

MDU Resources Group, Inc. Consolidated Statements of Income (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
(In thousands, except per share amounts)				
Operating revenues:				
Electric, natural gas distribution and regulated pipeline	\$ 237,065	\$ 210,115	\$ 940,017	\$ 870,151
Non-regulated pipeline, construction materials and contracting, construction services and other	1,348,948	1,377,174	3,297,591	3,277,440
Total operating revenues	1,586,013	1,587,289	4,237,608	4,147,591
Operating expenses:				
Operation and maintenance:				
Electric, natural gas distribution and regulated pipeline	90,058	89,080	273,796	259,791
Non-regulated pipeline, construction materials and contracting, construction services and other	1,122,840	1,124,939	2,828,557	2,804,398
Total operation and maintenance	1,212,898	1,214,019	3,102,353	3,064,189
Purchased natural gas sold	41,135	31,524	280,584	253,780
Depreciation, depletion and amortization	75,229	72,084	222,613	212,832
Taxes, other than income	48,096	50,501	163,819	167,197
Electric fuel and purchased power	19,486	15,450	56,216	50,557
Total operating expenses	1,396,844	1,383,578	3,825,585	3,748,555
Operating income	189,169	203,711	412,023	399,036
Other income	5,930	4,612	18,310	13,669
Interest expense	23,389	23,761	70,224	73,132
Income before income taxes	171,710	184,562	360,109	339,573
Income taxes	32,748	31,547	68,860	61,178
Income from continuing operations	138,962	153,015	291,249	278,395
Income (loss) from discontinued operations, net of tax	314	63	348	(484)
Net income	\$ 139,276	\$ 153,078	\$ 291,597	\$ 277,911
Earnings per share - basic:				
Income from continuing operations	\$.68	\$.76	\$ 1.44	\$ 1.39
Discontinued operations, net of tax	—	—	—	—
Earnings per share - basic	\$.68	\$.76	\$ 1.44	\$ 1.39
Earnings per share - diluted:				
Income from continuing operations	\$.68	\$.76	\$ 1.44	\$ 1.39
Discontinued operations, net of tax	—	—	—	—
Earnings per share - diluted	\$.68	\$.76	\$ 1.44	\$ 1.39
Weighted average common shares outstanding - basic	202,863	200,522	201,647	200,495
Weighted average common shares outstanding - diluted	203,190	200,619	201,955	200,515

The accompanying notes are an integral part of these consolidated financial statements.

MDU Resources Group, Inc.
Consolidated Statements of Comprehensive Income
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
(In thousands)				
Net income	\$ 139,276	\$ 153,078	\$ 291,597	\$ 277,911
Other comprehensive income:				
Reclassification adjustment for loss on derivative instruments included in net income, net of tax of \$36 and \$37 for the three months ended and \$109 and \$109 for the nine months ended in 2021 and 2020, respectively	111	111	334	334
Amortization of postretirement liability losses included in net periodic benefit cost, net of tax of \$151 and \$152 for the three months ended and \$462 and \$456 for the nine months ended in 2021 and 2020, respectively	466	471	1,389	1,413
Net unrealized gain (loss) on available-for-sale investments:				
Net unrealized gain (loss) on available-for-sale investments arising during the period, net of tax of \$(15) and \$(13) for the three months ended and \$(40) and \$19 for the nine months ended in 2021 and 2020, respectively	(54)	(50)	(150)	72
Reclassification adjustment for loss on available-for-sale investments included in net income, net of tax of \$6 and \$7 for the three months ended and \$21 and \$9 for the nine months ended in 2021 and 2020, respectively	20	28	80	34
Net unrealized gain (loss) on available-for-sale investments	(34)	(22)	(70)	106
Other comprehensive income	543	560	1,653	1,853
Comprehensive income attributable to common stockholders	\$ 139,819	\$ 153,638	\$ 293,250	\$ 279,764

The accompanying notes are an integral part of these consolidated financial statements.

MDU Resources Group, Inc.
Consolidated Balance Sheets
(Unaudited)

	September 30, 2021	September 30, 2020	December 31, 2020
(In thousands, except shares and per share amounts)			
Assets			
Current assets:			
Cash and cash equivalents	\$ 57,241	\$ 66,070	\$ 59,547
Receivables, net	979,862	1,009,433	873,986
Inventories	312,285	286,223	291,167
Current regulatory assets	133,135	79,125	68,527
Prepayments and other current assets	83,364	61,706	44,120
Total current assets	1,565,887	1,502,557	1,337,347
Noncurrent assets:			
Property, plant and equipment	8,634,737	8,203,751	8,300,770
Less accumulated depreciation, depletion and amortization	3,175,756	3,115,805	3,133,831
Net property, plant and equipment	5,458,981	5,087,946	5,166,939
Goodwill	717,646	712,677	714,963
Other intangible assets, net	22,241	26,376	25,496
Regulatory assets	379,245	369,764	379,381
Investments	171,859	158,440	165,022
Operating lease right-of-use assets	109,439	120,534	120,113
Other	143,565	147,205	144,111
Total noncurrent assets	7,002,976	6,622,942	6,716,025
Total assets	\$ 8,568,863	\$ 8,125,499	\$ 8,053,372
Liabilities and Stockholders' Equity			
Current liabilities:			
Short-term borrowings	\$ 50,000	\$ 75,000	\$ 50,000
Long-term debt due within one year	1,548	1,558	1,555
Accounts payable	525,704	436,718	426,264
Taxes payable	87,455	96,708	88,844
Dividends payable	43,212	41,608	42,611
Accrued compensation	105,867	110,730	90,629
Operating lease liabilities due within one year	30,502	33,770	33,655
Regulatory liabilities due within one year	16,491	39,837	31,450
Other accrued liabilities	212,140	231,061	198,514
Total current liabilities	1,072,919	1,066,990	963,522
Noncurrent liabilities:			
Long-term debt	2,326,718	2,268,732	2,211,575
Deferred income taxes	557,582	533,524	516,098
Asset retirement obligations	455,522	425,567	440,356
Regulatory liabilities	426,141	434,936	428,075
Operating lease liabilities	79,397	87,140	86,868
Other	318,306	295,845	327,773
Total noncurrent liabilities	4,163,666	4,045,744	4,010,745
Commitments and contingencies			
Stockholders' equity:			
Common stock Authorized - 500,000,000 shares, \$1.00 par value Shares issued - 203,889,661 at September 30, 2021, 201,061,198 at September 30, 2020 and 201,061,198 at December 31, 2020	203,889	201,061	201,061
Other paid-in capital	1,458,208	1,366,494	1,371,385
Retained earnings	1,720,232	1,489,085	1,558,363
Accumulated other comprehensive loss	(46,425)	(40,249)	(48,078)
Treasury stock at cost - 538,921 shares	(3,626)	(3,626)	(3,626)
Total stockholders' equity	3,332,278	3,012,765	3,079,105
Total liabilities and stockholders' equity	\$ 8,568,863	\$ 8,125,499	\$ 8,053,372

The accompanying notes are an integral part of these consolidated financial statements.

MDU Resources Group, Inc.
Consolidated Statements of Equity
(Unaudited)

	Common Stock		Other	Retained	Accumulated	Treasury Stock		Total
	Shares	Amount	Paid-in Capital	Earnings	Other Comprehensive Loss	Shares	Amount	
(In thousands, except shares)								
At December 31, 2020	201,061,198	\$ 201,061	\$ 1,371,385	\$ 1,558,363	\$ (48,078)	(538,921)	\$ (3,626)	\$ 3,079,105
Net income	—	—	—	52,131	—	—	—	52,131
Other comprehensive income	—	—	—	—	568	—	—	568
Dividends declared on common stock	—	—	—	(42,943)	—	—	—	(42,943)
Stock-based compensation	—	—	2,574	—	—	—	—	2,574
Repurchase of common stock	—	—	—	—	—	(392,294)	(6,701)	(6,701)
Issuance of common stock upon vesting of stock-based compensation, net of shares used for tax withholdings	—	—	(10,828)	—	—	392,294	6,701	(4,127)
Issuance of common stock	672,260	672	19,027	—	—	—	—	19,699
At March 31, 2021	201,733,458	\$ 201,733	\$ 1,382,158	\$ 1,567,551	\$ (47,510)	(538,921)	\$ (3,626)	\$ 3,100,306
Net income	—	—	—	100,190	—	—	—	100,190
Other comprehensive income	—	—	—	—	542	—	—	542
Dividends declared on common stock	—	—	—	(43,336)	—	—	—	(43,336)
Stock-based compensation	—	—	6,150	—	—	—	—	6,150
Issuance of common stock	1,088,843	1,089	33,861	—	—	—	—	34,950
At June 30, 2021	202,822,301	\$ 202,822	\$ 1,422,169	\$ 1,624,405	\$ (46,968)	(538,921)	\$ (3,626)	\$ 3,198,802
Net income	—	—	—	139,276	—	—	—	139,276
Other comprehensive income	—	—	—	—	543	—	—	543
Dividends declared on common stock	—	—	—	(43,449)	—	—	—	(43,449)
Stock-based compensation	—	—	2,925	—	—	—	—	2,925
Issuance of common stock	1,067,360	1,067	33,114	—	—	—	—	34,181
At September 30, 2021	203,889,661	\$ 203,889	\$ 1,458,208	\$ 1,720,232	\$ (46,425)	(538,921)	\$ (3,626)	\$ 3,332,278

The accompanying notes are an integral part of these consolidated financial statements.

MDU Resources Group, Inc.
Consolidated Statements of Equity
(Unaudited)

	Common Stock		Other	Retained	Accumulated	Treasury Stock		Total
	Shares	Amount	Paid-in Capital	Earnings	Other Comprehensive Loss	Shares	Amount	
(In thousands, except shares)								
At December 31, 2019	200,922,790	\$ 200,923	\$ 1,355,404	\$ 1,336,647	\$ (42,102)	(538,921)	\$ (3,626)	\$ 2,847,246
Net income	—	—	—	25,130	—	—	—	25,130
Other comprehensive income	—	—	—	—	707	—	—	707
Dividends declared on common stock	—	—	—	(41,789)	—	—	—	(41,789)
Stock-based compensation	—	—	2,250	—	—	—	—	2,250
Issuance of common stock upon vesting of stock-based compensation, net of shares used for tax withholdings	26,406	26	(388)	—	—	—	—	(362)
Issuance of common stock	112,002	112	3,298	—	—	—	—	3,410
At March 31, 2020	201,061,198	\$ 201,061	\$ 1,360,564	\$ 1,319,988	\$ (41,395)	(538,921)	\$ (3,626)	\$ 2,836,592
Net income	—	—	—	99,703	—	—	—	99,703
Other comprehensive income	—	—	—	—	586	—	—	586
Dividends declared on common stock	—	—	—	(41,812)	—	—	—	(41,812)
Stock-based compensation	—	—	2,618	—	—	—	—	2,618
At June 30, 2020	201,061,198	\$ 201,061	\$ 1,363,182	\$ 1,377,879	\$ (40,809)	(538,921)	\$ (3,626)	\$ 2,897,687
Net Income	—	—	—	153,078	—	—	—	153,078
Other Comprehensive Income	—	—	—	—	560	—	—	560
Dividends declared on common stock	—	—	—	(41,872)	—	—	—	(41,872)
Stock-based compensation	—	—	3,312	—	—	—	—	3,312
At September 30, 2020	201,061,198	\$ 201,061	\$ 1,366,494	\$ 1,489,085	\$ (40,249)	(538,921)	\$ (3,626)	\$ 3,012,765

The accompanying notes are an integral part of these consolidated financial statements.

MDU Resources Group, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended September 30,	
	2021	2020
	(In thousands)	
Operating activities:		
Net income	\$ 291,597	\$ 277,911
Income (loss) from discontinued operations, net of tax	348	(484)
Income from continuing operations	291,249	278,395
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	222,613	212,832
Deferred income taxes	30,353	16,409
Changes in current assets and liabilities, net of acquisitions:		
Receivables	(104,438)	(100,141)
Inventories	(21,402)	(9,581)
Other current assets	(74,413)	1,269
Accounts payable	33,173	19,125
Other current liabilities	14,175	74,286
Other noncurrent changes	(25,425)	(10,139)
Net cash provided by continuing operations	365,885	482,455
Net cash used in discontinued operations	(75)	(688)
Net cash provided by operating activities	365,810	481,767
Investing activities:		
Capital expenditures	(428,114)	(413,842)
Acquisitions, net of cash acquired	(13,721)	(71,479)
Net proceeds from sale or disposition of property and other	12,954	23,463
Investments	(3,777)	24
Net cash used in investing activities	(432,658)	(461,834)
Financing activities:		
Issuance of short-term borrowings	50,000	75,000
Repayment of short-term borrowings	(50,000)	—
Issuance of long-term debt	178,517	100,125
Repayment of long-term debt	(63,835)	(73,699)
Proceeds from issuance of common stock	88,830	3,410
Dividends paid	(128,142)	(124,796)
Repurchase of common stock	(6,701)	—
Tax withholding on stock-based compensation	(4,127)	(362)
Net cash provided by (used in) financing activities	64,542	(20,322)
Decrease in cash and cash equivalents	(2,306)	(389)
Cash and cash equivalents -- beginning of year	59,547	66,459
Cash and cash equivalents -- end of period	\$ 57,241	\$ 66,070

The accompanying notes are an integral part of these consolidated financial statements.

MDU Resources Group, Inc.
Notes to Consolidated
Financial Statements

September 30, 2021 and 2020
(Unaudited)

Note 1 - Basis of presentation

The accompanying consolidated interim financial statements were prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Interim financial statements do not include all disclosures provided in annual financial statements and, accordingly, these financial statements should be read in conjunction with those appearing in the 2020 Annual Report. The information is unaudited but includes all adjustments that are, in the opinion of management, necessary for a fair presentation of the accompanying consolidated interim financial statements and are of a normal recurring nature. Depreciation, depletion and amortization expense is reported separately on the Consolidated Statements of Income and therefore is excluded from the other line items within operating expenses.

Beginning in March 2020, governmental restrictions and guidelines implemented to control the spread of COVID-19 reduced commercial and interpersonal activity throughout the Company's areas of operation. Most of the Company's products and services are considered essential to the United States and its communities and, as a result, operations have generally continued throughout the COVID-19 pandemic and reopening of the country's economy. The Company has assessed the impacts of the COVID-19 pandemic on its results of operations for the nine months ended September 30, 2021 and 2020, and determined there were no material adverse impacts.

The assets and liabilities of the Company's discontinued operations have been classified as held for sale and are included in prepayments and other current assets, noncurrent assets - other and other accrued liabilities on the Consolidated Balance Sheets. The results and supporting activities are shown in income (loss) from discontinued operations on the Consolidated Statements of Income. Unless otherwise indicated, the amounts presented in the accompanying notes to the consolidated financial statements relate to the Company's continuing operations.

Management has also evaluated the impact of events occurring after September 30, 2021, up to the date of the issuance of these consolidated interim financial statements on November 4, 2021, that would require recognition or disclosure in the financial statements.

Note 2 - New accounting standards

Recently adopted accounting standards

ASU 2018-14 - Changes to the Disclosure Requirements for Defined Benefit Plans In August 2018, the FASB issued guidance on modifying the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans as part of the disclosure framework project. The guidance removed disclosures that are no longer considered cost beneficial, clarified the specific requirements of disclosures and added disclosure requirements identified as relevant. The guidance added, among other things, the requirement to include an explanation for significant gains and losses related to changes in benefit obligations for the period. The guidance removed, among other things, the disclosure requirement to disclose the amount of net periodic benefit costs to be amortized over the next fiscal year from accumulated other comprehensive income (loss) and the effect a one percentage point change in assumed health care cost trend rates would have on certain benefit components. The Company adopted the guidance on January 1, 2021, on a retrospective basis. The Company determined the new guidance will not materially impact its consolidated financial statement disclosures.

ASU 2019-12 - Simplifying the Accounting for Income Taxes In December 2019, the FASB issued guidance on simplifying the accounting for income taxes by removing certain exceptions in ASC 740 and providing simplification amendments. The guidance removed exceptions on intraperiod tax allocations and reporting and provided simplification on accounting for franchise taxes, tax basis goodwill and tax law changes. The Company adopted the guidance on January 1, 2021, and determined it did not have a material impact on its results of operations, financial position, cash flows or disclosures.

Recently issued accounting standards not yet adopted

ASU 2020-04 - Reference Rate Reform In March 2020, the FASB issued optional guidance to ease the facilitation of the effects of reference rate reform on financial reporting. The guidance applied to certain contract modifications, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. LIBOR is expected to be retired with a full phase-out by the end of 2021 and replaced by a new reference rate, which includes SOFR. The guidance can be applied beginning in the interim period that includes March 12, 2020, and cannot be applied to contract modifications or hedging relationships entered into or evaluated after December 31, 2022. The Company has updated its credit agreements to include language regarding the successor or alternate rate to LIBOR, and a review of other contracts and agreements is on-going. The Company does not expect the guidance to have a material impact on its results of operations, financial position, cash flows or disclosures.

Note 3 - Seasonality of operations

Some of the Company's operations are highly seasonal and revenues from, and certain expenses for, such operations may fluctuate significantly among quarterly periods. Accordingly, the interim results for particular businesses, and for the Company as a whole, may not be indicative of results for the full fiscal year.

Note 4 - Receivables and allowance for expected credit losses

Receivables consists primarily of trade receivables from the sale of goods and services, which are recorded at the invoiced amount, and contract assets, net of expected credit losses. For more information on contract assets, see Note 9. The Company's trade receivables are all due in 12 months or less. The total balance of receivables past due 90 days or more was \$37.9 million, \$48.9 million and \$43.9 million at September 30, 2021 and 2020, and December 31, 2020, respectively.

The Company's expected credit losses are determined through a review using historical credit loss experience; changes in asset specific characteristics; current conditions; and reasonable and supportable future forecasts, among other specific account data, and is performed at least quarterly. The Company develops and documents its methodology to determine its allowance for expected credit losses at each of its reportable business segments. Risk characteristics used by the business segments may include customer mix, knowledge of customers, general economic conditions of the various local economies and impacts of COVID-19, among others. Specific account balances are written off when management determines the amounts to be uncollectible. Management has reviewed the balance reserved through the allowance for expected credit losses and believes it is reasonable.

Details of the Company's expected credit losses were as follows:

	Electric	Natural gas distribution	Pipeline	Construction materials and contracting	Construction services	Total
(In thousands)						
At December 31, 2020	\$ 899	\$ 2,571	\$ 2	\$ 6,164	\$ 5,722	\$ 15,358
Current expected credit loss provision	538	1,273	—	(1,049)	(1,079)	(317)
Less write-offs charged against the allowance	888	1,107	—	273	401	2,669
Credit loss recoveries collected	129	213	—	—	—	342
At March 31, 2021	\$ 678	\$ 2,950	\$ 2	\$ 4,842	\$ 4,242	\$ 12,714
Current expected credit loss provision	(110)	(103)	—	11	(639)	(841)
Less write-offs charged against the allowance	341	787	—	232	64	1,424
Credit loss recoveries collected	100	199	—	—	—	299
At June 30, 2021	\$ 327	\$ 2,259	\$ 2	\$ 4,621	\$ 3,539	\$ 10,748
Current expected credit loss provision	388	411	—	233	(675)	357
Less write-offs charged against the allowance	525	1,178	—	184	265	2,152
Credit loss recoveries collected	92	168	—	—	93	353
At September 30, 2021	\$ 282	\$ 1,660	\$ 2	\$ 4,670	\$ 2,692	\$ 9,306

	Electric	Natural gas distribution	Pipeline	Construction materials and contracting	Construction services	Total
(In thousands)						
At January 1, 2020	\$ 328	\$ 1,056	\$ —	\$ 5,357	\$ 1,756	\$ 8,497
Current expected credit loss provision	555	1,156	—	694	1,150	3,555
Less write-offs charged against the allowance	500	624	—	68	73	1,265
Credit loss recoveries collected	109	229	—	—	—	338
At March 31, 2020	\$ 492	\$ 1,817	\$ —	\$ 5,983	\$ 2,833	\$ 11,125
Current expected credit loss provision	303	190	—	(314)	896	1,075
Less write-offs charged against the allowance	224	677	—	44	454	1,399
Credit loss recoveries collected	88	201	—	—	—	289
At June 30, 2020	\$ 659	\$ 1,531	\$ —	\$ 5,625	\$ 3,275	\$ 11,090
Current expected credit loss provision	435	811	2	728	1,635	3,611
Less write-offs charged against the allowance	269	692	—	229	117	1,307
Credit loss recoveries collected	75	203	—	—	—	278
At September 30, 2020	\$ 900	\$ 1,853	\$ 2	\$ 6,124	\$ 4,793	\$ 13,672

Note 5 - Inventories and natural gas in storage

Natural gas in storage for the Company's regulated operations is generally valued at lower of cost or market using the last-in, first-out method or lower of cost or net realizable value using the average cost or first-in, first-out method. The majority of all other inventories are valued at the lower of cost or net realizable value using the average cost method. The portion of the cost of natural gas in storage expected to be used within 12 months was included in inventories. Inventories on the Consolidated Balance Sheets were as follows:

	September 30, 2021	September 30, 2020	December 31, 2020
(In thousands)			
Aggregates held for resale	\$ 183,693	\$ 168,132	\$ 175,782
Asphalt oil	32,964	27,587	28,238
Natural gas in storage (current)	28,683	27,135	21,919
Materials and supplies	27,253	26,609	25,142
Merchandise for resale	26,639	21,525	21,087
Other	13,053	15,235	18,999
Total	\$ 312,285	\$ 286,223	\$ 291,167

The remainder of natural gas in storage, which largely represents the cost of gas required to maintain pressure levels for normal operating purposes, was included in noncurrent assets - other and was \$47.5 million at September 30, 2021 and December 31, 2020, and \$48.3 million at September 30, 2020.

Note 6 - Earnings per share

Basic earnings per share is computed by dividing net income by the weighted average number of shares of common stock outstanding during the applicable period. Diluted earnings per share is computed by dividing net income by the total of the weighted average number of shares of common stock outstanding during the applicable period, plus the effect of non-vested performance share awards and restricted stock units. Common stock outstanding includes issued shares less shares held in treasury. Net income was the same for both the basic and diluted earnings per share calculations. A reconciliation of the weighted average common shares outstanding used in the basic and diluted earnings per share calculations follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
(In thousands, except per share amounts)				
Weighted average common shares outstanding - basic	202,863	200,522	201,647	200,495
Effect of dilutive performance share awards and restricted stock units	327	97	308	20
Weighted average common shares outstanding - diluted	203,190	200,619	201,955	200,515
Shares excluded from the calculation of diluted earnings per share	—	87	—	139
Dividends declared per common share	\$.2125	\$.2075	\$.6375	\$.6225

Note 7 - Equity

The Company currently has a shelf registration statement on file with the SEC, under which the Company may issue and sell any combination of common stock and debt securities. The Company may sell such securities if warranted by market conditions and the Company's capital requirements.

In August 2020, the Company amended the Distribution Agreement dated February 22, 2019, with J.P. Morgan Securities LLC and MUFG Securities Americas Inc., as sales agents. This agreement, as amended, allows the offering, issuance and sale of up to 6.4 million shares of the Company's common stock in connection with an "at-the-market" offering. The common stock may be offered for sale, from time to time, in accordance with the terms and conditions of this agreement. As of September 30, 2021, the Company had capacity to issue up to 3.6 million additional shares of common stock under the "at-the-market" offering program.

Details of the Company's "at-the-market" offering activity was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(In millions)			
Shares issued	1.0	—	2.8	—
Net proceeds *	\$ 34.2	\$ —	\$ 88.8	\$ —
Issuance costs	\$.5	\$ —	\$ 1.2	\$ —

* Net proceeds were used for capital expenditures.

Note 8 - Accumulated other comprehensive loss

The after-tax changes in the components of accumulated other comprehensive loss were as follows:

	Net Unrealized Gain (Loss) on Derivative Instruments Qualifying as Hedges	Postretirement Liability Adjustment	Net Unrealized Gain (Loss) on Available-for-sale Investments	Total Accumulated Other Comprehensive Loss
	(In thousands)			
At December 31, 2020	\$ (984)	\$ (47,207)	\$ 113	\$ (48,078)
Other comprehensive loss before reclassifications	—	—	(44)	(44)
Amounts reclassified from accumulated other comprehensive loss	111	466	35	612
Net current-period other comprehensive income (loss)	111	466	(9)	568
At March 31, 2021	\$ (873)	\$ (46,741)	\$ 104	\$ (47,510)
Other comprehensive loss before reclassifications	—	—	(52)	(52)
Amounts reclassified from accumulated other comprehensive loss	112	457	25	594
Net current-period other comprehensive income (loss)	112	457	(27)	542
At June 30, 2021	\$ (761)	\$ (46,284)	\$ 77	\$ (46,968)
Other comprehensive loss before reclassifications	—	—	(54)	(54)
Amounts reclassified from accumulated other comprehensive loss	111	466	20	597
Net current-period other comprehensive income (loss)	111	466	(34)	543
At September 30, 2021	\$ (650)	\$ (45,818)	\$ 43	\$ (46,425)

	Net Unrealized Gain (Loss) on Derivative Instruments Qualifying as Hedges	Postretirement Liability Adjustment	Net Unrealized Gain (Loss) on Available-for-sale Investments	Total Accumulated Other Comprehensive Loss
	(In thousands)			
At December 31, 2019	\$ (1,430)	\$ (40,734)	\$ 62	\$ (42,102)
Other comprehensive income before reclassifications	—	—	135	135
Amounts reclassified from (to) accumulated other comprehensive loss	111	462	(1)	572
Net current-period other comprehensive income	111	462	134	707
At March 31, 2020	\$ (1,319)	\$ (40,272)	\$ 196	\$ (41,395)
Other comprehensive loss before reclassifications	—	—	(13)	(13)
Amounts reclassified from accumulated other comprehensive loss	112	480	7	599
Net current-period other comprehensive income (loss)	112	480	(6)	586
At June 30, 2020	\$ (1,207)	\$ (39,792)	\$ 190	\$ (40,809)
Other comprehensive loss before reclassifications	—	—	(50)	(50)
Amounts reclassified from accumulated other comprehensive loss	111	471	28	610
Net current-period other comprehensive income (loss)	111	471	(22)	560
At September 30, 2020	\$ (1,096)	\$ (39,321)	\$ 168	\$ (40,249)

The following amounts were reclassified out of accumulated other comprehensive loss into net income. The amounts presented in parenthesis indicate a decrease to net income on the Consolidated Statements of Income. The reclassifications were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,		Location on Consolidated Statements of Income
	2021	2020	2021	2020	
(In thousands)					
Reclassification adjustment for loss on derivative instruments included in net income	\$	(147) \$	(148) \$	(443) \$	(443)
		36	37	109	109
		(111)	(111)	(334)	(334)
Amortization of postretirement liability losses included in net periodic benefit cost		(617)	(623)	(1,851)	(1,869)
		151	152	462	456
		(466)	(471)	(1,389)	(1,413)
Reclassification adjustment on available-for-sale investments included in net income		(26)	(35)	(101)	(43)
		6	7	21	9
		(20)	(28)	(80)	(34)
Total reclassifications	\$	(597) \$	(610) \$	(1,803) \$	(1,781)

Note 9 - Revenue from contracts with customers

Revenue is recognized when a performance obligation is satisfied by transferring control over a product or service to a customer. Revenue is measured based on consideration specified in a contract with a customer and excludes any sales incentives and amounts collected on behalf of third parties. The Company is considered an agent for certain taxes collected from customers. As such, the Company presents revenues net of these taxes at the time of sale to be remitted to governmental authorities, including sales and use taxes.

Disaggregation

In the following tables, revenue is disaggregated by the type of customer or service provided. The Company believes this level of disaggregation best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The table also includes a reconciliation of the disaggregated revenue by reportable segments. For more information on the Company's business segments, see Note 17.

Three Months Ended September 30, 2021	Electric	Natural gas distribution	Pipeline	Construction materials and contracting	Construction services	Other	Total
(In thousands)							
Residential utility sales	\$ 36,412	\$ 55,284	\$ —	\$ —	\$ —	\$ —	91,696
Commercial utility sales	39,033	35,338	—	—	—	—	74,371
Industrial utility sales	10,495	5,395	—	—	—	—	15,890
Other utility sales	1,993	—	—	—	—	—	1,993
Natural gas transportation	—	11,812	28,058	—	—	—	39,870
Natural gas storage	—	—	3,483	—	—	—	3,483
Contracting services	—	—	—	415,106	—	—	415,106
Construction materials	—	—	—	617,823	—	—	617,823
Intrasegment eliminations	—	—	—	(201,630)	—	—	(201,630)
Inside specialty contracting	—	—	—	—	317,238	—	317,238
Outside specialty contracting	—	—	—	—	185,842	—	185,842
Other	12,589	2,110	3,290	—	75	3,423	21,487
Intersegment eliminations	(136)	(142)	(3,908)	(110)	(289)	(3,398)	(7,983)
Revenues from contracts with customers	100,386	109,797	30,923	831,189	502,866	25	1,575,186
Revenues out of scope	(1,456)	581	45	—	11,657	—	10,827
Total external operating revenues	\$ 98,930	\$ 110,378	\$ 30,968	\$ 831,189	\$ 514,523	\$ 25	\$ 1,586,013

Three Months Ended September 30, 2020	Electric	Natural gas distribution	Pipeline	Construction materials and contracting	Construction services	Other	Total
(In thousands)							
Residential utility sales	\$ 33,086	\$ 48,395	\$ —	\$ —	\$ —	\$ —	81,485
Commercial utility sales	35,688	28,731	—	—	—	—	64,419
Industrial utility sales	8,428	4,454	—	—	—	—	12,882
Other utility sales	1,779	—	—	—	—	—	1,779
Natural gas transportation	—	11,159	27,583	—	—	—	38,742
Natural gas gathering	—	—	973	—	—	—	973
Natural gas storage	—	—	3,885	—	—	—	3,885
Contracting services	—	—	—	448,569	—	—	448,569
Construction materials	—	—	—	608,673	—	—	608,673
Intrasegment eliminations	—	—	—	(234,693)	—	—	(234,693)
Inside specialty contracting	—	—	—	—	352,845	—	352,845
Outside specialty contracting	—	—	—	—	187,202	—	187,202
Other	7,663	2,590	3,203	—	486	3,030	16,972
Intersegment eliminations	(195)	(185)	(3,622)	(110)	(425)	(3,006)	(7,543)
Revenues from contracts with customers	86,449	95,148	32,022	822,439	540,108	24	1,576,190
Revenues out of scope	998	(445)	46	—	10,500	—	11,099
Total external operating revenues	\$ 87,447	\$ 94,703	\$ 32,068	\$ 822,439	\$ 550,608	\$ 24	1,587,289

Nine Months Ended September 30, 2021	Electric	Natural gas distribution	Pipeline	Construction materials and contracting	Construction services	Other	Total
(In thousands)							
Residential utility sales	\$ 99,106	\$ 341,901	\$ —	\$ —	\$ —	\$ —	441,007
Commercial utility sales	105,795	203,002	—	—	—	—	308,797
Industrial utility sales	30,878	20,387	—	—	—	—	51,265
Other utility sales	5,384	—	—	—	—	—	5,384
Natural gas transportation	—	35,715	85,160	—	—	—	120,875
Natural gas storage	—	—	10,606	—	—	—	10,606
Contracting services	—	—	—	791,964	—	—	791,964
Construction materials	—	—	—	1,332,997	—	—	1,332,997
Intrasegment eliminations	—	—	—	(394,126)	—	—	(394,126)
Inside specialty contracting	—	—	—	—	1,020,130	—	1,020,130
Outside specialty contracting	—	—	—	—	502,328	—	502,328
Other	31,827	7,913	10,760	—	168	10,152	60,820
Intersegment eliminations	(407)	(425)	(38,000)	(314)	(2,128)	(10,082)	(51,356)
Revenues from contracts with customers	272,583	608,493	68,526	1,730,521	1,520,498	70	4,200,691
Revenues out of scope	(5,329)	5,880	127	—	36,239	—	36,917
Total external operating revenues	\$ 267,254	\$ 614,373	\$ 68,653	\$ 1,730,521	\$ 1,556,737	\$ 70	4,237,608

Nine Months Ended September 30, 2020	Electric	Natural gas distribution	Pipeline	Construction materials and contracting	Construction services	Other	Total
(In thousands)							
Residential utility sales	\$ 93,389	\$ 313,753	\$ —	\$ —	\$ —	\$ —	407,142
Commercial utility sales	99,152	184,754	—	—	—	—	283,906
Industrial utility sales	26,867	18,633	—	—	—	—	45,500
Other utility sales	5,018	—	—	—	—	—	5,018
Natural gas transportation	—	33,307	82,980	—	—	—	116,287
Natural gas gathering	—	—	4,244	—	—	—	4,244
Natural gas storage	—	—	10,035	—	—	—	10,035
Contracting services	—	—	—	850,326	—	—	850,326
Construction materials	—	—	—	1,299,081	—	—	1,299,081
Intrasegment eliminations	—	—	—	(443,516)	—	—	(443,516)
Inside specialty contracting	—	—	—	—	1,049,975	—	1,049,975
Outside specialty contracting	—	—	—	—	478,047	—	478,047
Other	23,830	7,800	9,807	—	1,249	8,882	51,568
Intersegment eliminations	(586)	(555)	(36,820)	(262)	(3,674)	(8,952)	(50,849)
Revenues from contracts with customers	247,670	557,692	70,246	1,705,629	1,525,597	(70)	4,106,764
Revenues out of scope	2,123	4,949	135	—	33,620	—	40,827
Total external operating revenues	\$ 249,793	\$ 562,641	\$ 70,381	\$ 1,705,629	\$ 1,559,217	\$ (70)	\$ 4,147,591

Presented in the previous tables are intrasegment revenues within the construction materials and contracting segment to highlight the focus on vertical integration as this segment sells materials to both third parties and internal customers. Due to consolidation requirements, these revenues must be eliminated against construction materials to arrive at the external operating revenue total for the segment.

Contract balances

The timing of revenue recognition may differ from the timing of invoicing to customers. The timing of invoicing to customers does not necessarily correlate with the timing of revenues being recognized under the cost-to-cost method of accounting. Contracts from contracting services are billed as work progresses in accordance with agreed upon contractual terms. Generally, billing to the customer occurs contemporaneous to revenue recognition. A variance in timing of the billings may result in a contract asset or a contract liability. A contract asset occurs when revenues are recognized under the cost-to-cost measure of progress, which exceeds amounts billed on uncompleted contracts. Such amounts will be billed as standard contract terms allow, usually based on various measures of performance or achievement. A contract liability occurs when there are billings in excess of revenues recognized under the cost-to-cost measure of progress on uncompleted contracts. Contract liabilities decrease as revenue is recognized from the satisfaction of the related performance obligation.

The changes in contract assets and liabilities were as follows:

	September 30, 2021	December 31, 2020	Change	Location on Consolidated Balance Sheets
(In thousands)				
Contract assets	\$ 185,086	\$ 104,345	\$ 80,741	Receivables, net
Contract liabilities - current	(153,408)	(158,603)	5,195	Accounts payable
Contract liabilities - noncurrent	(157)	(52)	(105)	Noncurrent liabilities - other
Net contract assets (liabilities)	\$ 31,521	\$ (54,310)	\$ 85,831	

The Company recognized \$7.1 million and \$152.4 million in revenue for the three and nine months ended September 30, 2021, respectively, which was previously included in contract liabilities at December 31, 2020. The Company recognized \$15.6 million and \$137.3 million in revenue for the three and nine months ended September 30, 2020, respectively, which was previously included in contract liabilities at December 31, 2019.

The Company recognized a net increase in revenues of \$19.2 million and \$63.3 million for the three and nine months ended September 30, 2021, respectively, from performance obligations satisfied in prior periods. The Company recognized a net increase in revenues of \$34.7 million and \$58.8 million for the three and nine months ended September 30, 2020, respectively, from performance obligations satisfied in prior periods.

Remaining performance obligations

The remaining performance obligations, also referred to as backlog, at the construction materials and contracting and construction services segments include unrecognized revenues that the Company reasonably expects to be realized. These unrecognized revenues can include: projects that have a written award, a letter of intent, a notice to proceed, an agreed upon work order to perform work on mutually accepted terms and conditions and change orders or claims to the extent management believes additional contract revenues will be earned and are deemed probable of collection. Excluded from remaining performance obligations are potential orders under master service agreements. The majority of the Company's construction contracts have an original duration of less than two years.

The remaining performance obligations at the pipeline segment include firm transportation and storage contracts with fixed pricing and fixed volumes. The Company has applied the practical expedient, which does not require additional disclosures for contracts with an original duration of less than 12 months, to certain firm transportation and non-regulated contracts. The Company's firm transportation and firm storage contracts included in the remaining performance obligations have weighted average remaining durations of approximately four and one years, respectively.

At September 30, 2021, the Company's remaining performance obligations were \$2.4 billion. The Company expects to recognize the following revenue amounts in future periods related to these remaining performance obligations: \$1.6 billion within the next 12 months or less; \$300.0 million within the next 13 to 24 months; and \$478.7 million in 25 months or more.

Note 10 - Business combinations

The following acquisitions were accounted for as business combinations in accordance with ASC 805 - *Business Combinations*. The results of the acquired businesses have been included in the Consolidated Financial Statements beginning on the acquisition date. Pro forma financial amounts reflecting the effects of the business combinations are not presented, as none of these business combinations, individually or in the aggregate, were material to the Company's financial position or results of operations.

The acquisitions are also subject to customary adjustments based on, among other things, the amount of cash, debt and working capital in the business as of the closing date. The amounts included in the Consolidated Balance Sheets for these adjustments are considered provisional until final settlement has occurred.

In 2021 and 2020, the construction materials and contracting segment's acquisitions included:

- Mt. Hood Rock, a construction aggregates business in Oregon, acquired in April 2021. At September 30, 2021, the purchase price allocation was preliminary and will be finalized within 12 months of the acquisition date.
- The assets of McMurtry Ready-Mix Co., an aggregates and concrete supplier in Wyoming, acquired in December 2020. In the third quarter of 2021, the Company finalized the provisional accounting and recorded an immaterial measurement period adjustment.
- The assets of Oldcastle Infrastructure Spokane, a prestressed-concrete business in Washington, acquired in February 2020. As of December 31, 2020, the purchase price adjustments had been settled with no material adjustments to the provisional accounting.

In February 2020, the construction services segment acquired PerLectric, Inc., an electrical construction company in Virginia. As of March 31, 2021, the purchase price adjustments had been settled with no material adjustments to the provisional accounting.

In 2021, the total purchase price for acquisitions was \$13.8 million, subject to certain adjustments, with cash acquired totaling \$100,000. The purchase price includes consideration paid of \$13.7 million. The amounts allocated to the aggregated assets acquired and liabilities assumed during 2021 were as follows: \$700,000 to current assets; \$13.0 million to property, plant and equipment; \$2.9 million to goodwill; \$600,000 to other intangible assets; \$200,000 to current liabilities; \$100,000 to noncurrent liabilities - other and \$3.2 million to deferred tax liabilities. The Company issued debt to finance the acquisitions.

In 2020, the total purchase price for acquisitions was \$110.2 million, subject to certain adjustments, with cash acquired totaling \$1.7 million. The purchase price includes consideration paid of \$106.0 million and \$2.5 million of indemnity holdback liabilities. The amounts allocated to the aggregated assets acquired and liabilities assumed during 2020 were as follows: \$54.8 million to current assets; \$27.1 million to property, plant and equipment; \$33.6 million to goodwill; \$19.0 million to other intangible assets; \$22.6 million to current liabilities; \$300,000 to noncurrent liabilities - other and \$1.4 million to asset retirement obligations. The Company issued debt to finance the acquisitions.

Costs incurred for acquisitions are included in operation and maintenance expense on the Consolidated Statements of Income and were not material for the three or nine months ended September 30, 2021 and 2020.

Note 11 - Leases

The Company's leases primarily include operating leases for equipment, buildings, easements and vehicles. The Company leases certain equipment to third parties through its utility and construction services segments, which are considered short-term operating leases with terms of less than 12 months.

The Company recognized revenue from operating leases of \$11.8 million and \$36.6 million for the three and nine months ended September 30, 2021, respectively. The Company recognized revenue from operating leases of \$10.7 million and \$34.0 million for the three and nine months ended September 30, 2020, respectively. At September 30, 2021, the Company had \$8.3 million of lease receivables with a majority due within 12 months.

Note 12 - Goodwill and other intangible assets

The changes in the carrying amount of goodwill were as follows:

	Balance at January 1, 2021	Goodwill Acquired During the Year	Measurement Period Adjustments	Balance at September 30, 2021
(In thousands)				
Natural gas distribution	\$ 345,736	\$ —	\$ —	\$ 345,736
Construction materials and contracting	226,003	2,900	(217)	228,686
Construction services	143,224	—	—	143,224
Total	\$ 714,963	\$ 2,900	\$ (217)	\$ 717,646

	Balance at January 1, 2020	Goodwill Acquired During the Year	Measurement Period Adjustments	Balance at September 30, 2020
(In thousands)				
Natural gas distribution	\$ 345,736	\$ —	\$ —	\$ 345,736
Construction materials and contracting	217,234	6,483	—	223,717
Construction services	118,388	24,436	400	143,224
Total	\$ 681,358	\$ 30,919	\$ 400	\$ 712,677

	Balance at January 1, 2020	Goodwill Acquired During the Year	Measurement Period Adjustments	Balance at December 31, 2020
(In thousands)				
Natural gas distribution	\$ 345,736	\$ —	\$ —	\$ 345,736
Construction materials and contracting	217,234	8,778	(9)	226,003
Construction services	118,388	24,436	400	143,224
Total	\$ 681,358	\$ 33,214	\$ 391	\$ 714,963

Other amortizable intangible assets were as follows:

	September 30, 2021	September 30, 2020	December 31, 2020
(In thousands)			
Customer relationships	\$ 29,423	\$ 27,551	\$ 28,836
Less accumulated amortization	9,705	5,958	6,887
	19,718	21,593	21,949
Noncompete agreements	3,991	3,941	3,941
Less accumulated amortization	2,710	2,176	2,309
	1,281	1,765	1,632
Other	11,957	12,853	12,927
Less accumulated amortization	10,715	9,835	11,012
	1,242	3,018	1,915
Total	\$ 22,241	\$ 26,376	\$ 25,496

The previous tables include goodwill and intangible assets associated with the business combinations completed during 2021 and 2020. For more information related to these business combinations, see Note 10.

Amortization expense for amortizable intangible assets for the three and nine months ended September 30, 2021, was \$1.2 million and \$3.9 million, respectively. Amortization expense for amortizable intangible assets for the three and nine months ended September 30, 2020, was \$2.1 million and \$6.8 million, respectively. Estimated amortization expense for identifiable intangible assets as of September 30, 2021, was:

	Remainder of 2021	2022	2023	2024	2025	Thereafter
	(In thousands)					
Amortization expense \$	1,220 \$	4,678 \$	4,329 \$	3,957 \$	2,060 \$	5,997

Note 13 - Regulatory assets and liabilities

The following table summarizes the individual components of unamortized regulatory assets and liabilities:

	Estimated Recovery or Refund Period as of September 30, 2021 *	September 30, 2021	September 30, 2020	December 31, 2020
(In thousands)				
Regulatory assets:				
Current:				
Natural gas costs recoverable through rate adjustments	Up to 1 year	\$ 98,211	\$ 48,478	\$ 42,481
Conservation programs	Up to 1 year	8,495	7,857	7,117
Cost recovery mechanisms	Up to 1 year	4,693	8,177	10,645
Other	Up to 1 year	21,736	14,613	8,284
		133,135	79,125	68,527
Noncurrent:				
Pension and postretirement benefits	**	155,888	157,015	155,942
Plant costs/asset retirement obligations	Over plant lives	73,528	68,815	71,740
Plant retirement	-	48,544	57,499	65,919
Cost recovery mechanisms	Up to 10 years	43,955	14,281	16,245
Manufactured gas plant site remediation	-	26,000	25,964	26,429
Taxes recoverable from customers	Over plant lives	11,438	10,847	10,785
Natural gas costs recoverable through rate adjustments	Up to 3 years	6,084	24,677	21,539
Long-term debt refinancing costs	Up to 39 years	3,952	3,826	4,426
Other	Up to 18 years	9,856	6,840	6,356
		379,245	369,764	379,381
Total regulatory assets		\$ 512,380	\$ 448,889	\$ 447,908
Regulatory liabilities:				
Current:				
Taxes refundable to customers	Up to 1 year	\$ 3,867	\$ 4,223	\$ 3,557
Electric fuel and purchased power deferral	Up to 1 year	3,205	6,171	3,667
Natural gas costs refundable through rate adjustments	-	—	20,556	18,565
Other	Up to 1 year	9,419	8,887	5,661
		16,491	39,837	31,450
Noncurrent:				
Taxes refundable to customers	Over plant lives	218,566	232,186	227,850
Plant removal and decommissioning costs	Over plant lives	172,683	173,367	167,171
Pension and postretirement benefits	**	16,915	17,991	16,989
Other	Up to 21 years	17,977	11,392	16,065
		426,141	434,936	428,075
Total regulatory liabilities		\$ 442,632	\$ 474,773	\$ 459,525
Net regulatory position		\$ 69,748	\$ (25,884)	\$ (11,617)

* Estimated recovery or refund period for amounts currently being recovered or refunded in rates charged to customers.

** Recovered as expense is incurred or cash contributions are made.

Regulatory assets not earning a rate of return were approximately \$318.2 million at September 30, 2021 and 2020, and \$332.5 million at December 31, 2020; however, these regulatory assets are expected to be recovered from customers in future rates. These assets are largely comprised of the unfunded portion of pension and postretirement benefits, asset retirement obligations, accelerated depreciation on plant retirement and the estimated future cost of manufactured gas plant site remediation.

In February 2021, a prolonged period of unseasonably cold temperatures in the central United States significantly increased the demand for electric and natural gas services and contributed to increased market prices. Overall, Montana-Dakota and Great Plains incurred approximately \$44.0 million in increased natural gas costs in order to maintain services for its customers. These extraordinary gas costs were recorded as regulatory assets as they are expected to be recovered from customers. Montana-Dakota and Great Plains have received approval for the recovery of purchased gas adjustments related to the cold-weather event in all jurisdictions impacted, including out-of-cycle purchased gas adjustment requests in most jurisdictions. For a discussion of the Company's most recent cases by jurisdiction, see Note 19.

In 2019, the Company experienced increased natural gas costs in Washington from the rupture of the Enbridge pipeline in Canada in late 2018. As a result, the Company requested, and the WUTC approved, recovery of the balance of natural gas costs recoverable related to this period of time over three years rather than its normal one-year recovery period.

In February 2019, the Company announced the retirement of three aging coal-fired electric generating units. The Company accelerated the depreciation related to these facilities in property, plant and equipment and recorded the difference between the accelerated depreciation, in accordance with GAAP, and the depreciation approved for rate-making purposes as regulatory assets. The first unit ceased operations on March 31, 2021, and in the second quarter of 2021, the Company began amortizing plant retirement and closure costs related to this facility. Requests have been filed with the NDPSC and SDPUC to offset the savings associated with the cessation of operations of this unit with the amortization of the deferred regulatory assets. In the second quarter of 2021, the Company moved the costs being recovered for this facility from plant retirement to cost recovery mechanisms in the previous table. The remaining two units are expected to be retired in early 2022. The Company expects to recover the regulatory assets related to the plant retirements in future rates.

If, for any reason, the Company's regulated businesses cease to meet the criteria for application of regulatory accounting for all or part of their operations, the regulatory assets and liabilities relating to those portions ceasing to meet such criteria would be removed from the balance sheet and included in the statement of income or accumulated other comprehensive loss in the period in which the discontinuance of regulatory accounting occurs.

Note 14 - Fair value measurements

The Company measures its investments in certain fixed-income and equity securities at fair value with changes in fair value recognized in income. The Company anticipates using these investments, which consist of insurance contracts, to satisfy its obligations under its unfunded, nonqualified defined benefit and defined contribution plans for executive officers and certain key management employees, and invests in these fixed-income and equity securities for the purpose of earning investment returns and capital appreciation. These investments, which totaled \$106.4 million, \$95.7 million and \$100.1 million, at September 30, 2021 and 2020, and December 31, 2020, respectively, are classified as investments on the Consolidated Balance Sheets. The net unrealized gains on these investments were \$373,000 and \$4.2 million for the three and nine months ended September 30, 2021, respectively. The net unrealized gains on these investments were \$3.3 million and \$8.7 million for the three and nine months ended September 30, 2020, respectively. The change in fair value, which is considered part of the cost of the plan, is classified in other income on the Consolidated Statements of Income.

The Company did not elect the fair value option, which records gains and losses in income, for its available-for-sale securities, which include mortgage-backed securities and U.S. Treasury securities. These available-for-sale securities are recorded at fair value and are classified as investments on the Consolidated Balance Sheets. Unrealized gains or losses are recorded in accumulated other comprehensive income (loss). Details of available-for-sale securities were as follows:

September 30, 2021	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(In thousands)				
Mortgage-backed securities	\$ 8,597	\$ 93	\$ 11	\$ 8,679
U.S. Treasury securities	2,681	—	28	2,653
Total	\$ 11,278	\$ 93	\$ 39	\$ 11,332

September 30, 2020	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(In thousands)				
Mortgage-backed securities	\$ 9,813	\$ 213	\$ 4	\$ 10,022
U.S. Treasury securities	1,166	3	—	1,169
Total	\$ 10,979	\$ 216	\$ 4	\$ 11,191

December 31, 2020	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(In thousands)				
Mortgage-backed securities	\$ 9,799	\$ 156	\$ 9	\$ 9,946
U.S. Treasury securities	1,386	—	5	1,381
Total	\$ 11,185	\$ 156	\$ 14	\$ 11,327

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The fair value ASC establishes a hierarchy for grouping assets and liabilities, based on the significance of inputs. The estimated fair values of the Company's assets and liabilities measured on a recurring basis are determined using the market approach. The Company's money market funds are valued at the net asset value of shares held at the end of the quarter, based on published market quotations on active markets, or using other known sources including pricing from outside sources. The estimated fair value of the Company's mortgage-backed securities and U.S. Treasury securities are based on comparable market transactions, other observable inputs or other sources, including pricing from outside sources. The estimated fair value of the Company's insurance contracts are based on contractual cash surrender values that are determined primarily by investments in managed separate accounts of the insurer. These amounts approximate fair value. The managed separate accounts are valued based on other observable inputs or corroborated market data.

Though the Company believes the methods used to estimate fair value are consistent with those used by other market participants, the use of other methods or assumptions could result in a different estimate of fair value.

The Company's assets measured at fair value on a recurring basis were as follows:

Fair Value Measurements at September 30, 2021, Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at September 30, 2021
(In thousands)				
Assets:				
Money market funds	\$ —	\$ 9,907	\$ —	\$ 9,907
Insurance contracts*	—	106,371	—	106,371
Available-for-sale securities:				
Mortgage-backed securities	—	8,679	—	8,679
U.S. Treasury securities	—	2,653	—	2,653
Total assets measured at fair value	\$ —	\$ 127,610	\$ —	\$ 127,610

* The insurance contracts invest approximately 63 percent in fixed-income investments, 16 percent in common stock of large-cap companies, 8 percent in common stock of mid-cap companies, 7 percent in common stock of small-cap companies, 5 percent in target date investments and 1 percent in cash equivalents.

Fair Value Measurements at September 30, 2020, Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at September 30, 2020
(In thousands)				
Assets:				
Money market funds	\$ —	\$ 8,478	\$ —	\$ 8,478
Insurance contract*	—	95,687	—	95,687
Available-for-sale securities:				
Mortgage-backed securities	—	10,022	—	10,022
U.S. Treasury securities	—	1,169	—	1,169
Total assets measured at fair value	\$ —	\$ 115,356	\$ —	\$ 115,356

* The insurance contract invests approximately 68 percent in fixed-income investments, 15 percent in common stock of large-cap companies, 6 percent in common stock of mid-cap companies, 6 percent in common stock of small-cap companies, 4 percent in target date investments and 1 percent in cash equivalents.

Fair Value Measurements at December 31, 2020, Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2020
(In thousands)				
Assets:				
Money market funds	\$ —	\$ 8,917	\$ —	\$ 8,917
Insurance contract*	—	100,104	—	100,104
Available-for-sale securities:				
Mortgage-backed securities	—	9,946	—	9,946
U.S. Treasury securities	—	1,381	—	1,381
Total assets measured at fair value	\$ —	\$ 120,348	\$ —	\$ 120,348

* The insurance contract invests approximately 57 percent in fixed-income investments, 18 percent in common stock of large-cap companies, 9 percent in common stock of mid-cap companies, 9 percent in common stock of small-cap companies, 5 percent in target date investments and 2 percent in cash equivalents.

The Company applies the provisions of the fair value measurement standard to its nonrecurring, non-financial measurements, including long-lived asset impairments. These assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances. The Company reviews the carrying value of its long-lived assets, excluding goodwill, whenever events or changes in circumstances indicate that such carrying amounts may not be recoverable.

The Company performed fair value assessments of the assets acquired and liabilities assumed in the business combinations that occurred during 2021 and 2020. The fair value of these assets and liabilities were determined based on Level 2 and Level 3 inputs.

The Company's long-term debt is not measured at fair value on the Consolidated Balance Sheets and the fair value is being provided for disclosure purposes only. The fair value was categorized as Level 2 in the fair value hierarchy and was based on discounted future cash flows using current market interest rates. The estimated fair value of the Company's Level 2 long-term debt was as follows:

	September 30, 2021	September 30, 2020	December 31, 2020
(In thousands)			
Carrying amount	\$ 2,328,266	\$ 2,270,290	\$ 2,213,130
Fair value	\$ 2,599,907	\$ 2,593,743	\$ 2,537,289

The carrying amounts of the Company's remaining financial instruments included in current assets and current liabilities approximate their fair values.

Note 15 - Debt

Certain debt instruments of the Company's subsidiaries contain restrictive and financial covenants and cross-default provisions. In order to borrow under the debt agreements, the subsidiary companies must be in compliance with the applicable covenants and certain other conditions, all of which the subsidiaries, as applicable, were in compliance with at September 30, 2021. In the event the subsidiaries do not comply with the applicable covenants and other conditions, alternative sources of funding may need to be pursued.

Montana-Dakota's and Centennial's respective commercial paper programs are supported by revolving credit agreements. While the amount of commercial paper outstanding does not reduce available capacity under the respective revolving credit agreements, Montana-Dakota and Centennial do not issue commercial paper in an aggregate amount exceeding the available capacity under the credit agreements. The commercial paper borrowings may vary during the period, largely the result of fluctuations in working capital requirements due to the seasonality of certain operations of the Company's subsidiaries.

Long-term debt

Long-term Debt Outstanding Long-term debt outstanding was as follows:

	Weighted Average Interest Rate at September 30, 2021	September 30, 2021	September 30, 2020	December 31, 2020
(In thousands)				
Senior Notes due on dates ranging from October 22, 2022 to September 15, 2061	4.36 %	\$ 2,025,000	\$ 1,900,000	\$ 1,950,000
Commercial paper supported by revolving credit agreements	.35 %	168,800	214,150	125,600
Credit agreements due on June 7, 2024	2.54 %	94,300	91,000	95,900
Medium-Term Notes due on dates ranging from September 15, 2027 to March 16, 2029	7.32 %	35,000	35,000	35,000
Term Loan Agreement due on September 3, 2032	2.00 %	7,700	8,400	8,400
Other notes due on dates ranging from January 2, 2022 to January 1, 2061	.83 %	3,198	28,284	4,034
Less unamortized debt issuance costs		5,709	6,526	5,803
Less discount		23	18	1
Total long-term debt		2,328,266	2,270,290	2,213,130
Less current maturities		1,548	1,558	1,555
Net long-term debt		\$ 2,326,718	\$ 2,268,732	\$ 2,211,575

Schedule of Debt Maturities Long-term debt maturities, which excludes unamortized debt issuance costs and discount, at September 30, 2021, were as follows:

	Remainder of 2021	2022	2023	2024	2025	Thereafter
(In thousands)						
Long-term debt maturities	\$ 77	\$ 148,021	\$ 77,921	\$ 324,521	\$ 177,802	\$ 1,605,656

Note 16 - Cash flow information

Cash expenditures for interest and income taxes were as follows:

	Nine Months Ended September 30,	
	2021	2020
(In thousands)		
Interest, net*	\$ 59,876	\$ 63,086
Income taxes paid, net	\$ 61,250	\$ 43,448

* AFUDC - borrowed was \$1.6 million and \$2.0 million for the nine months ended September 30, 2021 and 2020, respectively.

Noncash investing and financing transactions were as follows:

	September 30, 2021	September 30, 2020	December 31, 2020
(In thousands)			
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 26,120	\$ 41,315	\$ 54,356
Property, plant and equipment additions in accounts payable	\$ 88,355	\$ 33,240	\$ 26,082
Accrual for holdback payment related to a business combination	\$ —	\$ 5,000	\$ 2,500

Note 17 - Business segment data

The Company's reportable segments are those that are based on the Company's method of internal reporting, which generally segregates the strategic business units due to differences in products, services and regulation. The internal reporting of these operating segments is defined based on the reporting and review process used by the Company's chief executive officer. The Company's operations are located within the United States.

The electric segment generates, transmits and distributes electricity in Montana, North Dakota, South Dakota and Wyoming. The natural gas distribution segment distributes natural gas in those states, as well as in Idaho, Minnesota, Oregon and Washington. These operations also supply related value-added services.

The pipeline segment provides natural gas transportation and underground storage services through a regulated pipeline system primarily in the Rocky Mountain and northern Great Plains regions of the United States. This segment also provides non-regulated cathodic protection and other energy-related services. In 2020, the pipeline segment divested its regulated and non-regulated natural gas gathering assets. With the completion of these sales, the segment exited the natural gas gathering business.

The construction materials and contracting segment mines, processes and sells construction aggregates (crushed stone, sand and gravel); produces and sells asphalt mix; and supplies ready-mixed concrete. This segment focuses on vertical integration of its contracting services with its construction materials to support the aggregate-based product lines including aggregate placement, asphalt and concrete paving, and site development and grading. Although not common to all locations, other products include the sale of cement, liquid asphalt for various commercial and roadway applications, various finished concrete products and other building materials and related contracting services. This segment operates in the central, southern and western United States, as well as Alaska and Hawaii.

The construction services segment provides inside and outside specialty contracting services in 43 states plus Washington D.C. Its inside services include design, construction and maintenance of electrical and communication wiring and infrastructure, fire suppression systems, and mechanical piping and services. Its outside services include design, construction and maintenance of overhead and underground electrical distribution and transmission lines, substations, external lighting, traffic signalization, and gas pipelines, as well as utility excavation and the manufacture and distribution of transmission line construction equipment. This segment also constructs and maintains renewable energy projects. These specialty contracting services are provided to utilities and large manufacturing, commercial, industrial, institutional and governmental customers.

The Other category includes the activities of Centennial Capital, which, through its subsidiary InterSource Insurance Company, insures various types of risks as a captive insurer for certain of the Company's subsidiaries. The function of the captive insurer is to fund the self-insured layers of the insured Company's general liability, automobile liability, pollution liability and other coverages. Centennial Capital also owns certain real and personal property. In addition, the Other category includes certain assets, liabilities and tax adjustments of the holding company primarily associated with corporate functions and certain general and administrative costs (reflected in operation and maintenance expense) and interest expense, which were previously allocated to the refining business and Fidelity and do not meet the criteria for income (loss) from discontinued operations. The Other category also includes Centennial Resources' former investment in Brazil.

Discontinued operations include the results and supporting activities of Fidelity other than certain general and administrative costs and interest expense as described above.

The information below follows the same accounting policies as described in Note 2 of the Notes to Consolidated Financial Statements in the 2020 Annual Report. Information on the Company's segments was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
(In thousands)				
External operating revenues:				
Regulated operations:				
Electric	\$ 98,930	\$ 87,447	\$ 267,254	\$ 249,793
Natural gas distribution	110,378	94,703	614,373	562,641
Pipeline	27,757	27,965	58,390	57,717
	237,065	210,115	940,017	870,151
Non-regulated operations:				
Pipeline	3,211	4,103	10,263	12,664
Construction materials and contracting	831,189	822,439	1,730,521	1,705,629
Construction services	514,523	550,608	1,556,737	1,559,217
Other	25	24	70	(70)
	1,348,948	1,377,174	3,297,591	3,277,440
Total external operating revenues	\$ 1,586,013	\$ 1,587,289	\$ 4,237,608	\$ 4,147,591

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
(In thousands)				
Intersegment operating revenues:				
Regulated operations:				
Electric	\$ 136	\$ 195	\$ 407	\$ 586
Natural gas distribution	142	185	425	555
Pipeline	3,845	3,543	37,530	36,583
	4,123	3,923	38,362	37,724
Non-regulated operations:				
Pipeline	63	79	470	237
Construction materials and contracting	110	110	314	262
Construction services	289	425	2,128	3,674
Other	3,398	3,006	10,082	8,952
	3,860	3,620	12,994	13,125
Intersegment eliminations	(7,983)	(7,543)	(51,356)	(50,849)
Total intersegment operating revenues	\$ —	\$ —	\$ —	\$ —
Operating income (loss):				
Electric	\$ 27,310	\$ 21,159	\$ 53,982	\$ 48,827
Natural gas distribution	(14,249)	(18,393)	42,925	32,285
Pipeline	12,284	11,762	35,896	35,406
Construction materials and contracting	133,712	148,522	171,274	179,994
Construction services	30,120	40,507	108,172	102,185
Other	(8)	154	(226)	339
Total operating income	\$ 189,169	\$ 203,711	\$ 412,023	\$ 399,036
Net income (loss):				
Regulated operations:				
Electric	\$ 20,564	\$ 16,787	\$ 41,618	\$ 40,314
Natural gas distribution	(15,390)	(17,614)	20,081	13,795
Pipeline	10,225	7,812	27,508	23,882
	15,399	6,985	89,207	77,991
Non-regulated operations:				
Pipeline	356	189	1,166	444
Construction materials and contracting	96,282	107,307	116,865	122,113
Construction services	23,130	29,789	81,839	74,544
Other	3,795	8,745	2,172	3,303
	123,563	146,030	202,042	200,404
Income from continuing operations	138,962	153,015	291,249	278,395
Income (loss) from discontinued operations, net of tax	314	63	348	(484)
Net income	\$ 139,276	\$ 153,078	\$ 291,597	\$ 277,911

Note 18 - Employee benefit plans**Pension and other postretirement plans**

The Company has noncontributory qualified defined benefit pension plans and other postretirement benefit plans for certain eligible employees. Components of net periodic benefit credit for the Company's pension and other postretirement benefit plans were as follows:

Three Months Ended September 30,	Pension Benefits		Other Postretirement Benefits	
	2021	2020	2021	2020
	(In thousands)			
Components of net periodic benefit credit:				
Service cost	\$ —	\$ —	\$ 400	\$ 383
Interest cost	2,455	3,023	466	609
Expected return on assets	(4,894)	(4,987)	(1,275)	(1,115)
Amortization of prior service credit	—	—	(349)	(349)
Amortization of net actuarial loss	2,004	1,793	6	71
Net periodic benefit credit, including amount capitalized	(435)	(171)	(752)	(401)
Less amount capitalized	—	—	46	39
Net periodic benefit credit	\$ (435)	\$ (171)	\$ (798)	\$ (440)

	Pension Benefits		Other Postretirement Benefits	
Nine Months Ended September 30,	2021	2020	2021	2020
	(In thousands)			
Components of net periodic benefit credit:				
Service cost	\$ —	\$ —	\$ 1,200	\$ 1,149
Interest cost	7,365	9,070	1,398	1,827
Expected return on assets	(14,682)	(14,962)	(3,825)	(3,764)
Amortization of prior service credit	—	—	(1,047)	(1,048)
Amortization of net actuarial loss	6,012	5,379	18	215
Net periodic benefit credit, including amount capitalized	(1,305)	(513)	(2,256)	(1,621)
Less amount capitalized	—	—	129	106
Net periodic benefit credit	\$ (1,305)	\$ (513)	\$ (2,385)	\$ (1,727)

The components of net periodic benefit credit, other than the service cost component, are included in other income on the Consolidated Statements of Income. The service cost component is included in operation and maintenance expense on the Consolidated Statements of Income.

Nonqualified defined benefit plans

In addition to the qualified defined benefit pension plans reflected in the table at the beginning of this note, the Company also has unfunded, nonqualified defined benefit plans for executive officers and certain key management employees. The Company's net periodic benefit cost for these plans was \$769,000 and \$2.3 million for the three and nine months ended September 30, 2021, respectively. The Company's net periodic benefit cost for these plans for the three and nine months ended September 30, 2020, was \$1.0 million and \$2.9 million, respectively. The components of net periodic benefit cost for these plans are included in other income on the Consolidated Statements of Income.

Note 19 - Regulatory matters

The Company regularly reviews the need for electric and natural gas rate changes in each of the jurisdictions in which service is provided. The Company files for rate adjustments to seek recovery of operating costs and capital investments, as well as reasonable returns as allowed by regulators. Certain regulatory proceedings and cases may also contain recurring mechanisms that can have an annual true-up. Examples of these recurring mechanisms include: infrastructure riders, transmission trackers, renewable resource cost adjustment riders, as well as weather normalization and decoupling mechanisms. The following paragraphs summarize the Company's significant open regulatory proceedings and cases by jurisdiction including updates to those reported in the 2020 Annual Report. The Company is unable to predict the ultimate outcome of these matters, the timing of final decisions of the various regulators and courts, or the effect on the Company's results of operations, financial position or cash flows.

IPUC

On January 12, 2021, Intermountain filed an application with the IPUC for a decrease in its depreciation and amortization rates of approximately \$2.9 million annually or a decrease from a combined rate of 3.0 percent to 2.6 percent. On June 3, 2021, Intermountain filed a joint settlement agreement with the IPUC Staff reflecting a revised annual decrease of approximately \$3.8 million or approximately 2.4 percent. On August 18, 2021, the settlement agreement was approved with rates retroactive to January 1, 2021.

MNPUC

Great Plains defers the difference between the actual cost of gas spent to serve customers and that recovered from customers on a monthly basis. Annually, Great Plains prepares a true-up pursuant to the purchased gas adjustment tariff. On August 30, 2021, the MNPUC issued an order to allow Great Plains recovery of an out-of-cycle cost of gas adjustment of \$8.8 million over a period of 27 months. The order was effective September 1, 2021, and is subject to a prudence review by the MNPUC. The requested increase was for the February 2021 extreme cold weather, primarily in the central United States, and market conditions surrounding the natural gas commodity market. The MNPUC prudence review is pending with an order to be issued on or before August 29, 2022.

NDPSC

On July 15, 2021, Montana-Dakota filed an annual update to its transmission cost adjustment rider with the NDPSC requesting to recover revenues of approximately \$14.5 million, which includes a true-up of the prior period adjustment, resulting in a decrease of approximately \$1.1 million from current rates. This filing includes approximately \$5.1 million related to transmission capital projects. On September 22, 2021, the NDPSC approved the decrease with rates effective November 1, 2021.

SDPUC

On August 19, 2020, the SDPUC approved the use of deferred accounting by Montana-Dakota to track expenses and revenues related to the COVID-19 pandemic. Montana-Dakota has determined the deferred accounting order was not necessary as no costs were recorded as regulatory assets. The filing was withdrawn by Montana-Dakota on July 30, 2021.

On March 11, 2021, Montana-Dakota filed an informational update to the infrastructure rider rate tariff with the SDPUC related to the retirement of Unit 1 at Lewis & Clark Station. The filing includes the annual revenue requirement offset by the related amortization of the accelerated depreciation on the plant, net of excess deferred income taxes, and the decommissioning costs projected to be incurred in 2021 resulting in no impact to customers. This matter is pending before the SDPUC.

WUTC

On June 1, 2021, Cascade filed its annual pipeline cost recovery mechanism requesting an increase in annual revenue of approximately \$2.1 million or approximately 0.8 percent. On October 15, 2021, Cascade filed an update reflecting a revised increase in annual revenue of approximately \$1.7 million, or approximately 0.6 percent, which includes actual costs as of September 30, 2021. On October 28, 2021, the filing was approved with rates effective November 1, 2021.

On September 30, 2021, Cascade filed an application with the WUTC for a natural gas rate increase of approximately \$13.7 million annually or approximately 5.1 percent above current rates. The requested increase was primarily to recover investments made in infrastructure upgrades, as well as to recover 2021 wage increases. The WUTC has 11 months to render a final decision on the rate case. This matter is pending before the WUTC.

FERC

On September 1, 2021, Montana-Dakota filed an update to its transmission formula rate under the MISO tariff for its multi-value project for \$13.4 million, which is effective January 1, 2022.

Note 20 - Contingencies

The Company is party to claims and lawsuits arising out of its business and that of its consolidated subsidiaries, which may include, but are not limited to, matters involving property damage, personal injury, and environmental, contractual, statutory and regulatory obligations. The Company accrues a liability for those contingencies when the incurrence of a loss is probable and the amount can be reasonably estimated. If a range of amounts can be reasonably estimated and no amount within the range is a better estimate than any other amount, then the minimum of the range is accrued. The Company does not accrue liabilities when the likelihood that the liability has been incurred is probable but the amount cannot be reasonably estimated or when the liability is believed to be only reasonably possible or remote. For contingencies where an unfavorable outcome is probable or reasonably possible and which are material, the Company discloses the nature of the contingency and, in some circumstances, an estimate of the possible loss. Accruals are based on the best information available, but in certain situations management is unable to estimate an amount or range of a reasonably possible loss including, but not limited to when: (1) the damages are unsubstantiated or indeterminate, (2) the proceedings are in the early stages, (3) numerous parties are involved, or (4) the matter involves novel or unsettled legal theories.

At September 30, 2021 and 2020, and December 31, 2020, the Company accrued liabilities which have not been discounted, including liabilities held for sale, of \$34.7 million, \$72.7 million and \$41.5 million, respectively. At September 30, 2021 and 2020, and December 31, 2020, the Company also recorded corresponding insurance receivables of \$11.7 million, \$49.1 million and \$17.5 million, respectively, and regulatory assets of \$21.1 million, \$20.9 million and \$21.3 million, respectively, related to the accrued liabilities. The accruals are for contingencies resulting from litigation, production taxes, royalty claims and environmental matters. This includes amounts that have been accrued for matters discussed in Environmental matters within this note. The Company will continue to monitor each matter and adjust accruals as might be warranted based on new information and further developments. Management believes that the outcomes with respect to probable and reasonably possible losses in excess of the amounts accrued, net of insurance recoveries, while uncertain, either cannot be estimated or will not have a material effect.

upon the Company's financial position, results of operations or cash flows. Unless otherwise required by GAAP, legal costs are expensed as they are incurred.

Environmental matters

The Company is a party to claims for the cleanup of environmental contamination at certain manufactured gas plant sites, as well as a superfund site. There were no material changes to the Company's environmental matters that were previously reported in the 2020 Annual Report.

Guarantees

In 2009, multiple sale agreements were signed to sell the Company's ownership interests in the Brazilian Transmission Lines. In connection with the sale, Centennial agreed to guarantee payment of any indemnity obligations of certain of the Company's indirect wholly owned subsidiaries. The remaining guarantee is expected to expire in 2021. The guarantees were required by the buyers as a condition to the sale of the Brazilian Transmission Lines.

Certain subsidiaries of the Company have outstanding guarantees to third parties that guarantee the performance of other subsidiaries of the Company. These guarantees are related to construction contracts, insurance deductibles and loss limits, and certain other guarantees. At September 30, 2021, the fixed maximum amounts guaranteed under these agreements aggregate \$147.6 million. Certain of the guarantees also have no fixed maximum amounts specified. At September 30, 2021, the amounts of scheduled expiration of the maximum amounts guaranteed under these agreements aggregate to \$900,000 in 2021; \$39.3 million in 2022; \$50.3 million in 2023; \$46.6 million in 2024; \$600,000 in 2025; \$900,000 thereafter; and \$9.0 million, which has no scheduled maturity date. There were no amounts outstanding under the previously mentioned guarantees at September 30, 2021. In the event of default under these guarantee obligations, the subsidiary issuing the guarantee for that particular obligation would be required to make payments under its guarantee.

Certain subsidiaries have outstanding letters of credit to third parties related to insurance policies and other agreements, some of which are guaranteed by other subsidiaries of the Company. At September 30, 2021, the fixed maximum amounts guaranteed under these letters of credit aggregated \$25.5 million. At September 30, 2021, the amounts of scheduled expiration of the maximum amounts guaranteed under these letters of credit aggregate to \$21.2 million in 2021 and \$4.3 million in 2022. There were no amounts outstanding under the previously mentioned letters of credit at September 30, 2021. In the event of default under these letter of credit obligations, the subsidiary guaranteeing the letter of credit would be obligated for reimbursement of payments made under the letter of credit.

In addition, Centennial, Knife River and MDU Construction Services have issued guarantees to third parties related to the routine purchase of maintenance items, materials and lease obligations for which no fixed maximum amounts have been specified. These guarantees have no scheduled maturity date. In the event a subsidiary of the Company defaults under these obligations, Centennial, Knife River or MDU Construction Services would be required to make payments under these guarantees. Any amounts outstanding by subsidiaries of the Company were reflected on the Consolidated Balance Sheet at September 30, 2021.

In the normal course of business, Centennial has surety bonds related to construction contracts and reclamation obligations of its subsidiaries. In the event a subsidiary of Centennial does not fulfill a bonded obligation, Centennial would be responsible to the surety bond company for completion of the bonded contract or obligation. A large portion of the surety bonds is expected to expire within the next 12 months; however, Centennial will likely continue to enter into surety bonds for its subsidiaries in the future. At September 30, 2021, approximately \$897.2 million of surety bonds were outstanding, which were not reflected on the Consolidated Balance Sheet.

Variable interest entities

The Company evaluates its arrangements and contracts with other entities to determine if they are VIEs and if so, if the Company is the primary beneficiary.

Fuel Contract Coyote Station entered into a coal supply agreement with Coyote Creek that provides for the purchase of coal necessary to supply the coal requirements of the Coyote Station for the period May 2016 through December 2040. Coal purchased under the coal supply agreement is reflected in inventories on the Consolidated Balance Sheets and is recovered from customers as a component of electric fuel and purchased power.

The coal supply agreement creates a variable interest in Coyote Creek due to the transfer of all operating and economic risk to the Coyote Station owners, as the agreement is structured so that the price of the coal will cover all costs of operations, as well as future reclamation costs. The Coyote Station owners are also providing a guarantee of the value of the assets of Coyote Creek as they would be required to buy the assets at book value should they terminate the contract prior to the end of the contract term and are providing a guarantee of the value of the equity of Coyote Creek in that they are required to buy the entity at the end of the contract term at equity value. Although the Company has determined that Coyote Creek is a VIE, the Company has concluded that it is not the primary beneficiary of Coyote Creek because the authority to direct the activities of the entity is shared by the four unrelated owners of the Coyote Station, with no primary beneficiary existing. As a result, Coyote Creek is not required to be consolidated in the Company's financial statements.

At September 30, 2021, the Company's exposure to loss as a result of the Company's involvement with the VIE, based on the Company's ownership percentage, was \$32.1 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company focuses on infrastructure and is Building a Strong America® by providing essential products and services through its regulated energy delivery and construction materials and services businesses. The Company and its employees work hard to keep the economy of the United States moving with the products and services provided, which include powering, heating and connecting homes, factories, offices and stores; and building roads, highways, data infrastructure and airports.

The Company's two-platform business model, regulated energy delivery and construction materials and services, are each comprised of different operating segments. Most of these segments experience seasonality related to the industries in which they operate. The two-platform approach helps balance this seasonality and the risks associated with each type of industry. The Company is authorized to conduct business in 46 states and during peak construction season has employed over 15,600 employees. The Company's organic investments are strong drivers of high-quality earnings and continue to be an important part of the Company's growth. Management believes the Company is well positioned in the industries and markets in which it operates.

The Company continues to effectively execute its strategy while managing the ongoing effects of the COVID-19 pandemic. In early 2020, the Company implemented its business continuity plans as well as a task force to monitor developments related to the pandemic allowing the Company to continue to provide safe and reliable services. Most of the Company's products and services are considered essential to our country and communities and, as a result, operations have generally continued throughout the pandemic and reopening of the economy.

In March 2020, the Company took measures to mitigate the risk of COVID-19 transmission by requiring employees that had the capacity to do so to work from home. The Company also enacted additional physical and cybersecurity measures to safeguard systems for remote work locations. As of July 2021, many of these employees returned to their office; however, some employees have transitioned to a permanent remote work environment.

Certain of the Company's supply vendors are facing production and staffing challenges as they work to achieve production capacity and lead times consistent with pre-pandemic levels. Coupled with other challenges of the pandemic, these vendors are also experiencing strong demand from the residential construction market, some industrial segments and some utility infrastructure investments. In addition, freight markets continue to have challenges with driver shortages; strong demand for consumer goods; extended lead times; and costs for vehicles, driver retention and recruitment. The Company has implemented measures to proactively order supplies and work with additional suppliers to ensure work continues without delays; however, the Company has experienced some price increases, disruptions and delays on delivery of certain materials.

Despite the current economic recovery, the situation surrounding COVID-19 remains fluid. This recovery could be slowed or reversed by a number of factors, including a widespread resurgence in COVID-19 infections, whether due to the spread of variants of the virus or otherwise; the rate of vaccinations; vaccine mandates; labor constraints; the strength of the global supply chain; and the rate in which governments are re-opening businesses or, in certain jurisdictions, reversing re-opening decisions. Due to the uncertainty of the economic outlook resulting from the COVID-19 pandemic, the Company continues to monitor the situation closely. Although there have been logistical and other challenges as a result of COVID-19, there were no material adverse impacts on the Company's results of operations for the nine months ended September 30, 2021 or 2020. The Company will continue to adjust its business in response to the pandemic while positioning for potential opportunities to enhance its competitive position. For more information specific to each of the Company's business segments, see the following discussions in each business segment's Outlook section. For more information on the possible impacts, see Part II, Item 1A. Risk Factors in this Form 10-Q.

Forward-Looking Statements

The following sections contain forward-looking statements within the meaning of Section 21E of the Exchange Act. Forward-looking statements are all statements other than statements of historical fact, including without limitation those statements that are identified by the words "anticipates," "estimates," "expects," "intends," "plans," "predicts" and similar expressions, and include statements concerning plans, trends, objectives, goals, strategies, future events or performance, and underlying assumptions (many of which are based, in turn, upon further assumptions) and other statements that are other than statements of historical facts. From time to time, the Company may publish or otherwise make available forward-looking statements of this nature, including statements contained within Business Segment Financial and Operating Data.

Forward-looking statements involve risks and uncertainties, which could cause actual results or outcomes to differ materially from those expressed. The Company's expectations, beliefs and projections are expressed in good faith and are believed by the Company to have a reasonable basis, including without limitation, the impact of COVID-19 on the Company's business, management's examination of historical operating trends, data contained in the Company's records and other data available from third parties. Nonetheless, the Company's expectations, beliefs or projections may not be achieved or accomplished and changes in such assumptions and factors could cause actual future results to differ materially.

Any forward-looking statement contained in this document speaks only as of the date on which the statement is made, and the Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances that occur after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all the factors, nor can it assess the effect of each factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. All forward-looking statements, whether written or oral and whether made by or on behalf of the Company, are expressly qualified by the risk factors and cautionary statements reported in Part II, Item 1A. Risk Factors in this Form 10-Q, Part I, Item 1A. Risk Factors in the 2020 Annual Report and subsequent filings with the SEC.

Consolidated Earnings Overview

The following table summarizes the contribution to the consolidated income by each of the Company's business segments.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
(In millions, except per share amounts)				
Electric	\$ 20.6	\$ 16.8	\$ 41.6	\$ 40.3
Natural gas distribution	(15.4)	(17.6)	20.1	13.8
Pipeline	10.6	8.0	28.7	24.3
Construction materials and contracting	96.3	107.3	116.9	122.1
Construction services	23.1	29.8	81.8	74.5
Other	3.8	8.7	2.2	3.4
Income from continuing operations	139.0	153.0	291.3	278.4
Income (loss) from discontinued operations, net of tax	.3	.1	.3	(.5)
Net income	\$ 139.3	\$ 153.1	\$ 291.6	\$ 277.9
Earnings per share - basic:				
Income from continuing operations	\$.68	\$.76	\$ 1.44	\$ 1.39
Discontinued operations, net of tax	—	—	—	—
Earnings per share - basic	\$.68	\$.76	\$ 1.44	\$ 1.39
Earnings per share - diluted:				
Income from continuing operations	\$.68	\$.76	\$ 1.44	\$ 1.39
Discontinued operations, net of tax	—	—	—	—
Earnings per share - diluted	\$.68	\$.76	\$ 1.44	\$ 1.39

Three Months Ended September 30, 2021, Compared to Three Months Ended September 30, 2020 The Company's consolidated earnings decreased \$13.8 million.

The Company's earnings were negatively impacted by lower asphalt product and contracting margins resulting from less available paving work in the public sector and higher asphalt oil and fuel costs at the construction materials and contracting business. The construction services business also experienced decreased gross margin largely attributable to changes in estimates on a construction contract, higher employee costs as a result of labor shortages and decreased natural disaster recovery work. In addition, unfavorable income tax adjustments related to the Company's consolidated annualized estimated tax rate included in Other negatively impacted the Company's earnings. Partially offsetting these decreases were higher retail sales volumes at the electric business, higher AFUDC associated with the North Bakken Expansion project at the pipeline business and approved rate relief in certain jurisdictions at the natural gas distribution business.

Nine Months Ended September 30, 2021, Compared to Nine Months Ended September 30, 2020 The Company's consolidated earnings increased \$13.7 million.

The Company's earnings were positively impacted by increased earnings across most of the Company's businesses. The construction services business was positively impacted by lower bad debt expense due to revised estimates on expected credit losses, as well as an increase in gross margin as a result of the diversification of workloads. The natural gas distribution business benefited from approved rate relief in certain jurisdictions and increased retail sales volumes. The pipeline business's earnings increased largely due to higher AFUDC associated with the North Bakken Expansion project and the electric business was favorably impacted by higher retail sales margins. Partially offsetting these increases were decreased earnings at the construction materials and contracting business, largely due to decreased gross margin related to asphalt products and contracting work.

A discussion of key financial data from the Company's business segments follows.

Business Segment Financial and Operating Data

The following sections include key financial and operating data for each of the Company's business segments. Also included are highlights on key growth strategies, projections and certain assumptions for the Company and its subsidiaries and other matters of the Company's business segments.

For information pertinent to various commitments and contingencies, see the Notes to Consolidated Financial Statements. For a summary of the Company's business segments, see Note 17 of the Notes to Consolidated Financial Statements.

Electric and Natural Gas Distribution

Strategy and challenges The electric and natural gas distribution segments provide electric and natural gas distribution services to customers, as discussed in Note 17. Both segments strive to be top performing utility companies measured by integrity, employee safety and satisfaction, customer service and shareholder return, while providing safe, environmentally responsible, reliable and competitively priced energy and related services to customers. The Company is focused on cultivating organic growth while managing operating costs and monitoring opportunities for these segments to retain, grow and expand their customer base through extensions of existing operations, including building and upgrading electric generation, transmission and distribution, and natural gas systems, and through selected acquisitions of companies and properties with similar operating and growth objectives at prices that will provide stable cash flows and an opportunity to earn a competitive return on investment. The continued efforts to create operational improvements and efficiencies across both segments promotes the Company's business integration strategy. The primary factors that impact the results of these segments are the ability to earn authorized rates of return, the cost of natural gas, cost of electric fuel and purchased power, weather, competitive factors in the energy industry, population growth and economic conditions in the segments' service areas.

The electric and natural gas distribution segments are subject to extensive regulation in the jurisdictions where they conduct operations with respect to costs, timely recovery of investments and permitted returns on investment, as well as certain operational, environmental and system integrity regulations. To date, many states have enacted, and others are considering, mandatory clean energy standards requiring utilities to meet certain thresholds of renewable energy generation. Federal legislation for clean energy standards and GHG emissions has been considered and may be implemented in the near future. The current presidential administration has also made climate change a focus during 2021. Over the long-term, the Company expects overall electric demand to be positively impacted by increased electrification trends, including electric vehicle adoption, as a means to address economy-wide carbon emission concerns and changing customer conservation patterns. These initiatives could result in increased costs to produce electricity and procure natural gas. To date, the impact of these initiatives on the Company is unknown. The Company will continue to monitor the progress of these initiatives and assess the potential impacts they may have on its stakeholders, business processes, results of operations, cash flows and disclosures.

The Company is focused on modernizing utility infrastructure to meet the varied energy needs of both its customers and communities while ensuring the delivery of safe, environmentally responsible, reliable and affordable energy. The segments continue to invest in facility upgrades to be in compliance with existing and known future regulations. To assist in the reduction of regulatory lag in obtaining revenue increases to align with increased investments, tracking mechanisms have been implemented in certain jurisdictions, as further discussed in Note 19 and the 2020 Annual Report.

In September 2019, the PHMSA issued a rule for additional regulations to strengthen the safety of natural gas transmission and storage facilities and hazardous liquid pipelines. The natural gas segment has implemented procedure changes for both the initial requirements and the additional requirements effective July 1, 2021. The natural gas segment is also subject to extensive regulation including certain operational compliance, permit terms and system integrity. The Company continues to actively evaluate cybersecurity processes and procedures, including changes in the industry's cybersecurity regulations, for opportunities to further strengthen its cybersecurity protections. Implementation of enhancements and additional requirements is ongoing.

State implementation of pollution control plans to improve visibility at Class I areas, such as national parks, under the EPA's Regional Haze Rule could require the owners of Coyote Station to incur significant new costs. If the owners decide to incur such costs, the costs could, dependent on determination by state regulatory commissions on approval to recover such costs from customers, negatively impact the Company's results of operations, financial position and cash flows. The NDDEQ submitted a draft

state implementation plan to federal land managers of the National Park Service, the United States Fish and Wildlife Service and the United States Forest Service for consultation from September 20, 2021 through November 19, 2021. North Dakota determined it is not reasonable to require controls during this planning period. The emissions modeling conducted for the combined western state agencies affected by the Regional Haze Rule was delayed and has subsequently delayed the NDDEQ state implementation plan process. Therefore, the NDDEQ's state implementation plan, which was due to the EPA by July 2021, is anticipated to be submitted to EPA early in 2022. Additionally, the Company is one of four owners of Coyote Station and cannot make a unilateral decision on the plant's future. The Company could be negatively impacted by the decisions of the other owners. In September 2021, Otter Tail Power Company filed its 2022 Integrated Resource Plan in Minnesota and North Dakota which included its intent to start the process of withdrawal from its 35 percent ownership interest in Coyote Station with an anticipated exit from the plant by December 31, 2028. The joint owners continue to collaborate in analyzing data and weighing decisions that impact the plant and each company's employees, customers and communities served.

Revenues are impacted by both customer growth and usage, the latter of which is primarily impacted by weather, as well as impacts associated with commercial and industrial slow-downs, including economic recessions, and energy efficiencies. During 2020, the Company experienced higher usage from residential customers and lower usage from commercial customers as a result of the COVID-19 pandemic. Customer usage has started to shift back to pre-pandemic levels in 2021. Very cold winters increase demand for natural gas and to a lesser extent, electricity, while warmer than normal summers increase demand for electricity, especially among residential and commercial customers. Average consumption among both electric and natural gas customers has tended to decline as more efficient appliances and furnaces are installed, and as the Company has implemented conservation programs. Natural gas weather normalization and decoupling mechanisms in certain jurisdictions have been implemented to largely mitigate the effect that would otherwise be caused by variations in volumes sold to these customers due to weather and changing consumption patterns on the Company's distribution margins.

In February 2021, a prolonged period of unseasonably cold temperatures in the central United States significantly increased the demand for electric and natural gas services and contributed to increased market prices. The Company's transmission settlement process with SPP helped offset the increased energy costs to electric customers during the cold-weather event. Further, in some jurisdictions the Company utilized natural gas in storage to lessen the impact of high natural gas costs. Overall, Montana-Dakota and Great Plains incurred approximately \$44.0 million in increased natural gas costs in order to maintain services for its customers. These extraordinary natural gas costs were recorded as regulatory assets as they are expected to be recovered from customers. Montana-Dakota and Great Plains have received approval for the recovery of purchased gas adjustments related to the cold-weather event in all jurisdictions impacted, including out-of-cycle purchased gas adjustment requests in most jurisdictions. For a discussion of the Company's most recent cases by jurisdiction, see Note 19.

The electric and natural gas distribution segments are facing increased lead times on delivery of certain raw materials and equipment used in electric transmission and natural gas pipeline projects. Long lead times are attributable to increased demand for steel products from pipeline companies as they continue pipeline system safety and integrity replacement projects driven by PHMSA regulations, as well as delays in the manufacturing of electrical equipment as a result of the COVID-19 pandemic, including delays in shipping times and issuance of permits for large and heavy loads. The Company continues to monitor the material lead times and is working with manufacturers to proactively order such materials and working with additional suppliers to help mitigate the risk of any delays due to extended lead times.

The ability to grow through acquisitions is subject to significant competition and acquisition premiums. In addition, the ability of the segments to grow their service territory and customer base is affected by regulatory constraints, the economic environment of the markets served and competition from other energy providers and fuels. The construction of any new electric generating facilities, transmission lines and other service facilities is subject to increasing costs and lead times, extensive permitting procedures, and federal and state legislative and regulatory initiatives, which will likely necessitate increases in electric energy prices.

Earnings overview - The following information summarizes the performance of the electric segment.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	Variance	2021	2020	Variance
(In millions)						
Operating revenues	\$ 99.1	\$ 87.6	13 %	\$ 267.7	\$ 250.4	7 %
Electric fuel and purchased power	19.5	15.5	26 %	56.2	50.6	11 %
Taxes, other than income	.2	.1	100 %	.6	.5	20 %
Adjusted gross margin	79.4	72.0	10 %	210.9	199.3	6 %
Operating expenses:						
Operation and maintenance	31.2	30.7	2 %	93.8	90.5	4 %
Depreciation, depletion and amortization	17.0	15.8	8 %	50.0	47.0	6 %
Taxes, other than income	3.9	4.4	(11)%	13.1	13.0	1 %
Total operating expenses	52.1	50.9	2 %	156.9	150.5	4 %
Operating income	27.3	21.1	29 %	54.0	48.8	11 %
Other income	1.2	1.2	— %	3.4	3.3	3 %
Interest expense	6.6	6.4	3 %	19.8	20.1	(1)%
Income before income taxes	21.9	15.9	38 %	37.6	32.0	18 %
Income tax (benefit) expense	1.3	(.9)	244 %	(4.0)	(8.3)	52 %
Net income	\$ 20.6	\$ 16.8	22 %	\$ 41.6	\$ 40.3	3 %

Operating statistics	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Retail sales (million kWh):				
Residential	317.3	296.1	906.3	884.4
Commercial	393.0	356.7	1,101.9	1,056.2
Industrial	145.1	117.1	433.7	386.0
Other	23.8	21.3	65.1	62.1
	879.2	791.2	2,507.0	2,388.7
Average cost of electric fuel and purchased power per kWh	\$.020	\$.018	\$.020	\$.019

Adjusted gross margin is a non-GAAP financial measure. For additional information and reconciliation of the non-GAAP adjusted gross margin attributable to the electric segment, see the Non-GAAP Financial Measures section later in this Item.

Three Months Ended September 30, 2021, Compared to Three Months Ended September 30, 2020 Electric earnings increased \$3.8 million as a result of:

Adjusted gross margin: Increase of \$7.4 million, partially due to higher retail sales volumes of 11.1 percent across all customer classes, largely due to warmer weather and the impacts of the COVID-19 pandemic beginning to reverse and businesses reopening, and higher MISO revenues of \$1.6 million. Also positively impacting adjusted gross margin was higher per unit average rates of \$700,000, as well as higher revenues associated with transmission interconnect upgrades of \$700,000. Higher transmission revenues of \$900,000 were offset in operation and maintenance expense, as discussed later.

Operation and maintenance: Increase of \$500,000, largely resulting from higher transmission expense of \$900,000, offset in revenue, and higher maintenance outage costs at Big Stone Station of \$600,000. Partially offsetting these increases were decreased payroll-related costs of \$1.0 million, largely due to lower incentive accruals.

Depreciation, depletion and amortization: Increase of \$1.2 million due in part to the amortization of plant retirement and closure costs of \$800,000 recovered in operating revenues, as discussed in Note 13, and increased property, plant and equipment balances as a result of transmission projects placed in service.

Taxes, other than income: Decrease of \$500,000, largely the result of decreased coal conversion taxes and property taxes in certain jurisdictions.

Other income: Comparable to the same period in the prior year.

Interest expense: Comparable to the same period in the prior year.

Income tax (benefit) expense: Increased expense of \$2.2 million, largely due to higher income before income taxes, lower permanent tax adjustments and excess deferred tax amortization.

Nine Months Ended September 30, 2021, Compared to Nine Months Ended September 30, 2020 Electric earnings increased \$1.3 million as a result of:

Adjusted gross margin: Increase of \$11.6 million driven by increased retail sales volumes of 5.0 percent across all customer classes, largely due to warmer weather and the impacts of the COVID-19 pandemic beginning to reverse and businesses reopening; increased transmission interconnect upgrades of \$2.2 million; higher transmission revenues of \$2.1 million; higher demand revenues of \$1.1 million; and higher MISO revenue of \$1.1 million.

Operation and maintenance: Increase of \$3.3 million resulting from increased payroll-related costs of \$900,000, largely stock-based compensation expense and health care costs; higher maintenance outage costs at Big Stone Station of \$800,000; higher wind farm maintenance fees of \$600,000; and other miscellaneous expenses.

Depreciation, depletion and amortization: Increase of \$3.0 million, largely resulting from increased property, plant and equipment balances primarily related to transmission projects placed in service and the amortization of plant retirement and closure costs of \$1.3 million recovered in operating revenues, as discussed in Note 13.

Taxes, other than income: Comparable to the same period in the prior year.

Other income: Comparable to the same period in the prior year.

Interest expense: Comparable to the same period in the prior year.

Income tax benefit: Decrease of \$4.3 million, primarily lower production tax credits of \$1.9 million related to the expiration of the 10-year credit-qualifying period on certain facilities and less wind generation; and higher income before income taxes.

Earnings overview - The following information summarizes the performance of the natural gas distribution segment.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	Variance	2021	2020	Variance
	(In millions)					
Operating revenues	\$ 110.5	\$ 94.9	16 %	\$ 614.8	\$ 563.2	9 %
Purchased natural gas sold	44.9	35.0	28 %	318.0	290.3	10 %
Taxes, other than income	3.8	3.8	— %	24.1	23.1	4 %
Adjusted gross margin	61.8	56.1	10 %	272.7	249.8	9 %
Operating expenses:						
Operation and maintenance	47.7	46.9	2 %	145.0	135.9	7 %
Depreciation, depletion and amortization	21.5	21.3	1 %	64.2	63.1	2 %
Taxes, other than income	6.8	6.3	8 %	20.6	18.5	11 %
Total operating expenses	76.0	74.5	2 %	229.8	217.5	6 %
Operating income (loss)	(14.2)	(18.4)	23 %	42.9	32.3	33 %
Other income	1.3	2.2	(41)%	5.4	6.6	(18)%
Interest expense	9.3	9.3	— %	27.6	27.5	— %
Income (loss) before income taxes	(22.2)	(25.5)	13 %	20.7	11.4	82 %
Income tax (benefit) expense	(6.8)	(7.9)	14 %	.6	(2.4)	125 %
Net income (loss)	\$ (15.4)	\$ (17.6)	13 %	\$ 20.1	\$ 13.8	46 %

Operating statistics	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Volumes (MMdk)				
Retail sales:				
Residential	4.5	4.4	42.3	41.8
Commercial	4.2	4.0	29.3	29.1
Industrial	.9	.9	3.5	3.4
	9.6	9.3	75.1	74.3
Transportation sales:				
Commercial	.2	.3	1.3	1.4
Industrial	44.7	39.6	127.5	115.4
	44.9	39.9	128.8	116.8
Total throughput	54.5	49.2	203.9	191.1
Average cost of natural gas per dk	\$ 4.72	\$ 3.75	\$ 4.24	\$ 3.90

Adjusted gross margin is a non-GAAP financial measure. For additional information and reconciliation of the non-GAAP adjusted gross margin attributable to the natural gas distribution segment, see the Non-GAAP Financial Measures section later in this Item.

Three Months Ended September 30, 2021, Compared to Three Months Ended September 30, 2020 Natural gas distribution's seasonal loss decreased \$2.2 million as a result of:

Adjusted gross margin: Increase of \$5.7 million, largely as a result of approved rate relief in certain jurisdictions of \$2.5 million; higher per unit average rates of \$1.0 million; higher retail sales volumes of approximately 2.0 percent across all customer classes; and increased transportation revenues of \$600,000 due to higher volumes to electric generation customers.

Operation and maintenance: Increase of \$800,000, primarily due to decreased credits for costs associated with the installation of meters partially from delaying meter replacements for safety measures implemented as a result of the COVID-19 pandemic of \$800,000 and higher payroll-related costs of \$500,000, largely health care costs and straight-time payroll offset in part by lower incentive accruals. Partially offsetting the increases was the absence of the write-off of an abandoned project during the third quarter of 2020.

Depreciation, depletion and amortization: Comparable to the same period in the prior year. Higher depreciation as a result of increased property, plant and equipment balances from growth and replacement projects placed in service was mostly offset by decreased depreciation rates in certain jurisdictions.

Taxes, other than income: Increase of \$500,000 driven by higher property taxes in certain jurisdictions.

Other income: Decrease of \$900,000 resulting from lower returns on certain of the Company's benefit plan investments.

Interest expense: Comparable to the same period in the prior year.

Income tax benefit: Decrease of \$1.1 million due to a decrease in the seasonal loss before income taxes and lower permanent tax adjustments.

Nine Months Ended September 30, 2021, Compared to Nine Months Ended September 30, 2020 Natural gas distribution earnings increased \$6.3 million as a result of:

Adjusted gross margin: Increase of \$22.9 million, largely as a result of approved rate relief in certain jurisdictions of \$11.5 million and increased retail sales volumes of approximately 1.0 percent across all customer classes, including the benefit of weather normalization and decoupling mechanisms in certain jurisdictions. Also positively impacting adjusted gross margin was increased transportation revenues of \$2.2 million due to higher volumes to electric generation customers; increased per unit average rates of \$1.1 million; increased basic services charges due to customer growth of \$1.0 million; and higher non-regulated revenues.

Operation and maintenance: Increase of \$9.1 million, primarily due to higher payroll-related costs of \$5.9 million, largely stock-based compensation expense, straight-time payroll expenses and health care costs; decreased credits of \$2.2 million for costs associated with the installation of meters partially from delaying meter replacements for safety measures implemented as a result of the COVID-19 pandemic; and higher expenses for new software of \$1.2 million. Partially offsetting these increases was the absence of the write-off of an abandoned project during the third quarter of 2020.

Depreciation, depletion and amortization: Increase of \$1.1 million, largely from increased property, plant and equipment balances from growth and replacement projects placed in service offset in part by decreased depreciation rates in certain jurisdictions of \$3.0 million.

Taxes, other than income: Increase of \$2.1 million due in part to higher property taxes in certain jurisdictions of \$1.4 million and higher payroll taxes driven by increased payroll-related costs.

Other income: Decrease of \$1.2 million driven largely by decreased interest income related to the recovery of purchased gas adjustment balances.

Interest expense: Comparable to the same period in the prior year.

Income tax (benefit) expense: Increased expense of \$3.0 million, primarily due to higher income before income taxes and lower permanent tax adjustments.

Outlook The Company continues to assess the impacts of the COVID-19 pandemic on its operations and is committed to providing safe and reliable service while ensuring the health and safety of its employees, customers and the communities in which it operates. In 2020, the Company instituted certain measures to help protect its employees from exposure to COVID-19 and to curb potential spread of the virus in customer homes and facilities, including suspension of disconnects due to nonpayment of bills, and continues to adjust and reduce these measures in 2021. In April 2020, the Company waived late payment fees to help customers experiencing financial hardships. As of January 1, 2021, the Company reinstated disconnects and late payment fees to certain customer classes in seven of its eight states of operation. As of October 2021, the disconnect process for the remaining customers has resumed. As a consequence of the suspended disconnects and waived late fees, the Company's cash flows and collection of

receivables have been affected but impacts have not been material. The Company experienced some impacts to its commercial and industrial electric and natural gas loads associated with reduced economic activity due to the COVID-19 pandemic and oil price impacts, as further discussed below, which has begun to transition back to historic levels. The Company filed requests for the use of deferred accounting for costs related to the COVID-19 pandemic in all of the jurisdictions in which it operates and has since withdrawn its applications in three of those jurisdictions. The Company has deferred an immaterial amount of costs related to the pandemic to date.

The Company expects these segments will grow rate base by approximately 5 percent annually over the next five years on a compound basis. Operations are spread across eight states where the Company expects customer growth to be higher than the national average. In 2020, these segments experienced retail customer growth of approximately 1.8 percent and the Company expects customer growth to continue to average 1 percent to 2 percent per year. This customer growth, along with system upgrades and replacements needed to supply safe and reliable service, will require investments in new and replacement electric and natural gas systems. On July 1, 2021, the Company filed in North Dakota, and provided a courtesy copy to South Dakota, an integrated resource plan for the electric segment, which included the Company's plans for future resources to meet customer demand. This integrated resource plan was filed in Montana on September 15, 2021.

These segments are exposed to energy price volatility and may be impacted by changes in oil and natural gas exploration and production activity. Rate schedules in the jurisdictions in which the Company's natural gas distribution segment operates contain clauses that permit the Company to file for rate adjustments for changes in the cost of purchased gas. Although changes in the price of natural gas are passed through to customers and have minimal impact on the Company's earnings, the natural gas distribution segment's customers benefit from lower natural gas prices through the Company's utilization of storage and fixed price contracts. During the third quarter of 2021, the Company experienced increased natural gas prices and expects this trend to continue through the remainder of the year due to the increase in demand outpacing the supply. The Company will continue to monitor natural gas prices, as well as oil and natural gas production levels.

In February 2019, the Company announced the retirement of three aging coal-fired electric generating units, resulting from the Company's analysis showing that the plants are no longer expected to be cost competitive for customers. The Company ceased operations on March 31, 2021, of Unit 1 at Lewis & Clark Station in Sidney, Montana. The Company commenced decommissioning of Unit 1 at Lewis & Clark in July 2021. The retirement of Units 1 and 2 at Heskett Station near Mandan, North Dakota, is expected in early 2022. In addition, the Company intends to begin construction of Heskett Unit 4, an 88-MW simple-cycle natural gas-fired combustion turbine peaking unit at the existing Heskett Station near Mandan, North Dakota, in early 2022. Heskett Unit 4 production costs coupled with the MISO market purchases are expected to be about half the total cost of continuing to run the coal-fired electric generating units at Heskett and Lewis & Clark stations.

The Company continues to monitor legislation related to clean energy standards that may impact its segments. In Oregon, an executive order issued in March 2020 requires the state to reduce GHG emissions 45 percent below 1990 levels by 2035 and 80 percent below 1990 levels by 2050. State agencies impacted by the order will continue to work through the end of 2021 on the rule-making necessary for compliance. Until the rule-making is completed, compliance impacts to the Company remain uncertain. In Washington, the Climate Commitment Act signed into law in May 2021 requires natural gas distribution companies to reduce overall GHG emissions 45 percent below 1990 levels by 2030, 70 percent below 1990 levels by 2040 and 95 percent below 1990 levels by 2050, which may be achieved through increased energy efficiency and conservation measures, purchased emission allowances and offsets, and purchases of renewable natural gas. The Company has begun reviewing compliance options and expects the compliance costs for these legislated actions will be recovered through customer rates.

The labor contract at Montana-Dakota with the IBEW has been ratified and is effective through April 30, 2024.

Pipeline

Strategy and challenges The pipeline segment provides natural gas transportation, underground storage and energy-related services, as discussed in Note 17. The segment focuses on utilizing its extensive expertise in the design, construction and operation of energy infrastructure and related services to increase market share and profitability through optimization of existing operations, organic growth and investments in energy-related assets within or in close proximity to its current operating areas. The segment focuses on the continual safety and reliability of its systems, which entails building, operating and maintaining safe natural gas pipelines and facilities. The segment continues to evaluate growth opportunities including the expansion of natural gas facilities; incremental pipeline projects; and expansion of energy-related services leveraging on its core competencies. In support of this strategy, the Company completed the following organic growth projects in 2020:

- In September 2020, Phase II of the Line Section 22 Expansion project in the Billings, Montana, area was placed in service. The completion of Phase I and II increased capacity by 22.5 MMcf per day.
- In February 2020, the Demicks Lake Expansion project in McKenzie County, North Dakota, was placed in service and increased capacity by 175 MMcf per day.

The segment is exposed to energy price volatility which is impacted by the fluctuations in pricing, production and basis differentials of the energy market's commodities. Legislative and regulatory initiatives on increased pipeline safety regulations and environmental matters such as the reduction of methane emissions could also impact the price and demand for natural gas. In

February 2021, the FERC issued a revised notice of inquiry seeking new information and stakeholder perspectives regarding the certification of new interstate natural gas facilities. The FERC issued the original notice of inquiry seeking stakeholder perspectives on this topic in April 2018. The FERC also took a step toward reforming the way in which it analyzes GHG emissions for purposes of natural gas pipeline certificates by including a quantitative analysis of the GHG emissions associated with a pipeline replacement project. At this time, no accepted methodology for a GHG significance calculation has been established. The Company is monitoring the progress of these initiatives, which include a technical conference led by FERC Staff discussing methods natural gas companies may use to mitigate the effects of direct and indirect GHG emissions to be held on November 19, 2021. The Company continues to assess the potential impacts these initiatives may have on its business processes, current and future projects, results of operations and disclosures.

The pipeline segment is also subject to extensive regulation including certain operational compliance, permit terms and system integrity. The Company continues to actively evaluate cybersecurity processes and procedures, including changes in the industry's cybersecurity regulations, for opportunities to further strengthen its cybersecurity protections. Implementation of enhancements and additional requirements is ongoing. In September 2019, the PHMSA issued a rule for additional regulations to strengthen the safety of natural gas transmission and storage facilities and hazardous liquid pipelines. The segment has implemented procedure changes and physical modifications to existing facilities necessary for new requirements including those that became effective July 1, 2021. The segment reviews and secures existing permits and easements, as well as new permits and easements, as necessary to meet current demand and future growth opportunities on an ongoing basis. Groups opposing natural gas pipelines could also cause negative impacts on the segment with increased costs, potential delays to project completion, or cancellation of prospective projects.

In April 2020 and November 2020, the Company completed the sales of its regulated and non-regulated natural gas gathering assets, respectively. With the completion of these sales, the Company has exited the natural gas gathering business.

The segment regularly experiences extended lead times on raw materials that are critical to the segment's construction and maintenance work. Long lead times on materials could delay maintenance work and construction projects potentially causing lost revenues and/or increased costs. Current national supply chain challenges are not having significant impacts to procurement of raw materials; however, the Company is actively monitoring the situation and working with its manufacturers and suppliers to help mitigate the risk of delays.

The segment focuses on the recruitment and retention of a skilled workforce to remain competitive and provide services to its customers. The industry in which it operates relies on a skilled workforce to construct energy infrastructure and operate existing infrastructure in a safe manner. A shortage of skilled personnel can create a competitive labor market which could increase costs incurred by the segment. Competition from other pipeline companies can also have a negative impact on the segment.

Earnings overview - The following information summarizes the performance of the pipeline segment.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	Variance	2021	2020	Variance
(In millions)						
Operating revenues	\$ 34.9	\$ 35.7	(2)%	\$ 106.7	\$ 107.2	— %
Operating expenses:						
Operation and maintenance	14.2	15.4	(8)%	45.5	45.4	— %
Depreciation, depletion and amortization	5.2	5.2	— %	15.5	16.5	(6)%
Taxes, other than income	3.2	3.3	(3)%	9.8	9.9	(1)%
Total operating expenses	22.6	23.9	(5)%	70.8	71.8	(1)%
Operating income	12.3	11.8	4 %	35.9	35.4	1 %
Other income	2.8	.2	NM	5.6	1.2	NM
Interest expense	1.7	1.9	(11)%	5.6	5.7	(2)%
Income before income taxes	13.4	10.1	33 %	35.9	30.9	16 %
Income tax expense	2.8	2.1	33 %	7.2	6.6	9 %
Net income	\$ 10.6	\$ 8.0	32 %	\$ 28.7	\$ 24.3	18 %

* NM - not meaningful

Operating statistics	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Transportation volumes (MMdk)	122.0	108.9	351.5	316.2
Natural gas gathering volumes (MMdk)	—	2.0	—	7.4
Customer natural gas storage balance (MMdk):				
Beginning of period	16.0	19.1	25.5	16.2
Net injections	12.8	14.0	3.3	16.9
End of period	28.8	33.1	28.8	33.1

Three Months Ended September 30, 2021, Compared to Three Months Ended September 30, 2020 Pipeline earnings increased \$2.6 million as a result of:

Revenues: Decrease of \$800,000 driven by decreased gathering revenues of \$1.0 million due to the sales of the Company's natural gas gathering assets in 2020 and decreased storage-related revenues of \$400,000. These decreases were partially offset by higher transportation revenues resulting from higher interruptible transportation volumes.

Operation and maintenance: Decrease of \$1.2 million, primarily due to lower payroll-related costs of \$800,000, largely the result of lower incentive accruals, lower materials and tools of \$400,000 and lower non-regulated project costs. These decreases were partially offset by higher contract services.

Depreciation, depletion and amortization: Comparable to the same period in the prior year.

Taxes, other than income: Comparable to the same period in the prior year.

Other income: Increase of \$2.6 million, primarily the result of higher AFUDC for the construction of the North Bakken Expansion project.

Interest expense: Comparable to the same period in the prior year. Higher AFUDC for the construction of the North Bakken Expansion project was mostly offset by higher debt balances.

Income tax expense: Increase of \$700,000, largely resulting from higher income before income taxes.

Nine Months Ended September 30, 2021, Compared to Nine Months Ended September 30, 2020 Pipeline earnings increased \$4.4 million as a result of:

Revenues: Decrease of \$500,000, primarily due to lower gathering revenues of \$4.2 million due to the sales of the Company's natural gas gathering assets in 2020. Partially offsetting the decrease was higher storage-related revenues of \$1.5 million, higher transportation revenues of \$1.3 million resulting from higher interruptible transportation volumes and higher non-regulated project revenues.

Operation and maintenance: Comparable to the same period in the prior year.

Depreciation, depletion and amortization: Decrease of \$1.0 million, largely resulting from the absence of natural gas gathering assets, as previously discussed, offset in part by higher property, plant and equipment balances related to organic growth projects.

Taxes, other than income: Comparable to the same period in the prior year.

Other income: Increase of \$4.4 million, primarily the result of higher AFUDC for the construction of the North Bakken Expansion project.

Interest expense: Comparable to the same period in the prior year. Higher AFUDC for the construction of the North Bakken Expansion project was mostly offset by higher debt balances.

Income taxes: Increase of \$600,000 due higher income before income taxes partially offset by an energy efficiency tax benefit.

Outlook The Company continues to manage the impacts of the COVID-19 pandemic on its operations and is committed to providing safe, reliable and compliant service while ensuring the health and safety of its employees, customers and the communities in which it operates. Overall, the pipeline business has had some impacts due to COVID-19 and does not expect significant delays to its regulatory filings or projects due to the pandemic.

The Company has continued to experience the effect of associated natural gas production in the Bakken, which has provided opportunities for organic growth projects and increased demand. The completion of organic growth projects has contributed to the volumes of natural gas the Company transports through its system. Although low oil prices slowed 2020 drilling activities and led to the shut-in of certain wells, the recovery of oil prices has allowed producers to bring wells back online and support new drilling. Associated natural gas production in the Bakken has returned to near pre-pandemic levels and is expected to grow due to new oil wells and increasing gas to oil ratios.

The Company continues to focus on growth and improving existing operations through organic projects in all areas in which it operates. The national record levels of natural gas supply over the last few years has moderated the pressure on natural gas prices and continues to minimize price volatility. While the Company believes there will continue to be varying pressures on natural gas production levels and prices due to these circumstances, low natural gas prices provide growth opportunity for industrial supply related projects and seasonal pricing differentials provide opportunities for storage services.

In January 2019, the Company announced the North Bakken Expansion project, which includes construction of a new pipeline, compression and ancillary facilities to transport natural gas from core Bakken production areas near Tioga, North Dakota, to a new connection with Northern Border Pipeline in McKenzie County, North Dakota. Long-term take or pay customer contracts support the project at an amended design capacity of 250 MMcf per day, which can be readily expanded to meet forecasted natural gas growth levels and customer needs. In February 2020, the Company filed with the FERC its application for this project. In June 2021, the Company received a FERC order issuing a certificate of public convenience and necessity for the project and in July 2021, the FERC granted the Company a notice to proceed with construction. Construction began in July 2021 and is expected to be completed in early 2022 assuming favorable weather conditions.

In July 2021, the Company announced plans for a natural gas pipeline expansion project in eastern North Dakota. The Wahpeton Expansion project consists of 60 miles of pipe and ancillary facilities and is designed to increase capacity by 20 MMcf per day, which is supported by long-term customer agreements with Montana-Dakota and its utility customers. Construction is expected to begin in early 2024, depending on regulatory approvals, with an anticipated completion date later in 2024. On September 22, 2021, the Company filed with the FERC a request to initiate the pre-filing review process and received FERC approval of the pre-filing request on September 27, 2021.

Construction Materials and Contracting

Strategy and challenges The construction materials and contracting segment provides an integrated set of aggregate-based construction services, as discussed in Note 17. The segment focuses on high-growth strategic markets located near major transportation corridors and desirable mid-sized metropolitan areas; strengthening the long-term, strategic aggregate reserve position through available purchase and/or lease opportunities; enhancing profitability through cost containment, margin discipline and vertical integration of the segment's operations; development and recruitment of talented employees; and continued growth through organic and acquisition opportunities.

A key element of the Company's long-term strategy for this business is to further expand its market presence in the higher-margin materials business (rock, sand, gravel, liquid asphalt, asphalt concrete, ready-mixed concrete and related products), complementing and expanding on the segment's expertise. The Company's continued acquisition activity supports this strategy.

As one of the country's largest sand and gravel producers, the segment continues to strategically manage its approximately 1.1 billion tons of aggregate reserves in all its markets, as well as take further advantage of being vertically integrated. The segment's vertical integration allows it to manage operations from aggregate mining to final lay-down of concrete and asphalt, with control of and access to permitted aggregate reserves being significant. The Company's aggregate reserves are naturally declining and as a result, the Company seeks acquisition opportunities to replace the reserves. During 2020, the Company made strategic asset purchases that contributed approximately 115 million tons of aggregate reserves. In the first quarter of 2021, the Company received the necessary permitting to expand its operation capabilities at its Honey Creek quarry near Austin, Texas. Honey Creek contains an estimated 40-year supply of aggregates.

The construction materials and contracting segment faces challenges that are not under the direct control of the business. The segment operates in geographically diverse and highly competitive markets. Competition can put negative pressure on the segment's operating margins. The segment is also subject to volatility in the cost of raw materials such as diesel fuel, gasoline, liquid asphalt, cement and steel. Such volatility can have an impact on the segment's margins, including fixed-price construction contracts that are particularly vulnerable to the volatility of energy and material prices. Other variables that can impact the segment's margins include adverse weather conditions, the timing of project starts or completion and declines or delays in new and existing projects due to the cyclical nature of the construction industry and governmental infrastructure spending. Accordingly, operating results in any particular period may not be indicative of the results that can be expected for any other period.

The segment also faces challenges in the recruitment and retention of employees. Trends in the labor market include an aging workforce and availability issues. In 2021, the markets the segment operates in have seen an increase in labor shortages, largely truck drivers, causing increased labor-related costs that are expected to continue the remainder of 2021. If labor costs continue to increase, it could negatively impact gross margin. The segment also continues to face increasing pressure to control costs. The increase in labor shortages also impacts the segments ability to recruit and train a skilled workforce to meet the needs of increasing demand and seasonal work.

Earnings overview - The following information summarizes the performance of the construction materials and contracting segment.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	Variance	2021	2020	Variance
(In millions)						
Operating revenues	\$ 831.3	\$ 822.5	1 %	\$ 1,730.8	\$ 1,705.9	1 %
Cost of sales:						
Operation and maintenance	636.3	612.4	4 %	1,376.5	1,351.2	2 %
Depreciation, depletion and amortization	24.5	22.2	10 %	71.1	63.0	13 %
Taxes, other than income	13.9	13.6	2 %	37.6	36.6	3 %
Total cost of sales	674.7	648.2	4 %	1,485.2	1,450.8	2 %
Gross margin	156.6	174.3	(10)%	245.6	255.1	(4)%
Selling, general and administrative expense:						
Operation and maintenance	20.9	23.7	(12)%	66.8	67.5	(1)%
Depreciation, depletion and amortization	1.0	1.3	(23)%	3.1	3.6	(14)%
Taxes, other than income	1.0	.8	25 %	4.4	4.0	10 %
Total selling, general and administrative expense	22.9	25.8	(11)%	74.3	75.1	(1)%
Operating income	133.7	148.5	(10)%	171.3	180.0	(5)%
Other income (expense)	(.3)	.3	(200)%	.8	1.0	(20)%
Interest expense	4.8	5.0	(4)%	14.4	15.9	(9)%
Income before income taxes	128.6	143.8	(11)%	157.7	165.1	(4)%
Income tax expense	32.3	36.5	(12)%	40.8	43.0	(5)%
Net income	\$ 96.3	\$ 107.3	(10)%	\$ 116.9	\$ 122.1	(4)%

Operating statistics	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
(In thousands)				
Sales:				
Aggregates (tons)	11,346	10,722	25,687	23,678
Asphalt (tons)	3,290	3,542	5,675	5,935
Ready-mixed concrete (cubic yards)	1,350	1,266	3,283	3,089

Three Months Ended September 30, 2021, Compared to Three Months Ended September 30, 2020 Construction materials and contracting's earnings decreased \$11.0 million as a result of:

Revenues: Increase of \$8.8 million, primarily the result of higher material revenues for aggregates and ready-mixed concrete due to strong demand, large projects in certain regions and a positive impact from recent acquisitions offset in part by lower demand for materials in Hawaii. These increases were partially offset by decreased asphalt product sales and \$33.5 million lower contracting services revenue, largely resulting from less available highway paving work in the public sector in certain regions.

Gross margin: Decrease of \$17.7 million, largely related to lower asphalt product and contracting margins resulting from higher realized material costs driven by an increase in asphalt oil and fuel costs, as well as decreased revenues, as previously discussed. Partially offsetting these decreases were higher realized materials margins for both aggregates and ready-mixed concrete.

Selling, general and administrative expense: Decrease of \$2.9 million, largely due to lower payroll-related costs, primarily related to lower incentive accruals and benefit-related costs.

Other income (expense): Increased expense of \$600,000, primarily due to lower returns on the Company's benefit plan investments.

Interest expense: Comparable to the same period in the prior year.

Income tax expense: Decrease of \$4.2 million, largely due to lower income before income taxes.

Nine Months Ended September 30, 2021, Compared to Nine Months Ended September 30, 2020 Construction materials and contracting's earnings decreased \$5.2 million as a result of:

Revenues: Increase of \$24.9 million, driven by higher material revenues for aggregates and ready-mixed concrete due to strong demand, large projects and higher realized prices in certain regions. The increase was partially offset by decreased asphalt product sales and \$58.4 million lower contracting services revenue. These decreases mainly resulted from less available highway paving work in the public sector in certain regions.

Gross margin: Decrease of \$9.5 million, largely due to lower asphalt product and contracting margins driven by an increase in asphalt oil and fuel costs, as well as decreased revenues, as previously discussed. Partially offsetting these decreases were higher realized materials margins for both aggregates and ready-mixed concrete.

Selling, general and administrative expense: Decrease of \$800,000, primarily due to the recovery of prior bad debt expense of \$1.5 million and lower professional services. Partially offsetting the decrease were higher payroll-related costs of \$1.8 million, largely stock-based compensation expense and health care costs.

Other income: Comparable to the same period in the prior year.

Interest expense: Decrease of \$1.5 million, mainly due to lower average interest rates.

Income tax expense: Decrease of \$2.2 million, largely due to lower income before income taxes.

Outlook The Company continues to assess the impacts of the COVID-19 pandemic on its operations and is committed to the health and safety of its employees, customers and the communities in which it operates. In 2021, the Company has continued to implement safety measures developed in 2020 for its employees that were not able to work from home and has experienced some inefficiencies and additional costs in relation to these measures, including delays in the ability to obtain permits from government agencies and, for the most part, has been able to continue business processes with minimal interruptions. The Company also continues to monitor job progress and service work and at this time has not experienced significant delays, cancellations or disruptions due to the pandemic. The American Rescue Plan Act approved by the United States Congress in the first quarter of 2021 provides \$1.9 trillion in COVID-19 relief funding for states, schools and local governments. States are beginning to move forward with allocating these funds based on federal criteria and state needs, and in some cases, funding of infrastructure projects could positively impact the segment. Additionally, the current presidential administration and the United States Congress continue working toward an agreement on a comprehensive infrastructure proposal that, if adopted, could positively impact the segment. The Company continues to monitor the progress of these legislative items.

The segment's vertically integrated aggregate-based business model provides the Company with the ability to capture margin throughout the sales delivery process. The aggregate products are sold internally and externally for use in other products such as ready-mixed concrete, asphaltic concrete and public and private construction markets. The contracting services and construction materials are sold in connection with street, highway and other public infrastructure projects, as well as private commercial, industrial and residential development projects. The public infrastructure projects have traditionally been more stable markets as public funding is more secure during periods of economic decline. The public projects are, however, dependent on federal and state funding such as appropriations to the Federal Highway Administration. Spending on private development is highly dependent on both local and national economic cycles, providing additional sales during times of strong economic cycles.

During 2021 and 2020, the Company made strategic purchases that support the Company's long-term strategy to expand its market presence. In April 2021, the Company acquired Mt. Hood Rock, a construction aggregates business located in Portland, Oregon. The Company continues to evaluate additional acquisition opportunities that would be accretive to earnings of the Company. For more information on the Company's business combinations, see Note 10.

The construction materials and contracting segment's backlog at September 30, 2021, was \$651.7 million, which is up 14 percent from backlog of \$571.3 million at September 30, 2020. The segment has seen an increase in bidding opportunities in certain regions due to the strong economic conditions in those markets. The Company expects to complete a significant amount of the backlog at September 30, 2021, during the next 12 months.

One of the labor contracts that the construction materials and contracting segment was negotiating at December 31, 2020, as reported in Items 1 and 2 - Business Properties - General in the 2020 Annual Report, has been ratified.

Construction Services

Strategy and challenges The construction services segment provides inside and outside specialty contracting, as discussed in Note 17. The construction services segment focuses on safely executing projects; providing a superior return on investment by building new and strengthening existing customer relationships; ensuring quality service; effectively controlling costs; retaining, developing and recruiting talented employees; growing through organic and strategic acquisition opportunities; and focusing efforts on projects that will permit higher margins while properly managing risk. The growth experienced by the segment in recent years is due in part to its ability to support national customers in most of the regions in which it operates.

The construction services segment faces challenges, which are not under direct control of the business, in the highly competitive markets in which it operates. Competitive pricing environments, project delays, changes in management's estimates of variable

consideration and the effects from restrictive regulatory requirements have negatively impacted revenues and margins in the past and could affect revenues and margins in the future. Additionally, margins may be negatively impacted on a quarterly basis due to adverse weather conditions, as well as timing of project starts or completions; disruptions to the supply chain due to transportation delays, raw material cost increases and shortages, and closures of businesses or facilities; declines or delays in new projects due to the cyclical nature of the construction industry; and other factors. These challenges may also impact the risk of loss on certain projects. Accordingly, operating results in any particular period may not be indicative of the results that can be expected for any other period.

The need to ensure available specialized labor resources for projects also drives strategic relationships with customers and project margins. These trends include an aging workforce and labor availability issues, as well as increasing duration and complexity of customer capital programs. In 2021, the markets the segment operates in have seen an increase in labor shortages which has caused increased labor-related costs while the segment continues to face increasing pressure to reduce costs and improve reliability. Due to these and other factors, the Company believes overall customer and competitor demand for labor resources will continue to increase, possibly surpassing the supply of industry resources.

Earnings overview - The following information summarizes the performance of the construction services segment.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	Variance	2021	2020	Variance
(In millions)						
Operating revenues	\$ 514.8	\$ 551.0	(7)%	\$ 1,558.9	\$ 1,562.9	— %
Cost of sales:						
Operation and maintenance	441.5	461.7	(4)%	1,310.7	1,309.0	— %
Depreciation, depletion and amortization	3.9	3.9	— %	11.8	11.8	— %
Taxes, other than income	14.2	17.2	(17)%	49.9	57.8	(14)%
Total cost of sales	459.6	482.8	(5)%	1,372.4	1,378.6	— %
Gross margin	55.2	68.2	(19)%	186.5	184.3	1 %
Selling, general and administrative expense:						
Operation and maintenance	23.0	24.9	(8)%	71.2	72.4	(2)%
Depreciation, depletion and amortization	1.0	1.8	(44)%	3.4	5.9	(42)%
Taxes, other than income	1.1	1.0	10 %	3.7	3.8	(3)%
Total selling, general and administrative expense	25.1	27.7	(9)%	78.3	82.1	(5)%
Operating income	30.1	40.5	(26)%	108.2	102.2	6 %
Other income	.9	.6	50 %	2.6	1.3	100 %
Interest expense	.9	1.0	(10)%	2.6	3.3	(21)%
Income before income taxes	30.1	40.1	(25)%	108.2	100.2	8 %
Income tax expense	7.0	10.3	(32)%	26.4	25.7	3 %
Net income	\$ 23.1	\$ 29.8	(22)%	\$ 81.8	\$ 74.5	10 %

Three Months Ended September 30, 2021, Compared to Three Months Ended September 30, 2020 Construction services earnings decreased \$6.7 million as a result of:

Revenues: Decrease of \$36.2 million, primarily resulting from lower inside specialty contracting workloads of \$34.3 million, or 9.7 percent less compared to the same period in the prior year, as a result of decreased customer demand for data center projects and decreased hospitality demand. Outside specialty contracting workloads were comparable to the prior year with decreased natural disaster recovery work offset in part by increased general utility work.

Gross margin: Decrease of \$13.0 million, mainly resulting from lower outside specialty contracting margins due to a decrease of \$7.2 million from changes in estimates on a construction contract, higher employee costs in certain regions associated with a shortage of available labor and decreased natural disaster recovery work during the quarter, partially offset by an increase in general utility work. These decreases were partially offset by an increase in margins related to the equipment sales and leasing of transmission line equipment the Company manufactures.

Selling, general and administrative expense: Decrease of \$2.6 million, resulting from lower bad debt expense of \$2.3 million, largely due to revised estimates on expected credit losses, and lower amortization expense of \$700,000, offset in part by higher office-related costs.

Other income: Comparable to the same period in the prior year.

Interest expense: Comparable to the same period in the prior year.

Income tax expense: Decrease of \$3.3 million, directly resulting from a decrease in income before income taxes.

Nine Months Ended September 30, 2021, Compared to Nine Months Ended September 30, 2020 Construction services earnings increased \$7.3 million as a result of:

Revenues: Decrease of \$4.0 million, resulting from lower inside specialty contracting workloads of \$26.9 million, or 2.6 percent less compared to the same period in the prior year, as a result of decreased demand for hospitality projects and data center demand. Outside specialty contracting workloads contributed 5.2 percent more compared to the same period in the prior year as a result of strong demand for utility projects. An increase in equipment sales and leasing of the transmission line equipment the Company manufactures also had a positive impact of \$2.6 million in 2021.

Gross margin: Increase of \$2.2 million, primarily due to the consistent volume of work across the business.

Selling, general and administrative expense: Decrease of \$3.8 million due in part to lower bad debt expense of \$6.0 million, largely due to revised estimates on expected credit losses, and lower amortization expense of \$2.4 million, offset in part by higher payroll-related costs and office-related costs.

Other income: Increase of \$1.3 million, largely related to increased earnings on investments.

Interest expense: Decrease of \$700,000, driven by lower debt balances as a result of collections on customer accounts during the construction season.

Income taxes: Increase of \$700,000, directly resulting from higher income before income taxes.

Outlook The Company continues to assess the impacts of the COVID-19 pandemic on its operations and is committed to the health and safety of its employees, customers and the communities in which it operates. In 2021, the Company has continued to implement safety measures developed in 2020 for its employees that were not able to work from home and has experienced some inefficiencies in relation to these measures but, for the most part, has been able to continue pre-pandemic business processes. The Company continues to monitor job progress and service work for delays, cancellations and disruptions due to the pandemic but expects minimal disruptions the remainder of 2021. Despite the challenges presented by the COVID-19 pandemic, the Company believes there are long-term growth opportunities and demand for construction services. The American Rescue Plan Act approved by the United States Congress in the first quarter of 2021 provides \$1.9 trillion in COVID-19 relief funding for states, schools and local government including broadband infrastructure. States are beginning to move forward with allocating these funds based on federal criteria and state needs, and in some cases, funding of infrastructure projects could positively impact the segment. Additionally, the current presidential administration and the United States Congress continue working toward an agreement on a comprehensive infrastructure proposal that, if adopted, could positively impact the segment. The Company will continue to monitor the progress of these legislative items.

The Company continues to have bidding opportunities for both inside and outside specialty contracting work in 2021 as evidenced by the segment's backlog. Although bidding remains highly competitive in all areas, the Company expects the segment's relationship with existing customers, skilled workforce, quality of service and effective cost management will continue to provide a benefit in securing and executing profitable projects.

The construction services segment's backlog at September 30, was as follows:

	2021	2020
	(In millions)	
Inside specialty contracting	\$ 1,041	\$ 1,074
Outside specialty contracting	232	211
	\$ 1,273	\$ 1,285

Backlog at September 30, 2021, was comparable to the backlog at September 30, 2020. The Company continues to be awarded new project opportunities across its diverse operations, particularly outside specialty contracting from increased utility demand. The Company continues to have strong inside specialty contracting backlog related to commercial industries and public projects. The Company expects to complete a significant amount of the backlog at September 30, 2021, during the next 12 months. Additionally, the Company continues to further evaluate potential acquisition opportunities that would be accretive to earnings of the Company and continue to grow the segment's backlog.

Other

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	Variance	2021	2020	Variance
	(In millions)					
Operating revenues	\$ 3.4	\$ 3.1	10 %	\$ 10.1	\$ 8.9	13 %
Operating expenses:						
Operation and maintenance	2.3	2.3	— %	6.9	6.7	3 %
Depreciation, depletion and amortization	1.1	.6	83 %	3.5	1.9	84 %
Total operating expenses	3.4	2.9	17 %	10.4	8.6	21 %
Operating income (loss)	—	.2	NM	(.3)	.3	NM
Other income	—	.1	NM	.5	.4	25 %
Interest expense	.1	.1	— %	.2	.7	(71)%
Income (loss) before income taxes	(.1)	.2	NM	—	—	— %
Income tax benefit	(3.9)	(8.5)	54 %	(2.2)	(3.4)	35 %
Net income	\$ 3.8	\$ 8.7	(57)%	\$ 2.2	\$ 3.4	(34)%

* NM - not meaningful

Three Months Ended September 30, 2021, Compared to Three Months Ended September 30, 2020 Other was impacted in the third quarter of 2021 by lower income tax adjustments related to the Company's consolidated annualized estimated tax rate and higher depreciation, depletion and amortization expense for software placed in service. General and administrative costs and interest expense previously allocated to the exploration and production and refining businesses that do not meet the criteria for income (loss) from discontinued operations are also included in Other.

Nine Months Ended September 30, 2021, Compared to Nine Months Ended September 30, 2020 During the first nine months of 2021, Other was impacted by higher depreciation, depletion and amortization expense for software placed in service and lower income tax adjustments related to the Company's consolidated annualized estimated tax rate. General and administrative costs and interest expense previously allocated to the exploration and production and refining businesses that do not meet the criteria for income (loss) from discontinued operations are also included in Other.

Intersegment Transactions

Amounts presented in the preceding tables will not agree with the Consolidated Statements of Income due to the Company's elimination of intersegment transactions. The amounts related to these items were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(In millions)			
Intersegment transactions:				
Operating revenues	\$ 8.0	\$ 7.5	\$ 51.4	\$ 50.9
Operation and maintenance	4.2	4.0	14.0	14.4
Purchased natural gas sold	3.8	3.5	37.4	36.5

For more information on intersegment eliminations, see Note 17.

Liquidity and Capital Commitments

At September 30, 2021, the Company had cash and cash equivalents of \$57.3 million and available borrowing capacity of \$694.7 million under the outstanding credit facilities of the Company's subsidiaries. The Company expects to meet its obligations for debt maturing within one year and its other operating and capital requirements from various sources, including internally generated funds; credit facilities and commercial paper of the Company's subsidiaries, as described in Capital resources; and issuance of debt and equity securities.

Cash flows

	Nine Months Ended	
	September 30, 2021	2020
	(In millions)	
Net cash provided by (used in):		
Operating activities	\$ 365.8	\$ 481.7
Investing activities	(432.6)	(461.8)
Financing activities	64.5	(20.3)
Decrease in cash and cash equivalents	(2.3)	(.4)
Cash and cash equivalents -- beginning of year	59.6	66.5
Cash and cash equivalents -- end of period	\$ 57.3	\$ 66.1

Operating activities

	Nine Months Ended		
	September 30,		Variance
	2021	2020	
	(In millions)		
Components of net cash provided by operating activities:			
Income from continuing operations	\$ 291.3	\$ 278.4	\$ 12.9
Depreciation, depletion and amortization	222.6	212.8	9.8
Deferred income taxes	30.4	16.4	14.0
Receivables	(104.4)	(100.1)	(4.3)
Inventories	(21.4)	(9.6)	(11.8)
Other current assets	(74.4)	1.3	(75.7)
Accounts payable	33.1	19.1	14.0
Other current liabilities	14.2	74.3	(60.1)
Other noncurrent changes	(25.5)	(10.2)	(15.3)
Net cash used in discontinued operations	(.1)	(.7)	.6
Net cash provided by operating activities	\$ 365.8	\$ 481.7	\$ (115.9)

The changes in cash flows from operating activities generally follow the results of operations, as discussed in Business Segment Financial and Operating Data, and are affected by changes in working capital. The decrease in cash flows provided by operating activities in the previous table was largely driven by an increase in natural gas purchases, as discussed in Note 13, partially offset by the associated deferred taxes. Also contributing to the decrease was higher working capital requirements at the construction services business, primarily the deferral of payroll taxes as a result of the COVID-19 pandemic during 2020; decreases in contract retention balances; increased accounts payable due to fluctuations in job activity; and increased inventory balances related to sales and leased equipment. The construction materials and contracting business also experienced an increase in aggregate inventory balances as a result of aggregate production at the businesses acquired and a higher average cost per ton. Partially offsetting the net decrease in cash flows provided by operating activities was increased tax deferrals at the pipeline business, primarily resulting from higher capital expenditures on organic growth projects during 2021 offset in part by the sale of the business's gathering assets in 2020, and higher earnings at most of the businesses during the first nine months of 2021.

Investing activities

	Nine Months Ended		
	September 30,		Variance
	2021	2020	
	(In millions)		
Components of net cash used in investing activities:			
Capital expenditures	\$ (428.1)	\$ (413.8)	\$ (14.3)
Acquisitions, net of cash acquired	(13.7)	(71.5)	57.8
Net proceeds from sale or disposition of property and other	13.0	23.5	(10.5)
Investments	(3.8)	—	(3.8)
Net cash used in investing activities	\$ (432.6)	\$ (461.8)	\$ 29.2

The decrease in cash used in investing activities in the previous table was primarily due to lower cash used in acquisition activity in 2021 compared to 2020 at the construction services and construction materials and contracting businesses. Partially offsetting the decrease in cash used in investing activities were increased capital expenditures in 2021 at the pipeline business, largely related to the North Bakken Expansion project, and construction materials and contracting business, partially offset by lower capital expenditures at the electric and natural gas distribution businesses related to reduced electric transmission and distribution projects and reduced natural gas meters and mains. The pipeline business also experienced lower proceeds from asset sales as a result of the sale of its natural gathering assets during 2020.

Financing activities

	Nine Months Ended September 30,		
	2021	2020	Variance
Components of net cash provided by (used in) financing activities:	(In millions)		
Issuance of short-term borrowings	\$ 50.0	\$ 75.0	\$ (25.0)
Repayment of short-term borrowings	(50.0)	—	(50.0)
Issuance of long-term debt	178.5	100.2	78.3
Repayment of long-term debt	(63.8)	(73.7)	9.9
Proceeds from issuance of common stock	88.8	3.4	85.4
Dividends paid	(128.1)	(124.8)	(3.3)
Repurchase of common stock	(6.7)	—	(6.7)
Tax withholding on stock-based compensation	(4.2)	(.4)	(3.8)
Net cash provided by (used in) financing activities	\$ 64.5	\$ (20.3)	\$ 84.8

The increase in cash provided by financing activities in the previous table was largely the result of increased net proceeds of \$85.4 million from the issuance of common stock under the Company's "at-the-market" offering during 2021, as discussed in Note 7. In 2021, the construction materials and contracting business experienced increased long-term borrowings for acquisitions and the pipeline, electric and natural gas distribution businesses experienced increased long-term borrowings for capital expenditures. Partially offsetting the increase in cash provided by financing activities were decreased short-term borrowings during 2021 at the natural gas distribution business. Montana-Dakota issued and repaid \$50 million in short term borrowings during the first quarter of 2021. The issuance was related to financing the higher natural gas purchases, as previously discussed, and the repayment was related to short-term borrowings completed during 2020.

Defined benefit pension plans

There were no material changes to the Company's qualified noncontributory defined benefit pension plans from those reported in the 2020 Annual Report. For more information, see Note 18 and Part II, Item 7 in the 2020 Annual Report.

Capital expenditures

Capital expenditures for the first nine months of 2021 were \$507.9 million, which includes a completed business combination at the construction materials and contracting business. Capital expenditures for the first nine months of 2020 were \$473.7 million, which includes the completed business combinations at the construction materials and contracting and construction services businesses. Capital expenditures allocated to the Company's business segments are estimated to be approximately \$774.5 million for 2021. Capital expenditures have been updated from what was previously reported in the 2020 Annual Report to accommodate project timeline, scope changes made throughout 2021 and permitting delays. The Company will continue to monitor capital expenditures for project delays and changes in economic viability related to COVID-19.

The Company has included in the estimated capital expenditures for 2021 the completed business combination of a construction aggregates business and the North Bakken Expansion project, as previously discussed in Business Segment Financial and Operating Data, as well as system upgrades; service extensions; routine equipment maintenance and replacements; buildings, land and building improvements; pipeline and natural gas storage projects; power generation and transmission opportunities, including certain costs for additional electric generating capacity; environmental upgrades; and other growth opportunities.

The Company continues to evaluate potential future acquisitions and other growth opportunities that would be incremental to the outlined capital program; however, such growth is dependent upon the availability of economic opportunities and, as a result, capital expenditures may vary significantly from the estimate previously discussed. It is anticipated that all of the funds required for capital expenditures for 2021 will be met from various sources, including internally generated funds; credit facilities and commercial paper of the Company's subsidiaries, as described later; and issuance of debt and equity securities.

Capital resources

Certain debt instruments of the Company's subsidiaries contain restrictive and financial covenants and cross-default provisions. In order to borrow under the respective debt instruments, the subsidiary companies must be in compliance with the applicable covenants and certain other conditions, all of which the subsidiaries, as applicable, were in compliance with at September 30, 2021. In the event the subsidiaries do not comply with the applicable covenants and other conditions, alternative sources of funding may need to be pursued. For more information on the covenants, certain other conditions and cross-default provisions, see Part II, Item 8 in the 2020 Annual Report.

The following table summarizes the outstanding revolving credit facilities of the Company's subsidiaries at September 30, 2021:

Company	Facility		Facility Limit		Amount Outstanding		Letters of Credit		Expiration Date
(In millions)									
Montana-Dakota Utilities Co.	Commercial paper/Revolving credit agreement	(a)	\$ 175.0	\$	29.8	\$	—		12/19/24
Cascade Natural Gas Corporation	Revolving credit agreement		\$ 100.0	(b) \$	49.6	\$	2.2 (c)		6/7/24
Intermountain Gas Company	Revolving credit agreement		\$ 85.0	(d) \$	44.7	\$	—		6/7/24
Centennial Energy Holdings, Inc.	Commercial paper/Revolving credit agreement	(e)	\$ 600.0	\$	139.0	\$	—		12/19/24

(a) The commercial paper program is supported by a revolving credit agreement with various banks (provisions allow for increased borrowings, at the option of Montana-Dakota on stated conditions, up to a maximum of \$225.0 million). At September 30, 2021, there were no amounts outstanding under the revolving credit agreement.

(b) Certain provisions allow for increased borrowings, up to a maximum of \$125.0 million.

(c) Outstanding letter(s) of credit reduce the amount available under the credit agreement.

(d) Certain provisions allow for increased borrowings, up to a maximum of \$110.0 million.

(e) The commercial paper program is supported by a revolving credit agreement with various banks (provisions allow for increased borrowings, at the option of Centennial on stated conditions, up to a maximum of \$700.0 million). At September 30, 2021, there were no amounts outstanding under the revolving credit agreement.

The respective commercial paper programs are supported by revolving credit agreements. While the amount of commercial paper outstanding does not reduce available capacity under the respective revolving credit agreements, Montana-Dakota and Centennial do not issue commercial paper in an aggregate amount exceeding the available capacity under the credit agreements. The commercial paper borrowings may vary during the period, largely the result of fluctuations in working capital requirements due to the seasonality of certain operations of the Company's subsidiaries.

Total equity as a percent of total capitalization was 58 percent, 56 percent and 58 percent at September 30, 2021 and 2020, and December 31, 2020, respectively. This ratio is calculated as the Company's total equity, divided by the Company's total capital. Total capital is the Company's total debt, including short-term borrowings and long-term debt due within one year, plus total equity. This ratio is an indicator of how a company is financing its operations, as well as its financial strength.

The Company currently has a shelf registration statement on file with the SEC, under which the Company may issue and sell any combination of common stock and debt securities. The Company may sell such securities if warranted by market conditions and the Company's capital requirements.

In August 2020, the Company amended the Distribution Agreement dated February 22, 2019, with J.P. Morgan Securities LLC and MUFG Securities Americas Inc., as sales agents. This agreement, as amended, allows the offering, issuance and sale of up to 6.4 million shares of the Company's common stock in connection with an "at-the-market" offering. The common stock may be offered for sale, from time to time, in accordance with the terms and conditions of this agreement. As of September 30, 2021, the Company had capacity to issue up to 3.6 million additional shares of common stock under the "at-the-market" offering program. Proceeds from the sale of shares of common stock under this agreement have been and are expected to be used for general corporate purposes, which may include, among other things, working capital, capital expenditures, debt repayment and the financing of acquisitions.

Details of the Company's "at-the-market" offering activity was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
(In millions)				
Shares issued	1.0	—	2.8	—
Net proceeds *	\$ 34.2	\$ —	\$ 88.8	\$ —
Issuance costs	\$.5	\$ —	\$ 1.2	\$ —

* Net proceeds were used for capital expenditures.

Montana-Dakota On March 8, 2021, Montana-Dakota entered into a \$50.0 million term loan agreement with a LIBOR-based variable interest rate and a maturity date of March 7, 2022. The agreement contains customary covenants and provisions, including a covenant of Montana-Dakota not to permit, at any time, the ratio of total debt to total capitalization to be greater than 65 percent. The covenants also include certain restrictions on the sale of certain assets, loans and investments.

On September 15, 2021, Montana-Dakota entered into a \$125.0 million note purchase agreement with maturity dates ranging from September 15, 2051 to September 15, 2061, at a weighted average interest rate of 3.23 percent. On September 15, 2021, Montana-Dakota issued \$75.0 million in senior notes under the note purchase agreement with the remaining \$50.0 million scheduled to be issued on December 15, 2021. The agreement contains customary covenants and provisions, including a covenant of Montana-Dakota not to permit, at any time, the ratio of total debt to total capitalization to be greater than 65 percent.

Off balance sheet arrangements

At September 30, 2021, the Company had no material off balance sheet arrangements.

Contractual obligations and commercial commitments

There were no material changes in the Company's contractual obligations relating to estimated interest payments, asset retirement obligations, uncertain tax positions and minimum funding requirements for its defined benefit plans for 2021 from those reported in the 2020 Annual Report.

The Company has entered into various commitments largely consisting of contracts for natural gas and coal supply; purchased power; natural gas transportation and storage; royalties; information technology; and construction materials. Certain of these contracts are subject to variability in volume and price. The commitments under these contracts as of September 30, 2021, were:

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
	(In millions)				
Purchase commitments	\$ 594.4	\$ 373.9	\$ 200.3	\$ 786.3	\$ 1,954.9

For more information on contractual obligations and commercial commitments, see Part II, Item 7 in the 2020 Annual Report.

New Accounting Standards

For information regarding new accounting standards, see Note 2, which is incorporated by reference.

Critical Accounting Estimates

The Company's critical accounting estimates include impairment testing of goodwill; fair values of acquired assets and liabilities under the acquisition method of accounting; regulatory assets expected to be recovered in rates charged to customers; revenue recognized using the cost-to-cost measure of progress for contracts; actuarially determined benefit costs; and tax provisions. There were no material changes in the Company's critical accounting estimates from those reported in the 2020 Annual Report. For more information on critical accounting estimates, see Part II, Item 7 in the 2020 Annual Report.

Non-GAAP Financial Measures

The Business Segment Financial and Operating Data includes financial information prepared in accordance with GAAP, as well as another financial measure, adjusted gross margin, that is considered a non-GAAP financial measure as it relates to the Company's electric and natural gas distribution segments. The presentation of adjusted gross margin is intended to be a useful supplemental financial measure for investors' understanding of the segments' operating performance. This non-GAAP financial measure should not be considered as an alternative to, or more meaningful than, GAAP financial measures such as operating income (loss) or net income (loss). The Company's non-GAAP financial measure, adjusted gross margin, is not standardized; therefore, it may not be possible to compare this financial measure with other companies' gross margin measures having the same or similar names.

In addition to operating revenues and operating expenses, management also uses the non-GAAP financial measure of adjusted gross margin when evaluating the results of operations for the electric and natural gas distribution segments. Adjusted gross margin for the electric and natural gas distribution segments is calculated by adding back adjustments to operating income (loss). These add-back adjustments include: operation and maintenance expense; depreciation, depletion and amortization expense; and certain taxes, other than income.

Adjusted gross margin includes operating revenues less the cost of electric fuel and purchased power, purchased natural gas sold and certain taxes, other than income. These taxes, other than income, included as a reduction to adjusted gross margin relate to revenue taxes. These segments pass on to their customers the increases and decreases in the wholesale cost of power purchases, natural gas and other fuel supply costs in accordance with regulatory requirements. As such, the segments' revenues are directly impacted by the fluctuations in such commodities. Revenue taxes, which are passed back to customers, fluctuate with revenues as they are calculated as a percentage of revenues. For these reasons, period over period, the segments' operating income (loss) is generally not impacted. The Company's management believes the adjusted gross margin is a useful supplemental financial measure as these items are included in both operating revenues and operating expenses. The Company's management also believes that adjusted gross margin and the remaining operating expenses that calculate operating income (loss) are useful in assessing the Company's utility performance as management has the ability to influence control over the remaining operating expenses.

The following information reconciles operating income to adjusted gross margin for the electric segment.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(In millions)			
Operating income	\$ 27.3	\$ 21.1	\$ 54.0	\$ 48.8
Adjustments:				
Operating expenses:				
Operation and maintenance	31.2	30.7	93.8	90.5
Depreciation, depletion and amortization	17.0	15.8	50.0	47.0
Taxes, other than income	3.9	4.4	13.1	13.0
Total adjustments	52.1	50.9	156.9	150.5
Adjusted gross margin	\$ 79.4	\$ 72.0	\$ 210.9	\$ 199.3

The following information reconciles operating income to adjusted gross margin for the natural gas distribution segment.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(In millions)			
Operating income (loss)	\$ (14.2)	\$ (18.4)	\$ 42.9	\$ 32.3
Adjustments:				
Operating expenses:				
Operation and maintenance	47.7	46.9	145.0	135.9
Depreciation, depletion and amortization	21.5	21.3	64.2	63.1
Taxes, other than income	6.8	6.3	20.6	18.5
Total adjustments	76.0	74.5	229.8	217.5
Adjusted gross margin	\$ 61.8	\$ 56.1	\$ 272.7	\$ 249.8

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to the impact of market fluctuations associated with interest rates and commodity prices. The Company has policies and procedures to assist in controlling these market risks and from time to time has utilized derivatives to manage a portion of its risk.

Interest rate risk

There were no material changes to interest rate risk faced by the Company from those reported in the 2020 Annual Report.

At September 30, 2021, the Company had no outstanding interest rate hedges.

Commodity price risk

There were no material changes to commodity price risk faced by the Company from those reported in the 2020 Annual Report.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. The Company's disclosure controls and other procedures are designed to provide reasonable assurance that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. The Company's disclosure controls and other procedures are designed to provide reasonable assurance that information required to be disclosed is accumulated and communicated to management, including the Company's chief executive officer and chief financial officer, to allow timely decisions regarding required disclosure. The Company's management, with the participation of the Company's chief executive officer and chief financial officer, has evaluated the effectiveness of the Company's disclosure controls and other procedures as of the end of the period covered by this report. Based upon that evaluation, the chief executive officer and the chief financial officer have concluded that, as of the end of the period covered by this report, such controls and procedures were effective at a reasonable assurance level.

Changes in internal controls

No change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the three months ended September 30, 2021, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II -- Other Information

Item 1. Legal Proceedings

There were no material changes to the Company's legal proceedings in Part 1, Item 3 - Legal Proceedings in the 2020 Annual Report.

Item 1A. Risk Factors

Please refer to the Company's risk factors that are disclosed in Part I, Item 1A. Risk Factors in the 2020 Annual Report that could be materially harmful to the Company's business, prospects, financial condition or financial results if they occur. At September 30, 2021, there were no material changes to the Company's risk factors provided in Part I, Item 1A. Risk Factors in the 2020 Annual Report other than as set forth below.

Technology disruptions or cyberattacks could adversely impact the Company's operations.

The Company uses technology in substantially all aspects of its business operations and requires uninterrupted operation of information technology and operation technology systems, including disaster recovery and backup systems and network infrastructure. While the Company has policies, procedures and processes in place designed to strengthen and protect these systems, they may be vulnerable to physical and cybersecurity failures or unauthorized access, due to:

- hacking,
- human error,
- theft,
- sabotage,
- malicious software,
- ransomware,
- third-party compromise,
- acts of terrorism,
- acts of war,
- acts of nature or
- other causes.

Although there are manual processes in place, should a compromise or system failure occur, interdependencies to technology may disrupt the Company's ability to fulfill critical business functions. This may include interruption of electric generation, transmission and distribution facilities, natural gas storage and pipeline facilities and facilities for delivery of construction materials or other products and services, any of which could adversely affect the Company's reputation, business, cash flows and results of operations or subject the Company to legal or regulatory liabilities and increased costs. Additionally, the Company's electric generation and transmission systems and natural gas pipelines are part of interconnected systems with other operators' facilities; therefore, a cyber-related disruption in another operator's system could negatively impact the Company's business.

The Company's accounting systems and its ability to collect information and invoice customers for products and services could be disrupted. If the Company's operations are disrupted, it could result in decreased revenues and remediation costs that could adversely affect the Company's results of operations and cash flows.

The Company is subject to cybersecurity and privacy laws and regulations of many government agencies, including TSA, FERC and NERC. NERC issues comprehensive regulations and standards surrounding the security of bulk power systems and continually updates these requirements, as well as establishing new requirements with which the utility industry must comply. As these regulations evolve, the Company may experience increased compliance costs and may be at higher risk for violating these standards. Experiencing a cybersecurity incident could cause the Company to be non-compliant with applicable laws and regulations, causing the Company to incur costs related to legal claims, proceedings and regulatory fines or penalties.

The Company, through the ordinary course of business, requires access to sensitive customer, supplier, employee and Company data. While the Company has implemented extensive security measures, including limiting the amount of sensitive information retained, a breach of its systems could compromise sensitive data and could go unnoticed for some time. Such an event could result in negative publicity and reputational harm, remediation costs, legal claims and fines that could have an adverse effect on the Company's financial results. Third-party service providers that perform critical business functions for the Company or have access to sensitive information within the Company also may be vulnerable to security breaches and information technology risks that could adversely affect the Company.

The Company's information systems experience ongoing and often sophisticated cyberattacks by a variety of sources with the apparent aim to breach the Company's cyber-defenses. Although the incidents the Company has experienced to date have not had a material effect on its business, financial condition or results of operations, such incidents could have a material adverse effect in the future as cyberattacks continue to increase in frequency and sophistication. The Company is continuously reevaluating the need to upgrade and/or replace systems and network infrastructure. These upgrades and/or replacements could adversely impact

operations by imposing substantial capital expenditures, creating delays or outages, or experiencing difficulties transitioning to new systems. System disruptions, if not anticipated and appropriately mitigated, could adversely affect the Company.

The Company's participation in joint venture contracts may have a negative impact on its reputation, business operations, revenues, results of operations, liquidity and cash flows.

The Company enters into certain joint venture arrangements typically to bid and execute particular projects. Generally, these agreements are directly with a third-party client; however, services may be performed by the venture, the joint venture partners or a combination thereof. Engaging in joint venture contracts exposes the Company to risks and uncertainties, some of which are outside the Company's control.

The Company is reliant on joint venture partners to satisfy their contractual obligations, including obligations to commit working capital and equity, and to perform the work as outlined in the agreement. Failure to do so could result in the Company providing additional investments or services to address such performance issues. If the Company is unable to satisfactorily resolve any partner performance issues, the customer could terminate the contract opening the Company to legal liability which could negatively impact the Company's reputation, revenues, results of operations, liquidity and cash flows.

COVID-19 may have a negative impact on the Company's business operations, revenues, results of operations, liquidity and cash flows.

The ongoing COVID-19 pandemic has disrupted national, state and local economies. To the extent the COVID-19 pandemic adversely impacts the Company's businesses, operations, revenues, liquidity or cash flows, it could also have a heightening effect on other risks described in the 2020 Annual Report. The degree to which COVID-19 will impact the Company depends on future developments, including the resurgence and/or variants of the virus, actions taken by governmental authorities, effectiveness of vaccines being administered, and the pace and extent to which the economy recovers and returns to relatively normal operating conditions.

The Company's businesses have generally been deemed essential service providers and have experienced some inefficiencies and interruptions on its businesses from the pandemic. The Company could be materially affected if its services were deemed no longer essential or if conditions worsen and new restrictions are imposed by national, state or local governmental authorities.

The Company's operations have experienced minor disruptions due to shortages of employees or third-party contractors and altered work operations. Government and customer vaccine mandates could leave the Company with a shortage of vaccinated employees or reduce workforce capacity to bid on new projects, which may further exacerbate the already tight labor markets for skilled employees or cause additional wage inflation. The Company could also be impacted by additional costs and lost productivity associated with COVID-19 testing and tracking of employee vaccination records. If a significant percentage of the Company's workforce are unable to work because of illness, quarantine, vaccination requirements or government restrictions in connection with the COVID-19 pandemic, the Company's operations may be negatively impacted, potentially adversely affecting its business, operations, revenues, liquidity and cash flows.

In response to the COVID-19 pandemic, the Company implemented a remote work environment for a portion of the Company's workforce. As of July 2021, many of these employees returned to their office; however, some employees have transitioned to a permanent remote work environment. The increase in remote work and longevity of the pandemic may create increased vulnerability to cybersecurity incidents affecting the Company's ability to maintain secure operations, communications and productivity. To date, the Company has not experienced any significant delays or information technology disruptions as a result of the COVID-19 pandemic.

Other factors associated with the COVID-19 pandemic that could impact the Company's businesses and future operating results, revenues and liquidity include impacts related to the health, safety, and availability of employees and contractors; extended rise in unemployment; public and private sector budget changes and constraints; continued flexible payment plans; counterparty credit; costs and availability of supplies; capital construction and infrastructure operation and maintenance programs; financing plans; pension valuations; travel restrictions; and legal and regulatory matters, including the potential for delayed regulatory filings, accounting for the impacts of the COVID-19 pandemic and recovery of invested capital. The economic and market disruptions resulting from COVID-19 could also lead to greater than normal uncertainty with respect to the realization of estimated amounts, including estimates for backlog, revenue recognition, intangible assets, other investments and provisions for credit losses.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table includes information with respect to the Company's purchase of equity securities:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased (1)	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (2)	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (2)
July 1 through July 31, 2021	—	—	—	—
August 1 through August 31, 2021	—	—	—	—
September 1 through September 30, 2021	—	—	—	—
Total	—	—	—	—

(1) Represents shares of common stock purchased on the open market in connection with the vesting of shares granted pursuant to the Long-Term Performance-Based Incentive Plan.

(2) Not applicable. The Company does not currently have in place any publicly announced plans or programs to purchase equity securities.

Item 4. Mine Safety Disclosures

For information regarding mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Act and Item 104 of Regulation S-K, see Exhibit 95 to this Form 10-Q, which is incorporated herein by reference.

Item 5. Other Information

None.

Item 6. Exhibits

See the index to exhibits immediately preceding the signature page to this report.

Exhibits Index

Incorporated by Reference

Exhibit Number	Exhibit Description	Filed Herewith	Form	Period Ended	Exhibit	Filing Date	File Number
3(a)	Amended and Restated Certificate of Incorporation of MDU Resources Group, Inc.		8-K		3.2	5/8/19	1-03480
3(b)	Amended and Restated Bylaws of MDU Resources Group, Inc.		8-K		3.1	2/15/19	1-03480
+10(c)	MDU Resources Group, Inc. Deferred Compensation Plan Adoption Agreement, as amended August 12, 2021	X					
31(a)	Certification of Chief Executive Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X					
31(b)	Certification of Chief Financial Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X					
32	Certification of Chief Executive Officer and Chief Financial Officer furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X					
95	Mine Safety Disclosures	X					
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document						
101.SCH	XBRL Taxonomy Extension Schema Document						
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document						
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document						
101.LAB	XBRL Taxonomy Extension Label Linkbase Document						
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document						
+ Management contract, compensatory plan or arrangement.							

Signatures

Pursuant to the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MDU RESOURCES GROUP, INC.

DATE: November 4, 2021

BY: /s/ Jason L. Vollmer
Jason L. Vollmer
Vice President and Chief Financial Officer

BY: /s/ Stephanie A. Barth
Stephanie A. Barth
Vice President, Chief Accounting Officer
and Controller

THE MDU RESOURCES GROUP, INC. DEFERRED COMPENSATION PLAN

ADOPTION AGREEMENT

THIS AGREEMENT is the adoption by **MDU Resources Group, Inc.** (the "Company") of the MDU Resources Group, Inc. Deferred Compensation Plan ("Plan").

W I T N E S S E T H:

WHEREAS, the Company desires to adopt the Plan as an unfunded, nonqualified deferred compensation plan; and

WHEREAS, the provisions of the Plan are intended to comply with the requirements of Section 409A of the Code and the regulations thereunder and shall apply to amounts subject to section 409A; and

WHEREAS, the Company has been advised by Principal Life Insurance Company to obtain legal and tax advice from its professional advisors before adopting the Plan,

NOW, THEREFORE, the Company hereby adopts the Plan in accordance with the terms and conditions set forth in this Adoption Agreement:

ARTICLE I

Terms used in this Adoption Agreement shall have the same meaning as in the Plan, unless some other meaning is expressly herein set forth. The Company hereby represents and warrants that the Plan has been adopted by the Company upon proper authorization and the Company hereby elects to adopt the Plan for the benefit of its Participants as referred to in the Plan. By the execution of this Adoption Agreement, the Company, for itself and its subsidiaries, hereby agrees to be bound by the terms of the Plan.

ARTICLE II

The Employer hereby makes the following designations or elections for the purpose of the Plan:

2.6 Committee: The duties of the Committee set forth in the Plan shall be satisfied by:

- (a) Company
- (b) The administrative committee appointed by the Board to serve at the pleasure of the Board.
- (c) Board.

XX (d) Other (specify): **The Compensation Committee of the MDU Resources Board of Directors, or its designee.**

2.8 Compensation: The "Compensation" of a Participant shall mean all of a Participant's:

- XX** (a) Base salary.
- XX** (b) Service Bonus.

XX Service Bonus earned from 1/1 – 12/31, paid on or around first quarter of the following Plan Year.

Service Bonus earned each calendar quarter, paid on or around the following calendar quarter.

Service Bonus with no defined earnings period (e.g.: a “spot bonus”)

XX (c) Performance-Based Compensation earned in a period of 12 months or more.

XX Performance Based Bonus earned from 1/1 – 12/31, paid on or around first quarter the following Plan Year and whose elections must be made no later than 6/30 of the Plan Year it is earned.

Performance Based Bonus earned from ___, paid on or around ___ the following Plan Year and whose elections must be made no later than ___ of the Plan Year it is earned.

(d) Commissions.

XX (e) Compensation received as an Independent Contractor reportable on Form 1099.

(f) Other:

2.9 Crediting Date: The Deferred Compensation Account of a Participant shall be credited as follows:

Participant Deferral Credits at the time designated below:

XX (a) On any business day as specified by the Employer.

(b) Each pay day as reported by the Employer.

(c) The last business day of each payroll period during the Plan Year.

Employer Credits at the time designated below:

XX (a) On any business day as specified by the Employer.

2.13 Effective Date:

(a) This is a newly-established Plan, and the Effective Date of the Plan is January 1, 2021.

XX (b) This is an amendment of a plan named MDU Resources Group, Inc. Deferred Compensation Plan dated January 1, 2021 and governing all contributions to the plan through and after August 12, 2021. The Effective Date of this amended Plan is August 12, 2021.

2.20 Normal Retirement Age: The Normal Retirement Age of a Participant shall be:

XX (a) Age 65.

(b) The later of age__or the__anniversary of the participation commencement date. The participation commencement date is the first day of the first Plan Year in which the Participant commenced participation in the Plan.

(c) Other:___.

2.23 Participating Employer(s): As of the Effective Date, the following Participating Employer(s) are parties to the Plan:

<u>Name of Employer</u>	<u>EIN</u>
<u>MDU Resources Group, Inc. for itself and its subsidiaries</u>	<u>30-1133956</u>

2.26 Plan: The name of the Plan is

MDU Resources Group, Inc. Deferred Compensation Plan.

2.28 Plan Year: The Plan Year shall end each year on the last day of the month of December.

2.30 Seniority Date: The date on which a Participant has:

(a) Attained age_.

(b) Completed Years of Service from First Date of Service.

(c) Attained age_and completed_Years of Service from First Date of Service.

XX (d) Not applicable – distribution elections for Separation from Service are not based on Seniority Date.

4.1 Participant Deferral Credits: Subject to the limitations in Section 4.1 of the Plan, a Participant may elect to have his Compensation (as selected in Section 2.8 of this Adoption Agreement) deferred within the annual limits below by the following percentage or amount as designated in writing to the Committee:

XX (a) Base salary:

minimum deferral: ____ %

maximum deferral: 80 %

XX (b) Service Bonus:

XX Service Bonus

minimum deferral: ____ %

maximum deferral: 100 %

XX (c) Performance-Based Compensation:

XX Performance Based Bonus

minimum deferral: ____ %

maximum deferral: 100 %

(d) Commissions:

minimum
deferral: %

maximum
deferral: %

XX (e) Form 1099 Compensation:

minimum deferral: ____ %

maximum deferral: 100 %

(f) Other:

minimum
deferral: %

maximum
deferral: %

(g) Participant deferrals not allowed.

4.1.2 Participant Deferral Credits and Employer Credits – Election Period: Participant elections regarding Participant Deferral Credits and Employer Credits shall be subject to the following effective periods (one must be selected):

- XX** (a) Evergreen election. An election made by the Participant shall continue in effect for subsequent years until modified by the Participant as permitted in Section 4.1 and Section 4.2. (This option is not permitted if source year accounts are elected in Section 4.3)
- (b) Non-Evergreen election. Any election made by the Participant shall only remain in effect for the current election period and will then expire. An election for each subsequent year will be required as permitted in Sections 4.1 and 4.2.

4.2 Employer Credits: Employer Credits will be made in the following manner:

XX (a) **Employer Credits 1 (Employer Discretionary Credits):** The Employer may make discretionary credits to the Deferred Compensation Account of each Active Participant in an amount determined as follows:

XX (i) An amount determined each Plan Year by the Employer.

(ii) Other: ____.

(b) **Employer Credits 2 (Other Employer Credits):** The Employer may make other credits to the Deferred Compensation Account of each Active Participant in an amount determined as follows:

(i) An amount determined each Plan Year by the Employer.

(ii) Other: ____.

(c) Employer Credits not allowed.

4.3 Deferred Compensation Account: The Participant is permitted to establish the following accounts:

XX (a) Non-source year account(s). Deferred Compensation Account(s) will not be established on a source year basis:

(i) A Participant may establish only one account to be distributed upon Separation from Service. One set of payment options for that account is allowed as permitted in Section 7.1. Additional In-Service or Education accounts may be established as permitted in Section 5.4.

XX (ii) A Participant may establish multiple accounts to be distributed upon Separation from Service. Each account may have one set of payment options as permitted in Section 7.1. Additional In-Service or Education accounts may be established as permitted in Section 5.4. If this multiple account option is elected, the Participant will also be required to elect Separation from Service payment options for each In-Service or Education account established.

(b) Source year account(s): Annual Deferred Compensation Account(s) will be established each year in which Participant Deferral Credits or Employer Credits are credited to the Participant. Only one account may be established each year for distribution upon Separation from Service. One set of payment options for that account is allowed as permitted in Section 7.1. Additional In-Service or Education accounts may be established for each source year as permitted in Section 5.4. If this option is selected, Evergreen elections as described in Section 4.1.2 are not permitted.

5.2 Disability of a Participant:

XX (a) A Participant's becoming Disabled shall be a Qualifying Distribution Event and the Deferred Compensation Account shall be paid by the Employer as provided in Section 7.1.

(b) A Participant becoming Disabled shall not be a Qualifying Distribution Event.

5.3 Death of a Participant: If the Participant dies while in Service, the Employer shall pay a benefit to the Beneficiary in an amount equal to the vested balance in the Deferred Compensation Account of the Participant determined as of the date payments to the Beneficiary commence, plus:

(a) An amount to be determined by the Committee.

XX (b) No additional benefits.

5.4 In-Service or Education Distributions: In-Service and Education Accounts are permitted under the Plan:

- XX (a) In-Service Accounts are allowed with respect to:
XX Participant Deferral Credits only.
Employer Credits only.
Participant Deferral and Employer Credits.

In-service distributions may be made in the following manner:

- XX Single lump sum payment.
XX Annual installments over a term certain not to exceed 5 years.

Education Accounts are allowed with respect to:

- Participant Deferral Credits only.
Employer Credits only.
Participant Deferral and Employer Credits.

Education Accounts distributions may be made in the following manner:

- Single lump sum payment.
Annual installments over a term certain not to exceed years.

If applicable, amounts not vested at the time payments due under this Section cease will be:

- Forfeited
Distributed at Separation from Service if vested at that time

- (b) No In-Service or Education Distributions permitted.

5.5 Change in Control Event:

- (a) Participants may elect upon initial enrollment to have accounts distributed upon a Change in Control Event.

- XX (b) A Change in Control shall not be a Qualifying Distribution Event.

5.6 Unforeseeable Emergency Event:

- XX (a) Participants may apply to have accounts distributed upon an Unforeseeable Emergency event.

- (b) An Unforeseeable Emergency shall not be a Qualifying Distribution Event.

6. Vesting: An Active Participant shall be vested in the Employer Credits made to the Deferred Compensation Account upon the first to occur of the following events:

- ☐ (a) Normal Retirement Age.
- ☒ (b) Full vesting upon Death.
- ☒ (c) Full vesting upon Disability.
- ☒ (d) Full vesting after attaining age sixty-five (65) and completing at least ten (10) “years of continuous service” with the Company.
- ☒ (e) Involuntary separates from service with the Company within twelve (12) months of a “change in control” of the Participant’s direct Employer (within the meaning of Code Section 409A), then such Participant shall have a nonforfeitable (vested) right to 100% of the amounts credited to the Participant’s account(s).
- ☒ (f) Satisfaction of the vesting requirement as specified below:

☐	(i)	Immediate 100% vesting.	
☐	(ii)	100% vesting after_Years of Service.	
☐	(iii)	100% vesting at age_.	
☒	(iv)	Number of Years of Service	Vested Percentage
		Less than	1
			0 %
			1
			34 %
			2
			67 %
			3
			100 %
			4
			%
			5
			%
			6
			%
			7
			%
			8
			%
			9
			%
			10 or more
			%

For this purpose, Years of Service of a Participant shall be calculated from the date designated below:

- ☐ (1) First day of Service.
- ☐ (2) Effective date of Plan participation.
- ☒ (3) Each Crediting Date. Under this option (3), each Employer Credit shall vest based on the Years of Service of a Participant from the Crediting Date on which each Employer Credit is made to his or her Deferred Compensation Account.

Employer Credits 2 (Other Employer Credits):

–	(i)	Immediate 100% vesting.	
–	(ii)	100% vesting after Years of Service.	
–	(iii)	100% vesting at age_.	
–	(iv)	Number of Years of Service	Vested Percentage
		Less than	1
			1
			2
			3
			4
			5
			6
			___ %
			___ %
			___ %
			___ %
			___ %
			___ %
			___ %

For this purpose, Years of Service of a Participant shall be calculated from the date designated below:

- (1) First day of Service.
- (2) Effective date of Plan participation.
- (3) Each Crediting Date. Under this option (3), each Employer Credit shall vest based on the Years of Service of a Participant from the Crediting Date on which each Employer Discretionary Credit is made to his or her Deferred Compensation Account.

7.1 Payment Options: Any benefit payable under the Plan upon a permitted Qualifying Distribution Event may be made to the Participant or his Beneficiary (as applicable) in any of the following payment forms, as selected by the Participant in the Participation Agreement:

(a) Separation from Service (Seniority Date is Not Applicable)

XX (i) A lump sum.

XX (ii) Annual installments over a term certain as elected by the Participant not to exceed **10** years.

(b) Separation from Service prior to Seniority Date (If Applicable)

(i) A lump sum.

XX (ii) Not Applicable

(c) Separation from Service on or After Seniority Date (If Applicable)

(i) A lump sum.

(ii) Annual installments over a term certain as elected by the Participant not to exceed years.

XX (iii) Not Applicable

(d) Separation from Service Upon a Change in Control Event

XX (i) A lump sum.

(e) Death

XX (i) A lump sum.

(ii) Annual installments over a term certain as elected by the Participant not to exceed years.

(f) Disability

XX (i) A lump sum.

XX (ii) Annual installments over a term certain as elected by the Participant not to exceed **10** years.

(iii) Not applicable.

If applicable, amounts not vested at the time payments due under this Section cease will be:

Forfeited

Distributed at Separation from Service if vested at that time

(g) Change in Control Event

(i) A lump sum.

XX (ii) Not Applicable

If applicable, amounts not vested at the time payments due under this Section cease will be:

Forfeited

Distributed at Separation from Service if vested at that time

7.4 De Minimis Amounts.

XX (a) Notwithstanding any payment election made by the Participant, the vested balance in all Deferred Compensation Account(s) of the Participant will be distributed in a single lump sum payment at the time designated under the Plan if at the time of a permitted Qualifying Distribution Event that is either a Separation from Service, death, Disability (if applicable) or Change in Control Event (if applicable) the vested balance does not exceed **\$50,000**. In addition, the Employer may distribute a Participant's vested balance in all Deferred Compensation Account(s) of the Participant at any time if the balance does not exceed the limit in Section 402(g)(1)(B) of the Code and results in the termination of the Participant's

entire interest in the Plan and any other Employer plan subject to aggregation under Section 409A of the Code.

- (b) There shall be no pre-determined de minimis amount under the Plan; however, the Employer may distribute a Participant's vested balance at anytime if the balance does not exceed the limit in Section 402(g)(1)(B) of the Code and results in the termination of the Participant's entire interest in the Plan and any other Employer plan subject to aggregation under Section 409A of the Code.

10.1 Contractual Liability: Liability for payments under the Plan shall be the responsibility of the:

XX (a) Company.

- (b) Employer or Participating Employer who employed the Participant when amounts were deferred.

14. Amendment and Termination of Plan: Notwithstanding any provision in this Adoption Agreement or the Plan to the contrary, Section___of the Plan shall be amended to read as provided in attached Exhibit __

XX There are no amendments to the Plan.

17.8 Construction: The provisions of the Plan shall be construed and enforced according to the laws of the State of North Dakota, except to the extent that such laws are superseded by ERISA and the applicable provisions of the Code.

IN WITNESS WHEREOF, this Agreement has been executed as of the day and year stated below.

MDU Resources Group, Inc.

Name of Employer

By:

Authorized Person

Date:

CERTIFICATION

I, David L. Goodin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MDU Resources Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2021

/s/ David L. Goodin

David L. Goodin

President and Chief Executive Officer

CERTIFICATION

I, Jason L. Vollmer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MDU Resources Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2021

/s/ Jason L. Vollmer

Jason L. Vollmer

Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

Each of the undersigned, David L. Goodin, the President and Chief Executive Officer, and Jason L. Vollmer, the Vice President and Chief Financial Officer of MDU Resources Group, Inc. (the "Company"), DOES HEREBY CERTIFY that:

1. The Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 (the "Report"), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHERE OF, each of the undersigned has executed this statement this 4th day of November, 2021.

/s/ David L. Goodin
David L. Goodin
President and Chief Executive Officer

/s/ Jason L. Vollmer
Jason L. Vollmer
Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to MDU Resources Group, Inc. and will be retained by MDU Resources Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

MDU RESOURCES GROUP, INC.
MINE SAFETY INFORMATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) requires issuers to include in periodic reports filed with the SEC certain information relating to citations or orders for violations of standards under the Federal Mine Safety and Health Act of 1977 (Mine Act), as amended by the Mine Improvement and New Emergency Response Act of 2006 (Mine Safety Act). The Dodd-Frank Act requires reporting of the following types of citations or orders:

1. Citations issued under Section 104 of the Mine Safety Act for violations that could significantly and substantially contribute to the cause and effect of a coal or other mine safety or health hazard.
2. Orders issued under Section 104(b) of the Mine Safety Act. Orders are issued under this section when citations issued under Section 104 have not been totally abated within the time period allowed by the citation or subsequent extensions.
3. Citations or orders issued under Section 104(d) of the Mine Safety Act. Citations or orders are issued under this section when it has been determined that the violation is caused by an unwarrantable failure of the mine operator to comply with the standards. An unwarrantable failure occurs when the mine operator is deemed to have engaged in aggravated conduct constituting more than ordinary negligence.
4. Citations issued under Section 110(b)(2) of the Mine Safety Act for flagrant violations. Violations are considered flagrant for repeat or reckless failures to make reasonable efforts to eliminate a known violation of a mandatory health and safety standard that substantially and proximately caused, or reasonably could have been expected to cause, death or serious bodily injury.
5. Imminent danger orders issued under Section 107(a) of the Mine Safety Act. An imminent danger is defined as the existence of any condition or practice in a coal or other mine which could reasonably be expected to cause death or serious physical harm before such condition or practice can be abated.
6. Notice received under Section 104(e) of the Mine Safety Act of a pattern of violations or the potential to have such a pattern of violations that could significantly and substantially contribute to the cause and effect of mine health and safety standards.

During the three months ended September 30, 2021, none of the Company's operating subsidiaries received citations or orders under the following sections of the Mine Safety Act: 104(b), 104(d), 110(b)(2) or 104(e). The Company did not have any mining-related fatalities during this period.

MSHA Identification Number/Contractor ID	Section 104 S&S Citations (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessments Proposed (\$)	Legal Actions Pending as of Last Day of Period (#)	Legal Actions Initiated During Period (#)
10-02089	—	—	136	—	—
13-02222	—	—	125	—	—
21-03133	—	—	125	—	—
21-03219	—	—	125	—	—
21-03502	—	—	125	—	—
21-03572	1	—	987	—	—
21-03642	—	—	125	—	—
24-00478	—	—	125	—	—
32-00776	1	—	595	—	—
32-00777	—	—	125	—	—
32-00950	—	—	500	—	—
35-00512	—	—	125	1	1
35-00521	—	—	125	—	—
35-02382	—	—	737	1	1
35-02906	—	—	125	—	—
35-02968	—	—	271	2	1
35-03022	—	—	261	—	—
35-03321	—	—	250	—	—
35-03505	—	—	125	—	—
35-03527	—	—	625	—	—
35-03558	—	—	125	—	—
35-03667	—	—	655	—	—
35-03678	—	—	250	—	—
35-03751	1	—	271	—	—
35-03380	—	—	250	—	—
39-00008	1	—	—	—	—
41-03931	1	—	—	1	1
48-01383	2	1	20,777	—	—
48-01518	3	—	—	—	—
50-00883	—	—	375	—	—
50-01196	—	—	750	—	—
	10	1	\$ 29,190	5	4

Legal actions pending before the Federal Mine Safety and Health Review Commission (the Commission) may involve, among other questions, challenges by operators to citations, orders and penalties they have received from the Federal Mine Safety and Health Administration (MSHA) or complaints of discrimination by miners under section 105 of the Mine Act. The following is a brief description of the types of legal actions that may be brought before the Commission.

- Contests of Citations and Orders - A contest proceeding may be filed with the Commission by operators, miners or miners' representatives to challenge the issuance of a citation or order issued by MSHA.
- Contests of Proposed Penalties (Petitions for Assessment of Penalties) - A contest of a proposed penalty is an administrative proceeding before the Commission challenging a civil penalty that MSHA has proposed for the alleged violation contained in a citation or order.
- Complaints for Compensation - A complaint for compensation may be filed with the Commission by miners entitled to compensation when a mine is closed by certain withdrawal orders issued by MSHA. The purpose of the proceeding is to determine the amount of compensation, if any, due miners idled by the orders.

- Complaints of Discharge, Discrimination or Interference - A discrimination proceeding is a case that involves a miner's allegation that he or she has suffered a wrong by the operator because he or she engaged in some type of activity protected under the Mine Act, such as making a safety complaint.
- Applications for Temporary Relief - Applications for temporary relief from any modification or termination of any order or from any order issued under section 104 of the Mine Act.
- Appeals of Judges' Decisions or Orders to the Commission - A filing with the Commission for discretionary review of a judge's decision or order by a person who has been adversely affected or aggrieved by such decision or order.

The following table reflects the types of legal actions pending before the Commission as of September 30, 2021:

MSHA Identification Number	Contests of Citations and Orders	Contests of Proposed Penalties	Complaints for Compensation	Complaints of Discharge, Discrimination or Interference	Applications for Temporary Relief	Appeals of Judges' Decisions or Orders to the Commission
35-00512	1	—	—	—	—	—
35-02382	1	—	—	—	—	—
35-02968	2	—	—	—	—	—
41-03931	1	—	—	—	—	—
	5	—	—	—	—	—