

**Montana-Dakota Utilities Co.
Electric Utility - South Dakota
Transmission Rider
Revenue Requirement - Leola Substation
Projected 2019**

| | Projected | | | | | | | | | | | | Average Balance |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|----------------|----------------|----------------|--------------|--------------------|
| | Jan 2019 | Feb 2019 | Mar 2019 | Apr 2019 | May 2019 | June 2019 | July 2019 | Aug 2019 | Sept 2019 | Oct 2019 | Nov 2019 | Dec 2019 | |
| Rate Base | | | | | | | | | | | | | |
| Plant Balance 1/ | | | | | | | | \$115,870 | \$115,870 | \$115,870 | \$115,870 | \$115,870 | |
| Accumulated Depreciation | | | | | | | | | 153 | 306 | 459 | 612 | |
| Net Plant in Service | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$115,870 | \$115,717 | \$115,564 | \$115,411 | \$115,258 | \$48,152 |
| Accum Def Income Taxes 3/ | \$60 | \$115 | \$164 | \$208 | \$246 | \$279 | \$306 | \$328 | \$345 | \$356 | \$362 | \$362 | |
| Total Rate Base | (\$60) | (\$115) | (\$164) | (\$208) | (\$246) | (\$279) | (\$306) | \$115,542 | \$115,372 | \$115,208 | \$115,049 | \$114,896 | \$47,891 |
| Return on Rate Base 5/ | \$0 | (\$1) | (\$1) | (\$1) | (\$1) | (\$2) | (\$2) | \$695 | \$694 | \$693 | \$692 | \$691 | \$3,457 |
| Expenses | | | | | | | | | | | | | Year End |
| Depreciation 2/ | | | | | | | | | \$153 | \$153 | \$153 | \$153 | \$612 |
| Taxes Other Than Income 4/ | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 35 | 475 |
| Total Expenses | \$40 | \$40 | \$40 | \$40 | \$40 | \$40 | \$40 | \$40 | \$193 | \$193 | \$193 | \$188 | \$1,087 |
| Income before Taxes | (\$40) | (\$40) | (\$40) | (\$40) | (\$40) | (\$40) | (\$40) | (\$40) | (\$193) | (\$193) | (\$193) | (\$188) | (\$1,087) |
| Interest Expense | 0 | 0 | 0 | 0 | (1) | (1) | (1) | 248 | 248 | 248 | 247 | 247 | 1,235 |
| Taxable income | (\$40) | (\$40) | (\$40) | (\$40) | (\$39) | (\$39) | (\$39) | (\$288) | (\$441) | (\$441) | (\$440) | (\$435) | (\$2,322) |
| Income Taxes 6/ | (\$8) | (\$8) | (\$8) | (\$8) | (\$8) | (\$8) | (\$8) | (\$60) | (\$93) | (\$93) | (\$92) | (\$91) | (\$485) |
| Operating Income | (\$32) | (\$32) | (\$32) | (\$32) | (\$32) | (\$32) | (\$32) | \$20 | (\$100) | (\$100) | (\$101) | (\$97) | (\$602) |
| Increase in Operating Income Required | \$32 | \$31 | \$31 | \$31 | \$31 | \$30 | \$30 | \$675 | \$794 | \$793 | \$793 | \$788 | \$4,059 |
| Gross Revenue Conversion Factor 6/ | 1.26582 | 1.26582 | 1.26582 | 1.26582 | 1.26582 | 1.26582 | 1.26582 | 1.26582 | 1.26582 | 1.26582 | 1.26582 | 1.26582 | 1.26582 |
| Revenue Increase | \$41 | \$39 | \$39 | \$39 | \$39 | \$38 | \$38 | \$854 | \$1,005 | \$1,004 | \$1,004 | \$997 | \$5,137 |
| Gross Receipts Tax 7/ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 2 | 2 | 2 | 1 | 8 |
| Required Revenue Increase | \$41 | \$39 | \$39 | \$39 | \$39 | \$38 | \$38 | \$855 | \$1,007 | \$1,006 | \$1,006 | \$998 | \$5,145 |

**Montana-Dakota Utilities Co.
Electric Utility - South Dakota
Transmission Rider
Revenue Requirement - Leola Substation
Projected 2019**

South Dakota Factor #15: 5.292291%

1/ Plant in Service, estimated in service date August 2019:

Substation: \$2,160,427
Node: 28,977
Total: \$2,189,404
SD Factor #15: 5.292291%
\$115,870

2/ Depreciation: (Depreciation booked on prior month plant balance, starts booking in September)

Plant (SD Alloc.): \$115,870
Depreciation Rate: 1.58%
Annual Depreciation: \$1,831
Monthly: \$153

3/ Deferred income tax, based on Half Year Convention, 20-year asset.

2019 year end plant balance: 115,870
Tax Depreciation Rate: 3.75%
Tax Depreciation: 4,345
Book Depreciation: 612
Remainder: 3,733
Income Tax Rate: 21.00%
Deferred Income Tax: 784
Monthly: 65

Proration of Monthly DIT:

| January | February | March | April | May | June | |
|---------|----------|-----------|---------|----------|----------|-------|
| 91.78% | 84.11% | 75.62% | 67.40% | 58.90% | 50.68% | |
| 60 | 55 | 49 | 44 | 38 | 33 | |
| July | August | September | October | November | December | Total |
| 42.19% | 33.70% | 25.48% | 16.99% | 8.77% | 0.27% | |
| 27 | 22 | 17 | 11 | 6 | 0 | 362 |

4/ Property Tax:

Year End Plant Balance: 115,870
South Dakota Effective Rate 0.41% (Ad Valorem - Transmission)
Annual Property Tax: 475
Monthly: 40

5/ Authorized ROR per Docket No. EL15-024. 7.216%

6/ Tax Rate 21.0000% (Federal Tax Rate = 21%, SD State Tax Rate = 0%)
1- tax rate 79.0000%
Gross Revenue Conversion Factor 1.26582

7/ Gross Receipts tax - 2019 0.0015

**Montana-Dakota Utilities Co.
Electric Utility - South Dakota
Transmission Rider
Revenue Requirement - Leola Lines
Projected 2019**

| | Projected | | | | | | | | | | | | Average Balance | |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|--------------------|---------------------|
| | Jan 2019 | Feb 2019 | Mar 2019 | Apr 2019 | May 2019 | June 2019 | July 2019 | Aug 2019 | Sept 2019 | Oct 2019 | Nov 2019 | Dec 2019 | | |
| Rate Base | | | | | | | | | | | | | | |
| Plant Balance 1/ | | | | | | | | \$633,403 | \$633,403 | \$633,403 | \$633,403 | \$633,403 | \$633,403 | |
| Accumulated Depreciation | | | | | | | | | 1,072 | 2,144 | 3,216 | 4,288 | | |
| Net Plant in Service | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$633,403 | \$632,331 | \$631,259 | \$630,187 | \$629,115 | \$263,025 | |
| Accum Def Income Taxes 3/ | \$313 | \$600 | \$858 | \$1,088 | \$1,289 | \$1,462 | \$1,606 | \$1,721 | \$1,808 | \$1,866 | \$1,896 | \$1,897 | | |
| Total Rate Base | (\$313) | (\$600) | (\$858) | (\$1,088) | (\$1,289) | (\$1,462) | (\$1,606) | \$631,682 | \$630,523 | \$629,393 | \$628,291 | \$627,218 | \$261,658 | |
| Return on Rate Base 5/ | (\$2) | (\$4) | (\$5) | (\$7) | (\$8) | (\$9) | (\$10) | \$3,799 | \$3,792 | \$3,785 | \$3,778 | \$3,772 | \$18,881 | |
| Expenses | | | | | | | | | | | | | | |
| Depreciation 2/ | | | | | | | | | | \$1,072 | \$1,072 | \$1,072 | \$1,072 | Year End \$4,288 |
| Taxes Other Than Income 4/ | 216 | 216 | 216 | 216 | 216 | 216 | 216 | 216 | 216 | 216 | 216 | 221 | 2,597 | |
| Total Expenses | \$216 | \$216 | \$216 | \$216 | \$216 | \$216 | \$216 | \$216 | \$216 | \$1,288 | \$1,288 | \$1,288 | \$1,293 | \$6,885 |
| Income before Taxes | (\$216) | (\$216) | (\$216) | (\$216) | (\$216) | (\$216) | (\$216) | (\$216) | (\$216) | (\$1,288) | (\$1,288) | (\$1,288) | (\$1,293) | (\$6,885) |
| Interest Expense | (1) | (1) | (2) | (2) | (3) | (3) | (3) | 1,358 | 1,355 | 1,353 | 1,350 | 1,348 | 6,749 | |
| Taxable income | (\$215) | (\$215) | (\$214) | (\$214) | (\$213) | (\$213) | (\$213) | (\$1,574) | (\$2,643) | (\$2,641) | (\$2,638) | (\$2,641) | (\$13,634) | |
| Income Taxes 6/ | (\$45) | (\$45) | (\$45) | (\$45) | (\$45) | (\$45) | (\$45) | (\$331) | (\$555) | (\$555) | (\$554) | (\$555) | (\$2,865) | |
| Operating Income | (\$171) | (\$171) | (\$171) | (\$171) | (\$171) | (\$171) | (\$171) | \$115 | (\$733) | (\$733) | (\$734) | (\$738) | (\$4,020) | |
| Increase in Operating Income Required | \$169 | \$167 | \$166 | \$164 | \$163 | \$162 | \$161 | \$3,684 | \$4,525 | \$4,518 | \$4,512 | \$4,510 | \$22,901 | |
| Gross Revenue Conversion Factor 6/ | 1.26582 | 1.26582 | 1.26582 | 1.26582 | 1.26582 | 1.26582 | 1.26582 | 1.26582 | 1.26582 | 1.26582 | 1.26582 | 1.26582 | 1.26582 | |
| Revenue Increase | \$214 | \$211 | \$210 | \$208 | \$206 | \$205 | \$204 | \$4,663 | \$5,728 | \$5,719 | \$5,711 | \$5,709 | \$28,988 | |
| Gross Receipts Tax 7/ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 | 9 | 9 | 9 | 9 | 43 | |
| Required Revenue Increase | \$214 | \$211 | \$210 | \$208 | \$206 | \$205 | \$204 | \$4,670 | \$5,737 | \$5,728 | \$5,720 | \$5,718 | \$29,031 | |

Montana-Dakota Utilities Co.
Electric Utility - South Dakota
Transmission Rider
Revenue Requirement - Leola Lines
Projected 2019

South Dakota Factor #15: 5.292291%

1/ Plant in Service, estimated in service date August 2019:

| | |
|----------------|------------------|
| Lines | 11,968,410 |
| SD Factor #15: | <u>5.292291%</u> |
| | \$633,403 |

2/ Depreciation: (Depreciation booked on prior month plant balance, starts booking in September)

| | |
|----------------------|--------------|
| Plant (SD Alloc.): | \$633,403 |
| Depreciation Rate: | <u>2.03%</u> |
| Annual Depreciation: | \$12,858 |
| Monthly: | \$1,072 |

3/ Deferred income tax, based on Half Year Convention, 20-year asset.

| | |
|------------------------------|---------------|
| 2019 year end plant balance: | 633,403 |
| Tax Depreciation Rate: | <u>3.75%</u> |
| Tax Depreciation: | 23,753 |
| Book Depreciation: | <u>4,288</u> |
| Remainder: | 19,465 |
| Income Tax Rate: | <u>21.00%</u> |
| Deferred Income Tax: | 4,088 |
| Monthly: | 341 |

Proration of Monthly DIT:

| January | February | March | April | May | June | |
|---------|----------|-----------|---------|----------|----------|-------|
| 91.78% | 84.11% | 75.62% | 67.40% | 58.90% | 50.68% | |
| 313 | 287 | 258 | 230 | 201 | 173 | |
| | | | | | | |
| July | August | September | October | November | December | Total |
| 42.19% | 33.70% | 25.48% | 16.99% | 8.77% | 0.27% | |
| 144 | 115 | 87 | 58 | 30 | 1 | 1,897 |

4/ Property Tax:

| | |
|-----------------------------|--|
| Year End Plant Balance: | 633,403 |
| South Dakota Effective Rate | <u>0.41%</u> (Ad Valorem - Transmission) |
| Annual Property Tax: | 2,597 |
| Monthly: | 216 |

5/ Authorized ROR per Docket No. EL15-024. 7.216%

| | |
|---------------------------------|---|
| 6/ Tax Rate | 21.0000% (Federal Tax Rate = 21%, SD State Tax Rate = 0%) |
| 1- tax rate | 79.0000% |
| Gross Revenue Conversion Factor | 1.26582 |

7/ Gross Receipts tax - 2019 0.0015