

MONTANA-DAKOTA UTILITIES CO.
TAXES OTHER THAN INCOME
GAS UTILITY - EAST RIVER
TWELVE MONTHS ENDING DECEMBER 31, 2004

| <u>Type of Tax</u> | <u>Total Company</u> | <u>East River</u> | <u>Pro Forma Adjustments</u> | <u>Pro Forma East River</u> |
|--------------------------------------|----------------------------------|--------------------------------|----------------------------------|---------------------------------|
| Ad Valorem | | | | |
| Distribution | \$2,342,767 | \$104,241 | \$113 | \$104,354 |
| General | 181,257 | 11,196 | 517 | 11,713 |
| Common | 196,648 | 9,006 | 607 | 9,613 |
| Intangible | 3,951 | 0 | 0 | 0 |
| Total Ad Valorem Taxes | <u>2,724,623</u> | <u>124,443</u> | <u>1,237</u> | <u>125,680</u> |
| O&M Related Taxes - Other | | | | |
| FICA | 1,528,708 | 57,560 | 980 | 58,540 |
| Federal & State Employment | 78,089 | 2,940 | | 2,940 |
| Franchise | 111,145 | 0 | 0 | 0 |
| Delaware Franchise | 63,826 | 2,265 | 0 | 2,265 |
| Total O&M Related Taxes | <u>1,781,768</u> | <u>62,765</u> | <u>980</u> | <u>63,745</u> |
| Revenue Taxes | | | | |
| Montana PSC | 218,098 | | | 0 |
| Montana Consumer Counsel | 85,424 | | | 0 |
| South Dakota | 72,731 | 7,682 | 2,282 | 9,964 |
| Wyoming | 42,090 | | | 0 |
| | <u>418,343</u> | <u>7,682</u> | <u>2,282</u> | <u>9,964</u> |
| Other | | | | |
| Highway Use Tax | 655 | 41 | | 41 |
| Secretary of State | 843 | 30 | | 30 |
| | <u>1,498</u> | <u>71</u> | <u>0</u> | <u>71</u> |
| Total Taxes Other Than Income | <u><u>\$4,926,232</u></u> | <u><u>\$194,961</u></u> | <u><u>\$4,499</u></u> | <u><u>\$199,460</u></u> |

**MONTANA-DAKOTA UTILITIES CO.
 AD VALOREM TAXES
 GAS UTILITY - EAST RIVER
 TWELVE MONTHS ENDING DECEMBER 31, 2004
 ADJUSTMENT NO. 20**

| <u>Function</u> | <u>Effective Tax Rate</u> | <u>Pro Forma</u> | | <u>Per Books Ad Valorem Tax</u> | <u>Pro Forma Adjustment</u> |
|-------------------------------|-------------------------------|--------------------------|---------------------------|---|---------------------------------|
| | | <u>Plant Balance</u> | <u>Ad Valorem Tax</u> | | |
| Distribution | 0.9764% | \$10,687,584 | \$104,354 | \$104,241 | \$113 |
| General | 0.8912% | 1,314,263 | 11,713 | 11,196 | 517 |
| General Intangible | 0.0000% | 11,229 | 0 | 0 | 0 |
| Common | 1.2758% | 753,461 | 9,613 | 9,006 | 607 |
| Common Intangible | 0.0000% | 522,462 | 0 | 0 1/ | 0 |
| Total Ad Valorem Taxes | | \$13,288,999 | \$125,680 | \$124,443 | \$1,237 |

1/ Common and General Intangible.

**MONTANA-DAKOTA UTILITIES CO.
 AD VALOREM TAXES
 GAS UTILITY - EAST RIVER
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**

| <u>Function</u> | Average Plant Balance @ 12/31/04 | Ad Valorem Tax @ 12/31/04 | Effective Tax Rate |
|-----------------|--|---------------------------------|-----------------------|
| Distribution | \$10,676,080 | \$104,241 | 0.9764% |
| General | 1,256,330 | 11,196 | 0.8912% |
| Common | 705,928 | 9,006 | 1.2758% |
| Intangible 1/ | <u>453,552</u> | <u>0</u> | 0.0000% |
| Total | <u>\$13,091,890</u> | <u>\$124,443</u> | |

1/ General and common intangible.

MONTANA-DAKOTA UTILITIES CO.
PAYROLL TAXES
GAS UTILITY - EAST RIVER
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004
ADJUSTMENT NO. 21

| | Per Books | | Pro Forma 1/ | Pro Forma Adjustment |
|------------------------------|--------------------|-----------------|-----------------|-------------------------|
| | Gas Utility | East River | | |
| FICA | \$1,528,708 | \$57,560 | | |
| Federal & State Unemployment | 78,089 | 2,940 | | |
| Total | <u>\$1,606,797</u> | <u>\$60,500</u> | <u>\$61,480</u> | <u>\$980</u> |

1/ Calculated using 2004 ratio of payroll taxes to labor and pro forma labor expense.

**MONTANA-DAKOTA UTILITIES CO.
ADJUSTMENT TO SOUTH DAKOTA GROSS RECEIPTS TAX
GAS UTILITY - EAST RIVER
ADJUSTMENT NO. 22**

| | |
|------------------------------|-----------------------|
| <u>Pro Forma Revenue</u> | |
| Sales Revenue 1/ | \$6,638,912 |
| Late Payment Revenues 1/ | 3,868 |
| Total Pro Forma Revenue | <u>\$6,642,780</u> |
| Gross Receipts Tax @ .15% 2/ | \$9,964 |
| Per Books Gross Receipts Tax | 7,682 |
| Pro Forma Adjustment | <u><u>\$2,282</u></u> |

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

2/ Tax rate effective pursuant to SDCL Chapter 49-1A