

MONTANA-DAKOTA UTILITIES CO.
South Dakota Retail Gas Operations
Increase Required to Equalize Class Rates of Return - MDU Proposed Increase
Test Year Ended June 30, 2012

(A)	Residential (B)	Firm General Service (C)	Air Force (D)	Small Interruptible (E)	Large Interruptible (F)	Total South Dakota (G)
1. Pro forma rate base	\$25,127,021	\$12,586,256	\$369,726	\$415,921	\$669,671	\$39,168,595
Operating income before						
2. increase	1,042,701	1,106,813	(35,055)	51,933	2,048	2,168,440
3. Rate of return prior to increase	4.15%	8.79%	-9.48%	12.49%	0.31%	5.54%
4. Unitized rate of return	0.75	1.59	(1.71)	2.26	0.06	1.00
Revenue adjustment to						
5. equalize class rates of return	\$1,529,739	(\$134,356)	\$100,162	(\$27,977)	\$80,431	\$1,547,999
6. Less: income tax on increase	535,409	(47,025)	35,057	(9,792)	28,151	541,800
7. Increase in net income	\$994,330	(\$87,331)	\$65,105	(\$18,185)	\$52,280	\$1,006,199
Pro forma net income after						
8. increase	\$2,037,031	\$1,019,481.60	\$30,050.30	\$33,747.95	\$54,328	\$3,174,639.35
9. Pro forma rate of return	8.11%	8.10%	8.13%	8.11%	8.11%	8.11%
10. Unitized rate of return	1.00	1.00	1.00	1.00	1.00	1.00

Sources:

MDU Statement O, Schedule O-1, page 1