

**MONTANA-DAKOTA UTILITIES CO.  
 PROJECTED OPERATING INCOME AND RATE OF RETURN  
 REFLECTING ADDITIONAL REVENUE REQUIREMENTS  
 GAS UTILITY - SOUTH DAKOTA**

	<u>Before Additional Revenue Requirements 1/</u>	<b>Additional Revenue Requirements</b>	<u>Reflecting Additional Revenue Requirements</u>
<b>Operating Revenues</b>			
Sales	\$47,012,378	<b>\$1,547,999</b>	\$48,560,377
Transportation	305,353		305,353
Other	339,239		339,239
Total Revenues	<u>47,656,970</u>	<u>1,547,999</u>	<u>49,204,969</u>
<b>Operating Expenses</b>			
Operation and Maintenance			
Cost of Gas	31,574,240		31,574,240
Other O&M	8,594,545		8,594,545
Total O&M	<u>40,168,785</u>		<u>40,168,785</u>
Depreciation	3,790,123		3,790,123
Taxes Other Than Income	1,069,854	2,322 2/	1,072,176
Current Income Taxes	(2,958,319)	540,987 2/	(2,417,332)
Deferred Income Taxes	3,418,088		3,418,088
Total Expenses	<u>45,488,531</u>	<u>543,309</u>	<u>46,031,840</u>
Operating Income	<u>\$2,168,439</u>	<u>\$1,004,690</u>	<u>\$3,173,129</u>
Rate Base	<u>\$39,169,595</u>		<u>\$39,169,595</u>
Rate of Return	<u>5.536%</u>		<u>8.101%</u>

1/ See Rule 20:10:13:96, page 5.

2/ Reflects taxes at 35 percent after deducting South Dakota Gross Receipts tax of 0.15 percent.