

**MONTANA-DAKOTA UTILITIES CO.
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION
1ST SET OF DATA REQUESTS
ISSUED FEBRUARY 7, 2017
DOCKET NO. NG17-002**

Question 1.4:

Referring to Exhibit 4, page 1 of 1; provide the calculation used for determining the rate of return adjusted for taxes and the company's tax rate used in the calculation.

Response:

Please see Response No. 1.4, Attachment A. Attachment A contains confidential information. A public version is provided below and the confidential version is being separately provided.

	<u>Ratio 1/</u>	<u>Cost 1/</u>	<u>Weighted Cost</u>	<u>Adj. for Taxes 2/</u>
Debt				
Preferred Stock				
Common Equity				
Total	<u>100.00%</u>		<u>7.600%</u>	<u>10.239%</u>

1/ Docket No. NG12-008, Staff Confidential Memo, page 6.

2/ Preferred stock and common equity subject to income taxes and weighted cost is divided by 1-tax rate.

Federal Tax Rate	35.0000%
Revenue Tax	0.1500%