

**MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - SOUTH DAKOTA
Embedded Class Cost of Service Study
Proposed Revenue Allocation**

	Total South Dakota	Total Residential	Total Small Firm General	Total Large Firm General	Total Small Interruptible	Total Large Interruptible
Revenue to Cost Ratio Under Current Rates	0.73	0.67	0.68	0.98	1.12	0.73
Revenues at Equalized Rates of Return						
Revenue Increase	\$7,418,636	\$6,403,545	\$832,689	\$81,044	(\$18,520)	\$119,878
Total Revenue at Equalized Rates of Return	27,086,417	19,661,690	2,589,203	4,233,526	156,375	445,623
Parity Ratio	1.00	1.00	1.00	1.00	1.00	1.00
Scenario A: Equal Percentage Increase (System Average)						
Revenue Increase	7,418,636	5,000,933	662,552	1,566,304	65,970	122,870
Total Revenue at System Average	27,086,417	18,259,078	2,419,066	5,718,786	240,865	448,615
Percent Increase	37.72%	37.72%	37.72%	37.72%	37.72%	37.72%
Parity Ratio	1.00	0.93	0.93	1.35	1.54	1.01
Scenario B: Narrow the disparity of revenue to cost ratio between the classes						
Percent of System Average Increase		120%	120%	33%	9%	100%
Revenue Increase	7,418,636	5,980,838	792,375	516,880	5,673	122,870
Total Revenue	27,086,417	19,238,983	2,548,889	4,669,362	180,568	448,615
Percent Increase	37.72%	45.11%	45.11%	12.45%	3.24%	37.72%
Parity Ratio	1.00	0.98	0.98	1.10	1.15	1.01
% Increase incl Cost of Gas	11.1634%	15.8861%	12.5522%	2.5621%	1.8969%	6.0790%