

**Updated Response No. 1.2
Attachment B**

**MONTANA-DAKOTA UTILITIES CO.
 ELECTRIC OPERATIONS - SOUTH DAKOTA
 INFRASTRUCTURE RIDER - REVENUE REQUIREMENT**

	Update
2016 Amount to be Recovered	\$726,797
2016 Actual Revenue Recovery	(552,526)
2016 (Over)/Under Recovery	\$174,271
2016 Deferred Carrying Charge Balance 1/	3,652
2017 Projected Revenue Requirement	669,599
2017 Projected Carrying Charge 1/	5,856
Amount to be Recovered in 2017	\$853,378
2017 Sales	151,318,000
2017 Tracker Adjustment per Kwh	\$ 0.00564
2016 Tracker Adjustment per Kwh	\$ 0.00497
Change	\$ 0.00067

1/ Rate equal to Approved ROR of 7.216% in Docket No. EL15-024.

**Montana-Dakota Utilities Co.
Electric Utility - South Dakota
Infrastructure Rider
Revenue Requirement - Thunder Spirit Wind
Actual 2016**

	Actual 2016												2016 Total
	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016	June 2016	July 2016	Aug 2016	Sept 2016	Oct 2016	Nov 2016	Dec 2016	
Rate Base													
Plant Balance	\$10,504,666	\$10,500,013	\$10,073,525	\$10,446,704	\$10,447,423	\$10,448,368	\$10,449,846	\$10,450,402	\$10,439,879	\$10,441,708	\$10,445,072	\$10,421,480	
Accumulated Depreciation	34,427	69,443	104,443	138,021	172,176	206,340	240,396	274,457	308,520	342,548	378,408	412,453	
Net Plant in Service	\$10,470,239	\$10,430,570	\$9,969,082	\$10,308,683	\$10,275,247	\$10,242,028	\$10,209,450	\$10,175,945	\$10,131,359	\$10,099,160	\$10,066,664	\$10,009,027	
Accum Def Income Taxes	\$255,858	\$363,552	\$471,246	\$578,940	\$686,634	\$794,327	\$902,021	\$1,009,715	\$1,117,409	\$1,225,103	\$1,332,797	\$1,438,193	
PTC Carryforward	35,329	74,799	113,219	155,593	191,531	231,457	263,305	298,124	340,921	381,328	424,709	481,726	
Total Plant in Service	\$10,249,710	\$10,141,817	\$9,611,055	\$9,885,336	\$9,780,144	\$9,679,158	\$9,570,734	\$9,464,354	\$9,354,871	\$9,255,385	\$9,158,576	\$9,052,560	
Return on Rate Base	\$61,635	\$60,986	\$57,794	\$59,444	\$58,811	\$58,204	\$57,552	\$56,912	\$56,254	\$55,656	\$55,074	\$54,436	
Expenses													
Operating Expenses													
Labor	\$125	\$98	\$393	\$312	\$547	\$377	\$574	\$768	\$627	\$637	\$667	\$1,011	
Benefits	23	21	78	69	117	81	113	138	108	114	122	193	
Maintenance Costs	0	0	13,074	23	13,060	6,747	6,551	6,560	6,551	6,546	6,534	7,311	
Annual Easements	0	0	0	0	0	0	0	808	0	0	0	21,964	
Insurance - Property	562	562	562	562	562	562	562	562	562	562	562	562	
Other O&M	99	61	91	(9)	43	77	23	27	29	40	46	114	
Total O&M Expense	\$809	\$742	\$14,198	\$957	\$14,329	\$7,844	\$7,823	\$8,863	\$7,877	\$7,899	\$7,931	\$31,155	
Depreciation	34,422	35,016	35,000	33,578	34,155	34,163	34,056	34,061	34,063	34,028	34,034	34,045	
Taxes Other Than Income	1,101	1,101	1,101	1,101	1,101	1,101	1,101	1,101	1,101	1,101	1,101	1,313	
Total Expenses	\$36,332	\$36,859	\$50,299	\$35,636	\$49,585	\$43,108	\$42,980	\$44,025	\$43,041	\$43,028	\$43,066	\$66,513	
Income before Taxes	(\$36,332)	(\$36,859)	(\$50,299)	(\$35,636)	(\$49,585)	(\$43,108)	(\$42,980)	(\$44,025)	(\$43,041)	(\$43,028)	(\$43,066)	(\$66,513)	
Interest Expense	\$22,028	\$21,796	\$20,656	\$21,245	\$21,019	\$20,802	\$20,569	\$20,340	\$20,105	\$19,891	\$19,683	\$19,455	
Taxable income	(\$58,360)	(\$58,655)	(\$70,955)	(\$56,881)	(\$70,604)	(\$63,910)	(\$63,549)	(\$64,365)	(\$63,146)	(\$62,919)	(\$62,749)	(\$85,968)	
Income Taxes 5/ Less: Production Tax Credit	(\$20,426)	(\$20,529)	(\$24,834)	(\$19,908)	(\$24,711)	(\$22,369)	(\$22,242)	(\$22,528)	(\$22,101)	(\$22,022)	(\$21,962)	(\$30,089)	
Net Income Taxes	(\$55,755)	(\$59,999)	(\$63,254)	(\$62,282)	(\$60,649)	(\$62,295)	(\$54,090)	(\$57,347)	(\$64,898)	(\$62,429)	(\$65,343)	(\$87,106)	
Operating Income	\$19,423	\$23,140	\$12,955	\$26,646	\$11,064	\$19,187	\$11,110	\$13,322	\$21,857	\$19,401	\$22,277	\$20,593	
Required Return	7.216%	7.216%	7.216%	7.216%	7.216%	7.216%	7.216%	7.216%	7.216%	7.216%	7.216%	7.216%	
Operating Income Required	\$61,635	\$60,986	\$57,794	\$59,444	\$58,811	\$58,204	\$57,552	\$56,912	\$56,254	\$55,656	\$55,074	\$54,436	
Increase in Operating Income Required	\$42,212	\$37,846	\$44,839	\$32,798	\$47,747	\$39,017	\$46,442	\$43,590	\$34,397	\$36,255	\$32,797	\$33,843	
Gross Revenue Conversion Factor	1.53846	1.53846	1.53846	1.53846	1.53846	1.53846	1.53846	1.53846	1.53846	1.53846	1.53846	1.53846	
Revenue Increase	\$64,941	\$58,225	\$68,983	\$50,458	\$73,457	\$60,026	\$71,449	\$67,061	\$52,918	\$55,777	\$50,457	\$52,066	\$725,818
Gross Receipts Tax (.00135)	88	79	93	68	99	81	96	91	71	75	68	70	979
Required Revenue Increase	\$65,029	\$58,304	\$69,076	\$50,526	\$73,556	\$60,107	\$71,545	\$67,152	\$52,989	\$55,852	\$50,525	\$52,136	\$726,797
Actual Revenue Collected							\$16,563	\$65,790	\$56,784	\$48,146	\$50,080	\$68,448	\$305,811
Interim Revenue Collected						246,715							\$246,715
Total Revenue Collected	\$0	\$0	\$0	\$0	\$0	\$246,715	\$16,563	\$65,790	\$56,784	\$48,146	\$50,080	\$68,448	\$552,526
Monthly (Over)/Under Recovery	\$65,029	\$58,304	\$69,076	\$50,526	\$73,556	(\$186,608)	\$54,982	\$1,362	(\$3,795)	\$7,706	\$445	(\$16,312)	\$174,271
Cumulative (Over)/Under Recovery	\$65,029	\$123,333	\$192,409	\$242,935	\$316,491	\$129,883	\$184,865	\$186,227	\$182,432	\$190,138	\$190,583	\$174,271	

Montana-Dakota Utilities Co.
Electric Utility - South Dakota
Infrastructure Rider
Revenue Requirement - Thunder Spirit Wind
Projected 2017

	Projected												2017 Total
	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	June 2017	July 2017	Aug 2017	Sept 2017	Oct 2017	Nov 2017	Dec 2017	
Rate Base													
Plant Balance	\$10,416,670	\$10,416,670	\$10,416,670	\$10,416,670	\$10,416,670	\$10,416,670	\$10,416,670	\$10,416,670	\$10,416,670	\$10,416,670	\$10,416,670	\$10,416,670	\$10,416,670
Accumulated Depreciation	444,469	478,503	512,537	546,570	580,604	614,638	648,671	682,705	716,738	750,772	784,806	818,839	818,839
Net Plant in Service	\$9,972,201	\$9,938,167	\$9,904,133	\$9,870,100	\$9,836,066	\$9,802,032	\$9,767,999	\$9,733,965	\$9,699,932	\$9,665,898	\$9,631,864	\$9,597,831	\$9,597,831
Accum Def Income Taxes	\$1,485,813	\$1,536,505	\$1,582,080	\$1,622,701	\$1,658,199	\$1,688,743	\$1,714,170	\$1,734,481	\$1,749,837	\$1,760,077	\$1,765,363	\$1,765,526	\$1,765,526
PTC Carryforward 1/	521,441	561,157	600,872	640,587	680,302	720,018	759,733	799,448	839,163	878,879	918,594	958,309	958,309
Total Plant in Service	\$9,007,829	\$8,962,819	\$8,922,925	\$8,887,986	\$8,858,170	\$8,833,307	\$8,813,562	\$8,798,933	\$8,789,258	\$8,784,700	\$8,785,095	\$8,790,614	\$8,790,614
Return on Rate Base 2/	\$54,167	\$53,896	\$53,657	\$53,446	\$53,267	\$53,118	\$52,999	\$52,911	\$52,853	\$52,825	\$52,828	\$52,861	\$52,861
Expenses													
Operating Expenses													
O&M 3/	\$7,206	\$7,206	\$7,206	\$7,206	\$7,206	\$7,206	\$7,206	\$7,206	\$7,206	\$7,206	\$7,206	\$7,206	\$30,992
Depreciation	34,034	34,034	34,034	34,034	34,034	34,034	34,034	34,034	34,034	34,034	34,034	34,034	34,034
Taxes Other Than Income 4/	1,947	1,947	1,947	1,947	1,947	1,947	1,947	1,947	1,947	1,947	1,947	1,947	1,947
Total Expenses	\$43,187	\$43,187	\$43,187	\$43,187	\$43,187	\$43,187	\$43,187	\$43,187	\$43,187	\$43,187	\$43,187	\$43,187	\$66,973
Income before Taxes	(\$43,187)	(\$43,187)	(\$43,187)	(\$43,187)	(\$43,187)	(\$43,187)	(\$43,187)	(\$43,187)	(\$43,187)	(\$43,187)	(\$43,187)	(\$43,187)	(\$66,973)
Interest Expense	19,359	19,263	19,177	19,102	19,038	18,984	18,942	18,910	18,890	18,880	18,881	18,892	18,892
Taxable income	(\$62,546)	(\$62,450)	(\$62,364)	(\$62,289)	(\$62,225)	(\$62,171)	(\$62,129)	(\$62,097)	(\$62,077)	(\$62,067)	(\$62,068)	(\$62,068)	(\$62,068)
Income Taxes 5/	(\$21,891)	(\$21,857)	(\$21,827)	(\$21,801)	(\$21,779)	(\$21,760)	(\$21,745)	(\$21,734)	(\$21,727)	(\$21,723)	(\$21,724)	(\$21,724)	(\$21,724)
Less: Production Tax Credit 1/	39,715	39,715	39,715	39,715	39,715	39,715	39,715	39,715	39,715	39,715	39,715	39,715	39,715
Net Income Taxes	(\$61,606)	(\$61,572)	(\$61,542)	(\$61,516)	(\$61,494)	(\$61,475)	(\$61,460)	(\$61,449)	(\$61,442)	(\$61,438)	(\$61,439)	(\$61,439)	(\$61,439)
Operating Income	\$18,419	\$18,385	\$18,355	\$18,329	\$18,307	\$18,288	\$18,273	\$18,262	\$18,255	\$18,251	\$18,252	\$18,252	\$18,252
Required Return	7.216%	7.216%	7.216%	7.216%	7.216%	7.216%	7.216%	7.216%	7.216%	7.216%	7.216%	7.216%	7.216%
Operating Income Required	\$54,167	\$53,896	\$53,657	\$53,446	\$53,267	\$53,118	\$52,999	\$52,911	\$52,853	\$52,825	\$52,828	\$52,861	\$52,861
Increase in Operating Income Required	\$35,748	\$35,511	\$35,302	\$35,117	\$34,960	\$34,830	\$34,726	\$34,649	\$34,598	\$34,574	\$34,576	\$34,576	\$34,576
Gross Revenue Conversion Factor	1.53846	1.53846	1.53846	1.53846	1.53846	1.53846	1.53846	1.53846	1.53846	1.53846	1.53846	1.53846	1.53846
Revenue Increase	\$54,996	\$54,632	\$54,310	\$54,026	\$53,784	\$53,584	\$53,424	\$53,306	\$53,227	\$53,190	\$53,193	\$53,193	\$53,193
Gross Receipts Tax (.00135)	74	74	73	73	73	72	72	72	72	72	72	72	72
Required Revenue Increase	\$55,070	\$54,706	\$54,383	\$54,099	\$53,857	\$53,656	\$53,496	\$53,378	\$53,299	\$53,262	\$53,265	\$53,265	\$53,265

Montana-Dakota Utilities Co.
 Electric Utility - South Dakota
 Infrastructure Rider
 Revenue Requirement - Thunder Spirit Wind
 Projected 2017

	Projected											2017 Total
	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	June 2017	July 2017	Aug 2017	Sept 2017	Oct 2017	Nov 2017	

1/ Annual Projected Production Tax Credit	425,669,000 Kwh												
	\$0.023 PTC/Kwh												
	<u>9,790,387</u> Total PTC												
	4.867867% SD Allocation Factor #271												
	<u>476,583</u>												
2/ Authorized ROR per Docket No. EL15-024.	7.216%												
3/ Projected O&M Expenses	\$1,628,333 Jan - Nov: 11 month estimate					\$636,667							
	4.867867% SD Allocation Factor #271					4.867867%							
	<u>79,265</u>					<u>30,992</u>							
4/ Projected Annual ND Wind Generation Tax	\$480,000												
	4.867867% SD Allocation Factor #271												
	<u>23,366</u>												
5/ Tax Rate	35.0000% (Federal Tax Rate = 35%, SD State Tax Rate = 0%)												
1- tax rate	65.0000%												

DIT Proration Methodology Required:

January 1, 2017 ADIT Balance (after re-alloc.)	1,430,498
Projected 2017 DITs (per FR&P)	<u>723,224</u>
Projected December 31, 2017 ADIT Balance	2,153,722
2017 Monthly Increment	60,268.67

Beg. Balance & Monthly Changes	Month	Year	Weighting For Projection	Monthly Increments	Balance/ Increments	Average Balance	Days in Month	Days Remaining	Factor
Increment	January	2017	91.78%	\$60,269	\$55,315	1,485,813	30	335	91.78%
Increment	February	2017	84.11%	60,269	50,692	1,536,505	28	307	84.11%
Increment	March	2017	75.62%	60,269	45,575	1,582,080	31	276	75.62%
Increment	April	2017	67.40%	60,269	40,621	1,622,701	30	246	67.40%
Increment	May	2017	58.90%	60,269	35,498	1,658,199	31	215	58.90%
Increment	June	2017	50.68%	60,269	30,544	1,688,743	30	185	50.68%
Increment	July	2017	42.19%	60,269	25,427	1,714,170	31	154	42.19%
Increment	August	2017	33.70%	60,269	20,311	1,734,481	31	123	33.70%
Increment	September	2017	25.48%	60,269	15,356	1,749,837	30	93	25.48%
Increment	October	2017	16.99%	60,269	10,240	1,760,077	31	62	16.99%
Increment	November	2017	8.77%	60,269	5,286	1,765,363	30	32	8.77%
Increment	December	2017	0.27%	60,269	163	1,765,526	31	1	0.27%
Total				\$723,224	\$335,028				

**Montana-Dakota Utilities Co.
Electric Utility - South Dakota
Infrastructure Rider
Revenue Requirement - Thunder Spirit Wind
Carry Charge Calculation**

	<u>Revenue Requirement</u>	<u>Revenue Collected 1/</u>	<u>(Over)/Under Collection</u>	<u>Cumulative (Over)/Under</u>	<u>Deferred Income Tax</u>	<u>Net Balance</u>	<u>Rate 2/</u>	<u>Carrying Charge 3/</u>
<u>2016</u>								
Interim Activity	\$376,598	\$246,715	\$129,883	\$129,883				
July	71,545	16,563	54,982	184,865	\$64,703	\$120,162		
August	67,152	65,790	1,362	186,227	65,179	121,048	7.2160%	\$723
September	52,989	56,784	(3,795)	182,432	63,851	118,581	7.2160%	728
October	55,852	48,146	7,706	190,138	66,548	123,590	7.2160%	713
November	50,525	50,080	445	190,583	66,704	123,879	7.2160%	743
December	52,136	68,448	(16,312)	174,271	60,995	113,276	7.2160%	745
Total								<u>\$3,652</u>
<u>2017</u>								
January	\$55,070	\$74,441	(\$19,371)	\$154,900	\$54,215	\$100,685	7.2160%	\$681
February	54,706	76,334	(21,628)	133,272	46,645	86,627	7.2160%	605
March	54,383	62,577	(8,194)	125,078	43,777	81,301	7.2160%	521
April	54,099	54,874	(775)	124,303	43,506	80,797	7.2160%	489
May	53,857	52,921	936	125,240	43,834	81,406	7.2160%	486
June	53,656	51,032	2,624	127,864	44,752	83,112	7.2160%	490
July	53,496	65,912	(12,416)	115,447	40,407	75,040	7.2160%	500
August	53,378	56,574	(3,196)	112,252	39,288	72,964	7.2160%	451
September	53,299	58,507	(5,208)	107,044	37,465	69,579	7.2160%	439
October	53,262	53,462	(200)	106,844	37,395	69,449	7.2160%	418
November	53,265	68,536	(15,271)	91,572	32,050	59,522	7.2160%	418
December	77,128	76,881	247	91,820	32,137	59,683	7.2160%	358
Total								<u>\$5,856</u>

1/ 2017 Revenue collections based on 2016 Tracker Adjustment of \$0.00497 per Kwh.

2/ Authorized ROR in Docket No. EL15-024.

3/ Based on prior month ending balance.