

**Montana-Dakota Utilities Co.
Electric Utility - South Dakota
Transmission Rider
Revenue Requirement
Projected 2022**

	Projected												Average Balance
	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	June 2022	July 2022	Aug 2022	Sept 2022	Oct 2022	Nov 2022	Dec 2022	
Rate Base													
Plant Balance:													
Leola	\$1,274,464	\$1,274,464	\$1,274,464	\$1,274,464	\$1,274,464	\$1,274,464	\$1,274,464	\$1,274,464	\$1,274,464	\$1,274,464	\$1,274,464	\$1,274,464	\$1,274,464
Dickinson	582,405	582,405	582,405	582,405	582,405	582,405	582,405	582,405	582,405	582,405	582,405	582,405	582,405
Greenway	9,630,912	9,630,912	9,630,912	9,630,912	9,630,912	9,630,912	9,630,912	9,630,912	9,630,912	9,630,912	9,630,912	9,630,912	9,630,912
Greenway to Hauge 5/ Hauge to Herried 6/	0	0	0	0	0	0	0	0	0	0	6,071,000	6,071,000	6,071,000
Total Plant Balance	\$11,487,781	\$11,487,781	\$11,487,781	\$11,487,781	\$11,487,781	\$11,487,781	\$11,487,781	\$11,487,781	\$11,487,781	\$11,487,781	\$19,685,031	\$19,685,031	\$12,853,989
Accumulated Reserve:													
Leola	\$14,316	\$16,401	\$18,485	\$20,570	\$22,655	\$24,740	\$26,825	\$28,909	\$30,994	\$33,079	\$35,164	\$37,249	\$37,249
Dickinson	18,550	19,496	20,442	21,388	22,334	23,280	24,226	25,172	26,118	27,064	28,010	28,956	28,956
Greenway	29,678	44,686	59,694	74,702	89,710	104,718	119,726	134,734	149,742	164,751	179,759	194,767	194,767
Greenway to Hauge Hauge to Herried	0	0	0	0	0	0	0	0	0	0	0	10,270	10,270
Total Accumulated Reserve	\$62,544	\$80,583	\$98,622	\$116,661	\$134,699	\$152,738	\$170,777	\$188,816	\$206,855	\$224,894	\$242,933	\$274,839	\$162,913
Net Plant in Service	\$11,425,237	\$11,407,198	\$11,389,159	\$11,371,120	\$11,353,082	\$11,335,043	\$11,317,004	\$11,298,965	\$11,280,926	\$11,262,887	\$19,442,098	\$19,410,192	\$12,691,076
Accum Def Income Taxes 1/	\$25,652	\$27,622	\$29,393	\$30,972	\$32,351	\$33,538	\$34,526	\$35,315	\$35,912	\$36,310	\$36,515	\$36,521	\$36,521
Total Plant in Service	\$11,399,585	\$11,379,576	\$11,359,766	\$11,340,148	\$11,320,731	\$11,301,505	\$11,282,478	\$11,263,650	\$11,245,014	\$11,226,577	\$19,405,583	\$19,373,671	\$12,658,190
Return on Rate Base 2/	\$68,550	\$68,429	\$68,310	\$68,192	\$68,075	\$67,960	\$67,845	\$67,732	\$67,620	\$67,509	\$116,692	\$116,500	\$913,414
Expenses													
Operating Expenses													Total
Depreciation:													
Leola	\$2,085	\$2,085	\$2,085	\$2,085	\$2,085	\$2,085	\$2,085	\$2,085	\$2,085	\$2,085	\$2,085	\$2,085	\$25,018
Dickinson	946	946	946	946	946	946	946	946	946	946	946	946	11,352
Greenway	15,008	15,008	15,008	15,008	15,008	15,008	15,008	15,008	15,008	15,008	15,008	15,008	180,097
Greenway to Hauge 5/ Hauge to Herried 6/	0	0	0	0	0	0	0	0	0	0	0	10,270	10,270
Total Depreciation	\$18,039	\$18,039	\$18,039	\$18,039	\$18,039	\$18,039	\$18,039	\$18,039	\$18,039	\$18,039	\$18,039	\$31,906	\$230,334
Property Tax 3/	\$6,631	\$6,631	\$6,631	\$6,631	\$6,631	\$6,631	\$6,631	\$6,631	\$6,631	\$6,631	\$6,631	\$6,631	79,567
Total Expenses	\$24,670	\$24,670	\$24,670	\$24,670	\$24,670	\$24,670	\$24,670	\$24,670	\$24,670	\$24,670	\$24,670	\$38,532	\$309,901
Income before Taxes	(\$24,670)	(\$24,670)	(\$24,670)	(\$24,670)	(\$24,670)	(\$24,670)	(\$24,670)	(\$24,670)	(\$24,670)	(\$24,670)	(\$24,670)	(\$38,532)	
Interest Expense	24,500	24,457	24,414	24,372	24,330	24,289	24,248	24,207	24,167	24,128	41,706	41,637	326,455
Taxable income	(\$49,170)	(\$49,127)	(\$49,084)	(\$49,042)	(\$49,000)	(\$48,959)	(\$48,918)	(\$48,877)	(\$48,837)	(\$48,798)	(\$66,376)	(\$80,169)	(\$636,356)
Income Taxes 4/	(\$10,326)	(\$10,317)	(\$10,308)	(\$10,299)	(\$10,290)	(\$10,281)	(\$10,273)	(\$10,264)	(\$10,256)	(\$10,248)	(\$13,939)	(\$16,835)	(\$133,636)
Operating Income	(\$14,344)	(\$14,353)	(\$14,362)	(\$14,371)	(\$14,380)	(\$14,389)	(\$14,397)	(\$14,406)	(\$14,414)	(\$14,422)	(\$10,731)	(\$21,697)	(\$176,265)
Increase in Operating Income Required	\$82,894	\$82,782	\$82,672	\$82,563	\$82,455	\$82,349	\$82,242	\$82,138	\$82,034	\$81,931	\$127,423	\$138,197	\$1,089,679
Gross Revenue Conversion Factor 4/	1.26582	1.26582	1.26582	1.26582	1.26582	1.26582	1.26582	1.26582	1.26582	1.26582	1.26582	1.26582	1.26582
Revenue Increase	\$104,929	\$104,787	\$104,648	\$104,510	\$104,373	\$104,239	\$104,103	\$103,972	\$103,840	\$103,710	\$161,294	\$174,932	\$1,379,337
Gross Receipts Tax (.0015)	157	157	157	157	157	156	156	156	156	156	242	262	2,069
Total Revenue Requirement	\$105,086	\$104,944	\$104,805	\$104,667	\$104,530	\$104,395	\$104,259	\$104,128	\$103,996	\$103,866	\$161,536	\$175,194	\$1,381,406

**Montana-Dakota Utilities Co.
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Revenue Requirement
Projected 2022**

2022 Footnotes:

1/ Monthly Deferred Income Tax activity is 1/12 of projected 2022 DIT activity. Monthly activity prorated based on DIT proration methodology.

	Leola		Dickinson		Greenway		Greenway to Hauge		Hauge to Herried			
Estimated 2022 activity:	279,828	Estimated 2022 activity:	115,518	Estimated 2022 activity:	108,186	Estimated 2022 activity:	45,653	Estimated 2022 activity:	15,989			
SD Factor #15:	4.974126%	SD Factor #15:	4.974126%	SD Factor #15:	4.974126%	SD Factor #15:	4.974126%	SD Factor #15:	4.974126%			
SD projected activity:	13,919	SD projected activity:	5,746	SD projected activity:	5,381	SD projected activity:	2,271	SD projected activity:	795			
Monthly:	1,160	Monthly:	479	Monthly:	448	Monthly:	189	Monthly:	66			
	January	February	March	April	May	June	July	August	September	October	November	December
	91.78%	84.11%	75.62%	67.40%	58.90%	50.68%	42.19%	33.70%	25.48%	16.99%	8.77%	0.27%
	2,149	1,970	1,771	1,579	1,379	1,187	988	789	597	398	205	6

2/ Authorized ROR per Docket No. EL15-024. 7.216%

3/ Property Tax:

	Transmission Assets
Estimated 2022 Property Tax:	130,092
SD Factor. #15:	4.974126%
South Dakota:	6,471
Estimated Direct SD Property Tax:	73,096
Total South Dakota Property Tax:	79,567
Monthly:	6,631

4/ Income Taxes:

Tax Rate	21.0000%	(Federal Tax Rate = 21%, SD State Tax Rate = 0%)
1- tax rate	79.0000%	
Gross Revenue Conversion Factor	1.26582	

5/ Projected addition to Plant in Service. See Attachment C, page 3 for details.

Increase to Plant in Service:	\$6,071,000	(Estimated in service date November 2022)
Increase to Depreciation:	\$10,270	(effective December 2022)

6/ Projected addition to Plant in Service. See Attachment C, page 4 for details.

Increase to Plant in Service:	\$2,126,250	(Estimated in service date November 2022)
Increase to Depreciation:	\$3,597	(effective December 2022)

**Montana-Dakota Utilities Co.
Electric Utility - South Dakota
Transmission Rider
Revenue Requirement - Greenway to Hague - Rebuild
Proposed Project**

Direct to South Dakota

Plant in Service, estimated in service date November 2022. Depreciation expense starts December 2022.

	<u>Plant</u>		<u>Depreciation</u>
Rebuild Greenway to Herried TL061-1:	\$6,071,000	Plant (SD Alloc):	6,071,000
		Depreciation Rate:	2.03%
		Annual Depreciation	\$123,241
		Monthly Depreciation:	\$10,270

Deferred income tax:

(based on Half Year Convention, 20-year asset:)

	<u>2022</u>
Year end plant balance:	\$6,071,000
Tax Depreciation Rate:	3.750%
Tax Depreciation:	227,663
Book Depreciation:	10,270
Remainder:	217,393
Income Tax Rate:	21.0000%
Deferred Income Tax:	\$45,653

Property Tax:

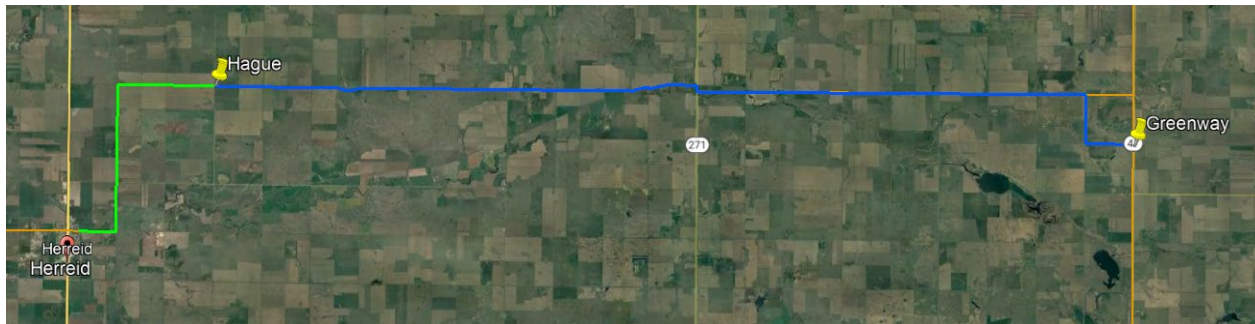
	<u>South Dakota</u>
Year End Plant Balance:	\$6,071,000
Effective Rate:	0.41%
Property Tax:	\$24,891

Project Cost Breakdown:

Greenway to Hague 60kV Line Project	
	Total Costs
Contractor	\$ 3,045,000.00
Material	\$ 2,436,000.00
MDU Internal Costs	\$ 260,000.00
ES&GA	\$ 330,000.00
Total	\$ 6,071,000.00

Description of the project: The transmission line that runs from Greenway to Hague will be rebuilt due to the age and condition of the conductor and poles. A majority of the poles are original from the late 1950's and the conductor is small and aged. Project will rebuild 19.2 miles of TL061-1 with 336 ACSR Linnet conductor. The new line will operate at 41.6kV according to our current loading needs, but will be built to handle 69kV. This line will be rebuilt over the existing right of way.

Alternatives: Given the location of the current line in the service area, there were no alternatives considered as the Company has right of way where the current line exists. The Company is exercising a competitive Request for Proposal for contractor work.



**Montana-Dakota Utilities Co.
Electric Utility - South Dakota
Transmission Rider
Revenue Requirement - Hague to Herreid - Rebuild
Proposed Project**

Direct to South Dakota

Plant in Service, estimated in service date November 2022. Depreciation expense starts December 2022.

	<u>Plant</u>		<u>Depreciation</u>
Rebuild Hague to Herried TL075-1:	\$2,126,250	Plant (SD Alloc):	2,126,250
		Depreciation Rate:	2.03%
		Annual Depreciation	\$43,163
		Monthly Depreciation:	\$3,597

Deferred income tax:

(based on Half Year Convention, 20-year asset:)

	<u>2022</u>
Year end plant balance:	\$2,126,250
Tax Depreciation Rate:	3.750%
Tax Depreciation:	79,734
Book Depreciation:	3,597
Remainder:	76,137
Income Tax Rate:	21.0000%
Deferred Income Tax:	\$15,989

Property Tax:

	<u>South Dakota</u>
Year End Plant Balance:	\$2,126,250
Effective Rate:	0.41%
Property Tax:	\$8,718

Project Cost Break **Hague to Herreid 60kV Line Project**

	Total Costs
Contractor	\$ 920,000.00
Material	\$ 776,250.00
MDU Internal Costs	\$ 100,000.00
ES&GA	\$ 330,000.00
Total	\$ 2,126,250.00

Description of the project: The transmission line that runs from Hauge to Herried will be rebuilt due to the age and condition of the conductor and poles. Project will rebuild 5.8 miles of TL075-1 with EHS 3/8" steel wire. The new line will operate at 69kV, increasing from the current 46kV, to accommodate the load needs of the service area.

Alternatives: Given the location of the current line in the service area, there were no alternatives considered as the Company has right of way where the current line exists. The Company is exercising a competitive Request for Proposal for contractor work.

