

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

	Total South Dakota	Total Residential Rate 10	Total SG Primary Rate 20	Total SG Secondary Rate 20	Total Irrigation Rate 25	Total SG TOD Rate 26	Total LG Secondary Rate 30	Total Space Heating Rate 32	Total Municipal Pumping Rate 48	Total Outdoor Lighting Rate 24	Total SL Co. Own Rate 41	Total SL Muni Own Rate 41
Revenue to Cost Ratio Under Current Rates	0.84	0.84	0.51	0.86	0.47	0.96	0.88	0.51	0.87	0.32	-8.08	0.80
Average Increase w/o Fuel Cost & Other Revenue	19.0836%											
Revenues at Equalized Rates of Return												
Revenue Increase	2,593,434	1,355,021	774	481,870	14,977	769	376,452	358,618	18,541	54,357	(77,951)	10,006
Total Revenue at Equalized Rates of Return	16,183,288	8,357,832	1,572	3,560,051	28,359	17,437	3,220,863	734,037	142,787	79,578	(8,588)	49,359
Parity Ratio	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Scenario A: Equal Percentage Increase (System Average)												
Revenue Increase	2,593,433	1,336,388	152	587,428	2,554	3,181	542,816	71,643	23,711	4,813	13,237	7,510
Total Revenue at System Average	16,183,287	8,339,199	950	3,665,609	15,936	19,849	3,387,227	447,062	147,957	30,034	82,600	46,863
Percent Increase	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
Parity Ratio	1.00	1.00	0.60	1.03	0.56	1.14	1.05	0.61	1.04	0.38	-9.62	0.95
Scenario B: Maximum Increase of 2 times system, Removal of Discount for Rate 41.												
Remove City Discount	12,090										7,714	4,376
Max increase equal to 2 times system average	158,325	0	304	0	5,108	0	0	143,287	0	9,626	0	0
Bring remaining classes to parity (except Rate 41)	2,232,653	1,355,021		481,870		769	376,452		18,541			
Balance equally to 20, 26,30, 48 (exclude Residential)	190,366			96,641		523	89,301		3,901			
Total Revenue Increase	2,593,434	1,355,021	304	578,511	5,108	1,292	465,753	143,287	22,442	9,626	7,714	4,376
Total Revenue	16,183,288	8,357,832	1,102	3,656,692	18,490	17,961	3,310,165	518,705	146,688	34,848	77,077	43,729
Percent Increase	19.08%	19.35%	38.17%	18.79%	38.17%	7.75%	16.37%	38.17%	18.06%	38.17%	11.12%	11.12%
Percent Increase w/ Fuel	16.56%	16.94%	33.76%	16.47%	31.41%	6.86%	13.95%	30.35%	15.09%	32.72%	9.62%	9.51%
Parity Ratio	1.00	1.00	0.70	1.03	0.65	1.03	1.03	0.71	1.03	0.44	-8.97	0.89
<i>parity ratio under deficiency convergence or (divergence)</i>	1.00 0.00	1.00 0.00	0.61 0.09	1.02 -0.01	0.56 0.09	1.14 0.11	1.05 0.02	0.61 0.10	1.04 0.01	0.38 0.06	-9.62 0.65	0.95 -0.06