

**MONTANA-DAKOTA UTILITIES CO.
 PRO FORMA OPERATING INCOME AND RATE OF RETURN
 REFLECTING ADDITIONAL REVENUE REQUIREMENTS
 ELECTRIC UTILITY - SOUTH DAKOTA**

	<u>Before Additional Revenue Requirements 1/</u>	Additional Revenue Requirements	<u>Reflecting Additional Revenue Requirements</u>
Operating Revenues			
Sales	\$15,664,450	\$2,593,434	\$18,257,884
Sales for Resale	124,059		124,059
Other	643,288		643,288
Total Revenues	<u>16,431,797</u>	<u>2,593,434</u>	<u>19,025,231</u>
Operating Expenses			
Operation and Maintenance			
Cost of Fuel and Purchased Power	3,232,543		3,232,543
Other O&M	5,861,934		5,861,934
Total O&M	<u>9,094,477</u>		<u>9,094,477</u>
Depreciation	3,489,050		3,489,050
Taxes Other Than Income	932,139	3,890 2/	936,029
Current Income Taxes	(904,748)	543,804 2/	(360,944)
Deferred Income Taxes	229,924		229,924
Total Expenses	<u>12,840,842</u>	<u>547,694</u>	<u>13,388,536</u>
Operating Income	<u>\$3,590,955</u>	<u>\$2,045,740</u>	<u>\$5,636,695</u>
Rate Base	<u>\$74,167,042</u>		<u>\$74,167,042</u>
Rate of Return	<u>4.842%</u>		<u>7.600%</u>

1/ See Rule 20:10:13:96, page 6.

2/ Reflects taxes at 21 percent after deducting South Dakota Gross Receipts tax of 0.15 percent.