

| Line No. | Description<br>(a)                     | Total System<br>(b)     | Claimed Adjustments<br>(c) | Adjusted TOTAL<br>(d)   |
|----------|--|-------------------------|----------------------------|-------------------------|
| 1        | South Dakota Electric                  |                         |                            |                         |
| 2        | Current Income Tax Expense             |                         |                            |                         |
| 3        | Federal                                | 10,307,931              | 0                          | 10,307,931              |
| 4        | State                                  | 0                       | 0                          | 0                       |
| 5        |  |                         |                            |                         |
| 6        | Deferred Income Tax Expense            |                         |                            |                         |
| 7        | Federal                                | (1,598,209)             | 0                          | (1,598,209)             |
| 8        | State                                  | 0                       | 0                          | 0                       |
| 9        |  |                         |                            |                         |
| 10       | Investment Tax Credit Amortization     | (494,934)               | 0                          | (494,934)               |
| 11       |  |                         |                            |                         |
| 12       | Total South Dakota Electric            | <u>8,214,787</u>        | <u>0</u>                   | <u>8,214,787</u>        |
| 13       |  |                         |                            |                         |
| 14       |  |                         |                            |                         |
| 15       | South Dakota Gas                       |                         |                            |                         |
| 16       | Current Income Tax Expense             |                         |                            |                         |
| 17       | Federal                                | (952,256)               | 2,609,915                  | 1,657,659               |
| 18       | State                                  | 0                       | 0                          | 0                       |
| 19       |  |                         |                            |                         |
| 20       | Deferred Income Tax Expense            |                         |                            |                         |
| 21       | Federal                                | (712,703)               | 712,703                    | 0                       |
| 22       | State                                  | 0                       | 0                          | 0                       |
| 23       |  |                         |                            |                         |
| 24       | Investment Tax Credit Amortization     | (22,741)                | 22,741                     | 0                       |
| 25       |  |                         |                            |                         |
| 26       | Total South Dakota Gas                 | <u>(1,687,699)</u>      | <u>3,345,359</u>           | <u>1,657,659</u>        |
| 27       |  |                         |                            |                         |
| 28       |  |                         |                            |                         |
| 29       | Other Utility & Non-Utility Operations |                         |                            |                         |
| 30       | Current Income Tax Expense             |                         |                            |                         |
| 31       | Federal                                | 687,929                 | 0                          | 687,929                 |
| 32       | State                                  | 0                       | 0                          | 0                       |
| 33       |  |                         |                            |                         |
| 34       | Deferred Income Tax Expense            |                         |                            |                         |
| 35       | Federal                                | (583,120)               | 0                          | (583,120)               |
| 36       | State                                  | 0                       | 0                          | 0                       |
| 37       |  |                         |                            |                         |
| 38       | Investment Tax Credit Amortization     | (18,606)                | 0                          | (18,606)                |
| 39       |  |                         |                            |                         |
| 40       | Total Other Operations                 | <u>86,202</u>           | <u>0</u>                   | <u>86,202</u>           |
| 41       |  |                         |                            |                         |
| 42       | <b>Total Income Tax Expense</b>        | <u><b>6,613,290</b></u> | <u><b>3,345,359</b></u>    | <u><b>9,958,649</b></u> |

NorthWestern Corporation, dba NorthWestern Energy  
Reconciliation of Income Per Books to Income Per Tax  
December 31, 2006 Test Year

Schedule K-1  
Page 1 of 5

Reconciliations of book net income to tax net income for Northwestern Energy  
are attached for the tax years 2005, 2004, 2003, and 2002.

| Line<br>No. | Description<br>(a)                          | Amount<br>(b)            |
|-------------|---|--------------------------|
| 1           | Net Income/(Loss) per Books                 | 5,807,144                |
| 2           |   |                          |
| 3           | PERMANENT ADJUSTMENTS                       |                          |
| 4           | 70% Dividends Received Deduction            | (109,947)                |
| 5           | AUFDC Adjustment                            | (94,603)                 |
| 6           | Federal Income Tax Ded'd on Books           | 2,441,553                |
| 7           | Fines & Penalties                           | 750                      |
| 8           | Meals & Entertainment                       | 177,917                  |
| 9           | Non-Deductible Lobbying Expense             | 132,218                  |
| 10          | Officers Life Insurance                     | 364,698                  |
| 11          | Removal Costs                               | (678,766)                |
| 12          | Salvage Costs                               | 392,060                  |
| 13          | Section 263A Unicap Adjustment              | 108,739                  |
| 14          | State Tax Adjustment                        | 0                        |
| 15          |   |                          |
| 16          | Sub-Total Permanent Adjustments             | <u>2,734,620</u>         |
| 17          |   |                          |
| 18          | TEMPORARY ADJUSTMENTS                       |                          |
| 19          | Accrued Audit Adjustment                    | (1,524,469)              |
| 20          | Accrued Bonus Adjustment                    | 1,486,767                |
| 21          | Accrued Property Tax Adjustment             | (2,275,000)              |
| 22          | Accrued Vacation Adjustment                 | 32,578                   |
| 23          | Amortization of Loss on Reacquired Debt     | 14,836                   |
| 24          | Book > Tax Bad Debt Expense                 | 35,500                   |
| 25          | 4797 Part I, Ln 2 Loss CORPTax Acct 6094090 | (486,592)                |
| 26          | Contributions in Aid of Construction        | 123,996                  |
| 27          | Deferred Gas Costs                          | 7,938,735                |
| 28          | Deferred Interest                           | 15,827                   |
| 29          | Deferred Power Costs                        | (6,409,130)              |
| 30          | Injuries and Damages                        | 152,745                  |
| 31          | LTD Self-Insurance                          | (57,181)                 |
| 32          | Non-qualified Retirement                    | 657,876                  |
| 33          | Partnership Income/(Loss)                   | 60,612                   |
| 34          | Prepaid Pension                             | 1,344,208                |
| 35          | Reverse Book Depreciation                   | 19,266,067               |
| 36          | Simplified Service Costs                    | 4,552,695                |
| 37          | SISP Benefit Payments                       | (565,579)                |
| 38          | Tax Depreciation                            | (16,802,455)             |
| 39          |   |                          |
| 40          | Sub-Total Temporary Adjustments             | <u>7,562,035</u>         |
| 41          |   |                          |
| 42          | <b>Taxable Income/(Loss)</b>                | <u><u>16,103,798</u></u> |

NorthWestern Corporation, dba NorthWestern Energy  
 Reconciliation of Income Per Books to Income Per Tax - 2004  
 December 31, 2006 Test Year

| Line No. | Description<br>(a)                              | Amount<br>(b)           |
|----------|---|-------------------------|
| 1        | Net Income/(Loss) per Books                     | 1,253,281               |
| 2        |   |                         |
| 3        | PERMANENT ADJUSTMENTS                           |                         |
| 4        | 70% Dividends Received Deduction                | (41,152)                |
| 5        | Federal Income Tax Ded'd on Books               | 793,550                 |
| 6        | Fines & Penalties                               | 8,779                   |
| 7        | Meals & Entertainment                           | 106,259                 |
| 8        | Non-Deductible Amort of Unearned Restricted Stk | 355,138                 |
| 9        | Non-Deductible Lobbying Expense                 | 146,482                 |
| 10       | Officers Life Insurance                         | 295,382                 |
| 11       |   |                         |
| 12       | Sub-Total Permanent Adjustments                 | <u>1,664,438</u>        |
| 13       |   |                         |
| 14       | TEMPORARY ADJUSTMENTS                           |                         |
| 15       | Accrued Audit Adjustment                        | 1,524,469               |
| 16       | Accrued Bonus Adjustment                        | (408,040)               |
| 17       | Accrued Property Tax Adjustment                 | (1,759,369)             |
| 18       | Accrued Vacation Adjustment                     | 105,412                 |
| 19       | Amortization of Loss on Reacquired Debt         | 14,837                  |
| 20       | Contributions in Aid of Construction            | 309,669                 |
| 21       | Deferred Directors Fees                         | 18,101                  |
| 22       | Deferred Gain/Intercompany Sale                 | 58,863                  |
| 23       | Deferred Gas Costs                              | (2,055,439)             |
| 24       | Deferred Interest                               | 4,748                   |
| 25       | FPP - General Reserve                           | 10,935                  |
| 26       | General Reserve                                 | 123,499                 |
| 27       | Injuries and Damages                            | 497,414                 |
| 28       | LTD Self-Insurance                              | (64,154)                |
| 29       | Partnership Income/(Loss)                       | 11,570                  |
| 30       | Prepaid Pension                                 | 11,624,173              |
| 31       | Reverse Book Depreciation                       | 19,187,326              |
| 32       | Simplified Service Costs                        | (5,139,422)             |
| 33       | SISP Benefit Payments                           | (370,935)               |
| 34       | Tax > Book Bad Debt Expense                     | (24,753)                |
| 35       | Tax Depreciation                                | (22,681,897)            |
| 36       | Utility Revenue Adjustments                     | (1,284,516)             |
| 37       |   |                         |
| 38       | Sub-Total Temporary Adjustments                 | <u>(297,509)</u>        |
| 39       |   |                         |
| 40       | <b>Taxable Income/(Loss)</b>                    | <u><u>2,620,210</u></u> |

| Line No. | Description (a)                         | Amount (b)                 |
|----------|---|----------------------------|
| 1        | Net Income/(Loss) per Books             | (22,683,004)               |
| 2        |   |                            |
| 3        | PERMANENT ADJUSTMENTS                   |                            |
| 4        | DRIP Expense Allocation                 | 80,181                     |
| 5        | Federal Income Tax Ded'd on Books       | (11,662,989)               |
| 6        | Fines & Penalties                       | 147,740                    |
| 7        | Intercompany Interest income            | (532,414)                  |
| 8        | Meals & Entertainment                   | 92,022                     |
| 9        | Non-Deductible Lobbying Expense         | 81,564                     |
| 10       | Non-Deductible Officers' Compensation   | 341,868                    |
| 11       | Officers Life Insurance                 | 342,708                    |
| 12       |   |                            |
| 13       | Sub-Total Permanent Adjustments         | <u>(11,109,320)</u>        |
| 14       |   |                            |
| 15       | TEMPORARY ADJUSTMENTS                   |                            |
| 16       | Accrued Bonus Adjustment                | 235,155                    |
| 17       | Accrued Phantom Stock                   | (50,220)                   |
| 18       | Accrued Property Tax Adjustment         | 176,997                    |
| 19       | Accrued Vacation Adjustment             | 411,448                    |
| 20       | Amortization of Loss on Reacquired Debt | 17,717                     |
| 21       | Charitable Contribution Adjustment      | 403,270                    |
| 22       | Contributions in Aid of Construction    | 166,530                    |
| 23       | Deferred Directors Fees                 | (74,766)                   |
| 24       | Deferred Gain/Intercompany Sale         | 77,224                     |
| 25       | Deferred Gas Costs                      | (1,248,591)                |
| 26       | Deferred Interest                       | 5,144                      |
| 27       | Delaware Franchise Tax                  | (150,000)                  |
| 28       | Dividends from Subsidiaries             | 532,413                    |
| 29       | Emissions Allowance Program             | 180                        |
| 30       | FPP - General Reserve                   | (18,789)                   |
| 31       | General Reserve                         | 15,080,536                 |
| 32       | Injuries and Damages                    | (60,770)                   |
| 33       | LTD Self-Insurance                      | 93,411                     |
| 34       | Non-qualified Retirement                | 581,174                    |
| 35       | Partnership Income/(Loss)               | 54,741                     |
| 36       | Prepaid Pension                         | 1,969,553                  |
| 37       | Reverse Book Depreciation               | 18,481,038                 |
| 38       | Simplified Service Costs                | (6,606,132)                |
| 39       | SISP Benefit Payments                   | (9,388,450)                |
| 40       | Tax > Book Bad Debt Expense             | 131,396                    |
| 41       | Tax Depreciation                        | (21,676,834)               |
| 42       | Utility Revenue Adjustments             | 200,998                    |
| 43       |   |                            |
| 44       | Sub-Total Temporary Adjustments         | <u>(675,627)</u>           |
| 45       |   |                            |
| 46       | Taxable Income/(Loss)                   | <u><u>(34,467,951)</u></u> |

| Line No. | Description (a)                         | Amount (b)          |
|----------|---|---------------------|
| 1        | Net Income/(Loss) per Books             | 23,185,361          |
| 2        |   |                     |
| 3        | PERMANENT ADJUSTMENTS                   |                     |
| 4        | DRIP Expense Allocation                 | 81,566              |
| 5        | ESOP Dividends Paid Deduction           | (1,880,707)         |
| 6        | Federal Income Tax Ded'd on Books       | 1,181,282           |
| 7        | Fines & Penalties                       | 461                 |
| 8        | Meals & Entertainment                   | 83,080              |
| 9        | Non-Deductible Club Dues                | 47,027              |
| 10       | Non-Deductible Goodwill                 | 23,078              |
| 11       | Officers Life Insurance                 | (539,519)           |
| 12       | Safe Harbor Lease Amortization          | 415                 |
| 13       | State Tax Adjustment                    | 178,842             |
| 14       |   |                     |
| 15       | Sub-Total Permanent Adjustments         | <u>(824,475)</u>    |
| 16       |   |                     |
| 17       | TEMPORARY ADJUSTMENTS                   |                     |
| 18       | Accrued Bonus Adjustment                | 1,088,386           |
| 19       | Accrued Phantom Stock                   | (752,724)           |
| 20       | Accrued Property Tax Adjustment         | 2,793,527           |
| 21       | Accrued Vacation Adjustment             | (29,426)            |
| 22       | Amortization of Loss on Reacquired Debt | 14,836              |
| 23       | Book/Tax Gain Difference                | (368,570)           |
| 24       | Charitable Contribution Adjustment      | 83,315              |
| 25       | Contributions in Aid of Construction    | 190,023             |
| 26       | Deferred Directors Fees                 | (76,940)            |
| 27       | Deferred Gain/Intercompany Sale         | 95,717              |
| 28       | Deferred Gas Costs                      | 722,125             |
| 29       | Deferred Interest                       | 4,748               |
| 30       | Deferred Power Costs                    | (602,421)           |
| 31       | Depreciation Deduction - PY Audit       | (32,546)            |
| 32       | Emissions Allowance Program             | (82,568)            |
| 33       | FPP - General Reserve                   | 1,247,094           |
| 34       | General Reserve                         | (2,484,398)         |
| 35       | Injuries and Damages                    | (37,489)            |
| 36       | LTD Self-Insurance                      | 234,523             |
| 37       | Nonqualified Retirement                 | (65,512)            |
| 38       | Partnership Income/(Loss)               | 35,074              |
| 39       | Prepaid Pension                         | 830,000             |
| 40       | Reverse Book Depreciation               | 17,604,854          |
| 41       | Section 481 Adjustment                  | (654,314)           |
| 42       | Simplified Service Costs                | (3,919,106)         |
| 43       | SISP Benefit Payments                   | 312,992             |
| 44       | Soil Remediation/Envir Clean-up         | 435,004             |
| 45       | Tax > Book Bad Debt Expense             | (221,195)           |
| 46       | Tax Depreciation                        | (26,229,337)        |
| 47       | Utility Revenue Adjustments             | (1,152,893)         |
| 48       |   |                     |
| 49       | Sub-Total Temporary Adjustments         | <u>(10,917,221)</u> |
| 50       |   |                     |
| 51       | Taxable income/(Loss)                   | <u>11,443,665</u>   |

| Line No. | Description<br>(a)   | Total Company<br>(b) | South Dakota Electric Only<br>(c) | South Dakota Gas Only<br>(d) |
|----------|--|----------------------|-----------------------------------|------------------------------|
| 1        | Tax Depreciation On A Straight-Line Basis                      | 18,426,233           | 11,792,789                        | 3,648,394                    |
| 2        |  |                      |                                   |                              |
| 3        | Book Depreciation  | 19,163,819           | 14,592,628                        | 2,611,309                    |
| 4        |  |                      |                                   |                              |
| 5        | <b>Difference Between Straight-Line Basis Tax Depreciation</b> |                      |                                   |                              |
| 6        | <b>And Book Depreciation</b>                                   | <u>(737,586)</u>     | <u>(2,799,839)</u>                | <u>1,037,085</u>             |
| 7        |  |                      |                                   |                              |
| 8        |  |                      |                                   |                              |
| 9        |  |                      |                                   |                              |
| 10       |  |                      |                                   |                              |
| 11       | Tax Depreciation   | 14,118,499           | 9,035,839                         | 2,795,463                    |
| 12       |  |                      |                                   |                              |
| 13       | Tax Depreciation On A Straight-Line Basis                      | 18,426,233           | 11,792,789                        | 3,648,394                    |
| 14       |  |                      |                                   |                              |
| 15       | <b>Excess Of Tax Depreciation Over Straight-Line Basis</b>     |                      |                                   |                              |
| 16       | <b>Tax Depreciation</b>  | <u>(4,307,734)</u>   | <u>(2,756,950)</u>                | <u>(852,931)</u>             |

(ESTIMATE BASED UPON EXTENSION)

| Line No. | Company<br>(a)                     | Taxable<br>Income/(Loss)<br>(b) | Allocation of<br>Consolidated<br>Taxes<br>(c) |
|----------|------------------------------------|---------------------------------|---|
| 1        | Northwestern Corporation - Parent  | (392,096,545)                   | 888,458                                       |
| 2        |                                    |                                 |   |
| 5        | Clark Fork & Blackfoot, LLC        | (520,723)                       | (182,253)                                     |
| 6        |                                    |                                 |   |
| 7        | Northwestern Services, LLC         | 247,102                         | 86,486  |
| 8        |                                    |                                 |   |
| 9        | Risk Partners Assurance, Ltd.      | 210,895                         | 73,813  |
| 10       |                                    |                                 |   |
| 11       | Nekota Resources, LLC              | (19,384)                        | (6,785)                                       |
| 12       |                                    |                                 |   |
| 13       | Northwestern Energy Marketing, LLC | (99,200)                        | (34,720)                                      |
| 14       |                                    |                                 |   |
| 15       | Total                              | <u>(392,277,855)</u>            | <u>825,000</u>                                |
| 16       |                                    |                                 |   |
| 17       | Income Tax @ 35%                   | 0                               |   |
| 18       | Alternative Minimum Tax            | 825,000                         |   |
| 19       |                                    |                                 |   |
| 20       | <b>Total Consolidated Tax</b>      | <b><u><u>825,000</u></u></b>    |   |



NorthWestern Corporation, dba NorthWestern Energy  
Working Papers for an Allowance for Current Tax Greater  
Than Tax Calculated at Consolidated Rate  
December 31, 2006 Test Year

Schedule K-4  
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The "Stand-Alone" method is used to compute the income tax expense or benefit to the jurisdiction in this filing.  
The computations include all benefits from tax deductions stemming from costs borne by utility customers.

NorthWestern Corporation, dba NorthWestern Energy  
Claimed Allowance for State Income Tax  
December 31, 2006 Test Year

Schedule K-5  
Page 1 of 1

This schedule is not applicable as no state income taxes are claimed for South Dakota cost of service.

NorthWestern Corporation, dba NorthWestern Energy  
 Taxes Other Than Income Taxes  
 Twelve Months Ending December 31, 2006

Statement L  
 Page 1 of 1

| Line No. | Description<br>(a)         | Actual Base Period<br>(b)<br>\$ | Adjustments<br>(c)<br>\$ | Test Period<br>(d)<br>\$ |
|----------|----------------------------|---------------------------------|--------------------------|--------------------------|
| 1        | Delaware Franchise         | \$8,495                         | \$0                      | \$8,495                  |
| 2        | South Dakota Gross Revenue | \$88,934                        | \$17,525                 | \$106,459                |
| 3        | Vehicle License/Tax        | \$19,333                        | \$0                      | \$19,333                 |
| 4        | Payroll Tax                | \$293,503                       | \$8,805                  | \$302,308                |
| 5        | South Dakota Property Tax  | \$1,719,294                     | (\$923,827)              | \$795,467                |
| 6        | Freeman Property Taxes     |                                 | \$36,514                 | \$36,514                 |
| 7        | Nekota Property Taxes      | \$0                             | \$134,482                | \$134,482                |
| 8        | Property Tax Kansas (SD)   | \$40,050                        | \$0                      | \$40,050                 |
| 9        |                            |                                 |                          |                          |
| 10       | Total Expense              | \$2,169,609                     | (\$726,501)              | \$1,443,108              |

| Line No. | Description                       | Reference   | Not Normalized | Base Period Normalizing Adjustments | Normalized | Adjustments to Reflect Requested Return | Test Period Total |
|----------|-----------------------------------|-------------|----------------|-------------------------------------|------------|---|-------------------|
|          | (a)                               | (b)         | (c)            | (d)                                 | (e)        | (f)                                     | (g)               |
|          |                                   |             | \$             | \$                                  | \$         | \$                                      | \$                |
| 1        | Operating Revenues                |             |                |                                     |            |   |                   |
| 2        | Gas Sales Revenues                | Sch 2, P2   | 53,810,761     | 8,716,382                           | 62,527,143 | 3,316,898                               | 65,844,041        |
| 3        | Transportation Revenues           | Sch 2, P3   | 1,241,199      | 3,286,473                           | 4,527,672  | 365,479                                 | 4,893,151         |
| 4        | Other Revenues                    | Sch 3, P1   | 246,422        | (10,683)                            | 235,739    | 0                                       | 235,739           |
| 5        |                                   |             |                |                                     |            |   |                   |
| 6        | Total                             |             | 55,298,382     | 11,992,172                          | 67,290,554 | 3,682,377                               | 70,972,931        |
| 7        |                                   |             |                |                                     |            |   |                   |
| 8        | Operating Expenses                |             |                |                                     |            |   |                   |
| 9        | Cost of Gas Supply                | Sch 2, P2   | 44,205,049     | 7,613,324                           | 51,818,373 | 0                                       | 51,818,373        |
| 10       | Operating and Maintenance Expense | Statement H | 7,606,234      | 265,326                             | 7,871,560  | 0                                       | 7,871,560         |
| 11       | Depreciation and Amortization     | Sch 5, P1   | 2,720,429      | 648,899                             | 3,369,329  | 0                                       | 3,369,329         |
| 12       | Taxes Other Than Income Taxes     | Statement L | 2,169,609      | (732,025)                           | 1,437,584  | 5,524                                   | 1,443,108         |
| 13       | Federal and State Income Taxes    | Sch 7, P1   | (971,437)      | 1,342,197                           | 370,760    | 1,286,899                               | 1,657,659         |
| 14       | Rate Case Expense                 | Sch 8, P1   | 0              | 30,000                              | 30,000     | 0                                       | 30,000            |
| 15       |                                   |             |                |                                     |            |   |                   |
| 16       | Total                             |             | 55,729,884     | 9,167,721                           | 64,897,606 | 1,292,423                               | 66,190,029        |
| 17       |                                   |             |                |                                     |            |   |                   |
| 18       | Operating Income                  | Sch 9, P1   | (431,502)      | 2,824,451                           | 2,392,948  | 2,389,954                               | 4,782,902         |
| 19       |                                   |             |                |                                     |            |   |                   |
| 20       | Rate Base                         | Sch 9, P1   | 42,823,994     | 10,351,858                          | 53,175,852 | 0                                       | 53,175,852        |
| 21       |                                   |             |                |                                     |            |   |                   |
| 22       | Return on Rate Base               |             | -1.01%         | 5.51%                               | 4.50%      | 4.49%                                   | 8.99%             |
| 23       |                                   |             |                |                                     |            |   |                   |
| 24       | Return on Equity                  |             | -8.19%         | 10.71%                              | 2.52%      | 8.73%                                   | 11.25%            |

NorthWestern Corporation, dba NorthWestern Energy  
 South Dakota Rate Case  
 South Dakota Gas Revenue Requirement  
 Test Year Ended December 31, 2006

| Line No. | Description<br>(a)                  | South Dakota Gas<br>(b) | Reference<br>(c)                              |
|----------|-------------------------------------|-------------------------|---|
| 1        | Rate Base                           | 53,175,852              | Sch. 9, Col. (g), Line 29                     |
| 2        |                                     |                         |   |
| 3        | Rate of Return                      | 8.99%                   | Sch. 9.2, Col. (h), Line 7                    |
| 4        |                                     |                         |   |
| 5        | Required Return                     | 4,782,902               | Line 1 multiplied by Line 3                   |
| 6        |                                     |                         |   |
| 7        | Adjusted Test Year Operating Income | 2,392,948               | Sch. 1, Col. (e), Line 18                     |
| 8        |                                     |                         |   |
| 9        | Change in Operating Income          | 2,389,954               | Line 5 minus Line 7                           |
| 10       |                                     |                         |   |
| 11       | Income Tax Effect                   |                         |   |
| 12       | Federal @ 35%                       | 1,286,899               | Line 9 plus line 26 divided by .65, times .35 |
| 13       |                                     |                         |   |
| 14       | Revenue (Excess) Deficiency         | 3,676,853               | Line 9 plus Line 12                           |
| 15       | Gross Receipts Tax @ 0.0015         | 5,524                   | Sch. 1, Col. (f), Line 12                     |
| 16       |                                     |                         |   |
| 17       | Total Revenue (Excess) Deficiency   | 3,682,377               | Line 14 plus Line 15                          |
| 18       |                                     |                         |   |
| 19       | Test Year Pro Forma Revenue         | 67,290,554              | Statement M, Col. (e), Line 6                 |
| 20       |                                     |                         |   |
| 21       | Revenue Requirement                 | 70,972,931              | Line 17 plus Line 19                          |
| 22       |                                     |                         |   |
| 23       | Revenue Requirement % Change        | 5.47%                   | Line 17 divided by Line 19                    |

| Line No. | Description<br>(a)                  | Reference<br>(b) | Beginning of                           | End of Period Amounts           |                    |                                | Weighted                       |
|----------|-------------------------------------|------------------|--|---------------------------------|--------------------|--------------------------------|--------------------------------|
|          |                                     |                  | Period Capital<br>Amounts<br>(c)<br>\$ | Capital<br>Amounts<br>(d)<br>\$ | Ratios<br>(e)<br>% | Cost of<br>Capital<br>(f)<br>% | Cost of<br>Capital<br>(g)<br>% |
| 1        | Long-Term Debt                      |                  | 586,514,891 *                          | 700,604,448                     | 48.54%             | 6.60% **                       | 3.21%                          |
| 2        |                                     |                  |  |                                 |                    |                                |                                |
| 3        | Preferred Stock Equity & Securities |                  | 0                                      | 0                               | 0.00%              | 0.00%                          | 0.00%                          |
| 4        |                                     |                  |  |                                 |                    |                                |                                |
| 5        | Common Stock Equity                 |                  | 737,495,000                            | 742,771,580                     | 51.46%             | 11.25%                         | 5.79%                          |
| 6        |                                     |                  |  |                                 |                    |                                |                                |
| 7        | Total Capitalization                |                  | <u>1,324,009,891</u>                   | <u>1,443,376,028</u>            | <u>100.00%</u>     |                                | <u>8.99%</u>                   |

\* \$150M of MT First Mortgage Bonds were classified as Short Term Debt as of 12-31-05, and is therefore not included in this balance.

\*\* The interest rates of the debt related to SD Gas is used with the debt total of the consolidated company.

\*\* Source is Statement G - Debt Capital of Required Schedules

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| Line No. | Description                       | (1)<br>Per Books<br>Dec 31, 2006 | (2)<br>Weather<br>Normalization | (3)<br>Former Nekota<br>Customer<br>Gas Load | (4)<br>Other<br>Revenues | (5)<br>Rate Case<br>Expense | (6)<br>M&A<br>Non-Utility<br>Expenses | (7)<br>Advertising<br>Expense | (8)<br>Labor<br>Expense |
|----------|-----------------------------------|----------------------------------|---------------------------------|--|--------------------------|-----------------------------|---------------------------------------|-------------------------------|-------------------------|
|          | (a)                               | (b)                              | (c)                             | (d)  | (e)                      | (f)                         | (g)                                   | (h)                           | (i)                     |
| 1        | Operating Revenues                |                                  |                                 |  |                          |                             |                                       |                               |                         |
| 2        | Gas Sales Revenues                | 53,810,761                       | 6,747,312                       | 0  | 0                        | 0                           | 0                                     | 0                             | 0                       |
| 3        | Transportation Revenues           | 1,241,199                        | (10,129)                        | 3,296,602                                    | 0                        | 0                           | 0                                     | 0                             | 0                       |
| 4        | Other Revenues                    | 246,422                          | 0                               | 0  | (10,683)                 | 0                           | 0                                     | 0                             | 0                       |
| 5        |                                   |                                  |                                 |  |                          |                             |                                       |                               |                         |
| 6        | Total                             | 55,298,382                       | 6,737,183                       | 3,296,602                                    | (10,683)                 | 0                           | 0                                     | 0                             | 0                       |
| 7        |                                   |                                  |                                 |  |                          |                             |                                       |                               |                         |
| 8        | Operating Expenses                |                                  |                                 |  |                          |                             |                                       |                               |                         |
| 9        | Cost of Gas Supply                | 44,205,049                       | 5,938,023                       | 0  | 0                        | 0                           | 0                                     | 0                             | 0                       |
| 10       | Operating and Maintenance Expense | 7,606,234                        | 0                               | 155,873                                      | 0                        | 0                           | (102,015)                             | (105,440)                     | 120,338                 |
| 11       | Depreciation and Amortization     | 2,720,429                        | 0                               | 820,740                                      | 0                        | 0                           | 0                                     | 0                             | 0                       |
| 12       | Taxes Other Than Income Taxes     |                                  |                                 |  |                          |                             |                                       |                               |                         |
| 13       | Ad Valorem                        | 1,759,344                        | (314,272)                       | 134,482                                      | 0                        | 0                           | 0                                     | 0                             | 0                       |
| 14       | Gross Revenue                     | 88,934                           | 4,119                           | 4,945  | (16)                     | 0                           | 0                                     | 0                             | 0                       |
| 15       | Other                             | 321,331                          | 8,805                           | 0  | 0                        | 0                           | 0                                     | 0                             | 0                       |
| 16       | Federal and State Income Taxes    | (971,437)                        | 385,179                         | 763,197                                      | (3,733)                  | (10,500)                    | 35,705                                | 36,904                        | (42,118)                |
| 17       | Rate Case Expense                 | 0                                | 0                               | 0  | 0                        | 30,000                      | 0                                     | 0                             | 0                       |
| 18       |                                   |                                  |                                 |  |                          |                             |                                       |                               |                         |
| 19       | Total                             | 55,729,884                       | 6,021,852                       | 1,879,237                                    | (3,749)                  | 19,500                      | (66,310)                              | (68,536)                      | 78,220                  |
| 20       |                                   |                                  |                                 |  |                          |                             |                                       |                               |                         |
| 21       | Operating Income                  | (431,502)                        | 715,331                         | 1,417,365                                    | (6,934)                  | (19,500)                    | 66,310                                | 68,536                        | (78,220)                |

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| Line No. | Description                       | (8)<br>Intra-Company Rent | (9)<br>Interest Synchron. | (10)<br>Insurance Actuarial Adjustment | (11)<br>Depreciation Rate Change | (12)<br>Reassign Assoc. Dues | (13)<br>Freeman Natural Gas Addition | (14)<br>Eliminate O&M Charged to Nekota | (15)<br>Normalized Stock Grants |
|----------|-----------------------------------|---------------------------|---------------------------|--|----------------------------------|------------------------------|--------------------------------------|---|---------------------------------|
|          | (a)                               | (b)                       | (c)                       | (d)                                    | (e)                              | (f)                          | (g)                                  | (h)                                     | (i)                             |
| 1        | Operating Revenues                |                           |                           |  |                                  |                              |                                      |   |                                 |
| 2        | Gas Sales Revenues                | 0                         | 0                         | 0                                      | 0                                | 0                            | 1,969,070                            | 0                                       | 0                               |
| 3        | Transportation Revenues           | 0                         | 0                         | 0                                      | 0                                | 0                            | 0                                    | 0                                       | 0                               |
| 4        | Other Revenues                    | 0                         | 0                         | 0                                      | 0                                | 0                            | 0                                    | 0                                       | 0                               |
| 5        |                                   |                           |                           |  |                                  |                              |                                      |   |                                 |
| 6        | Total                             | 0                         | 0                         | 0                                      | 0                                | 0                            | 1,969,070                            | 0                                       | 0                               |
| 7        |                                   |                           |                           |  |                                  |                              |                                      |   |                                 |
| 8        | Operating Expenses                |                           |                           |  |                                  |                              |                                      |   |                                 |
| 9        | Cost of Gas Supply                | 0                         | 0                         | 0                                      | 0                                | 0                            | 1,675,301                            | 0                                       | 0                               |
| 10       | Operating and Maintenance Expense | 37,632                    | 0                         | 35,323                                 |                                  | (7,440)                      | 0                                    | 13,268                                  | 100,959                         |
| 11       | Depreciation and Amortization     | 0                         | 0                         | 0                                      | (220,930)                        | 0                            | 49,089                               | 0                                       | 0                               |
| 12       | Taxes Other Than Income Taxes     |                           |                           |  |                                  |                              |                                      |   |                                 |
| 13       | Ad Valorem                        | 0                         | 0                         | 0                                      | 0                                | 0                            | 36,514                               | 0                                       | 0                               |
| 14       | Gross Revenue                     | 0                         | 0                         | 0                                      | 0                                | 0                            | 2,954                                | 0                                       | 0                               |
| 15       | Other                             | 0                         | 0                         | 0                                      | 0                                | 0                            | 0                                    | 0                                       | 0                               |
| 16       | Federal and State Income Taxes    | (13,171)                  | (116,130)                 | (12,363)                               | 77,326                           | 2,604                        | 71,824                               | (4,644)                                 | (35,336)                        |
| 17       | Rate Case Expense                 | 0                         | 0                         | 0                                      | 0                                | 0                            | 0                                    | 0                                       | 0                               |
| 18       |                                   |                           |                           |  |                                  |                              |                                      |   |                                 |
| 19       | Total                             | 24,461                    | (116,130)                 | 22,960                                 | (143,604)                        | (4,836)                      | 1,835,682                            | 8,624                                   | 65,623                          |
| 20       |                                   |                           |                           |  |                                  |                              |                                      |   |                                 |
| 21       | Operating Income                  | (24,461)                  | 116,130                   | (22,960)                               | 143,604                          | 4,836                        | 133,388                              | (8,624)                                 | (65,623)                        |



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| Line No. | Description                       | (16)                                   | (17)   | (18)  | (19)  | Statement M                             |
|----------|-----------------------------------|--|--|---|---|---|
|          |                                   | Normlize<br>IT Upgrade<br>Labor<br>(b) | Remove<br>Govt lobby<br>related costs<br>(c) | General Terms<br>Proposed<br>Changes<br>(d) | Ad Valorem<br>Tax Allocation<br>Adjustment<br>(d) | Col. (d)<br>Total<br>Adjustments<br>(j) |
| 1        | Operating Revenues                |  |  |   |   |   |
| 2        | Gas Sales Revenues                | 0                                      | 0  | 0   | 0   | 8,716,382                               |
| 3        | Transportation Revenues           | 0                                      | 0  | 0   | 0   | 3,286,473                               |
| 4        | Other Revenues                    | 0                                      | 0  | 0   | 0   | (10,683)                                |
| 5        |                                   |  |  |   |   |   |
| 6        | Total                             | 0                                      | 0  | 0   | 0   | 11,992,172                              |
| 7        |                                   |  |  |   |   |   |
| 8        | Operating Expenses                |  |  |   |   |   |
| 9        | Cost of Gas Supply                | 0                                      | 0  | 0   | 0   | 7,613,324                               |
| 10       | Operating and Maintenance Expense | 32,077                                 | (2,537)                                      | (12,712)                                    |   | 265,326                                 |
| 11       | Depreciation and Amortization     | 0                                      | 0  | 0   | 0   | 648,899                                 |
| 12       | Taxes Other Than Income Taxes     |  |  |   |   | 0                                       |
| 13       | Ad Valorem                        | 0                                      | 0  | 0   | (609,555)   | (752,831)                               |
| 14       | Gross Revenue                     | 0                                      | 0  | 0   | 0   | 12,003                                  |
| 15       | Other                             | 0                                      | 0  | 0   | 0   | 8,805                                   |
| 16       | Federal and State Income Taxes    | (11,227)                               | 888  | 4,449                                       | 213,344   | 1,342,198                               |
| 17       | Rate Case Expense                 | 0                                      | 0  | 0   | 0   | 30,000                                  |
| 18       |                                   |  |  |   |   |   |
| 19       | Total                             | 20,850                                 | (1,649)                                      | (8,263)                                     | (396,211)   | 9,167,721                               |
| 20       |                                   |  |  |   |   |   |
| 21       | Operating Income                  | (20,850)                               | 1,649  | 8,263                                       | 396,211   | 2,824,451                               |

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 Summary of Pro Forma Adjustments - Rate Base  
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| Adjustment No. | (1)                               | (2)                   | (3)                        | (f)                        |                       |
|----------------|-----------------------------------|-----------------------|----------------------------|----------------------------|-----------------------|
| Line No.       | South Dakota Per Books (a)        | Rate Case Expense (c) | Nekota Plant Additions (d) | Feeman Plant Additions (e) | Total Adjustments (g) |
| 1              | Plant in Service                  |                       |                            |                            |                       |
| 2              | Direct South Dakota Gas Plant     | 63,475,158            | 10,979,034                 | 1,572,243                  | 0                     |
| 3              | Common Plant                      | 9,762,248             | 0                          | 0                          | 0                     |
| 4              |                                   |                       |                            |                            |                       |
| 5              | Subtotal                          | 73,237,406            | 0                          | 10,979,034                 | 1,572,243             |
| 6              |                                   |                       |                            |                            |                       |
| 7              | Distribution Replacements         |                       |                            |                            |                       |
| 8              | Distribution Mains                | 0                     | 0                          | 0                          | 0                     |
| 9              | Distribution Services             | 0                     | 0                          | 0                          | 0                     |
| 10             | Construction in Service,          |                       |                            |                            |                       |
| 11             | Not Transferred                   |                       |                            |                            |                       |
| 12             | Direct South Dakota Gas Plant     | 80,917                | 0                          | 0                          | 0                     |
| 13             | Common Plant                      | 0                     | 0                          | 0                          | 0                     |
| 14             |                                   |                       |                            |                            |                       |
| 15             | Total Plant and Property          | 73,318,323            | 0                          | 10,979,034                 | 1,572,243             |
| 16             |                                   |                       |                            |                            |                       |
| 17             | Accumulated Depreciation & Amort. |                       |                            |                            |                       |
| 18             | Direct South Dakota Gas Plant     | 24,217,324            |                            | 2,249,864                  | 24,549                |
| 19             | Common Plant                      | 3,284,237             | 0                          | 0                          | 0                     |
| 20             |                                   |                       |                            |                            |                       |
| 21             | Total Reserve                     | 27,501,561            | 0                          | 2,249,864                  | 24,549                |
| 22             |                                   |                       |                            |                            |                       |
| 23             | Net Utility Plant                 | 45,816,762            | 0                          | 8,729,164                  | 1,547,694             |
| 24             | Working Capital                   | 1,967,450             | 0                          | 0                          | 0                     |
| 25             | Unamortized Rate Case Expense     | 0                     | 75,000                     | 0                          | 0                     |
| 26             | Deferred Tax Reserve              | (4,960,218)           | 0                          | 0                          | 0                     |
| 27             |                                   |                       |                            |                            |                       |
| 28             | Net Rate Base                     | 42,823,994            | 75,000                     | 8,729,164                  | 1,547,694             |