

MONTANA-DAKOTA UTILITIES CO.
South Dakota Retail Gas Operations
Class Rates of Return - Peterson's Recommended Spread of the Decrease
Test Year Ended June 30, 2012

(A)	Residential (B)	Firm General Service (C)	Air Force (D)	Small Interruptible (E)	Large Interruptible (F)	Total South Dakota (G)
Revenue change required to equalize class rates of return						
1. Pro forma rate base - per Staff	\$21,612,629	\$10,825,879	\$318,014	\$357,748	\$576,007	\$33,690,278
2. Operating income at present rates	1,606,083	1,704,835	(53,996)	79,993	3,155	3,340,070
3. Pro forma return at present rates	7.43%	15.75%	-16.98%	22.36%	0.55%	9.91%
4. Indexed return at present rates	0.75	1.59	(1.71)	2.26	0.06	1.00
5. Increase/Decrease to equalize ROR	(\$68,246)	(\$1,419,322)	\$118,423	(\$83,296)	\$59,181	(\$1,393,261)
6. Less: Income taxes on increase	(23,886)	(496,762)	41,448	(29,153)	20,713	(487,641)
7. Increase/Decrease in net income	(\$44,360)	(\$922,560)	\$76,975	(\$54,142)	\$38,468	(\$905,620)
8. Pro forma net income after decrease	\$1,561,723	\$782,275	\$22,980	\$25,851	\$41,622	\$2,434,450
9. Pro forma rate of return	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%
10. Indexed rate of return	1.00	1.00	1.00	1.00	1.00	1.00
Staff Recommended Class Revenue Targets						
11. Revenue increase/(decrease)	(\$521,459)	(\$849,148)	\$0	(\$22,654)	\$0	(\$1,393,261)
12. Less: Income taxes on increase	(182,511)	(297,202)	0	(7,929)	0	(487,641)
13. Increase/decrease in net income	(\$338,948)	(\$551,946)	\$0	(\$14,725)	\$0	(\$905,620)
14. Pro forma net income after decrease	\$1,267,135	\$1,152,889	(\$53,996)	\$65,268	\$3,155	\$2,434,450
15. Pro forma rate of return	5.86%	10.65%	-16.98%	18.24%	0.55%	7.23%
16. Indexed rate of return	0.81	1.47	(2.35)	2.52	0.08	1.00