

MONTANA-DAKOTA UTILITIES CO.

South Dakota Retail Gas Operations
Monthly Customer Charge Analysis
Test Year Ended June 30, 2012

	Residential	Firm General - Meter	
		< 500 cubic ft	> 500 cubic ft
(A)	(B)	(C)	(D)
Customer-related investment base			
Gross plant			
1. Services	\$11,278,386	\$1,267,648	\$597,106
2. Meters	9,169,756	1,030,646	2,790,546
3. Service regulators	1,002,322	112,657	305,027
4. Gross plant in service	\$21,450,464	\$2,410,951	\$3,692,679
Accumulated depreciation			
5. Services	(9,555,047)	(1,073,951)	(505,868)
6. Meters	(2,706,500)	(304,201)	(823,644)
7. Subtotal accumulated depreciation	(\$12,261,547)	(\$1,378,152)	(\$1,329,512)
8. Accumulated deferred taxes	(1,486,971)	(167,130)	(382,413)
9. Customer-related rate base	\$7,701,946	\$865,669	\$1,980,754
Revenue requirement calculation			
10. Return on rate base @ 7.23%	556,851	62,588	143,209
11. Income taxes	176,375	19,824	45,359
Operating expenses			
12. Services	161,340	18,134	8,542
13. Meters and house regulators	90,596	10,183	27,571
14. Customer installations	100,834	11,333	30,686
Maintenance expenses			
15. Services	72,087	8,102	3,816
16. Meters and house regulators	144,178	16,205	43,876
17. Customer accounts	34,193	3,493	1,240
18. Meter reading	91,117	10,241	27,729
19. Customer records and collection	799,000	81,627	28,971
20. Miscellaneous customer accounts	62,579	6,393	2,269
21. Customer service & information	107,266	10,958	3,889
22. A&G expense	1,040,222	110,495	111,696
Depreciation expense			
23. Services	642,887	72,258	34,036
24. Meters	266,108	29,909	80,982
25. Property taxes	130,472	14,665	24,737
26. Pro forma adjustments	388,163	43,097	60,451
27. Customer-related cost of service	\$4,864,268	\$529,505	\$679,059
28. Number of bills	576,852	58,932	20,916
29. Monthly customer-related cost	\$8.43	\$8.99	\$32.47
30. Daily customer-related cost	\$0.28	\$0.30	\$1.07

Sources:

MDU filing Statement N, Schedules N-1 and N-2 and Peterson workpapers

MONTANA-DAKOTA UTILITIES CO.
 South Dakota Retail Gas Operations
 Customer Cost Analysis - Pro Forma Adjustments
 Test Year Ended June 30, 2012

	Residential (A)	Firm General - Meter	
		< 500 cubic ft (B)	> 500 cubic ft (C)
Customer-related investment base			
Plant additions			
1. Services	\$458,516	\$51,536	\$24,275
2. Positive meters	411,202	46,218	125,138
3. Service regulators	62,389	7,012	18,986
4. Subtotal plant additions	\$932,107	\$104,766	\$168,399
5. Accumulated depreciation	(730,862)	(82,146)	(125,144)
6. Accumulated deferred income taxes	(110,487)	(13,079)	(35,579)
7. Customer-related investment base adj	\$90,758	\$9,540	\$7,676
Revenue requirement calculation			
Return on rate base @ 7.23%			
8. Income taxes	\$6,562	\$690	\$555
9. O&M Expenses	2,078	218	176
10. Distribution labor	30,624	3,442	6,162
11. Customer accounting labor	41,090	4,198	1,492
12. Customer service labor	4,735	484	172
13. Depreciation expense	293,073	32,940	50,182
14. Property taxes	10,000	1,124	1,713
Customer-related revenue requirements			
15. from pro forma adjustments	\$388,163	\$43,097	\$60,451
16. Number of bills	576,852	58,932	20,916
17. Monthly customer-related cost	\$0.67	\$0.73	\$2.89

Sources:

MDU filing Statement N, Schedules N-1 and N-2 and Peterson workpapers