

**MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - SOUTH DAKOTA
ALLOCATION OF REVENUES
Pro Forma 2015**

Rate Class	Billing Determinants 1/					Embedded COS Before Increase 2/		
	Billing Units	Dk	Distribution Revenues	Gas Costs	Total Revenues	Operating Income	Rate Base	Rate Of Return
Residential	50,016	3,607,260	\$11,402,696	\$17,184,987	\$28,587,683	\$811,015	\$27,599,614	2.939%
Firm General Service								
Small Firm General	5,124	669,013	1,525,646	3,187,178	4,712,824	112,389	3,410,777	3.295%
Large Firm General	1,823	2,281,656	3,682,689	10,869,809	14,552,498	1,011,012	7,666,848	13.187%
Total Firm General	6,947	2,950,669	5,208,335	14,056,987	19,265,322	1,123,401	11,077,625	10.141%
Small Interruptible								
Sales	5	21,860	16,765	104,141	120,906			
Transport	20	314,711	149,437	0	149,437			
Total Small IT	25	336,571	166,202	104,141	270,343	65,759	347,496	18.924%
Large Interruptible								
Sales	2	378,296	80,423	1,324,793	1,405,216			
Transportation	8	895,914	199,471	0	199,471			
Total Large IT	10	1,274,210	279,894	1,324,793	1,604,687	31,849	868,232	3.668%
Total South Dakota	56,998	8,168,710	\$17,057,127	\$32,670,908	\$49,728,035	\$2,032,024	\$39,892,967	5.094%

1/ Rule 20:10:13:96 Statement I, Page 5.

2/ Rule 20:10:13:96 Statement N, Schedule N-1 Page 6.

3/ Rule 20:10:13:96 Statement N, Schedule N-1 Pages 1 - 5.

**MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - SOUTH DAKOTA
ALLOCATION OF REVENUES
Pro Forma 2015**

Rate Class	Revenue Increase Based on Embedded Cost of Service 1/				Target Rate Design		Rate Design Results 2/			
	Increase In Revenue	% Incr	Operating Income	Rate of Return	Increase In Revenue	% Increase	Increase In Revenue	Total Revenues	% Incr	Rate Of Return
Residential	\$1,976,988	6.92%	\$2,094,258	7.588%	\$1,322,037	4.62%	\$1,320,878	\$29,908,561	4.620%	5.90%
Firm General Service										
Small Firm General	225,579	4.79%	258,810	7.588%	38,245	0.81%	38,207	4,751,031	0.81%	3.99%
Large Firm General	(661,314)	-4.54%	581,760	7.588%	118,094	0.81%	118,402	14,670,900	0.81%	14.14%
Total Firm General	(435,735)	-2.26%	840,570	7.588%	156,339	0.81%	156,609	19,421,931	0.81%	11.02%
Small Interruptible Sales										
Transport										
Total Small IT	(60,685)	-22.45%	26,369	7.588%	2,194	0.81%	2,286	272,629	0.85%	19.33%
Large Interruptible Sales										
Transportation										
Total Large IT	52,430	3.27%	65,881	7.588%	\$52,430	3.27%	52,546	1,657,233	3.27%	7.42%
Total South Dakota	\$1,532,998	3.08%	\$3,027,078	7.588%	\$1,533,000	3.08%	\$1,532,319	\$51,260,354	3.08%	7.47%

1/ Rule 20:10:13:96 Statement N, Schedule N-1, Pages 1-5.

2/ Rule 20:10:13:96 Statement O.

INPUTS:

Requested Return on Rate Base	7.588%
Proposed Increase	\$1,532,999
% Increase	3.083%
Inverse Of Tax Rate	61.9090%

MONTANA-DAKOTA UTILITIES CO.
 GAS UTILITY - SOUTH DAKOTA
 RATE RECONCILIATION
 RESIDENTIAL GAS SERVICE - RATE 60
 Pro Forma 2015

	Billing Units	Current		Proposed		Change
		Rate	Amount	Rate	Amount	
Residential Rate 60						
Basic Service Charge	50,016 Cust	\$0.28	\$5,111,635	\$0.48	\$8,762,803	\$3,651,168
Distribution Charge	3,607,260 dk	1.744	6,291,061	1.098	3,960,771	(2,330,290)
Cost of Gas	3,607,260 dk	4.764	17,184,987	4.764	17,184,987	0
Total Revenue Rate 60			\$28,587,683		\$29,908,561	\$1,320,878

Total Non-Gas Revenues Per Design	\$12,723,574
Target Non-Gas Revenues	12,724,733
Difference	(\$1,159)

Current Non-Gas Revenues	\$11,402,696
Proposed Revenue Increase	1,322,037
Total Revenue Requirement	\$12,724,733
Less:	
Proposed Basic Service Charge Revenues	\$8,762,803
Remaining Revenues To Be Collected	\$3,961,930
Total Rate 60 Consumption	3,607,260
Distribution Delivery Charge	\$1.098

MONTANA-DAKOTA UTILITIES CO.
 GAS UTILITY - SOUTH DAKOTA
 RATE RECONCILIATION
 FIRM GENERAL GAS SERVICE - RATE 70/72
 Pro Forma 2015

	Billing Units		Current		Proposed		Change
			Rate	Amount	Rate	Amount	
Firm General Rate 70							
Basic Service Chg Rate 700	5,124	Cust	\$0.35	\$654,591	\$0.55	\$1,028,643	\$374,052
Basic Service Chg Rate 701	1,823	Cust	1.07	711,973	1.68	1,117,864	405,891
	6,947			\$1,366,564		\$2,146,507	\$779,943
Distribution Delivery Charge							
< 500 cubic feet	669,013	Dk	\$1.302	\$871,055	\$0.80	\$535,210	(\$335,845)
> 500 cubic feet	2,281,656	Dk	1.302	2,970,716	1.176	2,683,227	(287,489)
	2,950,669			\$3,841,771		\$3,218,437	(\$623,334)
Cost of Gas							
	669,013	Dk	\$4.764	\$3,187,178	\$4.764	\$3,187,178	0
	2,281,656	Dk	4.764	10,869,809	4.764	10,869,809	0
	2,950,669			\$14,056,987		\$14,056,987	0
Total Revenue Rate 70/72				\$19,265,322		\$19,421,931	\$156,609

Total Non-Gas Revenues Per Design	\$5,364,944
Target Non-Gas Revenues	5,364,674
Difference	<u>\$270</u>

	Rate 700	Rate 701
Current Non-Gas Revenues	\$1,525,646	\$3,682,689
Proposed Revenue Increase	38,245	118,094
Total Revenue Requirement	\$1,563,891	\$3,800,783
Less:		
Proposed Basic Service Charge Revenues	\$1,028,643	\$1,117,864
Remaining Revenues To Be Collected	\$535,248	\$2,682,919
Total Rate 70 Consumption	669,013	2,281,656
Distribution Delivery Charge	\$0.800	\$1.176

MONTANA-DAKOTA UTILITIES CO.
 GAS UTILITY - SOUTH DAKOTA
 SMALL INTERRUPTIBLE - RATES 71 & 81
 Pro Forma 2015
 Excluding Flexed Contracts

	Billing Units	Current		Proposed		Change
		Rate	Amount	Rate	Amount	
Small IT Rates 71 & 81						
Basic Service Charge						
Rate 71 Sales	4 Cust	\$150.00	\$7,200	\$180.00	\$8,640	\$1,440
Rate 81 Transport	18 Cust	150.00	32,400	180.00	38,880	6,480
Subtotal	22		\$39,600		\$47,520	7,920
Distribution Delivery						
Rate 71 Sales	19,845 dk	\$0.378	\$7,501	\$0.354	\$7,025	(\$476)
Rate 81 Transport	259,904 dk	0.378	98,244	0.354	92,006	(6,238)
	279,749		\$105,745		\$99,031	(\$6,714)
Cost of Gas	19,845 dk	\$4.764	\$94,542	\$4.764	\$94,542	0
Total Revenue Small Interruptible			\$239,887		\$241,093	\$1,206

Total Non-Gas Revenues per Design (Excluding Flexed Contracts)	\$146,551
Target Non-Gas Revenues	146,459
Difference	\$92

Small Interruptible Non-Gas Revenue Requirement	\$166,202
Less: Flexed Contracts	(21,937)
Proposed Revenue Increase	2,194
Proposed Revenue Requirement	\$146,459
Less: Basic Service Charge Revenues	47,520
Remaining Revenues To Be Collected	\$98,939
Total Throughput Rates 71 & 81 (Excluding Flexed Contracts)	279,749
Distribution Delivery Charge	\$0.354

**MONTANA-DAKOTA UTILITIES CO.
 GAS UTILITY - SOUTH DAKOTA
 REVENUE RECONCILIATION
 SMALL INTERRUPTIBLE SERVICE - RATES 71 & 81
 Pro Forma 2015**

Small Interruptible Sales	
Basic Service Charge Revenues	\$8,640
Commodity Revenues	7,025
Cost of Gas	94,542
Distribution Revenue Flexed	2,424
Cost of Gas- Assoc with Flex	<u>9,599</u>
 Total Sales Revenues	 \$122,230
Small Interruptible Transportation	
Basic Service Charge Revenues	\$38,880
Transportation Revenues @ Ceiling	92,006
Transportation Revenue - Flexed	15,193
Basic Service Charge Revenues - Flexed	<u>4,320</u>
 Total Transportation Revenue	 \$150,399
Total Small Interruptible Revenues Per Design	\$272,629
Total Small Interruptible Target Revenues	<u>272,537</u>
 Difference	 <u><u>\$92</u></u>

Flexed Contracts - Pro Forma 2015						
Customer ID	Bills	Normalized		Rate	Revenue	Total Rev
		BSC 1/	Dk			
81-14	12	\$2,160	25,760	\$0.247	\$6,363	\$8,523
81-17	12	2,160	29,047	0.304	8,830	10,990
Subtotal Transport	24	\$4,320	54,807		\$15,193	\$19,513
71-12	12	\$2,160	2,015	0.131	\$264	\$2,424
Subtotal Sales	12	\$2,160	2,015		\$264	\$2,424
Total Flex	36	\$6,480	56,822		\$15,457	\$21,937

1/ Reflects the basic service charge under the proposed rates.

MONTANA-DAKOTA UTILITIES CO.
 GAS UTILITY - SOUTH DAKOTA
 LARGE INTERRUPTIBLE SERVICE - RATES 82 & 85
 Pro Forma 2015

	Billing Units	Current		Proposed		Change
		Rate	Amount	Rate	Amount	
Large IT Rates 85 & 82						
Basic Service Charge						
Rate 85 Sales	2 Cust	\$230.00	\$5,520	\$275.00	\$6,600	\$1,080
Rate 82 Transport	8 Cust	230.00	22,080	275.00	26,400	4,320
Subtotal	10		\$27,600		\$33,000	\$5,400
Distribution Delivery						
Rate 85 Sales	378,296 dk	\$0.198	\$74,903	\$0.235	\$88,900	\$13,997
Rate 82 Transport	895,914 dk	0.198	177,391	0.235	210,540	33,149
Subtotal			\$252,294		\$299,440	\$47,146
Cost of Gas						
Rate 85 Sales	378,296 dk	\$3.50	\$1,324,793	\$3.50	\$1,324,793	0
Total Revenue - Large Interruptible			\$1,604,687		\$1,657,233	\$52,546
Total Non-Gas Revenues per Design					\$332,440	
Target Non-Gas Revenues					332,324	
Difference					<u>\$116</u>	

Large Interruptible Non-Gas Revenue Requirement	\$279,894
Proposed Revenue Increase	<u>52,430</u>
Total Revenue Requirement	\$332,324
Less: Basic Service Charge Revenues	<u>33,000</u>
Total Revenue Requirement	\$299,324
Total Throughput Rates 82 & 85 (Excluding Flexed Contracts)	1,274,210
Distribution Delivery Charge	\$0.235

MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - SOUTH DAKOTA
REVENUE RECONCILIATION
LARGE INTERRUPTIBLE SERVICE - RATES 82 & 85
Pro Forma 2015

Large Interruptible & Air Force Sales	
Basic Service Charge Revenues	\$6,600
Commodity Revenues	88,900
Cost of Gas	<u>1,324,793</u>
Total Sales Revenues	\$1,420,293
Large Interruptible Transportation	
Base Rate Revenues	\$26,400
Transportation Revenues - @ Ceiling	<u>210,540</u>
Total Transportation Revenues	\$236,940
Total Large Interruptible Revenues Per Design	\$1,657,233
Total Large Interruptible Target Revenues	<u>1,657,117</u>
Difference	\$116