

MONTANA-DAKOTA UTILITIES CO.
A Division of MDU Resources Group, Inc.

Before the Public Service Commission of North Dakota

Case No. PU-10-

Direct Testimony
of
Rita A. Mulkern

1 **Q. Would you please state your name and business address?**

2 A. Yes. My name is Rita A. Mulkern and my business address is 400
3 North Fourth Street, Bismarck, North Dakota 58501.

4 **Q. What is your position with Montana-Dakota Utilities Co.?**

5 A. I am the Regulatory Analysis Manager of Montana-Dakota Utilities
6 Co. (Montana-Dakota), a Division of MDU Resources Group, Inc.

7 **Q. Would you please describe your duties as Regulatory Analysis
8 Manager?**

9 A. I am responsible for the preparation of cost of service studies, fuel
10 cost adjustments, purchased gas cost adjustments and gas tracking
11 adjustments in each of the jurisdictions in which Montana-Dakota
12 operates.

13 **Q. Would you please describe your education and professional
14 background?**

15 A. I graduated from North Dakota State University with a Bachelor of
16 Arts degree with majors in Economics and Business Administration and a
17 minor in Statistics. I joined Montana-Dakota in July 1981 as a Regulatory

1 Statistician, became Cost of Service Supervisor in 1986 and assumed my
2 current position in 1999.

3 **Q. Have you testified in other proceedings before regulatory bodies?**

4 A. Yes, I have presented testimony before the Public Service
5 Commissions of Montana, North Dakota, and Wyoming and the Minnesota
6 and South Dakota Public Utilities Commissions.

7 **Q. Are you familiar with the books and records of Montana-Dakota and
8 the manner in which they are kept?**

9 A. Yes. Montana-Dakota's books and records are kept in accordance
10 with the Federal Energy Regulatory Commission (FERC) Uniform System
11 of Accounts.

12 **Q. What is the purpose of your testimony in this proceeding?**

13 A. The purpose of my testimony is to present the Company's per
14 books cost of service for the twelve months ended December 31, 2009,
15 the projected cost of service for 2010, the calculation of the revenue
16 deficiency and the calculation of the interim request.

17 **Q. What statements, schedules and exhibits are you sponsoring?**

18 A. I am sponsoring Statements C through E, Statements G through N,
19 the proposed Rate 58 Fuel and Purchased Power adjustment tariff and
20 Exhibit No. ____ (RAM-1).

21 **Q. Were these statements and exhibits prepared by you or under your
22 direct supervision?**

23 A. Yes, they were.

1 **Q. What were the results of North Dakota electric operations for 2009?**

2 A. Statement L, pages 1 and 2 show the per books income statement
3 and rate base for the total Company and for the North Dakota service
4 area. As shown on page 1, North Dakota electric operations had a return
5 on rate base of 8.701 percent for the twelve months ended December 31,
6 2009. The details for each line item, i.e. sales revenue, other revenue,
7 etc., are included in the applicable Statement.

8 **Q. How was the per books cost of service allocated to North Dakota?**

9 A. The Company utilizes a jurisdictional accounting system that
10 directly assigns and/or allocates every item of revenue, expense and rate
11 base to the jurisdictions as part of the regular accounting process on a
12 monthly basis. The allocation methods and procedures are the same as
13 have previously been used in Commission proceedings and are based on
14 the principle of assigning and/or allocating costs to the cost causer.

15 **Q. What test period are you using to determine the revenue
16 requirement?**

17 A. The revenue requirement is based on a projected 2010 year end
18 test period. As stated by Mr. Goodin, the primary reason for the increase
19 is investment in facilities, including those that will be completed in 2010,
20 and the wind generation expansion projects expected to be completed in
21 the second quarter of 2010. A year end 2010 cost of service will best
22 match the cost and customer levels at the time that the rates will go into

1 effect. Montana-Dakota is using a future test year in accordance with
2 North Dakota Century Code §49-05-04.1.

3 **Q. Would you describe the development of the projected cost of service**
4 **for 2010?**

5 **A.** The projected 2010 cost of service is presented in Statement M,
6 which contains all of the schedules supporting the income statement on
7 page 1, and Statement N, which contains all of the schedules supporting
8 the rate base on page 1. The revenues and expenses reflect the annual
9 level that will be experienced when the new rates become effective.

10 Likewise, the rate base reflects 2010 plant and related balances.

11 **Q. Would you describe the projected 2010 revenues?**

12 **A.** The projected revenues for 2010 are summarized on Statement M,
13 page 2. Ms. Bosch discusses the development of sales revenues in her
14 testimony. Other operating revenues are at the 2009 level, with the
15 exception of miscellaneous service revenues, which were adjusted to
16 include the three year average of KVAR penalty revenue. Penalty
17 revenues were included in the per books sales revenue and were
18 eliminated when sales revenues at current rates were calculated. The
19 adjustment to miscellaneous revenue reflects the movement of penalty
20 revenue from sales revenue to miscellaneous revenue on page 6.

21 **Q. Would you explain the projected wholesales margin and Margin**
22 **Sharing Adjustment (MSA)?**

1 A. Montana-Dakota is proposing to eliminate the Margin Sharing
2 Adjustment and reflect no wholesale margin revenues in the revenue
3 requirement, as shown on Statement M, page 6. Instead, the Company is
4 proposing to credit 85 percent of all wholesale margins through the Fuel
5 and Purchased Power (FPPA) adjustment. Therefore the projected
6 amount for these items embedded within the calculation of the revenue
7 requirement is zero.

8 **Q. Would you describe the development of the operation and**
9 **maintenance expenses?**

10 A. Yes. The projected operation and maintenance (O&M) expenses
11 are shown in Statement M. Pages 7 through 9 of Statement M summarize
12 the projected O&M expenses, with the details provided on pages 10
13 through 31.

14 Fuel and purchased power costs have been restated to the
15 projected fuel and purchased power costs to reflect the inclusion of the
16 Cedar Hills and Diamond Willow wind facilities along with a redispatch to
17 reflect normal outage schedules for the other plants and current market
18 costs for energy. In addition, Montana-Dakota is proposing to add two
19 components to the fuel and purchased power adjustment; demand
20 charges and regional market administrative charges. It is now appropriate
21 to include a component for demand charges because the level of demand
22 charges is subject to change more often, both increasing and decreasing.
23 The market administration costs are those costs associated with the MISO

1 energy market but recorded in Account 575. These are the Schedule 16
2 and 17 costs that were previously included in the purchased power
3 Account 555 until FERC required that these cost be recorded in Account
4 575. Fuel costs associated with the sales for resale are excluded from the
5 projected fuel and purchased power costs as Montana-Dakota is
6 proposing to include sales for resale margin in the FPPA.

7 **Q. Would you describe the development of the projected other O&M?**

8 A. Yes. Labor expense is shown on page 11, with actual labor
9 expense for the twelve months ended December 31, 2009 as the starting
10 point. The labor expense for 2010 was developed by applying the
11 projected percentage increase in total Company labor costs to the 2009
12 per books North Dakota labor expense. Projected total Company labor
13 costs were based on the labor amounts budgeted for 2010, with bonuses
14 adjusted to reflect a three year average and severance amounts paid in
15 2009 amortized over three years, and results in a 0.32 percent increase
16 for 2010. The projected labor expense incorporates the savings
17 associated with the integration efforts described by Mr. Goodin.

18 Benefits expense consists of medical/dental insurance, pension
19 expense, 401K, post-retirement, workers compensation and other
20 benefits. Each of these items, excluding the other benefits, was projected
21 individually for 2010 using the 2010 budgeted amounts and applying the
22 projected change from 2009 to each type of benefit. The Supplemental
23 Income Security Plan (SISP) was eliminated in accordance with past

1 Commission decisions. The changes in benefits discussed by Mr. Goodin
2 effective in 2010 are incorporated in the projected benefit expense.

3 Page 13 shows the expenses associated with the 30 MW wind
4 generation expansion at Diamond Willow and Cedar Hills. The expenses
5 include the incremental operation and maintenance expenses for these
6 projects. Likewise, the expenses associated with the Glen Ullin waste
7 heat recovery unit, which commenced commercial operation in July 2009
8 were annualized to reflect a full year's expense on page 14.

9 Expenses at the Coyote and Big Stone plants were adjusted to
10 reflect normal operating conditions for 2010. The Coyote plant was out of
11 service for an extended outage from the end of March through early May
12 in 2009.

13 Material expense reflects an increase to reflect changes at the
14 Lewis & Clark and Diamond Willow generation facilities. Mercury
15 emission control equipment was added to the Lewis & Clark Station in
16 2009 and the increase annualizes the additional materials required for the
17 equipment. Materials at Diamond Willow increased as the initial warranty
18 on the facilities expired in early 2010 and there was also an increase in
19 the transmission function due to the increased level of activity.

20 Vehicles and work equipment expense, on page 17 reflects all
21 costs associated with the Company's vehicles and equipment, such as
22 line trucks, including the costs of fuel, insurance, maintenance and
23 depreciation. The projected expenses reflect a decrease due to the

1 change in the depreciation component. Depreciation is calculated based
2 on the projected plant and the proposed depreciation rates from
3 Statement I. The depreciation expense on these items is not charged to
4 the depreciation account but rather is charged to a clearing account where
5 it is then recorded in O&M expense as the vehicles or work equipment is
6 used.

7 Company consumption is the expense for electric and natural gas
8 consumption in Company buildings. The slight increase reflects an
9 increase in the electric component to reflect the current rates while the
10 natural gas component is expected to remain the same based on
11 normalized sales levels at the current retail rate, inclusive of a 2010
12 average cost of gas.

13 Postage expense is projected to decrease due to the elimination of
14 a prepaid postage purchase in late in 2009 that is applicable to 2010.

15 Demand side management (DSM) expenses reflect a three year
16 amortization of demand side expenses. These expenses relate primarily
17 to the commercial lighting program and will form the base of the DSM
18 expense level to be used in conjunction with the DSM tracker discussed
19 by Ms. Aberle.

20 Uncollectible accounts, shown on page 21, are projected based on
21 the five year average of write-offs to revenues, multiplied by the projected
22 sales revenue.

1 Advertising expense is shown on page 22. Promotional advertising
2 expense has been eliminated and institutional advertising is adjusted to
3 eliminate the expenses not applicable to North Dakota electric operations.

4 Insurance expense reflects the current insurance expense level for
5 2010, and is an increase from the 2009 insurance expense level.

6 Utility discounts are projected to decrease on page 24. Montana-
7 Dakota eliminated the employee discount for active employees effective
8 February 1, 2010 as part of its integration efforts. Expenses will not be
9 eliminated entirely as the discount will continue to be provided as a retiree
10 benefit to employees that retired prior to January 1, 2010.

11 Industry dues reflect the projected level of industry dues and
12 eliminates those dues not specifically applicable to North Dakota electric
13 operations.

14 Regulatory commission expense reflects the expenses expected to
15 be incurred in this case, amortized over a three-year period, and an
16 ongoing level of regulatory commission expense.

17 The projected O&M expense on page 28 is for the O&M expenses
18 not specifically identifiable or calculated as described above, adjusted for
19 the effects of inflation. A 2.11 percent inflation factor, based on the
20 increase in the consumer price index for 2007-2009, was applied to the
21 expenses not specifically adjusted. Montana-Dakota adjusted
22 approximately 90 percent of expenses individually and the adjustment for
23 inflation is applicable to approximately 10 percent of O&M.

1 **Q. Would you describe the calculation of depreciation expense?**

2 A. Yes. Projected depreciation expense is shown in Statement M,
3 pages 32 through 35. The calculation of depreciation expense and the
4 associated accumulated reserve for depreciation is shown on page 33 and
5 34 and is the annualized depreciation expense on projected plant,
6 calculated using the projected plant in service, excluding the Diamond
7 Willow and Cedar Hills additions, and the proposed depreciation rates.
8 The proposed depreciation rates are from a depreciation study by AUS
9 Consultants, Inc., using plant as of December 31, 2008, with the
10 depreciation rate summary shown on Statement I, pages 2 through 8. The
11 steam production depreciation rates include interim net negative sales
12 amounts, which the Company has not previously requested. The
13 depreciation expense on the Diamond Willow and Cedars Hills additions is
14 on page 35.

15 **Q. Would you describe the calculation of taxes other than income?**

16 A. Yes. Taxes other than income are shown on pages 36 through 41
17 of Statement M. Ad valorem taxes were restated using projected plant in
18 service and applying the effective tax rates based on the 2009 ratio of ad
19 valorem taxes to plant. The ad valorem taxes on Cedar Hills and the new
20 increment of Diamond Willow were calculated separately on page 39.

21 Projected payroll taxes were based on the ratio of payroll taxes to
22 labor expense for 2009 and applied to projected labor expense to
23 determine the projected payroll taxes.

1 Generation taxes are made up of the North Dakota coal conversion
2 tax and the Montana energy taxes. These taxes were restated to reflect
3 the projected generation of energy.

4 All other taxes other than income taxes remained at the 2009 level.

5 **Q. Would you describe the calculation of federal and state income**
6 **taxes?**

7 A. The projected income tax calculation for North Dakota electric
8 operations is shown on pages 42 through 44. Interest is deductible for tax
9 purposes. Interest expense is calculated on the projected rate base using
10 the debt ratio and weighted cost of debt from Statement F on page 1.

11 North Dakota federal and state income taxes are fully normalized,
12 so the calculation of income taxes is made on the taxable income after
13 interest, since any tax deductions would be fully offset by deferred income
14 taxes.

15 The production tax credit, shown on page 44, is applicable to
16 generation from wind facilities and the projected amount for 2010 reflects
17 the additional wind generation from the Diamond Willow and Cedar Hills
18 generation.

19 **Q. Would you please describe the development of projected rate base?**

20 A. Yes. The rate base is summarized on Statement N, page 1 and
21 shows the 2009 actual and projected 2010 rate base for North Dakota
22 electric operations. Pages 2 through 23 are the supporting components of
23 the projected rate base.

1 Pages 2 through 12 show the projected plant in service for 2010.
2 The projected plant was developed by adding the capital budget items for
3 2010 to the 2009 plant in service balances. Retirements, based on a
4 three-year average of retirements by function, were deducted. The
5 complete list of plant additions are included in pages 4 through 10. The
6 addition of 10.5 MW of wind at the Diamond Willow wind facility and 19.5
7 MW Cedar Hills facility are shown on page 11. The reallocation of the
8 19.5 MW Diamond Willow generation that commenced operation in 2008
9 is shown on page 12. Montana-Dakota has historically allocated all
10 generation facilities to the jurisdictions on the twelve month integrated
11 system peak demand. The wind, while providing capacity, is more
12 reflective of an energy facility than meeting peak demand and Montana-
13 Dakota is now allocating wind generation to the jurisdictions on a
14 combined demand and energy factor made up of 20 percent of the twelve
15 month system peak demand factor and 80 percent of the interconnected
16 system kwh sales factor. Both the plant and accumulated reserve were
17 reallocated to North Dakota electric operations.

18 The accumulated reserve for depreciation is summarized on page
19 13 and was calculated using the reserve balances at December 31, 2009,
20 adding the calculated depreciation expense and deducting retirements
21 based on a three-year average of retirements. The 2010 balances were
22 then calculated and are shown on Statement M, pages 33 and 34.

23

1 **Q. How were the working capital items derived?**

2 A. The projected working capital items are shown on pages 14
3 through 21 of Statement N. Materials and supplies were restated to a
4 thirteen month average balance on page 15.

5 Fuel stores are restated to current cost levels and a thirteen month
6 average balance on page 16.

7 Prepayments, made up of prepaid insurance, as shown on page
8 17, are also restated to a thirteen-month average balance. Projected
9 2010 balances are based on the actual balances as of December 31,
10 2009 and projected monthly levels based on the current insurance
11 expense levels for 2010.

12 The unamortized loss on reacquired debt is shown on page 18.
13 When Montana-Dakota reacquires debt in order to reduce its debt costs,
14 the unamortized loss is then amortized over the remaining life of the new
15 issuance. Customers benefit through the net lower cost of debt and it is
16 proper to include the cost of achieving the savings through the inclusion of
17 the unamortized balance of the loss on debt in rate base.

18 The deferred generation costs are shown on page 19. The
19 deferred generation costs are made up of the costs incurred by Montana-
20 Dakota in its efforts to acquire generation resources in the Lignite Vision
21 21 project, the Milton R. Young III project and the Big Stone II project.
22 The recovery of the Big Stone II project is also currently the subject of
23 Case No. PU-09-733 and, if resolved separately will be removed from this

1 case. The total deferred generation costs are amortized over ten years,
2 with the unamortized amount in rate base.

3 Page 20 is the amortization of the costs of decommissioning retired
4 power plants. Montana-Dakota recovered the costs of decommissioning
5 the retired plants in a previous rate case based on an estimate of costs.
6 Upon completion of the decommissioning, the actual costs were less than
7 the estimate and Montana-Dakota is returning that amount to customers
8 over a ten year period, with the unamortized amount a credit to the rate
9 base.

10 Customer Advances for construction are restated to a thirteen
11 month balance using actual amounts as of January 31, 2010.

12 The accumulated deferred income tax balances on page 22 were
13 derived based on the projected activity for 2010.

14 The accumulated investment tax credit balances are projected to
15 be fully amortized in 2010.

16 **Q. What does Statement L, page 3 show?**

17 A. Statement L, page 3, shows the calculation of the revenue
18 deficiency of \$15,394,000 based on the projected 2010 operating income
19 and rate base and using the overall rate of return of 9.051% from
20 Statement F, page 1 and supported by Dr. Gaske and Mr. Senger.

21 **Q. What changes are you proposing to the Rate 58 Fuel Cost**
22 **Adjustment (FCA)?**

1 A. Montana-Dakota is proposing to incorporate several changes in the
2 fuel cost adjustment and to rename the tariff the Fuel and Purchased
3 Power (FPPA) adjustment. The first, as discussed earlier, is to eliminate
4 the margin sharing adjustment and instead, credit 85 percent of all
5 wholesale margins as a credit in the FPPA. The benefits to this method
6 are that all margin is subject to the sharing, the margin will be passed
7 back to customers through the monthly adjustment and therefore reflected
8 more timely, eliminates the need for the MSA while still providing an
9 incentive to the Company to run its plants efficiently in order to make sales
10 into the market. As discussed by Mr. Neigum, the market for sales for
11 resale has changed significantly since the MSA was adopted in Docket
12 No. PU-399-03-296 and the proposed method is a more efficient means of
13 providing the credits to customers. However, the outstanding balance in
14 the MSA will still require recovery and the Company is proposing to place
15 the unamortized balance at the time final rates become effective into the
16 FPPA deferred account.

17 The Company is also proposing to implement separate primary
18 service and secondary service classes in the FPPA. There are
19 differences in the customer classes that warrant separating the FPPA into
20 customer classes. Montana-Dakota is proposing to establish a separate
21 base cost of fuel and purchased power under two classifications: (1)
22 customers taking service at the primary level, defined as customers
23 metered at primary voltages of 2,400 volts or greater that own their own

1 transformers, related equipment, and distribution facilities downstream of
2 the meter (available under Rates 30, 31, 32, 38, 41, 48 and 52), and (2)
3 secondary customers taking service at the secondary level, which
4 represents all other customers. This differentiation into the two
5 classifications described above provides the means to track changes in
6 the cost of fuel and power supply consistent with the base fuel established
7 through the allocation process in the class cost of service study and
8 accounts for differences in losses and demand allocations. The allocation
9 to the proposed FPPA classes is based on the allocations contained in the
10 embedded cost of service study and is supported by Ms. Aberle.

11 Finally, Montana-Dakota is proposing to include two new items in
12 the FPPA, Market Administration charges and demand charges. The
13 Market Administration charges are the MISO Schedule 16 and 17 charges
14 associated with the MISO energy market and were previously recorded in
15 Account 555 purchased power and therefore included in the FCA. FERC
16 issued an Order requiring that those costs be recorded in Account 575,
17 which was not included in the FCA. These costs relate to the energy
18 market and should be recovered in the same manner as other energy
19 costs. Correspondingly, the Market Administration costs have been
20 eliminated from O&M expense on Statement M, page 31.

21 Demand charges have previously not been included in the fuel cost
22 adjustment as they were traditionally long term agreements, such as the
23 20 year AVS II contract that expired in 2006. Today, demand, or capacity

1 agreements are short term in nature and it is more appropriate to include
2 these in the FPPA instead of the cost of service so that changes, both
3 increases and decreases, can be passed on to customers in a timely
4 manner without filing a general rate case.

5 Exhibit No. ___(RAM-1), page 1 illustrates the calculation of the
6 base cost of fuel and purchased power while page 2 is a sample
7 calculation of the proposed FPPA including the credit for wholesale sales
8 margin at 85 percent.

9 **Q. Is Montana-Dakota seeking an interim increase in this case?**

10 A. Yes, it is. As stated by Mr. Goodin, Montana-Dakota is seeking
11 interim rate relief in this case pursuant to North Dakota §49-09-06.

12 **Q. How was the interim revenue requirement increase derived?**

13 A. The Interim Revenue Requirement, page 1, shows the calculation
14 of the revenue deficiency of \$7,617,000 based on the 2010 projected cost
15 of service and adjusted for items previously not allowed or not reviewed by
16 the Commission.

17 The interim revenue requirement excludes the proposed changes
18 to wholesale margins and the MSA, a major transmission plant investment
19 that will not be complete until the end of 2010, the interim net negative
20 salvage on steam production plant and the deferred generation balances
21 and amortization. The revenue requirement calculation uses the
22 projected 2010 capital structure and capital costs including the authorized
23 return on equity, which is the return on equity last authorized by this

1 Commission in Case No. PU-399-03-296, and is the same as the
2 proposed return on equity.

3 **Q. Does that complete your direct testimony?**

4 **A. Yes, it does.**

**MONTANA-DAKOTA UTILITIES CO.
 FUEL AND PURCHASED POWER ADJUSTMENT - NORTH DAKOTA
 PROJECTED 2010
 BASE COST OF FUEL AND PURCHASED POWER
 (000s)**

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$46,122	\$29,928	\$3,404	\$26,524
Account 555 Energy	5,816	3,774	429	3,345
Account 555 Demand	2,075	1,438	100	1,338
Account 575 Market Admin.	508	330	38	292
Total Fuel & Purchased Power	\$54,521	\$35,470	\$3,971	\$31,499
Fuel Costs - Wholesale sales	4,095	2,657	302	2,355
Net System Costs	\$50,426	\$32,813	\$3,669	\$29,144
Mwh Retail Sales		1,577,853	181,271	1,396,582
Base Cost of Fuel - per Kwh		<u>\$0.02080</u>	<u>\$0.02024</u>	<u>\$0.02087</u>

1/ Statement M, page 10.

2/ Energy allocated on Allocation Factor No. 16, Interconnected Kwh sales and demand is allocated on Allocation Factor No. 15, Integrated System peak demand.

3/ Energy is allocated on Kwh sales at generation and demand is allocated on class Allocation Factor No. 2, Average and Excess Demand.

MONTANA-DAKOTA UTILITIES CO.
FUEL AND PURCHASED POWER ADJUSTMENT - NORTH DAKOTA
PROJECTED 2010
PROPOSED ADJUSTMENT
(000s)

	Total 1/	Allocation to 2/ North Dakota	Allocation to 3/	
			Primary	Secondary
Fuel & Purchased Power Costs				
Account 501 and 547	\$46,122	\$29,928	\$3,404	\$26,524
Account 555 Energy	5,816	3,774	429	3,345
Account 555 Demand	2,075	1,438	100	1,338
Account 575 Market Admin.	508	330	38	292
Total Fuel & Purchased Power	\$54,521	\$35,470	\$3,971	\$31,499
Fuel Costs - Wholesale sales	4,095	2,657	302	2,355
Net System Costs	\$50,426	\$32,813	\$3,669	\$29,144
Wholesale sales Margin 4/	(513)	(392)	(45)	(347)
Total Costs - net of margin	\$49,913	\$32,421	\$3,624	\$28,797
Mwh Retail Sales		1,577,853	181,271	1,396,582
Cost Per Kwh		\$0.02055	\$0.01999	\$0.02062
Base Cost of Fuel 5/			0.02024	0.02087
FPPA			(\$0.00025)	(\$0.00025)

1/ Statement M, page 10.

2/ Energy allocated on Allocation Factor No. 16, Interconnected Kwh sales and demand is allocated on Allocation Factor No. 15, Integrated System peak demand.

3/ Energy is allocated on Kwh sales at generation and demand is allocated on class Allocation Factor No. 2, Average and Excess Demand.

4/ 85 percent of 2009 wholesale margin .

5/ Page 1.

MONTANA-DAKOTA UTILITIES CO.
A Division of MDU Resources Group, Inc.

Before the Public Service Commission of North Dakota

Case No. PU-10-124

Amended Testimony
of
Rita A. Mulkern

1 **Q. Would you please state your name and business address?**

2 A. Yes. My name is Rita A. Mulkern and my business address is 400
3 North Fourth Street, Bismarck, North Dakota 58501.

4 **Q. What is your position with Montana-Dakota Utilities Co.?**

5 A. I am the Regulatory Analysis Manager of Montana-Dakota Utilities
6 Co. (Montana-Dakota), a Division of MDU Resources Group, Inc.

7 **Q. Are you the same Rita A. Mulkern who filed direct testimony earlier in**
8 **this proceeding?**

9 A. Yes, I am

10 **Q. What is the purpose of your amended testimony?**

11 A. The purpose of my testimony is to present the Company's per
12 books cost of service for the twelve months ended December 31, 2009,
13 the projected cost of service for 2010 and the calculation of the revenue
14 deficiency as amended to exclude the deferred generation costs
15 associated with the Big Stone II plant. On June 25, 2010, the Commission
16 approved a Settlement Agreement between Montana-Dakota and the
17 North Dakota Commission Advocacy Staff whereby Montana-Dakota is
18 recovering the costs of the Big Stone II plant over a three year period.

1 **Q. What amended statements and are you sponsoring?**

2 A. I am sponsoring:

- 3 • Statement L, Amended page 3
- 4 • Statement M, Amended pages 1, 7, 8, 9, 42 and 43
- 5 • Statement N, Amended pages 1, 14 and 19.

6 **Q. What changes did you make to the statements to remove the cost of**
7 **Big Stone II?**

8 A. The deferred generation costs associated with Big Stone II were
9 included in Statement N, page 19. Amended page 19 reflects only the
10 deferred generation costs in the amount of \$2.478 million for the Lignite
11 Vision 21 and Milton R. Young III projects. Of this total, \$1.719 million is
12 allocated to North Dakota to be amortized over ten years.

13 The rate base as amended is summarized on Statement N,
14 Amended page 1 and the projected North Dakota rate base as amended
15 is \$276,685,000, a reduction of \$8,666,000 from the filing, which
16 represents the balance net of one year of amortization.

17 The amortization of deferred generation costs excluding the Big
18 Stone II costs is shown on Statement M, Amended page 9.

19 The reduction in rate base reduces the interest expense, which is
20 shown on Statement M, Amended page 43. The income tax calculation
21 that includes the change in interest expense as well as the change in the
22 amortization of deferred generation costs is shown on Statement M.
23 Amended page 42.

1 The summary of the income statement and rate base is set forth on
2 Statement M, Amended page 1.

3 The amended revenue requirement is calculated on Statement L,
4 Amended page 3. The additional revenue requirement excluding all Big
5 Stone II costs is \$13,300,000.

6 **Q. Does this complete your amended direct testimony?**

7 **A. Yes, it does.**

**MONTANA-DAKOTA UTILITIES CO.
PLANT IN SERVICE
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009**

<u>Plant in Service</u>	<u>Per Books Plant</u>
Steam Production	\$202,968,849
Other Production	58,847,038
Total Production	<u>\$261,815,887</u>
Transmission	92,482,990
Distribution	131,372,493
General	12,625,103
Intangible Plant - General	4,022,989
Common	16,489,655
Intangible Plant - Common	8,875,787
Subtotal	<u>527,684,904</u>
Acquisition Adjustment	7,161,943
Total Plant in Service	<u><u>\$534,846,847</u></u>

**MONTANA-DAKOTA UTILITIES CO.
PLANT IN SERVICE
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009**

Acct. No.	Account	Per Books Plant
	<u>Steam Production Plant</u>	
810	<u>Heskett</u>	
310	Land	\$167,253
311	Structures & Improvements	7,741,429
312	Boiler Plant Equipment	29,868,359
314	Turbogenerator units	9,614,885
315	Accessory Equipment	1,083,580
316	Miscellaneous Equipment	5,414,996
	Total Heskett	\$53,890,502
820	<u>Lewis & Clark</u>	
310	Land	\$55,752
311	Structures & Improvements	2,869,910
312	Boiler Plant Equipment	14,748,378
314	Turbogenerator units	3,739,510
315	Accessory Equipment	692,088
316	Miscellaneous Equipment	2,896,193
	Total Lewis & Clark	\$25,001,831
830	<u>Coyote</u>	
310	Land	\$360,435
311	Structures & Improvements	17,867,608
312	Boiler Plant Equipment	47,877,051
314	Turbogenerator units	10,474,511
315	Accessory Equipment	5,975,622
316	Miscellaneous Equipment	1,827,967
	Total Coyote	\$84,383,194
861	<u>Big Stone</u>	
310	Land	\$103,805
311	Structures & Improvements	6,530,124
312	Boiler Plant Equipment	21,226,685
314	Turbogenerator units	8,435,780
315	Accessory Equipment	2,538,433
316	Miscellaneous Equipment	843,388
	Total Big Stone	\$39,678,215
	<u>Other Steam Production</u>	
310	Land	\$15,107
	Total Other Steam Production	\$15,107

**MONTANA-DAKOTA UTILITIES CO.
PLANT IN SERVICE
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009**

Acct. No.	Account	Per Books Plant
	<u>Steam Production Summary</u>	
310	Land	\$702,352
311	Structures & Improvements	35,009,071
312	Boiler Plant Equipment	113,720,473
314	Turbogenerator units	32,264,686
315	Accessory Equipment	10,289,723
316	Miscellaneous Equipment	10,982,544
	Total Steam Production	\$202,968,849
	<u>Other Production Plant</u>	
851	<u>Glendive Turbine</u>	
340	Land	\$26,147
341	Structures & Improvements	202,570
342	Fuel Holders, Producers & Acces.	1,611,694
344	Generators	4,630,847
345	Accessory Equipment	321,822
346	Miscellaneous Equipment	84,659
	Total Glendive Turbine - Unit 1	\$6,877,739
850	<u>Glendive Turbine 2</u>	
344	Generators	\$12,388,619
852	<u>Miles City Turbine</u>	
340	Land	\$420
341	Structures & Improvements	101,483
342	Fuel Holders, Producers & Acces.	64,694
344	Generators	1,812,803
345	Accessory Equipment	231,237
346	Miscellaneous Equipment	5,556
	Total Miles City Turbine	\$2,216,193
853	<u>Williston Turbine</u>	
340	Land	\$19,305
341	Structures & Improvements	227,602
342	Fuel Holders, Producers & Acces.	53,546
344	Generators	940,293
345	Accessory Equipment	113,036
346	Miscellaneous Equipment	2,664
	Total Williston Turbine	\$1,356,446
855	<u>Portable Generator</u>	
341	Structures & Improvements	\$20,779
342	Fuel Holders, Producers & Acces.	13,852

**MONTANA-DAKOTA UTILITIES CO.
PLANT IN SERVICE
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009**

Acct. No.	Account	Per Books Plant
344	Generators	131,895
345	Accessory Equipment	27,705
	Total Portable Generator	\$194,231
856	<u>Diamond Willow</u>	
344	Generators	\$25,304,124
857	<u>Ormat</u>	
344	Generators	\$10,509,686
	<u>Other Production</u>	
340	Land	\$45,872
341	Structures & Improvements	552,434
342	Fuel Holders, Producers & Acces.	1,743,786
344	Generators	55,718,267
345	Accessory Equipment	693,800
346	Miscellaneous Equipment	92,879
	Total Other Production Plant	\$58,847,038
	<u>Transmission Plant</u>	
350.1	Land	\$474,883
350.2	Rights of Way	1,616,316
352	Structures & Improvements	1,233
353	Station Equipment	43,667,053
354	Towers and Fixtures	3,449,590
355	Poles and Fixtures	21,392,506
356	Overhead Conductor & Devices	17,962,653
357	Underground Conduit	1,535,680
358	Underground Conductor & Devices	2,383,076
	Total Transmission Plant	\$92,482,990
	<u>Distribution Plant</u>	
360.1	Land	\$882,223
360.2	Rights of Way	159,298
362	Station Equipment	24,347,887
364	Poles, Towers & Fixtures	13,545,814
365	Overhead Conductors & Devices	8,572,210
366	Underground Conduit	179,562
367	Underground Conductor & Devices	31,282,756
368	Line Transformers	27,566,237
369	Services	11,874,687
370	Meters	8,899,692
371	Installation on Cust. Premises	926,483
373	Street Lighting & Signal System	3,135,644
	Total Distribution Plant	\$131,372,493

**MONTANA-DAKOTA UTILITIES CO.
PLANT IN SERVICE
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009**

Acct. No.	Account	Per Books Plant
	<u>General Plant</u>	
389	Land	\$6,046
390	Structures & Improvements	252,947
391.1	Office Furniture & Equipment	114,410
391.3	Personal Computers	72,517
391.4	Computer Equip.-Other (EMS)	438,828
391.5	Other Computer Equipment	4,925
392.1	Trans. Equip., Non-Unitized	332,325
392.2	Trans. Equip., Unitized	2,944,249
393	Stores Equipment	82,776
394.1	Miscellaneous Tools - Nonunitized	1,143,611
395	Laboratory Equipment	721,523
396.1	Power Operated Equip.	76,230
396.2	Work Equipment Trailers	5,046,431
397.1	Fixed Radio Communication Equip.	45,015
397.2	Mobile Radio Communication Equip.	32,761
397.3	General Tele. Comm. Equip.	16,967
397.4	Carrier Current Comm. Equip.	102,737
397.5	Supervisory & Telemetry	68,934
397.6	Scada System	867,702
397.8	Network Equipment	101,373
397.9	Trip Communication Equip.	133,858
398	Miscellaneous Equipment	18,938
	Total General Plant	\$12,625,103
303	Intangible Plant - General	\$4,022,989
	<u>Common Plant - Electric</u>	
389	Land	\$836,732
390	Structures and Improvements	8,478,241
391.1	Office Furniture & Equipment	1,111,615
391.3	Personal Computers	763,654
391.4	Computer Equipment - Other (EMS)	2,778
391.5	Other Computer Equipment	388,836
392.1	Trans. Equip., Non-Unitized	31,470
392.2	Trans. Equip., Unitized	2,001,866
392.3	Aircraft Equipment	1,080,835
393	Stores Equipment	13,455
394.1	Miscellaneous Tools	178,365
394.3	Vehicle Maintenance Equipment	58,005
394.4	Vehicle Refueling Equipment	156,552
396.2	Power Operated Equipment	27,443
397.1	Fixed Radio Communication Equip.	430,384
397.2	Mobile Radio Communication Equip.	278,780

**MONTANA-DAKOTA UTILITIES CO.
PLANT IN SERVICE
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009**

Acct. No.	Account	Per Books Plant
397.3	General Tele. Comm. Equip.	151,196
397.5	Supervisory & Telemetering	28,968
397.8	Network Equipment	109,349
398	Miscellaneous Equipment	361,131
	Total Common Plant	<u>\$16,489,655</u>
303	Intangible Plant - Common	\$8,875,787
114	Acquisition Adjustment	<u>7,161,943</u>
	Total Electric Plant in Service	<u><u>\$534,846,847</u></u>

**MONTANA-DAKOTA UTILITIES CO.
DETAILED COST OF PLANT
ELECTRIC UTILITY**

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009

Acct. No.	Account	Balance @ 1/1/09	Additions	Retirements	Transfers	Balance @ 12/31/09
	<u>Steam Production Plant</u>					
310	Land	\$1,018,687	\$0	\$0	\$0	\$1,018,687
311	Structures & Improvements	49,548,444	1,281,799	(59,199)	0	50,771,044
312	Boiler Plant Equipment-Non Pollution	160,180,867	6,034,131	(1,304,314)	0	164,910,684
314	Turbo Generator Units	45,028,779	2,687,455	(929,166)	0	46,787,068
315	Accessory Electrical Equipment	14,811,799	414,796	(303,057)	0	14,923,538
316	Miscellaneous Power Plant Equipment	15,684,726	346,188	(103,193)	0	15,927,721
	Total Steam Production Plant	<u>\$286,273,302</u>	<u>\$10,764,369</u>	<u>(\$2,698,929)</u>	<u>\$0</u>	<u>\$294,338,742</u>
	<u>Other Production Plant</u>					
340	Land	\$66,533	\$0	\$0	\$0	\$66,533
341	Structures & Improvements	786,273	14,890	0	0	801,163
342	Fuel Holders, Producers & Accessories	614,843	1,903,957	0	0	2,518,800
344	Generators	65,811,219	14,919,612	0	0	80,730,831
345	Accessory Electrical Equipment	926,890	91,132	(12,169)	0	1,005,853
346	Miscellaneous Power Plant Equipment	55,456	81,125	(2,299)	0	134,282
	Total Other Production Plant	<u>\$68,261,214</u>	<u>\$17,010,716</u>	<u>(\$14,468)</u>	<u>\$0</u>	<u>\$85,257,462</u>
	<u>Transmission Plant</u>					
350.1	Land	\$661,380	\$12,963	(\$3,954)	\$0	\$670,389
350.2	Land Rights	2,499,857	2,270	0	0	2,502,127
352	Structures & Improvements	1,789	0	0	0	1,789
353	Station Equipment	67,100,073	3,792,511	(50,103)	43,212	70,885,693
354	Towers & Fixtures	5,060,461	(74,354)	0	0	4,986,107
355	Poles & Fixtures	31,895,660	233,494	(14,181)	0	32,114,973
356	Overhead Conductor & Devices	26,842,674	260,284	(66,384)	0	27,036,574
357	Underground Conduit	2,039,996	(139,238)	0	0	1,900,758
358	Underground Conductor & Devices	3,434,449	(334,644)	0	0	3,099,805
	Total Transmission Plant	<u>\$139,536,339</u>	<u>\$3,753,286</u>	<u>(\$134,622)</u>	<u>\$43,212</u>	<u>\$143,198,215</u>

**MONTANA-DAKOTA UTILITIES CO.
DETAILED COST OF PLANT
ELECTRIC UTILITY**

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009

Acct. No.	Account	Balance @ 1/1/09	Additions	Retirements	Transfers	Balance @ 12/31/09
<u>Distribution Plant</u>						
360.1	Land	\$1,109,127	\$15,362	(\$10,436)	\$0	\$1,114,053
360.2	Land Rights	836,871	2,851	0	0	839,722
362	Station Equipment	34,642,001	2,221,645	(28,596)	(43,212)	36,791,838
364	Poles, Towers & Fixtures	27,218,102	884,331	(145,898)	0	27,956,535
365	Overhead Conductor & Devices	18,955,130	363,871	(79,776)	1,320	19,240,545
366	Underground Conduit	218,154	0	0	0	218,154
367	Underground Conductor & Devices	47,029,641	4,669,906	(391,986)	38,097	51,345,658
368	Line Transformers	43,168,949	2,095,895	(179,904)	0	45,084,940
369	Services	20,421,288	1,094,872	(120,070)	0	21,396,090
370	Meters	14,374,322	512,414	(272,661)	0	14,614,075
371	Installations on Customer's Premises	2,157,760	128,894	(109,355)	0	2,177,299
373	Street Lights & Signal Systems	6,140,104	231,942	(89,188)	(39,717)	6,243,141
	Total Distribution Plant	<u>\$216,271,449</u>	<u>\$12,221,983</u>	<u>(\$1,427,870)</u>	<u>(\$43,512)</u>	<u>\$227,022,050</u>
<u>General Plant</u>						
389	Land & Land Rights	\$8,137	\$0	\$0	\$0	\$8,137
390	Structures & Improvements	518,602	4,540	(642)	0	522,500
391.1	Office Furniture & Equipment	155,828	0	0	0	155,828
391.2	Computer Equipment-Honeywell	23,867	0	(23,867)	0	0
391.3	Computer Equipment-PC	124,641	0	(12,788)	0	111,853
391.4	Computer Equipment-Prime	669,057	10,472	(2,127)	0	677,402
391.5	Computer Equipment-Other	7,657	0	0	0	7,657
392.1	Transportation Equipment-Non-Unitized	442,339	26,017	(10,769)	110	457,697
392.2	Transportation Equipment	4,601,775	450,831	(269,462)	70,502	4,853,646
393	Stores Equipment	107,166	0	(1,563)	0	105,603
394.1	Tools, Shop & Garage Equipment	1,815,943	88,829	(9,511)	0	1,895,261
395	Laboratory Equipment	1,152,814	10,639	0	0	1,163,453
396.1	Trailers-Work Equipment	218,019	288	(12,903)	5,173	210,577
396.2	Power Operated Equipment	8,367,941	1,040,871	(747,246)	(113,664)	8,547,902

**MONTANA-DAKOTA UTILITIES CO.
DETAILED COST OF PLANT
ELECTRIC UTILITY**

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009

Acct. No.	Account	Balance @ 1/1/09	Additions	Retirements	Transfers	Balance @ 12/31/09
397.1	Radio Communication Equipment-Fixed	69,587	2,401	(13,569)	0	58,419
397.2	Radio Communication Equipment-Mobile	71,291	4,728	0	0	76,019
397.3	General Telephone Communications Equipment	8,005	16,429	0	0	24,434
397.4	Carrier Current Communication Equipment	81,054	72,863	0	0	153,917
397.5	Supervisory & Telemetering Equipment	98,490	2,053	0	0	100,543
397.6	Scada System	1,297,599	32,885	0	0	1,330,484
397.8	Network Equipment	149,998	1,876	(49,686)	0	102,188
397.9	Transfer Trip Communication Equipment	173,526	0	0	0	173,526
398	Miscellaneous Equipment	64,929	5,494	(39,461)	0	30,962
	Total General Plant	<u>\$20,228,265</u>	<u>\$1,771,216</u>	<u>(\$1,193,594)</u>	<u>(\$37,879)</u>	<u>\$20,768,008</u>
303	Intangible Plant - General	5,971,308	269,209	0	0	6,240,517
	Common Plant - Electric 1/	27,157,942				27,281,468
	Common Intangible Plant 2/	12,872,980				13,800,138
114	Acquisition Adjustment	10,387,642	0	0	0	10,387,642
182	AFUDC Interest & Dep. On Coyote	1,319,538	0	(168,452)	0	1,151,086
	Total Electric Plant in Service	<u>\$788,279,979</u>	<u>\$45,790,779</u>	<u>(\$5,637,935)</u>	<u>(\$38,179)</u>	<u>\$829,445,328</u>

1/ Common plant is either directly assigned or allocated to gas and electric plant. Total common plant additions, retirements, transfers and adjustments for the twelve months ended December 31, 2009 are \$2,398,493, (\$2,025,126) and \$14,203 respectively.

2/ Common Intangible plant is either directly assigned or allocated to gas and electric plant. Total common intangible plant additions for the twelve months ended December 31, 2009 are \$1,342,078.

MONTANA-DAKOTA UTILITIES CO.
ELECTRIC CWIP IN SERVICE
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009

Work Order Number	Description	Total	Steam Production	Other Production	Transmission	Distribution	General	Common
J157145	Install software - AMR	\$2,166						\$2,166
J156153	Install Ormat energy converter - Glen Ullin	(34,056)		(\$34,056)				
J155974	Install gas compression equipment - Glendive	461		461				
J120215	Replace HP/IP turbine at Coyote	(4,804)	(\$4,804)					
J61143	Replace boiler reheat tubes - Coyote	(2,869)	(2,869)					
J153728	Re-Wind Generator Stator-Big Stone	48	48					
J151263	Install mercury control system - Lewis and Clark	296,388	296,388					
J156071	Upgrade auto XFMR - Tioga 230 substation	(996)			(\$996)			
Small items grouped 1/:								
(33)	Steam Production	194,704	194,704					
(5)	Other Production	1,031		1,031				
(27)	Transmission	112,522			112,522			
(245)	Distribution	790,051				\$790,051		
(7)	General	64,788					\$64,788	
(6)	Common	57,825						57,825
	Total	\$1,477,259	\$483,467	(\$32,564)	\$111,526	\$790,051	\$64,788	\$59,991

1/ Numbers in brackets indicate the number of work orders involved in each item of construction.

MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF ACCUMULATED RESERVE FOR DEPRECIATION
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009

	Total Company	North Dakota
Steam Production	<u>\$198,882,254</u>	<u>\$129,748,842</u>
Other Production	<u>15,617,865</u>	<u>10,776,668</u>
Total Production	<u>\$214,500,119</u>	<u>\$140,525,510</u>
Transmission	80,430,659	51,624,661
Distribution	114,645,801	64,644,951
General	9,957,907	6,192,571
Intangible Plant - General	5,139,599	3,313,779
Common	14,388,207	9,070,745
Intangible Plant - Common	9,649,704	6,206,367
Acquisition Adjustment	<u>9,462,838</u>	<u>6,525,036</u>
Total	<u><u>\$458,174,834</u></u>	<u><u>\$288,103,620</u></u>

**MONTANA-DAKOTA UTILITIES CO.
BOOK CHANGES IN ACCUMULATED PROVISION FOR
DEPRECIATION AND AMORTIZATION - ELECTRIC UTILITY
TWELVE MONTHS ENDING DECEMBER 31, 2009**

	Beginning Balance 12/31/09	Annual Provision	Retirements (Original Cost)	Salvage	Removal Costs	Reclassification/ Adjustments	Ending Balance 12/31/09
<u>Electric Utility</u>	<u>\$4,705,268</u>	<u>\$434,331</u>					<u>\$5,139,599</u>
Account 111 - Intangible							
Account 108							
Production	180,927,737	8,327,207	\$2,698,929	\$25,806	\$676,984		185,904,837
Other Production	12,903,037	2,729,296	14,468	9,200	0	(9,200)	15,617,865
Transmission	78,504,029	2,758,454	130,669	4,845	12,106	(693,895)	80,430,658
Distribution	108,491,368	7,308,604	1,417,432	50,906	463,735	676,088	114,645,799
General	9,539,594	1,486,522	1,193,594	81,774	0	43,612	9,957,908
Total Account 108	390,365,765	22,610,083	5,455,092	172,531	1,152,825	16,605	406,557,067
Account 115 - Acquisition Adjustment	9,234,596	228,242					9,462,838
<u>Total</u>	<u>\$404,305,629</u>	<u>\$23,272,656</u>	<u>\$5,455,092</u>	<u>\$172,531</u>	<u>\$1,152,825</u>	<u>\$16,605</u>	<u>\$421,159,504</u>
Common 1/	\$22,858,901						\$24,037,911

1/ Common Plant is assigned by state on an actual site and use basis when applicable, and the remainder is allocated by state to gas and electric on a plant in service basis. Total common changes for the twelve months ended December 31, 2009 are:

	Beginning Balance 12/31/09	Annual Provision	Retirements (Original Cost)	Salvage	Removal Costs	Adjustments	Ending Balance 12/31/09
<u>Common Utility</u>	<u>\$15,198,859</u>	<u>\$1,671,472</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$16,870,331</u>
Account 111	22,203,230	2,298,534	1,912,946	810,939	40,998	(566,857)	22,791,902
Account 108							
<u>Total Accounts 111 and 108</u>	<u>\$37,402,089</u>	<u>\$3,970,006</u>	<u>\$1,912,946</u>	<u>\$810,939</u>	<u>\$40,998</u>	<u>(\$566,857)</u>	<u>\$39,662,233</u>

**MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF WORKING CAPITAL AND
CUSTOMER ADVANCES FOR CONSTRUCTION
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
PROJECTED 2010**

<u>Working Capital</u>	<u>Per Books</u>
Materials and Supplies	\$4,781,794
Fuel Stocks	2,943,480
Prepaid Insurance	102,443
Unamortized Loss on Debt	5,015,081
Total Working Capital	<u>\$12,842,798</u>
Customer Advances for Construction	<u>\$163,959</u>

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2009**

	<u>Materials and Supplies</u>	<u>Fuel Stocks</u>	<u>Prepayments</u>	<u>Customer Advances</u>
December 2008	\$4,856,615	\$2,593,773	\$77,861	\$76,712
January 2009	4,840,823	2,566,550	459,283	142,712
February	4,819,329	2,674,134	408,247	142,712
March	4,949,409	2,746,181	384,121	150,212
April	5,286,906	2,685,739	331,769	150,212
May	5,206,561	2,813,893	414,752	150,212
June	5,410,418	2,743,303	340,272	150,212
July	5,427,906	2,709,917	287,469	150,212
August	5,356,180	2,738,107	237,177	150,212
September	5,208,349	2,777,655	182,344	150,212
October	5,012,511	2,875,901	152,122	164,274
November	4,972,607	2,840,279	159,036	94,273
December	4,781,794	2,943,480	102,443	163,959

**MONTANA-DAKOTA UTILITIES CO.
UNAMORTIZED LOSS ON DEBT
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
PROJECTED 2010**

	<u>Total Company</u>	<u>North Dakota</u>
Balance at December 31, 2009	\$7,561,148	\$5,015,081
Amortization of Loss	<u>(689,776)</u>	<u>(459,510)</u>
Balance at December 31, 2010	<u>\$6,871,372</u>	<u>\$4,555,571</u>

1/ Allocated on Net Plant in Service.

	<u>Balance</u>	<u>2010 Amortization</u>
Total Company	\$10,285,123	(\$900,264)
Allocate to Electric	7,561,148	(689,776)
Allocate to North Dakota	5,015,081	(459,510)

**MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF REVENUES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009**

	<u>Kwh</u>	<u>Revenue</u>
<u>Sales</u>		
Residential	599,275,158	\$43,362,057
Small General	99,486,133	8,242,369
Large General	810,812,361	51,993,819
Municipal Lighting	20,219,224	1,264,406
Municipal Pumping	29,665,307	1,587,726
Outdoor Lighting	5,845,770	466,831
Unbilled Revenue		<u>(1,475,466)</u>
Total Sales	<u>1,565,303,953</u>	<u>\$105,441,742</u>
Sales for Resale		\$4,697,557 1/
<u>Other Revenue</u>		
Misc. Service Revenue		\$124,896
Rent from Property		2,170,961
Other Revenue		<u>2,388,202</u>
Total Other Revenue		<u>\$4,684,059</u>
Total	<u>1,565,303,953</u>	<u>\$114,823,358</u>

1/ Includes Margin Sharing Adjustment (MSA).

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
SUMMARY OF REVENUE ANALYSIS
TWELVE MONTHS ENDED DECEMBER 31, 2009**

Rate Reporting Class	Per Books Twelve Months Ended 12/31/09			
	Billing Units	Kwh	Billed KW	Total Revenue
Residential Service				
Rate 10	62,408	599,029,504		\$43,347,811
Rate 16	12	235,490		13,835
Rate 95	2	10,164		411
Total Residential	62,422	599,275,158		43,362,057
Small General Service				
Rate 20	8,747	94,290,893		\$7,887,466
Rate 25	36	747,910	5,779.1	41,211
Rate 26	4	114,198		6,187
Rate 40	356	4,333,132	10,787.5	307,505
Total Small General	9,143	99,486,133	16,566.6	8,242,369
General Service				
Rate 30 Secondary	2,976	558,788,416	1,701,910.4	\$39,221,600
Rate 30 Primary	23	102,555,922	252,879.7	5,591,902
Rate 30 Contracts	5	82,964,933	172,975.4	3,919,205
Rate 31 Secondary	31	7,769,116	51,702.2	512,999
Rate 32 Secondary	312	37,239,952	164,846.5	1,783,942
Rate 32 Primary	0	6,222	43.4	286
Rate 38	2	17,903,100	43,817.7	810,659
Rate 39	1	3,584,700	9,883.8	153,226
Total General	3,350	810,812,361	2,398,059.1	51,993,819
Municipal Lighting Service				
Rate 41 Secondary	820	18,407,412		\$1,158,558
Rate 41 Primary	49	1,811,812		105,848
Total Municipal Light	869	20,219,224		1,264,406
Municipal Pumping Service				
Rate 48 Secondary	322	21,172,107	86,065.3	\$1,198,810
Rate 48 Primary	3	8,493,200	25,586.4	388,916
Total Municipal Pumping	325	29,665,307	111,651.7	1,587,726
Outdoor Lighting Service				
Rate 52 Secondary	2,781	5,830,077		\$465,649
Rate 52 Primary	2	15,693		1,182
Total Outdoor Light	2,783	5,845,770		466,831
Total North Dakota	78,892	1,565,303,953	2,526,277.4	\$106,917,208



MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF OPERATION AND MAINTENANCE EXPENSES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009

	<u>Total Company</u>	<u>North Dakota</u>
Fuel and Purchased Power	\$65,717,030	\$32,069,238
Other Power Supply	1,123,281	771,607
Production	19,900,860	13,784,753
Transmission	8,234,482	5,605,166
Distribution	10,546,255	6,055,201
Customer Accounting	3,699,547	2,163,061
Customer Service & Information	333,508	264,054
Sales	273,396	194,519
Administrative and General	<u>16,678,633</u>	<u>10,525,633</u>
Total Operation and Maintenance Expenses	<u>\$126,506,992</u>	<u>\$71,433,232</u>

MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF OPERATION AND MAINTENANCE EXPENSES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009

Account No.		Total Company	North Dakota
	<u>Production Expenses:</u>		
	<u>Steam Production</u>		
	Operation:		
500	Operation Supervision & Engineering	\$1,961,341	\$1,358,392
501	Fuel	38,835,112	25,263,046
502	Steam Expense	3,768,927	2,610,132
505	Steam-Electric Expense	1,346,104	932,215
506	Miscellaneous Steam Power Expense	2,988,581	2,069,990
507	Rents	664	459
	Total Steam Production Operation Expense	\$48,900,729	\$32,234,234
	Maintenance:		
510	Maintenance Supervision & Engineering	797,304	552,225
511	Maintenance of Structures	627,791	434,846
512	Maintenance of Boiler Plant	5,356,477	3,710,931
513	Maintenance of Electric Plant	979,355	678,770
514	Maintenance of Miscellaneous Steam Plant	1,076,898	746,011
	Total Steam Production Maintenance Expense	\$8,837,825	\$6,122,783
	Total Steam Production Expense	\$57,738,554	\$38,357,017
	<u>Other Generation</u>		
	Operation:		
546	Operation Supervision & Engineering	\$118,404	\$82,002
547	Fuel	425,830	277,011
548	Generation Expenses	299,462	207,478
549	Miscellaneous Other Power Generation Expenses	253,069	175,266
550	Rents	52,000	35,852
	Total Other Generation Operation Expense	\$1,148,765	\$777,609
	Maintenance:		
551	Maintenance Supervision & Engineering	60,144	41,653
552	Maintenance of Structures	7,376	5,108
553	Maintenance of Generating & Electric Plant	204,382	141,634
554	Maintenance of Misc. Other Power Generation Plant	2,581	1,789
	Total Other Generation Maintenance Expense	\$274,483	\$190,184
	Total Other Generation Expense	\$1,423,248	\$967,793
	<u>Other Power Supply Expense</u>		
555	Purchased Power	\$26,456,088	\$6,529,181
556	System Control & Dispatch	1,123,281	771,607
	Total Purchased Power Expense	\$27,579,369	\$7,300,788
	Total Production Expense	\$86,741,171	\$46,625,598

MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF OPERATION AND MAINTENANCE EXPENSES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009

<u>Account No.</u>		<u>Total Company</u>	<u>North Dakota</u>
	<u>Transmission Expense:</u>		
	Operation:		
560	Operation Supervision & Engineering	\$1,409,656	\$932,673
561	Load Dispatching	1,429,674	933,217
562	Station Expenses	664,910	445,224
563	Overhead Line Expense	161,201	106,149
565	Transmission of Electricity by Others	1,292,799	859,018
566	Miscellaneous Expense	138,493	92,104
567	Rents	1,564,171	1,238,204
	Total Transmission Operation Expense	<u>\$6,660,904</u>	<u>\$4,606,589</u>
	Maintenance:		
568	Maintenance Supervision & Engineering	28,755	19,114
570	Maintenance of Structures	543,499	306,940
571	Maintenance of Station Equipment	493,181	334,930
572	Maintenance of Underground Lines		
575	Regional Market Expense	508,143	337,593
	Total Transmission Maintenance Expenses	<u>\$1,573,578</u>	<u>\$998,577</u>
	Total Transmission Expenses	<u><u>\$8,234,482</u></u>	<u><u>\$5,605,166</u></u>
	<u>Distribution Expense:</u>		
	Operation:		
580	Operation Supervision & Engineering	\$1,002,762	\$496,543
582	Station Expenses	586,893	423,565
583	Overhead Line Expense	677,381	470,281
584	Underground Line Expense	903,622	579,483
585	Street Lighting & Signal Systems	62,368	32,554
586	Meter Expenses	793,970	474,006
587	Customer Installations Expense	361,607	208,127
588	Miscellaneous Expenses	2,388,795	1,394,801
589	Rents	109,223	66,102
	Total Distribution Operation Expenses	<u>\$6,886,621</u>	<u>\$4,145,462</u>
	Maintenance:		
590	Maintenance Supervision & Engineering	\$216,935	\$71,155
592	Maintenance of Station Equipment	156,178	103,712
593	Maintenance of OH lines	1,971,412	1,021,960
594	Maintenance of UG lines	552,426	296,959
595	Maintenance of Line Transformers	163,567	97,317
596	Maintenance of Street Lighting & Signals	181,075	100,142
597	Maintenance of Meters	20,803	2,243
598	Maintenance of Miscellaneous Plant	397,238	216,251
	Total Distribution Maintenance Expenses	<u>3,659,634</u>	<u>1,909,739</u>
	Total Distribution Expenses	<u><u>\$10,546,255</u></u>	<u><u>\$6,055,201</u></u>

MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF OPERATION AND MAINTENANCE EXPENSES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009

<u>Account No.</u>		<u>Total Company</u>	<u>North Dakota</u>
	<u>Customer Accounts Expenses</u>		
	Operation:		
901	Supervision	\$251,808	\$129,988
902	Meter Reading Expenses	888,009	564,278
903	Customer Records and Collection Exp.	1,991,515	1,159,990
904	Uncollectible Accounts	236,180	114,879
905	Misc. Customer Accounts Expenses	332,035	193,926
	Total Customer Accounts Expenses	<u>\$3,699,547</u>	<u>\$2,163,061</u>
	<u>Customer Service & Information Expenses</u>		
	Operation:		
907	Supervision	\$79,183	\$47,994
908	Customer Assistance Expenses	216,130	190,208
909	Informational and Instructional Expenses	37,163	25,426
910	Misc. Customer Service & Info. Exp.	1,032	426
	Total Customer Service & Information Expense	<u>\$333,508</u>	<u>\$264,054</u>
	<u>Sales Expenses</u>		
	Operation:		
911	Supervision	\$17,612	\$10,680
912	Demonstrating and Selling Expenses	127,553	86,304
913	Advertising Expenses	89,038	82,451
916	Misc. Sales Expenses	39,193	15,084
	Total Sales Expenses	<u>\$273,396</u>	<u>\$194,519</u>
	<u>Administrative & General Expenses</u>		
	Operation:		
920	Administrative and General Salaries	\$4,993,595	\$3,227,511
921	Office Supplies and Expenses	2,634,891	1,702,233
923	Outside Services Employed	397,137	239,918
924	Property Insurance	616,703	398,594
925	Injuries and Damages	768,552	474,045
926	Employee Pensions and Benefits	5,815,676	3,654,385
928	Regulatory Commission Expenses	290,688	90,979
930.1	General Advertising Expenses	61,657	41,057
930.2	Miscellaneous General Expenses	364,720	225,312
931	Rents	251,420	162,888
931	Total Operation Expenses	<u>\$16,195,039</u>	<u>\$10,216,922</u>
	Maintenance:		
935	Maintenance of General Plant	<u>\$483,594</u>	<u>\$308,711</u>
	Total Administrative & General Expenses	<u>\$16,678,633</u>	<u>\$10,525,633</u>
	Total Operation & Maintenance Expenses	<u>\$126,506,992</u>	<u>\$71,433,232</u>

**MONTANA-DAKOTA UTILITIES CO.
FUEL AND PURCHASED POWER
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009**

	<u>Per Books 1/</u>	
	<u>Total</u>	<u>North Dakota</u>
Fuel Expense		
Acct. 501	\$38,138,306	\$24,809,761
Acct. 547	425,830	277,011
Total Fuel Expense	<u>38,564,136</u>	<u>25,086,772</u>
 Purchased Power-Acct. 555		
Energy	21,666,930	5,548,239
Demand	1,911,625	1,325,187
Total Purchased Power	<u>23,578,555</u>	<u>6,873,426</u>
 Other		
Deferred Fuel & Purchased Power /MSA	<u>2,877,533</u>	<u>(344,245)</u>
 Total	<u><u>\$65,020,224</u></u>	<u><u>\$31,615,953</u></u>

1/ Excludes non-fuel expenses that are recorded in accounts 501 and 547.

MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF DEPRECIATION EXPENSE AND AMORTIZATION
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009

	<u>Total Company</u>	<u>North Dakota</u>
Steam Production	\$8,669,900	\$5,767,439
Other Production	2,729,295	1,890,470
Total Production	<u>\$11,399,195</u>	<u>\$7,657,909</u>
Transmission	2,758,454	1,850,604
Distribution	7,308,606	4,256,424
General	485,019	313,285
General - Intangible	434,331	283,211
Common	946,277	570,464
Common - Intangible	956,082	614,920
Acquisition Adjustment	228,242	158,080
Total	<u><u>\$24,516,206</u></u>	<u><u>\$15,704,897</u></u>

**MONTANA-DAKOTA UTILITIES CO.
DEPRECIATION AND AMORTIZATION EXPENSES
ELECTRIC UTILITY – NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009**

See Pages 3 through 8 for Montana-Dakota's depreciation rates as set forth in a study performed by AUS Consultants as of December 31, 2008 for electric and common plant.

Montana-Dakota Utilities
Electric Division

Summary or Original Cost of Utility Plant in Service as of December 31, 2008
and Related Annual Depreciation Expense Under Present and Proposed Rates

Account No.	Description	Original Cost		Present Rates		Proposed Plant Only Rates		Proposed Gross Salv Rates		Proposed COR Rates		Total Proposed Rates		Net Change Depr. Exp.
		(c)	(b)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
DEPRECIABLE PLANT														
STEAM PLANT														
311.00	Structures and Improvements	49,548,444.19		2.64%	1,310,009.04	2.25%	1,114,839.99	0.00%	0.00	0.10%	49,548.44	2.35%	1,164,388.44	(145,620.60)
312.00	Boiler Plant Equipment-Non Pollution	160,180,866.88		2.87%	4,596,930.36	2.55%	4,084,612.11	0.00%	0.00	0.24%	384,434.08	2.79%	4,469,046.19	(127,884.17)
314.00	Turbogenerator Units	45,028,778.67		2.96%	1,333,104.72	3.25%	1,463,435.31	0.00%	0.00	0.20%	90,057.56	3.45%	1,553,492.86	220,388.14
315.00	Accessory Electric Equipment	14,811,799.20		1.81%	268,421.64	1.61%	238,469.97	0.00%	0.00	0.05%	7,405.90	1.66%	245,875.87	(22,545.77)
316.00	Miscellaneous Power Plant Equipment	15,684,726.22		6.18%	970,064.83	4.62%	724,634.35	0.00%	0.00	0.15%	23,527.09	4.77%	748,161.44	(221,903.39)
	Total Steam Production Plant	285,254,615.16		2.97%	8,478,530.59	2.67%	7,625,991.73	0.00%	0.00	0.19%	554,973.07	2.87%	8,180,964.80	(297,565.79)
OTHER PRODUCTION PLANT														
341.00	Structures and Improvements	786,272.85		1.19%	9,364.73	2.32%	18,241.53	0.00%	0.00	0.00%	0.00	2.32%	18,241.53	8,876.80
342.00	Fuel Holders, Producers and Accessories	614,843.00		1.68%	10,319.65	2.06%	12,665.77	0.00%	0.00	0.00%	0.00	2.06%	12,665.77	2,346.12
344.10	Generators	28,869,311.87		1.21%	350,176.18	2.09%	603,368.62	0.00%	0.00	0.00%	0.00	2.09%	603,368.62	253,192.44
344.20	Generators-Diamond Willow Wind Farm	36,941,907.03		5.00%	1,847,095.35	5.17%	1,909,896.59	0.00%	0.00	0.00%	0.00	5.17%	1,909,896.59	62,801.24
345.00	Accessory Electric Equipment	926,889.92		2.69%	24,973.04	3.19%	29,567.79	0.00%	0.00	0.00%	0.00	3.19%	29,567.79	4,584.75
346.00	Miscellaneous Power Plant Equipment	55,456.06		1.74%	963.82	1.97%	1,092.48	0.00%	0.00	0.00%	0.00	1.97%	1,092.48	128.66
	Total Other Production Plant	68,194,680.73		3.29%	2,242,892.77	3.78%	2,574,832.78	0.00%	0.00	0.00%	0.00	3.78%	2,574,832.78	331,940.01
TRANSMISSION PLANT														
350.20	Land Rights	2,499,857.08		1.33%	33,248.10	1.30%	32,498.14	0.00%	0.00	0.00%	0.00	1.30%	32,498.14	(749.96)
352.00	Structures and Improvements	1,788.84		1.93%	34.52	12.24%	218.95	0.00%	0.00	-3.59%	-64.22	8.65%	154.73	120.21
353.00	Station Equipment	67,100,071.58		1.89%	1,269,409.74	1.72%	1,154,121.23	-0.04%	(26,840.03)	0.25%	167,750.18	1.93%	1,295,031.38	25,621.64
354.00	Towers and Fixtures	5,060,460.83		1.89%	95,642.71	1.66%	84,003.65	0.00%	0.00	-0.05%	-2,530.23	1.61%	81,473.42	(14,169.29)
355.00	Poles and Fixtures	31,895,659.58		2.59%	826,101.09	1.56%	497,572.29	0.00%	0.00	0.89%	283,871.37	2.45%	781,443.66	(44,657.43)
356.00	Overhead Conductors and Devices	26,842,673.78		1.60%	429,482.78	1.03%	276,479.54	0.93%	249,636.87	-0.48%	-128,844.83	1.48%	397,271.57	(32,211.21)
357.00	Underground Conduit	2,039,995.85		1.83%	37,331.92	2.01%	41,003.92	0.00%	0.00	0.00%	0.00	2.01%	41,003.92	3,671.99
358.00	Underground Conductors and Devices	3,434,449.26		1.83%	62,850.42	2.01%	69,032.43	0.00%	0.00	0.00%	0.00	2.01%	69,032.43	6,182.01
	Total Transmission Plant	138,874,956.80		1.98%	2,754,101.29	1.55%	2,154,930.15	0.16%	222,796.84	0.23%	320,182.27	1.94%	2,697,909.26	(56,192.03)
DISTRIBUTION PLANT														
360.20	Rights of Ways	836,871.12		1.26%	10,544.58	1.35%	11,297.76	0.00%	0.00	0.00%	0.00	1.35%	11,297.76	753.18
362.00	Station Equipment	34,642,001.32		2.74%	949,709.38	1.87%	647,805.42	0.20%	69,284.00	-0.23%	-79,676.50	1.84%	637,412.82	(312,296.56)
364.00	Poles, Towers & Fixtures	27,218,102.33		4.42%	1,203,823.37	2.17%	590,632.82	0.28%	76,210.69	1.93%	525,309.38	4.38%	1,192,152.88	(11,670.48)
365.00	Overhead Conductor & Devices	18,955,129.62		4.51%	854,249.60	1.89%	358,251.95	0.19%	36,014.75	2.13%	403,744.26	4.21%	798,010.96	(56,238.64)
366.00	Underground Conduit	218,153.86		2.21%	4,821.20	1.90%	4,144.92	0.02%	43.63	-0.06%	-130.89	1.86%	4,057.66	(763.54)
367.00	Underground Conductor & Devices	47,029,640.56		3.90%	1,835,156.29	2.66%	1,250,988.44	0.00%	0.00	0.52%	244,554.13	3.18%	1,495,542.57	(339,613.72)
368.00	Line Transformers	43,168,948.72		1.88%	811,576.24	1.80%	777,041.08	-0.05%	(21,584.47)	0.61%	263,330.59	2.36%	1,018,787.19	207,210.95

Montana-Dakota Utilities
Electric Division

Summary or Original Cost of Utility Plant in Service as of December 31, 2008
and Related Annual Depreciation Expense Under Present and Proposed Rates

Account No. (a)	Description (b)	Original Cost (c)		Present Rates (d)		Proposed Plant Only Rates (e)		Proposed Gross Salv Rate (f)		Proposed COR Rates (g)		Total Proposed Rates (h)		Net Change Depr. Exp. (n)
		12/31/08	Rate %	Annual Accrual	Rate %	Annual Accrual	Rate %	Annual Accrual	Rate %	Annual Accrual	Rate %	Annual Accrual	Rate %	
369.10	Services - Overhead	3,617,535.37	3.71%	134,360.17	1.28%	46,304.45	0.31%	11,214.36	0.25%	9,043.84	1.84%	66,562.65	(67,797.52)	
369.20	Services - Underground	15,803,753.03	3.71%	624,114.19	1.51%	253,736.67	0.11%	18,484.13	0.61%	102,502.89	2.23%	374,723.69	(249,390.50)	
	Total Account 369 - Services	20,421,288.40	3.71%	758,474.37	1.47%	300,041.12	0.15%	29,698.49	0.55%	111,546.73	2.16%	441,286.34	(317,188.02)	
370.00	Meters	14,374,321.74	2.76%	396,731.28	3.29%	472,915.19	0.00%	0.00	0.19%	27,311.21	3.48%	500,226.40	103,495.12	
371.00	Installation on customers Premises	2,157,760.17	6.25%	134,860.01	4.01%	86,526.18	-0.21%	(4,531.30)	1.80%	38,839.68	5.60%	120,834.57	(14,025.44)	
373.00	Street Lighting System	6,140,103.99	3.36%	206,307.49	2.95%	181,133.07	-0.88%	(54,032.92)	1.63%	100,083.70	3.70%	227,183.85	20,876.35	
	Total Distribution	215,162,321.83	3.33%	7,166,253.81	2.18%	4,680,777.95	0.06%	131,102.87	0.76%	1,634,912.18	3.00%	6,446,793.00	(719,460.81)	
GENERAL PLANT														
390.00	Structures & Improvements	518,602.14	4.03%	20,899.67	3.00%	15,558.06	0.22%	1,140.92	0.85%	4,408.12	4.07%	21,107.11	207.44	
Office Furniture & Equipment														
391.10	Office Furniture & Equipment	155,827.74	5.96%	9,287.33	4.26%	6,638.26	0.00%	0.00	0.00%	0.00	4.26%	6,638.26	(2,649.07)	
391.20	Computer Equipment - Honeywell	23,867.45	10.04%	2,396.29	0.08%	18.37	0.00%	0.00	0.00%	0.00	0.08%	18.37	(2,377.92)	
391.30	Computer Equipment - PC	124,641.49	5.41%	6,743.10	21.93%	27,331.02	0.00%	0.00	0.00%	0.00	21.93%	27,331.02	20,587.92	
391.40	Computer Equipment - Prime	669,057.39	7.19%	48,105.23	9.66%	64,630.94	0.00%	0.00	0.00%	0.00	9.66%	64,630.94	16,525.72	
391.50	Computer Equipment - Other	7,656.72	1.93%	147.77	9.31%	712.84	0.00%	0.00	0.00%	0.00	9.31%	712.84	565.07	
	Total Account 391 - Office Furniture & Equip	981,050.79	6.80%	66,679.73	10.13%	99,331.44	0.00%	0.00	0.00%	0.00	10.13%	99,331.44	32,651.71	
Transportation Equipment														
392.10	Transportation Equipment - Non Utilized	442,339.09	9.07%	40,120.16	7.99%	35,342.89	0.00%	0.00	0.00%	0.00	7.99%	35,342.89	(4,777.26)	
392.20	Transportation Equipment	4,601,774.54	12.43%	572,000.58	10.55%	485,487.21	-4.76%	(219,044.47)	0.00%	0.00	5.79%	266,442.75	(305,557.83)	
	Total Account 392 - Transportation Equip.	5,044,113.63	12.14%	612,120.73	10.33%	520,830.11	-4.34%	(219,044.47)	0.00%	0.00	5.98%	301,785.64	(310,335.09)	
Stores Equipment														
393.00	Stores Equipment	107,165.89	2.40%	2,571.98	4.37%	4,683.15	0.00%	0.00	0.00%	0.00	4.37%	4,683.15	2,111.17	
394.10	Tools, Shop & garage Equipment	1,815,943.29	5.90%	107,140.65	4.03%	73,182.51	0.00%	0.00	0.00%	0.00	4.03%	73,182.51	(33,958.14)	
395.00	Laboratory Equipment	1,152,813.79	6.03%	69,514.67	6.78%	78,160.78	0.00%	0.00	0.00%	0.00	6.78%	78,160.78	8,646.10	
Power Operated Equipment														
396.10	Trailers-Work Equipment	218,018.59	4.41%	9,614.62	5.33%	11,620.39	0.00%	0.00	0.00%	0.00	5.33%	11,620.39	2,005.77	
396.20	Power Operated Equipment	8,367,941.41	4.43%	370,699.80	7.74%	647,678.67	-1.72%	(143,928.59)	0.00%	0.00	6.02%	503,750.07	133,050.27	
	Total Account 396 - Power Operated Equip	8,585,960.00	4.43%	380,314.42	7.68%	659,299.06	-1.68%	(143,928.59)	0.00%	0.00	6.00%	515,370.46	135,056.04	

Montana-Dakota Utilities
Electric Division

Summary of Original Cost of Utility Plant in Service as of December 31, 2008
and Related Annual Depreciation Expense Under Present and Proposed Rates

Account No. (a)	Description (b)	Present Rates		Proposed Plant Only Rates		Proposed Gross Saly Rates		Proposed COR Rates		Total Proposed Rates		Net Change Depr. Exp. (n)
		Rate % (d)	Annual Accrual (e)	Rate % (f)	Annual Accrual (g)	Rate % (h)	Annual Accrual (i)	Rate % (j)	Annual Accrual (k)	Rate % (l)	Annual Accrual (m)	
123108	Original Cost											
397.10	Communication Equipment											
397.20	Radio Communication Equip. - Fixed	69,587.25	7.48%	5,205.13	4,606.68	0.00%	0.00	0.00%	0.00	0.00%	4,606.68	(598.45)
397.30	Radio Communication Equip. - Mobile	71,291.47	8.37%	5,967.10	4,149.16	0.00%	0.00	0.00%	0.00	0.00%	4,149.16	(1,817.93)
397.40	General Telephone Communication Eq.	8,005.39	7.37%	590.00	745.30	0.00%	0.00	0.00%	0.00	0.00%	745.30	155.30
397.50	Carrier Current Communication Eq.	81,053.74	1.24%	1,005.07	5,219.86	0.00%	0.00	0.00%	0.00	0.00%	5,219.86	4,214.79
397.60	Supervisory & Telemetering Equipment	98,489.79	0.67%	659.88	8,755.74	0.00%	0.00	0.00%	0.00	0.00%	8,755.74	8,095.86
397.80	SCADA System	1,297,599.07	8.33%	108,090.00	83,954.66	0.00%	0.00	0.00%	0.00	0.00%	83,954.66	(24,135.34)
397.90	Network Equipment	149,998.42	38.23%	57,344.40	25,394.73	0.00%	0.00	0.00%	0.00	0.00%	25,394.73	(31,949.66)
397.90	Transfer Trip Communication Equipment	173,526.28	3.05%	5,292.55	11,227.15	0.00%	0.00	0.00%	0.00	0.00%	11,227.15	5,934.60
	Total Account 397 - Communication Equip.	1,949,551.41	9.45%	184,154.12	144,053.29	0.00%	0.00	0.00%	0.00	0.00%	144,053.29	(40,100.83)
398.00	Miscellaneous Equipment	64,928.99	4.09%	2,655.60	2,110.19	0.00%	0.00	0.00%	0.00	0.00%	2,110.19	(545.40)
	Total General	20,220,129.93	7.15%	1,446,051.57	1,597,208.59	7.90%	1,597,208.59	-1.79%	(361,832.14)	0.02%	4,408.12	1,239,784.57
	Sub-Total (General Plant) Amortization	6,071,454.16	7.13%	432,716.75	401,521.36	6.61%	401,521.36	0.00%	0.00	0.00%	401,521.36	(31,195.39)
	Total Depreciation Electric Plant in Serv	727,706,704.45	3.04%	22,087,830.03	18,633,741.20	2.56%	18,633,741.20	0.00%	(7,932.43)	0.35%	2,514,475.63	(947,545.63)
NON-DEPRECIABLE PLANT												
303.00	Miscellaneous Intangible Plant	5,971,308.01										
LAND & LAND RIGHTS												
310.00	Land & Land Rights	1,018,686.73										
340.00	Land & Land Rights	66,533.17										
350.10	Transmission Land	661,379.66										
360.10	Distribution Land	1,109,127.25										
389.00	Land & Land Rights	8,136.70										
	Total Land and Land Rights	2,863,863.51										
	Total Non-Depreciable Plant	8,835,171.52										
	TOTAL Electric Plant in Service	736,541,875.97										

Montana-Dakota Utilities
Electric Division

Summary or Original Cost of Utility Plant in Service as of December 31, 2008
And Related Annual Depreciation Expense (By Location) Under Present and Proposed Rates

Account Location No. Code	Description (b)	Original Cost 12/31/08 (c)	Present Rates		Proposed Rates		Net Change Depr. Exp. (h)
			Rate % (d)	Annual Accrual (e)	Rate % (f)	Annual Accrual (g)	
311.00	Structures and Improvements						
8100	Heskett Generating Station	10,418,663.79	3.97%	413,896.56	5.60%	583,445.17	169,548.61
8200	Lewis & Clark Generating Station	4,001,372.93	5.71%	228,386.88	2.18%	87,229.93	(141,156.95)
8300	Coyote Generating Station	25,669,206.58	1.48%	379,918.68	1.60%	410,707.31	30,788.63
8610	Big Stone Generating Station	9,459,200.88	3.04%	287,806.92	0.90%	85,132.81	(202,674.11)
	Total Account 311	49,548,444.18	2.64%	1,310,009.04	2.35%	1,166,515.22	(143,493.82)
312.00	Boiler Plant Equipment						
8100	Heskett Generating Station	42,878,489.00	3.21%	1,374,304.92	3.86%	1,655,109.68	280,804.76
8200	Lewis & Clark Generating Station	17,799,525.72	4.13%	734,701.92	3.31%	589,164.30	(145,537.62)
8300	Coyote Generating Station	68,011,058.51	2.15%	1,458,891.84	1.99%	1,353,420.06	(105,471.78)
8610	Big Stone Generating Station	31,491,793.64	3.27%	1,029,031.68	2.78%	875,471.86	(153,559.82)
	Total Account 312	160,180,866.87	2.87%	4,596,930.36	2.79%	4,473,165.90	(123,764.46)
314.00	Turbogenerator Units						
8100	Heskett Generating Station	13,946,577.89	3.54%	493,731.84	4.25%	592,729.56	98,997.72
8200	Lewis & Clark Generating Station	5,423,764.16	4.41%	239,198.04	1.17%	63,458.04	(175,740.00)
8300	Coyote Generating Station	13,173,056.89	1.99%	261,495.48	2.71%	356,989.84	95,494.36
8610	Big Stone Generating Station	12,485,379.75	2.71%	338,679.36	4.33%	540,616.94	201,937.58
	Total Account 314	45,028,778.69	2.96%	1,333,104.72	3.45%	1,553,794.38	220,689.66
315.00	Accessory Electric Equipment						
8100	Heskett Generating Station	1,571,618.99	2.15%	33,791.64	1.26%	19,802.40	(13,989.24)
8200	Lewis & Clark Generating Station	1,003,799.82	2.60%	26,050.20	1.32%	13,250.16	(12,800.04)
8300	Coyote Generating Station	8,561,985.99	1.44%	123,513.36	1.99%	170,383.52	46,870.16
8610	Big Stone Generating Station	3,674,394.39	2.32%	85,066.44	1.17%	42,990.41	(42,076.03)
	Total Account 315	14,811,799.19	1.81%	268,421.64	1.66%	246,426.49	(21,995.15)

Montana-Dakota Utilities
Electric Division

Summary or Original Cost of Utility Plant in Service as of December 31, 2008
And Related Annual Depreciation Expense (By Location) Under Present and Proposed Rates

Account Location No. Code	Description	Original Cost 12/31/08	Present Rates		Proposed Rates		Net Change Depr. Exp.
			Rate %	Annual Accrual	Rate %	Annual Accrual	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
316.00	Miscellaneous Power Plant Equipment						
8100	Heskett Generating Station	7,836,994.54	6.18%	484,139.96	4.72%	369,906.14	(114,233.82)
8200	Lewis & Clark Generating Station	4,214,078.33	7.07%	297,834.47	5.50%	231,774.31	(66,060.16)
8300	Coyote Generating Station	2,535,514.02	4.80%	121,706.76	4.77%	120,944.02	(762.74)
8610	Big Stone Generating Station	1,098,139.33	6.05%	66,383.64	2.22%	24,378.69	(42,004.95)
	Total Account 316	15,684,726.22	6.18%	970,064.83	4.76%	747,003.16	(223,061.67)
	Total Depreciable Steam Production Pl	285,254,615.15	2.97%	8,478,530.59	2.87%	8,186,905.15	(291,625.44)
341.00	OTHER PRODUCTION PLANT Structures and Improvements						
8510	Glendive Turbine 1	278,832.35	2.25%	6,273.73	4.19%	11,683.08	5,409.35
8520	Miles City Turbine	147,190.33	2.10%	3,091.00	4.32%	6,358.62	3,267.62
8530	Williston Turbine	330,112.94	0.00%	0.00	-0.32%	(1,056.36)	(1,056.36)
8550	Glendive Portable Generator	30,137.23	0.00%	0.00	4.20%	1,265.76	1,265.76
	Total Account 341	786,272.85	1.19%	9,364.73	2.32%	18,251.10	8,886.37
342.00	Fuel Holders, Producers and Accessories						
8510	Glendive Turbine 1	423,257.98	2.13%	9,015.39	2.86%	12,105.18	3,089.79
8520	Miles City Turbine	93,831.38	1.39%	1,304.26	-0.03%	(28.15)	(1,332.41)
8530	Williston Turbine	77,662.15	0.00%	0.00	0.00%	0.00	0.00
8550	Glendive Portable Generator	20,091.49	0.00%	0.00	3.90%	783.57	783.57
	Total Account 342	614,843.00	1.68%	10,319.65	2.09%	12,860.60	2,540.95
344.10	Generators						
8510	Glendive Turbine 1	6,645,278.76	1.36%	90,375.79	3.05%	202,681.00	112,305.21
8512	Glendive Turbine 2	18,039,659.08	1.36%	245,339.36	2.03%	366,205.08	120,865.72
8520	Miles City Turbine	2,629,278.31	0.55%	14,461.03	1.19%	31,288.41	16,827.38

Montana-Dakota Utilities
Electric Division

Summary or Original Cost of Utility Plant in Service as of December 31, 2008
And Related Annual Depreciation Expense (By Location) Under Present and Proposed Rates

Account Location No. Code	Description	Original Cost 12/31/08 (c)	Present Rates		Proposed Rates		Net Change Depr. Exp. (h)
			Rate % (d)	Annual Accrual (e)	Rate % (f)	Annual Accrual (g)	
8530	Williston Turbine	1,363,795.92	0.00%	0.00	0.00%	0.00	0.00
8550	Glendive Portable Generator	191,299.80	0.00%	0.00	2.36%	4,514.68	4,514.68
	Total Account 344.10	28,869,311.87	1.21%	350,176.18	2.09%	604,689.17	254,512.99
344.20	Generators-Wind Farm						
8560	Diamond Willow Wind Farm	36,941,907.03	5.00%	1,847,095.35	5.17%	1,909,896.59	62,801.24
	Total Account 344.20	36,941,907.03	5.00%	1,847,095.35	5.17%	1,909,896.59	62,801.24
	Total Account 344	65,811,218.90	3.34%	2,197,271.53	3.82%	2,514,585.76	317,314.23
345.00	Accessory Electric Equipment						
8510	Glendive Turbine 1	430,854.87	2.87%	12,365.53	3.72%	16,027.80	3,662.27
8520	Miles City Turbine	291,905.34	2.87%	8,377.68	3.88%	11,325.93	2,948.25
8530	Williston Turbine	163,946.74	2.58%	4,229.83	0.41%	672.18	(3,557.65)
8550	Glendive Portable Generator	40,182.97	0.00%	0.00	5.82%	2,338.65	2,338.65
	Total Account 345	926,889.92	2.69%	24,973.04	3.28%	30,364.56	5,391.52
346.00	Miscellaneous Power Plant Equipment						
8510	Glendive Turbine 1	43,533.37	1.94%	844.55	2.52%	1,097.04	252.49
8520	Miles City Turbine	8,058.56	1.48%	119.27	-0.03%	(2.42)	(121.69)
8530	Williston Turbine	3,864.06	0.00%	0.00	0.00%	0.00	0.00
	Total Account 346	55,455.99	1.74%	963.82	1.97%	1,094.62	130.80
	Total Depreciable Other Production Pl	68,194,680.66	3.29%	2,242,892.77	3.78%	2,577,156.64	334,263.87

(1) Life Span Method Utilized. Interim Retirement Rate. Service Lives Vary.

**MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF TAXES OTHER THAN INCOME
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2009**

<u>Type of Tax</u>	<u>Total Company</u>	<u>North Dakota</u>
Ad Valorem		
Production	\$1,181,362	\$818,031
Transmission	1,059,934	551,122
Distribution	2,236,990	794,845
General	151,373	48,143
Common	274,334	131,845
Intangible	35,457	22,829
Total Ad Valorem Taxes	<u>4,939,450</u>	<u>2,366,815</u>
O&M Related Taxes - Other		
Payroll Taxes	1,861,338	1,170,836
Franchise	136,547	0
Delaware Franchise	102,989	66,230
Total O&M Related Taxes	<u>2,100,874</u>	<u>1,237,066</u>
Other		
Gross Revenue Taxes	206,217	0
Electric Production Related Tax	1,126,092	732,547
Highway Use Tax	2,244	1,357
Secretary of State	953	613
Total Other	<u>1,335,506</u>	<u>734,517</u>
Total Taxes Other Than Income	<u><u>\$8,375,830</u></u>	<u><u>\$4,338,398</u></u>

**MONTANA-DAKOTA UTILITIES CO.
CALCULATION OF RECORDED STATE AND FEDERAL INCOME TAXES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2009**

	North Dakota
Operating Revenues	\$114,823,359
Operating Expense:	
O&M Expense	71,433,232
Depreciation Expense	15,704,896
Taxes Other than Income	4,338,398
Total Operating Expense	91,476,526
Operating Income	23,346,833
Accrued Tax Interest	(5,458)
Interest Expense	6,284,463
Total Interest	6,279,005
Book Taxable Income before Adjustments	17,067,828
Deductions and Adjustments to Book Income:	
Tax Deductions	20,240,113
Preferred Dividend Paid Deduction	82,764
Total Deductions and Adjustments	20,322,877
Taxable Income - Before State Income Tax	(3,255,050)
Less: State Income Taxes	135,306
Federal Taxable Income	(3,119,744)
Federal Income Taxes @ 35%	(1,091,910)
Credits and Adjustments	(11,035)
Production Tax Credit	(980,079)
State Income Taxes	(135,306)
Federal and State Income Taxes	(2,218,330)
Closing/Filing - Federal and State	(1,592,565)
Total Federal Income Taxes	(\$3,810,895)

MONTANA-DAKOTA UTILITIES CO.
CALCULATION OF RECORDED STATE AND FEDERAL INCOME TAXES
INCOME TAX DEDUCTIONS
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2009

<u>1900 Account M-1's</u>	<u>North Dakota</u>
Pension Expense	\$5,429,752
Accrued Vacation	17,796
Property Insurance Adjustment	34,501
Bad Debt Expense	6,604
Management Incentive Compensation	56,520
Sundry Reserves	(24,929)
Customer Advances	(87,247)
Restricted Stock Bonus Plan	(3,506)
Supplemental Income Security Plan	(993,672)
FAS 106 - OPRB	2,445,491
Deferred Compensation - Directors	(70,689)
BOD - Retirement Benefits	23,629
FAS 158 Post Retirement	(2,631,169)
WAPA Fiber Demand Revenue	(623,903)
<u>2820 Account M-1's</u>	
Liberalized Depreciation and Other	
Property Timing Differences	4,591,985
Property Timing Differences - Common	46,712
Property Timing Differences - Power Prod	1,982,612
Contributions in Aid of Construction	(323,581)
<u>2830 Account M-1's</u>	
Rate Case Expense	13
Amortization of Loss on Bond Retirements	135,400
Margin Sharing Adjustment (MSA)	532,856
FAS 158 Pension	(4,361,340)
Unrealized Gains/Losses on Debt	1,771,160
Gas Plant Site Remediation	10,686,362
<u>Permanent M-1's</u>	
Preferred Stock Expense Amortization	(16,415)
Disallowed Meals & Entertainment	(40,413)
Penalties	(1,369)
Federal Nonhighway Use Tax Credit	(12,048)
Qualified Production Activity Deduction	17,237
Supplemental Income Security Plan	434,850
Medicare Part D Subsidiary	129,533
401 (k) Dividend Deduction	1,061,632
Dividend Received Deduction	25,749
Total M-1 Deductions	<u>\$20,240,113</u>

**MONTANA-DAKOTA UTILITIES CO.
DEFERRED INCOME TAXES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2009**

<u>Electric Utility - Rate Base Deductions:</u>	<u>North Dakota</u>
Depreciation, Retirements and Other Timing Differences Required to be Normalized	\$2,478,716
Contributions In Aid of Construction	(125,549)
Customer Advances	(34,227)
Total Rate Base Deductions	<u>\$2,318,940</u>

<u>Electric Utility - Other Timing Differences:</u>	
Pension Expense	\$2,135,649
Accrued Vacation	7,000
Property Insurance Adjustment	13,572
Bad Debt Expense	2,590
Management Incentive Compensation	22,231
Sundry Reserves	(9,803)
Restricted Stock Bonus Plan	(1,379)
Supplemental Income Security Plan	(390,448)
FAS 106 OPRB	961,869
Deferred Compensation - Directors	(27,803)
BOD - Retirement Benefits	9,294
FAS 158 Post Retirement	(1,034,901)
WAPA Fiber Demand Revenue	(243,549)
Rate Case Expense	6
Amortization of Loss on Bond Retirements	53,243
Margin Sharing Adjustment (MSA)	209,040
FAS 158 Pension	(1,715,417)
Unrealized Gain/Loss on SISF	695,964
Gas Plant Site Remediation	4,192,260
Closing/Filing and Out of Period	1,607,993
Total Current Timing Differences	<u>\$6,487,411</u>
Total Deferred Income Taxes	<u>\$8,806,351</u>

MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF ACCUMULATED DEFERRED INCOME TAXES
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2009

	<u>Total Company</u>	<u>North Dakota</u>
Liberalized Depreciation	\$70,986,280	\$48,754,280
Full Normalization	1,590,232	1,558,070
Contribution in Aid of Construction	(595,588)	(345,486)
Customer Advances	(984,849)	(64,350)
Total	<u><u>\$70,996,075</u></u>	<u><u>\$49,902,514</u></u>

**MONTANA-DAKOTA UTILITIES CO.
INVESTMENT TAX CREDITS
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2009**

	<u>Total Company</u>	<u>North Dakota</u>
Investment Tax Credits	<u>\$110,356</u>	<u>\$94,058</u>



**MONTANA-DAKOTA UTILITIES CO.
INCOME STATEMENT
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2009**

	<u>Total Company</u>	<u>North Dakota</u>
Operating Revenues		
Sales	\$185,286,547	\$105,441,742
Sales for Resale	2,239,005	4,697,558
Other	<u>7,691,818</u>	<u>4,684,059</u>
Total Revenues	195,217,370	114,823,359
Operating Expenses		
Operation and Maintenance		
Cost of Fuel & Purchased Power	65,717,030	32,069,238
Other O&M	<u>60,789,963</u>	<u>39,363,994</u>
Total O&M	126,506,993	71,433,232
Depreciation	24,516,205	15,704,896
Taxes Other Than Income	8,375,830	4,338,398
Current Income Taxes	(5,252,566)	(3,810,895)
Deferred Income Taxes	<u>12,913,009</u>	<u>8,806,351</u>
Total Expenses	167,059,471	96,471,982
Operating Income	<u>\$28,157,899</u>	<u>\$18,351,377</u>
Rate Base	<u>\$320,695,934</u>	<u>\$210,902,753</u>
Rate of Return	<u>8.780%</u>	<u>8.701%</u>

MONTANA-DAKOTA UTILITIES CO.
RATE BASE
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2009

	<u>Total Company</u>	<u>North Dakota</u>	<u>Other</u>	<u>Other</u>
Electric Plant in Service	\$829,445,328	\$534,846,847	\$294,598,481	Statement C
Accumulated Reserve for Depreciation	458,174,834	288,103,620	170,071,214	Statement D
Net Gas Plant in Service	371,270,494	246,743,227	124,527,267	
CWIP in Service Pending Reclassification	3,291,765	1,477,259	1,814,506	Statement C
Total Gas Plant in Service	374,562,259	248,220,486	126,341,773	
Additions				
Materials and Supplies	7,731,465	4,781,793	2,949,672	Statement E
Fuel Stocks	4,524,806	2,943,480	1,581,326	Statement E
Prepayments	156,795	102,444	54,351	Statement E
Unamortized Loss on Debt	7,561,148	5,015,081	2,546,067	Statement E
Total Additions	19,974,214	12,842,798	7,131,416	
Total Before Deductions	\$394,536,473	\$261,063,284	\$133,473,189	
Deductions				
Accumulated Deferred Income Taxes	70,996,075	49,902,514	21,093,561	Statement K
Accumulated Investment Tax Credits	110,356	94,058	16,298	Statement K
Customer Advances	2,734,108	163,959	2,570,149	Statement E
Total Deductions	73,840,539	50,160,531	23,680,008	
Total Rate Base	<u>\$320,695,934</u>	<u>\$210,902,753</u>	<u>\$109,793,181</u>	

MONTANA-DAKOTA UTILITIES CO.
PROJECTED OPERATING INCOME AND RATE OF RETURN
REFLECTING ADDITIONAL REVENUE REQUIREMENTS
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)

	Before Additional Revenue Requirements 1/	Additional Revenue Requirements	Reflecting Additional Revenue Requirements
Operating Revenues			
Sales	\$110,925	\$13,300	\$124,225
Sales for Resale	0		
Other	5,075		5,075
Total Revenues	<u>116,000</u>	<u>13,300</u>	<u>129,300</u>
Operating Expenses			
Operation and Maintenance			
Cost of Fuel & Purchased Power	33,267		33,267
Other O&M	40,485		40,485
Total O&M	<u>73,752</u>		<u>73,752</u>
Depreciation	18,757		18,757
Taxes Other Than Income	4,636		4,636
Current Income Taxes	1,794	5,208 2/	7,002
Deferred Income Taxes	0		0
Total Expenses	<u>98,939</u>	<u>5,208</u>	<u>104,147</u>
Operating Income	<u>\$17,061</u>	<u>\$8,092</u>	<u>\$25,153</u>
Rate Base	<u>\$276,685</u>		<u>\$276,685</u>
Rate of Return			
	<u>6.166%</u>		<u>9.091%</u>

1/ Statement M, Amended Page 1.

2/ Reflects state and federal taxes at 39.16%.

**MONTANA-DAKOTA UTILITIES CO.
INCOME STATEMENT
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2009
PROJECTED 2010
(000s)**

	<u>Per Books</u>	<u>Projected 2010</u>
Operating Revenues		
Sales	\$105,442	\$110,925
Sales for Resale	4,698	0
Other	4,684	5,075
Total Revenues	<u>114,824</u>	<u>116,000</u>
Operating Expenses		
Operation and Maintenance		
Cost of Fuel & Purchased Power	32,069	33,267
Other O&M	39,364	40,485
Total O&M	<u>71,433</u>	<u>73,752</u>
Depreciation and Amortization	15,705	18,757
Taxes Other Than Income	4,338	4,636
Current Income Taxes	(3,811)	1,794
Deferred Income Taxes	8,806	0
Total Expenses	<u>96,471</u>	<u>98,939</u>
Operating Income	<u>\$18,353</u>	<u>\$17,061</u>
Rate Base	<u>\$210,903</u>	<u>\$276,685</u>
Rate of Return	<u>8.702%</u>	<u>6.166%</u>

**MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF REVENUES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

	<u>Per Books</u>	<u>Projected 2010</u>
Sales		
Residential	\$43,362	\$45,801
Small General	8,242	8,614
Large General	51,994	52,904
Municipal Lighting	1,264	1,413
Municipal Pumping	1,588	1,699
Outdoor Lighting	467	494
Unbilled Revenue	<u>(1,475)</u>	
Total Sales	<u>\$105,442</u>	<u>\$110,925</u>
Sales for Resale 1/	\$4,698	\$0
Other Revenue		
Misc. Service Revenue	\$125	\$516
Rent from Property	2,171	2,171
Other Revenue	<u>2,388</u>	<u>2,388</u>
Total Other Revenue	<u>\$4,684</u>	<u>\$5,075</u>
Total Operating Revenue	<u>\$114,824</u>	<u>\$116,000</u>

1/ Includes Margin Sharing Adjustment (MSA).

**MONTANA-DAKOTA UTILITIES CO.
SALES REVENUES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009**

<u>Sales</u>	Per Books		Projected 2010	
	Kwh	Revenue	Kwh	Revenue
Residential	599,275,158	\$43,362,057	621,493,423	\$45,800,896
Small General	99,486,133	8,242,369	102,645,326	8,613,740
Large General	810,812,361	51,993,819	797,132,225	52,903,763
Municipal Lighting	20,219,224	1,264,406	20,178,381	1,413,221
Municipal Pumping	29,665,307	1,587,726	30,362,442	1,699,128
Outdoor Lighting	5,845,770	466,831	6,041,428	494,486
Unbilled Revenue		(1,475,466)		
Total Sales	1,565,303,953	\$105,441,742	1,577,853,225	\$110,925,234

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
SUMMARY OF REVENUE ANALYSIS
TWELVE MONTHS ENDED DECEMBER 31, 2009**

Rate Reporting Class	Adjusted Per Books @ Current Rates			Total Revenue
	Billing Units	Kwh	Billed KW	
Residential Service				
Rate 10	62,408	598,938,695		\$44,849,884
Rate 16	12	235,490		14,298
Rate 95	2	0		38
Total Residential	62,422	599,174,185		44,864,220
Small General Service				
Rate 20	8,747	94,290,893		\$8,120,972
Rate 25	36	747,910	5,779.1	44,318
Rate 26	4	111,429		6,101
Rate 40	356	4,333,132	10,787.5	317,625
Total Small General	9,143	99,483,364	16,566.6	8,489,016
General Service				
Rate 30 Secondary	2,976	576,665,216	1,735,820.1	\$41,618,002
Rate 30 Primary	24	87,058,645	226,770.0	5,054,750
Rate 30 Contracts	3	55,840,133	111,377.8	2,787,796
Rate 31 Secondary	31	7,769,116	51,702.2	534,195
Rate 32 Secondary	312	37,239,952	164,439.6	1,855,080
Rate 32 Primary	0	6,222	43.4	257
Rate 38	2	17,883,900	43,683.3	927,362
Rate 39	1	3,942,900	10,863.0	176,926
Total General	3,349	786,406,084	2,344,699.4	52,954,368
Municipal Lighting Service				
Rate 41 Secondary	820	18,407,412		\$1,322,843
Rate 41 Primary	49	1,811,812		113,256
Total Municipal Light	869	20,219,224		1,436,099
Municipal Pumping Service				
Rate 48 Secondary	322	21,172,107	86,065.3	\$1,273,096
Rate 48 Primary	3	8,493,200	25,586.4	416,962
Total Municipal Pumping	325	29,665,307	111,651.7	1,690,058
Outdoor Lighting Service				
Rate 52 Secondary	2,781	5,830,077		\$483,022
Rate 52 Primary	2	15,693		1,237
Total Outdoor Light	2,783	5,845,770		484,259
Total North Dakota	78,891	1,540,793,934	2,472,917.7	\$109,918,020

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
SUMMARY OF REVENUE ANALYSIS
TWELVE MONTHS ENDED DECEMBER 31, 2009**

Rate Reporting Class	Projected 2010			Total Revenue
	Billing Units	Kwh	Billed KW	
Residential Service				
Rate 10	62,928	621,251,041		\$45,786,426
Rate 16	12	242,382		14,432
Rate 95	2	0		38
Total Residential	62,942	621,493,423		45,800,896
Small General Service				
Rate 20	8,857	97,452,603		\$8,252,750
Rate 25	36	772,957	5,972.7	44,893
Rate 26	4	115,059		6,151
Rate 40	347	4,304,707	10,716.9	309,946
Total Small General	9,244	102,645,326	16,689.6	8,613,740
General Service				
Rate 30 Secondary	3,047	580,503,947	1,755,628.6	\$41,418,289
Rate 30 Primary	27	93,081,145	236,785.0	5,278,422
Rate 30 Contracts	3	55,840,133	111,377.8	2,732,515
Rate 31 Secondary	32	7,917,529	52,690.2	536,745
Rate 32 Secondary	319	37,956,449	167,723.2	1,853,513
Rate 32 Primary	1	6,222	43.4	370
Rate 38	2	17,883,900	43,683.3	910,887
Rate 39	1	3,942,900	10,863.0	173,022
Total General	3,432	797,132,225	2,378,794.5	52,903,763
Municipal Lighting Service				
Rate 41 Secondary	832	18,370,196		\$1,301,982
Rate 41 Primary	50	1,808,185		111,239
Total Municipal Light	882	20,178,381		1,413,221
Municipal Pumping Service				
Rate 48 Secondary	325	21,669,675	88,088.7	\$1,280,983
Rate 48 Primary	3	8,692,767	26,187.9	418,145
Total Municipal Pumping	328	30,362,442	114,276.6	1,699,128
Outdoor Lighting Service				
Rate 52 Secondary	2,801	6,025,237		\$493,226
Rate 52 Primary	2	16,191		1,260
Total Outdoor Light	2,803	6,041,428		494,486
Total North Dakota	79,631	1,577,853,225	2,509,760.7	\$110,925,234

**MONTANA-DAKOTA UTILITIES CO.
SALES FOR RESALE
MISCELLANEOUS REVENUES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010**

	<u>Per Books</u>	<u>Projected 2010</u>
Sales for Resale	\$1,456,520	\$0
Margin Sharing Adjustment	<u>3,241,038</u>	<u>0</u>
	\$4,697,558	\$0
Miscellaneous Service Revenue 1/	\$124,896	\$515,813
Rent from Property	2,170,961	2,170,961
Other Revenue	<u>2,388,202</u>	<u>2,388,202</u>
Total Misc. Revenues	<u><u>\$4,684,059</u></u>	<u><u>\$5,074,976</u></u>

1/ Adjusted to include three year average of KVAR penalty revenue.

MONTANA-DAKOTA UTILITIES CO.
 OPERATION & MAINTENANCE EXPENSE
 ELECTRIC UTILITY - NORTH DAKOTA
 PROJECTED 2010
 (000s)

Function	Total	Fuel & Purchased Power	Labor	Benefits	Cedar Hills/ Diamond Willow	Glen Ullin Station	Big Stone/ Coyote	Materials
Cost of Fuel & Purchased Power	\$33,267	\$32,813	\$362					\$6
Production	15,650		4,833		\$308	\$167	\$5,624	1,486
Transmission	5,305		2,054					149
Distribution	5,966		4,260					412
Customer Accounting	2,123		1,362					4
Customer Service & Information	292		130					
Sales	113		92					
Administrative and General	11,036		3,462	\$3,482		167	5,624	39
Total Other O&M	40,485	0	16,193	3,482	308	167	5,624	2,090
Total O&M	\$73,752	\$32,813	\$16,555	\$3,482	\$308	\$167	\$5,624	\$2,096

Page No.

10

11

12

13

14

15

16

**MONTANA-DAKOTA UTILITIES CO.
OPERATION & MAINTENANCE EXPENSE
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

Function	Vehicles And Work Equipment	Company Consumption	Postage	Demand-Side Management	Uncollectible Accounts	Advertising	Insurance
Cost of Fuel & Purchased Power							
Production	\$32	\$24	\$2				
Transmission	111	15					
Distribution	514	90	8				
Customer Accounting	103	40	225	\$105		\$25	
Customer Service & Information	1						
Sales	2	6	1				
Administrative and General	15	85	116			35	\$1,020
Total Other O&M	778	260	352	135	105	60	1,020
Total O&M	\$778	\$260	\$352	\$135	\$105	\$60	\$1,020
Page No.	17	18	19	20	21	22	23

**MONTANA-DAKOTA UTILITIES CO.
OPERATION & MAINTENANCE EXPENSE
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

Function	Utility Discounts	Industry Dues	Regulatory Commission	Deferred Generation	Decommissioning		Software Maintenance	All Other O&M 13/
					on Retired Plants	Subcontract Labor		
Cost of Fuel & Purchased Power						\$78		\$8
Production				\$172	(\$39)	1,973	\$56	1,012
Transmission						1,691	145	1,140
Distribution						735	31	(84)
Customer Accounting						82	50	152
Customer Service & Information								1
Sales						1		11
Administrative and General	\$84	\$105	\$166			405	225	1,797
Total Other O&M	84	105	166	172	(39)	4,887	507	4,029
Total O&M	\$84	\$105	\$166	\$172	(\$39)	\$4,965	\$507	\$4,037

Page No. 24 25-26 27 Statement N Statement N 28
 Amended Page 19 Amended Page 20

**MONTANA-DAKOTA UTILITIES CO.
FUEL AND PURCHASED POWER
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

	2009		Projected 2010	
	Total	North Dakota	Total	North Dakota
Fuel Expense				
Acct. 501	\$38,138	\$24,810	\$45,053	\$29,234
Acct. 547	426	277	1,069	694
Total Fuel Expense	<u>38,564</u>	<u>25,087</u>	<u>46,122</u>	<u>29,928</u>
Purchased Power-Acct. 555				
Energy	\$21,667	\$5,548	\$5,816	\$3,774
Demand	1,912	1,325	2,075	1,438
Market Administration			508	330
Total Purchased Power	<u>23,579</u>	<u>6,873</u>	<u>8,399</u>	<u>5,542</u>
Deferred F&PP	2,878	(344)		
Total	<u>\$65,021</u>	<u>\$31,616</u>	<u>\$54,521</u>	<u>\$35,470</u>
Fuel & Purchased Power - Sales for Resale	1,635	1,063	4,095	2,657
Net Fuel & Purchased Power	<u>\$63,386</u>	<u>\$30,553</u>	<u>\$50,426</u>	<u>\$32,813</u>

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
LABOR EXPENSE
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

	<u>Per Books</u>	<u>Projected 2010 1/</u>
Fuel & Purchased Power	\$361	\$362
Production	4,818	4,833
Transmission	2,047	2,054
Distribution	4,246	4,260
Customer Accounting	1,358	1,362
Customer Service	130	130
Sales	92	92
A&G	3,451	3,462
Total	<u>\$16,503</u>	<u>\$16,555</u>

1/ Reflects a 0.32% increase including an average 2007-2009 bonus and three year amortization of severance amount.

**MONTANA-DAKOTA UTILITIES CO.
BENEFITS EXPENSE
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

	<u>Per Books</u>	<u>Projected 2010 1/</u>
Medical/Dental	\$1,605	\$1,588
Pension expense	964	273
Post-retirement	412	242
401K	678	1,327
Workers compensation	52	52
Supplemental Insurance	(439)	0
Total	<u>\$3,272</u>	<u>\$3,482</u>

1/ Reflects decreases of 1.05% in Medical and Dental expense, 71.65% in Pension expense, 41.33% in Post-retirement expense, and increases of 95.67% to 401K expense. Workers Compensation expense is based on the ration of workers compensation to projected labor expense and Supplemental Insurance is eliminated.

**MONTANA-DAKOTA UTILITIES CO.
CEDAR HILLS AND DIAMOND WILLOW EXPANSION
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

	Projected 2010	
	Total	North
	Company	Dakota 1/
<u>Cedar Hills</u>		
Labor	\$171	\$113
Benefits	34	22
Subcontract Labor	2	1
Materials	65	43
Office Supplies	8	6
Permits and Filing Fees	5	3
Annual Easements	52	34
Other	35	23
	\$372	\$245
	Total	North
	Company	Dakota 1/
<u>Diamond Willow</u>		
Labor	\$30	\$20
Materials	35	23
Permits and Filing Fees	2	1
Annual Easements	28	18
Other	1	1
	\$96	\$63
Total	\$468	\$308

1/ Allocated on demand and energy factor.

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
GLEN ULLIN STATION
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

	<u>Per Books</u>	<u>Projected 2010 1/</u>
Subcontract Labor	\$55	\$156
Other	1	11
Total	<u>\$56</u>	<u>\$167</u>

1/ Reflects annualization of expenses.

**MONTANA-DAKOTA UTILITIES CO.
BIG STONE AND COYOTE GENERATION UNITS
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

	<u>Per Books</u>	<u>Projected 2010</u>
Production	<u>\$5,551</u>	<u>\$5,624</u>

1/ Reflects normalized expense.

**MONTANA-DAKOTA UTILITIES CO.
MATERIALS
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

	<u>Per Books</u>	<u>Projected 2010</u>
Fuel & Purchased Power	\$6	\$6
Production	1,042	1,486
Transmission	115	149
Distribution	412	412
Customer Accounting	4	4
A&G	39	39
Total	<u>\$1,618</u>	<u>\$2,096</u>

**MONTANA-DAKOTA UTILITIES CO.
VEHICLES AND WORK EQUIPMENT
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

	<u>Per Books</u>	<u>Projected 2010 1/</u>
Production	\$43	\$32
Transmission	138	111
Distribution	617	514
Customer Accounting	139	103
Customer Service	2	1
Sales	2	2
A&G	21	15
Total	<u>\$962</u>	<u>\$778</u>

1/ Based on projected plant and proposed depreciation rates.

**MONTANA-DAKOTA UTILITIES CO.
COMPANY CONSUMPTION
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

	<u>Per Books</u>	<u>Projected 2010</u>
Production	\$24	\$24
Transmission	15	15
Distribution	88	90
Customer Accounting	39	40
Sales	6	6
A&G	83	85
Total	<u>\$255</u>	<u>\$260</u>

Electric 1/

Production	\$2	\$2
Transmission	13	13
Distribution	63	65
Customer Accounting	26	27
Sales	4	4
A&G	57	59
Total Electric	<u>\$165</u>	<u>\$170</u>

Gas 2/

Production	\$22	\$22
Transmission	2	2
Distribution	25	25
Customer Accounting	13	13
Sales	2	2
A&G	26	26
Total Gas	<u>\$90</u>	<u>\$90</u>

1/ Reflects an 2.81% increase to reflect annualized sales revenue at current rates.

2/ Reflects a 0.58% decrease to reflect normalized firm sales revenue at current rates.

MONTANA-DAKOTA UTILITIES CO.
POSTAGE
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)

	<u>Per Books</u>	<u>Projected 2010 1/</u>
Production	\$2	\$2
Distribution	8	8
Customer Accounting	227	225
Sales	1	1
A&G	117	116
Total	<u>\$355</u>	<u>\$352</u>

1/ Reflects a 0.97% decrease.

**MONTANA-DAKOTA UTILITIES CO.
DEMAND-SIDE MANAGEMENT EXPENSE
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

	<u>Per Books</u>	<u>Projected 2010 1/</u>
Customer Service	<u>\$106</u>	<u>\$135</u>

1/ Amortization of expenses over three years.

**MONTANA-DAKOTA UTILITIES CO.
UNCOLLECTIBLE ACCOUNTS
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

	<u>Per Books</u>	<u>Projected</u>
Customer Accounting	<u>\$115</u>	<u>2010 1/ \$105</u>

1/ Based on five year average of write-offs to revenues.

**MONTANA-DAKOTA UTILITIES CO.
ADVERTISING EXPENSE
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

	<u>Per Books</u>	<u>Projected 2010 1/</u>
Informational	\$25	\$25
Promotional	82	0
Institutional	41	35
Total	<u>\$148</u>	<u>\$60</u>

1/ Eliminates promotional advertising expense and institutional advertising expenses not applicable to the North Dakota electric operations.

**MONTANA-DAKOTA UTILITIES CO.
INSURANCE EXPENSE
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

	<u>Per Books</u>	<u>Projected 2010 1/</u>
A&G	<u>\$706</u>	<u>\$1,020</u>

1/ Reflects insurance expense at the current level for 2010.

**MONTANA-DAKOTA UTILITIES CO.
UTILITY DISCOUNTS
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

	<u>Per Books</u>	<u>Projected 2010 1/</u>
A&G	<u>\$171</u>	<u>\$84</u>

1/ Reflects a 48.93% decrease.

**MONTANA-DAKOTA UTILITIES CO.
INDUSTRY DUES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010**

	<u>Per Books</u>	<u>Projected 2010</u>
Ashley Chamber of Commerce	\$34	\$34
Belfield Area Chamber of Commerce	28	28
Beulah Chamber of Commerce	600	600
Beulah Convention & Visitors Bureau	50	50
Bismarck-Mandan Apartment Association	66	66
Bismarck-Mandan Board	85	85
Bismarck-Mandan Convention Bureau	278	278
Bismarck-Mandan Development Association	2,917	2,917
Bismarck-Mandan Home Builders Association	181	181
Bismarck-Mandan Leadership Development	110	110
Bowman Area Chamber of Commerce	56	56
Burg Bucks Retail Association	60	60
Central Dakota Safety Association	77	77
The Chamber	3,791	3,791
Dickinson Area Chamber	250	250
Dickinson Builders Exchange	36	36
Divide County Economic Development	55	55
The Downtowners	133	133
Edison Electric Institute	37,940	39,650 2/
Economic Development Association of North Dakota	316	316
Elgin Betterment Club	25	25
Ellendale Civic Association	61	61
Hazelton Development Corporation	10	10
Hazen Chamber of Commerce	600	600
Hazen Community Development	500	500
Hebron Business Club	14	14
Hettinger Area Chamber of Commerce	77	77
Kenmare Association of Commerce	400	400
Killdeer Town Criers	100	100
Lemmon Area Chamber of Commerce	189	189
Lignite Energy Council	33,557	33,557
Linton Chamber of Commerce	100	100
Mid-Continent Energy Marketers	1,939	1,939
Midwest Energy Association	6,094	6,407 2/
Mohall Chamber of Commerce	25	25
Napoleon Businessmen Association	30	30
North Central Electrical Association	7,628	7,628
New England Commercial Club	10	10
North Dakota Association of Businesses	205	205
Ray Association	54	54
Sherwood Business Association	50	50
Stanley Commercial Club	268	268

**MONTANA-DAKOTA UTILITIES CO.
INDUSTRY DUES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010**

	<u>Per Books</u>	<u>Projected 2010</u>
Stark Development Corporation	108	108
Strasburg Economic Development	40	40
Theodore Roosevelt Express	6	6
Tioga Area Economic Development Corporation	16	16
Utilites Telecom Council	2,203	2,203
Watford City Area Chamber of Commerce	198	198
Watford City Economic Development	63	63
Williston Area Chamber of Commerce	593	593
Williston Area Development	647	647
Wishek Association of Commerce	24	24
Other	41,405	0
	<u>\$144,302</u>	<u>\$104,920</u>

- 1/ Projected reflects 2009 dues and eliminates dues not applicable to North Dakota electric operations.
2/ Reflects actual 2010 amount.

**MONTANA-DAKOTA UTILITIES CO.
REGULATORY COMMISSION EXPENSE
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

	<u>Per Books</u>		<u>Projected</u>
	<u>Electric Utility</u>	<u>North Dakota</u>	<u>2010 1/</u>
Regulatory Commission Expense	<u>\$291</u>	<u>\$91</u>	<u>\$166</u>

1/ Reflects a three year amortization of rate case expense and an ongoing level of regulatory commission expense.

MONTANA-DAKOTA UTILITIES CO.
OTHER O&M
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)

<u>Function</u>	Per Books O&M	Total items adjusted individually 1/	All Other	Projected 2010 2/
Cost of Fuel & Purchased Power	\$32,069	\$32,061	\$8	\$8
Production	14,556	13,565	991	1,012
Transmission	5,605	4,489	1,116	1,140
Distribution	6,055	6,137	(82)	(84)
Customer Accounting	2,163	2,014	149	152
Customer Service & Information	264	263	1	1
Sales	195	184	11	11
Administrative and General	10,526	8,766	1,760	1,797
Total Other O&M	<u>39,364</u>	<u>35,418</u>	<u>3,946</u>	<u>4,029</u>
 Total O & M	 <u>\$71,433</u>	 <u>\$67,479</u>	 <u>\$3,954</u>	 <u>\$4,037</u>

1/ Page 31.

2/ Reflects 2.11 percent increase based on three year average inflation.

MONTANA-DAKOTA UTILITIES CO.
OPERATION & MAINTENANCE EXPENSE
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
ITEMS ADJUSTED INDIVIDUALLY
(000s)

Function	Total Per Books	Fuel & Purchased Power	Labor	Benefits	Glen Ullin Station	Big Stone/ Coyote	Materials	Vehicles And Work Equipment	Company Consumption
Cost of Fuel & Purchased Power	\$32,069	\$31,616	\$361				\$6		
Production	14,556		4,818		\$56	\$5,551	1,042	\$43	\$24
Transmission	5,605		2,047				115	138	15
Distribution	6,055		4,246				412	617	88
Customer Accounting	2,163		1,358				4	139	39
Customer Service & Information	264		130					2	
Sales	195		92					2	6
Administrative and General	10,526		3,451	\$3,272			39	21	83
Total Other O&M	39,364	0	16,142	3,272	56	5,551	1,612	962	255
Total O&M	\$71,433	\$31,616	\$16,503	\$3,272	\$56	\$5,551	\$1,618	\$962	\$255

MONTANA-DAKOTA UTILITIES CO.
OPERATION & MAINTENANCE EXPENSE
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
ITEMS ADJUSTED INDIVIDUALLY
(000s)

Function	Postage	Demand-Side Management	Uncollectible Accounts	Advertising	Insurance	Utility Discounts	Industry Dues	Regulatory Commission
Cost of Fuel & Purchased Power								
Production	\$2							
Transmission								
Distribution	8							
Customer Accounting	227		\$115					
Customer Service & Information		\$106		\$25				
Sales	1			82				
Administrative and General	117			41	\$706	\$171	\$144	\$91
Total Other O&M	355	106	115	148	706	171	144	91
Total O&M	\$355	\$106	\$115	\$148	\$706	\$171	\$144	\$91

MONTANA-DAKOTA UTILITIES CO.
 OPERATION & MAINTENANCE EXPENSE
 ELECTRIC UTILITY - NORTH DAKOTA
 TWELVE MONTHS ENDING DECEMBER 31, 2009
 ITEMS ADJUSTED INDIVIDUALLY
 (000s)

Function	Regional Market Expenses		Subcontract Labor		Software Maintenance	Total items adjusted individually		All Other O&M
Cost of Fuel & Purchased Power				\$78		\$32,061		\$8
Production			1,973	1/	\$56	13,565		991
Transmission	\$338		1,691		145	4,489		1,116
Distribution			735		31	6,137		(82)
Customer Accounting			82		50	2,014		149
Customer Service & Information Sales				1		263		1
Administrative and General			405		225	8,766		11
Total Other O&M	338		4,887		507	35,418		1,760
Total O&M	\$338		\$4,965		\$507	\$67,479		\$3,954

1/ Excludes Glen Ullin Subcontract Labor expense

**MONTANA-DAKOTA UTILITIES CO.
DEPRECIATION EXPENSE AND AMORTIZATION
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
PROJECTED 2010
(000s)**

	<u>Per Books</u>	<u>Projected 2010</u>
Steam Production	\$5,767	\$5,926
Other Production	1,891	4,770
Total Production	<u>\$7,658</u>	<u>\$10,696</u>
Transmission	1,851	2,105
Distribution	4,256	4,125
General	313	347
General - Intangible	283	312
Common	571	558
Common - Intangible	615	456
Acquisition Adjustment	158	158
Total	<u><u>\$15,705</u></u>	<u><u>\$18,757</u></u>

**MONTANA-DAKOTA UTILITIES CO.
ACCUMULATED RESERVE FOR DEPRECIATION
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

	Reserve 2009	Projected Plant 2010 1/	Depreciation/ Amortization Rate 2/	Depreciation/ Amortization Expense	Retirements/ Removal 4/	2010 Ending Balance
Steam Production	\$129,749	\$206,498	2.87%	\$5,926	(\$1,583)	\$134,092
Other Production	10,777	105,704	3.97%	4,770 3/	(167) 5/	15,380
Total Production	140,526	312,202		10,696	(1,750)	149,472
Transmission	51,625	109,050	1.93%	2,105	(201)	53,529
Distribution	64,645	143,227	2.88%	4,125	(1,506)	67,264
General						
Other	2,278	3,976	5.81%	231	(247)	2,262
Computer	360	1,020	11.38%	116	(39)	437
Transportation	1,864	3,320	6.01%	200	(202)	1,862
Work Equipment	1,691	5,212	6.01%	313	(183)	1,821
Total General	6,193	13,528		860	(671)	6,382
General - Intangible	3,313	4,023	7.75%	312	0	3,625
Common						
Other	6,843	13,700	3.05%	418	(639)	6,622
Computer	935	1,275	11.01%	140	(87)	988
Transportation	1,287	1,994	4.63%	92	(120)	1,259
Work Equipment	6	26	7.58%	2	(1)	7
Total Common	9,071	16,995		652	(847)	8,876

MONTANA-DAKOTA UTILITIES CO.
ACCUMULATED RESERVE FOR DEPRECIATION
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)

	Reserve 2009	Projected Plant 2010 1/	Depreciation/ Amortization Rate 2/	Depreciation/ Amortization Expense	Retirements/ Removal 4/	2010 Ending Balance
Common - Intangible	6,206	9,036	5.05%	456	0	6,662
Acquisition Adjustment	6,525	7,162		158	0	6,683
Total Electric Plant in Service	\$288,104	\$615,223		\$19,364	(\$4,975)	\$302,493
Depreciation Expense				\$18,757		

- 1/ Please see Statement N page 2.
- 2/ Composite rates based on AUS Consultants 2008 Depreciation study. See Statement I, pages 2-7.
- 3/ 2007-2009 average retirements.
- 4/ Includes reallocation of Diamond Willow. Please see Statement N page 12.
- 5/ Please see page 35 for wind depreciation on Diamond Willow expansion and Cedar Hills.
All other production plants are at the composite depreciation rate.

MONTANA-DAKOTA UTILITIES CO.
DEPRECIATION EXPENSE AND RESERVE FOR DEPRECIATION - WIND GENERATION
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)

	<u>Plant</u>	<u>Depreciation Rate 1/</u>	<u>Annual Depreciation</u>	<u>Accumulated Reserve</u>
<u>Other Production</u>				
Install 10.5 MW Wind Farm - Diamond Willow	\$16,680	5.17%	\$862	\$862
Install 19.5 MW Wind Farm - Cedar Hills	<u>31,116</u>	5.17%	<u>1,609</u>	<u>1,609</u>
Total Other Production	<u><u>\$47,796</u></u>		<u><u>\$2,471</u></u>	<u><u>\$2,471</u></u>

1/ Rates based on AUS Consultants 2008 Depreciation study. See Statement I, pages 2-7.

**MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF TAXES OTHER THAN INCOME
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2009
PROJECTED 2010
(000s)**

<u>Type of Tax</u>	<u>2009</u>	<u>Projected 2010</u>
Ad Valorem		
Production	\$818	\$908
Transmission	551	650
Distribution	795	867
General	48	52
Common	132	136
Intangible	23	23
Total Ad Valorem Taxes	<u>2,367</u>	<u>2,636</u>
O&M Related Taxes - Other		
Payroll Taxes	1,171	1,174
Delaware Franchise	66	66
Total O&M Related Taxes	<u>1,237</u>	<u>1,240</u>
Other		
Electric Production Related Tax	732	758
Highway Use Tax	1	1
Secretary of State	1	1
Total Other	<u>734</u>	<u>760</u>
Total Taxes Other Than Income	<u><u>\$4,338</u></u>	<u><u>\$4,636</u></u>

**MONTANA-DAKOTA UTILITIES CO.
AD VALOREM TAXES
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

Function	Effective Tax Rate	Projected 2010	
		Plant Balance 1/	Ad Valorem Tax
Production	0.3041%	\$271,568	\$826
Transmission	0.5959%	109,050	650
Distribution	0.6050%	143,227	867
General	0.3813%	13,528	52
Common	0.7996%	16,995	136
Intangible	0.1770%	13,059	23
Total		\$567,427	\$2,554

1/ Excludes Cedar Hills and Diamond Willow expansion.

**MONTANA-DAKOTA UTILITIES CO.
AD VALOREM TAXES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2009**

<u>Function</u>	<u>Plant Balance @ 12/31/2009</u>	<u>Ad Valorem Tax @ 12/31/2009</u>	<u>Effective Tax Rate</u>
Production	\$268,977,830	\$818,031	0.3041%
Transmission	92,482,990	551,122	0.5959%
Distribution	131,372,493	794,845	0.6050%
General	12,625,103	48,143	0.3813%
Common	16,489,655	131,845	0.7996%
Intangible 1/	12,898,776	22,829	0.1770%
Total	<u>\$534,846,847</u>	<u>\$2,366,815</u>	

1/ General and common intangible.

**MONTANA-DAKOTA UTILITIES CO.
AD VALOREM TAX ON WIND GENERATION
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

	Projected 2010	
	Total	North
	<u>Company</u>	<u>Dakota 1/</u>
Cedar Hills	\$74	\$48
Diamond Willow	51	34
	<u>\$125</u>	<u>\$82</u>

1/ Allocated on demand and energy factor.

**MONTANA-DAKOTA UTILITIES CO.
PAYROLL TAXES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2009
PROJECTED 2010**

	<u>Per Books</u>	<u>Projected 2010 (000s)</u>
Labor Expense	\$16,502,667	\$16,555
Payroll Taxes	\$1,170,836	\$1,174
% Payroll Taxes to Labor	7.09%	7.09%

**MONTANA-DAKOTA UTILITIES CO.
GENERATION TAXES
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2009
PROJECTED 2010
(000s)**

	<u>Per Books</u>	<u>Projected 2010</u>
<u>North Dakota Coal Conversion Tax</u>		
Capacity	\$648	\$648
Generation	296	341
Total	<u>\$944</u>	<u>\$989</u>
Allocated to North Dakota	\$614	\$642
<u>Montana Energy Tax</u>		
Wholesale Energy Tax	\$105	\$105
Generation Tax	77	73
Total	<u>\$182</u>	<u>\$178</u>
Allocated to North Dakota	\$118	\$116
Total North Dakota 1/	<u><u>\$732</u></u>	<u><u>\$758</u></u>

1/ Allocated on Kwh sales factor.

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
CALCULATION OF INCOME TAXES
PROJECTED 2010
(000s)**

	Projected 2010
Operating Revenues	
Sales Revenues	\$110,925
Sales for Resale	
Other Revenues	5,075
Total Operating Revenues	<u>116,000</u>
Operating Expenses	
Operation and Maintenance	
Cost of Fuel & Purchased Power	33,267
Other O&M	40,485
Total O&M	<u>73,752</u>
Depreciation and Amortization Expense	18,757
Taxes other Than Income	4,636
Total Operating Expenses	<u>97,145</u>
Gross Adjustments to Operating Income	18,855
Deductions and Adjustments to Book Income:	
Interest 1/	8,218
Total Adjustments to Taxable Income	<u>8,218</u>
Taxable Income	10,637
Federal & State Income Taxes	4,165
Production Tax Credit 2/	(2,237)
Full Normalization	(134)
Total Income Taxes	<u><u>\$1,794</u></u>

1/ Amended Page 43.
2/ Page 44.

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY -NORTH DAKOTA
INTEREST EXPENSE
PROJECTED 2010**

	Projected 2010
Rate Base 1/	<u>\$276,685</u>
Weighted Cost of Debt	2.970%
Interest Expense	<u><u>\$8,218</u></u>

1/ Statement N, Amended Page 1.

**MONTANA-DAKOTA UTILITIES CO.
PRODUCTION TAX CREDIT
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010**

	<u>Projected 2010</u>
<u>Generation - Kwh</u>	
Cedar Hills	64,700,000
Diamond Willow	<u>99,500,000</u>
Total	<u>164,200,000</u>
Production Tax Credit	(\$0.021)
Total Production Tax Credit	(\$3,448,200)
Allocated to North Dakota 1/	<u>(\$2,237,491)</u>

1/ Allocated on Kwh sales factor.

MONTANA-DAKOTA UTILITIES CO.
RATE BASE
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDED DECEMBER 31, 2009
PROJECTED 2010
(000s)

	<u>Per Books</u>	<u>Projected 2010</u>	
Electric Plant in Service	\$534,847	\$615,223	1/
Accumulated Reserve for Depreciation	288,104	302,493	
Net Electric Plant in Service	<u>\$246,743</u>	<u>\$312,730</u>	
CWIP in Service Pending Reclassification	1,477	0	
Total Electric Plant in Service	<u>\$248,220</u>	<u>312,730</u>	
Additions			
Materials and Supplies	4,782	5,077	
Fuel Stocks	2,944	2,955	
Prepayments	102	373	
Unamortized Loss on Debt	5,015	4,556	
Deferred Generation Costs	0	1,547	
Decommission of Retired Plant	0	(353)	
Total Additions	<u>12,843</u>	<u>14,155</u>	
Total Before Deductions	\$261,063	\$326,885	
Deductions			
Accumulated Deferred Income Taxes	\$49,902	\$49,973	
Accumulated Investment Tax Credits	94	0	
Customer Advances	164	227	
Total Deductions	<u>50,160</u>	<u>50,200</u>	
Total Rate Base	<u><u>\$210,903</u></u>	<u><u>\$276,685</u></u>	

1/ Includes CWIP in Service by function.

MONTANA-DAKOTA UTILITIES CO.
PLANT IN SERVICE
DECEMBER 31, 2009
PROJECTED 2010
(000s)

	<u>Per Books 1/</u>	<u>Projected 2010</u>
Steam Production	\$203,452	\$206,498
Other Production	58,814	105,704
Total Production	<u>\$262,266</u>	<u>\$312,202</u>
 Transmission	 92,594	 109,050
Distribution	132,163	143,227
General	12,690	13,528
General Intangible	4,023	4,023
Common	16,550	16,995
Common Intangible	8,876	9,036
Acquisition Adjustment	<u>7,162</u>	<u>7,162</u>
Total	<u><u>\$536,324</u></u>	<u><u>\$615,223</u></u>

1/ Includes CWIP in Service.

MONTANA-DAKOTA UTILITIES CO.
PLANT IN SERVICE
TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)

	Per Books 1/	Projected 2010		Balance
		Additions 2/	Retirements 3/	
Steam Production	\$203,452	\$4,694	(\$1,648)	\$206,498
Other Production	58,814	46,943	(53)	105,704
Total Production	<u>\$262,266</u>	<u>\$51,637</u>	<u>(\$1,701)</u>	<u>\$312,202</u>
Transmission Plant	92,594	16,660	(204)	109,050
Distribution	132,163	12,624	(1,560)	143,227
<u>General</u>				
Other	3,774	395	(193)	3,976
Computer	516	530	(26)	1,020
Transportation	3,277	210	(167)	3,320
Work Equipment	5,123	351	(262)	5,212
Total General	<u>\$12,690</u>	<u>\$1,486</u>	<u>(\$648)</u>	<u>\$13,528</u>
General Intangible	4,023	0	0	4,023
<u>Common</u>				
Other	13,335	936	(571)	13,700
Computer	1,155	169	(49)	1,275
Transportation	2,033	48	(87)	1,994
Work Equipment	27	0	(1)	26
Total Common	<u>\$16,550</u>	<u>\$1,153</u>	<u>(\$708)</u>	<u>\$16,995</u>
Common Intangible	8,876	160	0	9,036
Acquisition Adjustment	<u>7,162</u>	<u>0</u>	<u>0</u>	<u>7,162</u>
Total Electric Plant in Service	<u>\$536,324</u>	<u>\$83,720</u>	<u>(\$4,821)</u>	<u>\$615,223</u>

1/ Includes CWIP in Service by function.

2/ Please see pages 4-12.

3/ Based on average retirements for 2007-2009.

**MONTANA-DAKOTA UTILITIES CO.
PLANT ADDITIONS SUMMARY
ELECTRIC UTILITY - NORTH DAKOTA
(000s)**

	<u>2010</u>
Steam Production	\$4,694
Other Production	<u>447</u>
Total Production	\$5,141
Transmission	16,549
Distribution	12,624
General	1,486
Common	1,153
Common Intangible	160
Total Additions	<u><u>\$37,113</u></u>

**MONTANA-DAKOTA UTILITIES CO.
PLANT ADDITIONS
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

Project No.	Acct.	Description	2010 Amount	Region
		<u>Steam Production</u>		
J153673	311	Develop ash disposal site	\$54	Heskett
J159725	311	Replace steam heater/conditioner return skid	14	Coyote
J159731	311	Replace sewage treatment plant	63	Coyote
J165557	311	Ash disposal area pending evaporation	41	Big Stone
J165560	311	Replace main plant elevator controls	19	Big Stone
J165584	311	Upgrade intake overhead crane	36	Lewis & Clark
J165626	311	Install storm water diversion	59	Heskett
J165643	311	Install No. 4 safety handrail	35	Heskett
J165660	311	Replace railroad ties and subgrade	78	Heskett
B81001, B82001	312	Minor construction projects	543	Various
B83001, B86101				
J118961	312	Replace sootblowers unit 2	96	Heskett
J133486	312	Replace boiling bank tubes	1,006	Heskett
J151298	312	Replace superheater loops	548	Heskett
J155924	312	Replace expansion joints	74	Heskett
J156126	312	Replace fly ash mixer	30	Big Stone
J156133	312	Replace 8 IK sootblowers	61	Coyote
J156139	312	Upgrade C34 to Ovation	40	Coyote
J159663	312	Convert IK water to IK steam	22	Big Stone
J159649	312	Sootblower controls	25	Big Stone
J159732	312	Upgrade Gravimetric feeders	35	Coyote
J165555	312	Replace hot end APH baskets	132	Big Stone
J165558	312	Replace part of baghouse roof	24	Big Stone
J165576	312	Replace moisture separator valve	26	Coyote
J165582	312	Modify scrubber agitator	26	Lewis & Clark
J165585	312	Replace 8 CBAND wall blowers	89	Lewis & Clark
J165587	312	Install scrubber fuegas cool system	354	Lewis & Clark
J165612	312	Replace crusher rotor	40	Heskett
J165615	312	Install vibration equipment	28	Heskett
J165629	312	Replace flyash blower drive/motor	20	Heskett

**MONTANA-DAKOTA UTILITIES CO.
PLANT ADDITIONS
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

Project No.	Acct.	Description	2010 Amount	Region
J92460	312	Purchase computer for CEMS	7	Lewis & Clark
J155943	314	Purchase unit #1 overhaul turbine parts	328	Heskett
J156145	314	Replace river station pump	30	Coyote
J159789	314	Retube U1 H2 bundles	234	Heskett
J165583	315	Purchase replacement breakers	27	Lewis & Clark
J159729	315	345 switchyard communication/pilot relay	20	Coyote
B81023, B82023	316	Minor work equipment	25	Various
B83023, B86123				
B82019	316	Work equipment	29	Lewis & Clark
B82022	316	Office equipment	2	Lewis & Clark
B83020	316	Personal computers	3	Coyote
J133928	316	Upgrade Honeywell Control System	44	Heskett
J151309	316	Convert plant control board	113	Heskett
J155859	316	Replace front end loader	46	Lewis & Clark
J165661	316	Replace water truck dust control	107	Heskett
J165716	316	Purchase CEMS polling computer/software	7	Heskett
J165738	316	Replace control system terminal blocks	17	Lewis & Clark
J159609	316	Replace sand pump	37	Lewis & Clark
		Total Steam Production	\$4,694	
		<u>Other Production</u>		
J159760	341	Replace roof	\$119	Williston Turbine
J159741	342	Replace-liquid fuel secondary containment pipe	24	Miles City Turbine
B85101, B85201	344	Minor construction projects	159	Various
B85701, B85601				
J159764	345	Replace 2300/480 service	74	Williston Turbine
J159746	346	Purchase emission equipment	16	Glendive Turbine
B85119	346	Work equipment	55	Glendive Turbine
		Total Other Production	\$447	
		Total Production	\$5,141	

**MONTANA-DAKOTA UTILITIES CO.
PLANT ADDITIONS
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

Project No.	Acct.	Description	2010 Amount	Region
B90205, B90305 B90405, B90505	353	Minor transmission substation	\$171	All Regions
J151170	353	Install 115kV PCB-NW Bis Junction sub	427	Dakota Heartland
J153594	353	Replace failed Linton voltage regulator	230	Dakota Heartland
J156089	353	Replace 421 for SPS-Beulah Junction sub	48	Dakota Heartland
J156093	353	Replace 421 for SPS-Coyote Junction sub	62	Dakota Heartland
J156124	353	Replace feeder relays-Bismarck Front Avenue	280	Dakota Heartland
J159641	353	Replace 87L relays-Coyote Junction	83	Coyote
J159642	353	Replace digital fault recorder - Baker Junction	31	Badlands
J159679	353	Install Northeast Bismarck 115kV Switching sub	2,154	Dakota Heartland
J159682	353	Replace 230 Dickinson line meter current transformer	50	Heskett
J159687	353	Replace relays Hesk 115 Ln-Sweet Ave	73	Dakota Heartland
J159689	353	Replace digital fault recorder	48	Heskett
J159804	353	Replace met current transformers	39	Badlands
J165656	353	New 230/115KV sub	8,721	Heskett
J151202	355	Replace switch, Tioga-Kincaid	106	Badlands
J153577	355	Rebuild Beulah-Hesk, 115KV	162	Dakota Heartland
J156076	355	Raise Bismarck - Wishek, 230kV	63	Dakota Heartland
J159628	355	South Mandan-Sweet Ave, 115KV sub	91	Dakota Heartland
J164525	355	Install 115KV TAP TransCanada	52	Badlands
J165601	355	Raise Baker-Hettinger, 230KV	329	Badlands
J165652	355	Extend 115kV Line-New 230/115KV sub	156	Dakota Heartland
J163000	356	Install optical ground wire	520	Badlands
J156062	356	Install Lightning Protection	223	General Office
J159612	356	NE Bismarck 115KV Tap Line	2,091	Dakota Heartland
B12306, B15306	356	Minor transmission lines	339	Dakota Heartland & Badlands
		Total Transmission	\$16,549	

**MONTANA-DAKOTA UTILITIES CO.
PLANT ADDITIONS
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

Project No.	Acct.	Description	2010 Amount	Region
		<u>Distribution</u>		
B12315, B15315	362	Minor distribution substations	\$198	Dakota Heartland & Badlands
J155830	362	Build Mandan Midway 115 sub	1,764	Dakota Heartland
J159680	362	Install NE Bis 115/12.5 sub	1,273	Dakota Heartland
J159690	362	Replace 2 recloser - Dickinson NW	42	Badlands
J159691	362	Replace regulators at Noonan	34	Badlands
J159695	362	Upgrade 7.5MVA xfmr Stanley	252	Badlands
J159696	362	Replace regulators at Stanley	51	Badlands
J159712	362	Rebuild Hazen substation	304	Dakota Heartland
J165671	362	Purchase regulators East sub Bowman	59	Badlands
J165684	362	Replace regulators Portal sub	36	Badlands
J165685	362	Replace regulators sub - Gladstone	36	Badlands
J165707	362	Replace reclosures Burlington Northern sub	55	Dakota Heartland
J165710	362	Purchase regulators sub New Salem	44	Dakota Heartland
J165712	362	Purchase regulators sub Steele	43	Dakota Heartland
J165713	362	Add transformer-Turmpike sub	982	Dakota Heartland
J165714	362	Purchase 5MVA Transformer sub	181	Dakota Heartland
J166648	362	Replace regulators at Taylor	32	Badlands
J166649	362	Replace regulators at Kenmare East	52	Badlands
J171676	362	Replace regulators at Carpio	32	Badlands
J92310	362	Purchase distribution sub automation equipment	30	General Office
B12310, B15310	367	Overhead and underground Lines	3,574	Dakota Heartland & Badlands
J153572	367	Replace feeder 6414 9th St sub Bismarck	80	Dakota Heartland
J155856	367	Ext service Valero pipe Mandan	77	Dakota Heartland
J156059	367	Install circuit Turmpike sub Bismarck	59	Dakota Heartland
J165627	367	Construct new circuits Hazen sub	83	Dakota Heartland
J165631	367	Install padmount switch 46th Street & South Bay	34	Dakota Heartland
J165632	367	Replace NX style ruse pedestals	20	Dakota Heartland
J165683	367	Install Walmart loop feed Williston	61	Badlands
J165691	367	Replace underground line Stanley airport	36	Badlands
J165697	367	Replace Williston 2432 sub feeder	108	Badlands

MONTANA-DAKOTA UTILITIES CO.
PLANT ADDITIONS
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)

Project No.	Acct.	Description	2010 Amount	Region
B11013, B12013, B15013	368	Line transformers	1,432	General Office
B12311, B15311	369	Service Lines	710	Dakota Heartland & Badlands
J159820, J159807	370	Install electric ERT	399	General Office
B90012	370	Meters	251	General Office
B12316, B15316	373	Street and Yard Lights	152	Dakota Heartland & Badlands
J165630	373	Replace steel street light - Beulah	48	Dakota Heartland
		Total Distribution	\$12,624	
General				
J165600	391.1	Replace electric control center monitors/consoles	55	General Office
J165603	391.1	Add historian to EMS	101	General Office
J39007	391.4	EMS/SUN computer system upgrade	530	General Office
B81018, B15318, B83018	392.2	Vehicles	210	Various
B85618, B86118, B90018				
J159722	394.1	Purchase relay test set Bismarck	61	General Office
B12323, B15323	394.1	Minor work equipment	67	Dakota Heartland & Badlands
J159617	394.1	Purchase Thumper and Radar	31	Dakota Heartland
J165732	394.1	Replace cutouts transformer poles	2	General Office
J165733	394.1	Purchase 2 transformer poles training	3	General Office
J165730	395	Purchase two capacitor VAR controls	9	General Office
B12319, B15319	396.2	Work equipment	105	Dakota Heartland & Badlands
J151778	396.2	Buy digger derrick - Williston	246	Badlands
J165614	397.1	Replace Heskett wireless link	8	Heskett
J165640	397.1	Replace HELIOS servers	8	General Office
J106252	397.4	Replace power line carrier equipment	50	General Office
		Total General	\$1,486	
Common				
J159618	390	Emergency backup generator	\$146	General Office
J165571	390	Replace roof	44	General Office
J165572	390	Replace roof - Annex	23	General Office

MONTANA-DAKOTA UTILITIES CO.
PLANT ADDITIONS
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)

Project No.	Acct.	Description	2010 Amount	Region
J165573	390	Resurface parking lot	10	General Office
J165711	390	Install HVAC digital control system	11	Dakota Heartland
B12382, B15382, B90082	391.1	Office equipment	33	Various
B90080	391.3	Personal computers	92	General Office
J144522	391.3	Purchase 50 replacement MDTs - MobilUp	77	General Office
B15378, B90078	392.2	Vehicles	48	Badlands & General Office
B12383, B15383, B90083	394.1	Minor work equipment	32	Various
B15324, B12384	397.1	Communication equipment	79	Various
B15384, B90084				
J165605	397.1	Purchase GPS tracking server	2	General Office
J165616	397.1	Install full spectrum radio system Dickinson	24	General Office
J165618	397.1	Install Sierra wireless auto mobil up	21	General Office
J165635	397.1	Install wireless network	6	General Office
J165639	397.1	Purchase Additional NETAPP storage	9	General Office
J159774	397.3	Install Teltone Gauntlet Sys.	84	General Office
B90081	397.8	Network equipment	43	General Office
J157230	397.8	Install network & comm. equipment - AMR	92	General Office
J159780	397.8	Replace network equipment	34	General Office
J159615	398	Liebert units	111	General Office
J159742	398	Purchase and install UPS @ Mandan	9	General Office
J159814	398	AV equipment	12	General Office
J165575	398	Purchase mail inserter	94	General Office
J165599	398	Purchase booklet maker	17	General Office
		Total Common	\$1,153	
		<u>Common Intangible</u>		
J165742	303	Purchase GIS integrations	\$160	General Office
		Total Plant Additions	\$37,113	

**MONTANA-DAKOTA UTILITIES CO.
DIAMOND WILLOW AND CEDAR HILLS WIND GENERATION
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

<u>Project No.</u>	<u>Acct. #</u>	<u>Description</u>	<u>Total Company</u>	<u>North Dakota</u>
<u>Other Production</u>				
J159831	344	Install 10.5 MW Wind -Diamond Willow	\$25,357	\$16,680
J159831	344	Install 19.5 MW Wind - Cedar Hills	47,302	31,116
Total Other Production			\$72,659	\$47,796
<u>Transmission</u>				
J160143	355	Line interconnect - Cedar Hills	\$143	\$99
J160144	355	Line interconnect - Diamond Willow	18	12
Total Transmission			\$161	\$111
Total			\$72,820	\$47,907

**MONTANA-DAKOTA UTILITIES CO.
REALLOCATION OF DIAMOND WILLOW
ELECTRIC UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2009
(000s)**

	<u>Total Company</u>	<u>North Dakota 1/</u>	<u>North Dakota Reallocated 2/</u>	<u>Adjustment</u>
Diamond Willow				
Plant in service	\$36,701	\$25,442	\$24,142	(\$1,300)
Accumlated Reserve for depreciation	3,444	2,387	2,266	(121)
	<u>\$33,257</u>	<u>\$23,055</u>	<u>\$21,876</u>	<u>(\$1,179)</u>

1/ Allocated on Factor 15 - Integrated System Demand.

2/ Allocated on Integrated Peak and Kwh Sales Factor.

**MONTANA-DAKOTA UTILITIES CO.
ACCUMULATED RESERVE FOR DEPRECIATION
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
PROJECTED 2010
(000s)**

	<u>Per Books</u>	<u>Projected 2010</u>
Steam Production	\$129,749	\$134,092
Other Production	10,777	15,380
Total Production	<u>\$140,526</u>	<u>\$149,472</u>
Transmission	51,625	53,529
Distribution	64,645	67,264
General	6,193	6,382
Intangible Plant - General	3,313	3,625
Common	9,071	8,876
Intangible Plant - Common	6,206	6,662
Acquisition Adjustment	6,525	6,683
Total	<u>\$288,104</u>	<u>\$302,493</u>

**MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF WORKING CAPITAL AND
CUSTOMER ADVANCES FOR CONSTRUCTION
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
PROJECTED 2010**

<u>Working Capital</u>	<u>Per Books</u>	<u>Projected 2010</u>
Materials and Supplies	\$4,782	\$5,077
Fuel Stocks	2,943	2,955
Prepaid Insurance	102	373
Unamortized Loss on Debt	5,015	4,556
Deferred Generation Costs	0	1,547
Decommissioning on Retired Plant	0	(353)
Total Working Capital	<u>\$12,842</u>	<u>\$14,155</u>
Customer Advances for Construction	<u>\$164</u>	<u>\$227</u>

**MONTANA-DAKOTA UTILITIES CO.
MATERIALS AND SUPPLIES
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

	<u>Per Books</u>	<u>Projected 2010</u>
December 2008	\$4,857	\$4,782
January 2009	4,841	4,788
February	4,819	4,819
March	4,949	4,949
April	5,287	5,287
May	5,207	5,207
June	5,410	5,410
July	5,428	5,428
August	5,356	5,356
September	5,208	5,208
October	5,013	5,013
November	4,973	4,973
December	4,782	4,782
Thirteen month average		<u><u>\$5,077</u></u>

1/ Actuals through January 2010.

**MONTANA-DAKOTA UTILITIES CO.
FUEL STORES
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

	<u>Per Books</u>	<u>Projected 2010</u>
December 2008	\$2,594	\$2,943
January 2009	2,567	2,947
February	2,674	2,959
March	2,746	2,875
April	2,686	2,940
May	2,814	2,860
June	2,743	2,942
July	2,710	2,871
August	2,738	2,924
September	2,778	3,003
October	2,876	2,976
November	2,840	3,147
December	2,943	3,033
Thirteen month average		<u><u>\$2,955</u></u>

1/ Actuals through January 2010.

**MONTANA-DAKOTA UTILITIES CO.
PREPAID INSURANCE
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

	<u>Per Books</u>	<u>Projected 2010</u>
December 2008	\$78	\$102
January 2009	459	646
February	408	566
March	384	658
April	332	586
May	415	515
June	340	444
July	287	372
August	237	300
September	182	228
October	152	157
November	159	175
December	102	103
Thirteen month average		<u>\$373</u>

1/ Actuals through January 2010.

**MONTANA-DAKOTA UTILITIES CO.
UNAMORTIZED LOSS ON DEBT
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
PROJECTED 2010
(000s)**

	<u>Per Books</u>	<u>Projected 2010</u>
Unamortized Loss on Debt	<u>\$5,015</u>	<u>\$4,556</u>

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
DEFERRED GENERATION COSTS
PROJECTED 2010
(000s)**

	<u>Total Company</u>	<u>North Dakota</u>
Deferred Generation Costs 1/	\$2,478	\$1,719
Amortization 2/		<u>172</u>
Balance		<u><u>\$1,547</u></u>

- 1/ Costs incurred in the acquisition of generation, excluding the Big Stone II costs.
2/ Amortized over ten years.

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - NORTH DAKOTA
DECOMMISSIONING OF RETIRED PLANTS
PROJECTED 2010
(000s)**

	North Dakota
Decommissioning on Retired Plants	<u>(\$392)</u>
Amortization 2/	<u>(39)</u>
Balance	<u><u>(\$353)</u></u>

- 1/ Unamortized decommissioning costs of retired plants.
2/ Amortized over ten years.

**MONTANA-DAKOTA UTILITIES CO.
CUSTOMER ADVANCES FOR CONSTRUCTION
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2010
(000s)**

	<u>Per Books</u>	<u>Projected 2010</u>
December 2008	\$77	\$164
January 2009	143	232
February	143	232
March	150	232
April	150	232
May	150	232
June	150	232
July	150	232
August	150	232
September	150	232
October	164	232
November	94	232
December	164	232
13 month average		<u><u>\$227</u></u>

1/ Actuals through January 2010.

MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF ACCUMULATED DEFERRED INCOME TAXES
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)

	<u>Per Books</u>	<u>Projected 2010</u>
Liberalized Depreciation	\$48,754	\$48,958
Full Normalization	1,558	1,424
Contribution in Aid of Construction	(345)	(345)
Customer Advances	(64)	(64)
Total	<u>\$49,903</u>	<u>\$49,973</u>

**MONTANA-DAKOTA UTILITIES CO.
INVESTMENT TAX CREDITS
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2009
PROJECTED 2010
(000s)**

	<u>Per Books</u>	<u>Projected 2010</u>
Investment Tax Credits	<u>\$94</u>	<u>\$0</u>