

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 Direct Testimony  
of  
Tamie A. Aberle

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

2 A. Yes. My name is Tamie A. Aberle, 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 Pricing & Tariff Manager in the Regulatory Affairs  
6 Department of Montana-Dakota Utilities Co. (Montana-Dakota), a Division  
7 of MDU Resources Group, Inc.

8 **Q. Are you the same Tamie A. Aberle who filed direct, supplemental and  
9 rebuttal testimony in this proceeding?**

10 A. Yes, I am.

11 **Q. What is the purpose of this testimony?**

12 A. The purpose of this testimony is to present the amended class cost  
13 of service study, revenue allocation and rate design necessary to reflect  
14 the amended proposed revenue requirement, as identified by Ms. Mulkern  
15 in her amended testimony.

16 **Q. What amended statements and exhibits are you sponsoring?**

17 A. I am sponsoring the following statements and exhibits amended to  
18 reflect the revenue requirement as a result of excluding the deferred  
19 generation costs associated with the Big Stone II plant:

- 20 • Amended Statement O- Embedded Class Cost of Service Study,

- 1 • Amended Statement P- Allocation of Revenues and Rate Design
- 2 calculations,
- 3 • Amended Exhibit No. \_\_\_\_ (TAA-1) – Summary of Revenue Allocations
- 4 by Customer Class and
- 5 • Amended Exhibit No.\_\_\_\_(TAA-2) – Bill Comparisons.

6 **Q. What is the total revenue effect of the proposed amended electric**  
 7 **rate changes?**

8 A. The amended proposed rates will produce additional revenues of  
 9 \$13,300,123 or an increase of 12% annually based on projected 2010  
 10 electric consumption. Amended Exhibit No. \_\_\_\_ (TAA-1) provides a  
 11 summary by rate classification of the proposed final revenue increase.

12 **Q. What were the results of the amended embedded cost of service**  
 13 **study provided in Amended Statement O?**

14 A. The overall North Dakota electric rate of return based on the  
 15 projected 2010 test period presented by Ms. Mulkern in her amended  
 16 testimony is 6.166%. The returns by customer class are as shown below:

<b>Customer Class</b>	<b>ROR</b>
Residential Service	3.634%
Small General Service	7.696%
Irrigation Service	-6.250%
General Service - Primary	6.103%
General Service – Secondary	9.126%
Time of Day Large General Service	8.134%
Space Heating Service	8.335%
Small Municipal Service	2.664%
Municipal Lighting Service – Primary	13.876%
Municipal Lighting Service – Secondary	12.653%
Municipal Pumping Service - Primary	1.558%
Municipal Pumping Service - Secondary	3.238%
Outdoor Lighting	14.010%
Interruptible Power Service	6.068%
Interruptible Demand Response Service	10.174%

1 **Q. Would you please explain how the amended proposed rate increase**  
2 **was apportioned among the customer classes?**

3 A. The amended proposed rate increase was allocated to the rate  
4 classes in the same fashion as described in my direct testimony. The rate  
5 design calculations are presented in Amended Statement P with a  
6 summary of the proposed rate components necessary to produce the total  
7 required revenues provided on page 3 of Amended Statement P.  
8 Amended Exhibit No. \_\_\_(TAA-2) provides the distribution of customers  
9 falling into the various annual bill impact ranges by dollar and percentage  
10 change from current bills for the residential and small general service  
11 classes.

12 **Q. What is the proposed increase by class of customer?**

13 A. As shown on Amended Exhibit No. \_\_\_(TAA-1), the resulting  
14 proposed percentage increase to each of the classes is as follows:

<b>Customer Class</b>	<b>Revenue Increase</b>	
	<b>\$</b>	<b>%</b>
Residential Service	\$5,593,260	12.2%
Small General Service	1,102,208	12.8%
General Service	6,190,929	11.7%
Municipal Lighting	168,726	11.9%
Municipal Pumping	182,240	10.7%
Outdoor Lighting Service	62,760	12.7%
Total North Dakota Electric	<u>\$13,300,123</u>	<u>12.0%</u>

1 Q. **Does this conclude your amended direct testimony?**

2 A. Yes, it does.

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA**

Allocation of Revenues  
Projected 2010

Customer Class	Projected 2010 Billing Determinants and Revenues										Revenue Increase	
	Customers	Kwh	KW	Base Rate	Energy	Demand	Fuel Rev	Total	\$	%		
Residential Service	62,489	621,493,423		\$4,154,798	\$28,719,034	\$0	\$12,927,064	\$45,800,896	\$5,593,260	12.2%		
Small General Service	8,942	102,645,326	16,689.6	2,201,261	4,223,313	54,143	2,135,023	8,613,740	1,102,208	12.8%		
General Service	3,053	797,132,225	2,378,794.5	1,382,808	15,885,892	19,080,562	16,554,501	52,903,763	6,190,929	11.7%		
Municipal Lighting	480	20,178,381			993,511		419,710	1,413,221	168,726	11.9%		
Municipal Pumping	306	30,362,442	114,276.6	38,153	646,642	382,794	631,539	1,699,128	182,240	10.7%		
Outdoor Lighting Service	488	6,041,428			368,824		125,662	494,486	62,760	12.7%		
<b>Total North Dakota Electric</b>	<b>75,758</b>	<b>1,577,853,225</b>	<b>\$2,509,761</b>	<b>\$7,777,020</b>	<b>\$50,837,216</b>	<b>\$19,517,499</b>	<b>\$32,793,499</b>	<b>\$110,925,234</b>	<b>\$13,300,123</b>	<b>12.0%</b>		

**MONTANA-DAKOTA UTILITIES CO.  
 ELECTRIC UTILITY - NORTH DAKOTA  
 Bill Comparison Annual Effects  
 Residential Rate 10**

Overall Annual Effect in Dollars				Overall Annual Effect by Percent			
Range	Customers	Total Customers	Average Use	Range	Customers	Total Customers	Average Use
< than -\$0	0	0		< than 0%	0	0	
\$1 to \$25	12,057	12,057	696	1% to 5%	1	1	12,227
\$26 to \$50	9,486	21,543	2,801	6% to 10%	27,853	27,854	14,375
\$51 to \$75	37,270	58,813	5,892	11% to 25%	36,224	64,078	5,217
\$76 to \$100	11,928	70,741	13,361	26% to 50%	8,897	72,975	1,018
\$101 to \$200	6,752	77,493	23,171	51% to 75%	3,192	76,167	185
\$201 to \$300	462	77,955	46,311	76% to 100%	1,857	78,024	30
\$301 to \$400	33	77,988	75,692	> than 100%	0	78,024	
\$401 to \$500	21	78,009	99,566				
\$501 to \$600	5	78,014	129,743				
\$601 to \$700	2	78,016	169,910				
\$701 to \$800	1	78,017	201,640				
> than \$801	7	78,024	215,940				

**Current Rate 10**

Base Rate	\$5.50 per month
Energy Charge	
Summer	\$0.05527 per Kwh
Winter	
First 750	0.05527
Over 750	0.02128
Fuel Charge	0.02179

**Amended Rate 10**

Base Rate	\$0.35 per day
Energy Charge	
Summer	\$0.05689 per Kwh
Winter	
First 750	0.05689
Over 750	0.02689
Fuel Charge	0.02087

**MONTANA-DAKOTA UTILITIES CO.  
 ELECTRIC UTILITY - NORTH DAKOTA  
 Bill Comparison Annual Effects  
 Small General Rate 20**

Overall Annual Effect in Dollars				Overall Annual Effect by Percent			
Range	Customers	Total Customers	Average Use	Range	Customers	Total Customers	Average Use
< than -\$0	0	0		< than 0%	0	0	
\$1 to \$25	2,174	2,174	390	1% to 5%	0	0	
\$26 to \$50	1,717	3,891	2,194	6% to 10%	3,149	3,149	900
\$51 to \$75	1,287	5,178	4,591	11% to 25%	6,464	9,613	14,156
\$76 to \$100	1,015	6,193	7,284	26% to 50%	0	9,613	
\$101 to \$200	2,176	8,369	14,462	51% to 75%	0	9,613	
\$201 to \$300	840	9,209	28,709	76% to 100%	0	9,613	
\$301 to \$400	287	9,496	42,347	> than 100%	0	9,613	
\$401 to \$500	67	9,563	58,399				
\$501 to \$600	22	9,585	71,639				
\$601 to \$700	13	9,598	87,684				
\$701 to \$800	5	9,603	96,089				
> than \$801	10	9,613	157,520				

**Current Rate 20**

Base Rate	\$20.00 per month
Energy Charge	
Summer	\$0.05486 per Kwh
Winter	
First 750	0.05486
Over 750	0.02128
Fuel Charge	0.02179

**Amended Rate 20**

Base Rate	\$0.70 per day
Energy Charge	
Summer	\$0.06660 per Kwh
Winter	
First 750	0.06660
Over 750	0.02689
Fuel Charge	0.02087

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  
Tamie A. Aberle

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

2 A. Yes. My name is Tamie A. Aberle, 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 Pricing & Tariff Manager in the Regulatory Affairs  
6 Department of Montana-Dakota Utilities Co. (Montana-Dakota), a Division  
7 of MDU Resources Group, Inc.

8 **Q. What are your responsibilities as the Pricing & Tariff Manager?**

9 A. My responsibilities include the preparation of rate design and  
10 miscellaneous tariff revision filings to ensure that the applicable revenue  
11 requirements are properly recovered from various customer classes via  
12 applicable rate forms. I also administer utility tariffs and rules and  
13 regulations effective in each of the jurisdictions in which Montana-Dakota  
14 provides utility service.

15 **Q. Would you please outline your educational and professional  
16 background?**

17 A. I graduated from Moorhead State University, Moorhead, Minnesota  
18 in 1982 with a Bachelor of Science degree in Accounting. I began my  
19 career with Montana-Dakota in 1983 in the Regulatory Affairs Department,  
20 I was promoted to Rate Administration Supervisor in 1990 and achieved

1 my present position in May 1999.

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

3 A. Yes. I have previously presented testimony before this  
4 Commission, the Public Service Commissions of Montana and Wyoming,  
5 and the Public Utilities Commissions of Minnesota and South Dakota.

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

7 A. The purpose of my testimony is to present the results of the class  
8 cost of service study and to address the effect of the proposed revenue  
9 requirement, as identified by Ms. Mulkern in her direct testimony, on each  
10 of the Company's electric rates, including how the distribution of the  
11 revenue requirement was made among the various customer classes  
12 served. In addition, my testimony will discuss the extent to which  
13 Montana-Dakota is proposing changes in rate design and proposed tariff  
14 changes.

15 **Q. What statements and exhibits are you sponsoring in this  
16 proceeding?**

17 A. I am sponsoring Statement O, Statement P and Exhibit No. \_\_\_\_  
18 (TAA-1) through Exhibit No. \_\_\_\_ (TAA-2). I also sponsor the proposed rate  
19 schedules provided in Appendix B to the Application, other than the Fuel  
20 and Purchased Power Adjustment Rate 58 schedule sponsored by Ms.  
21 Mulkern.

22 **Q. What is the total revenue effect of the proposed electric rate  
23 changes?**

24 A. The proposed rates will produce additional revenues of  
25 \$15,396,303 or an increase of 13.9% annually based on projected 2010  
26 electric consumption. Exhibit No. \_\_\_\_ (TAA-1) represents summaries by

1 rate classification of the proposed final revenue increase. The exhibit  
2 shows the rate class and the revenues calculated under the present and  
3 proposed rates. The amount and percentage increase is also shown for  
4 the proposed revenue increase.

5 **Q. Would you please explain the embedded class cost of service study**  
6 **contained in Statement O?**

7 A. Yes. Statement O provides a report entitled "Cost of Service by  
8 Component." This report shows the total dollars and unit cost required  
9 under each rate if the overall requested rate of return of 9.091% is to be  
10 earned for the demand, energy and customer cost components of each  
11 rate schedule. The rate of return before allocation of the requested  
12 increase is also shown on Statement O. As an example, the resulting rate  
13 of return on the rate base allocated to residential customers under  
14 Residential Service Rate 10 is 3.386% and a revenue increase of  
15 approximately \$12,693,000 would be necessary to bring the residential  
16 rate of return to the overall average return. Statement O, page 1 also  
17 indicates that the customer related component associated with providing  
18 service to the residential class is \$16.40 per month with the demand and  
19 energy components comprising the remaining requirement at \$0.075 per  
20 Kwh. This same information is shown for each rate schedule on pages 2  
21 through 15 of Statement O.

22 A summary of the rate base and income statement items reflecting  
23 the allocation of the projected 2010 cost of service supported by Ms.  
24 Mulkern in her testimony is provided on page 16 of Statement O.

25 Statement O, Schedule O-1 provides a detailed report of the  
26 projected rate base and income statement as allocated to each rate

1 schedule. The allocation factor applied to the total North Dakota electric  
2 amount is shown on each line item.

3 Statement O, Schedule O-2 provides a list of the allocation factors  
4 used to allocate the total North Dakota electric amount to each class and  
5 cost component as referenced in Schedule O-1.

6 **Q. What were the results of the embedded cost of service study?**

7 A. The overall North Dakota electric rate of return based on the  
8 projected 2010 test period presented by Ms. Mulkern of 5.809%. The  
9 returns by customer class are as shown below:

<b>Customer Class</b>	<b>ROR</b>
Residential Service	3.386%
Small General Service	7.380%
Irrigation Service	-6.061%
General Service - Primary	5.656%
General Service – Secondary	8.602%
Time of Day Large General Service	7.621%
Space Heating Service	7.983%
Small Municipal Service	2.293%
Municipal Lighting Service – Primary	13.023%
Municipal Lighting Service – Secondary	12.394%
Municipal Pumping Service - Primary	1.276%
Municipal Pumping Service - Secondary	2.982%
Outdoor Lighting	13.744%
Interruptible Power Service	5.647%
Interruptible Demand Response Service	9.662%

10 **Q. How did you determine what costs should be assigned to each class**  
11 **of customers?**

12 A. The starting point was classifying the functionalized costs by  
13 FERC account for all rate base and income statement items as demand,  
14 energy or customer related based on the component of service being  
15 provided. Demand-related costs are costs that vary with the Kw demand

1 imposed by the customer, energy-related costs vary with the energy or  
2 Kwh the customer uses and customer-related costs are fixed costs driven  
3 by the number of customers served.

4 Next the plant, expense and revenue items that were identified as  
5 directly related to a specific class of customers were directly assigned to  
6 the appropriate class. Finally, the remaining costs were allocated using  
7 the various allocation factors shown on Statement O, Schedule O-2.

8 **Q. Would you please provide an overview of the allocation process**  
9 **including the rationale underlying the choice of allocation factors?**

10 A. Yes. I will start with the plant in service items on the rate base  
11 schedule starting on Statement O, Schedule O-1, page 1. The plant  
12 allocation serves as the basis for allocating many of the other rate base  
13 items. The investment in production related plant items was allocated on  
14 an average and excess demand (AED) allocator to account for the  
15 contribution of each class based on a combination of the classes' average  
16 demand and non-coincident peak demands. The AED factor is comprised  
17 of the sum of the average demand of each class and the difference  
18 between the total system peak demand and the average demand as  
19 allocated to each class based on the non-coincident demand in excess of  
20 the average demand. The production investment related to the  
21 Company's wind facilities was allocated on a factor based 80% on the  
22 energy allocation factor (Factor No.1) and 20% on the AED allocator to  
23 reflect the fact the wind facilities are primarily an energy resource. The

1 investment in transmission plant related items was allocated on the AED  
2 factor.

3 Turning now to the distribution plant investment; each distribution  
4 plant account is analyzed and allocated based on the cause for the  
5 investment. Station equipment and the associated land and land rights  
6 are allocated on the non-coincident peak demand of each class,  
7 representing the maximum demand on the system. The next set of plant  
8 items - Poles, Towers & Fixtures; Overhead Conductors & Devices; and  
9 Underground Conduit & Devices were classified as customer and demand  
10 related based on an analysis of the minimum and normal system design  
11 for a typical distribution system, with the minimum system representing the  
12 percentage of the plant accounts assigned to the customer component,  
13 and the remainder classified as demand related. Based on this analysis,  
14 the minimum investment necessary to connect a customer was  
15 determined to be 83% of the total required investment. The amounts  
16 classified as customer related were then allocated to each rate class  
17 based on the number of customers served in each rate class, or Factor  
18 No. 7. The dollar value of the Poles, Towers & Fixtures; Overhead  
19 Conductors & Devices; and Underground Conduit & Devices classified as  
20 demand related (17% of the total) was allocated to each rate class based  
21 on the maximum demand of each rate class (non-coincident peak Factor  
22 No. 4). The investment in Line Transformers was also classified as  
23 customer and demand related. The percentage assigned to the customer

1 component was determined based on the minimum intercept method  
2 which seeks to identify the portion of the transformer investment  
3 associated with a hypothetical no-load condition. Based on an analysis of  
4 the type and size of transformers, representing the minimum equipment  
5 necessary to provide service to secondary system customers, the zero  
6 intercept was determined to be \$1,446. Applying this amount to the  
7 number of transformers resulted in a customer component of 76% with the  
8 remaining 24% classified as demand related. The classified costs were  
9 allocated on weighted customer transformers (Factor 11) and the non-  
10 coincident secondary demand factor (Factor 5) accordingly.

11 The four remaining distribution accounts; Services, Meters,  
12 Installation on Customer Premises and Street Light & Signal System are  
13 all related solely to a customer connection and were classified as  
14 customer related. Services were allocated to the rate classes based on a  
15 factor representing services weighted by customer class derived by  
16 comparing the installed cost per service for each rate class to the cost  
17 necessary to serve Residential service customers. The weights were then  
18 applied to the number of customers in each rate class. The same process  
19 was used to fashion an allocation based on weighted meter costs (Factor  
20 No. 8) for allocating the embedded investment in meters. The investment  
21 in Installation on Customer Premises was directly assigned to Outdoor  
22 Lighting and the investment in Street Light & Signal Systems was directly  
23 assigned to Municipal Lighting. The allocation of the remainder of the rate

1 base items is self explanatory with the allocation factor noted for each line  
2 item.

3 **Q. Would you please continue with an explanation of the income**  
4 **statement items in the class cost of service study?**

5 A. Yes. The allocation of the income statement items starts on  
6 Statement O, Schedule O-1, page 3 with the allocation of revenues. As  
7 shown, revenues are primarily directly assigned based on the revenues  
8 produced under each rate schedule. The revenues identified as Contracts  
9 represent the revenues produced under two specific electric service  
10 contracts. The contract revenues were allocated to each class based on  
11 demand, energy and customer allocators to offset costs associated with  
12 providing service to the two contract customers that were allocated to all  
13 other classes. The revenues to be collected under the contracts are  
14 established pursuant to the terms of the service agreements so costs were  
15 not allocated to a separate class for contracts and the billing units for  
16 customers under the contracts were not included as part of the allocation  
17 factors. The Other Revenues that cannot be directly assigned to a  
18 particular rate class are allocated based on the source of the revenue  
19 item. Each item is shown along with the allocation factor applied.

20 Operation and maintenance expenses consisting of fuel, purchased  
21 power costs, transmission, distribution and administrative and general  
22 expenses are shown starting at Schedule O-1, page 5. The production  
23 expenses are classified as demand and energy related with the fuel,

1 purchased power and variable production expenses classified as energy  
2 and allocated based on the energy requirements of each class. The other  
3 production expenses and purchased capacity costs are classified as  
4 demand costs and allocated on the same demand allocator used to  
5 allocate production plant costs. Transmission operation and maintenance  
6 costs are also classified as demand related and allocated on the AED  
7 demand allocator (Factor No. 2). Customer Accounts Expense and  
8 Customer Service and Information Expenses were allocated on a  
9 weighted customer factor (Factor No. 12) based on the estimated cost of  
10 meter reading and customer billing for each class relative to the residential  
11 weighting set equal to 1.0. The remaining operation and maintenance  
12 expenses are allocated based on cost causation and typically follow the  
13 plant investment previously described in the rate base section. The  
14 remainder of the income statement reflects the allocation of depreciation  
15 expense, taxes other than income and income taxes as denoted by each  
16 line item.

17 **Q. For what purpose has the embedded class cost of service study**  
18 **been used?**

19 A. The study results have been used for the purpose of analyzing the  
20 various components comprising the total rate applicable to each customer  
21 class. In addition to providing the rate of return provided by each  
22 customer class, the class study provides the basis for the customer  
23 related costs to be collected under the Basic Service Charge component

1 of each rate schedule and the demand related costs to be collected under  
2 the Demand Charge component of those rate schedules where demand is  
3 metered and measured for billing purposes.

4 **Q. Would you please explain how the proposed rate increase was**  
5 **apportioned among the customer classes?**

6 A. Yes. In designing the proposed rates to reflect the additional  
7 revenue requirement I first considered the results of the embedded cost  
8 study, which provided the increase required from each class to produce  
9 the overall rate of return of 9.091% as shown on the Cost by Component  
10 report provided in Statement O, pages 1 through 15 and as summarized  
11 on Statement P, page 2. While moving each rate class to the overall rate  
12 of return is a desired outcome in meeting the widely held objective of the  
13 fair return standard, the magnitude of the increases required for the  
14 residential service, irrigation service, small municipal service and  
15 municipal pumping service customers was too severe when considering  
16 the increases would be two or more times greater than the overall  
17 increase of 13.9%. It was determined that mitigation was necessary in  
18 order to balance the fair return standard with the recognition of customer  
19 impacts. The result was an equal allocation of the non-fuel related costs  
20 to each rate schedule. As Ms. Mulkern described, the Company is  
21 proposing to separate the base fuel and purchased power component  
22 between primary and secondary service which resulted in a reallocation of  
23 fuel related costs among the various primary and secondary service

1 schedules. The allocation of the revenue increase is shown on Statement  
2 P, page 3.

3 **Q. What is the proposed increase by class of customer?**

4 A. As shown on Exhibit No. \_\_\_\_ (TAA-1) and the table below, the  
5 resulting proposed percentage increase to each of the classes is as  
6 follows:

<b>Customer Class</b>	<b>Revenue Increase</b>	
	<b>\$</b>	<b>%</b>
Residential Service	\$6,469,473	14.1%
Small General Service	1,275,437	14.8%
General Service	7,172,206	13.6%
Municipal Lighting	195,437	13.8%
Municipal Pumping	211,142	12.4%
Outdoor Lighting Service	72,608	14.7%
Total North Dakota Electric	<u>\$15,396,303</u>	<u>13.9%</u>

7 **Q. Once you allocated the increase in revenue to each of the customer**  
8 **classes, how did you then determine each of the components of the**  
9 **proposed rates?**

10 A. The embedded cost study was used as a guide in determining the  
11 level of the cost components for each rate schedule. Changes in the Base  
12 Rate and Demand Charge components have been proposed for each  
13 applicable rate schedule in order to continue to move these charges closer  
14 to cost.

1 **Q. Would you please describe the changes you are proposing for each**  
2 **rate schedule?**

3 A. Yes. Starting with Residential Service Rate 10, the base rate  
4 component (which has been renamed Basic Service Charge) was  
5 increased to \$0.35 per day or \$10.64 per month, an increase of \$5.14 per  
6 month from the present rate. This proposed charge is well below the  
7 customer component supported in the embedded class study of \$16.40 as  
8 shown on Statement O, page 1. The proposed charge provides a balance  
9 between reflecting true cost and recognizing customer impacts. The Basic  
10 Service Charge is proposed to be collected on a daily basis in order to  
11 avoid prorating the monthly charge when customers are in service less  
12 than 30 days, on average, or when a billing period extends beyond a 30  
13 day average. The Company's natural gas service Basic Service Charge  
14 has been assessed on a daily basis since 2002 and has been well  
15 accepted by customers. The energy charges for the residential schedule  
16 were determined by reducing the total revenue responsibility for the class  
17 by the revenues to be collected under the proposed Basic Service Charge  
18 and the projected Base Fuel and Purchased Power component for  
19 secondary service. The revenues remaining to be collected were divided  
20 by the projected Rate 10 sales to determine the cost per Kwh required to  
21 be collected through the energy component. The calculations just  
22 described are provided for each rate schedule on pages 4-21 of Statement  
23 P.

1           The process described above for the calculation of the proposed  
2 Residential Rate 10 schedule was used to determine the rate components  
3 for each of the other rate schedules, that is, the first step was to establish  
4 the Basic Service Charge by considering the customer costs identified in  
5 the embedded cost of service study and the Demand Charge based on  
6 the demand costs identified in the embedded class cost of service study  
7 for those rate schedules where demand metering is warranted. The  
8 second step was to deduct the revenues to be recovered under the Basic  
9 Service Charge, Demand Charge and Base Fuel and Purchased Power  
10 components for each rate schedule. The Energy Charge component was  
11 then determined by dividing the revenues remaining to be collected by the  
12 projected sales under the applicable rate schedule.

13           A summary of the rate charges for each schedule provided on page  
14 3 of Statement P. Exhibit No.\_\_\_\_(TAA-2) provides the distribution of  
15 customers falling into the various annual bill impact ranges by dollar and  
16 percentage change from current bills for the residential and small general  
17 service classes.

18 **Q.    Would you please describe the new rate offering entitled Optional**  
19 **Residential Electric Thermal Energy Storage Rate 13?**

20 A.       Yes. As noted in the title this is an optional rate available to  
21 residential service customers with electric space heating requirements  
22 choosing to utilize a thermal storage system that uses electricity during the  
23 off-peak hours of 11:00 p.m. to 7:00 a.m. and stores that energy for use

1 during the remaining hours of the day. This technology provides for an  
2 overall decrease in energy use of approximately 40% and the use of that  
3 energy during the time when the electric system is at its lowest use and  
4 lowest cost to serve. The rate has been established with a reduction of  
5 \$.005 per Kwh from the rate applicable under Residential Service Rate 10  
6 for use over 750 Kwh per month during the months of October through  
7 May. This rate, along with potential funds for rebates to offset upfront  
8 equipment costs, through the North Dakota Utility Rebate Program funded  
9 by The American Recovery and Reinvestment Act, will provide a cost  
10 effective conservation alternative available to residential customers.

11 **Q. Ms. Aberle, would you please explain the Adjustment Clauses**  
12 **referenced on each of the proposed rate schedules?**

13 A. Yes. The electric service rate schedules each call for the  
14 application of four separate adjustment mechanisms. The Adjustment  
15 Clauses include:

- 16 • **Load Management Tracking Adjustment (LMTA)** defined as  
17 Rate Schedule 54 is proposed in order to establish the framework  
18 for cost recovery of demand-side management and conservation  
19 program as approved by the Commission. This adjustment  
20 mechanism was originally submitted on July 1, 2009 in compliance  
21 with the Commission's Order issued in the Big Stone II prudency  
22 matter (Case No. PU-06-482) in which a Commission decision has  
23 not yet been rendered. A cost adjustment to be applicable under

- 1 the mechanism is not being proposed at this time.
- 2 • **Renewable Resource Cost Recovery Rider (RRC)** defined as  
3 Rate Schedule 55, is proposed to recover the costs associated  
4 with the Company's investment in renewable resources as  
5 authorized by the Commission. This tariff was first submitted on  
6 May 29, 2009 in a filing docketed by the Commission as Case No.  
7 PU-09-225. The Company subsequently withdrew its request in  
8 Case No. PU-09-225 on November 9, 2009, noting the tariff would  
9 be filed as part of the next general rate case. The renewable  
10 resources included as part of the projected cost of service in this  
11 rate case would not be part of the RRC. The tariff is proposed  
12 herein to provide for the recovery of any future investments that  
13 are subsequently approved by the Commission outside of a  
14 general rate case.
  - 15 • **Transmission Cost Recovery Rider (TCRR)** defined as Rate  
16 Schedule 56 is proposed to recover transmission investments and  
17 federally regulated transmission related costs charged to the  
18 Company that are not part of rates established in this rate case as  
19 provided for by the North Dakota Century Code at Section 49-05-  
20 04.3. As with the LMTA and the RRC, the request here is to  
21 establish the mechanisms for future use in recovering applicable  
22 expenditures and an adjustment is not proposed to be charged at  
23 this time.

- 1 • **Fuel and Purchased Power Adjustment (FPPA)** defined as Rate  
2 58 is the mechanism currently established to recover the cost of  
3 fuel and purchased power. The adjustment mechanism has been  
4 revised as described by Ms. Mulkern to include the recovery of  
5 purchased power demand costs and to provide a means of sharing  
6 wholesale sales margins with customers which allows the  
7 Company to delete the current Margin Sharing Adjustment Rate  
8 Schedule Rate 57.

9 **Q. Would you please briefly describe other changes made to the**  
10 **Company's electric tariff?**

11 A. Yes. Following is a description of other changes the Company is  
12 proposing to make to its electric tariff as clearly identified in the legislative  
13 copy of the tariffs provided in Appendix B of the Application:

- 14 • As noted above, the Base Rate has been renamed Basic  
15 Service Charge and is stated as a daily charge for service  
16 under Rate Schedules 10, 13, 16, 20, 25, 26 and 40.
- 17 • The determination of the rate applicable to general service  
18 customers has been revised to remove the criteria  
19 associated with service entrances as this has been found to  
20 be unnecessary given the usage limits established in the last  
21 rate case.
- 22 • A new schedule entitled General Provisions Rate 100 is

1 proposed to provide a single point of reference for customer  
2 service related conditions and charges currently stated  
3 separated on the following schedules:

- 4           ▪ Rule Governing Discontinuance of Service for  
5                   Nonpayment of Bill -- Rate 101,
- 6           ▪ Residential Electric Service for Permanent Employees  
7                   Rate -- Rate 102,
- 8           ▪ Consumer Deposits – Rate 106,
- 9           ▪ Notice to Discontinue Electric Service – Rate 107,
- 10          ▪ Reconnection Fee for Seasonal Customers – Rate  
11                   108,
- 12          ▪ Late Payment Charge/Returned Check Charge –  
13                   Rate 109,
- 14          ▪ Method for Computing Initial or Final Bills for Electric  
15                   Service for Less Than a Full Monthly Billing Period –  
16                   Rate 113,
- 17          ▪ Rules for Application of Service – Rate 114,
- 18          ▪ Tax Clause – Rate 130,
- 19          ▪ Selective Plan for Watthour Meters – Rate 131 and  
20          ▪ Rules and Policies for Implementing Master Metering  
21                   Restriction – Rae 133.

1                   •    Minor changes which are self explanatory have been made  
2                                   to several rate schedules. These changes are clearly  
3                                   denoted on the tariff sheets reflecting the legislative format.

4 **Q.    Have changes been made to the provisions that you just described**  
5 **as moving to the new General Provisions Rate 100 schedule?**

6 A.                I am proposing to increase the returned check charge to \$15.00 per  
7                    occurrence to more closely track the cost of processing a return check  
8                    charge. The other changes proposed were made to provide consistency  
9                    with the Company's Natural Gas General Provisions Rate 100 where  
10                   applicable and to provide a tariff reference to Commission Rules where  
11                   appropriate, such as describing the Commission requirements relating to  
12                   billing adjustments. The new Rate 100 will provide customers and  
13                   employees with a ready reference to the customer service rules.

14 **Q.    Does this conclude your direct testimony?**

15 A.                Yes, it does.

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA**

**Allocation of Revenues  
Projected 2010**

<b>Projected 2010 Billing Determinants and Revenues</b>										
<b>Customer Class</b>	<b>Customers</b>	<b>Kwh</b>	<b>KW</b>	<b>Base Rate</b>	<b>Energy</b>	<b>Demand</b>	<b>Fuel Rev</b>	<b>Total</b>	<b>Revenue Increase</b>	<b>%</b>
									<b>\$</b>	<b>%</b>
Residential Service	62,489	621,493,423		\$4,154,798	\$28,719,034	\$0	\$12,927,064	\$45,800,896	\$6,469,473	14.1%
Small General Service	8,942	102,645,326	16,689.6	2,201,261	4,223,313	54,143	2,135,023	8,613,740	1,275,437	14.8%
General Service	3,053	797,132,225	2,378,794.5	1,382,808	15,885,892	19,080,562	16,554,501	52,903,763	7,172,206	13.6%
Municipal Lighting	480	20,178,381			993,511		419,710	1,413,221	195,437	13.8%
Municipal Pumping	306	30,362,442	114,276.6	38,153	646,642	382,794	631,539	1,699,128	211,142	12.4%
Outdoor Lighting Service	488	6,041,428			368,824		125,662	494,486	72,608	14.7%
<b>Total North Dakota Electric</b>	<b>75,758</b>	<b>1,577,853,225</b>	<b>\$2,509,761</b>	<b>\$7,777,020</b>	<b>\$50,837,216</b>	<b>\$19,517,499</b>	<b>\$32,793,499</b>	<b>\$110,925,234</b>	<b>\$15,396,303</b>	<b>13.9%</b>

**MONTANA-DAKOTA UTILITIES CO.  
 ELECTRIC UTILITY - NORTH DAKOTA  
 Bill Comparison Annual Effects  
 Residential Rate 10**

Overall Annual Effect in Dollars				Overall Annual Effect by Percent			
Range	Customers	Total Customers	Average Use	Range	Customers	Total Customers	Average Use
< than -\$100	0	0	0	< than -25%	0	0	0
-\$100 to -\$51	0	0	0	-25% to 0%	0	0	0
-\$50 to \$0	0	0	0	1% to 5%	0	0	0
\$1 to \$25	11,488	11,488	618	6% to 10%	5,885	5,885	14,130
\$26 to \$50	8,526	20,014	2,460	11% to 25%	56,997	62,882	7,408
\$51 to \$75	22,195	42,209	4,051	26% to 50%	9,943	72,825	1,040
\$76 to \$100	21,879	64,088	9,509	51% to 75%	3,287	76,112	182
\$101 to \$200	12,386	76,474	18,007	76% to 100%	1,912	78,024	29
\$201 to \$300	1,310	77,784	36,157	> than 100%	0	78,024	0
\$301 to \$400	175	77,959	53,281				
\$401 to \$500	23	77,982	74,856				
\$501 to \$600	20	78,002	97,962				
\$601 to \$700	8	78,010	107,473				
\$701 to \$800	4	78,014	136,699				
\$801 to \$900	1	78,015	150,280				
> than \$900	9	78,024	211,418				

**Current Rate 10**

---

Base Rate	\$5.50 per month
Energy Charge	
Summer	\$0.05527 per Kwh
Winter	
First 750	0.05527
Over 750	0.02128
Fuel Charge	0.02179

**Proposed Rate 10**

---

Base Rate	\$0.35 per day
Energy Charge	
Summer	\$0.05830 per Kwh
Winter	
First 750	0.05830
Over 750	0.02830
Fuel Charge	0.02087

**MONTANA-DAKOTA UTILITIES CO.  
 ELECTRIC UTILITY - NORTH DAKOTA  
 Bill Comparison Annual Effects  
 Small General Rate 20**

Overall Annual Effect in Dollars				Overall Annual Effect by Percent			
Range	Customers	Total Customers	Average Use	Range	Customers	Total Customers	Average Use
< than -\$100	0	0	0	< than -25%	0	0	0
-\$100 to -\$51	0	0	0	-25% to 0%	0	0	0
-\$50 to \$0	0	0	0	1% to 5%	0	0	0
\$1 to \$25	2,041	2,041	357	6% to 10%	2,369	2,369	844
\$26 to \$50	1,532	3,573	1,966	11% to 25%	7,244	9,613	13,984
\$51 to \$75	1,184	4,757	3,955	26% to 50%	0	9,613	0
\$76 to \$100	919	5,676	6,142	51% to 75%	0	9,613	0
\$101 to \$200	2,230	7,906	11,814	76% to 100%	0	9,613	0
\$201 to \$300	1,000	8,906	23,648	> than 100%	0	9,613	0
\$301 to \$400	455	9,361	35,290				
\$401 to \$500	150	9,511	47,195				
\$501 to \$600	48	9,559	59,204				
\$601 to \$700	23	9,582	70,017				
\$701 to \$800	12	9,594	84,854				
\$801 to \$900	7	9,601	94,034				
> than \$900	12	9,613	148,708				

**Current Rate 20**

Base Rate	\$20.00 per month
Energy Charge	
Summer	\$0.05486 per Kwh
Winter	
First 750	0.05486
Over 750	0.02128
Fuel Charge	0.02179

**Proposed Rate 20**

Base Rate	\$0.70 per day
Energy Charge	
Summer	\$0.06849 per Kwh
Winter	
First 750	0.06849
Over 750	0.02830
Fuel Charge	0.02087

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY  
NORTH DAKOTA**

**Embedded Class Cost of Service Study  
Cost of Service by Component  
Projected 2010  
(000's)**

	Residential Rate 10			Total Residential Rate 10		
	Total North Dakota	Demand Prod. & Trans. Distribution	Demand Energy Customer			
Rate Base	276,685	88,589	12,153	1,207	29,618	131,567
Operating Income for Proposed Return	25,153	8,049	1,105	110	2,693	11,957
Current Operating Income	17,061	(10,443)	(1,041)	18,626	(2,361)	4,781
Increase in Operating Income	8,092	18,492	2,146	(18,516)	5,054	7,176
Related Taxes for Increase						
State & Federal Income Taxes	5,208	11,897	1,381	(11,918)	3,253	4,613
Total Increase in Revenue	13,300	30,389	3,527	(30,434)	8,307	11,789
Total Revenue Before Increase	116,000	2,111	164	42,122	4,790	49,187
Total Cost of Service Required from Rates	129,300	32,500	3,691	11,688	13,097	60,976
Less: Other Operating Revenues (Incl Contract Revenue)	7,807	2,111	164	475	635	3,385
Revenue Required from Rates	121,493	30,389	3,527	11,213	12,462	57,591
Projected Rate of Return Before Increase						3.634%

Projected Billing Units						
Kwh	1,522,013,092	621,493,423	621,493,423	621,493,423		
Kw Demand	2,370,625					
Bills	911,316				755,304	
Unit Cost of Service						
\$ per Kwh		0.049	0.006	0.018		
\$ per Kw Demand						
\$ per Customer Per Month						16.50

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY  
NORTH DAKOTA**

**Embedded Class Cost of Service Study  
Cost of Service by Component  
Projected 2010  
(000's)**

	Small General Rate 20				Total Small General Rate 20
	Total North Dakota	Demand Prod. & Trans.	Demand Distribution	Energy	
Rate Base	276,685	12,514	1,570	190	20,218
Operating Income for Proposed Return	25,153	1,138	143	17	1,838
Current Operating Income	17,061	(1,434)	(134)	2,676	1,556
Increase in Operating Income	8,092	2,572	277	(2,659)	282
Customer					5,944
Related Taxes for Increase State & Federal Income Taxes	5,208	1,655	178	(1,711)	59
Total Increase in Revenue	13,300	4,227	455	(4,370)	151
Total Revenue Before Increase	116,000	291	21	6,205	2,239
Total Cost of Service Required from Rates	129,300	4,518	476	1,835	2,390
Less: Other Operating Revenues (Incl Contract Revenue)	7,807	291	21	74	111
Revenue Required from Rates	121,493	4,227	455	1,761	2,279
Projected Rate of Return Before Increase					8,756

7.696%

Projected Billing Units

Kwh

Kw Demand

Bills

1,522,013,092  
2,370,625  
911,316

97,567,662

97,567,662

97,567,662

106,332

Unit Cost of Service

\$ per Kwh

\$ per Kw Demand

\$ per Customer Per Month

0.043

0.005

0.018

21.43

MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY  
NORTH DAKOTA

Embedded Class Cost of Service Study  
Cost of Service by Component  
Projected 2010  
(000's)

	Irrigation Rate 25				Total Irrigation Rate 25	
	Total North Dakota	Demand Prod. & Trans.	Demand Distribution	Energy		Customer
Rate Base	276,685	204	41	2	73	320
Operating Income for Proposed Return	25,153	19	4	0	7	30
Current Operating Income	17,061	(27)	2	12	(7)	(20)
Increase in Operating Income	8,092	46	2	(12)	14	50
Related Taxes for Increase						
State & Federal Income Taxes	5,208	30	1	(8)	9	32
Total Increase in Revenue	13,300	76	3	(20)	23	82
Total Revenue Before Increase	116,000	4	8	34	4	50
Total Cost of Service Required from Rates	129,300	80	11	14	27	132
Less: Other Operating Revenues (Incl Contract Revenue)	7,807	4	0	1	0	5
Revenue Required from Rates	121,493	76	11	13	27	127

(6.250%)

Projected Billing Units						
Kwh	1,522,013,092			772,957		
Kw Demand	2,370,625	5,973	5,973		432	
Bills	911,316					
Unit Cost of Service						
\$ per Kwh				0.017		
\$ per Kw Demand		12.72	1.84			
\$ per Customer Per Month						62.50

MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY  
NORTH DAKOTA

Embedded Class Cost of Service Study  
Cost of Service by Component  
Projected 2010  
(000's)

	Large General Primary Rate 30				Total LG Primary Rate 30	
	Total North Dakota	Demand Prod. & Trans.	Demand Distribution	Energy		Customer
Rate Base	276,685	11,519	1,200	179	113	13,011
Operating Income for Proposed Return	25,153	1,047	109	16	10	1,182
Current Operating Income	17,061	(1,312)	808	1,289	9	794
Increase in Operating Income	8,092	2,359	(699)	(1,273)	1	388
Related Taxes for Increase State & Federal Income Taxes	5,208	1,518	(450)	(819)	1	250
Total Increase in Revenue	13,300	3,877	(1,149)	(2,092)	2	638
Total Revenue Before Increase	116,000	266	1,512	3,823	30	5,631
Total Cost of Service Required from Rates	129,300	4,143	363	1,731	32	6,269
Less: Other Operating Revenues (Incl Contract Revenue)	7,807	266	16	70	1	353
Revenue Required from Rates	121,493	3,877	347	1,661	31	5,916

Projected Rate of Return Before Increase

6.103%

Projected Billing Units

Kwh

1,522,013,092

Kw Demand

2,370,625

Bills

911,316

Unit Cost of Service

\$ per Kwh

0.018

\$ per Kw Demand

16.37

\$ per Customer Per Month

95.68

93,081,145

236,785

324

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY  
NORTH DAKOTA**

**Embedded Class Cost of Service Study  
Cost of Service by Component  
Projected 2010  
(000's)**

	Large General Secondary Rate 30				Total LG Secondary Rate 30	
	Total North Dakota	Demand Prod. & Trans.	Demand Distribution	Energy		Customer
Rate Base	276,685	77,445	10,025	1,128	4,628	93,226
Operating Income for Proposed Return	25,153	7,041	911	103	421	8,476
Current Operating Income	17,061	(8,976)	9,037	8,257	190	8,508
Increase in Operating Income	8,092	16,017	(8,126)	(8,154)	231	(32)
Related Taxes for Increase						
State & Federal Income Taxes	5,208	10,309	(5,230)	(5,248)	149	(20)
Total Increase in Revenue	13,300	26,326	(13,356)	(13,402)	380	(52)
Total Revenue Before Increase	116,000	1,814	16,399	24,319	1,354	43,886
Total Cost of Service Required from Rates	129,300	28,140	3,043	10,917	1,734	43,834
Less: Other Operating Revenues (Incl Contract Revenue)	7,807	1,814	137	443	74	2,468
Revenue Required from Rates	121,493	26,326	2,906	10,474	1,660	41,366

Projected Rate of Return Before Increase

9.126%

Projected Billing Units

Kwh

1,522,013,092

Kw Demand

2,370,625

Bills

911,316

580,503,947

1,755,628

36,564

Unit Cost of Service

\$ per Kwh

0.018

\$ per Kw Demand

1.66

\$ per Customer Per Month

45.40

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY  
NORTH DAKOTA**

**Embedded Class Cost of Service Study  
Cost of Service by Component  
Projected 2010  
(000's)**

	TOD Large General Rate 31				Total TOD LG Rate 31	
	Total North Dakota	Demand Prod. & Trans.	Demand Distribution	Energy		Customer
Rate Base	276,685	1,051	135	15	53	1,254
Operating Income for Proposed Return	25,153	96	12	1	5	114
Current Operating Income	17,061	(121)	74	148	1	102
Increase in Operating Income	8,092	217	(62)	(147)	4	12
Related Taxes for Increase						
State & Federal Income Taxes	5,208	140	(40)	(95)	3	8
Total Increase in Revenue	13,300	357	(102)	(242)	7	20
Total Revenue Before Increase	116,000	24	141	389	14	568
Total Cost of Service Required from Rates	129,300	381	39	147	21	588
Less: Other Operating Revenues (Incl Contract Revenue)	7,807	24	1	6	0	31
Revenue Required from Rates	121,493	357	38	141	21	557

Projected Rate of Return Before Increase

8.134%

Projected Billing Units

Kwh

1,522,013,092

Kw Demand

2,370,625

Bills

911,316

7,917,529

24,932

24,932

384

Unit Cost of Service

\$ per Kwh

0.018

\$ per Kw Demand

14.32

1.52

\$ per Customer Per Month

54.69

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY  
NORTH DAKOTA**

**Embedded Class Cost of Service Study  
Cost of Service by Component  
Projected 2010  
(000's)**

	Space Heating Rate 32				Total Space Heating Rate 32	
	Total North Dakota	Demand Prod. & Trans.	Demand Distribution	Energy		Customer
Rate Base	276,685	3,043	689	74	165	3,971
Operating Income for Proposed Return	25,153	277	63	7	15	362
Current Operating Income	17,061	(289)	95	541	(17)	331
Increase in Operating Income	8,092	566	(32)	(534)	32	31
Related Taxes for Increase						
State & Federal Income Taxes	5,208	364	(21)	(344)	21	21
Total Increase in Revenue	13,300	930	(53)	(878)	53	52
Total Revenue Before Increase	116,000	60	263	1,591	41	1,955
Total Cost of Service Required from Rates	129,300	990	210	713	94	2,007
Less: Other Operating Revenues (Incl Contract Revenue)	7,807	60	9	29	3	101
Revenue Required from Rates	121,493	930	201	684	91	1,906

Projected Rate of Return Before Increase

8.335%

Projected Billing Units

Kwh

Kw Demand

Bills

1,522,013,092  
2,370,625  
911,316

37,962,671

167,767

167,767

3,840

Unit Cost of Service

\$ per Kwh

\$ per Kw Demand

\$ per Customer Per Month

0.018

5.54

1.20

23.70

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY  
NORTH DAKOTA**

**Embedded Class Cost of Service Study  
Cost of Service by Component  
Projected 2010  
(000's)**

	Small Municipal Rate 40				Total Sm Municipal Rate 40	
	Total North Dakota	Demand Prod. & Trans.	Demand Distribution	Energy		Customer
Rate Base	276,685	619	85	8	264	976
Operating Income for Proposed Return	25,153	56	8	1	24	89
Current Operating Income	17,061	(73)	21	72	6	26
Increase in Operating Income	8,092	129	(13)	(71)	18	63
Related Taxes for Increase						
State & Federal Income Taxes	5,208	83	(8)	(46)	12	41
Total Increase in Revenue	13,300	212	(21)	(117)	30	104
Total Revenue Before Increase	116,000	15	46	198	73	332
Total Cost of Service Required from Rates	129,300	227	25	81	103	436
Less: Other Operating Revenues (Incl Contract Revenue)	7,807	15	0	3	4	22
Revenue Required from Rates	121,493	212	25	78	99	414

2.664%

Projected Billing Units						
Kwh	1,522,013,092			4,304,707		
Kw Demand	2,370,625	10,717	10,717		4,164	
Bills	911,316					
Unit Cost of Service						
\$ per Kwh				0.018		
\$ per Kw Demand						
\$ per Customer Per Month		19.78	2.33			23.78

MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY  
NORTH DAKOTA

Embedded Class Cost of Service Study  
Cost of Service by Component  
Projected 2010  
(000's)

	Municipal Lighting Primary Rate 41				Total Mun Lighting Pri Rate 41
	Total North Dakota	Demand Prod. & Trans.	Demand Distribution	Energy	
Rate Base	276,685	161	27	3	209
Operating Income for Proposed Return	25,153	15	2	0	19
Current Operating Income	17,061	(15)	(2)	48	29
Increase in Operating Income	8,092	30	4	(48)	(10)
Related Taxes for Increase					
State & Federal Income Taxes	5,208	19	3	(31)	3
Total Increase in Revenue	13,300	49	7	(79)	7
Total Revenue Before Increase	116,000	4	0	112	0
Total Cost of Service Required from Rates	129,300	53	7	33	7
Less: Other Operating Revenues (Incl Contract Revenue)	7,807	4	0	1	0
Revenue Required from Rates	121,493	49	7	32	7

Projected Rate of Return Before Increase

13.876%

Projected Billing Units

Kwh	1,808,185	1,808,185	1,808,185
Kw Demand	2,370,625		
Bills	911,316		

Unit Cost of Service

\$ per Kwh	0.027	0.004	0.018
\$ per Kw Demand			
\$ per Customer Per Month			

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY  
NORTH DAKOTA**

**Embedded Class Cost of Service Study  
Cost of Service by Component  
Projected 2010  
(000's)**

	Municipal Lighting Secondary Rate 41				Total Mun Lighting Sec Rate 41	
	Total North Dakota	Demand Prod. & Trans.	Demand Distribution	Energy		Customer
Rate Base	276,685	1,641	343	36	1,576	3,596
Operating Income for Proposed Return	25,153	149	31	3	143	326
Current Operating Income	17,061	(164)	(29)	593	55	455
Increase in Operating Income	8,092	313	60	(590)	88	(129)
Related Taxes for Increase						
State & Federal Income Taxes	5,208	201	39	(380)	57	(83)
Total Increase in Revenue	13,300	514	99	(970)	145	(212)
Total Revenue Before Increase	116,000	34	5	1,316	497	1,852
Total Cost of Service Required from Rates	129,300	548	104	346	642	1,640
Less: Other Operating Revenues (Incl Contract Revenue)	7,807	34	5	14	497	550
Revenue Required from Rates	121,493	514	99	332	145	1,090

12.653%

Projected Billing Units						
Kwh	1,522,013,092	18,370,196	18,370,196	18,370,196		
Kw Demand	2,370,625					
Bills	911,316					
Unit Cost of Service						
\$ per Kwh		0.028	0.005	0.018		
\$ per Kw Demand						
\$ per Customer Per Month						

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY  
NORTH DAKOTA**

**Embedded Class Cost of Service Study  
Cost of Service by Component  
Projected 2010  
(000's)**

	Municipal Pumping Primary Rate 48				Total Mun Pumping Pri Rate 48
	Total North Dakota	Demand Prod. & Trans.	Demand Distribution	Energy	
Rate Base	276,685	1,132	123	17	1,284
Operating Income for Proposed Return	25,153	103	11	2	117
Current Operating Income	17,061	(131)	22	129	20
Increase in Operating Income	8,092	234	(11)	(127)	97
Related Taxes for Increase State & Federal Income Taxes	5,208	151	(7)	(82)	64
Total Increase in Revenue	13,300	385	(18)	(209)	161
Total Revenue Before Increase	116,000	26	55	371	452
Total Cost of Service Required from Rates	129,300	411	37	162	613
Less: Other Operating Revenues (Incl Contract Revenue)	7,807	26	1	7	34
Revenue Required from Rates	121,493	385	36	155	579

Projected Rate of Return Before Increase 1.558%

Projected Billing Units					
Kwh	1,522,013,092			8,692,767	
Kw Demand	2,370,625	26,188	26,188		36
Bills	911,316				
Unit Cost of Service					
\$ per Kwh				0.018	
\$ per Kw Demand		14.70	1.37		
\$ per Customer Per Month					83.33

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY  
NORTH DAKOTA**

**Embedded Class Cost of Service Study  
Cost of Service by Component  
Projected 2010  
(000's)**

	Municipal Pumping Secondary Rate 48				Total Mun Pumping Sec Rate 48	
	Total North Dakota	Demand Prod. & Trans.	Demand Distribution	Energy		Customer
Rate Base	276,685	2,874	372	42	480	3,768
Operating Income for Proposed Return	25,153	261	34	4	44	343
Current Operating Income	17,061	(333)	168	323	(35)	122
Increase in Operating Income	8,092	594	(134)	(319)	79	221
Related Taxes for Increase						
State & Federal Income Taxes	5,208	382	(86)	(205)	51	141
Total Increase in Revenue	13,300	976	(220)	(524)	130	362
Total Revenue Before Increase	116,000	68	333	932	45	1,378
Total Cost of Service Required from Rates	129,300	1,044	113	408	175	1,740
Less: Other Operating Revenues (Incl Contract Revenue)	7,807	68	5	17	7	97
Revenue Required from Rates	121,493	976	108	391	168	1,643

3.238%

Projected Billing Units						
Kwh	1,522,013,092					
Kw Demand	2,370,625	88,089	88,089	21,669,675	3,900	
Bills	911,316					
Unit Cost of Service						
\$ per Kwh				0.018		
\$ per Kw Demand		11.08	1.23			
\$ per Customer Per Month						43.08

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY  
NORTH DAKOTA**

**Embedded Class Cost of Service Study  
Cost of Service by Component  
Projected 2010  
(000's)**

	Outdoor Lighting Rate 52				Total Outdoor Lighting Rate 52
	Total North Dakota	Demand Prod. & Trans.	Demand Distribution	Energy	
Rate Base	276,685	539	93	12	391
Operating Income for Proposed Return					1,035
Current Operating Income	25,153	49	8	1	36
Increase in Operating Income	17,061	(55)	(8)	236	(28)
	8,092	104	16	(235)	64
Related Taxes for Increase State & Federal Income Taxes	5,208	67	10	(151)	41
Total Increase in Revenue	13,300	171	26	(386)	105
Total Revenue Before Increase	116,000	11	1	499	183
Total Cost of Service Required from Rates	129,300	182	27	113	288
Less: Other Operating Revenues (Incl Contract Revenue)	7,807	11	1	5	183
Revenue Required from Rates	121,493	171	26	108	105
Projected Rate of Return Before Increase					14.010%

**Projected Billing Units**

Kwh	1,522,013,092	6,041,428	6,041,428
Kw Demand	2,370,625		
Bills	911,316		

**Unit Cost of Service**

\$ per Kwh	0.028	0.004	0.018
\$ per Kw Demand			
\$ per Customer Per Month			

MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY  
NORTH DAKOTA

Embedded Class Cost of Service Study  
Cost of Service by Component  
Projected 2010  
(000's)

	Interruptible Power Rate 39				Total Interruptible Rate 39
	Total North Dakota	Demand Prod. & Trans.	Demand Distribution	Energy	
Rate Base	276,685	348	50	8	412
Operating Income for Proposed Return	25,153	32	5	1	39
Current Operating Income	17,061	(34)	9	46	25
Increase in Operating Income	8,092	66	(4)	(45)	14
Related Taxes for Increase					
State & Federal Income Taxes	5,208	42	(3)	(29)	10
Total Increase in Revenue	13,300	108	(7)	(74)	24
Total Revenue Before Increase	116,000	8	24	148	184
Total Cost of Service Required from Rates	129,300	116	17	74	208
Less: Other Operating Revenues (Incl Contract Revenue)	7,807	8	0	3	11
Revenue Required from Rates	121,493	108	17	71	197

Projected Rate of Return Before Increase

6.068%

Projected Billing Units

Kwh 1,522,013,092  
Kw Demand 2,370,625  
Bills 911,316

3,942,900

10,863

10,863

12

Unit Cost of Service

\$ per Kwh  
\$ per Kw Demand  
\$ per Customer Per Month

0.018

9.94

1.56

83.33

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY  
NORTH DAKOTA**

**Embedded Class Cost of Service Study  
Cost of Service by Component  
Projected 2010  
(000's)**

	Interruptible Demand Response Rate 38				Total IT Demand Response Rate 38	
	Total North Dakota	Demand Prod. & Trans.	Demand Distribution	Energy Customer		
Rate Base	276,685	1,578	217	34	9	1,838
Operating Income for Proposed Return	25,153	143	20	3	1	167
Current Operating Income	17,061	(157)	129	204	10	187
Increase in Operating Income	8,092	300	(109)	(201)	(9)	(20)
Related Taxes for Increase						
State & Federal Income Taxes	5,208	193	(70)	(129)	(6)	(11)
Total Increase in Revenue	13,300	493	(179)	(330)	(15)	(31)
Total Revenue Before Increase	116,000	33	246	663	17	959
Total Cost of Service Required from Rates	129,300	526	67	333	2	928
Less: Other Operating Revenues (Incl Contract Revenue)	7,807	33	2	13	0	48
Revenue Required from Rates	121,493	493	65	320	2	880

Projected Rate of Return Before Increase

10.174%

Projected Billing Units

Kwh	1,522,013,092					
Kw Demand	2,370,625	43,683	43,683	17,883,900		
Bills	911,316				24	

Unit Cost of Service

\$ per Kwh				0.018		
\$ per Kw Demand	11.29		1.49			
\$ per Customer Per Month						83.33

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY**  
**NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Summary Sheet-Projected 2010**  
**(000's)**

	Total North Dakota	Total Residential	Total Small General	Total Large General	Total Lighting	Total Municipal Pumping
<b>Operating Revenues</b>						
Sales Revenues	110,925	47,028	8,814	51,377	1,955	1,751
Other Revenues	5,075	2,159	324	1,806	707	79
<b>Total Operating Revenues</b>	<b>116,000</b>	<b>49,187</b>	<b>9,138</b>	<b>53,183</b>	<b>2,662</b>	<b>1,830</b>
<b>Operating Expense</b>						
Cost of Fuel and Purchased Power	33,267	13,650	2,241	16,152	562	662
Other O&M Expense	40,485	20,482	3,186	15,364	764	689
<b>Total O&amp;M Expense</b>	<b>73,752</b>	<b>34,132</b>	<b>5,427</b>	<b>31,516</b>	<b>1,326</b>	<b>1,351</b>
Depreciation Expense	18,757	8,999	1,445	7,609	366	338
Taxes Other Than Income Taxes	4,636	2,335	374	1,752	95	80
Current Income Taxes - Fed. & State	1,794	(1,060)	330	2,359	246	(81)
<b>Total Operating Expenses</b>	<b>98,939</b>	<b>44,406</b>	<b>7,576</b>	<b>43,236</b>	<b>2,033</b>	<b>1,688</b>
<b>Projected Operating Income</b>	<b>17,061</b>	<b>4,781</b>	<b>1,562</b>	<b>9,947</b>	<b>629</b>	<b>142</b>
<b>Rate Base</b>	<b>276,685</b>	<b>131,567</b>	<b>21,514</b>	<b>113,712</b>	<b>4,840</b>	<b>5,052</b>
Projected Rate of Return	6.166%	3.634%	7.260%	8.748%	12.996%	2.811%

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Residential Rate 10			Total Residential Rate 10
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
2	240,264	106,923	0	0	106,923
3	71,938	29,926	0	0	29,926
	<u>312,202</u>	<u>136,849</u>	<u>0</u>	<u>0</u>	<u>136,849</u>
2	109,050	48,529	0	0	48,529
4	1,029	0	458	0	458
4	30,341	0	13,457	0	13,457
7	47,376	0	0	0	39,332
4	9,704	0	4,303	0	4,303
11	21,791	0	0	0	11,542
5	6,882	0	3,279	0	3,279
10	12,445	0	0	0	9,160
8	9,445	0	0	0	6,042
Direct	915	0	0	0	0
Direct	3,299	0	0	0	0
	<u>143,227</u>	<u>0</u>	<u>21,497</u>	<u>0</u>	<u>66,076</u>
13	43,582	14,308	1,660	0	5,102
29	7,162	3,140	0	0	3,140
	<u>615,223</u>	<u>202,826</u>	<u>23,157</u>	<u>0</u>	<u>71,178</u>
					<u>297,161</u>

**Rate Base**

Electric Plant in Service  
 Production Plant  
 Wind Production Plant  
 Total Production Plant  
 Transmission Plant  
 Distribution Plant  
 Land & Rights of Way  
 Station Equipment  
 Poles, OH & UG Conductors & Conduit  
 Customer Related 83%  
 Demand Related 17%  
 Line Transformers  
 Customer Related 76%  
 Demand Related 24%  
 Services  
 Meters  
 Installation on Customer Premise  
 Street Light & Signal System  
 Total Distribution Plant  
 General, Common & Intangible Plant  
 Acquisition Adjustment  
 Total Electric Plant in Service

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	Residential Rate 10			Total Residential Rate 10
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
2	144,735	64,409	0	0	64,409
3	4,737	1,970	0	0	1,970
	149,472	66,379	0	0	66,379
2	53,529	23,822	0	0	23,822
4	110	0	50	0	50
4	11,323	0	5,022	0	5,022
15	28,025	0	2,113	0	21,427
19	11,662	0	1,334	0	6,030
10	12,061	0	0	0	8,879
8	1,623	0	0	0	1,037
Direct	502	0	0	0	0
Direct	1,958	0	0	0	0
	67,264	0	8,519	0	33,926
13	25,545	8,388	973	0	2,990
29	6,683	2,928	0	0	0
	302,493	101,517	9,492	0	36,916
	312,730	101,309	13,665	0	34,262
					147,925
					149,236
					2,459
					182

Less: Accumulated Depreciation

Production Plant

Wind Production Plant

Total Production Plant

Transmission Plant

Distribution Plant

Rights of Way

Station Equipment

Poles, OH & UG Conductors & Conduit

Line Transformers

Services

Meters

Installation on Customer Premise

Street Light & Signal System

Total Distribution Plant

General, Common & Intangible Plant

Acquisition Adjustment

Less: Total Accumulated Reserve for Depreciation

Net Electric Plant in Service

Additions

Materials & Supplies

Prepayments

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Residential Rate 10				Total Residential Rate 10
		Demand Prod. & Trans.	Demand Distribution	Energy	Customer	
1	2,955	0	0	1,207	0	1,207
26	4,556	1,506	171	0	527	2,204
2	1,547	688	0	0	0	688
2	(353)	(158)	0	0	0	(158)
	14,155	3,833	378	1,207	1,164	6,582
	326,885	105,142	14,043	1,207	35,426	155,818
<b>Deductions</b>						
26	49,973	16,475	1,881	0	5,782	24,138
26	0	0	0	0	0	0
26	227	78	9	0	26	113
	50,200	16,553	1,890	0	5,808	24,251
	276,685	88,589	12,153	1,207	29,618	131,567

Rate of Return - Per Books 6.166% 3.634%

**Electric Operating Revenues**  
**Retail Sales**

Residential	45,802	0	0	41,647	4,155	45,802
Small General Electric Service	8,259	0	0	0	0	0
Irrigation	45	0	0	0	0	0
Large General Service - Primary	5,278	0	0	0	0	0
Large General Service - Secondary	41,418	0	0	0	0	0
TOD Large General Service	537	0	0	0	0	0

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	Residential Rate 10				Total Residential Rate 10
		Demand Prod. & Trans.	Demand Distribution	Energy	Customer	
Space Heating - Secondary	1,854	0	0	0	0	0
Small Municipal Electric Service	310	0	0	0	0	0
Municipal Lighting - Primary	111	0	0	0	0	0
Municipal Lighting - Secondary	1,302	0	0	0	0	0
Municipal Pumping - Primary	418	0	0	0	0	0
Municipal Pumping - Secondary	1,281	0	0	0	0	0
Outdoor Lighting	494	0	0	0	0	0
Interruptible Power Service	173	0	0	0	0	0
Interruptible Demand Response	911	0	0	0	0	0
Contracts	2,732	510	69	475	172	1,226
<b>Total Electric Retail Sales Revenues</b>	<b>110,925</b>	<b>510</b>	<b>69</b>	<b>42,122</b>	<b>4,327</b>	<b>47,028</b>
<b>Other Revenue</b>						
Miscellaneous						
Reconnect Fees	7	9	0	0	8	8
NSF Check Fees	7	49	0	0	41	41
Other Miscellaneous Service Revenue	27	458	147	20	50	217
Rent from Electric Property						
Pole Attachments	15	128	0	10	90	100
Street Lights	Direct	472	0	0	0	0
Yard Lights	Direct	173	0	0	0	0
Joint Use Facilities	30	850	377	0	0	377
Miscellaneous	27	548	181	24	60	265
Other Electric Revenues						
Sales of Construction & Sundry Junk Material	14	23	0	3	13	16
Patronage Dividends	23	3	2	0	0	2

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Residential Rate 10				Total Residential Rate 10
		Demand Prod. & Trans.	Demand Distribution	Energy	Customer	
Joint Use Agreements	40	20	0	0	0	20
Wheeling Fees	1,059	472	0	0	0	472
Miscellaneous	1,263	402	38	0	201	641
<b>Total Other Revenues</b>	<b>5,075</b>	<b>1,601</b>	<b>95</b>	<b>0</b>	<b>463</b>	<b>2,159</b>
<b>Total Operating Revenues</b>	<b>116,000</b>	<b>2,111</b>	<b>164</b>	<b>42,122</b>	<b>4,790</b>	<b>49,187</b>
Operation & Maintenance Expenses						
Production Expense						
Fuel	28,055	0	0	11,468	0	11,468
Purchased Power - Energy	3,774	0	0	1,542	0	1,542
Purchased Power - Capacity	1,438	640	0	0	0	640
Other Production	15,650	6,964	0	0	0	6,964
<b>Total Production Expense</b>	<b>48,917</b>	<b>7,604</b>	<b>0</b>	<b>13,010</b>	<b>0</b>	<b>20,614</b>
Transmission Expense	5,305	2,361	0	0	0	2,361
Distribution Expense	5,966	0	895	0	2,754	3,649
Customer Accounts Expense	2,123	0	0	0	1,606	1,606
Customer Service & Info. Expense	292	0	0	0	223	223
Sales Expense	113	0	0	0	95	95
Administrative & General Expenses	11,036	3,496	335	0	1,753	5,584
<b>Total Electric O&amp;M Expenses</b>	<b>73,752</b>	<b>13,461</b>	<b>1,230</b>	<b>13,010</b>	<b>6,431</b>	<b>34,132</b>
Total Operating Expenses	33,267	640	0	13,010	0	13,650
Cost of Fuel & Purchased Power	40,485	12,821	1,230	0	6,431	20,482
Other O&M Expenses	73,752	13,461	1,230	13,010	6,431	34,132
<b>Total Operation &amp; Maintenance Expenses</b>						

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Residential Rate 10			Total Residential Rate 10
		Demand Prod. & Trans.	Demand Distribution	Energy	
2	7,131	3,173	0	0	0
3	3,565	1,484	0	0	0
	10,696	4,657	0	0	0
2	2,105	935	0	0	0
4	5	0	3	0	0
4	899	0	400	0	0
15	1,644	0	124	0	1,134
19	826	0	94	0	333
10	358	0	0	0	264
8	272	0	0	0	174
Direct	26	0	0	0	0
Direct	95	0	0	0	0
	4,125	0	621	0	1,905
					2,526
13	1,673	550	64	0	196
29	158	71	0	0	0
	18,757	6,213	685	0	2,101
					8,999
29	908	397	0	0	0
30	650	290	0	0	0

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total		Residential Rate 10				Total Residential Rate 10
	North Dakota	Total	Demand Prod. & Trans.	Demand Distribution	Energy	Customer	
14	867		0	130	0	401	531
13	211		71	8	0	25	104
	2,636		758	138	0	426	1,322
23	2,000		634	61	0	318	1,013
	4,636		1,392	199	0	744	2,335
	97,145		21,066	2,114	13,010	9,276	45,466
27	8,218		2,664	359	0	900	3,923
	10,637		(21,619)	(2,309)	29,112	(5,386)	(202)
44	681		(1,384)	(148)	1,861	(345)	(16)
	9,956		(20,235)	(2,161)	27,251	(5,041)	(186)
35.00%	3,484		(7,082)	(756)	9,538	(1,764)	(64)
44	681		(1,384)	(148)	1,861	(345)	(16)
1	(2,237)		0	0	(913)	0	(913)
26	(134)		(46)	(5)	0	(16)	(67)
	1,794		(8,512)	(909)	10,486	(2,125)	(1,060)
	98,939		12,554	1,205	23,496	7,151	44,406
	17,061		(10,443)	(1,041)	18,626	(2,361)	4,781

Distribution Plant  
 General, Common & Intangible Plant  
 Total Ad Valorem Taxes  
 Other Taxes  
 Other Taxes - Payroll, Franchise, Other  
 Total Taxes Other Than Income Taxes  
 Total Operating Expense  
 Income Taxes  
 Interest Expense  
 Taxable Income  
 Less: State Income Tax  
 Federal Taxable Income  
 Federal Income Tax  
 @ Current Rate of 35%  
 State Income Taxes  
 Credits and Adjustments  
 Production Tax Credit  
 Full Normalization  
 Federal and State Income Taxes  
 Total Operating Expenses  
 Total Operating Income

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	Small General Rate 20			Total Small General Rate 20
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
2	240,264	14,579	0	0	14,579
3	71,938	4,566	0	0	4,566
	<u>312,202</u>	<u>19,145</u>	<u>0</u>	<u>0</u>	<u>19,145</u>
2	109,050	6,617	0	0	6,617
4	1,029	0	59	0	59
4	30,341	0	1,738	0	1,738
7	47,376	0	0	0	5,398
4	9,704	0	556	0	556
11	21,791	0	0	0	4,674
5	6,882	0	424	0	424
10	12,445	0	0	0	1,536
8	9,445	0	0	0	1,039
Direct	915	0	0	0	0
Direct	3,299	0	0	0	0
	<u>143,227</u>	<u>0</u>	<u>2,777</u>	<u>0</u>	<u>15,424</u>
13	43,582	1,989	214	0	3,179
29	7,162	439	0	0	439
	<u>615,223</u>	<u>28,190</u>	<u>2,991</u>	<u>0</u>	<u>44,804</u>

**Rate Base**

- Electric Plant in Service
- Production Plant
- Wind Production Plant
- Total Production Plant
- Transmission Plant
- Distribution Plant
- Land & Rights of Way
- Station Equipment
- Poles, OH & UG Conductors & Conduit
- Customer Related 83%
- Demand Related 17%
- Line Transformers
- Customer Related 76%
- Demand Related 24%
- Services
- Meters
- Installation on Customer Premise
- Street Light & Signal System
- Total Distribution Plant
- General, Common & Intangible Plant
- Acquisition Adjustment
- Total Electric Plant in Service

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Small General Rate 20			Total Small General Rate 20
		Demand Prod. & Trans.	Demand Distribution	Energy	
2	144,735	8,782	0	0	8,782
3	4,737	301	0	0	301
	149,472	9,083	0	0	9,083
2	53,529	3,248	0	0	3,248
4	110	0	6	0	6
4	11,323	0	649	0	649
15	28,025	0	273	0	2,923
19	11,662	0	172	0	2,073
10	12,061	0	0	0	1,488
8	1,623	0	0	0	179
Direct	502	0	0	0	0
Direct	1,958	0	0	0	0
	67,264	0	1,100	0	6,218
13	25,545	1,166	126	0	1,864
29	6,683	410	0	0	410
	302,493	13,907	1,226	0	6,790
	312,730	14,283	1,765	0	6,833
13	5,077	232	25	0	114
26	373	17	2	0	8

Less: Accumulated Depreciation

Production Plant  
Wind Production Plant  
Total Production Plant  
Transmission Plant  
Distribution Plant  
Rights of Way  
Station Equipment  
Poles, OH & UG Conductors & Conduit  
Line Transformers  
Services  
Meters  
Installation on Customer Premise  
Street Light & Signal System  
Total Distribution Plant

General, Common & Intangible Plant  
Acquisition Adjustment

Less: Total Accumulated Reserve for Depreciation

Net Electric Plant in Service

Additions

Materials & Supplies  
Prepayments

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Small General Rate 20				Total Small General Rate 20
		Demand Prod. & Trans.	Demand Distribution	Energy	Customer	
1	2,955	0	0	190	0	190
26	4,556	209	22	0	101	332
2	1,547	94	0	0	0	94
2	(353)	(21)	0	0	0	(21)
	14,155	531	49	190	223	993
<b>Total Before Deductions</b>	<b>326,885</b>	<b>14,814</b>	<b>1,814</b>	<b>190</b>	<b>7,056</b>	<b>23,874</b>
<b>Deductions</b>						
Accumulated Deferred Income Tax	49,973	2,290	243	0	1,107	3,640
Accumulated Investment Tax Credit	0	0	0	0	0	0
Customer Advances For Construction	227	10	1	0	5	16
<b>Total Deductions</b>	<b>50,200</b>	<b>2,300</b>	<b>244</b>	<b>0</b>	<b>1,112</b>	<b>3,656</b>
<b>Total Rate Base</b>	<b>276,685</b>	<b>12,514</b>	<b>1,570</b>	<b>190</b>	<b>5,944</b>	<b>20,218</b>

Rate of Return - Per Books      6.166%      7.70%

Electric Operating Revenues	Rate of Return
Residential	0
Small General Electric Service	8,259
Irrigation	45
Large General Service - Primary	5,278
Large General Service - Secondary	41,418
TOD Large General Service	537
<b>Total</b>	<b>8,259</b>

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	Small General Rate 20				Total Small General Rate 20
		Demand Prod. & Trans.	Demand Distribution	Energy	Customer	
Space Heating - Secondary	1,854	0	0	0	0	0
Small Municipal Electric Service	310	0	0	0	0	0
Municipal Lighting - Primary	111	0	0	0	0	0
Municipal Lighting - Secondary	1,302	0	0	0	0	0
Municipal Pumping - Primary	418	0	0	0	0	0
Municipal Pumping - Secondary	1,281	0	0	0	0	0
Outdoor Lighting	494	0	0	0	0	0
Interruptible Power Service	173	0	0	0	0	0
Interruptible Demand Response	911	0	0	0	0	0
Contracts	2,732	72	9	74	34	189
<b>Total Electric Retail Sales Revenues</b>	<b>110,925</b>	<b>72</b>	<b>9</b>	<b>6,205</b>	<b>2,162</b>	<b>8,448</b>

Other Revenue						
Miscellaneous						
Reconnect Fees	7	9	0	0	1	1
NSF Check Fees	7	49	0	0	6	6
Other Miscellaneous Service Revenue	27	458	21	3	10	34
Rent from Electric Property						
Pole Attachments	15	128	0	1	12	13
Street Lights	Direct	472	0	0	0	0
Yard Lights	Direct	173	0	0	0	0
Joint Use Facilities	30	850	52	0	0	52
Miscellaneous	27	548	25	3	12	40
Other Electric Revenues						
Sales of Construction & Sundry Junk Material	14	23	0	0	2	2
Patronage Dividends	23	3	0	0	0	0

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Small General Rate 20					Total Small General Rate 20
	North Dakota	Demand Prod. & Trans.	Demand Distribution	Energy	Customer	
30	40	2	0	0	0	2
30	1,059	64	0	0	0	64
23	1,263	55	5	0	34	94
	5,075	219	12	0	77	308
	116,000	291	21	6,205	2,239	8,756
	<b>Total Operating Revenues</b>					
	<b>Operation &amp; Maintenance Expenses</b>					
	<b>Production Expense</b>					
	<b>Fuel</b>					
1	28,055	0	0	1,800	0	1,800
1	3,774	0	0	242	0	242
2	1,438	87	0	0	0	87
2	15,650	950	0	0	0	950
	48,917	1,037	0	2,042	0	3,079
	<b>Total Production Expense</b>					
	<b>Transmission Expense</b>					
2	5,305	322	0	0	0	322
14	5,966	0	116	0	527	643
12	2,123	0	0	0	220	220
12	292	0	0	0	30	30
7	113	0	0	0	13	13
24	11,036	477	43	0	296	816
	73,752	1,836	159	2,042	1,086	5,123
	<b>Total Electric O&amp;M Expenses</b>					
	<b>Total Operating Expenses</b>					
	<b>Cost of Fuel &amp; Purchased Power</b>					
	33,267	87	0	2,042	0	2,129
	40,485	1,749	159	0	1,086	2,994
	73,752	1,836	159	2,042	1,086	5,123
	<b>Total Operation &amp; Maintenance Expenses</b>					

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Small General Rate 20			Total Small General Rate 20
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
2	7,131	433	0	0	433
3	3,565	226	0	0	226
	10,696	659	0	0	659
2	2,105	128	0	0	128
4	5	0	0	0	0
4	899	0	51	0	51
15	1,644	0	16	0	171
19	826	0	12	0	147
10	358	0	0	0	44
8	272	0	0	0	30
Direct	26	0	0	0	0
Direct	95	0	0	0	0
	4,125	0	79	0	443
13	1,673	76	8	0	121
29	158	10	0	0	10
	18,757	873	87	0	1,361
29	908	56	0	0	56
30	650	39	0	0	39

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	Small General Rate 20				Total Small General Rate 20
		Demand Prod. & Trans.	Demand Distribution	Energy	Customer	
14	867	0	17	0	77	94
13	211	10	1	0	5	16
	<u>2,636</u>	<u>105</u>	<u>18</u>	<u>0</u>	<u>82</u>	<u>205</u>
23	2,000	86	8	0	54	148
	<u>4,636</u>	<u>191</u>	<u>26</u>	<u>0</u>	<u>136</u>	<u>353</u>
	97,145	2,900	272	2,042	1,623	6,837
27	8,218	375	46	0	180	601
	<u>10,637</u>	<u>(2,984)</u>	<u>(297)</u>	<u>4,163</u>	<u>436</u>	<u>1,318</u>
44	681	(191)	(19)	267	28	85
	<u>9,956</u>	<u>(2,793)</u>	<u>(278)</u>	<u>3,896</u>	<u>408</u>	<u>1,233</u>
35.00%	3,484	(978)	(97)	1,364	143	432
44	681	(191)	(19)	267	28	85
1	(2,237)	0	0	(144)	0	(144)
26	(134)	(6)	(1)	0	(3)	(10)
	<u>1,794</u>	<u>(1,175)</u>	<u>(117)</u>	<u>1,487</u>	<u>168</u>	<u>363</u>
	98,939	1,725	155	3,529	1,791	7,200
	<u>17,061</u>	<u>(1,434)</u>	<u>(134)</u>	<u>2,676</u>	<u>448</u>	<u>1,556</u>

Distribution Plant  
General, Common & Intangible Plant  
Total Ad Valorem Taxes  
Other Taxes  
Other Taxes - Payroll, Franchise, Other  
Total Taxes Other Than Income Taxes  
Total Operating Expense  
Income Taxes  
Interest Expense  
Taxable Income  
Less: State Income Tax  
Federal Taxable Income  
Federal Income Tax  
@ Current Rate of 35%  
State Income Taxes  
Credits and Adjustments  
Production Tax Credit  
Full Normalization  
Federal and State Income Taxes  
Total Operating Expenses  
Total Operating Income

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	Irrigation Rate 25			Total Irrigation Rate 25
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
2	240,264	282	0	0	282
3	71,938	46	0	0	46
	<u>312,202</u>	<u>328</u>	<u>0</u>	<u>0</u>	<u>328</u>
2	109,050	128	0	0	128
4	1,029	0	1	0	1
4	30,341	0	44	0	44
7	47,376	0	0	0	21
4	9,704	0	14	0	14
11	21,791	0	0	0	91
5	6,882	0	11	0	11
10	12,445	0	0	0	12
8	9,445	0	0	0	14
Direct	915	0	0	0	0
Direct	3,299	0	0	0	0
	<u>143,227</u>	<u>0</u>	<u>70</u>	<u>0</u>	<u>138</u>
13	43,582	35	5	0	51
29	7,162	8	0	0	8
	<u>615,223</u>	<u>499</u>	<u>75</u>	<u>0</u>	<u>723</u>

**Rate Base**

Electric Plant in Service  
 Production Plant  
 Wind Production Plant  
 Total Production Plant  
 Transmission Plant  
 Distribution Plant  
 Land & Rights of Way  
 Station Equipment  
 Poles, OH & UG Conductors & Conduit  
 Customer Related 83%  
 Demand Related 17%  
 Line Transformers  
 Customer Related 76%  
 Demand Related 24%  
 Services  
 Meters  
 Installation on Customer Premise  
 Street Light & Signal System  
 Total Distribution Plant  
 General, Common & Intangible Plant  
 Acquisition Adjustment  
 Total Electric Plant in Service

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total		Irrigation Rate 25			Total Irrigation Rate 25
	North Dakota	Demand Prod. & Trans.	Demand Distribution	Energy	Customer	
2	144,735	170	0	0	0	170
3	4,737	3	0	0	0	3
	149,472	173	0	0	0	173
2	53,529	63	0	0	0	63
4	110	0	0	0	0	0
4	11,323	0	16	0	0	16
15	28,025	0	7	0	10	17
19	11,662	0	4	0	37	41
10	12,061	0	0	0	11	11
8	1,623	0	0	0	2	2
Direct	502	0	0	0	0	0
Direct	1,958	0	0	0	0	0
	67,264	0	27	0	60	87
13	25,545	21	3	0	6	30
29	6,683	7	0	0	0	7
	302,493	264	30	0	66	360
	312,730	235	45	0	83	363
13	5,077	4	1	0	1	6
26	373	0	0	0	0	0

Less: Accumulated Depreciation

Production Plant

Wind Production Plant

Total Production Plant

Transmission Plant

Distribution Plant

Rights of Way

Station Equipment

Poles, OH & UG Conductors & Conduit

Line Transformers

Services

Meters

Installation on Customer Premise

Street Light & Signal System

Total Distribution Plant

General, Common & Intangible Plant

Acquisition Adjustment

Less: Total Accumulated Reserve for Depreciation

Net Electric Plant in Service

Additions

Materials & Supplies

Prepayments

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	Irrigation, Rate 25			Total Irrigation Rate 25
		Demand Prod. & Trans.	Demand Distribution	Energy	
Fuel Stocks	2,955	0	0	2	2
Unamortized Loss on Debt	4,556	4	1	0	1
Deferred Generation Costs	1,547	2	0	0	0
Decommission of Retired Plant	(353)	0	0	0	0
<b>Total Additions</b>	<b>14,155</b>	<b>10</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Total Before Deductions</b>	<b>326,885</b>	<b>245</b>	<b>47</b>	<b>2</b>	<b>85</b>
<b>Deductions</b>					
Accumulated Deferred Income Tax	49,973	41	6	0	12
Accumulated Investment Tax Credit	0	0	0	0	0
Customer Advances For Construction	227	0	0	0	0
<b>Total Deductions</b>	<b>50,200</b>	<b>41</b>	<b>6</b>	<b>0</b>	<b>12</b>
<b>Total Rate Base</b>	<b>276,685</b>	<b>204</b>	<b>41</b>	<b>2</b>	<b>73</b>

Rate of Return - Per Books 6.166% (6.25%)

Electric Operating Revenues	Rate	Rate	Rate	Rate	Rate
Retail Sales					
Residential	45,802	0	0	0	0
Small General Electric Service	8,259	0	0	0	0
Irrigation	45	0	8	33	45
Large General Service - Primary	5,278	0	0	0	0
Large General Service - Secondary	41,418	0	0	0	0
TOD Large General Service	537	0	0	0	0

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Irrigation Rate 25 Demand			Total Irrigation Rate 25
		Prod. & Trans.	Distribution	Energy	
Space Heating - Secondary	1,854	0	0	0	0
Small Municipal Electric Service	310	0	0	0	0
Municipal Lighting - Primary	111	0	0	0	0
Municipal Lighting - Secondary	1,302	0	0	0	0
Municipal Pumping - Primary	418	0	0	0	0
Municipal Pumping - Secondary	1,281	0	0	0	0
Outdoor Lighting	494	0	0	0	0
Interruptible Power Service	173	0	0	0	0
Interruptible Demand Response	911	0	0	0	0
Contracts	2,732	1	0	1	2
<b>Total Electric Retail Sales Revenues</b>	<b>110,925</b>	<b>1</b>	<b>8</b>	<b>34</b>	<b>47</b>

Other Revenue					
Miscellaneous					
Reconnect Fees	7	9	0	0	0
NSF Check Fees	7	49	0	0	0
Other Miscellaneous Service Revenue	27	458	0	0	0
Rent from Electric Property					
Pole Attachments	15	128	0	0	0
Street Lights	Direct	472	0	0	0
Yard Lights	Direct	173	0	0	0
Joint Use Facilities	30	850	1	0	1
Miscellaneous	27	548	0	0	0
Other Electric Revenues					
Sales of Construction & Sundry Junk Material	14	23	0	0	0
Patronage Dividends	23	3	0	0	0

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	Irrigation Rate 25			Total Irrigation Rate 25
		Demand Prod. & Trans.	Demand Distribution	Energy	
Joint Use Agreements	40	0	0	0	0
Wheeling Fees	1,059	1	0	0	1
Miscellaneous	1,263	1	0	0	1
<b>Total Other Revenues</b>	<b>5,075</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>3</b>
<b>Total Operating Revenues</b>	<b>116,000</b>	<b>4</b>	<b>8</b>	<b>34</b>	<b>50</b>
<b>Operation &amp; Maintenance Expenses</b>					
Production Expense					
Fuel	28,055	0	0	14	14
Purchased Power - Energy	3,774	0	0	2	2
Purchased Power - Capacity	1,438	2	0	0	2
Other Production	15,650	18	0	0	18
<b>Total Production Expense</b>	<b>48,917</b>	<b>20</b>	<b>0</b>	<b>16</b>	<b>36</b>
Transmission Expense	5,305	6	0	0	6
Distribution Expense	5,966	0	3	0	9
Customer Accounts Expense	2,123	0	0	0	2
Customer Service & Info. Expense	292	0	0	0	0
Sales Expense	113	0	0	0	0
Administrative & General Expenses	11,036	9	1	0	13
<b>Total Electric O&amp;M Expenses</b>	<b>73,752</b>	<b>35</b>	<b>4</b>	<b>16</b>	<b>66</b>
<b>Total Operating Expenses</b>	<b>33,267</b>	<b>2</b>	<b>0</b>	<b>16</b>	<b>18</b>
Cost of Fuel & Purchased Power	40,485	33	4	0	48
Other O&M Expenses	73,752	35	4	16	66
<b>Total Operation &amp; Maintenance Expenses</b>					

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Demand		Irrigation Rate 25 Demand		Energy	Customer	Total Irrigation Rate 25
		Prod. & Trans.	Distribution	Distribution	Customer			
2	7,131	8	0	0	0	0	0	8
3	3,565	2	0	0	0	0	0	2
	10,696	10	0	0	0	0	0	10
2	2,105	2	0	0	0	0	0	2
4	5	0	0	0	0	0	0	0
4	899	0	1	0	0	0	0	1
15	1,644	0	0	0	0	1	0	1
19	826	0	0	0	0	3	0	3
10	358	0	0	0	0	0	0	0
8	272	0	0	0	0	0	0	0
Direct	26	0	0	0	0	0	0	0
Direct	95	0	0	0	0	0	0	0
	4,125	0	1	0	0	4	0	5
13	1,673	1	0	0	0	0	0	1
29	158	0	0	0	0	0	0	0
	18,757	13	1	0	0	4	0	18
29	908	1	0	0	0	0	0	1
30	650	1	0	0	0	0	0	1

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

	Allocation Factor	Total North Dakota	Irrigation Rate 25			Total Irrigation Rate 25
			Demand Prod. & Trans.	Demand Distribution	Energy Customer	
Distribution Plant	14	867	0	0	0	1
General, Common & Intangible Plant	13	211	0	0	0	0
Total Ad Valorem Taxes		2,636	2	0	0	3
Other Taxes						
Other Taxes - Payroll, Franchise, Other	23	2,000	2	0	0	1
Total Taxes Other Than Income Taxes		4,636	4	0	0	2
Total Operating Expense		97,145	52	5	16	17
Income Taxes						
Interest Expense	27	8,218	6	1	0	2
Taxable Income		10,637	(54)	2	18	(15)
Less: State Income Tax	44	681	(3)	0	1	(1)
Federal Taxable Income		9,956	(51)	2	17	(14)
Federal Income Tax						
@ Current Rate of 35%	35.00%	3,484	(18)	1	6	(5)
State Income Taxes	44	681	(3)	0	1	(1)
Credits and Adjustments						
Production Tax Credit	1	(2,237)	0	0	(1)	0
Full Normalization	26	(134)	0	0	0	0
Federal and State Income Taxes		1,794	(21)	1	6	(6)
Total Operating Expenses		98,939	31	6	22	11
Total Operating Income		17,061	(27)	2	12	(7)

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Large General Primary Rate 30			Total LG Primary Rate 30
		Demand Prod. & Trans.	Demand Distribution	Energy	
2	240,264	13,304	0	0	13,304
3	71,938	4,280	0	0	4,280
	<u>312,202</u>	<u>17,584</u>	<u>0</u>	<u>0</u>	<u>17,584</u>
2	109,050	6,038	0	0	6,038
4	1,029	0	53	0	53
4	30,341	0	1,563	0	1,563
7	47,376	0	0	0	17
4	9,704	0	500	0	500
11	21,791	0	0	0	0
5	6,882	0	0	0	0
10	12,445	0	0	0	0
8	9,445	0	0	0	133
Direct	915	0	0	0	0
Direct	3,299	0	0	0	0
	<u>143,227</u>	<u>0</u>	<u>2,116</u>	<u>0</u>	<u>2,266</u>
13	43,582	1,824	163	0	1,999
29	7,162	403	0	0	403
	<u>615,223</u>	<u>25,849</u>	<u>2,279</u>	<u>0</u>	<u>28,290</u>

**Rate Base**

Electric Plant in Service  
 Production Plant  
 Wind Production Plant  
 Total Production Plant  
 Transmission Plant  
 Distribution Plant  
 Land & Rights of Way  
 Station Equipment  
 Poles, OH & UG Conductors & Conduit  
 Customer Related 83%  
 Demand Related 17%  
 Line Transformers  
 Customer Related 76%  
 Demand Related 24%  
 Services  
 Meters  
 Installation on Customer Premise  
 Street Light & Signal System  
 Total Distribution Plant  
 General, Common & Intangible Plant  
 Acquisition Adjustment  
 Total Electric Plant in Service



**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	Large General Primary Rate 30			Total LG Primary Rate 30	
		Demand Prod. & Trans.	Demand Distribution	Energy		Customer
1	2,955	0	0	179	0	179
26	4,556	191	17	0	1	209
2	1,547	86	0	0	0	86
2	(353)	(20)	0	0	0	(20)
	14,155	485	37	179	2	703
	326,885	13,629	1,386	179	126	15,320
<b>Deductions</b>						
26	49,973	2,100	185	0	13	2,298
26	0	0	0	0	0	0
26	227	10	1	0	0	11
	50,200	2,110	186	0	13	2,309
	276,685	11,519	1,200	179	113	13,011
	6.166%					6.10%
<b>Electric Operating Revenues</b>						
Direct	45,802	0	0	0	0	0
Direct	8,259	0	0	0	0	0
Direct	45	0	0	0	0	0
Direct	5,278	0	1,496	3,753	29	5,278
Direct	41,418	0	0	0	0	0
Direct	537	0	0	0	0	0

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Large General Primary Rate 30			Total LG Primary Rate 30
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
Space Heating - Secondary	1,854	0	0	0	0
Small Municipal Electric Service	310	0	0	0	0
Municipal Lighting - Primary	111	0	0	0	0
Municipal Lighting - Secondary	1,302	0	0	0	0
Municipal Pumping - Primary	418	0	0	0	0
Municipal Pumping - Secondary	1,281	0	0	0	0
Outdoor Lighting	494	0	0	0	0
Interruptible Power Service	173	0	0	0	0
Interruptible Demand Response	911	0	0	0	0
Contracts	2,732	66	7	70	144
<b>Total Electric Retail Sales Revenues</b>	<b>110,925</b>	<b>66</b>	<b>1,503</b>	<b>3,823</b>	<b>5,422</b>
<b>Other Revenue</b>					
Miscellaneous					
Reconnect Fees	9	0	0	0	0
NSF Check Fees	49	0	0	0	0
Other Miscellaneous Service Revenue	458	19	2	0	21
Rent from Electric Property					
Pole Attachments	128	0	1	0	1
Street Lights	472	0	0	0	0
Yard Lights	173	0	0	0	0
Joint Use Facilities	850	47	0	0	47
Miscellaneous	548	23	2	0	25
<b>Other Electric Revenues</b>					
Sales of Construction & Sundry Junk Material	23	0	0	0	0
Patronage Dividends	3	0	0	0	0

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Large General Primary Rate 30			Total LG Primary Rate 30
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
30	40	2	0	0	2
30	1,059	59	0	0	59
23	1,263	50	4	0	54
	5,075	200	9	0	209
<b>Total Operating Revenues</b>	<b>116,000</b>	<b>266</b>	<b>1,512</b>	<b>3,823</b>	<b>5,631</b>
<b>Operation &amp; Maintenance Expenses</b>					
Production Expense					
Fuel	28,055	0	0	1,698	1,698
Purchased Power - Energy	3,774	0	0	228	228
Purchased Power - Capacity	1,438	80	0	0	80
Other Production	15,650	867	0	0	867
<b>Total Production Expense</b>	<b>48,917</b>	<b>947</b>	<b>0</b>	<b>1,926</b>	<b>2,873</b>
Transmission Expense	5,305	294	0	0	294
Distribution Expense	5,966	0	88	0	94
Customer Accounts Expense	2,123	0	0	0	2
Customer Service & Info. Expense	292	0	0	0	0
Sales Expense	113	0	0	0	0
Administrative & General Expenses	11,036	435	33	0	471
<b>Total Electric O&amp;M Expenses</b>	<b>73,752</b>	<b>1,676</b>	<b>121</b>	<b>1,926</b>	<b>3,734</b>
<b>Total Operating Expenses</b>	<b>33,267</b>	<b>80</b>	<b>0</b>	<b>1,926</b>	<b>2,006</b>
Cost of Fuel & Purchased Power	40,485	1,596	121	0	1,728
Other O&M Expenses	73,752	1,676	121	1,926	3,734
<b>Total Operation &amp; Maintenance Expenses</b>					

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Large General Primary Rate 30			Total LG Primary Rate 30
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
2	7,131	395	0	0	395
3	3,565	212	0	0	212
	10,696	607	0	0	607
2	2,105	117	0	0	117
4	5	0	0	0	0
4	899	0	46	0	46
15	1,644	0	14	0	14
19	826	0	0	0	0
10	358	0	0	0	0
8	272	0	0	0	0
Direct	26	0	0	0	0
Direct	95	0	0	0	0
	4,125	0	60	0	64
13	1,673	70	6	0	76
29	158	9	0	0	9
	18,757	803	66	0	873
29	908	51	0	0	51
30	650	36	0	0	36

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Large General Primary Rate 30				Total LG Primary Rate 30
		Demand Prod. & Trans.	Demand Distribution	Energy	Customer	
14	867	0	13	0	1	14
13	211	9	1	0	0	10
	2,636	96	14	0	1	111
23	2,000	79	6	0	1	86
	4,636	175	20	0	2	197
	97,145	2,654	207	1,926	17	4,804
27	8,218	345	35	0	3	383
	10,637	(2,733)	1,270	1,897	10	444
44	681	(175)	81	121	1	28
	9,956	(2,558)	1,189	1,776	9	416
35.00%	3,484	(895)	416	622	3	146
44	681	(175)	81	121	1	28
1	(2,237)	0	0	(135)	0	(135)
26	(134)	(6)	0	0	0	(6)
	1,794	(1,076)	497	608	4	33
	98,939	1,578	704	2,534	21	4,837
	17,061	(1,312)	808	1,289	9	794

Distribution Plant  
General, Common & Intangible Plant  
Total Ad Valorem Taxes  
Other Taxes  
Other Taxes - Payroll, Franchise, Other  
Total Taxes Other Than Income Taxes  
Total Operating Expense  
Income Taxes  
Interest Expense  
Taxable Income  
Less: State Income Tax  
Federal Taxable Income  
Federal Income Tax  
@ Current Rate of 35%  
State Income Taxes  
Credits and Adjustments  
Production Tax Credit  
Full Normalization  
Federal and State Income Taxes  
Total Operating Expenses  
Total Operating Income

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	Large General Secondary Rate 30			Total LG Secondary Rate 30
		Demand Prod. & Trans.	Demand Distribution	Energy	
2	240,264	91,487	0	0	91,487
3	71,938	27,449	0	0	27,449
	<u>312,202</u>	<u>118,936</u>	<u>0</u>	<u>0</u>	<u>118,936</u>
2	109,050	41,524	0	0	41,524
4	1,029	0	376	0	376
4	30,341	0	11,098	0	11,098
7	47,376	0	0	0	1,801
4	9,704	0	3,549	0	3,549
11	21,791	0	0	0	4,297
5	6,882	0	2,705	0	2,705
10	12,445	0	0	0	831
8	9,445	0	0	0	1,775
Direct	915	0	0	0	0
Direct	3,299	0	0	0	0
	<u>143,227</u>	<u>0</u>	<u>17,728</u>	<u>0</u>	<u>8,704</u>
13	43,582	12,389	1,369	0	672
29	7,162	2,728	0	0	0
	<u>615,223</u>	<u>175,577</u>	<u>19,097</u>	<u>0</u>	<u>9,376</u>
					<u>26,432</u>
					<u>14,430</u>
					<u>2,728</u>
					<u>204,050</u>

**Rate Base**

Electric Plant in Service  
 Production Plant  
 Wind Production Plant  
 Total Production Plant  
 Transmission Plant  
 Distribution Plant  
 Land & Rights of Way  
 Station Equipment  
 Poles, OH & UG Conductors & Conduit  
 Customer Related 83%  
 Demand Related 17%  
 Line Transformers  
 Customer Related 76%  
 Demand Related 24%  
 Services  
 Meters  
 Installation on Customer Premise  
 Street Light & Signal System  
 Total Distribution Plant  
 General, Common & Intangible Plant  
 Acquisition Adjustment  
 Total Electric Plant in Service

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Large General Secondary Rate 30			Total LG Secondary Rate 30
		Demand Prod. & Trans.	Demand Distribution	Energy	
2	144,735	55,112	0	0	55,112
3	4,737	1,807	0	0	1,807
	149,472	56,919	0	0	56,919
2	53,529	20,383	0	0	20,383
4	110	0	40	0	40
4	11,323	0	4,142	0	4,142
15	28,025	0	1,742	0	884
19	11,662	0	1,100	0	1,748
10	12,061	0	0	0	805
8	1,623	0	0	0	305
Direct	502	0	0	0	0
Direct	1,958	0	0	0	0
	67,264	0	7,024	0	3,742
13	25,545	7,261	802	0	394
29	6,683	2,546	0	0	0
	302,493	87,109	7,826	0	4,136
	312,730	88,468	11,271	0	5,240
					99,071
					104,979
13	5,077	1,443	159	0	78
26	373	106	12	0	6

Less: Accumulated Depreciation

Production Plant  
Wind Production Plant  
Total Production Plant  
Transmission Plant  
Distribution Plant  
Rights of Way  
Station Equipment  
Poles, OH & UG Conductors & Conduit  
Line Transformers  
Services  
Meters  
Installation on Customer Premise  
Street Light & Signal System  
Total Distribution Plant

General, Common & Intangible Plant

Acquisition Adjustment

Less: Total Accumulated Reserve for Depreciation

Net Electric Plant in Service

Additions

Materials & Supplies  
Prepayments

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Large General Secondary Rate 30				Total LG Secondary Rate 30
		Demand Prod. & Trans.	Demand Distribution	Energy	Customer	
1	2,955	0	0	1,128	0	1,128
26	4,556	1,300	141	0	69	1,510
2	1,547	589	0	0	0	589
2	(353)	(134)	0	0	0	(134)
	14,155	3,304	312	1,128	153	4,897
<b>Total Before Deductions</b>	<b>326,885</b>	<b>91,772</b>	<b>11,583</b>	<b>1,128</b>	<b>5,393</b>	<b>109,876</b>
<b>Deductions</b>						
Accumulated Deferred Income Tax	49,973	14,262	1,551	0	762	16,575
Accumulated Investment Tax Credit	0	0	0	0	0	0
Customer Advances For Construction	227	65	7	0	3	75
<b>Total Deductions</b>	<b>50,200</b>	<b>14,327</b>	<b>1,558</b>	<b>0</b>	<b>765</b>	<b>16,650</b>
<b>Total Rate Base</b>	<b>276,685</b>	<b>77,445</b>	<b>10,025</b>	<b>1,128</b>	<b>4,628</b>	<b>93,226</b>

Rate of Return - Per Books      6.166%      9.13%

Electric Operating Revenues	Rate of Return
Retail Sales	
Residential	0
Small General Electric Service	0
Irrigation	0
Large General Service - Primary	0
Large General Service - Secondary	23,876
TOD Large General Service	1,280
	41,418
	0

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
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**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Large General Secondary Rate 30				Total LG Secondary Rate 30
		Demand Prod. & Trans.	Demand Distribution	Energy	Customer	
Space Heating - Secondary	1,854	0	0	0	0	0
Small Municipal Electric Service	310	0	0	0	0	0
Municipal Lighting - Primary	111	0	0	0	0	0
Municipal Lighting - Secondary	1,302	0	0	0	0	0
Municipal Pumping - Primary	418	0	0	0	0	0
Municipal Pumping - Secondary	1,281	0	0	0	0	0
Outdoor Lighting	494	0	0	0	0	0
Interruptible Power Service	173	0	0	0	0	0
Interruptible Demand Response	911	0	0	0	0	0
Contracts	2,732	444	57	443	26	970
<b>Total Electric Retail Sales Revenues</b>	<b>110,925</b>	<b>444</b>	<b>16,319</b>	<b>24,319</b>	<b>1,306</b>	<b>42,388</b>
<b>Other Revenue</b>						
Miscellaneous						
Reconnect Fees	9	0	0	0	0	0
NSF Check Fees	49	0	0	0	2	2
Other Miscellaneous Service Revenue	458	130	17	0	8	155
Rent from Electric Property						
Pole Attachments	128	0	8	0	4	12
Street Lights	472	0	0	0	0	0
Yard Lights	173	0	0	0	0	0
Joint Use Facilities	850	324	0	0	0	324
Miscellaneous	548	155	20	0	9	184
<b>Other Electric Revenues</b>						
Sales of Construction & Sundry Junk Material	23	0	3	0	1	4
Patronage Dividends	3	1	0	0	0	1

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
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**(000's)**

Allocation Factor	Total North Dakota	Large General Secondary Rate 30				Total LG Secondary Rate 30
		Demand Prod. & Trans.	Demand Distribution	Energy	Customer	
30	40	15	0	0	0	15
30	1,059	403	0	0	0	403
23	1,263	342	32	0	24	398
	5,075	1,370	80	0	48	1,498
	116,000	1,814	16,399	24,319	1,354	43,886
<b>Total Operating Revenues</b>						
<b>Operation &amp; Maintenance Expenses</b>						
<b>Production Expense</b>						
<b>Fuel</b>						
1	28,055	0	0	10,710	0	10,710
1	3,774	0	0	1,441	0	1,441
2	1,438	548	0	0	0	548
2	15,650	5,959	0	0	0	5,959
	48,917	6,507	0	12,151	0	18,658
<b>Transmission Expense</b>						
2	5,305	2,020	0	0	0	2,020
14	5,966	0	738	0	363	1,101
12	2,123	0	0	0	165	165
12	292	0	0	0	23	23
7	113	0	0	0	4	4
24	11,036	2,990	277	0	208	3,475
	73,752	11,517	1,015	12,151	763	25,446
<b>Total Electric O&amp;M Expenses</b>						
<b>Total Operating Expenses</b>						
<b>Cost of Fuel &amp; Purchased Power</b>						
<b>Other O&amp;M Expenses</b>						
	33,267	548	0	12,151	0	12,699
	40,485	10,969	1,015	0	763	12,747
	73,752	11,517	1,015	12,151	763	25,446
<b>Total Operation &amp; Maintenance Expenses</b>						

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Large General Secondary Rate 30			Total LG Secondary Rate 30
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
2	7,131	2,715	0	0	2,715
3	3,565	1,360	0	0	1,360
	10,696	4,075	0	0	4,075
2	2,105	802	0	0	802
4	5	0	2	0	2
4	899	0	329	0	329
15	1,644	0	102	0	154
19	826	0	78	0	202
10	358	0	0	0	24
8	272	0	0	0	51
Direct	26	0	0	0	0
Direct	95	0	0	0	0
	4,125	0	511	0	251
13	1,673	476	53	0	555
29	158	60	0	0	60
	18,757	5,413	564	0	277
					6,254
29	908	346	0	0	346
30	650	248	0	0	248

Depreciation Expense  
 Production Plant  
 Wind Production Plant  
 Total Production Plant  
 Transmission Plant  
 Distribution Plant  
 Rights of Way  
 Station Equipment  
 Poles, OH & UG Conductors & Conduit  
 Line Transformers  
 Services  
 Meters  
 Installation on Cust. Premises  
 Street Light & Signal Systems  
 Total Distribution Plant  
 General, Common & Intangible Plant  
 Acquisition Adjustment  
 Total Depreciation Expense  
 Taxes Other Than Income  
 Ad Valorem Taxes  
 Production Plant  
 Transmission Plant

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
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Allocation Factor	Total North Dakota	Large General Secondary Rate 30				Total LG Secondary Rate 30
		Demand Prod. & Trans.	Demand Distribution	Energy	Customer	
14	867	0	107	0	53	160
13	211	60	7	0	3	70
	2,636	654	114	0	56	824
<b>Distribution Plant</b>						
	2,000	542	50	0	38	630
	4,636	1,196	164	0	94	1,454
<b>General, Common &amp; Intangible Plant</b>						
	97,145	18,126	1,743	12,151	1,134	33,154
<b>Total Ad Valorem Taxes</b>						
<b>Other Taxes</b>						
	2,000	542	50	0	38	630
	4,636	1,196	164	0	94	1,454
<b>Total Taxes - Payroll, Franchise, Other</b>						
	97,145	18,126	1,743	12,151	1,134	33,154
<b>Total Operating Expense</b>						
<b>Income Taxes</b>						
	8,218	2,325	296	0	138	2,759
	10,637	(18,637)	14,360	12,168	82	7,973
<b>Taxable Income</b>						
	681	(1,193)	919	779	5	510
	9,956	(17,444)	13,441	11,389	77	7,463
<b>Federal Taxable Income</b>						
	3,484	(6,105)	4,704	3,986	27	2,612
	681	(1,193)	919	779	5	510
<b>Federal Income Tax @ Current Rate of 35%</b>						
	(2,237)	0	0	(854)	0	(854)
	(134)	(38)	(4)	0	(2)	(44)
<b>Credits and Adjustments</b>						
	1,794	(7,336)	5,619	3,911	30	2,224
<b>Federal and State Income Taxes</b>						
	98,939	10,790	7,362	16,062	1,164	35,378
	17,061	(8,976)	9,037	8,257	190	8,508
<b>Total Operating Income</b>						

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
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**(000's)**

Allocation Factor	Total North Dakota	TOD Large General Rate 31			Total TOD LG Rate 31
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
2	240,264	1,240	0	0	1,240
3	71,938	374	0	0	374
	312,202	1,614	0	0	1,614
2	109,050	563	0	0	563
4	1,029	0	5	0	5
4	30,341	0	150	0	150
7	47,376	0	0	21	21
4	9,704	0	48	0	48
11	21,791	0	0	50	50
5	6,882	0	37	0	37
10	12,445	0	0	9	9
8	9,445	0	0	18	18
Direct	915	0	0	0	0
Direct	3,299	0	0	0	0
	143,227	0	240	98	338
13	43,582	168	19	8	195
29	7,162	37	0	0	37
	615,223	2,382	259	106	2,747

**Rate Base**

Electric Plant in Service  
 Production Plant  
 Wind Production Plant  
 Total Production Plant  
 Transmission Plant  
 Distribution Plant  
 Land & Rights of Way  
 Station Equipment  
 Poles, OH & UG Conductors & Conduit  
 Customer Related 83%  
 Demand Related 17%  
 Line Transformers  
 Customer Related 76%  
 Demand Related 24%  
 Services  
 Meters  
 Installation on Customer Premise  
 Street Light & Signal System  
 Total Distribution Plant  
 General, Common & Intangible Plant  
 Acquisition Adjustment  
 Total Electric Plant in Service

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	TOD Large General Rate 31			Total TOD LG Rate 31
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
Less: Accumulated Depreciation					
Production Plant	144,735	747	0	0	747
Wind Production Plant	4,737	25	0	0	25
Total Production Plant	149,472	772	0	0	772
Transmission Plant	53,529	276	0	0	276
Distribution Plant					
Rights of Way	110	0	1	0	1
Station Equipment	11,323	0	56	0	56
Poles, OH & UG Conductors & Conduit	28,025	0	24	0	34
Line Transformers	11,662	0	15	0	35
Services	12,061	0	0	0	9
Meters	1,623	0	0	0	3
Installation on Customer Premise	502	0	0	0	0
Street Light & Signal System	1,958	0	0	0	0
Total Distribution Plant	67,264	0	96	0	42
General, Common & Intangible Plant	25,545	99	11	0	114
Acquisition Adjustment	6,683	35	0	0	35
Less: Total Accumulated Reserve for Depreciation	302,493	1,182	107	0	1,335
Net Electric Plant in Service	312,730	1,200	152	0	1,412
Additions					
Materials & Supplies	5,077	20	2	0	23
Prepayments	373	1	0	0	1

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	TOD Large General Rate 31				Total TOD LG Rate 31
		Demand Prod. & Trans.	Demand Distribution	Energy	Customer	
1	2,955	0	0	15	0	15
26	4,556	18	2	0	1	21
2	1,547	8	0	0	0	8
2	(353)	(2)	0	0	0	(2)
	14,155	45	4	15	2	66
	326,885	1,245	156	15	62	1,478
<b>Deductions</b>						
26	49,973	193	21	0	9	223
26	0	0	0	0	0	0
26	227	1	0	0	0	1
	50,200	194	21	0	9	224
	276,685	1,051	135	15	53	1,254

Rate of Return - Per Books      6.166%      8.13%

**Electric Operating Revenues  
Retail Sales**

Residential	45,802	0	0	0	0	0
Small General Electric Service	8,259	0	0	0	0	0
Irrigation	45	0	0	0	0	0
Large General Service - Primary	5,278	0	0	0	0	0
Large General Service - Secondary	41,418	0	0	0	0	0
TOD Large General Service	537	0	140	383	14	537

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	TOD Large General Rate 31			Total TOD LG Rate 31
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
Space Heating - Secondary	1,854	0	0	0	0
Small Municipal Electric Service	310	0	0	0	0
Municipal Lighting - Primary	111	0	0	0	0
Municipal Lighting - Secondary	1,302	0	0	0	0
Municipal Pumping - Primary	418	0	0	0	0
Municipal Pumping - Secondary	1,281	0	0	0	0
Outdoor Lighting	494	0	0	0	0
Interruptible Power Service	173	0	0	0	0
Interruptible Demand Response	911	0	0	0	0
Contracts	2,732	6	1	6	13
<b>Total Electric Retail Sales Revenues</b>	<b>110,925</b>	<b>6</b>	<b>141</b>	<b>389</b>	<b>550</b>
Other Revenue					
Miscellaneous					
Reconnect Fees	9	0	0	0	0
NSF Check Fees	49	0	0	0	0
Other Miscellaneous Service Revenue	458	2	0	0	2
Rent from Electric Property					
Pole Attachments	128	0	0	0	0
Street Lights	472	0	0	0	0
Yard Lights	173	0	0	0	0
Joint Use Facilities	850	4	0	0	4
Miscellaneous	548	2	0	0	2
Other Electric Revenues					
Sales of Construction & Sundry Junk Material	23	0	0	0	0
Patronage Dividends	3	0	0	0	0

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	TOD Large General Rate 31				Total TOD LG Rate 31
		Demand Prod. & Trans.	Distribution	Energy	Customer	
Joint Use Agreements	40	0	0	0	0	0
Wheeling Fees	1,059	5	0	0	0	5
Miscellaneous	1,263	5	0	0	0	5
<b>Total Other Revenues</b>	<b>5,075</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18</b>
<b>Total Operating Revenues</b>	<b>116,000</b>	<b>24</b>	<b>141</b>	<b>389</b>	<b>14</b>	<b>568</b>
<b>Operation &amp; Maintenance Expenses</b>						
Production Expense						
Fuel	28,055	0	0	146	0	146
Purchased Power - Energy	3,774	0	0	20	0	20
Purchased Power - Capacity	1,438	7	0	0	0	7
Other Production	15,650	81	0	0	0	81
<b>Total Production Expense</b>	<b>48,917</b>	<b>88</b>	<b>0</b>	<b>166</b>	<b>0</b>	<b>254</b>
Transmission Expense	5,305	27	0	0	0	27
Distribution Expense	5,966	0	10	0	4	14
Customer Accounts Expense	2,123	0	0	0	3	3
Customer Service & Info. Expense	292	0	0	0	0	0
Sales Expense	113	0	0	0	0	0
Administrative & General Expenses	11,036	40	4	0	3	47
<b>Total Electric O&amp;M Expenses</b>	<b>73,752</b>	<b>155</b>	<b>14</b>	<b>166</b>	<b>10</b>	<b>345</b>
<b>Total Operating Expenses</b>						
Cost of Fuel & Purchased Power	33,267	7	0	166	0	173
Other O&M Expenses	40,485	148	14	0	10	172
<b>Total Operation &amp; Maintenance Expenses</b>	<b>73,752</b>	<b>155</b>	<b>14</b>	<b>166</b>	<b>10</b>	<b>345</b>

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	TOD Large General Rate 31			Total TOD LG Rate 31
		Prod. & Trans.	Demand Distribution	Energy Customer	
2	7,131	37	0	0	37
3	3,565	19	0	0	19
	10,696	56	0	0	56
2	2,105	11	0	0	11
4	5	0	0	0	0
4	899	0	4	0	4
15	1,644	0	1	0	1
19	826	0	1	0	1
10	358	0	0	0	0
8	272	0	0	0	0
Direct	26	0	0	0	0
Direct	95	0	0	0	0
	4,125	0	6	0	6
13	1,673	6	1	0	7
29	158	1	0	0	1
	18,757	74	7	0	81
29	908	5	0	0	5
30	650	3	0	0	3

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	TOD Large General Rate 31				Total TOD LG Rate 31
		Demand Prod. & Trans.	Demand Distribution	Energy	Customer	
14	867	0	1	0	1	2
13	211	1	0	0	0	1
	2,636	9	1	0	1	11
23	2,000	7	1	0	0	8
	4,636	16	2	0	1	19
	97,145	245	23	166	14	448
27	8,218	32	4	0	2	38
	10,637	(253)	114	223	(2)	82
44	681	(16)	7	14	0	5
	9,956	(237)	107	209	(2)	77
35.00%	3,484	(83)	37	73	(1)	26
44	681	(16)	7	14	0	5
1	(2,237)	0	0	(12)	0	(12)
26	(134)	(1)	0	0	0	(1)
	1,794	(100)	44	75	(1)	18
	98,939	145	67	241	13	466
	17,061	(121)	74	148	1	102

Distribution Plant  
General, Common & Intangible Plant  
Total Ad Valorem Taxes

Other Taxes  
Other Taxes - Payroll, Franchise, Other  
Total Taxes Other Than Income Taxes

Total Operating Expense

Income Taxes

Interest Expense

Taxable Income

Less: State Income Tax

Federal Taxable Income

Federal Income Tax

@ Current Rate of 35%

State Income Taxes

Credits and Adjustments

Production Tax Credit

Full Normalization

Federal and State Income Taxes

Total Operating Expenses

Total Operating Income

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Space Heating Rate 32			Total Space Heating Rate 32
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
2	240,264	2,781	0	0	2,781
3	71,938	1,603	0	0	1,603
	312,202	4,384	0	0	4,384
2	109,050	1,262	0	0	1,262
4	1,029	0	26	0	26
4	30,341	0	762	0	762
7	47,376	0	0	0	81
4	9,704	0	244	0	244
11	21,791	0	0	0	0
5	6,882	0	186	0	186
10	12,445	0	0	0	0
8	9,445	0	0	0	161
Direct	915	0	0	0	0
Direct	3,299	0	0	0	0
	143,227	0	1,218	0	242
13	43,582	436	94	0	549
29	7,162	101	0	0	101
	615,223	6,183	1,312	0	261
					7,756

**Rate Base**

Electric Plant in Service  
 Production Plant  
 Wind Production Plant  
 Total Production Plant  
 Transmission Plant  
 Distribution Plant  
 Land & Rights of Way  
 Station Equipment  
 Poles, OH & UG Conductors & Conduit  
 Customer Related 83%  
 Demand Related 17%  
 Line Transformers  
 Customer Related 76%  
 Demand Related 24%  
 Services  
 Meters  
 Installation on Customer Premise  
 Street Light & Signal System  
 Total Distribution Plant  
 General, Common & Intangible Plant  
 Acquisition Adjustment  
 Total Electric Plant in Service

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Space Heating Rate 32			Total Space Heating Rate 32
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
2	144,735	1,675	0	0	1,675
3	4,737	106	0	0	106
	149,472	1,781	0	0	1,781
2	53,529	620	0	0	620
4	110	0	3	0	3
4	11,323	0	284	0	284
15	28,025	0	120	40	160
19	11,662	0	76	0	76
10	12,061	0	0	0	0
8	1,623	0	0	28	28
Direct	502	0	0	0	0
Direct	1,958	0	0	0	0
	67,264	0	483	68	551
13	25,545	256	55	11	322
29	6,683	94	0	0	94
	302,493	2,751	538	79	3,368
	312,730	3,432	774	182	4,388
13	5,077	51	11	2	64
26	373	4	1	0	5

Less: Accumulated Depreciation

- Production Plant
- Wind Production Plant
- Total Production Plant
- Transmission Plant
- Distribution Plant
- Rights of Way
- Station Equipment
- Poles, OH & UG Conductors & Conduit
- Line Transformers
- Services
- Meters
- Installation on Customer Premise
- Street Light & Signal System
- Total Distribution Plant

General, Common & Intangible Plant Acquisition Adjustment

Less: Total Accumulated Reserve for Depreciation

Net Electric Plant in Service

- Additions
- Materials & Supplies
- Prepayments

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Space Heating Rate 32			Total Space Heating Rate 32
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
1	2,955	0	0	74	74
26	4,556	46	10	0	58
2	1,547	18	0	0	18
2	(353)	(4)	0	0	(4)
	14,155	115	22	74	215
<b>Total Before Deductions</b>	<b>326,885</b>	<b>3,547</b>	<b>796</b>	<b>74</b>	<b>4,603</b>
<b>Deductions</b>					
Accumulated Deferred Income Tax	49,973	502	107	0	21
Accumulated Investment Tax Credit	0	0	0	0	0
Customer Advances For Construction	227	2	0	0	2
<b>Total Deductions</b>	<b>50,200</b>	<b>504</b>	<b>107</b>	<b>0</b>	<b>632</b>
<b>Total Rate Base</b>	<b>276,685</b>	<b>3,043</b>	<b>689</b>	<b>74</b>	<b>3,971</b>

Rate of Return - Per Books 6.166%

8.34%

**Electric Operating Revenues**  
**Retail Sales**

Residential	45,802	0	0	0	0
Small General Electric Service	8,259	0	0	0	0
Irrigation	45	0	0	0	0
Large General Service - Primary	5,278	0	0	0	0
Large General Service - Secondary	41,418	0	0	0	0
TOD Large General Service	537	0	0	0	0

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Space Heating Rate 32			Total Space Heating Rate 32	
		Demand Prod. & Trans.	Demand Distribution	Energy Customer		
Space Heating - Secondary	1,854	0	254	1,562	38	1,854
Small Municipal Electric Service	310	0	0	0	0	0
Municipal Lighting - Primary	111	0	0	0	0	0
Municipal Lighting - Secondary	1,302	0	0	0	0	0
Municipal Pumping - Primary	418	0	0	0	0	0
Municipal Pumping - Secondary	1,281	0	0	0	0	0
Outdoor Lighting	494	0	0	0	0	0
Interruptible Power Service	173	0	0	0	0	0
Interruptible Demand Response	911	0	0	0	0	0
Contracts	2,732	17	4	29	1	51
<b>Total Electric Retail Sales Revenues</b>	<b>110,925</b>	<b>17</b>	<b>258</b>	<b>1,591</b>	<b>39</b>	<b>1,905</b>
Other Revenue						
Miscellaneous						
Reconnect Fees	9	0	0	0	0	0
NSF Check Fees	49	0	0	0	0	0
Other Miscellaneous Service Revenue	458	5	1	0	0	6
Rent from Electric Property						
Pole Attachments	128	0	1	0	0	1
Street Lights	472	0	0	0	0	0
Yard Lights	173	0	0	0	0	0
Joint Use Facilities	850	10	0	0	0	10
Miscellaneous	548	6	1	0	0	7
Other Electric Revenues						
Sales of Construction & Sundry Junk Material	23	0	0	0	0	0
Patronage Dividends	3	0	0	0	0	0

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

	Allocation Factor	Total North Dakota	Space Heating Rate 32			Total Space Heating Rate 32
			Demand Prod. & Trans.	Demand Distribution	Energy	
Joint Use Agreements	30	40	0	0	0	0
Wheeling Fees	30	1,059	12	0	0	12
Miscellaneous	23	1,263	10	2	0	14
<b>Total Other Revenues</b>		<b>5,075</b>	<b>43</b>	<b>5</b>	<b>0</b>	<b>50</b>
<b>Total Operating Revenues</b>		<b>116,000</b>	<b>60</b>	<b>263</b>	<b>1,591</b>	<b>1,955</b>
<b>Operation &amp; Maintenance Expenses</b>						
Production Expense						
Fuel	1	28,055	0	0	700	700
Purchased Power - Energy	1	3,774	0	0	94	94
Purchased Power - Capacity	2	1,438	17	0	0	17
Other Production	2	15,650	181	0	0	181
<b>Total Production Expense</b>		<b>48,917</b>	<b>198</b>	<b>0</b>	<b>794</b>	<b>992</b>
Transmission Expense	2	5,305	61	0	0	61
Distribution Expense	14	5,966	0	51	0	61
Customer Accounts Expense	12	2,123	0	0	0	30
Customer Service & Info. Expense	12	292	0	0	0	4
Sales Expense	7	113	0	0	0	0
Administrative & General Expenses	24	11,036	91	19	0	126
<b>Total Electric O&amp;M Expenses</b>		<b>73,752</b>	<b>350</b>	<b>70</b>	<b>794</b>	<b>1,274</b>
<b>Total Operating Expenses</b>		<b>33,267</b>	<b>17</b>	<b>0</b>	<b>794</b>	<b>811</b>
Cost of Fuel & Purchased Power		40,485	333	70	0	463
Other O&M Expenses		73,752	350	70	794	1,274
<b>Total Operation &amp; Maintenance Expenses</b>						

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	Space Heating Rate 32			Total Space Heating Rate 32
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
2	7,131	83	0	0	83
3	3,565	79	0	0	79
	10,696	162	0	0	162
2	2,105	24	0	0	24
4	5	0	0	0	0
4	899	0	23	0	23
15	1,644	0	7	2	9
19	826	0	5	0	5
10	358	0	0	0	0
8	272	0	0	5	5
Direct	26	0	0	0	0
Direct	95	0	0	0	0
	4,125	0	35	7	42
13	1,673	17	4	1	22
29	158	2	0	0	2
	18,757	205	39	8	252
<b>Depreciation Expense</b>					
Production Plant					
Wind Production Plant					
Total Production Plant					
Transmission Plant					
Distribution Plant					
Rights of Way					
Station Equipment					
Poles, OH & UG Conductors & Conduit					
Line Transformers					
Services					
Meters					
Installation on Cust. Premises					
Street Light & Signal Systems					
Total Distribution Plant					
General, Common & Intangible Plant					
Acquisition Adjustment					
<b>Total Depreciation Expense</b>					
<b>Taxes Other Than Income</b>					
Ad Valorem Taxes					
Production Plant					
Transmission Plant					

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Space Heating Rate 32			Total Space Heating Rate 32	
		Demand Prod. & Trans.	Demand Distribution	Customer Energy		
14	867	0	7	0	1	8
13	211	2	0	0	0	2
	2,636	23	7	0	1	31
23	2,000	16	3	0	3	22
	4,636	39	10	0	4	53
	97,145	594	119	794	72	1,579
27	8,218	90	20	0	5	115
	10,637	(624)	124	797	(36)	261
44	681	(40)	8	51	(2)	17
	9,956	(584)	116	746	(34)	244
35.00%	3,484	(204)	41	261	(12)	85
44	681	(40)	8	51	(2)	17
1	(2,237)	0	0	(56)	0	(56)
26	(134)	(1)	0	0	0	(1)
	1,794	(245)	49	256	(14)	45
	98,939	349	168	1,050	58	1,624
	17,061	(289)	95	541	(17)	331

Distribution Plant  
General, Common & Intangible Plant  
Total Ad Valorem Taxes  
Other Taxes  
Other Taxes - Payroll, Franchise, Other  
Total Taxes Other Than Income Taxes  
Total Operating Expense  
Income Taxes  
Interest Expense  
Taxable Income  
Less: State Income Tax  
Federal Taxable Income  
Federal Income Tax  
@ Current Rate of 35%  
State Income Taxes  
Credits and Adjustments  
Production Tax Credit  
Full Normalization  
Federal and State Income Taxes  
Total Operating Expenses  
Total Operating Income

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Small Municipal Rate 40			Total Sm Municipal Rate 40
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
2	240,264	751	0	0	751
3	71,938	208	0	0	208
	312,202	959	0	0	959
2	109,050	341	0	0	341
4	1,029	0	3	0	3
4	30,341	0	94	0	94
7	47,376	0	0	0	208
4	9,704	0	30	0	30
11	21,791	0	0	0	222
5	6,882	0	23	0	23
10	12,445	0	0	0	62
8	9,445	0	0	0	56
Direct	915	0	0	0	0
Direct	3,299	0	0	0	0
	143,227	0	150	0	548
13	43,582	100	12	0	154
29	7,162	22	0	0	22
	615,223	1,422	162	0	590
					2,174

**Rate Base**

Electric Plant in Service  
 Production Plant  
 Wind Production Plant  
 Total Production Plant  
 Transmission Plant  
 Distribution Plant  
 Land & Rights of Way  
 Station Equipment  
 Poles, OH & UG Conductors & Conduit  
 Customer Related 83%  
 Demand Related 17%  
 Line Transformers  
 Customer Related 76%  
 Demand Related 24%  
 Services  
 Meters  
 Installation on Customer Premise  
 Street Light & Signal System  
 Total Distribution Plant  
 General, Common & Intangible Plant  
 Acquisition Adjustment  
 Total Electric Plant in Service

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	Small Municipal Rate 40			Total Sm Municipal Rate 40
		Prod. & Trans.	Demand Distribution	Energy Customer	
Less: Accumulated Depreciation					
Production Plant	144,735	453	0	0	453
Wind Production Plant	4,737	14	0	0	14
Total Production Plant	149,472	467	0	0	467
Transmission Plant	53,529	167	0	0	167
Distribution Plant					
Rights of Way	110	0	0	0	0
Station Equipment	11,323	0	35	0	35
Poles, OH & UG Conductors & Conduit	28,025	0	15	0	117
Line Transformers	11,662	0	9	0	99
Services	12,061	0	0	0	60
Meters	1,623	0	0	0	10
Installation on Customer Premise	502	0	0	0	0
Street Light & Signal System	1,958	0	0	0	0
Total Distribution Plant	67,264	0	59	0	262
General, Common & Intangible Plant	25,545	59	7	0	91
Acquisition Adjustment	6,683	21	0	0	21
Less: Total Accumulated Reserve for Depreciation	302,493	714	66	0	1,067
Net Electric Plant in Service	312,730	708	96	0	1,107
Additions					
Materials & Supplies	5,077	12	1	0	18
Prepayments	373	1	0	0	1

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	Small Municipal Rate 40			Total Sm Municipal Rate 40
		Demand Prod. & Trans.	Demand Distribution	Energy	
1	2,955	0	0	8	8
26	4,556	11	1	0	16
2	1,547	5	0	0	5
2	(353)	(1)	0	0	(1)
	14,155	28	2	8	47
	326,885	736	98	8	1,154
<b>Deductions</b>					
26	49,973	116	13	0	177
26	0	0	0	0	0
26	227	1	0	0	1
	50,200	117	13	0	178
	276,685	619	85	8	976
	6.166%				2.66%

Rate of Return - Per Books

Electric Operating Revenues  
Retail Sales

Residential	45,802	0	0	0	0
Small General Electric Service	8,259	0	0	0	0
Irrigation	45	0	0	0	0
Large General Service - Primary	5,278	0	0	0	0
Large General Service - Secondary	41,418	0	0	0	0
TOD Large General Service	537	0	0	0	0

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Small Municipal Rate 40			Total Sm Municipal Rate 40
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
Space Heating - Secondary	1,854	0	0	0	0
Small Municipal Electric Service	310	0	46	195	310
Municipal Lighting - Primary	111	0	0	0	0
Municipal Lighting - Secondary	1,302	0	0	0	0
Municipal Pumping - Primary	418	0	0	0	0
Municipal Pumping - Secondary	1,281	0	0	0	0
Outdoor Lighting	494	0	0	0	0
Interruptible Power Service	173	0	0	0	0
Interruptible Demand Response	911	0	0	0	0
Contracts	2,732	4	0	3	9
<b>Total Electric Retail Sales Revenues</b>	<b>110,925</b>	<b>4</b>	<b>46</b>	<b>198</b>	<b>319</b>

Other Revenue							
Miscellaneous							
Reconnect Fees	7	9	0	0	0	0	0
NSF Check Fees	7	49	0	0	0	0	0
Other Miscellaneous Service Revenue	27	458	1	0	0	0	1
Rent from Electric Property							
Pole Attachments	15	128	0	0	0	0	0
Street Lights	Direct	472	0	0	0	0	0
Yard Lights	Direct	173	0	0	0	0	0
Joint Use Facilities	30	850	3	0	0	0	3
Miscellaneous	27	548	1	0	0	1	2
Other Electric Revenues							
Sales of Construction & Sundry Junk Material	14	23	0	0	0	0	0
Patronage Dividends	23	3	0	0	0	0	0

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Small Municipal Rate 40				Total Sm Municipal Rate 40
		Demand Prod. & Trans.	Demand Distribution	Energy	Customer	
Joint Use Agreements	40	0	0	0	0	0
Wheeling Fees	1,059	3	0	0	0	3
Miscellaneous	1,263	3	0	0	1	4
<b>Total Other Revenues</b>	<b>5,075</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>13</b>
<b>Total Operating Revenues</b>	<b>116,000</b>	<b>15</b>	<b>46</b>	<b>198</b>	<b>73</b>	<b>332</b>
<b>Operation &amp; Maintenance Expenses</b>						
Production Expense						
Fuel	28,055	0	0	79	0	79
Purchased Power - Energy	3,774	0	0	11	0	11
Purchased Power - Capacity	1,438	4	0	0	0	4
Other Production	15,650	49	0	0	0	49
<b>Total Production Expense</b>	<b>48,917</b>	<b>53</b>	<b>0</b>	<b>90</b>	<b>0</b>	<b>143</b>
Transmission Expense	5,305	17	0	0	0	17
Distribution Expense	5,966	0	6	0	23	29
Customer Accounts Expense	2,123	0	0	0	9	9
Customer Service & Info. Expense	292	0	0	0	1	1
Sales Expense	113	0	0	0	0	0
Administrative & General Expenses	11,036	25	2	0	12	39
<b>Total Electric O&amp;M Expenses</b>	<b>73,752</b>	<b>95</b>	<b>8</b>	<b>90</b>	<b>45</b>	<b>238</b>
<b>Total Operating Expenses</b>	<b>33,267</b>	<b>4</b>	<b>0</b>	<b>90</b>	<b>0</b>	<b>94</b>
Cost of Fuel & Purchased Power	40,485	91	8	0	45	144
Other O&M Expenses	73,752	95	8	90	45	238
<b>Total Operation &amp; Maintenance Expenses</b>						

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	Small Municipal Rate 40			Total Sm Municipal Rate 40
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
2	7,131	22	0	0	22
3	3,565	10	0	0	10
	10,696	32	0	0	32
2	2,105	7	0	0	7
4	5	0	0	0	0
4	899	0	3	0	3
15	1,644	0	1	6	7
19	826	0	1	6	7
10	358	0	0	2	2
8	272	0	0	2	2
Direct	26	0	0	0	0
Direct	95	0	0	0	0
	4,125	0	5	16	21
13	1,673	4	0	2	6
29	158	0	0	0	0
	18,757	43	5	18	66
29	908	3	0	0	3
30	650	2	0	0	2

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

	Allocation Factor	Small Municipal Rate 40				Total Sm Municipal Rate 40
		North Dakota	Demand Prod. & Trans.	Demand Distribution	Energy	
Distribution Plant	14	867	0	1	0	3
General, Common & Intangible Plant	13	211	0	0	0	0
Total Ad Valorem Taxes		2,636	5	1	0	3
Other Taxes						
Other Taxes - Payroll, Franchise, Other	23	2,000	4	0	0	2
Total Taxes Other Than Income Taxes		4,636	9	1	0	5
Total Operating Expense		97,145	147	14	90	68
Income Taxes						
Interest Expense	27	8,218	19	3	0	8
Taxable Income		10,637	(151)	29	108	(3)
Less: State Income Tax	44	681	(10)	2	7	0
Federal Taxable Income		9,956	(141)	27	101	(3)
Federal Income Tax						
@ Current Rate of 35%	35.00%	3,484	(49)	9	35	(1)
State Income Taxes	44	681	(10)	2	7	0
Credits and Adjustments						
Production Tax Credit	1	(2,237)	0	0	(6)	0
Full Normalization	26	(134)	0	0	0	0
Federal and State Income Taxes		1,794	(59)	11	36	(1)
Total Operating Expenses		98,939	88	25	126	67
Total Operating Income		17,061	(73)	21	72	6

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Municipal Lighting Primary Rate 41			Total Mun Lighting Pri Rate 41
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
2	240,264	158	0	0	158
3	71,938	77	0	0	77
	312,202	235	0	0	235
2	109,050	72	0	0	72
4	1,029	0	1	0	1
4	30,341	0	36	0	36
7	47,376	0	0	31	31
4	9,704	0	12	0	12
11	21,791	0	0	0	0
5	6,882	0	0	0	0
10	12,445	0	0	0	0
8	9,445	0	0	5	5
Direct	915	0	0	0	0
Direct	3,299	0	0	0	0
	143,227	0	49	0	36
13	43,582	24	4	0	31
29	7,162	5	0	0	5
	615,223	336	53	0	39
					428

**Rate Base**

Electric Plant in Service  
 Production Plant  
 Wind Production Plant  
 Total Production Plant  
 Transmission Plant  
 Distribution Plant  
 Land & Rights of Way  
 Station Equipment  
 Poles, OH & UG Conductors & Conduit  
 Customer Related 83%  
 Demand Related 17%  
 Line Transformers  
 Customer Related 76%  
 Demand Related 24%  
 Services  
 Meters  
 Installation on Customer Premise  
 Street Light & Signal System  
 Total Distribution Plant  
 General, Common & Intangible Plant  
 Acquisition Adjustment  
 Total Electric Plant in Service

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Municipal Lighting Primary Rate 41			Total Mun Lighting Pri Rate 41
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
2	144,735	95	0	0	95
3	4,737	5	0	0	5
	149,472	100	0	0	100
2	53,529	35	0	0	35
4	110	0	0	0	0
4	11,323	0	14	0	14
15	28,025	0	6	0	21
19	11,662	0	0	0	0
10	12,061	0	0	0	0
8	1,623	0	0	0	1
Direct	502	0	0	0	0
Direct	1,958	0	0	0	0
	67,264	0	20	0	16
13	25,545	14	2	0	18
29	6,683	5	0	0	5
	302,493	154	22	0	194
	312,730	182	31	0	234
13	5,077	3	0	0	3
26	373	0	0	0	0

Less: Accumulated Depreciation

Production Plant

Wind Production Plant

Total Production Plant

Transmission Plant

Distribution Plant

Rights of Way

Station Equipment

Poles, OH & UG Conductors & Conduit

Line Transformers

Services

Meters

Installation on Customer Premise

Street Light & Signal System

Total Distribution Plant

General, Common & Intangible Plant

Acquisition Adjustment

Less: Total Accumulated Reserve for Depreciation

Net Electric Plant in Service

Additions

Materials & Supplies

Prepayments

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Municipal Lighting Primary Rate 41			Total Mun Lighting Pri Rate 41
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
1	2,955	0	0	3	3
26	4,556	2	0	0	2
2	1,547	1	0	0	1
2	(353)	0	0	0	0
	14,155	6	0	3	9
	326,885	188	31	3	243
<b>Deductions</b>					
26	49,973	27	4	0	34
26	0	0	0	0	0
26	227	0	0	0	0
	50,200	27	4	0	34
	276,685	161	27	3	209

Rate of Return - Per Books 6.166% 13.88%

**Electric Operating Revenues**  
**Retail Sales**

Residential	45,802	0	0	0	0
Small General Electric Service	8,259	0	0	0	0
Irrigation	45	0	0	0	0
Large General Service - Primary	5,278	0	0	0	0
Large General Service - Secondary	41,418	0	0	0	0
TOD Large General Service	537	0	0	0	0

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Municipal Lighting Primary Rate 41			Total Mun Lighting Pri Rate 41
		Demand Prod. & Trans.	Demand Distribution	Energy	
Space Heating - Secondary	1,854	0	0	0	0
Small Municipal Electric Service	310	0	0	0	0
Municipal Lighting - Primary	111	0	0	111	111
Municipal Lighting - Secondary	1,302	0	0	0	0
Municipal Pumping - Primary	418	0	0	0	0
Municipal Pumping - Secondary	1,281	0	0	0	0
Outdoor Lighting	494	0	0	0	0
Interruptible Power Service	173	0	0	0	0
Interruptible Demand Response	911	0	0	0	0
Contracts	2,732	1	0	1	2
<b>Total Electric Retail Sales Revenues</b>	<b>110,925</b>	<b>1</b>	<b>0</b>	<b>112</b>	<b>113</b>
<b>Other Revenue</b>					
Miscellaneous					
Reconnect Fees	9	0	0	0	0
NSF Check Fees	49	0	0	0	0
Other Miscellaneous Service Revenue	458	0	0	0	0
Rent from Electric Property					
Pole Attachments	128	0	0	0	0
Street Lights	472	0	0	0	0
Yard Lights	173	0	0	0	0
Joint Use Facilities	850	1	0	0	1
Miscellaneous	548	0	0	0	0
Other Electric Revenues					
Sales of Construction & Sundry Junk Material	23	0	0	0	0
Patronage Dividends	3	0	0	0	0

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Municipal Lighting Primary Rate 41			Total Mun Lighting Pri Rate 41
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
30	40	0	0	0	0
30	1,059	1	0	0	1
23	1,263	1	0	0	1
	5,075	3	0	0	3
<b>Total Operating Revenues</b>	116,000	4	0	112	0
<b>Operation &amp; Maintenance Expenses</b>					
Production Expense					
Fuel	28,055	0	0	33	0
Purchased Power - Energy	3,774	0	0	4	0
Purchased Power - Capacity	1,438	1	0	0	0
Other Production	15,650	10	0	0	0
<b>Total Production Expense</b>	48,917	11	0	37	0
Transmission Expense	5,305	3	0	0	0
Distribution Expense	5,966	0	2	0	1
Customer Accounts Expense	2,123	0	0	0	1
Customer Service & Info. Expense	292	0	0	0	0
Sales Expense	113	0	0	0	0
Administrative & General Expenses	11,036	5	1	0	1
<b>Total Electric O&amp;M Expenses</b>	73,752	19	3	37	3
<b>Total Operating Expenses</b>	33,267	1	0	37	0
Cost of Fuel & Purchased Power	40,485	18	3	0	3
Other O&M Expenses	73,752	19	3	37	3
<b>Total Operation &amp; Maintenance Expenses</b>					

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Municipal Lighting Primary Rate 41		Energy	Customer	Total Mun Lighting Pri Rate 41
		Demand Prod. & Trans.	Demand Distribution			
2	7,131	5	0	0	0	5
3	3,565	4	0	0	0	4
	10,696	9	0	0	0	9
2	2,105	1	0	0	0	1
4	5	0	0	0	0	0
4	899	0	1	0	0	1
15	1,644	0	0	0	1	1
19	826	0	0	0	0	0
10	358	0	0	0	0	0
8	272	0	0	0	0	0
Direct	26	0	0	0	0	0
Direct	95	0	0	0	0	0
	4,125	0	1	0	1	2
13	1,673	1	0	0	0	1
29	158	0	0	0	0	0
	18,757	11	1	0	1	13
29	908	1	0	0	0	1
30	650	0	0	0	0	0

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Municipal Lighting Primary Rate 41			Total Mun Lighting Pri Rate 41
		Demand Prod. & Trans.	Demand Distribution	Energy	
14	867	0	0	0	0
13	211	0	0	0	0
	2,636	1	0	0	1
23	2,000	1	0	0	1
	4,636	2	0	0	2
	97,145	32	4	37	77
27	8,218	5	1	0	7
	10,637	(33)	(5)	75	(5)
44	681	(2)	0	5	3
	9,956	(31)	(5)	70	(5)
35.00%	3,484	(11)	(2)	25	(2)
44	681	(2)	0	5	3
1	(2,237)	0	0	(3)	(3)
26	(134)	0	0	0	0
	1,794	(13)	(2)	27	(2)
	98,939	19	2	64	87
	17,061	(15)	(2)	48	(2)

Distribution Plant  
 General, Common & Intangible Plant  
 Total Ad Valorem Taxes  
 Other Taxes  
 Other Taxes - Payroll, Franchise, Other  
 Total Taxes Other Than Income Taxes  
 Total Operating Expense  
 Income Taxes  
 Interest Expense  
 Taxable Income  
 Less: State Income Tax  
 Federal Taxable Income  
 Federal Income Tax  
 @ Current Rate of 35%  
 State Income Taxes  
 Credits and Adjustments  
 Production Tax Credit  
 Full Normalization  
 Federal and State Income Taxes  
 Total Operating Expenses  
 Total Operating Income

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	Municipal Lighting Secondary Rate 41			Total Mun Lighting Sec Rate 41
		Demand Prod. & Trans.	Demand Distribution	Energy	
2	240,264	1,615	0	0	1,615
3	71,938	792	0	0	792
	<u>312,202</u>	<u>2,407</u>	<u>0</u>	<u>0</u>	<u>2,407</u>
2	109,050	733	0	0	733
4	1,029	0	13	0	13
4	30,341	0	378	0	378
7	47,376	0	0	0	271
4	9,704	0	121	0	121
11	21,791	0	0	0	382
5	6,882	0	92	0	92
10	12,445	0	0	0	177
8	9,445	0	0	0	30
Direct	915	0	0	0	0
Direct	3,299	0	0	0	3,299
	<u>143,227</u>	<u>0</u>	<u>604</u>	<u>0</u>	<u>4,159</u>
13	43,582	242	47	0	610
29	7,162	55	0	0	55
	<u>615,223</u>	<u>3,437</u>	<u>651</u>	<u>0</u>	<u>8,568</u>

**Rate Base**

Electric Plant in Service

Production Plant

Wind Production Plant

Total Production Plant

Transmission Plant

Distribution Plant

Land & Rights of Way

Station Equipment

Poles, OH & UG Conductors & Conduit

Customer Related 83%

Demand Related 17%

Line Transformers

Customer Related 76%

Demand Related 24%

Services

Meters

Installation on Customer Premise

Street Light & Signal System

Total Distribution Plant

General, Common & Intangible Plant

Acquisition Adjustment

Total Electric Plant in Service

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Municipal Lighting Secondary Rate 41			Total Mun Lighting Sec Rate 41
		Demand Prod. & Trans.	Demand Distribution	Energy	
2	144,735	973	0	0	973
3	4,737	52	0	0	52
	149,472	1,025	0	0	1,025
2	53,529	360	0	0	360
4	110	0	1	0	1
4	11,323	0	141	0	141
15	28,025	0	59	0	133
19	11,662	0	37	0	155
10	12,061	0	0	0	172
8	1,623	0	0	0	5
Direct	502	0	0	0	0
Direct	1,958	0	0	0	1,958
	67,264	0	238	0	2,423
13	25,545	142	27	0	188
29	6,683	52	0	0	52
	302,493	1,579	265	0	2,611
	312,730	1,858	386	0	1,869
13	5,077	28	5	0	37
26	373	2	0	0	3

Less: Accumulated Depreciation  
 Production Plant  
 Wind Production Plant  
 Total Production Plant  
 Transmission Plant  
 Distribution Plant  
 Rights of Way  
 Station Equipment  
 Poles, OH & UG Conductors & Conduit  
 Line Transformers  
 Services  
 Meters  
 Installation on Customer Premise  
 Street Light & Signal System  
 Total Distribution Plant

General, Common & Intangible Plant  
 Acquisition Adjustment  
 Less: Total Accumulated Reserve for Depreciation

Net Electric Plant in Service

Additions  
 Materials & Supplies  
 Prepayments

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Municipal Lighting Secondary Rate 41			Total Mun Lighting Sec Rate 41
		Demand Prod. & Trans.	Demand Distribution	Energy	
1	2,955	0	0	36	36
26	4,556	25	5	0	33
2	1,547	10	0	0	10
2	(353)	(2)	0	0	(2)
	14,155	63	10	36	182
<b>Total Before Deductions</b>	<b>326,885</b>	<b>1,921</b>	<b>396</b>	<b>36</b>	<b>1,942</b>
<b>Deductions</b>					
Accumulated Deferred Income Tax	49,973	279	53	0	364
Accumulated Investment Tax Credit	0	0	0	0	0
Customer Advances For Construction	227	1	0	0	2
<b>Total Deductions</b>	<b>50,200</b>	<b>280</b>	<b>53</b>	<b>0</b>	<b>366</b>
<b>Total Rate Base</b>	<b>276,685</b>	<b>1,641</b>	<b>343</b>	<b>36</b>	<b>1,576</b>

Rate of Return - Per Books      6.166%      12.65%

Electric Operating Revenues	Rate of Return - Per Books
Retail Sales	
Residential	0
Small General Electric Service	0
Irrigation	0
Large General Service - Primary	0
Large General Service - Secondary	0
TOD Large General Service	0

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Municipal Lighting Secondary Rate 41			Total Mun Lighting Sec Rate 41
		Demand Prod. & Trans.	Demand Distribution	Energy	
Space Heating - Secondary	1,854	0	0	0	0
Small Municipal Electric Service	310	0	0	0	0
Municipal Lighting - Primary	111	0	0	0	0
Municipal Lighting - Secondary	1,302	0	0	1,302	1,302
Municipal Pumping - Primary	418	0	0	0	0
Municipal Pumping - Secondary	1,281	0	0	0	0
Outdoor Lighting	494	0	0	0	0
Interruptible Power Service	173	0	0	0	0
Interruptible Demand Response	911	0	0	0	0
Contracts	2,732	9	2	14	34
<b>Total Electric Retail Sales Revenues</b>	<b>110,925</b>	<b>9</b>	<b>2</b>	<b>1,316</b>	<b>1,336</b>

Other Revenue						
Miscellaneous						
Reconnect Fees	7	9	0	0	0	0
NSF Check Fees	7	49	0	0	0	0
Other Miscellaneous Service Revenue	27	458	3	1	3	7
Rent from Electric Property						
Pole Attachments	15	128	0	0	1	1
Street Lights	Direct	472	0	0	472	472
Yard Lights	Direct	173	0	0	0	0
Joint Use Facilities	30	850	6	0	0	6
Miscellaneous	27	548	3	1	3	7
Other Electric Revenues						
Sales of Construction & Sundry Junk Material	14	23	0	0	1	1
Patronage Dividends	23	3	0	0	0	0

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total		Municipal Lighting Secondary Rate 41			Total Mun Lighting Sec Rate 41
	North Dakota	Demand Prod. & Trans.	Demand Distribution	Energy	Customer	
Joint Use Agreements	40	0	0	0	0	0
Wheeling Fees	1,059	7	0	0	0	7
Miscellaneous	1,263	6	1	0	8	15
<b>Total Other Revenues</b>	<b>5,075</b>	<b>25</b>	<b>3</b>	<b>0</b>	<b>488</b>	<b>516</b>
<b>Total Operating Revenues</b>	<b>116,000</b>	<b>34</b>	<b>5</b>	<b>1,316</b>	<b>497</b>	<b>1,852</b>
<b>Operation &amp; Maintenance Expenses</b>						
Production Expense						
Fuel	28,055	0	0	339	0	339
Purchased Power - Energy	3,774	0	0	46	0	46
Purchased Power - Capacity	1,438	10	0	0	0	10
Other Production	15,650	105	0	0	0	105
<b>Total Production Expense</b>	<b>48,917</b>	<b>115</b>	<b>0</b>	<b>385</b>	<b>0</b>	<b>500</b>
Transmission Expense	5,305	36	0	0	0	36
Distribution Expense	5,966	0	25	0	173	198
Customer Accounts Expense	2,123	0	0	0	18	18
Customer Service & Info. Expense	292	0	0	0	2	2
Sales Expense	113	0	0	0	1	1
Administrative & General Expenses	11,036	53	9	0	73	135
<b>Total Electric O&amp;M Expenses</b>	<b>73,752</b>	<b>204</b>	<b>34</b>	<b>385</b>	<b>267</b>	<b>890</b>
<b>Total Operating Expenses</b>	<b>33,267</b>	<b>10</b>	<b>0</b>	<b>385</b>	<b>0</b>	<b>395</b>
<b>Cost of Fuel &amp; Purchased Power</b>	<b>40,485</b>	<b>194</b>	<b>34</b>	<b>0</b>	<b>267</b>	<b>495</b>
<b>Other O&amp;M Expenses</b>	<b>73,752</b>	<b>204</b>	<b>34</b>	<b>385</b>	<b>267</b>	<b>890</b>
<b>Total Operation &amp; Maintenance Expenses</b>						



**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study**

**Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	Municipal Lighting Secondary Rate 41				Total Mun Lighting Sec Rate 41
		Demand Prod. & Trans.	Demand Distribution	Energy	Customer	
14	867	0	4	0	25	29
13	211	1	0	0	2	3
	2,636	12	4	0	27	43
23	2,000	10	2	0	13	25
	4,636	22	6	0	40	68
	97,145	337	59	385	439	1,220
27	8,218	49	10	0	49	108
	10,637	(352)	(64)	931	9	524
44	681	(23)	(4)	60	1	34
	9,956	(329)	(60)	871	8	490
35.00%	3,484	(115)	(21)	305	3	172
44	681	(23)	(4)	60	1	34
1	(2,237)	0	0	(27)	0	(27)
26	(134)	(1)	0	0	(1)	(2)
	1,794	(139)	(25)	338	3	177
	98,939	198	34	723	442	1,397
	17,061	(164)	(29)	593	55	455

Distribution Plant  
 General, Common & Intangible Plant  
 Total Ad Valorem Taxes  
 Other Taxes  
 Other Taxes - Payroll, Franchise, Other  
 Total Taxes Other Than Income Taxes  
 Total Operating Expense  
 Income Taxes  
 Interest Expense  
 Taxable Income  
 Less: State Income Tax  
 Federal Taxable Income  
 Federal Income Tax  
 @ Current Rate of 35%  
 State Income Taxes  
 Credits and Adjustments  
 Production Tax Credit  
 Full Normalization  
 Federal and State Income Taxes  
 Total Operating Expenses  
 Total Operating Income

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	Municipal Pumping Primary Rate 48			Total Mun Pumping Pri Rate 48
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
2	240,264	1,331	0	0	1,331
3	71,938	405	0	0	405
	312,202	1,736	0	0	1,736
2	109,050	604	0	0	604
4	1,029	0	5	0	5
4	30,341	0	161	0	161
7	47,376	0	0	0	2
4	9,704	0	51	0	51
11	21,791	0	0	0	0
5	6,882	0	0	0	0
10	12,445	0	0	0	0
8	9,445	0	0	0	15
Direct	915	0	0	0	0
Direct	3,299	0	0	0	0
	143,227	0	217	0	234
13	43,582	181	17	0	199
29	7,162	40	0	0	40
	615,223	2,561	234	0	2,813

**Rate Base**

Electric Plant in Service  
 Production Plant  
 Wind Production Plant  
 Total Production Plant  
 Transmission Plant  
 Distribution Plant  
 Land & Rights of Way  
 Station Equipment  
 Poles, OH & UG Conductors & Conduit  
 Customer Related 83%  
 Demand Related 17%  
 Line Transformers  
 Customer Related 76%  
 Demand Related 24%  
 Services  
 Meters  
 Installation on Customer Premise  
 Street Light & Signal System  
 Total Distribution Plant  
 General, Common & Intangible Plant  
 Acquisition Adjustment  
 Total Electric Plant in Service

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Municipal Pumping Primary Rate 48			Total Mun Pumping Pri Rate 48
		Demand Prod. & Trans.	Demand Distribution	Energy	
2	144,735	802	0	0	802
3	4,737	27	0	0	27
	149,472	829	0	0	829
2	53,529	297	0	0	297
4	110	0	1	0	1
4	11,323	0	60	0	60
15	28,025	0	25	0	26
19	11,662	0	0	0	0
10	12,061	0	0	0	0
8	1,623	0	0	0	0
Direct	502	0	0	0	3
Direct	1,958	0	0	0	0
	67,264	0	86	0	4
13	25,545	106	10	0	117
29	6,683	37	0	0	37
	302,493	1,269	96	0	1,370
	312,730	1,292	138	0	1,443
13	5,077	21	2	0	23
26	373	2	0	0	2

Less: Accumulated Depreciation

Production Plant

Wind Production Plant

Total Production Plant

Transmission Plant

Distribution Plant

Rights of Way

Station Equipment

Poles, OH & UG Conductors & Conduit

Line Transformers

Services

Meters

Installation on Customer Premise

Street Light & Signal System

Total Distribution Plant

General, Common & Intangible Plant

Acquisition Adjustment

Less: Total Accumulated Reserve for Depreciation

Net Electric Plant in Service

Additions

Materials & Supplies

Prepayments

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Municipal Pumping Primary Rate 48			Total Mun Pumping Pri Rate 48
		Demand Prod. & Trans.	Demand Distribution	Energy	
1	2,955	0	0	17	17
26	4,556	19	2	0	21
2	1,547	9	0	0	9
2	(353)	(2)	0	0	(2)
	14,155	49	4	17	70
	326,885	1,341	142	17	1,513
<b>Deductions</b>					
26	49,973	208	19	0	228
26	0	0	0	0	0
26	227	1	0	0	1
	50,200	209	19	0	229
	276,685	1,132	123	17	1,284

Rate of Return - Per Books 6.166% 1.56%

**Electric Operating Revenues**  
**Retail Sales**

Residential	45,802	0	0	0	0
Small General Electric Service	8,259	0	0	0	0
Irrigation	45	0	0	0	0
Large General Service - Primary	5,278	0	0	0	0
Large General Service - Secondary	41,418	0	0	0	0
TOD Large General Service	537	0	0	0	0

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Municipal Pumping Primary Rate 48			Total Mun Pumping Pri Rate 48
		Demand Prod. & Trans.	Demand Distribution	Energy	
Space Heating - Secondary	1,854	0	0	0	0
Small Municipal Electric Service	310	0	0	0	0
Municipal Lighting - Primary	111	0	0	0	0
Municipal Lighting - Secondary	1,302	0	0	0	0
Municipal Pumping - Primary	418	0	54	364	418
Municipal Pumping - Secondary	1,281	0	0	0	0
Outdoor Lighting	494	0	0	0	0
Interruptible Power Service	173	0	0	0	0
Interruptible Demand Response	911	0	0	0	0
Contracts	2,732	6	1	7	14
<b>Total Electric Retail Sales Revenues</b>	<b>110,925</b>	<b>6</b>	<b>55</b>	<b>371</b>	<b>432</b>
Other Revenue					
Miscellaneous					
Reconnect Fees	9	0	0	0	0
NSF Check Fees	49	0	0	0	0
Other Miscellaneous Service Revenue	458	2	0	0	2
Rent from Electric Property					
Pole Attachments	128	0	0	0	0
Street Lights	472	0	0	0	0
Yard Lights	173	0	0	0	0
Joint Use Facilities	850	5	0	0	5
Miscellaneous	548	2	0	0	2
Other Electric Revenues					
Sales of Construction & Sundry Junk Material	23	0	0	0	0
Patronage Dividends	3	0	0	0	0



**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	Municipal Pumping Primary Rate 48			Total Mun Pumping Pri Rate 48
		Prod. & Trans.	Demand Distribution	Energy	
2	7,131	40	0	0	40
3	3,565	20	0	0	20
	10,696	60	0	0	60
2	2,105	12	0	0	12
4	5	0	0	0	0
4	899	0	5	0	5
15	1,644	0	1	0	1
19	826	0	0	0	0
10	358	0	0	0	0
8	272	0	0	0	0
Direct	26	0	0	0	0
Direct	95	0	0	0	0
	4,125	0	6	0	6
13	1,673	7	1	0	8
29	158	1	0	0	1
	18,757	80	7	0	87
29	908	5	0	0	5
30	650	4	0	0	4

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Municipal Pumping Primary Rate 48			Total Mun Pumping Rate 48
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
14	867	0	1	0	1
13	211	1	0	0	1
	2,636	10	1	0	11
<b>Distribution Plant</b>					
23	2,000	8	1	0	9
<b>General, Common &amp; Intangible Plant</b>					
	4,636	18	2	0	20
<b>Total Ad Valorem Taxes</b>					
	97,145	265	21	180	467
<b>Other Taxes</b>					
<b>Other Taxes - Payroll, Franchise, Other</b>					
	2,000	8	1	0	9
<b>Total Taxes Other Than Income Taxes</b>					
	97,145	265	21	180	467
<b>Total Operating Expense</b>					
	8,218	34	4	0	38
27	8,218	34	4	0	38
<b>Income Taxes</b>					
	10,637	(273)	30	191	(53)
27	10,637	(273)	30	191	(53)
<b>Interest Expense</b>					
	681	(17)	2	12	(3)
44	681	(17)	2	12	(3)
<b>Taxable Income</b>					
	9,956	(256)	28	179	(50)
	9,956	(256)	28	179	(50)
<b>Less: State Income Tax</b>					
	3,484	(90)	10	63	(18)
	3,484	(90)	10	63	(18)
<b>Federal Taxable Income</b>					
	681	(17)	2	12	(3)
35.00%	681	(17)	2	12	(3)
44	681	(17)	2	12	(3)
<b>Federal Income Tax @ Current Rate of 35%</b>					
	(2,237)	0	0	(13)	(13)
1	(2,237)	0	0	(13)	(13)
<b>State Income Taxes Credits and Adjustments</b>					
	(134)	(1)	0	0	(1)
26	(134)	(1)	0	0	(1)
<b>Production Tax Credit Full Normalization</b>					
	1,794	(108)	12	62	(35)
	1,794	(108)	12	62	(35)
<b>Federal and State Income Taxes</b>					
	98,939	157	33	242	432
	98,939	157	33	242	432
<b>Total Operating Expenses</b>					
	17,061	(131)	22	129	20
	17,061	(131)	22	129	20
<b>Total Operating Income</b>					

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	Municipal Pumping Secondary Rate 48			Total Mun Pumping Sec Rate 48
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
2	240,264	3,386	0	0	3,386
3	71,938	1,023	0	0	1,023
	312,202	4,409	0	0	4,409
2	109,050	1,537	0	0	1,537
4	1,029	0	14	0	14
4	30,341	0	411	0	411
7	47,376	0	0	0	191
4	9,704	0	131	0	131
11	21,791	0	0	0	533
5	6,882	0	100	0	100
10	12,445	0	0	0	72
8	9,445	0	0	0	118
Direct	915	0	0	0	0
Direct	3,299	0	0	0	0
	143,227	0	656	0	914
13	43,582	459	51	0	71
29	7,162	101	0	0	0
	615,223	6,506	707	0	985
					8,198

**Rate Base**

Electric Plant in Service  
 Production Plant  
 Wind Production Plant  
 Total Production Plant  
 Transmission Plant  
 Distribution Plant  
 Land & Rights of Way  
 Station Equipment  
 Poles, OH & UG Conductors & Conduit  
 Customer Related 83%  
 Demand Related 17%  
 Line Transformers  
 Customer Related 76%  
 Demand Related 24%  
 Services  
 Meters  
 Installation on Customer Premise  
 Street Light & Signal System  
 Total Distribution Plant  
 General, Common & Intangible Plant  
 Acquisition Adjustment  
 Total Electric Plant in Service

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	Municipal Pumping Secondary Rate 48			Total Mun Pumping Sec Rate 48
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
2	144,735	2,040	0	0	2,040
3	4,737	67	0	0	67
	149,472	2,107	0	0	2,107
2	53,529	754	0	0	754
4	110	0	1	0	1
4	11,323	0	153	0	153
15	28,025	0	64	94	158
19	11,662	0	41	217	258
10	12,061	0	0	69	69
8	1,623	0	0	20	20
Direct	502	0	0	0	0
Direct	1,958	0	0	0	0
	67,264	0	259	0	659
13	25,545	269	30	41	340
29	6,683	94	0	0	94
	302,493	3,224	289	441	3,954
	312,730	3,282	418	544	4,244
13	5,077	53	6	8	67
26	373	4	0	1	5

**Less: Accumulated Depreciation**

Production Plant	
Wind Production Plant	
Total Production Plant	
Transmission Plant	
Distribution Plant	
Rights of Way	
Station Equipment	
Poles, OH & UG Conductors & Conduit	
Line Transformers	
Services	
Meters	
Installation on Customer Premise	
Street Light & Signal System	
Total Distribution Plant	

General, Common & Intangible Plant  
Acquisition Adjustment

**Less: Total Accumulated Reserve for Depreciation**

Net Electric Plant in Service

**Additions**

Materials & Supplies  
Prepayments

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study**

**Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	Municipal Pumping Secondary Rate 48				Total Mun Pumping Sec Rate 48
		Prod. & Trans.	Demand Distribution	Energy	Customer	
1	2,955	0	0	42	0	42
26	4,556	48	5	0	7	60
2	1,547	22	0	0	0	22
2	(353)	(5)	0	0	0	(5)
	14,155	122	11	42	16	191
<b>Total Before Deductions</b>	<b>326,885</b>	<b>3,404</b>	<b>429</b>	<b>42</b>	<b>560</b>	<b>4,435</b>
<b>Deductions</b>						
Accumulated Deferred Income Tax	49,973	528	57	0	80	665
Accumulated Investment Tax Credit	0	0	0	0	0	0
Customer Advances For Construction	227	2	0	0	0	2
<b>Total Deductions</b>	<b>50,200</b>	<b>530</b>	<b>57</b>	<b>0</b>	<b>80</b>	<b>667</b>
<b>Total Rate Base</b>	<b>276,685</b>	<b>2,874</b>	<b>372</b>	<b>42</b>	<b>480</b>	<b>3,768</b>

Rate of Return - Per Books 3.24%

Electric Operating Revenues	Rate of Return
Retail Sales	6.166%
Residential	0
Small General Electric Service	0
Irrigation	0
Large General Service - Primary	0
Large General Service - Secondary	0
TOD Large General Service	0

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Municipal Pumping Secondary Rate 48			Total Mun Pumping Sec Rate 48
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
Space Heating - Secondary	1,854	0	0	0	0
Small Municipal Electric Service	310	0	0	0	0
Municipal Lighting - Primary	111	0	0	0	0
Municipal Lighting - Secondary	1,302	0	0	0	0
Municipal Pumping - Primary	418	0	0	0	0
Municipal Pumping - Secondary	1,281	0	328	915	1,281
Outdoor Lighting	494	0	0	0	0
Interruptible Power Service	173	0	0	0	0
Interruptible Demand Response	911	0	0	0	0
Contracts	2,732	16	2	17	38
<b>Total Electric Retail Sales Revenues</b>	<b>110,925</b>	<b>16</b>	<b>330</b>	<b>932</b>	<b>1,319</b>
<b>Other Revenue</b>					
Miscellaneous					
Reconnect Fees	9	0	0	0	0
NSF Check Fees	49	0	0	0	0
Other Miscellaneous Service Revenue	458	5	1	0	7
Rent from Electric Property					
Pole Attachments	128	0	0	0	0
Street Lights	472	0	0	0	0
Yard Lights	173	0	0	0	0
Joint Use Facilities	850	12	0	0	12
Miscellaneous	548	6	1	0	8
Other Electric Revenues					
Sales of Construction & Sundry Junk Material	23	0	0	0	0
Patronage Dividends	3	0	0	0	0

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Municipal Pumping Secondary Rate 48			Total Mun Pumping Sec Rate 48
		Demand Prod. & Trans.	Demand Distribution	Energy	
Joint Use Agreements	40	1	0	0	0
Wheeling Fees	1,059	15	0	0	0
Miscellaneous	1,263	13	1	0	2
<b>Total Other Revenues</b>	<b>5,075</b>	<b>52</b>	<b>3</b>	<b>0</b>	<b>4</b>
<b>Total Operating Revenues</b>	<b>116,000</b>	<b>68</b>	<b>333</b>	<b>932</b>	<b>45</b>
<b>Operation &amp; Maintenance Expenses</b>					
Production Expense					
Fuel	28,055	0	0	400	0
Purchased Power - Energy	3,774	0	0	54	0
Purchased Power - Capacity	1,438	20	0	0	0
Other Production	15,650	221	0	0	0
<b>Total Production Expense</b>	<b>48,917</b>	<b>241</b>	<b>0</b>	<b>454</b>	<b>0</b>
Transmission Expense	5,305	75	0	0	0
Distribution Expense	5,966	0	27	0	38
Customer Accounts Expense	2,123	0	0	0	13
Customer Service & Info. Expense	292	0	0	0	2
Sales Expense	113	0	0	0	0
Administrative & General Expenses	11,036	111	10	0	20
<b>Total Electric O&amp;M Expenses</b>	<b>73,752</b>	<b>427</b>	<b>37</b>	<b>454</b>	<b>73</b>
<b>Total Operating Expenses</b>	<b>33,267</b>	<b>20</b>	<b>0</b>	<b>454</b>	<b>0</b>
Cost of Fuel & Purchased Power	40,485	407	37	0	73
Other O&M Expenses	73,752	427	37	454	73
<b>Total Operation &amp; Maintenance Expenses</b>	<b>991</b>	<b>991</b>	<b>991</b>	<b>991</b>	<b>991</b>

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	Municipal Pumping Secondary Rate 48			Total Mun Pumping Sec Rate 48
		Demand Prod. & Trans.	Demand Distribution	Energy	
2	7,131	100	0	0	0
3	3,565	51	0	0	0
	10,696	151	0	0	0
2	2,105	30	0	0	0
4	5	0	0	0	0
4	899	0	12	0	0
15	1,644	0	4	0	6
19	826	0	3	0	15
10	358	0	0	0	2
8	272	0	0	0	3
Direct	26	0	0	0	0
Direct	95	0	0	0	0
	4,125	0	19	0	26
13	1,673	18	2	0	3
29	158	2	0	0	0
	18,757	201	21	0	29
29	908	13	0	0	0
30	650	9	0	0	0

**Depreciation Expense**

Production Plant

Wind Production Plant

Total Production Plant

Transmission Plant

Distribution Plant

Rights of Way

Station Equipment

Poles, OH & UG Conductors & Conduit

Line Transformers

Services

Meters

Installation on Cust. Premises

Street Light & Signal Systems

Total Distribution Plant

General, Common & Intangible Plant

Acquisition Adjustment

Total Depreciation Expense

Taxes Other Than Income

Ad Valorem Taxes

Production Plant

Transmission Plant

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Municipal Pumping Secondary Rate 48				Total Mun Pumping Sec Rate 48
		Demand Prod. & Trans.	Demand Distribution	Energy	Customer	
14	867	0	4	0	6	10
13	211	2	0	0	0	2
	2,636	24	4	0	6	34
23	2,000	20	2	0	4	26
	4,636	44	6	0	10	60
	97,145	672	64	454	112	1,302
27	8,218	86	11	0	14	111
	10,637	(690)	258	478	(81)	(35)
44	681	(44)	17	31	(5)	(1)
	9,956	(646)	241	447	(76)	(34)
35.00%	3,484	(226)	84	156	(27)	(12)
44	681	(44)	17	31	(5)	(1)
1	(2,237)	0	0	(32)	0	(32)
26	(134)	(1)	0	0	0	(1)
	1,794	(271)	101	155	(32)	(46)
	98,939	401	165	609	80	1,256
	17,061	(333)	168	323	(35)	122

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Outdoor Lighting Rate 52			Total Outdoor Lighting Rate 52
		Demand	Energy	Customer	
		Prod. & Trans.	Distribution		
2	240,264	531	0	0	531
3	71,938	260	0	0	260
	<b>312,202</b>	<b>791</b>	<b>0</b>	<b>0</b>	<b>791</b>
2	109,050	241	0	0	241
4	1,029	0	3	0	3
4	30,341	0	102	0	102
7	47,376	0	0	0	0
4	9,704	0	33	0	33
11	21,791	0	0	0	0
5	6,882	0	25	0	25
10	12,445	0	0	586	586
8	9,445	0	0	22	22
Direct	915	0	0	915	915
Direct	3,299	0	0	0	0
	<b>143,227</b>	<b>0</b>	<b>163</b>	<b>1,523</b>	<b>1,686</b>
13	43,582	80	13	118	211
29	7,162	18	0	0	18
	<b>615,223</b>	<b>1,130</b>	<b>176</b>	<b>1,641</b>	<b>2,947</b>

**Rate Base**

Electric Plant in Service  
 Production Plant  
 Wind Production Plant  
 Total Production Plant  
 Transmission Plant  
 Distribution Plant  
 Land & Rights of Way  
 Station Equipment  
 Poles, OH & UG Conductors & Conduit  
 Customer Related 83%  
 Demand Related 17%  
 Line Transformers  
 Customer Related 76%  
 Demand Related 24%  
 Services  
 Meters  
 Installation on Customer Premise  
 Street Light & Signal System  
 Total Distribution Plant  
 General, Common & Intangible Plant  
 Acquisition Adjustment  
 Total Electric Plant in Service

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Outdoor Lighting Rate 52			Total Outdoor Lighting Rate 52
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
2	144,735	320	0	0	320
3	4,737	17	0	0	17
	149,472	337	0	0	337
2	53,529	118	0	0	118
4	110	0	0	0	0
4	11,323	0	38	0	38
15	28,025	0	16	0	16
19	11,662	0	10	0	10
10	12,061	0	0	0	568
8	1,623	0	0	0	4
Direct	502	0	0	0	502
Direct	1,958	0	0	0	0
	67,264	0	64	0	1,074
13	25,545	47	7	0	69
29	6,683	17	0	0	0
	302,493	519	71	0	1,143
	312,730	611	105	0	498
					1,733
					1,214
13	5,077	9	1	0	14
26	373	1	0	0	1

Less: Accumulated Depreciation  
 Production Plant  
 Wind Production Plant  
 Total Production Plant  
 Transmission Plant  
 Distribution Plant  
 Rights of Way  
 Station Equipment  
 Poles, OH & UG Conductors & Conduit  
 Line Transformers  
 Services  
 Meters  
 Installation on Customer Premise  
 Street Light & Signal System  
 Total Distribution Plant  
 General, Common & Intangible Plant  
 Acquisition Adjustment  
 Less: Total Accumulated Reserve for Depreciation  
 Net Electric Plant in Service  
 Additions  
 Materials & Supplies  
 Prepayments

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Outdoor Lighting Rate 52			Total Outdoor Lighting Rate 52
		Demand Prod. & Trans.	Demand Distribution	Energy	
1	2,955	0	0	12	12
26	4,556	8	1	0	21
2	1,547	3	0	0	3
2	(353)	(1)	0	0	(1)
	14,155	20	2	12	61
	326,885	631	107	12	525
	49,973	92	14	0	133
	0	0	0	0	0
	227	0	0	0	1
	50,200	92	14	0	134
	276,685	539	93	12	391
					1,275

Rate of Return - Per Books 6.166%

14.01%

**Electric Operating Revenues**  
**Retail Sales**

Residential	45,802	0	0	0	0	0
Small General Electric Service	8,259	0	0	0	0	0
Irrigation	45	0	0	0	0	0
Large General Service - Primary	5,278	0	0	0	0	0
Large General Service - Secondary	41,418	0	0	0	0	0
TOD Large General Service	537	0	0	0	0	0

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Outdoor Lighting Rate 52			Customer	Total Outdoor Lighting Rate 52
		Demand Prod. & Trans.	Demand Distribution	Energy		
Space Heating - Secondary	1,854	0	0	0	0	0
Small Municipal Electric Service	310	0	0	0	0	0
Municipal Lighting - Primary	111	0	0	0	0	0
Municipal Lighting - Secondary	1,302	0	0	0	0	0
Municipal Pumping - Primary	418	0	0	0	0	0
Municipal Pumping - Secondary	1,281	0	0	0	0	0
Outdoor Lighting	494	0	0	494	0	494
Interruptible Power Service	173	0	0	0	0	0
Interruptible Demand Response	911	0	0	0	0	0
Contracts	2,732	3	1	5	3	12
<b>Total Electric Retail Sales Revenues</b>	<b>110,925</b>	<b>3</b>	<b>1</b>	<b>499</b>	<b>3</b>	<b>506</b>

Other Revenue						
Miscellaneous						
Reconnect Fees	7	9	0	0	0	0
NSF Check Fees	7	49	0	0	0	0
Other Miscellaneous Service Revenue	27	458	1	0	1	2
Rent from Electric Property						
Pole Attachments	15	128	0	0	0	0
Street Lights	Direct	472	0	0	0	0
Yard Lights	Direct	173	0	0	173	173
Joint Use Facilities	30	850	2	0	0	2
Miscellaneous	27	548	1	0	1	2
Other Electric Revenues						
Sales of Construction & Sundry Junk Material	14	23	0	0	0	0
Patronage Dividends	23	3	0	0	0	0

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

	Allocation Factor	Total		Outdoor Lighting Rate 52			Total Outdoor Lighting Rate 52
		North Dakota	Total	Demand	Demand	Energy	
				Prod. & Trans.	Distribution	Customer	
Joint Use Agreements	30	40		0	0	0	0
Wheeling Fees	30	1,059		2	0	0	2
Miscellaneous	23	1,263		2	0	0	7
<b>Total Other Revenues</b>		<b>5,075</b>		<b>8</b>	<b>0</b>	<b>0</b>	<b>188</b>
<b>Total Operating Revenues</b>		<b>116,000</b>		<b>11</b>	<b>1</b>	<b>499</b>	<b>694</b>
<b>Operation &amp; Maintenance Expenses</b>							
Production Expense							
Fuel	1	28,055		0	0	111	111
Purchased Power - Energy	1	3,774		0	0	15	15
Purchased Power - Capacity	2	1,438		3	0	0	3
Other Production	2	15,650		35	0	0	35
<b>Total Production Expense</b>		<b>48,917</b>		<b>38</b>	<b>0</b>	<b>126</b>	<b>164</b>
Transmission Expense	2	5,305		12	0	0	12
Distribution Expense	14	5,966		0	7	0	70
Customer Accounts Expense	12	2,123		0	0	0	54
Customer Service & Info. Expense	12	292		0	0	0	7
Sales Expense	7	113		0	0	0	0
Administrative & General Expenses	24	11,036		18	3	0	46
<b>Total Electric O&amp;M Expenses</b>		<b>73,752</b>		<b>68</b>	<b>10</b>	<b>126</b>	<b>374</b>
<b>Total Operating Expenses</b>		<b>33,267</b>		<b>3</b>	<b>0</b>	<b>126</b>	<b>129</b>
Cost of Fuel & Purchased Power		40,485		65	10	0	245
Other O&M Expenses		73,752		68	10	126	374
<b>Total Operation &amp; Maintenance Expenses</b>							

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Outdoor Lighting Rate 52			Total Outdoor Lighting Rate 52
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
2	7,131	16	0	0	16
3	3,565	13	0	0	13
	10,696	29	0	0	29
2	2,105	5	0	0	5
4	5	0	0	0	0
4	899	0	3	0	3
15	1,644	0	1	0	1
19	826	0	1	0	1
10	358	0	0	17	17
8	272	0	0	1	1
Direct	26	0	0	26	26
Direct	95	0	0	0	0
	4,125	0	5	44	49
13	1,673	3	0	5	8
29	158	0	0	0	0
	18,757	37	5	49	91
29	908	2	0	0	2
30	650	1	0	0	1

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Outdoor Lighting Rate 52				Total Outdoor Lighting Rate 52
		Demand Prod. & Trans.	Demand Distribution	Energy	Customer	
14	867	0	1	0	9	10
13	211	0	0	0	1	1
	2,636	3	1	0	10	14
23	2,000	3	0	0	8	11
	4,636	6	1	0	18	25
	97,145	111	16	126	237	490
27	8,218	16	3	0	13	32
	10,637	(116)	(18)	373	(67)	172
44	681	(7)	(1)	24	(4)	12
	9,956	(109)	(17)	349	(63)	160
35.00%	3,484	(38)	(6)	122	(22)	56
44	681	(7)	(1)	24	(4)	12
1	(2,237)	0	0	(9)	0	(9)
26	(134)	0	0	0	0	0
	1,794	(45)	(7)	137	(26)	59
	98,939	66	9	263	211	549
	17,061	(55)	(8)	236	(28)	145

Distribution Plant  
General, Common & Intangible Plant  
Total Ad Valorem Taxes  
Other Taxes  
Other Taxes - Payroll, Franchise, Other  
Total Taxes Other Than Income Taxes  
Total Operating Expense  
Income Taxes  
Interest Expense  
Taxable Income  
Less: State Income Tax  
Federal Taxable Income  
Federal Income Tax  
@ Current Rate of 35%  
State Income Taxes  
Credits and Adjustments  
Production Tax Credit  
Full Normalization  
Federal and State Income Taxes  
Total Operating Expenses  
Total Operating Income

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	Interruptible Power Rate 39			Total Interruptible Rate 39
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
2	240,264	343	0	0	343
3	71,938	168	0	0	168
	312,202	511	0	0	511
2	109,050	156	0	0	156
4	1,029	0	2	0	2
4	30,341	0	64	0	64
7	47,376	0	0	0	1
4	9,704	0	21	0	21
11	21,791	0	0	0	0
5	6,882	0	0	0	0
10	12,445	0	0	0	0
8	9,445	0	0	0	6
Direct	915	0	0	0	0
Direct	3,299	0	0	0	0
	143,227	0	87	0	94
13	43,582	51	7	0	59
29	7,162	12	0	0	12
	615,223	730	94	0	832

**Rate Base**

Electric Plant in Service  
 Production Plant  
 Wind Production Plant  
 Total Production Plant  
 Transmission Plant  
 Distribution Plant  
 Land & Rights of Way  
 Station Equipment  
 Poles, OH & UG Conductors & Conduit  
 Customer Related 83%  
 Demand Related 17%  
 Line Transformers  
 Customer Related 76%  
 Demand Related 24%  
 Services  
 Meters  
 Installation on Customer Premise  
 Street Light & Signal System  
 Total Distribution Plant  
 General, Common & Intangible Plant  
 Acquisition Adjustment  
 Total Electric Plant in Service



**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Interruptible Power Rate 39			Total Interruptible Rate 39
		Demand Prod. & Trans.	Demand Distribution	Customer Energy	
Fuel Stocks	2,955	0	0	8	8
Unamortized Loss on Debt	4,556	5	1	0	6
Deferred Generation Costs	1,547	2	0	0	2
Decommission of Retired Plant	(353)	(1)	0	0	(1)
<b>Total Additions</b>	<b>14,155</b>	<b>12</b>	<b>2</b>	<b>8</b>	<b>22</b>
<b>Total Before Deductions</b>	<b>326,885</b>	<b>407</b>	<b>58</b>	<b>8</b>	<b>480</b>
<b>Deductions</b>					
Accumulated Deferred Income Tax	49,973	59	8	0	68
Accumulated Investment Tax Credit	0	0	0	0	0
Customer Advances For Construction	227	0	0	0	0
<b>Total Deductions</b>	<b>50,200</b>	<b>59</b>	<b>8</b>	<b>0</b>	<b>68</b>
<b>Total Rate Base</b>	<b>276,685</b>	<b>348</b>	<b>50</b>	<b>8</b>	<b>412</b>

Rate of Return - Per Books 6.166% 6.07%

**Electric Operating Revenues**  
**Retail Sales**

Residential	45,802	0	0	0	0
Small General Electric Service	8,259	0	0	0	0
Irrigation	45	0	0	0	0
Large General Service - Primary	5,278	0	0	0	0
Large General Service - Secondary	41,418	0	0	0	0
TOD Large General Service	537	0	0	0	0

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Interruptible Power Rate 39			Total Interruptible Rate 39
		Demand Prod. & Trans.	Demand Distribution	Energy	
Space Heating - Secondary	1,854	0	0	0	0
Small Municipal Electric Service	310	0	0	0	0
Municipal Lighting - Primary	111	0	0	0	0
Municipal Lighting - Secondary	1,302	0	0	0	0
Municipal Pumping - Primary	418	0	0	0	0
Municipal Pumping - Secondary	1,281	0	0	0	0
Outdoor Lighting	494	0	0	0	0
Interruptible Power Service	173	0	24	145	4
Interruptible Demand Response	911	0	0	0	0
Contracts	2,732	2	0	3	0
<b>Total Electric Retail Sales Revenues</b>	<b>110,925</b>	<b>2</b>	<b>24</b>	<b>148</b>	<b>4</b>
Other Revenue					
Miscellaneous					
Reconnect Fees	9	0	0	0	0
NSF Check Fees	49	0	0	0	0
Other Miscellaneous Service Revenue	458	1	0	0	1
Rent from Electric Property					
Pole Attachments	128	0	0	0	0
Street Lights	472	0	0	0	0
Yard Lights	173	0	0	0	0
Joint Use Facilities	850	1	0	0	1
Miscellaneous	548	1	0	0	1
Other Electric Revenues					
Sales of Construction & Sundry Junk Material	23	0	0	0	0
Patronage Dividends	3	0	0	0	0

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Projected 2010  
(000's)**

Allocation Factor	Total North Dakota	Interruptible Power Rate 39			Total Interruptible Rate 39
		Demand Prod. & Trans.	Demand Distribution	Energy	
Joint Use Agreements	40	0	0	0	0
Wheeling Fees	1,059	2	0	0	2
Miscellaneous	1,263	1	0	0	1
<b>Total Other Revenues</b>	<b>5,075</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>6</b>
<b>Total Operating Revenues</b>	<b>116,000</b>	<b>8</b>	<b>24</b>	<b>148</b>	<b>184</b>
<b>Operation &amp; Maintenance Expenses</b>					
Production Expense					
Fuel	28,055	0	0	72	72
Purchased Power - Energy	3,774	0	0	10	10
Purchased Power - Capacity	1,438	2	0	0	2
Other Production	15,650	22	0	0	22
<b>Total Production Expense</b>	<b>48,917</b>	<b>24</b>	<b>0</b>	<b>82</b>	<b>106</b>
Transmission Expense	5,305	8	0	0	8
Distribution Expense	5,966	0	4	0	4
Customer Accounts Expense	2,123	0	0	0	0
Customer Service & Info. Expense	292	0	0	0	0
Sales Expense	113	0	0	0	0
Administrative & General Expenses	11,036	11	1	0	12
<b>Total Electric O&amp;M Expenses</b>	<b>73,752</b>	<b>43</b>	<b>5</b>	<b>82</b>	<b>130</b>
<b>Total Operating Expenses</b>	<b>33,267</b>	<b>2</b>	<b>0</b>	<b>82</b>	<b>84</b>
<b>Cost of Fuel &amp; Purchased Power</b>	<b>40,485</b>	<b>41</b>	<b>5</b>	<b>0</b>	<b>46</b>
<b>Total Operation &amp; Maintenance Expenses</b>	<b>73,752</b>	<b>43</b>	<b>5</b>	<b>82</b>	<b>130</b>

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Interruptible Power Rate 39			Total Interruptible Rate 39
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
2	7,131	10	0	0	10
3	3,565	8	0	0	8
	10,696	18	0	0	18
2	2,105	3	0	0	3
4	5	0	0	0	0
4	899	0	2	0	2
15	1,644	0	1	0	1
19	826	0	0	0	0
10	358	0	0	0	0
8	272	0	0	0	0
Direct	26	0	0	0	0
Direct	95	0	0	0	0
	4,125	0	3	0	3
13	1,673	2	0	0	2
29	158	0	0	0	0
	18,757	23	3	0	26
<b>Depreciation Expense</b>					
Production Plant					
Wind Production Plant					
Total Production Plant					
Transmission Plant					
Distribution Plant					
Rights of Way					
Station Equipment					
Poles, OH & UG Conductors & Conduit					
Line Transformers					
Services					
Meters					
Installation on Cust. Premises					
Street Light & Signal Systems					
Total Distribution Plant					
General, Common & Intangible Plant					
Acquisition Adjustment					
Total Depreciation Expense					
<b>Taxes Other Than Income</b>					
Ad Valorem Taxes					
Production Plant					
Transmission Plant					

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

	Allocation Factor	Total		Interruptible Power Rate 39			Total Interruptible Rate 39
		North Dakota	Total	Demand Prod. & Trans.	Demand Distribution	Energy	
Distribution Plant	14	867	0	1	0	0	1
General, Common & Intangible Plant	13	211	0	0	0	0	0
Total Ad Valorem Taxes		2,636	2	1	0	0	3
Other Taxes							
Other Taxes - Payroll, Franchise, Other	23	2,000	2	0	0	0	2
Total Taxes Other Than Income Taxes		4,636	4	1	0	0	5
Total Operating Expense		97,145	70	9	82	0	161
Income Taxes							
Interest Expense	27	8,218	10	1	0	0	11
Taxable Income		10,637	(72)	14	66	4	12
Less: State Income Tax	44	681	(5)	1	4	0	0
Federal Taxable Income		9,956	(67)	13	62	4	12
Federal Income Tax							
@ Current Rate of 35%	35.00%	3,484	(23)	5	22	1	4
State Income Taxes	44	681	(5)	1	4	0	0
Credits and Adjustments							
Production Tax Credit	1	(2,237)	0	0	(6)	0	(6)
Full Normalization	26	(134)	0	0	0	0	0
Federal and State Income Taxes		1,794	(28)	6	20	1	(2)
Total Operating Expenses		98,939	42	15	102	1	159
Total Operating Income		17,061	(34)	9	46	3	25

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Projected 2010**  
**(000's)**

Allocation Factor	Total North Dakota	Interruptible Demand Response Rate 38			Total Demand Response Rate 38
		Demand Prod. & Trans.	Demand Distribution	Customer Energy	
2	240,264	1,553	0	0	1,553
3	71,938	761	0	0	761
	<u>312,202</u>	<u>2,314</u>	<u>0</u>	<u>0</u>	<u>2,314</u>
2	109,050	705	0	0	705
4	1,029	0	10	0	10
4	30,341	0	283	0	283
7	47,376	0	0	0	0
4	9,704	0	91	0	91
11	21,791	0	0	0	0
5	6,882	0	0	0	0
10	12,445	0	0	0	0
8	9,445	0	0	11	11
Direct	915	0	0	0	0
Direct	3,299	0	0	0	0
	<u>143,227</u>	<u>0</u>	<u>384</u>	<u>12</u>	<u>396</u>
13	43,582	233	30	1	264
29	7,162	53	0	0	53
	<u>615,223</u>	<u>3,305</u>	<u>414</u>	<u>13</u>	<u>3,732</u>

**Rate Base**

Electric Plant in Service  
 Production Plant  
 Wind Production Plant  
 Total Production Plant  
 Transmission Plant  
 Distribution Plant  
 Land & Rights of Way  
 Station Equipment  
 Poles, OH & UG Conductors & Conduit  
 Customer Related 83%  
 Demand Related 17%  
 Line Transformers  
 Customer Related 76%  
 Demand Related 24%  
 Services  
 Meters  
 Installation on Customer Premise  
 Street Light & Signal System  
 Total Distribution Plant  
 General, Common & Intangible Plant  
 Acquisition Adjustment  
 Total Electric Plant in Service

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
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**(000's)**

Allocation Factor	Total North Dakota	Interruptible Demand Response Rate 38			Total Demand Response Rate 38
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
2	144,735	936	0	0	936
3	4,737	50	0	0	50
	149,472	986	0	0	986
2	53,529	346	0	0	346
4	110	0	1	0	1
4	11,323	0	106	0	106
15	28,025	0	45	0	45
19	11,662	0	0	0	0
10	12,061	0	0	0	0
8	1,623	0	0	2	2
Direct	502	0	0	0	0
Direct	1,958	0	0	0	0
	67,264	0	152	2	154
13	25,545	137	17	1	155
29	6,683	50	0	0	50
	302,493	1,519	169	3	1,691
	312,730	1,786	245	10	2,041
13	5,077	27	3	0	30
26	373	2	0	0	2

Less: Accumulated Depreciation  
 Production Plant  
 Wind Production Plant  
 Total Production Plant  
 Transmission Plant  
 Distribution Plant  
 Rights of Way  
 Station Equipment  
 Poles, OH & UG Conductors & Conduit  
 Line Transformers  
 Services  
 Meters  
 Installation on Customer Premise  
 Street Light & Signal System  
 Total Distribution Plant  
 General, Common & Intangible Plant  
 Acquisition Adjustment  
 Less: Total Accumulated Reserve for Depreciation  
 Net Electric Plant in Service  
 Additions  
 Materials & Supplies  
 Prepayments

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Allocation Factor	Total North Dakota	Interruptible Demand Response Rate 38				Total IT Demand Response Rate 38
		Demand Prod. & Trans.	Demand Distribution	Energy	Customer	
Fuel Stocks	2,955	0	0	34	0	34
Unamortized Loss on Debt	4,556	24	3	0	0	27
Deferred Generation Costs	1,547	10	0	0	0	10
Decommission of Retired Plant	(353)	(2)	0	0	0	(2)
Total Additions	14,155	61	6	34	0	101
Total Before Deductions	326,885	1,847	251	34	10	2,142
Deductions						
Accumulated Deferred Income Tax	49,973	268	34	0	1	303
Accumulated Investment Tax Credit	0	0	0	0	0	0
Customer Advances For Construction	227	1	0	0	0	1
Total Deductions	50,200	269	34	0	1	304
Total Rate Base	276,685	1,578	217	34	9	1,838

6.166%

10.17%

Rate of Return - Per Books

Electric Operating Revenues  
Retail Sales

Residential	45,802	0	0	0	0	0
Small General Electric Service	8,259	0	0	0	0	0
Irrigation	45	0	0	0	0	0
Large General Service - Primary	5,278	0	0	0	0	0
Large General Service - Secondary	41,418	0	0	0	0	0
TOD Large General Service	537	0	0	0	0	0

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Allocation Factor	Total North Dakota	Interruptible Demand Response Rate 38				Total Demand Response Rate 38
		Demand Prod. & Trans.	Demand Distribution	Energy	Customer	
Space Heating - Secondary	1,854	0	0	0	0	0
Small Municipal Electric Service	310	0	0	0	0	0
Municipal Lighting - Primary	111	0	0	0	0	0
Municipal Lighting - Secondary	1,302	0	0	0	0	0
Municipal Pumping - Primary	418	0	0	0	0	0
Municipal Pumping - Secondary	1,281	0	0	0	0	0
Outdoor Lighting	494	0	0	0	0	0
Interruptible Power Service	173	0	0	0	0	0
Interruptible Demand Response	911	0	244	650	17	911
Contracts	2,732	9	1	13	0	23
<b>Total Electric Retail Sales Revenues</b>	<b>110,925</b>	<b>9</b>	<b>245</b>	<b>663</b>	<b>17</b>	<b>934</b>
Other Revenue						
Miscellaneous						
Reconnect Fees	9	0	0	0	0	0
NSF Check Fees	49	0	0	0	0	0
Other Miscellaneous Service Revenue	458	3	0	0	0	3
Rent from Electric Property						
Pole Attachments	128	0	0	0	0	0
Street Lights	472	0	0	0	0	0
Yard Lights	173	0	0	0	0	0
Joint Use Facilities	850	5	0	0	0	5
Miscellaneous	548	3	0	0	0	3
Other Electric Revenues						
Sales of Construction & Sundry Junk Material	23	0	0	0	0	0
Patronage Dividends	3	0	0	0	0	0

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Allocation Factor	Total North Dakota	Interruptible Demand Response Rate 38			Total Demand Response Rate 38
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
30	40	0	0	0	0
30	1,059	7	0	0	7
23	1,263	6	1	0	7
	5,075	24	1	0	25
<b>Total Operating Revenues</b>	116,000	33	246	663	17
<b>Operation &amp; Maintenance Expenses</b>					
Production Expense					
Fuel					
Purchased Power - Energy	28,055	0	0	326	0
Purchased Power - Capacity	3,774	0	0	44	0
Other Production	1,438	9	0	0	0
Total Production Expense	15,650	101	0	0	101
	48,917	110	0	370	0
Transmission Expense	5,305	34	0	0	0
Distribution Expense	5,966	0	16	0	0
Customer Accounts Expense	2,123	0	0	0	0
Customer Service & Info. Expense	292	0	0	0	0
Sales Expense	113	0	0	0	0
Administrative & General Expenses	11,036	51	6	0	0
Total Electric O&M Expenses	73,752	195	22	370	0
Total Operating Expenses					
Cost of Fuel & Purchased Power	33,267	9	0	370	0
Other O&M Expenses	40,485	186	22	0	0
Total Operation & Maintenance Expenses	73,752	195	22	370	0

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Allocation Factor	Total North Dakota	Interruptible Demand Response Rate 38			Total Demand Response Rate 38
		Demand Prod. & Trans.	Demand Distribution	Energy Customer	
2	7,131	46	0	0	46
3	3,565	38	0	0	38
	10,696	84	0	0	84
2	2,105	14	0	0	14
4	5	0	0	0	0
4	899	0	8	0	8
15	1,644	0	3	0	3
19	826	0	0	0	0
10	358	0	0	0	0
8	272	0	0	0	0
Direct	26	0	0	0	0
Direct	95	0	0	0	0
	4,125	0	11	0	11
13	1,673	9	1	0	10
29	158	1	0	0	1
	18,757	108	12	0	120
29	908	7	0	0	7
30	650	4	0	0	4

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Allocation Factor	Total North Dakota	Interruptible Demand Response Rate 38				Total IT Demand Response Rate 38
		Demand Prod. & Trans.	Demand Distribution	Energy	Customer	
14	867	0	2	0	0	2
13	211	1	0	0	0	1
	2,636	12	2	0	0	14
23	2,000	9	1	0	0	10
	4,636	21	3	0	0	24
	97,145	324	37	370	0	731
27	8,218	47	6	0	0	53
	10,637	(338)	203	293	17	175
44	681	(22)	13	19	1	11
	9,956	(316)	190	274	16	164
35.00%	3,484	(111)	67	96	6	57
44	681	(22)	13	19	1	11
1	(2,237)	0	0	(26)	0	(26)
26	(134)	(1)	0	0	0	(1)
	1,794	(134)	80	89	7	41
	98,939	190	117	459	7	772
	17,061	(157)	129	204	10	187

Distribution Plant  
General, Common & Intangible Plant  
Total Ad Valorem Taxes  
Other Taxes  
Other Taxes - Payroll, Franchise, Other  
Total Taxes Other Than Income Taxes  
Total Operating Expense  
Income Taxes  
Interest Expense  
Taxable Income  
Less: State Income Tax  
Federal Taxable Income  
Federal Income Tax  
@ Current Rate of 35%  
State Income Taxes  
Credits and Adjustments  
Production Tax Credit  
Full Normalization  
Federal and State Income Taxes  
Total Operating Expenses  
Total Operating Income



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	Total North Dakota	Residential Rate 10				Small General Rate 20			
		Demand Prod. & Trans.	Demand Distribution	Energy	Customer	Demand Prod. & Trans.	Demand Distribution	Energy	Customer
1 Energy at Generation Level	1,643,335,617	0	0	671,666,944	0	0	105,444,355	0	0
	100.000000%	0.000000%	0.000000%	40.872171%	0.000000%	0.000000%	6.416483%	0.000000%	0.000000%
2 Average & Excess Demand - AED	337,039	149,990	0	0	0	20,451	0	0	0
	100.000000%	44.502269%	0.000000%	0.000000%	0.000000%	6.067844%	0.000000%	0.000000%	0.000000%
3 AED/Energy	1,314,735,899	537,363,553	0	0	0	84,359,574	0	0	0
	100.000000%	41.598191%	0.000000%	0.000000%	0.000000%	6.346755%	0.000000%	0.000000%	0.000000%
4 NCP - Supply Level	509,091	0	225,821	0	0	29,161	0	0	0
	100.000000%	0.000000%	44.357690%	0.000000%	0.000000%	5.728053%	0.000000%	0.000000%	0.000000%
5 NCP - Secondary Level	473,739	0	225,821	0	0	29,161	0	0	0
	100.000000%	0.000000%	47.667809%	0.000000%	0.000000%	6.155499%	0.000000%	0.000000%	0.000000%
7 Total Customers less Rate 52	75,270	0	0	0	62,489	0	0	0	8,577
	100.000000%	0.000000%	0.000000%	0.000000%	83.019794%	0.000000%	0.000000%	0.000000%	11.394978%
8 Weighted Customer Meters	99,679	0	0	0	63,760	0	0	0	10,964
	100.000000%	0.000000%	0.000000%	0.000000%	63.965329%	0.000000%	0.000000%	0.000000%	10.999308%
10 Weighted Customer Services	86,619	0	0	0	63,760	0	0	0	10,690
	100.000000%	0.000000%	0.000000%	0.000000%	73.609716%	0.000000%	0.000000%	0.000000%	12.341403%

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	Total North Dakota	Residential Rate 10			Small General Rate 20			Customer	Energy	Demand	Customer	Energy	Demand	Customer
		Demand Prod. & Trans.	Demand Distribution	Energy	Demand Prod. & Trans.	Demand Distribution	Energy							
11 Weighted Customer Transformers	117,965	0	0	0	62,489	0	0	0	0	0	0	0	0	25,302
	100.000000%	0.000000%	0.000000%	0.000000%	52.972492%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	21.448735%
12 Weighted Customer Accounts	82,693	0	0	0	62,489	0	0	0	0	0	0	0	0	8,577
	100.000000%	0.000000%	0.000000%	0.000000%	75.567458%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	10.372099%
13 Production, Transmission, & Distribution Plant	564,479	185,378	21,497	0	66,076	25,762	2,777	0	0	0	0	0	0	12,647
	100.000000%	32.840553%	3.808290%	0.000000%	11.705661%	4.563854%	0.491958%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	2.240473%
14 Distribution Plant	143,227	0	21,497	0	66,076	0	2,777	0	0	0	0	0	0	12,647
	100.000000%	0.000000%	15.009042%	0.000000%	46.133761%	0.000000%	1.938880%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	8.830039%
15 Poles, OH & UG Conductor & Conduit	57,080	0	4,303	0	39,332	0	556	0	0	0	0	0	0	5,398
	100.000000%	0.000000%	7.538542%	0.000000%	68.906799%	0.000000%	0.974071%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	9.456903%
19 Line Transformers	28,673	0	3,279	0	11,542	0	424	0	0	0	0	0	0	4,674
	100.000000%	0.000000%	11.435846%	0.000000%	40.253896%	0.000000%	1.478743%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	16.301050%
23 O & M Excluding Fuel & Purch. Power	40,485	12,821	1,230	0	6,431	1,749	159	0	0	0	0	0	0	1,086
	100.000000%	31.668516%	3.038162%	0.000000%	15.884896%	4.320119%	0.392738%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	2.682475%
24 O & M Excluding Fuel, Purch. Power and A&G	29,449	9,325	895	0	4,678	1,272	116	0	0	0	0	0	0	790
	100.000000%	31.664910%	3.039152%	0.000000%	15.885090%	4.319332%	0.393901%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	2.682604%

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	Total North Dakota	Residential Rate 10				Small General Rate 20			
		Demand Prod. & Trans.	Demand Distribution	Energy	Customer	Demand Prod. & Trans.	Demand Distribution	Energy	Customer
26 Total Electric Plant in Service	615,223 100.000000%	202,826 32.967881%	23,157 3.764001%	0 0.000000%	71,178 11.569463%	28,190 4.582078%	2,991 0.486165%	0 0.000000%	13,623 2.214319%
27 Net Electric Plant in Service	312,730 100.000000%	101,309 32.395035%	13,665 4.369584%	0 0.000000%	34,262 10.955777%	14,283 4.567199%	1,765 0.564385%	0 0.000000%	6,833 2.184952%
29 Production Plant	312,202 100.000000%	136,849 43.833479%	0 0.000000%	0 0.000000%	0 0.000000%	19,145 6.132248%	0 0.000000%	0 0.000000%	0 0.000000%
30 Transmission Plant	109,050 100.000000%	48,529 44.501604%	0 0.000000%	0 0.000000%	0 0.000000%	6,617 6.067859%	0 0.000000%	0 0.000000%	0 0.000000%
44 Taxable Income	10,637 100.000000%	(21,619) -203.243396%	(2,309) -21.707248%	29,112 273.686190%	(5,386) -50.634577%	(2,984) -28.053022%	(297) -2.792141%	4,163 39.136975%	436 4.098900%

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	Total North Dakota	Irrigation Rate 25			Large General Primary Rate 30			
		Demand Prod. & Trans.	Demand Distribution	Energy	Demand Prod. & Trans.	Demand Distribution	Energy	
1 Energy at Generation Level	1,643,335,617 100.000000%	0 0.000000%	0 0.000000%	835,358 0.050833%	0 0.000000%	0 0.000000%	99,466,921 6.052745%	0 0.000000%
2 - AED	337,039 100.000000%	395 0.117197%	0 0.000000%	0 0.000000%	0 0.000000%	18,663 5.537341%	0 0.000000%	0 0.000000%
3 AED/Energy	1,314,735,899 100.000000%	668,365 0.064106%	0 0.000000%	0 0.000000%	0 0.000000%	79,577,269 5.949664%	0 0.000000%	0 0.000000%
4 NCP - Supply Level	509,091 100.000000%	0 0.000000%	730 0.143393%	0 0.000000%	0 0.000000%	26,220 5.150356%	0 0.000000%	0 0.000000%
5 NCP - Secondary Level	473,739 100.000000%	0 0.000000%	730 0.154093%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%
7 Total Customers less Rate 52	75,270 100.000000%	0 0.000000%	0 0.000000%	0 0.000000%	34 0.045171%	0 0.000000%	0 0.000000%	27 0.035871%
8 Weighted Customer Meters	99,679 100.000000%	0 0.000000%	0 0.000000%	0 0.000000%	148 0.148477%	0 0.000000%	0 0.000000%	1,403 1.407518%
10 Weighted Customer Services	86,619 100.000000%	0 0.000000%	0 0.000000%	0 0.000000%	81 0.093513%	0 0.000000%	0 0.000000%	0 0.000000%

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	Total North Dakota	Irrigation Rate 25				Large General Primary Rate 30			
		Demand		Energy		Demand		Energy	
		Prod. & Trans.	Distribution	Prod. & Trans.	Distribution	Prod. & Trans.	Distribution	Prod. & Trans.	Distribution
11 Weighted Customer Transformers	117,965 100.000000%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.415377%	490 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%
12 Weighted Customer Accounts	82,693 100.000000%	0 0.000000%	0 0.000000%	0 0.000000%	71 0.085860%	0 0.000000%	0 0.000000%	0 0.000000%	79 0.095534%
13 Production, Transmission, & Distribution Plant	564,479 100.000000%	456 0.080782%	70 0.012401%	0 0.000000%	138 0.024447%	23,622 4.184744%	2,116 0.374859%	0 0.000000%	150 0.026573%
14 Distribution Plant	143,227 100.000000%	0 0.000000%	70 0.048873%	0 0.000000%	138 0.096351%	0 0.000000%	2,116 1.477375%	0 0.000000%	150 0.104729%
15 Poles, OH & UG Conductor & Conduit	57,080 100.000000%	0 0.000000%	14 0.024527%	0 0.000000%	21 0.036790%	0 0.000000%	500 0.875964%	0 0.000000%	17 0.029783%
19 Line Transformers	28,673 100.000000%	0 0.000000%	11 0.038364%	0 0.000000%	91 0.317372%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%
23 O & M Excluding Fuel & Purch. Power	40,485 100.000000%	33 0.081512%	4 0.009880%	0 0.000000%	11 0.027171%	1,596 3.942201%	121 0.298876%	0 0.000000%	11 0.027171%
24 O & M Excluding Fuel, Purch. Power and A&G	29,449 100.000000%	24 0.081497%	3 0.010187%	0 0.000000%	8 0.027166%	1,161 3.942409%	88 0.298822%	0 0.000000%	8 0.027166%

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	Total North Dakota	Irrigation Rate 25			Large General Primary Rate 30				
		Demand Prod. & Trans.	Demand Distribution	Energy	Demand Prod. & Trans.	Demand Distribution	Energy	Customer	
26 Total Electric Plant in Service	615,223 100.000000%	499 0.081109%	75 0.012191%	0 0.000000%	149 0.024219%	25,849 4.201566%	2,279 0.370435%	0 0.000000%	162 0.026332%
27 Net Electric Plant in Service	312,730 100.000000%	235 0.075145%	45 0.014389%	0 0.000000%	83 0.026540%	13,144 4.202987%	1,349 0.431363%	0 0.000000%	124 0.039651%
29 Production Plant	312,202 100.000000%	328 0.105060%	0 0.000000%	0 0.000000%	0 0.000000%	17,584 5.632251%	0 0.000000%	0 0.000000%	0 0.000000%
30 Transmission Plant	109,050 100.000000%	128 0.117377%	0 0.000000%	0 0.000000%	0 0.000000%	6,038 5.536910%	0 0.000000%	0 0.000000%	0 0.000000%
44 Taxable Income	10,637 100.000000%	(54) -0.507662%	2 0.018802%	18 0.169221%	(15) -0.141017%	(2,733) -25.693335%	1,270 11.939457%	1,897 17.833976%	10 0.094011%

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	Large General Secondary Rate 30				TOD Large General Rate 31				
	Total North Dakota	Demand Prod. & Trans.	Demand Distribution	Energy	Customer	Demand Prod. & Trans.	Demand Distribution	Energy	Customer
1 Energy at Generation Level	1,643,335,617	0	0	627,368,364	0	0	0	8,556,716	0
	100.000000%	0.000000%	0.000000%	38.176521%	0.000000%	0.000000%	0.000000%	0.520692%	0.000000%
Average & Excess Demand	337,039	128,337	0	0	0	1,739	0	0	0
2 - AED	100.000000%	38.077789%	0.000000%	0.000000%	0.000000%	0.515984%	0.000000%	0.000000%	0.000000%
3 AED/Energy	1,314,735,899	501,920,358	0	0	0	6,845,721	0	0	0
	100.000000%	38.156775%	0.000000%	0.000000%	0.000000%	0.519746%	0.000000%	0.000000%	0.000000%
4 NCP - Supply Level	509,091	0	186,211	0	0	0	2,513	0	0
	100.000000%	0.000000%	36.577154%	0.000000%	0.000000%	0.000000%	0.493625%	0.000000%	0.000000%
5 NCP - Secondary Level	473,739	0	186,211	0	0	0	2,513	0	0
	100.000000%	0.000000%	39.306665%	0.000000%	0.000000%	0.000000%	0.530461%	0.000000%	0.000000%
7 Total Customers less Rate 52	75,270	0	0	0	2,861	0	0	0	33
	100.000000%	0.000000%	0.000000%	0.000000%	3.80983%	0.000000%	0.000000%	0.000000%	0.043842%
8 Weighted Customer Meters	99,679	0	0	0	18,733	0	0	0	191
	100.000000%	0.000000%	0.000000%	0.000000%	18.793327%	0.000000%	0.000000%	0.000000%	0.191615%
10 Weighted Customer Services	86,619	0	0	0	5,783	0	0	0	64
	100.000000%	0.000000%	0.000000%	0.000000%	6.676364%	0.000000%	0.000000%	0.000000%	0.073887%

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	Large General Secondary Rate 30				TOD Large General Rate 31					
	Total North Dakota	Demand Prod. & Trans.	Demand Distribution	Energy	Customer	Demand Prod. & Trans.	Demand Distribution	Energy	Customer	
11 Weighted Customer Transformers	117,965 100.000000%	0 0.000000%	0 0.000000%	0 0.000000%	23,260 19.717713%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.227186%	268 0.227186%
12 Weighted Customer Accounts	82,693 100.000000%	0 0.000000%	0 0.000000%	0 0.000000%	6,409 7.750354%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.159627%	132 0.159627%
13 Production, Transmission, & Distribution Plant	564,479 100.000000%	160,460 28.426212%	17,728 3.140595%	0 0.000000%	8,704 1.541953%	2,177 0.385665%	240 0.042517%	0 0.000000%	0 0.017361%	98 0.017361%
14 Distribution Plant	143,227 100.000000%	0 0.000000%	17,728 12.377555%	0 0.000000%	8,704 6.077066%	0 0.000000%	240 0.167566%	0 0.000000%	0 0.068423%	98 0.068423%
15 Poles, OH & UG Conductor & Conduit	57,080 100.000000%	0 0.000000%	3,549 6.217589%	0 0.000000%	1,801 3.155221%	0 0.000000%	48 0.084093%	0 0.000000%	0 0.036790%	21 0.036790%
19 Line Transformers	28,673 100.000000%	0 0.000000%	2,705 9.433962%	0 0.000000%	4,297 14.986224%	0 0.000000%	37 0.129041%	0 0.000000%	0 0.174380%	50 0.174380%
23 O & M Excluding Fuel & Purch. Power	40,485 100.000000%	10,969 27.093985%	1,015 2.507101%	0 0.000000%	763 1.884649%	148 0.365567%	14 0.034581%	0 0.000000%	0 0.024701%	10 0.024701%
24 O & M Excluding Fuel, Purch. Power and A&G	29,449 100.000000%	7,979 27.094299%	738 2.506027%	0 0.000000%	555 1.884614%	108 0.366736%	10 0.033957%	0 0.000000%	0 0.023770%	7 0.023770%

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	Large General Secondary Rate 30			TOD Large General Rate 31					
	North Dakota	Demand Prod. & Trans. Distribution	Energy	Customer	Demand Prod. & Trans. Distribution	Energy	Customer		
26 Total Electric Plant in Service	615,223 100.000000%	175,577 28.538757%	19,097 3.104078%	0 0.000000%	9,376 1.524000%	2,382 0.387177%	0 0.000000%	106 0.017230%	
27 Net Electric Plant in Service	312,730 100.000000%	88,468 28.288939%	11,271 3.604067%	0 0.000000%	5,240 1.675567%	1,200 0.383718%	0 0.000000%	60 0.019186%	
29 Production Plant	312,202 100.000000%	118,936 38.095848%	0 0.000000%	0 0.000000%	0 0.000000%	1,614 0.516973%	0 0.000000%	0 0.000000%	
30 Transmission Plant	109,050 100.000000%	41,524 38.077946%	0 0.000000%	0 0.000000%	0 0.000000%	563 0.516277%	0 0.000000%	0 0.000000%	
44 Taxable Income	10,637 100.000000%	(18,637) -175.209176%	14,360 135.000470%	12,168 114.393156%	82 0.770894%	(253) -2.378490%	114 1.071731%	223 2.096456%	(2) -0.018802%

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	Total North Dakota	Space Heating Rate 32				Small Municipal Rate 40			
		Demand Prod. & Trans.	Demand Distribution	Energy	Customer	Demand Prod. & Trans.	Demand Distribution	Energy	Customer
1 Energy at Generation Level	1,643,335,617 100.00000000%	0 0.00000000%	0 0.00000000%	41,027,419 2.496594%	0 0.00000000%	0 0.00000000%	4,652,228 0.283097%	0 0.00000000%	0 0.00000000%
2 Average & Excess Demand - AED	337,039 100.00000000%	3,901 1.157433%	0 0.00000000%	0 0.00000000%	0 0.00000000%	1,054 0.312723%	0 0.00000000%	0 0.00000000%	0 0.00000000%
3 AED/Energy	1,314,735,899 100.00000000%	32,822,715 2.228762%	0 0.00000000%	0 0.00000000%	0 0.00000000%	3,721,993 0.289022%	0 0.00000000%	0 0.00000000%	0 0.00000000%
4 NCP - Supply Level	509,091 100.00000000%	0 0.00000000%	12,783 2.510946%	0 0.00000000%	0 0.00000000%	0 0.00000000%	1,582 0.310750%	0 0.00000000%	0 0.00000000%
5 NCP - Secondary Level	473,739 100.00000000%	0 0.00000000%	12,783 2.698321%	0 0.00000000%	0 0.00000000%	0 0.00000000%	1,582 0.333939%	0 0.00000000%	0 0.00000000%
7 Total Customers less Rate 52	75,270 100.00000000%	0 0.00000000%	0 0.00000000%	0 0.00000000%	129 0.171383%	0 0.00000000%	0 0.00000000%	0 0.00000000%	331 0.439750%
8 Weighted Customer Meters	99,679 100.00000000%	0 0.00000000%	0 0.00000000%	0 0.00000000%	1,703 1.708484%	0 0.00000000%	0 0.00000000%	0 0.00000000%	593 0.594910%
10 Weighted Customer Services	86,619 100.00000000%	0 0.00000000%	0 0.00000000%	0 0.00000000%	0 0.00000000%	0 0.00000000%	0 0.00000000%	0 0.00000000%	432 0.498736%

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	Total North Dakota	Space Heating Rate 32				Small Municipal Rate 40			
		Demand Prod. & Trans.	Demand Distribution	Energy	Customer	Demand Prod. & Trans.	Demand Distribution	Energy	Customer
11 Weighted Customer Transformers	117,965 100.0000000%	0 0.0000000%	0 0.0000000%	0 0.0000000%	0 0.0000000%	0 0.0000000%	0 0.0000000%	0 0.0000000%	1,202 1.018946%
12 Weighted Customer Accounts	82,693 100.0000000%	0 0.0000000%	0 0.0000000%	1,187 1.435430%	0 0.0000000%	0 0.0000000%	0 0.0000000%	0 0.0000000%	367 0.443810%
13 Production, Transmission, & Distribution Plant	564,479 100.0000000%	5,646 1.000214%	1,218 0.215774%	0 0.042871%	242 0.042871%	1,300 0.230301%	150 0.026573%	0 0.0000000%	548 0.097081%
14 Distribution Plant	143,227 100.0000000%	0 0.0000000%	1,218 0.850398%	242 0.168963%	0 0.0000000%	0 0.0000000%	150 0.104729%	0 0.0000000%	548 0.382609%
15 Poles, OH & UG Conductor & Conduit	57,080 100.0000000%	0 0.0000000%	244 0.427470%	81 0.141906%	0 0.0000000%	0 0.0000000%	30 0.052558%	0 0.0000000%	208 0.364401%
19 Line Transformers	28,673 100.0000000%	0 0.0000000%	186 0.648694%	0 0.0000000%	0 0.0000000%	0 0.0000000%	23 0.080215%	0 0.0000000%	222 0.774248%
23 O & M Excluding Fuel & Purch. Power	40,485 100.0000000%	333 0.822527%	70 0.172904%	60 0.148203%	0 0.0000000%	91 0.224775%	8 0.019760%	0 0.0000000%	45 0.111152%
24 O & M Excluding Fuel, Purch. Power and A&G	29,449 100.0000000%	242 0.821760%	51 0.173181%	44 0.149411%	0 0.0000000%	66 0.224116%	6 0.020374%	0 0.0000000%	33 0.112058%

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	Total North Dakota	Space Heating Rate 32			Small Municipal Rate 40				
		Demand Prod. & Trans.	Demand Distribution	Energy	Customer	Demand Prod. & Trans.	Demand Distribution	Energy	Customer
26 Total Electric Plant in Service	615,223 100.000000%	6,183 1.005001%	1,312 0.213256%	0 0.000000%	261 0.042424%	1,422 0.231136%	162 0.026332%	0 0.000000%	590 0.095900%
27 Net Electric Plant in Service	312,730 100.000000%	3,432 1.097432%	774 0.247498%	0 0.000000%	182 0.058197%	708 0.226393%	96 0.030697%	0 0.000000%	303 0.096889%
29 Production Plant	312,202 100.000000%	4,384 1.404219%	0 0.000000%	0 0.000000%	0 0.000000%	959 0.307173%	0 0.000000%	0 0.000000%	0 0.000000%
30 Transmission Plant	109,050 100.000000%	1,262 1.157267%	0 0.000000%	0 0.000000%	0 0.000000%	341 0.312701%	0 0.000000%	0 0.000000%	0 0.000000%
44 Taxable Income	10,637 100.000000%	(624) -5.866316%	124 1.165742%	797 7.492714%	(36) -0.338441%	(151) -1.419573%	29 0.272633%	108 1.015324%	(3) -0.028203%

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	Municipal Lighting Primary Rate 41				Municipal Lighting Secondary Rate 41				
	Total North Dakota	Demand Prod. & Trans.	Demand Distribution	Energy	Customer	Demand Prod. & Trans.	Demand Distribution	Energy	Customer
1 Energy at Generation Level	1,643,335,617	0	0	1,932,234	0	0	0	19,853,232	0
	100.000000%	0.000000%	0.000000%	0.117580%	0.000000%	0.000000%	0.000000%	1.208106%	0.000000%
2 Average & Excess Demand	337,039	221	0	0	0	2,266	0	0	0
2 - AED	100.000000%	0.065571%	0.000000%	0.000000%	0.000000%	0.672326%	0.000000%	0.000000%	0.000000%
3 AED/Energy	1,314,735,899	1,545,831	0	0	0	15,883,039	0	0	0
	100.000000%	0.107178%	0.000000%	0.000000%	0.000000%	1.100950%	0.000000%	0.000000%	0.000000%
4 NCP - Supply Level	509,091	0	607	0	0	0	6,335	0	0
	100.000000%	0.000000%	0.119232%	0.000000%	0.000000%	0.000000%	1.244375%	0.000000%	0.000000%
5 NCP - Secondary Level	473,739	0	0	0	0	0	6,335	0	0
	100.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	1.337234%	0.000000%	0.000000%
7 Total Customers less Rate 52	75,270	0	0	0	50	0	0	0	430
	100.000000%	0.000000%	0.000000%	0.000000%	0.066428%	0.000000%	0.000000%	0.000000%	0.571277%
8 Weighted Customer Meters	99,679	0	0	0	51	0	0	0	315
	100.000000%	0.000000%	0.000000%	0.000000%	0.051164%	0.000000%	0.000000%	0.000000%	0.316014%
10 Weighted Customer Services	86,619	0	0	0	0	0	0	0	1,234
	100.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	1.424630%

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	Total North Dakota	Municipal Lighting Primary Rate 41			Municipal Lighting Secondary Rate 41		
		Demand Prod. & Trans.	Demand Distribution	Energy	Demand Prod. & Trans.	Demand Distribution	Energy
11 Weighted Customer Transformers	117,965 100.000000%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%	0 1.751367%
12 Weighted Customer Accounts	82,693 100.000000%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%	697 0.842877%
13 Production, Transmission, & Distribution Plant	564,479 100.000000%	307 0.054386%	49 0.008681%	0 0.000000%	36 0.006378%	604 0.107001%	4,159 0.736786%
14 Distribution Plant	143,227 100.000000%	0 0.000000%	49 0.034211%	0 0.000000%	36 0.025135%	604 0.421708%	4,159 2.903782%
15 Poles, OH & UG Conductor & Conduit	57,080 100.000000%	0 0.000000%	12 0.021023%	0 0.000000%	31 0.054310%	121 0.211983%	271 0.474772%
19 Line Transformers	28,673 100.000000%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%	92 0.320859%	382 1.332264%
23 O & M Excluding Fuel & Purch. Power	40,485 100.000000%	18 0.044461%	3 0.007410%	0 0.000000%	3 0.007410%	34 0.083982%	267 0.659504%
24 O & M Excluding Fuel, Purch. Power and A&G	29,449 100.000000%	13 0.044144%	2 0.006791%	0 0.000000%	2 0.006791%	25 0.084893%	194 0.658766%

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	Municipal Lighting Primary Rate 41				Municipal Lighting Secondary Rate 41				
	North Dakota	Demand Prod. & Trans.	Distribution	Energy	Customer	Prod. & Trans.	Demand Distribution	Energy	Customer
26 Total Electric Plant in Service	615,223	336	53	0	39	3,437	651	0	4,480
	100.000000%	0.054614%	0.008615%	0.000000%	0.006339%	0.558659%	0.105815%	0.000000%	0.728191%
27 Net Electric Plant in Service	312,730	182	31	0	21	1,858	386	0	1,869
	100.000000%	0.058197%	0.009913%	0.000000%	0.006715%	0.594123%	0.123429%	0.000000%	0.597640%
29 Production Plant	312,202	235	0	0	0	2,407	0	0	0
	100.000000%	0.075272%	0.000000%	0.000000%	0.000000%	0.770975%	0.000000%	0.000000%	0.000000%
30 Transmission Plant	109,050	72	0	0	0	733	0	0	0
	100.000000%	0.066025%	0.000000%	0.000000%	0.000000%	0.672169%	0.000000%	0.000000%	0.000000%
14 Taxable Income	10,637	(33)	(5)	75	(5)	(352)	(64)	931	9
	100.000000%	-0.310238%	-0.047006%	0.705086%	-0.047006%	-3.309204%	-0.601673%	8.752468%	0.084610%

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	Municipal Pumping Primary Rate 48			Municipal Pumping Secondary Rate 48				
	Total North Dakota	Demand Prod. & Trans.	Demand Distribution	Energy	Demand Prod. & Trans.	Demand Distribution	Energy	Customer
1 Energy at Generation Level	1,643,335,617	0	0	9,289,129	0	0	23,419,080	0
	100.000000%	0.000000%	0.000000%	0.565261%	0.000000%	0.000000%	1.425094%	0.000000%
Average & Excess Demand	337,039	1,867	0	0	4,750	0	0	0
2 - AED	100.000000%	0.553942%	0.000000%	0.000000%	1.409332%	0.000000%	0.000000%	0.000000%
3 AED/Energy	1,314,735,899	7,431,677	0	0	18,736,214	0	0	0
	100.000000%	0.562997%	0.000000%	0.000000%	1.421942%	0.000000%	0.000000%	0.000000%
4 NCP - Supply Level	509,091	0	2,694	0	0	6,894	0	0
	100.000000%	0.000000%	0.529178%	0.000000%	0.000000%	1.354178%	0.000000%	0.000000%
5 NCP - Secondary Level	473,739	0	0	0	0	6,894	0	0
	100.000000%	0.000000%	0.000000%	0.000000%	0.000000%	1.455232%	0.000000%	0.000000%
7 Total Customers less Rate 52	75,270	0	0	0	3	0	0	303
	100.000000%	0.000000%	0.000000%	0.000000%	0.003986%	0.000000%	0.000000%	0.402551%
8 Weighted Customer Meters	99,679	0	0	0	154	0	0	1,250
	100.000000%	0.000000%	0.000000%	0.000000%	0.154496%	0.000000%	0.000000%	1.254025%
10 Weighted Customer Services	86,619	0	0	0	0	0	0	499
	100.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.576086%

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	Municipal Pumping Primary Rate 48			Municipal Pumping Secondary Rate 48					
	Total North Dakota	Demand Prod. & Trans.	Demand Distribution	Energy	Customer	Demand Prod. & Trans.	Demand Distribution	Energy	Customer
11 Weighted Customer Transformers	117,965	0	0	0	0	0	0	0	2,888
	100.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	2.448184%
12 Weighted Customer Accounts	82,693	0	0	0	9	0	0	0	506
	100.000000%	0.000000%	0.000000%	0.000000%	0.010884%	0.000000%	0.000000%	0.000000%	0.611902%
13 Production, Transmission, & Distribution Plant	564,479	2,340	217	0	17	5,946	656	0	914
	100.000000%	0.414542%	0.038443%	0.000000%	0.003012%	1.053361%	0.116213%	0.000000%	0.161919%
14 Distribution Plant	143,227	0	217	0	17	0	656	0	914
	100.000000%	0.000000%	0.151508%	0.000000%	0.011869%	0.000000%	0.458014%	0.000000%	0.638148%
15 Poles, OH & UG Conductor & Conduit	57,080	0	51	0	2	0	131	0	191
	100.000000%	0.000000%	0.089348%	0.000000%	0.003504%	0.000000%	0.229502%	0.000000%	0.334618%
19 Line Transformers	28,673	0	0	0	0	0	100	0	533
	100.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.348760%	0.000000%	1.858892%
23 O & M Excluding Fuel & Purch. Power	40,485	159	12	0	1	407	37	0	73
	100.000000%	0.392738%	0.029641%	0.000000%	0.002470%	1.005311%	0.091392%	0.000000%	0.180314%
24 O & M Excluding Fuel, Purch. Power and A&G	29,449	116	9	0	1	296	27	0	53
	100.000000%	0.393901%	0.030561%	0.000000%	0.003396%	1.005128%	0.091684%	0.000000%	0.179972%

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	Total North Dakota	Municipal Pumping Primary Rate 48			Municipal Pumping Secondary Rate 48					
		Demand Prod. & Trans.	Demand Distribution	Energy	Demand Prod. & Trans.	Demand Distribution	Energy			
26 Total Electric Plant in Service	615,223 100.000000%	2,561 0.416272%	234 0.038035%	0 0.000000%	18 0.002926%	6,506 1.057503%	707 0.114918%	0 0.000000%	0 0.000000%	985 0.160105%
27 Net Electric Plant in Service	312,730 100.000000%	1,292 0.413136%	138 0.044128%	0 0.000000%	13 0.004157%	3,282 1.049468%	418 0.133662%	0 0.000000%	0 0.000000%	544 0.173952%
29 Production Plant	312,202 100.000000%	1,736 0.556050%	0 0.000000%	0 0.000000%	0 0.000000%	4,409 1.412227%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%
30 Transmission Plant	109,050 100.000000%	604 0.553874%	0 0.000000%	0 0.000000%	0 0.000000%	1,537 1.409445%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%
44 Taxable Income	10,637 100.000000%	(273) -2.566513%	30 0.282034%	191 1.795619%	(1) -0.009401%	(690) -6.486791%	258 2.425496%	478 4.493748%	0 0.000000%	(81) -0.761493%

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	Outdoor Lighting Rate 52			Interruptible Power Rate 39					
	Total North Dakota	Demand Prod. & Trans.	Demand Distribution	Energy	Customer	Demand Prod. & Trans.	Demand Distribution	Energy	Customer
1 Energy at Generation Level	1,643,335,617 100.000000%	0 0.000000%	0 0.000000%	6,529,156 0.397311%	0 0.000000%	0 0.000000%	0 0.000000%	4,213,400 0.256393%	0 0.000000%
Average & Excess Demand	337,039	745	0	0	0	481	0	0	0
2 - AED	100.000000%	0.221043%	0.000000%	0.000000%	0.000000%	0.142713%	0.000000%	0.000000%	0.000000%
3 AED/Energy	1,314,735,899 100.000000%	5,223,474 0.362057%	0 0.000000%	0 0.000000%	0 0.000000%	3,370,816 0.233657%	0 0.000000%	0 0.000000%	0 0.000000%
4 NCP - Supply Level	509,091 100.000000%	0 0.000000%	1,709 0.335696%	0 0.000000%	0 0.000000%	0 0.000000%	1,079 0.211946%	0 0.000000%	0 0.000000%
5 NCP - Secondary Level	473,739 100.000000%	0 0.000000%	1,709 0.360747%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%
7 Total Customers less Rate 52	75,270 100.000000%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%	1 0.001329%
8 Weighted Customer Meters	99,679 100.000000%	0 0.000000%	0 0.000000%	0 0.000000%	237 0.237763%	0 0.000000%	0 0.000000%	0 0.000000%	59 0.059190%
10 Weighted Customer Services	86,619 100.000000%	0 0.000000%	0 0.000000%	0 0.000000%	4,076 4.705665%	0 0.000000%	0 0.000000%	0 0.000000%	0 0.000000%

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY**  
**NORTH DAKOTA**  
**EMBEDDED CLASS COST OF SERVICE STUDY**  
**Allocation Factor Report**  
**Projected 2010**

	Outdoor Lighting Rate 52				Interruptible Power Rate 39				
	Total North Dakota	Demand Prod. & Trans.	Demand Distribution	Energy	Customer	Demand Prod. & Trans.	Demand Distribution	Energy	Customer
11 Weighted Customer Transformers	117,965	0	0	0	0	0	0	0	0
	100.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
12 Weighted Customer Accounts	82,693	0	0	0	2,111	0	0	0	3
	100.000000%	0.000000%	0.000000%	0.000000%	2.552816%	0.000000%	0.000000%	0.000000%	0.003628%
13 Production, Transmission, & Distribution Plant	564,479	1,032	163	0	1,523	667	87	0	7
	100.000000%	0.182823%	0.028876%	0.000000%	0.269806%	0.118162%	0.015412%	0.000000%	0.001240%
14 Distribution Plant	143,227	0	163	0	1,523	0	87	0	7
	100.000000%	0.000000%	0.113805%	0.000000%	1.063347%	0.000000%	0.060743%	0.000000%	0.004887%
15 Poles, OH & UG Conductor & Conduit	57,080	0	33	0	0	0	21	0	1
	100.000000%	0.000000%	0.057814%	0.000000%	0.000000%	0.000000%	0.036790%	0.000000%	0.001752%
19 Line Transformers	28,673	0	25	0	0	0	0	0	0
	100.000000%	0.000000%	0.087190%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
23 O & M Excluding Fuel & Purch. Power	40,485	65	10	0	170	41	5	0	0
	100.000000%	0.160553%	0.024701%	0.000000%	0.419909%	0.101272%	0.012350%	0.000000%	0.000000%
24 O & M Excluding Fuel, Purch. Power and A&G	29,449	47	7	0	124	30	4	0	0
	100.000000%	0.159598%	0.023770%	0.000000%	0.421067%	0.101871%	0.013583%	0.000000%	0.000000%

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY**  
**NORTH DAKOTA**  
**EMBEDDED CLASS COST OF SERVICE STUDY**  
**Allocation Factor Report**  
**Projected 2010**

	Total North Dakota	Outdoor Lighting Rate 52			Interruptible Power Rate 39			Customer	
		Demand Prod. & Trans.	Demand Distribution	Energy	Demand Prod. & Trans.	Demand Distribution	Energy		
26 Total Electric Plant in Service	615,223 100.000000%	1,130 0.183673%	176 0.028608%	0 0.000000%	1,641 0.266733%	730 0.118656%	94 0.015279%	0 0.000000%	8 0.001300%
27 Net Electric Plant in Service	312,730 100.000000%	611 0.195376%	105 0.033575%	0 0.000000%	498 0.159243%	395 0.126307%	56 0.017907%	0 0.000000%	7 0.002238%
29 Production Plant	312,202 100.000000%	791 0.253362%	0 0.000000%	0 0.000000%	0 0.000000%	511 0.163676%	0 0.000000%	0 0.000000%	0 0.000000%
30 Transmission Plant	109,050 100.000000%	241 0.221000%	0 0.000000%	0 0.000000%	0 0.000000%	156 0.143054%	0 0.000000%	0 0.000000%	0 0.000000%
44 Taxable Income	10,637 100.000000%	(116) -1.090533%	(18) -0.169221%	373 3.506628%	(67) -0.629877%	(72) -0.676883%	14 0.131616%	66 0.620476%	4 0.037605%

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY  
NORTH DAKOTA  
EMBEDDED CLASS COST OF SERVICE STUDY  
Allocation Factor Report  
Projected 2010**

	Interruptible Demand Response Rate 38			
	Total North Dakota	Demand Prod. & Trans.	Demand Distribution	Energy Customer
1 Energy at Generation Level	1,643,335,617 100.000000%	0 0.000000%	0 0.000000%	19,081,081 1.161119% 0 0.000000%
Average & Excess Demand	337,039	2,179	0	0
2 - AED	100.000000%	0.646513%	0.000000%	0.000000% 0.000000%
3 AED/Energy	1,314,735,899 100.000000%	15,265,300 1.058198%	0 0.000000%	0 0.000000% 0 0.000000%
4 NCP - Supply Level	509,091 100.000000%	0 0.000000%	4,752 0.933428%	0 0.000000% 0 0.000000%
5 NCP - Secondary Level	473,739 100.000000%	0 0.000000%	0 0.000000%	0 0.000000% 0 0.000000%
7 Total Customers less Rate 52	75,270 100.000000%	0 0.000000%	0 0.000000%	0 0.000000% 2 0.002657%
8 Weighted Customer Meters	99,679 100.000000%	0 0.000000%	0 0.000000%	0 0.000000% 118 0.118380%
10 Weighted Customer Services	86,619 100.000000%	0 0.000000%	0 0.000000%	0 0.000000% 0 0.000000%

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY**  
**NORTH DAKOTA**  
**EMBEDDED CLASS COST OF SERVICE STUDY**  
**Allocation Factor Report**  
**Projected 2010**

	Interruptible Demand Response Rate 38			
	Total	Demand	Demand	
	North Dakota	Prod. & Trans.	Distribution	Energy Customer
11 Weighted Customer Transformers	117,965	0	0	0
	100.000000%	0.000000%	0.000000%	0.000000%
12 Weighted Customer Accounts	82,693	0	0	6
	100.000000%	0.000000%	0.000000%	0.007256%
13 Production, Transmission, & Distribution Plant	564,479	3,019	384	12
	100.000000%	0.534829%	0.068027%	0.002126%
14 Distribution Plant	143,227	0	384	12
	100.000000%	0.000000%	0.268106%	0.008378%
15 Poles, OH & UG Conductor & Conduit	57,080	0	91	1
	100.000000%	0.000000%	0.159425%	0.001752%
19 Line Transformers	28,673	0	0	0
	100.000000%	0.000000%	0.000000%	0.000000%
23 O & M Excluding Fuel & Purch. Power	40,485	186	22	0
	100.000000%	0.459429%	0.054341%	0.000000%
24 O & M Excluding Fuel, Purch. Power and A&G	29,449	135	16	0
	100.000000%	0.458420%	0.054331%	0.000000%

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY**  
**NORTH DAKOTA**  
**EMBEDDED CLASS COST OF SERVICE STUDY**  
**Allocation Factor Report**  
**Projected 2010**

	Interruptible Demand Response Rate 38			
	Total North Dakota	Demand Prod. & Trans.	Demand Distribution	Customer
26 Total Electric Plant in Service	615,223 100.000000%	3,305 0.537204%	414 0.067293%	13 0.002113%
27 Net Electric Plant in Service	312,730 100.000000%	1,786 0.571100%	245 0.078342%	10 0.003198%
29 Production Plant	312,202 100.000000%	2,314 0.741187%	0 0.000000%	0 0.000000%
30 Transmission Plant	109,050 100.000000%	705 0.646492%	0 0.000000%	0 0.000000%
44 Taxable Income	10,637 100.000000%	(338) -3.177588%	203 1.908433%	293 2.754536%
			17 0.159819%	

MONTANA-DAKOTA UTILITIES CO.  
 ELECTRIC UTILITY - NORTH DAKOTA  
 Allocation of Revenues  
 Projected 2010

Projected 2010 Billing Determinants and Revenues

Rate Class	Determinants	Kwh	KW	Base Rate	Energy	Demand	Fuel Rev	Total
Residential Service								
Rate 10	62,930	621,251,041		\$4,153,286	\$28,711,156		12,922,022	\$45,786,464
Rate 16	12	242,382		1,512	7,878		5,042	14,432
Total Residential	62,942	621,493,423		4,154,798	28,719,034		12,927,064	45,800,896
Small Residential Service								
Rate 20	8,857	97,452,603		2,127,143	4,098,593		2,027,014	8,252,750
Rate 26	4	115,059		1,056	2,702		2,393	6,151
Subtotal	8,861	97,567,662		2,128,199	4,101,295		2,029,407	8,258,901
Rate 25	36	772,957	5,972.7	4,320	16,449	8,046	16,078	44,893
Rate 40	347	4,304,707	10,716.9	68,742	105,569	46,097	89,538	309,946
Total Small General	9,244	102,645,326	16,689.6	2,201,261	4,223,313	54,143	2,135,023	8,613,740
Large General Service								
Rate 30 Primary	27	93,081,145	236,785.0	29,160	1,816,944	1,496,230	1,936,088	5,278,422
Rate 30 Secondary	3,047	580,503,947	1,755,628.6	1,279,740	11,801,645	16,262,422	12,074,482	41,418,289
Rate 31	32	7,917,529	52,690.2	14,208	217,433	140,419	164,685	536,745
Rate 32	320	37,962,671	167,766.6	38,400	771,776	254,084	789,623	1,853,883
Subtotal	3,426	719,465,292	2,212,870	1,361,508	14,607,798	18,153,155	14,964,878	49,087,339
Rate 30 Contract Rates	3	55,840,133	111,377.8	2,340	890,290	678,410	1,161,475	2,732,515
Rate 38	2	17,883,900	43,683.3	15,360	324,836	224,555	346,136	910,887
Rate 39	1	3,942,900	10,863.0	3,600	62,968	24,442	82,012	173,022
Total Large General	3,432	797,132,225	2,378,794.5	1,382,808	15,885,892	19,080,562	16,554,501	52,903,763
Municipal Lighting								
Rate 41 Primary	50	1,808,185			73,629		37,610	111,239
Rate 41 Secondary	832	18,370,196			919,882		382,100	1,301,982
Total Municipal Lighting	882	20,178,381	0.0	0	993,511	0	419,710	1,413,221
Municipal Pumping								
Rate 48 Primary	3	8,692,767	26,187.9	389	182,548	54,398	180,810	418,145
Rate 48 Secondary	325	21,689,675	88,088.7	37,764	464,094	328,396	450,729	1,280,983
Total Municipal Pumping	328	30,382,442	114,276.6	38,153	646,642	382,794	631,539	1,699,128
Outdoor Lighting Service								
Rate 52 Primary	2	16,191			923		337	1,260
Rate 52 Secondary	2,801	6,025,237			367,901		125,325	493,226
Total Outdoor Lighting	2,803	6,041,428	0.0	0	368,824	0	125,662	494,486
Total North Dakota Electric	<b>79,631</b>	<b>1,577,853,225</b>	<b>2,509,760.7</b>	<b>\$7,777,020</b>	<b>\$50,837,216</b>	<b>\$19,517,499</b>	<b>\$32,793,499</b>	<b>\$110,925,234</b>

Total Pro Forma Revenues \$110,925,234  
 Requested Revenue Increase 13,300,000  
 % Increase 9.091%  
 Overall ROR 60.84%  
 Inverse of Tax Rate

MONTANA-DAKOTA UTILITIES CO.  
 ELECTRIC UTILITY - NORTH DAKOTA  
 Allocation of Revenues  
 Projected 2010

Rate Class	Embedded				Allocation Of Non-Fuel At Overall Increase 2/	Rate Design Results		
	Rate Base (000)'s	Op Inc	ROR	COS		Increase	%	Revenue Increase
							\$	%
Residential Service								
Rate 10								
Rate 16							\$5,591,664	12.2%
Total Residential	\$131,567	\$4,781	3.63%	\$7,591,000	\$11,790,104	25.7%	1,596	11.1%
Small General Service								
Rate 20								
Rate 26							1,059,092	12.8%
Subtotal	20,218	1,556	7.70%	8,722,000	463,099	5.6%	764	12.4%
Rate 25	320	(20)	-6.25%	127,000	82,107	182.9%	1,059,856	12.8%
Rate 40	976	26	2.66%	414,000	104,054	33.6%	4,894	10.9%
Total Small General	21,514	1,562	7.26%	9,263,000	649,260	7.5%	37,458	12.1%
Large General Service								
Rate 30 Primary	13,011	794	6.10%	5,916,000	637,578	12.1%	1,101,954	12.8%
Rate 30 Secondary	93,226	8,508	9.13%	41,366,000	(52,289)	-0.1%	1,059,578	10.9%
Rate 31	1,254	102	8.13%	557,000	20,255	3.8%	4,897	5.3%
Rate 32	3,971	331	8.34%	1,906,000	52,117	2.8%	37,458	5.0%
Subtotal	111,462	9,735	8.73%	49,745,000	657,661	1.3%	1,101,954	10.4%
Rate 30 Contract Rates								
Rate 38	1,838	187	10.17%	880,000	(30,887)	-3.4%	5,809,129	11.8%
Rate 39	412	25	6.07%	197,000	23,978	13.9%	272,436	10.0%
Total Large General	113,712	9,947	8.75%	50,822,000	650,752	1.2%	93,503	10.3%
Municipal Lighting								
Rate 41 Primary	209	29	13.88%	95,000	(16,239)	-14.6%	15,861	8.4%
Rate 41 Secondary	3,596	455	12.65%	1,090,000	(211,982)	-16.3%	6,190,929	11.7%
Total Municipal Lighting	3,805	484	12.72%	1,185,000	(228,221)	-16.1%	168,726	11.9%
Municipal Pumping								
Rate 48 Primary	1,284	20	1.56%	579,000	160,855	38.5%	182,240	10.7%
Rate 48 Secondary	3,768	122	3.24%	1,643,000	362,017	28.3%		
Total Municipal Pumping	5,052	142	2.81%	2,222,000	522,872	30.8%		
Outdoor Lighting Service								
Rate 52 Primary								
Rate 52 Secondary								
Total Outdoor Lighting	1,035	145	14.01%	410,000	(84,486)	-17.1%	62,760	12.7%
Total North Dakota Electric	\$276,685	\$17,061	6.17%	\$121,493,000	\$13,300,281	12.0%	\$13,300,282	12.0%

1/ Base Fuel based on primary/secondary fuel charges  
 2/ Remainder of increase based on percentage change in non-fuel revenues 17.027708%

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Summary of Proposed Charges - Amended Application**

Rate Class	Base Rate	Energy Charges		Base Fuel	Total Energy		Demand Charges			
		Summer	Winter		Summer	Winter	0-10 Kw		> 10 Kw	
							Summer	Winter	Summer	Winter
<b>Residential</b>										
Rate 10	\$0.35									
1st 750		\$0.05689	\$0.05689	\$0.02087	\$0.07776	\$0.07776				
Over 750		0.05689	0.02689	0.02087	0.07776	0.04776				
TOD Rate 16	0.45									
Off Peak		0.02689	0.02689	0.02087	0.04776	0.04776				
On Peak		0.10264	0.07264	0.02087	0.12351	0.09351				
<b>Small General Service</b>										
Rate 20	0.70									
1st 750		0.06660	0.06660	0.02087	0.08747	0.08747				
Over 750		0.06660	0.02689	0.02087	0.08747	0.04776				
Irrigation Rate 25	0.65	0.01479	0.01479	0.02087	0.03566	0.03566	2.75	1.25	2.75	1.25
TOD Rate 26	0.80									
Off Peak		0.02689	0.02689	0.02087	0.04776	0.04776				
On Peak		0.11770	0.07770	0.02087	0.13857	0.09857				
Municipal Rate 40										
Non- Demand	0.65									
1st 750		0.04240	0.04240	0.02087	0.06327	0.06327				
Over 750		0.04240	0.03174	0.02087	0.06327	0.05261				
Demand	0.75						8.25	0.00	8.25	6.25
1st 750		0.01674	0.01674	0.02087	0.03761	0.03761				
Over 750		0.01674	0.01674	0.02087	0.03761	0.03761				
<b>Large General Service</b>										
Rate 30 Primary Service	95.00	0.02641	0.02641	0.02024	0.04665	0.04665	9.25	6.25	9.25	6.25
Rate 30 Secondary Service	45.00	0.02721	0.02721	0.02087	0.04808	0.04808	11.25	8.25	11.25	8.25
TOD Rate 31										
Primary Service	97.00									
Off Peak		0.01134	0.01134	0.02024	0.03158	0.03158	0.00	0.00	0.00	0.00
On Peak		0.04134	0.03134	0.02024	0.06158	0.05158	10.50	7.50	10.50	7.50
Secondary Service	47.00									
Off Peak		0.01134	0.01134	0.02087	0.03221	0.03221	0.00	0.00	0.00	0.00
On Peak		0.04134	0.03134	0.02087	0.06221	0.05221	13.50	9.50	13.50	9.50
Space Heating Rate 32										
Primary Service	15.00	0.03141	0.03141	0.02024	0.05165	0.05165	9.25	0.00	9.25	0.00
Secondary Service	15.00	0.03221	0.03221	0.02087	0.05308	0.05308	11.25	0.00	11.25	0.00
Demand Resp Rate 38	Contract	0.02366	0.02366	0.02024	0.04390	0.04390	6.25	3.25	6.25	3.25
<b>Municipal Lighting - Rate 41</b>										
Primary Service		0.05370	0.05370	0.02024	0.07394	0.07394				
Secondary Service		0.05870	0.05870	0.02087	0.07957	0.07957				
<b>Municipal Pumping - Rate 48</b>										
Primary Service	12.00	0.02344	0.02344	0.02024	0.04368	0.04368	5.50	3.00	5.50	3.00
Secondary Service	10.00	0.02449	0.02449	0.02087	0.04536	0.04536	7.00	5.00	7.00	5.00
<b>Outdoor Lighting - Rate 52</b>										
Primary Service		0.06732	0.06732	0.02024	0.08756	0.08756				
Secondary Service		0.07138	0.07138	0.02087	0.09225	0.09225				

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA**

Case No. \_\_\_\_\_  
Statement P  
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**Derivation of Rate and Reconciliation  
Residential Electric Service Rate 10  
Projected 2010**

Residential Service	Billing Determinants	Projected @ Current Rates		Proposed Rates	
		Rate	Revenue	Rate	Revenue
<b>Base Rate - Rate 10</b>	62,928	\$5.50 per month	\$4,153,248	\$10.64 per month	\$8,034,647
Rate 95	2	1.60 per month	38	0.35 per day 1.60 per month	38
<b>Energy</b>					
Summer	180,678,441	\$0.05527 per Kwh	9,986,097	\$0.05689 per Kwh	10,278,797
Winter					
First 750	275,071,323	\$0.05527 per Kwh	15,203,192	0.05689 per Kwh	15,648,808
Over 750	165,501,277	0.02128 per Kwh	3,521,867	0.02689 per Kwh	4,450,329
Subtotal	440,572,600		18,725,059		20,099,137
Total Energy	621,251,041		28,711,156		30,377,934
<b>Base Fuel</b>	621,251,041	\$0.02080 per Kwh	12,922,022	\$0.02087 per Kwh	12,965,509
 Total Rate 10			<u>\$45,786,464</u>		<u>\$51,378,128</u>
 Total Revenues Per Design					\$51,378,128
Target Revenues					51,375,120
Difference					<u>\$3,008</u>

**Derivation of Rate:**

Pro Forma Revenues	<u>Projected</u>
Pro Forma Revenue Increase	\$45,786,464
Total Revenue Requirement	5,588,656
	<u>\$51,375,120</u>
Less:	
Proposed Base Rate Revenues	8,034,685
Projected Base Fuel	12,965,509
Winter Rate >750 differential (\$0.03000) 165,501,277 Kwh	<u>(4,965,038)</u>
Subtotal	16,035,156
Net to be Collected Through Energy	\$35,339,964
Total Kwh	621,251,041
Summer Rate per Kwh	\$0.05689
Winter Rate Per Kwh - 1st 750 Kwh	\$0.05689
Winter Rate - Over 750 Kwh	\$0.02689

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA**

**Derivation of Rate and Reconciliation  
Residential Electric TOD Service Rate 16  
Projected 2010**

Residential Service	Billing Determinants	Projected @ Current Rates		Proposed Rates	
		Rate	Revenue	Rate	Revenue
<b>Base Rate</b>	12	\$10.50 per month	\$1,512	\$13.68 per month \$0.45 per day	\$1,970
<b>Energy</b>					
Summer					
On-Peak Kwh	8,818	\$0.11017 per Kwh	971	\$0.10264 per Kwh	905
Off Peak Kwh	29,910	0.02128 per Kwh	636	0.02689 per Kwh	804
Subtotal	38,728		1,607		1,709
Winter					
On-Peak Kwh	39,627	\$0.07017 per Kwh	2,781	\$0.07264 per Kwh	2,879
Off Peak Kwh	164,027	0.02128 per Kwh	3,490	0.02689 per Kwh	4,411
Subtotal	203,654		6,271		7,290
Total Energy	242,382		7,878		8,999
<b>Base Fuel</b>	242,382	\$0.02080 per Kwh	5,042	\$0.02087 per Kwh	5,059
<b>Total Rate 16 Revenues</b>			<u>\$14,432</u>		<u>\$16,028</u>
<b>Total Revenues Per Design</b>					\$16,028
<b>Target Revenues</b>					16,028
<b>Difference</b>					<u>\$0</u>

**Derivation of Rate:**

	Projected
Pro Forma Revenues	\$14,432
Pro Forma Revenue Increase	1,596
Total Revenue Requirement	<u>\$16,028</u>
Less:	
Proposed Base Rate Revenues	1,970
Projected Base Fuel	5,059
Off Peak set equal to Rate 10 Winter Off-Peak	5,215
Summer On-Peak Differential   \$0.03000       8,818 Kwh	265
	<u>12,509</u>
Net to be Collected Through Energy	\$3,519
Total On-Peak Kwh	48,445
Winter On-Peak Rate	\$0.07264
Summer On-Peak	\$0.10264

MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA

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Derivation of Rate and Reconciliation  
Small General Electric Service Rate 20  
Projected 2010

Small General Service	Billing Determinants	Projected @ Current Rates		Proposed Rates	
		Rate	Revenue	Rate	Revenue
<b>Base Rate</b>	8,850	\$20.00 per month	\$2,124,000	\$21.28 per month	\$2,259,936
Non-Metered Charges	7		3,143	\$0.70 per day	3,143
<b>Energy</b>					
Summer	28,285,618	\$0.05486 per Kwh	1,551,749	\$0.06660 per Kwh	1,883,822
Winter					
First 750 Kwh	32,012,206	\$0.05486 per Kwh	1,756,190	0.06660 per Kwh	2,132,013
Over 750 Kwh	37,154,779	0.02128 per Kwh	790,654	0.02689 per Kwh	999,092
Subtotal	69,166,985		2,546,844		3,131,105
Total Energy	97,452,603				
<b>Base Fuel</b>	97,452,603	\$0.02080 per Kwh	2,027,014	\$0.02087 per Kwh	2,033,836
<b>Total Rate 20 Revenues</b>	97,452,603		<u>\$8,252,750</u>		<u>\$9,311,842</u>
<b>Total Revenues Per Design</b>					\$9,311,842
<b>Target Revenues</b>					<u>9,311,689</u>
<b>Difference</b>					<u>\$153</u>

**Derivation of Rate:**

	Projected
Pro Forma Revenues	\$8,252,750
Pro Forma Revenue Increase	1,058,939
Total Revenue Requirement	<u>\$9,311,689</u>
Less:	
Proposed Base Rate Revenues	2,263,079
Projected Base Fuel	2,033,836
Winter Rate > 750 - set equal to Rate 10	<u>999,092</u>
Subtotal	5,296,007
Net to be Collected Through Energy	\$4,015,682
Total Kwh less Winter > 750 Kwh	60,297,824
Summer Rate per Kwh	\$0.06660
Winter Rate Per Kwh - 1st 750 Kwh	\$0.06660

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA**

**Derivation of Rate and Reconciliation  
Irrigation Power Service Rate 25  
Projected 2010**

Irrigation Power Service	Billing Determinants	Projected @ Current Rates		Proposed Rates	
		Rate	Revenue	Rate	Revenue
<b>Base Rate</b>	36	\$10.00 per month	\$4,320	\$19.76 per month \$0.65 per day	\$8,536
<b>Energy</b>	772,957	\$0.02128 per Kwh	16,449	\$0.01479 per Kwh	11,432
<b>Demand</b>					
Summer	4,147.3	\$1.50 per KW	6,221	\$2.75 per KW	11,405
Winter	1,825.4	1.00 per KW	1,825	1.25 per KW	2,282
<b>Total Demand</b>			8,046		13,687
Base Fuel	772,957	\$0.02080 per Kwh	\$16,078	\$0.02087 per Kwh	\$16,132
<b>Total Revenue</b>			<u>\$44,893</u>		<u>\$49,787</u>
Total Revenues Per Design					\$49,787
Target Revenues					49,790
Difference					<u>\$3</u>

**Derivation of Rate:**

Pro Forma Revenues	\$44,893
Pro Forma Revenue Increase	4,897
Total Revenue Requirement	<u>\$49,790</u>
<b>Less:</b>	
Proposed Base Rate Revenues	8,536
Proposed Demand Charge Revenues	13,687
Projected Base Fuel	16,132
Subtotal	<u>38,355</u>
Net to be Collected Through Energy	11,435
Total Kwh Sales	772,957
Proposed Energy Charge	\$0.01479

MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA

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Derivation of Rate and Reconciliation  
Small General Optional Time-of-Day Electric Service Rate 26  
Projected 2010

Small General Optional TOD Service	Billing Determinants	Projected @ Current Rates		Proposed Rates	
		Rate	Revenue	Rate	Revenue
<b>Base Rate</b>	4	\$22.00 per month	\$1,056	\$24.32 per month \$0.80 per day	\$1,167
<b>Energy</b>					
<b>Summer</b>					
On-Peak Kwh	972	\$0.11209 per Kwh	109	\$0.11770 per Kwh	114
Off Peak Kwh	44,093	0.02128 per Kwh	938	\$0.02689 per Kwh	1,186
Subtotal	45,065		1,047		1,300
<b>Winter</b>					
On-Peak Kwh	3,261	\$0.07209 per Kwh	235	\$0.07770 per Kwh	253
Off Peak Kwh	66,733	0.02128 per Kwh	1,420	\$0.02689 per Kwh	1,794
Subtotal	69,994		1,655		2,047
Total Energy	115,059		2,702		3,347
<b>Base Fuel</b>	115,059	0.02080 per Kwh	2,393	0.02087 per Kwh	2,401
Total Rate 26 Revenues			<u>\$6,151</u>		<u>\$6,915</u>
Total Revenues Per Design					\$6,915
Target Revenues					<u>6,790</u>
Difference					<u>\$125</u>

**Derivation of Rate:**

Pro Forma Revenues	\$6,151
Pro Forma Revenue Increase	639
Total Revenue Requirement	<u>\$6,790</u>
Off-Peak set equal to Rate 20 > 750 Kwh	\$0.02689
Winter On-Peak Differential	0.05081
Summer On-Peak Differential	0.09081

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA**

**Derivation of Rate and Reconciliation  
Municipal Service Rate 40  
Projected 2010**

Small Municipal Service	Billing Determinants	Projected @ Current Rates		Proposed Rates	
		Rate	Revenue	Rate	Revenue
<b>Base Rate</b>					
Non-Demand	312	\$15.50 per month	\$58,032	\$19.76 per month	\$73,981
Demand	35	25.50 per month	10,710	22.80 per month	9,576
Total Base Rate	347		68,742		83,557
				\$0.65 per day	
				0.75 per day	
<b>Energy</b>					
Non-Demand Service					
Summer	467,233	\$0.03194 per Kwh	14,923	\$0.04240 per Kwh	19,811
Winter					
First 750 Kwh	842,905	\$0.03194 per Kwh	26,922	0.04240 per Kwh	35,739
Over 750 Kwh	650,140	0.02128 per Kwh	13,835	0.03174 per Kwh	20,635
Subtotal	1,493,045		40,757		56,374
Demand Service	2,344,429	0.02128 per Kwh	49,889	\$0.01674 per Kwh	39,246
Total Energy	4,304,707		105,569		115,431
<b>Demand</b>					
Summer	3,948.6	\$7.224 per Kw	28,525	\$8.250 per Kw	32,576
Winter					
1st 10 Kw	2,608.2	0.000 per Kw	0	0.000 per Kw	0
Over 10 Kw	4,160.1	4.224 per Kw	17,572	6.250 per Kw	26,001
	6,768.3		17,572		26,001
Total Demand	10,716.9		46,097		58,577
<b>Base Fuel</b>					
Non-Demand Service	1,960,278	\$0.02080 per Kwh	40,774	\$0.02087 per Kwh	40,911
Demand Service	2,344,429	\$0.02080 per Kwh	48,764	0.02087 per Kwh	48,928
Total Base Fuel	4,304,707		89,538		89,839
Total Rate 40 Revenue	4,304,707		\$309,946		\$347,404
<b>Total Revenues Per Design</b>					
Non-Demand Service					\$191,077
Demand Service					156,327
Total					347,404
Target Revenues					347,425
Difference					(\$21)

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA**

**Derivation of Rate and Reconciliation  
Municipal Service Rate 40  
Projected 2010**

**Derivation of Rate:**

Pro Forma Revenues				\$309,946
Pro Forma Revenue Increase				37,479
Total Revenue Requirement				<u>\$347,425</u>
Less:				
Proposed Base Rate Revenues				83,557
Proposed Demand Revenues				58,577
Summer- 1st 750 Winter Differential	\$0.01066	1,310,138 Kwh		13,966
Non-Demand Energy Differential	\$0.01500	1,960,278 Kwh		29,404
Projected Base Fuel				89,839
Subtotal				<u>275,343</u>
Net to be Collected Through Energy				<u>\$72,082</u>
Total Kwh Sales				4,304,707
Proposed Energy Charges:				
Demand Service				\$0.01674
Non-Demand Rate:				
Winter - Over 750				\$0.03174
Winter - 1st 750				0.04240
Summer				\$0.04240

**MONTANA-DAKOTA UTILITIES CO.**  
**ELECTRIC UTILITY - NORTH DAKOTA**  
**Derivation of Rate and Reconciliation**  
**Large General Electric Service Rate 30**  
**Projected 2010**

	Billing Determinants	Projected @ Current Rates		Proposed Rates	
		Rate	Revenue	Rate	Revenue
<b>Large General Service 30 &amp; 32</b>					
<b>Base Rate</b>					
Primary Service Rate 30	27	\$90.00 per month	\$29,160	\$95.00 per month	\$30,780
Secondary Service Rate 30	3,047	35.00 per month	1,279,740	45.00 per month	1,645,380
Primary Service Rate 32	1	10.00 per month	\$120	15.00 per month	180
Secondary Service Rate 32	319	10.00 per month	38,280	15.00 per month	57,420
<b>Total Base Rate</b>	<b>3,074</b>		<b>1,347,300</b>		<b>1,733,760</b>
<b>Energy</b>					
Primary Service - Rate 30	93,081,145	\$0.01952 per Kwh	1,816,944	\$0.02641 per Kwh	2,458,273
Primary Service - Rate 32	6,222	0.01952 per Kwh	121	\$0.03141 per Kwh	195
<b>Subtotal</b>	<b>93,087,367</b>		<b>1,817,065</b>		<b>2,458,468</b>
Secondary Service - Rate 30	580,503,947	\$0.02033 per Kwh	11,801,645	\$0.02721 per Kwh	15,795,512
Secondary Service - Rate 32	37,956,449	0.02033 per Kwh	771,655	\$0.03221 per Kwh	1,222,577
<b>Subtotal</b>	<b>618,460,396</b>		<b>12,573,300</b>		<b>17,018,089</b>
<b>Total Energy</b>	<b>711,547,763</b>		<b>14,390,365</b>		<b>19,476,557</b>
<b>Demand</b>					
Primary Service - Summer	84,053.9	\$8.254 per Kw	693,781	\$9.25 per Kw	777,499
Primary Service - Winter	152,731.1	5.254 per Kw	802,449	6.25 per Kw	954,569
Primary Service W-Rate 32	43.4	0.000 per Kw	0	0.00 per Kw	0
<b>Subtotal</b>	<b>236,828.4</b>		<b>1,496,230</b>		<b>1,732,068</b>
Secondary Service - Summer	630,682.0	\$11.224 per Kw	7,078,775	\$11.25 per Kw	7,095,173
Secondary Service - Winter	1,147,584.2	8.224 per Kw	9,437,732	8.25 per Kw	9,467,570
Secondary Service W-Rate 32	145,085.6	0.000 per Kw	0	0.00 per Kw	0
<b>Subtotal</b>	<b>1,923,351.8</b>		<b>16,516,507</b>		<b>16,562,743</b>
<b>Total Demand</b>	<b>2,160,180.2</b>		<b>18,012,737</b>		<b>18,294,811</b>
<b>Base Fuel</b>					
Primary Service- Rate 30	93,081,145	\$0.02080 per Kwh	1,936,088	\$0.02024 per Kwh	1,883,962
Primary Service- Rate 32	6,222	0.02080 per Kwh	129	0.02024 per Kwh	126
Secondary Service- Rate 30	580,503,947	0.02080 per Kwh	12,074,482	0.02087 per Kwh	12,115,117
Secondary Service- Rate 32	37,956,449	0.02080 per Kwh	789,494	0.02087 per Kwh	792,151
<b>Total Base Fuel</b>	<b>711,547,763</b>		<b>14,800,193</b>		<b>14,791,356</b>
<b>Total Rate 30/32 Revenue</b>			<b>\$48,550,595</b>		<b>\$54,296,484</b>
<b>Total Revenues Per Design</b>					
Primary- Rate 30					\$6,105,083
Secondary - Rate 30					46,118,752
Rate 32					2,072,649
<b>Total</b>					<b>54,296,484</b>
<b>Target Revenues</b>					<b>54,299,019</b>
<b>Difference</b>					<b>(\$2,535)</b>

MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA  
Derivation of Rate and Reconciliation  
Large General Electric Service Rate 30  
Projected 2010

<b>Derivation of Rate:</b>			
Pro Forma Revenues (Rates 30 and 32)		\$48,550,594	
Pro Forma Revenue Increase (Rates 30 and 32)		<u>5,748,425</u>	
Total Revenue Requirement		\$54,299,019	
Less:			
Proposed Base Rate Revenues		1,733,760	
Proposed Demand Revenues		18,294,811	
Secondary Energy Differential		494,768	
Rate 32 Energy Differential	\$0.00080	618,460,396 Kwh	
Projected Base Fuel	\$0.00500	37,962,671 Kwh	
Subtotal		<u>14,791,356</u>	
		35,504,508	
Net to be Collected Through Energy		<u>\$18,794,511</u>	
Total Kwh Sales		711,547,763	
Proposed Energy Charges:			
Rate 30- Primary		\$0.02641	
Rate 30- Secondary		\$0.02721	
Rate 32- Primary		\$0.03141	
Rate 32- Secondary		\$0.03221	

MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA

Derivation of Rate and Reconciliation  
Large Time-of-Day Electric Service Rate 31  
Projected 2010

Large General TOD Service (Rate 31)	Billing Determinants	Projected @ Current Rates		Proposed Rates	
		Rate	Revenue	Rate	Revenue
<b>Base Rate</b>					
Primary Service	0	\$92.00 per month	\$0	\$97.00 per month	\$0
Secondary Service	32	37.00 per month	14,208	47.00 per month	18,048
Total Base Rate	32		14,208		18,048
<b>Energy</b>					
Summer Secondary Service					
Off-Peak	2,055,786	\$0.02537 per Kwh	52,155	\$0.01134 per Kwh	23,313
On-Peak	828,263	0.04537 per Kwh	37,578	\$0.04134 per Kwh	34,240
Total Summer	2,884,049		89,733		57,553
Winter Secondary Service					
Off-Peak	3,654,573	\$0.02537 per Kwh	92,717	\$0.01134 per Kwh	41,443
On-Peak	1,378,907	0.02537 per Kwh	34,983	\$0.03134 per Kwh	43,215
Total Winter	5,033,480		127,700		84,658
Total Energy	7,917,529		217,433		142,211
<b>Demand</b>					
Summer Secondary Service					
Off-Peak	10,731.6	\$0.00 per KW	0	\$0.00 per KW	0
On-Peak	9,408.1	7.50 per KW	70,561	13.50 per KW	127,009
Total Summer Demand	20,139.7		70,561		127,009
Winter Secondary Service					
Off-Peak	17,026.6	\$0.00 per KW	0	\$0.00 per KW	0
On-Peak	15,523.9	4.50 per KW	69,858	9.50 per KW	147,477
	32,550.5		69,858		147,477
Total Demand	52,690.2		140,419		274,486
<b>Base Fuel</b>	7,917,529	\$0.02080 per Kwh	164,685	0.02087 per Kwh	165,239
Total Rate 31 Revenue			<u>\$536,745</u>		<u>\$599,984</u>
Total Revenues Per Design					\$599,984
Target Revenues					600,004
Difference					<u>(\$20)</u>

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA**

**Derivation of Rate and Reconciliation  
Large Time-of-Day Electric Service Rate 31  
Projected 2010**

**Derivation of Rate:**

Pro Forma Revenues				\$536,745
Pro Forma Revenue Increase				63,259
Total Revenue Requirement				<u>\$600,004</u>
Less:				
Proposed Base Rate Revenues				18,048
Proposed Demand Revenues				274,486
Secondary Energy Differential	\$0.00000	0 Kwh		0
On-Peak Summer Energy Differential	0.03000	828,263 Kwh		24,848
On-Peak Winter Energy	0.02000	1,378,907 Kwh		27,578
Projected Base Fuel				<u>165,239</u>
Subtotal				510,199
Net to be Collected Through Energy				\$89,805
Total Kwh Sales				7,917,529
Proposed Energy Charges:				
Winter Secondary Off-Peak				\$0.01134
Winter Secondary On-Peak				0.03134
Summer Secondary Off-Peak				\$0.01134
Summer Secondary On-Peak				0.04134

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA**

**Derivation of Rate and Reconciliation  
Contract Rate 304  
Projected 2010**

<u>Contract Rate 304</u>	<u>Billing Determinants</u>	<u>Projected @ Current Rates</u>		<u>Proposed Rates</u>	
		<u>Rate</u>	<u>Revenue</u>	<u>Rate</u>	<u>Revenue</u>
<b>Base Rate</b>	1	\$15.00 per month	\$180	\$15.00 per month	\$180
<b>Energy</b>	12,080,240	\$0.01687 per Kwh	203,794	\$0.02119 per Kwh	255,980
<b>Demand</b>	33,035.1	5.25 per KW	173,434	5.77 per KW	190,613
<b>Base Fuel</b>	12,080,240	0.02080 per Kwh	<u>251,269</u>	0.02024 per Kwh	<u>244,504</u>
<b>Total Contract Revenues</b>			<u><u>\$628,677</u></u>		<u><u>\$691,277</u></u>
<b>Calucation of Energy Charge:</b>					<u><u>\$62,600</u></u>
Energy	<u>Rate 304</u>				
Current	\$0.03767				
Proposed	\$0.04143				
Net Increase to Contracts	10.0%				

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA**

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**Derivation of Rate and Reconciliation  
Contract Rate 303 & 30T  
Projected 2010**

Contract Rate 303 & 30T	Billing Determinants	Projected @ Current Rates		Proposed Rates	
		Rate	Revenue	Rate	Revenue
<b>Base Rate</b>	2	\$90.00 per month	\$2,160	\$95.00 per month	\$2,280
<b>Energy</b>					
First 1.5 Million Kwh	18,000,000	\$0.01952 per Kwh	351,360	\$0.02410 per Kwh	433,800
Over 1.5 Million Kwh	17,527,893	0.01301 per Kwh	228,038	0.01694 per Kwh	296,923
Rate 303 T - All Kwh	<u>8,232,000</u>	0.01301 per Kwh	<u>107,098</u>	0.01694 per Kwh	<u>139,450</u>
Total Energy	43,759,893		686,496		870,173
<b>Demand</b>					
Summer	31,121.1	8.254 per KW	256,874	9.08 per KW	282,580
Winter	<u>47,221.6</u>	5.254 per KW	<u>248,102</u>	5.78 per KW	<u>272,941</u>
Total Demand	78,342.7		504,976		555,521
<b>Base Fuel</b>	43,759,893	0.02080 per Kwh	<u>910,206</u>	0.02024 per Kwh	<u>885,700</u>
<b>Total Contract Revenues</b>			<u><u>\$2,103,838</u></u>		<u><u>\$2,313,674</u></u>
<b>Increase in Revenue</b>					<u><u>\$209,836</u></u>

Calucation of Energy Charge:	Rate 303/303T	
	Current	Proposed
First 1.5 Million Kwh	\$0.04032	\$0.04434
Over 1.5 Million Kwh	\$0.03381	0.03718
Rate 303 T - All Kwh	\$0.03381	0.03718
<b>Net Increase to Contracts</b>	10.0%	

MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA

Derivation of Rate and Reconciliation  
Interruptible Large Power Demand Response Rate 38  
Projected 2010

Large Demand Response	Billing Determinants	Projected @ Current Rates		Proposed Rates	
		Rate	Revenue	Rate	Revenue
<b>Base Rate</b>					
Customer 1- Discounted		Per Contract	\$11,892	Per Contract	\$11,892
Customer 2		Per Contract	4,657	Per Contract	4,657
Total Base Rate			16,549		16,549
<b>Energy</b>					
Customer 1- Discounted	12,427,200	\$0.01952 per Kwh	242,579	\$0.02366 per Kwh	294,028
Customer 2	5,456,700	\$0.01952 per Kwh	106,515	\$0.02366 per Kwh	129,106
Total Energy	17,883,900		349,094		423,134
<b>Demand</b>					
<b>Summer</b>					
Customer 1 - Discounted	10,880.2	\$8.254 per KW	89,805	\$9.25 per KW	100,642
Customer 2	4,808.0	\$5.754 per KW	27,665	6.25 per KW	30,050
<b>Winter</b>					
Customer 1 - Discounted	19,734.2	\$5.254 per KW	103,683	\$6.25 per KW	123,339
Customer 2	8,260.9	\$2.754 per KW	22,751	3.25 per KW	26,848
Total Demand	43,683.3		243,904		280,879
<b>Base Fuel</b>					
Customer 1 - Discounted	12,427,200	\$0.02080 per Kwh	258,486	\$0.02024 per Kwh	251,527
Customer 2	5,456,700	\$0.02080 per Kwh	113,499	\$0.02024 per Kwh	110,444
Total Base Fuel	17,883,900		371,985		361,971
Less: 10% Discount Applicable to Customer 1			(70,645)		(78,143)
Total Rate 38 Revenue			<u>\$910,887</u>		<u>\$1,004,390</u>
Total Revenues Per Design					\$1,004,390
Target Revenues					<u>1,004,355</u>
Difference					<u>\$35</u>

**Derivation of Rate:**

Pro Forma Revenues	\$910,887
Pro Forma Revenue Increase	93,468
Total Revenue Requirement	<u>\$1,004,355</u>
Less:	
Proposed Base Rate Revenues	15,360
Proposed Demand Revenues	258,481
Projected Base Fuel	<u>336,818</u>
Subtotal	610,659
Net to be Collected Through Energy	\$393,696
Total Kwh Sales	16,641,180
Proposed Energy Charge:	\$0.02366

MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA

Derivation of Rate and Reconciliation  
Municipal Lighting Service Rate 41  
Projected 2010

Municipal Lighting Service	Billing Determinants	Projected @ Current Rates		Proposed Rates	
		Rate	Revenue	Rate	Revenue
<b>Base Rate</b>					
Primary	0	\$0.00 per month	\$0	per month	\$0
Secondary	0	\$0.00 per month	0	per month	0
<b>Energy</b>					
Primary	1,808,185	\$0.04525 per Kwh	81,820	\$0.05370 per Kwh	97,100
Secondary	18,370,196	0.05025 per Kwh	923,102	0.05870 per Kwh	1,078,331
Total Energy	20,178,381		1,004,922		1,175,431
<b>Base Fuel</b>					
Primary	1,808,185	\$0.02080 per Kwh	37,610	\$0.02024 per Kwh	36,598
Secondary	18,370,196	0.02080 per Kwh	382,100	\$0.02087 per Kwh	383,386
Total Base Fuel	20,178,381		419,710		419,984
<b>Discount @ 10% - Excluding Base Fuel</b>					
Primary	1,808,185		(8,182)		(9,710)
Secondary	640,201		(3,217)		(3,758)
Total Discount	2,448,386		(11,399)		(13,468)
Total Rate 41 Revenue			<u>\$1,413,233</u>	<u>\$1,581,947</u>	
Total Revenues Per Design					\$1,581,947
Target Revenues					<u>1,582,346</u>
Difference					<u>(\$399)</u>

**Derivation of Rate:**

Pro Forma Revenues	\$1,413,221
Pro Forma Revenue Increase	169,125
Total Revenue Requirement	<u>\$1,582,346</u>
Less:	
Proposed Base Rate Revenues	0
Primary/Secondary Differential	\$0.0050 18,370,196 Kwh 91,851
Projected Base Fuel	<u>419,984</u>
Subtotal	511,835
Net to be Collected Through Energy	\$1,070,511
Total Kwh Sales (Discounted at 90% of actual)	19,933,542
Proposed Energy Charges:	
Primary	\$0.05370
Secondary	0.05870

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA**

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**Derivation of Rate and Reconciliation  
Municipal Pumping Service Rate 48  
Projected 2010**

<u>Municipal Pumping Service</u>	<u>Billing Determinants</u>	<u>Projected @ Current Rates</u>		<u>Proposed Rates</u>	
		<u>Rate</u>	<u>Revenue</u>	<u>Rate</u>	<u>Revenue</u>
<b>Base Rate</b>					
Primary	3	\$12.00 per month	\$432	\$12.00 per month	\$432
Secondary	325	10.00 per month	39,000	10.00 per month	39,000
Excess Facilities Charge	1		<u>2,328</u>		<u>2,328</u>
Total Basic Service Charge			41,760		41,760
<b>Energy</b>					
Primary	8,692,767	\$0.02333 per Kwh	202,802	\$0.02344 per Kwh	203,758
Secondary	21,669,675	0.02356 per Kwh	510,538	0.02449 per Kwh	530,690
Total Energy	<u>30,362,442</u>		<u>713,340</u>		<u>734,448</u>
<b>Demand</b>					
Summer					
Primary	10,108.8	\$4.150 per KW	41,952	\$5.500 per KW	55,598
Secondary	30,627.4	6.060 per KW	185,602	7.000 per KW	214,392
Subtotal	<u>40,736.2</u>		<u>227,554</u>		<u>269,990</u>
Winter					
Primary	16,079.1	\$1.150 per KW	18,491	\$3.000 per KW	48,237
Secondary	57,461.3	3.060 per KW	175,832	5.000 per KW	287,307
Subtotal	<u>73,540.4</u>		<u>194,323</u>		<u>335,544</u>
Total Demand	114,276.6		421,877		605,534
<b>Base Fuel</b>					
Primary	8,692,767	\$0.02080 per Kwh	180,810	\$0.02024 per Kwh	175,942
Secondary	21,669,675	0.02080 per Kwh	450,729	0.02087 per Kwh	452,246
Subtotal	<u>30,362,442</u>		<u>631,539</u>		<u>628,188</u>
Primary Discounted (all accounts)			(26,368)		(30,803)
Secondary Discounted					
Bills	297		(3,564)		(3,564)
Energy	19,679,532		(46,365)		(48,195)
Demand - Summer	27,514.0		(16,673)		(19,260)
Demand - Winter	53,480.0		(16,365)		(26,740)
Total Discounted			<u>(109,335)</u>		<u>(128,562)</u>
<b>Total Rate 48 Revenue</b>			<u>\$1,699,181</u>		<u>\$1,881,368</u>
<b>Total Revenues Per Design</b>					
Primary				\$483,967	
Secondary				<u>1,397,401</u>	
				\$1,881,368	
<b>Target Revenues</b>				<u>1,881,485</u>	
Difference				<u>(\$117)</u>	

MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA

Derivation of Rate and Reconciliation  
Municipal Pumping Service Rate 48  
Projected 2010

**Derivation of Rate:**

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Pro Forma Revenues				\$1,699,128
Pro Forma Revenue Increase				<u>182,357</u>
Total Revenue Requirement				\$1,881,485
Less:				
Proposed Base Rate Revenues				38,153
Proposed Demand Revenues				549,151
Secondary Differential	\$0.00105	19,701,722	Kwh	20,687
Projected Base Fuel				<u>628,188</u>
Subtotal				1,236,179
Net to be Collected Through Energy				645,306
Total Kwh Sales				27,525,212
Primary Energy Rate				\$0.02344
Secondary Energy Rate				\$0.02449

**MONTANA-DAKOTA UTILITIES CO.  
ELECTRIC UTILITY - NORTH DAKOTA**

**Derivation of Rate and Reconciliation  
Outdoor Lighting Service Rate 52  
Projected 2010**

Outdoor Lighting	Billing Determinants	Rates Before Interim		Proposed Settlement Rates	
		Rate	Revenue	Rate	Revenue
Base Rate	0	\$0.00 per month	\$0	per month	\$0
<b>Energy</b>					
Primary Service	16,191	\$0.05700 per Kwh	923	\$0.06732 per Kwh	1,090
Secondary Service	6,025,237	\$0.06106 per Kwh	367,901	\$0.07138 per Kwh	430,081
Total Energy	<u>6,041,428</u>		<u>368,824</u>		<u>431,171</u>
<b>Base Fuel</b>					
Primary Service	16,191	\$0.02080 per Kwh	337	\$0.02024 per Kwh	328
Secondary Service	6,025,237	\$0.02080 per Kwh	125,325	\$0.02087 per Kwh	125,747
Total Base Fuel	<u>6,041,428</u>		<u>125,662</u>		<u>126,075</u>
Total Revenue			<u>\$494,486</u>		<u>\$557,246</u>
Total Revenues Per Design					\$557,246
Target Revenues					<u>557,218</u>
Difference					<u>\$28</u>

**Derivation of Rate:**

Pro Forma Revenues		\$494,486
Pro Forma Revenue Increase		<u>62,732</u>
Total Revenue Requirement		\$557,218
Less:		
Secondary Energy Differential	\$0.00406	6,025,237 Kwh
Projected Base Fuel		<u>126,075</u>
Subtotal		150,537
Net to be Collected Through Energy		406,681
Total Kwh Sales		6,041,428
Proposed Energy Charge		
Primary		\$0.06732
Secondary		\$0.07138