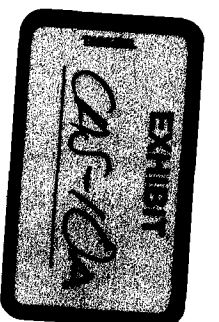


# NORTH DAKOTA WIND GENERATION PROJECT - OWNED BY MDU

## PTC Scenario



**Assumptions:**

- MDU would own the wind farm when it goes on line @ 19.8 MW installed capacity
  - Tax rate – 39.16%
  - Average debt cost of 7.0% 48.508% Debt 51.492% Equity
  - Tax depreciation would be split between 15 Year MACRS and 5 Year MACRS
  - Capitalization is based on net plant book value less future tax liability (DITs)
  - Assumes minor capital expenditures years five through 10 and \$750,000 per year thereafter.
  - Assumes an after-tax equity return of 11.50% 18.90%
  - Revenue requirements are being discounted at 9.20%
- Production Tax Credit Rate:
- | Year | 1       | 2       | 3       | 4       | 5       | 6       | 7       | 8       | 9       | 10      |
|------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Rate | \$0.021 | \$0.022 | \$0.022 | \$0.023 | \$0.023 | \$0.024 | \$0.024 | \$0.025 | \$0.025 | \$0.026 |
- KwH 64,700,000
- REC valued at \$0.6575

**NORTH DAKOTA WIND GENERATION PROJECT - OWNED BY MDU**  
**PROJECTED INCOME STATEMENTS**  
(000)

**Projection with Federal Production Tax Credit**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
<b>REVENUES</b>													
Renewable Energy Credits (RECs/green tags)	\$ 42,542	\$ 42,542	\$ 42,542	\$ 42,542	\$ 42,542	\$ 42,542	\$ 42,542	\$ 42,542	\$ 42,542	\$ 42,542	\$ 42,542	\$ 42,542	\$ 42,542
<b>Total Costs</b>	739,919	757,727	793,951	812,843	832,302	820,374	842,742	865,780	889,509	913,951	950,125	976,055	1,002,762
<b>GROSS PROFIT</b>	(697,377)	(715,185)	(751,409)	(770,301)	(789,760)	(777,832)	(800,200)	(823,238)	(846,967)	(871,409)	(907,583)	(933,513)	(960,220)
<b>General &amp; Administrative Costs</b>													
Property Taxes	290,605	275,119	259,634	244,148	228,662	213,176	197,690	182,204	166,718	151,233	135,747	120,261	104,775
	290,605	275,119	259,634	244,148	228,662	213,176	197,690	182,204	166,718	151,233	135,747	120,261	104,775
<b>OPERATING INCOME (EBITDA)</b>	(987,982)	(990,304)	(1,011,042)	(1,014,449)	(1,018,422)	(991,008)	(997,890)	(1,005,442)	(1,013,686)	(1,022,641)	(1,043,330)	(1,053,774)	(1,064,995)
Interest Expense	1,368,074	1,164,665	977,178	846,166	736,337	656,125	607,682	561,391	515,100	468,810	422,519	376,228	329,938
Depreciation	2,175,469	2,175,469	2,175,469	2,175,469	2,175,469	2,175,469	2,175,469	2,175,469	2,175,469	2,175,469	2,175,469	2,175,469	2,175,469
<b>Pre-Tax Income</b>	(4,531,526)	(4,330,439)	(4,163,689)	(4,036,084)	(3,930,228)	(3,822,603)	(3,781,040)	(3,742,302)	(3,704,255)	(3,666,920)	(3,641,318)	(3,605,471)	(3,570,402)
Federal Production Tax Credit	(1,358,700)	(1,423,400)	(1,423,400)	(1,488,100)	(1,488,100)	(1,552,800)	(1,552,800)	(1,617,500)	(1,617,500)	(1,682,200)	(1,682,200)	(1,747,900)	(1,747,900)
Income Taxes	(1,774,545)	(1,695,800)	(1,630,501)	(1,580,531)	(1,539,077)	(1,496,931)	(1,480,655)	(1,465,486)	(1,450,586)	(1,435,966)	(1,425,940)	(1,411,903)	(1,398,170)
ND ITC Amortization	(40,435)	(82,998)	(127,926)	(175,497)	(226,041)	(226,041)	(226,041)	(226,041)	(226,041)	(226,041)	(226,041)	(226,041)	(226,041)
<b>Earnings after Interest</b>	(1,357,846)	(1,128,240)	(981,862)	(791,956)	(677,010)	(546,831)	(521,545)	(433,276)	(410,129)	(322,713)	(1,989,337)	(1,967,528)	(1,946,192)
<b>Earnings before Interest</b>	(525,509)	(419,658)	(387,347)	(277,149)	(229,023)	(147,645)	(151,831)	(91,725)	(96,742)	(37,490)	(1,732,277)	(1,738,630)	(1,745,458)
<b>Avg Equity Balance</b>	20,746,171	17,661,574	14,818,419	12,831,693	11,166,187	9,949,818	9,215,192	8,513,218	7,811,243	7,109,269	6,407,294	5,705,320	5,003,346
<b>Return on Equity - Pre-tax</b>	(3,921,449)	(3,338,398)	(2,800,983)	(2,425,451)	(2,110,637)	(1,880,718)	(1,741,859)	(1,609,172)	(1,476,484)	(1,343,797)	(1,211,109)	(1,078,422)	(945,734)
<b>Pre-Tax Income</b>	(4,531,526)	(4,330,439)	(4,163,689)	(4,036,084)	(3,930,228)	(3,822,603)	(3,781,040)	(3,742,302)	(3,704,255)	(3,666,920)	(3,641,318)	(3,605,471)	(3,570,402)
<b>Less: Federal Production Tax Credit (grossed up)</b>	2,233,235	2,339,579	2,339,579	2,445,924	2,445,924	2,552,268	2,552,268	2,658,613	2,658,613	2,764,957			
<b>Total Revenue Requirement</b>	<b>\$(6,219,740)</b>	<b>\$(5,329,257)</b>	<b>\$(4,625,093)</b>	<b>\$(4,015,612)</b>	<b>\$(3,594,941)</b>	<b>\$(3,151,053)</b>	<b>\$(2,970,632)</b>	<b>\$(2,692,861)</b>	<b>\$(2,522,126)</b>	<b>\$(2,245,760)</b>	<b>\$(4,852,427)</b>	<b>\$(4,683,893)</b>	<b>\$(4,516,137)</b>
											Discounted at		
<b>Per kWh cost</b>	\$ 0.096	\$ 0.082	\$ 0.071	\$ 0.062	\$ 0.056	\$ 0.049	\$ 0.046	\$ 0.042	\$ 0.039	\$ 0.035	\$ 0.075	\$ 0.072	\$ 0.070
<b>ND ITC Amortization - Below the Line</b>	40,435	82,998	127,926	175,497	226,041	226,041	226,041	226,041	226,041	226,041	226,041	226,041	226,041
<b>Total kWh Generated / PTC Rate</b>	\$ 64,700,000	\$ 0.021	\$ 0.022	\$ 0.023	\$ 0.023	\$ 0.024	\$ 0.024	\$ 0.025	\$ 0.025	\$ 0.025	\$ 0.026	\$ 0.026	\$ 0.026

**NORTH**

**Projection with Federal Production Tax Credit**

	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26
<b>REVENUES</b>													
Renewable Energy Credits (RECs/green tags)	\$ 42,542	\$ 42,542	\$ 42,542	\$ 42,542	\$ 42,542	\$ 42,542	\$ 42,542	\$ 42,542	\$ 42,542	\$ 42,542	\$ 42,542	\$ 42,542	\$ 42,542
<b>Total Costs</b>	1,030,271	1,058,605	1,087,790	1,117,849	1,148,811	1,180,701	1,213,548	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>GROSS PROFIT</b>	(987,729)	(1,016,063)	(1,045,248)	(1,075,307)	(1,106,269)	(1,138,159)	(1,171,006)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>General &amp; Administrative Costs</b>													
Property Taxes	89,289	73,803	59,043	44,282	29,521	14,761	-	-	-	-	-	-	-
	89,289	73,803	59,043	44,282	29,521	14,761	-	-	-	-	-	-	-
<b>OPERATING INCOME (EBITDA)</b>	(1,077,018)	(1,089,867)	(1,104,290)	(1,119,589)	(1,135,790)	(1,152,920)	(1,171,006)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Expense	283,647	237,357	192,781	149,931	107,094	64,256	21,419	0	0	0	0	0	0
Depreciation	2,175,469	2,175,469	2,073,593	2,073,593	2,073,593	2,073,593	2,073,593	-	-	-	-	-	-
<b>Pre-Tax Income</b>	(3,536,135)	(3,502,693)	(3,370,663)	(3,343,113)	(3,316,476)	(3,290,768)	(3,266,017)	(0)	(0)	(0)	(0)	(0)	(0)
Federal Production Tax Credit													
Income Taxes	(1,384,750)	(1,371,654)	(1,319,952)	(1,309,163)	(1,298,732)	(1,288,665)	(1,278,972)	-	-	-	-	-	-
ND ITC Amortization	(226,041)	(226,041)	(226,041)	(226,041)	(226,041)	(226,041)	(226,041)	-	-	-	-	-	-
<b>Earnings after Interest</b>	(1,925,344)	(1,904,998)	(1,824,671)	(1,807,909)	(1,791,704)	(1,776,063)	(1,761,005)	(0)	(0)	(0)	(0)	(0)	(0)
<b>Earnings before Interest</b>	(1,752,773)	(1,760,590)	(1,707,383)	(1,716,691)	(1,726,548)	(1,736,969)	(1,747,974)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Avg Equity Balance</b>	4,301,371	3,599,397	2,923,424	2,273,633	1,624,024	974,414	324,805	0	0	0	0	0	0
<b>Return on Equity - Pre-tax</b>	(813,047)	(680,359)	(552,587)	(429,763)	(306,974)	(184,184)	(61,395)	(0)	(0)	(0)	(0)	(0)	(0)
<b>Pre-Tax Income</b>	(3,536,135)	(3,502,693)	(3,370,663)	(3,343,113)	(3,316,476)	(3,290,768)	(3,266,017)	(0)	(0)	(0)	(0)	(0)	(0)
<b>Less: Federal Production Tax Credit (grossed up)</b>								\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Revenue Requirement</b>	<b>(36,792,909)</b>	<b>(36,792,909)</b>	<b>(36,792,909)</b>	<b>(36,792,909)</b>	<b>(36,792,909)</b>	<b>(36,792,909)</b>	<b>(36,792,909)</b>	<b>(36,792,909)</b>	<b>(36,792,909)</b>	<b>(36,792,909)</b>	<b>(36,792,909)</b>	<b>(36,792,909)</b>	<b>(36,792,909)</b>
<b>Per kWh cost</b>	\$ 0.067	\$ 0.065	\$ 0.061	\$ 0.058	\$ 0.056	\$ 0.054	\$ 0.051	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000
<b>ND ITC Amortization - Below the Line</b>	226,041	226,041	226,041	226,041	226,041	226,041	226,041	0	0	0	0	0	0
<b>Total kWh Generated / PTC Rate</b>	64,700,000	64,700,000	64,700,000	64,700,000	64,700,000	64,700,000	64,700,000	0	0	0	0	0	0

Discounted at 9.20%

**NORTH**

**Projection with Federal Production Tax Credit**

	Year 27	Year 28	Year 29	Year 30
<b>REVENUES</b>				
Renewable Energy Credits (RECs/green tags)	\$ -	\$ -	\$ -	\$ -
<b>Total Costs</b>	\$ -	\$ -	\$ -	\$ -
<b>GROSS PROFIT</b>	\$ -	\$ -	\$ -	\$ -
<b>General &amp; Administrative Costs</b>				
Property Taxes	-	-	-	-
	\$ -	\$ -	\$ -	\$ -
<b>OPERATING INCOME (EBITDA)</b>	\$ -	\$ -	\$ -	\$ -
Interest Expense	0	0	0	0
Depreciation	-	-	-	-
	\$ (0)	\$ (0)	\$ (0)	\$ (0)
<b>Pre-Tax Income</b>	\$ (0)	\$ (0)	\$ (0)	\$ (0)
Federal Production Tax Credit				
Income Taxes	-	-	-	-
ND ITC Amortization	-	-	-	-
	39.16%			
	(0)	(0)	(0)	(0)
<b>Earnings after Interest</b>	\$ -	\$ -	\$ -	\$ -
<b>Earnings before Interest</b>	\$ -	\$ -	\$ -	\$ -
<b>Avg Equity Balance</b>	0	0	0	0
				(28,912,522) (12,180,184)
<b>Return on Equity - Pre-tax</b>	\$ (0)	\$ (0)	\$ (0)	\$ (0)
<b>Pre-Tax Income</b>	(0)	(0)	(0)	(0)
<b>Less: Federal Production Tax Credit (grossed up)</b>	\$ -	\$ -	\$ -	\$ -
<b>Total Revenue Requirement</b>	\$ (0)	\$ (0)	\$ (0)	\$ (0)
				(78,073,706)
				Discounted at 9.20%
<b>Per kWh cost</b>	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000
<b>ND ITC Amortization - Below the Line</b>	0	0	0	0
<b>Total kWh Generated / PTC Rate</b>				64,700,000

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	
MACRS 5 Year	20.0%	32.0%	19.2%	11.5%	5.8%																
MACRS 15 Year	5.0000%	9.5000%	8.5500%	7.6950%	6.2330%	5.9050%	5.9050%	5.9050%	5.9050%	5.9050%	5.9050%	5.9050%	5.9050%	5.9050%	5.9050%	2.9510%					

**TAX DEPRECIATION**

	Estimated	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Construction Property/Turbines	41,532,700	8,297,413	13,276,773	7,967,798	4,782,240	4,781,772	2,392,571	3,593	3,593	3,593	3,593	3,593	3,593	3,593	3,593	3,593	1,796	0	0	0	0
Pre-Construction Costs	1,467,300	97,820	97,820	97,820	97,820	97,820	97,820	97,820	97,820	97,820	97,820	97,820	97,820	97,820	97,820	97,820	0	0	0	0	0
<b>Total Tax Depreciation/Amortization</b>		8,395,233	13,374,593	8,065,618	4,880,060	4,879,592	2,490,391	101,413	101,413	101,413	101,413	101,413	101,413	101,413	101,413	101,413	1,796	0	0	0	0
Balance Sheet DITs - Current Year	(2,435,659)	(4,385,577)	(2,306,582)	(1,059,118)	(1,058,934)	(123,324)	812,200	812,200	812,200	812,200	812,200	812,200	812,200	812,200	812,200	812,200	811,316	812,019	812,019	812,019	812,019
<b>Balance Sheet DITs - Accumulated</b>	(2,435,659)	(6,821,236)	(9,127,818)	(10,186,936)	(11,245,870)	(11,369,194)	(10,556,993)	(9,744,793)	(8,932,593)	(8,120,393)	(7,308,192)	(6,495,992)	(5,683,792)	(4,871,591)	(4,059,391)	(3,248,075)	(2,436,056)	(1,624,038)	(812,019)	(812,019)	0

Year	Amount	YEAR#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Bonus Depreciation Existing	41,471,850	5 Year	8,294,370	13,270,992	7,962,595	4,777,557	4,777,557	2,388,779	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	-	5 Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Tax Depreciation</b>	8,294,370	13,270,992	7,962,595	4,777,557	4,777,557	2,388,779	2,388,779	2,388,779	0	0	0	0	0	0	0	0	0	0	0	0	0	0

**Estimated Percentage of Assets**

Year	Amount	YEAR#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Bonus Depreciation Existing	60,850	15 Year	3,043	5,781	5,203	4,682	4,214	3,793	3,593	3,593	3,593	3,593	3,593	3,593	3,593	3,593	3,593	1,796	-	-	-	-
<b>Total Tax Depreciation</b>	3,043	15 Year	3,043	5,781	5,203	4,682	4,214	3,793	3,593	3,593	3,593	3,593	3,593	3,593	3,593	3,593	3,593	1,796	-	-	-	-
North Dakota ITC Prior Year Balance	0	20	(1,181,948)	(2,298,414)	(3,345,760)	(4,319,920)	(5,216,321)	(4,868,566)	(4,520,811)	(4,173,057)	(3,825,302)	(3,477,547)	(3,129,793)	(2,782,038)	(2,434,283)	(2,086,528)	(1,738,774)	(1,391,019)	(1,043,264)	(695,509)	2	1
North Dakota ITC	(1,244,156)	(1,244,156)	(1,244,156)	(1,244,156)	(1,244,156)	(1,244,156)	(1,244,156)	(1,244,156)	(1,244,156)	(1,244,156)	(1,244,156)	(1,244,156)	(1,244,156)	(1,244,156)	(1,244,156)	(1,244,156)	(1,244,156)	(1,244,156)	(1,244,156)	(1,244,156)	(1,244,156)	(1,244,156)
ND ITC Total Beginning Unamortized Balance	62,208	127,690	196,809	269,995	347,755	347,755	347,755	347,755	347,755	347,755	347,755	347,755	347,755	347,755	347,755	347,755	347,755	347,755	347,755	347,755	347,755	347,755
North Dakota ITC Amortization	(1,181,948)	(2,298,414)	(3,345,760)	(4,319,920)	(5,216,321)	(4,868,566)	(4,520,811)	(4,173,057)	(3,825,302)	(3,477,547)	(3,129,793)	(2,782,038)	(2,434,283)	(2,086,528)	(1,738,774)	(1,391,019)	(1,043,264)	(695,509)	(347,755)	(347,755)	(347,755)	(0)
ND ITC Total Ending Unamortized Balance	0	413,682	804,445	1,171,016	1,511,972	1,825,712	1,703,998	1,582,284	1,460,570	1,338,856	1,217,142	1,095,427	973,713	851,999	730,285	608,571	486,857	365,142	243,428	121,714	0	0
Federal ND ITC Prior Year Balance	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454
Federal ND ITC DIT	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454	435,454
Fed ND ITC DIT Total Beginning Unamortized Balance	(21,773)	(44,691)	(68,883)	(94,498)	(121,714)	(158,228)	(194,742)	(232,256)	(270,770)	(309,284)	(347,798)	(386,312)	(424,826)	(463,340)	(501,854)	(540,368)	(578,882)	(617,396)	(655,910)	(694,424)	(732,938)	(771,452)
Fed ND ITC DIT Amortization	(21,773)	(44,691)	(68,883)	(94,498)	(121,714)	(158,228)	(194,742)	(232,256)	(270,770)	(309,284)	(347,798)	(386,312)	(424,826)	(463,340)	(501,854)	(540,368)	(578,882)	(617,396)	(655,910)	(694,424)	(732,938)	(771,452)
Fed ND ITC DIT Total Ending Unamortized Balance	413,682	804,445	1,171,016	1,511,972	1,825,712	1,703,998	1,582,284	1,460,570	1,338,856	1,217,142	1,095,427	973,713	851,999	730,285	608,571	486,857	365,142	243,428	121,714	0	0	0

**NORTH DAKOTA WIND GENERATION PROJECT - OWNED BY MDU**

CAPITALIZATION  
DEBT AND EQUITY  
(000)

INITIAL INVESTMENT	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Book Value	43,000,000	40,824,531	38,649,062	36,473,593	34,298,123	32,122,654	29,947,185	27,771,716	25,596,247	23,420,778	19,069,839	16,894,370	14,718,901	12,543,432	10,367,963	8,294,370	6,220,777	4,147,185	2,073,592	0
Accum. Plant DITs	(2,435,659)	(6,821,236)	(9,127,818)	(10,186,936)	(11,245,870)	(11,369,194)	(10,556,993)	(9,744,793)	(8,932,593)	(8,120,393)	(7,308,192)	(6,495,992)	(5,683,792)	(4,871,591)	(4,059,391)	(3,248,075)	(2,436,056)	(1,624,038)	(812,019)	0
ND ITC	(1,244,156)	(1,244,156)	(1,244,156)	(1,244,156)	(1,244,156)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fed NDITC DITs	435,454	435,454	435,454	435,454	435,454	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL (Incl. DITs)</b>	<b>43,000,000</b>	<b>37,580,170</b>	<b>31,019,124</b>	<b>26,537,073</b>	<b>23,302,486</b>	<b>18,577,991</b>	<b>17,214,722</b>	<b>15,851,454</b>	<b>14,488,185</b>	<b>13,124,916</b>	<b>11,761,647</b>	<b>10,398,378</b>	<b>9,035,109</b>	<b>7,671,840</b>	<b>6,308,572</b>	<b>5,046,295</b>	<b>3,784,721</b>	<b>2,523,147</b>	<b>1,261,574</b>	<b>0</b>
DEBT	20,858,440	18,229,389	15,046,757	12,872,603	11,303,570	9,734,626	8,350,518	7,689,223	7,027,929	6,366,634	5,705,340	5,044,045	4,382,751	3,721,456	3,060,162	2,447,857	1,835,892	1,223,928	611,964	0
EQUITY	22,141,560	19,350,781	15,972,368	13,664,470	11,998,916	10,333,457	8,864,205	8,162,230	7,460,256	6,758,282	6,056,307	5,354,333	4,652,358	3,950,384	3,248,410	2,598,438	1,948,829	1,299,219	649,610	0
Long-Term Debt Cost							7%													
<b>Rate Base</b>																				
Book Value	43,000,000	40,824,531	38,649,062	36,473,593	34,298,123	32,122,654	29,947,185	27,771,716	25,596,247	23,420,778	19,069,839	16,894,370	14,718,901	12,543,432	10,367,963	8,294,370	6,220,777	4,147,185	2,073,592	0
Accum. Plant DITs	(2,435,659)	(6,821,236)	(9,127,818)	(10,186,936)	(11,245,870)	(11,369,194)	(10,556,993)	(9,744,793)	(8,932,593)	(8,120,393)	(7,308,192)	(6,495,992)	(5,683,792)	(4,871,591)	(4,059,391)	(3,248,075)	(2,436,056)	(1,624,038)	(812,019)	0
Accum ND ITC DITs	(1,181,948)	(2,298,414)	(3,345,760)	(4,319,920)	(5,216,321)	(4,868,566)	(4,320,811)	(4,173,057)	(3,825,302)	(3,477,547)	(3,129,793)	(2,782,038)	(2,434,283)	(2,086,528)	(1,738,774)	(1,391,019)	(1,043,264)	(695,509)	(347,755)	(0)
Accum Fed NDITC DITs	413,682	804,445	1,171,016	1,511,972	1,825,712	1,703,998	1,582,284	1,460,570	1,338,856	1,217,142	1,095,427	973,713	851,999	730,285	608,571	486,857	365,142	243,428	121,714	(0)
<b>TOTAL (Incl. DITs)</b>	<b>43,000,000</b>	<b>37,620,605</b>	<b>30,333,857</b>	<b>25,171,030</b>	<b>21,303,239</b>	<b>17,486,175</b>	<b>14,276,195</b>	<b>13,138,967</b>	<b>12,001,738</b>	<b>10,864,510</b>	<b>9,727,282</b>	<b>8,590,054</b>	<b>7,452,825</b>	<b>6,315,597</b>	<b>5,178,369</b>	<b>4,142,132</b>	<b>3,106,599</b>	<b>2,071,066</b>	<b>1,035,533</b>	<b>0</b>
50% of Rate Base (Equity)	22,141,560	19,371,602	15,619,510	12,961,067	10,969,464	9,003,981	7,936,680	7,351,098	6,765,517	6,179,935	5,008,772	4,423,190	3,837,609	3,252,027	2,666,446	2,132,867	1,599,650	1,066,433	533,217	0

# NORTH DAKOTA WIND GENERATION PROJECT - OWNED BY MDU

## CASH FLOW STATEMENT VALUATION

### 50 PERCENT EQUITY VALUATION

(000's)

#### POST - INCOME TAX

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Equity Return (after Taxes)	\$ 2,385,810	\$ 2,031,081	\$ 1,704,118	\$ 1,475,645	\$ 1,284,111	\$ 1,144,229	\$ 1,059,747	\$ 979,020	\$ 898,293	\$ 817,566
Interest (after Taxes)	832,336	1,164,665	977,178	846,166	736,337	656,125	607,682	561,391	515,100	468,810
Earnings before Interest										
Deferred Taxes	3,203,925	5,111,280	2,987,357	1,692,322	1,641,595	(102,717)	(1,038,241)	(1,038,241)	(1,038,241)	(1,038,241)
Depreciation	2,175,469	2,175,469	2,175,469	2,175,469	2,175,469	2,175,469	2,175,469	2,175,469	2,175,469	2,175,469
Capital Expenditures	-	-	-	-	-	-	-	-	-	-

**NET CASH FLOW** \$ 8,597,540 \$ 10,482,495 \$ 7,844,123 \$ 6,189,602 \$ 5,837,512 \$ 3,873,106 \$ 2,804,657 \$ 2,677,639 \$ 2,550,621 \$ 2,423,604

**CUMULATIVE CASH FLOW** \$ 8,597,540 \$ 19,080,035 \$ 26,924,158 \$ 33,113,760 \$ 38,951,272 \$ 42,824,378 \$ 45,629,035 \$ 48,306,674 \$ 50,857,295 \$ 53,280,899

Net Present Value of Free Cash Flow Method	
Hurdle Rate:	Equity (After tax) <u>11.50%</u>
N.P.V. of Cash Flows	Equity (Pre-tax) <u>18.90%</u>
PV of Book Value (End of Contract)	<u>\$30,150,907</u>
Enterprise Value	<u>0</u>
Book value Currently	\$30,150,907
Net difference	\$ (43,000,000)
	(\$12,849,093)

Present Value @ 30 Years \$0 0

<b>IRR</b>	<b>9.09%</b>
Calculated IRR	

IRR Components \$ (43,000,000) 8,597,540 10,482,495 7,844,123 6,189,602 5,837,512 3,873,106 2,804,657 2,677,639 2,550,621 2,423,604

**#REF!**  
**BALANCE SHEET DATA**  
(000)

<u>Current Assets</u>	2000	2001	12/31/2002	<i>pre-closing</i> <i>adjustments</i>	<b>Proforma</b> <b>3/31/2001</b>
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable	-	-	-	-	-
Costs & Est. Earnings in Excess	-	-	-	-	-
<u>Other Current</u>	-	-	-	-	-
<b>Total Current</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
 <u>Fixed Assets</u>					
Furniture, Fixtures & Office Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
Machinery, Vehicles & Equipment	-	-	-	-	-
Land, Buildings & Improvements	-	-	-	-	-
<u>Accumulated Depreciation</u>	-	-	-	-	-
<b>Net Fixed Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
 Other Assets	 \$ -	 \$ -	 \$ -	 \$ -	 \$ -
 <b>Total Assets</b>	 <b>\$ -</b>	 <b>\$ -</b>	 <b>\$ -</b>	 <b>\$ -</b>	 <b>\$ -</b>
 <u>Current Liabilities</u>					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Billings in Excess of Costs	-	-	-	-	-
Current Portion of Capital Leases Payable	-	-	-	-	-
Current Portion of Long Term Debt	-	-	-	-	-
Notes Payable	-	-	-	-	-
<u>Other</u>	-	-	-	-	-
<b>Total Current</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
 <u>Long Term Liabilities</u>					
Capital Leases Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Notes Payable	-	-	-	-	-
<u>Long Term Debt</u>	-	-	-	-	-
<b>Total Long Term Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
 <u>Shareholders' Equity</u>					
Capital Stock	\$ -	\$ -	\$ -	\$ -	\$ -
Paid In Capital	-	-	-	-	-
<u>Retained Earnings</u>	-	-	-	-	-
<b>Total Shareholders' Equity</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
 <b>Total Liabilities &amp; Shareholders' Equity</b>	 <b>\$ -</b>	 <b>\$ -</b>	 <b>\$ -</b>	 <b>\$ -</b>	 <b>\$ -</b>
 <b>WORKING CAPITAL</b>	 <b>\$ -</b>	 <b>\$ -</b>	 <b>\$ -</b>	 <b>\$ -</b>	 <b>\$ -</b>