

**MONTANA-DAKOTA UTILITIES CO.
RECOMMENDED REVENUE INCREASE ALLOCATION
REFLECTING RECOMMENDED REVENUE REQUIREMENTS FROM STAFF WITNESS R. POLICH
EXCLUSIVE OF RENEWABLE RIDER AND TRANSMISSION RIDER RECOMMENDED ADJUSTMENTS
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2017 (\$000)**

Line No.	Item	Total North Dakota	Total Residential	Total Small General	Total Large General	Total Lighting	Total Municipal Pumping
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	Operating Revenues						
1	Sales Revenues	182,637	73,955	12,794	90,800	2,316	2,772
2	Other Revenues	3,671	1,585	217	977	853	39
3	Total Operating Revenues	186,308	75,540	13,011	91,777	3,169	2,811
	Operating Expense						
4	Cost of Fuel and Purchased Power	54,191	20,868	3,189	28,378	714	1,042
5	Other O&M Expense	52,325	25,454	4,141	21,131	792	807
6	Total O&M Expense	106,516	46,322	7,330	49,509	1,506	1,849
7	Depreciation Expense	24,746	11,648	1,884	10,467	345	402
8	Taxes Other Than Income Taxes	6,392	3,029	491	2,678	93	101
9	Current Income Taxes - Fed. & State	13,656	3,249	886	9,022	406	93
10	Total Operating Expenses	151,310	64,248	10,591	71,676	2,350	2,445
11	Projected Operating Income	34,998	11,292	2,420	20,101	819	366
12	Rate Base	520,229	243,214	39,651	222,106	6,651	8,607
13	Projected Rate of Return Before Revenue Increase	6.727%	4.643%	6.103%	9.050%	12.314%	4.252%
14	Recommended Revenue Increase per Staff Witness R. Polich	515					
15	Percent Increase Over Current Sales Revenues	0.28%					
16	Maximum Increase (2.0 x System Increase)	0.56%					
17	Minimum Increase (0.5 x System Increase)	0.14%					
18	Recommended Revenue Allocation (% Increase)		0.43%	0.35%	0.15%	0.15%	0.55%
19	Recommended Revenue Increase	515	316	45	136	3	15
20	Recommended Rate of Return After Increase	6.789%	4.724%	6.174%	9.088%	12.344%	4.357%
21	Recommended Relative Rate of Return (ND = 1.000)	1.000	0.696	0.909	1.339	1.818	0.642

Case No.: PU-16-666
Witness: JM Thomas
Date: 24-Feb-17
Exhibit No.: PSC-10
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MONTANA-DAKOTA UTILITIES CO.
PROJECTED OPERATING INCOME AND RATE OF RETURN
REFLECTING ADDITIONAL REVENUE REQUIREMENTS
ELECTRIC UTILITY - NORTH DAKOTA
PROJECTED 2017 (\$000)

TOTAL NORTH DAKOTA			
	Before Additional Revenue Requirements	Additional Revenue Requirements	Reflecting Additional Revenue Requirements
Operating Revenues			
Sales	\$182,637	\$515	\$183,152
Sales for Resale			-
Other	3,671		3,671
Total Revenues	186,308	515	186,823
Operating Expenses			
Operation and Maintenance			
Cost of Fuel & Purchased Power	54,191		54,191
Other O&M	77,071		77,071
Total O&M	131,262		131,262
Depreciation			0
Taxes Other Than Income	6,392		6,392
Current Income Taxes	13,656	195	13,851
Deferred Income Taxes	0		0
Total Expenses	151,310	195	151,505
Operating Income	\$34,998	\$320	\$35,318
Rate Base	\$520,229		\$520,229
Rate of Return	6.727%		6.789%

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TOTAL RESIDENTIAL			
	Before Additional Revenue Requirements	Additional Revenue Requirements	Reflecting Additional Revenue Requirements
Operating Revenues			
Sales	\$73,955	\$316	\$74,271
Sales for Resale			-
Other	1,585		1,585
Total Revenues	<u>75,540</u>	<u>316</u>	<u>75,856</u>
Operating Expenses			
Operation and Maintenance			
Cost of Fuel & Purchased Power	20,868		20,868
Other O&M	37,102		37,102
Total O&M	<u>57,970</u>		<u>57,970</u>
Depreciation			0
Taxes Other Than Income	3,029		3,029
Current Income Taxes	3,249	119	3,368
Deferred Income Taxes	0		0
Total Expenses	<u>64,248</u>	<u>119</u>	<u>64,367</u>
Operating Income	<u>\$11,292</u>	<u>\$197</u>	<u>\$11,489</u>
Rate Base	<u>\$243,214</u>		<u>\$243,214</u>
Rate of Return	<u>4.643%</u>		<u>4.724%</u>

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TOTAL SMALL GENERAL			
	Before Additional Revenue Requirements	Additional Revenue Requirements	Reflecting Additional Revenue Requirements
Operating Revenues			
Sales	\$12,794	\$45	\$12,839
Sales for Resale			-
Other	217		217
Total Revenues	13,011	45	13,056
Operating Expenses			
Operation and Maintenance			
Cost of Fuel & Purchased Power	3,189		3,189
Other O&M	6,025		6,025
Total O&M	9,214		9,214
Depreciation			0
Taxes Other Than Income	491		491
Current Income Taxes	886	17	903
Deferred Income Taxes	0		0
Total Expenses	10,591	17	10,608
Operating Income	\$2,420	\$28	\$2,448
Rate Base	\$39,651		\$39,651
Rate of Return			
	6.103%		6.174%

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TOTAL LARGE GENERAL			
	Before Additional Revenue Requirements	Additional Revenue Requirements	Reflecting Additional Revenue Requirements
Operating Revenues			
Sales	\$90,800	\$136	\$90,936
Sales for Resale			-
Other	977		977
Total Revenues	91,777	136	91,913
Operating Expenses			
Operation and Maintenance			
Cost of Fuel & Purchased Power	28,378		28,378
Other O&M	31,598		31,598
Total O&M	59,976		59,976
Depreciation			0
Taxes Other Than Income	2,678		2,678
Current Income Taxes	9,022	51	9,073
Deferred Income Taxes	0		0
Total Expenses	71,676	51	71,727
Operating Income	\$20,101	\$85	\$20,186
Rate Base	\$222,106		\$222,106
Rate of Return	9.050%		9.088%

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TOTAL LIGHTING			
	Before Additional Revenue Requirements	Additional Revenue Requirements	Reflecting Additional Revenue Requirements
Operating Revenues			
Sales	\$2,316	\$3	\$2,319
Sales for Resale			-
Other	853		853
Total Revenues	<u>3,169</u>	<u>3</u>	<u>3,172</u>
Operating Expenses			
Operation and Maintenance			
Cost of Fuel & Purchased Power	714		714
Other O&M	1,137		1,137
Total O&M	<u>1,851</u>		<u>1,851</u>
Depreciation			0
Taxes Other Than Income	93		93
Current Income Taxes	406	1	407
Deferred Income Taxes	0		0
Total Expenses	<u>2,350</u>	<u>1</u>	<u>2,351</u>
Operating Income	<u>\$819</u>	<u>\$2</u>	<u>\$821</u>
Rate Base	<u>\$6,651</u>		<u>\$6,651</u>
Rate of Return	<u>12.314%</u>		<u>12.344%</u>

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TOTAL MUNICIPAL PUMPING			
	Before Additional Revenue Requirements	Additional Revenue Requirements	Reflecting Additional Revenue Requirements
Operating Revenues			
Sales	\$2,772	\$15	\$2,787
Sales for Resale			-
Other	39		39
Total Revenues	<u>2,811</u>	<u>15</u>	<u>2,826</u>
Operating Expenses			
Operation and Maintenance			
Cost of Fuel & Purchased Power	1,042		1,042
Other O&M	1,209		1,209
Total O&M	<u>2,251</u>		<u>2,251</u>
Depreciation			0
Taxes Other Than Income	101		101
Current Income Taxes	93	6	99
Deferred Income Taxes	0		0
Total Expenses	<u>2,445</u>	<u>6</u>	<u>2,451</u>
Operating Income	<u>\$366</u>	<u>\$9</u>	<u>\$375</u>
Rate Base	<u>\$8,607</u>		<u>\$8,607</u>
Rate of Return	<u>4.252%</u>		<u>4.357%</u>