

Case No.: PU-16-666
 Witness: RA Polich
 Date: 24-Feb-17
 Exhibit No. PSC - 3
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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**

	Before Additional Revenue Requirements	Additional Revenue Requirements	Reflecting Additional Revenue Requirements
Operating Revenues			
Sales	\$182,637,355	\$515,316	\$183,152,671
Sales for Resale	-		-
Other	3,671,067		3,671,067
Total Revenues	<u>186,308,422</u>	<u>515,316</u>	<u>186,823,738</u>
Operating Expenses			
Operation and Maintenance			
Cost of Fuel & Purchased Power	54,190,975		54,190,975
Other O&M	52,325,778		52,325,778
Total O&M	<u>106,516,753</u>		<u>106,516,753</u>
Depreciation	24,745,704		24,745,704
Taxes Other Than Income	6,391,931		6,391,931
Current Income Taxes	13,656,204	194,797 1/	13,851,001
Deferred Income Taxes	0		0
Total Expenses	<u>151,310,592</u>	<u>194,797</u>	<u>151,505,389</u>
Operating Income	<u>\$34,997,830</u>	<u>\$320,519</u>	<u>\$35,318,349</u>
Rate Base	<u>\$520,229,030</u>		<u>\$520,229,030</u>
Rate of Return	<u>6.727%</u>		<u>6.789%</u>
Return on Equity			<u>8.531%</u>

1/ Reflects state and federal taxes at 37.8015%.

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WIND - RENEWABLE RIDER

	Before Additional Revenue Requirements 1/	Additional Revenue Requirements	Reflecting Additional Revenue Requirements
Operating Revenues			
Sales	\$13,923,093	(\$1,775,588)	\$12,147,505
Operating Expenses			
Operation and Maintenance			
Cost of Fuel & Purchased Power	0		0
Other O&M	2,102,989		2,102,989
Total O&M	<u>2,102,989</u>		<u>2,102,989</u>
Depreciation	9,231,971		9,231,971
Taxes Other Than Income	634,247		634,247
Current Income Taxes	(9,906,094)	(671,199) 2/	(10,577,293)
Deferred Income Taxes	0		0
Total Expenses	<u>2,063,113</u>	<u>(671,199)</u>	<u>1,391,914</u>
Operating Income	<u>\$11,859,980</u>	<u>(\$1,104,389)</u>	<u>\$10,755,591</u>
 Rate Base	 <u>\$158,426,734</u>		 <u>\$158,426,734</u>
 Rate of Return	 <u>7.486%</u>		 <u>6.789%</u>

1/ Reflects state and federal taxes at 37.8015%.

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TRANSMISSION COST ADJUSTMENT

	Before Additional Revenue Requirements 1/	Additional Revenue Requirements	Reflecting Additional Revenue Requirements
Operating Revenues			
Sales	\$6,183,536	(\$674,367)	\$5,509,169
Other	14,473,223		14,473,223
Total Revenues	<u>20,656,759</u>		<u>19,982,392</u>
Operating Expenses			
Operation and Maintenance			
Cost of Fuel & Purchased Power	0		0
Other O&M	19,982,392		19,982,392
Total O&M	<u>19,982,392</u>		<u>19,982,392</u>
Depreciation	0		0
Taxes Other Than Income	0		0
Current Income Taxes	0		0
Deferred Income Taxes	0		0
Total Expenses	<u>19,982,392</u>	<u>0</u>	<u>19,982,392</u>
Operating Income	<u>\$674,367</u>	<u>\$0</u>	<u>\$0</u>