

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. (a)	Item (b)	Total North Dakota (c)	Total Residential (d)	Total Small General (e)	Total Large General (f)	Total Lighting (g)	Total Municipal Pumping (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	<u>186,308</u>	<u>515</u>	<u>186,823</u>
Operating Expenses			
Operation and Maintenance			
Cost of Fuel & Purchased Power	54,191		54,191
Other O&M	77,071		77,071
Total O&M	<u>131,262</u>		<u>131,262</u>
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	<u>151,310</u>	<u>195</u>	<u>151,505</u>
Operating Income	<u>\$34,998</u>	<u>\$320</u>	<u>\$35,318</u>
Rate Base	<u>\$520,229</u>		<u>\$520,229</u>
Rate of Return	<u>6.727%</u>		<u>6.789%</u>

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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	<u>13,011</u>	<u>45</u>	<u>13,056</u>
Operating Expenses			
Operation and Maintenance			
Cost of Fuel & Purchased Power	3,189		3,189
Other O&M	6,025		6,025
Total O&M	<u>9,214</u>		<u>9,214</u>
Depreciation			0
Taxes Other Than Income	491		491
Current Income Taxes	886	17	903
Deferred Income Taxes	0		0
Total Expenses	<u>10,591</u>	<u>17</u>	<u>10,608</u>
Operating Income	<u>\$2,420</u>	<u>\$28</u>	<u>\$2,448</u>
Rate Base	<u>\$39,651</u>		<u>\$39,651</u>
Rate of Return	<u>6.103%</u>		<u>6.174%</u>

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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	<u>91,777</u>	<u>136</u>	<u>91,913</u>
Operating Expenses			
Operation and Maintenance			
Cost of Fuel & Purchased Power	28,378		28,378
Other O&M	31,598		31,598
Total O&M	<u>59,976</u>		<u>59,976</u>
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	<u>71,676</u>	<u>51</u>	<u>71,727</u>
Operating Income	<u>\$20,101</u>	<u>\$85</u>	<u>\$20,186</u>
Rate Base	<u>\$222,106</u>		<u>\$222,106</u>
Rate of Return	<u>9.050%</u>		<u>9.088%</u>

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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	3,169	3	3,172
Operating Expenses			
Operation and Maintenance			
Cost of Fuel & Purchased Power	714		714
Other O&M	1,137		1,137
Total O&M	1,851		1,851
Depreciation			0
Taxes Other Than Income	93		93
Current Income Taxes	406	1	407
Deferred Income Taxes	0		0
Total Expenses	2,350	1	2,351
Operating Income	\$819	\$2	\$821
Rate Base	\$6,651		\$6,651
Rate of Return	12.314%		12.344%

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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>