

**MONTANA-DAKOTA UTILITIES CO.
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION STAFF
FIRST DATA REQUEST
DATED MAY 14, 2014
DOCKET NO. NG14-04**

1-7 On Exhibit 5, MDU provides an Inverse Tax Rate of 64.9025%. Explain how MDU arrives at a tax rate of 35.0975% (rather than 35%).

Response:

The inverse tax rate of 64.9025 percent reflects the federal tax rate of 35 percent and the South Dakota gross receipts tax of 0.15 percent. The calculation is shown in the table below:

Federal Tax rate	35.0000%
Gross receipts tax rate	0.1500%
Gross receipts tax net of federal tax	0.0975%
Total tax rate	35.0975%
1-tax rate	64.9025%