

Montana-Dakota Utilities Co.
Second Stage Projected Earnings Retention Growth Rates
For Selected Natural Gas Distribution Companies
Using Updated Data

	A	B	C	D	E	F	G
	Value Line Forecast				1/3	2/3	
	EPS	DPS	ROE	Retention Rate	Retention Growth	Zacks 5-Yr. Growth	Weighted Average
AGL Resources	\$ 2.35	\$ 1.12	12.0%	52.3%	6.28%	5.30%	5.63%
Atmos Energy Corp	\$ 2.05	\$ 1.35	9.5%	34.1%	3.24%	4.40%	4.01%
Energen Corporation	\$ 3.85	\$ 0.83	18.0%	78.4%	14.12%	7.20%	9.51%
KeySpan Corp	\$ 3.40	\$ 1.90	12.0%	44.1%	5.29%	5.00%	5.10%
New Jersey Resources Corp	\$ 2.85	\$ 1.44	11.0%	49.5%	5.44%	4.90%	5.08%
NICOR, Inc	\$ 2.70	\$ 2.00	14.5%	25.9%	3.76%	3.70%	3.72%
Northwest Natural Gas Co	\$ 2.40	\$ 1.45	10.5%	39.6%	4.16%	4.10%	4.12%
Piedmont Natural Gas Co.	\$ 3.05	\$ 1.90	11.5%	37.7%	4.34%	4.40%	4.38%
South Jersey Industries	\$ 3.40	\$ 1.77	10.5%	47.9%	5.03%	4.50%	4.68%
WGL Holdings, Inc.	\$ 2.15	\$ 1.34	9.5%	37.7%	3.58%	3.90%	3.79%
Average					5.52%		5.00%

Source: *Value Line*, March 19, 2004

**Montana-Dakota Utilities Co.
Average Utility Capital Structure**

	Balance (1)	Capital Ratio	Cost (2)	Required Return
Long-Term Debt	\$ 153,350,000	39.634%	8.518%	3.376%
Short-Term Debt (3)	\$ 34,670,505	8.961%	1.180%	0.106%
Preferred Stock	\$ 16,050,000	4.148%	4.614%	0.191%
Common Equity	\$ 182,843,012	47.257%	9.000%	4.253%
Total	\$ 386,913,517	100.000%		7.926%

Note 1: MDU Statement F: Long-term debt, preferred stock and common equity

Note 2: MDU Statement F: Cost of long-term debt and preferred equity

Note 3: Short-term Debt:

	Amount	Cost Rate	Avg. Cost
2nd Qtr 2003	\$ 23,901,099	1.372%	\$ 327,923
3rd Qtr 2003	34,250,000	1.144%	391,820
4th Qtr 2003	61,108,699	1.142%	697,861
1st Qtr 2004	19,422,222	1.127%	218,888
Total	\$ 138,682,020		\$ 1,636,493
Avg. 4 Qtrs	\$ 34,670,505	1.180%	\$ 409,123

Source: MDU Response to Staff D.R. 1.12

